

**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 financial statements of Khon Kaen Sugar Industry Public Company Limited and its subsidiaries and the separate financial statements of Khon Kaen Sugar Industry Public Company Limited, which comprise the consolidated and separate statements of financial position as at October 31, 2013, and the related consolidated and separate statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the aforementioned 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, 2013, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**BANGKOK**  
December 24, 2013

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, 2013

UNIT : BAHT

|                                | Notes     | Consolidated Financial Statements |                              | Separate Financial Statements |                              |
|--------------------------------|-----------|-----------------------------------|------------------------------|-------------------------------|------------------------------|
|                                |           | As at<br>October 31,<br>2013      | As at<br>October 31,<br>2012 | As at<br>October 31,<br>2013  | As at<br>October 31,<br>2012 |
| <b>ASSETS</b>                  |           |                                   |                              |                               |                              |
| <b>CURRENT ASSETS</b>          |           |                                   |                              |                               |                              |
| Cash and cash equivalents      | 5.2       | 198,721,123                       | 289,455,141                  | 40,941,629                    | 21,505,761                   |
| Temporary investments          |           | 13,522,159                        | 274,141                      | -                             | -                            |
| Trade and other receivables    | 6.1 and 7 | 1,266,030,729                     | 1,197,958,666                | 1,647,727,669                 | 736,340,230                  |
| Short-term loans               | 6.1 and 8 | 1,026,575,302                     | 909,372,863                  | 3,959,770,700                 | 1,485,603,600                |
| Inventories                    | 9         | 3,647,456,838                     | 3,492,965,533                | 1,657,754,813                 | 807,855,418                  |
| Other current assets           | 6.1       | 211,376,475                       | 144,167,184                  | 52,426,892                    | 24,462,538                   |
| Total Current Assets           |           | 6,363,682,626                     | 6,034,193,528                | 7,358,621,703                 | 3,075,767,547                |
| <b>NON-CURRENT ASSETS</b>      |           |                                   |                              |                               |                              |
| Investments in an associate    | 10        | 36,803,106                        | 37,299,021                   | 73,800,000                    | 73,800,000                   |
| Investments in subsidiaries    | 10        | -                                 | -                            | 6,156,310,816                 | 5,695,233,766                |
| Other long-term investments    |           | 23,857,268                        | 16,824,859                   | 6,555,310                     | 6,574,122                    |
| Long-term loans                | 11        | 439,689,052                       | 398,950,457                  | 12,609,000                    | 14,736,400                   |
| Deferred cane plantation costs | 12        | 479,508,828                       | 569,984,304                  | 39,713,894                    | 59,431,222                   |
| Investment property            | 13        | 2,938,735,250                     | 625,709,639                  | 414,304,188                   | 285,162,889                  |
| Property, plant and equipment  | 14        | 25,137,516,333                    | 21,424,187,363               | 6,739,722,111                 | 4,277,149,946                |
| Intangible assets              |           | 25,103,116                        | 17,405,190                   | 8,485,247                     | 4,290,749                    |
| Other non-current assets       | 15        | 572,005,197                       | 492,536,120                  | 44,851,926                    | 42,683,875                   |
| Total Non-Current Assets       |           | 29,653,218,150                    | 23,582,896,953               | 13,496,352,492                | 10,459,062,969               |
| <b>TOTAL ASSETS</b>            |           | 36,016,900,776                    | 29,617,090,481               | 20,854,974,195                | 13,534,830,516               |

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, 2013

UNIT : BAHT

|                                                   | Notes      | Consolidated Financial Statements |                              | Separate Financial Statements |                              |
|---------------------------------------------------|------------|-----------------------------------|------------------------------|-------------------------------|------------------------------|
|                                                   |            | As at<br>October 31,<br>2013      | As at<br>October 31,<br>2012 | As at<br>October 31,<br>2013  | As at<br>October 31,<br>2012 |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |            |                                   |                              |                               |                              |
| <b>CURRENT LIABILITIES</b>                        |            |                                   |                              |                               |                              |
| Short-term borrowings from financial institutions | 16         | 9,392,451,245                     | 5,896,934,719                | 5,637,887,974                 | 595,172,337                  |
| Trade and other payables                          | 6.1 and 17 | 2,284,425,380                     | 2,798,532,011                | 1,046,322,983                 | 953,618,232                  |
| Current portion of long-term debentures           | 18         | -                                 | 1,999,490,841                | -                             | 1,999,490,841                |
| Current portion of long-term borrowings           | 19         | 1,613,853,330                     | 1,125,418,400                | 735,833,330                   | 201,800,000                  |
| Short-term borrowings                             | 6.1        | -                                 | -                            | 1,286,300,000                 | 1,441,500,000                |
| Current income tax payable                        |            | 40,123,780                        | 349,066,018                  | -                             | 199,548,060                  |
| Other current liabilities                         | 6.1        | 135,516,287                       | 153,415,413                  | 13,364,723                    | 12,563,306                   |
| Total Current Liabilities                         |            | <u>13,466,370,022</u>             | <u>12,322,857,402</u>        | <u>8,719,709,010</u>          | <u>5,403,692,776</u>         |
| <b>NON-CURRENT LIABILITIES</b>                    |            |                                   |                              |                               |                              |
| Long-term debentures                              | 18         | 2,497,644,320                     | 1,498,092,581                | 2,497,644,320                 | 1,498,092,581                |
| Long-term borrowings                              | 19         | 5,498,694,759                     | 3,502,481,200                | 2,591,333,320                 | 909,000,000                  |
| Employee benefit obligations                      | 20         | 179,828,142                       | 175,547,579                  | 73,459,009                    | 69,673,895                   |
| Other non-current liabilities                     | 6.1        | 224,414,242                       | 85,979,710                   | 92,739,932                    | 75,050,043                   |
| Total Non-Current Liabilities                     |            | <u>8,400,581,463</u>              | <u>5,262,101,070</u>         | <u>5,255,176,581</u>          | <u>2,551,816,519</u>         |
| <b>TOTAL LIABILITIES</b>                          |            | <u>21,866,951,485</u>             | <u>17,584,958,472</u>        | <u>13,974,885,591</u>         | <u>7,955,509,295</u>         |

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT OCTOBER 31, 2013

UNIT : BAHT

|                                                                | Notes | Consolidated Financial Statements |                              | Separate Financial Statements |                              |
|----------------------------------------------------------------|-------|-----------------------------------|------------------------------|-------------------------------|------------------------------|
|                                                                |       | As at<br>October 31,<br>2013      | As at<br>October 31,<br>2012 | As at<br>October 31,<br>2013  | As at<br>October 31,<br>2012 |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)</b>        |       |                                   |                              |                               |                              |
| <b>SHAREHOLDERS' EQUITY</b>                                    |       |                                   |                              |                               |                              |
| SHARE CAPITAL                                                  | 21    |                                   |                              |                               |                              |
| Authorized share capital                                       |       |                                   |                              |                               |                              |
| 1,870,000,000 ordinary shares of Baht 1.00 each                |       | 1,870,000,000                     | 1,870,000,000                | 1,870,000,000                 | 1,870,000,000                |
| Issued and paid-up share capital                               |       |                                   |                              |                               |                              |
| 1,704,646,884 ordinary shares of Baht 1.00 each,<br>fully paid |       | 1,704,646,884                     |                              | 1,704,646,884                 |                              |
| 1,575,768,083 ordinary shares of Baht 1.00 each,<br>fully paid |       |                                   | 1,575,768,083                |                               | 1,575,768,083                |
| SHARE PREMIUM ACCOUNT - ORDINARY SHARES                        |       | 2,946,439,199                     | 1,786,529,990                | 2,946,439,199                 | 1,786,529,990                |
| RETAINED EARNINGS                                              |       |                                   |                              |                               |                              |
| Appropriated                                                   |       |                                   |                              |                               |                              |
| Legal reserve                                                  | 22    | 187,000,000                       | 187,000,000                  | 187,000,000                   | 187,000,000                  |
| Reserve for treasury stocks                                    | 21.2  | 433,153,677                       | -                            | 433,153,677                   | -                            |
| Unappropriated                                                 |       | 5,909,477,793                     | 5,492,937,235                | 1,382,570,071                 | 1,500,645,137                |
| OTHER COMPONENTS OF EQUITY                                     |       | 1,354,573,175                     | 1,236,807,992                | 659,432,450                   | 529,378,011                  |
|                                                                |       | 12,535,290,728                    | 10,279,043,300               | 7,313,242,281                 | 5,579,321,221                |
| <u>Less</u> Treasury stocks (34,100,000 shares)                | 21.2  | (433,153,677)                     | -                            | (433,153,677)                 | -                            |
| <b>TOTAL OWNERS OF THE PARENT</b>                              |       | <b>12,102,137,051</b>             | <b>10,279,043,300</b>        | <b>6,880,088,604</b>          | <b>5,579,321,221</b>         |
| NON-CONTROLLING INTERESTS                                      |       | 2,047,812,240                     | 1,753,088,709                | -                             | -                            |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                              |       | <b>14,149,949,291</b>             | <b>12,032,132,009</b>        | <b>6,880,088,604</b>          | <b>5,579,321,221</b>         |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>              |       | <b>36,016,900,776</b>             | <b>29,617,090,481</b>        | <b>20,854,974,195</b>         | <b>13,534,830,516</b>        |

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 YEAR ENDED OCTOBER 31, 2013

UNIT : BAHT

|                                                              | Notes  | Consolidated                |                             | Separate                    |                             |
|--------------------------------------------------------------|--------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                                              |        | Financial Statements        |                             | Financial Statements        |                             |
|                                                              |        | 2013                        | 2012                        | 2013                        | 2012                        |
| REVENUES FROM SALES AND SERVICES                             | 6.2    |                             |                             |                             |                             |
| Revenues from sales                                          |        | 18,586,337,658              | 21,876,303,933              | 5,991,391,205               | 7,529,473,341               |
| Revenues from services                                       |        | 354,826,424                 | 335,996,755                 | 30,739,274                  | -                           |
| Total Revenues                                               |        | <u>18,941,164,082</u>       | <u>22,212,300,688</u>       | <u>6,022,130,479</u>        | <u>7,529,473,341</u>        |
| COSTS OF THE SALES OF GOODS AND<br>THE RENDERING OF SERVICES | 6.2    |                             |                             |                             |                             |
| Cost of the sales of goods                                   |        | (14,765,487,482)            | (16,318,659,684)            | (5,265,658,043)             | (5,652,544,000)             |
| Cost of the rendering of services                            |        | (195,806,299)               | (160,063,810)               | (20,364,556)                | -                           |
| Total Costs                                                  |        | <u>(14,961,293,781)</u>     | <u>(16,478,723,494)</u>     | <u>(5,286,022,599)</u>      | <u>(5,652,544,000)</u>      |
| Gross profit                                                 |        | 3,979,870,301               | 5,733,577,194               | 736,107,880                 | 1,876,929,341               |
| Other incomes                                                | 6.2    | 776,518,235                 | 492,645,660                 | 1,562,695,885               | 630,088,346                 |
| Selling expenses                                             | 6.2    | (1,506,826,771)             | (1,599,574,519)             | (541,576,341)               | (714,614,550)               |
| Administrative expenses                                      | 6.2    | (603,303,938)               | (701,052,272)               | (208,161,178)               | (189,236,779)               |
| Management benefit expenses                                  | 23     | (181,910,382)               | (162,742,902)               | (42,947,345)                | (36,833,337)                |
| Finance costs                                                | 6.5    | (671,946,423)               | (556,321,158)               | (372,147,873)               | (245,484,660)               |
| Share of loss of investment in an associate                  |        | (170,915)                   | (8,292,720)                 | -                           | -                           |
| Profit before income tax expenses                            |        | <u>1,792,230,107</u>        | <u>3,198,239,283</u>        | <u>1,133,971,028</u>        | <u>1,320,848,361</u>        |
| Income tax expenses                                          | 24     | (144,136,922)               | (725,527,995)               | (7,194,658)                 | (309,685,761)               |
| <b>PROFIT FOR THE YEAR</b>                                   |        | <u><u>1,648,093,185</u></u> | <u><u>2,472,711,288</u></u> | <u><u>1,126,776,370</u></u> | <u><u>1,011,162,600</u></u> |
| <b>PROFIT (LOSS) ATTRIBUTABLE TO:</b>                        |        |                             |                             |                             |                             |
| Owners of the parent                                         |        | 1,661,391,994               | 2,354,264,138               | 1,126,776,370               | 1,011,162,600               |
| Non-controlling interests                                    |        | (13,298,809)                | 118,447,150                 | -                           | -                           |
|                                                              |        | <u><u>1,648,093,185</u></u> | <u><u>2,472,711,288</u></u> | <u><u>1,126,776,370</u></u> | <u><u>1,011,162,600</u></u> |
| <b>EARNINGS PER SHARE</b>                                    | 27     |                             |                             |                             |                             |
| Basic earnings per share                                     | BAHT   | 1.001                       | 1.498                       | 0.679                       | 0.644                       |
| Diluted earnings per share                                   | BAHT   | 1.001                       | 1.469                       | 0.679                       | 0.631                       |
| Basic number of ordinary shares                              | SHARES | 1,660,017,393               | 1,571,195,835               | 1,660,017,393               | 1,571,195,835               |
| Dilutive number of ordinary shares                           | SHARES | 1,660,017,393               | 1,602,214,623               | 1,660,017,393               | 1,602,214,623               |

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 YEAR ENDED OCTOBER 31, 2013

UNIT : BAHT

|                                                           | Consolidated         |                      | Separate             |                      |
|-----------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                           | Financial Statements |                      | Financial Statements |                      |
|                                                           | 2013                 | 2012                 | 2013                 | 2012                 |
| <b>Profit for the year</b>                                | 1,648,093,185        | 2,472,711,288        | 1,126,776,370        | 1,011,162,600        |
| <b>Other comprehensive income (expense):</b>              |                      |                      |                      |                      |
| Exchange differences on translating financial statements  | 26,039,076           | 4,975,892            | -                    | -                    |
| Gain (loss) on remeasuring available-for-sale investments | (660)                | 505,000              | -                    | -                    |
| Gain on asset revaluation                                 | 3,408,390            | 1,106,820,832        | 3,408,390            | 213,240,942          |
| Loss on change in shareholding ratio in subsidiaries      | (61,606,153)         | -                    | -                    | -                    |
| Actuarial gains on defined employee benefit plan          | -                    | 10,404,258           | -                    | 4,996,585            |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>            | <u>1,615,933,838</u> | <u>3,595,417,270</u> | <u>1,130,184,760</u> | <u>1,229,400,127</u> |
| <b>TOTAL COMPREHENSIVE INCOME (EXPENSE)</b>               |                      |                      |                      |                      |
| <b>ATTRIBUTABLE TO</b>                                    |                      |                      |                      |                      |
| Owners of the parent                                      | 1,621,479,427        | 3,300,126,391        | 1,130,184,760        | 1,229,400,127        |
| Non-controlling interests                                 | (5,545,589)          | 295,290,879          | -                    | -                    |
|                                                           | <u>1,615,933,838</u> | <u>3,595,417,270</u> | <u>1,130,184,760</u> | <u>1,229,400,127</u> |

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED OCTOBER 31, 2013

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 remeasuring 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         | 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                    | 21                               | 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                                 | 22                               | -                                     | -                          | (786,522,055)      | -                                                        | -                                                         | -                                | -                                                               | -                                                      | -                          | (786,522,055)             | (61,073,595)               | (847,595,650)                    |                       |
| - Transfer to profit (loss) from sales of assets |                                  | -                                     | -                          | 296,716            | -                                                        | -                                                         | (296,716)                        | -                                                               | -                                                      | (296,716)                  | -                         | -                          | -                                |                       |
| - Total comprehensive income for the year        |                                  | -                                     | -                          | 2,364,133,526      | 3,485,605                                                | 120,291                                                   | 932,386,969                      | -                                                               | -                                                      | 935,992,865                | 3,300,126,391             | 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> |



KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)  
FOR THE YEAR ENDED OCTOBER 31, 2013

