

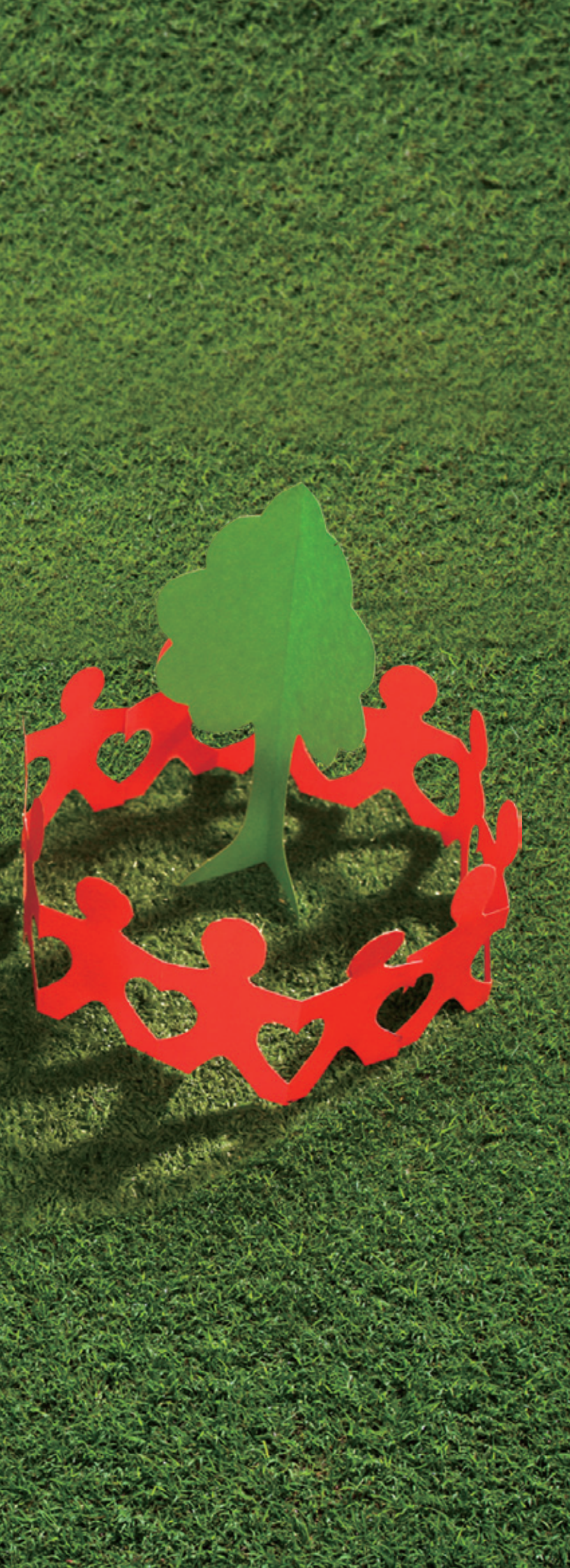
Khon Kaen Sugar Public Company Limited  
Annual Report 2013



# Contents

▶ General Information of Company	02
▶ Financial Summary	04
▶ Message from the Chairman of the Board of Directors	05
▶ Message from the Chief Executive Officer	06
▶ Report of the Audit Committee	07
▶ The Board of Directors	08
▶ Description of Each Business Operation	11
▶ Risk Factors	23
▶ Shareholding Structure and Management	27
▶ Corporate Governance	34
- Details of Company's Directors, Executives, Authorized Person and Company Secretary	
- Details of Subsidiaries' Directors	
▶ Corporate Social Responsibilities	54
▶ KSL Activities in the year 2013	56
▶ Internal Control and Risk Management	59
▶ Related Party Transactions	60
▶ Financial Information	68
▶ Management Discussion and Analysis	74
▶ Financial Statement and Notes to Financial Statements	76





## Vision

Be an excellence in Agro industry  
in the field of sweetener  
and energy, and value chain  
business with sustainable  
development.

---

## Missions

- : To increase sustainable income  
for the cane - growers, by  
maximize the efficiency and  
effectiveness of growing cane's  
technology.
  - : To develop the technology  
in order to maximizing the  
efficiency and effectiveness of  
production.
  - : To create the mutual benefits  
among the stakeholders.
  - : To develop co-product industry  
by fully maximizing resources  
utilization.
-



# General Information of Company

## Company Information

### Khon Kaen Sugar Industry Public Company Limited

**Type of Business :** Manufacturer of Sugar and by products

**Main Product :** Raw Sugar, High Pol Sugar,  
White Sugar and Refined Sugar

**Public Company No. :** 0107547000214

**Head Office :** 503 KSL TOWER 9<sup>th</sup> Floor, Sriyudhya Rd.,  
Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 191-9 Fax. +66 2 6426 097

**Factory :** 43 Moo 10, Nampong-Kranuan Rd., Nampong,  
Khon Kaen Province 40140, Thailand  
Tel. +66 43 432 902-6 Fax. +66 43 441 056

**Factory :** 255 Moo 4 Nong Ya Plong Sub-district,  
Wangsaphung District, Loei Province 42130,  
Thailand. Tel. & Fax. +66 42 810 - 931

**Homepage :** [www.kslsugar.com](http://www.kslsugar.com)

## Sugar Business Information

### Tamaka Sugar Industry Co., Ltd.

**Type of Business :** Manufacturer of Sugar and by products

**Main Product :** Raw Sugar, White Sugar and Refined Sugar

**Head Office :** 503 KSL TOWER 21<sup>st</sup> Floor, Sriyudhya Rd.,  
Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 229-39 Fax. +66 2 6426 228

**Factory :** 14/1 Moo 10, Saengchooto Rd.,  
Tamaka Sub-district, Tamaka District,  
Kanchanaburi Province 71120, Thailand  
Tel. +66 34 543 201-3 Fax. +66 34 640 208

## Sugar Business Information

### New Krung Thai Sugar Factory Co., Ltd.

**Type of Business :** Manufacturer of Sugar and by products

**Main Product :** Raw Sugar, White Sugar and Refined Sugar

**Head Office :** 503 KSL TOWER 21<sup>st</sup> Floor, Sriyudhya Rd.,  
Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 229-39 Fax. +66 2 6426 228

**Factory :** 99 Moo 6, Lumlang Sub-district, Boploy  
District, Kanchanaburi Province 71160, Thailand  
Tel. +66 34 615 350 Fax. +66 34 615 399

## Sugar Business Information

### New Kwang Soon Lee Sugar Factory Co., Ltd.

**Type of Business :** Manufacturer of Sugar and by products

**Main Product :** Raw Sugar, High Pol Sugar, White Sugar  
and Refined Sugar

**Head Office :** 503 KSL TOWER 21<sup>st</sup> Floor, Sriyudhya Rd.,  
Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 229-39 Fax. +66 2 6426 228

## Factory :

24 Moo 1, Ban-Nhongbua Rd., Mon-Nang  
Sub-district, Panutnikom District,  
Chonburi Province 20140, Thailand  
Tel. +66 38 788-203-5 Fax. +66 38 472 674-6

## Sugar Business Information

### Savannakhet Sugar Corporation (SSC)

**Type of Business :** Sugar Cane Plantation and Sugar Mill

**Main Product :** Raw Sugar and By products

**Head Office :** Road No. 9, KM. 81 Lianxay Village  
& Factory Atsapangthong District  
Savannakhet Province, Lao P.D.R  
Tel. (856) 41 666 002-3 Fax. (856) 41 666 001

## Sugar Business Information

### Koh Kong Plantation Co., Ltd. (KPT)

**Type of Business :** Sugar Cane Plantation

**Head Office :** Cham yeam Village, Paklong Commune,  
Mondulseyma District, Koh Kong Province,  
Kingdom of Cambodia  
Tel. (855) 35 399 333

## Sugar Business Information

### Koh Kong Sugar Industry Co., Ltd. (KSI)

**Type of Business :** Sugar Mill and Terminal

**Main Product :** Raw Sugar and By products

**Head Office :** Cham yeam Village, Paklong Commune,  
& Factory Mondulseyma District, Koh Kong  
Province, Kingdom of Cambodia  
Tel. (855) 35 399 888

## Support Business Information

### Thai Sugar Terminal Public Company Limited

**Type of Business :** Terminal and Warehouse

**Head Office :** 90 Moo 1, Soi Siamlo, Poochaosamingprai Rd.,  
Pheapadaeng District,  
Samut Prakarn Province 10130, Thailand  
Tel. +66 2 3942 340-9  
Fax. +66 2 3842 261, 3842 263

## Support Business Information

### KSL Export Trading Co., Ltd.

**Type of Business :** Sugar and Related products exporting  
activities

**Head Office :** 503 KSL TOWER 21<sup>st</sup> Floor, Sriyudhya Rd.,  
Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 203-6 Fax. +66 2 6426 207



### Support Business Information KSL Agro and Trading Co., Ltd.

**Type of Business :** Trading domestic sugar and operating agricultural businesses

**Head Office :** 503 KSL TOWER 9<sup>th</sup> Floor, Sriyudhya Rd., Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 191-9 Fax. +66 2 6426 097

**Branch Office :** 83 Moo 2, Wattananakorn Sub - District, Wattananakorn District, Sakaew Province 27160, Thailand  
Tel. +66 37 262-236 Fax. +66 37 262-235

### Support Business Information Wynn In Trading Co., Ltd.

**Type of Business :** International trading and consulting

**Head office :** Republic of Mauritius

### Energy and Chemical Business Information Khon Kaen Alcohol Co.,Ltd.

**Type of Business :** Producing Alcohol for gasohol and Producing Bio - fertilizer

**Head Office :** 503 KSL TOWER 17<sup>th</sup> Floor, Sriyudhya Rd., Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 191-9 Fax. +66 2 6426 294

**Factory :** 88 Moo 10, Nampong-Kranuan Rd.,  
**(Branch 1)** Nampong District, Khon Kaen Province 40140, Thailand  
Tel. +66 43 432 915-6 Fax. +66 43 432 917

**Factory :** 99/2 Moo 6, Lumlang Sub-District,  
**(Branch 2)** Boploy District, Kanchanaburi Province 71160, Thailand  
Tel. +66 34 615 351-3 Fax. +66 34 615 354

### Energy and Chemical Business Information Khon Kaen Sugar Power Plant Co.,Ltd.

**Type of Business :** Electricity Production

**Head Office :** 503 KSL TOWER 17<sup>th</sup> Floor, Sriyudhya Rd., Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 191-9 Fax. +66 2 6426 294

**Factory :** 43 Moo 10, Nampong-Kranuan Rd.,  
**(Branch 1)** Nampong District, Khon Kaen Province 40140, Thailand  
Tel. +66 43 432 911-3 Fax. +66 43 432 914

**Factory :** 99/1 Moo 6, Tumbon Lumlang Amphur Boploy,  
**(Branch 2)** Kanchanaburi Province 71160, Thailand  
Tel. +66 34 615 356-7 Fax. +66 34 615 359

**Factory** : 255/1-2 Moo 4 Nong Ya Plong Sub-district,  
**(Branch 3)** Wangsaphung District, Loei Province 42130, Thailand  
Tel. & Fax. +66 42 810-931

### Energy and Chemical Business Information KSL Material Supplies Co.,Ltd.

**Type of Business :** Raw Material Sourcing

**Head Office :** 503 KSL TOWER 17<sup>th</sup> Floor, Sriyudhya Rd., Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 191-9 Fax. +66 2 6426 294

### Other Business KSL Real Estate Co., Ltd.

**Type of Business :** Real Estate Development and Training Center

**Head Office :** 503 KSL TOWER 21<sup>st</sup> Floor, Sriyudhya Rd., Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 221-3 Fax. +66 2 6426 224

### Other Business Champion Fermentation Co.,Ltd.

**Type of Business :** To invest in Starch Factory

**Head Office :** 503 KSL TOWER 20<sup>th</sup> Floor, Sriyudhya Rd., Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 210-19 Fax. +66 2 6426 220

### References Company Register Thailand Securities Depository Co., Ltd.

62 The Stock Exchange of Thailand Building, Rachadapisek Rd., Klongtoey District, Bangkok 10110, Thailand  
Tel. +66 2 2292 800 Fax. +66 2 3591 259

### References Auditor Deloitte Touche Tohmatsu Jaiyos Audit Co.,Ltd.

Rajanakarn Bldg. 25<sup>th</sup> Floor 183 South Sathorn Rd., Yannawa Sub-District, Sathorn District, Bangkok, 10120 Thailand  
Tel. +66 2 676 5700 Fax. + 66 2 676 5757

# Financial Summary

Income Statement Highlight (Million THB)	2013	2012	% Change	2011
Sales and Services	18,941.16	22,212.30	-15%	16,459.80
Cost of Sales and Service	(14,961.29)	(16,478.72)	-9%	(11,596.39)
Gross Profit from Sales & Services	3,979.87	5,733.58	-31%	4,863.41
Other Incomes	776.52	492.65	58%	312.64
Gross Profit from other Income	4,756.39	6,226.22	-24%	5,176.05
Selling Expense	(473.73)	(535.38)	-12%	(340.98)
Administration Expense	(603.30)	(701.05)	-14%	(604.96)
Management Remuneration	(181.91)	(162.74)	12%	(143.20)
Proceeds to Fund	(1,033.10)	(1,064.19)	-3%	(812.83)
Loss from Derivatives				(16.77)
Total cost	(2,292.04)	(2,463.37)	-7%	(1,918.73)
EBIT	2,464.35	3,762.85	-35%	3,257.31
Financial cost	(671.95)	(556.32)	21%	(465.25)
Share of Profit of Associated Company	(0.17)	(8.29)	-98%	(9.17)
Corporate Income Tax	(144.14)	(725.53)	-80%	(750.69)
Minority and others	13.30	(118.45)	-111%	(142.31)
Net Profit	1,661.39	2,354.26	-29%	1,889.89
EPS	1.00	1.50	-33%	1.22
Gross Margin from Sales & Services	21.01%	25.81%		29.55%
Net Profit Margin	8.77%	10.60%		11.48%
Statement of Financial Position Highlight (Million THB)	2013	2012	% Change	2011
Cash & Short Term Investment	212.24	289.73	-27%	280.95
Account Receivable	880.91	835.63	5%	767.15
Farmers Account Receivable	894.91	755.18	19%	622.57
Short Term Loan to Farmers	827.43	747.69	11%	716.28
A/R sugarcane & sugar fund	-	39.04	-100%	88.87
Inventories	3,647.46	3,492.97	4%	3,267.21
Deferred Cane Plantation Cost	479.51	569.98	-16%	724.49
Net PP&E	25,137.52	21,424.19	17%	16,081.62
Net Asset not used in Operation	279.12	289.49	-4%	399.27
Total Asset	36,016.90	29,617.09	22%	23,820.35
Current Liabilities	13,466.37	12,322.86	9%	8,595.36
Non-Current Liabilities	8,400.58	5,262.10	60%	6,010.49
Total Liabilities	21,866.95	17,584.96	24%	14,605.85
Total Shareholder's Equity	14,149.95	12,032.13	18%	9,214.50
Book Value per share	7.55	6.54		4.95
D/E Ratio	1.55	1.46		1.59
IBD/E Ratio	1.34	1.17		1.31
Cash Flow Highlight (Million THB)	2013	2012	% Change	2011
Net Profit + Depre. + Non Cash	3,370	4,781	-30%	4,045
Change in Working Capital	(1,604)	(1,070)		(2,007)
from Operating Activities	1,766	3,711	-52%	2,038
Invest in PP&E	(4,242)	(4,249)	0%	(1,387)
from Investing Activities	(6,294)	(4,415)	43%	(1,787)
from Financing Activities	4,431	709	525%	(164)
Change in Cash Flow	(91)	9		78
Ending Cash	199	289		281
EBIT	2,464	3,763	-35%	3,257
Depreciation	950	833	14%	645
EBITDA	3,414	4,596	-26%	3,903

# Message from the Chairman of the Board of Directors

In 2013, the Economic Ministry encouraged rice farmers in higher ground areas to improve their farm yields by growing sugar cane instead of rice as it is a more suitable crop for their farmland. Sugar cane is an important economic crop that requires less water to grow than rice. The whole cane can be used to produce sugar and other bio energy almost without any waste. Furthermore, the Thai government released a stimulus policy to encourage private sectors to make more investment in the processed-agricultural products and renewable energy that are part of its agricultural zoning program. It has relaxed some regulations to facilitate the openings of new processed-food factories, sugar mills, and ethanol production plant so that they would be ready to handle the increasing demand for such goods and the expansion of such market the future.

Accordingly, it is necessary for the Thailand's cane and sugar industry to improve its cane yields and sugar production capabilities to support the government's policy and remain competitive in the world market. It is also a good opportunity to grow the industry sustainably, and at the same time, creating more income and improving the quality of life for everyone, and especially our agricultural workers. Importantly, the advancement of cane and sugar industry also yields environmentally friendly energy output such as bio-electricity and ethanol that help reduce carbon dioxide and the green house effect that cause global warming.

The goals for Khon Kaen Sugar Industry Public Company Limited and its subsidiaries are not only to become a leader in the sugar production business but also to become a leading renewable energy producer that care for our environment and surrounding communities. Our goals are very well aligned with the Thai government's policy to promote processed-agricultural products and renewable energy sectors. For the fiscal year 2013, the revenue from our ethanol and biomass energy division have increased significantly from the year before due to an increase in the volume of cane crushed and an increase in demand for ethanol mixed fuel. Although the profit from our sugar business has decreased as a result of a decrease in world market price of sugar, we are confident that the 2014's operating results from the sugar, ethanol, and biomass energy combined will be more positive due to increase volume of cane crushed and good weather at the start of 2013/2014 crushing season that is favorable to obtain higher sweetness content from cane.

Additionally, we are very pleased to announced that the credit rating agency, TRIS, has upgraded its rating of our company from A- to A since November 2013. TRIS cited the reason for such upgrade on their confidence in our expertise and experience in the sugar business, our company's sound management and financial stability, good return on our previous investment projects such as the BoPloy Refinery Complex as well as a positive outlook for the renewable energy sector.




(Mr. Manu Leopaiprote)  
Chairman of the Board of Directors

On behalf of the Khon Kaen Sugar Industry Public Company Limited's Board of Directors, I would like to thank our shareholders, employees, trade partners, customers, and business alliances for their continuous trust, dedication, and support. As a company, we will endeavor to improve efficiency and performance in all units of our operations and will strive for the betterment of the Thai society in the years to come.

# Message from the Chief Executive Officer



*C. Chinthammit*

(Mr. Chamroon Chinthammit)  
Chief Executive Officer

In 2013, there are 50 sugar mills operating in Thailand. These mills can be divided into five major groups and a few smaller independent mills. The Khon Kaen Sugar Industry Public Company Limited or the KSL group is the fourth largest group of sugar producers in Thailand with a market share of about 8%. The company has five sugar mills located in three different regions of Thailand. There are two mills in the NorthEast, two mills in the West, and one in the East. For the production year 2012/2013, the company crushed a total of 7,668,496 tons of cane sugar and generated a net profit of THB 1,661 million.

The 29% drop in our net profit this year compared to the previous year is due mainly to the significant decrease in price of sugar in the world market. However, the performance of our ethanol and biomass energy business is significantly better than that of the previous year. Our ethanol revenue rose from THB 316 million to THB 603 million while revenue from our biomass energy which we sell to EGAT rose from THB 611 million to THB 966 million.

Toward the end of 2013, the company made an improvement to the sugar mill at Nampong, Khon Kaen. The mill has undergone a capacity enhancement which will allow it to crush more cane per day, from 27,000 tons/day to 35,000 tons/day. It is estimated that this mill will be fully operational for the 2013/2014 production season. In 2014, the company expects to be able to crush greater volume cane as a result of the crushing capacity increase which help to secure more raw materials for the production of our ethanol and biomass energy.

Furthermore, the company recognizes the importance of having sufficient internal control system to achieve sound business management that protects the interest of the shareholders, employees, and trade partners. We strive to conduct our operations transparently and ethically to ensure good corporate governance.

Aside from our goal to achieve operational excellence, the management also gives importance to corporate social responsibility programs. In addition to our regular donations to charitable organizations and environmental care programs, the company started its "70 years of KSL, 70 sufficient economy programs" since the end of 2013 to coincide with the celebration of the company's 70th year anniversary in 2015. The programs include sufficient economy education center (home, temple, school) that runs courses on sufficient economy philosophy and practices so that people may adopt such philosophy in their daily life. The goal for these programs is to promote the King's "Sufficient Economy" philosophy to the communities nearby our factories. The company's board of directors and management team truly believes in his majesty's philosophy and use it to guide their management practice.

On behalf of the company's management, I would like to thank our employees for their continuous efforts in the development of this company. I would also like to thank our shareholders, business partners, financial institutions, and related parties for their support for the group's business operations. We promise to always conduct our business responsibly, ethically, and transparently to ensure good corporate governance.



# Report of the Audit Committee

The Audit Committee was appointed by the Board of Directors to be responsible for internal auditing, financial report auditing, and to promote and ensure the Company's compliance with the Code of Best Practices for Listed Companies enabling good corporate governance and the efficiency and effectiveness of the corporate risk management and internal audit system.

The Board of Directors set a two year service term for the Audit Committee members and for the Independent Directors to replace them at the end of their terms. The rotation of the Audit Committee members ensures the independence of its work. In the fiscal year 2013, the Audit Committee consisted of 4 members: Mr. Sitti Leelakasamelek, as the Chairman of the Audit Committee, and Dr. Nongluck Phinainitisart, Mr. Karun Kitasataporn, and Prof. Dr. Warapatr Todhanakasem as members. All of the Audit Committee members do not hold any shares or executive positions that involved in the daily management of the company, its subsidiaries, and its related businesses. They are not consultants or partners of the company and its subsidiaries and are therefore considered to be independent, a professional standard and a condition required by law.

In 2013, the Audit Committee had 5 meetings with the Management, the Internal Audit Unit, and the accounting auditor. From July 2013 onwards, the audit committee had arranged for joint reviews of the financial report with the accounting auditors in absence of the Management to further ensure the independence and objectivity of the auditors. A summary of the important work performed by the Audit committee during the year 2013 and its opinions are as follow:

## 1. Accuracy and reliability of the company's financial report

The Audit Committee reviews the financial report in conjunction with the auditor before the management presented it before the Board of Director's meeting for approval. The auditor did not find any inconsistency within the company's financial report. The Committee extensively reviewed the financial report and the items that incurred significant changes and/or items of major importance. The Committee also reviewed the appropriateness and sufficiency of the company's disclosure of financial information in order to be confident that the information provided is accurate, sufficient, and timely. The Committee deemed that the financial reports for 2013 were accurate, adequate, reliable, and in line with generally accepted accounting standards.

## 2. Good corporate governance

The Board of Directors and the Management recognized the importance of operational management that is in line with good corporate governance to strengthen stakeholder's confidence in the company. The Audit Committee recommends the company to create a Corporate Governance Committee to improve the company's business practice.

## 3. Risk management

The Audit Committee reviewed and monitored the company's risk management effort every quarter in order to ensure that the management adequately managed risks to an acceptable level and accurately identified sufficient risk factors that are required information for the Internal Audit Unit. The committee deems that in 2013, the management had identified sufficient risk factors and was able to mitigate a certain level of risks for the company.

## 4. Sufficiency of internal control system

The Audit Committee, Auditor, and Internal Control Unit have collaboratively examined the corporate internal control system in every quarter. It has been deemed that the Company's internal control system is sufficient and can reasonably establish confidence in the Company's achievements in term of efficient and effective operations, reliability of the corporate financial reports, and compliance with applicable rules and policies.

## 5. Appropriate list of potential conflict of interests

The Audit Committee had examined the company's list of transactions and interrelated items that may cause potential conflict of interests. The committee deemed that the list of transactions and interrelated items for 2013 are items that were carried out for the good of the company as a whole and that they are in accordance with the normal business practice and pricing. There is transparency in the disclosure of financial budget that is accurate, complete, and in accordance with the guidance and requirements set by the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

## 6. Compliance with the law and regulations of the Securities & Exchange Commission, the SET regulations, and the laws related to the Company's operation

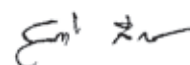
The Audit Committee verified the Company's compliance with applicable laws cooperatively with the Legal Department, the Regulatory Compliance Unit, and Internal Control Unit. No matters of importance indicating that the Company had violated any laws, rules and requirements related to the Company's operations were found.

## 7. Suitability of the auditors

The Audit Committee deemed that the performance of the auditor from Deloitte Touche Tohmatsu (Thailand) Co.,Ltd. was independent and appropriate according to the auditing standards. Consequently, the committee has agreed to propose to the Board that the shareholder's meeting to continue appointing Deloitte Touche Tohmatsu (Thailand) Co.,Ltd as its auditor for the fourth year in 2014.

Additionally, the Audit Committee also conducted a self-assessment on its performance for the year 2013 based on the criteria set out by the Audit Committee Charter for good practice. The self-assessment results indicate that the Audit Committee has sufficiently and responsibly performed its duty within the scope assigned by the corporate Board with due diligence and independence. It is the Audit Committee's opinion that the Company had provided correct financial reports, operated under the efficient internal control system, had implemented effective risk management, complied with the laws, regulations, and requirements pertaining to corporate business operations, appropriately disclosed related party transactions, and sufficiently, transparently, and reliably operated according to good corporate governance guidelines.

On behalf of the Audit Committee,



Mr. Sitti Leelakasamelek  
Chairman of the Audit Committee

02



03



04



01



## The Board of Directors

**01** Mr. Manu Leopairote

Chairman of the Board of Directors

**02** Mr. Chamroon Chinthammit

President and CEO

**03** Mr. Prapas Chutimavoraphand

Director and Executive Director

**04** Mr. Pornsin Thaemsirichai

Director and Executive Director

**05** Mr. Sukhum Tokaranyaset

Director and Executive Director

**06** Mr. Thawatchai Rojanachotikul

Director and Executive Director

**07** Mrs. Intira Sukhanindr

Director and Executive Director

05



06



07



08



**08 Ms. Duangdao Chinthammit**

Director and Executive Director  
Nomination and Remuneration  
Committee

**09 Mr. Somchai Chinthammit**

Director and Executive Director

**10 Ms. Duangkae Chinthammit**

Director and Executive Director

09



**11 Mr. Somchat Chinthammit**

Director  
Nomination and Remuneration  
Committee

**12 Mr. Tachpong Pakornsiriwongse**

Director and Executive Director

**13 Mr. Chalush Chinthammit**

Director and Executive Director  
Risk Management Committee

**14 Mr. Chatri Chinthammit**

Director

10



11



12



13



14





15



16



17



18

**15 Mr. Pramoon Vichiensin**

Independent Director  
Chairman of the Nomination and  
Remuneration Committee

**18 Mr. Karun Kittisataporn**

Independent Director, Audit Committee  
Nomination and Remuneration Committee  
Corporate Governance Committee

**16 Pol. Gen. Boonpen Bumpenboon**

Independent Director, Chairman of  
the Risk Management  
Corporate Governance Committee

**19 Mr. Warapatr Todhanakasem**

Independent Director, Audit Committee  
Risk Management Committee, Chairman  
of the Corporate Governance Committee

**17 Mr. Sitti Leelakasamelek**

Independent Director  
Chairman of the Audit Committee  
Risk Management Committee

**20 Ms. Nongluck Phinainitisart**

Independent Director, Audit Committee  
Corporate Governance Committee

**21 Mr. Trakarn Chunharojrit**

Director and Executive Director  
Secretary of the Board of Directors

19

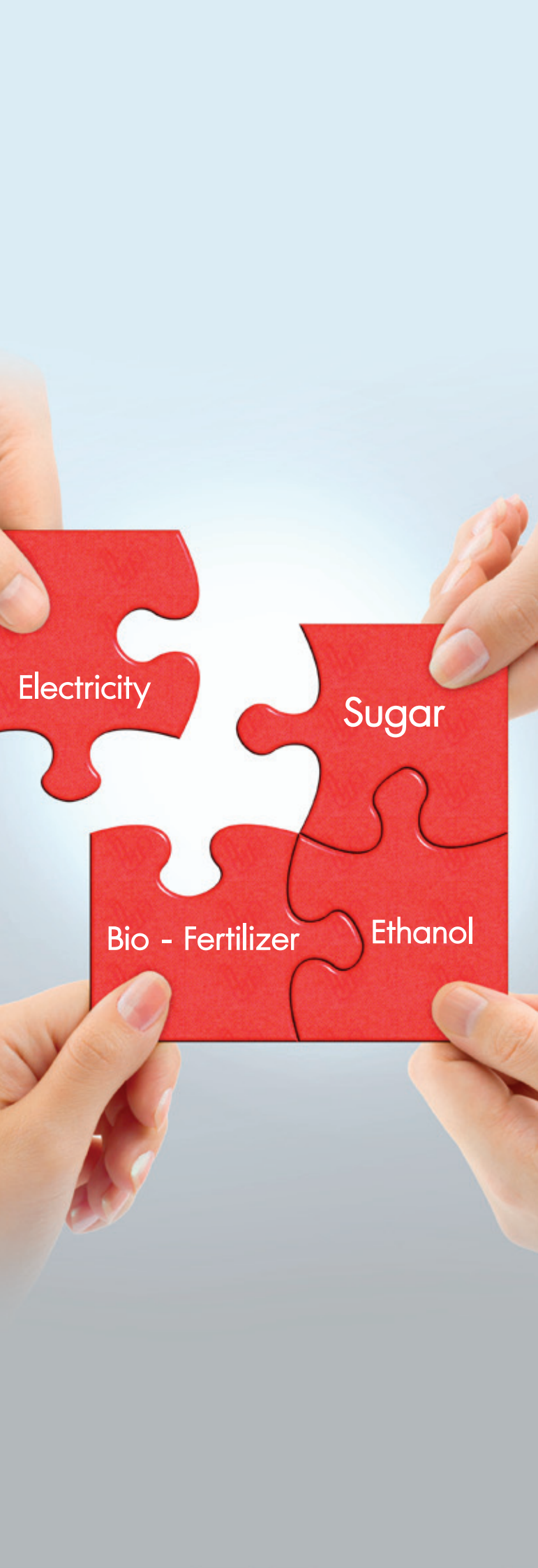


20



21





## Description of Each Business Operation

### Business Objectives

Khon Kaen Sugar Industry Public Company Limited has the policy to operate its business ethically and responsibly towards its stakeholders, society, and the environment. It place emphasis on conducting transparent operations, respecting human rights standards, and safeguarding the interests of all stakeholders through the following vision, mission, and quality policy:

#### Vision

Be an excellence in Agro industry in the field of sweetener and energy, and value chain business with sustainable development.

