

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

Interim financial statements  
for the three-month and six-month periods ended  
30 September 2017

and

Independent auditor's report on  
review of interim financial information

## **Independent Auditor's Report on Review of Interim Financial Information**

### **To the Board of Directors of Thai Carbon Black Public Company Limited**

I have reviewed the accompanying consolidated and separate statements of financial position of Thai Carbon Black Public Company Limited and its subsidiary, and of Thai Carbon Black Public Company Limited, respectively, as at 30 September 2017; the consolidated and separate statements of income and comprehensive income for the three-month and six-month periods ended 30 September 2017, the consolidated and separate statements of changes in equity and cash flows for the six-month period ended 30 September 2017; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

#### *Scope of Review*

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

*Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

(Orawan Chunhakitpaisan)  
Certified Public Accountant  
Registration No. 6105

KPMG Phoomchai Audit Ltd.  
Bangkok  
14 November 2017

# Thai Carbon Black Public Company Limited and its Subsidiary

## Statement of financial position

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		30 September 2017 (Unaudited)	31 March 2017	30 September 2017 (Unaudited)	31 March 2017
<i>(in thousand Baht)</i>					
<b>Assets</b>					
<i>Current assets</i>					
Cash and cash equivalents		2,743,870	495,381	2,743,689	495,348
Short-term deposits at financial institutions	4	350,000	2,633,000	350,000	2,633,000
Trade accounts receivable	3, 5	1,205,574	892,643	1,205,574	892,643
Other current receivables	3	31,987	31,989	31,987	31,989
Inventories	6	1,383,436	766,860	1,383,436	766,860
Other current assets		83,474	158,587	83,334	158,485
<b>Total current assets</b>		<b>5,798,341</b>	<b>4,978,460</b>	<b>5,798,020</b>	<b>4,978,325</b>
<i>Non-current assets</i>					
Investments in equity-accounted investees	7	4,150,474	3,669,641	770,364	770,364
Investments in subsidiary	8	-	-	12,854	12,854
Other long-term investments	9	1,580,604	1,580,604	1,580,604	1,580,604
Long-term loan to related party	3	5,742,299	5,911,495	5,742,299	5,928,832
Long-term interest receivables	3	1,629,812	1,506,100	1,629,812	1,506,100
Property, plant and equipment	10	1,349,159	1,416,054	1,349,159	1,416,054
Intangible assets		18,241	20,673	18,241	20,673
Deferred tax assets	11	71,421	82,552	71,421	82,552
Other non-current assets		2,335	2,835	2,335	2,835
<b>Total non-current assets</b>		<b>14,544,345</b>	<b>14,189,954</b>	<b>11,177,089</b>	<b>11,320,868</b>
<b>Total assets</b>		<b>20,342,686</b>	<b>19,168,414</b>	<b>16,975,109</b>	<b>16,299,193</b>

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

# Thai Carbon Black Public Company Limited and its Subsidiary

## Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2017 (Unaudited)	31 March 2017	30 September 2017 (Unaudited)	31 March 2017
<i>(in thousand Baht)</i>					
<b>Liabilities and equity</b>					
<i>Current liabilities</i>					
Trade accounts payable	3	895,091	685,512	895,091	685,512
Other current payables	3	283,340	195,276	282,920	195,276
Current portion of long-term borrowing from financial institutions	12	155,674	160,653	155,674	160,653
Current income tax payable		147,837	112,337	147,837	112,337
Derivatives liabilities	18	29,483	107,888	29,483	107,888
<b>Total current liabilities</b>		<b>1,511,425</b>	<b>1,261,666</b>	<b>1,511,005</b>	<b>1,261,666</b>
<i>Non-current liabilities</i>					
Long-term borrowing from financial institutions	12	3,271,204	3,460,528	3,271,204	3,460,528
Non-current provisions for employee benefits	13	102,637	93,015	102,637	93,015
<b>Total non-current liabilities</b>		<b>3,373,841</b>	<b>3,553,543</b>	<b>3,373,841</b>	<b>3,553,543</b>
<b>Total liabilities</b>		<b>4,885,266</b>	<b>4,815,209</b>	<b>4,884,846</b>	<b>4,815,209</b>
<i>Shareholders' equity</i>					
Share capital:					
Authorized share capital		300,000	300,000	300,000	300,000
Issued and paid share capital		300,000	300,000	300,000	300,000
Share premium:					
Share premium on ordinary shares		930,000	930,000	930,000	930,000
Retained earnings					
Appropriated					
Legal reserve		30,000	30,000	30,000	30,000
Unappropriated		15,510,139	14,392,257	10,830,263	10,223,984
Other components of shareholders' equity		(1,312,719)	(1,299,052)	-	-
<b>Total shareholders' equity</b>		<b>15,457,420</b>	<b>14,353,205</b>	<b>12,090,263</b>	<b>11,483,984</b>
<b>Total liabilities and shareholders' equity</b>		<b>20,342,686</b>	<b>19,168,414</b>	<b>16,975,109</b>	<b>16,299,193</b>

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

## Thai Carbon Black Public Company Limited and its Subsidiary

### Statement of income (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		Three-month period ended		Three-month period ended	
		30 September		30 September	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
<b>Revenues</b>					
Revenues from sales		1,768,724	1,204,971	1,768,724	1,204,971
Dividend income	3, 7	48,577	-	48,577	-
Interest income	3	95,151	88,205	95,151	88,205
Net foreign exchange gain		-	6,601	-	6,601
Other income		1,049	893	1,049	893
<b>Total revenues</b>		<b>1,913,501</b>	<b>1,300,670</b>	<b>1,913,501</b>	<b>1,300,670</b>
<b>Expenses</b>					
Cost of sales of goods	3	1,187,455	861,806	1,187,455	861,806
Distribution costs	3	36,624	36,467	36,624	36,467
Administrative expenses	3	95,438	93,415	95,432	93,373
Net foreign exchange loss		63,839	-	63,839	-
Finance costs		34,343	32,986	34,343	32,986
<b>Total expenses</b>		<b>1,417,699</b>	<b>1,024,674</b>	<b>1,417,693</b>	<b>1,024,632</b>
<b>Share of profit of equity-accounted investees</b>					
Associates		268,138	131,830	-	-
<b>Total</b>		<b>268,138</b>	<b>131,830</b>	<b>-</b>	<b>-</b>
<b>Profit before income tax expense</b>		<b>763,940</b>	<b>407,826</b>	<b>495,808</b>	<b>276,038</b>
Tax expense		77,412	37,270	77,412	37,270
<b>Profit for the period</b>		<b>686,528</b>	<b>370,556</b>	<b>418,396</b>	<b>238,768</b>
<b>Basic earnings per share (in Baht)</b>	16	<b>2.29</b>	<b>1.24</b>	<b>1.39</b>	<b>0.80</b>