UNIT : BAHT

| Notes                                           | Owners of the parent                                |                                                |                      |                                |                    |                                                                      |                                                                    |                                           |                                                                                |                                                                    |                                           | Treasury<br>stocks  | Total<br>owners of<br>the parent | Non-controlling<br>interests | Total<br>shareholders'<br>equity |                      |                       |
|-------------------------------------------------|-----------------------------------------------------|------------------------------------------------|----------------------|--------------------------------|--------------------|----------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------|---------------------|----------------------------------|------------------------------|----------------------------------|----------------------|-----------------------|
|                                                 | Issued and<br>paid-up<br>share capital              | Share premium<br>account<br>Ordinary<br>shares | Retained Earnings    |                                |                    | Other components of equity                                           |                                                                    |                                           |                                                                                |                                                                    |                                           |                     |                                  |                              |                                  |                      |                       |
|                                                 |                                                     |                                                | Appropriated         |                                | Unappropriated     | Other comprehensive income (expense)                                 |                                                                    |                                           | Losses on<br>internal<br>restructure<br>of entities<br>under common<br>control | Losses on<br>change in<br>shareholding<br>ratio in<br>subsidiaries | Total<br>other<br>components<br>of equity |                     |                                  |                              |                                  |                      |                       |
|                                                 |                                                     |                                                | Legal reserve        | Reserve for<br>treasury stocks |                    | Exchange<br>differences<br>on translating<br>financial<br>statements | Gain (loss)<br>on remeasuring<br>available-for-sale<br>investments | Gain (loss)<br>on<br>asset<br>revaluation |                                                                                |                                                                    |                                           |                     |                                  |                              |                                  |                      |                       |
| <b>For the year ended October 31, 2013</b>      |                                                     |                                                |                      |                                |                    |                                                                      |                                                                    |                                           |                                                                                |                                                                    |                                           |                     |                                  |                              |                                  |                      |                       |
|                                                 | Beginning balance as at November 1, 2012            | 1,575,768,083                                  | 1,786,529,990        | 187,000,000                    | -                  | 5,492,937,235                                                        | (62,843,681)                                                       | (382,869)                                 | 1,589,282,992                                                                  | (264,043,132)                                                      | (25,205,318)                              | 1,236,807,992       | -                                | 10,279,043,300               | 1,753,088,709                    | 12,032,132,009       |                       |
| Changes in shareholders' equity during the year |                                                     |                                                |                      |                                |                    |                                                                      |                                                                    |                                           |                                                                                |                                                                    |                                           |                     |                                  |                              |                                  |                      |                       |
|                                                 | - Increase in ordinary shares                       | 21                                             | 128,878,801          | 1,159,909,209                  | -                  | -                                                                    | -                                                                  | -                                         | -                                                                              | -                                                                  | -                                         | -                   | -                                | 1,288,788,010                | -                                | 1,288,788,010        |                       |
|                                                 | - Treasury stocks                                   |                                                | -                    | -                              | -                  | -                                                                    | -                                                                  | -                                         | -                                                                              | -                                                                  | -                                         | -                   | (433,153,677)                    | (433,153,677)                | -                                | (433,153,677)        |                       |
|                                                 | - Reserve for treasury stocks                       |                                                | -                    | -                              | 433,153,677        | (433,153,677)                                                        | -                                                                  | -                                         | -                                                                              | -                                                                  | -                                         | -                   | -                                | -                            | -                                | -                    |                       |
|                                                 | - Increase in non-controlling interests             |                                                | -                    | -                              | -                  | -                                                                    | -                                                                  | -                                         | -                                                                              | -                                                                  | -                                         | -                   | -                                | -                            | 315,062,688                      | 315,062,688          |                       |
|                                                 | - Dividends paid                                    | 22                                             | -                    | -                              | -                  | (811,697,759)                                                        | -                                                                  | -                                         | -                                                                              | -                                                                  | -                                         | -                   | -                                | (811,697,759)                | (73,478,828)                     | (885,176,587)        |                       |
|                                                 | - Transfer of gain on asset revaluation             |                                                | -                    | -                              | -                  | -                                                                    | -                                                                  | 157,677,750                               | -                                                                              | -                                                                  | -                                         | 157,677,750         | -                                | 157,677,750                  | 58,685,260                       | 216,363,010          |                       |
|                                                 | - Total comprehensive income (expense) for the year |                                                | -                    | -                              | -                  | 1,661,391,994                                                        | 18,285,353                                                         | (157)                                     | 3,408,390                                                                      | -                                                                  | (61,606,153)                              | (39,912,567)        | -                                | 1,621,479,427                | (5,545,589)                      | 1,615,933,838        |                       |
|                                                 | <b>Ending balance as at October 31, 2013</b>        |                                                | <b>1,704,646,884</b> | <b>2,946,439,199</b>           | <b>187,000,000</b> | <b>433,153,677</b>                                                   | <b>5,909,477,793</b>                                               | <b>(44,558,328)</b>                       | <b>(383,026)</b>                                                               | <b>1,750,369,132</b>                                               | <b>(264,043,132)</b>                      | <b>(86,811,471)</b> | <b>1,354,573,175</b>             | <b>(433,153,677)</b>         | <b>12,102,137,051</b>            | <b>2,047,812,240</b> | <b>14,149,949,291</b> |

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)  
FOR THE YEAR ENDED OCTOBER 31, 2013

UNIT : BAHT

| Notes                                      | Owners of the parent                                |                                                |                      |                                |                    |                                                                      |                                                                    |                                           |                                                                                |                                                                    |                                           | Treasury<br>stocks  | Total<br>owners of<br>the parent | Non-controlling<br>interests | Total<br>shareholders'<br>equity |                      |                       |
|--------------------------------------------|-----------------------------------------------------|------------------------------------------------|----------------------|--------------------------------|--------------------|----------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------|---------------------|----------------------------------|------------------------------|----------------------------------|----------------------|-----------------------|
|                                            | Issued and<br>paid-up<br>share capital              | Share premium<br>account<br>Ordinary<br>shares | Retained Earnings    |                                |                    | Other components of equity                                           |                                                                    |                                           |                                                                                |                                                                    |                                           |                     |                                  |                              |                                  |                      |                       |
|                                            |                                                     |                                                | Appropriated         |                                | Unappropriated     | Other comprehensive income (expense)                                 |                                                                    |                                           | Losses on<br>internal<br>restructure<br>of entities<br>under common<br>control | Losses on<br>change in<br>shareholding<br>ratio in<br>subsidiaries | Total<br>other<br>components<br>of equity |                     |                                  |                              |                                  |                      |                       |
|                                            |                                                     |                                                | Legal reserve        | Reserve for<br>treasury stocks |                    | Exchange<br>differences<br>on translating<br>financial<br>statements | Gain (loss)<br>on remeasuring<br>available-for-sale<br>investments | Gain (loss)<br>on<br>asset<br>revaluation |                                                                                |                                                                    |                                           |                     |                                  |                              |                                  |                      |                       |
| <b>For the year ended October 31, 2013</b> |                                                     |                                                |                      |                                |                    |                                                                      |                                                                    |                                           |                                                                                |                                                                    |                                           |                     |                                  |                              |                                  |                      |                       |
|                                            | Beginning balance as at November 1, 2012            | 1,575,768,083                                  | 1,786,529,990        | 187,000,000                    | -                  | 5,492,937,235                                                        | (62,843,681)                                                       | (382,869)                                 | 1,589,282,992                                                                  | (264,043,132)                                                      | (25,205,318)                              | 1,236,807,992       | -                                | 10,279,043,300               | 1,753,088,709                    | 12,032,132,009       |                       |
|                                            | Changes in shareholders' equity during the year     |                                                |                      |                                |                    |                                                                      |                                                                    |                                           |                                                                                |                                                                    |                                           |                     |                                  |                              |                                  |                      |                       |
|                                            | - Increase in ordinary shares                       | 21                                             | 128,878,801          | 1,159,909,209                  | -                  | -                                                                    | -                                                                  | -                                         | -                                                                              | -                                                                  | -                                         | -                   | -                                | 1,288,788,010                | -                                | 1,288,788,010        |                       |
|                                            | - Treasury stocks                                   |                                                | -                    | -                              | -                  | -                                                                    | -                                                                  | -                                         | -                                                                              | -                                                                  | -                                         | -                   | (433,153,677)                    | (433,153,677)                | -                                | (433,153,677)        |                       |
|                                            | - Reserve for treasury stocks                       |                                                | -                    | -                              | 433,153,677        | (433,153,677)                                                        | -                                                                  | -                                         | -                                                                              | -                                                                  | -                                         | -                   | -                                | -                            | -                                | -                    |                       |
|                                            | - Increase in non-controlling interests             |                                                | -                    | -                              | -                  | -                                                                    | -                                                                  | -                                         | -                                                                              | -                                                                  | -                                         | -                   | -                                | -                            | 315,062,688                      | 315,062,688          |                       |
|                                            | - Dividends paid                                    | 22                                             | -                    | -                              | -                  | (811,697,759)                                                        | -                                                                  | -                                         | -                                                                              | -                                                                  | -                                         | -                   | -                                | (811,697,759)                | (73,478,828)                     | (885,176,587)        |                       |
|                                            | - Transfer of gain on asset revaluation             |                                                | -                    | -                              | -                  | -                                                                    | -                                                                  | 157,677,750                               | -                                                                              | -                                                                  | -                                         | 157,677,750         | -                                | 157,677,750                  | 58,685,260                       | 216,363,010          |                       |
|                                            | - Total comprehensive income (expense) for the year |                                                | -                    | -                              | -                  | 1,661,391,994                                                        | 18,285,353                                                         | (157)                                     | 3,408,390                                                                      | -                                                                  | (61,606,153)                              | (39,912,567)        | -                                | 1,621,479,427                | (5,545,589)                      | 1,615,933,838        |                       |
|                                            | <b>Ending balance as at October 31, 2013</b>        |                                                | <b>1,704,646,884</b> | <b>2,946,439,199</b>           | <b>187,000,000</b> | <b>433,153,677</b>                                                   | <b>5,909,477,793</b>                                               | <b>(44,558,328)</b>                       | <b>(383,026)</b>                                                               | <b>1,750,369,132</b>                                               | <b>(264,043,132)</b>                      | <b>(86,811,471)</b> | <b>1,354,573,175</b>             | <b>(433,153,677)</b>         | <b>12,102,137,051</b>            | <b>2,047,812,240</b> | <b>14,149,949,291</b> |

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED OCTOBER 31, 2013

UNIT : BAHT

|                                                  | Notes | Issued and<br>paid-up<br>share capital | Share premium<br>account<br>Ordinary<br>shares | Retained Earnings             |                      | Other components of equity                                                     |                                           | Total<br>shareholders'<br>equity |
|--------------------------------------------------|-------|----------------------------------------|------------------------------------------------|-------------------------------|----------------------|--------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|
|                                                  |       |                                        |                                                | Appropriated<br>Legal reserve | Unappropriated       | Other comprehensive<br>income (expense)<br>Gain (loss) on<br>asset revaluation | Total<br>other<br>components<br>of equity |                                  |
| <b>For the year ended October 31, 2012</b>       |       |                                        |                                                |                               |                      |                                                                                |                                           |                                  |
| Beginning balance as at November 1, 2011         |       | 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                    | 21    | 24,702,908                             | 222,326,172                                    | -                             | -                    | -                                                                              | -                                         | 247,029,080                      |
| - Dividends paid                                 | 22    | -                                      | -                                              | -                             | (786,522,055)        | -                                                                              | -                                         | (786,522,055)                    |
| - Transfer to profit (loss) from sales of assets |       | -                                      | -                                              | -                             | 296,716              | (296,716)                                                                      | (296,716)                                 | -                                |
| - Total comprehensive income 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>529,378,011</u>                                                             | <u>529,378,011</u>                        | <u>5,579,321,221</u>             |

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)**  
**FOR THE YEAR ENDED OCTOBER 31, 2013**

UNIT : BAHT

|                                                 | Notes | Issued and<br>paid-up<br>share capital | Share premium<br>account<br>Ordinary<br>shares | Retained Earnings  |                                | Other components of equity          |                                         | Treasury<br>stocks | Total<br>shareholders'<br>equity |                                           |
|-------------------------------------------------|-------|----------------------------------------|------------------------------------------------|--------------------|--------------------------------|-------------------------------------|-----------------------------------------|--------------------|----------------------------------|-------------------------------------------|
|                                                 |       |                                        |                                                | Appropriated       |                                | Unappropriated                      | Other comprehensive<br>income (expense) |                    |                                  | Total<br>other<br>components<br>of equity |
|                                                 |       |                                        |                                                | Legal reserve      | Reserve for<br>treasury stocks |                                     |                                         |                    |                                  |                                           |
|                                                 |       |                                        |                                                |                    |                                | Gain (loss) on<br>asset revaluation |                                         |                    |                                  |                                           |
| <b>For the year ended October 31, 2013</b>      |       |                                        |                                                |                    |                                |                                     |                                         |                    |                                  |                                           |
| Beginning balance as at November 1, 2012        |       | 1,575,768,083                          | 1,786,529,990                                  | 187,000,000        | -                              | 1,500,645,137                       | 529,378,011                             | 529,378,011        | -                                | 5,579,321,221                             |
| Changes in shareholders' equity during the year |       |                                        |                                                |                    |                                |                                     |                                         |                    |                                  |                                           |
| - Increase in ordinary shares                   | 21    | 128,878,801                            | 1,159,909,209                                  | -                  | -                              | -                                   | -                                       | -                  | -                                | 1,288,788,010                             |
| - Treasury stocks                               |       | -                                      | -                                              | -                  | -                              | -                                   | -                                       | -                  | (433,153,677)                    | (433,153,677)                             |
| - Reserve for treasury stocks                   |       | -                                      | -                                              | -                  | 433,153,677                    | (433,153,677)                       | -                                       | -                  | -                                | -                                         |
| - Dividends paid                                | 22    | -                                      | -                                              | -                  | -                              | (811,697,759)                       | -                                       | -                  | -                                | (811,697,759)                             |
| - Transfer of gain on asset revaluation         |       | -                                      | -                                              | -                  | -                              | -                                   | 126,646,049                             | 126,646,049        | -                                | 126,646,049                               |
| - Total comprehensive income for the year       |       | -                                      | -                                              | -                  | -                              | 1,126,776,370                       | 3,408,390                               | 3,408,390          | -                                | 1,130,184,760                             |
| <b>Ending balance as at October 31, 2013</b>    |       | <b>1,704,646,884</b>                   | <b>2,946,439,199</b>                           | <b>187,000,000</b> | <b>433,153,677</b>             | <b>1,382,570,071</b>                | <b>659,432,450</b>                      | <b>659,432,450</b> | <b>(433,153,677)</b>             | <b>6,880,088,604</b>                      |

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 YEAR ENDED OCTOBER 31, 2013**

UNIT : BAHT

|                                                                                                       | Consolidated Financial Statements |                      | Separate Financial Statements |                      |
|-------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------|-------------------------------|----------------------|
|                                                                                                       | 2013                              | 2012                 | 2013                          | 2012                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                           |                                   |                      |                               |                      |
| Profit before income tax expenses                                                                     | 1,792,230,107                     | 3,198,239,283        | 1,133,971,028                 | 1,320,848,361        |
| Adjustments for:                                                                                      |                                   |                      |                               |                      |
| Dividend income                                                                                       | (325,000)                         | (227,500)            | (1,179,680,779)               | (401,362,625)        |
| Doubtful accounts - trade and farmer accounts receivable<br>and loans for cane plantation development | 24,988,954                        | 8,957,963            | 7,962,857                     | 11,785,018           |
| Share of loss of investments in an associate                                                          | 170,915                           | 8,292,720            | -                             | -                    |
| Amortization of premium on bonds                                                                      | 59,031                            | 140,805              | 18,812                        | 18,255               |
| Employee benefit expenses                                                                             | 11,665,878                        | 15,160,577           | 5,571,421                     | 5,486,977            |
| Loss on damaged cane and adjustment to<br>decrease the cane plantation costs                          | 25,580,755                        | 107,073,112          | -                             | -                    |
| Loss from diminution in value of inventories (reversal)                                               | (79,002,649)                      | 94,919,301           | (23,609,290)                  | 17,712,526           |
| Depreciation and amortization                                                                         | 949,842,833                       | 833,294,666          | 246,708,524                   | 210,188,754          |
| Gain on sales and write off of assets                                                                 | (16,444,740)                      | (35,588,709)         | (427,624)                     | (24,033,113)         |
| Loss on impairment of property, plant and equipment (reversal)                                        | 327,993                           | 9,123,410            | -                             | (1,548,620)          |
| Gain on sales of investments in subsidiaries                                                          | (21,137,905)                      | -                    | (21,137,905)                  | -                    |
| Unrealized (gain) loss on exchange rates                                                              | 22,257,183                        | (9,098,624)          | 3,076,348                     | 2,310,294            |
| Interest expenses                                                                                     | 657,592,194                       | 548,735,481          | 370,176,306                   | 243,115,680          |
| Other finance costs                                                                                   | 1,971,566                         | 2,300,473            | 1,971,566                     | 2,300,473            |
|                                                                                                       | <u>3,369,777,115</u>              | <u>4,781,322,958</u> | <u>544,601,264</u>            | <u>1,386,821,980</u> |
| Operating assets (increase) decrease                                                                  |                                   |                      |                               |                      |
| Trade and other receivables                                                                           | (128,366,639)                     | (98,611,927)         | (141,856,117)                 | 172,396,275          |
| Inventories                                                                                           | (75,488,654)                      | (185,142,651)        | (826,290,106)                 | 247,095,921          |
| Other current assets                                                                                  | 9,866,995                         | (11,659,387)         | 20,867,441                    | (12,080,559)         |
| Deferred cane plantation costs                                                                        | 114,477,844                       | 121,368,130          | 21,964,507                    | (15,383,513)         |
| Other non-current assets                                                                              | (67,492,034)                      | (58,317,976)         | (797,346)                     | 15,280,824           |
| Operating liabilities increase (decrease)                                                             |                                   |                      |                               |                      |
| Trade and other payables                                                                              | (384,145,606)                     | 552,884,612          | 192,449,389                   | (77,561,274)         |
| Other current liabilities                                                                             | 18,646,011                        | (35,319,828)         | 801,417                       | (10,312,957)         |
| Employee benefit obligations                                                                          | (7,385,315)                       | (7,886,670)          | (1,786,307)                   | (1,534,163)          |
| Other non-current liabilities                                                                         | 101,889,396                       | 72,958,285           | 17,689,889                    | 64,554,464           |
| Cash received from operating activities                                                               | <u>2,951,779,113</u>              | <u>5,131,595,546</u> | <u>(172,355,969)</u>          | <u>1,769,276,998</u> |
| Interest paid                                                                                         | (699,563,659)                     | (569,022,616)        | (375,505,218)                 | (252,048,227)        |
| Income tax expense paid                                                                               | (486,177,205)                     | (851,799,529)        | (239,394,465)                 | (375,829,496)        |
| Net cash provided by (used in) operating activities                                                   | <u>1,766,038,249</u>              | <u>3,710,773,401</u> | <u>(787,255,652)</u>          | <u>1,141,399,275</u> |

