

Thai Carbon Black Public Company Limited  
and its subsidiaries  
Report and consolidated interim financial statements  
For the three-month and six-month period ended  
30 June 2009

## **Review Report of Independent Auditor**

To the Shareholders of Thai Carbon Black Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Thai Carbon Black Public Company Limited and its subsidiaries as at 30 June 2009, the related consolidated statements of income for three-month and six-month periods ended 30 June 2009 and 2008, changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2009 and 2008, 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 six-month periods ended 30 June 2009 of that subsidiary showed total assets of Baht 890 million (31 December 2008: Baht 1,047 million), total revenues for the three-month and six-month periods ended 30 June 2009 of Baht 35 million and Baht 130 million, respectively (30 June 2008: Baht 193 million and Baht 330 million, respectively) and net loss for the three-month and six-month periods ended 30 June 2009 of Baht 32 million and Baht 55 million, respectively (30 June 2008: net income for the three-month and six-month periods of Baht 7 million and Baht 21 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 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 2008 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 25 February 2009. The consolidated and separate balance sheets as at 31 December 2008, 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: 14 August 2009

Thai Carbon Black Public Company Limited and its subsidiaries

Balance sheets

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2009	31 December 2008	30 June 2009	31 December 2008
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		776,536	311,096	735,226	238,769
Trade accounts receivable					
Related parties	2, 3	41,473	29,179	41,473	43,470
Unrelated parties	3	763,973	1,178,674	756,493	1,115,615
Total trade accounts receivable		805,446	1,207,853	797,966	1,159,085
Inventories - net	4	1,146,502	1,540,793	1,056,326	1,464,922
Assets from derivative financial instruments - commodity swap contracts	15	120,665	-	120,665	-
Other current assets					
Input tax refundable		19,990	100,463	-	98,760
Others		69,407	73,182	39,452	54,883
Total other current assets		89,397	173,645	39,452	153,643
<b>Total current assets</b>		<b>2,938,546</b>	<b>3,233,387</b>	<b>2,749,635</b>	<b>3,016,419</b>
<b>Non-current assets</b>					
Investments in subsidiaries	5	-	-	671,865	671,865
Investments in associates	6	2,028,803	1,861,224	706,768	706,768
Other long-term investments	7	386,958	386,958	489,160	489,160
Advances for purchases of machinery and equipment		89,412	88,101	89,412	88,101
Property, plant and equipment - net	8	2,886,350	2,851,439	2,200,778	2,108,856
Intangible assets - net		9,171	10,548	9,119	10,441
Other non-current assets		12,935	13,581	1,048	1,409
<b>Total non-current assets</b>		<b>5,413,629</b>	<b>5,211,851</b>	<b>4,168,150</b>	<b>4,076,600</b>
<b>Total assets</b>		<b>8,352,175</b>	<b>8,445,238</b>	<b>6,917,785</b>	<b>7,093,019</b>

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 June 2009	31 December 2008	30 June 2009	31 December 2008
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	9	347,201	373,176	-	-
Trade accounts payable					
Related parties	2	4,492	33,523	14,967	95,253
Unrelated parties		109,238	190,262	45,166	83,251
Total trade accounts payable		113,730	223,785	60,133	178,504
Current portion of long-term loans	10	67,130	68,801	-	-
Liabilities from derivative financial instruments - commodity swap contracts	15	-	139,283	-	139,283
Other current liabilities					
Corporate income tax payable		-	66,102	-	66,102
Payable for purchase of machinery and equipment		122,031	121,770	122,031	121,770
Accrued expenses		104,020	104,827	98,932	97,607
Others		55,266	32,224	30,682	19,879
Total other current liabilities		281,317	324,923	251,645	305,358
<b>Total current liabilities</b>		<b>809,378</b>	<b>1,129,968</b>	<b>311,778</b>	<b>623,145</b>
<b>Non-current liabilities</b>					
Long-term loans, net of current portion	10	4,661	39,156	-	-
Provision for employee retirement benefits		82,667	85,924	82,667	85,924
<b>Total non-current liabilities</b>		<b>87,328</b>	<b>125,080</b>	<b>82,667</b>	<b>85,924</b>
<b>Total liabilities</b>		<b>896,706</b>	<b>1,255,048</b>	<b>394,445</b>	<b>709,069</b>

