



# Annual Report

The period as from 1 October 2011  
to 31 December 2011

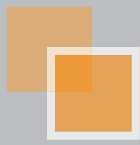


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## FINANCIAL HIGHLIGHTS



Operating Performance	2009	2010	2011	Oct-Dec' 10	Oct-Dec' 11
Revenues from sales and Services income	3,163	4,683	6,010	324	546
Total Revenues	3,309	4,774	6,160	431	598
Total Expenses	3,025	4,407	4,953	372	554
Income before finance cost and corporate income tax	284	367	1,207	59	44
Net income	146	168	801	30	30

### Financial Situation

Current Assets	1,045	850	2,644	1,264	2,676
Total Assets	2,940	3,088	4,301	3,491	4,575
Total liabilities	1,868	1,932	1,906	2,326	2,374
Total shareholders' equity	1,072	1,155	2,395	1,165	2,201

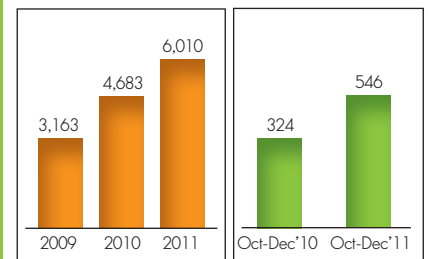
### Per Share Data (Unit : Baht)

Earnings per share	0	0.48	1.99	0.09	0.06
Dividend per share	-	-	0.62	-	0.03
Book Value per share	3.06	3.30	5.94	3.33	4.40

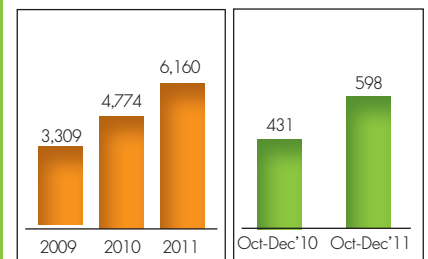
### Financial Ratio (Unit : %)

Net Earnings Margin	4%	4%	13%	7%	5%
Return on Equity (ROE)	14%	15%	33%	3%	1%
Return on total assets (ROA)	5%	5%	19%	1%	1%
Debt/Equity Ratio	1.74	1.67	0.80	2.00	1.08

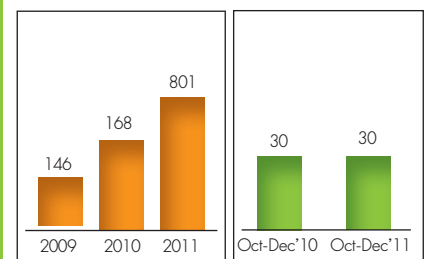
### Revenues from sales and Services income



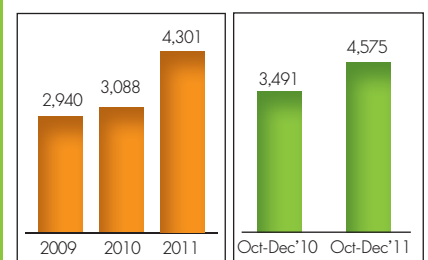
### Total Revenues



### Net Income



### Total Assets





## MESSAGE FROM THE CHAIRMAN



Sugar industry normally starts crushing sugarcanes from late November or early December till the end of April of the following year. Thereafter, a period of two to three months is set aside for maintenance and preparatory works for the next crop. The Company's fiscal year originally then started on 1 October and ended on 30 September of each year. As KBS became a registered company on the Stock Exchange of Thailand on 27 May 2011, the Company decided to change its fiscal year to be in line with most other registered companies whose fiscal year end on the calendar year. This is done in order to avoid any confusion investors, analysts and the public may have when comparing the Company financial statements and performance with other registered companies.

(Mr.Suthep Wongvorazathe)  
Chairman

***The Company changed the fiscal year-end date from 30 September to 31 December commencing from the period ended 31 December 2011.***

With such change, the Company is required to prepare financial statements for the period from 1 October 2011 to 31 December 2011. During such accounting period, the Company has achieved a satisfactory operating result with a net profit of THB 32.91 millions.

The Board of Directors trusts that all shareholders and associates will continue to have confidence in and lend their support to the Company in the year to come.



## MESSAGE FROM THE CHAIRMAN OF THE AUDIT COMMITTEE

Throughout the accounting period of the year 2011, the Audit committee has achieved all targeted missions.

In collaboration with the Internal Audit Office, the committee has also carried out all internal controlled affairs. Also, to insure the accuracy and completeness of all operations, including accounting and financial reports, routine and necessary inspections shall be executed. All these gathered information will be vital importance awareness to the executives and operation officers and other related personnels about the knowledge and understanding of the correct, efficient and proficient working processes in according to the corporate governance.

Moreover, the Internal Audit Office has worked for the preparation of human resources by encouraging any and all of its personnel to attend various training courses held by the Institute of Internal Auditors of Thailand in order to enrich the competence of the Company's internal auditors for their better work performance.

*It could be said that the Internal Audit Office met success of implementing all plans and policies of the Company. The 2010 Internal Audit Plan is also set up carefully and it determines the strategy revised to fit the present time and circumstances in order to enhance some key factors further creating the valuable outputs for the Company.*

Finally, I would like to extend my appreciation to the Board of Directors of the Company who has consistently driven some measures to boost the efficiency of internal control. Also, I am grateful for all related executives and workers who have supported the work of the Internal Audit Office until all such affairs were completed smoothly. After all, I greatly appreciate all internal auditors for their contributions until all assignments were successfully accomplished.



Dr. Thawatchai Nakhata  
Chairman of the Audit Committee



## BOARD OF DIRECTORS AND AUDIT COMMITTEE

**Mr. Suthep Wongvorazathe**

Chairman and Chairman of  
Executive Director



**Mr. Takon Tawintemsup**

Director, Executive Director  
and Managing Director



**Mr. Somkiat Twiltermsup**

Director, Executive Director and  
Risk Management Committee



**Mr. Issara Twiltermsup**

Director, Executive Director and  
Risk Management Committee



**Mr. Amnart Rumpoeypong**

Director and Risk Management  
Committee



**Dr. Tawatchai Nakhata**  
Chairman of Audit Committee  
and Independent Director



**Mr. Chusak Prachayangprecha**  
Audit Committee  
and Independent Director



**Mrs. Suvimol Kittayakiern**  
Audit Committee  
and Independent Director



**Mr. Sran Smutkochorn**  
Chairman of Risk Management Committee  
and Independent Director



## EXECUTIVE MANAGEMENT TEAM

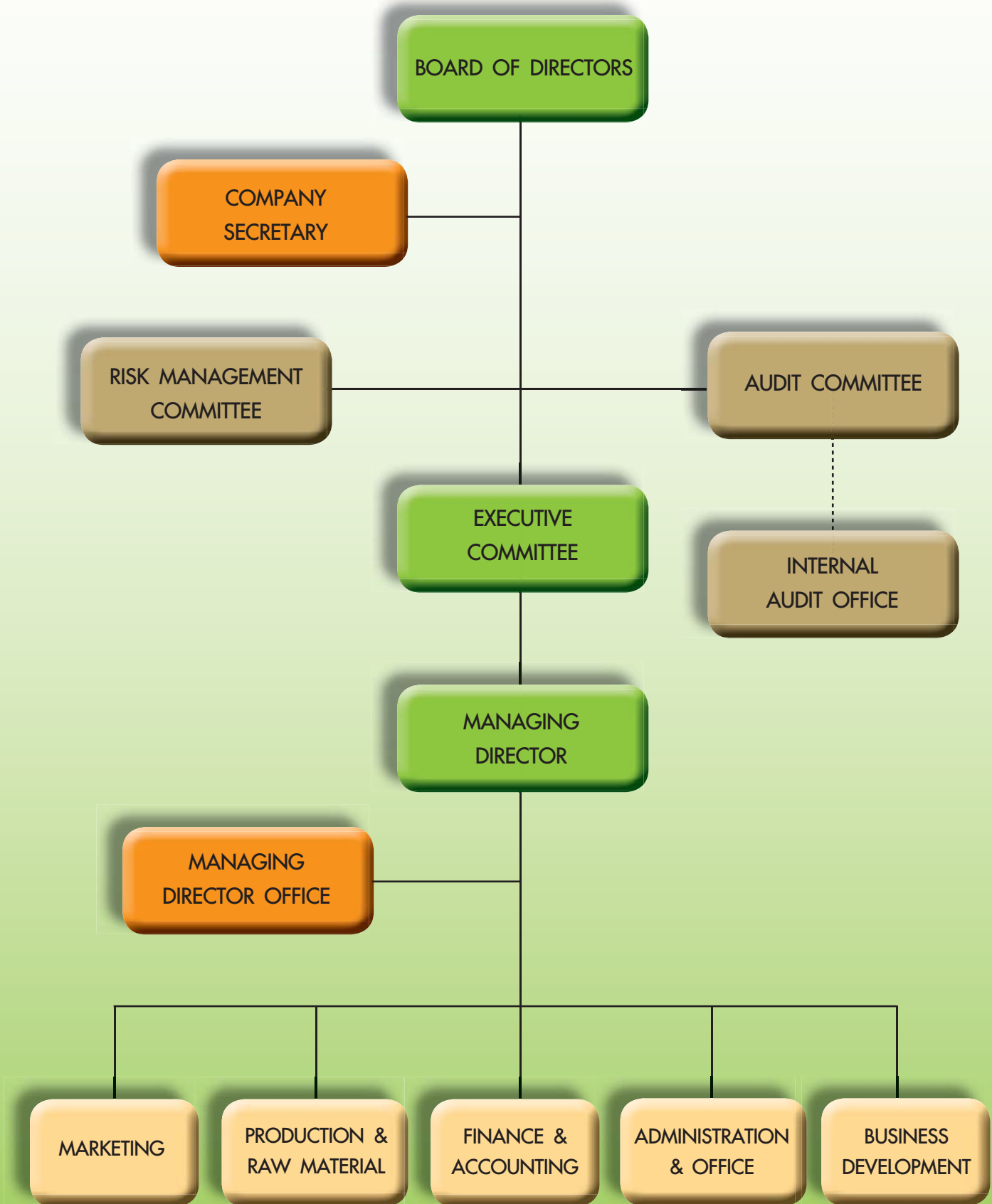


### Khonburi Sugar Public Company Limited

#### Executive Management Team's Khonburi Sugar Public Company Limited

1. Mr. Takon	Tawintermsup	Managing Director
2. Mr. Somkiat	Twiltermsup	Assistant Managing Director of Marketing
3. Mr. Issara	Twiltermsup	Assistant Managing Director of Administration & Office
4. Ms. Pornpun	Boonchaisri	Assistant Managing Director of Finance & Accounting
5. Mr. Somtawin	Boonbanyen	Assistant Managing Director of Production and Raw Materials
6. Ms. Surawee	Puangthong	Accounting & Financial Manager







## VISION MISSION

**KBS VISION** A leading organization engaging an excellence in valuing the integrated industrial agriculture under the development of innovation, corporate governance and corporate social responsibility.



# VISION

# MISSION

## KBS MISSION

To operate in compliance with the Principle of Corporate Governance, ethics and responsibility to stakeholders.

To improve the management system, products and services in order that the businesses can be developed to gain higher volumes and value under new innovations and ideas.

To create and promote in learning in order to make the organization's core competence different and potential, which allows the rapid and secure business to growth of the Company.

To change and modernize the organization to be in line with the business environment of the national and global levels.



## 1. CORPORATE BACKGROUND AND MAJOR DEVELOPMENTS

Khonburi Sugar Public Company Limited is a sugar manufacturer which has engaged much experience in this industry over 45 years. The Company was established in 1965 by Khun Tawil Tawintermsup in the name of “Nong Yai Industry Company Limited” the whole business involved in the manufacturing and distribution of sugar. The Company was located at Nong Yai District, Chonburi Province with the registered capital of Baht 1 million. The Company’s initial production capacity started at 1,500 tons cane a day.

In 1996, the Company’s production base was moved to Khonburi District, Nakhon Ratchasima Province. Later, the company’s name was changed to be Khonburi Sugar Company Limited in order to be relevant to the relocation of the sugar mill. After the relocation of production base, the Company’s production capacity hiked to 13,690 tons cane a day. The Company has continuously improved the manufacturing systems, e.g. improvement of refined sugar evaporator, improvement of mills, etc. to enhance better production capacity. The Company’s production capacity has been gradually rising and that causes to be able to reach 21,000 tons cane a day.

On 23 December 2010, the Company registered a change of the status to a public company and registered the change in its name from “Khonburi Sugar Company Limited” to “Khonburi Sugar Public Company Limited” by the Ministry of Commerce and increases the capital on May 24, 2011, in addition to increase share capital from 350 million Baht to 500 million Baht. The Company’s production capacity has been gradually rising and reaches 23,000 tons cane a day now.

- |             |   |  |
|-------------|---|--|
| 1965        | : | <ul style="list-style-type: none"><li>● Nong Yai Industry Company Limited was established with the registered capital of Baht 1 million. The mill possessed the production capacity of 1,500 tons cane a day.</li></ul>  |
| 1967- 1977  | : | <ul style="list-style-type: none"><li>● The Company registered for an increasing of capital to be Baht 100 million, and it also invested for its production capacity from 1,500 tons cane a day to 3,000 tons cane a day.</li></ul>  |
| 1977 - 1987 | : | <ul style="list-style-type: none"><li>● The Company increased its production capacity twice; the production capacity was increased from 3,000 tons cane a day to 6,000 tons cane a day in 1983.</li></ul>  |
| 1993        | : | <ul style="list-style-type: none"><li>● The Company’s registered capital was increased to be Baht 300 million in order to be spent for the improvement of production systems and efficiency.</li></ul>   |
| 1996        | : | <ul style="list-style-type: none"><li>● The Company’s production base was moved to Khonburi District, Nakhon Ratchasima Province with the production capacity of 13,690 tons cane a day due to the falling sugarcane plantation areas of the eastern region.</li></ul>   |
| 1997 - 2006 | : | <ul style="list-style-type: none"><li>● The Company’s registered capital was increased to be Baht 450 million in order to be spent for the relocation of sugar mill to Khonburi District, Nakhon Ratchasima Province.</li><li>● The production capacity was boosted from 13,690 tons cane a day to 21,000 tons cane a day.</li></ul>   |
| 2007        | : | <ul style="list-style-type: none"><li>● The company’s name was changed to “Khonburi Sugar Company Limited” in order to be a relevant to the sugar mill location.</li><li>● The district offices were increased from 7 to 14 districts to aim at sustaining the good relationship between the crop farmers and the Company, and also boosting the Company’s potential in acquiring the sugarcane in a long run.</li><li>● The Company has invested and conducted the research on the sugarcane improvement, which was formally supported by the National Science and Technology Development Agency (NSTDA).</li></ul> |



## CORPORATE BACKGROUND AND MAJOR DEVELOPMENTS

- 2008 : ● The Company received an honorary award for the Best Sugar Mill - 2008 from the Office of the Cane and Sugar Board, the Ministry of Industry.
- The Company received the National Skill Standard Shield-2008 from the Department of Skill Development, the Ministry of Labor.
- 2009 : ● The Company received ISO 9001 : 2008.
- The Company received ISO 22000 : 2005 (HACCP & GMP).
- The Company got an honorary award for the Best Sugar Mill which was given by the Office of the Cane and Sugar Board, the Ministry of Industry : 2009
- The Company received the Certificate in The Access Initiative (TAI) from the Ministry of Industry : 2009
- The Company received the National Skill Standard Shield-2009 from the Department of Skill Development, the Ministry of Labor.
- The Company acquired a portion of shares held by some shareholders of Agriculture Machine Services Company Limited, which operates the business of sugar manufacturing.
- 2010 : ● The Company acquired a portion of shares in two companies, whose businesses directly involved in the sugar manufacturing, including Khonburi Power Plant Company Limited and Khonburi Bio Energy Company Limited.
- The Company changed the sugar feeders and sugar press rollers to boost the sugarcane crushing capacity to be 23,000 tons cane a day.
- The Company amended the Electricity Sale and Purchase Agreement with the Provincial Electricity Authority (PEA) to supply more electricity of the Company from 6 megawatts to 8 megawatts.
- A 15-mw turbine generator was purchased to boost the efficiency of electricity generating. The fuel of such turbine generator is a by-product of sugar manufacturing.
- The Company's information system for management was changed to be the Enterprise Resource Planning (ERP) to enhance the Company's management potentially, and to come to life the Company's competitiveness at the international level.
- The Company improved some agricultural machinery and small-sized sugarcane harvester prototype that are suitable for Thailand's geography. These agricultural machinery and small-sized sugarcane harvester prototype were tested in farms so that they would be perfect for the manufacturing industry of genuine agricultural machinery and sugarcane harvester.
- The Company was registered as a public company, on 23 December 2010.
- 2011 : ● The company was registered capital from 350 million baht to 500 million baht, on May 24, 2011.
- The company opened trading on the Stock Exchange of Thailand is the "The first trading day", on May 27, 2011.



## 2. GENERAL INFORMATION

- Registered** : Khonburi Sugar Public Company Limited  
Company registration number 0107553000191
- Registered capital** : 500,000,000 Baht  
(comprising 500,000,000 ordinary shares with a par value of Baht per share)
- Paid-up capital** : 500,000,000 Baht
- Nature of Business** : Manufacture and distribution of sugar and product, which is sold both domestic and overseas.
- Head Office** : 164 Soi Sukhumvit 23 (Prasarnmit), Sukhumvit Road, Klongtoey Nua, Wattana, Bangkok 10110  
Tel : 02-260-4951-5 Fax : 02-260-4950
- Website** : <http://www.kbs.co.th>
- Factory** : 289 Moo 13 Jarakhe-Hin, Khonburi, Nakhonratchasima. 30250  
Tel : (044) 448-338, (044) 449-020 Fax : (044) 448-500
- Subsidiaries** : Agriculture Machine Services Co., Ltd.  
: Khonburi Power Plant Co., Ltd.  
: Khonburi Bio Energy Co., Ltd.
- Head Office : 164 Soi Sukhumvit 23 (Prasarnmit), Sukhumvit Road,  
Klongtoey Nua, Wattana, Bangkok 10110  
Tel : 02-260-4951-5 Fax : 02-260-4950
- Branch : 289 Moo 13 Jarakhe-Hin, Khonburi, Nakhonratchasima. 30250  
Tel : (044) 448-338, (044) 449-020 Fax : (044) 448-500

## 3. NATURE OF BUSINESS AND INCOME STRUCTURE OF THE COMPANY



The businesses of Khonburi Sugar Public Company Limited may be classified into 2 sections :

- Sugar production and distribution.
- Businesses in relation from sugar production

### 3.1 Business in Sugar production and distribution

The Company has engaged a standardized sugar manufacturing process which certified by various international standards, e.g. ISO 9001-2008, ISO 22000:2005 (HACCP & GMP), TIS 56/2553, Halal Food Certification, KOSHER Certification, etc.

**Sugar products of the Company may be divided into 4 following types :**

#### 1. Raw Sugar

Raw sugar is the sugar from the initial production process by boiling and crystallizing sugarcane in order to have a color index higher than 1,000 ICUMSA. Raw sugar must be refined or purified to be white sugar or refined sugar before consumption.

#### 2. Brown Sugar and Natural Sugar

Brown sugar and Natural Sugar are the purified sugar, but its color index is not processed; so it becomes gold with the color index higher than 1,000 ICUMSA. Brown sugar is favored by the consumers who pay high attention to health.

#### 3. White Sugar

White sugar comes from raw sugar that is refined to extract impurities. White sugar has a color index not higher than 100 ICUMSA with a degree of polarization not lower than 99.70 This type of sugar is widely consumed among general households and used as a raw material in food industrial plants where moderately purified sugar is needed, e.g. energetic drink, sweetened condensed milk, and fermented milk, etc.

#### 4. Refined Sugar and Super Refined Sugar

Refined sugar and super refined sugar are raw sugar that undergoes the refining process like white sugar, but they are more purified and made in crystal granulated tablets with a color index between 20-45 ICUMSA. Its outstanding character is high purity. Most refined sugar and super refined sugar are used in food, pharmaceutical, and beverage industries.

### 3.2. Businesses in relation from sugar production

The by-products from the sugar production process enable the Company to gain some revenues as follows :

#### 1. Molasses

Molasses is a valuable by-product from processing of sugarcane into sugar; it is a thick, brown substance, and used as a main raw material for the production of ethanol, liquor, monosodium glutamates, animal feed, etc.

#### 2. Electricity fuelled by bagasses

The Company utilizes the bagasses obtained from the sugarcane crushing process as its main fuel in generating some electricity and steam used in the sugar manufacturing process of the Company. The electricity beyond the Company's demands in its plants is sold to the Provincial Electricity Authority (PEA).

## NATURE OF BUSINESS AND INCOME STRUCTURE OF THE COMPANY

Revenues and income Structure from sales of each type of sugar for the past 3 years as separated into domestic sales and international sales.