#### Mission

- To increase sustainable income for the cane-growers, by maximize the efficiency and effectiveness of growing cane' s technology.
- To develop the technology in order to maximizing the efficiency and effectiveness of production.
- To create the mutual benefits among the stakeholders.
- To develop co-product industry by fully maximizing resources utilization.

#### Quality Policy

Production of quality sugar with high efficiency, prompt delivery, winning customers' trust, consumption safety

Long term goal of the company is to be one of the leaders in sugar, by-product, and value added productions which can be shown in company's sugar policy: "production of quality sugar with high efficiency, prompt delivery, winning customers' trust, consumption safety". This policy has encouraged company's 5 sugar factories to be widely accepted as one of the highest efficiency and highest quality sugar production groups in Thailand. In addition, with the goal of being one of leading companies in by-product and value added production and with the vision on the potential

growth in related-sugar businesses, such as ethanol business, power business, and organic fertilizer business, the company has made continuous investments in these sectors which to date has been successful and highly satisfactory.

The company's short term goal is to be one of the leaders in the industry who excels in cost management and productivity. The goal can be achieved by applying modern technology to the corporate production and management systems. Furthermore, the company is aware that its primary risk is the amount of cane it is able to procure for crushing. The sugar factories and other integrated businesses cannot sustain without adequate cane crushed. The company, hence, aims to reduce the farmers' cane cultivation cost as well as to improve their productivity yields and efficiency. Its objective is to help the farmers sustain their living and receive higher return on their investment as well as to remain productive suppliers to our businesses.

### Important Changes and Developments During the Past 3 Years

The company has received permission to relocate and expand two of its sugar factory as well as a permission to build two further ethanol production facilities. In 2008, the company decided to invest in the Bo Ploy Renewable Energy Project which has 4 sub-projects as follows: 1) Relocation and production capacity expansion (up to 35,000 tons/day) of Tamaka Sugar Industry Co., Ltd from Kanchanaburi to BoPloy, Khon Kaen; 2) Build new ethanol production facility that can produce up to 200,000 liters/day; 3) Build electricity power plant with capacity of 90 MW; 4) Build new bio fertilizer plant. The Bo Ploy Renewable Energy Project has started generating revenue for the company since 2011.

In 2011, the company decided to start the Loei Project that consisted of building 1 sugar factory with capacity to crush 16,000 tons of cane/day and building 1 electricity power plant that can generate 40 MW of electricity. The sugar factory started its test runs during the production season 2012/2013.

In 2012, after performing feasibility study and other required assessments, the company decided to make further investment to expand its electricity power plant and sugar factory in Nampong district of Khon Kaen province. Electricity power plant production capacity will be 65 MW, up from 30 MW and sugar crushing capacity will increased by 8,000 tons of cane sugar/ day, totaling to 35,000 tons of cane sugar/ day. The company expects this expansion project to be completed by the end of 2014.

### Company Overview

Khon Kaen Sugar Industry Public Company and its subsidiaries, under KSL, are Thailand 4<sup>th</sup> largest sugar producer group. The company has 5 sugar factories in the group, located in three different regions, as follows:

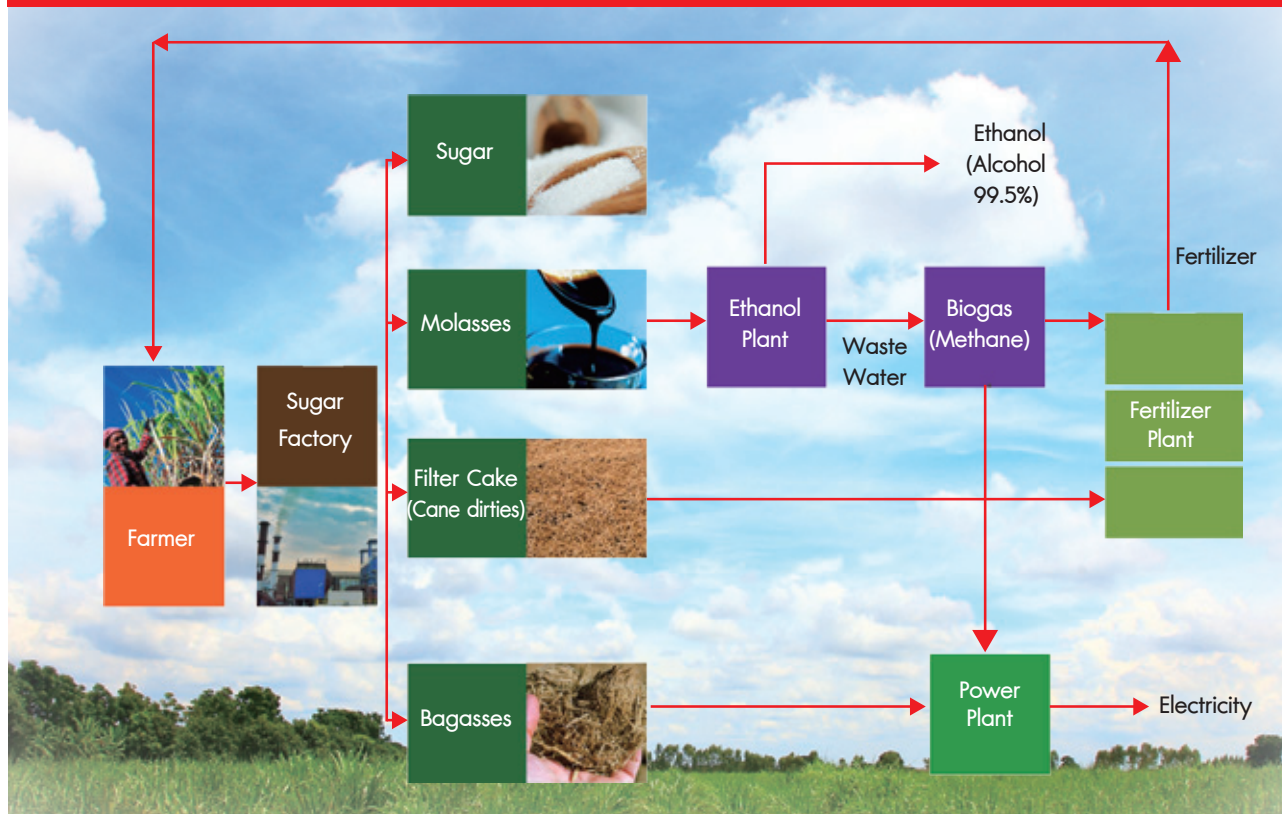
- Northeastern Region: Khon Kaen Sugar Industry Public Company Limited; Nampong branch in Khon Kaen province and Wangsapung branch in Loei province.
- Western Region: New Krung Thai Sugar Factory Co.,Ltd. and Tamaka Sugar Industry Co.,Ltd in Kanchanaburi province
- Eastern Region: New Kwang Soon Lee Sugar Factory Co.,Ltd. in Choburi province

The core products which the company produces are sugar which can be categorized to be 4 types: (a) raw sugar (b) high pol sugar (c) white sugar and (d) refined sugar. The company also has other products related to sugar production process, such as molasses, bagasses and filter cake. According to these kinds of products, the company has a plan to invest in value added projects, as followings: (shown on Chart : 1)

- Ethanol plant: Ethanol is mixed with gasoline, and the mixture is used as fuel for vehicles. Raw materials used in the Group's ethanol production include molasses and sugarcane juice
- The biogas plant uses waste water from ethanol production process as a raw material. Biogas produced through fermentation of the raw material is used as a supplementary fuel for the corporate power plant.
- The organic fertilizer plant uses waste from the sugar production process (filter cake) and wastewater from biogas and ethanol production as raw materials.
- The power plant uses waste from the sugar production process (bagasse) and biogas from the biogas plant as fuel sources for producing electricity and steam sold to plants in the Group and the EGAT.



Chart 1 : The Relationship between KSL's Existing Sugar Production and KSL's Value Added Project



As of October 31, 2013, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries have the investment in subsidiaries and affiliates, as followings:

Name of Company	Paid - Up Capital (THB Million)	Proportion Of Investment	Nature of Main Business
<b>Sugar Business</b>			
Tamaka Sugar Industry Co.,Ltd.	600.00	90.21%	Produce and distribute sugar
New Krung Thai Sugar Factory Co.,Ltd.	1,000.00	95.78%	Produce and distribute sugar
New Kwang Soon Lee Sugar Factory Co.,Ltd.	500.00	98.61%	Produce and distribute sugar
Savannakhet Sugar Corporation	644.76	98.49%	Sugar cane Plantation and Sugar Factory in Laos
Koh Kong Plantation Co.,Ltd.*	936.98	80.00%	Sugar cane Plantation in Cambodia
Koh Kong Sugar Industry Co.,Ltd.	1,167.66	80.00%	Sugar Factory in Cambodia
<b>Supporting Business</b>			
Thai Sugar Terminal Public Company Limited**	145.20	23.82%	Terminal, Warehouses, Real estate, produce and distribute wheat flour and palm oil
KSL Export Trading Co.,Ltd.	20.00	79.55%	Sugar and Related products Exporting Activities
KSL Agro and Trading Co., Ltd.	300.00	100.00%	Trading domestic sugar and operating agricultural businesses
Wynn In Trading Co., Ltd	487.497	100.00%	International trading and consulting

Name of Company	Paid - Up Capital (THB Million)	Proportion Of Investment	Nature of Main Business
<b>Energy and Chemical Business</b>			
Khon Kaen Alcohol Co.,Ltd.	610.00	100.00%	Producing and distributing ethanol or agri-fuel and bio-fertilizer or organic fertilizer
Khon Kaen Sugar Power Plant Co.,Ltd	800.00	100.00%	Power Plant (SPP)
KSL Material Supplies Co.,Ltd.***	10.00	100.00%	Raw Material Sourcing
<b>Other Business</b>			
KSL Real Estate Co.,Ltd	840.00	91.02%	Real Estate Development and Training Center
Champion Fermentation Co.,Ltd	200.00	32.50%	- Joint Venture with the business partner to invest 60% in Chantaburi Starch Co.,Ltd. - Starch Factory by using cassava as raw material

Note:

Proportion of investment shown above includes both direct and indirect shareholdings

\* Indirect shareholding through Wynn In Trading Co., Ltd.

\*\* Thai Sugar Terminal Public Company Limited, a KSL subsidiary listed in the Stock Exchange of Thailand as TSTE, has 5 subsidiaries:

- TSG Assets Company Limited operates real estate rentals. TSTE holds 23.11% shares.
- TS Oil Industry Company Limited (formerly known as TSG Property Company Limited) trades, leases, develop real estate, and operate a palm oil refinery plant. TSTE holds 28.48% shares.
- TS Flour Mill Company Public Company Limited rents out real estate and manufactures wheat flour. TSTE holds 16.59% shares and itself was listed in the Stock Exchange of Thailand as TMILL.
- TS Warehouse Company Limited stores and transfers goods. TSTE holds 19.30% shares.
- TS Transport and Logistics Company Limited provides transport and security services. It also manufactures plastic sacks.
- TSTE holds 30.58% shares directly and indirectly.

For further details, refer to Listed Company Information on Thai Sugar Terminal Public Company Limited (TSTE) and TS Flour Mill Company Public Company Limited (TMILL).

\*\*\* Previously named KSL Chemical Co., Ltd.

## Revenue Structure

Company	% of Shareholding in 2013	2011 Revenue (Million THB)	%	2012 Revenue (Million THB)	%	2013 Revenue (Million THB)	%
1. Khon Kaen Sugar Industry PLC.	Mother Company	7,362.94	33%	8,159.56	27%	7,584.83	27%
2. Tamaka Sugar Industry Co.,Ltd	90.21%	3,851.87	18%	4,103.60	14%	3,193.48	11%
3. New Krung Thai Sugar Factory Co.,Ltd	95.78%	2,198.11	10%	4,879.60	16%	4,801.90	17%
4. New Kwang Soon Lee Sugar Factory	98.61%	968.96	4%	1,144.64	4%	795.89	3%
5. Thai Sugar Terminal PLC.	23.82%	2,224.10	10%	3,249.06	11%	2,485.90	9%
6. KSL Export Trading Co.,Ltd.	79.55%	16.03	0%	27.40	0%	17.88	0%
7. Khon Kaen Alcohol Co.,Ltd.	100.00%	759.67	3%	1,882.31	6%	2,466.09	9%
8. Khon Kaen Sugar Power Plant Co.,Ltd.	100.00%	1,016.01	5%	1,869.17	6%	2,170.17	8%
9. KSL Material Supplies Co.,Ltd.*	100.00%	7.60	0%	16.05	0%	3.26	0%
10. Savannakhet Sugar Corporation	98.49%	291.96	1%	281.78	1%	256.99	1%
11. Koh Kong Plantation Co.,Ltd.**	80.00%	347.39	2%	247.99	1%	135.83	0%
12. Koh Kong Sugar Industry Co.,Ltd.	80.00%	526.90	2%	375.73	1%	674.17	2%
13. KSL Agro and Trading Co., Ltd.	100.00%	2,415.83	11%	4,095.76	13%	3,858.27	13%
14. KSL Real Estate Co.,Ltd	91.02%	6.16	0%	10.18	0%	104.14	0%
15. Champion Fermentation Co.,Ltd	32.50%	(9.17)	0%	(8.29)	0%	(0.17)	0%
16. Wynn In Trading CO.,Ltd.	100.00%	1.08	0%	-	0%	-	0%
<b>Total</b>		<b>21,985.44</b>	<b>100%</b>	<b>30,334.54</b>	<b>100%</b>	<b>28,548.63</b>	<b>100%</b>
<b>Minus Interrelated items</b>		<b>5,222.17</b>		<b>7,637.89</b>		<b>8,831.12</b>	
<b>Total Revenues</b>		<b>16,763.27</b>		<b>22,696.65</b>		<b>19,717.51</b>	

\* Formerly name KSL Chemical Co., Ltd.

\*\* Indirect shareholding through Wynn In Trading Co., Ltd.

### Description of each products

#### Sugar : Production and Characteristics

The company is a group of sugar manufacturers whose quality management system is certified by SQF 2000, ISO 9001: 2000, and Hazardous Analysis and Critical Control Point (HACCP) accreditations. Sugar produced by the KSL group can be divided into four categories according to their types and levels of purity as follows:

**Raw sugar** – Raw sugar has a color index higher than 1,500 ICUMSA. It is dark brown, and has a high dirt index and a low purity index. Transfer is done in bulk without the use of sacks. This type of sugar cannot be consumed until it is refined or purified, turning into white sugar or refined sugar.

**High pol sugar** – High pol sugar has a color index between 1,000 – 1,500 ICUMSA. It can be consumed without any further process needed. Generally, the sugar is put in sacks before being transported. It is priced lower than white sugar and refined sugar.

**White sugar** – White sugar has a color index between 46 – 200 ICUMSA with a degree of polarization not lower than 99.50. It is widely consumed among households and used as a raw material in food industries where moderate purity is required.

**Refined sugar** – Refined sugar has a color index that does not exceed 45 ICUMSA. It is especially high in purity. The sugar is used in certain industries where highly pure sugar is needed, such as pharmaceutical industry, carbonated beverage industry, and energy drink industry.

After sugar manufacturing there is a residue called "molasses" that its sugar content is so low that any further sugar extracting is uneconomical. Molasses is a valuable by-product obtained from sugar production. It contains 20% water, 30% sucrose, 32% invert sugar, 12% non-sugar organic substance, and 6% ash. From one ton of sugarcane, the corporate sugar factories have capacity to manufacture between 45-50 kilograms of molasses. An amount of



molasses produced in a year depends on a quantity of sugarcane crushed in the year. Molasses can be widely used in such biochemistry industries as alcohol and distilling industry, yeast industry, monosodium glutamate industry, animal food industry (where molasses is mixed with cassavas and bagasse), vinegar industry, and soy sauce and seasoning sauce brewing industry.

Other residues from sugar manufacturing process that are also useful include bagasse and filter cake. Bagasse is the fibrous material remaining after the last extraction of juice from sugarcane. Now the company uses burned bagasse as a source of energy for electricity and steam generation used in sugar manufacturing process. Part of the electricity generated is sold to the EGAT. Filter cake is a residue from vacuum filtration. It can be used as a raw material for general-purpose fertilizer. In the past, the company gives away filter cake to sugarcane farmers to promote sugarcane plantation in nearby areas. After the company's subsidiary has continuously operated alcohol

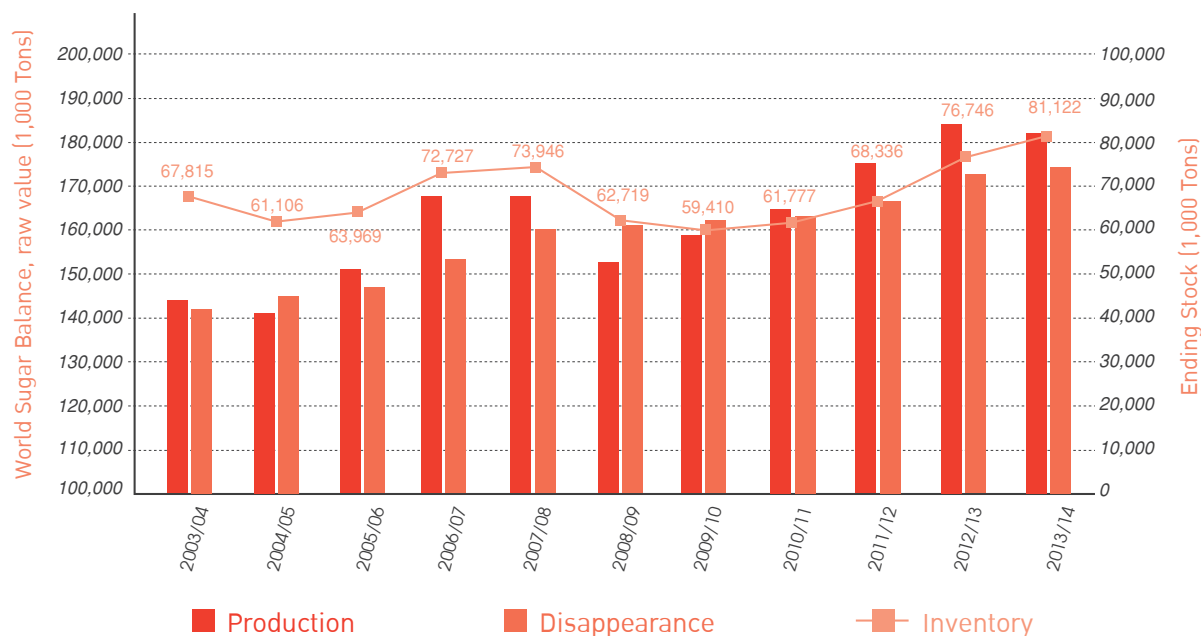
and chemical production, wastewater from the factory can be mixed with filter cake and bio-decomposed to produce organic fertilizer that is suitable for sugarcane plantation. This completes the corporate value-added product ranges.

## Sugar: Market and Competition

### International Market and Industry Overview

The world sugar market: In 2012/2013 approximately 183.4 million tons of raw sugar was produced worldwide, representing an increase of 8 million tons or 4.6% from the previous year. The world's total consumption demand rose to 172.1 million tons, a 4.5 million tons increase or about 2.7 % growth compared to that of 2011/12. As a result, the ending stock from 68.3 million tons in 2012/13 to 76.7 million tons in 2012/13. The stock represented 40.77% of the total demand, or an equivalent of 5 months sugar consumption. Chart 2: World Sugar Balance (Millions Tons, centrifugal sugar, raw value, OCT/SEP)

Chart 2 : World Sugar Balance (Millions Tons, centrifugal sugar, raw value, OCT/SEP)



Note: 2013/14 is forecasted number

Source: F.O.Licht, updated 1-11-2013

According to F.O. Licht's forecast on November 1, 2013, the 2013/14 output will decrease by 0.8 %, from 183.4 million tons to 181.9 million tons. Consumption will increase by 1.8% to 175.2 million tons. There will be an excess of world sugar supply of about 81.1 million tons. In Asia, it

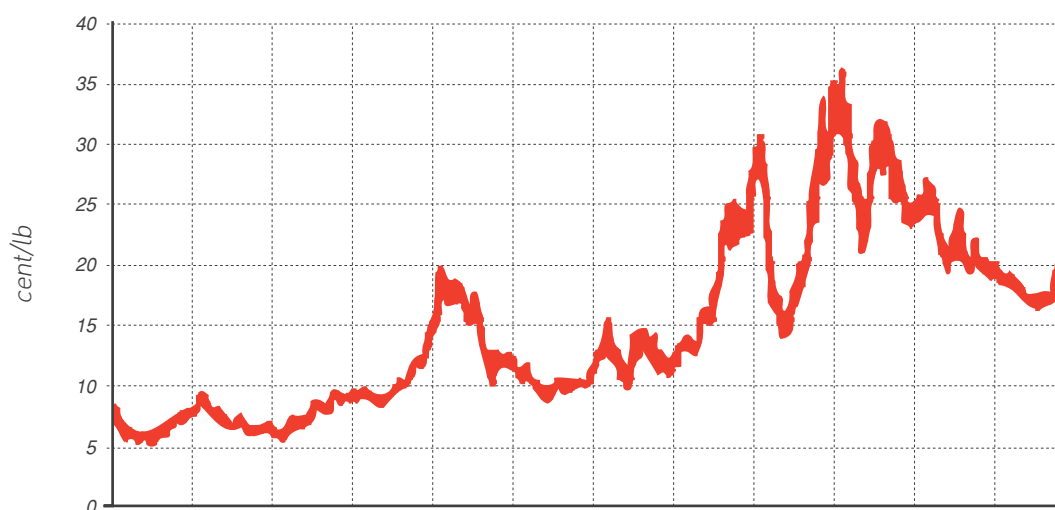
is forecasted that demand for sugar within the region will overtake supply, causing a shortage of 11.7 million tons. However, this figure is subject to changed in demand, supply, and many other external factors.

The world price of sugar is affected by the quantity of sugar produced each year, the demand, the existing stock, and uncontrollable changes in climates and government regulations. Climate uncertainties such as flooding, drought, or severe cold in countries where sugar is produced can have a significant impact on the quantity of sugar priced and consequently on the price of sugar sold. Similarly, government regulations regarding sugar export license and sugar import quotas can exert pressure on the price of sugar sold.

For a trend in sugar price can also depends on output quantities from Europe and from major producer countries, such as Brazil, Australia and Thailand. As the largest sugar

and ethanol producer in the world, Brazil's production level and sugar-ethanol parity can have a significant impact on world sugar price. When Brazilian producers can gain more profit from selling ethanol, they will convert more cane into ethanol production and less for sugar production and vice versa. Nonetheless, the capability for Brazilian producers to switch production between sugar and ethanol is limited between 40-60% as their factories are not designed to run 100% for either product. Other factors that affect world sugar price can be from changes in oil price, exchange rate, global economic outlook, and from investment funds whose activities may include shifting investing strategies from commodity to other assets.

Chart 3 : World Sugar Price (NYBOT#11) During Last 10 Years



YEAR	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Max	9.07	9.32	11.84	19.30	12.37	15.02	24.64	34.39	35.31	26.50	19.94
Average	7.13	7.07	9.31	14.83	10.16	11.86	17.26	22.34	26.88	21.58	17.84
Min	5.89	5.36	8.22	9.75	8.45	9.52	11.38	13.67	20.47	18.54	16.00

Unit : cent/lb, Conversion to US\$/Ton by multiplied by 22.0462

Year : Nov/Oct, date updated until Dec 31, 2012

Furthermore, export channels of Thai sugar manufacturers are divided into:

- Thai sugar manufacturers sell their sugar through major traders such as Cargill, Tate & Lyle, Kerry, etc. The traders then sell the sugar to other overseas buyers. Risk of failure to collect payments and complications in export management are minimized. Thai sugar manufacturers' only responsibility is to transport their sugar to ports of exports, such as FOB ports of Bangkok and Lamchabang.

- Thai sugar manufacturers export their products to neighboring countries, such as Laos and Cambodia, through borders. A small amount of sugar is sold to vendors at borders.

- Thai sugar manufacturers sell to manufacturers who use sugar in production of their exports. When domestic sugar prices are higher than those in international markets, the export manufacturers who use sugar as a production material lose their competitiveness in the world market. To promote investment in the food industry and competitiveness,

the government allows those who manufacture exports to buy sugar at the world' market prices conditionally.

### Domestic Marketing and Industry Overview

Domestic sugarcane and sugar industries are governed by Thai Sugarcane and Sugar Industry Act B.E. 2527. Office of the Cane and Sugar Board is in charge of ensuring adequacy of sugar for the domestic demand. Every year the board estimates the domestic sugar consumption amount and determines quotas for sugar factories according to their capacity. Domestic sugar prices are controlled by Goods and Services Act B.E. 2542. Current domestic sugar price are mandated that:

- (1) Prices of regular white sugar purchased at sugar factories do not exceed Baht 1,900 per 100 - kilogram sack.
- (2) Prices of refined white sugar purchased at sugar factories do not exceed Baht 2,000 per 100 - kilogram sack.
- (3) Wholesale prices of regular white sugar at all domestic wholesale businesses do not exceed Baht 1,965 per 100 - kilogram sack, and those of refined white sugar do not exceed Baht 2,065 per 100 - kilogram sack.
- (4) Retail prices of regular white sugar at retail businesses in Bangkok, Nonthaburi, Pathumthani, Samutprakarn, and Samutsakorn do not exceed Baht 21.50 per kilogram; and those of refined white sugar do not exceed Baht 22.50 per kilogram. (included VAT)

The price control does not apply to sugar cubes in boxes or packets that do not weigh over 10 grams.

### Competition

In 2013, there are 50 operating sugar factories (exclude non-operating and new license sugar factories which is not yet constructed) in Thailand with sugarcane crushing capacity of 100 million tons/year and sugar manufacturing capacity of 10 million tons/year (depending on yearly sarcane amounts in the crushing process and sugarcane quality). The crushing process lasts about 4 - 6 months each year due to small amounts of sugarcanes entering the process. It begins in November and ends in April or May. The numbers of sugar factories are under government control. Licenses from Office of the Cane and Sugar Board and Department of Industrial Works, Ministry of Industry, are required for sugar factories in increasing capacity, moving factories, or operating new sugar factories.

In 2013, all 50 sugar factories are opened for operation. Most of these factories are part of the five major groups of sugar manufacturers and only a handful of small manufacturers operate independently. The KSL Group is the 4th largest sugar producer in Thailand, with 8 % market share. It has 5 factories (In 2012, KSL operates 4 factories since the new one just finish construction) located in three regions: the Northeast (2 factories), Central Thailand (2 factories), and the East (1 factory). Table 1 shows sales of different types of sugar in the past 3 years as well as ratios of sales in export markets to domestic markets.

**Table 1 : Sales of Different Types of Sugar and Ratio of Domestic Sugar to Total Sugar Sales in the Past 3 Years**

Sale Volume & Price	2013			2012			2011		
	Volume Unit	Avg. Price THB/Unit	Value M THB	Volume Unit	Avg. Price THB/Unit	Value M THB	Volume Unit	Avg. Price THB/Unit	Value M THB
Sugar	720,318	17,226	12,408	792,816	19,543	15,494	617,013	19,994	12,336
Domestic	192,331	19,935	3,834	197,975	19,973	3,954	144,641	19,957	2,887
Export	527,987	16,239	8,574	594,841	19,400	11,540	472,372	20,005	9,450
% Domestic Sale / Total Sale	27%			25%			23%		

### Sugar: Product and Service Provision

#### Raw Material Provision Policy

Providing raw materials for manufacturing is a vital process for sugar producers. As the total capacity of the Thai sugar industry exceeds domestic sugarcane produce, all the sugar factories need to ensure that the maximum amount of cane is provided for their production in order to reduce their fixed cost per unit. The main solution employed by most sugar manufacturers is providing financial support to

farmers, which is known as the "Geaw" system. Agreements of the sugar producers' advance purchase of sugarcanes from the supported farmers are made, allowing the farmers to apply for loans from the sugar manufacturers. The loans are used for sugarcane cultivation. Harvested sugarcanes, then, are delivered to the factories and the sugarcane costs are deducted from the loans.



The company's strategy is giving long-term benefits as incentives to the sugarcane farmers providing their crops to the corporate factories. This promotes both the growth of the farmers' incomes and the company. The main policy "Prosperity of farmers is prosperity of the factory", especially employed in the northeast, emphasizes creating and promoting a sustainable way to make a living for sugarcane farmers, as well as eliminating middlemen known as "Quota Heads". This effort allows the company to learn about problems experienced by the farmers and provide them suitable assistance. Also, the company provides the farmers equipment, knowledge and production support, such as providing loans for purchasing trucks; giving them filter cakes for making fertilizers free of charge; and providing experts in sugarcane cultivation, and prevention and elimination of crop pests. The support enhances good relationships between the farmers and the company, as well as systematic growth.

#### Production policy

The company focuses on maximizing the volume of white sugar and refined white sugar manufactured, as the two products have the highest selling prices with the highest profit. It also focuses on the improvement of production efficiency. Production efficiency that is higher than the average of the industry will help reduce unit cost. As a result, the company will be more competitive.

#### Marketing policy

Due to the fact that sugar prices in domestic consumer markets are controlled by the Government, the company emphasizes direct sale to industries with product quality and on-time delivery promises. Most of the customers are businesses in beverage and confectionary industries.

The company, moreover, emphasizes the sale of its sugar products to food product re-exporters, as it allows the sale of C quota sugar which yields better profit than regular exports while requires lower transport cost.

#### Environmental effects

The sugar manufacturing process causes wastewater and dust from ash in the steamer's burning process. The company is well aware of such effects and has employed appropriate measures to prevent environmental problems, in compliance with standards issued by Ministry of Industry.