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 June 2009	31 December 2008	30 June 2009	31 December 2008
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>					
Share capital					
Registered, issued and fully paid up					
		300,000	300,000	300,000	300,000
		300,000,000 ordinary shares of Baht 1 each			
		930,000	930,000	930,000	930,000
Share premium					
Translation adjustments					
		12,045	19,689	-	-
		Subsidiary companies			
	6	(253,943)	(270,989)	-	-
		Associated companies			
Retained earnings					
		30,000	30,000	30,000	30,000
		Appropriated - statutory reserve			
		6,421,377	6,160,725	5,263,340	5,123,950
		Unappropriated			
Equity attributable to					
		7,439,479	7,169,425	6,523,340	6,383,950
		the company's shareholders			
		15,990	20,765	-	-
		Minority interest			
<b>Total shareholders' equity</b>					
<b>Total liabilities and shareholders' equity</b>					
		8,352,175	8,445,238	6,917,785	7,093,019
		-	-	-	-

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

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Directors  
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(Unaudited but reviewed)

**Thai Carbon Black Public Company Limited and its subsidiaries****Income statements****For the three-month periods ended 30 June 2009 and 2008**

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

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Revenues</b>					
Sales		1,115,230	2,296,610	1,079,947	2,183,232
Other income					
Dividend income		-	11,387	1,550	11,387
Interest income		1,188	7,365	1,159	7,290
Proceeds from liquidation of related company		-	22,378	-	22,378
Gain on exchange		-	37,209	-	28,518
Others		1,788	8,003	1,946	4,169
Total other income		2,976	86,342	4,655	73,742
<b>Total revenues</b>		<b>1,118,206</b>	<b>2,382,952</b>	<b>1,084,602</b>	<b>2,256,974</b>
<b>Expenses</b>					
Cost of sales		881,284	1,943,081	844,710	1,849,886
Selling expenses		36,801	75,533	36,617	71,312
Administrative expenses		29,469	48,026	22,977	34,065
Management benefit expenses		7,567	7,811	7,574	6,606
Loss on exchange		4,422	-	4,424	-
<b>Total expenses</b>		<b>959,543</b>	<b>2,074,451</b>	<b>916,302</b>	<b>1,961,869</b>
<b>Income before share of income from investment in associates</b>		<b>158,663</b>	<b>308,501</b>	<b>168,300</b>	<b>295,105</b>
Share of income from investment in associates	6	76,465	145,827	-	-
<b>Income before finance cost and corporate income tax</b>		<b>235,128</b>	<b>454,328</b>	<b>168,300</b>	<b>295,105</b>
Finance cost		(4,089)	(7,160)	(150)	(732)
<b>Income before corporate income tax</b>		<b>231,039</b>	<b>447,168</b>	<b>168,150</b>	<b>294,373</b>
Reversal of corporate income tax (corporate income tax expenses)	11	31,799	(44,224)	31,799	(44,225)
<b>Net income for the period</b>		<b>262,838</b>	<b>402,944</b>	<b>199,949</b>	<b>250,148</b>
		-	-	-	-
<b>Net income (loss) attributable to:</b>					
Equity holders of the parent		264,213	402,114	199,949	250,148
Minority interests of the subsidiaries		(1,375)	830		
		<b>262,838</b>	<b>402,944</b>		

(Unaudited but reviewed)

**Thai Carbon Black Public Company Limited and its subsidiaries****Income statements****For the six-month periods ended 30 June 2009 and 2008**