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS (CONTINUED)**

**FOR THE YEAR ENDED OCTOBER 31, 2013**

UNIT : BAHT

|                                                                                     | Consolidated Financial Statements |                        | Separate Financial Statements |                        |
|-------------------------------------------------------------------------------------|-----------------------------------|------------------------|-------------------------------|------------------------|
|                                                                                     | 2013                              | 2012                   | 2013                          | 2012                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                         |                                   |                        |                               |                        |
| Cash payment from purchases of temporary investments                                | (13,000,587)                      | -                      | -                             | -                      |
| Increase in short-term and long-term loans                                          | (161,727,193)                     | (117,491,642)          | (2,450,199,700)               | (348,090,064)          |
| Cash payments for investments in subsidiaries                                       | (18,718,094)                      | -                      | (479,795,145)                 | (9,231,700)            |
| Cash received from sales of investments in subsidiaries                             | 39,855,999                        | -                      | 39,855,999                    | -                      |
| Cash payments for purchases of other long-term investments                          | (9,503,680)                       | (5,354,664)            | -                             | -                      |
| Cash received from redemption and sales of other long-term investments              | 2,164,149                         | 5,740,000              | -                             | -                      |
| Cash received from dividends of subsidiaries and other companies                    | 325,000                           | 227,500                | 124,555,970                   | 225,605,157            |
| Cash payments for purchases of investment property                                  | (1,929,524,160)                   | (102,298,345)          | -                             | -                      |
| Cash received from sales of investment property                                     | 41,114,000                        | -                      | 400,000                       | -                      |
| Cash payments for purchases of property, plant and equipment                        | (4,242,137,237)                   | (4,249,096,696)        | (2,468,145,374)               | (2,208,989,109)        |
| Cash received from sales of property, plant and equipment                           | 6,419,026                         | 59,528,062             | 373,831                       | 35,164,851             |
| Cash payments for purchases of intangible assets                                    | (9,980,381)                       | (9,033,280)            | (5,205,328)                   | (3,417,430)            |
| Cash payments for purchases of assets not yet used in operation                     | (4,690,368)                       | (18,934,163)           | -                             | -                      |
| Cash received from sales of assets not yet used in operation                        | 5,728,620                         | 21,228,940             | -                             | -                      |
| Net cash used in investing activities                                               | <u>(6,293,674,906)</u>            | <u>(4,415,484,288)</u> | <u>(5,238,159,747)</u>        | <u>(2,308,958,295)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                         |                                   |                        |                               |                        |
| Increase in short-term borrowings from financial institutions                       | 3,512,440,162                     | 3,070,358,034          | 5,027,817,663                 | 598,161,643            |
| Net cash received from short-term borrowings                                        | -                                 | -                      | 122,448,807                   | 459,000,000            |
| Cash payments for payables on purchases of assets                                   | (777,903,749)                     | (982,964,153)          | (363,807,759)                 | (35,440,502)           |
| Cash received from long-term debentures                                             | 998,089,332                       | 1,497,305,000          | 998,089,332                   | 1,497,305,000          |
| Cash payments to long-term debentures                                               | (2,000,000,000)                   | (1,780,000,000)        | (2,000,000,000)               | (1,780,000,000)        |
| Cash received from long-term borrowings                                             | 3,967,000,000                     | 1,576,200,000          | 2,572,000,000                 | 1,112,300,000          |
| Cash payments for long-term borrowings                                              | (1,492,962,511)                   | (2,072,618,400)        | (355,633,350)                 | (165,500,000)          |
| Cash received from increase in capital                                              | 1,288,788,010                     | 247,029,080            | 1,288,788,010                 | 247,029,080            |
| Cash payments for treasury stocks                                                   | (433,153,677)                     | -                      | (433,153,677)                 | -                      |
| Cash received from increase in capital of subsidiaries of non-controlling interests | 253,456,515                       | 1,460,869              | -                             | -                      |
| Cash payments of dividends for the parent                                           | (811,697,759)                     | (786,522,055)          | (811,697,759)                 | (786,522,055)          |
| Cash payments to non-controlling interests                                          | (73,478,827)                      | (61,073,595)           | -                             | -                      |
| Net cash provided by financing activities                                           | <u>4,430,577,496</u>              | <u>709,174,780</u>     | <u>6,044,851,267</u>          | <u>1,146,333,166</u>   |
| Exchange differences on translation of cash of foreign subsidiaries                 | 6,325,143                         | 4,065,281              | -                             | -                      |
| Net increase (decrease) in cash and cash equivalents                                | <u>(90,734,018)</u>               | <u>8,529,174</u>       | <u>19,435,868</u>             | <u>(21,225,854)</u>    |
| Cash and cash equivalents at the beginning of the years                             | 289,455,141                       | 280,925,967            | 21,505,761                    | 42,731,615             |
| Cash and cash equivalents at the end of the years                                   | <u>198,721,123</u>                | <u>289,455,141</u>     | <u>40,941,629</u>             | <u>21,505,761</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 YEAR ENDED OCTOBER 31, 2013**

**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, Thanon Phaya Thai Sub-District, Ratchathewi, Bangkok, and the locations of its 5 factories (branches) are as follows :

Branch I at No. 43 Moo 10, Tambol Namphong, Amphur Namphong, Khonkaen Province

Branch II at No. 255 Moo 4, Tambol Nongyaplong, Amphur Wangsaphung, Loei Province

Branch III at No. 99 Moo 6, Tambol Lumlang, Amphur Boploy, Kanchanaburi Province

Branch VI at No. 14/1 Moo 10, Saengchooto Road, Tambol Tamaka, Amphur Tamaka, Kanchanaburi Province

Branch V at No. 24 Moo 1, Ban-Nhongbua Road, Tambol Mon-Nang, Amphur Panutnikom, Chonburi Province.

The Company's main businesses are to manufacture and distribute sugar and molasses and trading of spare part and supplies to its subsidiaries, subcontractors and farmers who have business with the Company and/or its subsidiaries. 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 accounting 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 3.22).

- 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", 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 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 as at October 31, is as follows:

| Company Name                                                                | Percentage of Shareholding |        | Country of Incorporation | Type of Business                                                                                                                                                                                   |
|-----------------------------------------------------------------------------|----------------------------|--------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                             | 2013 %                     | 2012 % |                          |                                                                                                                                                                                                    |
| 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                                             | 91.02                      | 80.31  | Thailand                 | Housing and land for agriculture estate including holiday resort for training and seminar center and office building for rental                                                                    |
| K.S.L. Export Trading Co., Ltd.                                             | 79.55                      | 79.55  | Thailand                 | Export sugar as exporting agent                                                                                                                                                                    |
| KSL Material Supplies Co., Ltd.<br>(formerly 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.                                           | 80.00                      | 70.00  | Cambodia                 | Manufacture and distribution of sugar and molasses                                                                                                                                                 |
| Wynn In Trading Co., Ltd.                                                   | 100.00                     | 100.00 | Mauritius                | Trading and consultancy services                                                                                                                                                                   |

\* The Company participates in controlling power, thus they are considered subsidiaries under the definition specified in Thai Accounting Standard.



| Company Name                                                                                                           | Percentage of Shareholding |       | Percentage of Shareholding |       | Country of Incorporation | Type of Business                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------|----------------------------|-------|----------------------------|-------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                        | Indirect                   |       | Direct and indirect        |       |                          |                                                                                                                                  |
|                                                                                                                        | 2013                       | 2012  | 2013                       | 2012  |                          |                                                                                                                                  |
|                                                                                                                        | %                          | %     | %                          | %     |                          |                                                                                                                                  |
| 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.*                                                                                            | 27.86                      | 34.83 | 28.48                      | 35.44 | Thailand                 | Trading, rental and development of real estate and palm oil refinery operation                                                   |
| T S Flour Mill Public Company Limited*                                                                                 | 16.52                      | 23.54 | 16.59                      | 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                                                                                    | 80.00                      | 70.00 | 80.00                      | 70.00 | Cambodia                 | Agricultural operation                                                                                                           |

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

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 onwards as follows:

|                                                                                                             | <b>Effective date</b> |
|-------------------------------------------------------------------------------------------------------------|-----------------------|
| <b>Thai Accounting Standards (TAS)</b>                                                                      |                       |
| TAS 1 (Revised 2012) Presentation of Financial Statements                                                   | January 1, 2014       |
| TAS 12 Income Taxes                                                                                         | January 1, 2013       |
| TAS 17 (Revised 2012) Leases                                                                                | January 1, 2014       |
| TAS 20 Accounting for Government Grants and Disclosure of Government Assistance                             | January 1, 2013       |
| TAS 21 (Revised 2009) The Effects of Changes in Foreign Exchange Rates                                      | January 1, 2013       |
| TAS 24 (Revised 2012) Related Party Disclosures                                                             | January 1, 2014       |
| TAS 34 (Revised 2012) Interim Financial Reporting                                                           | January 1, 2014       |
| <b>Thai Financial Reporting Standards (TFRS)</b>                                                            |                       |
| TFRS 2 (Revised 2012) Share-based Payment                                                                   | January 1, 2014       |
| TFRS 5 (Revised 2012) Non-current Assets Held for Sale and Discontinued Operations                          | January 1, 2014       |
| TFRS 8 Operating Segments                                                                                   | January 1, 2013       |
| <b>Thai Accounting Standard Interpretations (TSI)</b>                                                       |                       |
| TSI 10 Government Assistance - No Specific Relation to Operating Activities                                 | January 1, 2013       |
| TSI 15 Operating Leases - Incentives                                                                        | January 1, 2014       |
| TSI 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets                                           | January 1, 2013       |
| TSI 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders                            | January 1, 2013       |
| TSI 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease                         | January 1, 2014       |
| TSI 29 Disclosure - Service Concession Arrangements                                                         | January 1, 2014       |
| TSI 32 Intangible Assets - Web Site Costs                                                                   | January 1, 2014       |
| <b>Thai Financial Reporting interpretations (TFRI)</b>                                                      |                       |
| TFRI 1 Changes in Existing Decommissioning Restoration and Similar Liabilities                              | January 1, 2014       |
| TFRI 4 Determining whether an Arrangement Contains a Lease                                                  | January 1, 2014       |
| TFRI 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | January 1, 2014       |
| TFRI 7 Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies    | January 1, 2014       |
| TFRI 10 Interim Financial Reporting and Impairment                                                          | January 1, 2014       |
| TFRI 12 Service Concession Arrangements                                                                     | January 1, 2014       |
| TFRI 13 Customer Loyalty Programmes                                                                         | January 1, 2014       |
| TFRI 17 Distributions of Non-cash Assets to Owners                                                          | January 1, 2014       |
| TFRI 18 Transfers of Assets From Customers                                                                  | January 1, 2014       |

The Company's management will adopt the above TAS, TFRS, TSI and TFRI relevant to the Company and its subsidiaries in the preparation of the consolidated financial statements of the Company and its subsidiaries and the separate financial statements of the Company when they become effective. In addition, the Company's management has assessed the effects of these standards effective on January 1, 2013 and believes that they will not have any significant impact on the consolidated financial statements of the Company and its subsidiaries and the separate financial statements of the Company for the period in which they are initially applied, except for TAS 12 "Income Taxes", which the Company's management is in the process of assessing the impact of this standard on the financial statements for the period in which it is initially applied. In addition, the Company's management is in the process of assessing the impact of all standards effective on January 1, 2014 on the financial statements for the period in which they are initially applied.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 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.

#### **3.2 Trade receivables, farmer receivables, and other receivables**

Trade receivables, farmer receivables, and other receivables are stated at the net realizable value. Allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

#### **3.3 Inventories**

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:

- Direct raw materials and trading finished goods are calculated using the first-in, first-out method.
- Indirect raw materials and factory supplies are calculated using the moving average 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.
- Machine maintenance supplies are calculated using the moving 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.

### 3.4 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.

### 3.5 Investments

- 3.5.1 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 statement of income when the investment is disposed or the impairment of the investment incurred.
- 3.5.2 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 statement of income when the investment is disposed or the impairment of the investment incurred.
- 3.5.3 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 statement of income.
- 3.5.4 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 statement of income.
- 3.5.5 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 statement of income when they are sold or impaired.

### 3.6 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.

### 3.7 Investment property

Investment property consist of land, land improvement and building and warehouse leased out. Land is presented at cost. Land improvement and building and warehouse are presented at cost less accumulated depreciation and the allowance for impairment (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.

### 3.8 Property, plant and equipment

Land is stated at the revalued amount less allowance for impairment (if any). 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).

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 on asset revaluation", and decrease from cost recorded as loss from decrease in revaluation of assets in the statement 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 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.

### 3.9 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 estimated useful life computer's software 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 statement of income when incurred.

### 3.10 Assets not used in operation

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

### 3.11 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).

### 3.12 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.

### 3.13 Provisions

The Company and its subsidiaries will record provisions 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 economic 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 statement of income at amount net by recognized amount of expense to be recovered.

### 3.14 Employee benefits

#### 3.14.1 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.

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

#### 3.14.2 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 statement of income in order to allocate such costs throughout the service period.

### 3.15 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.

### 3.16 Other components of equity

- 3.16.1 Losses on internal restructure of entities under common control is the difference between net carrying 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.
- 3.16.2 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.

### 3.17 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 statement of income.

### 3.18 Revenue recognition

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

- 3.18.1 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.
- 3.18.2 Revenues from services, which the lengths of the services are short-term, are recognized when services are rendered.
- 3.18.3 Revenues from rental are recognized over the term of the lease.
- 3.18.4 Revenues from sale of land are recognized when the land ownership has already been transferred to the purchaser.



3.18.5 Revenues from sales 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.

3.18.6 Revenues from sale of electricity and steam are recognized when the products steam are delivered and the customers have accepted the deliveries.

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

3.18.8 Dividend income is recognized when entitled to receive such dividend.

3.18.9 Other incomes are recognized on an accrual basis.

### 3.19 Expense recognition

The policies relating to expenses are as follows:

3.19.1 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 statement of income according to proportion of revenue recognition.

3.19.2 Other expenses are recognized on an accrual basis.

### 3.20 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.

### 3.21 Finance costs

Finance costs such as interest expenses and similar costs are charged to the statement 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.

### 3.22 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 statement of income for the year.

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.

### 3.23 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.

### 3.24 Income tax expenses

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

### 3.25 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 net of treasury stocks. The calculations of diluted earnings per share for the year were based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

### 3.26 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.

### 3.27 Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other 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 statement of income when the contracts are settled or contractual terms are expired.

### 3.28 Use of accounting estimates

The preparation of consolidated and separate financial statements in conformity with Thai Financial Reporting Standards 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.

#### 4. CHANGE IN ACCOUNTING POLICY

In the third quarter of fiscal year 2013, the Company and its subsidiaries changed their accounting policy for the cost calculation of indirect materials, factory supplies and machine maintenance supplies from first-in, first-out method to weighted average (moving average) 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. In addition, the Company's management assessed the effect of such change in accounting policy to the consolidated and separate financial statements was not material. The Company thus did not retroactively adjust the effect of the change to the financial statements of past accounting periods.

#### 5. ADDITIONAL CASH FLOW INFORMATION AND CASH EQUIVALENTS

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

| Type of transactions                                                                                                                                                       | Unit : Thousand Baht         |           |                              |           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------|------------------------------|-----------|
|                                                                                                                                                                            | Consolidated                 |           | Separate                     |           |
|                                                                                                                                                                            | Financial Statements<br>2013 | 2012      | Financial Statements<br>2013 | 2012      |
| Unrealized gain (loss) from available-for-sale securities                                                                                                                  | (1)                          | 505       | -                            | -         |
| Net gain on asset revaluation increase (decrease)                                                                                                                          | 3,408                        | (502,371) | 3,408                        | (351,528) |
| Transfer of depreciation to deferred cane plantation costs                                                                                                                 | 45,366                       | 73,660    | 2,247                        | 3,257     |
| Purchases of property, plant and equipment which had not yet been paid                                                                                                     | 677,677                      | 1,451,203 | 233,037                      | 339,859   |
| Interest expenses capitalized as asset costs                                                                                                                               | 43,966                       | 8,836     | 10,139                       | 1,810     |
| Transfer of other current assets to other non-current assets                                                                                                               | 22,341                       | -         | -                            | -         |
| Transfer of investment property to other current assets                                                                                                                    | 66,000                       | -         | -                            | -         |
| Transfer of property, plant and equipment to investment property and assets not used in operations                                                                         | 282,906                      | 142,810   | -                            | 89,810    |
| Transfer of assets not used in operations to property, plant, equipment and investment property                                                                            | -                            | 125,792   | -                            | 98,210    |
| Reclassify other long-term investments to temporary investments                                                                                                            | 241                          | 253       | -                            | -         |
| Transfer of current liabilities to other non-current liabilities                                                                                                           | 36,541                       | -         | -                            | -         |
| 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    | -                            | 24,345    |
| Investments in subsidiaries increased from received loan to related company                                                                                                | -                            | -         | -                            | 458,462   |
| Adjustment gain on asset revaluation because of the change in accounting policy                                                                                            | -                            | 2,206,120 | -                            | 175,932   |
| Decrease in short-term borrowings from subsidiaries by offsetting against dividend received                                                                                | -                            | -         | 277,649                      | -         |

5.2 Cash and cash equivalents as at October 31, are as follows:

| Type of transactions             | Unit : Thousand Baht |                |                      |               |
|----------------------------------|----------------------|----------------|----------------------|---------------|
|                                  | Consolidated         |                | Separate             |               |
|                                  | Financial Statements |                | Financial Statements |               |
|                                  | 2013                 | 2012           | 2013                 | 2012          |
| Cash                             | 3,328                | 3,995          | 1,3                  | 2,364         |
| Current accounts deposits        | 52,064               | 38,037         | 28,0                 | 3,095         |
| Savings accounts deposits        | 143,329              | 234,423        | 11,5                 | 16,047        |
| Fixed accounts deposits 3 months | -                    | 13,000         | -                    | -             |
| Total                            | <u>198,721</u>       | <u>289,455</u> | <u>40,942</u>        | <u>21,506</u> |

6. 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:

6.1 Significant balances with related parties as at October 31, are as follows:

| Type of Balances                                                                 | Unit : Million Baht  |             |                      |              |
|----------------------------------------------------------------------------------|----------------------|-------------|----------------------|--------------|
|                                                                                  | Consolidated         |             | Separate             |              |
|                                                                                  | Financial Statements |             | Financial Statements |              |
|                                                                                  | 2013                 | 2012        | 2013                 | 2012         |
| Trade and other receivables                                                      |                      |             |                      |              |
| Subsidiaries                                                                     | -                    | -           | 183.66               | 61.77        |
| Related companies                                                                | 4.99                 | 2.38        | 0.04                 | 0.04         |
| Total                                                                            | <u>4.99</u>          | <u>2.38</u> | <u>183.70</u>        | <u>61.81</u> |
| Accrued dividend receivable from subsidiaries<br>(included in other receivables) |                      |             |                      |              |
| Subsidiaries                                                                     | -                    | -           | 1,169.75             | 392.27       |
| Short-term loans                                                                 |                      |             |                      |              |
| Subsidiaries                                                                     | -                    | -           | 3,798.98             | 1,313.50     |
| Other current assets                                                             |                      |             |                      |              |
| Subsidiaries                                                                     | -                    | -           | 12.08                | 4.93         |
| Related companies                                                                | 0.49                 | 4.01        | 0.21                 | -            |
| Total                                                                            | <u>0.49</u>          | <u>4.01</u> | <u>12.29</u>         | <u>4.93</u>  |
| Trade and other payables                                                         |                      |             |                      |              |
| Subsidiaries                                                                     | -                    | -           | 55.52                | 14.38        |
| Related companies                                                                | 1.60                 | 2.40        | 0.16                 | 0.01         |
| Total                                                                            | <u>1.60</u>          | <u>2.40</u> | <u>55.68</u>         | <u>14.39</u> |
| Other accrued expenses<br>(included in other payables)                           |                      |             |                      |              |
| Subsidiaries                                                                     | -                    | -           | 3.34                 | 1.32         |
| Related companies                                                                | 0.05                 | 0.01        | 0.04                 | -            |
| Total                                                                            | <u>0.05</u>          | <u>0.01</u> | <u>3.38</u>          | <u>1.32</u>  |

| Type of Balances                       | Unit : Million Baht  |      |                      |          |
|----------------------------------------|----------------------|------|----------------------|----------|
|                                        | Consolidated         |      | Separate             |          |
|                                        | Financial Statements |      | Financial Statements |          |
|                                        | 2013                 | 2012 | 2013                 | 2012     |
| Short-term borrowings                  |                      |      |                      |          |
| Subsidiaries                           | -                    | -    | 1,286.30             | 1,441.50 |
| Other current liabilities              |                      |      |                      |          |
| Subsidiaries                           | -                    | -    | 0.16                 | -        |
| Related companies                      | 2.29                 | 4.00 | 2.29                 | -        |
| Total                                  | 2.29                 | 4.00 | 2.45                 | -        |
| Other non-current liabilities - others |                      |      |                      |          |
| Subsidiaries                           | -                    | -    | 0.55                 | 0.62     |
| Related companies                      | -                    | 0.84 | -                    | 0.84     |
| Total                                  | -                    | 0.84 | 0.55                 | 1.46     |

As at October 31, 2013 and 2012, short-term loans to related parties represented promissory notes receivable on demand, carrying interest rates at 1.75% - 3.17% per annum and 3.15% - 3.75% per annum, respectively.