The main income of the Company is derived from the sales of sugar and molasses or it accounts for 80 % of total revenues of the Company in each year. The Company also earns other revenues from the sales of electricity and other services. The income structure of the Company and other subsidiaries is as follows :

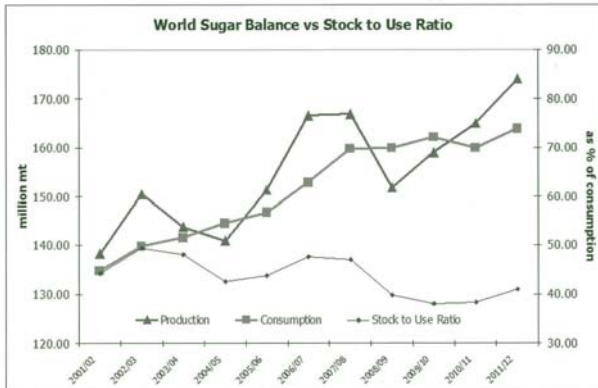
(Unit : Million Bath)

	Fiscsl Year 2009		Fiscsl Year 2009		Fiscsl Year 2011 (Oct. 2010 - Sep. 2011)		Fiscsl Year 2011 (Oct. 2011 - Dec. 2011)	
	Value	%	Value	%	Value	%	Value	%
<b>Domestic sales</b>								
- Refined sugar and super refined sugar	249.7	8.5	333.3	7.7	296.8	5.5	124.3	26.0
- White sugar	354.6	12.0	430.1	9.9	503.3	9.2	98.5	20.6
- Brown sugar and natural sugar	221.1	7.5	173.2	4.0	277.7	5.1	53.6	11.2
<b>Total domestic sales</b>	<b>825.4</b>	<b>28.0</b>	<b>936.6</b>	<b>21.6</b>	<b>1,077.8</b>	<b>19.8</b>	<b>276.4</b>	<b>57.8</b>
<b>International sales</b>								
- Refined sugar and super refined sugar	1,390.9	47.3	1,915.4	44.1	2,510.9	46.1	172.0	36.0
- White sugar	165.6	5.6	1,049.7	24.2	28.3	0.5	0.6	0.1
- VHP sugar	-	-	-	-	86.7	1.6	5.1	1.1
- Bulk raw sugar	268.4	9.1	54.6	1.3	1,152.3	21.2	-	-
<b>Total international sales</b>	<b>1,824.9</b>	<b>62.0</b>	<b>3,019.7</b>	<b>69.5</b>	<b>3,778.2</b>	<b>69.4</b>	<b>177.7</b>	<b>37.2</b>
<b>Grand Total</b>	<b>2,650.3</b>	<b>90.0</b>	<b>3,956.3</b>	<b>91.1</b>	<b>4,856.0</b>	<b>89.2</b>	<b>454.1</b>	<b>94.9</b>
<b>Income of molasses sales from Domestic</b>	<b>293.8</b>	<b>10.0</b>	<b>388.5</b>	<b>8.9</b>	<b>588.5</b>	<b>10.8</b>	<b>24.2</b>	<b>5.1</b>
<b>Income of sugar and molasses</b>	<b>2,944.1</b>	<b>100.0</b>	<b>4,344.8</b>	<b>100.0</b>	<b>5,444.5</b>	<b>100.0</b>	<b>478.3</b>	<b>100.0</b>

## 4. MARKETING AND COMPETITION OF SUGAR INDUSTRY

### 4.1 Overseas Markets

Figure 1 illustrates the statistics of sugar production, consumption and stocks which compared with the worldwide consumption, ratio in the past 10 years.



Note : F.O.Licht, 1.11.2011

However, the cane crushing season for the Year 2011/2012 starts now, especially in the southern part of Brazil. It is anticipated that the volume of sugar for the crushing process would drop to be 490 million tons if compared with 557 million tons in the previous year or it accounts for a decrease of 12.0%. The factors of such lower sugarcane volume in Brazil included the climate change in the previous year, delayed seasonal rains during the middle of the year, and over-raining during the end of the year; as a result, the sugarcane planting period to compensate for such damaged sugarcane was so short while an average age of sugarcane is higher; so the yield of sugar of planting area was dropping.

In 2011/2012, for the overview of sugar production, consumption, and stocks as a percentage of worldwide consumption, the world's sugar production volume totaled 174.12 million tons or an increase from 165.50 million tons on the previous year or it accounts for an increase of 5.21%. Meanwhile, the world's demands of sugar in 2011/2012 totaled 160.14 million. Therefore, the global sugar stocks, if compared with the sugar demands, accounted for 41.00%, a slight increase from 38.34% in the previous year. However, such sugar stock level is close to the lowest level in the past 10 years, which is a key factor driving the sugar prices to continuously stay at the high level in the next 1-2 years.

Figure 2 : Statistics of raw sugar prices of the New York Market during the past 10 years

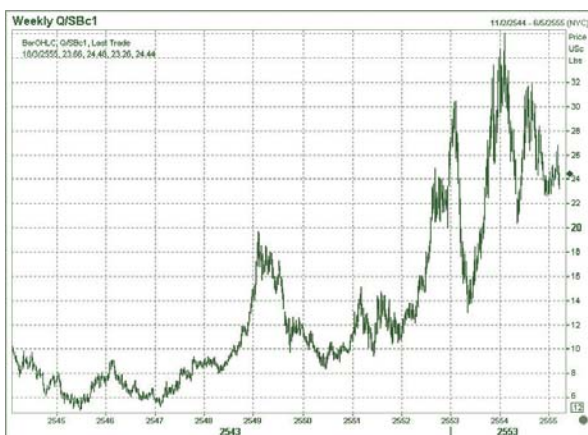


Figure 2 shows that, the past 2 years or 2010-2011, the raw sugar New York prices (No. 11) have moved in a range of 20-30 cents/pounds due to lower sugar outputs in some key countries, especially India and China, affected by the drought there. Both countries had to continuously import a large amount of sugar. Although, in the new cane crushing season of 2011-2012, it is anticipated that the sugar outputs in several countries would be hiking such as Thailand, India, EU and Russia. However, Brazil where the first country that starts the cane crushing process gets lower sugar volume for 12.40%; this is the first decrease in 10 years. As a result, the sugar price in the -2 year future market remains high or higher than 22 cents.

Khonburi Sugar Public Company Limited has exported sugar via the following channels :

1. Quota B through Thai Cane and Sugar Corp. Ltd. (TCSC)
2. Quota C through several major sugar traders, e.g. Bunge, Cargill, Louis Dreyfus, Czarnikow, Olam, and Noble, etc.

### Market Access in accordance with AFTA, FTA, AEC

The market access under the ASEAN Free Trade Area (AFTA) and Free Trade Area (FTA) has been continuously negotiated, coordinated and driven. At this moment, some sensitive sectors of member countries are offered for a





## MARKETING AND COMPETITION OF SUGAR INDUSTRY

degree of flexibility and exclusion. Thai agencies have always made negotiations with a maximum care to enhance the best benefits for Thai entrepreneurs, and to get the minimum negative effect. Most recently, the ASEAN Economic Community (AEC) is established to form an economic group among ASEAN member countries with the goal of regional economic integration by 2015 in order to establish ASEAN as a single market and production base, making ASEAN more dynamic and competitive with goods, services, investment, capital and skilled labors.

### **Advantages of Thailand's Sugar Industry under ASEAN Economic Community**

Since Asia has engaged the greatest and sharpest economic and population growth, especially China and India, the volume of sugar consumption has been increasing every year whereas the sugar outputs in Asia remain the same. As a result, some sugar has been imported from other continents, e.g. South America, etc., which also allowed Thailand to achieve some competitive advantages among the world sugar traders.

The establishment of ASEAN Economic Community (AEC) also enriches the cane and sugar industry in Thailand as our country is the single sugar manufacturer and exporter in the ASEAN region while other ASEAN countries remaining the sugar importers.

1. Thailand is able to export some sugar to ASEAN countries since various tax and non-tax commercial barriers will be reduced or disappeared whereas different rules and regulations will be revised to be more consistent and supportive for the member countries.

2. Thai entrepreneurs, especially sugar mills, engage the high sugarcane planting techniques and technologies, but their sugar production costs are the lowest in the world.

3. The single market will attract more foreign investments to ASEAN including Thailand.

### **4.2 Domestic Market**

The domestic sugarcane and sugar industry is governed by Thai Sugarcane and Sugar Industry Act, B.E. 2527. The Act prescribes that the Cane and Sugar Board shall control the whole volume of sugar to ensure the adequacy of sugar for the domestic demand. Each year, the Board shall estimate the domestic sugar consumption amount before determining quotas for sugar mills according to their production capacity throughout that year. Domestic sugar prices are also controlled by Goods and Services Act, B.E. 2542. The Ministry of Commerce notified that the domestic sugar prices are as the following :

- (1) Prices of regular white sugar purchased at sugar mills do not exceed Baht 19.00 per kilogram.
- (2) Prices of refined white sugar purchased at sugar mills do not exceed Baht 20.00 per kilogram.
- (3) Wholesale prices of regular white sugar at all domestic wholesale businesses do not exceed Baht 19.65 per 1 kilogram, and those of refined white sugar do not exceed Baht 20.65 per kilogram.
- (4) Retail prices of regular white sugar do not exceed Baht 22.50 per kilogram; and those of refined white sugar do not exceed Baht 23.50 per kilogram (included VAT)

The price control does not apply to the sugar cubes packed in boxes or packets in the weight not over 10 grams, and other special sugar types such as natural sugar. Moreover, the revenues from such distribution must be handed out to the Cane and Sugar Fund for 5.00 Baht per kilogram according to the resolution of the Council of Ministers in 1999.

In Thailand, at present, there are 47 sugar mills in total with the capacity of sugarcane crushing at 90-100 million tons per year, and of sugar production in the total of 9.0 – 10.0 million tons per year. The sugar crushing period takes 4-5 months per year. The sugarcane crushing season starts at the end of November up to April of each year. All sugar mills are governed by the related authorities; so any production expansion or relocation must be first approved by the Ministry of Industry.



## MARKETING AND COMPETITION OF SUGAR INDUSTRY

Khonburi Sugar Public Company Limited owns one sugar mill with the proportion of sugarcane crushing for 2010-2011 (most recently) for 3.02% of total national sugarcane crushing.

The Company regularly sells its sugar products via the following 4 channels :

### 1.1 Industrial customers

The Company regularly sells some refined sugar and super refined sugar to many industrial customers as a core raw material in food and beverages. Normally, the Company shall make the sugar sale and purchase contract on a yearly basis in order to fix certain sales volume and prices with this group of customers. The Company's main customers include :

Carabao Tawandang Co., Ltd., Uni-President (Thailand) Co., Ltd., Coca-Cola (Thailand) Co., Ltd., Thai Advance Food (2001) Co., Ltd. (fermented milk manufacturer in the brand of Betagen), F&N United Co., Ltd., Ajinomoto Calpis Beverage (Thailand) Co., Ltd., Ajinomoto (Thailand) Co., Ltd., European Food Public Company Limited.

The strategies applied by the Company to sustain this group of customers are: to value the product quality control and punctual goods delivery, and to pay attention to each customer's requirements, e.g. packaging design to reduce the costs of product delivery and stocking.

### 1.2 Modern-trade customers

The Company sells some refined sugar and natural sugar according to various sizes of package on which the brand of KBS and each customer's brand are printed (the Company is the original equipment manufacturer or OEM). Normally, the Company shall make the sugar sale and purchase contract on a yearly basis in order to fix certain sales volume and prices like the Company's industrial customers.

The main customers of the Company include Tesco-Lotus Retail Store, Big-C Super Store, Super Center, Max Value Department Store and Macro.

### 1.3 Wholesalers

The Company sells a small portion through the wholesalers due to a high competition prices.

### 1.4 Direct sales to customers

The Company has produced some refined sugar and brown sugar in packets under the brand of KBS for its marketing and distribution to the customers living in the communities at Khonburi District Nakhon Ratchasima Province.





## 5. RISK FACTORS

### 5.1 RISK RELATED TO THE BUSINESS OF THE COMPANY

#### 1. Risk of the fluctuating income from sugar sales

The production and sales of sugar are always been up to the sugarcane seasonal effect. Normally, the sugarcane harvesting period in Thailand starts at the end of November or the beginning of December. Thus, the raw sugar production goes on till the end of March or the beginning of April, while the white sugar products are on process. Consequently, sugar mills usually start their selling sugar products from January up to the end of the year. The Company always considers various factors in its sugar sales, such as inventory, expected production and world sugar prices etc. Therefore, the Company's sugar sales for each quarter is not constant.

#### 2. Risk of volatile sugar prices in the global market

In the global market, sugar is a product with high volatility of prices if compared with other agricultural commodities. The sugar prices in the global market depend on various factors, e.g. demand and supply of sugar-producing countries, consumers, exporters and importers, as well as speculation of some traders. All such factors deal with particular geographic conditions enriching or blocking the sugarcane planting in each country, policies of import, export promotion and intervention in the sugar industry by the state sector, especially by some developed countries. At present, the sugar prices are also related to the fuel prices because the sugarcane and molasses can be used to produce a type of alcohol called ethanol, which can be blended with gasohol to get the car fuel. All above factors result in the high volatility of sugar prices in the global market.

The volatility of sugar prices in the global market drives the Company to arrange its risk management under appropriately financial instruments such as the future contracts/options for sale or purchase of sugar in order to curb the fluctuation of the Company's profit resulted in the risk of sugar price volatility in the global market. Nevertheless, such risk prevention may adversely affect the Company's operating performance at certain quarters because the Company has to record its profit and loss due to such risk prevention of the income statements according to the fair value of that option at the end of each accounting period, which may not perfectly match the period of sugar delivery by the Company.

Moreover, the Company's previous operating results absolutely relied on the sugar and molasses businesses; the volatility of the global sugar prices has greatly affected the Company's operations. But, the Company decided to invest in some related projects, e.g. biomass-based power plant; hence, the Company anticipates the future that its operating results would be less affected by the global sugar prices.

#### 3. Risk from foreign exchange rates

The Company has exported about 70% of its sugar sales sum. Most sugar exported is exposed to the USD currency; so the Company's sales sum has been fluctuating in line with the exchange rate. However, the Company has to set up the 70:30 revenue sharing scheme between the Company and sugarcane farmers; as a result, the Company's cost of sugar moves subject to the exchange rate, as well. Therefore, a great amount of income and costs of the Company are linked to the exchange rate (natural hedge). In addition, the Company has made the forward contract to reduce the impact caused by such fluctuations of exchange rate to the Company's operating results.



## RISK FACTORS

Nevertheless, such risk preventive measures may adversely affect the Company's quarterly operating results since the Company has to record its profit and loss of the income statements according to the fair value of that option, which may not perfectly match the time of receiving payments from its sugar sales.

### **4. Risk from raw material supplies-sugarcane**

The Company is one of the producers and distributors of sugar and by-products, which needs the sugarcane as the raw material; so the Company's risk of operating results partly deals with the quantities of sugarcane supplied to the production process. The factors affecting the volume of sugarcane include: (1) the change of sugarcane planting areas (the number of Rai) which some farmers can decide to grow other agricultural crops generating higher returns than sugar, or the state sector may launch the promotion policy on growing other crops; and (2) the change in the yield of sugarcane (ton cane per Rai), which is mostly affected by the volume of rain and abundant soil as well as the climate change at each particular year.

If the dropping sugarcane planting areas or drought cause less amount of sugarcane across the country, the amount of sugar is produced by the Company would be reduced as well. When the cost per unit especially the fixed cost per unit is rising, the profit per unit certainly plunges and the Company's overall profit would finally slump. Moreover, in any years when the quantity of sugarcane grown is so low, the neighboring sugar mills compete for buying some sugarcane more to sustain their amount of sugarcane crushed. As a result, the Company's overall cost of raw materials is hiking while its net profit is dropped.

However, Thailand comes secondly in the list of the worlds' top sugar exporters, and being the main sugar supplier to the Asian region. In the years when the amount of sugarcane crushed was dropped in Thailand, it results to the quantity of sugar available in the Asian region, which drives the sugar selling prices in other countries higher. Consequently, such increasing prices help relieve the impact of the volume of sugar crushed, and higher costs. Furthermore, the Company has valued the stability of sugarcane supplies; therefore, it has provided assistance to some sugarcane farmers, including advance loans for sugarcane planting, fertilizer, sugarcane varieties, irrigation system, and utilization of technologies to boost the yields and efficiency in sugarcane planting. Such assistance purposively helps the sugarcane farmers, under the Company's care, the farmers can receive good returns from the sugarcane plantation in a long term, which indirectly motivates those sugarcane farmers to grow and supply some sugarcane to the Company consistently.

### **5. Risk from the cost of sugarcane**

The cane and sugar industry in Thailand is regulated under a 70:30 revenue sharing scheme between sugarcane farmers and sugar mills. The sugarcane prices are regularly calculated by the Cane and Sugar Board to allocate 70% of the sugar industry lump sum revenue to the sugarcane farmers. The Cane and Sugar Board calculates the revenue to be paid to those sugarcane farmers with reference to the average sugar selling prices of Thai Cane & Sugar Corporation Ltd.

If the Company fails to sell some sugar to the foreign markets (Quota C) at a price higher than the average price actually sold by Thai Cane & Sugar Corporation Ltd., the Company must pay the high price of sugarcane if compared with its sales sum; this can make its profit margin and net profit plunge.



Nevertheless, the Company sets up the risk management by closely watching the period and sales volume of Thai Cane & Sugar Corporation Ltd. to ensure that the Company sells some sugar at an appropriate rate if compared with that of Thai Cane & Sugar Corporation Ltd. To elaborate the average selling prices for exports (Quota C) of the Company in the past 3 years were higher than the actual average selling prices of Thai Cane & Sugar Corporation Ltd. each year.

### **6. Risk from the quality of raw material-Sugarcane**

The quality of sugarcane or CCS of sugarcane is a core factor which affects the amount of sugar produced by the Company. The factors affecting the quality of sugarcane include the climate variability such as out of season rain during the sugarcane harvesting, which mainly reduce the sweetness in sugarcane. Furthermore, most sugar sales are done through the future contracts, that is, the sales quantities and prices are pre-determined prior to the delivery time for 6 months to 1 year. Therefore, if the sugarcane crushed in the production process contains CCS lower than expected while the future contract is made, the Company may have inadequate sugar for its customers.

However, the Company closely monitors the risk management possibly caused by the quality of sugarcane. If the sweetness of sugarcane drops, the Company may purchase some sugar to be delivered to the customers, or may use certain appropriate financial instruments, such as future contract or options to manage such risk, etc.

### **7. Risk of bad debts arising from loans granted to sugarcane farmers (advance loans)**

In the operation of sugar industry, the sugar mills usually support the sugarcane farmers to grow the sugarcane to be supplied to these mills. These supports may be in forms of loans granted by financial institutions or other non-financial supports, such as offering of fertilizer, sugarcane varieties, agricultural machinery, etc. those are the normal practices done by most sugar mills called “sugarcane loans”. This advance loan looks like reserving some sugarcane to be crushed in the production process when the sugarcane is ready for harvesting whereas the sugar mills start their crushing. In the years when the drought or pestilence occurs, the farmers are unable to supply the sugarcane as earlier agreed, the Company has to bear more bad debts; as a result, the Company’s net profit will go down.

The Company has valued the risk management for such advance loans are extended; so it is controlled, starting from the process of granting the credit line to the debt collection system. The Company establishes the advance loan management committee to be in charge of approving such advance loans to sugarcane farmers by considering sugarcane planting areas, anticipated quantities of sugarcane grown, records of sugarcane delivery, and debt repayment of each debtor. The Company has regularly monitored the sugarcane grown by sugarcane farmers who receive the advance loans granted by the Company. The Geographic Information System (GIS) has been used to survey and measure the sugarcane planting areas in order to get the accurate information about sugarcane planting areas of the Company, and to make its monitoring of sugarcane products more efficient.



## RISK FACTORS

### 8. Risk from the impact on the environment

The Company has always focused on the business management to ensure that there will not be any negative impact on the environment, and on the policy of keeping the Company's production process under the industrial standards. In respect with dust emitted from the sugar mills, the Company repairs and installs some dust collectors, and improves the dust filling system by having the wet scrubber installed.

However, the Company cannot assure that it would not be claimed for any environmental impact in the future. The claims against the Company for the environmental impact can adversely affect its operating results and financial status, as well.

### 5.2 RISK FROM THE GOVERNMENT POLICY

The cane and sugar industry in Thailand has been controlled and regulated by the Cane and Sugar Board by virtue of the Cane and Sugar Act, B.E. 2527. The Board arranges the sugar distribution in a quota system (Quota A for domestic sales, Quota B and C for exports), allocates the revenue in the sugarcane production system between sugar mills and sugarcane farmers under the 70:30 profit-sharing scheme, and controls the entry of new players into the sugar business, etc. It is apparent that the rules and regulations issued by the Cane and Sugar Board take effect to the production costs and operating results of the Company; for example, the 70:30 profit-sharing scheme originates the calculation of sugarcane price the sugar mills pay to the farmers, the regulations regarding the sugar exports, the policies on the revision of domestic sugar prices, or the policies on free trading of the sugar business, which may affect the Company's operating results.

Furthermore, other government policies, except the policy for the direct control of the cane and sugar industry, may take the significant effect to the Company's operating results. For example, the policy of promoting the renewable energy, such as ethanol, affects the domestic sales volume of ethanol. Or, the policies of promoting the growing of cassava and of guaranteeing prices of cassava or other agricultural crops may drive the Company to encounter some negative impact because the sugarcane planting areas may be lower, and the crop farmers decide to grow other crops generating higher returns, etc.

Because the Company recognizes the importance of government policies in shaping the cane and sugar industry, it has cooperated with three sugar mill associations and associations sugarcane farmers to inspire the government sector to recognize the importance of this industry, which deems the top-stream industry for the food and processed food industries. At present, sugar and its by-products are also transformed to be the fuel energy for cars (ethanol), or developed for the production of chemicals. The cane and sugar industry has also generated a great amount of foreign income because about 60-70% of total sugar volume produced is exported while almost 100% of raw materials of sugar mills come from domestic sources. Today, the communications, explanations and understanding between the government and the cane and sugar industry via the sugar mill associations and sugarcane farmers associations are smooth; therefore, the government has better understanding of problems and needs of sugar mills, and gives more help to those sugarcane farmers; these help reduce the risk potentially posed by governmental policies on the direction of cane and sugar industry.

## 6. SHAREHOLDING STRUCTURE AND MANAGEMENT

The major shareholders of the Company as of 31 December 2011 are listed below.

No.	Shareholders	Paid-up Capital in the amount of THB 500,000,000	
		Shares held	Proportion (%)
1.	Khonburi Capital Co., Ltd. <sup>1</sup>	130,000,000	26.00
2.	Mr. Issara Twiltermsup Group <sup>2</sup>	96,972,500	19.39
3.	Mr. Somkiat Twiltermsup Group <sup>3</sup>	47,487,500	9.50
4.	Mr. Takon Tawintermsup Group <sup>4</sup>	38,227,500	7.65
5.	Thai NVDR Co., Ltd.	12,114,700	2.42
6.	Bangkok Insurance Public Company Limited	8,800,000	1.76
7.	Ms. Veena Amornlilit	6,604,500	1.32
8.	Mr. Mitrpant Satavoramane	6,000,000	1.20
9.	Mr. Sakchai Sakchaichareankul	5,530,000	1.11
10.	SOMERS (U.K.) LIMITED	4,650,000	0.93
11.	Other	143,613,300	28.72
	<b>Total</b>	<b>500,000,000</b>	<b>100.00</b>

Remark : 1. Khonburi Capital Co., Ltd. is a holding company and its shareholders as of 31 December 2011 are as follows :

1.1	Mr. Issara Twiltermsup Group	holding	26,100,000	shares, equivalent to	50 %
1.2	Mr. Takon Tawintermsup Group	holding	13,050,000	shares, equivalent to	25 %
1.3	Mr. Somkiat Twiltermsup Group	holding	13,050,000	shares, equivalent to	25 %
		Other	52,200,000	shares, equivalent to	100 %

2. Mr. Issara Twiltermsup, Mr. Somchai Twiltermsup, Miss Chonatee Twiltermsup, Mr. Teerawat Twiltermsup, Mr. Kan Twiltermsup, Mr. Amnart Rumpoeypong and Mr. Methee Sukvatayanon

3. Mr. Somkiat Twiltermsup, Mr. Tanasit Twiltermsup, Ms. Jitsupa Twiltermsup, Mr. Tanachote Twiltermsup and Mrs. Tarinee Sermleelatham

4. Mr. Takon Tawintermsup, Mrs. Rumpa Tawintermsup, Mr. Rungsan Tawintermsup, Mr. Rachot Tawintermsup and Mr. Kosol Nuntileepong.

