

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 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 September 2009, the related consolidated statements of income for three-month and nine-month periods ended 30 September 2009 and 2008, changes in shareholders' equity and cash flows for the nine-month periods ended 30 September 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 nine-month periods ended 30 September 2009 of that subsidiary showed total assets of Baht 853 million (31 December 2008: Baht 1,047 million), total revenues for the three-month and nine-month periods ended 30 September 2009 of Baht 143 million and Baht 273 million, respectively (30 September 2008: Baht 169 million and Baht 499 million, respectively) and net loss for the three-month and nine-month periods ended 30 September 2009 of Baht 45 million and Baht 104 million, respectively (30 September 2008: net loss for the three-month periods ended of Baht 0.1 million and net income for the nine-month period then ended 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: 13 November 2009

Thai Carbon Black Public Company Limited and its subsidiaries

Balance sheets

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	30 September 2009	31 December 2008	30 September 2009	31 December 2008
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets				
Current assets				
Cash and cash equivalents	879,647	311,096	865,139	238,769
Current investment	181,668	-	175,000	-
Trade accounts receivable				
Related parties	2, 3 43,173	29,179	43,173	43,470
Unrelated parties	3 1,090,617	1,178,674	1,077,722	1,115,615
Total trade accounts receivable	1,133,790	1,207,853	1,120,895	1,159,085
Inventories - net	4 943,482	1,540,793	865,759	1,464,922
Assets from derivative financial instruments - commodity swap contracts	15 38,235	-	38,235	-
Other current assets				
Input tax refundable	27,568	100,463	13,889	98,760
Others	49,115	73,182	23,471	54,883
Total other current assets	76,683	173,645	37,360	153,643
Total current assets	3,253,505	3,233,387	3,102,388	3,016,419
Non-current assets				
Investments in subsidiaries	5 -	-	671,865	671,865
Investments in associates	6 2,129,816	1,861,224	720,388	706,768
Other long-term investments	7 386,958	386,958	489,160	489,160
Advances for purchases of machinery and equipment	38,898	88,101	38,898	88,101
Property, plant and equipment - net	8 2,917,132	2,851,439	2,262,120	2,108,856
Intangible assets - net	8,483	10,548	8,458	10,441
Other non-current assets	12,669	13,581	1,049	1,409
Total non-current assets	5,493,956	5,211,851	4,191,938	4,076,600
Total assets	8,747,461	8,445,238	7,294,326	7,093,019

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 2009	31 December 2008	30 September 2009	31 December 2008
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	9	341,515	373,176	-	-
Trade accounts payable					
Related parties	2	4,473	33,523	47,155	95,253
Unrelated parties		155,567	190,262	70,510	83,251
Total trade accounts payable		160,040	223,785	117,665	178,504
Current portion of long-term loans	10	66,050	68,801	-	-
Liabilities from derivative financial instruments - commodity swap contracts	15	-	139,283	-	139,283
Other current liabilities					
Corporate income tax payable		30,000	66,102	30,000	66,102
Payable for purchase of machinery and equipment		95,800	121,770	95,800	121,770
Accrued expenses		160,935	104,827	159,536	97,607
Others		58,479	32,224	26,903	19,879
Total other current liabilities		345,214	324,923	312,239	305,358
Total current liabilities		912,819	1,129,968	429,904	623,145
Non-current liabilities					
Long-term loans, net of current portion	10	4,566	39,156	-	-
Provision for employee retirement benefits		87,608	85,924	87,608	85,924
Total non-current liabilities		92,174	125,080	87,608	85,924
Total liabilities		1,004,993	1,255,048	517,512	709,069

