

Thai Carbon Black Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month and nine-month period ended
30 September 2010

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 September 2010, the related consolidated statements of income for three-month and nine-month periods ended 30 September 2010 and 2009, changes in shareholders' equity and cash flows for the nine-month periods ended 30 September 2010 and 2009, 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 other auditor. The financial statements for the nine-month periods ended 30 September 2010 of that subsidiary showed total assets of Baht 744 million (31 December 2009: Baht 817 million), total revenues for the three-month and nine-month periods ended 30 September 2010 of Baht 118 million and Baht 344 million, respectively (30 September 2009: Baht 143 million and Baht 273 million, respectively) and net loss for the three-month and nine-month periods ended 30 September 2010 of Baht 29 million and Baht 110 million, respectively (30 September 2009: net loss for the three-month and nine-month periods then ended of Baht 45 million and Baht 104 million, respectively). The review report of the other 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 reviews in accordance with the auditing standard 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 2009 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 19 February 2010. The consolidated and separate balance sheets as at 31 December 2009, 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: 12 November 2010

Thai Carbon Black Public Company Limited and its subsidiaries

Balance sheets

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements		
	30 September 2010	31 December 2009	30 September 2010	31 December 2009	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Assets					
Current assets					
Cash and cash equivalents	1,370,286	1,002,615	1,337,849	997,429	
Current investment	-	75,000	-	75,000	
Trade accounts receivable					
Related party	2, 3	106,102	44,669	106,102	44,669
Unrelated parties	3	1,544,918	1,246,404	1,497,770	1,229,136
Total trade accounts receivable		1,651,020	1,291,073	1,603,872	1,273,805
Advances for purchases of goods - subsidiary	2	-	-	20,118	-
Inventories - net	4	1,158,098	1,152,296	1,090,556	1,068,865
Other current assets					
Advances for purchases of raw materials		-	89,933	-	89,933
Input tax refundable		36,244	27,161	18,157	13,520
Others		47,699	43,739	21,213	12,970
Total other current assets		83,943	160,833	39,370	116,423
Total current assets		4,263,347	3,681,817	4,091,765	3,531,522
Non-current assets					
Investments in subsidiaries	5	-	-	673,959	673,860
Investments in associates	6	2,363,967	2,227,402	723,385	720,388
Other long-term investments	7	386,958	386,958	489,160	489,160
Long-term loan to subsidiary	2	-	-	30,274	-
Property, plant and equipment - net	8	2,977,827	2,950,183	2,434,327	2,316,087
Advances for purchases of machinery and equipment		11,500	5,249	11,500	5,249
Intangible assets - net		8,041	7,796	8,041	7,796
Other non-current assets		15,103	12,659	1,010	1,049
Total non-current assets		5,763,396	5,590,247	4,371,656	4,213,589
Total assets		10,026,743	9,272,064	8,463,421	7,745,111

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

Thai Carbon Black Public Company Limited and its subsidiaries

Balance sheets (continued)

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements		
	30 September 2010	31 December 2009	30 September 2010	31 December 2009	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	9	401,323	340,776	-	-
Trade accounts payable					
Related parties	2	5,808	12,198	5,808	42,644
Unrelated parties		184,724	248,754	91,609	140,539
Total trade accounts payable		190,532	260,952	97,417	183,183
Current portion of long-term loans	10	2,493	37,509	-	-
Other current liabilities					
Corporate income tax payable	11, 14	90,985	73,410	90,985	73,410
Payable for purchase of machinery and equipment		118,197	96,223	118,197	96,223
Accrued expenses		156,466	153,607	152,044	152,380
Others		45,104	62,102	21,645	22,414
Total other current liabilities		410,752	385,342	382,871	344,427
Total current liabilities		1,005,100	1,024,579	480,288	527,610
Non-current liabilities					
Provision for employee retirement benefits		94,365	90,288	94,365	90,288
Total non-current liabilities		94,365	90,288	94,365	90,288
Total liabilities		1,099,465	1,114,867	574,653	617,898
Shareholders' equity					

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

Thai Carbon Black Public Company Limited and its subsidiaries

Balance sheets (continued)