As at October 31, 2013 and 2012, short-term borrowings from related parties represented promissory notes payable on demand, carrying the interest rate at 3.00% - 4.65% per annum and 3.18% per annum, respectively.

6.2 Significant transactions with related parties for the years ended October 31, are as follows:

| Type of Transactions             | Unit : Million Baht  |       |                      |          |
|----------------------------------|----------------------|-------|----------------------|----------|
|                                  | Consolidated         |       | Separate             |          |
|                                  | Financial Statements |       | Financial Statements |          |
|                                  | 2013                 | 2012  | 2013                 | 2012     |
| Revenues from sales and services |                      |       |                      |          |
| Subsidiaries                     | -                    | -     | 2,090.06             | 2,190.94 |
| Related companies                | 59.93                | 57.83 | 28.60                | -        |
| Total                            | 59.93                | 57.83 | 2,118.66             | 2,190.94 |
| Cost of sales and services       |                      |       |                      |          |
| Subsidiaries                     | -                    | -     | 1,556.16             | 931.55   |
| Related companies                | 12.83                | 5.51  | 7.39                 | -        |
| Total                            | 12.83                | 5.51  | 1,563.55             | 931.55   |
| Other income                     |                      |       |                      |          |
| Subsidiaries                     | -                    | -     | 1,299.18             | 580.91   |
| Related companies                | 2.91                 | 26.25 | 2.91                 | 1.23     |
| Total                            | 2.91                 | 26.25 | 1,302.09             | 582.14   |
| Selling expenses                 |                      |       |                      |          |
| Subsidiaries                     | -                    | -     | 43.96                | 39.50    |
| Related companies                | -                    | 45.71 | -                    | -        |
| Total                            | -                    | 45.71 | 43.96                | 39.50    |
| Administrative expenses          |                      |       |                      |          |
| Subsidiaries                     | -                    | -     | 4.02                 | 1.70     |
| Related companies                | 17.87                | 15.02 | 5.40                 | 5.38     |
| Related juristic person          | 10.17                | 7.02  | 8.87                 | 5.81     |
| Total                            | 28.04                | 22.04 | 18.29                | 12.89    |
| Financial costs                  |                      |       |                      |          |
| Subsidiaries                     | -                    | -     | 23.22                | 28.86    |

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.

### 6.3 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 |
| Parahitac 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.

Prachaup 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.

## 7. TRADE AND OTHER RECEIVABLES

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

|                                                                        | Unit : Thousand Baht |                      |                      |                      |
|------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                        | Consolidated         |                      | Separate             |                      |
|                                                                        | Financial Statements | Financial Statements | Financial Statements | Financial Statements |
|                                                                        | 2013                 | 2012                 | 2013                 | 2012                 |
| Trade receivables                                                      | 880,909              | 835,629              | 248,528              | 122,649              |
| Farmer receivables                                                     | 256,083              | 194,554              | 169,854              | 134,871              |
| Other receivables - compensation for sugar production and distribution | -                    | 39,041               | -                    | 36,607               |
| Other receivables                                                      | 13,397               | 33,501               | 27,304               | 28,491               |
| Prepaid expenses                                                       | 22,990               | 25,833               | 6,476                | 7,229                |
| Advance payment                                                        | 53,402               | 27,454               | 8,048                | 6,396                |
| Accrued dividend receivable from subsidiaries                          | -                    | -                    | 1,169,748            | 392,272              |
| Accrued income                                                         | 39,250               | 41,947               | 17,770               | 7,825                |
| Total trade and other receivables                                      | <u>1,266,031</u>     | <u>1,197,959</u>     | <u>1,647,728</u>     | <u>736,340</u>       |



7.1 Trade receivables as at October 31, consisted of:

|                                             | Consolidated         |         | Unit : Thousand Baht<br>Separate |         |
|---------------------------------------------|----------------------|---------|----------------------------------|---------|
|                                             | Financial Statements |         | Financial Statements             |         |
|                                             | 2013                 | 2012    | 2013                             | 2012    |
| Related parties                             | 4,711                | 4,928   | 158,607                          | 57,810  |
| Others                                      | 898,652              | 838,853 | 89,921                           | 64,839  |
| Total                                       | 903,363              | 843,781 | 248,528                          | 122,649 |
| <u>Less</u> Allowance for doubtful accounts | (22,454)             | (8,152) | -                                | -       |
| Total trade receivables                     | 880,909              | 835,629 | 248,528                          | 122,649 |

Aging analyzes for trade receivables as at October 31, are as follows:

7.1.1 Trade receivables - related parties

|                            | Consolidated         |       | Unit : Thousand Baht<br>Separate |        |
|----------------------------|----------------------|-------|----------------------------------|--------|
|                            | Financial Statements |       | Financial Statements             |        |
|                            | 2013                 | 2012  | 2013                             | 2012   |
| Domestic trade receivables |                      |       |                                  |        |
| Not yet due                | 3,394                | 3,666 | 158,607                          | 57,810 |
| Overdue not over 3 months  | 1,317                | 1,262 | -                                | -      |
| Total                      | 4,711                | 4,928 | 158,607                          | 57,810 |

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

7.1.2 Trade receivables - others

|                                                                        | Consolidated         |         | Unit : Thousand Baht<br>Separate |        |
|------------------------------------------------------------------------|----------------------|---------|----------------------------------|--------|
|                                                                        | Financial Statements |         | Financial Statements             |        |
|                                                                        | 2013                 | 2012    | 2013                             | 2012   |
| Business are to manufacture and distribute sugar and molasses          |                      |         |                                  |        |
| Domestic trade receivables                                             |                      |         |                                  |        |
| Not yet due                                                            | 215,147              | 232,957 | 73,382                           | 62,974 |
| Overdue not over 3 months                                              | 3,585                | 1,565   | 638                              | -      |
| Overdue over 3 months but not over 6 months                            | -                    | 31      | -                                | -      |
| Overdue over 6 months but not over 12 months                           | -                    | 88      | -                                | -      |
| Over 12 months                                                         | 395                  | 1,482   | -                                | -      |
| Total                                                                  | 219,127              | 236,123 | 74,020                           | 62,974 |
| Foreign trade receivables                                              |                      |         |                                  |        |
| Not yet due                                                            | 61,452               | 30,775  | 15,901                           | 1,865  |
| Total                                                                  | 61,452               | 30,775  | 15,901                           | 1,865  |
| Total of business are to manufacture and distribute sugar and molasses | 280,579              | 266,898 | 89,921                           | 64,839 |

|                                                                  | Consolidated                 |                              | Unit : Thousand Baht         |                              |
|------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                                                  | Financial Statements<br>2013 | Financial Statements<br>2012 | Financial Statements<br>2013 | Financial Statements<br>2012 |
| Manufacture and distribution of alcohol and electricity          |                              |                              |                              |                              |
| Domestic trade receivables                                       |                              |                              |                              |                              |
| Not yet due                                                      | 295,165                      | 235,357                      | -                            | -                            |
| Total of manufacture and distribution of alcohol and electricity | 295,165                      | 235,357                      | -                            | -                            |
| Other business                                                   |                              |                              |                              |                              |
| Domestic trade receivables                                       |                              |                              |                              |                              |
| Not yet due                                                      | 157,352                      | 202,988                      | -                            | -                            |
| Overdue not over 3 months                                        | 114,272                      | 126,028                      | -                            | -                            |
| Overdue over 3 months but not over 6 months                      | 31,509                       | 1,626                        | -                            | -                            |
| Overdue over 6 months but not over 12 months                     | 12,025                       | 39                           | -                            | -                            |
| Over 12 months                                                   | 7,750                        | 5,691                        | -                            | -                            |
| Total                                                            | 322,908                      | 336,372                      | -                            | -                            |
| Foreign trade receivables                                        |                              |                              |                              |                              |
| Not yet due                                                      | -                            | 226                          | -                            | -                            |
| Total                                                            | -                            | 226                          | -                            | -                            |
| Total of other business                                          | 322,908                      | 336,598                      | -                            | -                            |
| Total                                                            | 898,652                      | 838,853                      | 89,921                       | 64,839                       |
| <u>Less</u> Allowance for doubtful accounts                      | (22,454)                     | (8,152)                      | -                            | -                            |
| Total trade receivables - others                                 | 876,198                      | 830,701                      | 89,921                       | 64,839                       |

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

## 7.2 Farmer receivables as at October 31, consisted of:

|                                                          | Consolidated                 |                              | Unit : Thousand Baht         |                              |
|----------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                                          | Financial Statements<br>2013 | Financial Statements<br>2012 | Financial Statements<br>2013 | Financial Statements<br>2012 |
| Cane receivables                                         |                              |                              |                              |                              |
| Before Season 2009/2010                                  | 41,733                       | 44,518                       | 77                           | 77                           |
| Season 2009/2010                                         | 4,253                        | 4,278                        | 3,116                        | 3,131                        |
| Season 2010/2011                                         | 11,230                       | 13,042                       | 2,278                        | 2,380                        |
| Season 2011/2012                                         | 41,386                       | 52,480                       | 4,169                        | 7,169                        |
| Season 2012/2013                                         | 46,952                       | -                            | 12,295                       | -                            |
| Total cane receivables                                   | 145,554                      | 114,318                      | 21,935                       | 12,757                       |
| Advance payment                                          |                              |                              |                              |                              |
| Season 2012/2013                                         | -                            | 112,598                      | -                            | 110,427                      |
| Season 2013/2014                                         | 152,781                      | 14,777                       | 145,375                      | 14,777                       |
| Season 2014/2015                                         | 12,651                       | -                            | 12,652                       | -                            |
| Total advance payment for purchases of cane              | 165,432                      | 127,375                      | 158,027                      | 125,204                      |
| Receivables from fuel oil, fertilizer and other services | 7,077                        | 7,727                        | 5,920                        | 4,975                        |
| Total                                                    | 318,063                      | 249,420                      | 185,882                      | 142,936                      |
| <u>Less</u> Allowance for doubtful accounts              | (61,980)                     | (54,866)                     | (16,028)                     | (8,065)                      |
| Total farmer receivables                                 | 256,083                      | 194,554                      | 169,854                      | 134,871                      |

### 7.3 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. 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. Such remaining amounts were fully received within the year 2013.

## 8. SHORT-TERM LOANS

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

|                                                          | Consolidated         |                | Unit : Thousand Baht |                  |
|----------------------------------------------------------|----------------------|----------------|----------------------|------------------|
|                                                          | Financial Statements |                | Separate             |                  |
|                                                          | 2013                 | 2012           | 2013                 | 2012             |
| Short-term loans to related parties                      | -                    | -              | 3,798,976            | 1,313,500        |
| Short-term loans to farmers                              | 827,434              | 747,693        | 123,324              | 137,919          |
| Current portion of loans for cane plantation development | 199,141              | 161,680        | 37,471               | 34,185           |
| Total short-term loans                                   | <u>1,026,575</u>     | <u>909,373</u> | <u>3,959,771</u>     | <u>1,485,604</u> |

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.

## 9. INVENTORIES

Inventories as at October 31, consisted of:

|                                                               | Consolidated         |                  | Unit : Thousand Baht |                |
|---------------------------------------------------------------|----------------------|------------------|----------------------|----------------|
|                                                               | Financial Statements |                  | Separate             |                |
|                                                               | 2013                 | 2012             | 2013                 | 2012           |
| Sugar and molasses                                            | 1,911,702            | 1,463,509        | 1,013,698            | 634,426        |
| Alcohol and bio-fertilizer                                    | 429,158              | 271,546          | -                    | -              |
| Wheat flour                                                   | 288,091              | 452,160          | -                    | -              |
| Polypropylene bags                                            | 18,402               | 18,115           | -                    | -              |
| Palm oil                                                      | 124,254              | 538,494          | -                    | -              |
| Bagasse                                                       | 58,719               | 176,886          | -                    | -              |
| Factory supplies                                              | 350,556              | 265,073          | 252,295              | 46,515         |
| Machine maintenance supplies                                  | 557,437              | 474,375          | 394,252              | 153,013        |
|                                                               | <u>3,738,319</u>     | <u>3,660,158</u> | <u>1,660,245</u>     | <u>833,954</u> |
| <u>Less</u> Allowance for obsolete goods and factory supplies | (6,129)              | (3,179)          | (2,490)              | (2,490)        |
| Allowance for diminution in value of inventories              | (84,733)             | (164,013)        | -                    | (23,609)       |
| Total inventories                                             | <u>3,647,457</u>     | <u>3,492,966</u> | <u>1,657,755</u>     | <u>807,855</u> |

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

|                                       | Consolidated         |                  | Unit : Thousand Baht |                 |
|---------------------------------------|----------------------|------------------|----------------------|-----------------|
|                                       | Financial Statements |                  | Separate             |                 |
|                                       | 2013                 | 2012             | 2013                 | 2012            |
| Beginning balance                     | (164,013)            | (69,093)         | (23,609)             | (5,897)         |
| <u>Add</u> Increase during the years  | (86,743)             | (164,013)        | (2,012)              | (23,609)        |
| <u>Less</u> Reversal during the years | 166,021              | 69,093           | 25,622               | 5,897           |
| Ending balance                        | <u>(84,733)</u>      | <u>(164,013)</u> | <u>-</u>             | <u>(23,609)</u> |

For the years ended October 31, 2013 and 2012, cost of inventories recognized as cost of sales in the consolidated financial statements were Baht 14,689.39 million and Baht 16,139.93 million, respectively, and in the separate financial statements were Baht 5,265.66 million and Baht 5,628.93 million, respectively.

## 10. INVESTMENTS IN AN ASSOCIATE AND SUBSIDIARIES

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

### Consolidated Financial Statements

| Company Name                    | Paid-up       |         | Percentage of |       | As at October 31, 2013 |               |            | As at October 31, 2012 |               |            |
|---------------------------------|---------------|---------|---------------|-------|------------------------|---------------|------------|------------------------|---------------|------------|
|                                 | Share Capital |         | Shareholding  |       | Investment             |               |            | Investment             |               |            |
|                                 |               |         | %             | %     | Cost                   | Equity        | Dividend   | Cost                   | Equity        | Dividend   |
|                                 | 2013          | 2012    | 2013          | 2012  |                        |               |            |                        |               |            |
| <b>Associate</b>                |               |         |               |       |                        |               |            |                        |               |            |
| Champion Fermentation Co., Ltd. | 200,000       | 200,000 | 32.50         | 32.50 | 73,800                 | 36,803        | 325        | 73,800                 | 37,299        | 228        |
| Total                           |               |         |               |       | <u>73,800</u>          | <u>36,803</u> | <u>325</u> | <u>73,800</u>          | <u>37,299</u> | <u>228</u> |

### Separate Financial Statements

| Company Name                                                                          | Paid-up       |           | Percentage of |        | Investment Cost  |                  | Dividends          |                    |
|---------------------------------------------------------------------------------------|---------------|-----------|---------------|--------|------------------|------------------|--------------------|--------------------|
|                                                                                       | share Capital |           | Shareholding  |        | As at            | As at            | For the year ended | For the year ended |
|                                                                                       |               |           | %             | %      | October 31,      | October 31,      | October 31,        | October 31,        |
|                                                                                       | 2013          | 2012      | 2013          | 2012   | 2013             | 2012             | 2013               | 2012               |
| <b>Associate</b>                                                                      |               |           |               |        |                  |                  |                    |                    |
| Champion Fermentation Co., Ltd.                                                       | 200,000       | 200,000   | 32.50         | 32.50  | 73,800           | 73,800           | 325                | 228                |
| Total investment in an associate                                                      |               |           |               |        | <u>73,800</u>    | <u>73,800</u>    | <u>325</u>         | <u>228</u>         |
| <b>Subsidiaries</b>                                                                   |               |           |               |        |                  |                  |                    |                    |
| Thai Sugar Terminal Public Company Limited                                            | 145,200       | 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            | 324,772            |
| 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                                                    | 840,000       | 140,000   | 91.02         | 80.31  | 319,134          | 89,134           | -                  | -                  |
| K.S.L. Export Trading Co., Ltd.                                                       | 20,000        | 20,000    | 33.88         | 33.88  | 6,775            | 6,775            | 2,033              | 1,220              |
| KSL Material Supplies Co., Ltd.<br>(former name KSL Chemicals 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          | 479,983            | -                  |
| Khon Kaen Alcohol Company Limited                                                     | 610,000       | 610,000   | 100.00        | 100.00 | 609,986          | 609,986          | 304,993            | -                  |
| KSL. Agro & Trading Company Limited                                                   | 300,000       | 280,000   | 100.00        | 100.00 | 300,000          | 280,000          | 60,000             | 67,500             |
| Savannah Sugar Corporation*                                                           | 684,757       | 684,757   | 98.49         | 98.49  | 674,178          | 674,178          | -                  | -                  |
| Koh Kong Sugar Industry Co., Ltd.*                                                    | 1,167,660     | 798,900   | 80.00         | 70.00  | 932,589          | 563,829          | -                  | -                  |
| Wynn In Trading Co., Ltd.                                                             | 487,497       | 368,957   | 100.00        | 100.00 | 487,497          | 368,957          | -                  | -                  |
| T S G Assets Co., Ltd.                                                                | 50,000        | 50,000    | 4.11          | 4.11   | 2,061            | 2,061            | -                  | -                  |
| T S Oil Industry Co., Ltd.                                                            | 500,000       | 400,000   | 0.62          | 0.62   | 3,089            | 2,472            | -                  | -                  |
| T S Flour Mill Public Company Limited                                                 | 285,000       | 200,000   | 0.07          | 0.10   | 196              | 196              | 29                 | 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                                                                                 |               |           |               |        | <u>6,162,195</u> | <u>5,424,278</u> | <u>1,179,355</u>   | <u>401,135</u>     |
| <u>Add</u> Advance payment for share subscription - Koh Kong Sugar Industry Co., Ltd. |               |           |               |        | <u>-</u>         | <u>276,840</u>   | <u>-</u>           | <u>-</u>           |
|                                                                                       |               |           |               |        | <u>6,162,195</u> | <u>5,701,118</u> | <u>1,179,355</u>   | <u>401,135</u>     |
| <u>Less</u> Allowance for impairment of investments                                   |               |           |               |        | <u>(5,884)</u>   | <u>(5,884)</u>   | <u>-</u>           | <u>-</u>           |
| Total investments in subsidiaries                                                     |               |           |               |        | <u>6,156,311</u> | <u>5,695,234</u> | <u>1,179,355</u>   | <u>401,135</u>     |
| Total investments in subsidiaries and associate                                       |               |           |               |        | <u>6,230,111</u> | <u>5,769,034</u> | <u>1,179,680</u>   | <u>401,363</u>     |

\* 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 80% and 70% as at October 31, 2013 and 2012, respectively. 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.