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

# Thai Carbon Black Public Company Limited and its Subsidiary

## Statement of comprehensive income (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Three-month period ended 30 September		Three-month period ended 30 September	
Note	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Profit for the period</b>	<b>686,528</b>	<b>370,556</b>	<b>418,396</b>	<b>238,768</b>
<b>Other comprehensive income</b>				
<i>Components of other comprehensive income that will be reclassified to profit or loss</i>				
Exchange differences on translating financial statements	(49,334)	53,048	-	-
<b>Total components of other comprehensive income that will be reclassified to profit or loss</b>	<b>(49,334)</b>	<b>53,048</b>	<b>-</b>	<b>-</b>
<i>Components of other comprehensive income that will not be reclassified to profit or loss</i>				
Loss on remeasurements of defined benefit plans	7 (6,274)	-	-	-
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	7 1,255	-	-	-
<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>	<b>(5,019)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income (expense) for the period, net of tax</b>	<b>(54,353)</b>	<b>53,048</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>632,175</b>	<b>423,604</b>	<b>418,396</b>	<b>238,768</b>

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

# Thai Carbon Black Public Company Limited and its Subsidiary

## Statement of income (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		Six-month period ended		Six-month period ended	
		30 September		30 September	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
<b>Revenues</b>					
Revenues from sales		3,588,042	2,282,754	3,588,042	2,282,754
Dividend income	3, 7	48,577	-	74,068	25,491
Interest income	3	192,130	174,188	192,130	174,188
Net foreign exchange gain		-	31,250	-	31,250
Other income		1,943	3,592	1,943	3,592
<b>Total revenues</b>		<b><u>3,830,692</u></b>	<b><u>2,491,784</u></b>	<b><u>3,856,183</u></b>	<b><u>2,517,275</u></b>
<b>Expenses</b>					
Cost of sales of goods	3, 6	2,413,284	1,586,227	2,413,284	1,586,227
Distribution costs	3	73,553	73,672	73,553	73,672
Administrative expenses	3	191,481	185,098	191,244	185,056
Net foreign exchange loss		96,437	-	96,437	-
Finance costs		71,141	64,286	71,141	64,286
<b>Total expenses</b>		<b><u>2,845,896</u></b>	<b><u>1,909,283</u></b>	<b><u>2,845,659</u></b>	<b><u>1,909,241</u></b>
<b>Share of profit of equity-accounted investees</b>					
Associates	3, 7	542,350	285,410	-	-
<b>Total</b>		<b><u>542,350</u></b>	<b><u>285,410</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Profit before income tax expense</b>		<b><u>1,527,146</u></b>	<b><u>867,911</u></b>	<b><u>1,010,524</u></b>	<b><u>608,034</u></b>
Income tax expense	15	160,385	79,063	160,385	79,063
<b>Profit for the period</b>		<b><u>1,366,761</u></b>	<b><u>788,848</u></b>	<b><u>850,139</u></b>	<b><u>528,971</u></b>
<b>Basic earnings per share (in Baht)</b>	16	<b><u>4.56</u></b>	<b><u>2.63</u></b>	<b><u>2.83</u></b>	<b><u>1.76</u></b>

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



# Thai Carbon Black Public Company Limited and its Subsidiary

## Statement of comprehensive income (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Six-month period ended 30 September		Six-month period ended 30 September	
Note	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Profit for the period</b>	<b>1,366,761</b>	<b>788,848</b>	<b>850,139</b>	<b>528,971</b>
<b>Other comprehensive income</b>				
<i>Components of other comprehensive income that will be reclassified to profit or loss</i>				
Exchange differences on translating financial statements	(13,667)	69,733	-	-
<b>Total components of other comprehensive income that will be reclassified to profit or loss</b>	<b>(13,667)</b>	<b>69,733</b>	<b>-</b>	<b>-</b>
<i>Components of other comprehensive income that will not be reclassified to profit or loss</i>				
Loss on remeasurements of defined benefit plans	7, 13 (11,099)	-	(4,825)	-
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	7, 11 2,220	-	965	-
<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>	<b>(8,879)</b>	<b>-</b>	<b>(3,860)</b>	<b>-</b>
<b>Other comprehensive income (expense) for the period, net of tax</b>	<b>(22,546)</b>	<b>69,733</b>	<b>(3,860)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>1,344,215</b>	<b>858,581</b>	<b>846,279</b>	<b>528,971</b>

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

## Thai Carbon Black Public Company Limited and its Subsidiary

### Statement of changes in equity (Unaudited)

Consolidated financial statements							
			Retained earnings		Other components of shareholders' equity		
	Issued and paid share capital	Share premium	Legal reserve	Unappropriated	Translation of financial statements	Total other components of shareholders' equity	Total shareholders' equity
<i>Note</i>				<i>(in thousand Baht)</i>			
<b>Six-month period ended 30 September 2016</b>							
<b>Balance at 1 April 2016</b>	<b>300,000</b>	<b>930,000</b>	<b>30,000</b>	<b>12,279,597</b>	<b>(1,358,006)</b>	<b>(1,358,006)</b>	<b>12,181,591</b>
<b>Transactions with owners, recorded directly in equity</b>							
Dividends to owners of the Company	17	-	-	(180,000)	-	-	(180,000)
<b>Total transactions with owners, recorded directly in equity</b>		-	-	<b>(180,000)</b>	-	-	<b>(180,000)</b>
<b>Comprehensive income for the period</b>							
Profit		-	-	788,848	-	-	788,848
Other comprehensive income		-	-	-	69,733	69,733	69,733
<b>Total comprehensive income for the period</b>		-	-	<b>788,848</b>	<b>69,733</b>	<b>69,733</b>	<b>858,581</b>
<b>Balance at 30 September 2016</b>	<b>300,000</b>	<b>930,000</b>	<b>30,000</b>	<b>12,888,445</b>	<b>(1,288,273)</b>	<b>(1,288,273)</b>	<b>12,860,172</b>