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

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Revenues</b>					
Sales		2,226,164	4,464,310	2,172,535	4,284,339
Other income					
Dividend income		-	11,387	1,550	11,387
Interest income		3,507	14,104	3,472	13,968
Proceeds from liquidation of related company		-	22,378	-	22,378
Gain on exchange		-	27,847	-	1,289
Others		5,300	12,559	5,300	8,447
Total other income		8,807	88,275	10,322	57,469
<b>Total revenues</b>		<b>2,234,971</b>	<b>4,552,585</b>	<b>2,182,857</b>	<b>4,341,808</b>
<b>Expenses</b>					
Cost of sales		1,836,350	3,655,144	1,786,256	3,511,507
Selling expenses		84,862	143,534	82,025	136,875
Administrative expenses		79,560	91,753	56,900	68,148
Management benefit expenses		11,596	11,502	10,903	9,350
Loss on exchange		4,725	-	3,912	-
<b>Total expenses</b>		<b>2,017,093</b>	<b>3,901,933</b>	<b>1,939,996</b>	<b>3,725,880</b>
<b>Income before share of income from investment in associates</b>					
Share of income from investment in associates	6	152,083	240,675	-	-
<b>Income before finance cost and corporate income tax</b>					
Finance cost		(9,888)	(15,097)	(270)	(1,462)
<b>Income before corporate income tax</b>		<b>360,073</b>	<b>876,230</b>	<b>242,591</b>	<b>614,466</b>
Reversal of corporate income tax (corporate income tax expenses)	11	31,799	(99,472)	31,799	(99,472)
<b>Net income for the period</b>		<b>391,872</b>	<b>776,758</b>	<b>274,390</b>	<b>514,994</b>
<b>Net income (loss) attributable to:</b>					
Equity holders of the parent		395,652	774,304	274,390	514,994
Minority interests of the subsidiaries		(3,780)	2,454	-	-
		<b>391,872</b>	<b>776,758</b>		



(Unaudited but reviewed)

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

**Statements of cash flows**

**For the six-month periods ended 30 June 2009 and 2008**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities</b>				
Net income before tax	360,073	876,230	242,591	614,466
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	134,081	115,822	92,951	79,620
Allowance for diminution in value of inventories (reversal)	(391,288)	428	(397,280)	-
Share of income from investments in associates	(152,083)	(240,675)	-	-
Gain on sales of equipment	-	(1,655)	-	(1,655)
Unrealised (gain) loss on exchange	5,873	(8,363)	6,040	(8,363)
Unrealised (gain) loss on commodity swap contracts	(259,948)	25,644	(259,948)	25,644
Provision for employee retirement benefits	3,918	2,931	3,918	2,931
Dividend income	-	(11,387)	(1,550)	(11,387)
Income from liquidation of related company	-	(22,378)	-	(22,378)
Interest income	(3,507)	(14,104)	(3,472)	(13,968)
Interest expenses	9,690	13,450	155	7
Income (loss) from operating activities before changes in operating assets and liabilities	(293,191)	735,943	(316,595)	664,917
Operating assets (increase) decrease				
Trade accounts receivable	398,719	(262,556)	357,507	(226,492)
Inventories	785,580	194,675	805,876	195,025
Other current assets	84,252	(76,972)	114,198	(28,625)
Other assets	659	45	360	46
Operating liabilities increase (decrease)				
Trade accounts payable	(111,761)	94,544	(120,077)	44,717
Other current liabilities	19,664	14,684	11,659	15,288
Payment for employee retirement benefits	(7,174)	(4,585)	(7,174)	(4,585)
Cash flows from operating activities	876,748	695,778	845,754	660,291
Cash paid for interest expenses	(7,587)	(7,083)	(155)	(7)
Cash paid for corporate income tax	(34,302)	(112,511)	(34,302)	(112,511)
<b>Net cash flows from operating activities</b>	<b>834,859</b>	<b>576,184</b>	<b>811,297</b>	<b>547,773</b>

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

(Unaudited but reviewed)

