

REVIEW INTERIM REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

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

I have reviewed the accompanying consolidated and the Company's balance sheets as at January 31, 2007, the related consolidated and the Company's statements of income, changes in shareholders' equity and cash flows for the three-month periods ended on January 31, 2007 and 2006 of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies and also of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED only. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to report on these financial statements based on my review.

I conducted my review in accordance with the auditing standards applicable to review engagements. These standards require that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards, and accordingly, I do not express an opinion on the reviewed financial statements.

Based on my review, nothing has come to my attention that causes me to believe that the financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I used to audit the consolidated and the Company's financial statements for the year ended on October 31, 2006 of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies and also of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED only, in accordance with generally accepted auditing standards and gave an unqualified opinion as reported thereon dated December 22, 2006. The consolidated and the Company's balance sheets as at October 31, 2006, presented herein for comparison, are an integral part of the financial statements which I audited and reported thereon. I have not used any other auditing procedures subsequent to the date in the report.

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

(Miss Praphasri Leelasupha)

Certified Public Accountant Thailand Registration No. 4664

Bangkok,

March 13, 2007

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

AS AT JANUARY 31, 2007 AND OCTOBER 31, 2006

(Unit : Thousand Baht)

		CONSOLIDATED		THE COMPANY ONLY	
		2007	2006	2007	2006
		Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and Deposits at Financial Institutions		204,447	151,704	46,219	18,972
Short-Term Investments		58,918	26,772	-	-
Trade Accounts and Notes Receivable	(Note 4)	335,366	245,752	97,631	100,227
Trade Accounts and Notes Receivable - Subsidiary and Related Companies	(Notes 3.1 and 5)	1,227	934	144	-
Farmer Accounts Receivable -Net	(Note 6)	97,840	76,288	-	-
Short-Term Loans due from Subsidiary Companies, Related Persons and Companies	(Note 3.1)	72,616	153,167	13,600	13,600
Short-Term Loans due from Farmers	(Note 7)	237,465	147,915	177,464	97,909
Inventories-Net		3,512,341	1,833,812	1,671,584	653,463
Real Estate Development Cost		38,279	21,273	-	-
Machine Maintenance Supplies		194,779	158,845	86,143	82,826
Share Subscriptions Receivable - Related Persons and Companies	(Note 3.1)	102,301	12,842	-	-
Other Current Assets		76,774	88,416	70,612	28,539
TOTAL CURRENT ASSETS		4,932,353	2,917,720	2,163,397	995,536
NON-CURRENT ASSETS					
Investments under Equity Method	(Note 8)	49,061	49,070	3,106,309	2,895,028
Other Long-Term Investments-Net	(Note 9)	80,480	80,589	53,452	53,521
Deferred Cane Plantation Cost	(Note 10)	69,355	82,500	30,400	55,583
Property, Plant and Equipment-Net	(Note 11)	7,335,901	7,227,283	2,339,618	2,335,547
Land not used in Operation		295,531	296,021	258,121	258,611
Loans for Cane Plantation Development-Net	(Note 12)	157,746	163,119	-	-
Obligated Fixed Deposits		5,548	6,836	5,339	5,185
Other Non-Current Assets		22,618	22,509	151	151
TOTAL NON-CURRENT ASSETS		8,016,240	7,927,927	5,793,390	5,603,626
TOTAL ASSETS		12,948,593	10,845,647	7,956,787	6,599,162

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

AS AT JANUARY 31, 2007 AND OCTOBER 31, 2006

(Unit : Thousand Baht)

		CONSOLIDATED		THE COMPANY ONLY	
		2007	2006	2007	2006
		Unaudited	Audited	Unaudited	Audited
		Limited Review Only		Limited Review Only	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
CURRENT LIABILITIES					
Bank Overdrafts and Short-Term Loans due to Financial Institutions	(Note 13)	843,389	1,285,980	600,000	845,000
Other Short-Term Loans	(Note 14)	494,565	-	494,565	-
Trade Accounts and Notes Payable	(Note 15)	1,477,112	506,599	694,398	217,982
Trade Accounts and Notes Payable-Subsidiary and Related Companies	(Note 3.1)	1,157	-	35,558	47,759
Current Portion of Long-Term Loans	(Note 16)	182,100	85,100	112,000	35,000
Short - Term Loans due to Subsidiary Companies	(Note 3.1)	-	-	98,000	65,000
Accrued Corporate Income Tax		150,472	79,316	20,217	-
Advance Received from Customers for Goods		171,014	125,093	36,868	3,964
Accrued Stabilization Function Payment		74,012	66,946	36,839	33,341
Accrued Manufacturing Expenses		138,040	-	114,226	-
Other Accrued Expenses		92,824	29,818	44,518	8,848
Share Subscription Payable -Subsidiary Company	(Note 3.1)	-	-	89,808	-
Other Accounts Payable		270,395	246,045	17,160	47,687
Other Current Liabilities		44,647	52,743	12,305	10,359
TOTAL CURRENT LIABILITIES		3,939,727	2,477,640	2,406,462	1,314,940
NON-CURRENT LIABILITIES					
Long-Term Loans	(Note 16)	1,225,559	823,354	88,000	-
Other Non-Current Liabilities		27,059	26,465	10,651	10,521
TOTAL NON-CURRENT LIABILITIES		1,252,618	849,819	98,651	10,521
TOTAL LIABILITIES		5,192,345	3,327,459	2,505,113	1,325,461

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

AS AT JANUARY 31, 2007 AND OCTOBER 31, 2006

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2007	2006	2007	2006
	Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
SHAREHOLDERS' EQUITY				
Share Capital				
Authorized Share Capital :				
1,600,000,000 Ordinary Shares @ Baht 1.00 Par Value	1,600,000	1,600,000	1,600,000	1,600,000
Issued and Paid-Up Shares Capital				
1,550,000,000 Ordinary Shares @ Baht 1.00 Par Value	1,550,000	1,550,000	1,550,000	1,550,000
Premium on Share Capital	1,554,617	1,554,617	1,554,617	1,554,617
Revaluation Surplus on Assets-Parent Company	950,247	964,672	950,247	964,672
Revaluation Surplus on Assets-Subsidiary Companies	143,441	144,592	143,441	144,592
Surplus from Internal Restructure of Entities under Common Control (Note 17)	1,092,764	1,123,933	-	-
Surplus from Changes in Shareholding Ratio in Subsidiary Companies	16,443	16,470	-	-
Unrealized Gain on Available-for-Sale Securities	2,226	2,249	2,226	2,249
Accumulated Result of Translation Adjustment	1,593	1,555	1,593	1,555
Retained Earnings (Note 18)				
Appropriated				
Legal Reserve	121,120	121,120	121,120	121,120
Unappropriated	1,128,430	934,896	1,128,430	934,896
TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY	6,560,881	6,414,104	5,451,674	5,273,701
Minority Shareholders' Equity	1,195,367	1,104,084	-	-
TOTAL SHAREHOLDERS' EQUITY	7,756,248	7,518,188	5,451,674	5,273,701
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,948,593	10,845,647	7,956,787	6,599,162

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED ON JANUARY 31, 2007 AND 2006

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2007	2006	2007	2006
REVENUES FROM OPERATION				
Sales and Services	1,736,816	1,155,808	847,463	847,171
Rental Income	9,564	8,684	9,090	7,975
Revenue from Sales of Fuel Oil and Cane Harvest	98,243	75,292	33,367	35,057
Participating Profit from Investments under Equity Method	-	-	121,878	66,775
Other Income	52,015	50,754	40,695	28,637
TOTAL REVENUES	1,896,638	1,290,538	1,052,493	985,615
EXPENSES FROM OPERATION				
Cost of Sales and Services	1,275,868	718,226	697,804	557,746
Other Cost of Sales	83,788	61,365	41,355	35,856
Selling and Administrative Expenses	226,215	158,869	81,304	86,195
Directors' Remuneration	7,531	6,958	1,406	1,395
Participating Loss from Investments under Equity Method	9	77	-	-
TOTAL EXPENSES	1,593,411	945,495	821,869	681,192
PROFIT BEFORE INTEREST EXPENSES AND				
CORPORATE INCOME TAX	303,227	345,043	230,624	304,423
INTEREST EXPENSES	(27,854)	(4,309)	(16,301)	(4,127)
CORPORATE INCOME TAX	(73,221)	(88,279)	(20,789)	(56,422)
PROFIT AFTER INTEREST EXPENSES AND CORPORATE INCOME TAX	202,152	252,455	193,534	243,874
LESS NET PROFIT OF SUBSIDIARY COMPANIES BELONGING TO				
PARENT COMPANY BEFORE SHARE ACQUISITION	-	(442)	-	-
LESS MINORITY SHAREHOLDERS' NET PROFIT	(8,618)	(8,139)	-	-
NET PROFIT OF KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED	193,534	243,874	193,534	243,874
EARNINGS PER SHARE OF KHON KAEN SUGAR INDUSTRY				
PUBLIC COMPANY LIMITED (UNIT : BAHT)	0.12	0.16	0.12	0.16
WEIGHTED AVERAGE NUMBER OF				
ORDINARY SHARES (UNIT : THOUSAND SHARES)	1,550,000	1,550,000	1,550,000	1,550,000

Unaudited

Limited Review Only

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIODS ENDED ON JANUARY 31, 2007 AND 2006

CONSOLIDATED

(Unit : Thousand Baht)

