

THAI CARBON BLACK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007

Review Report of Independent Auditor

To the Shareholders of Thai Carbon Black Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Thai Carbon Black Public Company Limited and its subsidiaries as at 31 March 2007, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month periods ended 31 March 2007 and 2006, 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 financial statements include the financial statements of an overseas subsidiary which were reviewed by another auditor. The financial statements for the three-month period ended 31 March 2007 of this subsidiary showed total assets of Baht 1,217 million (2006 : Baht 1,185 million), total revenues of Baht 121 million (2006 : Baht 124 million) and net loss of Baht 24 million (2006 : Baht 39 million). 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 review 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 overseas subsidiary company's 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 2006 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements under my report dated 21 February 2007. The consolidated and separate balance sheets as at 31 December 2006, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. The Company has restated these separate financial statements to reflect the change in accounting policy for recording investments in subsidiary and associated companies from the equity method to the cost method as described in Note 2 to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied. 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: 10 May 2007

THAI CARBON BLACK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Expressed in Thousand Baht)

	Note	Consolidated financial statement		Separate financial statement	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited) (Restated)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		985,116	875,668	777,564	824,442
Trade accounts receivable					
Related parties	3	34,338	31,575	34,338	36,314
Unrelated parties	4	1,077,931	1,173,180	1,032,796	1,114,812
Total trade accounts receivable		1,112,269	1,204,755	1,067,134	1,151,126
Inventories - net		1,327,200	1,060,660	1,173,591	841,126
Other current assets					
Advances for purchases of raw materials		9,781	12,512	-	-
Input tax refundable		75,960	118,998	17,902	45,644
Others		34,802	22,361	26,267	20,729
TOTAL CURRENT ASSETS		3,545,128	3,294,954	3,062,458	2,883,067
NON-CURRENT ASSETS					
Investment in subsidiary companies	5	-	-	631,476	485,385
Investment in associated companies	5	1,587,277	1,551,738	972,724	972,724
Investment in related parties	6	235,129	255,167	235,129	255,167
Advances for purchases of property, plant and equipment		46,824	35,444	46,824	35,444
Property, plant and equipment - net	7	2,065,146	2,081,580	1,337,280	1,322,119
Other non-current assets		9,434	10,592	687	1,650
TOTAL NON-CURRENT ASSETS		3,943,810	3,934,521	3,224,120	3,072,489
TOTAL ASSETS		7,488,938	7,229,475	6,286,578	5,955,556

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

THAI CARBON BLACK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

(Expressed in Thousand Baht)

	Note	Consolidated financial statement		Separate financial statement	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited) (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from financial institutions	8	480,828	531,424	15,184	6,690
Trade accounts payable					
Related parties	3	1,066	1,619	1,119	1,672
Unrelated parties		180,829	180,898	95,319	81,846
Total trade accounts payable		181,895	182,517	96,438	83,518
Current portion of long-term loans	9	69,140	71,185	-	-
Other current liabilities					
Corporate income tax payable		172,292	113,619	172,177	113,497
Accrued expenses		55,192	45,364	42,678	31,585
Others		44,143	63,525	28,351	54,900
TOTAL CURRENT LIABILITIES		1,003,490	1,007,634	354,828	290,190
NON-CURRENT LIABILITIES					
Long-term loans, net of current portion	9	177,629	182,882	-	-
Provision for employee retirement benefits		70,952	69,585	70,952	69,585
TOTAL NON-CURRENT LIABILITIES		248,581	252,467	70,952	69,585
TOTAL LIABILITIES		1,252,071	1,260,101	425,780	359,775

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

THAI CARBON BLACK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

(Expressed in Thousand Baht)