#### Ethanol : Product Characteristics

Khon Kaen Alcohol Co., Ltd., a subsidiary of Khon Kaen Sugar Industry Public Company Limited, produces and sells ethanol to oil companies. The ethanol is combined with gasoline at 10, 20 and 85 % to produce the final product commonly called gasohol.

#### Ethanol : Marketing and Competition

##### Domestic Marketing and Industry Overview

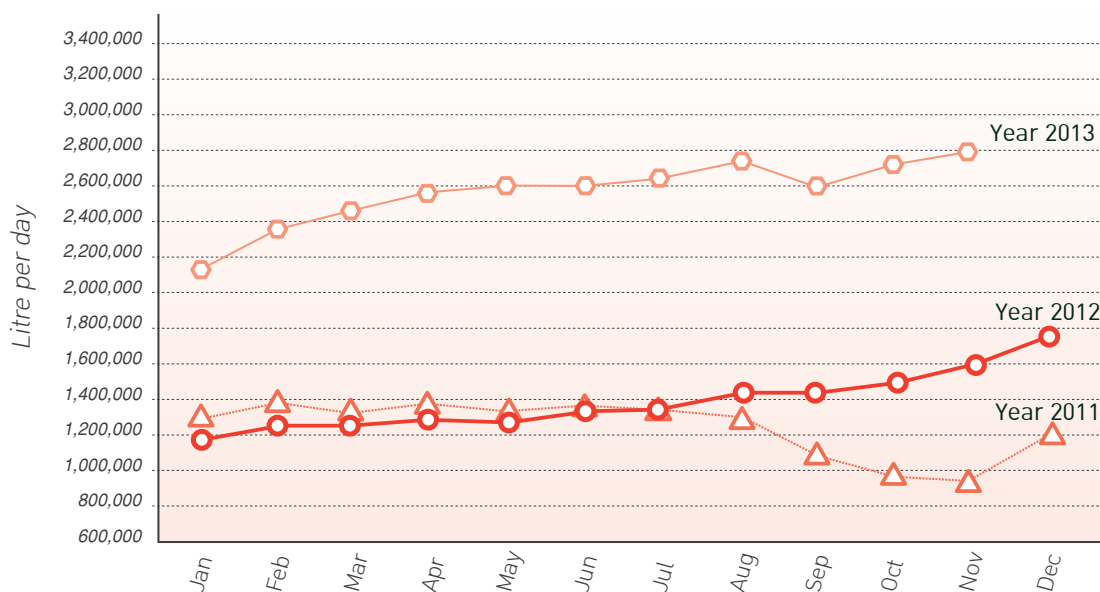
Domestic demand for ethanol depends on the amount of domestic consumption of gasohol that is a mixture of gasoline and ethanol. Gasohol was first introduced for public use in 2006. The blend contains 10 % of ethanol (E 10). In 2008, oil prices exceeded 100 USD per barrel which prompted the Thai government to support the use of gasohol as car fuels through providing tax relief and contributing fund. These factors made the gasohol prices lower than gasoline, as shown in Table 2. The promotion of the use of gasohol as an alternative energy source allowed continuous growth for the ethanol market. Currently, average 2.8 million liters of ethanol per day is mixed in gasoline. The amounts of ethanol used to mix with gasoline for gasohol production is shown in Table 2.

**Table 2 : Selling Price Structure of Gasohol**

THB/Litre	EX	OIL	CONSV.	WS &	MARKET	VAT	RETAIL
	REFIN	FUND(1)	FUND	VAT	MARGIN		PRICE
ULG 95 R	25.44	10.00	0.25	46.43	1.89	0.13	48.45
GASSOHOL 95 E10	25.85	3.30	0.25	38.88	1.92	0.13	40.93
GASSOHOL 95 E20	26.18	-1.30	0.25	33.48	2.34	0.16	35.98
GASSOHOL 91 E10	25.62	1.20	0.25	36.38	1.96	0.14	38.48
GASSOHOL E85	27.37	-11.60	0.25	18.38	5.80	0.41	24.58

Source : Energy Policy and Planning Office, Ministry of Energy

Chart 4 : Quantity of Ethanol Used to Mix with Gasoline as Gasohol



Source : Department of Energy Business, Ministry of Energy

The first quarter of 2013, domestic consumption of ethanol dramatically increased as the government ban gasoline (91 octane) and most petrol stations replaced their normal gasoline (91 octane) with gasohol.

#### International Marketing and Industry Overview

Brazil is the world's major ethanol producer and exporter. Primarily, ethanol is produced from sugarcane. It can be used as fuel for car by mixing with gasoline at the ratio of 20 - 25 % or purely 100 % with specially designed cars. The Brazilian government has a policy to promote the use and manufacture of cars that run with ethanol 100 %. There is a control over the production and demand for ethanol through changing the amount of ethanol content in gasoline.

#### Competition

In 2013, domestic consumption of ethanol rose dramatically as the government ban the sale of normal gasoline (91 Octane). Most petrol station installed gasohol in their premises, which helps smooth this transition. Although many factories has the capacity to produce ethanol to satisfy demand, they are prevented from running their production to full capacity as the sale price of ethanol do not correlates with the price of its raw material. As a result, in 2013, the demand and supply of ethanol is somewhat stagnated. However, for the company, we gain competitive advantage over other ethanol producers as our raw material for ethanol is a by-product that is sourced from our sugar factory. Table 3 shows the sales volume and average selling price of ethanol.

Table 3 : Sales Volume and Average Selling Price of Ethanol in the Past 3 Years

	2013	2012	2011
Sale Volume (Liters)	104,651,475	88,493,880	29,382,525
Avg. Selling price (Baht/Liter)	22.25	20.47	23.11

## Ethanol : Product and Service Provision

### Raw material provision policy

The company's ethanol plants purchase the raw material, molasses, from sugar factories of KSL (the holding company) at the market price. A one-year agreement is made in advance. If the KSL factories do not have enough molasses, the raw material is purchased from nearby sugar factories. For more flexible raw material management the company invested in facilities that allow the production of ethanol from cassava flour and other cassava-related products. This is to ensure that there is sufficient raw material and that production cost is manageable. If the world's sugar prices drop, sugarcane juice from the KSL group's sugar factories can be used as raw material in ethanol production.

### Production policy

The company minimizes its costs by ensuring economies of scale, flexibility in using cheap raw materials and cost reduction. Expenses are minimized, such as using wastewater in producing organic fertilizer. Corporate resources are shared, such as personnel of sugar factory, or the Group purchasing energy from its own power plant. Leasing molasses storage tanks reduces the cost of investing them. Purchasing molasses at the factories helps save transport costs.

Being able to produce the raw material, molasses, within the group allows the consistency of the quality of the material and more production effectiveness. Contaminants are reduced. Molasses storage tanks are appropriately temperature controlled, allowing highly effective production.

### Marketing policy

Ethanol is an industrial product. It is used as a material in producing gasohol. Consistency in quality, standard, and availability are very important. The company ensures that its production meets those requirements by exercising

quality assurance. Part of the ethanol produced is stored in tanks for sale during the period when the operation is ceased for annual machinery repair and maintenance.

### Environmental effects

The production of ethanol generates wastewater. The company use the wastewater from ethanol production process to mix with filter cake from the group's sugar factories to make organic fertilizer. The fertilizer is then sold to farmers. Hence, the company is able to minimize its negative impact on the environment.

### Electricity and Steam : Product Characteristic

The project has been undertaken by Khon Kaen Sugar Power Plant Co., Ltd who sells electricity and steam to factories within the group. Any excess electricity produced is sold to Electricity Generating Authority of Thailand (EGAT). Currently, the group operates 3 power plant, all of which located near to its sugar factories. The first power plant is located near to Khon Kaen Sugar Factory in Nampong district of Khon Kaen province. It can produce up to 30 MW, 20 MW of which is sold to EGAT. The second power plant is located near to New Krung Thai Sugar Factory in Bo Ploy, Kanchanaburi. It can produce up to 90 MW, 20 MW of which is sold to EGAT. The third power plant is located near to Khon Kaen Sugar Factory in Wangsapung, Loei province. It has the capacity to produce 40 MW and is under expansion.

### Electricity and Steam : Market and Competition

The electricity and steam generated is first sold to the KSL Group's plants so that it can be used to produce sugar and ethanol. The excess electricity produced is then sold to to Electricity Generating Authority of Thailand (EGAT) through contract in advance and therefore has limited number of competitor and reliable customer. A 100% of electricity and steam produce is sold domestically.

**Table 4 : Sales Volume and Average Selling Price of Electricity in the Past 3 Years**

	2013	2012	2011
Sale Volume (MW-hour)	301,136	267,452	172,879
Agv. selling price (THB/MW-hour)	3,416	3,215	2,793



## **Electricity and Steam: Product and Service Provision**

### **Raw material provision policy**

Raw material procurement is crucial in operating the electricity generating business. The corporate power plant is mainly fueled by bagasse. Each year, the Group crushed sugarcane fluctuates. A limited amount of crushed sugarcane may affect the fuel amount available for the power plant's electricity generating. Thus, Khon Kaen Sugar Power Plant has prepared purchasing biomass fuel sources, such as bagasse, eucalyptus bark and scrap wood, from nearby plants.

### **Production policy**

#### **(1) Cost Management**

The Khon Kaen Sugar Power Plant committed to minimize its production cost. Costs of electricity generating and steam energy production include fuel and depreciation. Fuel efficiency is, hence, crucial. The company also ensures economies of scale to reduce its unit cost.

#### **(2) Improving and Developing Production Effectiveness**

The quality of fuel is effectively controlled, as the company uses its own bagasse. Fuel efficiency is ensured by controlling moisture in bagasse using such methods as bagasse dryer system and setting up roofs to protect the material from the rain.

### **Marketing policy**

The long-term agreement between the company and EGAT allows the electricity produced to be priced based on natural gas prices and exchange rates. The sale unit price increases at the time when EGAT's demand for electricity is high. Electricity sold to the companies in the KSL Group is priced at the same rate as that sold to EGAT.

### **Environmental effects**

Extensive Environmental Impact Assessment (EIA) has been carried out. The facilities in Khon Kaen has been registered with CDM Executive Board as a CDM project (under the Kyoto Protocol). The company has the right to sell its carbon credits if and when the UNFCCC officially count and certify the amount of carbon it help reduced.

## RISK FACTORS

Significant risk factors in the operation of the sugar business of the company, which may have affect on the return on investment by the shareholders, can be summarized as follows.

### 1. Risk factors in Raw Material Sourcing – Sugarcane

The company's business is to run factories to produce sugar which use sugarcane as raw material. The company has also invested in other related projects, which use by products and wastes generated from the sugar manufacturing process, to create added value. Therefore, the quantity of sugarcane available for crushing is the most important factor affecting the operations of the company.

There are two main reasons that cause fluctuations in the quantity of sugarcane, viz. (1) changes in the acreage under sugarcane plantation which may depend on the price agreed for the cane and whether it is worthwhile for the farmers to grow sugarcane compared to other agricultural crops as well as the promotional policies of the Government and (2) changes in the yield of sugarcane (ton(s) of cane per rai) which may occur due to climate change conditions, such as drought and flood, caused by global warming.

When the quantity of sugarcane crushed reduces, the effect on the company is that the quantity of sugar produced goes down, the unit cost, especially the fixed cost per unit, goes up, the profit per unit reduces and the company's overall profit is reduced. In addition, in those years when the sugarcane crushed is low, there is increased competition among sugar factories to purchase the sugar cane locating in the neighborhood area. Therefore, in order to protect their crushing quantities, sugar factories have to vie by paying more than the price, established by revenue sharing system. This increases the overall raw material cost for the company.

Thailand is one of the world's leading sugar exporters and is the leading sugar supplier to the Asian region. Decreased amounts of cane crushed in Thailand result in lower sugar quantities available for exportation. Export prices, consequently, increase. Such increase relieves



the impact of decreased quantities of cane crushed and burden of increased costs. The company, furthermore, values stability of sugarcane supplies. To ensure the sustained supplies, the company offers assistance to sugarcane farmers, such as loans for planting sugarcane crop, support in procuring inputs for farming, providing irrigation systems, introducing technology to increase yields and efficiency in cultivation, and reducing the influence of middle men in sugarcane sales and purchase deals. All the assistance is provided for the farmers in an attempt to help them improve their lives.

## **2. Risk from Fluctuating Sugar Prices in the World Market**

While considering sugar trade in the world markets, it can be said that sugar has high price fluctuations when compared with other agricultural products. The world sugar prices depend on several factors, such as demand and supply of countries that are producers, consumers, exporters and importers. Traders' speculations are in relation to climatic conditions facilitating cultivation in each of the respective countries. Government policies on promoting, interfering, exporting and importing sugar, particularly in developed countries also determine pricing in the industry. At present, sugar prices are also interrelated to oil prices. Both sugarcane and molasses can be used to produce a type of alcohol called ethanol. Ethanol can be blended with gasoline to produce fuel. All the above factors cause high fluctuations in the world sugar prices.

Generally, sugar companies in Thailand are bound to meet the domestic demand first. The balance sugar can be exported. Every year, the Office of the Cane and Sugar Board estimates the quantity of domestic demand for sugar, called Quota A, and allocates this Quota to all the sugar factories based on their respective sugar production. The ratio of domestic sales to exports of all sugar factories is therefore quite similar, usually in the range of 20:70 to 40:60 depending on the sugarcane available for crushing all over the country. The sales of the sugar industry fluctuate according to world sugar prices in the 60 - 70 % range. However, regarding on the cost of production, the cane price is the major cost, calculated by the formula based on the revenue sharing system 70 : 30. This means that when the sugar price has decreased 100%, the farmer should get the 70% impact in term of lower sugar cane price and the sugar factory should get 30% impact.

During the past few years, the world sugar price was very volatile. It can be seen from the average future price

around 10-12 cents/lb surged to be around 15-20 cents/lb and was volatile especially in 2010-2011 it used to be trade at more than 30 cent/lb. With severe price fluctuations, if the company were not able to establish a selling price that was higher than the price level for setting cane prices, the corporate operating results would have been severely affected. To prevent the risk posed by sugar price volatility in the world market, the company entered into a sugar futures contract with a financial institution. The risk hedging procedure would allow the company to minimize the dependency of its profitability on the risk posed by sugar price volatility. However, this could affect profit and loss account recording, and there was a risk that the amount hedged through the sugar futures contract could exceed the actual volume of sugar exported. This oversold condition could result in a loss. For details, refer to topic 6 . Other Related Information: Risk Hedging Procedure Against Sugar Price Volatility in the World Market.

Previously, the fluctuations in the world sugar price had a strong influence in the company's operations and profitability as it focused its businesses mainly on sugar and molasses. Since the company invested in other related industries such as ethanol, bio-fertilizer, and power plant, the risks it faced from sugar price fluctuations is drastically reduced and allow the company to operate in businesses that are more profitable and less dependent on world market price.

## **3. Risk from Government Policy**

The sugarcane and sugar industry in Thailand is under the supervision and control of the Office of the Cane and Sugar Board under the Cane and Sugar Act 1984. The Board regulates the amount of sugar produced by a quota system (Quota A for domestic sales, Quota B and C for sugar exports), controls the domestic price, regulates on the ratio of distribution of revenue from the sugar business between the farmers and sugar factories, with the revenues sharing in the ratio of 70:30, controls on the entry of new players in the sugar business etc. It is evident that the rules and regulations enacted by the Cane and Sugar Board have an impact on the production costs and the operations of the company. For example, the revenues sharing system 70:30 ratio determines the sugar cane price which the sugar factories must pay to the farmers. In case, changes in the domestic sugar prices or changes in regulation of entire sugar industry, it will have a definite impact on the operations of the company.



Other overall Government policies also have an impact on the company's business. For example, the decision to promote the renewable energy, such as ethanol, has secured the domestic sale volume. The policy to promote the planting of oil palm trees or price guarantees for cassava have negative impact on the company since the area under sugar cane plantation will reduce and farmers will switch to growing alternative crops with better returns.

The company realizes the importance of government policies in shaping directions of cane and sugar industry. Hence, it has collaborated with three sugar factories associations and associations of sugarcane farmers to enhance the government's understanding of the cane and sugar industry and its significance. The industry is a precursor of the food and processed food industries. Ethanol derived from sugar production can be used as fuel energy. Ethanol is a pure alcohol that can also be used as a starting point for production of other chemicals. Exporting sugar brings in foreign income and almost does not require import costs and expenses. This differentiates the sugar industry from other industries.

Sugarcane is Thailand's important economic crop in which every part of it can be utilized. Communication, explanation and understanding between the government and the sugar industry can reduce the risk potentially posed by government policies affecting directions of sugarcane and sugar industries.

#### **4. Risk of Bad Debts Arising from Credit Given to Farmers (Advance Credit)**

In the running of a sugar factory, the factories extend loans or other kinds of financial support to sugarcane farmers as working capital to plant sugarcane crop, or what is called "sugarcane credit", thereby reserving the sugarcane for crushing. After the sugarcane crop is ready for harvesting and the sugar factories are ready to start crushing the cane, the farmers harvest the cane and send it to the sugar factories and receive payment for the value of the cane supplied after the loans advanced and other financial support given is deducted. The risks that are generated from such sugarcane credit can come from reduced production in any year due to drought conditions, losses from crop disease and pestilence, farmers refusing to send the cane to the sugar factories etc. Such liabilities, arising from sugarcane credit, can adversely affect the company's operations requiring higher amounts of provisioning for bad debts.

However, by track record, level of bad debt is low because the company not only concerns the above risk factors but also improves in the sugarcane credit system. The company has bought a satellite monitoring system (Global Positioning System – GPS) to survey the sugarcane plantation areas, which helps in reducing the problems of ownership of sugarcane fields. The system is also used to plan for sourcing more sugarcane. The company also encourages farmers to deposit assets as collateral for the loans advanced. All this has resulted in the company having a low bad debt situation at present and the major debts are adequately covered with pledged assets.

#### **5. Risks of Investing in Corporate Ventures**

The company has undertaken 2 projects during the past 3 years which are investment in sugar factory and power plant in Loei province and investment in power plant capacity expansion and crushing efficiency enhancement of sugar factory in Khon Kaen province.

There are risks involving in the projects, as some of them are in progress of construction and pre-construction. At this point, it is still difficult to determine whether the projects will be successful or not. The risks are explained as follows:

##### **Investment in Sugar Factory and Power Plant in Loei province**

This project is approved by cabinet to split some idle capacity of Khon Kaen Sugar Industry PLC. to invest in the new sugar factory and also expand into capacity of 24,000 tons cane/day in Loei province. The Board of Directors meeting on May 9, 2010 has approved to invest in sugar factory and power plant in Loei province. The total investment value is approximately THB 3,800 million. The project consists of one sugar factory with capacity of 16,000 tons cane/day and one power plant with capacity of 40 Megawatt

The project was under a test run for the production season 2012/2013 and is expected to operate fully for the production season 2013/2014. Since the test run was successful, it reduces mechanical risks involved in setting up the new sugar factory. However, the company is still facing some risks of sourcing sufficient quantity of cane to support the increase of production capacity. The company had foreseen this risk, and tries to mitigate it by supporting local farmers to grow more cane even before the start of the expansion project. There are some other risks involved which the company is in the process of getting approvals and permissions from various different governmental organizations.

### **Investment in Power Plant Capacity Expansion and Crushing Efficiency Enhancement of Sugar Factory in Khon Kaen province**

The Board of Directors meeting on November 9, 2012, has approved the Company to make an investment in power plant capacity expansion by investing in 35 Megawatt capacity from its existing 30 Megawatt capacity; which is 65 Megawatt in total and efficiency enhancement of sugar factory by enhancing 8,000 tons cane/day capacity from its existing 27,000 Tons cane/day capacity. The total investment value is approximately THB 3,360 million which is expected to be finish in 2014. The project costs a lot of investment budget and still has some funding concern. However the company has partially solved funding concern by using internal cash flow and retained earnings of Khon Kaen Sugar Industry PLC. to fund the project. The other risks that may arise are construction risk and pre-construction risk since the project is in process of environmental impact assessment (EIA).

#### **6. Exchange Rate Risk**

The company exports about 60-70% of the sugar produced and hence, it is exposed to the risk of fluctuating foreign exchange rates. However, the company operates under the 70:30 revenue sharing scheme, which hedges the risk from exchange rate variations since, lower revenues due to lower exchange rates cause the sugarcane price to be lower under this scheme. This means that sales revenues and major raw material cost of the company are directly linked to the exchange rate (Natural Hedge).

#### **7. Risk of having major shareholders controlling the votes of at the Shareholders' meeting**

The Chinthammit and his company hold more than 60% of total paid up share capital of the company. Therefore, the Chinthammit Group and his company can control all the proceedings of the shareholders meetings whether it is the appointment of Directors or whether it is to seek approvals on other matters that require majority votes, except for special agendas which, by law or by the articles of association of the company, require 75% vote in shareholders' meetings. Therefore, it is difficult for other shareholders to collect enough votes to investigate or counterbalance the issues raised by the majority shareholders.

However, for the company's transparency and power balancing, the company has appointed 7 independent committee members for checking the operations of the company. Thus, power balancing for operation in the

company is reasonable. In addition, the company also has also set up an independent internal control team which reports directly to the audit committee.

#### **8. Risk from the World's Economic and Financial Situations**

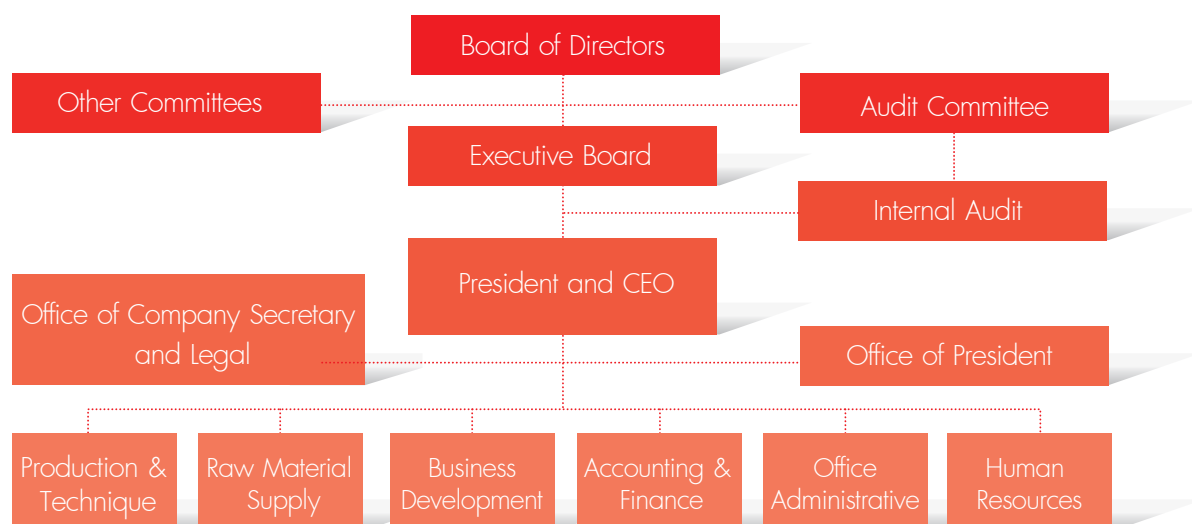
The US and EU financial crises caused by credit problems have spread widely to other regions, affecting liquidity and economic systems around the world. As the mentioned issues have been affecting economies worldwide, there is no guarantee that these issues and similar circumstances in the future will not affect sugar businesses, demand for sugar, and/or the world's sugar prices. The lack of liquidity among financial institutions may also affect the Group's sources of loans and financing costs.

KSL has implemented its financial policies well. Its D/E has been at an appropriate level. The company has maintained good relationships with all the banks that are long-term corporate business partners. All the corporate businesses will be handled carefully in order to minimize the future probable effect of the world's financial and economic conditions on the company.

#### **9. Risk from Laos & Cambodia Projects**

The projects in both countries are part of the first offshore sugar business in which the company is granted the concession area for cane plantation from the government and permitted to construct sugar factories. But land condition in concession area has low quality, lack of technology for huge plantation, lack of infrastructure and human resources therefore the projects take longer time for develop than the first plan. Consequently the productions still not reach break-even point and in 2012 both projects had loss. However the company has seen and solved various problems throughout the time. The company hired consultants to develop not only planting technology but also management system to control budget. Moreover the company provides loan to local farmers and suppliers to expand more plantation. After continuously developing infrastructures and land condition in the past, the projects show improvement and potential for good return on investment in the future. Additionally, there are risks associated with doing projects abroad which extend beyond agricultural risks relating to cane growing and sugar production and include risks from political turmoil and instability, local community dispute, and different law and regulations that often changed and are somewhat ambiguous. The company is aware of these risks and is trying to manage it most efficiently.

# Shareholding Structure and Management



## Securities

At October 31, 2013, The company's registered capital consisted of 1,870 million shares at a par value of THB 1.00, or a total of THB 1,870 million and the company's registered paid-up capital consisted of 1,704.64 million shares or THB 1,704.64 million.)

## Shareholders

Top 10 major shareholders of the company in the past 2 years are as followings: (exclude Treasury stock)

As of Oct 31,2012				As of Oct 31,2013			
Rank	Name	Number of Shares	% of Total	Rank	Name	Number of Shares	% of Total
1.	KSL Sugar Holding Company Limited	520,000,000	33.00	1.	KSL Sugar Holding Company Limited	500,000,000	32.92
2.	Mr.Chanachai Chutimavoraphand	42,533,465	2.70	2.	Thai NVDR Company Limited	47,913,478	2.87
3.	Thai NVDR Company Limited	42,329,343	2.69	3.	Mr.Chanachai Chutimavoraphand	44,363,465	2.66
4.	CREDIT SUISSE AG, SINGAPORE BRANCH	36,507,900	2.32	4.	CREDIT SUISSE AG, SINGAPORE BRANCH	38,502,900	2.30
5.	Ms.Duangkae Chinthammit	36,100,956	2.29	5.	Ms.Duangdao Chinthammit	37,720,089	2.26
6.	Ms.Duangdao Chinthammit	36,038,790	2.29	6.	Ms.Duangkae Chinthammit	37,595,956	2.25
7.	Mr.Kamondanai Chinthammit	34,196,000	2.17	7.	Mr.Somchai Chinthammit	36,449,139	2.18
8.	Mr.Piripon Chinthammit	33,819,260	2.15	8.	Mr.Kamondanai Chinthammit	36,038,870	2.16
9.	Mr.Somchai Chinthammit	31,949,139	2.03	9.	Mr.Piripon Chinthammit	35,057,870	2.10
10.	Chinnakij Company Limited	30,910,000	1.96	10.	Chinnakij Company Limited	32,901,000	1.97
Total for Top ten major shareholders		844,384,853	53.59	Total for Top ten major shareholders		896,542,767	53.67
11.	Others	731,383,230	46.41	11.	Others	774,004,117	46.33
Total paid-up registered capital		1,575,768,083	100.00	Total paid-up registered capital		1,670,546,884	100.00

Chinnakij Co., Ltd. is owned by the Chinthammits. The family members hold most of the shares. None of the shareholders holds shares more than 30 % of the authorized share capital.

The registered capital and paid up capital of KSL SUGAR HOLDING COMPANY LIMITED consists of 100 million shares at par value of THB 10.00 per share or THB 1,000 million.

Top 10 major shareholders in company's shareholder record are as followings:

As of Oct 31,2012				As of Oct 31,2013			
Rank	Name	Number of Share	%	Rank	Name	Number of Share	%
1.	Ms.Nareerat Chinthammit	12,105,268	12.11	1.	Ms.Nareerat Chinthammit	12,105,268	12.11
2.	Ms.Duangdao Chinthammit	7,847,944	7.85	2.	Ms.Duangdao Chinthammit	7,847,944	7.85
3.	Ms.Duangkae Chinthammit	7,764,650	7.76	3.	Ms.Duangkae Chinthammit	7,764,650	7.76
4.	Mr.Chanachai Chutimavoraphand	6,971,788	6.97	4.	Mr.Chanachai Chutimavoraphand	6,971,788	6.97
5.	Mr.Chamroon Chinthammit	5,370,580	5.37	5.	Mr.Chamroon Chinthammit	5,370,580	5.37
6.	Mr.Somchai Chinthammit	5,169,890	5.17	6.	Mr.Somchai Chinthammit	5,169,890	5.17
7.	Mr.Sarun Chinthammit	4,246,828	4.25	7.	Mr.Sarun Chinthammit	4,246,828	4.25
8.	Mr.Kamondanai Chinthammit	2,906,000	2.91	8.	Mr.Kamondanai Chinthammit	2,906,000	2.91
9.	Mr.Piripon Chinthammit	2,906,000	2.91	9.	Mr.Piripon Chinthammit	2,906,000	2.91
10.	Ms.Yaovanuth Dejvitak	2,900,000	2.90	10.	Ms.Yaovanuth Dejvitak	2,900,000	2.90
	Ms.Yaovaluck Chutimavoraphand	2,900,000	2.90		Ms.Yaovaluck Chutimavoraphand	2,900,000	2.90
Total for Top ten major shareholders		61,088,948	61.09	Total for Top ten major shareholders		61,088,948	61.09
11.	Others	38,911,052	38.91	11.	Others	38,911,052	38.91
Total paid-up registered capital		100,000,000	100.00	Total paid-up registered capital		100,000,000	100.00

## Dividend Payment Policy

The company pays dividends at a rate of not less than 50 % of its net income after tax and legal reserves of separate financial statement if there is no necessity for the use of the money, and if the dividend payment does not have an adverse effect on corporate operations significantly. Factors that are considered include corporate operation results, financial position, liquidity, and business expansion plans. The dividend payment requires approval from corporate shareholders and/or the Board of Directors. Dividend payment of the subsidiaries and associates to Khon Kaen Sugar Industry Public Company depends on their cash flow, liquidity, suitability, and necessity for the use of the money. No minimum rate is specified.

