

Thai Carbon Black Public Company Limited  
and its subsidiaries  
Report and consolidated interim financial statements  
For the three-month and six-month periods ended  
30 June 2008 and 2007

## **Review report of Independent Auditor**

To the Shareholders of Thai Carbon Black Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Thai Carbon Black Public Company Limited and its subsidiaries as at 30 June 2008, the related consolidated statements of income for the three-month and six-month periods ended 30 June 2008 and 2007 and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month periods then ended, and the separate financial statements of Thai Carbon Black Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to report on these financial statements based on my reviews. The consolidated interim financial statements include the financial statements of an overseas subsidiary which were reviewed by another auditor. The financial statements for the three-month and six-month periods ended 30 June 2008 and 2007 of this subsidiary showed total assets as at 30 June 2008 of Baht 1,089 million (31 December 2007: Baht 1,009 million), total revenues for the three-month and six-month periods ended 30 June 2008 of Baht 193 million and Baht 330 million, respectively (30 June 2007: Baht 90 million and Baht 211 million, respectively) and net income for the three-month and six-month periods then ended of Baht 7 million and Baht 21 million, respectively (30 June 2007: net loss for the three-month and six-month periods of Baht 22 million and Baht 46 million, respectively). The review report of that auditor has been furnished to me; and my report, insofar as it relates to the amounts included in the consolidated financial statements in respect of that subsidiary, is based solely on the report of that auditor.

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

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

I have previously audited the consolidated financial statements of Thai Carbon Black Public Company Limited and its subsidiaries, and the separate financial statements of Thai Carbon Black Public Company Limited, for the year ended 31 December 2007 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements, based on my audit and the other auditor's report, under my report dated 27 February 2008. The consolidated and separate balance sheets as at 31 December 2007, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Narong Puntawong  
Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited  
Bangkok: 11 August 2008

## Thai Carbon Black Public Company Limited and its subsidiaries

## Balance sheets

(Expressed in Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	1,321,478	1,185,190	1,301,376	1,122,475
Trade accounts receivable				
Related parties	2, 3 37,401	36,154	37,401	37,137
Unrelated parties	3 1,434,408	1,163,802	1,372,437	1,137,846
Total trade accounts receivable	1,471,809	1,199,956	1,409,838	1,174,983
Inventories - net	943,569	1,138,672	789,098	984,123
Other current assets				
Advances for purchases of raw materials	39,000	2,252	-	-
Input tax refundable	68,534	88,990	27,683	59,278
Others	93,520	32,841	90,971	30,751
Total other current assets	201,054	124,083	118,654	90,029
<b>Total current assets</b>	<b>3,937,910</b>	<b>3,647,901</b>	<b>3,618,966</b>	<b>3,371,610</b>
<b>Non-current assets</b>				
Investments in subsidiary companies	4 -	-	668,444	668,444
Investments in associated companies	5 1,885,649	1,622,847	706,768	706,768
Investment in related parties	6 398,883	398,883	501,085	501,085
Advances for purchases of property, plant and equipment	105,390	62,557	105,390	62,557
Property, plant and equipment - net	7 2,331,056	2,295,910	1,598,692	1,572,325
Other non-current assets	21,550	21,803	12,482	13,088
<b>Total non-current assets</b>	<b>4,742,528</b>	<b>4,402,000</b>	<b>3,592,861</b>	<b>3,524,267</b>
<b>Total assets</b>	<b>8,680,438</b>	<b>8,049,901</b>	<b>7,211,827</b>	<b>6,895,877</b>