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

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

**Statement of changes in equity (Unaudited)**

<b>Consolidated financial statements</b>								
		<u>Retained earnings</u>			<u>Other components of shareholders' equity</u>			
	<i>Note</i>	Issued and paid share capital	Share premium	Legal reserve	Unappropriated	Translation of financial statements	Total other components of shareholders' equity	Total shareholders' equity
<i>(in thousand Baht)</i>								
<b>Six-month period ended 30 September 2017</b>								
<b>Balance at 1 April 2017</b>		<b>300,000</b>	<b>930,000</b>	<b>30,000</b>	<b>14,392,257</b>	<b>(1,299,052)</b>	<b>(1,299,052)</b>	<b>14,353,205</b>
<b>Transactions with owners, recorded directly in equity</b>								
Dividends to owners of the Company	<i>17</i>	-	-	-	(240,000)	-	-	(240,000)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(240,000)</b>	<b>-</b>	<b>-</b>	<b>(240,000)</b>
<b>Comprehensive income for the period</b>								
Profit		-	-	-	1,366,761	-	-	1,366,761
Other comprehensive income		-	-	-	(8,879)	(13,667)	(13,667)	(22,546)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,357,882</b>	<b>(13,667)</b>	<b>(13,667)</b>	<b>1,344,215</b>
<b>Balance at 30 September 2017</b>		<b>300,000</b>	<b>930,000</b>	<b>30,000</b>	<b>15,510,139</b>	<b>(1,312,719)</b>	<b>(1,312,719)</b>	<b>15,457,420</b>

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

## Thai Carbon Black Public Company Limited and its Subsidiary

### Statement of changes in equity (Unaudited)

	Note	Issued and paid share capital	Share premium	Separate financial statements		Total shareholders' equity
				Legal reserve	Retained earnings Unappropriated	
<i>(in thousand Baht)</i>						
<b>Six-month period ended 30 September 2016</b>						
<b>Balance at 1 April 2016</b>		<b>300,000</b>	<b>930,000</b>	<b>30,000</b>	<b>9,219,193</b>	<b>10,479,193</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends to owners of the Company	17	-	-	-	(180,000)	(180,000)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(180,000)</b>	<b>(180,000)</b>
<b>Comprehensive income for the period</b>						
Profit		-	-	-	528,971	528,971
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>528,971</b>	<b>528,971</b>
<b>Balance at 30 September 2016</b>		<b>300,000</b>	<b>930,000</b>	<b>30,000</b>	<b>9,568,164</b>	<b>10,828,164</b>

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

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Statement of changes in equity (Unaudited)**

	Note	Issued and paid share capital	Share premium	Separate financial statements		Total shareholders' equity
				Legal reserve	Retained earnings Unappropriated	
<i>(in thousand Baht)</i>						
<b>Six-month period ended 30 September 2017</b>						
<b>Balance at 1 April 2017</b>		<b>300,000</b>	<b>930,000</b>	<b>30,000</b>	<b>10,223,984</b>	<b>11,483,984</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends to owners of the Company	17	-	-	-	(240,000)	(240,000)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(240,000)</b>	<b>(240,000)</b>
<b>Comprehensive income for the period</b>						
Profit		-	-	-	850,139	850,139
Other comprehensive income		-	-	-	(3,860)	(3,860)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>846,279</b>	<b>846,279</b>
<b>Balance at 30 September 2017</b>		<b>300,000</b>	<b>930,000</b>	<b>30,000</b>	<b>10,830,263</b> <sup>(1)</sup>	<b>12,090,263</b>

(1) To comply with the requirements of Foreign Business Act license, an amount of Baht 510 million is required to be maintained as a minimum amount of unappropriated retained earnings

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

## Thai Carbon Black Public Company Limited and its Subsidiary

### Statement of cash flows (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		Six-month period ended		Six-month period ended	
		30 September		30 September	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
<b><i>Cash flows from operating activities</i></b>					
Profit for the period		1,366,761	788,848	850,139	528,971
<i>Adjustments to reconcile profit to cash receipts</i>					
Depreciation and amortisation		93,020	98,098	93,020	98,098
(Reversal) provision of loss on inventories deterioration	6	(2,340)	6,451	(2,340)	6,451
Dividend income	3, 7	(48,577)	-	(74,068)	(25,491)
Interest income		(192,130)	(174,188)	(192,130)	(174,188)
Finance costs		56,278	48,941	56,278	48,941
Amortisation of deferred transaction cost	12	14,863	15,345	14,863	15,345
Unrealised loss on exchange rate		116,829	55,390	116,829	55,414
Unrealised gain on derivatives		(78,405)	(273,687)	(78,405)	(273,687)
Gain on disposal of property, plant and equipment		(584)	-	(584)	-
Share of profit of equity-accounted investees, net of tax	3, 7	(542,350)	(285,410)	-	-
Provision for employee benefits		5,305	4,994	5,305	4,994
Tax expense	15	160,385	79,063	160,385	79,063
		<u>949,055</u>	<u>363,845</u>	<u>949,292</u>	<u>363,911</u>
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(312,466)	31,295	(312,466)	31,295
Other current receivables		2	12,693	2	12,693
Inventories		(614,236)	(239,549)	(614,236)	(239,549)
Other current assets		66,106	(36,838)	66,145	(36,846)
Other non-current assets		500	184	500	184
Trade accounts payable		213,110	647,116	213,110	647,116
Other current payables		87,730	(2,836)	87,306	(2,836)
Net cash generated from operating		<u>389,801</u>	<u>775,910</u>	<u>389,653</u>	<u>775,968</u>
Employee benefit paid		(508)	-	(508)	-
Tax paid		<u>(112,789)</u>	<u>(25,228)</u>	<u>(112,789)</u>	<u>(25,228)</u>
<b>Net cash from operating activities</b>		<b><u>276,504</u></b>	<b><u>750,682</u></b>	<b><u>276,356</u></b>	<b><u>750,740</u></b>