	Consolidated financial statement		Separate financial statement		
	Note	31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Unaudited But reviewed)	(Audited)	(Unaudited But reviewed)	(Audited) (Restated)
SHAREHOLDERS' EQUITY					
Share capital					
Registered, issued and fully paid up					
		300,000	300,000	300,000	300,000
Paid-in capital					
		930,000	930,000	930,000	930,000
Translation adjustments					
		(49,448)	(13,068)	-	-
	5	(223,062)	(192,958)	-	-
Retained earnings					
		30,000	30,000	30,000	30,000
		5,202,212	4,893,438	4,600,798	4,335,781
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS					
		6,189,702	5,947,412	5,860,798	5,595,781
MINORITY INTEREST - equity attributable to					
		47,165	21,962	-	-
TOTAL SHAREHOLDERS' EQUITY					
		6,236,867	5,969,374	5,860,798	5,595,781
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		7,488,938	7,229,475	6,286,578	5,955,556
		0	0	0	0

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

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DIRECTORS
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(UNAUDITED BUT REVIEWED)

THAI CARBON BLACK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

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

	Note	Consolidated financial statement		Separate financial statement	
		2007	2006	2007	2006
					(Restated)
REVENUES					
Sales		1,742,300	1,623,190	1,673,450	1,506,539
Share of income from investment in associated companies	5	65,643	57,299	-	-
Other income					
Dividend income		15,541	-	15,541	-
Interest income		8,578	5,764	8,554	5,743
Others		11,454	6,884	7,210	2,915
TOTAL REVENUES		<u>1,843,516</u>	<u>1,693,137</u>	<u>1,704,755</u>	<u>1,515,197</u>
EXPENSES					
Cost of sales		1,338,156	1,309,003	1,270,355	1,194,702
Selling and administrative expenses					
Selling expenses		72,145	68,256	69,042	63,900
Administrative expenses		51,881	63,354	32,544	30,848
Exchange loss		4,881	8,242	9,114	12,469
TOTAL EXPENSES		<u>1,467,063</u>	<u>1,448,855</u>	<u>1,381,055</u>	<u>1,301,919</u>
INCOME BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX		376,453	244,282	323,700	213,278
INTEREST EXPENSES		(11,878)	(12,579)	(4)	(5)
CORPORATE INCOME TAX		(58,680)	(37,771)	(58,680)	(37,771)
INCOME AFTER CORPORATE INCOME TAX		305,895	193,932	265,016	175,502
NET LOSS ATTRIBUTABLE TO MINORITY INTEREST		2,879	8,940	-	-
NET INCOME FOR THE PERIOD		<u>308,774</u>	<u>202,872</u>	<u>265,016</u>	<u>175,502</u>
BASIC EARNINGS PER SHARE (Baht)					
Net income		<u>1.03</u>	<u>0.68</u>	<u>0.88</u>	<u>0.59</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 THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Expressed in Thousand Baht)

	Consolidated financial statement		Separate financial statement	
	2007	2006	2007	2006 (Restated)
Cash flows from operating activities				
Net income	308,774	202,872	265,016	175,502
Adjustments to reconcile net income to net cash provided by (paid from) operating activities :-				
Depreciation and amortisation	59,935	63,556	42,425	45,216
Allowance for stock obsolescences	(11,368)	7,133	-	-
Dividend income	(15,542)	-	(15,542)	-
Share of income from investments in associated companies	(65,643)	(57,299)	-	-
Unrealised (gain) loss on exchange	(1,344)	(2,395)	2,888	2,186
Provision for employee retirement benefit	2,188	-	2,188	-
Net income (loss) of attributable to minority interest	25,203	(8,940)	-	-
Income from operating activities before changes in operating assets and liabilities	302,203	204,927	296,975	222,904
Operating assets (increase) decrease				
Trade accounts receivable	90,880	(152,798)	82,386	(147,511)
Inventories	(255,173)	(397,231)	(332,465)	(187,414)
Other current assets	33,329	(28,264)	22,204	(12,597)
Other assets	1,088	618	964	110
Operating liabilities increase (decrease)				
Trade accounts payable	(621)	32,794	12,920	2,898
Other current liabilities	49,119	43,677	43,225	41,221
Payment for employee retirement benefit	(821)	1,160	(821)	1,160
Net cash from (used in) operating activities	220,004	(295,117)	125,388	(79,229)