	Issued and Paid-up	Premium on	Revaluation	Revaluation	Surplus from Internal	Surplus from Changes	Unrealized Gain	Accumulated Result	Retained Earnings		Minority	TOTAL
	Shares Capital	Share Capital	Surplus on Assets-	Surplus on Assets-	Restructure of	in Shareholding Ratio	(Loss) on Available-	of Translation	Appropriated	Unappropriated	Shareholders'	
			Parent Company	Subsidiary	Entities under	in Subsidiary	for-Sale Securities	Adjustment	Legal Reserve		Equity	
				Companies	Common Control	Companies						
Balance as at October 31, 2006	1,550,000	1,554,617	964,672	144,592	1,123,933	16,470	2,249	1,555	121,120	934,896	1,104,084	7,518,188
Accumulated Result of translation Adjustment	-	-	-	-	-	-	-	38	-	-	-	38
Unrealized Loss on Available-for-Sale Securities	-	-	-	-	-	-	(23)	-	-	-	-	(23)
Depreciation-Revaluation Surplus on Assets	-	-	(14,425)	(1,151)	-	-	-	-	-	-	-	(15,576)
Decrease in Surplus from Internal Restructure of Entities under Common Control	-	-	-	-	(31,169)	-	-	-	-	-	-	(31,169)
Decrease in Surplus from Changes in Shareholding Ratio in Subsidiary Companies	-	-	-	-	-	(27)	-	-	-	-	-	(27)
Unrealized Transaction in Income Statements	1,550,000	1,554,617	950,247	143,441	1,092,764	16,443	2,226	1,593	121,120	934,896	1,104,084	7,471,431
Net Profit for the Period	-	-	-	-	-	-	-	-	-	193,534	-	193,534
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	91,283	91,283
Balance as at January 31, 2007	1,550,000	1,554,617	950,247	143,441	1,092,764	16,443	2,226	1,593	121,120	1,128,430	1,195,367	7,756,248
Balance as at October 31, 2005	1,550,000	1,554,617	1,022,372	149,242	1,239,145	-	2,417	-	90,920	534,132	1,096,918	7,239,763
Unrealized Gain on Available-for-Sale Securities	-	-	-	-	-	-	133	-	-	-	-	133
Depreciation-Revaluation Surplus on Assets	-	-	(14,425)	(1,101)	-	-	-	-	-	-	-	(15,526)
Decrease in Surplus from Internal Restructure of Entities under Common Control	-	-	-	-	(31,343)	-	-	-	-	-	-	(31,343)
Increase in Surplus from Changes in Shareholding Ratio in Subsidiary Companies	-	-	-	-	-	1,138	-	-	-	-	-	-
Unrealized Transaction in Income Statements	1,550,000	1,554,617	1,007,947	148,141	1,207,802	1,138	2,550	-	90,920	534,132	1,096,918	7,194,165
Net Profit for the Period	-	-	-	-	-	-	-	-	-	243,874	-	243,874
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	18	18
Balance as at January 31, 2006	1,550,000	1,554,617	1,007,947	148,141	1,207,802	1,138	2,550	-	90,920	778,006	1,096,936	7,438,057

Unaudited

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIODS ENDED ON JANUARY 31, 2007 AND 2006

THE COMPANY ONLY

(Unit : Thousand Baht)

	Issued and Paid-up Shares Capital	Premiem on Share Capital	Revaluation Surplus on Assets- Parent Company	Revaluation Surplus on Assets- Subsidiary Companies	Unrealized Gain (Loss) on Available- for-Sale Securities	Accumulated Result of Translation Adjustment	Retained Earnings		TOTAL
							Appropriated Legal Reserve	Unappropriated	
Balance as at October 31, 2006	1,550,000	1,554,617	964,672	144,592	2,249	1,555	121,120	934,896	5,273,701
Accumulated Result of Translation Adjustment	-	-	-	-	-	38	-	-	38
Unrealized Loss on Available-for-Sale Securities	-	-	-	-	(23)	-	-	-	(23)
Depreciation-Revaluation Surplus on Assets	-	-	(14,425)	(1,151)	-	-	-	-	(15,576)
Unrealized Transaction in Income Statements	1,550,000	1,554,617	950,247	143,441	2,226	1,593	121,120	934,896	5,258,140
Net Profit for the Period	-	-	-	-	-	-	-	193,534	193,534
Balance as at January 31, 2007	1,550,000	1,554,617	950,247	143,441	2,226	1,593	121,120	1,128,430	5,451,674
Balance as at October 31, 2005	1,550,000	1,554,617	1,022,372	149,242	2,417	-	90,920	534,132	4,903,700
Unrealized Gain on Available-for-Sale Securities	-	-	-	-	133	-	-	-	133
Depreciation-Revaluation Surplus on Assets	-	-	(14,425)	(1,101)	-	-	-	-	(15,526)
Unrealized Transaction in Income Statements	1,550,000	1,554,617	1,007,947	148,141	2,550	-	90,920	534,132	4,888,307
Net Profit for the Period	-	-	-	-	-	-	-	243,874	243,874
Balance as at January 31, 2006	1,550,000	1,554,617	1,007,947	148,141	2,550	-	90,920	778,006	5,132,181

Unaudited

Limited Review Only

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED ON JANUARY 31, 2007 AND 2006

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2007	2006	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit	193,534	243,874	193,534	243,874
Reconciliation of Net Profit with Cash Received (Payment) from Operating Activities :-				
Gain on Sales of Short-Term Investments	-	(28)	-	-
Doubful Accounts (Reversal) - Farmer Accounts Receivable, Other Accounts Recievable and Loans for Cane Plantation Development	13,649	(939)	-	-
Participating (Profit) Loss from Investments under Equity Method	9	77	(121,878)	(66,775)
Amortization of Premium on Bond	23	20	20	15
Loss from Decrease in Cane Value	4,045	-	-	-
Deferred Cane Plantation Cost Written-off	38,217	-	36,198	-
Depreciation	69,272	52,003	31,950	28,505
(Gain)Loss on Sales of Assets	926	(59)	(3,670)	(500)
Unrealized Gain on Exchange Rate	(442)	(5,355)	(583)	(145)
Amortization of Deferred Other Short-Term Loans Interest Charge	697	-	697	-
Amortization of Deferred Hire Purchase Interest Charge	47	-	-	-
Net Profit of Subsidiary Companies belonging to Parent Company before Share Acquisition	-	442	-	-
Minority Shareholders' Net Profit	8,618	8,139	-	-
Profit from Operation before Changes in Operating Assets and Liabilities	328,595	298,174	136,268	204,974
(Increase)Decrease in Trade Accounts and Notes Receivable	(89,986)	(35,292)	2,554	(354)
(Increase)Decrease in Trade Accounts and Notes Receivable- Subsidiary and Related Companies	(293)	(670)	(144)	(15,482)
(Increase)Decrease in Farmer Accounts Receivable	(30,486)	(91,757)	-	(10,889)
(Increase)Decrease in Inventories	(1,678,529)	(1,689,731)	(1,018,121)	(832,842)
(Increase)Decrease in Real Estate Development Cost	(2,925)	-	-	-
(Increase)Decrease in Machine Maintenance Supplies	(35,934)	(30,708)	(3,317)	1,101
(Increase)Decrease in Other Current Assets	11,619	(16,560)	(42,073)	(10,691)
(Increase)Decrease in Deferred Cane Plantation Cost	(27,630)	-	(10,373)	-
(Increase)Decrease in Other Non-Current Assets	(109)	(5,637)	-	(4,440)
Increase(Decrease) in Trade Accounts and Notes Payable	970,517	874,549	476,416	506,715
Increase(Decrease) in Trade Accounts and Notes Payable - Subsidiary and Related Companies	1,157	560	(12,201)	(7,638)
Increase(Decrease) in Accrued Corporate Income Tax	71,156	86,734	20,217	56,041
Increase(Decrease) in Advance Received from Customers for Goods	45,343	35,911	32,847	(20,929)
Increase(Decrease) in Accrued Stabilization Function Payment	7,066	5,432	3,498	2,976
Increase(Decrease) in Accrued Manufacturing Expenses	138,040	413,572	114,226	219,839
Increase(Decrease) in Other Accrued Expenses	63,006	(7,142)	35,670	4,477
Increase(Decrease) in Other Accounts Payable	(30,356)	123,832	(30,527)	23,259
Increase(Decrease) in Other Current Liabilities	(8,096)	1,986	1,946	7,054
Increase(Decrease) in Other Non-Current Liabilities	547	880	130	795
Net Cash Received (Used) from Operating Activities	(267,298)	(35,867)	(292,984)	123,966

Unaudited

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

Limited Review Only

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED ON JANUARY 31, 2007 AND 2006