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

## Thai Carbon Black Public Company Limited and its subsidiaries

## Balance sheets (continued)

(Expressed in Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2008	31 December 2007	30 June 2008	31 December 2007
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	8	358,683	361,014	-	-
Trade accounts payable					
Related parties	2	15,607	6,858	45,702	6,858
Unrelated parties		227,916	142,120	78,026	72,152
Total trade accounts payable		243,523	148,978	123,728	79,010
Current portion of long-term loans	9	66,129	66,559	-	-
Other current liabilities					
Corporate income tax payable		96,855	109,894	96,855	109,894
Accrued expenses		178,542	129,946	178,542	119,696
Others		50,077	64,713	28,049	45,963
		325,474	304,553	303,446	275,553
<b>Total current liabilities</b>		<b>993,809</b>	<b>881,104</b>	<b>427,174</b>	<b>354,563</b>
<b>Non-current liabilities</b>					
Long-term loans, net of current portion	9	70,701	104,439	-	-
Provision for employee retirement benefits		70,851	72,506	70,851	72,506
<b>Total non-current liabilities</b>		<b>141,552</b>	<b>176,945</b>	<b>70,851</b>	<b>72,506</b>
<b>Total liabilities</b>		<b>1,135,361</b>	<b>1,058,049</b>	<b>498,025</b>	<b>427,069</b>

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

(Unaudited but reviewed)

**Thai Carbon Black Public Company Limited and its subsidiaries**

**Balance sheets(continued)**

(Expressed in Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
	<u>Note</u>	<u>30 June 2008</u>	<u>31 December 2007</u>	<u>30 June 2008</u>	<u>31 December 2007</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>					
Share capital					
Registered issued and fully paid up					
		300,000	300,000	300,000	300,000
300,000,000 ordinary shares of Baht1 each					
Paid-in capital					
		930,000	930,000	930,000	930,000
Share premium					
Translation adjustment					
		(23,300)	(44,855)	-	-
Subsidiary companies					
	5	(225,181)	(247,309)	-	-
Associated companies					
Retained earnings					
		30,000	30,000	30,000	30,000
Appropriated- statutory reserve					
		6,485,201	5,980,897	5,453,802	5,208,808
Unappropriated					
Equity attributable to the company's					
		7,496,720	6,948,733	6,713,802	6,468,808
shareholders					
Minority interest- equity attributable to					
		48,357	43,119	-	-
minority shareholders of subsidiaries					
<b>Total shareholders equity</b>					
		7,545,077	6,991,852	6,713,802	6,468,808
<b>Total liabilities and shareholdersequity</b>					
		8,680,438	8,049,901	7,211,827	6,895,877
		0	0	0	0

The accompanying notes are an integral part of the financial statements

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Directors  
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(Unaudited but reviewed)

**Thai Carbon Black Public Company Limited and its subsidiaries****Income statements****For the three-month periods ended 30 June 2008 and 2007**

(Expressed in Thousand Baht except basic earnings per share in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<b>Revenues</b>					
Sales		2,312,604	1,645,179	2,183,232	1,566,611
Share of income from investments in associated companies	5	145,827	77,803	-	-
Other income					
Dividend income		33,765	11,387	33,765	11,387
Interest income		7,365	10,292	7,290	10,316
Gain on exchange rate		27,700	-	19,008	-
Others		8,003	10,892	4,169	2,959
Total other income		76,833	32,571	64,232	24,662
<b>Total revenues</b>		<b>2,535,264</b>	<b>1,755,553</b>	<b>2,247,464</b>	<b>1,591,273</b>
<b>Expenses</b>					
Cost of sales		1,940,057	1,187,140	1,830,866	1,113,393
Selling and administrative expenses		141,802	126,679	122,225	104,759
Loss on exchange rate		-	13,859	-	8,573
<b>Total expenses</b>		<b>2,081,859</b>	<b>1,327,678</b>	<b>1,953,091</b>	<b>1,226,725</b>
<b>Income before interest expenses and corporate income tax</b>					
Corporate income tax		453,405	427,875	294,373	364,548
Interest expenses		(6,237)	(9,829)	-	(29)
Corporate income tax	10	(44,224)	(70,081)	(44,225)	(70,081)
<b>Net income for the period</b>		<b>402,944</b>	<b>347,965</b>	<b>250,148</b>	<b>294,438</b>
		-	-	-	-
<b>Net income (loss) attributable to:</b>					
Equity holders of the parent		402,114	350,684	250,148	294,438
Minority interests of the subsidiaries		830	(2,719)		
		<b>402,944</b>	<b>347,965</b>		
<b>Basic earnings per share</b>					
Net income attributable to equity holders of the parent		1.34	1.17	0.83	0.98