## Board of Directors

As of October 31, 2013, the Company's Board of Directors comprises of:

- |    |                             |                                   |
|----|-----------------------------|-----------------------------------|
| 1. | Mr. Manu Leopaiprote        | Chairman and Independent Director |
| 2. | Mr. Chamroon Chinthammit    | Director                          |
| 3. | Mr. Prapas Chutimavoraphand | Director                          |
| 4. | Mr. Pornsin Thaemsirichai   | Director                          |
| 5. | Mr. Sukhum Tokaranyaset     | Director                          |

- |     |                               |                                |
|-----|-------------------------------|--------------------------------|
| 6.  | Mr. Thawatchai Rojanachotikul | Director                       |
| 7.  | Mrs. Intira Sukhanindr        | Director                       |
| 8.  | Ms. Duangdao Chinthammit      | Director                       |
| 9.  | Mr. Somchai Chinthammit       | Director                       |
| 10. | Ms. Duangkae Chinthammit      | Director                       |
| 11. | Mr. Chalush Chinthammit       | Director                       |
| 12. | Mr. Chatri Chinthammit        | Director                       |
| 13. | Mr. Somchat Chinthammit       | Director                       |
| 14. | Mr. Tachpong Pakornsiriwongse | Director                       |
| 15. | Mr. Pramoon Vichiensin        | Independent Director           |
| 16. | Pol. Gen. Boonpen Bumpenboon  | Independent Director           |
| 17. | Mr. Sitti Leelakasamelek      | Independent Director           |
| 18. | Mr. Karun Kittisataporn       | Independent Director           |
| 19. | Mr. Worapatr Todhanakasem     | Independent Director           |
| 20. | Ms. Nongluck Phinainitisart   | Independent Director           |
| 21. | Mr. Trakarn Chunharojrit      | Director/<br>Company Secretary |

## The Executives

As of 31 October 2013, the corporate top executives include:

- |    |                             |  |
|----|-----------------------------|--|
| 1. | Mr. Chamroon Chinthammit    | President and CEO                      |
| 2. | Mr. Prapas Chutimavoraphand | Senior Vice President – Administration |



3. Mr. Pornsin Thaemsirichai	Senior Vice President – Production & Technique	2. Have the power to employ, appoint, and transfer personnel as necessary and appropriate to be the management or staff members for corporate operations. Define appropriate functions, responsibilities, and remunerations of employees. Have the power to dismiss, lay off, and discharge employees as appropriate.
4. Mr. Sukhum Tokaranyaset	Senior Vice President – Accounting & Finance	3. Have the power to determine business terms and conditions, such as credit limits, payment terms, trade agreements, and trade term changes.
5. Mr. Thawatchai Rojanachotikul	Senior Vice President – Administration	4. Have the power to act and appear as a corporate representative to outsiders regarding affairs related and advantages to the Company.
6. Mrs. Intira Sukhanindr	Senior Vice President – Business Development	5. Approve the appointment of advisors needed in the corporate operations.
7. Ms. Duangdao Chinthammit	Vice President – Human Resource	6. Deal with affairs concerning the Company's general operations.
8. Mr. Chalush Chinthammit	Vice President – Raw Material Supply	
9. Mr. Chanachai Chutimavoraphand	Vice President – Accounting & Finance	
10. Mr. Theera Sanguandeeikul	Vice President – Office of President	

#### **Scope of Duties and Responsibilities of President and CEO:**

1. Decide on important matters related to the Company. Determine the corporate missions, objectives, guidelines, and policies. Supervise the overall work. Be responsible for the Board of Directors.

The functions and responsibilities of President and CEO shall comply with legislation and the Company's regulations. The approval of President and CEO does not apply to approval of transactions that would allow President and CEO and related persons to have interest or cause conflict of interests affecting the Company and its subsidiaries.

**Table 1 : A summary of approved financial amounts of transactions according to the Company's authorization manual**

Approved Financial Amounts for Important Transactions	BOD	EXC	PSD
1. Approval of Annual Budget	More than THB 500 Million	Not over THB 500 Million	Not over THB 100 Million
2. Approval of Changing/Increasing of Annual Budget or Investment Budget	Change/Increase More than 20%	Change/Increase Between 10% to 20%	Change/Increase Not over 10%
3. Approval of purchasing and procurement done without a budget requested for each transaction	More than THB 500 Million	Not over THB 500 Million	Not over THB 100 Million

Note : (1) The power to approve the financial amounts mentioned is governed by legislation and regulations of the company, the Stock Exchange of Thailand and Securities, and Exchange Commission.

(2) BOD : Board of Director, EXC : Executive Board, PSD : President and CEO

**Table 2 : Number of Meeting Attended**

No.	Name-Surname	Position	Board of Directors		Executive Board		Audit Committee		Nomination & Remuneration Committee		Risk Management Committee		Corporate Governance Committee	
			Attend	Total	Attend	Total	Attend	Total	Attend	Total	Attend	Total	Attend	Total
1.	Mr.Manu Leopaiprote	Chairman	5	5										
2.	Mr.Chamroon Chinthammit	Executive Director	4	5	11	12								
3.	Mr.Prapas Chutimavorphand	Executive Director	5	5	12	12								
4.	Mr.Pornsin Thaemsirichai	Executive Director	5	5	12	12								
5.	Mr.Somchai Chinthammit	Executive Director	5	5	12	12								
6.	Ms.Duangkae Chinthammit	Executive Director	5	5	12	12								
7.	Ms.Duangdao Chinthammit	Executive Director/ Nomination & Remuneration Committee	5	5	12	12								
8.	Mr.Tachpong Pakornsiriwongse	Executive Director	5	5	12	12								
9.	Mr.Tarkarn Chunharojrit	Executive Director/ Company Secretary	5	5	12	12								
10.	Mr.Chattri Chinthammit	Director	5	5										
11.	Mr.Chalush Chinthammit	Executive Director/Risk Management Committee	5	5	11	12					4	5		
12.	Mr.Sukhum Tokaranyaset	Executive Director	5	5	11	12								
13.	Mr.Thawatchai Rojanachotikul	Executive Director	5	5	11	12								
14.	Mr.Somchat Chinthammit	Independent Director/ Nomination & Remuneration	5	5					2	2				
15.	Mr.Pramoon Vichiensin	Independent Director/ Chairman of the Nomination & Remuneration Committee	5	5					2	2				
16.	Pol.Gen.Boonpen Bumpenboon	Independent Director/ Chairman of the Risk Management Committee/ CG Committee	4	5							5	5	-	-
17.	Mr.Sitti Leelakasamelek	Independent Director/ Chairman of the Audit Committee/ Risk Management Committee	5	5			5	5			5	5		
18.	Mr.Karun Kittisataporn	Independent Director/ Audit Committee/ Nomination & Remuneration Committee/ CG Committee	4	5			4	5	2	2			1	1
19.	Mr.Warapatr Todhanakasem	Independent Director/ 5 Audit Committee/ Risk Management Committee/ Chairman of the CG Committee	5			4	5			5	5	1	1	
20.	Ms.Nongluck Phinainitisart	Independent Director/ Audit Committee/ CG Committee	5	5			4	5					1	1
21.	Mrs.Intira Sukhanindr	Executive Director	5	5	12	12								

## Directors' and Executives' remuneration

### 1. Directors' Remuneration

The board of directors determines clear policies and guidelines for payment of directors' remunerations. For transparency, the remunerations are proposed to shareholders annually. They are adequate and motivational so that the

company is able to keep highly qualified directors. Directors serving in committees receive appropriate remunerations corresponding to more duties and responsibilities. Remunerations are divided into 3 categories:

- 1) Regular remunerations are paid for non-executive directors monthly with/without board meetings.
- 2) Meeting remunerations are paid for directors who attend a board meeting.
- 3) Annual extra remunerations are paid for directors in accordance with the corporate annual operating results.

## 2. Managing Director's Remuneration

Currently, the company is considering criteria for determining the managing director's remuneration corresponding with operating results, corporate size, and amounts offered by businesses operating in the same industry. The remuneration is a motive for the managing director's developing the company's continuous and sustainable growth.

## 3. Directors' Remuneration

The Company has specified remuneration for its directors with approval from the shareholder meeting on February 28, 2013 as follows:

Not Exceed to The amount of

THB per year

1. Remuneration for Chairman of Board of Directors 540,000 THB
2. Remuneration for Chairman of Audit Committee 540,000 THB
3. Remuneration for 19 directors THB 25,000 / person / month + bonus 8,550,000 THB
4. Meeting allowances for 11 executive directors attending THB 500 / person / meeting
5. Meeting allowances for audit committee, nomination and remuneration committee, risk management committee, corporate governance committee who attend the meeting THB 5,000/person/meeting, for chairman of each committee THB 6,000 / meeting.

\* Noted: the directors' remunerations do not include the remunerations from subsidiary companies.

## 4. Remunerations for the Management

Remunerations for the Management are in line with the Company's procedures and policies, and in relation to corporate operation results and each individual's performance. Amounts of the remunerations are motivational and enable the company to achieve loyalty among the competent Management.

## Remuneration in Cash

Table 3 : Remuneration for directors, paid in year 2013

No.	Name of Directors	Position in Board of Directors	THB in Year 2013				THB in Year 2012			
			Remuneration			Total (THB)	Remuneration			Total (THB)
			Yearly Salary	Bonus	Meeting Allowance		Yearly Salary	Bonus	Meeting Allowance	
1.	Mr.Manu Leoparote	Chairman	360,000.00	150,000.00	-	510,000.00	360,000.00	120,000.00	-	480,000.00
2.	Mr.Chamroon Chinthammit	Executive Director	300,000.00	125,000.00	5,500.00	430,500.00	300,000.00	100,000.00	5,000.00	405,000.00
3.	Mr.Prapas Chutimavoraphand	Executive Director	300,000.00	125,000.00	6,000.00	431,000.00	300,000.00	100,000.00	6,000.00	406,000.00
4.	Mr.Pornsin Thaemsirichai	Executive Director	300,000.00	125,000.00	6,000.00	431,000.00	300,000.00	100,000.00	6,000.00	406,000.00
5.	Mr.Somchai Chinthammit	Executive Director	300,000.00	125,000.00	6,000.00	431,000.00	300,000.00	100,000.00	6,000.00	406,000.00
6.	Ms.Duangkae Chinthammit	Executive Director	300,000.00	125,000.00	6,000.00	431,000.00	300,000.00	100,000.00	6,000.00	406,000.00
7.	Ms.Duangdao Chinthammit	Executive Director/ Nomination & Remuneration Committee	300,000.00	125,000.00	16,000.00	441,000.00	300,000.00	100,000.00	21,000.00	421,000.00
8.	Mr.Tachpong Pakornsiriwongse	Executive Director	300,000.00	125,000.00	6,000.00	431,000.00	300,000.00	100,000.00	6,000.00	406,000.00
9.	Mr.Tarkarn Chunharojrit	Executive Director/ Company Secretary	300,000.00	125,000.00	6,000.00	431,000.00	300,000.00	100,000.00	5,500.00	405,500.00
10.	Mr.Chattri Chinthammit	Director	300,000.00	125,000.00	-	425,000.00	300,000.00	100,000.00	-	400,000.00
11.	Mr.Chalush Chinthammit	Executive Director/Risk Management Committee	300,000.00	125,000.00	20,500.00	445,500.00	300,000.00	100,000.00	10,000.00	410,000.00
12.	Mr.Sukhum Tokaranyaset	Executive Director	300,000.00	125,000.00	5,500.00	430,500.00	300,000.00	100,000.00	5,500.00	405,500.00
13.	Mr.Thawatchai Rojanachotikul	Executive Director	300,000.00	125,000.00	5,500.00	430,500.00	300,000.00	100,000.00	6,000.00	406,000.00

No.	Name of Directors	Position in Board of Directors	THB in Year 2013				THB in Year 2012			
			Remuneration				Remuneration			
			Yearly Salary	Bonus	Meeting Allowance	Total (THB)	Yearly Salary	Bonus	Meeting Allowance	Total (THB)
14.	Mr.Somchat Chinthammit	Independent Director/ Nomination & Remuneration Committee	300,000.00	125,000.00	10,000.00	435,000.00	300,000.00	100,000.00	11,000.00	411,000.00
15.	Mr.Pramoon Vichiensin	Independent Director/ Chairman of the Nomination & Remuneration Committee	300,000.00	125,000.00	12,000.00	437,000.00	300,000.00	100,000.00	35,000.00	435,000.00
16.	Pol.Gen.Boonpen Bumpenboon	Independent Director/ Chairman of the Risk Management Committee/CG Committee	300,000.00	125,000.00	30,000.00	455,000.00	300,000.00	100,000.00	37,000.00	437,000.00
17.	Mr.Sitti Leelakasamelek	Independent Director/ Chairman of the Audit Committee/ Risk Management Committee	360,000.00	150,000.00	55,000.00	565,000.00	360,000.00	120,000.00	33,000.00	513,000.00
18.	Mr.Karun Kittisataporn	Independent Director/ Audit Committee/ Nomination & Remuneration Committee/ CG Committee	300,000.00	125,000.00	40,000.00	465,000.00	300,000.00	100,000.00	15,000.00	415,000.00
19.	Mr.Warapatr Todhanakasem	Independent Director/ Audit Committee/ Risk Management Committee/ Chairman of the CG Committee	300,000.00	125,000.00	51,000.00	476,000.00	300,000.00	100,000.00	10,000.00	410,000.00
20.	Ms.Nongluck Phinainitisart	Independent Director/ Audit Committee/CG Committee	300,000.00	125,000.00	25,000.00	450,000.00	300,000.00	100,000.00	15,000.00	415,000.00
21.	Mrs.Intira Sukhanindr	Executive Director	300,000.00	125,000.00	6,000.00	431,000.00	300,000.00	100,000.00	6,000.00	406,000.00
<b>Total</b>			<b>6,420,000.00</b>	<b>2,675,000.00</b>	<b>318,000.00</b>	<b>9,413,000.00</b>	<b>6,420,000.00</b>	<b>2,140,000.00</b>	<b>245,000.00</b>	<b>8,805,000.00</b>

\* Noted: the directors' remunerations do not include the remunerations from subsidiary companies.

### 1. Remuneration for executives in the past year:

Remunerations for 10 executives (listed as corporate top executives) include salaries, bonuses and allowances amounted to THB 39.50 million.

Other Remunerations

-None-

## Directorships and Executive Development

The company has provided training and human resources development programs for all of its personal through internal and external training. It allows the board to participate in its operations and ventures. Corporate directors and executives have participated in training courses organized by accredited institutions, such as Chairman Program, Director Accreditation Program (DAP), and Director Certification Program (DCP) provided by Thai Institute of Directors (IOD), also basic courses for the audit committee, courses offered by the Stock Exchange of Thailand, and cutting-edge management courses offered by other professional institutions. In 2013, the independent director

attended the Monitoring the Internal Audit Function (MIA) and Anti-Corruption for Executive Program (ACEP) provided by Thai Institute of Directors (IOD).

New directors are required to complete training and orientation providing important knowledge and skills that are crucial for their directorships. Once there are business expansions or new ventures, the company invites corporate directors to visit the sites and monitor the progress regularly. This is to enhance confidence among shareholders.

## Succession Plans

The corporate board of director realizes that succession plans become necessary in case the managing director or top executives are not able to work. To ensure readiness for the circumstance, the Company has prepared its human resources to be able to take on different responsibilities assigned in order to appropriately cover for their colleagues or fulfill their new positions. Executives are given opportunities to learn about the work outside their fields. This is to enable them to fill in assignments for their colleagues who are



unable to take on the responsibilities. The board of directors has assigned the nomination and remuneration committee to research and coordinate with accredited consulting firms and professional institutions during development and revision of succession plans.

### Supervision of Use of Inside Information

The company prohibits its directors and the Management from using inside information concerning important matters including trading of securities before publication for personal gains. Preventive measures against the use of inside information by the directors and the management are as follows:

1. The company informs executives about their obligation to disclose security holdings and changes of the holdings of themselves, their spouses, and their children who have not yet attained the majority according to the Securities and Exchange Act B.E. 2535, article 59 and statutory penalty, article 275.
2. Circular notices are sent to executives advising those who receive important inside information that affects prices of securities not to trade corporate

securities within that one month and not to disclose the important inside information before the corporate financial statements or the particular information is publicized.

3. Should there be any changes in security holdings of the company's directors and executives, the changes must be reported to the board of directors in security holdings matter on the agenda.
4. Important inside information and confidential documents saved as hard copies or soft files are protected and access is limited to top executives only when necessary. If any inside information needs to be disclosed to corporate employees, the employees will be informed properly about the limitation of the use of that information. An employee who discloses corporate confidential information will be penalized.
5. To monitor irregularity in corporate operating results, random examination is done to security trade, the company's information system and outside information sources.

### Personnel

Information concerning the company's personnel as of October 31, 2013 is as follows:

	Consolidated		Parent company	
	2013	2012	2013	2012
Average Number of Employees (Persons)				
– During Production Season	6,133	4,982	1,960	1,419
– During Normal Period	4,121	3,360	1,564	1,202
Expenses related to employees (Million THB)	1,352.06	1,180.39	365.51	318.38

As of 31 October 2013, the company had no significant labor disputes that may have a potential negative impact on its operations.

### Personnel Development Policy

The company has always valued its human resources. Policies on continuous training and human resource management have been established. The aims are to help employees reach their potential, ensure effectiveness at work, and allow them to grow in their fields. All employees are required to receive training that is in line with the company's direction and strategies. Training is well planned and always financially supported by the company which are held in the company and outside by other institutions. Also,

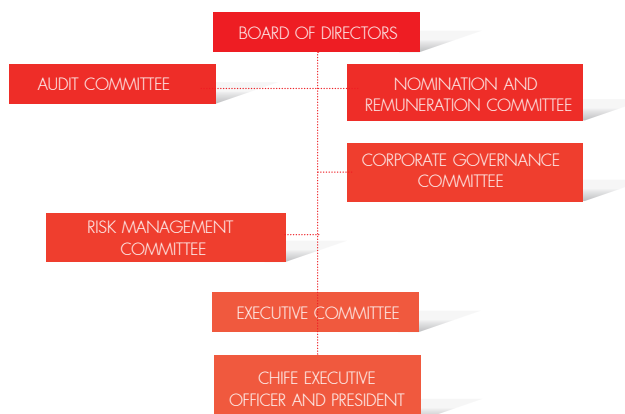
the Company encourages the communication to transfer and share knowledge between employees in the organization (Knowledge Management).

In addition, the company has focused on developing better quality of life of employees. Also, the company has focused more on developing employees' knowledge and understanding about health and environmental safety in the workplace.

## Policy of Corporate Governance

The Company set the policy of Corporate Governance includes Rights of shareholders, Equitable treatment of shareholders, Role of stakeholders, Disclosure and transparency, and Role and Responsibilities of the Board of Directors which include organization structure, qualification and structure of the Board of Directors and other committees such as the Board of Executive Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, and Corporate Governance Committee. Also, this policy covers the board meetings, board self-assessment, and remuneration for directors and executives.

## Organization Structure



## Board of Directors

As of October 31, 2013, the Company's Board of Directors comprises of:

1. Mr. Manu Leopaiprote	Chairman and Independent Director
2. Mr. Chamroon Chinthammit	Director
3. Mr. Prapas Chutimavorphand	Director
4. Mr. Pornsin Thaemsirichai	Director
5. Mr. Sukhum Tokaranyaset	Director
6. Mr. Thawatchai Rojanachotikul	Director
7. Ms. Intira Sukhanindr	Director
8. Ms. Duangdao Chinthammit	Director
9. Mr. Somchai Chinthammit	Director
10. Ms. Duangkae Chinthammit	Director
11. Mr. Chalush Chinthammit	Director
12. Mr. Chatri Chinthammit	Director
13. Mr. Somchat Chinthammit	Director
14. Mr. Tachpong Pakornsiriwongs	Director
15. Mr. Pramoon Vichiensin	Independent Director

16. Pol. Gen. Boonpen Bumpenboon	Independent Director
17. Mr. Sitti Leelakasamelek	Independent Director
18. Mr. Karun Kittisataporn	Independent Director
19. Mr. Worapatr Todhanakasem	Independent Director
20. Ms. Nongluck Phinainitisart	Independent Director
21. Mr. Trakarn Chunharojrit	Director/ Company Secretary

The company has 21 directors, of which 9 are non-executive directors and 7 are independent directors. The Board of Directors is in charge of managing and governing the company's operations according to law, rules and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, Capital Market Supervisory Board, and the company's objectives and requirements. The Board performs their duties with integrity and diligence.

The Board of Directors is appointed by the company's shareholders. The Board has established the Corporate Secretary Office to recommend and assist the Board to conduct their duties in compliance with relevant rules, regulations and corporate governance. The office also coordinates and ensures that corporate shareholders receive appropriate treatment.

## Scope of Duties and Responsibilities

1. Manage corporate operations for shareholders' optimum benefits. Fulfill duties with due diligence and integrity. Comply with the law, objectives, requirements and resolutions of the shareholders' meeting. Disclose to shareholders information that is correct, complete and transparent.
2. Appoint or replace executive directors.
3. Determine policies, strategies, and directions of the Company. Ensure the Management's compliance with the policies, strategies, and directions determined with effectiveness and efficiency in order to maximize shareholders' wealth and sustainable growth.
4. Consider and make decisions concerning significant matters, for instance, business plans, budgets, major investment projects, administrative power, and any other articles required by related laws.

5. Evaluate the Management's performance and determine the Management's remunerations.
6. Be responsible for operation results and the work of the Management.
7. Establish an accounting system, financial reports, and reliable audits. Ensure that there are procedures for internal control evaluation, effective and efficient internal audits, risk management, financial reports, and follow-ups.
8. Prevent any conflicts of interest between interested persons and the Company.
9. Ensure that the business is operated with integrity.
10. Issue requirements and regulations considering the Company's internal activities.
11. Present a full statement on responsibilities of the Company's Board of Directors in preparing the annual report together with the audited financial statements and other significant matters in line with the SET Code of Best Practice for Directors of Listed Companies.
12. May appoint any other individual or other committees to function in the Company's operation under the Board's supervision or a power of attorney within a period approved by the Board. The authorization can be terminated, canceled, changed, or amended.
13. Supervise the Company's day-to-day operations.

In 2013, the committee had 6 meetings.

### **The Board of Executive Directors**

As of October 31, 2013, the Company's Board of Executive Directors consists of:

- |                                   |                    |
|-----------------------------------|--------------------|
| 1. Mr. Chamroon Chinthammit       | Chairman           |
| 2. Mr. Prapas Chutimavoraphand    | Executive Director |
| 3. Mr. Pornsin Thaemsirichai      | Executive Director |
| 4. Mr. Sukhum Tokaranyaset        | Executive Director |
| 5. Mr. Thawatchai Rojanachotikul  | Executive Director |
| 6. Ms. Duangdao Chinthammit       | Executive Director |
| 7. Mr. Somchai Chinthammit        | Executive Director |
| 8. Ms. Duangkae Chinthammit       | Executive Director |
| 9. Mr. Chalush Chinthammit        | Executive Director |
| 10. Mr. Trakarn Chunharojrit      | Executive Director |
| 11. Ms. Intira Sukhanindr         | Executive Director |
| 12. Mr. Tachpong Pakornsiriwongse | Executive Director |

The Chairman of the Board of Executive Directors appoints the secretary of the Company's Board of Executive Directors.

### **Scope of the Board of Executive Directors' Duties and Responsibilities**

1. Determine policies, directions, strategies, and main management structures for the Company's operations that suit and support the economy and competition, as defined and announced to corporate shareholders. Submit the proposed policies, directions, strategies, and structures to the Board of Directors for approval.
2. Determine business plans, budgets and administrative power of the Company to be submitted to the Board of Directors for approval.
3. Establish organizational structures and manpower policy including overviews of recruitment, training, employment, succession planning, performance evaluation, and remuneration criteria for all corporate employees.
4. Examine and monitor policies and management plans to ensure their effectiveness and suitability for the Company's operations.
5. Monitor the Company's performance to ensure compliance with the approved business plans.
6. Consider large investment projects of the Company in accordance with the provided guidelines for project approval.
7. Conduct financial transactions with financial institutions involving account opening, borrowing, pawning, mortgages, guarantees, and other activities including property trading and land ownership registration according to specified objectives and amounts of money in order to facilitate the Company's operations.
8. Monitor the development of managing systems and risk management of each division.
9. Carry out tasks assigned by the Board of Directors.

Any power mentioned above given to the Board of Directors shall be under the law and the Company's regulations. Any activities that benefit/may benefit or affect interests of any executive director or individual, or that may lead to conflicts of interest (according to the SEC Notification), are required to be presented by the Board of Executive Directors to the Board of Directors for consideration. The particular executive director and the interested individual shall not be allowed to vote in the meeting concerning the matter.

In 2013, the committee had 12 meetings.

## Audit Committee

As of October 31, 2013, the Audit Committee comprises of:

- |                                |          |
|--------------------------------|----------|
| 1. Mr. Sitti Leelakasamelek    | Chairman |
| 2. Mr. Worapatr Todhanakasem   | Director |
| 3. Mr. Karun Kittisataporn     | Director |
| 4. Ms. Nongluck Phinainitisart | Director |

The Chairman of the Audit Committee shall appoint the secretary of the audit committee.

### Scope of Duties and Responsibilities:

1. To review and ensure that the disclosure of information in financial statements are accurate and adequate.
2. To review the Company's internal control system and internal audit system ensuring their appropriateness and effectiveness
3. To review and ensure that the Company's operations are in compliance with securities and stock exchange laws, the SET regulations, or other laws applicable to corporate businesses.
4. To consider, select and nominate the external auditor; and propose the external auditor's remuneration.
5. To review the Company's disclosure in case of related party transactions or transactions that may lead to any conflict of interest and ensure that the disclosed information is correct and complete
6. To perform any duties as assigned by the Board of Directors and agreed upon by the Audit Committee, such as reviewing financial management and risk management policies, reviewing Management's compliance with business ethics, and reviewing with Management important reports to be presented to the public as prescribed by the law, i.e. Management's reports and analyses, etc.
7. To prepare reports of the Audit Committee for disclosing in the Company's annual report in which shall be signed by the Chairman of the Audit Committee and consist of at least the following information :
  - 7.1 Opinions on accuracy, completeness and reliability of the Company's Financial Statements
  - 7.2 Opinions on adequacy of the Company's internal control system
  - 7.3 Comments the Company's on compliance with laws on securities and the Stock Exchange of Thailand, the Set requirements, or laws applicable to the Company's businesses.

- 7.4 Comments on suitability of the auditor.
  - 7.5 Comments on transactions that may lead to conflicts of interest.
  - 7.6 Numbers of the Audit Committee meetings and attendances of each of the Audit Committee members.
  - 7.7 Comments or overview observation which the Audit Committee has obtained from performing in compliance with the Charter.
  - 7.8 Any reports considered appropriate for notifying corporate shareholders and general investors under the scope, duties and responsibilities as assigned by the Board of Directors.
8. To report routine activities in order that the Board of Directors shall acknowledge the Audit Committee's activities as follows:
- 8.1 The Audit Committee's minutes of meetings clearly specifying the Committee's comments on different matters.
  - 8.2 The report on the Committee's opinions on corporate financial statements, internal audit and internal audit procedure.
  - 8.3 Any report considered appropriate for acknowledgement of the Board of Directors.
9. In performing its duties, should the Audit Committee find any doubtful transactions or conducts as shown below which may cause a significant impact to the Company's financial status and operating results, it should report to the Board of Directors for improvement and correction within time frames it deems appropriate:
- 9.1 Conflict of interest transactions.
  - 9.2 Any suspicion or presumption of corruption, abnormality, or fault which are significant in the internal audit system.
  - 9.3 Any suspicion that there might be non-compliance with securities and stock exchange laws, the SET regulations, or laws applicable to the Company's businesses. Should the Audit Committee report to the Board of Directors matters that significantly affect the Company's financial status and operating results, and discussion between the Committee and the Board of Directors on improvement and correction occurs, after the agreed due date, the Audit Committee finds that the matters have not been acted upon without any good reasons,



one of the Committee's members may further report the finding to the Securities and Exchange Commission and the Stock Exchange of Thailand.

10. In case that the auditor finds any doubtful acts committed by a director, manager or any person responsible for the Company's operations that might be non compliant with the law and reports to the Audit Committee the fact about such conducts for acknowledgement and prompt inspection, the Audit Committee shall then notify the outcome of preliminary inspection to the SEC, SET and the auditor within 30 days after being notified by the auditor report. Reporting of doubtful acts and the procedure to gain the facts on such acts shall be in line with the Capital Market Commission's regulations.
11. To have authority to invite directors, Management, department heads or employees to discuss or answer the Audit Committee's inquiries.
12. To review the scope of authority and responsibilities, and appraise the Audit Committee's performance on a yearly basis

The Audit Committee is required to hold at least four meetings a year and serve a two-year term.

**The Audit Committee:** Qualifications of the Audit Committee are in line with relevant SET requirements. All Audit Committee members are independent directors. Mr. Sitti Leelakasamelek, Chairman of the Audit Committee, possesses sound knowledge, understanding, professional experience in accounting and finance. In 2013, the committee had 5 meetings, and reports on their work were regularly completed.

### Nomination and Remuneration Committee

As of October 31, 2013, the Nomination and Remuneration Committee comprises of:

- |                             |          |
|-----------------------------|----------|
| 1. Mr. Pramoon Vichiensin   | Chairman |
| 2. Mr. Karun Kittisathaporn | Director |
| 3. Mr. Somchat Chinthammit  | Director |
| 4. Ms. Duangdao Chinthammit | Director |

The Chairman of the Nomination and Remuneration committee shall appoint the secretary of the Nomination and Remuneration committee.

### Scope of Duties and Responsibilities:

1. Determine policies, regulations, and procedures for nomination of directors and executives including remunerations and other benefits in accordance with their responsibility, the operating results of the Company, the normal practices in the same industries and as indicated in the Board of Executive director's policy.
2. Select and nominate qualified personnel to the Board of Director for consideration and appointment of directors, directors in committees, executives including other committees.
3. Review and give recommendations to the Board of Director corresponding to the organization structure, size and members of the Board of Director.
4. Develop guidelines for evaluating performance of directors and executives in order to determine appropriate annual remunerations corresponding to their duties, responsibilities, and risks.
5. Supervise to disclose reports of the work of the Nomination and Remuneration Committee in the corporate annual report, commencing in 2008.

The Nomination and Remuneration Committee is delegated a two-year term and required to be held at least two meetings in a year.