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 2009	31 December 2008	30 September 2009	31 December 2008
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
300,000,000 ordinary shares of Baht 1 each		300,000	300,000	300,000	300,000
Share premium		930,000	930,000	930,000	930,000
Translation adjustments					
Subsidiary companies		7,524	19,689	-	-
Associated companies	6	(242,413)	(270,989)	-	-
Retained earnings					
Appropriated - statutory reserve		30,000	30,000	30,000	30,000
Unappropriated		6,707,526	6,160,725	5,516,814	5,123,950
Equity attributable to					
the company's shareholders		7,732,637	7,169,425	6,776,814	6,383,950
Minority interest		9,831	20,765	-	-
Total shareholders' equity		7,742,468	7,190,190	6,776,814	6,383,950
Total liabilities and shareholders' equity		8,747,461	8,445,238	7,294,326	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 September 2009 and 2008**

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

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Revenues					
Sales		1,544,022	2,551,221	1,483,686	2,548,756
Other income					
Dividend income		-	-	-	2,829
Interest income		3,538	1,423	3,509	1,328
Gain on exchange		-	5,090	-	2,041
Others		3,852	12,534	3,696	4,932
Total other income		7,390	19,047	7,205	11,130
Total revenues		1,551,412	2,570,268	1,490,891	2,559,886
Expenses					
Cost of sales		1,175,284	2,165,547	1,108,512	2,158,806
Selling expenses		46,793	62,051	43,176	57,538
Administrative expenses		80,766	32,999	44,732	38,527
Management benefit expenses		6,523	17,671	6,249	16,528
Loss on exchange		4,638	-	4,613	-
Total expenses		1,314,004	2,278,268	1,207,282	2,271,399
Income before share of income from investment in associates		237,408	292,000	283,609	288,487
Share of income from investment in associates	6	75,863	134,827	-	-
Income before finance cost and corporate income tax		313,271	426,827	283,609	288,487
Finance cost		(2,708)	(13,531)	(135)	(6,650)
Income before corporate income tax		310,563	413,296	283,474	281,837
Corporate income tax		(30,000)	(39,508)	(30,000)	(39,508)
Net income for the period		280,563	373,788	253,474	242,329
Net income (loss) attributable to:					
Equity holders of the parent		286,149	373,803	253,474	242,329
Minority interests of the subsidiaries		(5,586)	(15)		
		<u>280,563</u>	<u>373,788</u>		

Basic earnings per share

(Unaudited but reviewed)

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

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

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Revenues					
Sales		3,770,186	7,015,531	3,656,221	6,833,095
Other income					
Dividend income		-	11,387	1,550	14,216
Interest income		7,045	15,527	6,981	15,296
Proceed from liquidation of related company		-	22,378	-	22,378
Gain on exchange		-	32,937	-	3,330
Others		9,152	25,093	8,996	13,379
Total other income		16,197	107,322	17,527	68,599
Total revenues		3,786,383	7,122,853	3,673,748	6,901,694
Expenses					
Cost of sales		3,011,634	5,820,691	2,894,768	5,670,313
Selling expenses		131,655	205,585	125,201	194,413
Administrative expenses		160,326	124,752	101,632	106,675
Management benefit expenses		18,119	29,173	17,152	25,878
Loss on exchange		9,363	-	8,525	-
Total expenses		3,331,097	6,180,201	3,147,278	5,997,279
Income before share of income from investment in associates		455,286	942,652	526,470	904,415
Share of income from investment in associates	6	227,946	375,502	-	-
Income before finance cost and corporate income tax		683,232	1,318,154	526,470	904,415
Finance cost		(12,596)	(28,628)	(405)	(8,112)
Income before corporate income tax		670,636	1,289,526	526,065	896,303
Corporate income tax	11	1,799	(138,980)	1,799	(138,980)
Net income for the period		672,435	1,150,546	527,864	757,323
Net income (loss) attributable to:					
Equity holders of the parent		681,801	1,148,107	527,864	757,323
Minority interests of the subsidiaries		(9,366)	2,439		
		<u>672,435</u>	<u>1,150,546</u>		

(Unaudited but reviewed)