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

(Unaudited but reviewed)

**Thai Carbon Black Public Company Limited and its subsidiaries****Income statements**

For the six-month periods ended 30 June 2008 and 2007

(Expressed in Thousand Baht except basic earnings per share in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<b>Revenues</b>					
Sales		4,480,304	3,387,479	4,284,339	3,240,061
Share of income from investments in associated companies		240,675	143,446	-	-
Other income					
Dividend income		33,765	26,928	33,765	26,928
Interest income		14,104	18,870	13,968	18,870
Gain on exchange rate		27,847	-	1,289	-
Others		12,559	22,346	8,447	10,169
Total other income		88,275	68,144	57,469	55,967
<b>Total revenues</b>		<b>4,809,254</b>	<b>3,599,069</b>	<b>4,341,808</b>	<b>3,296,028</b>
<b>Expenses</b>					
Cost of sales		3,671,139	2,525,296	3,511,507	2,383,748
Selling and administrative expenses		248,435	250,705	215,828	206,345
Loss on exchange rate		-	18,740	-	17,687
<b>Total expenses</b>		<b>3,919,574</b>	<b>2,794,741</b>	<b>3,727,335</b>	<b>2,607,780</b>
<b>Income before interest expenses and corporate income tax</b>					
<b>corporate income tax</b>		889,680	804,328	614,473	688,248
Interest expenses		(13,450)	(21,707)	(7)	(33)
Corporate income tax	10	(99,472)	(128,761)	(99,472)	(128,761)
<b>Net income for the period</b>		<b>776,758</b>	<b>653,860</b>	<b>514,994</b>	<b>559,454</b>
		-	-	-	-
<b>Net income (loss) attributable to:</b>					
Equity holders of the parent		774,304	659,458	514,994	559,454
Minority interests of the subsidiaries		2,454	(5,598)		
		<b>776,758</b>	<b>653,860</b>		
<b>Basic earnings per share</b>					
Net income attributable to equity holders of the parent		2.58	2.20	1.72	1.86

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



(Unaudited but reviewed)

**Thai Carbon Black Public Company Limited and its subsidiaries****Statements of cash flows****For the six-month periods ended 30 June 2008 and 2007**

(Expressed in Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities</b>				
Net income before tax	876,230	782,621	614,466	688,215
Adjustments to reconcile net income to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	115,822	118,682	79,620	83,911
Gain on sales of equipment	(1,655)	(438)	(1,655)	(438)
Allowance for stock obsolescences (reversal)	428	(16,193)	-	-
Dividend income	(33,765)	(26,928)	(33,765)	(26,928)
Share of income from investments				
in associated companies	(240,675)	(143,446)	-	-
Unrealised (gain)loss on exchange	(8,363)	1,928	(8,363)	5,811
Unrealised loss on energy swap contracts	25,644	-	25,644	-
Provision for employee retirement benefit	2,931	6,565	2,931	6,565
Interest expenses	13,450	21,707	7	33
Income from operating activities before changes in operating assets and liabilities	750,047	744,498	678,885	757,169
Operating assets (increase) decrease				
Trade accounts receivable	(262,556)	74,927	(226,492)	70,492
Inventories	194,675	170,759	195,025	34,251
Other current assets	(76,972)	1,747	(28,625)	(10,151)
Other assets	45	1,001	46	840
Operating liabilities increase (decrease)				
Trade accounts payable	94,544	(10,350)	44,717	12,147
Other current liabilities	14,684	28,245	15,288	20,128
Payment for employee retirement benefit	(4,585)	(3,324)	(4,585)	(3,324)
Cash flows from operating activities	709,882	1,007,503	674,259	881,552
Cash paid for interest expenses	(7,083)	(21,680)	(7)	(28)
Cash paid for corporate income tax	(112,511)	(115,024)	(112,511)	(115,025)
<b>Net cash flows from operating activities</b>	<b>590,288</b>	<b>870,799</b>	<b>561,741</b>	<b>766,499</b>