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

## Thai Carbon Black Public Company Limited and its Subsidiary

### Statement of cash flows (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Six-month period ended		Six-month period ended	
	30 September		30 September	
Note	2017	2016	2017	2016
<i>(in thousand Baht)</i>				
<b><i>Cash flows from investing activities</i></b>				
Decrease in short-term deposits at financial institutions	2,283,000	-	2,283,000	-
Interest received	27,902	16,589	27,902	16,589
Dividend received	74,068	64,946	74,068	64,946
Purchase of property, plant and equipment	(22,922)	(32,961)	(22,922)	(32,961)
Proceeds from sale of property, plant and equipment	666	-	666	-
<b>Net cash from investing activities</b>	<b>2,362,714</b>	<b>48,574</b>	<b>2,362,714</b>	<b>48,574</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(56,794)	(49,066)	(56,794)	(49,066)
Dividends paid	(240,000)	(157,408)	(240,000)	(157,408)
Repayment of borrowing	12 (93,935)	-	(93,935)	-
<b>Net cash used in financing activities</b>	<b>(390,729)</b>	<b>(206,474)</b>	<b>(390,729)</b>	<b>(206,474)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,248,489</b>	<b>592,782</b>	<b>2,248,341</b>	<b>592,840</b>
Cash and cash equivalents at 1 April	495,381	2,382,505	495,348	2,382,410
<b>Cash and cash equivalents at 30 September</b>	<b>2,743,870</b>	<b>2,975,287</b>	<b>2,743,689</b>	<b>2,975,250</b>
<b><i>Non-cash transactions</i></b>				
Payables for purchases of machinery and equipment	46,458	62,714	46,458	62,714
Accrued dividend	5,356	27,557	5,356	27,557

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

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the three-month and six-month periods ended 30 September 2017 (Unaudited)**

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**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
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These notes form an integral part of the financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Company's authorised Directors on 14 November 2017.

## **1 General information**

Thai Carbon Black Public Company Limited, "the Company", is incorporated in Thailand and has its registered office and factory as follow:

Head office : 888/122 and 128, Mahatun Plaza Building, 16<sup>th</sup> Floor, Ploenchit Road, Lumpini, Patumwan, Bangkok, 10330.

Factory : 44 Moo 1, Ayuthaya-Angthong Highway, Posa, Muang, Angthong, 14000.

The Company was listed on the Stock Exchange of Thailand in 1990.

The major shareholders of the Company during the financial period were SKI Carbon Black (Mauritius) Limited (32.24%), Thai Rayon Public Company Limited (24.98%), and Asian Opps I Limited (15.99%).

The principal activities of the Group are the manufacture and sale of carbon black. Details of the Company's subsidiary and associates as at 30 September 2017 and 31 March 2017 are given in notes 7 and 8.

## **2 Basis of preparation of the financial statements**

### **(a) Statement of compliance**

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2016) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

**Thai Carbon Black Public Company Limited and its Subsidiary**  
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The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 March 2017. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiary for the year ended 31 March 2017.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 March 2017 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2017.

**(b) *Functional and presentation currency***

The interim financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

**(c) *Use of judgments and estimates***

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 March 2017.

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
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Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 18 - financial instruments.

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
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**3 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiary and associates are described in note 7 and 8. Relationships with key management and other related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation / nationality</b>	<b>Nature of relationships</b>
SKI Carbon Black (Mauritius) Limited	Mauritius	Major shareholder of the Company, 10% or more shareholding.
Thai Rayon Public Company Limited	Thailand	Major shareholder of the Company, 10% or more shareholding.
Thai Acrylic Fiber Co., Ltd.	Thailand	The Company has 10% or more shareholding, common directors.
Alexandria Fiber Co., S.A.E.	Egypt	The Company has 10% or more shareholding, common directors.
SKI Carbon Black (India) Pvt. Ltd.	India	Same ultimate parent company
Columbian Chemicals Company	U.S.A	Same ultimate parent company
Alexandria Carbon Black Company S.A.E.	Egypt	Same ultimate parent company
Aditya Birla Sciences Co., Ltd.	India	Same ultimate parent company
Columbian Chemicals Europa GmbH	German	Same ultimate parent company
Columbian Chemicals Korea Co., Ltd.	South Korea	Same ultimate parent company
Columbian Chemicals Brazil Ltda.	Brazil	Same ultimate parent company
Columbian International Chemicals Corporation	Georgia	Same ultimate parent company
Columbian Carbon Europa S.R.L.	Italy	Same ultimate parent company
Swiss Singapore Overseas Enterprises Pte. Ltd.	Singapore	Same ultimate parent company

**Thai Carbon Black Public Company Limited and its Subsidiary**  
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<b>Name of entities</b>	<b>Country of incorporation / nationality</b>	<b>Nature of relationships</b>
Aditya Birla Management Corporation Pvt. Ltd.	India	Same ultimate parent company
Columbian Carbon Spain S.L.	Spain	Same ultimate parent company
Key management personnel	Indian/Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for transactions with related parties are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Purchase of goods	With reference to market price
Interest income	LIBOR+3.5% per annum
Dividend	According to the declaration
Share of production cost - steam and electric power	With reference to market price
Expenses charged to/by related parties	Actual price
Royalty expense	3% of net sale deduct by shipping costs
Rental expenses	By mutual agreement

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the three-month and six-month periods ended 30 September 2017 (Unaudited)**

Significant transactions for the three-month and six-month periods ended 30 September 2017 and 2016 with related parties were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Three-month period ended 30 September</i>	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Associates</b>				
Interest income	86,331	78,256	86,331	78,256
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	<u>16,475</u>	<u>11,689</u>	<u>16,475</u>	<u>11,689</u>
<b>Total key management personnel compensation</b>	<b><u>16,475</u></b>	<b><u>11,689</u></b>	<b><u>16,475</u></b>	<b><u>11,689</u></b>
<b>Directors' remuneration</b>	<b><u>808</u></b>	<b><u>833</u></b>	<b><u>808</u></b>	<b><u>833</u></b>
<b>Other related parties</b>				
Dividend income	11,387	-	11,387	-
Share of production cost - steam and electric power				
	84,115	64,063	84,115	64,063
Expenses charged to related parties	32,446	10,267	32,446	10,267
Purchase of goods	320,397	19,283	320,397	19,283
Expenses charged by related parties	12,734	29,121	12,734	29,121
Royalty expense	16,900	-	16,900	-
Rental expenses	810	810	810	810

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the three-month and six-month periods ended 30 September 2017 (Unaudited)**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Six-month period ended 30 September</i>	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Associates</b>				
Interest income	173,235	154,199	173,235	154,199
Dividend income	-	-	25,491	25,491
Purchase of goods	-	44	-	44
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	<u>23,497</u>	<u>19,683</u>	<u>23,497</u>	<u>19,683</u>
<b>Total key management personnel compensation</b>	<b><u>23,497</u></b>	<b><u>19,683</u></b>	<b><u>23,497</u></b>	<b><u>19,683</u></b>
<b>Directors' remuneration</b>	<b><u>1,666</u></b>	<b><u>1,851</u></b>	<b><u>1,666</u></b>	<b><u>1,851</u></b>
<b>Other related parties</b>				
Dividend income	11,387	-	11,387	-
Share of production cost - steam and electric power	160,032	142,441	160,032	142,441
Expenses charged to related parties	46,562	23,044	46,562	23,044
Purchase of goods	550,539	22,947	550,539	22,947
Expenses charged by related parties	23,530	57,507	23,530	57,507
Royalty expense	35,705	-	35,705	-
Rental expenses	1,620	1,620	1,620	1,620

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the three-month and six-month periods ended 30 September 2017 (Unaudited)**

*Significant agreements with related parties*

As at 30 September 2017, the Group had the following significant agreements with related parties.