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

|                                       | <b>Unit : Thousand Baht</b> |                  |
|---------------------------------------|-----------------------------|------------------|
|                                       | <b>Separate Financial</b>   |                  |
|                                       | <b>Statements</b>           |                  |
|                                       | <b>2013</b>                 | <b>2012</b>      |
| Beginning balance                     | 5,769,034                   | 5,306,640        |
| Additional investments                |                             |                  |
| T S Flour Mill Public Company Limited | 18,718                      | -                |
| K.S.L. Real Estate Company Limited    | 230,000                     | -                |
| Wynn In Tradings Co., Ltd.            | 118,540                     | 184,320          |
| KSL. Agro & Trading Company Limited   | 20,000                      | -                |
| Koh Kong Sugar Industry Co., Ltd.     | 91,920                      | 276,840          |
| T S Oil Industry Co., Ltd.            | 617                         | 1,234            |
| Sale of investment                    |                             |                  |
| T S Flour Mill Public Company Limited | (18,718)                    | -                |
| Ending balance                        | <u>6,230,111</u>            | <u>5,769,034</u> |

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 at the offering value of Baht 3.10 each, totally Baht 18.72 million and sold the entire amount on November 28, 2012.

On February 26, 2013, the Annual General Shareholders' meeting for 2013 No. 1/2013 of KSL Real Estate Company Limited passed a resolution to increase the authorized share capital of 7 million shares with a par value of Baht 100 each, totaling Baht 700 million. Such subsidiary registered the capital increase with the Department of Business Development on March 11, 2013 and fully received such share subscriptions on March 18, 2013.

On March 14, 2013, Wynn In Trading Co., Ltd., an oversea subsidiary, increased its share capital of 4 million shares at the per value of USD 1 each, totaling USD 4 million.

On September 16, 2013, the Board of Directors' Meeting No. 2/2013 of KSL. Agro & Trading Co., Ltd. resolved to call the remaining subscriptions of 10 million shares at Baht 2 each, totaling Baht 20 million. Such share subscriptions were fully received on October 9, 2013.

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, investment in Koh Kong Sugar Industry Co., Ltd. (the subsidiary) was subscriptions 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. Such subsidiary registered the capital increase on October 25, 2013.

## 11. LONG-TERM LOANS

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

|                                                                    | Consolidated         |                  | Unit : Thousand Baht |                 |
|--------------------------------------------------------------------|----------------------|------------------|----------------------|-----------------|
|                                                                    | Financial Statements |                  | Separate             |                 |
|                                                                    | 2013                 | 2012             | 2013                 | 2012            |
| Loans for cane plantation development                              | 661,789              | 576,807          | 58,961               | 57,803          |
| <u>Less</u> Current portion (included as part of short-term loans) | <u>(199,141)</u>     | <u>(161,680)</u> | <u>(37,471)</u>      | <u>(34,185)</u> |
| Total                                                              | 462,648              | 415,127          | 21,490               | 23,618          |
| <u>Less</u> Allowance for doubtful debts                           | <u>(22,959)</u>      | <u>(16,177)</u>  | <u>(8,881)</u>       | <u>(8,882)</u>  |
| Total long-term loans                                              | <u>439,689</u>       | <u>398,950</u>   | <u>12,609</u>        | <u>14,736</u>   |

As at October 31, 2013 and 2012, loans for cane plantation development included in the consolidated and separate financial statements included loans to five other parties of Baht 30.71 million and Baht 32.45 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, 2013 and 2012, 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 5.875% - 8.50% and 5.00% - 8.50% per annum, respectively, which the farmers mostly use land and vehicles as collateral.

## 12. DEFERRED CANE PLANTATION COSTS

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

|                                                          | Consolidated         |                | Unit : Thousand Baht |               |
|----------------------------------------------------------|----------------------|----------------|----------------------|---------------|
|                                                          | Financial Statements |                | Separate             |               |
|                                                          | 2013                 | 2012           | 2013                 | 2012          |
| Beginning book value - net                               | 569,984              | 724,489        | 59,431               | 40,790        |
| Additional costs during the years                        |                      |                |                      |               |
| - Costs of cane plantation                               | 258,218              | 339,627        | 36,909               | 59,480        |
| - Transfers of depreciation                              | 45,656               | 73,977         | 2,247                | 3,257         |
| Accumulated cost of cane planted                         | 873,858              | 1,138,093      | 98,587               | 103,527       |
| - Amortization of cane plantation costs during the year  | (355,895)            | (455,400)      | (58,873)             | (44,096)      |
| - Written off                                            | (17,092)             | (5,214)        | -                    | -             |
| Ending book value                                        | 500,871              | 677,479        | 39,714               | 59,431        |
| Loss from value impairment                               | (1,641)              | (269)          | -                    | -             |
| Loss from damaged cane                                   | (23,939)             | (107,656)      | -                    | -             |
| Exchange differences on translating financial statements | 4,218                | 430            | -                    | -             |
| Ending book value - net                                  | <u>479,509</u>       | <u>569,984</u> | <u>39,714</u>        | <u>59,431</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, 2013 and 2012, certain deferred cane plantation costs of Baht 415.78 million and Baht 485.87 million, respectively, belong to two subsidiaries which grow cane plantation on lease land as follows:

- For the first subsidiary, amounting to Baht 148.25 million and Baht 156.45 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 30.1.
- For the second subsidiary, amounting to Baht 267.53 million and Baht 329.42 million, respectively, represent costs of cane plantation on the land leased from the Government of the Kingdom of Cambodia as referred to in Note 30.2.

### 13. INVESTMENT PROPERTY

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

2013

|                                   | Consolidated Financial Statements |                  |                          |                          | Separate Financial Statements |                |                          | Unit : Thousand Baht |
|-----------------------------------|-----------------------------------|------------------|--------------------------|--------------------------|-------------------------------|----------------|--------------------------|----------------------|
|                                   | Land                              | Land Improvement | Buildings and Warehouses | Construction In progress | Total                         | Land           | Buildings and Warehouses | Total                |
| <b>Cost :</b>                     |                                   |                  |                          |                          |                               |                |                          |                      |
| As at November 1, 2012            | 414,800                           | -                | 583,321                  | 12,372                   | 1,010,493                     | 123,978        | 380,839                  | 504,817              |
| Adjustment                        | (243)                             | -                | -                        | -                        | (243)                         | -              | -                        | -                    |
| Transfer in                       | 333,696                           | 9,650            | 217,61                   | -                        | 560,962                       | 126,646        | 16,683                   | 143,329              |
| Transfer out                      | (81,645)                          | (2,760)          | (119,51)                 | (12,081)                 | (216,004)                     | -              | -                        | -                    |
| Purchases                         | 667,369                           | -                | 1,250,04                 | 12,357                   | 1,929,767                     | -              | -                        | -                    |
| Disposal                          | (29,214)                          | -                | -                        | -                        | (29,214)                      | (332)          | -                        | (332)                |
| As at October 31, 2013            | <u>1,304,763</u>                  | <u>6,890</u>     | <u>1,931,46</u>          | <u>12,648</u>            | <u>3,255,761</u>              | <u>250,292</u> | <u>397,522</u>           | <u>647,814</u>       |
| <b>Accumulated depreciation :</b> |                                   |                  |                          |                          |                               |                |                          |                      |
| As at November 1, 2012            | -                                 | -                | (382,536)                | -                        | (382,536)                     | -              | (219,206)                | (219,206)            |
| Transfer in                       | -                                 | (3,788)          | (35,80)                  | -                        | (39,591)                      | -              | (10,432)                 | (10,432)             |
| Transfer out                      | -                                 | -                | 133,02                   | -                        | 133,029                       | -              | -                        | -                    |
| Depreciation for the year         | -                                 | (28)             | (25,32)                  | -                        | (25,353)                      | -              | (3,872)                  | (3,872)              |
| As at October 31, 2013            | <u>-</u>                          | <u>(3,816)</u>   | <u>(310,63)</u>          | <u>-</u>                 | <u>(314,451)</u>              | <u>-</u>       | <u>(223,510)</u>         | <u>(223,510)</u>     |
| <b>Allowance for impairment :</b> |                                   |                  |                          |                          |                               |                |                          |                      |
| As at November 1, 2012            | (2,247)                           | -                | -                        | -                        | (2,247)                       | (448)          | -                        | (448)                |
| Decrease                          | 448                               | -                | 20                       | -                        | 648                           | 448            | -                        | 448                  |
| Increase                          | (56)                              | -                | (92)                     | -                        | (976)                         | -              | -                        | -                    |
| As at October 31, 2013            | <u>(1,855)</u>                    | <u>-</u>         | <u>(72)</u>              | <u>-</u>                 | <u>(2,575)</u>                | <u>-</u>       | <u>-</u>                 | <u>-</u>             |
| <b>Net book value :</b>           |                                   |                  |                          |                          |                               |                |                          |                      |
| As at October 31, 2013            | <u>1,302,908</u>                  | <u>3,074</u>     | <u>1,620,10</u>          | <u>12,648</u>            | <u>2,938,735</u>              | <u>250,292</u> | <u>164,012</u>           | <u>414,304</u>       |
| <b>Fair value :</b>               |                                   |                  |                          |                          |                               |                |                          |                      |
| As at October 31, 2013            | <u>1,617,837</u>                  | <u>3,074</u>     | <u>1,840,264</u>         | <u>-</u>                 | <u>3,461,175</u>              | <u>382,794</u> | <u>484,470</u>           | <u>867,264</u>       |



2012

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

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.

For the years ended October 31, 2013 and 2012, the Company and its subsidiaries recognized rental income from investment property of Baht 120.79 million and Baht 90.90 million, respectively, in the consolidated statements of income and of Baht 44.13 million and Baht 42.61 million, respectively, in the separate statements of income.

As at October 31, 2013 and 2012, a subsidiary has the assets for rent with the book value stated in the consolidated financial statements of Baht 296.92 million and Baht 101.74 million, respectively, pledged as collateral against credit facilities given by two commercial banks.

## 14. PROPERTY, PLANT AND EQUIPMENT

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

2013

Unit : Thousand Baht

|                                                 | Consolidated Financial Statements |                  |                            |                         |                                      |                                |                          | Total       |
|-------------------------------------------------|-----------------------------------|------------------|----------------------------|-------------------------|--------------------------------------|--------------------------------|--------------------------|-------------|
|                                                 | Land                              | Land Improvement | Buildings and Construction | Machinery and Equipment | Motor Vehicle and Labor Saving Tools | Furniture and Office Equipment | Construction in progress |             |
| <b>Cost :</b>                                   |                                   |                  |                            |                         |                                      |                                |                          |             |
| As at November 1, 2012                          | 860,054                           | 1,020,940        | 4,775,718                  | 14,032,460              | 1,013,802                            | 218,965                        | 4,645,744                | 26,567,683  |
| Adjustment and reclassification                 | (73,433)                          | 41,925           | (26,551)                   | (398,541)               | 321,152                              | (2,355)                        | 9,809                    | (127,994)   |
| Purchases                                       | 27,599                            | 3,370            | 12,801                     | 148,006                 | 395,354                              | 45,241                         | 4,303,124                | 4,935,495   |
| Disposals/written off                           | -                                 | -                | (2,301)                    | (24,114)                | (10,858)                             | (3,391)                        | -                        | (40,664)    |
| Transfer in (out)                               | 810                               | 21,338           | 358,418                    | 834,702                 | 20,248                               | 6,215                          | (1,241,731)              | -           |
| Translation of financial statements differences | -                                 | 6,222            | 6,252                      | 16,016                  | 2,815                                | 171                            | 18                       | 31,494      |
| As at October 31, 2013                          | 815,030                           | 1,093,795        | 5,124,337                  | 14,608,529              | 1,742,513                            | 264,846                        | 7,716,964                | 31,366,014  |
| <b>Accumulated depreciation :</b>               |                                   |                  |                            |                         |                                      |                                |                          |             |
| As at November 1, 2012                          | -                                 | (245,508)        | (915,693)                  | (5,247,265)             | (656,939)                            | (153,588)                      | -                        | (7,218,993) |
| Adjustment and reclassification                 | -                                 | (22,013)         | (101,468)                  | 176,352                 | (147,885)                            | 3,259                          | -                        | (91,755)    |
| Depreciation for the year                       | -                                 | (33,985)         | (115,919)                  | (714,424)               | (75,748)                             | (26,945)                       | -                        | (967,021)   |
| Disposals/written off                           | -                                 | -                | 1,334                      | 20,740                  | 9,696                                | 3,212                          | -                        | 34,982      |
| Translation of financial statements differences | -                                 | (1,518)          | (732)                      | (1,549)                 | (1,467)                              | (123)                          | -                        | (5,389)     |
| As at October 31, 2013                          | -                                 | (303,024)        | (1,132,478)                | (5,766,146)             | (872,343)                            | (174,185)                      | -                        | (8,248,176) |
| <b>Differences on revaluation of assets :</b>   |                                   |                  |                            |                         |                                      |                                |                          |             |
| As at November 1, 2012                          | 2,104,981                         | -                | -                          | -                       | -                                    | -                              | -                        | 2,104,981   |
| Adjustment and reclassification                 | (71,009)                          | -                | -                          | -                       | -                                    | -                              | -                        | (71,009)    |
| Increase                                        | 8,227                             | -                | -                          | -                       | -                                    | -                              | -                        | 8,227       |
| As at October 31, 2013                          | 2,042,199                         | -                | -                          | -                       | -                                    | -                              | -                        | 2,042,199   |
| <b>Allowance for impairment of assets :</b>     |                                   |                  |                            |                         |                                      |                                |                          |             |
| As at November 1, 2012                          | (13,028)                          | (720)            | (9,282)                    | (6,454)                 | -                                    | -                              | -                        | (29,484)    |
| Adjustment and reclassification                 | 7,083                             | 720              | (6,352)                    | 3,817                   | -                                    | -                              | -                        | 5,268       |
| Transfer in                                     | -                                 | -                | -                          | 1,695                   | -                                    | -                              | -                        | 1,695       |
| As at October 31, 2013                          | (5,945)                           | -                | (15,634)                   | (942)                   | -                                    | -                              | -                        | (22,521)    |
| <b>Net book value :</b>                         |                                   |                  |                            |                         |                                      |                                |                          |             |
| As at October 31, 2013                          | 2,851,284                         | 790,771          | 3,976,225                  | 8,841,441               | 870,170                              | 90,661                         | 7,716,964                | 25,137,516  |

2012

Unit : Thousand Baht

| Consolidated Financial Statements               |           |                     |                                  |                               |                                            |                                      |                             |             |
|-------------------------------------------------|-----------|---------------------|----------------------------------|-------------------------------|--------------------------------------------|--------------------------------------|-----------------------------|-------------|
|                                                 | Land      | Land<br>Improvement | Buildings<br>and<br>Construction | Machinery<br>and<br>Equipment | Motor Vehicle<br>and Labor<br>Saving Tools | Furniture<br>and Office<br>Equipment | Construction<br>in progress | Total       |
| <b>Cost :</b>                                   |           |                     |                                  |                               |                                            |                                      |                             |             |
| As at November 1, 2011                          | 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 November 1, 2011                          | -         | (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)                            | -                           | (7,218,993) |
| <b>Differences on revaluation of assets :</b>   |           |                     |                                  |                               |                                            |                                      |                             |             |
| As at November 1, 2011                          | 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 November 1, 2011                          | (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  |

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

|      |               |         |
|------|---------------|---------|
| 2013 | Thousand Baht | 967,021 |
| 2012 | Thousand Baht | 900,456 |