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

(Unaudited but reviewed)

**Thai Carbon Black Public Company Limited and its subsidiaries****Statements of cash flows (continued)**

For the six-month periods ended 30 June 2008 and 2007

(Expressed in Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash flows from investing activities</b>				
Dividend income	33,765	26,928	33,765	26,928
Addition investments in subsidiary companies	-	-	-	(181,327)
Proceeds from capital reduction of shares				
of related company	-	20,037	-	20,037
Advances for purchase of property, plant and equipment	(42,834)	(51,402)	(42,834)	(54,232)
Acquisition of property, plant and equipment	(110,285)	(114,599)	(105,426)	(106,727)
Cash receipt from sales of equipment	1,655	438	1,655	438
<b>Net cash used in investing activities</b>	<b>(117,699)</b>	<b>(118,598)</b>	<b>(112,840)</b>	<b>(294,883)</b>
<b>Cash flows from financing activities</b>				
Decrease in short-term loans				
from financial institutions	(2,330)	(163,732)	-	(6,690)
Repayment of long-term loans	(34,169)	(40,408)	-	-
Dividend paid	(270,001)	(210,000)	(270,000)	(210,000)
<b>Net cash used in financing activities</b>	<b>(306,500)</b>	<b>(414,140)</b>	<b>(270,000)</b>	<b>(216,690)</b>
<b>Decrease in translation adjustment</b>	<b>(29,801)</b>	<b>(2,708)</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>136,288</b>	<b>335,353</b>	<b>178,901</b>	<b>254,926</b>
Cash and cash equivalents at beginning of period	1,185,190	875,667	1,122,475	824,442
<b>Cash and cash equivalents at end of period</b>	<b>1,321,478</b>	<b>1,211,020</b>	<b>1,301,376</b>	<b>1,079,368</b>
	-	-	-	-

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

(Unaudited but reviewed)

(Unaudited but reviewed )

**Thai Carbon Black Public Company Limited and its subsidiaries**

**Statements of changes in shareholders' equity**

**For the six -month periods ended 30 June 2008 and 2007**

(Unit : Thousand Baht )

<b>Consolidated financial statements</b>								
	Issued and paid -up share capital	Share premium	Translation adjustment		Retained earnings		Minority interest	Total
			Subsidiary companies	Associated companies	Appropriated	Unappropriated	to minority shareholders of subsidiaries	
<b>Balance as at 31 December 2006 (Audited )</b>	300 ,000	930 ,000	(13 ,068 )	(192 ,958 )	30 ,000	4,893 ,438	21 ,962	5,969 ,374
Unrealised item in income statements								
Translation adjustment	-	-	(42 ,174 )	(13 ,224 )	-	-	31 ,995	(23 ,403 )
Dividend paid (Note 11 )	-	-	-	-	-	(210 ,000 )	-	(210 ,000 )
Net income (loss ) for the period	-	-	-	-	-	659 ,458	(5,598 )	653 ,860
<b>Balance as at 30 June 2007</b>	<u>300 ,000</u>	<u>930 ,000</u>	<u>(55 ,242 )</u>	<u>(206 ,182 )</u>	<u>30 ,000</u>	<u>5,342 ,896</u>	<u>48 ,359</u>	<u>6,389 ,831</u>
<b>Balance as at 31 December 2007 (Audited )</b>	300 ,000	930 ,000	(44 ,855 )	(247 ,309 )	30 ,000	5,980 ,897	43 ,119	6,991 ,852
Unrealised item in income statements								
Translation adjustment	-	-	21 ,555	22 ,128	-	-	2,784	46 ,467
Dividend paid (Note 11 )	-	-	-	-	-	(270 ,000 )	-	(270 ,000 )
Net income for the period	-	-	-	-	-	774 ,304	2,454	776 ,758
<b>Balance as at 30 June 2008</b>	<u>300 ,000</u>	<u>930 ,000</u>	<u>(23 ,300 )</u>	<u>(225 ,181 )</u>	<u>30 ,000</u>	<u>6,485 ,201</u>	<u>48 ,357</u>	<u>7,545 ,077</u>