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2007	2006	2007	2006
CASH FLOW FROM INVESTING ACTIVITIES				
(Increase)Decrease in Short-Term Investments	-	(336)	-	-
(Increase)Decrease in Short-Term Loans due from Subsidiary Companies, Related persons and Companies	80,551	44,201	-	(23,444)
(Increase)Decrease in Short-Term Loans due from Farmers	(89,550)	(4,712)	(79,555)	(108,107)
(Increase)Decrease in Loans for Cane Plantation Development	678	(16,790)	-	-
Cash Purchase of Investments in Subsidiary Companies	-	-	-	(6,593)
Cash Purchase of Other Long-Term Investments	-	(58)	-	(58)
Purchase of Property, Plant and Equipment	(194,786)	(599,465)	(51,088)	(137,535)
Cash Received from Sale of Property, Plant and Equipment	3,820	14,804	3,710	15,244
Cash Received from Sale of Land not used in Operation	450	-	450	-
(Increase)Decrease in Obligated Fixed Deposits	1,288	(26)	(154)	(26)
(Increase)Decrease in Minority Shareholders' Equity	(930)	498	-	-
Net Cash Used from Investing Activities	(198,479)	(561,884)	(126,637)	(260,519)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase(Decrease) in Bank Overdrafts and Short-Term Loans due to Financial Institutions	(442,591)	348,576	(245,000)	268,000
Increase(Decrease) in Other Short-Term Loans	493,868	-	493,868	-
Increase(Decrease) in Short-Term Loans due to Subsidiary Companies	-	-	33,000	(55,000)
Cash Received from Long-Term Loans	534,205	241,594	200,000	-
Repayment of Long-Term Loans	(35,000)	(60,000)	(35,000)	(60,000)
Net Cash Received from Financing Activities	550,482	530,170	446,868	153,000
Increase from Accumulated Relult of Translation Adjustment	38	-	-	-
Cash and Cash Equivalents Increase(Decease) - Net	84,743	(67,581)	27,247	16,447
Cash and Cash Equivalents at the Beginning of the Period	175,704	263,609	18,972	15,461
Cash and Cash Equivalents at the End of the Period (Note 19)	260,447	196,028	46,219	31,908

Unaudited
Limited Review Only

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED ON JANUARY 31, 2007 AND 2006

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2007	2006	2007	2006

Additional Disclosure :

1. Cash payment during the period

- Interest Expenses	23,354	4,096	16,295	4,127
- Corporate Income Tax	2,524	1,833	572	381

2. For the three-month period ended on January 31, 2007, the Company and its subsidiary companies had material items not affecting cash flow as follows:-

- In the consolidated financial statements, the surplus from internal restructure of entities under common control at amount of Baht 31.17 million was written-off.
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies made depreciation charge in the revaluation surplus on assets amounting to Baht 50.21 million and Baht 14.42 million respectively.
- In the consolidated financial statements, subsidiary companies wrote off revaluation surplus of assets net from accumulated depreciation for the amount of Baht 3.54 million.
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies recognized unrealized gain(loss) on available-for-sale securities amounting to Baht (0.06) million and Baht 0.02 million respectively.
- In the consolidated financial statements, subsidiary companies recorded interest expenses as cost of fixed assets at Baht 5.93 million.
- In the consolidated financial statements, a subsidiary company had share subscriptions receivable due from minority shareholders at amount of Baht 90.49 million.
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies transferred depreciation charge to be part of deferred cane plantation cost at amount of Baht 1.49 million and Baht 0.64 million respectively.
- In the consolidated financial statements, subsidiary companies had liabilities from purchase of assets which remained unpaid at amount of Baht 57.13 million.
- In the Company's financial statements, the Company had share subscription payable at amount of Baht 90.49 million.
- In the consolidated financial statements, a subsidiary company transferred land to real estate development cost at amount of Baht 14.08 million.

3. For the three-month period ended on January 31, 2006, the Company and its subsidiary companies had material items not affecting cash flow as follows:-

- In the consolidated financial statements, the surplus from internal restructure of entities under common control at amount of Baht 31.34 million was written-off.
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies made depreciation charge in the revaluation surplus on assets at amount of Baht 54.06 million and Baht 14.42 million respectively.
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies recognized unrealized gain on available-for-sale securities amounting to Baht 0.13 million.
- In the consolidated and the Company's financial statements, the Company transferred advance for land to land at Baht 2.65 million.
- In the consolidated financial statements, subsidiary companies recorded interest expenses as cost of fixed asset at Baht 1.76 million.
- In the consolidated financial statements, subsidiary companies had liabilities from purchase of assets which remained unpaid amount of Baht 91.30 million.

Unaudited

Limited Review Only

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS

January 31, 2007 and 2006 (Unaudited/Limited Review Only)

and October 31, 2006 (Audited)

1. Basis of Financial Statement Preparation and Accounting Policies

- 1.1 The interim consolidated and the Company's financial statements were prepared in accordance with the generally accepted accounting principles in Thailand and shown in the condensed format as determined in the accounting standard No. 41 on the subject of "The Interim Financial Statements" and included additional items in the primary financial statements, which cover balance sheet, income statement, statement of changes in shareholders' equity and cash flow statement in compliance with the format defined in the announcement of the Department of Commercial Registration (B.E. 2544) on the subject of "Determination of Condensed Items" which need to be presented in the financial statements so as to comply with the pronouncement of the Office of the Securities and Exchange of Commission in Thailand and regulation of the Stock Exchange of Thailand.
- 1.2 Significant accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended October 31, 2006, so these interim financial statements should be read in conjunction with the 2006 annual financial statements.
- 1.3 The items in the financial statements for the year ended on October 31, 2006 have been reclassified in order to facilitate comparative analysis with those for the three-month period ended on January 31, 2007.

2. Basis of Consolidation

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

<u>Company Name</u>	<u>Percentage of</u>		<u>Country of</u>	<u>Kind of Business</u>
	<u>Shareholding</u>	<u>Incorporation</u>		
	<u>2007</u>	<u>2006</u>		
Thai Sugar Terminal Public Co., Ltd. and its subsidiary companies	23.82	23.82	Thailand	Sugar transporting service, silo warehouse and property rental and during investment process in wheat flour business
New Krung Thai Sugar Factory Co., Ltd.	91.06	91.06	Thailand	Manufacture and distribution of sugar and molasses
Tamaka Sugar Industry Co., Ltd.	90.21	90.21	Thailand	Manufacture and distribution of sugar and molasses
New Kwang Soon Lee Sugar Factory Co., Ltd.	96.85	96.85	Thailand	Manufacture and distribution of sugar and molasses
K.S.L. Real Estate Co., Ltd.	80.31	80.31	Thailand	Housing and land for agriculture estate including holiday resort for training and seminar center
K.S.L. Export Trading Co., Ltd.	78.32	78.32	Thailand	Export sugar as exporting agent

<u>Company Name</u>	<u>Percentage of</u>		<u>Country of</u>	<u>Kind of Business</u>
	<u>Shareholding</u>		<u>Incorporation</u>	
KSL Chemical Co., Ltd.	100.00	100.00	Thailand	Importer and distributor of chemicals
Khon Kaen Sugar Power Plant Co., Ltd.	100.00	100.00	Thailand	Production and distribution of electricity
Khon Kaen Alcohol Co., Ltd.	100.00	100.00	Thailand	Manufacture and distribution of alcohol or fuel from agricultural produce and bio-fertilizer
KSL Agro Co., Ltd.	100.00	100.00	Thailand	Agricultural operation
Savannakhet Sugar Corporation	80.00	80.00	Laos	Agricultural operation, manufacture and distribution of sugar and molasses which are during investment process
Koh Kong Plantation Co., Ltd.	50.00	-	Cambodia	Agricultural operation, manufacture and distribution of sugar and molasses which are during investment process

Although the Company holds shares in the THAI SUGAR TERMINAL PUBLIC COMPANY LIMITED by only 23.82 percent, the Company participates in the controlling power of the said company. Therefore, it is regarded such company as a subsidiary company in accordance with the definition specified in the accounting standard.

- 2.2 As at January 31, 2007 and October 31, 2006, investments in subsidiary companies were recorded under equity method. The accounting periods of subsidiary companies ended on the same date as the parent company (accounting period ended on October 31) except the THAI SUGAR TERMINAL PUBLIC COMPANY LIMITED, SAVANNAKHET SUGAR CORPORATION and KOH KONG PLANTATION CO., LTD. , whose accounting periods ended on December 31.
- 2.3 The balances between the Company and its subsidiary companies, investments in subsidiary companies and subsidiary companies' shareholders' equity were eliminated from the consolidated financial statements.

3. Inter-Transactions between the Related Companies

The Company and its subsidiary companies hold accounting transaction items with the related companies by the same shareholders' group or mutual directors. Significant inter-transactions and remaining balances between the Company and its subsidiary companies with related entities and persons could be summarized as follows:-

3.1 Inter-Assets and Liabilities

(Unit : Thousand Baht)					
Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		As at		As at	
		January 31, 2007	October 31, 2006	January 31, 2007	October 31, 2006
- Trade Accounts and Notes Receivable					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	2	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	2	-
KSL Chemical Co., Ltd.	Subsidiary	-	-	1	-
Prachaup Industry Co., Ltd.	Related	636	549	-	-
Thai Fermentation Industry Co., Ltd.	Related	453	209	-	-
Chengteh Chinaware (Thailand) Co., Ltd.	Related	137	-	137	-
Other Related Companies		1	176	2	-
Total		1,227	934	144	-
- Other Accounts Receivable					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	5,203	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	19,925	-
Total		-	-	25,128	-
- Cash Allowance for Sugar Purchase					
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	2,125	2,125
- Advance					
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	28,899	-
The Company and subsidiary companies' Management	Related Persons	1,764	14,286	192	13,173
Total		1,764	14,286	29,091	13,173
- Share Subscriptions Receivable					
Ban Pong Intertrade Co., Ltd.	Related	12,493	12,842	-	-
Ve Wong Corporation	Related	53,886	-	-	-
Mr. Ly Yong Phat	Related Person	17,961	-	-	-
Miss Ly Arporn	Related Person	17,961	-	-	-
Total		102,301	12,842	-	-
- Trade Accounts and Notes Payable					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	17,599	28,838
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	12,495	15,275
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	4,719	2,530
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	-	982
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	-	134
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	443	-
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	1	-
Thai Fermentation Industry Co., Ltd.	Related	1,157	-	301	-
Total		1,157	-	35,558	47,759

(Unit : Thousand Baht)

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>The Company Only</u>	
		<u>As at</u>		<u>As at</u>	
		<u>January 31, 2007</u>	<u>October 31, 2006</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
- Other Account Payable					
TS Warehouse Co., Ltd.	Subsidiary	-	-	16	-
- Share Subscription Payable					
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	89,808	-
- Advance Received from Customers for Goods					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	32,820	-
Thai Fermentation Industry Co., Ltd.	Related	75,599	95,345	-	-
Total		<u>75,599</u>	<u>95,345</u>	<u>32,820</u>	<u>-</u>

As at October 31, 2006, advance made to the management of the Company for Baht 13.17 million was cash provision for expenses to be incurred in the investment project under Koh Kong Plantation Co., Ltd.