Thai Carbon Black Public Company Limited and its subsidiaries**Statements of cash flows****For the nine-month periods ended 30 September 2009 and 2008**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash flows from operating activities				
Net income before tax	670,636	1,289,526	526,065	896,303
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	200,343	180,756	139,295	125,081
Allowance for diminution in value of inventories (reversal)	(412,797)	2,075	(416,276)	-
Share of income from investments in associates	(227,946)	(375,502)	-	-
Gain on sales of equipment	(60)	(1,655)	(60)	(1,655)
Unrealised (gain) loss on exchange	(1,426)	1,472	(1,404)	3,380
Unrealised gain on commodity swap contracts	(38,235)	-	(38,235)	-
Provision for employee retirement benefit	8,876	4,989	8,876	4,989
Dividend income	-	(11,387)	(1,550)	(14,216)
Income from liquidation of related company	-	(22,378)	-	(22,378)
Interest income	(7,045)	(15,527)	(6,980)	(15,296)
Interest expenses	12,283	28,070	231	7,554
Income from operating activities before changes in operating assets and liabilities	204,629	1,080,439	209,962	983,762
Operating assets (increase) decrease				
Trade accounts receivable	78,614	(447,092)	42,719	(413,129)
Inventories	1,010,108	(946,828)	1,015,438	(949,004)
Advances for purchases of raw materials	-	(1,277,087)	-	(1,244,233)
Other current assets	96,969	(67,131)	116,292	(63,954)
Other assets	934	(1,666)	360	(1,003)
Operating liabilities increase (decrease)				
Trade accounts payable	(65,917)	177,961	(63,012)	139,255
Other current liabilities	(79,453)	58,799	(97,261)	59,462
Payment for employee retirement benefit	(7,192)	(7,292)	(7,192)	(7,292)
Cash flows from (used in) operating activities	1,238,692	(1,429,897)	1,217,306	(1,496,136)
Cash paid for interest expenses	(16,679)	(31,223)	(231)	(7,555)
Cash paid for corporate income tax	(34,302)	(209,172)	(34,302)	(207,996)
Net cash flows from (used in) operating activities	1,187,711	(1,670,292)	1,182,773	(1,711,687)

(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 2009 and 2008

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash flows from investing activities				
Cash paid to investments in associate	(13,620)	-	(13,620)	-
Cash receipt from dividend income	1,550	14,216	1,550	14,216
Cash receipt from liquidation of related company	-	22,378	-	22,378
Decrease (increase) in advance for purchase of machinery and equipment	49,202	(35,704)	49,202	(35,704)
Acquisition of property, plant and equipment	(290,969)	(436,816)	(290,575)	(426,385)
Cash receipt from sales of equipment	60	1,655	60	1,655
Increase in current investment	(181,668)	-	(175,000)	-
Interest income	7,045	15,527	6,980	15,296
Net cash flows used in investing activities	(428,400)	(418,744)	(421,403)	(408,544)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(31,661)	1,282,241	-	1,280,000
Repayment of long-term loans	(37,341)	(30,356)	-	-
Dividend paid	(135,000)	(270,000)	(135,000)	(270,000)
Net cash flows from (used in) financing activities	(204,002)	981,885	(135,000)	1,010,000
Increase (decrease) in translation adjustment	13,242	(21,620)	-	-
Net increase (decrease) in cash and cash equivalents	568,551	(1,128,771)	626,370	(1,110,231)
Cash and cash equivalents at beginning of period	311,096	1,185,190	238,769	1,122,475
Cash and cash equivalents at end of period	879,647	56,419	865,139	12,244
	-	-	-	-

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 2009 and 2008

(Unit : Thousand Baht)

Consolidated financial statements

	Equity attribute to the parent's shareholders						Total equity attributable to the parent's shareholders	Minority interest to minority shareholders of subsidiaries	Total
	Issued and fully paid share capital	Share premium	Translation adjustment		Retained earnings				
			Subsidiary companies	Associated companies	Appropriated	Unappropriated			
Balance as at 31 December 2007 (Audited)	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	-	-	55 ,622	28 ,152	-	-	83 ,774	(24 ,004)	59 ,770
Dividend paid (Note 12)	-	-	-	-	-	(270 ,000)	(270 ,000)	-	(270 ,000)
Net income for the period	-	-	-	-	-	1,148 ,107	1,148 ,107	2,439	1,150 ,546
Balance as at 30 September 2008	<u>300 ,000</u>	<u>930 ,000</u>	<u>10 ,767</u>	<u>(219 ,157)</u>	<u>30 ,000</u>	<u>6,859 ,004</u>	<u>7,910 ,614</u>	<u>21 ,554</u>	<u>7,932 ,168</u>
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>