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

**Statements of cash flows (continued)**

**For the six-month periods ended 30 June 2009 and 2008**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Cash flows from investing activities</b>				
Cash receipt from dividend income	1,550	11,387	1,550	11,387
Cash receipt from liquidation of related companies	-	22,378	-	22,378
Increase in advances for purchase of machinery and equipment	(1,311)	(42,834)	(1,311)	(42,834)
Acquisition of property, plant and equipment	(183,951)	(110,285)	(183,551)	(105,426)
Proceed from sales of equipment	-	1,655	-	1,655
Interest income	3,507	14,104	3,472	13,968
<b>Net cash flows used in investing activities</b>	<b>(180,205)</b>	<b>(103,595)</b>	<b>(179,840)</b>	<b>(98,872)</b>
<b>Cash flows from financing activities</b>				
Decrease in short-term loans				
from financial institutions	(25,976)	(2,330)	-	-
Repayment of long-term loans	(35,921)	(34,169)	-	-
Dividend paid	(135,000)	(270,001)	(135,000)	(270,000)
<b>Net cash flows used in financing activities</b>	<b>(196,897)</b>	<b>(306,500)</b>	<b>(135,000)</b>	<b>(270,000)</b>
<b>Increase (Decrease) in translation adjustment</b>	<b>7,683</b>	<b>(29,801)</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>465,440</b>	<b>136,288</b>	<b>496,457</b>	<b>178,901</b>
Cash and cash equivalents at beginning of period	311,096	1,185,190	238,769	1,122,475
<b>Cash and cash equivalents at end of period</b>	<b>776,536</b>	<b>1,321,478</b>	<b>735,226</b>	<b>1,301,376</b>
	-	-	-	-

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

(Unaudited but reviewed )

Thai Carbon Black Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six -month periods ended 30 June 2009 and 2008

(Unit : Thousand Baht )

Consolidated financial statements									
		Equity attribute to the parent's shareholders				Minority interest			
		Translation adjustment		Retained earnings		Total equity attributable to the parent's shareholders		Minority interest to minority shareholders of subsidiaries	
		Subsidiary companies	Associated companies	Appropriated	Unappropriated	Total equity attributable to the parent's shareholders		Total	
Issued and fully paid share capital	Share premium								
<b>Balance as at 31 December 2007 (Audited )</b>	300,000	930,000	(44,855)	(247,309)	30,000	5,980,897	6,948,733	43,119	6,991,852
Income and expenses recognised directly in equity :									
Translation adjustment	-	-	21,555	22,128	-	-	43,683	2,784	46,467
Dividend paid (Note 12)	-	-	-	-	-	(270,000)	(270,000)	-	(270,000)
Net income for the period	-	-	-	-	-	774,304	774,304	2,454	776,758
<b>Balance as at 30 June 2008</b>	<u>300,000</u>	<u>930,000</u>	<u>(23,300)</u>	<u>(225,181)</u>	<u>30,000</u>	<u>6,485,201</u>	<u>7,496,720</u>	<u>48,357</u>	<u>7,545,077</u>
<b>Balance as at 31 December 2008 (Audited )</b>	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	-	-	(7,644)	17,046	-	-	9,402	(995)	8,407
Dividend paid (Note 12)	-	-	-	-	-	(135,000)	(135,000)	-	(135,000)
Net income (loss) for the period	-	-	-	-	-	395,652	395,652	(3,780)	391,872
<b>Balance as at 30 June 2009</b>	<u>300,000</u>	<u>930,000</u>	<u>12,045</u>	<u>(253,943)</u>	<u>30,000</u>	<u>6,421,377</u>	<u>7,439,479</u>	<u>15,990</u>	<u>7,455,469</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 six -month periods ended 30 June 2009 and 2008**

(Unit : Thousand Baht )

	<b>Separate financial statements</b>				
	Issued and fully paid -up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
<b>Balance as at 31 December 2007 (Audited )</b>	300,000	930,000	30,000	5,208,808	6,468,808
Dividend paid (Note 12)	-	-	-	(270,000)	(270,000)
Net income for the period	-	-	-	514,994	514,994
<b>Balance as at 30 June 2008</b>	<u>300,000</u>	<u>930,000</u>	<u>30,000</u>	<u>5,453,802</u>	<u>6,713,802</u>
<b>Balance as at 31 December 2008 (Audited )</b>	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	-	-	-	274,390	274,390
<b>Balance as at 30 June 2009</b>	<u>300,000</u>	<u>930,000</u>	<u>30,000</u>	<u>5,263,340</u>	<u>6,523,340</u>

The accompanying notes are an integral part of the financial statements

**Thai Carbon Black Public Company Limited and its subsidiaries**  
**Notes to consolidated interim financial statements**  
**For the three-month and six-month periods ended 30 June 2009**

**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 B a s i s f o r c o n s o l i d a t i o n**

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 2008, with no changes in the shareholding structure of the subsidiary companies during the period.