The accompanying notes are an integral part of the financial statements

(Unaudited but reviewed)

(Unaudited but reviewed)

**Thai Carbon Black Public Company Limited and its subsidiaries**

**Statements of changes in shareholders' equity (continued)**

**For the six-month periods ended 30 June 2008 and 2007**

(Unit: Thousand Baht)

**Separate financial statements**

	Issued and		Retained earnings		Total
	paid-up share capital	Share premium	Appropriated	Unappropriated	
<b>Balance as at 31 December 2006 (Audited)</b>	300,000	930,000	30,000	4,335,782	5,595,782
Dividend paid (Note 11)	-	-	-	(210,000)	(210,000)
Net income for the period	-	-	-	559,454	559,454
<b>Balance as at 30 June 2007</b>	<u>300,000</u>	<u>930,000</u>	<u>30,000</u>	<u>4,685,236</u>	<u>5,945,236</u>
<b>Balance as at 31 December 2007 (Audited)</b>	300,000	930,000	30,000	5,208,808	6,468,808
Dividend paid (Note 11)	-	-	-	(270,000)	(270,000)
Net income for the period	-	-	-	514,994	514,994
<b>Balance as at 30 June 2008</b>	<u>300,000</u>	<u>930,000</u>	<u>30,000</u>	<u>5,453,802</u>	<u>6,713,802</u>

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

**Thai Carbon Black Public Company Limited and its subsidiaries**

**Notes to consolidated interim financial statements**

**For the three-month and six-month periods ended 30 June 2008 and 2007**

**1. General information**

**1.1 Corporate information**

Thai Carbon Black Public Company Limited is a public company incorporated and domiciled in Thailand. It is principally engaged in the manufacture and distribution of carbon black for sales to both local and overseas markets. The Company has a registered address at 44 Moo 1, Ayuthaya-Angthong Highway, Tambol Posa, Amphur Muang, Angthong while its head office is located at 888/122,128 Mahatun Plaza Building, Ploenchit Road, Lumpini, Patumwan, Bangkok.

**1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 (revised 2007) "Interim Financial Statements", with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

**1.3 Accounting Standards which are effective for the current year**

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts

TAS 51 Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that TAS 29, TAS 33, TAS 43 and TAS 49 are not relevant to the business of the Company, whereas TAS 25, TAS 31, TAS 35, TAS 39, TAS 41 and TAS 51 do not have any significant impact on the financial statements for the current period.

#### 1.4 Basis of consolidation

These consolidated interim financial statements include the financial statements of Thai Carbon Black Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2007, with no changes in the shareholding structure of the subsidiary companies during the period.

#### 1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2007.

## 2. Related party transactions

During the periods, the Company had significant business transactions with related parties. These transactions arose in the ordinary course of businesses and were concluded on commercial terms and conditions agreed between the Company and those companies. The transactions have been charged at prices comparable to the market prices. Below is a summary of those transactions.