(Unit : Thousand Baht)

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>The Company Only</u>	
		<u>As at</u>		<u>As at</u>	
		<u>January 31, 2007</u>	<u>October 31, 2006</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
- Short-Term Loans due from					
K.S.L. Real Estate Co., Ltd.	Subsidiary				
Beginning balance		-	-	13,600	5,400
Increase in the period		-	-	-	8,600
Repaid in the period		-	-	-	(400)
Ending balance		<u>-</u>	<u>-</u>	<u>13,600</u>	<u>13,600</u>
KSL. Agro Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	-	75,500
Repaid in the period		-	-	-	(75,500)
Ending balance		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prachaup Industry Co., Ltd.	Related				
Beginning balance		153,167	129,927	-	-
Increase in the period		-	408,937	-	-
Repaid in the period		(80,551)	(385,697)	-	-
Ending balance		<u>72,616</u>	<u>153,167</u>	<u>-</u>	<u>-</u>

(Unit : Thousand Baht)

		<u>Consolidated</u>		<u>The Company Only</u>	
		<u>As at</u>		<u>As at</u>	
		<u>January 31, 2007</u>	<u>October 31, 2006</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
- Loan due from the Company's Advisor	Related Person				
Beginning balance		-	121	-	121
Increase in the period		-	-	-	-
Repaid in the period		-	(121)	-	(121)
Ending balance		-	-	-	-
		72,616	153,167	13,600	13,600

As at January 31, 2007 and October 31, 2006, loans due from subsidiary and related companies were loans in the form of promissory notes payable on demand and bearing interest rates at 6.75 % and 6.25 -6.75% per annum respectively. The loan made to related company was incurred by a subsidiary company borrowing money in the form of packing credit on behalf of the related company as specified in notes to financial statements No. 13.

Loan due from the Company's advisor carried interest rate at 6.50 percent per annum.

(Unit : Thousand Baht)

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>The Company Only</u>	
		<u>As at</u>		<u>As at</u>	
		<u>January 31, 2007</u>	<u>October 31, 2006</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
- Loan due to					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	65,000	-
Increase in the period		-	-	160,000	172,000
Repayment in the period		-	-	(127,000)	(107,000)
Ending balance		-	-	98,000	65,000
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	110,000	-
Repayment in the period		-	-	(110,000)	-
Ending balance		-	-	-	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	185,000
Increase in the period		-	-	-	115,000
Repayment in the period		-	-	-	(300,000)
Ending balance		-	-	-	-
Total		-	-	98,000	65,000

As at January 31, 2007 and October 31, 2006, loans due to subsidiary companies are loans repayable at call and carrying interest rates at 6.25 and 6.25 - 6.75 percent per annum respectively.

3.2 Inter- Revenues and Expenses

(Unit : Thousand Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		For the Three-Month Period ended on January 31,			
		2007	2006	2007	2006
- Sales of Goods					
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	71	56
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	71	56
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	36	31
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	8	4
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	31,049	50,441
Thai Fermentation Industry Co., Ltd.	Related	24,561	24,741	399	5,135
Other Related Companies		3	3	67	3
Total		24,564	24,744	31,701	55,726
- Purchases of Goods					
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	63,021	-
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	155,698	40,686
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	28,058	203
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	9,710	-
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	552	-
Thai Fermentation Industry Co., Ltd.	Related	1,255	943	494	485
Total		1,255	943	257,533	41,374
- Rental Income and Service					
On Nuj Construction Co., Ltd.	Related	122	122	122	122
Chengteh Chinaware (Thailand) Co., Ltd.	Related	360	360	360	360
K. K. Wood Industry Co., Ltd.	Related	207	207	207	207
K.S.L. IT Center Co., Ltd.	Related	90	90	90	90
Amarco Co., Ltd.	Related	5	5	5	5
Total		784	784	784	784
- Value of Land sold					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	-	15,244
- Other Incomes					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	3	3
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	3	3
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	14	14
KSL Chemical Co., Ltd.	Subsidiary	-	-	3	1
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	20,818	8,843
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	1,865	43
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	-	52
Savannakhet Sugar Corporation	Subsidiary	-	-	45	-
Thai Fermentation Industry Co., Ltd.	Related	116	199	25	15
K.S.L. IT Center Co., Ltd.	Related	1	-	1	-
Total		117	199	22,777	8,974

(Unit : Thousand Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		For the Three-Month Period ended on January 31,			
		2007	2006	2007	2006
- Interest Received					
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	231	54
KSL. Agro Co., Ltd.	Subsidiary	-	-	-	27
Total		-	-	231	81
- Goods Custody and Exporting Fees					
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	83	319
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	130	289
TS Warehouse Co., Ltd.	Subsidiary	-	-	71	75
Kerry Siam Seaport Co., Ltd.	Related	97	37	97	37
Prachaup Industry Co., Ltd.	Related	1,035	1,156	-	-
Total		1,132	1,193	381	720
Other Expenses					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	-	29
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	263	15
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	-	1,199
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	7	-
Thai Fermentation Industry Co., Ltd.	Related	80	57	27	18
K.S.L. IT Center Co., Ltd.	Related	1,658	1,634	496	479
K.S.L. Tower Juristic Person Office	Shared Owner of				
	Condominium Building	2,092	2,060	2,092	2,060
Total		3,830	3,751	2,885	3,800
- Interest Expenses					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	1,579	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	557	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	-	1,449
Total		-	-	2,136	1,449

Policy of Inter-Price Setting

- The inter-swapping goods for export, the Company uses the world market price that the sales-purchase is made for the first time of that year to be the price of sales-purchase of sugar between the Company's group.
- The intersales-purchase goods for local sales, the Company has the policy to use mutually agreed price which is higher than cost price to determine the price of goods transacted between each other.
- Rental income, service income and sale of land are charged according to the mutually agreed agreements.
- Revenue from selling of supplies are charged according to the cost.
- Fees for goods custody are charged according to the volume of the goods and the custody time, which are general rates in the market.
- The expenses paid on behalf of each other are charged according to actual expenses.

3.3 Relationship of Related Companies and Persons

Consisted of: -

<u>Company Name</u>	<u>Relationship</u>	<u>Connection</u>
K.S.L. IT Center Co., Ltd.	Related Company	Same shareholder group /Mutual directors
Chengteh Chinaware (Thailand) Co., Ltd.	Related Company	Same shareholder group /Mutual directors
On Nuj Construction Co., Ltd.	Related Company	Same shareholder group /Mutual directors
K.K. Wood Industry Co., Ltd.	Related Company	Same shareholder group
Amarco Co., Ltd.	Related Company	Same shareholder group
Thai Fermentation Industry Co., Ltd.	Related Company	Same shareholder group
Rajburi Sugar Co., Ltd.	Related Company	Mutual directors in Subsidiary
Mitr Kaset Sugar Industry Co., Ltd.	Related Company	Mutual directors in Subsidiary
Eastern Sugar and Sugar Cane Co., Ltd.	Related Company	Mutual directors in Subsidiary
Kerry Siam Seaport Co., Ltd.	Related Company	Director in the Related Company
KSL Tower Juristic Person office	Related Company	Shared Owner of Condominium Building
Ban Pong Intertrade Co., Ltd.	Related Company	Common shareholder in Subsidiary
Ve Wong Corporation	Related Company	Common shareholder in Subsidiary
Mr. Ly Yong Phat	Related Person	Common shareholder in Subsidiary
Miss Ly Arporn	Related Person	Common shareholder in Subsidiary

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

4. Trade Accounts and Notes Receivable

Consisted of:

(Unit : Thousand Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2007</u>	<u>October 31, 2006</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
Accounts Receivable - Local				
Not yet due	169,461	221,683	76,997	99,704
Due not over 30 days	14,465	10,054	-	407
Due over 30 days but not over 60 days	534	776	-	-
Total	184,460	232,513	76,997	100,111
Accounts Receivable - Foreign	130,409	38	9,620	38
Notes Receivable	20,497	13,201	11,014	78
Total	335,366	245,752	97,631	100,227

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

Consisted of:

(Unit : Thousand Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2007</u>	<u>October 31, 2006</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
Trade Accounts Receivable				
Not yet due	477	567	30	-
Due not over 30 days	636	226	-	-
Due over 30 days but not over 60 days	-	141	-	-
Total	1,113	934	30	-
Notes Receivable	114	-	114	-
Total	1,227	934	144	-

6. Farmer Accounts Receivable - Net

Consisted of:

(Unit : Thousand Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2007</u>	<u>October 31, 2006</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
Cane Accounts Receivable				
Before Season 2002 / 2003	32,876	33,063	398	398
Season 2002 / 2003	16,948	17,272	-	-
Season 2003 / 2004	7,976	8,147	-	-
Season 2004 / 2005	8,944	9,901	-	-
Season 2005 / 2006	23,774	45,158	-	-
Season 2006 / 2007	39,503	-	-	-
Total	129,851	113,541	398	398
Fuel Oil, Fertilizer and Other Service Charge				
Accounts Receivable	19,462	6,456	-	-
Total	150,483	119,997	-	-
<u>Less</u> Allowance for Doubtful Accounts	(52,643)	(43,709)	(398)	(398)
Net	97,840	76,288	-	-

7. Short-Term Loans due from Farmers

As at January 31, 2007 and October 31, 2006, these loans consisted of portion that was charged interest at 6.00 - 8.50% per annum and 5.00 - 8.00% per annum respectively and another portion in the form of post-dated cheques where farmers discounted with the Company and its subsidiary companies with interest rate based on lending rate of Bank for Agriculture and Agricultural Cooperatives.