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	30 September 2010 (Unaudited but reviewed)	31 December 2009 (Audited)	30 September 2010 (Unaudited but reviewed)	31 December 2009 (Audited)
Share capital				
Registered, issued and fully paid up				
	300,000,000 ordinary shares of Baht 1 each	300,000	300,000	300,000
	Share premium	930,000	930,000	930,000
Translation adjustments				
	Subsidiary companies	(8,995)	6,822	-
6	Associated companies	(251,968)	(228,746)	-
Retained earnings				
	Appropriated - statutory reserve	30,000	30,000	30,000
	Unappropriated	7,928,241	7,112,937	6,628,768
Equity attributable to				
	the Company's shareholders	8,927,278	8,151,013	7,888,768
Minority interest - equity attributable to				
	minority shareholders of subsidiaries	-	6,184	-
Total shareholders' equity				
		8,927,278	8,157,197	7,888,768
Total liabilities and shareholders' equity				
		10,026,743	9,272,064	8,463,421
		-	-	-

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 September 2010 and 2009**

(Unit: Thousand Baht except basic earnings per share in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Revenues					
Sales		2,471,261	1,544,022	2,423,706	1,483,686
Other income					
Interest income		4,326	3,538	4,321	3,509
Gain on exchange		18,011	-	13,416	-
Others		2,906	3,852	2,889	3,696
Total other income		25,243	7,390	20,626	7,205
Total revenues		2,496,504	1,551,412	2,444,332	1,490,891
Expenses					
Cost of sales		2,011,480	1,175,284	1,957,670	1,108,512
Selling expenses		69,019	46,793	66,409	43,176
Administrative expenses		50,524	80,766	32,921	44,732
Management benefit expenses		7,499	6,523	6,732	6,249
Loss on exchange		-	4,638	-	4,613
Total expenses		2,138,522	1,314,004	2,063,732	1,207,282
Income before share of income from investment in associates					
Share of income from investment in associates	6	28,612	75,863	-	-
Income before finance cost and corporate income tax					
Finance cost		(3,991)	(2,708)	(60)	(135)
Income before corporate income tax		382,603	310,563	380,540	283,474
Corporate income tax	11	(48,722)	(30,000)	(48,722)	(30,000)
Net income for the period		333,881	280,563	331,818	253,474
Net income (loss) attributable to:					
Equity holders of the parent		333,881	286,149	331,818	253,474
Minority interests of the subsidiaries		-	(5,586)	-	-
		<u>333,881</u>	<u>280,563</u>	<u>331,818</u>	<u>253,474</u>
Basic earnings per share					
Net income attributable to equity holders of the parent		1.11	0.94	1.11	0.84

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 nine-month periods ended 30 September 2010 and 2009**

(Unit: Thousand Baht except basic earnings per share in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Revenues					
Sales		6,739,193	3,770,186	6,577,193	3,656,221
Other income					
Dividend income		11,387	-	63,930	1,550
Interest income		11,738	7,045	11,717	6,981
Gain on exchange		24,099	-	17,720	-
Others		9,340	9,152	8,969	8,996
Total other income		56,564	16,197	102,336	17,527
Total revenues		6,795,757	3,786,383	6,679,529	3,673,748
Expenses					
Cost of sales		5,549,379	3,011,634	5,328,263	2,894,768
Selling expenses		177,765	131,655	170,313	125,201
Administrative expenses		138,846	160,326	100,951	101,632
Management benefit expenses		18,912	18,119	16,873	17,152
Loss on exchange		-	9,363	-	8,525
Total expenses		5,884,902	3,331,097	5,616,400	3,147,278
Income before share of income from investment in associates					
Share of income from investment in associates	6	209,333	227,946	-	-
Income before finance cost and corporate income tax					
Finance cost		(9,069)	(12,596)	(407)	(405)
Income before corporate income tax		1,111,119	670,636	1,062,722	526,065
Reversal of corporate income tax (corporate income tax expenses)	11	(121,167)	1,799	(121,167)	1,799
Net income for the period		989,952	672,435	941,555	527,864
Net income (loss) attributable to:					
Equity holders of the parent		995,304	681,801	941,555	527,864
Minority interests of the subsidiaries		(5,352)	(9,366)		
		<u>989,952</u>	<u>672,435</u>		
Basic earnings per share					
Net income attributable to equity holders of the parent		<u>3.30</u>	<u>2.24</u>	<u>3.14</u>	<u>1.76</u>