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b><u>Transactions with subsidiary company</u></b>				
(eliminated from the consolidated financial statements)				
Purchase of goods	-	-	49.4	11.3
<b><u>Transactions with related parties</u></b>				
Purchase of goods	7.9	-	7.9	-
Share of production cost - steam power and electric power	103.9	97.0	103.9	97.0

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b><u>Transactions with subsidiary company</u></b>				
(eliminated from the consolidated financial statements)				
Purchase of goods	-	-	119.5	51.5
<b><u>Transactions with related parties</u></b>				
Purchase of goods	7.9	-	7.9	-
Share of production cost - steam power and electric power	198.3	187.6	198.3	187.6

The outstanding balances of the accounts as at 30 June 2008 and 31 December 2007 between the Company and those related parties are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
<b><u>Trade accounts receivable related parties</u></b>				
<b>Subsidiary company</b>				
Liaoning Birla Carbon Co., Ltd.	-	-	-	1.0
Total trade accounts receivable - subsidiary company	-	-	-	1.0
<b>Related company</b>				
Thai Rayon Public Co.,Ltd.	37.4	36.1	37.4	36.1
Total trade accounts receivable - related company	37.4	36.1	37.4	36.1
<b>Total trade accounts receivable - related parties</b>	<b>37.4</b>	<b>36.1</b>	<b>37.4</b>	<b>37.1</b>
<b><u>Trade accounts payable related parties</u></b>				
<b>Subsidiary company</b>				
Liaoning Birla Carbon Co., Ltd.	-	-	30.1	0.6
Total trade accounts payable subsidiary company	-	-	30.1	0.6
<b>Associated company</b>				
Aditya Birla Chemicals (Thailand) Ltd.	0.2	0.6	0.2	0.6
Total trade accounts payable associated company	0.2	0.6	0.2	0.6
<b>Related company</b>				
Alexandria Carbon Black CO.S.A.E.	14.6	5.4	14.6	5.4
Thai Rayon Public Co.,Ltd.	0.8	0.8	0.8	0.8
Total trade accounts payable - related company	15.4	6.2	15.4	6.2

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
<b>Total Trade accounts payable - related parties</b>	<b>15.6</b>	<b>6.8</b>	<b>45.7</b>	<b>6.8</b>

Guarantees of subsidiary company's credit facilities

Liaoning Birla Carbon Co., Ltd. entered into the credit facility agreements with two commercial banks in China. The facilities have been guaranteed by the Company for a maximum limit of USD 1.5 million for long-term loan facility and USD 3.6 million for the short-term loan facility.

Guarantees of related company's credit facilities

Alexandria Fiber Co., S.A.E. entered into credit facility agreements with two overseas financial institutions to obtain various types of credit facilities from them, with respective maximum credit lines of not exceeding USD 36.6 million and USD 8.0 million. The facilities have been guaranteed by the Company for a maximum limit of USD 6.3 million.

**3. Trade accounts receivable**

Most of the trade accounts receivable at the balance sheet date were within the credit terms and no receivables were more than 3 months past due.

**4. Investments in subsidiary companies**

These represent investments in ordinary shares in the following subsidiary companies:

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007
			(%)	(%)		
Liaoning Birla Carbon Co., Ltd.	Renminbi 157 Million	Renminbi 157 Million	89	89	662,469	662,469
Birla Carbon Mexico, S.A DE C.V.	Mexico Pesos 1.9 Million	Mexico Pesos 1.9 Million	98	98	5,975	5,975
<b>Total investment in subsidiary companies</b>					<b>668,444</b>	<b>668,444</b>



(Unaudited but reviewed)

During the three-month and six-month periods ended 30 June 2008 and 2007, the Company received no dividend income from its investments in subsidiaries.

## 5. Investments in associated companies

### 5.1 Details of investments in associated companies:

Company's name	Consolidated financial statements				
	Shareholding percentage		Cost		Carry
	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008
	(%)	(%)			
P.T. Indo Liberty Textiles	40	40	196,948	196,948	60,000
Aditya Birla Chemicals (Thailand) Ltd.	30	30	509,820	509,820	1,500,000
Alexandria Fiber S.A.E.*	14.4	14.4	-	-	-
Less: Translation adjustment			-	-	(2,000,000)
<b>Total</b>			<b>706,768</b>	<b>706,768</b>	<b>1,800,000</b>

Company's name	Separate financial statements		
	Shareholding percentage		Cost
	30 June 2008	31 December 2007	30 June 2008
	(%)	(%)	
P.T. Indo Liberty Textiles	40	40	196,948
Aditya Birla Chemicals (Thailand) Ltd.	30	30	509,820
<b>Total</b>			<b>706,768</b>

(\*Investment in this company has been transferred to investments in related parties during the second quarter of year 2007.)