8. Investments under Equity Method

Consisted of:

(Unit : Thousand Baht)

Company Name	Paid-Up Share Capital	Percentage of Shareholding	Consolidated					
			As at January 31, 2007			As at October 31, 2006		
			Investment			Investment		
			Cost	Equity Method	Dividend	Cost	Equity Method	Dividend
<u>Associated Company(Direct Shareholding)</u>		2007 2006						
Champion Fermentation Co., Ltd.	150,000	32.00 32.00	56,800	49,061	-	56,800	49,070	-
Total			56,800	49,061	-	56,800	49,070	-

(Unit : Thousand Baht)

The Company Only					
As at January 31, 2007					
Company Name	Paid-Up	Percentage of	Investment		Dividend
			Cost	Equity Method	
Share Capital	Shareholding				
<u>Subsidiary and Associated Companies (Direct and Indirect Shareholding)</u>					
Thai Sugar Terminal Public Co., Ltd.	120,000	23.82	79,109	233,416	-
New Krung Thai Sugar Factory Co., Ltd.	472,500	91.06	306,893	488,005	-
Tamaka Sugar Industry Co., Ltd.	600,000	90.21	523,337	827,406	-
New Kwang Soon Lee Sugar Factory Co., Ltd.	220,000	96.85	289,284	437,310	-
K.S.L. Real Estate Co., Ltd.	140,000	80.31	89,134	62,454	-
K.S.L. Export Trading Co., Ltd.	10,000	78.32	3,388	(2,884)	-
KSL Chemical Co., Ltd.	7,500	100.00	6,618	2,810	-
Khon Kaen Sugar Power Plant Co., Ltd.	400,000	100.00	399,972	430,960	-
Khon Kaen Alcohol Co., Ltd.	160,000	100.00	159,986	323,753	-
KSL. Agro Co., Ltd	100,000	100.00	100,000	82,837	-
Savannakhet Sugar Corporation	124,876	80.00	99,901	82,590	-
Koh Kong Plantation Co., Ltd.	180,980	50.00	90,490	88,592	-
Champion Fermentation Co., Ltd.	150,000	32.00	56,800	49,060	-
Total			2,204,912	3,106,309	-

(Unit : Thousand Baht)

The Company Only						
As at October 31, 2006						
Company Name	Paid-Up	Percentage of	Investment		Dividend	
			Share Capital	Shareholding		Cost
<u>Subsidiary and Associated Companies (Direct and Indirect Shareholding)</u>						
Thai Sugar Terminal Public Co., Ltd.	120,000	23.82		79,109	234,040	-
New Krung Thai Sugar Factory Co., Ltd.	472,500	91.06		306,893	460,396	-
Tamaka Sugar Industry Co., Ltd.	600,000	90.21		523,337	764,653	114,240
New Kwang Soon Lee Sugar Factory Co., Ltd.	220,000	96.85		289,284	431,136	-
K.S.L. Real Estate Co., Ltd.	140,000	80.31		89,134	63,016	-
K.S.L. Export Trading Co., Ltd.	10,000	78.32		3,388	(2,179)	-
KSL Chemical Co., Ltd.	7,500	100.00		6,618	3,216	-
Khon Kaen Sugar Power Plant Co., Ltd.	400,000	100.00		399,972	407,915	-
Khon Kaen Alcohol Co., Ltd.	160,000	100.00		159,986	307,111	-
KSL. Agro Co., Ltd	100,000	100.00		100,000	90,142	-
Savannakhet Sugar Corporation	124,876	80.00		99,901	86,512	-
Champion Fermentation Co., Ltd.	150,000	32.00		56,800	49,070	-
Total				2,114,422	2,895,028	114,240

As at January 31, 2007 and October 31, 2006, the Company used the financial statements of Champion Fermentation Co., Ltd. in the recognition of equity in such investment. The said associated company's financial statements were not yet audited and reviewed by any certified auditor. The participating profits in the income statements for the three month period ended on January 31, 2007 and for the year ended on October 31, 2006 are Baht (0.01) million and Baht 0.09 million respectively or equivalent to 0.01% of the consolidated profits for both years.

In the first quarter of the year 2006, the Company additionally invested in the ordinary shares of KSL Chemical Co., Ltd. thus increasing the ratio from formerly 51% to 100% and amounting to Baht 5.34 million.

In the first quarter of the year 2006, the Company additionally invested in the whole amount ordinary shares of KSL. Agro Co., Ltd. amounting to Baht 1.25 million and in the second and third quarters of the year 2006, the Company also additionally invested in the capital increase of ordinary shares of the said subsidiary company at Baht 27.50 million and Baht 71.25 million respectively, which its ratio of shareholding remained the same.

In the second and third quarters of the year 2006, the Company additionally invested in the capital increase ordinary shares of Tamaka Sugar Industry Co., Ltd., a subsidiary company, at Baht 18.75 million and Baht 56.25 million respectively, thus its ratio of shareholding changed to 89.20% and 90.21% respectively.

In the second quarter of the year 2006, the Company additionally invested in the ordinary shares of Savannakhet Sugar Corporation to construct the sugar plant and apply for 62,500-Rai 30-year land concession intended for sugar cane plantation in Savannakhet, Lao People's Democratic Republic. The initial investment for the project is expected to be approximately USD 10 million. The Company holds shares at the ratio of 80% equals to Baht 46.91 million and in the third and fourth quarters of the year 2006, the Company also additionally invested at Baht 26.69 million and Baht 26.30 million respectively, which its ratio of shareholding remained the same. The financial statements of the said subsidiary company which were used to record investment by equity method and for consolidation was reviewed by another certified auditor in the same audit firm.

In the first quarter of the year 2007, the Company additionally invested in ordinary shares of Koh Kong Plantation Co., Ltd. in order to obtain a 90-year concession for cane plantation on 20,000 hectares of land in the Koh Kong Province , the Kingdom of Cambodia. The Company expected that the initial investment of the project would be USD 5.00 million. The Company holds shares at the percentage of 50 for the amount of Baht 90.49 million.

9. Other Long-Term Investments - Net

Consisted of:

(Unit : Thousand Baht)

Company Name	Kind of Business	Paid-Up		Percentage of Holding				Consolidated		The Company Only		
		Share Capital		Consolidated		The Company Only		As at		As at		
		2007	2006	2007	2006	2007	2006	January 31, 2007	October 31, 2006	January 31, 2007	October 31, 2006	
9.1 Available-for-Sale Securities												
	Investment in Debt Securities											
	- Subordinated Debenture							4,000	4,000	-	-	
	Investment in Marketable Equity Securities											
	- Bangkok Bank Public Co., Ltd.							336	336	336	336	
	- Ratchaburi Egco Holding Public Co., Ltd.							792	792	792	792	
	- Finansa Public Co., Ltd.							50	50	50	50	
	Add Unrealized Gain on Available for Sale Securities							2,439	2,525	3,039	3,088	
	Available for Sale Securities Investment - Net							7,617	7,703	4,217	4,266	
9.2 General Investments												
	- Thai Sugar Intertrade Co., Ltd.											
	Warehouse and Manufacture and distribution of flour mill	200,000	200,000	0.20	0.20	0.20	0.20	393	393	393	393	
	- Thai Sugar Transportation Co., Ltd.	Transportation	1,250	1,250	18.84	18.84	16.84	16.84	235	235	210	210
	- Thai Sugar Asset Co., Ltd.	Silo Warehouse and Property rental	50,000	50,000	4.12	4.12	4.12	4.12	2,061	2,061	2,061	2,061
	- Thai Cane and Sugar Corp. Ltd.	Export Agent	20,000	20,000	3.93	3.93	1.61	1.61	787	787	323	323
	- Thai Sugar Property Co., Ltd.	Silo Warehouse	30,000	30,000	4.13	4.13	4.13	4.13	1,238	1,238	1,238	1,238
	- TS Warehouse Co., Ltd.	Sugar Depository and Silo Warehouse	12,500	12,500	4.07	4.07	4.07	4.07	508	508	509	509
	- Thai Sugar Miller Co., Ltd.	Marketing Information Service	109	109	7.98	7.98	2.00	2.00	9	9	2	2
	- Kerry Siam Seaport Co., Ltd.	Seaport	484,500	484,500	11.23	11.23	7.80	7.80	54,390	54,390	37,787	37,787
	- Krung Thai Investment And Security Co., Ltd.	Closed	-	-	-	-	-	-	45	45	45	45
	- Mahanakorn Bank Public Co., Ltd.	Closed	-	-	-	-	-	-	614	614	-	-
	Less Allowance for Impairment of Investment								(659)	(659)	(45)	(45)
	General Investments – Net								59,621	59,621	42,523	42,523
9.3 Investment in Held-to-Maturity Debt Securities												
	- Bond								13,242	13,265	6,712	6,732
	Total Other Long-term Investments - Net								80,480	80,589	53,452	53,521

As at January 31, 2007 and October 31, 2006, the Company and its subsidiary companies used bonds to pledge as guarantee for electricity usage with the Provincial Electricity Authority, which had the book value in the consolidated financial statements of Baht 13.06 million and Baht 13.09 million respectively and in the Company's financial statements of Baht 6.53 million and Baht 6.55 million respectively.