*Intercompany services agreement*

In April 2016, the Company entered into an intercompany services agreement with Columbian Chemicals Company, a related party, in which both parties agreed to provide certain management services including but not limited to executive support, finance, operation, human resources, sales and marketing, general administrative and project services support. Service fees will be mutually agreed.

*Royalty agreement*

In April 2017, the Company entered into a royalty agreement with Columbian International Chemicals Corporation, a related party, whereby Columbian International Chemicals Corporation agrees to support the Company with research and development program for new carbon black grades and improved carbon black production process by allowing the Company to use technical information and patent rights. The Company has agreed to pay royalty fee at the rate of 3% of net sale deducted by shipping costs. The term of this agreement is for 1 year being effective on the agreement date.

Balances as at 30 September 2017 and 31 March 2017 with related parties were as follows:

<i>Trade accounts receivable - related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	<i>(in thousand Baht)</i>			
Other related party	<u>56,790</u>	<u>46,645</u>	<u>56,790</u>	<u>46,645</u>
<b>Total</b>	<b><u>56,790</u></b>	<b><u>46,645</u></b>	<b><u>56,790</u></b>	<b><u>46,645</u></b>

<i>Other current receivables - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	<i>(in thousand Baht)</i>			
Other related parties	<u>6,272</u>	<u>18,143</u>	<u>6,272</u>	<u>18,143</u>
<b>Total</b>	<b><u>6,272</u></b>	<b><u>18,143</u></b>	<b><u>6,272</u></b>	<b><u>18,143</u></b>



**Thai Carbon Black Public Company Limited and its Subsidiary**  
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<i>Interest receivables - related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	<i>(in thousand Baht)</i>			
Associate	<u>1,629,812</u>	<u>1,506,100</u>	<u>1,629,812</u>	<u>1,506,100</u>
<b>Total</b>	<b><u>1,629,812</u></b>	<b><u>1,506,100</u></b>	<b><u>1,629,812</u></b>	<b><u>1,506,100</u></b>

<i>Long-term loan to related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	<i>(in thousand Baht)</i>			
Associate	<u>5,742,299</u>	<u>5,911,495</u>	<u>5,742,299</u>	<u>5,928,832</u>
<b>Total</b>	<b><u>5,742,299</u></b>	<b><u>5,911,495</u></b>	<b><u>5,742,299</u></b>	<b><u>5,928,832</u></b>

Movements during the six-month periods ended 30 September 2017 and 2016 of long-term loan to related party were as follows:

<i>Long-term loan to related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Associate</i>				
At 1 April	5,911,495	5,153,827	5,928,832	6,065,197
Unrealised loss on exchange	(186,533)	(95,134)	(186,533)	(95,134)
Share of net profit of an associate	17,337	-	-	-
Share of other comprehensive income of an associate	-	190,492	-	-
<b>At 30 September</b>	<b><u>5,742,299</u></b>	<b><u>5,249,185</u></b>	<b><u>5,742,299</u></b>	<b><u>5,970,063</u></b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
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*Loan agreement*

In 2011, the Company entered into a loan agreement with an associate in which the Company has lent a loan for an amount of USD 173 million, with an interest rate at LIBOR+3.5% per annum. This loan was scheduled to be repaid in July 2016. On 5 July 2016, the Company entered into an amendment agreement to extend the repayment date to July 2021 without changing any other conditions. The interest shall be compounded at the end of the respective interest period and payable along with the final repayment of the loan.

<i>Trade accounts payable - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	<i>(in thousand Baht)</i>			
Other related parties	<u>257,936</u>	<u>93,716</u>	<u>257,936</u>	<u>93,716</u>
<b>Total</b>	<b><u>257,936</u></b>	<b><u>93,716</u></b>	<b><u>257,936</u></b>	<b><u>93,716</u></b>

<i>Other current payables - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	<i>(in thousand Baht)</i>			
Other related parties	<u>62,183</u>	<u>17,277</u>	<u>62,183</u>	<u>17,277</u>
<b>Total</b>	<b><u>62,183</u></b>	<b><u>17,277</u></b>	<b><u>62,183</u></b>	<b><u>17,277</u></b>

**4 Short-term deposits at financial institutions**

As at 30 September 2017, the Company had short-term deposits at local financial institutions, amounting to Baht 350 million (*31 March 2017: Baht 2,633 million*), which was bearing interest at the rate of 1.80 - 1.85% per annum (*31 March 2017: 1.60 - 1.85% per annum*) and matured in October 2017.

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
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**5 Trade accounts receivable**

	<b>Consolidated and separate financial statements</b>	
	30 September	31 March
<i>Note</i>	2017	2017
	<i>(in thousand Baht)</i>	
Related party	3      56,790	46,645
Other parties	1,148,784	845,998
<b>Total</b>	<b>1,205,574</b>	<b>892,643</b>
<i>Less</i> allowance for doubtful accounts	-	-
<b>Net</b>	<b>1,205,574</b>	<b>892,643</b>
	2017	2016
	<i>(in thousand Baht)</i>	
Bad and doubtful debts expense for the six-month period ended 30 September	-	-

Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated and separate financial statements</b>	
	30 September	31 March
	2017	2017
	<i>(in thousand Baht)</i>	
<b>Related party</b>		
Within credit terms	56,790	46,645
	<b>56,790</b>	<b>46,645</b>
<i>Less</i> allowance for doubtful accounts	-	-
	<b>56,790</b>	<b>46,645</b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the three-month and six-month periods ended 30 September 2017 (Unaudited)**

	<b>Consolidated and separate financial statements</b>	
	30 September 2017	31 March 2017
<b>Other parties</b>		
Within credit terms	1,115,482	764,320
Overdue:		
Less than 3 months	<u>33,302</u>	<u>81,678</u>
	<b>1,148,784</b>	<b>845,998</b>
<i>Less</i> allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<b>1,148,784</b>	<b>845,998</b>
<b>Net</b>	<b><u>1,205,574</u></b>	<b><u>892,643</u></b>

The normal credit term granted by the Group ranges from 15 days to 120 days.