**The Nomination and Remuneration Committee:** The Company required that the Remuneration Committee and Nomination Committee be combined. The Chairperson and the majority of the committee members shall be independent directors. Directors serve in this committee have expertise in several fields, such as governance, law, and human resource management. In 2013, the Nomination and Remuneration Committee had 2 meetings, and reports on their work were regularly completed.

### Risk Management Committee

As of October 31, 2013, the Risk Management Committee comprises of:

- |                                 |          |
|---------------------------------|----------|
| 1. Pol. Gen. Boonpen Bumpenboon | Chairman |
| 2. Mr. Sitti Leelakasamelek     | Director |
| 3. Mr. Worapatr Todhanakasem    | Director |
| 4. Mr. Chalush Chinthammit      | Director |

As its position, the head of Risk Management Office is a secretary of the Risk Management Committee.

### **Scope of Duties and Responsibilities:**

1. Develop policies to be considered by the Board of Directors regarding the overall corporate risk management that covers the Company's major risks, such as market risk, liquidity risk, management risk, investment risk, and reputation risk.
2. Design strategies in line with risk management policies to monitor and evaluate the corporate risk amount, as well as maintain the appropriate risk level.
3. Review the adequacy of risk management policies and system, as well as effectiveness of the system and policies practiced.
4. Provide recommendations in line with policies and strategies determined by the Board of Directors and present those recommendations to the Board.

The Risk Management Committee is delegated a two-year term and required to be held at least two meetings in a year.

**The Risk Management Committee:** The Board requires most of the Risk Management Committee members and the Chairperson to be independent directors. Directors serve in this committee have expertise in several fields, such as accounting and finance, management, investment, and corporate businesses. In 2013, the Risk Management Committee had 5 meetings, and reports on their work were regularly completed.

### **Corporate Governance Committee**

As of October 31, 2013, the Corporate Governance Committee comprises of:

- |                                 |          |
|---------------------------------|----------|
| 1. Mr. Worapatr Todhanakasem    | Chairman |
| 2. Pol. Gen. Boonpen Bumpenboon | Director |
| 3. Mr. Karun Kittisataporn      | Director |
| 4. Ms. Nongluck Phinainitisart  | Director |

### **Scope of Duties and Responsibilities:**

1. Propose corporate governance conduct to the Board
2. Advise corporate governance matter to the Board
3. Monitor the Board and management to comply with corporate governance policy
4. Review the corporate governance policy comparing with the international practice and recommend to the Board.
5. Assign the corporate governance policy to the working group

The Corporate Governance Committee is delegated a two-year term and required to be held at least two meetings in a year.

The Corporate Governance Committee: set up in June 2013 and all Corporate Governance members are independent directors. The Chairman has expertise in governance, management, and investment. In 2013, the Corporate Governance Committee had 1 meeting.

### **Responsibilities of the Board of Directors**

1. The structure of the Board consisted of 21 directors. 7 out of 21 are independent directors of which one is the Chairman of the Board but not the Managing Director. The company's Board of Directors possesses skills and expertise in various fields, such as accounting, finance, law, governance, production technology, personnel, purchasing, marketing, real estate, internal audit, and information technology. Detailed profiles, qualifications, experiences, and ownership of directors are included in Form 56-1.

## Category of Directors

No.	Name-Family Name		Category of Director			
			Shareholder Representatives	Non-Executive Director	Independent Director	Executive Director
1.	Mr. Manu	Leopairote		/	/	
2.	Mr. Chamroon	Chinthammit	/			/
3.	Mr. Prapas	Chutimavoraphand	/			/
4.	Mr. Pornsin	Thaemsirichai	/			/
5.	Mr. Somchai	Chinthammit	/			/
6.	Mrs. Intira	Sukhanindr	/			/
7.	Mr. Trakarn	Chunharojrit	/			/
8.	Ms. Duangkae	Chinthammit	/			/
9.	Ms. Duangdao	Chinthammit	/			/
10.	Mr. Tachpong	Pakornsiriwongse	/			/
11.	Mr. Chatri	Chinthammit	/	/		
12.	Mr. Chalush	Chinthammit	/			/
13.	Mr. Sukhum	Tokaranyaset	/			/
14.	Mr. Thawatchai	Rojanachotikul	/			/
15.	Mr. Somchart	Chinthammit	/	/		
16.	Mr. Pramoon	Vichiensin		/	/	
17.	Pol.Gen. Boonpen	Bumpenboon		/	/	
18.	Mr. Sitti	Leelakasamelek		/	/	
19.	Mr. Karun	Kittisataporn		/	/	
20.	Mr. Warapatr	Todhanakasem		/	/	
21.	Ms. Nongluck	Phinainitisart		/	/	
<b>Total</b>			14	9	7	12

2. It is required that during the annual general meeting, one third (1/3) or close to one third of corporate directors resign. Each director's term is three years. In case that the Board serves until the end of its term and the new Board has not yet been appointed, the former Board still continues to work until the new Board has been appointed. The company has not determined how many terms the Board can consecutively serve. The Nomination and Remuneration Committee is considering this matter in relation to feasibility of selecting personnel with experience specific to the company's business to serve in the Board.

3. The Board of Directors has established the following committees: the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and the Corporate Governance Committee, as well as defined their functions and responsibilities. For transparency and independence in the work, the majority of the committee members are independent directors, and chairs of the committees are independent directors. To maintain true

independence of the corporate committees, the Chair of the Board is not the chair or a member of those committees. The committees serve 2 years. In case that a committee serves until the end of its term and a new committee has not yet been appointed, the former committee still continues to work until a new committee has been appointed. At the end of their term, if a director is not re-elected, their position in their current committee shall end automatically. If there is a new director in a committee, that director shall remain in the position as long as the committee's term.

4. The board requires that a director must not operate or have any position in any ordinary partnership, or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the company's direct and indirect competition, unless the information about their positions is disclosed in the annual general meeting before the appointment. The requirement is applied to corporate executives as well.

5. The company's vision, missions, strategies, goals, business plans, budgets, internal control, internal audit, and risk management have been governed with effectiveness and efficiency. The current corporate vision has been reshaped from being a sugar manufacturer to a producer of alternative energy which is environmentally friendly. The new vision is based on the idea that sugar is an energy source for human beings. Ethanol fuels automobiles. Fertilizer nourishes plants. Electricity energizes appliances. Corporate investments are in line with such vision.

6. The board has established corporate governance policy as follows: "The company is committed to corporate governance to build trust among shareholders, employees, and customers, as well as to create sustainable competitive advantage. It emphasizes internal control, internal audit, and risk management, as well as ensures that managements implement policies effectively in compliance with legislation and business ethics." The policy has been communicated throughout the Company. The company ensures that its personal understands and complies with the corporate governance. The work and corporate policies are always evaluated and reviewed annually.

7. The board has set a written ethics and codes of business conduct for the company's directors and employees, which cover key matters, such as honesty, integrity, conflicts of interest, and compliance with laws. Compliance to the codes is monitored, and penalties are defined. Each year the Company's human resources department evaluates, reviews, and revises the codes of conduct.

8. Conflicts of Interest Prevention, The board of directors thoroughly considers and deals with transactions with (potential) conflicts of interest. The audit committee considers related-party transactions according to the SET legislation and procedure. Stakeholders in transactions are not allowed to decide on those particular transactions, which are fully and accurately disclosed in annual reports and from 56-1.

9. Efficient Administrations and Internal Control, the company's internal control unit has been formed to ensure effective operations, accurate and reliable information, compliance with legislation, efficient and effective use of corporate resources, and protection and corporate assets. The corporate internal audit provides analyses, audits, evaluations, advice, and recommendations to support corporate activities. The audit committee independently reviews and audits adequacy and efficiency of the company's

internal control and internal audit once a year. The opinions on the corporate internal control system are included in the annual report.

10. Risk Management, the risk management committee engages in establishing the total risk management. Adequacy and efficiency of the company's risk management system will be reviewed at least once a year. The early warning system will be in place for irregularity scanning.

11. The board of director sets at least 4 board meeting every 3 months, and 2 additional meetings: one is a meeting before one month of annual shareholders' meeting and the other one is a meeting for annual budget, each director of the board is notified in advance. For the flow of the company's operations, there are monthly executive meetings where the board entitles the meeting to make decisions. In every board meetings, the board of directors is informed about matters that have been approved by the Company's executive meeting to ensure that the board is able to supervise, control, and monitor the work of managements on a regular basis.

12. In board meetings, the chairman, managing director, and secretary consider agendas. This is to ensure that the agendas cover important matters. Each director may propose agendas independently.

13. The board's secretary sends meeting documents to each director in advance of the meeting date. The documents are concise. Confidential issues that cannot be disclosed in writing or prior to the meetings are brought to be discussed during the meetings.

14. In a board of directors meeting, the chairman of the board allocates adequate meeting time for managements' presentations and comprehensive directors' discussions. The chairman encourages careful consideration in the meeting. Directors pay attention to each issue presented in the meeting, including issues concerning governance of the company. Top executives from different departments attend the board meeting to present details on the issues that they are responsible for in order to facilitate the Board's decision-making. The Board also has a chance to know more about the top executives, as well as has access to important additional information through the top executives. Directors may request more information about issues in the meeting from the company's secretary.



15. Minutes of the board of directors' meetings include such important matters as dates, times, names of directors who are present and absent, summaries of proposals, summaries of discussions and remarks, resolutions, opinions from directors who disagree, names of people preparing minutes, and names of those approving minutes. The minutes are bound and easy to retrieve. They cannot be changed. Numbers of the board meetings and attendance are disclosed. The board sets a meeting every 3 months in a year, and the executive committee has monthly meetings concerning the company's operating results. Information from the executive committee meetings is presented to the corporate board of directors.

In 2013, the board evaluated its works according to the applicable SET evaluation criteria. Also, there were evaluations of directors in groups and individually. The board considered the evaluation results and put forward recommendations for improvement.

### Selection of Directors and Management

1. The nomination and remuneration committee has determined that an independent director: (1) must possess an amount of shares that does not exceed 0.5% of the total of voting shares; (2) must not involve in corporate management and must not be an employee or advisor including an audit advisor, a legal advisor, or any other type of advisor receiving salary, or a person with controlling power over the company, its subsidiaries and associates, or a person who may have conflicts of interest or may hold a stake in that manner not less than 2 years; (3) must not have any business relationship, interest or stake both direct and indirectly; (4) must not be a close relative or have other type of relationship with management and major shareholders that might result in lack of independence. Such requirements, which are stricter than other general requirements, have been approved by the company's board.
2. In the past 2013, the independent directors have no any business relationship or any providing the professional service to the Company.
3. Board of director appointed 4 directors as a member of the Nominating and Remuneration Committee. 3 out of 4 members are company's independent directors. This committee has planed to determine policies, regulations, and procedures for nomination

of directors in order to select and nominate qualified personnel to the Board of Director and shareholder for consideration in annual general shareholders' meeting. However, the criteria for consideration must be not less than the qualifications specified in Section 68 of the SEC ACT B.E. 2535 (including the revised version) and related announcements of the SEC. The election of directors is organized in line with the following Company's regulations:

1. The corporate Board of Directors consists of at lease four directors, which not less than half of the number of directors must reside in the Kingdom. The directors must be qualified individuals who do not possess characteristics as prohibited by the laws.
2. The election of directors by the shareholder meeting is in line with the majority of votes, and the following regulations and procedure:
  - a) One vote per share is allowed for a shareholder.
  - b) Shareholders vote for each individual nominated as a director. The number of vote(s) received by each nominee does not exceed the number of share(s) held by the particular voter, as specified in (a). The shareholder cannot allot any of their share(s) to any other individual. Directors are those individuals receiving the highest votes. Should the individuals receive the same number of votes where only one place for a director remaining, the chairperson shall be granted the final vote.
3. In an annual general meeting, one third of the directors are required to resign. If the total number of directors does not allow such division, the number of directors to resign should be at the closest to one third of the total.

### Governance for subsidiaries and associates performance

1. In order to comply with governance and protect the Company's investment, the Board appoint the director as agent to be the director in subsidiaries and associates as to the shareholding portion which pass the Board meeting resolution.
2. The directors who act as agent of the Company shall participate in decision of policy such as investment.

## Use of inside information

According to Corporate Governance policy, the Company prohibits its directors, the executives, and employees from using inside information concerning important matters including trading of securities before publication for others or personal gains. Directors, executives, and employees have the right to trade corporate a security within one month before the corporate financial statements is publicized.

## Auditor fee

In 2013, the Auditor fee of the Company and subsidiaries shall be the amount of THB 6,990,000.- and other fees shall be the amount of 200,000 baht

## Corporate Governance

The Board of Directors considers the importance of corporate governance and understands its functions, duties, and responsibilities to the Company, shareholders and stakeholders, as well as observes the Stock Exchange of Thailand's Code of Best Practice for the Director's of Listed Companies as follows:

### Rights of Shareholders and Equitable Treatments of Shareholders

1. The Company always respects rights of its shareholders: basic shareholder rights as prescribed the law, ownership right through appointment of the Board of Directors, and other rights as appropriate. The Company takes care of its shareholders more than legal requirements, such as provision of information, news, updates through the corporate website. Important news for shareholders is notified by letters. Shareholders are welcome to visit the Company by request.
2. The Company provides shareholders, prior to a meeting, with information on the date, time, venue, and all agenda items concerning issues to be decided. A notice of a meeting and support documents are sent to corporate shareholders at least 7 days in advance. The notice for the 2011 shareholders meeting was posted on the Company's website so that shareholders could study all the information prior to receiving the notice in documentation.
3. The Company's website where corporate shareholders and those interested may download corporate financial information, corporate profiles, and meeting information is [www.kslsugar.com](http://www.kslsugar.com). Inquiries and requests for further information may be e-mailed to [ir@kslgroup.com](mailto:ir@kslgroup.com).

4. The Company facilitates and encourages its shareholders to exercise their rights and votes. There are two closing times of the transfer book. The transfer book is closed for shareholders' right to attend a shareholders meeting, allowing the shareholders to consider and approve the annual dividend payment. The book is closed again for shareholders' right to receive dividends, allowing the shareholders to choose whether they will hold the stocks for the dividends or not. Shareholders meetings are organized at convenient venues. The Company has chosen to hold annual general meetings at hotel in the middle of Bangkok, near the Company's head office. The meetings are notified in newspapers. Shareholders can register about one hour prior to each meeting. Should a shareholder not be able to physically present at a meeting, they may appoint their proxy or an independent director as their proxy to attend and vote in the meeting.

5. The Company held the Annual General Meeting 1/2012 on February 28, 2012, where all 21 directors were present. Corporate shareholders were given opportunities to directly inquire the corporate directors and committees. The Company does not deprive its shareholders of access to corporate information. All important information, for instance, is included in distributed notices without any last-minute addition of agendas or changes in important matters. Shareholders who arrive late are always allowed to attend meetings.

6. The Company allows its shareholders to propose matters to be included in a meeting's agenda, prior to the meeting, with requirements and procedures. For instance, there shall be at least 5% of total shares. A meeting agenda is presented in detail. Criteria for approving or rejecting proposed matters as part of meetings' agendas are stated clearly. There are channels and periods of time for accepting shareholders' proposals. After proposals are accepted, the Board of Directors' meeting will consider and select the proposals. Shareholders will be informed about the Board's meeting resolutions and reasons in detail regarding the proposals through the Company's website and corporate shareholders

did not propose any additional matters to be included in the shareholders' meeting agendas. Moreover, the Company encourages its shareholders to electronically submit the Board their inquiries related to shareholders' meeting agendas via its website prior to shareholders' meeting dates.

7. The Company has facilitated nomination of candidates for corporate directors by shareholders. Guidelines for the procedure and criteria have been provided. For instance, registered mail can be used for shareholders' submission of their nominations to the Company's Secretarial Division. Periods of time for accepting shareholders' director nominations are defined. Forms for nominees' profiles are provided. The procedure for nominees' declaration of their consent is explained. Detailed information regarding the nomination is posted on the Company's website. After nominations are accepted, the board of directors' meeting will consider the nominations. However, up to the present there has been no nomination from corporate shareholders.
8. The Company provides information on a shareholders' meeting for its shareholders on the corporate website. Hard copies of the same information are also sent to corporate shareholders. Shareholders' meeting notices and support documents are sent to shareholders at least 14 days in advance.
9. In the annual shareholders meeting notice, the Company informed its shareholders about rules and procedure of attending the shareholders' meeting. It nominated corporate independent directors: Mr. Sitti Leelakasameer and Mr. Pramoon Vichiensin as the shareholders' proxies. Shareholders were provided with standard proxy forms for indicating their opinions in voting.
10. Agenda of the 2011 annual shareholders' meeting notice covered appointments of directors, consideration of directors' remuneration, appointment of an independent auditor and determination of their remuneration, dividend payment, and other important matters, such as the issuance and offering of the Company's warrants, and allocation of new ordinary shares. Necessary information for shareholders' decision was presented.
11. In the 2012 AGM, the Chair informed corporate shareholders about procedures relevant to the meeting including voting procedure. The shareholders were given opportunities to express their opinions and ask questions. There were inquiries about the Company's financial statements and operating results. In director appointment, the shareholders voted on each nominated director. Voting cards were used in case of disagreement over the meeting agenda. The meeting was recorded on video.
12. In minutes of the 2012 Annual General Shareholders' Meeting, names of all the directors physically present/absent were shown. All corporate directors were present. Summaries of clarifications, questions, answers, opinions, the voting procedure, and the vote count procedure were provided. Regarding disagreement, the meeting resolution was presented along with the total of votes in favor/ against and no vote. The minutes were posted on the corporate website within 14 days after the AGM.
13. Regarding the use and protection of inside information, the Company has established measures to prevent the use of inside information by directors, management, and employees for abusive self-dealing.
14. The Company requires that a director shall not operate or have any position in any ordinary partnership, or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the Company's direct and indirect competition, unless the information about their position(s) is disclosed to the shareholders' meeting before the appointment. Directors shall inform the Company immediately about their direct and indirect conflicts of interest arising in any corporate contracts done between fiscal years, or due to change in their acquisition of shares or debentures of the Company or its subsidiaries between fiscal years. The Company encourages its directors, Management and those related to the Board to disclose information about their interests as part of the Board's meeting agendas. Directors who have interests in any issues being considered are not allowed to vote on those particular issues.

## Role of Stakeholders

Besides protecting the benefits and rights of its shareholders, the Company realizes the significance of other stakeholders contributing to its financial stability and sustainability. These stakeholders include, for instance, customers, employees, trading partners, creditors, and the surrounding community. The Company has always ensured integrity and fair treatment for each stakeholder through its established business ethics, such as:

**Rights of shareholders :** They are defined in "Rights of Shareholders and Equitable Treatments of Shareholders" section.

**Rights of employees :** The Company respects its employees' legal rights according to the Labor Protection Act and related laws. It ensures fair and equal treatment for all employees regardless of their ranks, nationalities, religious beliefs, and gender. Employees are entitled to benefits according to their positions without discrimination. For transparency and fairness in employees' promotions and pay raises, the Company has established a committee comprising of Management of different departments. To support its growth, the Company encourages its employees' knowledge and skill development through in-house and outside training. Provident fund has been set for corporate employees' security. The Company upholds Thai Labor Standard 8001-2546 on human rights and social responsibility. It was given full and highest accreditation by the Department of Labor Protection and Welfare, Ministry of Labor, with the Thai Labor Standard (TLS: 8001-2546).

**Rights of customers :** Apart from customers' rights specified in contracts, the Company cares about their satisfaction. Follow-up and customer satisfaction evaluating systems have been established. Follow-ups and satisfaction evaluations are done periodically in line with ISO 9001: 2008 GMP, HACCP and HALAL. The aim is to promote long-term relationships between the Company and customers.

**Rights of trading partners :** Most of the Company's relationships with its trading partners are in the form of joint ventures. The Company always respects its trading partners' legal rights and rights as specified in joint venture agreements. It adheres to integrity, equality, and rights of benefits corresponding to their investments.

**Rights of creditors:** The creditors' rights specified in trade agreements are respected. The Company has earned trust among its creditors from ethical operations. Information

and updates concerning the Company and its financial status are provided for the Company's creditors.

**Rights of the community and environment:** The Company has always been responsible to the society and environment. It strictly complies with applicable laws, such as environmental and factory laws. The Company collaborates with the government sector and agencies, helps developing public infrastructure, provides financial supports, and promotes social activities that bring understanding and sustainable development to the community. For instance, support and develop sustainable village demonstration in Kanchanaburi province; educational support to technique school in Savannakhet, Lao PDR; donation to water supply village fund in Nampong, Khon Kaen province; support young plant and seedling to schools and villages in Nampong, Khon Kaen province; Public relations projects by sending medical team to check-up for villagers who live nearby the factory, Donate for the community in Khon Kaen and Loei province; moreover factory in Khon Kaen province received the Certificate of Green Industry by Industry Office in Loei (Ministry of Industry)

For projects that may have a potential impact on the community and environment, the company conducts public hearings and tries to minimize those effects. Specific procedures have been set for environmental and social factor studies, minimizing environmental and social impact, along with feasibility studies. For instance, sugar mill and power plant project in Loei province in which the company had conducted public hearings and analyses of impacts on the community and environment.

The company always realizes the importance of all groups of stakeholders as mentioned. It also values all suggestions, opinions, and comments that enable development, improvement and correction of the corporate operations. All stakeholders can contact the company to report improper incidents, complain, request for clarifications or correction, or make any suggestions via email: [ia@kslgroup.com](mailto:ia@kslgroup.com) or faxing the internal audit office at 02-642-6092. In the previous year, there was no wrongdoing reported to the company.

## Disclosure of Information and Transparency

The company ensures that corporate information is provided correctly, accurately, on time, and transparently through channels that are trustworthy and equally easy to access for the public. The followings are corporate practices:



1. Annual statements (Form 56-1) and annual reports are disclosed through the SET channels and corporate website, [www.kslsugar.com](http://www.kslsugar.com). There are also updates related to the company and the industry posted on the website to facilitate decision-making of those involved.
2. In the previous year, the company's disclosure of information and transparency were approved by the Securities and Exchange Commission and the Stock Exchange of Thailand, as its practice was in accordance with disclosure requirements. Effectiveness of the corporate information disclosure procedure was evaluated by outsiders.
3. In the 2009 annual report, the company disclosed additional information including duties of the Board of Directors and committees, the director and executive remuneration policy, summarized corporate governance policy, environmental and social policies, the company's compliance with established policies, summarized business ethics, and directors' training background were disclosed.
4. A statement of the Board of Directors' responsibilities for the company's financial statements is provided along with the auditor's report in the corporate annual report. The contents include the certification that the company's financial statements are fairly presented in accordance with generally accepted accounting principles and regulations, and that the financial statements are accurate, complete, and true according to accounting standards. The statement is signed by the Board Chairman and Managing Director.
5. Contents of the Company's website consist of organizational information, shareholding structure, the Board structure, vision/missions, businesses and products, corporate governance policies and compliance results, business ethics, information for investors, environmental and social policies, annual reports, financial statements, news and updates in both Thai and English.

6. The company is well aware of the importance of disclosing information to investors with accuracy, transparency, and accessibility. A team set up to coordinate communications between the company, investors, and shareholders can be reached by email at [ir@kslgroup.com](mailto:ir@kslgroup.com) or the following contacts:

1. Mr. Meechai Piyavisadpat  
Telephone: 02-642-6230, ext. 279  
Email: [meechai@kslgroup.com](mailto:meechai@kslgroup.com)
2. Mr. Chanachai Chutimavoraphand  
Telephone: 02-642-6230, ext. 294  
Email: [chanachai@kslgroup.com](mailto:chanachai@kslgroup.com)
3. Mr. Chalush Chinthammit  
Telephone: 02-642-6230, ext. 291  
Email: [chalush@kslgroup.com](mailto:chalush@kslgroup.com)

To promote understanding about the company's businesses and distribution of the information to interested investors, the company has produced an annual investor relations plan; quarterly analyst meetings are held at corporate conference room. Meetings are organized for reporting the company's operating results at the Stock Exchange of Thailand in order to provide opportunities for small investors to access corporate information and ask questions about the operating results and progress of corporate projects.

For foreign investors, the company collaborated with securities companies and financial analysts to prepare for various road shows presenting its operating results and project progress. In the previous year, the company attended conferences presenting corporate operating results and progress in Europe and Asia in conjunction with the Stock Exchange of Thailand. Visits to the company have been arranged for domestic and foreign investors. Appointments can be made in advance with the company's investor relations team.

# Details of Company's Directors, Executives Authorized Person and the Company Secretary

On Oct 31, 2013

Name/Position	Education Background	% of Shares		Work experience past 5 years - Present	
		Holding	Position	Company/Type of Business	
<b>1. Mr. Manu Leopaiprote</b> (70 years old) - Chairman of the Board of Directors	- BBA in Economics (Honor), Thammasat University - M.Sc.(Economics) (Honor), University of Kentucky, USA - Honorary Degree of Doctor of Business Administration, Thammasat University, Thailand - Diploma Development of Industry Nagoya Training in Japan - Diploma, National Defence College (34) - Diploma, Chairman 2000 (3/2001) - หลักสูตร Director Certification Program (DCP) รุ่นที่ 30 / 2003 - Director Certification Program (DCP) (30/2003) - Director Accreditation Program (DAP) 2003	-	- Chairman	- Khon Kaen Sugar Industry PLC. Affiliate of KSL Sugar Factories	
			- Chairman	- TMC Industrial PLC. - ARIP PLC. - Polyplex (Thailand) PLC. - Jubilee Enterprise PLC.	
			- Audit Committee	- Thai Beverage PLC.	
<b>2. Mr. Chamroon Chinthamit</b> (63 years old) - President and CEO	- BBA in Business Administration (Honor) Chulalongkorn University - Director Accreditation Program (DAP) (17/2004) by IOD - Chairman 2000 10/2004 by IOD	2.773	- President and CEO	- Khon Kaen Sugar Industry PLC. and Affiliate of KSL Sugar Factories	
			- Chairman	- Champion Fermentation Co., Ltd.	
			- President	- KSL Real Estate Co., Ltd. - Chengteh Chinaware (Thailand) Co., Ltd. - Thai Fermentation Industry Co., Ltd. - TFI Green Biotech Co., Ltd. - KSL Export Trading Co., Ltd. - Khon Kaen Sugar Power Plant Co., Ltd. - KSL Material Supplies Co., Ltd. - Koh Kong Sugar Industry Co., Ltd.	
			- Director	- Raja Solar Material Co., Ltd. - Onnuch Construction Co., Ltd. - Thai Sugar Millers Corporation Limited - Khon Kaen Alcohol Co., Ltd. - Sugar Industry Group, The Federation of Thai Industries - Chantaburi Starch Co., Ltd. - Savannakhet Sugar Corporation - Thai Listed Companies Association - The Federation of Thai Industry	
<b>3. Mr. Prapas Chutimavoraphand</b> (75 years old) - Director and Executive Director - Senior Vice President - Administrative	- Vocational Certificate, Chonradasornnumrung School - Director Accreditation Program (DAP) (17/2004) by IOD	0.792	- Director and Senior Vice President	- Khon Kaen Sugar Industry PLC. and Affiliate of KSL Sugar Factories	
			- Director	- Khon Kaen Sugar Power Plant Co., Ltd.	
			- President and CEO	- Thai Sugar Terminal PLC. and subsidiaries	
			- Managing Director	- Onnuch Construction Co., Ltd.	
			- President	- TS Flour Mill PLC.	

Name/Position	Education Background	% of Shares		Work experience past 5 years - Present	
		Holding	Position	Company/Type of Business	
<b>4. Mr. Pornsin Thaemsirichai</b> (69 years old) - Director and Executive Director - Senior Vice President Production & Technique	- B.Eng. in Civil Chulalongkorn University - MS in Engineering North Dakota State University, USA. - MBA., The University of Southern Queensland, Australia - Director Accreditation Program (DAP) (18/2004) by IOD - Director Certification Program (DCP) (50/2004) by IOD	1.335	- Director and Senior Vice President	- Khon Kaen Sugar Industry PLC. and Affiliate of KSL Sugar Factories	
			- President	- Koh Kong Plantation Co., Ltd.	
			- Managing Director	- Khon Kaen Sugar Power Plant Co., Ltd. - Khon Kaen Alcohol Co., Ltd.	
			- Director	- KSL Material Supplies Co., Ltd. - Savannakhet Sugar Corporation - Koh Kong Sugar Industry Co., Ltd. - Sahamit Machinery PLC.	
<b>5. Mr. Somchai Chinthammit</b> (61 years old) - Director and Executive Director - Assistant Vice President	- Diploma, Computer College, Germany - Certificate Mini MBA., Thammasat University - Director Accreditation Program (DAP) (17/2004) by IOD	2.527	- Director and Assistant Vice President	- Khon Kaen Sugar Industry PLC. and Affiliate of KSL Sugar Factories	
			- Director	- Khon Kaen Alcohol Co., Ltd. - Khon Kaen Sugar Power Plant Co., Ltd. - Champion Fermentation Co., Ltd. - Thai Fermentation Industry Co., Ltd. - KSL Agro and Trading Co., Ltd. - Thai Sugar Terminal PLC. and subsidiaries	
<b>6. Ms. Duangkae Chinthammit</b> (57 years old) - Director and Executive Director - Assistant Vice President	- Diploma from Katinka School, England - Certificate Modern Managers Program (MMP), Chulalongkorn University - Director Accreditation Program (DAP) (17/2004) by IOD	2.205	- Director and Assistant Vice President	- Khon Kaen Sugar Industry PLC. and Affiliate of KSL Sugar Factories	
			- Director	- Sub Sri Thai Warehouse PLC.	
<b>7. Ms. Duangdao Chinthammit</b> (55 years old) - Director and Executive Director - Vice President - Human Resources - Nomination and Remuneration Committee	- Master of Science, Agricultural Economics, University of Saskatchewan, Canada - Bachelor of Science, Computer Information System, Western Michigan University, USA. - BBA in Business Administration, Kasetsart University - Director Accreditation Program (DAP) (17/2004) by IOD - Director Certification Program (DCP) (17/2006) by IOD	2.213	- Director and Vice President	- Khon Kaen Sugar Industry PLC. and Affiliate of KSL Sugar Factories	
			- Director	- KSL Real Estate Co., Ltd. - Onnuch Construction Co., Ltd. - KSL Material Supplies Co., Ltd. - KSL Agro and Trading Co., Ltd. - Sub Sri Thai Warehouse PLC.	
<b>8. Mr. Tachpong Pakornsiriwongse</b> (65 years old) - Director and Executive Director	- Certificate in Financial Management, Chulalongkorn University - Director Accreditation Program (DAP) (21/2004) by IOD	0.004	- Director and Executive Director	- Khon Kaen Sugar Industry PLC. and Affiliate of KSL Sugar Factories	
			- Director	- Koh Kong Plantation Co., Ltd. - KSL Sugar Holding Co., Ltd.	
			- General Manager	- Koh Kong Sugar Industry Co., Ltd.	