10. Deferred Cane Plantation Cost

Movement of deferred cane plantation cost for the three months period ended on January 31, 2007 is as follows:-

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	<u>The Company Only</u>
Beginning Book Value-Net	82,500	55,583
Additional cost during the period		
- Cost of cane plantation	27,630	10,373
- Depreciation	1,487	642
Accumulated cost of canes planted	111,617	66,598
Accumulated written-off canes cost	(38,217)	(36,198)
Ending Book Value	73,400	30,400
Allowance for value impairment	(4,045)	-
Ending Book Value-Net	69,355	30,400

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

In the first quarter of the year 2007, at Baht 18.67 million portion of the deferred cane plantation cost belongs to the Company which planted on the farmers' lands, the Baht 33.10 million portion belongs to three subsidiary companies who perform cane plantation on leased land by leasing the land from another subsidiary company at Baht 2.32 million, the other by leasing the land from the government of the Lao People's Democratic Republic as mentioned in the notes to the financial statements no. 22.1 at Baht 19.60 million and the other by leasing the land from the government of the Kingdom of Cambodia as mentioned in the notes to the financial statements no. 22.2 at Baht 11.87 million.

11. Property, Plant and Equipment - Net

For the three-month period ended on January 31, 2007, property, plant and equipment hold movement as follows: -

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	<u>The Company Only</u>
Beginning Book Value - Net	7,227,283	2,335,547
Purchase	251,916	51,088
Transfer in	992,215	76,347
Sale	(16,886)	(4,903)
Amortization of capital surplus from Asset Revaluation	(4,940)	-
Transfer out	(992,215)	(76,347)
Reclassified to real estate development cost	(14,081)	-
Depreciation	(70,759)	(32,592)
Depreciation-Surplus from Revaluation of Assets	(50,210)	(14,425)
Accumulated Depreciation – Sale	12,180	4,903
Accumulated Depreciation – Amortization of capital surplus from Asset Revaluation	1,398	-
Ending Book Value - Net	7,335,901	2,339,618

In the consolidated financial statements as at January 31, 2007 and October 31, 2006 , the Company and its subsidiary companies pledged a part of land together with construction and machinery at cost amount of Baht 3,434.96 million and Baht 3,354.30 million respectively and in the Company's financial statements the same amount of Baht 1,412.22 million in both years as collaterals against short-term and long-term credit facilities with commercial banks.

For the three months period ended on January 31, 2007 and for the year ended on October 31, 2006 in the consolidated financial statements, the cost of project during construction included interest expense of Baht 5.93 million and Baht 14.79 million respectively arisen from long – term loans obtained for construction of factory and machine installation.

As at January 31, 2007 and October 31, 2006, building under construction and machines under installation of a subsidiary company for the amounts of Baht 837.42 million and Baht 771.53 million respectively were made on land leased from the parent company for the period of 30 years.

As at January 31, 2007 and October 31, 2006, in the consolidated financial statements, assets in cost value of Baht 3,515.67 million and Baht 3,427.00 million respectively and in the Company's financial statements, of Baht 1,163.24 million and Baht 1,159.89 million respectively, were fully depreciated but still in use.

As at January 31, 2007, the management of a subsidiary company considered to change its objective in holding investment in properties from formerly for business of rental and sale to for the rental business in the year 2007, thus in the consolidated financial statements accounting item of investment in properties was shown as part of property, plant and equipment and the same item in the year 2006 of Baht 75.86 million was reclassified for comparison. The accounting policy as used is to initially show this investment item at cost less by accumulated depreciation of which method is based on a straight – line basis over the useful life of 5 – 20 years which is not different from those used for property, plant and equipment.

As the Company and its subsidiary companies choose to account by cost method and when there is an increase in asset revaluation, only net increase of book value will be recorded to related asset account along side with revaluation surplus on assets account. As at January 31, 2007 and 2006 in the consolidated financial statements, there appeared depreciation of capital surplus being charged to revaluation surplus on assets account under the shareholders' equity for the amounts of Baht 50.21 million and Baht 54.06 million respectively and in the Company's financial statements, there appeared depreciation of capital surplus being charged to revaluation surplus on assets account under the shareholders' equity for the same amount of Baht 14.42 million in both periods.

If the Company chooses to account for depreciation of capital surplus through the income statement, the net profit for the three-month periods ended on January 31, 2007 and 2006 in the consolidated financial statements will be shown at amounts lowered by Baht 50.21 million and Baht 54.06 million respectively and earnings per share lowered by Baht 0.03 per share in both years and in the Company's financial statements net profit for the three-month periods ended on January 31, 2007 and 2006 will be shown at amount lowered by Baht 14.42 million in both periods and earnings per share lowered by Baht 0.01 per share in both periods.

12. Loans for Cane Plantation Development - Net

Consisted of :

(Unit : Thousand Baht)

ConsolidatedAs at

	<u>January 31, 2007</u>	<u>October 31, 2006</u>
Loans for Cane Plantation Development	162,441	163,119
<u>Less</u> Allowance for Doubtful Debts	(4,695)	-
Net	<u>157,746</u>	<u>163,119</u>

As at January 31, 2007 and October 31, 2006, three subsidiary companies gave loans to cane farmers for development of cane plantation in order to use such loans to buy land for plantation purpose and agricultural equipments. The loans contracts are for the term of 2-10 years onward and interest rate is the same 6.00-10.00% per annum in both periods. Most of farmers used land and vehicles as collaterals.

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

Consisted of:

(Unit : Thousand Baht)

ConsolidatedThe Company OnlyAs atAs at

	<u>January 31, 2007</u>	<u>October 31, 2006</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
Bank Overdrafts	1,928	4,109	-	-
Loans due to Financial Institutions	767,900	933,000	600,000	845,000
Packing Credits Payable	72,615	153,168	-	-
Trust Receipts Payable	946	195,703	-	-
Total	<u>843,389</u>	<u>1,285,980</u>	<u>600,000</u>	<u>845,000</u>

In the consolidated and the Company's financial statements as at January 31, 2007 and October 31, 2006, loans due to financial institutions are loans in the form of promissory notes with the maturity period ranged from 3-6 months, carrying interest rates of 5.87-7.00% and 5.375-6.75% per annum respectively.

Bank overdrafts, loans due to financial institutions and trust receipts payable were guaranteed by pledging part of land and construction, machinery and equipments and fixed deposits of the Company and its subsidiary companies as collaterals.

Packing credits payable is a loan agreement of a subsidiary company with a commercial bank for the benefit of a related company, which is required to issue a promissory note to pay the amount equivalent to that of the packing credit loan for keeping as a collateral (as mentioned in the notes to the financial statements no. 3.1). This loan agreement has the following details:-

- The remaining principal balance is in the consolidated financial statements as at January 31, 2007 and October 31, 2006 at amounts of Baht 72.62 million and 76.28 million respectively is required to be repaid within the year 2015. Those who give credit facilities reserve right to alter the repayment period of the principal annually. Land together with construction, machines and bank deposit of the related company were pledged as collaterals, and also the subsidiary company's directors and related persons took part in pledging guarantees.
- The remaining principal balance in the consolidated financial statements as at October 31, 2006 at amount of Baht 76.89 million was charged interest rate at MLR per year and guaranteed by the related company's goods.

14. Other Short – Term Loans

As at January 31, 2007, the Company issued unsecured short – term bill of exchange with a discount rate approximately 5% per annum with the details as follows:-

<u>Consolidated/The Company only</u>			
<u>Aggregate Value</u>			
<u>Bill of Exchange No.</u>	<u>(Thousand Baht)</u>	<u>Term</u>	<u>Maturity date</u>
1/2007	500,000	88 days	April 20, 2007
<u>Less</u> Prepaid interest	<u>(5,435)</u>		
Net	<u>494,565</u>		

15. Trade Accounts and Notes Payable

Consisted of:

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2007</u>	<u>October 31, 2006</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
Trade Accounts Payable-Cane Purchase	1,067,780	301,550	336,378	90,006
Trade Accounts Payable	191,344	191,610	141,663	116,120
Notes Payable	217,988	13,439	216,357	11,856
Total	<u>1,477,112</u>	<u>506,599</u>	<u>694,398</u>	<u>217,982</u>

As at January 31, 2007, the Company and its subsidiary companies purchased canes for production season 2006/2007 using announced initial cane price for production season 2006/2007 as published in the Royal Gazette dated January 19, 2007. This price is Baht 800 per cane ton with sweetness level at 10 c.c.s. and fluctuating cane price per one c.c.s. is fixed at Baht 48.00 per cane ton. Until the date of the auditor's report, the Office of the Cane and Sugar Board has not yet announced a final cane price for the production season 2006/2007, the Company and its subsidiary companies have to record trade accounts payable for cane purchases and calculate the cost of goods sold and inventories for the three-month period ended on January 31, 2007 from estimation by the management of the Company and its subsidiary companies at cane price of Baht 828.37–990.33 per cane ton.