### MANAGEMENT

#### 1. Management Structure

The management structure of the Company as of 31 December 2011 consisted of the Board of Directors, the Audit Committee, the Risk Management Committee and Executive Board Directors as described below.

##### (1) The Board of Directors

At present, the Board of Directors consists of 9 members, which are included :

- Executive Directors 3 persons.
- Non-Executive Directors 2 person.
- Independent Directors 4 persons

## SHAREHOLDING STRUCTURE AND MANAGEMENT

No.	Name of Directors		Position
1.	Mr. Suthep	Wongvorazathe	Chairman
2.	Mr. Takon	Tawintermsup	Director
3.	Mr. Somkiat	Twiltermsup	Director
4.	Mr. Issara	Twiltermsup	Director
5.	Mr. Amnart	Rumpoeypong	Director
6.	Mr. Sran	Smutkochorn	Independent Director
7.	Dr. Thawatchai	Nakhata	Independent Director
8.	Mr. Chusak	Prachayangprecha	Independent Director
9.	Mrs. Suvimol	Krittayakiern	Independent Director

Remark : 1. Mr. Sran Smutkochorn, Dr. Thawatchai Nakhata, Mr. Chusak Prachayangprecha, and Mrs. Suvimol Krittayakiern were appointed as directors on 13 October 2010

The authorized directors are Mr. Takon Tawintermsup, Mr. Somkiat Twiltermsup and Mr. Issara Twiltermsup ; any two authorized directors co-sign their names and affix the Company's seal.

The Company Secretary is Miss Thanathorn Sukaram, who is in charge of providing advice and assistance to the Board of Directors to comply with the Principle of Corporate Governance, and rules and regulations required by the Stock Exchange of Thailand, the Securities and Exchange Commission and any other related agencies.

### Scope of Duties and Responsibilities of the Board of Directors

The 2010 Annual General Meeting of Shareholders held on 16 December 2010 passed the resolution for the scope of duties and responsibilities of the Board of Directors as the following :

1. To undertake and manage the Company in conformity with any and all related laws, objectives, and Articles of Association of the Company, as well as resolutions of the meetings of shareholders.
2. To comply with laws, objectives, and Articles of Association of the Company, as well as resolutions of the meetings of shareholders and the Board of Directors. In managing the Company's business, the Board of Directors shall perform duties with a full spectrum of responsibilities, care and honesty.
3. To consider and approve any significant matters related to the Company's business operations, e.g. vision, mission, policies, business strategies, goals and operating plans, financial targets, and budget.
4. To govern and care for the normal business operations of the Company; and to have the Management work efficiently and proficiently to be in line with the determined vision, mission, policies, business strategies, goals and operating plans, financial targets, and budget of the Company for inclusive benefits of the Company and its shareholders.
5. To provide the accounting system, financial reports and auditing; and to care for the internal control system and the internal audit system in order to ensure that they are all efficient and proficient.
6. To prepare the annual reports of the Company and/or the Board of Directors to be in accordance with all related laws and regulations required.
7. To care for and provide a governing mechanism to prevent the potential conflicts of interest between any stakeholders and the Company.
8. To consider, approve, consider and give opinions for consideration and approved by the meeting of shareholders in case of making any transactions significantly to the Company or any connected transactions in accordance with the procedure, conditions, legal process and related rules and regulations and/or obligations required by the Company.
9. To appoint any of the Company's directors as the chairman of the board; and to appoint some directors subject to the number of the Board of Directors deems appropriately as the vice chairman.



## SHAREHOLDING STRUCTURE AND MANAGEMENT

10. To determine and amend the authorized directors of the Company.
11. To recruit and appoint a person with knowledge, competence and experience that the Board of Directors deems appropriately, and with all other qualifications required by related laws and regulations to hold a position of directorship in case any director vacate his office due to other reasons apart from the expiration of the term of office.
12. To recruit a person with knowledge, competence, experience and all other qualifications required by related laws and regulations to hold a position of directorship, and such person shall be nominated for the meeting of shareholders' consideration.
13. To consider and set up the criteria of remuneration payment to the Company's directors and top management by regarding any all factors, e.g. work performance, title, scope of duties and responsibilities, qualifications, knowledge, competence, experience, and motivation in contributing for the Company, both in short and long terms, etc.
14. To consider appropriate amount of remuneration for directors of the Company in line with the criteria of remuneration payment set up by the Board of Directors which shall be proposed to the meeting of shareholders for consideration and approval.
15. To evaluate the work performance of the Managing Director and Top Management; to consider and set up the remuneration for the Top Management in line with the criteria of remuneration payment set up by the Board of Directors.
16. To appoint any sub-committees ; to recruit and appoint the directors or persons having engaged the knowledge, competence and experience as the Board of Directors deems appropriately to hold positions in those sub-committees; and to lay down the scope of authority, duties and responsibilities of those sub-committees.
17. To appoint the executive board who is elected from any directors or executives of the Company; to elect any of executive board members as the Managing Director; and to determine the scope of authority, duties and responsibilities of the executive board and the Managing Director.
18. To appoint a director or person having engaging the qualifications, knowledge, competence and experience as the Board of Directors deems appropriately as the Company Secretary.
19. To appoint and/or empower one or several directors or persons to take any acts under the scope of directorship power and as the Board of Directors deems appropriately. However, such empowerment may be suspended, cancelled or altered.
20. To provide and care for the communication channels to connect with each group of shareholders and stake holders of the Company appropriately.
21. To care for the accuracy, completion, timing and transparent disclosure of important information related to the Company via fair and creditably accessible channels.
22. To set up and amend any matters prescribed in the regulations and Articles of Association of the Company.
23. To engage other power, duties and responsibilities as required by laws and other related regulations, Articles of Associations of the Company, and the resolutions of the meetings of shareholders.

### (2) The Executive Board Directors

As of 31 December 2011, the Executive Board Directors consisted of 4 following members :

No.	Name of Directors		Position
1.	Mr. Suthep	Wongvorazathe	Chairman of Executive Director
2.	Mr. Takon	Tawintermsup	Executive Director
3.	Mr. Somkiat	Twiltermisup	Executive Director
4.	Mr. Issara	Twiltermisup	Executive Director

Remark : Mrs. Pornpun Boonchaisri was the Company Secretary.



## SHAREHOLDING STRUCTURE AND MANAGEMENT

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

The Meeting of the Board of Directors, No. 3/2011 held on 28 February 2011 passed a resolution for the scope of authority for the Executive Board Directors as the following :

1. To consider and prepare the policies, business strategies, operating goals and plans, financial targets, and budget of the Company by appropriately regarding various business factors to be proposed for the Board of Directors' approval.
2. To govern, inspect and monitor the Company's business operations to ensure that they are efficiently and proficiently carried out in line with the policies, business strategies, operating goals and plans, financial targets, and budget of the Company as approved by the Board of Directors.
3. To set up the organization structure and management policy of the Company as well as policies of recruitment, training, employment and termination of employment for the Company's employees. The Managing Director and/or the Director to the Human Resources Department may be authorized to sign signature in the employment contract.
4. To conduct the feasibility studies on investment in new projects, and to be empowered to consider and approve the Company for an investment or a joint venture with an individual, juristic person or any other business organization in the investment form the Executive Board Directors deems appropriately in order to operate the business subject to the Company's objectives, and to consider and approve the Company's expenditure for such investment, business contracts and/or any related acts to complete such matter for the amount of investment from Baht 10 million up to Baht 50 million.
5. To consider and approve financial transactions, in the amount from Baht 10 million up to Baht 50 million, to be made with any financial institutions in respect with the opening of account, taking out of loans and credit line, pledge, mortgage, guarantee and other matters as well as selling and purchase, and registration for any ownership of land in accordance with the Company's objectives in order to benefit the business operations of the Company; and to take any legal acts, make contracts and/or perform other acts related to such matters until it is completed.
6. To consider and approve of entering into a contract and financial instruments, e.g. future contract for the right in sugar sales and purchases, foreign currencies exchange forward contract, etc. in order to prevent the Company's financial risks.
7. To consider and provide advice or opinions to the Board of Directors about any projects, proposals or entering into transactions related to the Company's operations, which need the operating amount greater than the permitted amount and/or required by any related laws and regulations or Articles of Association of the Company that must be considered and approved by the meeting of shareholders or that of the Board of Directors.
8. To consider and approve of the rules, regulations, management policies and business operations of the Company or any other acts binding the Company.
9. To empower the Managing Director to operate the business of the Company in accordance with the scope of power, duties and responsibilities as designated and governed by the Executive Board.
10. To appoint and/or assign the Executive Board or a person or several persons to take any acts under the scope of power given to the Executive Board and as the Executive Board deems appropriately. The Executive Board may suspend, cancel or alter such power.
11. To consider and approve of the Empowered Operation Manual to enable the appointed and/or authorized persons to be aware of the scope of responsibilities and given power, and such that shall be a working manual for further working reference and to make the working procedure in order.
12. To have any power, duties and responsibilities as per assignments or policies given by the Board of Directors.

The scope of power, duties and responsibilities of the Executive Board Directors mentioned above is under applicable laws and related regulations, as well as Articles of Association of the Company. In case that the Executive Board Directors must carry out or enter into any transaction which may cause potential conflict of interest, and/or it must enter into any transaction with a connected transaction, the related laws and regulations or the Articles of Association of the Company require that

## SHAREHOLDING STRUCTURE AND MANAGEMENT

must be considered and approved by the meeting of shareholders or that of the Board of Directors. By this regard, the Executive Board shall provide some opinions, which is further proposal to the Board of Directors for consideration, and undertaken as required by any related laws and regulations or the Articles of Association of the Company.

### (3) The Audit Committee

As of 31 December 2011, the Audit Committee consisted of 3 following members :

No.	Name of Directors		Position
1.	Dr. Tawatchai	Nakhata	Chairman of the Audit Committee
2.	Mr. Chusak	Pruchyangkhapreecha	Audit Committee
3.	Mrs. Suvimol	Krittayakiern	Audit Committee

Remark : 1. Mrs. Suvimol Krittayakiern was an Audit Committee member who has engaged the accounting and financial skills.  
2. Mr. Manawin Kongto was the Secretary to the Audit Committee.

### Scope of Duties and Responsibilities of the Audit Committee

- To review the financial statements of the Company to ensure that they are disclosed accurately and adequately by coordinating with the external auditor and the Management who are responsible for the preparation of quarterly and yearly financial statements. The Audit Committee may have the auditor review or audit any transactions necessarily or importantly while auditing the Company's account.
- To provide some advice to the Board of Directors and the Management on the improvement of the Company's working process or system in order to reduce related risks to ensure that the financial statements of the Company are accurate and efficiently utilized.
- To review the internal control system and internal audit system of the Company to ensure that they are run appropriately and proficiently; to verify the independence of the Internal Audit Department; and to give approval of the appointment, removal and dismissal of the Head of Internal Audit Department or those of other departments which is responsible for the internal audit activities of the Company.
- To verify that the Company conforms to laws on securities and stock exchange, regulations of the stock exchange and any other laws on the business of the Company.
- To consider, recruit and nominate an independent person to be the Company's auditor; to propose the remuneration for such an auditor; and to have the meetings with the auditor at least once a year without the attendance of the Management.
- To consider any connected transactions or those with potential conflicts of interest to be in conformity with laws on securities and stock exchange, and regulations of the stock exchange in order to ensure that such transactions are reasonable and enhance the best benefit for the Company; and to consider to ensure the Company's disclosure of connected transactions or those possibly causing the conflicts of interest which is accurate and adequate.
- To disclose the reports of the Audit Committee, which signed by the Audit Committee Chairman, in the annual reports of the Company.
- In performing duties, if the Audit Committee finds or suspects, the following transactions may have the material impact on the financial status and operation results of the Company, the Audit Committee shall report them to the Board of Directors prior to the improvement within the timeframe of the Audit Committee who deems appropriately :



## SHAREHOLDING STRUCTURE AND MANAGEMENT

- (a) Transactions causing conflicts of interest
- (b) Dishonest or irregularity or important defect in the internal control system
- (c) Violation of laws on securities and stock exchange, regulations of the stock exchange or laws on the business of the Company.

If the Board of Directors or the Management of the Company fails to remedy such within the timeframe specified in paragraph one, any of the Audit Committee members may report the transaction or act stated in paragraph one to the Securities and Exchange Commission or the Stock Exchange of Thailand.

9. The Audit Committee may seek for an independent opinion from other professional advisors if it deems necessarily under the Company's expense.
10. To perform other duties specifically assigned by the Board of Directors with consent of the Audit Committee.

#### (4) The Risk Management Committee

As of 31 December 2011, the Audit Committee consisted of 4 following members :

No.	Name of Directors		Position
1.	Mr. Sran	Smutkochorn	Chairman of the Risk Management Committee
2.	Mr. Somkiat	Twiltermsup	Risk Management Committee
3.	Mr. Issara	Twiltermsup	Risk Management Committee
4.	Mr. Amnart	Rumpoeypong	Risk Management Committee

Remark : Mr. Manawin Kongto was appointed as the Secretary to the Risk Management Committee in the meeting of the Risk Management Committee, No. 1/2011 on 14 July 2011.

#### Scope of Duties and Responsibilities of the Risk Management Committee

The meeting of the Board of Directors, No. 4/2010 held on 30 November 2010 passed a resolution for the scope of power and duties of the Risk Management Committee as the following :

1. To set up a general risk management policy to be proposed to the Board of Directors; such policy shall involve the procurement of raw materials, financial supports to farmers, production, marketing and finance, as well as investment risks and other risks possibly taking impact on the business reputation.
2. To set up the potential risk management direction and policy due to the procurement of raw materials, financial supports to farmers as well as the risk of inadequate supplies of sugarcane for the production process, and the risk of bad debt due to financial supports given to the farmers.
3. To set up the risk management policy in relation to the Company's production, which also includes the risks affected by the production proficiency and the discontinuity of production.
4. To set up the risk management policy in relation to the marketing and sales as well as risks affected by the fluctuation of global sugar price and the foreign exchange rates.
5. To set up the policy of utilizing financial instrument, e.g. future contract for the right in sugar sales and purchases, foreign currencies exchange forward contract, etc. in order to prevent the Company's financial risks.
6. To lay down the policies and the principles of making insurance for various assets in order to reduce the risk of possible disasters.
7. To place the business strategies to be in line with the risk management policy in order to support and encourage the cooperation from the Company's employees at all levels, and to enable to monitor, evaluate and keep the level of risks at an appropriate level.

## SHAREHOLDING STRUCTURE AND MANAGEMENT

8. To improve and revise the management and risk management systems of the Company to ensure that they are efficient and proficient. The evaluation and monitoring of such risk management process must be at all time in conformity with the determined risk management policy.
9. To set up the preparation of risk reports and advice to be submitted to the Board of Directors for further improvement.
10. To perform other duties in relation to the risk management as specifically assigned by the Board of Directors.

### (5) Executive Management Team

As of 31 December 2011, the Management Team of the Company consisted of 6 following members :

No.	Name of Directors		Position
1.	Mr. Takon	Tawintermsup	Managing Director
2.	Mr. Somkiat	Twiltermsup	Deputy Managing Director of Marketing
3.	Mr. Issara	Twiltermsup	Deputy Managing Director of Administration and Office
4.	Mrs. Pornpun	Boonchaisri	Deputy Managing Director of Accounting and Finance
5.	Mr. Somtawin	Boonbanyen	Deputy Managing Director of Production and Raw Materials
6.	Miss Surawee	Puangthong	Accounting and Finance Manager

Remark : 1. Mrs. Pornpun Boonchaisri was appointed on 1 February 2010.  
2. Mr. Somtawin Boonbanyen was appointed on 1 July 2011.

### Scope of Duties and Responsibilities of the Managing Director

The meeting of the Board of Directors, No. 3/2011 held on 28 February 2011 passed resolutions for the scope of power and duties of the Managing Director as the following :

1. To be responsible for the day-to-day affairs and/or administration of the Company; and to take care of the general operation to be in line with the policies, business strategies, goals and working plans, financial targets, and budget of the Company which was approved by the Board of Directors.
2. To consider, negotiate and approve of the Company's entering into any juristic acts and contracts and/or taking any acts related to the day-to-day affairs and/or administration of the Company in an aggregate sum not greater than Baht 10 million.
3. To consider the Company's entering into any juristic acts and contracts and/or negotiation for any contracts related to the Company's affairs and/or any acts related to such affairs and/or the daily administration of the Company in an aggregate sum greater than the limited amount; and to provide opinions and propose to the Board of Directors and/or the Executive Board Directors for further consideration and ending resolution.
4. To determine the trading criteria such as the sum of credit line, payment period, entering into the sale and purchase agreement, changes of trading conditions, etc. in an aggregate sum not greater than Baht 10 million.
5. To consider the employment, appointment and dismissal; and to set up the scope of power, duties and appropriate remuneration for the Company's employees holding positions of department manager or lower in accordance with the related policies determined by the Executive Board Directors.
6. To appoint various advisors necessarily for the Company's business operation and/or daily administration.
7. To appoint and/or empower any person or several persons to take any acts under the scope of power given to the managing director as the Managing Director deems appropriately. However, such power may be cancelled, suspended or altered by the Managing Director.
8. To have other power, duties and responsibilities specifically assigned or subject to the policies assigned by the Board of Directors and/or the Executive Board Directors.



## SHAREHOLDING STRUCTURE AND MANAGEMENT

### 2. NOMINATION OF DIRECTORS AND EXECUTIVES

If the Nomination Committee of the Company has not yet been established to be in charge of recruiting persons for the position of directorship but when one director vacates office, the Board of Directors shall be responsible for recruiting and electing one to replace his/her by regarding various factors, e.g. knowledge, competence and experience relating to the Company's business. Moreover, the directors and the Management of the Company must not possess any unreliable characteristics as prescribed in the Notification of the Securities and Exchange Commission.

#### 2.1 Nomination of the board of directors

The Company shall have a board of directors, comprising at least 5 directors, but not more than 12, of which at least one thirds (1/3) shall be independent directors, but not less than three (3). Not less than one half of the board shall reside in the Kingdom. Any and all directors of the Company shall hold qualifications without possession of any prohibited characteristics as required by law. Such directors may or may not be the Company's shareholders.

1. A shareholder shall have votes in a number equals to the number of shares he holds.

2. In case that the number of persons nominated for the office of director is greater than that required in that election, the shareholders shall vote for each nominated person. In casting votes, each person was elected by the shareholders shall receive the number of votes equals to the number of shares which each shareholder holds. In case of voting for more than one director, each shareholder is not permitted to distribute his/her votes as he/she pleases. The persons who receive the highest votes which are arranged in order from higher to lower in a number equal to that of directors whom to be appointed by electing as the directors of the Company. In the event of a tie at a lower place, which would make the number of directors greater than that required or elected at that time, the chairman of the meeting shall give the casting vote.

#### 2.2 Nomination of the Executive Board

The Executive Board is appointed by the Board of Directors to mitigate some tasks borne by the Board of Directors, which includes the management affairs and other routine tasks beyond the power and duties of the Managing Director; and to allow the Board of Directors to have more time for other policy-oriented affairs and those for administration supervision.

#### 2.3 Nomination of independent Audit Committee

The Audit Committee is appointed by the Board of Directors, of which must be independent directors engaging independence as prescribed in the Notification of the Securities and Exchange Commission, and subject to the Principles of Corporate Governance of the Company. At least one member of the Audit Committee must have engaged the accounting and/or financial skills as the Audit Committee shall perform the duties of inspecting and governing the operations of the Company, as well as controlling the financial reports, the internal control system, the selection of the auditor, and the consideration of conflicts of interest.

#### 2.4 Nomination of Risk Management Committee

The Risk Management Committee is appointed by the Board of Directors to be responsible for setting up and placing the overall risk management strategy. The duty of the Risk Management Committee also includes the regular improvement and revision of management and risk management systems to be in conformity with the determined policies.

### 3. REMUNERATION OF DIRECTORS AND EXECUTIVES IN 2011

#### 3.1 Remuneration

1. Details of remuneration of The Board Director and the Board Committees in The period as from 1 october 2011 to 31 December 2011 are as the following :

## SHAREHOLDING STRUCTURE AND MANAGEMENT

(Unit : Baht)

Name	Year of 2010			Year of 2011			The Period as from 1 October 2011 to 31 December 2011		
	Meeting Allowance	Annual Remuneration	Total	Meeting Allowance	Annual Remuneration	Total	Meeting Allowance	Annual Remuneration	Total
1. Mr. Suthep Wongvorazathe	45,000	1,300,000	1,345,000	165,000	550,000	715,000	45,000	-	45,000
2. Mr. Takon Tawintemsup	40,000	400,000	440,000	100,000	250,000	350,000	30,000	-	30,000
3. Mr. Somkiat Twilertmsup	40,000	400,000	440,000	110,000	350,000	460,000	40,000	-	40,000
4. Mr. Issara Twilertmsup	40,000	400,000	440,000	110,000	350,000	460,000	40,000	-	40,000
5. Mr. Amnart Rumpoeypong	40,000	387,500	427,500	90,000	250,000	340,000	20,000	-	20,000
6. Mr. Sran Smutkochorn <sup>1</sup>	-	-	-	75,000	300,000	375,000	35,000	-	35,000
7. Dr. Thawatchai Nakhata <sup>1</sup>	-	-	-	135,000	300,000	435,000	35,000	-	35,000
8. Mr. Chusak Prachayangprecha <sup>1</sup>	-	-	-	110,000	250,000	360,000	30,000	-	30,000
9. Mrs. Suvimol Krittayakiern <sup>1</sup>	-	-	-	110,000	250,000	360,000	30,000	-	30,000
<b>Total</b>	<b>110,000</b>	<b>2,887,500</b>	<b>3,092,500</b>	<b>1,005,000</b>	<b>2,850,000</b>	<b>3,855,000</b>	<b>305,000</b>	<b>-</b>	<b>305,000</b>

Remark : 1. Mr. Sran Smutkochorn, Dr. Thawatchai Nakhata, Mr. Chusak Prachayangprecha, and Mrs. Suvimol Krittayakiern were appointed as directors on 13 October 2010.