**6 Inventories**

	<b>Consolidated and separate financial statements</b>	
	30 September 2017	31 March 2017
	<i>(in thousand Baht)</i>	
Finished goods	354,446	279,733
Raw materials	803,023	301,351
Factory supplies and spare parts	124,286	149,812
Goods in transit	<u>126,928</u>	<u>63,551</u>
	1,408,683	794,447
<i>Less</i> allowance for inventories deterioration	<u>(25,247)</u>	<u>(27,587)</u>
<b>Net</b>	<b><u>1,383,436</u></b>	<b><u>766,860</u></b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the three-month and six-month periods ended 30 September 2017 (Unaudited)**

<i>Six-month period ended 30 September</i>	<b>Consolidated and separate financial statements</b>	
	2017	2016
	<i>(in thousand Baht)</i>	
Inventories recognised as an expense in ‘cost of sales of goods’:		
- Cost	2,415,624	1,579,776
- (Reversal) provision of losses on inventories deterioration	<u>(2,340)</u>	<u>6,451</u>
<b>Total</b>	<b><u>2,413,284</u></b>	<b><u>1,586,227</u></b>

**7 Investments in equity-accounted investees**

<i>Six-month period ended 30 September</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Associates</b>				
At 1 April	3,669,641	3,396,785	770,364	770,364
Share of net profits of equity- accounted investees	525,013	180,483	-	-
Share of other comprehensive income	(5,019)	-	-	-
Dividend income	(25,491)	(25,491)	-	-
Currency translation differences	<u>(13,670)</u>	<u>(15,807)</u>	<u>-</u>	<u>-</u>
<b>At 30 September</b>	<b><u>4,150,474</u></b>	<b><u>3,535,970</u></b>	<b><u>770,364</u></b>	<b><u>770,364</u></b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
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Investments in equity-accounted investees as at 30 September 2017 and 31 March 2017, and dividend income from those investments for the six-month periods ended 30 September 2017 and 2016 were as follows:

<b>Consolidated financial statements</b>												
Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		Dividend income for the six-month period ended		
		30 September 2017	31 March 2017	30 September 2017	31 March 2017	30 September 2017	31 March 2017	30 September 2017	31 March 2017	30 September 2017	30 September 2016	
(%)						(in thousand Baht)						
<b>Associates</b>												
P.T. Indo Liberty	Textiles											
Textiles	manufacturing	Indonesia	40.00	40.00	515,664	515,664	196,948	196,948	329,912	377,421	-	-
Aditya Birla Chemicals (Thailand) Limited	Chemical manufacturing	Thailand	29.99	29.99	1,700,000	1,700,000	509,820	509,820	3,538,828	3,292,220	25,491	25,491
Indigold Carbon (Mauritius) Limited	Investment holding	Mauritius	20.59	20.59	308,870	308,870	63,596	63,596	281,734	-	-	-
<b>Total</b>							<b>770,364</b>	<b>770,364</b>	<b>4,150,474</b>	<b>3,669,641</b>	<b>25,491</b>	<b>25,491</b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the three-month and six-month periods ended 30 September 2017 (Unaudited)**

As at 30 September 2017, investment in Indigold Carbon (Mauritius) Limited (“Indigold”) includes a long-term loan for a notional amount of USD 173 million, equivalent to Baht 5,742 million (*31 March 2017: USD 173 million, equivalent to Baht 5,929 million*), and interest receivables of USD 49 million, equivalent to Baht 1,630 million (*31 March 2017: USD 44 million, equivalent to Baht 1,506 million*).

For the six-month period ended 30 September 2017, the Group’s share in total comprehensive income of Indigold amounted to a gain of Baht 299 million (*30 September 2016: a gain of Baht 190 million*). Starting from the quarter that ended 30 September 2014, the Group’s share in accumulated total comprehensive loss of Indigold exceeded the carrying amount of the investment in shares. Since that quarter, the excess loss is adjusted to the loan investment in Indigold. Future reversals of losses are firstly be applied to the loan investment to the extent that such loss is previously applied against this loan investment and subsequently recognised in the investment in shares. In the separate financial statements of the Company, the investment in Indigold, in equity interest and loan receivable, is carried at cost.

During the six-month period ended 30 September 2017, the excess loss previously adjusted to the loan investment in Indigold is fully reversed due to gain position in share of total cumulative comprehensive income. Therefore, the share of profits in amount of Baht 282 million is recognised in the investment in shares of Indigold.

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	Separate financial statements										Dividend income		
	Ownership		Paid-up capital		Cost		Impairment		At cost - net		for the six-month		
	interest										period ended		
	30	31	30	31	30	31	30	31	30	31	30	30	
September	March	September	March	September	March	September	March	September	March	September	September		
2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2016	
		(%)											
<b>Associates</b>													
P.T. Indo Liberty Textiles	40.00	40.00	515,664	515,664	196,948	196,948	-	-	196,948	196,948	-	-	
Aditya Birla Chemicals													
(Thailand) Limited	29.99	29.99	1,700,000	1,700,000	509,820	509,820	-	-	509,820	509,820	25,491	25,491	
Indigold Carbon													
(Mauritius) Limited	20.59	20.59	308,870	308,870	63,596	63,596	-	-	63,596	63,596	-	-	
<b>Total</b>					<b>770,364</b>	<b>770,364</b>	<b>-</b>	<b>-</b>	<b>770,364</b>	<b>770,364</b>	<b>25,491</b>	<b>25,491</b>	



**Thai Carbon Black Public Company Limited and its Subsidiary**  
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**8 Investments in subsidiary**

Investments in subsidiary as at 30 September 2017 and 31 March 2017 and dividend income from the subsidiary for the six-month periods ended 30 September 2017 and 2016 were as follows:

Name of subsidiary	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the six-month period ended	
		30	31	30	31	30	31	30	31	30	31	30	30
		September	March	September	March	September	March	September	March	September	March	September	September
		2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2016
		(%)				(in thousand Baht)							
<b>Direct subsidiary</b>													
Birla Carbon Mexico, S.A. DE C.V.	Carbon Manufacturing	98	98	12,854	12,854	<u>12,854</u>	<u>12,854</u>	<u>-</u>	<u>-</u>	<u>12,854</u>	<u>12,854</u>	<u>-</u>	<u>-</u>
<b>Total</b>						<b><u>12,854</u></b>	<b><u>12,854</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>12,854</u></b>	<b><u>12,854</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
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**9 Other long-term investments**