As at October 31, 2006, the Office of the Cane and Sugar Board had not announced the final price of cane for the production season 2005/2006, so the Company and three subsidiary companies recorded the trade accounts payable for cane purchases and calculated the cost of goods sold and inventories at the end of the period as at October 31, 2006 by using the final price of cane estimated by the Company and its subsidiary companies' management. In the first quarter of the year 2007, the Office of the Cane and Sugar Board announced the final price of cane for the production season 2005/2006 as published the Royal Gazette dated December 29, 2006, where there was no difference between the announced final price of cane and the estimate made by the Company and its subsidiary companies' management.

16. Long-Term Loans

Consisted of:

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2007</u>	<u>October 31, 2006</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
Loans due to Commercial Banks	1,407,659	908,454	200,000	35,000
<u>Less</u> Current Portion of Long-Term Loans	(182,100)	(85,100)	(112,000)	(35,000)
Net	1,225,559	823,354	88,000	-

Movement of long-term loans for the three- month period ended on January 31, 2007 is as follows: -

	<u>Consolidated</u>	<u>The Company Only</u>
Beginning book value balance	908,454	35,000
Increase in the period	534,205	200,000
Repayment in the period	(35,000)	(35,000)
Ending book value balance	1,407,659	200,000

In the consolidated and the Company's financial statements as at January 31, 2007 and October 31, 2006, the Company and its subsidiary companies obtained loans from four commercial banks with interest rates at 3.50 to MLR-1.50% per annum and at 3.50 to MLR-1.25% per annum. The credit facilities obtained can be classified into 9 credit lines with important covenants as follows:-

- The parent company's principal limit of the first credit line is Baht 490.00 million with the remaining balance of the principal as at October 31, 2006 of Baht 35.00 million. The repayment period is for 4 years since the date of first withdrawal of the loan, which is repayable every 6 months. The first installment is to be made on June 2004 until June 2007 for the total of 7 installments at amount of Baht 60.00 million each. The final installment is to be made on December 2007 at Baht 35.00 million. The interest is payable at the end of each month. The Company pledged a part of machinery and equipment as collateral. On December 29, 2006, this amount of loan was fully repaid.
- The parent company's principal limit of the second credit line in Baht 200.00 million with the remaining balance of the principal of Baht 200.00 million as at January 31, 2007, which has to be repaid by August 31, 2008, repayable every three months commencing from March 2007 until June 2008 in total of 6 installments at Baht 28.00 million each and the final installment with Baht 32.00 million repayment made in August 2008. Interest has to be paid at the end of each month and no securities were required but the following conditions have to be followed:-
 - The Company shall not alter any significant matters to affect of change the status of the Company being a limited public company.
 - The Company must maintain the proportion of shareholding of the major shareholders group, both directly and indirectly not less than 50% of the total shares of the Company.
 - The Company must maintain the ratio of total liabilities to shareholders' equity lower than 1:1.
- A subsidiary company's principal limit of the third credit line is Baht 200.00 million with the remaining balance of the principal of Baht 0.10 million for both periods. The principal is repayable full installment is to be made on March 2007. The interest is payable at the end of each month. The subsidiary company pledged land together with construction and machinery as collateral against this credit facility.

- A subsidiary company's principal limit of the fourth credit line is Baht 200.00 million with the remaining balance of the principal of Baht 200.00 million for both periods. The principal has a grace period of 2 years 6 months from the date of the first withdrawal (July 19, 2005). Afterwards, the repayment has to be made six-monthly, totaling 10 installments. The repayment for 1st to 9th installment is at Baht 20.00 million per installment. The remaining principal must be repaid on the 10th installment. The interest is monthly repayable. The subsidiary company pledged all land together with construction that the subsidiary company may have in the future and all machinery of the project as collaterals and this loan has following important conditions :-
 - The subsidiary company must have the registered capital at not less than Baht 100.00 million and the paid-up capital must be not less than 25% prior to or at the date of the first withdrawal of the loan.
 - The parent company must maintain the shareholding proportion in the said subsidiary company at the rate not less than 85% of the issued and paid-up share capital though out the period of the loan.
 - The subsidiary company is not able to pay dividend except when it can repay the principal and interest according to the agreement.
 - Except loans from shareholders or companies within the group, the subsidiary company must not enter into additional long-term loan agreements unless it has obtained prior approval from the lenders.

- A subsidiary company's principal limit of the fifth credit line is Baht 800.00 million with the remaining balance of the principal of Baht 358.05 million and Baht 272.35 million respectively. The principal has a grace period of 3 years 6 months from the date of the first withdrawal (December 30, 2005). Afterwards, the repayments are to be made at six-monthly totaling 14 installments. The repayment for 1st to 13th installment is at Baht 57.50 million. The remaining principal must be repaid on the 14th installment and this loan has following important conditions:
 - The subsidiary company must hand over the leasehold right of the factory land to the bank where the land leasehold period must be not less than 30 years.
 - The subsidiary company has to register the pledge of construction that the subsidiary company may have in the future and machinery of the project with the principal of pledge at Baht 1,000.00 million to be completed within 2 years from the date of the first withdrawal.
 - The parent company has to fully guaranteed against any form of credit facility.
 - The subsidiary company, with the bank as its beneficiary, has to insure the constructions and machinery. The highest insured value must be equal to the value acceptable by the insurance company.

- A subsidiary company's principal limit of the sixth credit line is Baht 300.00 million with the remaining balance of the principal of Baht 295.00 million for both periods. The principal period is repayable every 6 months. The first installment is to be made on September 2006 until March 2012 for the total of 12 installments. The repayment for 1st - 2nd installment is at Baht 5.00 million, 3rd - 4th installment is at Baht 25.00 million, 5th - 8th installment is at Baht 27.50 million, 9th - 10th installment is at Baht 30.00 million and 11th - 12th installment is at Baht 35.00 million. The interest is monthly repayable. The subsidiary company pledged land together with construction and machinery as collateral against credit facility.
- A subsidiary company's principal limit of the seventh credit line is Baht 200.00 million with the remaining balance of the principal of Baht 80.00 million and Baht 65.00 million respectively. Interest is payable every three months and repayment of the principal loan to be made twice every year for the total of 12 installments within May 31 and November 30 of each year. Installments of principal repayment are uneven ranging from Baht 5.00 – 30.00 million commencing from the first installment on May 31, 2009 and the last one within November 30, 2014. The parent company has jointly guaranteed for the full amount.
- A subsidiary company's principal limit of the eighth credit line is Baht 100.00 million with the remaining balance of the principal of Baht 100.00 million and Baht 41.00 million respectively. Interest is payable on the end date of each month and repayment of principal has to be made every six months for 10 installments at Baht 10.00 million each with the first installment falls on the last working day of the sixth month since the first withdrawal of the loan (August 7, 2006) and full repayment completed within five years since the first withdrawal of the loan. The subsidiary company's land together with construction on it was pledged as collateral.
- A subsidiary company's principal limit of the ninth credit line is Baht 200.00 million with the remaining balance of the principal at January 31, 2007 of Baht 174.51 million. The principal has to be repaid six-monthly in total of 10 installments at Baht 20.00 million per installment. The first installment is repayable on June 2008 to until December 2012. An assigned land leasehold right, a mortgage of the subsidiary company's land together with building and machines are pledged as collaterals. Another subsidiary company jointly offers its guarantee. The subsidiary company has also entered into fire insurance policy for the construction and machinery with equipments at the limit of Baht 300.00 million or the maximum limit acceptable to the insurance company where the bank is the beneficiary.

17. Surplus from Internal Restructure of Entities under Common Control

In the consolidated financial statements, movement of surplus from internal restructure of entities under common control for the three- month period ended on January 31, 2007 is as follows: -

(Unit : Thousand Baht)

	<u>Revaluation Surplus on</u> <u>Assets-Subsidiary Companies</u>	<u>Discount from Internal Restructure of</u> <u>Entities under Common Control</u>	<u>Net</u>
Beginning balance	1,387,576	(263,643)	1,123,933
Decrease in the period	(31,169)	-	(31,169)
Ending balance	1,356,407	(263,643)	1,092,764

18. Dividend Paid and Legal Reserve

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

In the fourth quarter of the year 2006, the Company had appropriated net profit for the year 2006 as a legal reserve in amount of Baht 30.20 million under the Public Companies Act.

19. Cash and Cash Equivalents

Consisted of: -

(Unit : Thousand Baht)

	<u>Consolidated</u> <u>As at January 31,</u>		<u>The Company Only</u> <u>As at January 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cash and Deposits at Financial Institutions	204,447	134,228	46,219	31,908
Short-Term Investments				
- Promissory Notes	56,000	61,800	-	-
- Investment in marketable securities	5,734	5,604	-	-
<u>Less</u> Adjustment of investments to fair value	(2,816)	(1,036)	-	-
Total	263,365	200,596	46,219	31,908
<u>Less</u> Investment in marketable securities-Net	(2,918)	(4,568)	-	-
Net	260,447	196,028	46,219	31,908

In the consolidated financial statements as at January 31, 2007 and 2006, short-term investments were deposits in the form of promissory notes with interest rates of 3.25 – 5.00% and 1.75-3.75% per annum respectively.