Name/Position	Education Background	% of Shares Holding	Work experience past 5 years - Present	
			Position	Company/Type of Business
<b>9. Mr.Trakarn Chunharojrit</b> (73 years old) - Director and Executive Director - Assistant Vice President - Secretary to the Board of Directors	- Certificate in Accounting - Director Accreditation Program (DAP) (17/2004) by IOD	0.414	- Director and Secretary to the Board of Directors	- Khon Kaen Sugar Industry PLC. and Affiliate of KSL Sugar Factories
			- Director	- Khon Kaen Alcohol Co.,Ltd. - Khon Kaen Sugar Power Plant Co.,Ltd. - KSL Material Supplies Co.,Ltd. - KSL Real Estate Co.,Ltd. - KSL Agro and Trading Co.,Ltd. - KSL Sugar Holding Co.,Ltd.
<b>10. Mr.Chattri Chinthammit</b> (40 years old) - Director	- BBA in Economics, University of The Thai Chamber of Commerce - Master of Science, Computer Science, Bellevue University, USA. - Director Accreditation Program (DAP) (21/2004) by IOD - Certificate of Successful Formulation & Execution (SEF) (9/2010) by IOD - TLCA Executive Development Program (EDP) (1/2008) by TLCA	1.277	- Executive Director	- Chengteh Chinaware Co.,Ltd.
			- Director	- Khon Kaen Sugar Industry PLC. and Affiliate of KSL Sugar Factories
<b>11. Mr.Chalush Chinthammit</b> (45 years old) - Director and Executive Director - Vice President - Business Development & Raw Material Supply - Risk Management Committee	- BBA in Finance and Banking, Assumption University - BBA in Finance and Banking, Assumption University - Director Accreditation Program (DAP) (21/2004) by IOD - Capital Market Academy Program 10	1.460	- Deputy Managing Director	- KSL IT Center Co.,Ltd. Business System development
			- Director and Vice President	- Khon Kaen Sugar Industry PLC. and Affiliate of KSL Sugar Factories
			- Director	- Khon Kaen Alcohol Co.,Ltd. - Khon Kaen Sugar Power Plant Co.,Ltd. - KSL Agro and Trading Co.,Ltd. - Savannakhet Sugar Corporation - KSL Export Trading Co.,Ltd. - Onnuch Construction Co.,Ltd. - The Cane and Sugar Act Act B.E.2527 Committee - Thai Sugar Millers Corporation Limited - Thai Sugar Terminal PLC. and subsidiaries - TS Flour Mill PLC.
			- Managing Director	- KSL Real Estate Co.,Ltd.
			- Deputy Secretary-General	- Thai Sugar and Bio Energy Producers Associate



Name/Position	Education Background	% of Shares		Work experience past 5 years - Present	
		Holding	Position	Company/Type of Business	
<b>12. Mr. Sukhum Tokaranyaset</b> (66 years old) - Director and Executive Director - Senior Vice President- Accounting & Finance	- Vocational Certificate, Kitti Commerce College - Director Accreditation Program (DAP) (18/2004) by IOD	1.570	- Director and Senior Vice President	- Khon Kaen Sugar Industry PLC. and Affiliate of KSL Sugar Factories	
			- Vice President	- KSL Export Trading Co.,Ltd. - Rajaporcelain Co.,Ltd. - Chengteh Chinaware Co., Ltd.	
			- Executive Director	- Raja Product Co.,Ltd. - Raja Solar Material Co., Ltd. - KSL Real Estate Co.,Ltd. - Champion Fermentation Co.,Ltd.	
			- Director	- Koh Kong Sugar Industry Co., Ltd. - KSL. Agro and Trading Co., Ltd. - TFI Green Biotech Co.,Ltd.	
			- Managing Director	- Chantaburi Starch Co., Ltd. - Chantaburi Starch and Power Co., Ltd	
			- Director/ Deputy Managing Director	- Thai Fermentation Industry Co., Ltd.	
<b>13. Mr. Thawatchai Rojanachotikul</b> (60 years old) - Director and Executive Director - Senior Vice President - Administrative	- BBA in Business Administration, Auckland Technical Institute, New Zealand - Director Accreditation Program (DAP) (17/2004) by IOD	1.639	- Director and Senior Vice President	- Khon Kaen Sugar Industry PLC. And Affiliate of KSL Sugar Factories	
			- Director	- Savannakhet Sugar Corporation - KSL. Agro and Trading Co., Ltd. - KSL Export Trading Co.,Ltd. - Champion Fermentation Co.,Ltd. - KSL Real Estate Co.,Ltd. - TFI Green Biotech Co.,Ltd. - Chengteh Chinaware Co., Ltd.	
			- Director and Deputy Managing Director	- Thai Fermentation Industry Co., Ltd.	
<b>14. Mr. Somchat Chinthammit</b> (55 years old) - Director - Nomination and Remuneration Committee	- B.Eng in Mechanical, King Mongkut's University of Technology Thonburi - MIM in Marketing, Thammasat University - MBA./Marketing, Chulalongkorn University - Director Accreditation Program (DAP) (17/2004) by IOD - Director Certification Program (DCP) (55/2005) by IOD - Audit Committee Program (ACP) (8/2005) by IOD	0.509	- Director	- Khon Kaen Sugar Industry PLC. and Affiliate of KSL Sugar Factories	
			- Independent Director	- UOB Kay Hian Securities (Thailand) PLC.	

Name/Position	Education Background	% of Shares		Work experience past 5 years - Present	
		Holding	Position	Company/Type of Business	
<b>15. Mr. Pramoon Vichiensin</b> (83 years old) - Independent Director - Chairman of the Nomination and Remuneration Committee	- LL.B., Thammasat University - Certificate in Executive Development from NIDA - Director of Accreditation Program (DAP) (11/2004) by IOD - Certificate in Audit Committee Program (ACP) (10/2005) by IOD - Improving The Quality of Financial Reporting (GFR) (4/2006) by IOD	-	- Independent Director	- Khon Kaen Sugar Industry PLC.	
			- Qualify person in Law	- Bangkok Metropolitan Administration	
			- Advisor on President	- The Constitutional Court	
			- Sub-committee	- Office of The National Counter Corruption Commission	
<b>16. Pol.Gen.Boonpen Bumpenboon</b> (69 years old) - Independent Director - Chairman of the Risk Management Committee - Corporate Governance Committee	- LL.B., Sukhothai Thammathirat University - BBA in Public Administration, Royal Police Cadet Academy - Diploma, National Defence College (37) - MPA./ Public Administration, NIDA - Director Accreditation Program (DAP) (11/2004) by IOD	-	- Independent Director	- Khon Kaen Sugar Industry PLC.	
			- Deputy Commissioner	- Royal Thai Police	
			- General		
			- Board of Police Commissioner	- Office of the Council of State	
<b>17. Mr. Sitti Leelakasamelark</b> (60 years old) - Independent Director - Chairman of the Audit Committee - Risk Management Committee	- BA in Accounting, Chulalongkorn University - Director Accreditation Program (DAP) (11/2004) by IOD	-	- Independent	- Khon Kaen Sugar Industry PLC.	
			- Executive Vice President Support Line	- Noble Development PLC.	
			- Vice President		
			- Nomination and Remuneration Committee		
			- Director	- Continental City Co.,Ltd.	
				- Research and Consultant Co., Ltd. - BAN SUK SABAI Co., Ltd. - NK Energy Conservation Co., Ltd. - S&P Property Management Co.,Ltd.	
<b>18. Ms. Intira Sukhanindr</b> (67 years old) - Director and Executive Director - Senior Vice President Business Development	- Certificate of Secretary, Melbourne, Australia - Director Accreditation Program (DAP) (50/2006) by IOD	0.566	- Director and Senior Vice President	- Khon Kaen Sugar Industry PLC. and Affiliate of KSL Sugar Factories	
			- Director	- Champion Fermentation Co.,Ltd.	
				- Thai Fermentation Industry Co.,Ltd - Sub Sri Thai Warehouse PLC. - KSL Agro and Trading Co., Ltd. - Khon Kaen Sugar Power Plant Co.,Ltd.	
			- General Manager	- KSL Export Trading Co.,Ltd.	

Name/Position	Education Background	% of Shares		Work experience past 5 years - Present	
		Holding	Position	Company/Type of Business	
<b>19. Mr. Karun Kittisataporn</b> (65 years old) - Independent Director - Audit Committee - Nomination and Remuneration Committee - Corporate Governance Committee	- Bachelor of Commerce & Administration Victoria University of Wellington, N.Z. (under Colombo Plan Scholarship) - M.A. (International Trade) , Syracuse Univ. USA. (under USAID Scholarship) - Commercial Policy Course, GATT, Geneva - National Defense College, Class 388 - Director Certificate Programme (DCP) - Role of the Compensation Committee - Financial Statements for Directors - Monitoring the Internal Audit Function (MIA)	-	- Independent Director	- Khon Kaen Sugar Industry PLC.	
			- Independent Director	- Bank of Ayudhya PLC.	
			- Chairman of the Nomination Remuneration Committee		
			- Independent Director	- Central Pattana PLC.	
			- Nomination and Remuneration Committee		
			- Audit committee	- Sahamit Machinery PLC.	
			- Director	- Council of State	
				- The Insurance Commission	
			- Executive Chairman	- The Support Art and Crafts International Centre of Thailand	
<b>20. Mr. Warapatr Todhanakaseem</b> (64 years old) - Independent Director - Risk Management Committee - Audit Committee - Chairman of the Corporate Governance Committee	- LL.B. Thammasat University - B.Econ. (1 <sup>st</sup> Class Honor) Thammasat University - M.B.A. in Finance Kellogg School of Management, Northwestern University, Evanston, Illinois, USA. - M.S. in Economics University of Illinois, Urbana-Champaign, USA. - Ph.D. in Business Economics University of Illinois, Urbana-Champaign, USA	-	- Independent Director	- Khon Kaen Sugar Industry PLC.	
			- Chairman and Independent Director	- Prinsiri PLC.	
			- Management Consultants	- Amata Corporation PLC.	
			- Director	- True Corporation PLC.	
			- Director and Secretary	- Institute of Research and Development for Public Enterprise	
<b>21. Ms. Nongluck Phinainitisart</b> (54 years old) - Independent Director - Audit Committee - Corporate Governance Committee	- Bachelor Degree in Electrical Engineering, Chulalongkorn University - Master Degree in Electrical Engineering, University of Missouri, U.S.A. - Doctorate Degree in Electrical Engineering, Chulalongkorn University - Director Accreditation Program (DAP) Class 4/2003 by IOD - Director Certification Program (DCP) Class 71/2006 by IOD - Executive Program, Harvard University, USA - Stanford Executive Program 2013	-	- Independent Director	- Khon Kaen Sugar Industry PLC.	
			- Director	- Government Saving Bank	
				- Thaicom PLC.	
				- Shin Satellite PLC.	
			- Vice Chairman	- Thailand Post Co.,Ltd.	
			- Chairman of the Audit Committee	- Government Saving Bank	
			- Executive Director	- Thaicom PLC.	

Name/Position	Education Background	% of Shares Holding	Work experience past 5 years - Present	
			Position	Company/Type of Business
<b>22. Mr. Chanachai Chutimavoraphand</b> (41 years old) - Vice President - Accounting & Finance	- CFA Charterholder, Association for Investment Management and Research (AIMR) - Certificate of Director Accreditation Program (DAP 37/2005) - Bachelor Degree of Engineering Chulalongkorn University. - Bachelor of Law, Chulalongkorn University. - Master Degree of Business Administration, Tennessee University, U.S.A. - Master Degree of Arts, Business Law. Chulalongkorn University	2.603	- Vice President	- Khon Kaen Sugar Industry PLC
			- Assistant Vice President	- and Affiliate of KSL Sugar Factories
			- Director	- Khon Kaen Alcohol Co., Ltd.
				- Koh Kong Sugar Industry Co., Ltd.
				- Savannakhet Sugar Corporation
				- KSL Material Supply Co., Ltd.
				- Onnuch Construction Co., Ltd.
			- Executive Director	- Thai Sugar Terminal PLC.
			- Nomination & Remuneration Committee	
			- Executive Director	- T S Warehouse Co., Ltd.
				- T S G Asset Co., Ltd.
				- T S Oil Industry Co., Ltd.
				- T S Transport and Logistics Co., Ltd.
				- T S Flour Mill PLC.

Remark : Affiliate KSL Sugar Factories:

- Tamaka Sugar Industry Co.,Ltd.
- New Krung Thai Sugar Factory Co.,Ltd.
- New Kwang Soon Lee Sugar Factory Co.,Ltd.

# Details of Subsidiaries' Directors

On October 31, 2013

Name	Position	Subsidiaries and Associates													
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Mr.Manu Leopaiprote	Chairman	●	●	●											
2. Mr.Chamroon Chinthammit	Director/President and CEO	■	■	■		●	●	●	●	●	●	●	●		●
3. Mr.Prapas Chutimavoraphand	Director/Executive Director	■	■	■	■		▲			▲					
4. Mr.Pornsir Thamsirichai	Director/Executive Director	■	■	■			▲	▲	▲				▲	●	
5. Mr.Sukhum Tokaranyaset	Director/Executive Director	■	■	■		▲				▲	▲	▲			▲
6. Mr.Thawatchai Rojanachotikul	Director/Executive Director	■	■	■		▲				▲	▲	▲	▲		
7. Mrs.Intira Sukhanindr	Director/Executive Director	■	■	■			▲			▲	▲	▲			
8. Ms.Duangdao Chinthammit	Director/Executive Director	■	■	■					▲	▲		▲			
9. Mr.Somchai Chinthammit	Director/Executive Director	■	■	■	▲		▲	▲		▲					
10. Ms.Duangkae Chinthammit	Director/Executive Director	■	■	■											
11. Mr.Somchart Chinthammit	Director/Chairman of the Risk Management Committee	▲	▲	▲											
12. Mr.Tachpong Pakornsiriwongse	Director/Executive Director	■	■	■											
13. Mr.Chalush Chinthammit	Director/Executive Director	■	■	■	▲	▲	▲	▲	▲			▲	▲	▲	
14. Mr.Chattri Chinthammit	Director	▲	▲	▲											
15. Mr.Trakarn Chunharojrit	Executive Director/ Secretary	■	■	■			▲	▲	▲	▲		▲			
16. Mr.Pramoon Vichiensin	Independent Director/Nomination and Remuneration Committee														
17. Pol.Gen.Boonpen Bumpenboon	Independent Director/Chairman of the Nomination and Remuneration Committee														
18. Mr.Sitti Leelakasemlerk	Independent Director/ Chairman of Audit Committee														
19. Mr.Karun Kittisataporn	Independent Director/Audit Committee Corporate Governance Committee														
20. Mr.Warapatr Todhanakasem	Independent Director/Risk Management Committee/Chairman of the Corporate Governance Committee														
21. Ms.Nongluck Phinainitisart	Independent Director/Audit Committee/ Corporate Governance Committee														
22. Mr.Chanachai Chutimavoraphand	Vice President				■			▲	▲			▲	▲		▲
23. Mr.Theera Sanguandeekul	Vice President							▲	▲				▲		▲
24. Mr.Wiraj Chunfong	Assistant Vice President								▲				▲		
25. Mr.Narong Jitnomrat	Assistant Vice President												▲		
26. Mr.Piripon Chinthammit	Assistant Plant Director									▲		▲	▲	▲	
27. Mr.Thirapong Nacasaksevee	Senior Sales Manager / Manging Director											▲			

Note :

1) Symbols

Position

● Chairman

▲ Executive Director

■ Director

2) Name of Subsidiaries and Associates

1. Tamaka Sugar Industry Co.,Ltd.

2. New Krung Thai Sugar Factory Co.,Ltd.

3. New Kwang Soon Lee Sugar Factory Co.,Ltd.

4. Thai Sugar Terminal PLC.

5. KSL Export Trading Co.,Ltd.

6. Khon Kaen Sugar Power Plant Co.,Ltd.

7. Khon Kaen Alcohol Co.,Ltd.

8. KSL Material Supplies Co.,Ltd.

9. KSL Real Estate Co.,Ltd.

10. Champion Fermentation Co.,Ltd.

11. KSL. Agro and Trading Co.,Ltd.

12. Savannakhet Sugar Corporation

13. Koh Kong Plantation Co.,Ltd.

14. Koh Kong Sugar Industry Co.,Ltd





## Corporate Social Responsibilities

Khon Kaen Sugar Industry Public Company Limited is strongly committed to operating its businesses responsibly. The company's corporate social responsibility (CSR) programs are created to continuously support the local communities and the environment that surrounds them. The company believes in respecting human rights and the protecting the interests of its stakeholders including the society and the country at large, through ethical practice and transparent operations.

The company is determined to advance its sugar and related businesses ethically and responsibly. Its commitment towards stakeholders, communities, society, and environments are detailed as follow:

- 1. Corporate Governance** The company aims to become part of a leading organization in Thailand. To this effect, it looks to promote sustainable growth, to build good reputation and credibility amongst its investors and other stakeholders, to adopt ethical business practices and to strictly follow good corporate governance guidelines.
- 2. Respect for Human Rights** The company supports the principle of human rights. To this effect, it will conduct activities that support human rights and the right to freedom. The company believes in the principle of equality and will not tolerate discrimination of race, age, and gender. It is also against the use of child labor and any form of corruption.
- 3. Fair Employee Treatment** The company will give fair compensation to its employees at the level that is appropriate to the industrial environment of Thailand and any changes in the organizational structure will be done responsibly and in accordance with the law of Thailand. The company created an Employee Benefit Committee so that its employees can participate in the management of the benefits that they will receive. The objectives are to provide

further benefits to employees so that they can work happily and more efficiently. The company also created a provident fund that would help employees save and invest money towards their retirement. In 2013, the company received TLS 8001-2546 certificate, the highest recognition for businesses that operate with social responsibility from Department of Labor Protection and Welfare of Thailand. Additionally, the company created Health and Safety Committee to oversee the health and safety policy and practice at all its factories. The committee is responsible for regularly testing safety alarms, placing fire extinguishers at appropriate locations, organizing fire drills and related training.

**4. Care for the Environment** The company has in place an environmental policy that strictly follows the government law and regulation as well as other environmental standards such that it may be able to reduce and/or eliminate waste systematically. It also has put in place measures to ensure the efficiency of its waste management and collect data to compare and improve its waste reduction performance. For example, at its sugar mills, the company use the wet scrubber technology to catch dust from heating the steamer; at ethanol plant, the waste water from production is used to mixed with filter cake (by product of making sugar) to make bio-fertilizer that is environmentally friendly and good for local cane farmers. Prior to the start of any new project that may negatively affect the environment and local communities, the company will first conduct an environmental impact assessment (EIA) first so that it may analyze the positive and negative results from the project and set policies to prevent and reduce its environmental impact.

**5. Adopt Good Business Ethics** The company intends to conduct its operations ethically, in compliance with the law and societal practice, and remain politically neutral.

**6. Customer and Supplier Care** The company place great importance in producing high quality sugar that is safe for human consumption. It also aims to continuously provide good service to its customers and suppliers and hope that in return, the company will receive the same high quality and service from them and therefore able to build a longstanding relationships.

#### **7. Community participation and development**

The company considers the needs of the community and the importance of people as vehicle of building strong and ethical communities. It supports activities that help educate people, build strong culture and society, and improve quality of everyone's life. The company encourages its employees to participate and volunteer in all activities that will positively serve society.

Additionally, the company's management strongly supports his majesty King Rama 9<sup>th</sup> "Sufficiency Economy" philosophy. The company established AgriNature Center on its KSL Riverkwai estate located in Kanchanaburi province. This center becomes a member to the AgriNature Foundation that is founded to help people put his majesty's philosophy into practice. The company systematically promotes this philosophy to its employees and to interested individuals from the communities surrounding its factories through hands-on training at the AgriNature Center so that they may adopt his majesty's sufficiency economy philosophy and used it in their daily life.

The company believes that its continuous efforts in its various different CSR programs can help improve the quality of life of its stakeholders and help the company and the society at large to build a sustainable future together.

## KSL Activities in the Year 2013



### Shareholders visit BoPloy Factory and Lumrang Sustainable Economy Village.

On March 30, 2013, the company organized a trip for 80 shareholders to visit the New Krung Thai factory at Bo Ploy, Kanchanaburi. The shareholders were able to observe the daily operation of the factory and learn more about its Bio-Refinery Complex. They also visited the village of Lumrang, Bo Ploy, Kanchanaburi which the company has continuously supported to develop a sustainable economy according to the King's "Sufficient Economy" philosophy.



### Educational Funding for Students at Savannakhet Technical College, Laos' People Democratic Republic.

On June 19, 2013, Savannakhet Sugar Corporation which is a subsidiary of Khon Kaen Sugar Industry Public Company Limited has entered into a memorandum of understanding (MOU) with the Savannakhet Technical College in Laos to provide yearly educational funds worth 50,000 THB for 3 years and internship placement for students at its factory.





### Donation to the Tap Water Development Project at NongBuaBan Village, Khon Kaen Province

On June 27, 2013, Khon Kaen Sugar Industry Public Company Limited at Nampong, Khon Kaen **donated 70,000 THB to the Tap Water Development Project at NongBuaBan Village, Khon Kaen Province.** NongBuaBan village is located in the same district as the company's bio-fertilizer plant. The company wishes to help villagers as it observed that they experienced draught repeatedly year after year and do not have access to clean tap water due to the lack of a systematic pipeline.



### Receiving Green Industry Level 2 Certification from Ministry of Industry

On June 28, 2013, Khon Kaen Sugar Industry Public Company Limited at Nampong, **Khon Kaen received the Green Industry Level 2 - Green Operation Certification** from the Ministry of Industry for its continuous efforts in reducing its impact on the environment and communities surrounding its factory.



### Participation in the 2013 Industry and Environmental Protection Campaign, Khon Kaen

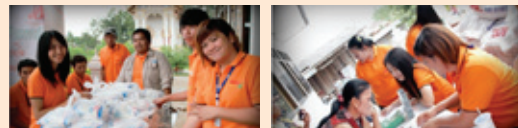
On August 23, 2013, New Krung Thai Sugar Factory Co., Ltd (NKT) that is one of KSL's subsidiaries had **participated in the 2013 Industry and Environmental Protection Campaign** that is hosted by the Kanchanaburi's Office of Industry. NKT made an exhibition about its environmental policies and its impact as well as illustrates its continuous commitment to its CSR activities towards communities and areas around its factory.





### Participation in the TMB Park Run 2013

On September 15, 2013, Khon Kaen Sugar Industry Public Company Limited participated in the **TMB Park Run 2013**. KSL's management and employees participated by running for this event as well as giving other runners and walkers the "Karnjanika," herbal drinks made from KSL's own Agri Nature Center in Kanchanaburi. All the money raised from this event was given to the educational fund for orphan children from the three southern provinces that experience violence and political unrest.



### Hosting Community Relationship Campaign, Loei Province

On September 28, 2013, Khon Kaen Sugar Industry Public Company Limited at Wangsapung, **Loei Province** hosted a campaign to develop good relationship with communities surrounding the factory. Communities within 5 kilometer radius were invited to join the program to raise issues and exchange ideas that the company can use to improve operation while reducing its impact on the communities.



### Giving Rice Mill Machine to Bhodivijalaya College, Srinakharinwirot University, SaKaeo Province.

On December 4, 2013, New Kwang Soon Lee Sugar Factory Co. Ltd that is one of the subsidiaries of KSL gave a rice mill machine with milling capacity of 200 kilograms/ hour worth 299,600 THB to Bhodivijalaya College, Srinakharinwirot University, SaKaeo Province. The objective is to help students learn about rice milling techniques and to enhance the capacity of existing mills in the college so that it can mill more rice for local farmers.



# Internal Control and Risk Management

## Internal Control

The company values strong internal control system that can adequately protect the interest of all its stakeholders. By applying a suitable internal control model, the company can achieve its corporate goals effectively and efficiently in terms of its operation, financing, risk management, and corporate governance.

At the Board of Directors meeting (6/2556) on December 24, 2013, the Board assessed the sufficiency of the company's internal control system based on the report from the audit committee presented in the previous Board of Directors meeting (5/2013) on December 20, 2013. The assessment criteria are based on the COSO 2013 guideline that was approved and required by the Security and Exchange Commission effective from August, 2013. The new COSO 2013 guideline covers five different aspects of internal control: control environment, risk assessment, control activities, information and communication, monitoring activities. The audit committee reviewed the company's internal control system and considered it to be sufficient; especially in monitoring activities of the directors and management, shareholders, and those that may be related to them as well as the activities of the companies within the group in order to ensure that the directors and the management do not use the company's assets without authorization or for personal gain.

Internal audit is an important part of internal control system. The audit committee appointed Mr. Siwarak Phinicharomna as the Director of the Internal Control Unit (see document attached for his credential). Mr. Phinicharomna advised the company to use an internal audit policy that is the standard developed by the Institute of Internal Auditors of Thailand. The policy's objective is to support the company in achieving its business targets effectively and efficiently while having a comprehensive internal and external reviews and complying with the rules and regulations of the law.

The audit committee has the right to appoint, remove, and/or reassign the Director of the Internal Control Unit when it considered appropriate. During the Audit Committee meeting (5/2013) on December 20, 2013, the committee has reviewed the qualification of the Director of the Internal Control Unit and concludes that he is suitable to lead the unit to effectively and efficiently complete their tasks.

## Risk Management

The company's Risk Management Committee set the risk management policy and process for the management to execute. The management team is responsible for identifying risk factors and planning effective control systems. By considering the risk factors, the management can develop a better business model and control system that will enable it to manage risk at an acceptable level.

At the Audit Committee meeting (3/2013), the committee approved the risk management manual that is custom made for the company by the consultant with expertise in internal control as well as recommended the creation of a joint committee that will be responsible for the integration and coordination of the company's risk management efforts. Additionally, the company has received support from the Stock Exchange of Thailand in developing good corporate governance. The company's internal control system, internal audit, risk management, and corporate governance activities were reviewed from August to September 2013 by TRIS Corporation Limited and were found to be progressing at a highly satisfactory level.

# Related Party Transactions

Related party transactions for the year ended 31 October 2013 and 2012 disclosed in this section comprise of transactions between the enterprises and subsidiaries, associated, and individuals that may have the conflict of interest as follows:

## Related Party Relationship as at October 31, 2013

### Subsidiaries

Company Name	Relationship
<b>Tamaka Sugar Industry Co., Ltd.</b> Manufacture and distribution of sugar and molasses	Tamaka Sugar Industry Co., Ltd. is controlled by the company which owns 90.21% of the subsidiary's shares. Individuals that relate to directors of the company own 9.79% of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
<b>New Krung Thai Sugar Factory Co., Ltd.</b> Manufacture and distribution of sugar and molasses	New Krung Thai Sugar Factory Co., Ltd. is controlled by the company which owns 95.78% of the subsidiary's shares. Individuals that relate to directors of the company own 4.22% of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
<b>New Kwang Soon Lee Sugar Factory Co., Ltd.</b> Manufacture and distribution of sugar and molasses	New Krung Thai Sugar Factory Co., Ltd. is controlled by the company which owns 98.61% of the subsidiary's shares. Individuals that relate to directors of the company own 4.22 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
<b>K.S.L. Real Estate Co., Ltd.</b> Housing and land for agriculture estate including holiday resort for training and seminar center	K.S.L. Real Estate Co., Ltd. is a subsidiary of and controlled by the company, Sugar Industry Co., Ltd. which owns 40.77% and 55.70% of the subsidiary's shares, respectively. Individuals that relate to directors of the company own 0.91 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
<b>Thai Sugar Terminal PCL.</b> Locating, silo warehouse and property rental	Thai Sugar Terminal Public Company Limited is a subsidiary of and controlled by the company which owns 23.82% of the subsidiary's shares. Major shareholders and directors of the company own 38.36% of the subsidiary's shares. The company also has common directors namely Mr. Prapas Chutimavoraphand, Mr. Somchai Chinthammit and Mr. Chalush Chinthammit
<b>K.S.L. Export Trading Co., Ltd.</b> Export sugar as exporting agent	K.S.L. Export Trading Co., Ltd. is a subsidiary of and controlled by the company, Tamaka Sugar Industry Co., Ltd., New Krung Thai Sugar Factory Co., Ltd. and New Kwang Soon Lee Sugar Factory Co., Ltd. which own 33.87%, 23.11%, 16.04% and 9.60% of the subsidiary's shares, respectively. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Thawatchai Rojanachotikul, Mr. Sukhum Tokaranyaset and Mr. Chalush Chinthammit.
<b>Savannakhet Sugar Corporation</b> Agricultural Operation, Manufacture and distribution of sugar and molasses	Savannakhet Sugar Corporation is controlled by the company which owns 98.49% of the subsidiary's shares. None of major shareholders and directors of the company own the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose.
<b>Koh Kong Sugar Industry Co., Ltd.</b> Manufacture and distribution of sugar and molasses which are during investment process	Koh Kong Sugar Industry Co., Ltd. is controlled by the company which owns 80.00% of the subsidiary's shares. None of major shareholders and directors of the company own the shares. Therefore, related transactions between the company and subsidiary are not required to disclose.
<b>Koh Kong Plantation Co., Ltd.</b> Agricultural Operation	The Company holds shares indirectly which owns 80.00% of the subsidiary's shares. None of major shareholders and directors of the company own the shares. Therefore, related transactions between the company and subsidiary are not required to disclose.