	<b>Consolidate</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	<i>(in thousand Baht)</i>			
Cost of investments	1,744,358	1,744,358	1,846,560	1,846,560
Allowance for impairment loss	<u>(163,754)</u>	<u>(163,754)</u>	<u>(265,956)</u>	<u>(265,956)</u>
<b>Carrying amount of investments</b>	<b><u>1,580,604</u></b>	<b><u>1,580,604</u></b>	<b><u>1,580,604</u></b>	<b><u>1,580,604</u></b>

**10 Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the six-month periods ended 30 September 2017 and 2016 were as follows:

<i>Six-month period ended 30 September</i>	<b>Consolidated and separate financial statements</b>			
	2017		2016	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Machinery and equipment	18,024	-	43,602	-
Vehicles	2,694	(83)	-	-
Assets under construction	<u>17,737</u>	<u>(14,679)</u>	<u>29,625</u>	<u>-</u>
<b>Total</b>	<b><u>38,455</u></b>	<b><u>(14,762)</u></b>	<b><u>73,227</u></b>	<b><u>-</u></b>

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**11 Deferred tax**

Deferred tax assets and liabilities as at 30 September 2017 and 31 March 2017 were as follows:

	<b>Consolidated and separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
	<i>(in thousand Baht)</i>			
Total	87,233	101,337	(15,812)	(18,785)
Set off of tax	<u>(15,812)</u>	<u>(18,785)</u>	<u>15,812</u>	<u>18,785</u>
<b>Net deferred tax assets</b>	<b><u>71,421</u></b>	<b><u>82,552</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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Movements in total deferred tax assets and liabilities during the six-month periods ended 30 September 2017 and 2016 were as follows:

	<b>Consolidated and separate financial statements</b>			
	<b>(Charged) / Credited to:</b>			
	<b>At 1</b>		<b>other</b>	<b>At 30</b>
	<b>April</b>	<b>profit or</b>	<b>comprehensive</b>	<b>September</b>
	<b>2017</b>	<b>loss</b>	<b>income</b>	<b>2017</b>
	<i>(in thousand Baht)</i>			
<b><i>Deferred tax assets</i></b>				
Provision for impairment of other investments	53,191	-	-	53,191
Provision for employee benefits	18,219	1,343	965	20,527
Unrealised loss from derivatives	21,578	(15,681)	-	5,897
Provision for inventories deterioration	5,517	(468)	-	5,049
Others	2,832	(263)	-	2,569
<b>Total</b>	<b>101,337</b>	<b>(15,069)</b>	<b>965</b>	<b>87,233</b>
<b><i>Deferred tax liabilities</i></b>				
Deferred transaction cost	(18,785)	2,973	-	(15,812)
<b>Total</b>	<b>(18,785)</b>	<b>2,973</b>	<b>-</b>	<b>(15,812)</b>
<b>Net</b>	<b>82,552</b>	<b>(12,096)</b>	<b>965</b>	<b>71,421</b>

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**Notes to the financial statements**  
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	<b>Consolidated and separate financial statements</b>			
	<b>(Charged) / Credited to:</b>			
	<b>At 1</b>	<b>other</b>		<b>At 30</b>
	<b>April</b>	<b>profit or</b>	<b>comprehensive</b>	<b>September</b>
	<b>2016</b>	<b>loss</b>	<b>income</b>	<b>2016</b>
	<i>(in thousand Baht)</i>			
<b><i>Deferred tax assets</i></b>				
Provision for impairment of other				
long-term investment	53,191	-	-	53,191
Provision for employee benefits	18,632	3,589	-	22,221
Unrealised loss from derivatives	82,891	(54,738)	-	28,153
Others	5,015	(1,325)	-	3,690
<b>Total</b>	<b><u>159,729</u></b>	<b><u>(52,474)</u></b>	<b><u>-</u></b>	<b><u>107,255</u></b>
<b><i>Deferred tax liabilities</i></b>				
Deferred transaction cost	(24,895)	3,069	-	(21,826)
<b>Total</b>	<b><u>(24,895)</u></b>	<b><u>3,069</u></b>	<b><u>-</u></b>	<b><u>(21,826)</u></b>
<b>Net</b>	<b><u>134,834</u></b>	<b><u>(49,405)</u></b>	<b><u>-</u></b>	<b><u>85,429</u></b>

**12 Long-term borrowing from financial institutions**

	<b>Consolidated and separate</b>	
	<b>financial statements</b>	
	30 September	31 March
	2017	2017
	<i>(in thousand Baht)</i>	
<b><i>Current</i></b>		
Current portion of long-term borrowing from financial institutions	155,674	160,653
<b><i>Non-current</i></b>		
Long-term borrowing from financial institutions	3,271,204	3,460,528
	<b><u>3,426,878</u></b>	<b><u>3,621,181</u></b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
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Movements during the six-month periods ended 30 September 2017 and 2016 of long-term borrowing from financial institutions were as follows:

	<b>Consolidated and separate financial statements</b>	
	2017	2016
	<i>(in thousand Baht)</i>	
At 1 April	3,621,181	3,770,337
Repayment during period	(93,935)	-
Amortized deferred transaction cost	14,863	15,345
Exchange rate adjustments	<u>(115,231)</u>	<u>(57,546)</u>
<b>At 30 September</b>	<b><u>3,426,878</u></b>	<b><u>3,728,136</u></b>

On 18 December 2015, the Company entered into a long-term facility agreement for US\$ 110 million with several banks (“the new facility agreement”) to replace the US\$ 175 million facility agreement the Company entered into on 1 June 2011 (“the old facility agreement”). The Company drew a new loan under the new facility agreement with interest at LIBOR+1.75% per annum while repaid the old loan under the old facility agreement. The principal of the new loan is repayable starting from December 2016 and every six months thereafter till 21 December 2020. During the year ended 31 March 2017, all the mortgages of land, buildings and machineries under the old facility agreement are released. However, under the new facility agreement, negative pledge is required over all current and fixed assets of the Company.