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 changes in shareholders' equity

For the nine-month periods ended 30 September 2010 and 2009

(Unit: Thousand Baht)

Consolidated financial statements									
Equity attribute to the parent's shareholders							Minority interest -		
Issued and fully paid-up share capital	Share premium	Translation adjustment		Retained earnings		Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiaries	Total	
		Subsidiary companies	Associated companies	Appropriated	Unappropriated				
Balance as at 31 December 2008 (Audited)	300,000	930,000	19,689	(270,989)	30,000	6,160,725	7,169,425	20,765	7,190,190
Income and expenses recognised directly in equity:									
Translation adjustment	-	-	(12,165)	28,576	-	-	16,411	(1,568)	14,843
Dividend paid (Note 12)	-	-	-	-	-	(135,000)	(135,000)	-	(135,000)
Net income (loss) for the period	-	-	-	-	-	681,801	681,801	(9,366)	672,435
Balance as at 30 September 2009	<u>300,000</u>	<u>930,000</u>	<u>7,524</u>	<u>(242,413)</u>	<u>30,000</u>	<u>6,707,526</u>	<u>7,732,637</u>	<u>9,831</u>	<u>7,742,468</u>
Balance as at 31 December 2009 (Audited)	300,000	930,000	6,822	(228,746)	30,000	7,112,937	8,151,013	6,184	8,157,197
Income and expenses recognised directly in equity:									
Translation adjustment	-	-	(15,817)	(23,222)	-	-	(39,039)	(832)	(39,871)
Dividend paid (Note 12)	-	-	-	-	-	(180,000)	(180,000)	-	(180,000)
Net income (loss) for the period	-	-	-	-	-	995,304	995,304	(5,352)	989,952
Balance as at 30 September 2010	<u>300,000</u>	<u>930,000</u>	<u>(8,995)</u>	<u>(251,968)</u>	<u>30,000</u>	<u>7,928,241</u>	<u>8,927,278</u>	<u>-</u>	<u>8,927,278</u>

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 changes in shareholders' equity (continued)

For the nine-month periods ended 30 September 2010 and 2009

(Unit: Thousand Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
Balance as at 31 December 2008 (Audited)	300,000	930,000	30,000	5,123,950	6,383,950
Dividend paid (Note 12)	-	-	-	(135,000)	(135,000)
Net income for the period	-	-	-	527,864	527,864
Balance as at 30 September 2009	<u>300,000</u>	<u>930,000</u>	<u>30,000</u>	<u>5,516,814</u>	<u>6,776,814</u>
Balance as at 31 December 2009 (Audited)	300,000	930,000	30,000	5,867,213	7,127,213
Dividend paid (Note 12)	-	-	-	(180,000)	(180,000)
Net income for the period	-	-	-	941,555	941,555
Balance as at 30 September 2010	<u>300,000</u>	<u>930,000</u>	<u>30,000</u>	<u>6,628,768</u>	<u>7,888,768</u>

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 nine-month periods ended 30 September 2010 and 2009