2013

Unit : Thousand Baht

|                                               | Separate Financial Statements |                     |                                 |                               |                                            |                                      |                             | Total       |
|-----------------------------------------------|-------------------------------|---------------------|---------------------------------|-------------------------------|--------------------------------------------|--------------------------------------|-----------------------------|-------------|
|                                               | Land                          | Land<br>Improvement | Building<br>and<br>Construction | Machinery<br>and<br>Equipment | Motor Vehicle<br>and Labor<br>Saving Tools | Furniture<br>and Office<br>Equipment | Construction<br>in progress |             |
| <b>Cost :</b>                                 |                               |                     |                                 |                               |                                            |                                      |                             |             |
| As at November 1, 2012                        | 367,788                       | 34,644              | 521,679                         | 2,688,448                     | 329,701                                    | 78,407                               | 2,208,058                   | 6,228,725   |
| Adjustment and reclassification               | -                             | 330                 | (9,425)                         | (3,429)                       | 459                                        | (4,675)                              | -                           | (16,740)    |
| Purchases                                     | 10,717                        | 884                 | 1,705                           | 76,372                        | 273,950                                    | 30,418                               | 2,317,264                   | 2,711,310   |
| Disposals/written off                         | -                             | -                   | -                               | (65)                          | (1,505)                                    | (508)                                | -                           | (2,078)     |
| Transfer in (out)                             | -                             | 180                 | 196,797                         | 189,159                       | -                                          | -                                    | (386,136)                   | -           |
| As at October 31, 2013                        | 378,505                       | 36,038              | 710,756                         | 2,950,485                     | 602,605                                    | 103,642                              | 4,139,186                   | 8,921,217   |
| <b>Accumulated depreciation :</b>             |                               |                     |                                 |                               |                                            |                                      |                             |             |
| As at November 1, 2012                        | -                             | (12,339)            | (274,967)                       | (1,852,895)                   | (268,573)                                  | (58,862)                             | -                           | (2,467,636) |
| Adjustment and reclassification               | -                             | (4)                 | 8,231                           | 592                           | (4,934)                                    | 3,795                                | -                           | 7,680       |
| Depreciation for the year                     | -                             | (1,756)             | (11,220)                        | (206,280)                     | (18,987)                                   | (9,376)                              | -                           | (247,619)   |
| Disposals/written off                         | -                             | -                   | -                               | 65                            | 1,505                                      | 493                                  | -                           | 2,063       |
| As at October 31, 2013                        | -                             | (14,099)            | (277,956)                       | (2,058,518)                   | (290,989)                                  | (63,950)                             | -                           | (2,705,512) |
| <b>Differences on revaluation of assets :</b> |                               |                     |                                 |                               |                                            |                                      |                             |             |
| As at November 1, 2012                        | 529,378                       | -                   | -                               | -                             | -                                          | -                                    | -                           | 529,378     |
| Increase                                      | 3,408                         | -                   | -                               | -                             | -                                          | -                                    | -                           | 3,408       |
| As at October 31, 2013                        | 532,786                       | -                   | -                               | -                             | -                                          | -                                    | -                           | 532,786     |
| <b>Allowance for impairment of assets :</b>   |                               |                     |                                 |                               |                                            |                                      |                             |             |
| As at November 1, 2012                        | (7,083)                       | -                   | (2,417)                         | (3,817)                       | -                                          | -                                    | -                           | (13,317)    |
| (Increase) decrease                           | 7,083                         | -                   | (6,352)                         | 3,817                         | -                                          | -                                    | -                           | 4,548       |
| As at October 31, 2013                        | -                             | -                   | (8,769)                         | -                             | -                                          | -                                    | -                           | (8,769)     |
| <b>Net book value :</b>                       |                               |                     |                                 |                               |                                            |                                      |                             |             |
| As at October 31, 2013                        | 911,291                       | 21,939              | 424,031                         | 891,967                       | 311,616                                    | 39,692                               | 4,139,186                   | 6,739,722   |

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 November 1, 2011                        | 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 November 1, 2011                        | -                             | (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 November 1, 2011                        | 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 November 1, 2011                        | (10,450)                      | -                | (2,417)                   | (3,817)                 | -                                    | -                              | -                        | (16,684)    |
| (Increase) decrease                           | 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   |

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

|      |               |         |
|------|---------------|---------|
| 2013 | Thousand Baht | 247,61  |
| 2012 | Thousand Baht | 209,233 |

For the fiscal years 2013 and 2012, the borrowing costs of Baht 43.97 million and Baht 8.84 million, respectively, in the consolidated financial statements, incurred from borrowings for the projects of local subsidiaries. Such borrowing costs are recorded as costs of construction in progress included in addition of assets.

As at October 31, 2013 and 2012, land together with structure and machineries at the book value of Baht 671.25 million and Baht 934.98 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 16, 19 and 29.5.

As at October 31, 2013 and 2012, buildings and structure and building under construction of three foreign subsidiaries at book values of Baht 688.67 million and Baht 660.85 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 30).

As at October 31, 2013 and 2012, assets at cost amounts of Baht 2,338.60 million and Baht 2,695.64 million, respectively, in the consolidated financial statements, and of Baht 1,205.23 million and Baht 1,008.73 million, respectively, in the separate financial statements, were fully depreciated but still in use.

## 15. OTHER NON-CURRENT ASSETS

Other non-current assets as at October 31, consisted of:

|                              | Consolidated         |                | Unit : Thousand Baht<br>Separate |               |
|------------------------------|----------------------|----------------|----------------------------------|---------------|
|                              | Financial Statements |                | Financial Statements             |               |
|                              | 2013                 | 2012           | 2013                             | 2012          |
| Assets not used in operation | 279,111              | 289,486        | 42,161                           | 40,793        |
| Other non-current assets     | 292,881              | 203,050        | 2,681                            | 1,891         |
|                              | <u>572,000</u>       | <u>492,536</u> | <u>44,850</u>                    | <u>42,684</u> |

As at October 31, 2013 and 2012, assets not used in operation of Baht 120.92 million and Baht 129.67 million, respectively, in the consolidated financial statements, and of Baht 42.16 million and Baht 40.79 million, respectively, in the separate financial statements are land held for business expansion in the future.

As at October 31, 2013 and 2012, a subsidiary had assets not used in operation of Baht 13.20 million and Baht 13.31 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.

## 16. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

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

|                   | Consolidated         |                  | Unit : Thousand Baht<br>Separate |                |
|-------------------|----------------------|------------------|----------------------------------|----------------|
|                   | Financial Statements |                  | Financial Statements             |                |
|                   | 2013                 | 2012             | 2013                             | 2012           |
| Promissory notes  | 7,202,095            | 5,024,060        | 3,647,792                        | 504,000        |
| Trust receipts    | 200,260              | 872,875          | -                                | 91,172         |
| Bills of exchange | 1,990,096            | -                | 1,990,096                        | -              |
| Total             | <u>9,392,451</u>     | <u>5,896,935</u> | <u>5,637,888</u>                 | <u>595,172</u> |

As at October 31, 2013 and 2012, 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 254.30 million and Baht 647.66 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 1.75% - 4.55% per annum and 3.15% - 4.75% per annum, respectively.

As at October 31, 2013 and 2012, trust receipts represent the borrowings in Baht currency, carrying interest rates at 1.89% - 3.66% per annum and 1.05% - 3.75% per annum, respectively, in consolidated financial statements and at 1.75% - 2.74% per annum as at October 31, 2012 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. Long-term borrowings utilized the joint collaterals with the six to ninth credit lines of long-term borrowings as mentioned in Note 19.

## 17. TRADE AND OTHER PAYABLES

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

|                                                                                 | Consolidated         |                  | Unit : Thousand Baht |                |
|---------------------------------------------------------------------------------|----------------------|------------------|----------------------|----------------|
|                                                                                 | Financial Statements |                  | Separate             |                |
|                                                                                 | 2013                 | 2012             | 2013                 | 2012           |
| Trade payables - related parties                                                | -                    | 13               | 43,235               | 14,394         |
| Trade payable - others                                                          |                      |                  |                      |                |
| - Payables for cane purchase                                                    | 530,691              | 734,268          | 183,112              | 193,151        |
| - Other trade payables                                                          | 215,264              | 394,227          | 101,518              | 87,144         |
| Advances received for sales of goods                                            | 70,299               | 27,784           | 21,608               | 17,388         |
| Accrued fees payable to the Office of the Cane and Sugar Fund                   | 70,345               | 74,028           | 21,770               | 30,041         |
| Accrued stabilization function payment to the Office of the Cane and Sugar Fund | 56,224               | 54,915           | 21,276               | 26,292         |
| Other accrued expenses                                                          | 210,886              | 235,037          | 92,282               | 77,826         |
| Payables on purchases of assets                                                 | 734,603              | 837,286          | 249,349              | 363,808        |
| Other payables                                                                  | 396,113              | 440,974          | 312,173              | 143,574        |
| Total trade and other payables                                                  | <u>2,284,425</u>     | <u>2,798,532</u> | <u>1,046,323</u>     | <u>953,618</u> |

As at October 31, 2013, the Company and its three subsidiaries purchased canes for the production season 2012/2013 using the initial cane price for production season 2012/2013 announced by the Cane and Sugar Board's in the Royal Gazette dated December 7, 2012. The price is Baht 950.00 per cane ton with sweetness level at 10 c.c.s. and fluctuating cane price per one c.c.s. is fixed at Baht 57.00 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 2012/2013. 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, 2013 from the estimate made by the management of the Company and its subsidiaries at cane price of Baht 1,086.13 - 1,178.07 per ton with average sweetness level at 10.52 - 12.26 c.c.s.

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 the financial statements for the year ended October 31, 2012, 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. During the second quarter of 2013, the Cane and Sugar Board announced the final cane price for production season 2011/2012 in accordance with the Royal Gazette dated April 4, 2013, which in the final cane price was not material different from the price recorded by the Company and its subsidiaries as at October 31, 2012.

## 18. LONG-TERM DEBENTURES

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

|                                  | Unit : Thousand Baht                                                |                  |
|----------------------------------|---------------------------------------------------------------------|------------------|
|                                  | Consolidated Financial Statements/<br>Separate Financial Statements |                  |
|                                  | 2013                                                                | 2012             |
| Unsecured senior debt debentures | 2,497,644                                                           | 3,497,584        |
| <u>Less</u> Current portion      | -                                                                   | (1,999,491)      |
| Net                              | <u>2,497,644</u>                                                    | <u>1,498,093</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:

| Bond Set No.               | Symbol  | Term    | Maturity Date     | Consolidated Financial Statements/Separate Financial Statements |                           |                  |                                     | Unit : Thousand Baht |                  |
|----------------------------|---------|---------|-------------------|-----------------------------------------------------------------|---------------------------|------------------|-------------------------------------|----------------------|------------------|
|                            |         |         |                   | As at October 31, 2013                                          |                           |                  |                                     | Net                  | Fair Value       |
|                            |         |         |                   | Interest Rate<br>Per Annum                                      | Number of Units<br>Issued | Total Value      | Deferred debenture<br>issuance cost |                      |                  |
| 1                          | KSL14DA | 3 years | December 16, 2014 | 4.05                                                            | 1,500,000                 | 1,500,000        | 1,009                               | 1,498,991            | 1,514,461        |
| 2                          | KSL15DA | 3 years | December 4, 2015  | 3.87                                                            | 1,000,000                 | 1,000,000        | 1,347                               | 998,653              | 1,006,963        |
| Total long-term debentures |         |         |                   |                                                                 | <u>2,500,000</u>          | <u>2,500,000</u> | <u>2,356</u>                        | <u>2,497,644</u>     | <u>2,521,424</u> |



Unit : Thousand Baht

| Consolidated Financial Statements/Separate Financial Statements |                            |                  |                   |                         |                        |             |                                  |             |             |
|-----------------------------------------------------------------|----------------------------|------------------|-------------------|-------------------------|------------------------|-------------|----------------------------------|-------------|-------------|
| As at October 31, 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 long-term debentures |                  |                   |                         | 1,500,000              | 1,500,000   | 1,907                            | 1,498,093   | 1,515,628   |

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

|                                   | Unit : Thousand Baht |                  |
|-----------------------------------|----------------------|------------------|
|                                   | 2013                 | 2012             |
| Beginning book value              | 3,497,584            | 3,777,978        |
| Increase during the years         | 998,089              | 1,497,305        |
| Redemptions during the years      | (2,000,000)          | (1,780,000)      |
| Amortized debenture issuance cost | 1,97                 | 2,301            |
| Ending book value                 | <u>2,497,64</u>      | <u>3,497,584</u> |

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

- The Company shall maintain the debts with interest to equity in the consolidated financial statements as of October 31 every year ratio not exceed 2 : 1 the entire term.

As at October 31, 2013 and 2012, the debts with interest to equity ratio is 1.34 : 1.00 and 1.17 : 1.00, respectively.

- 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.

## 19. LONG-TERM BORROWINGS

Long-term borrowings as at October 31, consisted of long-term borrowings from financial institutions as follows:

|                              | Consolidated         |                    | Unit : Thousand Baht |                  |
|------------------------------|----------------------|--------------------|----------------------|------------------|
|                              | Financial Statements |                    | Separate             |                  |
|                              | 2013                 | 2012               | 2013                 | 2012             |
| 1. Limit Baht 1,000 million  | 800,000              | 1,000,000          | 800,000              | 1,000,000        |
| 2. Limit Baht 2,500 million  | 2,350,000            | -                  | 2,350,000            | -                |
| 3. Limit Baht 800 million    | 600,000              | -                  | -                    | -                |
| 4. Limit Baht 2,000 million  | 1,100,000            | 1,300,000          | -                    | -                |
| 5. Limit Baht 1,000 million  | 525,000              | 525,000            | -                    | -                |
| 6. Limit Baht 140 million    | -                    | 40,000             | -                    | -                |
| 7. Limit Baht 200 million    | -                    | 155,000            | -                    | -                |
| 8. Limit Baht 190 million    | 127,500              | -                  | -                    | -                |
| 9. Limit Baht 50 million     | 40,870               | -                  | -                    | -                |
| 10. Limit Baht 800 million   | 180,000              | 365,000            | -                    | -                |
| 11. Limit USD 5 million      | 13,990               | 92,084             | -                    | -                |
| 12. Limit USD 5 million      | 13,990               | 92,084             | -                    | -                |
| 13. Limit USD 30 million     | 161,252              | 644,591            | -                    | -                |
| 14. Limit Baht 2,150 million | 1,150,000            | 376,000            | 150,000              | 101,000          |
| 15. Limit Baht 45.20 million | 30,780               | 38,140             | 8,000                | 9,800            |
| 16. Limit Baht 23 million    | 19,166               | -                  | 19,166               | -                |
| Total                        | 7,112,548            | 4,627,899          | 3,327,166            | 1,110,800        |
| <u>Less</u> Current portion  | <u>(1,613,853)</u>   | <u>(1,125,418)</u> | <u>(735,833)</u>     | <u>(201,800)</u> |
| Long-term borrowings         | <u>5,498,695</u>     | <u>3,502,481</u>   | <u>2,591,333</u>     | <u>909,000</u>   |

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

|                                                          | Consolidated         |                  | Unit : Thousand Baht |                  |
|----------------------------------------------------------|----------------------|------------------|----------------------|------------------|
|                                                          | Financial Statements |                  | Separate             |                  |
|                                                          | 2013                 | 2012             | 2013                 | 2012             |
| Beginning book value                                     | 4,627,89             | 5,123,405        | 1,110,800            | 164,000          |
| Increase during the years                                | 3,967,00             | 1,576,200        | 2,572,000            | 1,112,300        |
| Repayment during the years                               | (1,492,962)          | (2,072,618)      | (355,633)            | (165,500)        |
| Exchange differences on translating financial statements | 10,61                | 912              | -                    | -                |
| Ending book value                                        | <u>7,112,54</u>      | <u>4,627,899</u> | <u>3,327,16</u>      | <u>1,110,800</u> |

In the consolidated and separate financial statements as at October 31, 2013 and 2012, the Company and its subsidiaries obtained borrowings from the commercial banks, which the first to tenth credit lines and the fourteenth credit lines are long-term loans denominated in Baht with interest rate at AMLR-2.875% (AMLR is the average MLR of 4 financial institutions) to 4.98% per annum. The eleventh to thirteenth credit lines are long-term loans denominated in U.S. dollar with interest rate at LIBOR +2.0% per annum and the fifteenth to sixteenth credit lines are long-term loans for the purchase of agricultural equipment with the interest rate of 2.00% per annum, with important conditions as follows:

| No. | Limit              | Term of payment                                                                                                                                                                                                                              | Guarantee/Collateral                                                                                                                                                                                                                                           |
|-----|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Baht 1,000 million | Repayment of principal at every six-month period for the total of 10 installments at Baht 100.00 million each, commencing the first installment in January 2013                                                                              | None                                                                                                                                                                                                                                                           |
| 2   | Baht 500 million   | Repayment of principal at every six-month period for the total of 10 installments at Baht 50.00 million each, commencing the first installment in May 2013                                                                                   | None                                                                                                                                                                                                                                                           |
|     | Baht 500 million   | Repayment of principal at every six-month period for the total of 10 installments at Baht 50.00 million each, commencing the first installment in September 2013                                                                             | None                                                                                                                                                                                                                                                           |
|     | Baht 500 million   | Repayment of principal at every six-month period for the total of 10 installments at Baht 50.00 million each, commencing the first installment in September 2013                                                                             | None                                                                                                                                                                                                                                                           |
|     | Baht 1,000 million | Repayment of principal at every six-month period for the total of 10 installments at Baht 100.00 million each, commencing the first installment in March 2014                                                                                | None                                                                                                                                                                                                                                                           |
| 3   | Baht 800 million   | Repayment of principal at every six-month period for the total of 8 installments at Baht 100.00 million each, commencing the first installment in February 2014                                                                              | - Secured by Khon Kean Sugar Industry Public Company Limited                                                                                                                                                                                                   |
| 4   | 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<br>- Insurance coverage for structure and machineries at maximum sum insured by insurance company with transferring beneficial right of the said insurance coverage to the commercial bank lender |
| 5   | 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                                             |                                                                                                                                                                                                                                                                |
| 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 and paid in full in 2013                                                          | - Mortgaged land with structure included in investment property and property, plant and equipment of subsidiary who obtained and used these credit lines                                                                                                       |
| 7   | Baht 200 million   | Repayment of principal at every three-month period for the total of 20 installments at Baht 10.00 million each, commencing the first installment in January 2012 and paid in full in 2013                                                    |                                                                                                                                                                                                                                                                |
| 8   | Baht 190 million   | Repayment of principal at every six-month period for the total of 8 installments at Baht 23.75 million each, commencing the first installment in December 2012                                                                               |                                                                                                                                                                                                                                                                |
| 9   | Baht 50 million    | Repayment of principal at every month for the total of 60 installments, the 1st-59th installments at Baht 0.83 million each and the last installment repayment of the remaining principal, commencing the first installment in November 2012 |                                                                                                                                                                                                                                                                |
| 10  | 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                                                                         | - Secured by Khon Kean Sugar Industry Public Company Limited                                                                                                                                                                                                   |

| No. | Limit              | Term of payment                                                                                                                                                                                                                              | Guarantee/Collateral                                                                                                                                                                                                                                                                                                                                                  |
|-----|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11  | USD 5 million      | Repayment of principal at every six-month period for the total of 10 installments at USD 0.50 million each with the grace period of two years, commencing the first installment in March 2011                                                | <ul style="list-style-type: none"> <li>- Secured by Khon Kean Sugar Industry Public Company Limited based on percentage of shareholding</li> <li>- Secured by two subsidiaries</li> <li>- Share certificate of a related company holding by shareholders of subsidiary</li> </ul>                                                                                     |
| 12  | USD 5 million      | Repayment of principal at every six-month period for the total of 10 installments at USD 0.50 million each with the grace period of two years, commencing the first installment in March 2011                                                |                                                                                                                                                                                                                                                                                                                                                                       |
| 13  | USD 30 million     | Repayment of principal at every six-month period for the total of 10 installments at USD 3.00 million each with the grace period of two years, commencing the first installment in June 2011                                                 |                                                                                                                                                                                                                                                                                                                                                                       |
| 14  | Baht 2,150 million | Repayment of principal at every six-month period, commencing the first installment in 25th 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) | <ul style="list-style-type: none"> <li>- The Company and a subsidiary shall not pledge their core assets as collateral (Negative Pledge)</li> <li>- Insurance coverage for structure and machineries and equipment at maximum sum insured by insurance company transferring beneficial right of the said insurance coverage to the lender, commercial bank</li> </ul> |
| 15  | Baht 45.20 million | Repayment of principal at annual 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                                                                                                                                                                                                                                                                               |
| 16  | Baht 23 million    | Repayment of principal at annual for the total of 6 installments at Baht 3.83 million each, commencing the first installment in June 2013                                                                                                    | - 6 guaranteed cheques                                                                                                                                                                                                                                                                                                                                                |

In addition, the Company and its subsidiaries have to abide to certain financial conditions, such as maintaining of debt with interest-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, etc.