## 2. Total amount of remuneration of management team

(Unit : Baht)

Remunerations	Year of 2010	Year of 2011	The Period as from 1 October 2011 to 31 December 2011
Salaries, bonus etc for 6 executive	17,731,500	24,133,200	12,406,950

## 3.2 Other remunerations

- None -

## 4. SURVEILLANCE FOR THE USE OF INSIDE INFORMATION

The Company takes a measure to prevent the use of inside information; the Company's employees at every level must not disclose any confidential information of the Company to the third party. The use of such inside information by any of its employees must be under the duties and responsibilities specifically assigned to them only. The Guideline for Prevention of Use of Inside Information is prepared in a written form, and approved by the Meeting of the Board of Directors, No. 3/2010 held on 13 October 2010. The Company's employees and executives have been universally informed of such Guideline by circular notices for strict compliance.

The Company lays down the following policies and methods preventing its directors, executives, and employees to use the material inside information of the Company for their private benefits and for the trading of the Company's securities:

1. The Company sets up a preventive measure for the use of inside information; a provision is set forth in the Code of Conduct and Working Regulations of the Company prescribing that the directors, executives, and employees of the Company are forbidden to disclose or utilize such material inside information for their personal interest.

2. The directors, executives, and employees of the Company should avoid using the inside information in purchasing or selling the Company's shares for their personal interest or in offering any inside information to the third party for the benefit of selling and purchasing the Company's shares.

3. The directors, executives, and employees of the Company should avoid and suspend the trading of securities of the Company for a period of 1 month prior to the disclosure of its financial statements as well as other important information to the public. The suspension of trading should take at least 24-48 hours after the disclosure of such information to the public.



## SHAREHOLDING STRUCTURE AND MANAGEMENT

4. The Company has always educated all its directors and executives about the duties of reporting their shareholding in the Company, as well as any related penalties in accordance with the Public Limited Company Act, B.E. 2535 (as amended) (“Public Limited Company Act”) and the Securities and Exchange Act, B.E. 2535 (as amended) (“Securities and Exchange Act”), of reporting the interests of directors and executives, the prohibitions on the use of material inside information of the Company in the securities trading, as well as all related penalties in accordance with the Securities and Exchange Act.

### 5. INTERNAL AUDIT OFFICE

The Company has recognized that the good audit shall boost the working efficiency of the Company. To ensure such efficiency, the Internal Audit Office was established with the following scope of power and duties :

1. To prepare the annual audit plan that contains the goals and the importance of audit.
2. To take care of the preparation of the audit program that must be in line with the annual audit plan.
3. To take care of and carry out the audit activities pursuant to the audit program.
4. To have meetings to give advice and to share opinions about the audit results with every audited department.
5. To take care of the preparation of the audit results report.
6. To take care of and monitor the results of improvement and remedies pursuant to the comments and advice given.
7. To take care of the maintenance or destruction of audited documents in accordance with the internal audit procedure.
8. To take care of the organization assets to avoid any possible damages.

At present, the Company employs an internal audit manager and the other two internal audit officers, who have engaged some experience in the credit granted to the sugar mills, and in the internal audit.

### 6. POLICY AND DIVIDEND PAYMENT

The Company places a policy of dividend payment to every shareholder for not less than 40% of net profit declared in the financial statements of each company after the deduction of all types of statutory reserves prescribed in the Articles of Association of the Company and by law; provided that there is no case of emergency or such dividend payment is not likely to significantly affect the normal business operations of the Company as the Board of Directors deems reasonably or appropriately. Moreover, such undertaking must hand out the best benefits to the shareholders of the Company. The resolutions of the Board of Directors consider such matters must be proposed for the meeting of shareholders’ approval, except the Board of Directors may pay interim dividend to the shareholders from time to time, and the Board shall report to the next meeting of shareholders for information.

The subsidiaries of the Company set up a policy of dividend payment for not less than 40% of net profit stated in the financial statements of each subsidiary after the deduction of corporate income tax, statutory reserve and any other reserves whereas the cash flow, liquidities and investment plan at a particular time shall be regarded as well.



## 7. DIRECTORS AND MANAGEMENT PERSONS BIOGRAPHY

### 1. Mr. Suthep Wongvorazathe

- ▶ Age 63 years old
- ▶ Chairman of the Board Directors and Chairman of Executive Director.



#### Education

- ▶ Master degree of Business Administration, University of Wisconsin.
- ▶ Bachelor degree of Business Administration, Finance Major, University of Wisconsin.

#### Training by the Thai Institute of Directors Association (IOD)

- ▶ Director Accreditation Program (DAP) Class 48/2005

#### Experiences

- |                |  |
|----------------|--|
| 2008 - Present | Chairman of The Board Directors and Chairman of Executive Director Khonburi Sugar Public Company Limited   |
| 2010 - Present | Chairman of Executive Director and Director Export-Import Bank of Thailand                                 |
| 2009 - Present | Director Office of the Board of Investment   |
| 2004 - Present | Director Thai Agro Exchange Company Limited  |
| 2003 - Present | Chairman of the Audit Committee and Independent Director Chumporn Palm Oil Industry Public Company Limited |
| 1999 - Present | Managing Director SGE International Company Limited  |

- |   |   |      |
|---|---|------|
| (%) shareholding (as at December 31, 2011)    | : | None |
| Family Relationship among Company's Directors | : | None |
| Dispute in the 10 preceding years             | : | None |

### 2. Mr. Takon Tawintermsup

- ▶ Age 57 years old
- ▶ Director, Executive Director and Managing Director



#### Education

- ▶ Matthayom 3, Matthayom Wat Thatthong school.

#### Training by the Thai Institute of Directors Association (IOD)

- ▶ Director Certification Program (DCP) Class 32/2003
- ▶ Finance for Non-Finance Director (FND) Class 5/2003

#### Experiences

- |                |   |
|----------------|---|
| 1974 - Present | Director, Executive Director and Managing Director Khonburi Sugar Public Company Limited                    |
| 2010 - Present | Director Khonburi Capital Company Limited   |
| 2008 - Present | Director Agriculture Machine Services Company Limited   |
| 2008 - Present | Director Khonburi Power Plant Company Limited   |
| 2004 - Present | Director Khonburi Bio Energy Company Limited  |
| 1993 - Present | Managing Director Chumporn Holding Company Limited  |
| 1988 - Present | Executive Director Bomrungrat M.C. Company Limited  |
| 1979 - Present | Director, Executive Director and Deputy Managing Director Chumporn Palm Oil Industry Public Company Limited |

- |   |   |  |
|---|---|--|
| (%) shareholding (as at December 31, 2011)    | : | 5.61   |
| Family Relationship among Company's Directors | : | Mr. Somkiat Twiltermsup is younger brother. Mr. Issara Twiltermsup is nephew |
| Dispute in the 10 preceding years             | : | None   |



## DIRECTORS AND MANAGEMENT PERSONS BIOGRAPHY

### 3. Mr. Somkiat Twiltermsup

- ▶ Age 49 years old
- ▶ Director, Executive Director, Risk Management Committee and Assistant Managing Director of Marketing



#### Education

- ▶ Bachelor of Arts in Accountancy, Finance and Economics University of Essex

#### Training by the Thai Institute of Directors Association (IOD)

- ▶ Director Accreditation Program (DAP) Class 90/2011

#### Experiences

- 1991 - Present Director, Executive Director, Risk Management Committee and Assistant Managing Director of Marketing, Khonburi Sugar Public Company Limited
- 2010 - Present Director Khonburi Capital Company Limited
- 2008 - Present Director Agriculture Machine Services Company Limited
- 2008 - Present Director Khonburi Power Plant Company Limited
- 2004 - Present Director Khonburi Bio Energy Company Limited
- 1989 - Present Director Bangluek Agriculture Company Limited

(%) shareholding (as at December 31, 2011) : 6.48

Family Relationship among Company's Directors : Mr. Takon Tawintermsup is older brother. Mr. Issara Twiltermsup is nephew.

Dispute in the 10 preceding years : None

### 4. Mr. Issara Twiltermsup

- ▶ Age 33 years old
- ▶ Director, Executive Director, Risk Management Committee and Assistant Managing Director of Administration & Office



#### Education

- ▶ Bachelor of Science Industrial Management with an additional Major in Economics Carnegie Mellon University
- ▶ Bachelor of Law Thammasat University

#### Training by the Thai Institute of Directors Association (IOD)

- ▶ Director Certification Program (DCP) Class 132/2010
- ▶ ISO 9000 : 2000, ISO 14001 : 2004 Lead Auditor Training Course

#### Experiences

- 2003 - Present Director, Executive Director, Risk Management Committee and Assistant Managing Director of Administration & office Khonburi Sugar Public Company Limited
- 2010 - Present Director Khonburi Capital Company Limited
- 2008 - Present Director Agriculture Machine Services Company Limited
- 2008 - Present Director Khonburi Power Plant Company Limited
- 2008 - Present Director Peerapat Technology Public Company Limited
- 2001 - Present Director N.Y. Rubber Company Limited

(%) shareholding (as at December 31, 2011) : 9.47

Family Relationship among Company's Directors : Mr. Takon Tawintermsup and Mr. Somkiat Twiltermsup are uncles.

Dispute in the 10 preceding years : None



## DIRECTORS AND MANAGEMENT PERSONS BIOGRAPHY

### 5. Mr. Amnart Rumpoeypong

- ▶ Age 35 years old
- ▶ Director and Risk Management Committee



#### Education

- ▶ Master of Business Administration, Chulalongkorn University.
- ▶ Bachelor of International Business, University of North Carolina at Charlotte.

#### Training by the Thai Institute of Directors Association (IOD)

- ▶ Director Accreditation Program (DAP) Class 82/2009

#### Experiences

- 2006 - Present Director and Risk Management Committee  
Khonburi Sugar Public Company Limited
- 2006 - Present Director and Deputy Managing Director  
N.Y. Rubber Company Limited
- 2006 - Present Director and Deputy Managing Director  
N.Y. Plantation Company Limited
- 2006 - Present Deputy Managing Director  
N.Y. Development Company Limited

(%) shareholding (as at December 31, 2011) : 0.05

Family Relationship among Company's Directors : Mr. Takon Tawintermsup and Mr. Somkiat Twiltermsup are uncles.

Dispute in the 10 preceding years : None

### 6. Mr. Sran Smutkochoorn

- ▶ Age 46 years old
- ▶ Chairman of Risk Management Committee and Independent director.



#### Education

- ▶ Master degree of Economics The University of California, Los Angeles.
- ▶ Bachelor degree of Economics The University of California, Northridge

#### Training by the Thai Institute of Directors Association (IOD)

- ▶ Director Accreditation Program (DAP) Class 42/2005

#### Experiences

- 2010 - Present Chairman of Risk Management Committee and Independent Director  
Khonburi Sugar Public Company Limited
- 2010 - Present Management Committee LOXLEY Public Company Limited  
Executive Vice President LOXLEY Trading Company Limited  
Executive Vice President LOXLEY International Company Limited
- 2006 - 2009 Managing Director  
Yum Restaurants International (Thailand) Co., Ltd
- 2002 - 2006 General Manager KFC Thailand Company Limited
- 1995 - 2002 Chief Financial Officer (CFO)  
Yum Restaurants International (Thailand) Co., Ltd

(%) shareholding (as at December 31, 2011) : None

Family Relationship among Company's Directors : None

Dispute in the 10 preceding years : None



## DIRECTORS AND MANAGEMENT PERSONS BIOGRAPHY

### 7. Dr. Tawatchai Nakhata

- ▶ Age 64 years old
- ▶ Chairman of Audit Committee and Independent Director.



#### Education

- ▶ Ph.D. University of Illinois at Urbana-Champaign

#### Training by the Thai Institute of Directors Association (IOD)

- ▶ Audit Committee Program (ACP) Class 13/2006
- ▶ Director Accreditation Program (DAP) Class 52/2006

#### Experiences

- 2010 - Present Chairman of Audit Committee and Independent Director  
Khonburi Sugar Public Company Limited
- 2008 - Present Chief Executive Director  
Property Perfect Public Company Limited
- 1992 - Present Chairman Property Perfect Public Company Limited
- 1981 - Present Fellow Member License no. 736 Council of Engineering
- 2006 - 2009 Chairman Ceda Company Limited

(%) shareholding (as at December 31, 2011) : None  
 Family Relationship among Company's Directors : None  
 Dispute in the 10 preceding years : None

### 8. Mr. Chusak Prachayangprecha

- ▶ Age 66 years old
- ▶ Audit Committee and Independent Director



#### Education

- ▶ BS.BA Husson University, MAINE.

#### Training by the Thai Institute of Directors Association (IOD)

- ▶ Director Certification Program (DCP) Class 92/2007

#### Experiences

- 2010 - Present Audit Committee and Independent Director  
Khonburi Sugar Public Company Limited
- 2009 - Present Director Ceramic Industry Club, The Federation Of Thai Industries
- 2008 - Present Managing Director Thai Ceramic Industry Company Limited
- 2007 - Present Director and Executive Director  
Chumporn Palm Oil Industry Public Company Limited
- 2007 - 2010 Director Thai Listed Companies Association
- 2004 - Present Director Thailand - China Business Council
- 1993 - Present Chairman of the Board Chumporn Holding Company Limited
- 2006 - 2008 Director Biotech Industry Club, The Federation Of Thai Industries
- 1979 - 2006 Director and Managing Director  
Chumporn Palm Oil Industry Public Company Limited

(%) shareholding (as at December 31, 2011) : None  
 Family Relationship among Company's Directors : None  
 Dispute in the 10 preceding years : None

**9. Mrs. Suvimol Krittayakiern**

- ▶ Age 59 years old
- ▶ Audit Committee and Independent Director

**Education**

- ▶ Master Degree of Accountancy Chulalongkorn University
- ▶ Bachelor Degree of Accountancy Chulalongkorn University

**Training by the Thai Institute of Directors Association (IOD)**

- ▶ Audit Committee Program (ACP) Class 36/2011
- ▶ Director Certification Program (DCP) Class 92/2007

**Experiences**

- |                |  |
|----------------|--|
| 2010 - Present | Audit Committee and Independent Director<br>Khonburi Sugar Public Company Limited  |
| 2010 - Present | Managing Director DIA International Audit Company Limited  |
| 2002 - Present | Director 75 C P E Company Limited  |
| 1990 - Present | Executive Director DIA Audit Company Limited   |
| 2010 - Present | Treasurer The Institute of Internal Auditors of Thailand   |
| Present        | Committee on Accounting Standards Determination<br>Federation of Accounting Professions of the Federation<br>of Accounting Professions |

- |   |   |      |
|---|---|------|
| (%) shareholding (as at December 31, 2011)    | : | None |
| Family Relationship among Company's Directors | : | None |
| Dispute in the 10 preceding years             | : | None |

**10. Mr. Somtawin Boonbanyen**

- ▶ Age 53 years old
- ▶ Assistant Managing Director of production and raw materials.

**Education**

- ▶ Master of Science (Product Development) Kasetsart University
- ▶ Bachelor of Science Silpakorn University

**Training by the Thai Institute of Directors Association (IOD)**

- ▶ Director Accreditation Program (DAP) Class 92/2011

**Experiences**

- |                |   |
|----------------|---|
| 2011 - Present | Assistant Managing Director of production and raw materials<br>Khonburi Sugar Public Company Limited  |
| 2008 - 2011    | Managing Director Rajburi Biotech. Co., Ltd.<br>Sugar industry experts Technical Committee no. 28<br>Thai Industrial Standards Institute [TISI]<br>Special instructor of sugar technology<br>The Graduate School Kasetsart University |
| 2007 - 2008    | Technical director Mitr Phol Sugar Company Limited  |

- |   |   |      |
|---|---|------|
| (%) shareholding (as at December 31, 2011)    | : | None |
| Family Relationship among Company's Directors | : | None |
| Dispute in the 10 preceding years             | : | None |



## DIRECTORS AND MANAGEMENT PERSONS BIOGRAPHY

### 11. Mrs. Pornpun Boonchaisri

- ▶ Age 58 years old
- ▶ Assistant Managing Director of Accounting & Finance



#### Education

- ▶ Master of Art in Economic Law Chulalongkorn University
- ▶ Bachelor of Accountancy Chulalongkorn University

#### Training by the Thai Institute of Directors Association (IOD)

- ▶ Director Accreditation Program (DAP) Class 90/2011

#### Experiences

- |                |  |
|----------------|--|
| 2010 - Present | Assistant Managing Director of Accounting & Finance<br>Khonburi Sugar Public Company Limited |
| 2003 - 2009    | Deputy Managing Director<br>Blue Star Marketing Company Limited                              |

(%) shareholding (as at December 31, 2011)	:	None
Family Relationship among Company's Directors	:	None
Dispute in the 10 preceding years	:	None

### 12. Ms. Surawee Puangthong

- ▶ Age 47 years old
- ▶ Accounting & Financial Manager



#### Education

- ▶ Master of Business Administration Accounting Siam University
- ▶ Bachelor of General Management Dhonburi Rajabhat University
- ▶ Bachelor of Accounting Dhonburi Rajabhat University

#### Training by the Thai Institute of Directors Association (IOD)

- ▶ Director Accreditation Program (DAP) Class 91/2011

#### Experiences

- |                |   |
|----------------|---|
| 1997 - Present | Accounting & Financial Manager<br>Khonburi Sugar Public Company Limited |
| 1994 - 1996    | Chief of Accounting Office<br>Puangthong Law and Accounting Office      |
| 1993 - 1994    | Accountant Thai Advanced Textile Company Limited                        |
| 1992 - 1993    | Accountant Rungreang Palmoil Company Limited                            |
| 1990 - 1991    | Accounting and Finance<br>Thai Nam Plastic Public Company Limited       |
| 1987 - 1989    | Accounting and Finance Officer<br>Sang Thai Pattana Company Limited     |

(%) shareholding (as at December 31, 2011)	:	None
Family Relationship among Company's Directors	:	None
Dispute in the 10 preceding years	:	None



## 8. CORPORATE GOVERNANCE

The Board of Directors of the Company do believe that the good corporate governance is an essence for the Company for its added value, sustainable business growth, and competitiveness, which shall trigger the long-term growth and higher value for the shareholders. The corporation of governance reflects the efficient, transparent and verifiable management system of the Company, which certainly makes the Company's shareholders, investors, stakeholders, and all other related parties have trust and confidence.

### 1. Rights of Shareholders

The Board of Directors is always concerned and valued the rights of the Company's shareholders; therefore, the corporate governance policy is placed by regarding with the basic rights of all shareholders. The related important policies are described below.

#### 1.1 Disclosure of Information about the Meetings of Shareholders.

The Company lays down a policy of providing the information, adequacy and timing, to all of its shareholders about the date, time, venue, agendas of each meeting of the shareholders, as well as all other related issues for any decision-making in the meetings of shareholders as required by law. The Company may inform the shareholders of the rules of attending such meeting of the shareholders, and the procedure of voting for resolution. Such information shall be disclosed in the Company's website prior to the meeting date and submission of documents so that the shareholders have adequate time to investigate any information about meeting agendas in advance before receiving that information in a hard copy form.

The Company also places a policy of not taking any acts that restrict the shareholders' opportunities in investigating the Company's information about the meeting of the shareholders.

The Company has The Investor Relation which is assigned to act as a company representative responsible for communication, provision of information services, and dissemination of news and information about the Company's activities to institutions, investors, shareholders, and analysts from [www.kbs.co.th](http://www.kbs.co.th) at the Investor Relation page.

#### 1.2 Procedure of the Meeting of Shareholders

The Company sets up a policy of facilitating the shareholders' exercise of rights in attending and voting in a meeting of the shareholders. The Company shall omit to do any acts that restrict the shareholders' attendance in the meeting. For example, the attendance in the meeting to vote should not be under the complicated procedure or extravagant expenses.

The Company also encourages all shareholders to share their opinions, or to raise any questions about any of the meeting agendas to the meeting of the shareholders. The Chairman of the meeting of the shareholders should allocate sufficient time to the shareholders. Some shareholders may submit their questions relating to any of the meeting agendas prior to the meeting date as the Board of Directors deems appropriately.

The Company's policy is to encourage all directors to attend every meeting of the shareholders.

### 2. Equitable Treatment to Shareholders

The Board of Directors has concerned and valued the equitable treatment to all shareholders. No discrimination is shown to any of the shareholders due to differences in their status, except the status of shareholders. For example, the shareholders who are the executive board members or the foreign shareholders shall be treated equitably and fairly.

The Board of Directors prescribes the corporate governance policy by regarding with various factors, as well as the equitable treatment to all shareholders. The important policies related to this matter include:

#### 2.1 Proposal for Additional Agendas in the Meetings of Shareholders.

The Company has a policy of facilitating the minority of shareholders who require proposing the additional agendas prior to the meeting of the shareholders. However, the proposal for the additional agendas, and the consideration for such proposal by the shareholders must be subject to the Company's rules.

The majority of shareholders, who are the Company's executives, shall not propose other additional agendas, particularly some important agendas, without notifying the shareholders in advance to ensure that every shareholder has sufficient time for data investigation before making decisions on voting.



## CORPORATE GOVERNANCE

### **2.2 Nomination of the Directors of the Company.**

The Company has a policy about the minority of shareholders' nomination of any person to hold a position of The director. Such nomination for the position of the director, and the consideration for such proposal by the shareholders must be subject to the Company's rules.

### **2.3 Proxy of Shareholders in case of Absence from the Meeting.**

The Company has a policy of encouraging the shareholders to use the proxy to enable the shareholders to determine the direction of voting. At least one independent director should be proposed for the shareholders' proxy. Such proxy form shall be delivered by the Company, along with the invitation letter for the meeting of the shareholders to every shareholder.

### **2.4 Use of Ballot Tickets for Significant Agendas.**

The Company has a policy of using the ballot tickets for any significant agendas, e.g. connected transactions, acquisition or disposal of significant assets, etc. for the transparency and verification of voting in case of any arguments.

### **2.5 Appointment of Directors.**

The Company places a policy of encouraging the shareholders to exercise their right in appointing each director.

### **2.6. Guidance on Retention and Prevention of the Use of the Internal Information**

The Company issues the written guidance on retention and prevention of the use of the internal information. This guidance is informed to all employees in the organization for their compliance. Every director and executive has a duty of reporting his interest or stake to the Company as required by law.

## **3. Roles of Stakeholders**

The Board of Director places importance on all stakeholders such as shareholders, investors, customers, creditors, business partners communities and the society or Government Sector. Various stakeholders such as competitors and independent auditors.

### **3.1 Shareholder and Investor.**

The company give importance to shareholder by adhering to the principle of fairness and it is committed to conduct its business with transparency, prudence and emphasis on sustainable long-term growth with good returns in order to create the highest satisfaction for shareholders. The Company has established procedures to prevent the use of inside information for the personal interests of directors and executives, in order to protect the interests of shareholders.