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities				
Net income before tax	1,111,119	670,636	1,062,722	526,065
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	240,675	200,343	184,222	139,295
Allowance for diminution in value of inventories (reversal)	(6,760)	(412,797)	-	(416,276)
Share of income from investments in associates	(209,333)	(227,946)	-	-
Gain on sales of equipment	(305)	(60)	(305)	(60)
Unrealised (gain) loss on exchange	5,098	(1,426)	4,060	(1,404)
Unrealised gain on commodity swap contracts	-	(38,235)	-	(38,235)
Provision for employee retirement benefit	7,237	8,876	7,237	8,876
Dividend income	(11,387)	-	(63,930)	(1,550)
Interest income	(11,738)	(7,045)	(11,717)	(6,980)
Interest expenses	8,392	12,283	206	231
Income from operating activities before changes in operating assets and liabilities	1,132,998	204,629	1,182,495	209,962
Operating assets (increase) decrease				
Trade accounts receivable	(372,067)	78,614	(342,456)	42,719
Inventories	959	1,010,108	(21,691)	1,015,438
Other current assets	76,821	96,969	56,866	116,292
Other assets	(5,107)	934	(2,477)	360
Operating liabilities increase (decrease)				
Trade accounts payable	(61,495)	(65,917)	(75,777)	(63,012)
Other current liabilities	7,835	(79,453)	19,603	(97,261)
Payment for employee retirement benefit	(3,160)	(7,192)	(3,160)	(7,192)
Cash flows from operating activities	776,784	1,238,692	813,403	1,217,306
Cash paid for interest expenses	(8,392)	(16,679)	(206)	(231)
Cash paid for corporate income tax	(103,593)	(34,302)	(103,593)	(34,302)
Net cash flows from operating activities	<u>664,799</u>	<u>1,187,711</u>	<u>709,604</u>	<u>1,182,773</u>

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 nine-month periods ended 30 September 2010 and 2009

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from investing activities				
Increase in long-term loan to subsidiary	-	-	(30,600)	-
Cash paid to investment in subsidiary and associate	(2,997)	(13,620)	(3,095)	(13,620)
Decrease (increase) in advance for purchase of machinery and equipment	(6,250)	49,202	(6,250)	49,202
Acquisition of property, plant and equipment	(308,540)	(290,969)	(300,191)	(290,575)
Cash receipt from sales of equipment	305	60	305	60
Decrease (increase) in current investment	75,000	(181,668)	75,000	(175,000)
Cash receipt from dividend income	63,930	1,550	63,930	1,550
Interest income	11,739	7,045	11,717	6,980
Net cash flows used in investing activities	<u>(166,813)</u>	<u>(428,400)</u>	<u>(189,184)</u>	<u>(421,403)</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	60,547	(31,661)	-	-
Repayment of long-term loans	(36,851)	(37,341)	-	-
Dividend paid	(180,000)	(135,000)	(180,000)	(135,000)
Net cash flows used in financing activities	<u>(156,304)</u>	<u>(204,002)</u>	<u>(180,000)</u>	<u>(135,000)</u>
Increase in translation adjustment	<u>25,989</u>	<u>13,242</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	367,671	568,551	340,420	626,370
Cash and cash equivalents at beginning of period	1,002,615	311,096	997,429	238,769
Cash and cash equivalents at end of period	<u>1,370,286</u>	<u>879,647</u>	<u>1,337,849</u>	<u>865,139</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 nine-month periods ended 30 September 2010

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 Standard No. 34 (revised 2007) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, 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.

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

1.3 Basis for 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 2009, with no changes in the shareholding structure of the subsidiary companies during the period.

1.4 Adoption of new accounting standards

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

- a) Accounting standards that will become effective in fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 17 (revised 2009)	Leases
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

- b) Accounting standards that will become effective in fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except TAS 12. Management has yet to complete its evaluation of the impact of such accounting standards in the year when they are adopted.

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 2009.

2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

		(Unit: Million Baht)			
		For the three-month periods ended 30 September			
Pricing policy		Consolidated financial statements		Separate financial statements	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Transactions with subsidiary company</u>					
(eliminated from the consolidated financial statements)					
Purchase of goods	With reference to market price	-	-	64.9	82.4
Sales of fixed asset	By mutual agreement	-	-	0.7	-
<u>Transactions with related parties</u>					
Other expenses	By mutual agreement	0.8	-	0.8	-
Share of production cost - steam power and electric power	With reference to market price	155.6	105.9	155.6	105.9

(Unaudited but reviewed)

(Unit: Million Baht)

Pricing policy	For the nine-month periods ended 30 September				
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2010	2009	2010	2009	
<u>Transactions with subsidiary company</u>					
(eliminated from the consolidated financial statements)					
Purchase of goods	With reference to market price	-	-	174.1	158.3
Sales of fixed asset	By mutual agreement	-	-	0.7	-
<u>Transactions with related parties</u>					
Other expenses	By mutual agreement	6.6	4.5	6.6	4.5
Share of production cost - steam power and electric power	With reference to market price	432.3	271.6	432.3	271.6