## 20. 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 statements of income in respect of these defined benefit plans for the years ended October 31, are as follows:

|                      | Consolidated         |                      | Unit : Thousand Baht |              |
|----------------------|----------------------|----------------------|----------------------|--------------|
|                      | Financial Statements | Financial Statements | Separate             | Separate     |
|                      | 2013                 | 2012                 | 2013                 | 2012         |
| Current service cost | 5,191                | 8,225                | 2,582                | 2,603        |
| Interest cost        | 6,474                | 6,936                | 2,989                | 2,884        |
| Total                | <u>11,665</u>        | <u>15,161</u>        | <u>5,571</u>         | <u>5,487</u> |

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

|                                                       | <b>Consolidated</b>         |                | <b>Unit : Thousand Baht</b> |               |
|-------------------------------------------------------|-----------------------------|----------------|-----------------------------|---------------|
|                                                       | <b>Financial Statements</b> |                | <b>Separate</b>             |               |
|                                                       | <b>2013</b>                 | <b>2012</b>    | <b>2013</b>                 | <b>2012</b>   |
| Employee benefit obligations brought forward          | 175,548                     | 178,678        | 69,674                      | 70,718        |
| Current service cost                                  | 5,191                       | 8,225          | 2,582                       | 2,603         |
| Interest cost                                         | 6,474                       | 6,936          | 2,989                       | 2,884         |
| Actuarial gains on the defined employee benefit plans | -                           | (10,404)       | -                           | (4,997)       |
| Benefit paid during the year                          | (7,385)                     | (7,887)        | (1,786)                     | (1,534)       |
| Employee benefit obligations carried forward          | <u>179,828</u>              | <u>175,548</u> | <u>73,459</u>               | <u>69,674</u> |

The significant actuarial assumptions used to provision for employee benefit obligations as at October 31, 2013 and 2012 are as follows:

|                                                            | <b>Consolidated</b>         | <b>Separate</b>             |
|------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                            | <b>Financial Statements</b> | <b>Financial Statements</b> |
|                                                            | <b>%</b>                    | <b>%</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<br>(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               |

## 21. SHARE CAPITAL AND WARRANTS

21.1 The Annual General Shareholders' meeting for 2010 No. 1/2011 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. 1/2010, held on February 26, 2010.

During the years ended October 31, 2013 and 2012, the Company issued 128.88 million and 24.70 million ordinary shares, respectively, with a par value of Baht 1 each, totaling Baht 128.88 million and Baht 24.70 million, respectively, to support the conversion of warrants at the exercise price of Baht 10 per ordinary share.

There were outstanding warrants of 352,510 units on March 15, 2013 which was the last warrant exercised date. Thus, such warrants were expired immediately.

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

|                                     | Par Value<br>Per Share<br>Baht | 2013           |              | 2012           |              |
|-------------------------------------|--------------------------------|----------------|--------------|----------------|--------------|
|                                     |                                | Number         | Amount       | Number         | Amount       |
|                                     |                                | Million Shares | Million Baht | Million Shares | Million Baht |
| Issued and paid-up share capital    |                                |                |              |                |              |
| As at November 1                    | 1                              | 1,575.77       | 1,575.77     | 1,551.07       | 1,551.07     |
| Issue of new shares during the year | 1                              | 128.88         | 128.88       | 24.70          | 24.70        |
|                                     |                                | 1,704.65       | 1,704.65     | 1,575.77       | 1,575.77     |
| Less Treasury shares                | 12.702                         | (34.10)        | (433.15)     | -              | -            |
| As at October 31                    | 1                              | 1,670.55       | 1,271.50     | 1,575.77       | 1,575.77     |

## 21.2 Treasury stocks and reserve for treasury stocks

On January 25, 2013, the Board of Directors' meeting No. 1/2013 passed a resolution to approve the Company to repurchase treasury stocks in volume of 78,788,404 stocks (or equals to 5% of total issued and paid-up capital) by repurchase in the Stock Exchange of Thailand, which the repurchase price shall not be exceeding the average closing stocks price prior to 5 working days on the date of purchase plus 15% of such average closing stocks price. The maximum amount for the stock repurchase is not exceeding Baht 1,000 million. The repurchase period started from March 1, 2013 to August 30, 2013. The Board of Directors would reconsider the procedures of stocks resell within 6 months from the date of complete repurchasing the stocks but not more than 3 years. The reselling price would not be less than 85 percent of the average closing stocks price prior to 5 working days on date of sale of treasury stocks.

As at October 31, 2013, the Company had an outstanding treasury stocks of 34.10 million shares in the account with an average cost of Baht 12.702 per share. The total cost was Baht 433.15 million. The treasury stocks of 34.10 million shares calculated at a par value of Baht 1 per share, represented 2.00% of the paid-up capital. The Company can hold treasury stocks not longer than three years after repurchase period finished.

## 22. DIVIDENDS PAID AND LEGAL RESERVE

| Dividends Paid                                                                                     | Approved by                                                                 | Number of shares<br>Million shares | Dividends Paid    | Dividends Paid | Dividends Paid<br>Date |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------|-------------------|----------------|------------------------|
|                                                                                                    |                                                                             |                                    | Per share<br>Baht | Million Baht   |                        |
| - Dividends paid from the Company's result of operations from November 1, 2011 to October 31, 2012 | Annual general meeting of shareholders No. 1/2556 held on February 28, 2013 | 1.62                               | 0.50              | 811.70         | March 28, 2013         |
| - 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 | 1.57                               | 0.50              | 786.53         | March 28, 2012         |

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.

As at October 31, 2013 and 2012, the Company's legal reserve reaches 10% of authorized share capital.

### 23. 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, are as follows:

|                                 | Consolidated         |       | Unit : Million Baht |      |
|---------------------------------|----------------------|-------|---------------------|------|
|                                 | Financial Statements |       | Separate            |      |
|                                 | 2013                 | 2012  | 2013                | 2012 |
| For the years ended October 31, | 20.70                | 20.29 | 8.82                | 8.82 |

### 24. INCOME TAX EXPENSES

Income tax expenses for the years ended October 31, 2013 and 2012 are calculated at the rate of 23% and 30%, respectively, of profit before tax, which are added back allowances and non-deductible expenses for tax calculation purpose and deducted by non-taxable incomes.

Income tax expenses of other domestic subsidiaries for the year ended October 31, 2013 is calculated at the rate of 20% or 30%, and for the year ended October 31, 2012 is calculated at the rate of 23% or 30% 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 ended October 31, 2013 and 2012 are calculated at the rates of 3% - 20% of profit for the years from non-promoted business under investment promotion privileges of each jurisdiction.

### 25. 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 with interest-to-equity ratio not to exceed the covenants of the loan agreements (see Notes 16 and 19).

As at October 31, debt with interest-to-equity and debt-to-equity ratios are as follows:

|                              | Consolidated         |             | Separate             |             |
|------------------------------|----------------------|-------------|----------------------|-------------|
|                              | Financial Statements |             | Financial Statements |             |
|                              | 2013                 | 2012        | 2013                 | 2012        |
| Debt with interest-to-equity | 1.34 : 1.00          | 1.17 : 1.00 | 1.85 : 1.00          | 1.19 : 1.00 |
| Debt-to-equity               | 1.55 : 1.00          | 1.46 : 1.00 | 2.03 : 1.00          | 1.43 : 1.00 |

## 26. EXPENSES BY NATURE

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

|                                                        | Consolidated         |                   | Unit : Thousand Baht |                  |
|--------------------------------------------------------|----------------------|-------------------|----------------------|------------------|
|                                                        | Financial Statements |                   | Separate             |                  |
|                                                        | 2013                 | 2012              | 2013                 | 2012             |
| Salaries, wages and other employee benefits            | 1,170,146            | 1,017,650         | 322,560              | 281,547          |
| Depreciation                                           | 920,651              | 834,451           | 231,061              | 209,619          |
| Fuel costs                                             | 353,586              | 290,122           | 208,896              | 135,752          |
| Fees paid to the Office of the Cane and Sugar Fund     | 1,033,098            | 1,064,191         | 424,393              | 549,917          |
| Maintenance expenses                                   | 581,568              | 602,219           | 201,384              | 190,047          |
| Transportation expenses                                | 489,794              | 552,815           | 118,925              | 167,296          |
| Raw material and supply used                           | 11,867,108           | 12,582,163        | 3,268,716            | 3,607,448        |
| Purchase finished goods                                | 371,356              | 430,693           | 1,397,692            | 781,436          |
| Changes in finished goods and goods in process         | (450,360)            | 162,289           | (379,272)            | 274,426          |
| Loss from bagasse damage                               | 24,355               | 107,551           | -                    | -                |
| Loss for diminution on value of inventories (reversal) | (16,037)             | 141,620           | (23,609)             | 17,713           |
| Management benefit expenses                            | 181,910              | 162,743           | 42,947               | 36,833           |
| Finance costs                                          | 671,946              | 556,321           | 372,148              | 245,485          |
| Other operating expenses                               | 726,160              | 993,586           | 265,014              | 341,194          |
| Total                                                  | <u>17,925,281</u>    | <u>19,498,414</u> | <u>6,450,855</u>     | <u>6,838,713</u> |

## 27. 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 year ended October 31, 2013, the Company did not calculate the diluted earnings per share because the stock options provided to the existing shareholders per the warrants to calculate the equivalent ordinary shares were expired. For the year ended October 31, 2012, the Company's diluted equivalent ordinary shares are warrants which have been provided to the existing shareholders. The details are as follows:



2013

|                                             | Consolidated Financial Statements              |                                           |                               | Separate Financial Statements                  |                                           |                               |
|---------------------------------------------|------------------------------------------------|-------------------------------------------|-------------------------------|------------------------------------------------|-------------------------------------------|-------------------------------|
|                                             | Net profit<br>for the year<br>Thousand<br>Baht | Number of<br>shares<br>Thousand<br>Shares | Earnings<br>per share<br>Baht | Net profit<br>for the year<br>Thousand<br>Baht | Number of<br>shares<br>Thousand<br>Shares | Earnings<br>per share<br>Baht |
| <u>Basic earnings per share</u>             |                                                |                                           |                               |                                                |                                           |                               |
| Profit available to ordinary equity holders | 1,661,392                                      | 1,660,017*                                | <u>1.001</u>                  | 1,126,776                                      | 1,660,017*                                | <u>0.679</u>                  |

2012

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

\* Represented the weighted average number of ordinary shares based on the proportion of time of issuance of ordinary shares during the period.

## 28. DISCLOSURE OF SECTORIAL BUSINESS OPERATIONS

Details of the sectorial business operations are as follows:

Consolidated Financial Statements  
For the years ended October 31,

|                                                                            | 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   |         |
|                                                                            | 2013                                               |       |          | 2012   |       |          | 2013                                    | 2012  | 2013                                | 2012  | 2013               | 2012  | 2013        | 2012  | 2013     | 2012  | 2013             | 2012  | 2013              | 2012     | 2013    | 2012    |
|                                                                            | Thai                                               | Laos  | Cambodia | Thai   | Laos  | Cambodia | Thai                                    | Thai  | Thai                                | Thai  | Thai               | Thai  | Thai        | Thai  | Thai     | Thai  | Thai             | Thai  | Thai              | Thai     | Thai    |         |
| Net revenues from operations - domestic                                    | 8,318                                              | -     | 136      | 9,065  | -     | 244      | 1,961                                   | 662   | 2,152                               | 1,854 | 366                | 421   | 978         | 1,076 | 1,222    | 1,706 | 1,009            | 769   | (7,215)           | (6,973)  | 8,927   | 8,824   |
| Net revenues from operations - foreign                                     | 8,961                                              | 246   | 657      | 11,681 | 262   | 355      | 383                                     | 1,156 | -                                   | -     | -                  | -     | -           | -     | -        | -     | 12               | 32    | (245)             | (98)     | 10,014  | 13,388  |
| Total                                                                      | 17,279                                             | 246   | 793      | 20,746 | 262   | 599      | 2,344                                   | 1,818 | 2,152                               | 1,854 | 366                | 421   | 978         | 1,076 | 1,222    | 1,706 | 1,021            | 801   | (7,460)           | (7,071)  | 18,941  | 22,212  |
| Profit (loss) from operations                                              | 3,790                                              | 64    | 98       | 5,066  | 76    | (177)    | 739                                     | 479   | 1,092                               | 812   | 305                | 250   | 195         | 201   | (117)    | 72    | 22               | 62    | (1,432)           | (615)    | 4,756   | 6,226   |
| Selling and administrative expenses                                        |                                                    |       |          |        |       |          |                                         |       |                                     |       |                    |       |             |       |          |       |                  |       |                   |          | (2,292) | (2,463) |
| Finance costs                                                              |                                                    |       |          |        |       |          |                                         |       |                                     |       |                    |       |             |       |          |       |                  |       |                   |          | (672)   | (556)   |
| Share of loss of investment in an associate (net of income tax)            |                                                    |       |          |        |       |          |                                         |       |                                     |       |                    |       |             |       |          |       |                  |       |                   |          | -       | (8)     |
| Income tax expenses                                                        |                                                    |       |          |        |       |          |                                         |       |                                     |       |                    |       |             |       |          |       |                  |       |                   |          | (144)   | (726)   |
| Profit for the year                                                        |                                                    |       |          |        |       |          |                                         |       |                                     |       |                    |       |             |       |          |       |                  |       |                   |          | 1,648   | 2,473   |
| Less: Loss (profit) for the year attributable to non-controlling interests |                                                    |       |          |        |       |          |                                         |       |                                     |       |                    |       |             |       |          |       |                  |       |                   |          | 13      | (119)   |
| Profit for the year attributable to owners of the parent                   |                                                    |       |          |        |       |          |                                         |       |                                     |       |                    |       |             |       |          |       |                  |       |                   |          | 1,661   | 2,354   |
| <b>As at October 31, 2013 and 2012</b>                                     |                                                    |       |          |        |       |          |                                         |       |                                     |       |                    |       |             |       |          |       |                  |       |                   |          |         |         |
| Trade and other receivables                                                | 2,029                                              | 15    | 20       | 1,165  | 15    | 11       | 171                                     | 98    | 194                                 | 206   | 16                 | 20    | 162         | 130   | 129      | 191   | 112              | 214   | (1,582)           | (852)    | 1,266   | 1,198   |
| Inventories                                                                | 2,004                                              | 32    | 96       | 1,778  | 48    | 140      | 297                                     | 251   | 56                                  | 242   | -                  | -     | 307         | 471   | 99       | 520   | 764              | 100   | (8)               | (57)     | 3,647   | 3,493   |
| Property, plant and equipment                                              | 13,071                                             | 1,083 | 2,019    | 10,431 | 1,105 | 2,039    | 890                                     | 995   | 6,506                               | 5,191 | 751                | 684   | 404         | 435   | 339      | 550   | 673              | 585   | (598)             | (591)    | 25,138  | 21,424  |
| Central assets                                                             | 14,123                                             | 203   | 344      | 10,396 | 209   | 406      | 112                                     | 28    | 254                                 | 226   | 2,433              | 516   | 52          | 36    | 154      | 82    | 1,054            | 726   | (12,763)          | (9,123)  | 5,966   | 3,502   |
| Total Assets                                                               | 31,227                                             | 1,333 | 2,479    | 23,770 | 1,377 | 2,596    | 1,470                                   | 1,372 | 7,010                               | 5,865 | 3,200              | 1,220 | 925         | 1,072 | 721      | 1,343 | 2,603            | 1,625 | (14,951)          | (10,623) | 36,017  | 29,617  |

## 29. COMMITMENTS AND CONTINGENT LIABILITIES

As at October 31, 2013 and 2012, apart from liabilities presented in the statements of financial position, the Company and its subsidiaries have commitments and contingent liabilities as follows:

29.1 The Company and its subsidiaries have commitments relating to the sales agreements but not yet delivered in the consolidated financial statements amounting to Baht 2,686.83 million and Baht 2,210.62 million, respectively, and in the separate financial statements amounting to Baht 847.45 million and Baht 878.76 million, respectively.