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 THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Expressed in Thousand Baht)

	Consolidated financial statement		Separate financial statement	
	2007	2006	2007	2006
				(Restated)
Cash flows from investing activities				
Dividend income	15,542	-	15,542	-
Additional investments in subsidiary companies	-	-	(146,091)	-
Proceeds from capital reduction of shares of related company	20,037	-	20,037	-
Advances for purchase of property, plant and equipment	(12,662)	696	(12,662)	696
Acquisition of property, plant and equipment	(57,927)	(29,389)	(57,586)	(29,389)
Net cash (used in) investing activities	(35,010)	(28,693)	(180,760)	(28,693)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	(50,597)	157,349	8,494	(2,477)
Net cash from (used in) financing activities	(50,597)	157,349	8,494	(2,477)
Increase (decrease) in translation adjustments	(24,949)	15,315	-	-
Net increase (decrease) in cash and cash equivalents	109,448	(151,146)	(46,878)	(110,399)
Cash and cash equivalents at beginning of period	875,668	948,318	824,442	886,147
Cash and cash equivalents at end of period	985,116	797,172	777,564	775,748
	-	-	-	-
Supplemental cash flows information :-				
Cash paid during the period for				
Interest	8,218	9,075	4	5
Corporate income tax	276	-	276	-

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 THREE MONTH PERIODS ENDED MARCH 2007 AND 2006

(Unit: Thousand Baht)

Consolidated financial statement

	Issued and paid-up share capital	Share premium	Translation adjustments		Retained earnings		Minority interest	Total
			Subsidiary companies	Associated companies	Appropriated	Unappropriated	equity attributable	
							to minority shareholders of subsidiaries	
Balance as at 31 December 2005 (Audited)	300,000	930,000	4,068	(171,600)	30,000	4,141,647	64,806	5,298,921
Translation adjustments	-	-	(10,698)	(1,856)	-	-	(3,196)	(15,750)
Net income(loss) for the period	-	-	-	-	-	202,872	(8,940)	193,932
Balance as at 31 March 2006	<u>300,000</u>	<u>930,000</u>	<u>(6,630)</u>	<u>(173,456)</u>	<u>30,000</u>	<u>4,344,519</u>	<u>52,670</u>	<u>5,477,103</u>
Balance as at 31 December 2006 (Audited)	300,000	930,000	(13,068)	(192,958)	30,000	4,893,438	21,962	5,969,374
Translation adjustments	-	-	(36,380)	(30,104)	-	-	28,082	(38,402)
Net income(loss) for the period	-	-	-	-	-	308,774	(2,879)	305,895
Balance as at 31 March 2007	<u>300,000</u>	<u>930,000</u>	<u>(49,448)</u>	<u>(223,062)</u>	<u>30,000</u>	<u>5,202,212</u>	<u>47,165</u>	<u>6,236,867</u>

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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 SHAREHOLDER'S EQUITY (Continued)
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

	Separate financial statement						
	Issued and		Translation adjustments		Retained earnings		Total (Restated)
	paid-up share capital	Share premium	Subsidiary	Associated	Appropriated	Unappropriated	
			companies (Restated)	companies (Restated)		(Restated)	
Balance as at 31 December 2005 - as previously reported	300,000	930,000	4,068	(171,600)	30,000	4,141,647	
Cumulative effect of the change in accounting policy for investment in subsidiary and associated companies	-	-	(4,068)	171,600	-	(438,592)	(271,060)
Balance as at 31 December 2005 - as restated	300,000	930,000	-	-	30,000	3,703,055	4,963,055
Net income for the period (restated)	-	-	-	-	-	175,502	175,502
Balance as at 31 March 2006 - as restated	300,000	930,000	-	-	30,000	3,878,557	5,138,557
Balance as at 31 December 2006 - as previously reported	300,000	930,000	(13,068)	(192,958)	30,000	4,893,438	5,947,412
Cumulative effect of the change in accounting policy for investment in subsidiary and associated companies	-	-	13,068	192,958	-	(557,656)	(351,630)
Balance as at 31 December 2006 - as restated	300,000	930,000	-	-	30,000	4,335,782	5,595,782
Net income for the period	-	-	-	-	-	265,016	265,016
Balance as at 31 March 2007	300,000	930,000	-	-	30,000	4,600,798	5,860,798

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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 PERIOD ENDED 31 MARCH 2007

1. GENERAL INFORMATION

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

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

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

1.3 Basis of consolidation

These consolidated 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 2006.