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 2009 and 2008

(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 2007 (Audited)	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	-	-	-	757,323	757,323
Balance as at 30 September 2008	<u>300,000</u>	<u>930,000</u>	<u>30,000</u>	<u>5,696,131</u>	<u>6,956,131</u>
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>

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 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 September			
Pricing policy		Consolidated financial statements		Separate financial statements	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Transactions with subsidiary company</u>					
(eliminated from the consolidated financial statements)					
Purchase of goods	With reference to market price	-	-	82.4	155.2
<u>Transactions with related parties</u>					
Purchase of goods	With reference to market price	-	63.8	-	63.8
Share of production cost - steam power and electric power	With reference to market price	105.9	115.9	105.9	115.9

(Unaudited but reviewed)

(Unit: Million Baht)

		For the nine-month periods ended 30 September			
		Consolidated		Separate	
Pricing policy		financial statements		financial statements	
		2009	2008	2009	2008
<u>Transactions with subsidiary company</u>					
(eliminated from the consolidated financial statements)					
Purchase of goods	With reference to market price	-	-	158.3	274.7
<u>Transactions with related parties</u>					
Purchase of goods	With reference to market price	-	71.7	-	71.7
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	271.6	314.2	271.6	314.2

The balances of the accounts as at 30 September 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 September 2009	31 December 2008	30 September 2009	31 December 2008
		(Audited)		(Audited)	
<u>Trade accounts receivable - related parties</u>					
Subsidiary company					
Liaoning Birla Carbon Co., Ltd.		-	-	-	14.3
Related companies					
Alexandria Carbon Black S.A.E		-	0.5	-	0.5
Thai Rayon Public Co., Ltd.		43.2	28.6	43.2	28.6
Total trade accounts receivable - related parties		43.2	29.1	43.2	43.4
<u>Trade accounts payable - related parties</u>					
Subsidiary company					
Liaoning Birla Carbon Co., Ltd.		-	-	42.6	61.7
Associated and related companies					
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
Total trade accounts payable - related parties		4.5	33.5	47.1	95.2

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 nine-month periods ended 30 September 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	(412,797)	(416,276)
Balance as at 30 September 2009	10,967	-

During the period, the Company reversed the allowance for diminution in value of inventory amounting to Baht 416 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 September 2009	31 December 2008	30 September 2009	31 December 2008	30 September 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 nine-month periods ended 30 September 2009, the Company received no dividend income from its investments in subsidiaries.

6. Investments in associates

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 nine-month periods ended 30 September	
	Shareholding percentage		Cost		Carrying amounts based on equity method				
	30 September 2009	31 December 2008	30 September 2009	31 December 2008	30 September 2009	31 December 2008	2009	2008	
	Percent	Percent		(Audited)		(Audited)			
P.T. Indo Liberty Textiles	40.00	40.00	196,948	196,948	642,310	619,571	24,288	(10,819)	
Aditya Birla Chemicals (Thailand) Ltd.	29.99	29.99	509,820	509,820	1,716,299	1,512,642	203,658	386,321	
Ameri Blend Inc.	40.00	-	13,620	-	13,620	-	-	-	
Less: Translation adjustment			-	-	(242,413)	(270,989)	-	-	
Total			720,388	706,768	2,129,816	1,861,224	227,946	375,502	

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Cost	
	30 September 2009	31 December 2008	30 September 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
Ameri Blend Inc.	40.00	-	13,620	-
Total			720,388	706,768

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

The meeting of the Company's Board of Directors held on 2 March 2009 approved resolutions to incorporate a new associated company in the United States of America, "Ameri Blend Inc.", in order to procure and store raw materials for the Company. This new company has a registered capital of USD 1 million (50 ordinary shares of USD 20,000 each), 40 percent held by the Company.