#### 1.4 Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions has issued Notification No. 12/2552, regarding the renumbering of Thai Accounting Standards to match the corresponding International Accounting Standards. Therefore the numbers of Thai Accounting Standards as used in these financial statements are corresponded to those per this notification.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

**a) Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year**

Framework for Preparation and Presentation of Financial Statements (revised 2007)	
TAS 36 (revised 2007)	Impairment of Assets
TFRS 5 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

Accounting Treatment Guidance for Leasehold right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007), Accounting treatment Guidance for leasehold right and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007) and TAS 36 (revised 2007) will not have any significant impact on the financial statements for the current period.

**b) Accounting standards which are not effective for the current year**

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allows early adoption by the entity before the effective date.

The management of the Company is still evaluating the effect of these three accounting standards and has not been able to reach a conclusion as to their effect to the financial statements for the year in which they are initially applied.

### 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 2008.

## 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 June			
		Consolidated		Separate	
		financial statements		financial statements	
Pricing policy		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b><u>Transactions with subsidiary company</u></b>					
(eliminated from the consolidated financial statements)					
Purchase of goods	With reference to market price	-	-	-	49.4
<b><u>Transactions with related parties</u></b>					
Purchase of goods	With reference to market price	-	64.4	-	64.4
Share of production cost - steam power and electric power	With reference to market price	86.8	103.9	86.8	103.9

(Unaudited but reviewed)

(Unit: Million Baht)

Pricing policy	For the six-month periods ended 30 June				
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
<b><u>Transactions with subsidiary company</u></b>					
(eliminated from the consolidated financial statements)					
Purchase of goods	With reference to market price	-	-	75.9	119.5
<b><u>Transactions with related parties</u></b>					
Purchase of goods	With reference to market price	-	64.4	-	64.4
Other expenses	By mutual agreement	4.5	5.3	4.5	5.3
Share of production cost - steam power and electric power	With reference to market price	165.7	198.3	165.7	198.3

The balances of the accounts as at 30 June 2009 and 31 December 2008 between the Company and those related companies are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	(Audited)		(Audited)	
<b><u>Trade accounts receivable - related parties</u></b>				
<b>Subsidiary company</b>				
Liaoning Birla Carbon Co., Ltd.	-	-	-	14.3
<b>Related companies</b>				
Alexandria Carbon Black S.A.E	-	0.5	-	0.5
Thai Rayon Public Co., Ltd.	41.4	28.6	41.4	28.6
<b>Total trade accounts receivable - related parties</b>	<b>41.4</b>	<b>29.1</b>	<b>41.4</b>	<b>43.4</b>
<b><u>Trade accounts payable - related parties</u></b>				
<b>Subsidiary company</b>				
Liaoning Birla Carbon Co., Ltd.	-	-	10.5	61.7
<b>Associated and related companies</b>				
Aditya Birla Chemicals (Thailand) Ltd.	0.2	0.4	0.2	0.4
Alexandria Carbon Black S.A.E.	4.3	32.3	4.3	32.3
Thai Rayon Public Co., Ltd.	-	0.8	-	0.8
<b>Total trade accounts payable - related parties</b>	<b>4.5</b>	<b>33.5</b>	<b>15.0</b>	<b>95.2</b>



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.

**3. Trade accounts receivable**

As at the balance sheet date, most of the trade accounts receivable were within the credit terms. However, the receivable amounting to Baht 0.7 million had been overdue for more than 6 months.

**4. Allowance for diminution in value of inventory**

Movements in the allowance for diminution in value of inventory account during the six-month periods ended 30 June 2009 are summarised below.