The balances of the accounts as at 30 September 2010 and 31 December 2009 between the Company and those related companies are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
		(Audited)		(Audited)
<u>Trade accounts receivable - related party</u>				
Thai Rayon Public Co., Ltd.	106.1	44.7	106.1	44.7
<u>Advance for purchase of goods - subsidiary</u>				
Liaoning Birla Carbon Co., Ltd.	-	-	20.1	-
<u>Long-term loan to subsidiary</u>				
Liaoning Birla Carbon Co., Ltd.	-	-	30.3	-
<u>Trade accounts payable - related parties</u>				
Subsidiary Company				
Liaoning Birla Carbon Co., Ltd.	-	-	-	30.4
Associated and related companies				
Thai Rayon Public Co., Ltd.	0.8	-	0.8	-
Aditya Birla Science & Technology Co., Ltd.	-	2.8	-	2.8
Aditya Birla Chemicals (Thailand) Ltd.	-	0.1	-	0.1
Alexandria Carbon Black S.A.E.	0.1	9.3	0.1	9.3
Hi Tech Carbon (India) Limited	4.9	-	4.9	-
Total trade accounts payable - related parties	5.8	12.2	5.8	42.6

(Unaudited but reviewed)

During the nine-month period ended 30 September 2010, movements of long-term loan to subsidiary were as follow:

(Unit: Million Baht)

	Separate financial statements				
	Balance as at 1 January 2010	During the period		Balance as at 30 September 2010	
		Increase	Decrease		Unrealised Loss on exchange
<u>Long-term loan to subsidiary</u> Liaoning Birla Carbon Co., Ltd.	-	30.6	-	(0.3)	30.3

During the period, the Company has lent a loan of USD 1 million to Liaoning Birla Carbon Co., Ltd. The loan was carried interest at SIBOR (6 months) + 2% per annum and repayable in two year.

In order to hedge the foreign exchange rate risks associated with the above loan, the Company entered into an agreement with a local financial institution to swap the loan to a Baht 30.9 million. The agreement matures on 17 September 2012.

Directors and management's remuneration

During the three-month and nine-month periods ended 30 September 2010, the Company and its subsidiaries paid salaries, bonus, meeting allowances and gratuities to their directors and management. The amount of the management's remuneration is separately presented in the income statements.

Guarantees of subsidiary company's credit facilities

Liaoning Birla Carbon Co., Ltd. entered into credit facility agreements with two commercial banks in China. The facilities with one commercial bank have been guaranteed by the Company up to maximum limits of USD 1.5 million for the 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, with respective maximum credit lines of USD 36.6 million and USD 8.0 million. These facilities have been guaranteed by the Company in the amount proportionate to its shareholding, or equivalent to USD 4.6 million.

(Unaudited but reviewed)

3. Trade accounts receivable

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

4. Allowance for diminution in value of inventory

Movements in the allowance for diminution in value of inventory account during the nine-month periods ended 30 September 2010 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2009	13,024	-
Add/Less: Allowance (reversal of allowance) for diminution in value of inventories	(6,760)	-
Balance as at 30 September 2010	<u>6,264</u>	<u>-</u>

5. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		(Unit: Thousand Baht)	
	30 September	31 December	30 September	31 December	30 September	31 December
	2010	2009	2010	2009	2010	2009
			Percent	Percent		(Audited)
Liaoning Birla Carbon Co., Ltd.	Renminbi 157 Million	Renminbi 157 Million	88.54	88.54	662,469	662,469
Birla Carbon Mexico, S.A DE C.V.	Mexico Pesos 3.9 Million	Mexico Pesos 3.9 Million	98.00	98.00	11,490	11,391
Total					<u>673,959</u>	<u>673,860</u>

No dividend was received from the above subsidiary companies for the nine-month period ended 30 September 2010.