### **3.2 Customers.**

The Company gives importance to and cares for customers with the highest responsibility. The Company is determined to give customers the greatest satisfaction in terms of both quality and value for money through quality control of products and services.

### **3.3 Employees.**

The Company's employees are valuable resources and keys to successfully achieving its setting goals. The Company has remuneration and welfare system that is fair and appropriate. The Company also provides various welfares to employees such as uniforms, nursing rooms, health insurance, provident fund and so forth. Moreover, the Company also encourages continuously in developing its employees' knowledge and skills, focuses on the quality by assisting all employees and family by raising the fund and as well to arrange housing loans for them and so forth. The Company organizes regular fire drills, activities related to safety and 5S, and should establish a safety prevention system.

### **3.4 Creditors**

The Company adheres to the contracts and being fair to creditors according to the priority of the obligations in line with the contracts entered into, with guidance as the following :

- Strictly maintain and follow conditions.
- Monitor completion and timing repayment of principal and interest to all creditors and strictly follow conditions of borrowing agreement without using borrowed money in any way that contradicts with the borrowing objectives.
- Manage operations so that the creditors are confident in the Company's financial status and repayment ability.
- Report correction and completed information to creditors.





## CORPORATE GOVERNANCE

### 3.5 Business partners

The Company's suppliers are treated appropriately, honestly, transparently, fairly and equitably.

### 3.6 Society and Communities

The Company is realized that acceptance and supporting from society and communities enable the Company to manage its business in smooth and sustainable manner, the Company is committed to be responsible for society, communities and the nation.

### 3.7 Competitors

The Company operates its business with integrity without any legal or ethical wrongdoings. Company does not seek its competitors' trade secrets through illegal means nor breach agreements to disclose its competitors' information whether receive from customers or other persons.

## 4. Disclosure and Transparency.

The Company has a policy of disclosing the important information related to the Company, which includes the financial and non-financial information accurately, completely, timely, and transparently via any channels allowing the general people to access to the Company's information smoothly, equitably and creditably.

### 4.1 Internal Control and Connected Transactions with Potential Conflicts of Interest.

The Company has a policy of preventing and wiping out the potential conflicts of interest by setting up a rule that any deal and/or transaction possibly causing the conflicts of interest shall be in accordance with the rules and procedure prescribed by the Company and other related applicable laws.

The Company shall not allow the Company's directors, executives, and/or major shareholders, whichever case may be, to operate the businesses that are similar or compete with or have the connected transactions in the manner that they engage other interests against the best interest of the Company or its subsidiaries. The Company's executives and/or major shareholders, whichever case may be, must submit the reports to the Company if any of executives or major shareholders acquire some shares in a company whose business operation is similar to that of the Company or its subsidiaries in order that the Company and the Audit Committee consider whether such shareholding is against the best interest of the Company and its subsidiaries or not.

The Company values a good internal control system. The Internal Audit Department is empowered to audit the working of every working unit to prevent defects, and to ensure the work transparency. The auditing shall be done periodically, and the auditing report shall be submitted for the Audit Committee's consideration.

### 4.2 Disclosure of Information

The Company's has to disclose the Company's information to its shareholders via the channels provided by the SET and via the Company's website [www.kbs.co.th](http://www.kbs.co.th) at the Investor Relation page. The Company has an Investor Relations is assigned to act as a company representative to be responsible for communication, provision of information services, and dissemination of news and information about the Company's activities to institutions, shareholders, investors, analysts and general public. who have any inquiry and would like to obtain information about the Company can contact the Investor Relation at Director department.

Ms.Khemmananta Kanjanamekanon

Tel : (02) 260-4951-6 ต่อ 202

Fax : (02) 260-4956

Email : [khemmananta.k@kbs.co.th](mailto:khemmananta.k@kbs.co.th)

### 4.3 Disclosure of Corporate Governance Policy

The Company discloses the corporate governance policy as approved, and the implementations of such policy via several channels, e.g. annual reports and the Company's website [www.kbs.co.th](http://www.kbs.co.th).



## CORPORATE GOVERNANCE

### 4.4 Statement on Responsibilities of the Board of Directors to the Financial Statements.

The Company publishes the director's responsibilities to financial statement along with the auditor report in annual report. The report contains contents which conforms to accounting principles and financial report that presents accurate, complete, and factual information in compliance with accounting standards. This report is signed by both Chairman of the Board of Director and Managing Director.

### 4.5 Disclosure of Roles and Duties of the Board of Directors and Sub-committees.

The Company's management structure comprises four committees, including the Board of Directors, Audit Committee Risk Management Committee and the Executive Board Directors (details in Shareholding Structure and Management).

In The period as from 1 October 2011 to 31 December 2011, the following committee members attended each committee's meetings :

Name of Directors	Attendance / Total number of meetings			
	Board of Directors	Audit Committee	Risk Management Committee	The Executive Board Directors
1. Mr. Suthep Wongvorazathe	2/2	-	-	1/1
2. Mr. Takon Tawintermsup	2/2	-	-	1/1
3. Mr. Somkiat Twiltermisup	2/2	-	1/1	1/1
4. Mr. Issara Twiltermisup	2/2	-	1/1	1/1
5. Mr. Amnat Rumpoeypong	2/2	-	-	-
6. Mr. Sran Smutkochorn	2/2	-	1/1	-
7. Dr. Tawatchai Nakhata	2/2	1/1	-	-
8. Mr.Chusak Prachayangprecha	2/2	1/1	-	-
9. Mrs. Suvimol Krittayakiern	2/2	1/1	-	-

## 5. Responsibilities of the Board

The Company recognizes the importance of seeking for the Company's directors equipped with leadership, vision, experience, knowledge and competence, independence in making decisions for the best interest of the Company and the general shareholders, and apparent segregation of roles, duties and responsibilities between the Board of Directors and the Management. The Board of Directors shall take care of the Company's working system to ensure that all company activities are done legally and ethically.

The Company places the corporate governance policy by considering various factors as well as the responsibilities of the directors. The important policies of this matter include :

### 5.1 Structure of the Board of Directors

1. The Annual General Meeting of shareholders 2010 determines the number of Directors shall hold office for nine person. Therefore, each director's term lasts approximately three years.

2. All directors shall be legally qualified and shall not possess any characteristics prohibited by law.

3. The Board of Directors shall comprise the independent directors, as four Independent Directors. The Independent Director of the Company shall be legally qualified and shall not possess any characteristics prohibited by the Board of Directors. The directorship qualifications prescribed by the Board of Directors are as strict as those required by the Securities and Exchange Commission.



## CORPORATE GOVERNANCE

4. The Company determines the scope of duties and authorities of the Board of Directors and the Managing Director apparently. The Chairman of the Board and the Managing Director are two different persons in order to separate between the duties of governing the executives' work, and the duties of managing the Company's work.

5. The Company requires that all directors and top management of the Company's report to the Company the information about any of their work in the positions of executive directors who are empowered to control any other company limited or public company limited, and partnership manager in any other ordinary partnership, or junior partner in any limited liability partnership pursuant to the rules and procedure required by the Board of Directors.

6. On November 30, 2010 The Board of Directors approved the appointment of Ms.Thanathorn Sukaram is the company secretary, with the Securities and Exchange Act (No. 4) B.E. 2551 Section 89/15, the results of the Good corporate governance, the role and responsibilities of the Board of Directors and shareholders and coordination and monitoring compliance with the resolution of the Board of Directors and shareholders. As well it is vita to care to advise the committee on rules and administration, to practice the storage of important documents of the company, as well as other operations of The Capital Market Supervisory Board (CMSB).

### 5.2 Sub-committees

The Company set up three sub-committees, including Audit Committee, Risk Management Committee and the Executive Board Directors prescribed their duties and responsibilities (details in Shareholding Structure and Management). The Audit Committee consists of directors who are independent and not an executive of 3 members, with 1 in 3 person is Mrs. Suvimol Krittayakiern having right to have sufficient knowledge and experience to verify the reliability of the financial statements.

### 5.3 Roles, Duties and Responsibilities of the Board of Directors.

The Company disclosed the scope duties and responsibilities of the Board of Directors and Sub-committees (details in Shareholding Structure and Management).

### 5.4 Meetings of the Board of Directors

1. The Company holds board meetings and informs each board member of upcoming meeting in advance. In the period as from 1 October 2011 to 31 December 2011, two board meeting were convened. In each board meeting, The Chairman of Board Director,the Board of Directors,Managing Director and the Company Secretary jointly review meeting agenda to ensure that vital matters are included in the agenda.

2. The Company Secretary delivers meeting documents to directors in advance. The document has been prepared concisely as possible. The Chairman will allocate sufficient time for such discussion. For any issue which stilllacks sufficient information the director can always request additional information from the Company Secretary.

3 The Company shall have the Management propose the work performance reports to the Board of Directors regularly to enable the Board of Directors to govern, control, and take care of the Management's working continuously and timely.

4 The Chairman of the Board shall call for the board meetings, and determine the meeting agendas by discussing with the Managing Director, the Company Secretary, or the advisors of the Company. Each director retains the right in proposing any agenda to the board meeting.

5 The Board of Directors may invite any executives, employees, or advisors of the Company to attend the board meeting to provide some additional information to the meeting.

6 The Board of Directors may access to any additional necessary information to be provided by the Managing Director and the Company Secretary. Other executives are assigned by the Board shall have the right to access to it.

7 The Board of Directors places a policy that the non-executive directors may arrange an internal meeting as it deems necessarily to discuss any interesting management problems, in which no management members attend. The Managing Director should inform of the meeting outcome.



## CORPORATE GOVERNANCE

### 5.5 Self-assessment of the Board of Directors

1. The Board of Directors should regularly arrange the self-assessment so that the board members can mutually consider their performance and problems for further improvement. The Board also determines the performance typical criterion to compare with the board members' work performance.

2. The Board of Directors should arrange the board evaluation in general and/or in any specific aspects.

### 5.6 Remunerations

1. The Board of Directors shall determine the compensation of directors to propose the meeting of the shareholders' approval. In determining the compensation of directors, the Board of Directors shall compare with the compensation which was paid by other companies in the same business. The compensation must also be in conformity with the experience, duties, scope of accountability and responsibility, as well as benefits expected from each director. Any director who is assigned for more duties and responsibilities should gain higher compensation. For example, the director who is also a member of the Audit Committee should gain more compensation pursuant to his duties in the Audit Committee, etc.

2. The compensation of the Managing Director and top executives should be subject to the principles and policies determined by the Board of Directors by regarding with the best interest of the Company. The compensation, salary, bonus, and long-term incentive compensation should be relevant to the Company's operating results and the work performance of each executive.

3. All non-executives shall evaluate the work performance of the Managing Director on a yearly basis. The evaluation results shall be used to determine the compensation of the Managing Director in accordance with the criterion previously agreed with the Managing Director. The work performance evaluation of the Managing Director also includes his financial work performance, the performance of implementing the long-term strategic objectives, and development of executive. Those non-executives should propose the results of evaluation of the Managing Director for the Board of Directors' approval.

### 5.7 Development of Directors and Executives.

1. The Company places a policy of promoting and facilitating the training and education for all persons related to the corporate governance system of the Company, e.g. directors, the Audit Committee, executives, the Company Secretary, etc. in order that their work can be improved continuously.

2. The Company has a policy that a newly-appointed director shall be sufficiently provided the documents and information beneficial to his work in the position of directorship, as well as having the orientation for the nature of business and business direction of the Company.

3. The Managing Director and top executives should prepare the developmental plans and work succession in case that they may be unable to perform duties. The Managing Director shall regularly report such plans to the Board of Directors.

4. The Company has a policy of promoting and facilitating the arrangement of the development program for executives. The Managing Director shall report to the Board of Directors, on a yearly basis with the tasks he has done during one year.



## 9. RELATED TRANSACTIONS

Related companies :	Relationship	The nature of the transactions of the Company	Amount (Thousand Baht).		Rationale of the transaction
			Yearend 31/12/2011 (3 months)	Yearend 30/9/2011 (12 months)	
1. Talaysub Co., Ltd.	<ul style="list-style-type: none"> <li>• Subsidiaries Company</li> <li>• Common shares / Directors</li> </ul>	- Amortisation of the leasehold	116	474	- The Company rent unit B on the 2 <sup>nd</sup> floor and unit A,B,C on the 3 <sup>rd</sup> floor of Prasanmit Place Building as the head office. The lease contracts are valid for 30 years, ended in 2026, totalling Bath 15.1 million.
		- Rental expenses	178	449	- The Company rent Unit B on 5 <sup>th</sup> floor of Prasanmitr Place Building, as additional office space.
		- Service charges and utilities	142	587	
2. The Thai Sugar Trading Co., Ltd.	<ul style="list-style-type: none"> <li>• Subsidiaries Company</li> <li>• Common Shares / Directors</li> </ul>	- Export service expenses	245	9,543	- The Company appoints TSTC, licensed by the Cane and Sugar Board to export sugar under the Cane and Sugar Act, as the Company's agent for sugar exports.
		- Occurred expenses	1,400	1,400	- TSTC is supported by the commercial banks in the same financial conditions which negotiated by the Company.
		- Interest expenses	-	11,980	- TSTC issues promissory notes (P/N) to the Company on behalf of their commercial banks for money receipt from and payment to the Banks.



## 10. REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY TO THE FINANCIAL REPORTS

The Board of Directors of Khonburi Sugar Public Company Limited strongly values the duties and responsibilities in accordance with good corporate governance principles. The Board of Directors is responsible for the financial statements of the Company and its subsidiaries including financial information presented in the annual report and the annual financial statements for the period as from 1 October 2011 to 31 December 2011, which are prepared according to Generally Accepted Accounting Standards of Thailand. The Board of Directors has selected and consistently followed an appropriate accounting policy. The aforementioned financial statements are prepared using careful judgment and the best estimation. In addition, important information is adequately disclosed in the notes to the financial statements. The financial statements have been examined by an independent external auditor and the auditor has expressed an unqualified opinion. Therefore, the financial statements accurately and transparently reflect the Company's financial status and operating performance for the period as from 1 October 2011 to 31 December 2011 and can be used for the benefit of shareholders and investors.

The Board of Directors has appointed the Audit Committee, which comprises of independent directors, to review the quality of the financial reports and to evaluate the internal control system, risk management system, and various systems to support effective financial documentation to ensure that accounting records are correct, completed, exact time and able to prevent fraud or materially irregular operations. The Audit Committee's opinion is presented in the Audit Committee's report which is a part of this annual report.

The Board of Directors believes that the Company's overall internal control system is able to create credibility and reliability for the financial statements of Khonburi Sugar Public Company Limited and its subsidiaries for the period ended 31 December 2011.

(Mr.Suthep Wongvorazathe)

Chairman of The Board Directors

(Mr.Takon Tawintemsup)

Managing Director



## 11. REPORT OF THE AUDIT COMMITTEE

The period as from 1 October 2010 to 31 December 2011, the Audit Committee of the Company, which consisted of Dr. Tawatchai Nakhata, Chairman of the Audit Committee, Mr. Chusak Prachayangprecha and Mrs. Suvimol Krittayakiern, members of the Audit Committee, had one meeting and constituted the quorum. The core duties which is performed by the Audit Committee are summarized below.

To review and verify financial statements, The Audit Committee reviewed the financial statements for the year 2011 the period as from 1 October 2011 to 31 December 2011, as well as other significant information disclosure to be proposed for the Board of Directors' consideration and approval. In those meetings, the Audit Committee members always share their opinions with the Internal Audit Office, the auditor and the Management of the Company ensure that the financial statements disclosed by the Company all were accurate, true and creditable. Any and all remarks and advice of the Company's auditor were considered for further appropriate operating improvement in the Company.

To review the connected transactions possibly causing conflicts of interest against the Company, The Audit Committee was of opinion that those connected transactions were actual and normal business transactions. It is deemed that the Company has complied with the policy of good corporate governance.

Corporate Governance The Board of Directors and the Management of the Company apparently valued the management in conformity with the Principle of Corporate Governance in order to enhance confidence from its shareholders and all related parties.

To review the policy-level risk management-The Board of Directors and the Management of the Company valued and acted with caution in managing every potential business risk. The Risk Management Committee was established to consider and lay down a risk management system for the whole organization. The Company's employees have been trained so that the efficiency of such risk management system was certainly assured. It is believed that the ultimate interest would permanently belong to the Company and all of its shareholders.

To govern the Company's internal audit affairs-The Audit Committee considered the internal audit reports submitted by the Internal Audit Office, and also monitored the work performance of the Company and its subsidiaries in accordance with remarks and advice of the Internal Audit Office and the auditor. The Audit Committee also gave approval for the 2012 Audit Plan as proposed by the Internal Audit Office. This plan was prepared to subject to all related factors and potential risks. The Audit Committee has efficiently performed its duties in accordance with the Audit Committee Charter. The Audit Committee also performed a duty of approving the work performance evaluation for the Internal Audit Office.

Regarding the financial statements for the accounting period of 2012, the Audit Committee considered that it deems appropriately to propose the Annual Ordinary Meeting of Shareholders for an appointment of Mr. Sophon Permsirivallop, Certified Public Auditor No. 3182 and/or Mr. Chayapol Suppasethnondha, Certified Public Auditor No. 3972 and/or Miss Sumalee Reevarabundit, Certified Public Auditor No. 3907, of Ernst & Young Office Limited as the certified public auditors of the Company.

Dr. Tawatchai Nakhata  
Chairman of the Audit Committee



## 12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL STATUS AND OPERATING RESULTS

In 2011, the Company has changed its accounting policy on fixed assets for buildings and machineries, from presenting them under a revaluation basis to presenting them at cost to generate economic benefit of the Company. The change has been applied respectively and has the effect of decreasing total assets and shareholders' equity as at 30 September 2011 by equal amounts of Baht 707.1 million. The change had no effect to profit or earnings per share for the year ended 30 September 2011.

Statement of financial position as at 31 December 2011 and the operation results for the period as from 1 October 2011 to 31 December 2011, details as the following :

### 1. 1. Statement of Financial Position

#### 1.1 Assets

As at 31 December 2011, the Company had total assets amount of Baht 4,575.1 million increased from as of 30 September 2011 Baht 274.2 million or 6.4 percent.

- Current Assets amount of Baht 2,675.7 million, increased amount of Baht 31.6 million, due to increasing in inventory amount of Baht 425.4 million at beginning of harvest year 2012, cash and cash equivalents decreased amount of Baht 384.6 million from repayment of long-term loans Baht 101.0 million and acquisitions of machineries Baht 187.7 million.
- Non-Current Assets amount of Baht 1,899.4 million, increased from the previous year Baht 242.6 million, mainly improving of machinery efficiency in net amount of Baht 216.5 million, and others amount of Baht 26.1 million.

#### 1.2 Liabilities

As at 31 December 2011, the Company had total liabilities amount of Baht 2,374.3 million increased from as of 30 September 2011 amount of Baht 468.7 million or 24.6 percent.

- Current liabilities amount of Baht 1,648.3 million, increased Baht 553.7 million, due to increasing in accounts payable and other payables amount of Baht 303.2 million. (The initial price of sugarcane harvest year 2012 payable to planters Baht 205.5 million and trade and other payables Baht 97.7 million.). Dividend payables amount of Baht 210.0 million.
- Non-Current liabilities amount of Baht 726.0 million, decreased amount of Baht 85.0 million or 10.5 percent, due to repayment of long-term loans Baht 101.0 million and provision for long-term employee benefits Baht 15.9 million.

#### 1.3 Shareholders' Equity

As at 31 December 2011, the Company had total shareholders' equity amount of Baht 2,208.3 million increased from as of 30 September 2011 amount of Baht 194.5 million or 8.1 percent.





## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL STATUS AND OPERATING RESULTS

- The Board of Directors approved the Company final dividends on income of fiscal year 2011 (1 October 2010 to September 30, 2011) amount of Baht 210 million.
- The Company set aside to a statutory reserve in additional amount of Baht 1.6 million

### 2. Operating Results

In the period as from 1 October 2011 to 31 December 2011, the Company had total revenues amount of Baht 598.2 million, total expenses amount of Baht 553.8 million and finance cost amount of Baht 11.2 million. Net profit after corporate income tax amount of Baht 30.0 million or 5.0 percent to total revenues.

#### 2.1 Revenues

- Income from sales of sugar amount of Baht 454.1 million, as domestic sales amount of Baht 276.3 million and export sales amount of Baht 177.7 million, increasing of Bath 241.9 million compared to the same period of previous year (1 October 2010 to 31 December 2010). Mainly effect of sugarcane increased from 2.0 million tons to 2.9 million tons or 45 percent.
- Income from sales of molasses amount of Baht 24.2 million
- Income from other sales and services amount of Baht 67.6 million.
- Interest income amount of Baht 23.9 million and other incomes amount of Baht 28.4 million.

#### 2.2 Expenses

- Cost of sales and services total amount of Baht 427.0 million or 71.4 percent of total revenues.
- Selling and administrative expenses amount of Baht 72.2 million or 12.1 percent of total revenues.
- Loss on exchange rate amount of Baht 54.4 million or 9.1 percent of total revenues, mainly result of unrealized loss on forward contracts.



## 13. REPORT OF INDEPENDENT AUDITOR



To the Shareholders of Khonburi Sugar Public Company Limited

I have audited the accompanying consolidated statements of financial position of Khonburi Sugar Public Company Limited and its subsidiaries as at 31 December 2011 and 30 September 2011, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the period as from 1 October 2011 to 31 December 2011 and for the year ended 30 September 2011, and have also audited the separate financial statements of Khonburi Sugar Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Khonburi Sugar Public Company Limited and its subsidiaries and of Khonburi Sugar Public Company Limited as at 31 December 2011 and 30 September 2011, and the results of their operations, and cash flows for the period as from 1 October 2011 to 31 December 2011 and for the year ended 30 September 2011 in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to the matter as discussed in note 3 and note 5 to the financial statements. During the current period, the Company and its subsidiaries adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of their financial statements. In addition, the Company has changed its accounting policy on fixed assets for buildings and machinery, from presenting them under a revaluation basis to presenting them at cost, as described in Note 5 to the financial statements. The Company has restated the financial statements as at 30 September 2011 and the statement of financial position as at 30 September 2011 as presented for comparative purpose to reflect the changes in accounting policies.