1.4 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 2006, except for the change in the accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, as described in Note 2.

2. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES IN THE SEPARATE FINANCIAL STATEMENTS

During the current period, the Company changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, in compliance with Notification No. 26/2549 regarding Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (Amendment No. 1), issued by the Federation of Accounting Professions, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method.

In this regard, the Company has restated the prior period’s separate financial statements as though the investments in the subsidiary and associated companies had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the three-month periods ended 31 March 2007 and 2006 by Baht 44 million (Baht 0.15 per share) and Baht 27 million (Baht 0.09 per share), respectively. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies” in the separate statements of changes in shareholders’ equity.

Such change in accounting policy affects only the accounts related to investments in subsidiary and associated companies in the Company’s separate financial statements, with no effect to the consolidated financial statements.

3. RELATED PARTY TRANSACTIONS

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

(Unit : Million Baht)

	For the three-month periods ended 31 March			
	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Transactions with subsidiary company</u> (eliminated from the consolidated financial statements)				
Purchases of goods	-	-	40.18	-
<u>Transactions with related company</u>				
Share of production - Sales of steam and electric power	90.6	65.57	90.6	65.57

The outstanding balances of the above transactions are separately shown in the balance sheets and can be summarized as follows :-

	(Unit : Million Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>31 March</u>	<u>31 December</u>	<u>31 March</u>	<u>31 December</u>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties</u>				
Subsidiary				
Liaoning Birla Carbon Co., Ltd.	-	-	-	4.7
Total trade account receivable - subsidiary	-	-	-	4.7
Related company				
Thai Rayon Public Company Limited	34.3	31.6	34.3	31.6
Total trade account receivable - related company	34.3	31.6	34.3	31.6
Total trade account receivable - related parties	<u>34.3</u>	<u>31.6</u>	<u>34.3</u>	<u>36.3</u>
<u>Trade accounts payable - related parties</u>				
Subsidiary				
Liaoning Birla Carbon Co., Ltd.	-	-	0.1	0.1
Total trade account payable - subsidiary	-	-	0.1	0.1
Associated company				
Aditya Birla Chemicals (Thailand) Ltd.	0.2	0.4	0.2	0.4
Total trade account payable - associated company	0.2	0.4	0.2	0.4
Related company				
Thai Rayon Public Company Limited	0.8	1.2	0.8	1.2
Total trade account payable - related company	0.8	1.2	0.8	1.2
Total Trade accounts payable - related parties	<u>1.0</u>	<u>1.6</u>	<u>1.1</u>	<u>1.7</u>

Guarantees of subsidiary company's credit facilities

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

Guarantees of associated company's credit facilities

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

4. TRADE ACCOUNTS RECEIVABLE

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

5. INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES

These represent investments in ordinary shares in the following subsidiary and associated companies:-

(Unit : Thousand Baht)

Company's name	Consolidated financial statement								
	Issued and paid-up capital			Shareholding percentage		Cost		Carrying amounts based on equity method	
	Foreign currency	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
		2007	2006	2007	2006	2007	2006	2007	2006
			(%)	(%)			(Audited)	(Audited)	
Associated companies									
P.T. Indo Liberty Textiles	(Million Indonesian Rupiah)	42,549	42,549	40	40	196,948	196,948	546,483	533,774
Aditya Birla Chemicals (Thailand) Ltd.	(Million Baht)	1,700	1,700	30	30	509,820	509,820	1,086,894	1,002,976
Alexandria Fiber S.A.E.	(Million Egyptian Dollar)	150	150	27.5	27.5	265,956	265,956	176,962	207,946
Less : Translation adjustment						-	-	(223,062)	(192,958)
Total investments in associated companies						972,724	972,724	1,587,277	1,551,738