6. Investments in associates

Details of investments in associates:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							Share of income from investments in associated companies for the nine-month periods ended 30 September	
	Shareholding percentage		Cost		Carrying amounts based on equity method				
	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009	2010	2009	
	Percent	Percent		(Audited)		(Audited)			
P.T. Indo Liberty Textiles	40.00	40.00	196,948	196,948	657,732	645,659	13,634	24,288	
Aditya Birla Chemicals (Thailand) Ltd.	29.99	29.99	509,820	509,820	1,940,092	1,798,169	192,904	203,658	
Ameri Blend Inc., USA	49.00	49.00	16,617	13,620	18,111	12,320	2,795	-	
Less: Translation adjustment			-	-	(251,968)	(228,746)	-	-	
Total			723,385	720,388	2,363,967	2,227,402	209,333	227,946	

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Cost	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Percent	Percent		(Audited)	
P.T. Indo Liberty Textiles	40.00	40.00	196,948	196,948
Aditya Birla Chemicals (Thailand) Ltd.	29.99	29.99	509,820	509,820
Ameri Blend Inc., USA	49.00	49.00	16,617	13,620
Total			723,385	720,388

(Unaudited but reviewed)

Share of income from P.T. Indo Liberty Textiles and Ameri Blend Inc., USA were determined based on the financial statements prepared by their management. However, the management believes that there would be no material difference if those financial statements had been reviewed by their auditor.

During nine-month period ended 30 September 2010, the Company received dividend income from its investment in associates totaling Baht 52.5 Million.

7. Other long-term investments

(Unit: Thousand Baht)

Company's name	Shareholding percentage		Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December	30 September	31 December
	2010	2009	2010	2009	2010	2009
	Percent	Percent	(Audited)		(Audited)	
Alexandria Fiber S.A.E	14.40	14.40	163,754	163,754	265,956	265,956
Thai Acrylic Fiber Co., Ltd.	15.98	15.98	223,204	223,204	223,204	223,204
			<u>386,958</u>	<u>386,958</u>	<u>489,160</u>	<u>489,160</u>

During nine-month period ended 30 September 2010, the Company received dividend income from its investment in other long-term investments totaling Baht 11.4 Million.

8. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month periods ended 30 September 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2010	2,950,183	2,316,087
Acquisitions during period - at cost	308,539	300,190
Depreciation for period	(238,256)	(181,950)
Translation adjustment	(42,639)	-
Net book value as at 30 September 2010	<u>2,977,827</u>	<u>2,434,327</u>

The subsidiary have pledged their construction, machinery and equipment with a total net book value as at 30 September 2010 of Baht 398.4 million (31 December 2009: Baht 479.1 million) as collateral against credit facilities received from financial institution.

9. Short-term loans from financial institutions

Short-term bank loans of the subsidiary amounting to Baht 401 million, bear a LIBOR+2%, LIBOR+3% and 4.374 interest rate per annum. The short-term bank loans are secured by the mortgage of the subsidiary's land use right with structures thereon and machinery and equipment, and are guaranteed by the Company.

10. Long-term loans

As at 30 September 2010, Liaoning Birla Carbon Co., Ltd. had long-term loan obtained from a commercial bank. The loan has an outstanding balance of USD 0.1 million, bears a LIBOR+0.75% interest rate. The loans are repayable in semiannual installments until 2010. The loan is guaranteed by the Company.

11. Corporate income tax

Interim corporate income tax is calculated on net income of non-promoted activities for the period, after adding back expenses and deducting income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

On 24 April 2009, the Company received promotional privileges from the Board of Investment. Subject to the stipulated conditions, the privileges include an exemption from corporate income tax for the manufacture of steam from new machines, from the date the promoted operations commenced generating revenues (September 2008). Moreover, the Company requested approval for an extension of the tax exemption period for its manufacture of carbon black activities, from 3 years to 5 years. The Company received confirmation from the BOI that it should utilise the privileges on 12 March 2010. As a result corporate income tax for year 2009 decreased by Baht 22 million, and the Company recorded this effect in the current period.

12. Dividends

On 30 April 2010, the Annual General Meeting of the Company's shareholders resolved to pay a dividend of Baht 0.60 per share, or a total Baht 180 million, to the shareholders from the earnings for the year ended 31 December 2009.