Sophon Permsirivallop  
Certified Public Accountant  
(Thailand) No. 3182  
Ernst & Young Office Limited  
Bangkok : 28 February 2012

# K H O N B U R I S U G A R

## Statements of Financial Position

Khonburi Sugar Public Company Limited and its subsidiaries

As at 31 December 2011 and 30 September 2011

(Unit : Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		31 December 2011	30 September 2011 (Restated)	31 December 2011	30 September 2011 (Restated)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	10	1,324,635,977	1,709,243,794	1,307,987,218	1,681,193,139
Trade and other receivables	11	141,873,511	163,712,873	162,829,077	196,167,957
Planter receivables	12	28,508,436	29,248,806	28,508,436	29,248,806
Current portion of sugarcane plantation loans	13	290,123,634	266,705,356	290,123,634	266,705,356
Short-term loans to a related party	9	-	-	25,000,000	20,000,000
Inventories	14	865,886,583	440,485,159	861,245,809	436,483,297
Forward exchange contract receivables		1,502,500	10,240,400	1,502,500	10,240,400
Current portion of amounts due from the Office of the Cane and Sugar Fund	15	17,681,212	17,681,212	17,681,212	17,681,212
Other current assets		5,529,542	6,771,783	2,609,067	826,708
<b>Total current assets</b>		<b>2,675,741,395</b>	<b>2,644,089,383</b>	<b>2,697,486,953</b>	<b>2,658,546,875</b>
<b>Non-current assets</b>					
Investment in subsidiaries	16	-	-	127,499,640	127,499,640
Other long-term investments	17	8,849,943	7,866,079	8,849,943	7,866,079
Sugarcane plantation loans - net of current portion	13	142,452,862	117,746,892	142,452,862	117,746,892
Amounts due from the Office of the Cane and Sugar Fund - net of current portion	15	6,936,796	6,936,796	6,936,796	6,936,796
Property, plant and equipment	18	1,720,969,422	1,504,468,479	1,503,283,375	1,291,924,539
Intangible assets	19	9,919,679	10,525,105	9,323,628	10,461,782
Other non-current assets		10,217,165	9,252,749	10,216,846	9,252,431
<b>Total non-current assets</b>		<b>1,899,345,867</b>	<b>1,656,796,100</b>	<b>1,808,563,090</b>	<b>1,571,688,159</b>
<b>Total assets</b>		<b>4,575,087,262</b>	<b>4,300,885,483</b>	<b>4,506,050,043</b>	<b>4,230,235,034</b>

The accompanying notes are an integral part of the financial statements.

# K H O N B U R I S U G A R

## Statements of Financial Position (Continued)

Khonburi Sugar Public Company Limited and its subsidiaries

As at 31 December 2011 and 30 September 2011

(Unit : Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		31 December 2011	30 September 2011 (Restated)	31 December 2011	30 September 2011 (Restated)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts	20	764,247	-	764,247	-
Trade and other payables	21	990,028,225	686,877,994	984,608,211	682,133,050
Current portion of long-term loans from financial institutions	22	27,380,000	27,380,000	15,880,000	15,880,000
Current portion of liabilities under financial lease agreements	23	2,797,022	2,673,762	1,447,904	1,337,683
Corporate income tax payable		214,791,000	213,602,269	214,791,000	213,602,269
Dividend payables		210,002,380	2,380	210,002,380	2,380
Forward exchange contract payables		85,750,000	16,750,590	85,750,000	16,750,590
Unamortised premium from forward exchange contracts		49,239,058	68,803,455	49,239,058	68,803,455
Amounts due to the office of the Cane and Sugar Fund		59,974,880	74,688,343	59,974,880	74,688,343
Others current liabilities		7,584,957	3,810,978	7,540,021	3,688,501
<b>Total current liabilities</b>		<b>1,648,311,769</b>	<b>1,094,589,771</b>	<b>1,629,997,701</b>	<b>1,076,886,271</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions - net of current portion	22	708,154,540	809,154,540	646,680,000	747,680,000
Liabilities under financial lease agreements - net of current portion	23	1,946,568	1,876,261	714,014	295,165
Provision for long-term employee benefits	24	15,901,679	-	14,564,059	-
<b>Total non-current liabilities</b>		<b>726,002,787</b>	<b>811,030,801</b>	<b>661,958,073</b>	<b>747,975,165</b>
<b>Total liabilities</b>		<b>2,374,314,556</b>	<b>1,905,620,572</b>	<b>2,291,955,774</b>	<b>1,824,861,436</b>

The accompanying notes are an integral part of the financial statements.

# K H O N B U R I S U G A R

## Statements of Financial Position (Continued)

Khonburi Sugar Public Company Limited and its subsidiaries

As at 31 December 2011 and 30 September 2011

(Unit : Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		31 December 2011	30 September 2011 (Restated)	31 December 2011	30 September 2011 (Restated)
<b>Shareholders' equity</b>					
Share capital	25				
Registered					
500,000,000 ordinary shares of Baht 1 each		500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid up					
500,000,000 ordinary shares of Baht 1 each		500,000,000	500,000,000	500,000,000	500,000,000
Share premium		1,180,175,000	1,180,175,000	1,180,175,000	1,180,175,000
Retained earnings					
Appropriated - statutory reserve	26	41,600,000	40,000,000	41,600,000	40,000,000
Unappropriated		479,466,720	676,323,739	489,103,403	682,747,546
Other components of shareholders' equity		(469,014)	(1,233,828)	3,215,866	2,451,052
Total shareholders' equity		2,200,772,706	2,395,264,911	2,214,094,269	2,405,373,598
Total liabilities and shareholders' equity		4,575,087,262	4,300,885,483	4,506,050,043	4,230,235,034

The accompanying notes are an integral part of the financial statements.

# K H O N B U R I S U G A R

## Statements of Comprehensive Income

Khonburi Sugar Public Company Limited and its subsidiaries

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements		
	Note	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011
<b>Profit or loss :</b>					
<b>Revenues</b>					
Sales income		536,603,787	5,888,064,931	536,603,787	5,888,064,931
Service income		9,294,924	122,316,908	9,293,469	104,477,781
Other incomes					
Dividend income		-	347,024	-	347,024
Interest income		23,864,124	7,935,194	24,241,237	8,072,193
Exchange gains		-	44,437,735	-	44,437,735
Others		28,427,928	96,781,282	28,783,843	98,891,966
<b>Total revenues</b>		598,190,763	6,159,883,074	598,922,336	6,144,291,630
<b>Expenses</b>					
Cost of sales		418,082,224	4,396,700,290	418,487,584	4,396,700,290
Cost of services		8,960,754	111,787,889	9,255,906	104,018,233
Selling expenses		25,652,424	241,900,680	25,652,424	241,900,680
Administrative expenses		46,592,493	155,783,175	45,884,036	153,924,730
Loss on sugar futures contracts		-	46,953,751	-	46,953,751
Loss on exchange rate		54,488,557	-	54,488,557	-
<b>Total expenses</b>		553,776,452	4,953,125,785	553,768,507	4,943,497,684
<b>Profit before finance cost and corporate income tax</b>		44,414,311	1,206,757,289	45,153,829	1,200,793,946
Finance cost		(11,165,379)	(77,898,314)	(9,977,959)	(78,751,032)
<b>Profit before corporate income tax</b>		33,248,932	1,128,858,975	35,175,870	1,122,042,914
Corporate income tax		(3,209,877)	(327,904,601)	(3,209,877)	(326,585,501)
<b>Profit for the period/year</b>		30,039,055	800,954,374	31,965,993	795,457,413
<b>Other comprehensive income :</b>					
Other comprehensive income for the period/year		764,814	(71,814)	764,814	(71,814)
		764,814	(71,814)	764,814	(71,814)
<b>Total comprehensive income for the period/year</b>		30,803,869	800,882,560	32,730,807	795,385,599
<b>Earnings per share</b>	29				
Basic earnings per share					
Net income for the period/year		0.06	1.99	0.06	1.97
Weighted average number of ordinary shares (shares)		500,000,000	403,424,658	500,000,000	403,424,658

The accompanying notes are an integral part of the financial statements.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Khonburi Sugar Public Company Limited and its subsidiaries

For the period as from 1 October 2011 to 31 December 2011 and for the year ended 30 September 2011

(Unit : Baht)

	Consolidated financial statements										
	Issued and fully paid up share capital	Share premium	Retained earnings		Other comprehensive income			Surplus on business combination under common control			Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Revaluation surplus on changes in value of investments	Revaluation surplus on assets	Surplus on business combination under common control	Other components of equity	Other components of shareholders' equity		
<b>Balance as at 30 September 2010</b>	350,000,000	-	-	15,369,365	-	2,522,866	791,197,334	(3,684,880)	790,035,320	1,155,404,685	
- as previously reported											
Cumulative effect of changes in accounting policy for fixed asset (Note 5)	-	-	-	-	-	-	(791,197,334)	-	(791,197,334)	(791,197,334)	
<b>Balance as at 30 September 2010 - as restated</b>	350,000,000	-	-	15,369,365	-	2,522,866	-	(3,684,880)	(1,162,014)	364,207,351	
Total comprehensive income for the year	-	-	-	800,954,374	-	(71,814)	-	-	(71,814)	800,882,560	
Dividends paid (Note 32)	-	-	-	(100,000,000)	-	-	-	-	-	(100,000,000)	
Appropriated retained earnings to statutory reserve (Note 26)	-	-	40,000,000	(40,000,000)	-	-	-	-	-	-	
Share capital issued (Note 25)	150,000,000	-	-	-	-	-	-	-	-	150,000,000	
Share premium (Note 25)	-	1,180,175,000	-	-	-	-	-	-	-	1,180,175,000	
<b>Balance as at 30 September 2011</b>	500,000,000	1,180,175,000	40,000,000	676,323,739	-	2,451,052	-	(3,684,880)	(1,233,828)	2,395,264,911	
<b>Balance as at 30 September 2011</b>	500,000,000	1,180,175,000	40,000,000	676,323,739	-	2,451,052	707,079,919	(3,684,880)	705,846,091	3,102,344,830	
- as previously reported											
Cumulative effect of changes in accounting policy for fixed asset (Note 5)	-	-	-	-	-	-	(707,079,919)	-	(707,079,919)	(707,079,919)	
<b>Balance as at 30 September 2011 - as restated</b>	500,000,000	1,180,175,000	40,000,000	676,323,739	-	2,451,052	-	(3,684,880)	(1,233,828)	2,395,264,911	
Cumulative effect of changes in accounting policy for employee benefits (Note 5)	-	-	-	(15,296,074)	-	-	-	-	-	(15,296,074)	
Total comprehensive income for the period	-	-	-	30,039,055	-	764,814	-	-	764,814	30,803,869	
Dividends paid (Note 32)	-	-	-	(210,000,000)	-	-	-	-	-	(210,000,000)	
Appropriated retained earnings to statutory reserve (Note 26)	-	-	1,600,000	(1,600,000)	-	-	-	-	-	-	
<b>Balance as at 31 December 2011</b>	500,000,000	1,180,175,000	41,600,000	479,466,720	-	3,215,866	-	(3,684,880)	(469,014)	2,200,772,706	

The accompanying notes are an integral part of the financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

Khonburi Sugar Public Company Limited and its subsidiaries

For the period as from 1 October 2011 to 31 December 2011 and for the year ended 30 September 2011

(Unit : Baht)

	Separate financial statements							
	Issued and fully paid up share capital	Share premium	Retained earnings		Other components of equity			
			Appropriated - statutory reserve	Unappropriated	Revaluation surplus on changes in value of investments	Revaluation surplus on assets	Total Other components of shareholders' equity	Total shareholders' equity
<b>Balance as at 30 September 2010</b>	350,000,000	-	-	27,290,133	2,522,866	791,197,334	793,720,200	1,171,010,333
- as previously reported	-	-	-	-	-	(791,197,334)	(791,197,334)	(791,197,334)
Cumulative effect of changes in accounting policy for fixed asset (Note 5)	-	-	-	-	-	-	-	-
<b>Balance as at 30 September 2010 - as restated</b>	350,000,000	-	-	27,290,133	2,522,866	-	2,522,866	379,812,999
Total comprehensive income for the year	-	-	-	795,457,413	(71,814)	-	(71,814)	795,385,599
Dividends paid (Note 32)	-	-	-	(100,000,000)	-	-	-	(100,000,000)
Appropriated retained earnings to statutory reserve (Note 26)	-	-	40,000,000	(40,000,000)	-	-	-	-
Share capital issued (Note 25)	150,000,000	-	-	-	-	-	-	150,000,000
Share premium (Note 25)	-	1,180,175,000	-	-	-	-	-	1,180,175,000
<b>Balance as at 30 September 2011</b>	500,000,000	1,180,175,000	40,000,000	682,747,546	2,451,052	-	2,451,052	2,405,373,598
<b>Balance as at 30 September 2011</b>	500,000,000	1,180,175,000	40,000,000	682,747,546	2,451,052	707,079,919	709,530,971	3,112,453,517
- as previously reported	-	-	-	-	-	(707,079,919)	(707,079,919)	(707,079,919)
Cumulative effect of changes in accounting policy for fixed asset (Note 5)	-	-	-	-	-	-	-	-
<b>Balance as at 30 September 2011 - as restated</b>	500,000,000	1,180,175,000	40,000,000	682,747,546	2,451,052	-	2,451,052	2,405,373,598
Cumulative effect of changes in accounting policy for employee benefits (Note 5)	-	-	-	(14,010,136)	-	-	-	(14,010,136)
Total comprehensive income for the period	-	-	-	31,965,993	764,814	-	764,814	32,730,807
Dividends paid (Note 32)	-	-	-	(210,000,000)	-	-	-	(210,000,000)
Appropriated retained earnings to statutory reserve (Note 26)	-	-	1,600,000	(1,600,000)	-	-	-	-
<b>Balance as at 31 December 2011</b>	500,000,000	1,180,175,000	41,600,000	489,103,403	3,215,866	-	3,215,866	2,214,094,269

The accompanying notes are an integral part of the financial statements.



# K H O N B U R I S U G A R

## Cash flow statements

Khonburi Sugar Public Company Limited and its subsidiaries

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011
<b>Cash flows from operating activities</b>				
Profit before tax	33,248,932	1,128,858,975	35,175,870	1,122,042,914
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	30,137,728	111,827,171	27,704,715	104,736,800
Amortisation of premium from forward exchange contracts	(17,543,690)	(10,029,252)	(17,543,690)	(10,029,252)
Reversal of allowance for doubtful accounts	(1,818,029)	(12,417,839)	(1,944,298)	(12,417,839)
Decrease of inventory to net realisable value	-	19,245	-	19,245
Gain on sale of property, plant and equipment	(19,067)	(1,793,840)	(287)	(1,472,171)
Gain on sale of intangible asset	-	(79)	-	(79)
Gain on sale of non-operating assets	-	(10,254,692)	-	(10,254,692)
Provision for long-term employee benefits	605,605	-	553,923	-
Unrealised loss on exchange	75,716,603	85,193,492	75,716,604	85,193,492
Interest income	(23,864,124)	(7,935,194)	(24,241,237)	(8,072,193)
Interest expenses	11,076,513	76,703,578	9,896,035	77,942,162
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>107,540,471</b>	<b>1,360,171,565</b>	<b>105,317,635</b>	<b>1,347,688,387</b>
<b>Operating assets (increase) decrease</b>				
Trade and other receivables	21,076,163	(72,780,795)	32,949,089	(83,359,069)
Planter receivables	2,684,668	8,869,180	2,684,668	8,869,180
Inventories	(425,401,424)	(217,206,124)	(424,762,512)	(215,077,134)
Other current assets	1,731,693	(2,471,081)	(1,782,359)	(6,258)
Other non-current assets	(964,416)	219,002	(964,415)	54,201
<b>Operating liabilities increase (decrease)</b>				
Trade and other payables	246,360,962	217,100,016	245,685,890	216,248,769
Amounts due to the office of the Cane and Sugar Fund	(14,713,464)	45,137,527	(14,713,464)	45,137,527
Other current liabilities	3,773,980	2,924,070	3,851,521	2,813,554
Cash flows from (used in) operating activities				
Cash paid for corporate income tax	(2,510,599)	(212,357,510)	(2,021,145)	(207,901,714)
<b>Net cash flows from (used in) operating activities</b>	<b>(60,421,966)</b>	<b>1,129,605,850</b>	<b>(53,755,092)</b>	<b>1,114,467,443</b>

The accompanying notes are an integral part of the financial statements.

# K H O N B U R I S U G A R

## Cash flow statements (Continued)

Khonburi Sugar Public Company Limited and its subsidiaries

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011
<b>Cash flows from investing activities</b>				
Decrease in restricted deposits with financial institution	-	45,000,000	-	45,000,000
Increase in short-term loan to related party	-	-	(5,000,000)	(20,000,000)
Increase in sugarcane plantation loans	(48,124,248)	(104,469,525)	(48,124,248)	(104,469,525)
Acquisitions of long-term Investments	(219,050)	(219,050)	(219,050)	(219,050)
Acquisitions of property, plant and equipment	(187,679,552)	(445,536,967)	(180,072,233)	(396,045,251)
Acquisitions of intangible asset	(639,170)	(5,245,906)	(92,000)	(5,245,906)
Proceeds from sales of property, plant and equipment	66,374	3,627,863	953	2,920,187
Proceeds from sales of intangible asset	-	10,600	-	10,600
Proceeds from sales of non-operating asset	-	28,000,000	-	28,000,000
Cash paid for account payable for shares - subsidiary	-	-	-	(66,900,000)
Cash received from interest income	24,501,055	5,034,536	24,631,028	5,157,563
<b>Net cash flows used in investing activities</b>	(212,094,591)	(473,798,449)	(208,875,550)	(511,791,382)
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	764,247	(26,851,749)	764,247	(26,851,749)
Decrease in short-term loans from related party and director	-	(4,950,000)	-	-
Decrease in long-term loans from director	-	(2,000,000)	-	-
Cash paid for liabilities under financial lease agreements	(876,433)	(2,496,386)	(540,930)	(2,465,447)
Cash receipt from long-term loans	-	149,095,000	-	149,095,000
Repayment of long-term loans	(101,000,000)	(559,714,000)	(101,000,000)	(519,714,000)
Proceed from increase in share capital	-	1,330,175,000	-	1,330,175,000
Cash paid for interest expenses	(10,979,074)	(82,120,040)	(9,798,596)	(77,947,785)
Dividends paid	-	(99,997,620)	-	(99,997,620)
<b>Net cash flows from (used in) financing activities</b>	(112,091,260)	701,140,205	(110,575,279)	752,293,399
<b>Net increase (decrease) in cash and cash equivalents</b>	(384,607,817)	1,356,947,606	(373,205,921)	1,354,969,460
Cash and cash equivalents at beginning of period/year	1,709,243,794	352,296,188	1,681,193,139	326,223,679
<b>Cash and cash equivalents at end of period/year</b>	1,324,635,977	1,709,243,794	1,307,987,218	1,681,193,139

The accompanying notes are an integral part of the financial statements.

# K H O N B U R I S U G A R

## Cash flow statements

Khonburi Sugar Public Company Limited and its subsidiaries

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011
<b>Supplement cash flows information</b>				
Non-cash transactions				
Decrease (increase) in unrealised gain on changes in the value of investments	(764,814)	71,814	(764,814)	71,814
(Increase) decrease in purchases of assets that have not yet been paid	(56,691,830)	19,190,907	(56,691,830)	11,223,785
Purchases of vehicles through financial lease agreements	(1,070,000)	-	(1,070,000)	-
Transfer equipment to intangible asset	-	9,562,224	-	9,562,224
Decrease in purchases of intangible assets that have not yet been paid	-	510,000	-	510,000
Offsetting between amounts due from/to the office of the Cane and Sugar Fund	-	28,425,628	-	28,425,628

The accompanying notes are an integral part of the financial statements.



# Khonburi Sugar Public Company Limited and its subsidiaries

## Notes to financial statements

For the period as from 1 October 2011 to 31 December 2011  
and for the year ended 30 September 2011

### 1. General information

Khonburi Sugar Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in manufacture and distribution of sugar, which is sold both domestically and overseas. The registered office of the Company is at 164 Soi Sukhumvit 23 (Prasarnmit), Sukhumvit Road, KlongtoeyNua, Wattana, Bangkok. Its factory is located at 289 Moo 13 Jarakhe-Hin, Khonburi Nakhonratchasima.

On 23 December 2010, the Company registered a change of the status to a public company and registered the change in its name from “Khonburi Sugar Company Limited” to “Khonburi Sugar Public Company Limited” with the Ministry of Commerce.

On 21 December 2011, the Extraordinary General Meeting of the Company’s shareholders No. 1/2554 passed a resolution approving a change to its fiscal year-end date from 1 October to 30 September to 1 January to 31 December, commencing from the period ended 31 December 2011. The Company received an approval letter from the Department of Business Development, Ministry of Commerce dated 14 February 2012 allowing the Company to change the accounting period. Financial statements for the period as from 1 October 2011 to 31 December 2011 were thus prepared for a period of three months.

### 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

#### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Khonburi Sugar Public Company Limited (“the Company”) and the following subsidiaries company (“the subsidiaries”) :

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 December 2011	30 September 2011
			%	%
Khonburi Power Plant Co., Ltd.	Manufacture and distribution of electricity	Thailand	100.00	100.00
Agriculture Machine Services Co., Ltd.	Agricultural services	Thailand	100.00	100.00
Khonburi Bio Energy Co., Ltd.	Manufacture and distribution of ethanol	Thailand	99.97	99.97

b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

2.3 The separate financial statements, which present investment in subsidiaries presented under the cost method, have been prepared solely for the benefit of the public.

### 3. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards :

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards :

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations :

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations :

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standard.

#### TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current period and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period. The change has the effect of decreasing the profit of the Company and its subsidiaries for the period as from 1 October 2011 to 31 December 2011 by Baht 1 million, (0.001 Baht per share) (Separate financial statements : decreasing profit by Baht 1 million, or 0.001 Baht per share). The cumulative effect of the changes in the accounting policy has been presented in Note 5 to the financial statements.

#### 4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards :

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

Accounting Standard Interpretations :

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

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

##### TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

#### 5. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards

During the current period, the Company and subsidiaries made the change to its significant accounting policy described in Note 3 to the financial statements related to TAS 19 Employee Benefits, as a result of the adoption of revised and new accounting standards. In addition, the Company has changed its accounting policy on fixed assets for buildings and machinery, from presenting them under a revaluation basis to presenting them at cost. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statement of financial position as at 31 December 2011 and 30 September 2011 and statement of comprehensive income for the period as from 1 October 2011 to 31 December 2011 and for the year ended 30 September 2011 are summarised below.

(Unit : Thousand Baht)

	31 December 2011		30 September 2011	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements

##### Statements of financial position

Decrease in property, plant and equipment	-	-	707,080	707,080
Increase in provision for long-term employee benefits	15,902	14,564	-	-
Decrease in unappropriated retained earnings	15,296	14,010	-	-

(Unit : Thousand Baht)

	For the period as from		For the year ended	
	1 October 2011 to 31 December 2011		30 September 2011	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements

### Statements of comprehensive income

Increase in employee expenses	606	554	-	-
Decrease in basic earnings per share (Baht)	0.001	0.001	-	-

## 6. Significant accounting policies

### 6.1 Revenue recognition

#### *Sales of goods*

Sales of goods are recognised when the significant risk and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### *Dividends*

Dividends are recognised when the right to receive the dividend is established.