(Unit : Thousand Baht)

Company's name	Separate financial statement						
	Issued and paid-up capital			Shareholding percentage		Cost	
	Foreign currency	31 March	31 December	31 March	31 December	31 March	31 December
		2007	2006	2007	2006	2007	2006
							(Audited) (Restated)
Subsidiary companies							
Liaoning Birla Carbon Co., Ltd.	(Million Renminbi)	149	118	88	85	628,084	483,924
Birla Carbon Mexico, S.A.DE C.V.	(Million Mexican Peso)	1	0.4	98	98	3,392	1,461
Total investments in subsidiary companies						631,476	485,385
Associated companies							
P.T. Indo Liberty Textiles	(Million Indonesian Rupiah)	42,549	42,549	40	40	196,948	196,948
Aditya Birla Chemicals (Thailand) Ltd.	(Million Baht)	1,700	1,700	30	30	509,820	509,820
Alexandria Fiber S.A.E.	(Million Egyptian Dollar)	150	150	27.5	27.5	265,956	265,956
Total investments in associated companies						972,724	972,724

Share of profit of Baht 12.7 million from P.T. Indo Liberty Textiles, share of loss of Baht 21.0 million from Liaoning Birla Carbon Co., Ltd. and share of loss of Baht 30.9 million from Alexandria Fiber

S.A.E for the three-month period ended 31 March 2007 were determined based on the financial statements which were reviewed by their auditors.

Share of loss of Baht 0.9 million from Birla Carbon Mexico S.A.DE C.V. for the three-month period ended 31 March 2007 was determined based on the financial statements which were prepared by that company's management.

At the Annual General Meeting of the Shareholders on 26 April 2007, it was resolved that the Company will not exercise its allotted rights to participate in the share offering of Alexandria Fiber Co., S.A.E. (3,755,125 ordinary shares of LE 10 each). After the share increment of that company, the Company's direct shareholding will thus be diluted from 27.5% to 14.4%.

6. I N V E S T M E N T S I N R E L A T E D P A R T I E S

These represent investments in ordinary shares of the following companies:

	(Unit : Thousand Baht)			
	Shareholding percentage		Balance as at	
	31 March	31 December	31 March	31 December
	2007	2006	2007	2006
	%	%		(Audited)
Thai Epoxy and Allied Products Co., Ltd.	19.88	19.88	11,925	11,925
Thai Acrylic Fiber Co., Ltd.	15.98	15.98	223,204	223,204
Pan Century Oleochemicals Sdn. Bhd. (Incorporated in Malaysia)	-	5.03	-	20,038
			235,129	255,167

As at 31 March 2007, Pan Century Oleochemicals Sdn. Bhd. was in the process of liquidation. During the current quarter, the Company has received refund of its capital of Baht 20.0 million and a share of retained profits of approximately Baht 15.5 million from this company.

7. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account during the three-month period ended 31 March 2007 are summarised below.

	Consolidated financial statements	(Unit: Thousand Baht) Separate financial statements
Net book value as at 1 January 2007	2,081,580	1,322,119
Acquisitions during period - at cost	57,927	57,586
Depreciation for period	(59,865)	(42,425)
Translation adjustment for the period	(14,496)	-
Net book value as at 31 March 2007	<u>2,065,146</u>	<u>1,337,280</u>

8. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions as at 31 March 2007 and 31 December 2006 consist of the following:-

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Audited)		(Audited)
Bank overdrafts	15,184	6,690	15,184	6,690
Short-term bank loans	465,644	524,734	-	-
Total	<u>480,828</u>	<u>531,424</u>	<u>15,184</u>	<u>6,690</u>

Short-term bank loans of the subsidiary are guaranteed by the Company.