On 29 April 2009, the Annual General Meeting of the Company's shareholders resolved to pay a dividend of Baht 0.45 per share, or a total Baht 135 million, to the shareholders from the earnings for the year ended 31 December 2008.

13. Segment information

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)

	Consolidated financial statements for the three-month periods ended 30 September							
	Domestic segment		Overseas segment		Elimination of inter-segment revenues		Consolidated financial statements	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	2,423	1,483	48	60	-	-	2,471	1,543
Inter-segment revenues	-	-	65	82	(65)	(82)	-	-
Total revenues	2,423	1,483	113	142	(65)	(82)	2,471	1,543
Segment income (loss)	466	375	(6)	(6)	-	-	460	369
Unallocated income and expenses:								
Other income							7	7
Share of income of associates							29	76
Selling expenses							(69)	(47)
Administrative expenses							(51)	(81)
Management benefit expenses							(7)	(6)
Gain (loss) on exchange							18	(5)
Financial cost							(4)	(3)
Corporate income tax expenses							(49)	(30)
Net income for the period							334	280

(Unit: Million Baht)

	Consolidated financial statements for the nine-month periods ended 30 September							
	Domestic segment		Overseas segment		Elimination of inter-segment revenues		Consolidation	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	6,577	3,656	162	114	-	-	6,739	3,770
Inter-segment revenues	-	-	174	158	(174)	(158)	-	-
Total revenues	6,577	3,656	336	272	(174)	(158)	6,739	3,770
Segment income (loss)	1,249	761	(59)	(3)	-	-	1,190	758
Unallocated income and expenses:								
Other income							33	16
Share of income of associates							209	228
Selling expenses							(178)	(131)
Administrative expenses							(139)	(160)
Management benefit expenses							(19)	(18)
Gain (loss) on exchange							24	(9)
Financial cost							(9)	(13)
Reversal of corporate income tax (corporate income tax expenses)							(121)	2
Net income for the period							990	673

(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 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009
		(Audited)		(Audited)		(Audited)		(Audited)
Property, plant and equipment - net	2,434	2,316	544	634	-	-	2,978	2,950
Unallocated assets	7,052	6,453	200	188	(203)	(319)	7,049	6,322
Total assets	9,486	8,769	744	822	(203)	(319)	10,027	9,272

14. Commitments and contingent liabilities

14.1 Capital commitments

As at 30 September 2010, the Company had capital commitments of approximately Baht 81.8 million relating to purchases of machinery and equipment.

14.2 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.

14.3 Bank guarantees

As at 30 September 2010, there were outstanding letters of guarantee approximately Baht 13 million (31 December 2009: Baht 13 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

14.4 Tax assessment

In June 2009, the Company received a letter from the Board of Investment asking for cancelation a part of the promotional privileges granted to the Company for the sales of steam during the years 2005 through 2007. The Company has submitted a letter appealing this order. For prudent reasons, the Company has set aside provision of Baht 30 million for this potential tax liability.

(Unaudited but reviewed)

15. Foreign currency - denominated assets and liabilities

The outstanding balances of the Company and its subsidiary foreign currency-denominated assets and liabilities as at 30 September 2010 are summarised below.

Foreign currencies	Assets	Liabilities	Average exchange rate as at 30 September 2010
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	17.9	14.1	30.4160
Japanese yen	3.2	37.0	0.3639
India Rupee	-	3.9	0.6809

As at 30 September 2010, the Company and its subsidiary had outstanding forward exchange contracts, of which details are presented below.

Foreign currencies	Bought amount (Million)	Sold amount (Million)	Average contractual exchange rate	
			Bought	Sold
US dollar	19.7	13.5	30.53 - 32.35	30.31 – 32.42

16. Map Ta Phut projects

Two manufacturing projects of Aditya Birla Chemicals (Thailand) Limited, an associated company, were ordered to temporarily suspend their operations as a result of an Administrative Court injunction issued in September 2009. Subsequently, on 2 September 2010 the Central Administrative Court ruled that the injunction was no longer applicable, and as a result, the projects of the associated company can operate normally.

17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of directors on 12 November 2010.