	Consolidated financial statements	(Unit: Thousand Baht) Separate financial statements
Balance as at 31 December 2008	423,764	416,276
Add/Less: Allowance (reversal of allowance) for diminution in value of inventories	(391,288)	(397,280)
Balance as at 30 June 2009	32,476	18,996

During the period, the Company reversed the allowance for diminution in value of inventory amounting to Baht 397 million because the Company was able to sell stock for which allowance had previously been recorded.

(Unaudited but reviewed)

## 5. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
			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 3.2 Million	Mexico Pesos 3.2 Million	98.00	98.00	9,396	9,396
Total					<u>671,865</u>	<u>671,865</u>

During the six-month periods ended 30 June 2009, the Company received no dividend income from its investments in subsidiaries.

**6. Investments in associates**

## 6.1 Details of investments in associates:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							Share of income (loss) from investments in associated companies for the six-month periods ended 30 June	
	Shareholding percentage		Cost		Carrying amounts based on equity method				
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	2009	2008	
	Percent	Percent	(Audited)		(Audited)				
P.T. Indo Liberty Textiles	40.00	40.00	196,948	196,948	634,370	619,571	16,349	(521)	
Aditya Birla Chemicals (Thailand) Ltd.	29.99	29.99	509,820	509,820	1,648,376	1,512,642	135,734	241,196	
Less: Translation adjustment			-	-	(253,943)	(270,989)	-	-	
<b>Total</b>			<b>706,768</b>	<b>706,768</b>	<b>2,028,803</b>	<b>1,861,224</b>	<b>152,083</b>	<b>240,675</b>	

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Cost	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	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
<b>Total</b>			<b>706,768</b>	<b>706,768</b>

(Unaudited but reviewed)

## 6.2 Summarised financial information of associates

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the six-month periods ended		Net income (loss) for the six-month periods ended	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June		30 June	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
P.T. Indo Liberty Textiles	Indonesian Rupiah 42.5 million	Indonesian Rupiah 42.5 million	1,276	1,007	360	181	749	882	42	(1)
Aditya Birla Chemicals (Thailand) Ltd.	Baht 1,700 million	Baht 1,700 million	7,073	7,860	1,572	2,806	3,984	2,954	435	507

Share of income from one associate (P.T. Indo Liberty Textiles) was determined based on the financial statements prepared by those company's management. However, the management believes that there would be no material difference if those financial statement had been reviewed by their auditor.

During the six-month periods ended 30 June 2009, the Company received dividend income from its investments in associates totaling Baht 1.5 million.

(Unaudited but reviewed)

## 7. Other long-term investments

(Unit: Thousand Baht)

Company's name	Shareholding percentage		Consolidated financial statements		Separate financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	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>

## 8. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month periods ended 30 June 2009 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2009</b>	2,851,439	2,108,856
Acquisitions during period - at cost	183,951	183,551
Depreciation for period	(132,679)	(91,629)
Translation adjustment	(16,361)	-
<b>Net book value as at 30 June 2009</b>	<u>2,886,350</u>	<u>2,200,778</u>

## 9. Short-term loans from financial institutions

Short-term bank loans of the subsidiary amounting to Baht 109 million are guaranteed by the Company.

## 10. Long-term loans

As at 30 June 2009, Liaoning Birla Carbon Co., Ltd. had long-term loans, denominated in US dollars, obtained from two commercial banks. The first loan, with an outstanding balance of USD 1.7 million, bears a SIBOR+1.25% interest rate and the second loan, with an outstanding balance of USD 0.4 million, bears a LIBOR+0.75% interest rate. The loans are repayable in semiannual installments until 2010. The second 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 for the year 2008 from the Board of Investment. Subject to the stipulated conditions, the privileges include an exemption from corporate income tax for the manufacture of steam for new machine, from the date the promoted operations commenced generating revenues (September 2008). Moreover, the Company has requested approval on promotional privileges to extend period of exemption for the manufacture of carbon black by 2 years (the former exemption expired in November 2008). The Company recorded the decrease in corporate income tax for year 2008 of Baht 32 million resulting from these cases, in the current period.