## Associates

Company Name	Relationship
<b>Champion Fermentation Co., Ltd.</b> Holding company (the company has an ownership interest in Chantaburi Starch Co., Ltd. which manufacture and distribute of cassava starch)	Champion Fermentation Co., Ltd. is an associate of and controlled by the company which owns 32.50% of the associate's shares. Major shareholders and directors of the company own 18.00% of the subsidiary's shares. Other major shareholders are a group of Taiwanese businessmen. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset and Mr. Thawatchai Rojanachotikul.

## Related Companies

Company Name	Relationship
<b>K.S.L. IT Center Co., Ltd.</b> Provide computerized and database services to parent company and related parties	K.S.L. IT Center Co., Ltd. is controlled by Chengteh Chinaware (Thailand) Co., Ltd., and Thai Fermentation Industry Co., Ltd., whose stakes individually equal to 50% of K.S.L. IT Center Co., Ltd.'s shares. The company also has common directors namely Mr. Chatri Chinthammit.
<b>Chengteh Chinaware (Thailand) Co., Ltd.</b> Manufacture and distribution of ceramic products	Chengteh Chinaware (Thailand) Co., Ltd. is controlled by the same shareholder group of the company who owns 51.31% of Chengteh Chinaware (Thailand) Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset, Mr. Thawatchai Rojanachotikul, Mr. Trakarn Chunharojrit and Mr. Chalush Chinthammit.
<b>Thai Fermentation Industry Co., Ltd.</b> Manufacture and distribution of seasoning powder	Thai Fermentation Industry Co., Ltd. is controlled by the same shareholder group of the company who owns 47.10% of Thai Fermentation Industry Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset, Mr. Thawatchai Rojanachotikul, and Mr. Somchai Chinthammit.
<b>On Nuj Construction Co., Ltd.</b> Hotel and real estate agent	On Nuj Construction Co., Ltd. is controlled by the same shareholder group of the company who owns 78.50% of On Nuj Construction Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Chalush Chinthammit, Ms. Duangkae Chinthammit, Ms. Duangdao Chinthammit and Mr. Prapas Chutimavoraphand.
<b>K.K. Wood Industry Co., Ltd.</b> Manufacture and distribution of processing products	K.K. Wood Industry Co., Ltd. is controlled by the same shareholder group of the company who owns 93.01% of K.K. Wood Industry Co., Ltd.'s shares. There is no common director.
<b>Amarco Co., Ltd.</b> Distribution of pesticide products	Amarco Co., Ltd. is controlled by the same shareholder group of the company who owns 100% of Amarco Co., Ltd.'s shares. There is no common director.
<b>Sahamit Machinery PCL.</b> spare parts, machinery, tools and equipments for industrial factory	Sahamit Machinery Public Company Limited has common director namely Distribution of Mr. Pornsin Thaemsirichai and Mr. Karun Kittisataporn.

## 1. The following transactions were carried out with related parties:

### 1.1 Sales and purchases of goods and services including balance transaction (for the year ended 31 October 2012 and 2011)

Customers	Sellers/ Service providers	Type of Transaction/ Conditions	Amount (Thousand Baht)		Necessity and reasonableness
			31 Oct 13	31Oct 12	
Thai Fermentation Industry Co., Ltd.	Khon Kaen Sugar Industry Public Company Limited	- Sales of molasses	28,690	-	The Company and its subsidiaries sold molasses to Thai Fermentation Industry as raw material. The transactions arose in ordinary course of business which carried out at market price on normal terms.
		- Advance receivable for goods	1,396	-	
	Tamaka Sugar Industry Co., Ltd.	- Sales of sugar	29	-	
	KSL Ago & Trading Co., Ltd.	- Sales of sugar	246	-	
	Koh Kong Sugar Industry Co., Ltd.	- Sales of sugar and molasses	-	3,710	
K.K. Wood Industry Co., Ltd.	Khon Kaen Sugar Industry Public Company Limited	- Sales of supply and parts	127	64	The Company sold other product consisted of supplies and spare parts to K.K. Wood Industry Co., Ltd. to put into production process which carried out at cost plus administrative expense.
		- Trade accounts receivable	27	26	
		- Sale of sugar			
		- Other accounts receivable	14	11	
		- Sale of supply and parts			
		- Unearned revenue	19	-	
Khon Kaen Sugar Industry PLC.	Thai Fermentation Industry Co., Ltd.	- Retention for rental building	90	-	
		- Sale of chemical and water	237	80	The Company's group purchased chemical product as caustic soda and hydrochloric acid from Thai Fermentation Industry Co., Ltd. to clean their machineries. The product price of Thai Fermentation Industry Co., Ltd. was less than the others from price comparison because they were by product from production process.
Tamaka Sugar Industry Co., Ltd.		- Other accounts payable (Incidental expenses)	12	43	
		- Sale of chemical and water	488	450	
New Krung Thai Sugar Factory Co., Ltd.		- Other accounts payable (Incidental expenses)	2	-	
		- Sale of chemical and water	58	426	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Sale of chemical and water	20	13	
		- Trade accounts payable	-	3	
		- Other accounts payable (Incidental expenses)	8	-	
Khon Kaen Sugar Industry PLC.	K.S.L. Export Trading Co., Ltd.	- Service fees of goods exporting	3,288	3,708	
Tamaka Sugar Industry Co., Ltd.		- Service fees of goods exporting	2,464	1,063	Sugar exporting has to be made by only company that authorized by Cane and Sugar Board in the Royal Gazette according to the sugarcane and sugar act. The Company's group and Prachaup Industry Co., Ltd. therefore established K.S.L. Export Trading Co., Ltd. to only be export agent and documental support. K.S.L. Export Trading Co., Ltd. will charge service fees at cost plus administrative expenses according to volume of goods.
New Krung Thai Sugar Factory Co., Ltd.		- Service fees of goods exporting	4,261	3,481	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Service fees of goods exporting	297	337	
Koh Kong Sugar Industry Co., Ltd.		- Service fees of goods exporting	830	502	
Savannakhet Sugar Corporation		- Service fees of goods exporting	301	355	
Khon Kaen Alcohol Co., Ltd.		- Service fees of goods exporting	774	-	

Customers	Sellers/ Service providers	Type of Transaction/ Conditions	Amount (Thousand Baht)		Necessity and reasonableness
			31 Oct 13	31Oct 12	
Khon Kaen Sugar Industry PLC.	Thai Sugar Terminal Public Company Limited and its subsidiary company	- Service fees for goods custody and transfer - Other accounts payable - Accrued expenses	40,675 1,840 138	18,813 - -	The Company needs to use wharf and transfer services for group of sugar factory. Thai Sugar Terminal Public Company Limited priced service fees of goods custody and goods exporting were charge according to volume of goods and custody time, which are general rates in the market.
Tamaka Sugar Industry Co., Ltd.		- Service fees for goods custody and transfer	12,922	10,201	
New Krung Thai Sugar Factory Co., Ltd.		- Service fees for goods custody and transfer	31,976	24,311	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Service fees for goods custody and transfer - Accrued expenses	6,445 61	5,684 -	
Khon Kaen Sugar Industry PLC.	K.S.L. IT Center Co., Ltd.	- Service fees of computerized activities - Prepaid expenses - Other accounts payable	5,226 210 -	5,300 - 4	K.S.L. IT Center Co., Ltd. was established for serve computer service center within the group companies. The said company priced service fees calculated by investment cost and operating expense to allocate according to actual data usages of each company.
Tamaka Sugar Industry Co., Ltd.		- Service fees of computerized activities - Prepaid expenses	1,692 58	2,198 -	
New Krung Thai Sugar Factory Co., Ltd.		- Service fees of computerized activities - Prepaid expenses	3,731 142	3,015 -	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Service fees of computerized activities - Prepaid expenses	1,372 54	1,201 -	
K.S.L. Real Estate Co., Ltd.		- Service fees of computerized activities	57	17	
K.S.L. Export Trading Co., Ltd.		- Service fees of computerized activities	179	95	
Savannakhet Sugar Corporation		- Service fees of computerized activities - Other account payables	444 -	490 37	
Koh Kong Sugar Industry Co., Ltd.		- Service fees of computerized activities	471	481	
Koh Kong Plantation Co., Ltd.		- Service fees of computerized activities	135	185	
Khon Kaen Sugar Industry PLC.	Sahamit Machinery PLC.	- Sale of chemical and machine part - Other account payables (Incidental expense)	7,328 126	7,654 259	The Company purchased chemical product and spare parts from Sahamit Machinery Public Company Limited use in production process. The product price of Sahamit Machinery Public Company Limited was less than the others from price comparison.
Tamaka Sugar Industry Co., Ltd.		- Sale of chemical and machine part - Other account payables (Incidental expense)	1,546 1,406	- -	
New Krung Thai Sugar Factory Co., Ltd.		- Sale of chemical and machine part	24	28	



## 1.2 Rental fee (for the year ended 31 October 2013 and 2012)

Lessor	Lessee	Significant transaction	Amount (Thousand Baht)		Necessity and reasonableness of Connected Transaction
			31 Oct 13	31Oct 12	
Khon Kaen Sugar Industry PLC.	On Nuj Construction Co., Ltd.	Office rental area of 202.84 square meters and car park at the rate of Baht 250 and 200 per square meter per month respectively and are allowed to be renewed annually (01/09/13-31/08/14)	619	612	The Company has rent out office space to its companies group due to locate office centrally and conveniently. Rental fees were carried out at market prices on normal trade and agreement commencement date. Office rental and asset rental condition were set mainly concern about benefit to the company.
	Chengteh Chinaware (Thailand) Co., Ltd.	Office rental area of 495.54 square meters and car park at the rate of Baht 242 per square meter per month and are allowed to be renewed annually (01/01/13 - 31/12/13)	1,440	1,440	
	K.S.L. IT Center Co., Ltd.	Office rental area of 202.84 square meters and car park at the rate of Baht 200 per square meter per month and are allowed to be renewed annually (01/03/13 -28/02/14)	609	372	
	Amarco Co., Ltd.	Land rental area of 536 square meters at the rate of Baht 1,650 per square meter per month for the period of 20 years (01/02/04-31/01/24) with rental rate will be raised 10% every 3 years.	23	20	
	K.K. Wood Industry Co., Ltd.	Land rental area of 1,728 square wah at the rate of Baht 90,200 and 82,000 per annum respectively and are allowed to be renewed every 3 years (15/01/11 -14/01/14) with rental rate will be raised 10% every 3 years.	90	90	
Tamaka Sugar Industry Co., Ltd.	K.S.L. Export Trading Co., Ltd.	Office rental area of 30.00 square meters with furniture at the rate of Baht 300 per square meters per month and is allowed to be renewed annually (01/09/13-31/08/14)	108	108	The Company has rent out office space to its companies group due to locate office centrally and conveniently. Rental fees were carried out at market prices on normal trade and agreement commencement date. Office rental and asset rental condition were set mainly concern about benefit to the company.
Champion Fermentation Co., Ltd.	Tamaka Sugar Industry Co., Ltd.	Land rental area of 270 rai at the rate of Baht 500 per rai and is allowed to be renewed every 3 years (04/08/13-03/08/16)	163	168	Land leasing is for a plot of experimental sugar cane plantation and sugar cane research.

### 1.3 Borrowings from/ Loans to related parties (for the year ended 31 October 2013 and 2012)

For the year ended 31 October 2013							
Borrower	Lender	As at 1 Nov 2012	Loan Addition during the period	Repayment during the period	As at 31 Oct 2013	Interest paid	Necessity and reasonableness of Connected Transaction
Prachaup Industry Co., Ltd.	K.S.L. Export Trading Co., Ltd.	-	657,020	(657,020)	-	3,138	The loan was provided as financial supporting through K.S.L. Export Trading Co., Ltd. which was registered according to the laws and regulations of sugar exporting. The credit line from financial institution was defined and borrowed by K.S.L. Export Trading Co., Ltd. Then, K.S.L. Export Trading Co., Ltd. lent to sugar factories. Therefore, K.S.L. Export Trading Co., Ltd. represents an intermediary for credit line carried out. Prachaup Industry Co.,Ltd. pledged sugar exporting and promissory note as collaterals against credit facilities from K.S.L. Export Trading Co., Ltd. and no fee is charged for the inter-credit facility guarantee.
For the year ended 31 October 2012							
Borrower	Lender	As at 1 Nov 2011	Loan Addition during the period	Repayment during the period	As at 31 Oct 2012	Interest paid	Necessity and reasonableness of Connected Transaction
Prachaup Industry Co., Ltd.	K.S.L. Export Trading Co., Ltd.	-	959,090	(959,090)	-	4,394	The loan was provided as financial supporting through K.S.L. Export Trading Co., Ltd. which was registered according to the laws and regulations of sugar exporting. The credit line from financial institution was defined and borrowed by K.S.L. Export Trading Co., Ltd. Then, K.S.L. Export Trading Co., Ltd. lent to sugar factories. Therefore, K.S.L. Export Trading Co., Ltd. represents an intermediary for credit line carried out. Prachaup Industry Co.,Ltd. pledged sugar exporting and promissory note as collaterals against credit facilities from K.S.L. Export Trading Co., Ltd. and no fee is charged for the inter-credit facility guarantee.

## Policy on Future Related party transactions

The Audit Committee passed the resolution of related party transactions as the followings:

The Audit Committee has reviewed the related party transactions described in the table above and given the view that it was in accordance with normal business practice and carried out at market price.

### Policy on future related party transactions

**1. Normal Business Transactions** Normal business transactions include transfer and transport services and warehouse rental from Thai Sugar Terminal Public Company Limited and sales and purchases of sugar between the company and the subsidiaries. These connected transactions will firstly be brought to the company's consideration in respect of the company's interests and be ensured that they will be carried out at market price.

**2. Rental Service Transactions** Rental service transactions will be carried out at market price and the same rate given to third parties.

**3. Sales and Purchases of Assets and Investments** Sales and purchases of assets and investments are an increase of capital in order to maintain the same shareholding proportion as previously held. It is also an investment for the current business expansion and the future business growth. The policy of sales and purchases of assets and investments will firstly be brought to the company's consideration in respect of the company's interests and the justification for entering into the transaction, the necessity and appropriateness of such transactions.

**4. Borrowings from/ Loan to persons having potential conflict of interest** Borrowings from/ Loan to persons having potential conflict of interest will firstly be brought to the company's consideration in respect of the justification for entering into the transaction, the necessity and appropriateness of such transactions.

**5. Other Related Transactions** Other related transactions are transactions other than 1-4 stated above.

Related party transactions between the company and the subsidiaries and the persons having potential conflict of interest, having a stake in or possibly having a conflict of interest in the future shall be subject to the opinion of the Audit Committee for their consideration in respect of the justification for entering into the transaction, the necessity and appropriateness of such transactions. In case the Audit Committee considers it lack expertise required for

the consideration of possible transactions, it is empowered to recruit experts as needed. Experts, for example, could be an auditor or an independent appraisal officer, which is independent from both the company and persons having potential conflict of interest. The opinion of these recruited experts will be used in the decision-making of the Audit Committee and/or the Board of Directors of the company and/or shareholders as the case may be.

The Board of Directors of the company ensures compliance with the laws on securities and exchange, regulations, notifications, orders or any requirements of the Stock Exchange of Thailand, including compliance with regulations on the disclosure of information on connected transactions and the acquisition or disposal of important assets of the company or its subsidiaries, and compliance with the accounting standards established by the Institute of Certified Accountants and Auditors of Thailand.

## Capital structure of individuals having potential conflict of interest over 10%

Capital structure of individuals having potential conflict of interest over 10% is as the followings:-

### 1. Thai Sugar Terminal Public Company Limited (TSTE)

The individuals having potential conflict of interest own 38.36% of the TSTE's shares. Mr. Prapas Chutimavoraphand and his family invest in TSTE for its personal interest and do not relate to the company. The company owns 23.82% of the TSTE's shares and has no policy to increase its capital proportion. Consequently, the company could not alter TSTE's capital structure and has no policy forcing the directors of the company to sell their shares to the company. Moreover, the shareholders and directors have no intention to transfer their benefits to one of these two companies because the shareholding proportion in the company of most shareholders and directors is higher than their shareholding proportion in TSTE. In addition, Thai Sugar Terminal Public Company Limited has many directors from other sugar companies; thus, power balancing in TSTE is reasonable for both companies. To conclude, the related transactions between the company and TSTE are in line with the characteristics of normal trading in the market which will maximize highest value to both companies.

**2. Champion Fermentation Co., Ltd.** The individuals having potential conflict of interest own 18.00% of Champion Fermentation Co., Ltd.'s shares. Other major shareholders are a group of Taiwanese businessman. Champion Fermentation Co., Ltd., formerly, has no business transactions except land leasing. However, Champion Fermentation Co., Ltd. has invested in cassava starch industry which does not relate to sugar industry in the end of 2004. The purpose of investment is for dividend received in the future.

In conclusion, the shareholding structure of the company and the subsidiaries, which is owned by the individuals having potential conflict of interest over 10% in some companies, is the result from the past. Currently, the company

has an intention changing its structure in order to minimize those conflicts. In addition, the company has the policy to directly invest in subsidiaries and associates in the future. Also, there will be the limitations in shareholding proportion for the individuals having potential conflict of interest except it will be done to maximize the company's value. Furthermore, the persons having potential conflict of interest will not make any investments in business that may constitute the conflicts of interest to the company or in competitive business to the company.

The corporate accounting period begins on November 1 and ends on October 31 of every year.

## 1. Report of Independent Auditor

### 1) Auditor

Year 2011 Miss Wimolporn Boonyusthian,  
Certified Public Accountant,  
Registration No.4067,  
Deloitte Touche Tohmatsu Jaiyos  
Audit Co., Ltd.

Year 2012 Miss Wimolporn Boonyusthian,  
Certified Public Accountant,  
Registration No.4067,  
Deloitte Touche Tohmatsu Jaiyos  
Audit Co., Ltd.

Year 2013 Miss Wimolporn Boonyusthian,  
Certified Public Accountant,  
Registration No. 4067,  
Deloitte Touche Tohmatsu Jaiyos  
Audit Co., Ltd.

### 2) Summary of the audit reports over the past three years

Year 2011 The Auditor reviewed corporate financial statements and issued unconditional opinions.

Year 2012 The Auditor reviewed corporate financial statements and issued unconditional opinions.  
The Auditor clarified the scope of her responsibilities that she had not audited financial statements of three foreign subsidiaries and six local subsidiaries

which are included in this consolidated financial statements. In 2012, the financial statements of the subsidiaries indicated the total assets of THB 7,321.04 million, accounting for 24.72 % of the total assets. The total sales was THB 3,737.93 million, accounting for 16.83 % of the year's total sales. The net loss totaled THB 322.03 million, accounting for 13.02 % of the year's total sales. The financial statements of the subsidiaries were audited by other certified public accountants. The Auditor presented parts of the reports related to monetary amounts of transactions of the subsidiaries included in the consolidated financial statements; those amounts presented were based on the other certified public accountants' reports.

Year 2013 The Auditor reviewed corporate financial statements and issued unconditional opinions.

## 2. Percentage of Shareholding in the Subsidiaries and Consolidated Financial Statements Preparation Criteria

(Refer to the attached Financial Statements for details.)

The financial statements for 2011, 2012, and 2013 include a total of 14 subsidiaries (excluding subsidiaries of Thai Sugar Terminal Public Company Limited).



**Table 1: Percentage of Direct and Indirect Corporate Shareholding**

	%age of Shareholding		
	2011	2012	2013
Tamaka Sugar Industry Co., Ltd.	90.21	90.21	90.21
New Krung Thai Sugar Factory Co., Ltd.	95.78	95.78	95.78
New Kwang Soon Lee Sugar Factory Co., Ltd.	98.61	98.61	98.61
KSL Real Estate Co., Ltd.	80.31	80.31	91.02
KSL Export Trading Co., Ltd.	79.55	79.55	79.55
KSL Material Supplies Co., Ltd.*	100.00	100.00	100.00
Khon Kaen Sugar Power Plant Co., Ltd.	100.00	100.00	100.00
Khon Kaen Alcohol Co., Ltd.	100.00	100.00	100.00
KSL Agro and Trading Co., Ltd.	100.00	100.00	100.00
Savannakhet Sugar Coporation	98.49	98.49	98.49
Koh Kong Plantation Co.,Ltd.**	70.00	70.00	80.00
Koh Kong Sugar Industry Co.,Ltd.	70.00	70.00	80.00
Wynn In Trading Co., Ltd.	100.00	100.00	100.00
Thai Sugar Terminal Public Company Limited***	23.82	23.82	23.82

**NOTE:**

\* Formerly name KSL Chemicals Co., Ltd.

\*\* Koh Kong Plantation Co., Ltd. holds shares through Wynn In Trading Co., Ltd.

\*\*\* Although the company only has 23.82 % shareholding in Thai Sugar Terminal Public Company Limited, it has controlling power in that particular company. Thai Sugar Terminal Public Company Limited is, therefore, considered a corporate subsidiary.

Thai Sugar Terminal Public Company Limited, a KSL subsidiary listed in the SET as TSTE, has 5 subsidiaries:

- TSG Assets Company Limited operates real estate rentals. TSTE holds 23.11% shares.
- TS Oil Industry Company Limited (formerly name as TSG Property Company Limited) trades, leases, develops real estate, and operates a palm oil refinery plant. TSTE holds 28.48% shares directly and indirectly.
- TS Flour Mill Public Company Limited rents out real estate and manufactures wheat flour. TSTE holds 16.59% shares directly and indirectly. It is also listed in the SET as TMILL.
- TS Warehouse Company Limited stores and transfers goods. TSTE holds 19.30% shares directly and indirectly.
- TS Transport and Logistics Company Limited provides transport and security service. It also manufactures plastic sacks. TSTE holds 30.58% shares directly and indirectly.

For further details, refer to Listed Company Information on Thai Sugar Terminal Public Company Limited (TSTE) and TS Flour Mill Public Company Limited (TMILL).

### 3. Profit and Loss Statement

In 2013, the company generated the revenues from operations of THB 18,941 million, in total, decreasing from that in the previous year by 15 %. The revenue from sales amounted to THB 18,586 million and the revenue from services amounted to THB 355 million. The company's total cost was THB 14,961 million, decreasing from that of the previous year by 9 %. Other incomes amounted to THB 777 million. The company had profit before selling and administration expenses totaled THB 4,755 million, decreasing from that of the previous year by 24%.

Regarding the selling and administrative expenses, the company incurred selling expenses totaled THB 474 million, decreasing by 12% and administrative expenses totaled THB 603 million, decreasing by 14%. There is also management remuneration cost of THB 182 million and Fee paid to Sugar Fund, THB 1,033 million. Subsequently, the company had the profit before financial cost and tax expenses totaled THB 2,464 million, decreasing by 35%.

In 2013, the company incurred financial cost of THB 672 million, an increase by 21%. The corporate income tax burden amounts to THB 144 million, decreasing by 80%.

After deduction of THB 13 million loss in minority interests, the company's net profit decreased by 29 % from the previous year from THB 2,354 million to THB 1,661 million in 2013.

**Table 2 : Consolidated Profit and Loss in the past 3 years**

Income Statement Highlight (Million THB)	2013	2012	% Change	2011
Sales and Services	18,941.16	22,212.30	-15%	16,459.80
Cost of Sales and Service	(14,961.29)	(16,478.72)	-9%	(11,596.39)
Gross Profit from Sales & Services	3,979.87	5,733.58	-31%	4,863.41
Other Incomes	776.52	492.65	58%	312.64
Gross Profit from other Income	4,756.39	6,226.22	-24%	5,176.05
Selling Expense	(473.73)	(535.38)	-12%	(340.98)
Administration Expense	(603.30)	(701.05)	-14%	(604.96)
Management Remuneration	(181.91)	(162.74)	12%	(143.20)
Proceeds to Fund	(1,033.10)	(1,064.19)	-3%	(812.83)
Loss from Derivatives				(16.77)
Total cost	(2,292.04)	(2,463.37)	-7%	(1,918.73)
EBIT	2,464.35	3,762.85	-35%	3,257.31
Financial cost	(671.95)	(556.32)	21%	(465.25)
Share of Profit of Associated Company	(0.17)	(8.29)	-98%	(9.17)
Corporate Income Tax	(144.14)	(725.53)	-80%	(750.69)
Minority and others	13.30	(118.45)	-111%	(142.31)
Net Profit	1,661.39	2,354.26	-29%	1,889.89
EPS	1.00	1.50	-33%	1.22
Gross Margin from Sales & Service	21.01%	25.81%		29.55%
Net Profit Margin	8.77%	10.60%		11.48%

With reference to the company's revenue structure, the total revenues from operations was THB 18,941 million.

The company had revenues from sales of sugar and molasses amounted to THB 12,521 million, accounting for 66 % of the total revenue. Revenues from sales of ethanol and gasoline totaled THB 2,344 million, representing 12 % of the total revenue. Electricity sales, which the corporate power generation facilities had distributed to the Electricity Generating Authority of Thailand according to the firm contract, amounted to THB 1,029 million, accounting for 5

% of the total revenue. Revenues from sales of wheat flour, palm oil, and sacks totaled THB 2,142 million, accounting for 11 % of the total revenue. The rest of the revenue were generated from the sales of fertilizer, service provision, and other sources.

**Table 3 : Consolidated Revenue Structure in the past 3 year**

Revenue Structure (Million THB)	2013		2012		%	2011	
					Change		
Sales and Services							
Sugar Sales	12,408.06	66%	15,493.86	70%	-20%	12,336.47	75%
Molasses Sales	30.58	0%	146.11	1%	-79%	312.05	2%
Other Income from Sugar & molasses	82.55	0%	186.90	1%	-56%	125.32	1%
Electricity Sales	1,028.61	5%	859.88	4%	20%	482.80	3%
Ethanol and Benzene Sales	2,343.70	12%	1,818.17	8%	29%	684.69	4%
Fertilizer Sales	11.30	0%	3.47	0%	225%	2.84	0%
Wheat Flour, Palm oil and Sacks	2,142.03	11%	2,760.81	12%	-22%	1,971.79	12%
Service	354.83	2%	336.00	2%	6%	176.98	1%
Other	539.80	3%	607.10	3%	-11%	366.86	2%
Total	18,941.16	100%	22,212.30	100%	-15%	16,459.80	100%
Other Incomes							
Rental Income	52.60	7%	53.51	11%	-2%	45.42	15%
Sales of Electricity (Non-Firm)	35.40	5%	41.98	9%	-16%	43.83	14%
Gain on Sales of Assets	17.95	2%	33.13	7%	-46%	15.14	5%
Gain on Derivatives	245.88	32%	120.88	25%	103%	-	0%
Gain on Currencies Exchange	182.90	24%	27.50	6%	565%	31.63	10%
Other Incomes	214.78	31%	215.65	44%	12%	176.61	56%
Total	776.52	100%	492.65	100%	58%	312.64	100%

#### 4. Statement of Financial Position of the Company and its Subsidiaries

**Table 4 : A Summary of the Consolidated Statement of Financial Position in the past 3 years**

Balance Sheet Highlight (Million THB)	2013	2012	% Change	2011
Cash & Short Term Investment	212.24	289.73	-27%	280.95
Account Receivable	880.91	835.63	5%	767.15
Farmers Account Receivable	894.91	755.18	19%	622.57
Short Term Loan to Farmers	827.43	747.69	11%	716.28
A/R sugarcane & sugar fund	-	39.04	-100%	88.87
Inventories	3,647.46	3,492.97	4%	3,267.21
Deferred Cane Plantation Cost	479.51	569.98	-16%	724.49
Net PP&E	25,137.52	21,424.19	17%	16,081.62
Net Asset not used in Operation	279.12	289.49	-4%	399.27
Total Asset	36,016.90	29,617.09	22%	23,820.35
Current Liabilities	13,466.37	12,322.86	9%	8,595.36
Non-Current Liabilities	8,400.58	5,262.10	60%	6,010.49
Total Liabilities	21,866.95	17,584.96	24%	14,605.85
Total Shareholder's Equity	14,149.99	12,032.13	18%	9,214.50
Book Value per share	7.55	6.54		4.95
D/E Ratio	1.55	1.46		1.25
IBD/E Ratio	1.34	1.17		1.31

In 2013, the company and its subsidiaries had the total assets of THB 36,017 million, an increase of 22% from the previous year due mainly to investments in building factory in the Loei Project, building a power plant and increase crushing capacity in the Nampong Project, and buying Liberty Square Building on Silom Road, Bangkok.

The company funds these investment projects by using credit loans from financial institutions and issuing bonds. Consequently, the total liability increased by 24%, from THB 17,585 million in 2011 to THB 21,867 million. Hence, D/E ratio increased from 1.46 to 1.55 and interest-bearing debt/equity also increased from 1.17 to 1.34.

## 5. Cash Flow Statement

Table 5 : Cash Flow Statements of the Company in the past 3 years

Cash Flow Highlight (Million THB)	2013	2012	% Change	2011
Net Profit + Depre. + Non Cash	3,370	4,781	-30%	4,045
Change in Working Capital	(1,604)	(1,070)		(2,007)
from Operating Activities	1,766	3,711	-52%	2,038
Invest in PP&E	(4,242)	(4,249)	0%	(1,387)
from Investing Activities	(6,294)	(4,415)	43%	(1,787)
from Financing Activities	4,431	709	525%	(164)
Change in Cash Flow	(91)	9		78
Ending Cash	199	289		281
EBIT	2,464	3,763	-35%	3,257
Depreciation	950	833	14%	645
EBITDA	3,414	4,596	-26%	3,903

In 2013, the company and its subsidiaries the company and its subsidiaries received cash flows from their operations before change in working capital totaled THB 3,370 million, a 30% decreased from the previous year due to revenue decrease from the sugar business. As a result, the company and its subsidiaries have THB 1,766 million of cash flow from operating activities, a 52% decrease from the year 2012.

For cash flows from investing activities, the company and its subsidiaries had cash paid in (net) totaled THB 6,294 million, of which THB 4,242 million was mainly invested in lands, buildings, properties, plants and equipment (net) in the Loei project; in crushing capacity at sugar factory in Nampong, Khon Kaen province; and in buying the Liberty Square Building, a commercial property on Silom road, in Bangkok.

Regarding financing activities in 2013, the company and its subsidiaries received the net cash of THB 4,431 million from short term loan and project finance credit line.