20. Disclosure Of Sectoral Business Operations

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

Details of the sectoral business operation are as follows:-

Consolidated

For the three- month periods ended on January 31, 2007 and 2006

	(Unit : Million Baht)													
	Manufacture and Distribution of Sugar And Molasses		Manufacture and Distribution of Alcohol		Production and Sale of Electricity		Real Estate Rental		Land Appropriation for Housing		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net Sales and Services – Domestic	941	716	103	41	47	12	42	32	1	1	17	-	1,151	802
Net Sales and Services - Foreign	746	488	-	-	-	-	-	-	-	-	-	-	746	488
Total	1,687	1,204	103	41	47	12	42	32	1	1	17	-	1,897	1,290
Profit (loss) from Operation	243	324	26	4	42	11	15	13	(1)	(1)	(21)	(6)	304	345
Interest Expenses													(28)	(5)
Corporate Income Tax													(73)	(88)
Net Profit after Interest Expenses and Corporate Income Tax													203	252
Less Net Profit of Minority Shareholders													(9)	(8)
Net Profit of Khon Kaen Sugar Industry Public Company Limited													194	244
Property, Plant and Equipment-Net as at January 31,	4,439	4,417	348	397	835	465	1,355	1,133	20	18	339	26	7,336	6,456
Central Assets	4,894	4,130	134	83	60	10	164	123	55	55	306	114	5,613	4,515
Total Assets as at January 31,	9,333	8,547	482	480	895	475	1,519	1,256	75	73	645	140	12,949	10,971

21. Obligations and Contingent Liabilities

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

- 21.1 The Company and its subsidiary companies have obligations relating to agreements to sell goods but not yet delivered as in the consolidated financial statements for the amounts of Baht 7,166.06 million and Baht 2,101.24 million respectively and as in the Company's financial statements for Baht 4,066.45 million and Baht 1,028.91 million respectively.
- 21.2 As at January 31, 2007, the Company and the three subsidiary companies had issued post-dated cheques to farmers to purchase cane for the production season 2006/2007 at the total of Baht 260.52 million and as at October 31, 2006, the Company and the three subsidiary companies had issued post-dated cheques to farmers to purchase cane for the production season 2006/2007 at total of Baht 419.58 million. The Company and the subsidiary companies have not recorded the said liabilities as the cheques are not yet due and the cane of the said production season has not been received from farmers.

21.3 The Company and its subsidiary companies had unutilized credit lines of bank overdrafts , short term and long term loans from commercial banks with the limits as in the consolidated financial statements of Baht 6,048.75 million and Baht 5,771.54 million respectively and as in the Company's financial statements of Baht 1,633.00 million and Baht 1,408.00 million respectively. These credit lines were pledged with fixed deposits, land together with constructions, part of machinery and leasehold right of factory site as collaterals and the subsidiary companies' directors also participated in guarantee against the credit facilities. But when some of the credit lines have been drawn, the Company and its subsidiary companies must additionally pledge parts of their inventories as collaterals.

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

(Unit : Million Baht)				
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2007</u>	<u>October 31, 2006</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
For the production season 2004/2005	79.56	79.56	42.98	42.98

21.5 A subsidiary company made a sale-purchase contract of electricity with the Electricity Generating Authority of Thailand (EGAT) on February 21, 2005 requiring the subsidiary company to commence selling electricity within October 31, 2006 for 21 years and EGAT agrees to buy electricity not less than 80% of electricity supply generated under the contract (20 megawatts per month). The subsidiary company had commenced to sell electricity to EGAT since December 26, 2006.

(Unit : Million Baht)				
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2007</u>	<u>October 31, 2006</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
Utilized Letters of Guarantees	142.32	93.32	1.33	1.33

21.7 In the consolidated and the Company's financial statements, the Company and its subsidiary companies' credit lines issued from bank obligations pledged against land together with constructions, machinery, electricity generating equipment and goods as collateral were not utilized with details as follows:-

<u>Consolidated</u>					
<u>As at</u>					
	<u>January 31, 2007</u>			<u>October 31, 2006</u>	
	<u>Million</u>	<u>Million</u>	<u>Million</u>	<u>Million</u>	<u>Million</u>
	<u>Yen</u>	<u>USD</u>	<u>Baht</u>	<u>USD</u>	<u>Baht</u>
Letter of Credit	107.00	-	160.96	0.01	525.16
Forward Contracts	-	20.00	0.15	20.00	527.80
Letters of Guarantees	-	-	88.11	-	114.11
Packing Credit	-	-	410.00	-	333.12

<u>The Company Only</u>		
<u>As at</u>		
	<u>January 31,</u>	<u>October 31, 2006</u>
	<u>2007</u>	
	<u>Million</u>	<u>Million</u>
	<u>Baht</u>	<u>Baht</u>
Letter of Credit	55.00	55.00
Letters of Guarantees	50.00	30.00

Apart from these, as at January 31, 2007 and October 31, 2006, the Company entered into an agreement to guarantee for the debt repayment of subsidiary companies for every type of debt that may occur in the future with a commercial bank at the limit of Baht 2,381.00 million and 3,981.00 million respectively.

- 21.8 A subsidiary company has obligations relating to raw material purchasing agreement which the raw material has not been received yet according to the agreement for the amount of Baht 192.00 million and Baht 22.20 million respectively.
- 21.9 A subsidiary company made contracts to buy machines including installation for electricity generating biomass factory with 20 megawatts size with 2 separate companies. As at January 31, 2007, the subsidiary company has remaining obligations under the contracts of Baht 27.22 million and 147.00 million Japanese Yen and as at October 31, 2006 of Baht 46.34 million and 147.00 million Japanese Yen.

22. Other Significant Information

22.1 On February 16, 2006, Savannkhet Sugar Corporation, a subsidiary company, made a contract to develop area in the Lao People's Democratic Republic with the government of that country to be used as the subsidiary company's office building, factory unit, road and area for cane plantation for the total area of 10,000 hectares covering the period of 30 years which can be extended for another 20 years if approved by the counter party. Presently further step is undertaking to fix the area for the purpose of calculating rental price which amounts to USD 6 per hectare per year.

22.2 In accordance to minutes of the Company's meeting of the executive board no. 8/2549 held on July 28, 2006, it resolved for the Company to invest in ordinary shares of Koh Kong Plantation Co., Ltd. and Koh Kong Sugar Industry Co., Ltd. at the rate of 50% in each company for the total USD 5.00 million. This investment was a joint investment with foreigners and the said two companies had entered into the memorandum of understanding with the government of Kingdom of Cambodia on August 2, 2006 in order to build a sugar factory and to apply for a concession of area to plant canes in Koh Kong Province, Kingdom of Cambodia, in total of 20,000 hectares covering the period of 90 years and rental price of USD 1 per hectare per year.

23. Financial Instruments

Policy to Manage Financial Risk

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

Risk on Interest Rate

Risk on interest rates is derived from the change of the market interest rate in the future, which will affect upon the Company's and its subsidiary companies' operating results and cash flows, since the Company and its subsidiary companies have bank deposits and loans due to financial institutions. However, these financial assets and liabilities bear interest rates comparable to market interest rates, the Company and its subsidiary companies believe that no material risk derived from interest rates.

Risk on Exchange Rate

Risk on exchange rates for the Company and its subsidiary companies mainly involves with sales of goods and import of machine made in foreign currencies. As at January 31, 2007 and October 31, 2006, the Company and its subsidiary companies possessed assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows :-

		<u>Consolidated</u>	
		<u>As at</u>	
	<u>Foreign Currency</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
Assets	Thousand US Dollar	3,471	11
Liabilities	Thousand US Dollar	1,215	-
	Thousand Japanese Yen	147,000	147,000

		<u>The Company Only</u>	
		<u>As at</u>	
	<u>Foreign Currency</u>	<u>January 31, 2007</u>	<u>October 31, 2006</u>
Assets	Thousand US Dollar	363	11
Liabilities	Thousand US Dollar	2,587	-

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

<u>Consolidated</u>		
<u>Amount fixed in the contract</u>	<u>Amount earned in the contract</u>	<u>Fair value</u>
<u>'000 USD</u>	<u>'000 BAHT</u>	<u>'000 BAHT</u>
1,000	36,200	36,246

Credit Risk

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

Fair Value

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

24. Subsequent Events

In accordance with the minutes of the annual shareholders' general meeting No. 1/2550 held on February 27, 2007, the following resolutions were made:-

- It was unanimously resolved for the appropriation of Baht 30.20 million from net profit in 2006 as legal reserve and payment of dividend from the operating result of the Company from November 1, 2005 to October 31, 2006 at the rate of Baht 0.22 per share totaling Baht 341.00 million. The dividend will be paid to shareholders on March 27, 2007.
- Authority is given for issuance and proposal for sale of debt instruments in various forms at one time for full amount and/or several times and /or as a project depending on judgment and necessity for use of fund of the Company. The limitary total amount for this issuance is not more than Baht 10,000.00 million with the following conditions:
 - Category of debts instruments: with or without securities, subordinated or non-subordinated, convertible or non-convertible, specified names of debt-holders with or without representatives (in case of debenture).
 - Thai Baht currency or equivalent foreign currency using exchange rate at times of issuance each time.
 - Proposed sale value is equal to principal amount of issued debt instruments which must not be more than Baht 10,000.00 million.
 - The maturity period should not be more than 20 years.

25. Approval of Financial Statements

These financial statements were approved for issuance by the Company's audit committee on March 13, 2007.