**12. Dividends**

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Thousand Baht)	<u>Dividend per share</u> (Baht)
Final dividends for 2007	The Annual General Meeting of the Company's shareholders on 29 April 2008	270,000	0.90
Total for 2008		270,000	0.90
Final dividends for 2008	The Annual General Meeting of the Company's shareholders on 29 April 2009	135,000	0.45
Total for 2009		135,000	0.45

**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:

(Unaudited but reviewed)

(Unit: Million Baht)

The consolidated financial statements  
for the three-month periods ended 30 June

	Domestic segment		Overseas segment		Elimination of inter-segment revenues		Consolidated financial statements	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenue from external customers	1,080	2,183	36	113	-	-	1,116	2,296
Inter-segment revenues	-	-	-	49	-	(49)	-	-
Total revenues	1,080	2,183	36	162	-	(49)	1,116	2,296
Segment income	235	334	(1)	19	-	-	234	353
Unallocated income and expenses								
Other income							3	50
Share of income of associates							77	146
Selling expenses							(37)	(76)
Administrative expenses							(30)	(48)
Management benefit expenses							(8)	(8)
Gain (loss) on exchange							(4)	37
Finance cost							(4)	(7)
Reversal of corporate income tax (corporate income tax expenses)							32	(44)
Net income for the period							263	403

(Unit: Million Baht)

The consolidated financial statements  
for the six-month periods ended 30 June

	Domestic segment		Overseas segment		Elimination of inter-segment revenues		Consolidated financial statements	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenue from external customers	2,173	4,284	54	180	-	-	2,227	4,464
Inter-segment revenues	-	-	76	119	(76)	(119)	-	-
Total revenues	2,173	4,284	130	299	(76)	(119)	(2,227)	4,464
Segment income	386	773	4	36	-	-	390	809
Unallocated income and expenses:								
Other income							9	60
Share of income of associates							152	241
Selling expenses							(85)	(144)
Administrative expenses							(79)	(92)
Management benefit expenses							(12)	(11)
Gain (loss) on exchange							(5)	28
Finance cost							(10)	(15)
Reversal of corporate income tax (corporate income tax expenses)							32	(99)
Net income for the period							392	777

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:

	Domestic segment		Overseas segment		Elimination of inter-segment revenues		(Unit: Million Baht) Consolidated financial statements	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
		(Audited)		(Audited)		(Audited)		(Audited)
Property, plant and equipment - net	2,201	2,109	686	743	-	-	2,887	2,852
Unallocated assets	5,633	5,769	207	308	(375)	(484)	5,465	5,593
Total assets	<u>7,834</u>	<u>7,878</u>	<u>893</u>	<u>1,051</u>	<u>(375)</u>	<u>(484)</u>	<u>8,352</u>	<u>8,445</u>

## 14. Commitments and contingent liabilities

### 14.1 Capital commitments

As at 30 June 2009, the Company had capital commitments of approximately Baht 227 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 June 2009, there were outstanding letters of guarantee approximately Baht 13 million (31 December 2008: 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.

## 15. Financial instruments

### *Foreign currency risk*

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



Forward exchange contracts outstanding at 30 June 2009 are summarised below.

<u>Foreign currency</u>	<u>Bought amount</u> (Million)	<u>Contract exchange rate</u>
US dollar	13.4	34.1000 - 35.7150

### ***Raw material price risk***

The Company is exposed to risk from fluctuations in prices of raw materials. In managing the risk, the Company has entered into short-term commodity swap contracts with reputable counterparties. During the period, the Company recognised gain from the commodity swap contracts totaling Baht 222 million. At the balance sheet date, the Company held outstanding commodity swap contracts as follows:

<u>Type of contract</u>	<u>Quantity</u>	<u>Due date</u>	<u>Fixed price agreed to be settled by the Company</u>
Buy Gulf Coast 3% No. 6 fuel oil	191,100 barrels	July - November 2009	USD 31.50 - 50.95 /barrel
Sell Gulf Coast 3% No. 6 fuel oil	61,100 barrels	July - December 2009	USD 56.00 - 58.53 /barrel

## **16. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of directors on 14 August 2009.