During the six-month periods ended 30 June 2008 and 2007, the Company received no dividend income from its investments in associated companies.

### 5.2 Summarised financial information of associated companies

Company's name	Paid-up capital as at		Total assets as at		Total liabilities
	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008
P.T. Indo Liberty Textiles	Indonesian Rupiah 42.5	Indonesian Rupiah 42.5	1,281	1,426	379

(Unaudited but reviewed)

	million	million			
Aditya Birla Chemicals (Thailand) Ltd.	Baht 1,700	Baht 1,700	8,635	7,194	3,562
Alexandria Fiber S.A.E.*	-	-	-	-	-

(\*Investment in this company has been transferred to investments in related parties during the second quarter of year 2007.)

Share of income (loss) from investments in associated companies for the six-month periods ended 30 June 2008 and 2007 were determined based on the financial statements which were reviewed by their auditors.

## 6. Investments in related parties

These represent investments in ordinary shares of the following companies:

	(Unit: Thousand Baht)					
	Shareholding percentage		Consolidated		Separate	
	financial statements		financial statements		financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	(%)	(%)				
Alexandria Fiber S.A.E	14.40	14.40	163,754	163,754	265,956	265,956
Thai Epoxy and Allied Products Co., Ltd.	19.88	19.88	11,925	11,925	11,925	11,925
Thai Acrylic Fiber Co., Ltd.	15.98	15.98	223,204	223,204	223,204	223,204
			<u>398,883</u>	<u>398,883</u>	<u>501,085</u>	<u>501,085</u>

## 7. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2008 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 1 January 2008</b>	2,295,910	1,572,325
Acquisitions during period - at cost	109,387	104,528
Depreciation for period	(114,220)	(78,161)
Translation adjustment	39,979	-
<b>Net book value as at 30 June 2008</b>	<u>2,331,056</u>	<u>1,598,692</u>

## 8. Short-term loans from financial institutions

Short-term loans from financial institutions as at 30 June 2008 and 31 December 2007 consist of the following:

(Unaudited but reviewed)

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>30 June 2008</u>	<u>31 December 2007</u>	<u>30 June 2008</u>	<u>31 December 2007</u>
		(Audited)		(Audited)
Short-term loans	358,683	361,014	-	-
Total	358,683	361,014	-	-

Short-term bank loans of the subsidiary amounting to Baht 238 million are guaranteed by the Company.

## 9. Long-term loans

These represent long-term loans, denominated in US dollar, obtained from two commercial banks by Liaoning Birla Carbon Co., Ltd. The first loan, with an outstanding balance at 30 June 2008 of USD 3.4 million, bears a SIBOR+1.25% interest rate and the second loan with an outstanding balance at 30 June 2008 of USD 0.7 million bears a LIBOR+0.75% interest rate the loans are repayable in semiannual installments until 2011. The second loan is guaranteed by the Company.

## 10. Corporate income tax

Interim corporate income tax of the Company were calculated on net income before income tax for the periods, after adding back expenses and deducting income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

## 11. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Thousand Baht)	<u>Dividend per share</u> (Baht)
Final dividends for 2006	The Annual General Meeting of the Company's shareholders on 26 April 2007	210,000	0.70
Total for 2007		210,000	0.70
Final dividends for 2007	The Annual General Meeting of the Company's shareholders on 29 April 2008	270,000	0.90
Total for 2008		270,000	0.90

## 12. Segment information

(Unaudited but reviewed)

The Company's and its subsidiaries' business operations involve one principle segment i.e. manufacture and distribution of carbon black, which is carried on both in Thailand and overseas.