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

|                                     | Consolidated         |        | Unit : Million Baht<br>Separate |        |
|-------------------------------------|----------------------|--------|---------------------------------|--------|
|                                     | Financial Statements |        | Financial Statements            |        |
|                                     | 2013                 | 2012   | 2013                            | 2012   |
| For the production season 2012/2013 | -                    | 945.44 | -                               | 137.92 |
| For the production season 2013/2014 | 831.67               | -      | 132.15                          | -      |

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

29.4 A subsidiary was granted the electricity generating business concession from the Ministry of Energy on October 1, 2005 in the area of 43 Moo 10, Tambol Namphong, Amphur Namphong, Khonkaen Province, for the period of 21 years. However, such subsidiary obtained a license for energy industry operation from the Energy Regulatory Commission (ERC) when the Energy Industry Act B.E. 2550 was effective, for 19 years ending in December 2028. The subsidiary has to comply with the Energy Industry Act B.E. 2550 and the conditions of the license.

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

| Unit : Million                                                                       |       |           |                        |           |           |           |           |
|--------------------------------------------------------------------------------------|-------|-----------|------------------------|-----------|-----------|-----------|-----------|
| Consolidated Financial Statements                                                    |       |           |                        |           |           |           |           |
| As at October 31, 2013                                                               |       |           | As at October 31, 2012 |           |           |           |           |
| Currency                                                                             | Total | Utilized  | Remaining              | Total     | Utilized  | Remaining |           |
| <b>Commitments</b>                                                                   |       |           |                        |           |           |           |           |
| Contract to guarantee of debt repayment of subsidiary for all contingent liabilities | THB   | -         | 4,395.51               | -         | -         | 4,843.40  | -         |
| Contract to guarantee of debt repayment of subsidiary for all contingent liabilities | USD   | -         | 12.98                  | -         | -         | 71.52     | -         |
| <b>Contingent Liabilities</b>                                                        |       |           |                        |           |           |           |           |
| Letters of guarantees (unspecified credit limit)                                     | THB   | -         | 86.87                  | -         | -         | 95.06     | -         |
| Notes acceptance                                                                     | THB   | 30.00     | -                      | 30.00     | 30.00     | -         | 30.00     |
| Letters of credit and trust receipts                                                 | THB   | 1,453.56  | 153.67                 | 1,299.89  | 1,133.17  | 848.19    | 284.98    |
| Letters of credit                                                                    | USD   | 17.11     | 1.02                   | 16.09     | 26.58     | 12.45     | 14.13     |
| <b>Credit Facilities</b>                                                             |       |           |                        |           |           |           |           |
| Overdraft and short-term borrowings                                                  | THB   | 19,140.05 | 6,614.21               | 12,525.84 | 16,700.83 | 4,594.81  | 12,106.02 |
| Trust receipts payable                                                               | THB   | 168.44    | 168.44                 | -         | -         | -         | -         |
| Short-term borrowings                                                                | USD   | 50.50     | 31.55                  | 18.95     | 20.50     | 11.75     | 8.75      |
| Joint credit line in short-term borrowings                                           | THB   | 3,089.95  | 1,603.00               | 1,486.95  | 3,027.77  | 2,040.31  | 987.46    |
| Long-term borrowings                                                                 | THB   | 6,923.32  | 6,923.32               | -         | 5,608.14  | 4,074.14  | 1,534.00  |
| Long-term borrowings                                                                 | USD   | 6.09      | 6.09                   | -         | 27.00     | 27.00     | -         |

| Unit : Million                                                                       |       |          |                        |          |          |           |          |
|--------------------------------------------------------------------------------------|-------|----------|------------------------|----------|----------|-----------|----------|
| Separate Financial Statements                                                        |       |          |                        |          |          |           |          |
| As at October 31, 2013                                                               |       |          | As at October 31, 2012 |          |          |           |          |
| Currency                                                                             | Total | Utilized | Remaining              | Total    | Utilized | Remaining |          |
| <b>Commitments</b>                                                                   |       |          |                        |          |          |           |          |
| Contract to guarantee of debt repayment of subsidiary for all contingent liabilities | THB   | -        | 4,395.51               | -        | -        | 4,843.40  | -        |
| Contract to guarantee of debt repayment of subsidiary for all contingent liabilities | USD   | -        | 5.34                   | -        | -        | 32.77     | -        |
| <b>Contingent Liabilities</b>                                                        |       |          |                        |          |          |           |          |
| Letters of guarantees (unspecified credit limit)                                     | THB   | -        | 1.33                   | -        | -        | 4.33      | -        |
| Letters of credit and trust receipts                                                 | THB   | 30.00    | -                      | 30.00    | 330.00   | 248.81    | 81.19    |
| Letters of credit                                                                    | USD   | -        | -                      | -        | 7.29     | 6.80      | 0.49     |
| <b>Credit Facilities</b>                                                             |       |          |                        |          |          |           |          |
| Overdraft and short-term borrowings                                                  | THB   | 7,130.05 | 4,711.00               | 2,419.05 | 5,303.00 | 2,356.31  | 2,946.69 |
| Short-term borrowings                                                                | USD   | 30.50    | 30.00                  | 0.50     | 0.50     | -         | 0.50     |
| Joint credit line in short-term borrowings                                           | THB   | 3,089.95 | 1,603.00               | 1,486.95 | 3,027.77 | 2,040.31  | 987.46   |
| Long-term borrowings                                                                 | THB   | 3,327.17 | 3,327.17               | -        | 3,159.80 | 1,660.80  | 1,499.00 |

As at October 31, 2013 and 2012, short-term borrowings from financial institutions carried interest rate at 1.75%-4.55% per annum and 3.15% - 4.75% 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. As at October 31, 2013 and 2012, such facilities have not been used by the Company and its subsidiaries.

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 with interest-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.

29.6 As at October 31, the commitments under the various contracts are as follows:

|                                           | Currency | Consolidated Financial Statements |                         |             |                         |
|-------------------------------------------|----------|-----------------------------------|-------------------------|-------------|-------------------------|
|                                           |          | 2013                              |                         | 2012        |                         |
|                                           |          | Contractual                       | Outstanding             | Contractual | Outstanding             |
|                                           |          | Amount                            | Contractual Commitments | Amount      | Contractual Commitments |
| Construction and subcontract agreements   | THB      | 428.56                            | 81.33                   | 1,081.50    | 459.28                  |
|                                           | USD      | 5.00                              | 4.00                    | -           | -                       |
| Machine and equipment purchase agreements | THB      | 1,476.69                          | 364.07                  | 959.91      | 456.14                  |
|                                           | USD      | 29.43                             | 10.43                   | 23.60       | 13.59                   |
|                                           | JPY      | -                                 | -                       | 800.00      | 800.00                  |
|                                           | EURO     | -                                 | -                       | 0.74        | 0.56                    |
| Rental agreements                         | THB      | 27.96                             | 14.36                   | 23.11       | 16.04                   |
| Materials purchase agreements             | THB      | 121.93                            | 34.58                   | 102.48      | 69.21                   |
|                                           | USD      | 7.63                              | 7.63                    | 0.76        | 0.76                    |

|                                           | Currency | Separate Financial Statements |                         |             |                         |
|-------------------------------------------|----------|-------------------------------|-------------------------|-------------|-------------------------|
|                                           |          | 2013                          |                         | 2012        |                         |
|                                           |          | Contractual                   | Outstanding             | Contractual | Outstanding             |
|                                           |          | Amount                        | Contractual Commitments | Amount      | Contractual Commitments |
| Construction and subcontract agreements   | THB      | 278.49                        | 47.79                   | 834.33      | 355.51                  |
| Machine and equipment purchase agreements | THB      | 1,302.04                      | 336.95                  | 596.93      | 257.13                  |
|                                           | USD      | -                             | -                       | 8.40        | 7.85                    |
|                                           | JPY      | -                             | -                       | 70.00       | 70.00                   |
| Rental agreements                         | THB      | 27.96                         | 14.36                   | 23.11       | 16.04                   |

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

|                                     | Unit : Million Baht  |              |
|-------------------------------------|----------------------|--------------|
|                                     | Consolidated         |              |
|                                     | Financial Statements |              |
|                                     | 2013                 | 2012         |
| Within one year                     | 7.00                 | 5.52         |
| Over one year but less than 5 years | 7.36                 | 10.52        |
| Total                               | <u>14.36</u>         | <u>16.04</u> |

### 30. OTHER SIGNIFICANT INFORMATION

- 30.1 On February 16, 2006, Savannakhet Sugar Corporation (subsidiary) made a contract to develop area in the Laos 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, 2013 and 2012, the subsidiary has already utilized the area of 5,053.61 hectares at the rental rate of USD 6 per hectare per annum.
- 30.2 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, 2013 and 2012, the subsidiaries have already utilized the area of 10,481 hectares.
- 30.3 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, 2013 and 2012, the remaining amount of the advance lease fee paid are USD 446,039 and USD 453,989, respectively.

### 31. 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 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 as at October 31, with the details mainly as follows:

2013

| Unit : Thousand Baht                              |                     |                     |                                    |                           |                   |
|---------------------------------------------------|---------------------|---------------------|------------------------------------|---------------------------|-------------------|
| Consolidated Financial Statements                 |                     |                     |                                    |                           |                   |
|                                                   | Fixed Interest Rate |                     |                                    | Floating<br>Interest Rate | Total             |
|                                                   | Within<br>1 year    | More than<br>1 year | More than<br>5 years<br>to 5 years |                           |                   |
| <b>Financial Assets</b>                           |                     |                     |                                    |                           |                   |
| Saving accounts deposits                          | -                   | -                   | -                                  | 142,056                   | 142,056           |
| Fixed account deposits                            | 13,022              | -                   | -                                  | -                         | 13,022            |
| Loans for cane plantation development             | 189,144             | 414,148             | 33,117                             | 2,118                     | 638,527           |
| Short-term loans to farmers and others            | 780,097             | 1,011               | -                                  | 46,326                    | 827,434           |
| Other long-term investments                       | 500                 | 20,201              | -                                  | -                         | 20,701            |
| Total                                             | <u>982,763</u>      | <u>435,360</u>      | <u>33,117</u>                      | <u>190,500</u>            | <u>1,641,740</u>  |
| <b>Financial Liabilities</b>                      |                     |                     |                                    |                           |                   |
| Short-term borrowings from financial institutions | 6,951,145           | -                   | -                                  | 451,210                   | 7,402,355         |
| Other short-term borrowings                       | 1,990,096           | -                   | -                                  | -                         | 1,990,096         |
| Long-term debentures                              | -                   | 2,497,644           | -                                  | -                         | 2,497,644         |
| Long-term borrowings                              | 941,393             | 3,008,553           | -                                  | 3,162,601                 | 7,112,547         |
| Liabilities from long-term lease agreements       | 1,696               | 6,575               | -                                  | -                         | 8,271             |
| Total                                             | <u>9,884,330</u>    | <u>5,512,772</u>    | <u>-</u>                           | <u>3,613,811</u>          | <u>19,010,913</u> |

2012

| Unit : Thousand Baht                              |                     |                     |                                    |                           |                   |
|---------------------------------------------------|---------------------|---------------------|------------------------------------|---------------------------|-------------------|
| Consolidated Financial Statements                 |                     |                     |                                    |                           |                   |
|                                                   | Fixed Interest Rate |                     |                                    | Floating<br>Interest Rate | Total             |
|                                                   | Within<br>1 year    | More than<br>1 year | More than<br>5 years<br>to 5 years |                           |                   |
| <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> |

### 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, 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 |             |        |             | Unit : Million |
|----------|-----------------------------------|-------------|--------|-------------|-------------------------------|-------------|--------|-------------|----------------|
|          | 2013                              |             | 2012   |             | 2013                          |             | 2012   |             |                |
|          | Assets                            | Liabilities | Assets | Liabilities | Assets                        | Liabilities | Assets | Liabilities |                |
| USD      | 3.07                              | 50.30       | 9.50   | 65.27       | 0.02                          | 0.74        | -      | 2.96        |                |
| YEN      | -                                 | 2.52        | -      | 874.55      | -                             | -           | -      | 44.40       |                |
| RIEL     | 698.55                            | 163.14      | 415.84 | 169.72      | -                             | -           | -      | -           |                |
| LAK      | -                                 | 572.67      | 63.30  | 1,055.93    | -                             | -           | -      | -           |                |

As at October 31, 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 |                      |                      |                      | Unit : Million |
|----------|--------------------------|----------------------|----------------------|----------------------|----------|---------------------------|----------------------|----------------------|----------------------|----------------|
|          | Consolidated             |                      | Separate             |                      |          | Consolidated              |                      | Separate             |                      |                |
|          | Financial Statements     | Financial Statements | Financial Statements | Financial Statements |          | Financial Statements      | Financial Statements | Financial Statements | Financial Statements |                |
|          | 2013                     | 2012                 | 2013                 | 2012                 |          | 2013                      | 2012                 | 2013                 | 2012                 |                |
| USD      | 49.29                    | 77.10                | -                    | 13.60                | THB      | 1,517.99                  | 2,498.58             | -                    | 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, are as follows:

|                                               | Consolidated Financial Statements |  |       |      | Separate Financial Statements |         | Unit : Million Baht |
|-----------------------------------------------|-----------------------------------|--|-------|------|-------------------------------|---------|---------------------|
|                                               | 2013                              |  | 2012  |      | 2013                          | 2012    |                     |
|                                               |                                   |  |       |      |                               |         |                     |
| Net fair values of forward exchange contracts |                                   |  | 25.50 | 8.03 | -                             | (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, the Company and its subsidiaries have accounted for transactions in the financial statements as follows:

|                                               | Unit : Million Baht  |        |                      |       |
|-----------------------------------------------|----------------------|--------|----------------------|-------|
|                                               | Consolidated         |        | Separate             |       |
|                                               | Financial Statements |        | Financial Statements |       |
|                                               | 2013                 | 2012   | 2013                 | 2012  |
| Gain on investments in derivative instruments | 245.88               | 120.88 | 87.02                | 35.15 |

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

|                                              | Currency | Unit : Million Baht   |        |
|----------------------------------------------|----------|-----------------------|--------|
|                                              |          | Consolidated/Separate |        |
|                                              |          | Financial Statements  |        |
|                                              |          | 2013                  | 2012   |
| Net fair values for commodity swap contracts | USD      | (0.10)                | 1.43   |
|                                              | THB      | -                     | 121.68 |

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.

### 32. 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, 2013 and 2012, the Company and its subsidiaries contributed in amounts of Baht 11.26 million and Baht 9.39 million, respectively, in the consolidated financial statements and the Company contributed in amounts of Baht 3.74 million and Baht 2.97 million, respectively, in the separate financial statements.

### 33. PRIVILEGES OF BENEFITS FROM PROMOTED INVESTMENT

Three domestic subsidiaries received 8 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  |
| 2364(1)/2554           | 25, 26, 28, 31, 34, 35(1), 35(2), and 35(3)                        | September 20, 2011 | - Production of biological                                                                          | February 29, 2012                           | December 31, 2019  |
|                        |                                                                    |                    | - Production of biological                                                                          | February 28, 2013                           | February 28, 2021  |
| 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  |
| 1349(2)/2556           | 25 26 28 31(1) 31(2) 31(3) 31(4) 34 35(1) 35(2) and 35(3)          | Mach 15, 2013      | - Production of electricity, power steams and water for manufacture                                 | Income not yet derived                      |                    |
| 1657(2)/2552           | 25, 26, 28, 31(1), 31(3), 31(4) and 34                             | August 25, 2009    | - Production of pure vegetable oil and /or semi-pure vegetable oil                                  | June 5, 2010                                | June 4, 2018       |

Furthermore, in accordance with the Promotion Certificate No.1063(2)/2552, 1432(2)/2552, and 1349(2)2556 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 (the 1<sup>st</sup> Certificate) and from Kingdom of Cambodia (the 2<sup>nd</sup> - 4<sup>th</sup> Certificates) 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. The subsidiary is currently waiting for the renewed certificate covering the period from last expiration date to current fiscal year which it has submitted for.

#### **34. APPLICATION FOR LICENSES OF FACTORY OPERATION PERMIT AT LOEI PROVINCE**

According to the Cabinet Resolution dated May 11, 2010, the Company was permitted to move its factory to Loei Province and to expand production capacity from 12,000 tons per days to 24,000 tons per day. Then, the Company submitted the application of factory operation permit (Ror Ngor 4) to the Ministry of Industry according to the Factory Act, provided that the Company proceeded according to the procedures of such application and now the duration of consideration for the issuance of such factory operation permit has been passed. However, the Ministry of Industry did not issue such factory operation permit (Ror Ngor 4) to the Company.

The Company and Khon Kaen Sugar Power Plant Company Limited, a subsidiary, had filed a lawsuit in the Administrative Court on December 27, 2012 and asked such court to enforce the Ministry of Industry to issue the factory operation permit (Ror Ngor 4) to the Company and its subsidiary. In addition, the Company and its subsidiary filed the petition to such court for an interim measure of protection and then, such court issued its order for interim measures on January 17, 2013, providing that the factory of the Company at Loei Province was allowed by the court to crush sugar cane from the contracting farmers until April 15, 2013 and the Company's subsidiary was also allowed to generate the electricity to the Company in such period.

Later, the Company received the written order to notify that the Department of Industrial Works rejected to issue the factory operation permit (Ror Ngor 4) to the Company for the sugar factory located at Loei Province. On March 8, 2013, the Company filed an appeal regarding the rejected order to the Minister of Industry. On May 3, 2013, the Company filed a letter to follow up the result of such appeal. However, the Company has not received an outcome yet.

On September 2, 2013, the Company filed a lawsuit at the Administrative Court to request such court to cancel the related guidelines and enforce the Ministry of Industry to issue the factory operation permit (Ror Ngor 4) to the Company. Moreover, on November 11, 2013, the Company filed the petition to such court for an interim measure of protection which the Company has not yet received an outcome yet. As the pressing season of sugar canes was approaching, which the contracting sugar cane farmers would be affected if the sugar factory at Loei Province did not crunch sugar canes, the sugar factory at Loei Province started to crunch sugar canes on December 2, 2013.

**35. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved for issuance by the Company's Board of Directors on December 24, 2013.