7. Other long-term investments

Company's name	Shareholding percentage		Consolidated		Separate	
	30 September	31 December	financial statements		financial statements	
	2009	2008	30 September	31 December	30 September	31 December
	Percent	Percent	2009	2008	2009	2008
				(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
			386,958	386,958	489,160	489,160

8. Property, plant and equipment

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

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2009	2,851,439	2,108,856
Acquisitions during period - at cost	290,969	290,575
Depreciation for period	(198,261)	(137,311)
Translation adjustment	(27,015)	-
Net book value as at 30 September 2009	2,917,132	2,262,120

9. Short-term loans from financial institutions

Short-term bank loans of the subsidiary amounting to Baht 104 million are guaranteed by the Company.

10. Long-term loans

As at 30 September 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:

(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	
		2009	2008	2009	2008	2009	2008	2009	2008
Revenue from external customers		1,483	2,549	60	3	-	-	1,543	2,552
Inter-segment revenues		-	-	82	155	(82)	(155)	-	-
Total revenues		1,483	2,549	142	158	(82)	(155)	1,543	2,552
Segment income		375	389	(6)	(4)	-	-	369	385
Unallocated income and expenses:									
Other income								7	15
Share of income of associates								76	135
Selling expenses								(47)	(62)
Administrative expenses								(111)	(33)
Management benefit expenses								(6)	(18)
Gain (loss) on exchange								(5)	5
Financial cost								(3)	(13)
Corporate income tax expenses								-	(40)
Net income for the period								280	374

(Unit: Million Baht)

		Consolidated financial statements for the nine-month periods ended 30 September							
		Domestic segment		Overseas segment		Elimination of inter-segment revenues		Consolidation	
		2009	2008	2009	2008	2009	2008	2009	2008
Revenue from external customers		3,656	6,833	114	183	-	-	3,770	7,016
Inter-segment revenues		-	-	158	275	(158)	(275)	-	-
Total revenues		3,656	6,833	272	458	(158)	(275)	3,770	7,016
Segment income		761	1,162	(3)	32	-	-	758	1,194
Unallocated income and expenses:									
Other income								16	75
Share of income of associates								228	376
Selling expenses								(131)	(206)
Administrative expenses								(190)	(125)
Management benefit expenses								(18)	(29)
Gain (loss) on exchange								(9)	33
Financial cost								(13)	(28)

Reversal of corporate income tax (corporate income tax expenses)		32	(139)
Net income for the period		<u>673</u>	<u>1,151</u>

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	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2009	2008	2009	2008	2009	2008	2009	2008
		(Audited)		(Audited)		(Audited)		(Audited)
Property, plant and equipment - net	2,262	2,109	655	743	-	-	2,917	2,852
Unallocated assets	5,988	5,769	201	308	(359)	(484)	5,830	5,593
Total assets	<u>8,250</u>	<u>7,878</u>	<u>856</u>	<u>1,051</u>	<u>(359)</u>	<u>(484)</u>	<u>8,747</u>	<u>8,445</u>

14. Commitments and contingent liabilities

14.1 Capital commitments

As at 30 September 2009, the Company had capital commitments of approximately Baht 216 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 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 September 2009 are summarised below.

Foreign currency	Bought amount	Sold amount	Contract exchange rate	
	(Million)	(Million)	<u>Bought amount</u>	<u>Sold amount</u>
US dollar	17.3	5.9	33.52 - 34.13	33.50 - 34.10

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 228 million. At the balance sheet date, the Company held outstanding commodity swap contracts as follows:

Type of contract	Quantity	Due date	Fixed price agreed to be settled by the Company
Buy Gulf Coast 3% No. 6 fuel oil	78,600 barrels	October - November 2009	USD 32.40 - 50.95 barrel
Sell Gulf Coast 3% No. 6 fuel oil	51,100 barrels	October - 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 13 November 2009.