The financial information of the Company and its subsidiary companies regarding geographic segment are as follows:

(Unit: Million Baht)

	The consolidated financial statements for the three-month periods ended 30 June							
	Domestic segment		Overseas segment		Elimination of inter- segment revenues		Consolidated financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue from sales	2,183	1,567	129	79	-	-	2,312	1,646
Inter-segment revenues	-	-	33	8	(33)	(8)	-	-
Total revenues	<u>2,183</u>	<u>1,567</u>	<u>162</u>	<u>87</u>	<u>(33)</u>	<u>(8)</u>	<u>2,312</u>	<u>1,646</u>
Segment income	220	349	1	(17)	-	-	221	332
Unallocated income and expenses								
Other income							49	32
Share of income of associated companies							146	77
Gain/(loss) on exchange							37	(14)
Interest expenses							(6)	(9)
Corporate income tax							(44)	(70)
Net income for the period							<u>403</u>	<u>348</u>

(Unit: Million Baht)

	The consolidated financial statements for the six-month periods ended 30 June							
	Domestic segment		Overseas segment		Elimination of inter- segment revenues		Consolidated financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue from sales	4,284	3,240	196	148	-	-	4,480	3,388

(Unaudited but reviewed)

Inter-segment revenues	<u>-</u>	<u>-</u>	<u>103</u>	<u>51</u>	<u>(103)</u>	<u>(51)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,284</u>	<u>3,240</u>	<u>299</u>	<u>199</u>	<u>(103)</u>	<u>(51)</u>	<u>4,480</u>	<u>3,388</u>
Segment income	556	650	4	(38)	-	-	560	612
Unallocated income and expenses:								
Other income							60	68
Share of income of associated companies							241	143
Gain/(loss) on exchange							28	(19)
Interest expenses							(13)	(21)
Corporate income tax							(99)	(129)
Net income for the period							<u>777</u>	<u>654</u>

(Unaudited but reviewed)

Transfer price between business segments are as set out in Note 2 to the financial statements.

The financial information by segment in the consolidated balance sheets are as follows:

(Unit: Million Baht)

	Domestic segment		Overseas segment		Elimination of inter-segment revenues		Consolidated financial statements	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2008	2007	2008	2007	2008	2007	2008	2007
Property, plant and equipment-net	1,598	1,572	733	724	-	-	2,331	2,296
Unallocated assets	5,614	5,324	1,140	766	(405)	(336)	6,349	5,754
Total assets	<u>7,212</u>	<u>6,896</u>	<u>1,873</u>	<u>1,490</u>	<u>(405)</u>	<u>(336)</u>	<u>8,680</u>	<u>8,050</u>

### 13. Commitments and contingent liabilities

#### 13.1 Capital commitments

As at 30 June 2008, the Company had capital commitments of approximately Baht 247.9 million relating to purchases of machinery.

#### 13.2 License agreement

In 1987, the Company entered into a license agreement with an overseas licensor, who agreed to provide the Company with technical know-how for the production and manufacture of carbon black. In return, the Company agreed to pay the licensor a license fee, to be calculated at a percentage of sales.

#### 13.3 Bank guarantees

As at 30 June 2008, the Company had outstanding letter of bank guarantees amounting to approximately Baht 13 million (31 December 2007: Baht 13 million) issued by the banks to meet normal business requirement of the Company.

### 14. Financial instruments

The Company and its subsidiaries are exposed to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

(Unaudited but reviewed)

Foreign exchange contracts outstanding at 30 June 2008 are summarised below.

<u>Foreign currency</u>	<u>Bought amount</u> (Million)	<u>Contract exchange rate</u>
US dollar	45.0	31.4280 – 33.6200
Euro	0.3	48.1700 – 48.6700
Yen	155.0	0.3068 – 0.3167

**15. Approval of financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 August 2008.