

PHUKHIEO BIO-ENERGY COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

31-OCTOBER 2005 AND 2004



Sukhachai

ERNST & YOUNG OFFICE LIMITED
บริษัท สำนักงาน เอ็นส์ท แอนด์ ยัง จำกัด

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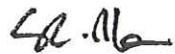
Report of Independent Auditor

To the Board of Directors and Shareholders of
Phukhieo Bio-Energy Company Limited

I have audited the balance sheets of Phukhieo Bio-Energy Company Limited as at 31 October 2005 and 2004, and the related statements of earnings and changes in shareholders' equity for the years then ended. These financial statements are the responsibility of the Company's management 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 Phukhieo Bio-Energy Company Limited as at 31 October 2005 and 2004 and the results of its operations for the years then ended in accordance with generally accepted accounting principles.

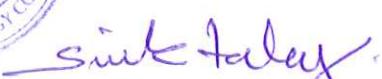


Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok : 30 January 2006



PHUKHIEO BIO-ENERGY COMPANY LIMITED

BALANCE SHEETS

AS AT 31 OCTOBER 2005 AND 2004

(Unit : Baht)

	<u>Note</u>	<u>2005</u>	<u>2004</u>
ASSETS			
CURRENT ASSETS			
Cash and deposits at financial institutions		98,174,250	112,852,263
Trade accounts receivable			
Related parties	3	224,222,837	21,427,019
Unrelated parties	11	105,880,205	84,997,302
Total trade accounts receivable		330,103,042	106,424,321
Other accounts receivable - related parties	3	11,929,890	11,920,589
Inventories - raw materials		32,871,158	7,535,148
Other current assets			
Refundable value added tax		127,051	5,968,370
Refundable import duty		6,044,867	16,503,221
Others		11,339,315	4,461,051
TOTAL CURRENT ASSETS		490,589,573	265,664,963
NON-CURRENT ASSETS			
Property, plant and equipment - net	4, 11	2,009,163,009	1,874,872,683
Other non-current assets		155,084	75,859
TOTAL NON-CURRENT ASSETS		2,009,318,093	1,874,948,542
TOTAL ASSETS		2,499,907,666	2,140,613,505

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

*Siuk factory.*

PHUKHIEO BIO-ENERGY COMPANY LIMITED

BALANCE SHEETS (Continued)

AS AT 31 OCTOBER 2005 AND 2004

(Unit : Baht)

	<u>Note</u>	<u>2005</u>	<u>2004</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term loans from financial institutions		169,540,861	145,224,458
Trade accounts payable			
Related parties	3	227,378,176	61,173,380
Unrelated parties		5,649,325	3,659,706
Total trade accounts payable		233,027,501	64,833,086
Other accounts payable - related parties	3	36,893,023	35,535,883
Current portion of long-term loans	5	137,000,000	66,000,000
Other current liabilities			
Accrued interest expenses		5,563,446	11,757,847
Undue output tax		21,371,499	7,060,152
Accrued expenses		7,067,517	1,237,645
Others		31,796,330	30,124,244
TOTAL CURRENT LIABILITIES		642,260,177	361,773,315
NON-CURRENT LIABILITIES			
Long-term loans from financial institutions - net of current portion	5	1,173,444,102	1,211,428,555
TOTAL NON-CURRENT LIABILITIES		1,173,444,102	1,211,428,555
TOTAL LIABILITIES		1,815,704,279	1,573,201,870

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



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PHUKHIEO BIO-ENERGY COMPANY LIMITED

BALANCE SHEETS (Continued)

AS AT 31 OCTOBER 2005 AND 2004

(Unit : Baht)

	<u>Note</u>	<u>2005</u>	<u>2004</u>
SHAREHOLDERS' EQUITY			
Share capital			
Registered			
6,000,000 ordinary shares of Baht 100 each		<u>600,000,000</u>	<u>600,000,000</u>
Registered, issued and fully paid			
6,000,000 ordinary shares of Baht 100 each	6	<u>600,000,000</u>	<u>600,000,000</u>
Retained earnings - Unappropriated (Deficit)		<u>84,203,387</u>	<u>(32,588,365)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>684,203,387</u>	<u>567,411,635</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>2,499,907,666</u>	<u>2,140,613,505</u>

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

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DIRECTOR



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3. RELATED PARTY TRANSACTIONS

During the years, the Company had significant business transactions with its related companies (related by way of shareholdings, common shareholders and/or directors). Such transactions, which have been concluded on the terms and basis as determined by the Company and those companies, are in the ordinary course of business, and are summarised as follows :-

	(Unit : Million Baht)	
	<u>2005</u>	<u>2004</u>
Purchase of supplies	5.1	19.0
Purchase of raw materials	176.3	35.0
Purchase of machinery	29.6	300.0
Sales of electricity and steam	225.6	21.4

The outstanding balances of the related party transactions have been shown as separate items in the balance sheets.

4. PROPERTY, PLANT AND EQUIPMENT - NET

	(Unit : Baht)								
	Land and land		Machinery		Furniture and		Construction		
	improvement	Plants	and	office	equipment	Vehicles	Software	in progress	Total
Cost :									
31 October 2004	13,207,149	334,591,360	1,527,062,143	3,535,554	780,000	4,439,149	6,499,710	1,890,115,065	
Purchases / transfer in	23,188,699	22,101,693	190,518,251	236,448	4,130,867	125,000	43,106,160	283,407,118	
Disposals / transfer out	-	-	-	-	-	-	(49,605,870)	(49,605,870)	
31 October 2005	<u>36,395,848</u>	<u>356,693,053</u>	<u>1,717,580,394</u>	<u>3,772,002</u>	<u>4,910,867</u>	<u>4,564,149</u>	<u>-</u>	<u>-</u>	<u>2,123,916,313</u>
Accumulated depreciation :									
31 October 2004	165,663	1,093,893	12,787,349	918,071	44,663	232,743	-	15,242,382	
Depreciation for the year	1,185,106	17,950,039	77,642,587	1,025,205	231,055	1,476,930	-	99,510,922	
31 October 2005	<u>1,350,769</u>	<u>19,043,932</u>	<u>90,429,936</u>	<u>1,943,276</u>	<u>275,718</u>	<u>1,709,673</u>	<u>-</u>	<u>114,753,304</u>	
Net book value :									
31 October 2005	<u>35,045,079</u>	<u>337,649,121</u>	<u>1,627,150,458</u>	<u>1,828,726</u>	<u>4,635,149</u>	<u>2,854,476</u>	<u>-</u>	<u>2,009,163,009</u>	
31 October 2004	<u>13,041,486</u>	<u>333,497,467</u>	<u>1,514,274,794</u>	<u>2,617,483</u>	<u>735,337</u>	<u>4,206,406</u>	<u>6,499,710</u>	<u>1,874,872,683</u>	
Depreciation charged for the year (included the earnings statements) :-									
2005								99,510,922	
2004								<u>15,169,348</u>	



Siuk factory