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**13 Employee benefits obligations**

Movements during the six-month periods ended 30 September 2017 and 2016 of employee benefits obligations were as follows:

	<b>Consolidated and separate financial statements</b>	
	2017	2016
	<i>(in thousand Baht)</i>	
At 1 April	93,015	93,162
Current service cost	3,701	3,332
Interest on obligation	1,604	1,662
Actuarial losses recognised	4,825	-
Benefits paid during the period	(508)	-
<b>At 30 September</b>	<b><u>102,637</u></b>	<b><u>98,156</u></b>

Current service cost and interest on obligation is recognised in the administrative expenses in profit or loss.

**14 Segment information**

Management considers that the Group operates in a single line of business, namely carbon black, and has, therefore, only one reportable segment.

**15 Income tax expense**

*Income tax recognised in profit or loss*

	<i>Note</i>	<b>Consolidated and separate financial statements</b>	
		2017	2016
<i>Six-month period ended 30 September</i>		<i>(in thousand Baht)</i>	
Current tax expense		148,289	29,658
Deferred income tax	<i>11</i>	<u>12,096</u>	<u>49,405</u>
<b>Total income tax expense</b>		<b><u>160,385</u></b>	<b><u>79,063</u></b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
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*Income tax recognised in other comprehensive income*

<i>Six-month period ended 30 September</i>	<b>Consolidated financial statements</b>					
	2017			2016		
	<i>(in thousand Baht)</i>					
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Currency translation differences	(13,667)	-	(13,667)	69,733	-	69,733
Defined benefit plan actuarial losses	<u>(11,099)</u>	<u>2,220</u>	<u>(8,879)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>(24,766)</u></b>	<b><u>2,220</u></b>	<b><u>(22,546)</u></b>	<b><u>69,733</u></b>	<b><u>-</u></b>	<b><u>69,733</u></b>

<i>Six-month period ended 30 September</i>	<b>Separate financial statements</b>					
	2017			2016		
	<i>(in thousand Baht)</i>					
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Defined benefit plan actuarial losses	<u>(4,825)</u>	<u>965</u>	<u>(3,860)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>(4,825)</u></b>	<b><u>965</u></b>	<b><u>(3,860)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

The current tax expense in the consolidated and separate statements of income are different from the amount determined by applying the Thai corporation tax rate to the accounting profit for the period principally because:

- (a) a portion of the Group's profit was derived from promoted activities which are not subject to tax.
- (b) of the different treatment for accounting and taxation purposes of certain items of income / expense, in particular, dividend income and unrealised loss on derivatives.



**Thai Carbon Black Public Company Limited and its Subsidiary**  
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**16 Earnings per share**

*Basic earnings per share*

The calculations of basic earnings per share for the six-month periods ended 30 September 2017 and 2016 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Three-month period ended 30 September</i>	2017	2016	2017	2016
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company	<u>686,528</u>	<u>370,556</u>	<u>418,396</u>	<u>238,768</u>
Number of ordinary shares outstanding	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
<b>Earnings per share (basic) (in Baht)</b>	<b><u>2.29</u></b>	<b><u>1.24</u></b>	<b><u>1.39</u></b>	<b><u>0.80</u></b>

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Six-month period ended 30 September</i>	2017	2016	2017	2016
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company	<u>1,366,761</u>	<u>788,848</u>	<u>850,139</u>	<u>528,971</u>
Number of ordinary shares outstanding	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
<b>Earnings per share (basic) (in Baht)</b>	<b><u>4.56</u></b>	<b><u>2.63</u></b>	<b><u>2.83</u></b>	<b><u>1.76</u></b>

**Thai Carbon Black Public Company Limited and its Subsidiary**  
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**17 Dividends**

At the annual general meeting of the shareholders of the Company held on 19 July 2017, the shareholders approved the appropriation of dividends of Baht 0.80 per share, amounting to Baht 240 million. The dividends was paid to shareholders in August 2017.

At the annual general meeting of the shareholders of the Company held on 14 July 2016, the shareholders approved the appropriation of dividends of Baht 0.60 per share, amounting to Baht 180 million. The dividends was paid to shareholders in August 2016.

**18 Financial instruments**

*Carrying amounts and fair values*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<b>Consolidated and separate financial statements</b>	
	Carrying amount	Fair value Level 2
	<i>(in thousand Baht)</i>	
<b>30 September 2017</b>		
<b>Financial liabilities measured at fair value</b>		
Derivatives liabilities	29,483	29,483
<b>31 March 2017</b>		
<b>Financial liabilities measured at fair value</b>		
Derivatives liabilities	107,888	107,888

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**Measurement of fair values**

The fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

**19 Commitments and contingent liabilities with non-related parties**

	<b>Consolidated and separate financial statements</b>	
	30 September 2017	31 March 2017
	<i>(in thousand Baht)</i>	
<b><i>Capital commitments</i></b>		
Machinery and equipment	31,458	51,491
<b>Total</b>	<b>31,458</b>	<b>51,491</b>
<b><i>Non-cancellable operating lease commitments</i></b>		
Within one year	1,156	2,131
After one year but within five years	12	87
<b>Total</b>	<b>1,168</b>	<b>2,218</b>
<b><i>Other commitments</i></b>		
Bank guarantees for electricity use <i>(for own performance)</i>	12,548	12,548
<b>Total</b>	<b>12,548</b>	<b>12,548</b>

***Operating lease agreements***

The Group has various operating lease agreements for office, office equipment and vehicle rental. The period of agreements is variable from 1-4 years.

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*Bank guarantee and letter of credit*

As at 30 September 2017, the Company had outstanding bank guarantees issued by the bank for electricity use amounting to Baht 12 million (*31 March 2017: Baht 12 million*) and outstanding letter of credit issued by the banks to guarantee payments to creditors amounting to USD 0.04 million (*31 March 2017: USD 12 million and JPY 3 million*).

**20 Thai Financial Reporting Standards not yet adopted**

A number of revised Thai Financial Reporting Standards (“TFRS”) have been issued but are not yet effective and have not been applied in preparing these interim financial statements. Those revised TFRS that may be relevant to the Group’s operations, which become effective for annual financial periods beginning on or after 1 January 2018, are set out below. The Group does not plan to adopt these TFRS early.

<b>TFRS</b>	<b>Topic</b>
TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events After the Reporting Period
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 33 (revised 2017)	Earnings Per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible Assets

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<b>TFRS</b>	<b>Topic</b>
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TFRIC 4 (revised 2017)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment

Management is presently considering the potential impact of adopting and initially applying these revised TFRS on the consolidated and separate financial statements.