## 6. Financial Ratios

Table 6 : Financial Ratios

Financial Ratios	2013	2012	2011
Short Term liquidity ratios			
Current Ratio	0.47	0.49	0.66
Acid Test Ratio	0.19	0.19	0.26
Collection period	23	19	22
Days of Inventory	87	75	80
Capital Structure and Solvency ratios			
D/E Ratio	1.55	1.46	1.59
IBD/E Ratio	1.34	1.17	1.31
LTD to equity	0.57	0.42	0.65
Times interest earned	4.67	7.76	8.00
Return on Investment ratios			
ROA	7%	13%	14%
ROE	12%	20%	21%
Operating performance ratios			
Gross Profit Ratio	21%	26%	30%
Operating Profits to Sales	13%	17%	20%
Pretax Profit to sales	9%	14%	17%
Net Income to Sales	9%	11%	11%
Asset Utilization ratios			
Sales to cash	77.6	77.9	68.0
Sales to accounts receivables	15.4	18.9	16.7
Sales to inventory	5.3	6.6	6.4
Sales to fixed assets	0.8	1.2	1.1
Sales to total assets	0.6	0.8	0.7
Market Measures			
Book Value per Share	7.98	6.54	4.95
Earning Per Share	1.00	1.50	1.22

According to the 2013 financial ratios, liquidity ratios that is part of current ratio and acid test ratio had decreased to a low level. This is because the company managed its finance by using short-term credits as working capital for its investment projects. Once the long-term loan contract periods were due, the company switched to use the long-term credits. The purpose was to relieve the interest burden on loans. Subsequently, the company's current ratio and acid test ratio decreased.

Regarding solvency ratios, it can be seen that the D/E ratio, IBD/E ratio and LTD to equity had increased as a result of using loan to fund investment project.

In terms of profitability ratios, the ROA and ROE decreased due to the decreasing volume and average market price of sugar sold and also the increase in non-operating asset from our new project.



# Management Discussion and Analysis

In 2013, the company has a net profit of THB 1,661 million. Compared to the previous year result, the company's net profit dropped by THB 693 million or about 29%. The main reasons for the drop in net profit are:

1) The significant decrease in the world prices of raw sugar (by 19% or from THB 18,051/tons to THB 14,546/tons) and of exported white sugar (by 16% or from THB 21,000/ton to THB 17,678/ton).

2) The drop in production yield that stems from broken machine at the beginning of the production season and unfavorable weather condition that reduce the quality and yield of cane that used to produce 102 kg of sugar / ton of cane in 2012 to 95kg of sugar/ton of cane in 2013. As a result, the average cost of sugar production is higher in 2013 than 2012, and the overall profit from the sugar business reduced drastically from THB 1,662 million in 2012 to THB 142 million in 2013.

Nonetheless, the results from power plant and ethanol operations are positive.

The profit from our sale of electricity has increased from THB 611 million in 2012 to THB 966 million in 2013. The increase in the profit comes from 1) the increased in electricity sales to EGAT by 13% from 267,452 MW-hr in 2012 to 301,136 MW-hr in 2013, and 2) the increase in the unit price of electricity sold from THB 3.215/MW-hr in 2012 to THB 3.416/MW-hr in 2013.

The profit from our sale of ethanol has also increased by 91% or from THB 316 million in 2012 to THB 603 million in 2013. The reasons for our profit increase are 1) an 18% increase in sales volume of ethanol from, 88.49 million liters in 2012 to 104.65 million liters in 2013 and 2) a 9% increase in the average selling price of ethanol in 2013 compared to the previous year.

For the sales and management expense, it is divided into the following:

1. Sales Expense - drops by 24% as the sales volume declined from 792,816 tons in 2012 to 720,318 tons in 2013.
2. Management Expense - drops by 14% from the previous year as it account for the repair cost of broken machines at the factory.

3. Fee paid to Sugar Fund - a fund the company contributed to the Cane and Sugar Fund to support the cane and sugar industry in Thailand. Since 2001, the company contributed money to this fund in two ways. First, through deducting THB 5/kg from all the sugar it sold domestically. Second, the company pays the fund with the difference in VAT that it gained from the price of sugar it used to sell previously with VAT and currently without VAT as required by current pricing regulation. Hence, the amount of fund the company contributes each year will depend on the domestic price of sugar during that year. In 2013, the amount of fund the company contributed is less than that of the previous year as the volume of domestic sugar sale decreases from 197,975 tons in 2012 to 192,331 tons at the beginning of 2013.

4. Financial expense and corporate tax - the burden of interest from investing in a few new projects had lead to an increase in the company's financial costs of 21%. However, the company also has some tax relief from some of its business operations from the Board of Investment of Thailand (BOI). As a result, the company's overall profit decreased by 29% from 2,354 million in 2012 to THB 1,661 million in 2013.

Because the company and its subsidiaries operate businesses that are closely linked but varied in industries, the possibility of turning profit for each different business and the future goals of each of them varied considerably. Hence, the company prepares table 14.1 to illustrate how each different business affects the profit and loss account of the company.

**Table 1: Comparison Table Depicting Different Business Operations and their effects on the Company's Profit and Loss Account**

Profit Contribution (Mil THB)	2013		2012		2011	
<b>Sugar Business</b>	<b>84</b>	<b>5%</b>	<b>1,376</b>	<b>58%</b>	<b>1,551</b>	<b>82%</b>
Thai Operation	142		1,662		1,619	
Loas & Cambodia Operation	(58)		(286)		(68)	
<b>Power &amp; Ethanol Business</b>	<b>1,569</b>	<b>94%</b>	<b>928</b>	<b>39%</b>	<b>307</b>	<b>16%</b>
Power	966		611		256	
Ethanol	603		316		51	
<b>Supporting Business</b>	<b>(10)</b>	<b>-1%</b>	<b>60</b>	<b>3%</b>	<b>42</b>	<b>2%</b>
<b>Other Business</b>	<b>18</b>	<b>1%</b>	<b>(10)</b>	<b>0%</b>	<b>(11)</b>	<b>-1%</b>
<b>Total</b>	<b>1,661</b>	<b>100%</b>	<b>2,354</b>	<b>100%</b>	<b>1,890</b>	<b>100%</b>

**Table 2 Sales Revenue from Ethanol (exclusive of petroleum) and Electricity**

Sale	2013			2012			2011		
Value & Price	Volume Units	Avg. Price THB/Unit	Value M THB	Volume Units	Avg. Price THB/Unit	Value M THB	Volume Units	Avg. Price THB/Unit	Value M THB
Sugar	720,318	17,226	12,408	792,816	19,543	15,494	617,013	19,994	12,336
Ethanol (1,000 Litres)	104,651	22.25	2,328	88,494	20.47	1,812	29,383	23.11	679
Power	301,136	3,416	1,029	267,452	3,215	860	172,879	2,793	483

Note : Sugar unit: tons price: THB per ton Molasses unit: ton price: THB per ton

Ethanol unit: 1,000 litres price: THB per litre electricity unit: MW-hr price: THB per KW-hr

Our expectation for 2014 is that our sugar business operation will improve due to many reasons. First, there will be an increase in the volume of sugar we can produce as a result of our investment in the new sugar factory and crushing capacity improvement. We expect to acquire more cane with greater sweetness for crushing since the weather towards the end of 2013 had been very favorable. Second, the increase in cane volume will also leave more bagasse as feedstock to produce more electricity and more molasses to produce more ethanol. Third, the company predicts that the average selling price of ethanol will increase for the year 2014 compared to 2013 as there is an increase in demand of ethanol from businesses that mix ethanol with diesel and petrol to make fuel for cars. However, the company

also foresees some negative effects on our operation as a result of an oversupply of sugar in both domestic and international market. The supply of sugar will surplus demand by 6.7 million tons, a reduction of surplus of 11.3 million tons from the previous year. For this reason, the world market price of sugar will continue to decrease. The reduction in world market price of sugar will help to decrease the cost of the company's sugar production as the cost of domestic cane is systematically tied to the price of sugar sold as part of the 70:30 profit sharing arrangement between Thai cane farmers and Thai sugar producers. Furthermore, the company expects that the decrease in world market price of sugar will be compensated by the weaken Thai Baht against US dollars.



# 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.

Wimolporn Boonyusthian

Certified Public Accountant (Thailand)

Registration No. 4067

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO.,LTD.

BANGKOK

December 24, 2013

# STATEMENTS OF FINANCIAL POSITION

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES AS AT OCTOBER 31, 2013

UNIT : BAHT

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		As at October 31, 2013	As at October 31, 2012	As at October 31, 2013	As at October 31, 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>		<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

# STATEMENTS OF FINANCIAL POSITION (CONTINUED)

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**AS AT OCTOBER 31, 2013**

UNIT : BAHT

		Notes	Consolidated Financial Statements		Separate Financial Statements	
			As at October 31, 2013	As at October 31, 2012	As at October 31, 2013	As at October 31, 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		13,466,370,022	12,322,857,402	8,719,709,010	5,403,692,776	
<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		8,400,581,463	5,262,101,070	5,255,176,581	2,551,816,519	
<b>TOTAL LIABILITIES</b>		<b>21,866,951,485</b>	<b>17,584,958,472</b>	<b>13,974,885,591</b>	<b>7,955,509,295</b>	

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

# STATEMENTS OF FINANCIAL POSITION (CONTINUED)

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**AS AT OCTOBER 31, 2013**

UNIT : BAHT

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		As at October 31, 2013	As at October 31, 2012	As at October 31, 2013	As at October 31, 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, fully paid		1,704,646,884		1,704,646,884	
1,575,768,083 ordinary shares of Baht 1.00 each, 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
<b>RETAINED EARNINGS</b>					
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>		12,102,137,051	10,279,043,300	6,880,088,604	5,579,321,221
NON-CONTROLLING INTERESTS		2,047,812,240	1,753,088,709	–	–
<b>TOTAL SHAREHOLDERS' EQUITY</b>		14,149,949,291	12,032,132,009	6,880,088,604	5,579,321,221
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</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



# STATEMENTS OF INCOME

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES AS AT OCTOBER 31, 2013

UNIT : BAHT

	Notes	Consolidated		Separate	
		Financial Statements 2013	2012	Financial Statements 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		18,941,164,082	22,212,300,688	6,022,130,479	7,529,473,341
COSTS OF THE SALES OF GOODS AND 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		(14,961,293,781)	(16,478,723,494)	(5,286,022,599)	(5,652,544,000)
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		1,792,230,107	3,198,239,283	1,133,971,028	1,320,848,361
Income tax expenses	24	(144,136,922)	(725,527,995)	(7,194,658)	(309,685,761)
<b>PROFIT FOR THE YEAR</b>		<b>1,648,093,185</b>	<b>2,472,711,288</b>	<b>1,126,776,370</b>	<b>1,011,162,600</b>
<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	-	-
		<b>1,648,093,185</b>	<b>2,472,711,288</b>	<b>1,126,776,370</b>	<b>1,011,162,600</b>
<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

# STATEMENTS OF COMPREHENSIVE INCOME

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**FOR THE YEAR ENED OCTOBER 31, 2013**

UNIT : BAHT

	Consolidated Financial Statements		Separate Financial Statements	
	As at October 31, 2013	As at October 31, 2012	As at October 31, 2013	As at October 31, 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>	<b>1,615,933,838</b>	<b>3,595,417,270</b>	<b>1,130,184,760</b>	<b>1,229,400,127</b>
<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	-	-
	<b>1,615,933,838</b>	<b>3,595,417,270</b>	<b>1,130,184,760</b>	<b>1,229,400,127</b>

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



# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED OCTOBER 31, 2013

UNIT : BAHT

Notes	Issued and paid-up share capital	Share premium account	Share premium Ordinary shares	Retained Earnings		Owners of the parent					Non-controlling interests	Total shareholders' equity	
				Appropriated legal reserve	Un-appropriated	Other components of equity							
						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 investment	Gain (loss) on asset revaluation							
For the year ended October 31, 2012													
Beginning balance as at November 1, 2011													
Changes in shareholders' equity during the year													
21	24,702,908	222,326,172	-	-	-	-	-	-	-	301,111,843	7,518,409,884	1,517,410,557	9,035,820,441
	-	-	-	-	-	-	-	-	-	-	-	1,460,868	1,460,868
22	-	-	-	(786,522,055)	-	-	-	-	-	-	(786,522,055)	(61,073,595)	(847,595,650)
	-	-	-	296,716	-	-	(296,716)	-	-	-	(296,716)	-	-
	-	-	-	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
Ending balance as at October 31, 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



# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**FOR THE YEAR ENDED OCTOBER 31, 2013**

UNIT : BAHT														
Notes	Issued and paid-up shares Capital	Share premium account Ordinary shares	Owners of the parent							Treasury stocks	Non-Controlling interests	Total share-holders' equity		
			Retained Earnings		Other components of equity									
			Appropriated legal reserve	Un-appropriated Reserve for treasury stocks	Othercomprehensive income (expense) Exchange differences on financial statements	Gain (loss) on restructuring available -for-sale investments	Losses on internal restructure of entities under common control	Total owners of the parent						
<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														
-	21	128,878,801	1,159,909,209	-	-	-	-	-	-	-	-	-	1,288,788,010	-
-		-	-	-	-	-	-	-	-	-	(433,153,677)	-	(433,153,677)	-
-		-	-	-	433,153,677	(433,153,677)	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-
-	22	-	-	-	-	(811,697,759)	-	-	-	-	-	-	(811,697,759)	(73,478,826)
-		-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	157,677,750	-	-	157,677,750	-	157,677,750	58,685,260
-		-	-	-	-	-	(157)	3,408,390	-	(61,606,153)	(39,912,567)	-	1,621,479,427	(5,545,589)
-		-	-	-	-	1,661,391,994	18,285,353	-	-	-	-	-	1,621,479,427	1,615,933,838
-		1,704,646,884	2,946,439,199	187,000,000	433,153,677	5,909,477,793	(44,558,328)	(383,026)	1,750,369,132	(264,043,132)	(86,811,471)	12,102,137,051	2,047,812,240	14,149,949,291
<b>Ending balance as at October 31, 2013</b>														

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

# SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**FOR THE YEAR ENDED OCTOBER 31, 2013**

UNIT : BAHT

	Notes	Issued and paid-up share capital	Share premium account Ordinary share	Retained Earnings Appropriated legal reserve	Un-appropriated	Other components of equity		Total shareholders' equity
						Other comprehensive income (expense)	Total other components of equity	
						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	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>





# SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED OCTOBER 31, 2013

UNIT : BAHT											
	Notes	Issued and paid-up share capital	Share premium account	Retained Earnings			Other components of equity			Treasury stocks	Total shareholders' equity
				Legal reserve	Appropriated Reserve for treasury stocks	Un-appropriated	Other income (expense)	Total other components of equity			
<b>For the year ended October 31, 2013</b>											
			</								

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

# STATEMENTS OF CASH FLOWS

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES FOR THE YEAR ENED 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 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 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
	3,369,777,115	4,781,322,958	544,601,264	1,386,821,980
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	2,951,779,113	5,131,595,546	(172,355,969)	1,769,276,998
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	1,766,038,249	3,710,773,401	(787,255,652)	1,141,399,275

# STATEMENTS OF CASH FLOWS (CONTINUED)

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES FOR THE YEAR ENED 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	(6,293,674,906)	(4,415,484,288)	(5,238,159,747)	(2,308,958,295)
<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	4,430,577,496	709,174,780	6,044,851,267	1,146,333,166
Exchange differences on translation of cash of foreign subsidiaries	6,325,143	4,065,281	-	-
Net increase (decrease) in cash and cash equivalents	(90,734,018)	8,529,174	19,435,868	(21,225,854)
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	198,721,123	289,455,141	40,941,629	21,505,761

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

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES FOR THE YEAR ENED 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 Supplys Co., Ltd. (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 Indirect		Percentage of Shareholding Direct and indirect		Country of Incorporation	Type of Business
	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 Kung 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 Company Limited
- T S Oil Industry Company Limited
- T S Flour Mill Public Company Limited
- T S Warehouse Company Limited
- T S Transport and Logistics Company Limited

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:

	Effective date
<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 Environment Rehabilitation Funds	January 1, 2014



		Effective date
<b>Thai Financial Reporting interpretations (TFRI) (Continued)</b>		
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 economics benefits resulting to settle such obligations and these amounts to be paid can be estimated reliably. If there is expectation to recover payment toward estimated liabilities certainly by all or part, the returned payment will be recognized as separate asset but its amount must not be more than related estimated liabilities and the expense related to liability estimates is shown in the 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 be comes 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:

Unit : Thousand Baht

Type of Transactions	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2013	2012	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	45,365	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	43,969	8,836	10,139	1,810
Transfer of other current assets to other non-current assets	22,347	-	-	-
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	-	89,854
Transfer of assets not used in operations to property, plant ,equipment and investment property	-	125,792	-	98,282
Reclassify other long-term investments to temporary investments	247	253	-	-
Transfer of current liabilities to other non-current liabilities	36,545	-	-	-
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:

Unit : Thousand Baht

Type of Transactions	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2013	2012	2013	2012
Cash	3,328	3,995	1,354	2,364
Current accounts deposits	52,064	38,037	28,041	3,095
Savings accounts deposits	143,329	234,423	11,547	16,047
Fixed accounts deposits 3 Months	-	13 ,000	-	-
Total	198,721	289,455	40,942	21,506

## 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:

Unit : Million Baht

Type of Balances	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	4.99	2.38	183.70	61.81
Accrued dividend receivable from subsidiaries (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	0.49	4.01	12.29	4.93
Trade and other payables				
Subsidiaries	-	-	55.52	14.38
Related companies	1.60	2.40	0.16	0.01
Total	1.60	2.40	55.68	14.39
Other accrued expenses (included in other payables)				
Subsidiaries	-	-	3.34	1.32
Related companies	0.05	0.01	0.04	-
Total	0.05	0.01	3.38	1.32
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:

Unit : Million Baht

Type of Transactions	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 cost				
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.

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

## 7. TRADE AND OTHER RECEIVABLES

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

Unit : Thousand Baht

	Consolidated		Separate	
	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	1,266,031	1,197,959	1,647,728	736,340

7.1 Trade receivables as at October 31, consisted of:

Unit : Thousand Baht

	Consolidated		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
Less 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

Unit : Thousand Baht

	Consolidated		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

Unit : Thousand Baht

	Consolidated		Separate	
	Financial Statements 2013	Financial Statements 2012	Financial Statements 2013	Financial Statements 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
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
Less 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:

Unit : Thousand Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2013	2012	2013	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

Unit : Thousand Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	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	1,026,575	909,373	3,959,771	1,485,604

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:

Unit : Thousand Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	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
	3,738,319	3,660,158	1,660,245	833,954
<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	3,647,457	3,492,966	1,657,755	807,855

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

Unit : Thousand Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2013	2012	2013	2012
Beginning balance	(164,013)	(69,093)	(23,609)	(5,897)
<u>Add</u> Increase during the years	(86,745)	(164,013)	(2,012)	(23,609)
<u>Less</u> Reversal during the years	166,025	69,093	25,621	5,897
Ending balance	(84,733)	(164,013)	-	(23,609)

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

Unit : Thousand Baht

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

### Separate Financial Statements

Unit : Thousand Baht

Company Name	Paid-up				Investment Cost		Dividends	
	Share Capital		Percentage of Shareholding %		As at		For the	
	2013	2012	2013	2012	October 31, 2013	October 31, 2012	year ended October 31, 2013	year ended October 31, 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					73,800	73,800	325	228
<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. (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
Savannakhet 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					6,162,195	5,424,278	1,179,355	401,135
Add Advance payment for share subscription - Koh Kong Sugar Industry Co., Ltd.					-	276,840	-	-
					6,162,195	5,701,118	1,179,355	401,135
Less Allowance for impairment of investments					(5,884)	(5,884)	-	-
Total investments in subsidiaries					6,156,311	5,695,234	1,179,355	401,135
Total investments in subsidiaries and associate					6,230,111	5,769,034	1,179,680	401,363

\* 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:

Unit : Thousand Baht

	Separate	
	Financial Statements	
	2013	2012
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	6,230,111	5,769,034

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:

Unit : Thousand Baht

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

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:

Unit : Thousand Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	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	479,509	569,984	39,714	59,431



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

Unit : Thousand Baht

	Consolidated Financial Statements					Separate Financial Statements		
	Land	Land	Buildings	Construction	Total	Land	Buildings	Total
		Improvement	and	In			and	
			Warehouses	progress			Warehouses	
<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	217,616	-	560,962	126,646	16,683	143,329
Transfer out	(81,645)	(2,760)	(119,518)	(12,081)	(216,004)	-	-	-
Purchases	667,369	-	1,250,041	12,357	1,929,767	-	-	-
Disposal	(29,214)	-	-	-	(29,214)	(332)	-	(332)
As at October 31, 2013	1,304,763	6,890	1,931,460	12,648	3,255,761	250,292	397,522	647,814
<b>Accumulated depreciation :</b>								
As at November 1, 2012	-	-	(382,536)	-	(382,536)	-	(219,206)	(219,206)
Transfer in	-	(3,788)	(35,803)	-	(39,591)	-	(10,432)	(10,432)
Transfer out	-	-	133,029	-	133,029	-	-	-
Depreciation for the year	-	(28)	(25,325)	-	(25,353)	-	(3,872)	(3,872)
As at October 31, 2013	-	(3,816)	(310,635)	-	(314,451)	-	(223,510)	(223,510)
<b>Allowance for impairment :</b>								
As at November 1, 2012	(2,247)	-	-	-	(2,247)	(448)	-	(448)
Decrease	448	-	200	-	648	448	-	448
Increase	(56)	-	(920)	-	(976)	-	-	-
As at October 31, 2013	(1,855)	-	(720)	-	(2,575)	-	-	-
<b>Net book value :</b>								
As at October 31, 2013	1,302,908	3,074	1,620,105	12,648	2,938,735	250,292	164,012	414,304
<b>Fair value :</b>								
As at October 31, 2013	1,617,837	3,074	1,840,264	-	3,461,175	382,794	484,470	867,264

2012

Unit : Thousand Baht

	Consolidated Financial Statements				Separate Financial Statements		
	Land	Buildings and Warehouses	Construction In progress	Total	Land	Buildings and Warehouses	Total
<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	414,800	583,321	12,372	1,010,493	123,978	380,839	504,817
<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	-	(382,536)	-	(382,536)	-	(219,206)	(219,206)
<b>Allowance for impairment :</b>							
As at November 1, 2011	(282)	-	-	(282)	-	-	-
Increase	(1,965)	-	-	(1,965)	(448)	-	(448)
As at October 31, 2012	(2,247)	-	-	(2,247)	(448)	-	(448)
<b>Net book value :</b>							
As at October 31, 2012	412,553	200,785	12,372	625,710	123,530	161,633	285,163
<b>Fair value :</b>							
As at October 31, 2012	942,307	610,041	-	1,552,348	383,126	484,470	867,596

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								
	Land	Land	Buildings	Machinery	Motor Vehicle	Furniture	Construction	Total
	Improvement	and	and	and	and Labor	and Office	in	
			Construction	Equipment	Saving Tools	Equipment	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 Improvement	Land and Construction	Buildings and Equipment	Machinery and Equipment	Motor Vehicle and Labor	Furniture and Office Equipment	Construction 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
<b>Depreciation for the years ended October 31,</b>								
2013							Thousand Baht	967,021
2012							Thousand Baht	900,456

2013

Unit : Thousand Baht

Separate Financial Statements								
	Land	Land	Buildings	Machinery	Motor Vehicle	Furniture	Construction	Total
	Improvement	and	and	and	and Labor	and Office	in	
	Construction	Equipment	Saving Tools	Equipment	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								
	Land	Land	Buildings	Machinery	Motor Vehicle	Furniture	Construction	Total
	Improvement	and	and	and	and Labor	and Office	in	
	Construction	Equipment	Saving Tools	Equipment	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)

## 2012 (Continued)

Unit : Thousand Baht

	Separate Financial Statements							
	Land Improvement	Land and Construction	Buildings and Equipment	Machinery and Equipment	Motor Vehicle and Labor Saving	Furniture and Office Equipment	Construction in progress	Total
<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
<b>Depreciation for the years ended October 31,</b>								
2013							Thousand Baht	247,619
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:

Unit : Thousand Baht

	Consolidated		Separate	
	Financial Statements 2013	Financial Statements 2012	Financial Statements 2013	Financial Statements 2012
Assets not used in operation	279,116	289,486	42,164	40,793
Other non-current assets	292,889	203,050	2,688	1,891
	572,005	492,536	44,852	42,684

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:

Unit : Thousand Baht

	Consolidated		Separate	
	Financial Statements 2013	2012	Financial Statements 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	9,392,451	5,896,935	5,637,888	595,172

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:

Unit : Thousand Baht

	Consolidated		Separate	
	Financial Statements 2013	2012	Financial Statements 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	2,284,425	2,798,532	1,046,323	953,618

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

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

Unit : Thousand Baht

Consolidated Financial Statements/Separate Financial Statements									
As at October 31, 2013									
Bond Set No.1	Symbol	Term	Maturity Date	Interest Rate Per Annum	Number of Units Issued	Total Value	Deferred debenture issuance cost	Net	Fair Value
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					2,500,000	2,500,000	2,356	2,497,644	2,521,424

Unit : Thousand Baht

## Consolidated Financial Statements/Separate Financial Statements

Bond Set No.	Symbol	Term	Maturity Date	As at October 31, 2012		Total Value	Deferred debenture issuance cost	Net	Fair Value
				Interest Rate Per Annum	Number of Units Issued				
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	1,971	2,301
Ending book value	2,497,644	3,497,584

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:

Unit : Thousand Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	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
Less Current portion	(1,613,853)	(1,125,418)	(735,833)	(201,800)
Long-term borrowings	5,498,695	3,502,481	2,591,333	909,000

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

Unit : Thousand Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2013	2012	2013	2012
Beginning book value	4,627,899	5,123,405	1,110,800	164,000
Increase during the years	3,967,000	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	10,611	912	-	-
Ending book value	7,112,548	4,627,899	3,327,167	1,110,800

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 - 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		Separate	
	Financial Statements		Financial Statements	
	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	11,665	15,161	5,571	5,487

Unit : Thousand Baht



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

Unit : Thousand Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2013	2012	2013	2012
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	179,828	175,548	73,459	69,674

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

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

## 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	2013		2012	
	Per Share Baht	Number Million Shares	Amount Million Baht	Number Million Shares	Amount Million Baht
Issured 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 Million shares	Dividends Paid		Dividends Paid Date
			Per share 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:

Unit : Million Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	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:

Unit : Thousand Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	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	17,925,281	19,498,414	6,450,855	6,838,713

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

2012

	Consolidated Financial Statements			Separate Financial Statements		
	Net profit for the year Thousand Baht	Number of shares Thousand Shares	Earnings per share Baht	Net profit for the year Thousand Baht	Number of shares Thousand Shares	Earnings per share 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 by assuming warrant conversion to ordinary shares	2,354,264	1,602,215	1.469	1,011,163	1,602,215	0.631

\* 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,**

Until : Million Baht

	Manufacture and Distribution of Sugar and Molasses						Manufacture Manufacture and Distribution and sale of of Alcohol Electricity				Real Estate Rental		Wheat Flour		Plam Oil		Other Business		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	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
Profit for the year attributable to owners of the parent																					1,661	2,354
As at October 31, 2013 and 2012																						
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 Asset	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:

Unit : Million Baht

	Consolidated		Separate	
	Financial Statements 2013	2012	Financial Statements 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:

Unit : Million

Consolidated Financial Statements					
	Currency	2013		2012	
		Contractual Amount	Outstanding Contractual Commitments	Contractual Amount	Outstanding 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

Unit : Million

Separate Financial Statements					
	Currency	2013		2012	
		Contractual Amount	Outstanding Contractual Commitments	Contractual Amount	Outstanding 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	14.36	16.04

### 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	Total
	Within 1 year	More than 1 year to 5 years	More than 1 years	Interest Rate	
<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	982,763	435,360	33,117	190,500	1,641,740
<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	9,884,330	5,512,772	-	3,613,811	19,010,913

2012

Unit : Thousand Baht

Consolidated Financial Statements

	Fixed Interest Rate			Floating	Total
	Within 1 year	More than 1 year to 5 years	More than 1 year	Interest Rate 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	873,553	364,041	51,027	280,418	1,569,039
<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	6,995,392	2,438,331	-	4,598,820	14,032,543

#### 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:

Unit : Million

Currency	Consolidated Financial Statements				Separate Financial Statements			
	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:

Unit : Million

Amount fixed in contract					Amount earned in contract				
Currency	Consolidated		Separate		Currency	Consolidated		Separate	
	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:

Unit : Million Baht

	Consolidated		Separate	
	Financial Statements	Financial Statements	Financial Statements	Financial Statements
	2013	2012	2013	2012
Consolidated 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:

Unit : Million Baht

	Currency	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 :

Certificate No.	Sections	Date	Promoted activity types	Commenced date	Expire date
				of revenues generated	
1929(2)/2547	25, 26, 28, 31, 34, 35(3), 36(1), and 36(2)	November 2, 2004	- Production of pure alcohol or fuel from agricultural products, including scraps, garbage or waste - Production of biological fertilizers or organic fertilizers	January 8, 2006 March 30, 2006	January 7, 2014 January 7, 2014
1062(2)/2552	25, 26, 28, 31, 34, 35(3), 36(1), and 36(2)	January 30, 2009	- Production of pure alcohol or fuel from agricultural products, including scraps, garbage or waste - Production of biological fertilizers or organic fertilizers	Income not yet derived Income not yet derived	
1063(2)/2552	25, 26, 28, 31, 34, 35(3), 36(1), and 36(2)	January 30, 2009	- Production of pure alcohol or fuel from agricultural products, including scraps, garbage or waste - Production of biological fertilizers or organic fertilizers	December 6, 2011 December 30, 2011	December 31, 2019 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 February 28, 2013	December 31, 2019 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.





Khon Kaen Sugar Public Company Limited



**Head Office**

503 KSL TOWER 9<sup>th</sup> Floor, Sriyudhya Rd., Rajathevi District, Bangkok 10400, Thailand

Tel. +66 2 6426 191-9 Fax. +66 2 6426 097

[www.kslsugar.com](http://www.kslsugar.com)