### 6.2 Cash and cash equivalent

Cash and cash equivalent consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 6.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

### 6.4 Inventories

Finished goods and molasses are valued at the lower of average cost and net realisable value. Average cost includes all production costs and attributable factory overheads.

Raw materials, fertilizers, chemicals, spare parts, factory supplies, and other supplies are valued at the lower of first-in, first-out method and net realisable value and are charged to production costs whenever consumed.

### 6.5 Investments

- Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded in profit or loss when the securities are sold.
- Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as surplus (deficit) from changes in the value of investments in shareholders' equity, depending on the type of investment that is reclassified.

## 6.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives :

Land improvement	10 years
Building and premises	20 years
Machinery and equipment	4 - 50 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years
Facilities system and water treatment system	20 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

In 2011, the Company has changed its accounting policy on fixed assets for buildings and machinery, from presenting them under a revaluation basis to presenting them at cost to generate economic benefit of the Company. The change has been applied retrospectively and has the effect of decreasing total assets shareholders' equity as at 30 September 2011 by equal amounts of Baht 707 million. The change had no effect to profit or earnings per share for the period ended 30 September 2011.

On 1 October 2011, the Company and its subsidiaries changed its estimations of the useful lives of machinery from 7 - 19 years to 4 - 50 years in order to reflect its estimated useful life. The changes have the effect of decreasing in depreciation expense in the consolidated financial statements and separate financial statements for the period as from 1 October 2011 to 31 December 2011 by Baht 0.8 million.

## 6.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 6.8 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful life of computer software is 5 years.

## 6.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

## 6.10 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum



lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

### 6.11 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

### 6.12 Impairment of assets

At the end of each reporting period, the Company and the subsidiaries perform impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

### 6.13 Employee benefits

#### *Short-term employee benefits*

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

#### *Post-employment benefits*

##### *Defined contribution plans*

The Company and its subsidiaries its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

##### *Defined benefit plans*

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current year.

### 6.14 Provisions

Provisions are recognised when the Company and the subsidiaries have present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## 6.15 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

## 6.16 Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

## 7. Significant accounting judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures ; and actual results could differ from these estimates. Significant judgements and estimates are as follows :

### Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

### Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company and subsidiaries's plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### Intangible assets

The initial recognition and measurement of other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 8. Seasonality of operations

The operations of the Company, which are principally engaged in manufacture and distribution of sugar, are affected by the seasonality of sugar manufacture, with the production season running from November to April, and the off season for production running from May to October.

## 9. Related party transactions

The relationships between the Company and related parties are summarised below.

Name	Relationship
Khonburi Power Plant Co., Ltd.	Subsidiary
Agriculture Machine Services Co., Ltd.	Subsidiary
Khonburi Bio Energy Co., Ltd.	Subsidiary
The Thai Sugar Trading Co., Ltd.	Common shareholders/Common directors
N.Y.Development Co., Ltd.	Common shareholders/Common directors
Talaysub Co., Ltd.	Common shareholders/Common directors
N.Y. Rubber Co., Ltd.	Common shareholders/Common directors

During the period, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	For the period as from 1 October 2011 to	For the year ended 30 September 2011	For the period as from 1 October 2011 to	For the year ended 30 September 2011	
	31 December 2011	30 September 2011	31 December 2011	30 September 2011	
<b>Transactions with subsidiaries :</b>					
<b>(Eliminated from consolidated financial statements)</b>					
Interest income	-	-	422	266	6.375% per annum
Other income	-	-	477	2,583	Cost plus margin 3 to 5 percent
Rental expenses	-	-	20,046	78,842	Contract price (6,000 Baht to 120,000 Baht per vehicle per month)
Interest expenses	-	-	-	1,378	6.375% per annum
<b>Transactions with related companies :</b>					
Gain on sale of assets	-	10,262	-	10,262	Price by the independent appraiser
Gain on sales of leasehold	-	14	-	14	Contract price
Purchases of goods	-	2,469	-	2,469	Comparable price to other customers
Amortization of the leasehold	116	474	116	474	Contract price (31,408 Baht per square meter per 30 years)
Rental expenses	178	449	178	449	Comparable price to other customers
Service charges and utilities	142	587	142	587	Contract price (45 Baht per square meter)
Interest expenses	-	11,980	-	11,980	3.75% - 5.50% per annum
Export service expenses	245	9,543	245	9,543	Contract price (Baht 20 per ton)

As at 31 December 2011 and 30 September 2011, the balances of the accounts between the Company and those related companies are as follows :

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2011	30 September 2011	31 December 2011	30 September 2011
<b>Other receivables - related party (Note 11)</b>				
Subsidiary company	-	-	34,844	35,514
<b>Accrued expenses - related parties (Note 21)</b>				
Subsidiary company	-	-	8,654	2,855
Related companies (related by common shareholders/common directors)	11,446	1,428	11,446	1,428
Total accrued expenses - related parties	11,446	1,428	20,100	4,283

#### Loans to related parties

As at 31 December 2011 and 30 September 2011, the balance of loans between the Company and those related companies and the movement are as follows :

(Unit : Thousand Baht)

	Separate financial statements			
	Balance as at 1 October 2011	Increase during the period	Decrease during the period	Balance as at 31 December 2011
<b>Short-term loan to related parties</b>				
Subsidiary	20,000	5,000	-	25,000

### Directors and management's benefits

During the period as from 1 October 2011 to 31 December 2011 and for the year ended 30 September 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011
Short-term employee benefits	12,677	27,988	12,677	27,988
Post-employment benefits	215	-	215	-
<b>Total</b>	<b>12,892</b>	<b>27,988</b>	<b>12,892</b>	<b>27,988</b>

### 10. Cash and cash equivalents

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2011	30 September 2011	31 December 2011	30 September 2011
Cash	423	400	283	260
Bank deposits	824,213	808,844	807,704	780,933
Bills of exchange	500,000	900,000	500,000	900,000
<b>Total</b>	<b>1,324,636</b>	<b>1,709,244</b>	<b>1,307,987</b>	<b>1,681,193</b>

As at 31 December 2011, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.75 and 4.45 percent per annum (30 September 2011 : 0.75 and 4.45 percent per annum).

### 11. Trade and other receivables

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2011	30 September 2011	31 December 2011	30 September 2011
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates	58,191	73,334	57,742	73,229
Not yet due				
Past due				
Up to 3 months	28,216	6,959	27,559	6,959
3 - 6 months	-	-	-	-
6 - 12 months	-	452	-	-
Over 12 months	-	50	-	-
<b>Total trade receivables - unrelated parties</b>	<b>86,407</b>	<b>80,795</b>	<b>85,301</b>	<b>80,188</b>
<u>Other receivables</u>				
Advances	4,341	4,563	4,103	3,585
Interest receivable - related parties	-	-	261	14
Prepaid expenses	10,141	5,296	9,246	4,545
Accrued income	96	401	96	401
Other receivables - related parties	-	-	34,844	35,514
Other receivables - unrelated parties	40,889	72,658	28,978	71,921
<b>Total other receivables</b>	<b>55,467</b>	<b>82,918</b>	<b>77,528</b>	<b>115,980</b>
<b>Total trade and other receivables - net</b>	<b>141,874</b>	<b>163,713</b>	<b>162,829</b>	<b>196,168</b>

## 12. Planter receivables

The balances of planter receivables as at 31 December 2011 and 30 September 2011, aged on the basis of due dates, are summarised below.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2011	30 September 2011	31 December 2011	30 September 2011
<b>Planters receivable - sugar cane</b>				
Up to 2007/2008 harvesting year	75,325	75,984	75,325	75,984
2007/2008 harvesting year	16,555	16,699	16,555	16,699
2008/2009 harvesting year	15,975	16,986	15,975	16,986
2009/2010 harvesting year	12,045	11,230	12,045	11,230
2010/2011 harvesting year	29,214	30,900	29,214	30,900
<b>Total planters receivable</b>	<b>149,114</b>	<b>151,799</b>	<b>149,114</b>	<b>151,799</b>
Less : Allowance for doubtful debts	(120,606)	(122,550)	(120,606)	(122,550)
Planters receivable - net	28,508	29,249	28,508	29,249

## 13. Sugar cane plantation loans

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2011	30 September 2011	31 December 2011	30 September 2011
Sugarcane plantation loans	432,577	384,452	432,577	384,452
Less : Current portion of sugarcane plantation loans	(290,124)	(266,705)	(290,124)	(266,705)
Sugarcane plantation loans - net of current portion	142,453	117,747	142,453	117,747

Sugar cane plantation receivables represent support provided to farmers to encourage sugar cane planting. The Company supplies sugar cane, water systems, agricultural machinery and equipment. The terms of the agreements are generally between 3 and 5 years with interest charged at rates of 0% to 7% per annum. Most farmers have provided land and motor vehicles as collateral.

## 14. Inventories

(Unit : Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	31 December 2011	30 September 2011	31 December 2011	30 September 2011	31 December 2011	30 September 2011
Finished goods	792,596	410,376	-	-	792,596	410,376
Fertilizers, chemicals, spare parts, and factory supplies	41,312	27,041	(160)	(160)	41,152	26,881
By products (Molasses)	32,139	3,228	-	-	32,139	3,228
<b>Total</b>	<b>866,047</b>	<b>440,645</b>	<b>(160)</b>	<b>(160)</b>	<b>865,887</b>	<b>440,485</b>

(Unit : Thousand Baht)

## Separate financial statements

	Cost		Reduce cost to net realisable value		Inventories-net	
	31 December 2011	30 September 2011	31 December 2011	30 September 2011	31 December 2011	30 September 2011
Finished goods	790,135	407,754	-	-	790,135	407,754
Fertilizers, chemicals, spare parts, and factory supplies	39,041	25,570	(69)	(69)	38,972	25,501
By products (Molasses)	32,139	3,228	-	-	32,139	3,228
<b>Total</b>	<b>861,315</b>	<b>436,552</b>	<b>(69)</b>	<b>(69)</b>	<b>861,246</b>	<b>436,483</b>

## 15. Amounts due from the Office of the Cane and Sugar Fund

(Unit : Thousand Baht)

## Consolidated financial statements

## Separate financial statements

	31 December 2011	30 September 2011	31 December 2011	30 September 2011
<b>Receivable from compensation for production and distribution of sugar</b>	88,406	88,406	88,406	88,406
Less : Payable for price stabilisation cost and research fee	(63,788)	(63,788)	(63,788)	(63,788)
Receivable from compensation for production and distribution of sugar - net	24,618	24,618	24,618	24,618
Less : Current portion of amounts due from the Office of the Cane and Sugar Fund	(17,681)	(17,681)	(17,681)	(17,681)
<b>Amounts due from the Office of the Cane and Sugar Fund - net of current portion</b>	<b>6,937</b>	<b>6,937</b>	<b>6,937</b>	<b>6,937</b>

As at the end of reporting period amounts due from the Office of the Cane and Sugar Fund were the amounts that the Company will reimburse from the Office of the Cane and Sugar Fund, since in the 2006/2007 harvesting year the final sugar cane price and the final compensation for the production and distribution of sugar were less than the initial sugar cane price. In accordance with Section 56 of the Cane and Sugar Act B.E. 2527, the Cane and Sugar Fund is to pay compensation to the Company at an amount equal to the difference, and the sugar cane planters do not have to return the excessive amount of the sugar cane price received. In addition, on 8 January 2008, a meeting of the cabinet resolved to accept the refund process in accordance with the resolution of the 8th meeting of the Cane and Sugar Board held on 19 October 2007. Details of the refund process are as follows :

- 1) A refund amounting to Baht 206 million will be received for sugar cane price. The Company recorded the refund as a deduction against the manufacturing costs of the 2006/2007 harvesting year. The Cane and Sugar Fund will offset this refund with the price stabilisation costs and research fees up to 30 September 2007 for which the Company is liable to the fund, and will return the balance to the Company. In the accounting period 2009, the Cane and Sugar Fund made full payment of compensation.
- 2) The Company will receive a refund of compensation for the production and distribution of sugar amounting to Baht 88 million. The meeting of the Cane and Sugar Board on 5 March 2009 announced that the Company would gradually deduct this from the amounts that the Company has to pay to the fund over a period of 5 years, from the year 2009 to year 2012. On 31 August 2009 and 23 March 2010, the Office of the Cane and Sugar Fund notified the Company that compensation for production and distribution of sugar receivable amounting to Baht 35 million would be offset against price stabilisation costs of the 2007/2008 and 2008/2009 harvesting years. Later, on 17 February 2011, the Office of the Cane and Sugar Fund notified the Company that outstanding compensation for production and distribution of sugar receivable of the year 2006/2007 amounting to Baht 88 million would be offset against price stabilisation costs of the 2007/2008 to 2009/2010 years that the Company was obliged to pay to the fund, amounting to Baht 63 million. As a result, amounts due from the Office of the Cane and Sugar Fund as at 31 December 2011 equaled Baht 25 million.

## 16. Investment in subsidiaries

Details of investment in subsidiaries as presented in separate financial statements are as follows :

(Unit : Thousand Baht)

Company' name	Paid-up capital		Shareholding percentage		Cost	
	31 December	30 September	31 December	30 September	31 December	30 September
	2011	2011	2011	2011	2011	2011
			(%)	(%)		
Khonburi Power Plant Co., Ltd.	100,500	100,500	100.00	100.00	100,500	100,500
Agriculture Machine Services Co., Ltd.	20,000	20,000	100.00	100.00	20,000	20,000
Khonburi Bio Energy Co., Ltd.	7,000	7,000	99.97	99.97	7,000	7,000
Total					127,500	127,500

### Dividend received

During the period as from 1 October 2011 to 31 December 2011 and for the year ended 30 September 2011, the Company did not receive dividend from subsidiaries.

## 17. Other long-term investments

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	30 September	31 December	30 September
	2011	2011	2011	2011
<b>Available-for-sales securities</b>				
<i>Common stock</i>				
Chumporn Palm Oil Industry Public Company Limited	3,538	3,538	3,538	3,538
Aekchol Hospital Public Company Limited	101	101	101	101
Total	3,639	3,639	3,639	3,639
Add : Unrealised gain on available-for-sales securities	3,216	2,451	3,216	2,451
Total investment in available-for-sales securities - net	6,855	6,090	6,855	6,090
<b>Other investments</b>				
<i>Common stock</i>				
The Thai Sugar Trading Corporation Limited	1,750	1,531	1,750	1,531
Thai Cane and Sugar Corporation Limited	243	243	243	243
Thai Sugar Millers Corporation Limited	2	2	2	2
Total other investments	1,995	1,776	1,995	1,776
Total other long-term investments - net	8,850	7,866	8,850	7,866

## 18. Property, plant and equipment

(Unit : Thousand Baht)

	Consolidated financial statements								
	Buildings and premises	Machinery	Land and land improvement	Equipment	Furniture, fixtures and office equipment	Motor Vehicles	Facilities system and water treatment system	Assets under construction in progress	Total
<b>Cost</b>									
As at 30 September 2010									
- as restated	1,123,164	5,536,193	96,847	124,944	72,797	152,055	209,254	303,881	7,619,135
Additions	833	175,064	6,791	7,300	2,744	7,646	-	225,968	426,346
Disposals/write-off	-	-	(149)	(262)	(372)	(7,464)	-	-	(8,247)
Transfers in (out)	2,350	146,111	-	776	-	7,555	-	(166,355)	(9,563)
Capitalised interest	-	-	-	-	-	-	-	5,411	5,411

(Unit : Thousand Baht)

## Consolidated financial statements

	Buildings and premises	Machinery	Land and land improvement	Equipment	Furniture, fixtures and office equipment	Motor Vehicles	Facilities system and water treatment system	Assets under construction in progress	Total
As at 30 September 2011	1,126,347	5,857,368	103,489	132,758	75,169	159,792	209,254	368,905	8,033,082
<b>Additions</b>	84	-	-	1,244	4,394	2,885	-	236,835	245,442
Disposals/write-off	-	-	-	(73)	(5)	-	-	-	(78)
Transfers in (out)	14,399	-	-	8,862	-	-	6,501	(29,762)	-
As at 31 December 2011	1,140,830	5,857,368	103,489	142,791	79,558	162,677	215,755	575,978	8,278,446
<b>Accumulated depreciation</b>									
As at 30 September 2010									
- as restated	737,681	5,242,482	16,171	111,681	65,319	120,478	134,202	-	6,428,014
Depreciation for the year	20,907	57,076	79	3,940	4,896	7,679	12,436	-	107,013
Depreciation on disposals/ write-off	-	-	-	(131)	(309)	(5,973)	-	-	(6,413)
As at 30 September 2011	758,588	5,299,558	16,250	115,490	69,906	122,184	146,638	-	6,528,614
Depreciation for the period	5,429	15,124	20	1,273	1,302	2,553	3,193	-	28,894
Depreciation on disposals/ write-off	-	-	-	(29)	(2)	-	-	-	(31)
As at 31 December 2011	764,017	5,314,682	16,270	116,734	71,206	124,737	149,831	-	6,557,477
<b>Net book value</b>									
As at 30 September 2011	367,759	557,810	87,239	17,268	5,263	37,608	62,616	368,905	1,504,468
<b>As at 31 December 2011</b>	<b>376,813</b>	<b>542,686</b>	<b>87,219</b>	<b>26,057</b>	<b>8,352</b>	<b>37,940</b>	<b>65,924</b>	<b>575,978</b>	<b>1,720,969</b>

## Depreciation for the period/year

For the year ended 30 September 2011 (Baht 102 million included in manufacturing cost, and the balance in administrative expenses) 107,013

For the period as from 1 October 2011 to 31 December 2011 (Baht 27 million included in manufacturing cost, and the balance in administrative expenses) 28,894

(Unit : Thousand Baht)

## Separate financial statements

	Buildings and premises	Machinery	Land and land improvement	Equipment	Furniture, fixtures and office equipment	Motor Vehicles	Facilities system and water treatment system	Assets under construction in progress	Total
<b>Cost</b>									
As at 30 September 2010									
- as restated	1,123,012	5,536,194	96,847	115,176	75,042	15,294	209,254	160,532	7,331,351
<b>Additions</b>	833	175,064	6,791	7,243	2,729	1,347	-	190,814	384,821
Disposals/write-off	-	-	(149)	(121)	(304)	(7,118)	-	-	(7,692)
Transfers in (out)	2,350	146,111	-	-	-	-	-	(158,023)	(9,562)
As at 30 September 2011	1,126,195	5,857,369	103,489	122,298	77,467	9,523	209,254	193,323	7,698,918
<b>Additions</b>	84	-	-	1,244	4,394	2,885	-	229,227	237,834
Disposals/write-off	-	-	-	-	(1)	-	-	-	(1)
Transfers in (out)	14,399	-	-	8,861	-	-	6,501	(29,761)	-
As at 31 December 2011	1,140,678	5,857,369	103,489	132,403	81,860	12,408	215,755	392,789	7,936,751
<b>Accumulated depreciation</b>									
As at 30 September 2010									
- as restated	737,677	5,242,482	16,171	106,573	64,979	11,212	134,202	-	6,313,296
Depreciation for the year	20,899	57,076	79	3,261	4,830	1,361	12,436	-	99,942
Depreciation on disposals/ write-off	-	-	-	(88)	(292)	(5,865)	-	-	(6,245)
As at 30 September 2011	758,576	5,299,558	16,250	109,746	69,517	6,708	146,638	-	6,406,993
Depreciation for the period	5,427	15,124	20	1,078	1,286	347	3,193	-	26,475
As at 31 December 2011	764,003	5,314,682	16,270	110,824	70,803	7,055	149,831	-	6,433,468



## Separate financial statements

	Buildings and premises	Machinery	Land and land improvement	Equipment	Furniture, fixtures and office equipment	Motor Vehicles	Facilities system and water treatment system	Assets under construction in progress	Total
<b>Net book value</b>									
As at 30 September 2011	367,619	557,811	87,239	12,552	7,950	2,815	62,616	193,323	1,291,925
As at 31 December 2011	376,675	542,687	87,219	21,579	11,057	5,353	65,924	392,789	1,503,283
<b>Depreciation for the period/year</b>									
For the year ended 30 September 2011 (Baht 91 million included in manufacturing cost, and the balance in administrative expenses)									99,942
For the period as from 1 October 2011 to 31 December 2011 (Baht 24 million included in manufacturing cost, and the balance in administrative expenses)									26,475

Equipment with carrying value as at 31 December 2011 amounting to Baht 4 million (30 September 2011: Baht 7 million) was assets under financial lease agreements.

As at 31 December 2011, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 183 million (30 September 2011 : Baht 178 million).

The Company and subsidiaries have pledged almost of assets as collateral against credit facilities and loans received from financial institutions (all types of liabilities) as mentioned in Note 20 and 22.

## 19. Intangible assets

Intangible assets of the Company and subsidiaries are computer software.

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Cost :</b>		
30 September 2010	1,215	1,118
Additions	4,736	4,736
Transfer in	9,562	9,562
Disposal/write-off	(16)	(16)
30 September 2011	15,497	15,400
Additions	639	92
31 December 2011	16,136	15,492
<b>Amortisation :</b>		
30 September 2010	(164)	(149)
Amortisation	(4,813)	(4,794)
Disposal/write-off	5	5
30 September 2011	(4,972)	(4,938)
Amortisation	(1,244)	(1,229)
31 December 2011	(6,216)	(6,168)
<b>Net book value</b>		
30 September 2011	10,525	10,462
31 December 2011	9,920	9,324
<b>Amortisation expenses</b>		
For the year ended 30 September 2011	4,813	4,794
For the period as from 1 October 2011 to 31 December 2011	1,244	1,229

## 20. Bank overdrafts

(Unit : Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Interest rate (Percent per annum)	31 December 2011	30 September 2011	31 December 2011	30 September 2011
Bank overdrafts	MOR	764	-	764	-
Total		764	-	764	-

## 21. Trade and other payables

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2011	30 September 2011	31 December 2011	30 September 2011
Planter payables	580,484	375,027	580,484	375,027
Trade payables - unrelated parties	226,688	166,937	213,657	162,505
Revenues received in advance	42,160	69,665	42,160	69,665
Fixed asset payables	78,553	21,861	78,553	21,861
Accrued expenses	28,597	37,266	27,637	34,567
Accrued expenses - related parties	11,446	1,428	20,100	4,283
Other payables	22,100	14,694	22,017	14,225
<b>Total trade and other payables</b>	<b>990,028</b>	<b>686,878</b>	<b>984,608</b>	<b>682,133</b>

### Planter payables

For the period as from 1 October 2011 to 31 December 2011, the Company purchased sugar cane for the 2011/2012 harvesting year in accordance with the letter of the Office of the Cane and Sugar Board No. 9/2554 dated 28 November 2011. This determined the initial price of sugar cane in the 2011/2012 harvesting year at Baht 1,000 per ton of sugar cane at a sweetness of 10 C.C.S with the price to be increased or decreased by Baht 60 per ton for each 1 C.C.S variation. Up to the date on which the Company's directors approved these financial statements, the Office of the Cane and Sugar Board has yet to announce the final sugar cane prices for the 2011/2012 harvesting year.