9. LONG-TERM LOANS

These represent long-term loans, denominated in US dollar, obtained from two commercial banks by Liaoning Birla Carbon Co., Ltd. The first loan, with an outstanding balance at 31 March 2007 of USD 6.0 million, bears a SIBOR+1.25% interest rate and the second loan with an outstanding balance 31 March 2007 are repayable in semiannual installments until 2011. The second loan is guaranteed by the Company.

10. FINANCIAL INFORMATION BY SEGMENT

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. Below is the consolidated financial information for the periods ended 31 March 2007 and 2006 by geographic segments.

(Unit : Million Baht)

The consolidated financial statements for the three-month periods ended 31 March 2007 and 2006

	Domestic		Overseas		Elimination of inter-segment revenues		Consolidation	
	2007	2006	2007	2006	2007	2006	2007	2006
	Revenue from sales	1,673	1,507	69	116	-	-	1,742
Inter-segment revenues	-	-	43	-	(43)	-	-	-
Total revenues	1,673	1,507	112	116	(43)	-	1,742	1,623
Segment income	301	217	(21)	(34)			280	183
Unallocated income and expenses :								
Other income							35	13
Share of income of associated companies							66	57
Gain (loss) on exchange							(5)	(8)
Interest expenses							(12)	(13)
Corporate income tax							(59)	(38)
Minority interest							3	9
Net income							308	203

The financial information by segment in the consolidated balance sheet as at 31 March 2007 and 31 December 2006 is as follows:-

(Unit : Million Baht)

The consolidated financial statements as at 31 March 2007 and 31 December 2006

	Domestic		Overseas		Elimination of inter-segment revenues		Consolidation	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	Property, plant and equipment - net	1,337	1,322	728	759	-	-	2,065
Other assets	5,279	4,985	491	426	(346)	(263)	5,424	5,148
Total assets	6,616	6,307	1,219	1,185	(346)	(263)	7,489	7,229

Transfer price between business segment are as set out in Note 3 to the financial statements.

11. COMMITMENTS AND CONTINGENT LIABILITIES

11.1 Capital commitments

As at 31 March 2007, the Company had capital commitments of approximately Baht 218 million (31 December 2006 : Baht 121 million) relating to purchases of machinery.

11.2 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.

11.3 BANK GUARANTEES

As at 31 March 2007, the Company had outstanding letter of bank guarantees amounting to approximately Baht 8.7 million (31 December 2006 : Baht 8.7 million) issued by the banks to meet normal business requirement of the Company.

12. FINANCIAL INSTRUMENTS

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

The balances of financial assets and liabilities denominated in foreign currencies as at 31 March 2007 are summarised below.

Foreign currency	Consolidated		Separate		Average exchange rate as at 31 March 2007 (Baht per unit of foreign currency)
	financial statements	financial statements	financial statements	financial statements	
	Assets	Liabilities	Assets	Liabilities	
	(Million)	(Million)	(Million)	(Million)	
US dollar	18.4	17.9	10.8	0.2	35.0160
Indonesian rupiah	88,454.5	-	17,019.6	-	3.8569 (Per 1,000 IDR)
Renminbi	-	-	131.5	-	4.5616
Egyptian dollar	27.5	-	41.3	-	5.7843
Mexican peso	-	-	1.0	-	3.1737

Foreign exchange contracts outstanding at 31 March 2007 are summarized below.

<u>Foreign currency</u>	<u>Bought amount</u> (Million)	<u>Contract exchange rate</u>
US dollar	11.7	34.8750 - 35.7750

13. SUBSEQUENT EVENT

On 26 April 2007, the Annual General Meeting of the shareholders approved the payment of dividend in respect of the 2006 income of Baht 0.7 per share, or a total of Baht 210 million. The dividends will be paid to the shareholders on 21 May 2007.

14. RECLASSIFICATION

In addition to the change in accounting policy as mentioned in Note 2 to the interim financial statements, which affects the previously reported net income and shareholders' equity, certain other amounts in the financial statements for the prior period have been reclassified to conform to the current period's classification, but with no effect to previously reported net income or shareholders' equity other than from the change in accounting policy.

15. APPROVAL OF FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Company's Board of directors on 10 May 2007.