However, the management estimated that the final sugar cane prices will be higher than the initial sugar cane prices, and thus the Company recorded sugar cane costs and planter payable for the period as from 1 October 2011 to 31 December 2011 based on the estimated cost. This was equal to Baht 1,100 per ton of sugar cane at a sweetness of 10 C.C.S., with the price to be increased or decreased by Baht 66 per ton for each 1 C.C.S variation.

The Company purchased sugar cane for the 2010/2011 harvesting year in accordance with the letter of the Office of the Cane and Sugar Board dated 24 November 2010. This determined the initial price of sugar cane in the 2010/2011 harvesting year at Baht 945 per ton of sugar cane at a sweetness of 10 C.C.S with the price to be increased or decreased by Baht 56.7 per ton for each 1 C.C.S variation. Up to the date on which the Company's directors approved these financial statements, the Office of the Cane and Sugar Board has yet to announce the final sugar cane prices for the 2010/2011 harvesting year.

However, the management estimated that the final sugar cane prices will be higher than the initial sugar cane prices, and thus the Company recorded sugar cane costs and planter payable for the 2010/2011 harvesting year based on the estimated cost. This was equal to Baht 1,067.02 per ton of sugar cane at a sweetness of 10 C.C.S., with the price to be increased or decreased by Baht 64.02 per ton for each 1 C.C.S variation.

## 22. Long-term loans

The balances of long-term loans as at 31 December 2011 and 30 September 2011 are as follows.

Loan no.	Credit facilities (Million Baht)	Interest rate (%)	Repayment schedule	(Unit : Thousand Baht)			
				Consolidated financial statements		Separate financial statements	
				31 December 2011	30 September 2011	31 December 2011	30 September 2011
1	1,350.0	MLR - 1	18 semi-annual installments of Baht 15 to 110 million each, with the amount raised every year, commencing from June 2007	600,000	700,000	600,000	700,000
2	8.35	4	10 semi-annual installments of Baht 0.5 to 1.85 million each, with the amount raised every year, commencing from December 2008	3,850	4,850	3,850	4,850
3	48.45	4	10 semi-annual installments of Baht 2.42 to 7.97 million each, with the amount raised every year, commencing from March 2010	36,690	36,690	36,690	36,690
4	23.70	MLR - 1	10 semi-annual installments of Baht 0.84 - 3.97 million each, with the amount raised every year, commencing from February 2011	22,020	22,020	22,020	22,020

(Unit : Thousand Baht)

Consolidated financial statements    Separate financial statements

Loan no.	Credit facilities (Million Baht)	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
				31 December 2011	30 September 2011	31 December 2011	30 September 2011
5.	115.00	MLR - 1.25	10 semi-annual installments of Baht 11.5 million each, commencing from June 2011	72,975	72,975	-	-
Total				735,535	836,535	662,560	763,560
Less : Current portion				(27,380)	(27,380)	(15,880)	(15,880)
Long-term loans - net of current portion				708,155	809,155	646,680	747,680

Movements in the long-term loans account during the three-month period ended 31 December 2011 are summarised below.

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 October 2011	836,535	763,560
Less : Repayments	(101,000)	(101,000)
Balance as at 31 December 2011	735,535	662,560

These loans are secured by mortgage of project land and construction thereon, and machinery and equipment of the Company and subsidiary.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain long-term debt to equity ratios according to the agreements.

As at 31 December 2011, the long-term credit facilities of the subsidiary which have not yet been drawn down amounted to Baht 2 million.

### 23. Liabilities under finance lease agreements

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2011	30 September 2011	31 December 2011	30 September 2011
Liabilities under finance lease agreements	4,969	4,737	2,286	1,698
Less : Deferred interest expenses	(225)	(187)	(124)	(65)
Total	4,744	4,550	2,162	1,633
Less : Portion due within one year	(2,797)	(2,674)	(1,448)	(1,338)
Liabilities under finance lease agreements - net of current portion	1,947	1,876	714	295

The Company and a subsidiary have entered into the finance lease agreements with leasing company for rental of equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The term of the agreements is generally 3 - 5 years. Finance lease agreements cannot be cancelled.

As at 31 December 2011, future minimum lease payments required under the finance lease agreements were as follows :

(Unit : Thousand Baht)

Consolidated financial statements

	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	2,960	2,009	4,969
Deferred interest expense	(163)	(62)	(225)
Present value of future minimum lease payments	2,797	1,947	4,744

(Unit : Thousand Baht)

## Separate financial statements

	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	1,536	750	2,286
Deferred interest expense	(88)	(36)	(124)
Present value of future minimum lease payments	1,448	714	2,162

**24. Provision for long-term employee benefits**

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows :

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 5)	15,296	14,010
Current service cost	472	431
Interest cost	134	123
Benefits paid during the year	-	-
Balance at end of year	15,902	14,564

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2011 amounted to Baht 1 million.

Principal actuarial assumptions at the valuation date were as follows :

	Consolidated financial statements		Separate financial statements	
	2011 (% per annum)	2010 (% per annum)	2011 (% per annum)	2010 (% per annum)
Discount rate	3.5%	3.5%	3.5%	3.5%
Future salary increase rate (depending on age)	3.5% - 5.5%	3.5% - 5.5%	3.5% - 5.5%	3.5% - 5.5%
Staff turnover rate	6.0% - 18.0%	6.0% - 18.0%	6.0% - 18.0%	6.0% - 18.0%

**25. Share Capital**

The Annual General Meeting of the shareholders held on 16 December 2010 passed a special resolution to increase the Company's registered share capital from Baht 350 million (350 million ordinary shares of Baht 1 each) to Baht 500 million, by issuing 150 million new ordinary shares with a par value of Baht 1 each to a public offering. The Company registered the changes in the par value and number of shares and the increase in share capital with the Ministry of Commerce on 23 December 2010.

On 24 May 2011, the Company issued an initial public offering of 150 million ordinary shares at the price of Baht 9.1 per share. Total proceed from the Company's new share offering was Baht 1,365 million, with a share premium of Baht 1,180 million, net of related expenses incurred in making the offering. The Company registered the change in its paid-up share capital to be Baht 500 million with the Ministry of Commerce on 24 May 2011.

**26. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 27. Expenses by nature

Significant expenses by nature are as follows :

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the period as		For the period as	
	from 1 October	For the year	from 1 October	For the year
	2011 to 31	ended 30	2011 to 31	ended 30
	December 2011	September 2011	December 2011	September 2011
Salary and wages and other employee benefits	53,410	236,126	52,883	230,922
Depreciation and amortisation	30,138	111,827	27,705	104,737
Transportation expenses	5,187	100,036	5,187	100,001
Price stabilisation costs, research fee and contribution to Cane and Sugar Fund	13,408	85,862	13,408	85,862
Maintenance expenses	48,477	107,301	42,701	94,463
Rental expenses from operating lease agreements	10,500	48,273	10,413	47,904
Raw materials and consumables used	643,376	3,729,561	643,376	3,729,561
Changes in inventories of finished goods	(411,131)	(217,206)	(411,292)	(215,077)

## 28. Promotional privileges

A subsidiary company has received promotional privileges from the Board of Investment for its electricity and steam from biomass fuels pursuant to the promotion certificate No. 1521(1)/2552 issued on 9 December 2008. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

For the period as from 1 October 2011 to 31 December 2011 and for the year ended 30 September 2011, the subsidiary company has no revenues according to promoted operation.

## 29. Earnings per share

Basic earnings per share is calculated by dividing profit for the period/year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period/year.

## 30. Segment information

The Company's and the subsidiaries' operations involve principal segment of the manufacture and distribution of sugar. These operations are carried on in Thailand. Below is the consolidated financial information of the Company and its subsidiaries for the period as from 1 October 2011 to 31 December 2011 and for the year ended 30 September 2011 by segment.

(Unit : Thousand Baht)

	Production and distribution of cane sugar		Services and utilities		Total		Elimination		Grand Total	
	For the period as		For the period as		For the period as		For the period as		For the period as	
	from	For the	from	For the	from	For the	from	For the	from	For the
	1 October	year	1 October	year	1 October	year	1 October	year	1 October	year
2011 to	ended 30	2011 to	ended 30	2011 to	ended 30	2011 to	ended 30	2011 to	ended 30	
31 December	September	31 December	September	31 December	September	31 December	September	31 December	September	
2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	
Sales and service income										
- Local	300,589	1,666,569	87,631	644,490	388,220	2,311,059	(20,046)	(78,842)	368,174	2,232,217
- Export	177,725	3,778,165	-	-	177,725	3,778,165	-	-	177,725	3,778,165

(Unit : Thousand Baht)

	Production and distribution of cane sugar		Services and utilities		Total		Elimination		Grand Total	
	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011	For the period as from 1 October 2011 to 31 December 2011	For the year ended 30 September 2011
Total sales and service	478,314	5,444,734	87,631	644,490	565,945	6,089,224	(20,046)	(78,842)	545,899	6,010,382
Segment operating income (loss)	(18,208)	1,030,518	8,875	64,073	(9,333)	1,094,591	1,455	7,103	(7,878)	1,101,694
Unallocated income (expenses) :										
Interest income									23,864	7,935
Dividend income									-	347
Other income									28,428	96,781
Finance cost									(11,165)	(77,898)
Corporate income tax									(3,210)	(327,905)
Profit for the year/period									30,039	800,954

(Unit : Thousand Baht)

	Production and distribution of cane sugar		Services and utilities		Total		Elimination		Grand Total	
	31 December 2011	30 September 2011	31 December 2011	30 September 2011	31 December 2011	30 September 2011	31 December 2011	30 September 2011	31 December 2011	30 September 2011
Property, plant and equipment	1,503,283	1,291,924	228,490	224,316	1,731,773	1,516,240	(10,804)	(11,772)	1,720,969	1,504,468
Other assets	3,002,767	2,938,311	47,600	43,560	3,050,367	2,981,871	(196,249)	(185,454)	2,854,118	2,796,417
Total assets	4,506,050	4,230,235	276,090	267,876	4,782,140	4,498,111	(207,053)	(197,226)	4,575,087	4,300,885

Transfer prices between business segments are as set out in Note 9 to the financial statements.

### 31. Provident fund

The Company, subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its subsidiaries contribute to the fund monthly at the rates of 3 to 10 percent of basic salary and its employees contribute to the fund monthly at the rates of 3 to 10 percent of basic salary. The fund, which is managed by Kasikorn Asset management Company limited, will be paid to employees upon termination in accordance with the fund rules. During the period as from 1 October 2011 to 31 December 2011, the Company and its subsidiaries contributed Baht 1 million (for the year ended 30 September 2011: Baht 3 million) to the fund.

### 32. Dividends paid

(Unit : Thousand Baht)

	Approved by	Total dividends	Dividend per share
Interim dividends on income for the period 1 October 2010 to 31 March 2011	Board of Directors' meeting on 21 June 2011	100,000,000	0.20
		<u>100,000,000</u>	
Final dividends on income for fiscal year 2011	Board of Directors' meeting on 24 November 2011	210,000,000	0.42
		<u>210,000,000</u>	

### 33. Commitments and contingent liabilities

#### 33.1 Capital commitments

As at 31 December 2011, the Company and its subsidiaries had capital commitments of approximately Baht 152 million and Baht 1 million, respectively, relating to the construction of factory buildings, and acquisition of machinery.

#### 33.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of buildings and equipment and service agreements.

As at 31 December 2011, future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statements
Payable within :		
1 year	9.9	9.0
2 to 5 years	3.3	3.3

#### 33.3 Molasses sale/purchase commitments

As at 31 December 2011, the Company had commitments of Baht 74 million relating to molasses sales agreements, for which delivery had not yet been made. The agreements mature within one year.

#### 33.4 Cane sugar sales commitments

As at 31 December 2011, the Company had commitments of Baht 1,572 million relating to cane sugar sale agreements, for which delivery had yet to be made. The agreements mature within one year.

#### 33.5 Electricity sale/purchase commitment

The subsidiary company has entered into electricity sale/purchase agreement with the Electricity PEA ("Electricity") with a term of 5 years, and extending for further 5 years automatically from the date 20 July 2009. Under the terms of the electricity trading agreements, the subsidiary and Electricity must comply with specified conditions, and the subsidiary company commits to supply electricity to Electricity within 31 December 2011.

#### 33.6 Guarantees

(a) The Company has guaranteed bank credit facilities of its subsidiary amounting to Baht 145 million.

(b) As at 31 December 2011, there were outstanding bank guarantees of approximately Baht 1.6 million issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

### 34. Financial instruments

#### 34.1 Financial risk management

The Company and subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments : Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivable, planter receivable, sugarcane plantation loans, amounts due from the Office of the Cane and Sugar Fund, investments, short-term loans, trade and other payable and long-term loans. The financial risks associated with these financial instruments and how they are managed are described below.

##### *Credit risk*

The Company and subsidiaries are exposed to credit risk primarily with respect to trade and other receivables, planter receivables, sugarcane plantation loans and loans. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables, planter receivables, sugarcane plantation loans and loans as stated in the statements of financial position.

##### *Interest rate risk*

The Company and subsidiaries' exposure to interest rate risk relates primarily to its deposits at financial institutions, loans, bank overdrafts, liabilities under the financial lease agreement and interest bearing borrowing. However, since most of the Company and subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2011 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit : Million Baht)

Consolidated financial statements						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate  (% p.a.)
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	500	-	822	3	1,325	0.75 - 4.45
Trade and other receivables	-	-	-	142	142	-
Planter receivables	-	29	-	-	29	10
Sugarcane plantation loans	290	142	-	-	432	0 - 7
Amounts due from the Office of the Cane and Sugar Fund	-	-	-	25	25	-
	<u>790</u>	<u>171</u>	<u>822</u>	<u>170</u>	<u>1,953</u>	
<b>Financial liabilities</b>						
Bank overdrafts	-	-	1	-	1	7 - 7.50
Trade and other payables	-	-	-	990	990	-
Liabilities under finance lease agreements	3	2	-	-	5	3.60 - 7.53
Amounts due to the Office of the Cane and Sugar fund	-	-	-	60	60	-
Long-term loans from financial institutions	12	28	696	-	736	As specified in Note 22
	<u>15</u>	<u>30</u>	<u>697</u>	<u>1,050</u>	<u>1,792</u>	

(Unit : Million Baht)

Separate financial statements						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate  (% p.a.)
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	500	-	807	1	1,308	0.75 - 4.45
Trade and other receivables	-	-	-	163	163	-
Planter receivables	-	29	-	-	29	10
Sugarcane plantation loans	290	142	-	-	432	0 - 7
Amounts due from the Office of the Cane and Sugar Fund	-	-	-	25	25	-
	<u>790</u>	<u>171</u>	<u>807</u>	<u>189</u>	<u>1,957</u>	
<b>Financial liabilities</b>						
Bank overdrafts	-	-	1	-	1	7 - 7.50
Trade and other payables	-	-	-	985	985	-
Liabilities under finance lease agreements	1	1	-	-	2	3.60 - 7.53
Amounts due to the Office of the Cane and Sugar fund	-	-	-	60	60	-
Long-term loans from financial institutions	12	28	623	-	663	As specified in Note 22
	<u>13</u>	<u>29</u>	<u>624</u>	<u>1,045</u>	<u>1,711</u>	

**Foreign currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company and subsidiaries have a significant foreign currency risk in respect of selling goods and purchasing equipment denominated in foreign currencies. However, the Company and subsidiaries have entered into forward contracts of which maturity date are less than one year to mitigate the foreign currency risk.

The Company has appointed a related company as its representative for the purpose of concluding forward exchange contracts, with power of attorney. The Company agrees to accept liability for any losses.

Forward exchange contracts of the Company outstanding as at 31 December 2011 that were made in the name of the related company amounted to USD 105 million to be exchanged at rates ranging from Baht 30.63 to Baht 32.3 per USD 1 with contractual maturity date between January and September 2012.

The balances of financial assets denominated in foreign currencies as at 31 December 2011 are summarised below.



Exchange rate

Foreign currency	Financial assets (Thousand)	as at 31 December 2011 (Baht per 1 foreign currency unit)
US dollar	162	31.5505

### ***Sugarcane price fluctuation risk***

The cane and sugar industry in Thailand is an industry under the supervision of a government agency, the Cane and Sugar Board, under the Cane and Sugar Act B.E. 2527, which imposes the following restrictions :

1. A quota system for the allocation of sugar distribution channels, as follows :
  - 1.1 Quota A for the sugar produced for domestic consumption,
  - 1.2 Quota B for the raw sugar identified by the Cane and Sugar Board as processed by sugar mills for delivery to Thailand Cane and Sugar Corporation (TCSC) for distribution. This quota is used as a base for setting the standard price of raw sugar exported to calculate the income of the system,
  - 1.3 Quota C for the sugar processed by sugar mills for export sales or as raw materials for the manufacture of products to be exported.
2. Allocation of profit is generated by the system between the cane farmers and the sugar mills under a benefit sharing arrangement, whereby cane farmers receive 70% of the income, which is the cane price, and the sugar mills receive 30%, which is the return on production.

The net income of the cane and sugar system is calculated based on the income from the domestic sugar distribution (Quota A) and income from exports (Quota B and Quota C : using the average price of the sugar in Quota B and the exchange rate of the actual sales made by TCSC as the base for calculation of export sales income) less the expenses of the Cane and Sugar Industry. Currently, the ratio of exported sugar to domestically sold sugar is approximately 70 : 30.

A result of the system is that the selling price of sugar under Quota B and the exchange rate of the actual sales made by TCSC have substantial impact on the cane price, which is the major cost of the sugar production. To manage the risk of fluctuating gross profit, the Company applies the following risk management measures :

1. It enters into sugar futures contracts to sell sugar in the futures market, with the prices, quantities and due dates being referenced to actual sales of sugar of TCSC.
2. The Company closes its positions under futures contracts when actual sales of sugar are made to customers. The closed position is made by entering into forward contracts to purchase sugar at the same price and in the same quantity as the actual sales to the customers, with terms of an equal length to those of the forward sales contracts.

These risk management measures enable the Company to manage risk efficiently in any circumstances, with the Company being able to set future selling prices that are close to the selling price fixed by TCSC. The result of this is that the Company is able to maintain a stable gross profit, based on the margin between the selling price of the Company and the cost of sugar cane derived from the selling price fixed by TCSC.

The Company will book the above transactions when the contract is closed or when the contract expires, by recognising the gains or losses in the comprehensive income statement. For the year ended 30 September 2011, the Company realised losses on closed sugar futures sale contracts totaling Baht 47.0 million in the current year's profit or loss.

As of 31 December 2011, the Company did not have any outstanding sugar futures contracts.

### **34.2 Fair values of financial instruments**

Since the majority of the financial instruments of the Company is short-term in nature or bears floating interest rates, their fair value is not expected to be materially different from the amounts presented in the financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### **35. Capital management**

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure in order to support its business and maximise shareholder value. As at 31 December 2011, the Group's debt-to-equity ratio was 1 : 1 (30 September 2011 : 0.8 : 1) and the Company's was 1 : 1 (30 September 2011 : 0.8 : 1).

### 36. Events after the reporting period

On 28 February 2012, a meeting of the Company's Board of Directors passed resolutions to propose the following to Annual General Meeting No. 2/2555 of the shareholders.

- Payment of a dividend of Baht 0.03 per share, or a total of Baht 15 million, from the operating results of the period from 1 October 2011 to 31 December 2011
- Increase the Company's registered share capital from Baht 500 million (500 million ordinary shares of Baht 1 each) to Baht 800 million (800 million ordinary shares of Baht 1 each) by issuing 300 million new ordinary shares of Baht 1 each, with 150 million shares to be offered to existing shareholders in proportion to their shareholdings, 100 million shares to be offered to the general public, and 50 million shares to be offered through private placement

### 37. Reclassification

In addition to restatement of the financial statements as mentioned in Note 5 to the financial statements, which affects the previously reported shareholder's equity, to comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 and as the result of the adoption of revised and new accounting standards as described in Note 3 and Note 5, certain amounts in the financial statements for the year ended 30 September 2011 have been reclassified to the current year's classification, without any effect to the previously reported profit or shareholders' equity. The reclassifications are as follow.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Trade and other receivables	163,713	80,795	196,168	80,188
Short-term loans to related party	-	-	20,000	20,014
Advance payments	-	4,563	-	3,585
Prepaid expenses	-	5,296	-	4,545
Other receivable - related party	-	-	-	35,514
Other current assets	6,771	79,830	827	73,149
Property, plant and equipment	1,504,468	2,211,548	1,291,925	1,999,005
Trade and other payables	686,878	541,964	682,133	537,533
Dividend payable	2	-	2	-
Advance received for inventories	-	69,665	-	69,665
Accrued expense	-	40,957	-	38,257
Accrued expense - related party	-	1,428	-	4,283
Other current liabilities	3,811	36,677	3,689	36,086
Revaluation surplus on assets	-	707,080	-	707,080
Revaluation surplus on changes in value of investments	-	2,451	-	2,451
Surplus on business combination under common control	-	(3,685)	-	-
Other components of shareholders' equity	(1,234)	-	2,451	-
Exchange gains	44,438	34,408	44,437	34,408
Other income	96,781	106,811	98,892	108,921
Administrative expenses	155,783	127,795	153,925	125,937
Management benefits expenses	-	27,988	-	27,988

### 38. Approval of financial statements

These financial statements were authorised for issue by authorised directors on 28 February 2012.



## 14. REMUNERATION OF AUDITOR AND REFERENCES.

### 1. REMUNERATION OF AUDITOR (AUDIT FEE).

The remuneration of auditors to Ernst & Young Office Limited, as the audit fee in the year 2011 for the period as from 1 October 2011 to 31 December 2011 total Baht 698,000.

It was noted that the auditors have worked on satisfying accountability and responsibility as the Company's auditors for three years since 1999-2011. The auditors have not any other relationships or many conflicts of interest to the Company, management executives, major shareholder or any other relate person.

### 2. REFERENCES.

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