

THAI CARBON BLACK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

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 2007, and the related consolidated statements of income for the three-month and six-month periods ended 30 June 2007 and 2006, and related the statements of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 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 six-month period ended 30 June 2007 of this subsidiary showed total assets of Baht 1,080 million (2006 : Baht 1,277 million), total revenues for the three-month and six-month periods ended 30 June 2007 of approximately Baht 90 million and Baht 211 million respectively, and net loss for the three-month and six-month periods then ended for approximately Baht 22 million and Baht 46 million, respectively (for the three-month and six-month periods ended 30 June 2006: revenues of approximately Baht 80 million and Baht 204 million, respectively and net loss of approximately Baht 48 million and Baht 87 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 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: 14 August 2007

THAI CARBON BLACK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Expressed in Thousand Baht)

	Note	Consolidated financial statement		Separate financial statement	
		30 June 2007	31 December 2006	30 June 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited) (Restated)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		1,211,020	875,668	1,079,368	824,442
Trade accounts receivable					
Related parties	3	34,261	31,575	34,261	36,314
Unrelated parties	4	1,092,586	1,173,180	1,043,392	1,114,812
Total trade accounts receivable		1,126,847	1,204,755	1,077,653	1,151,126
Inventories - net		906,094	1,060,660	806,875	841,126
Other current assets					
Advances for purchases of raw materials		40,741	12,512	16,291	-
Input tax refundable		69,761	118,998	24,666	45,644
Others		42,905	22,361	36,850	20,729
TOTAL CURRENT ASSETS		3,397,368	3,294,954	3,041,703	2,883,067
NON-CURRENT ASSETS					
Investment in subsidiary companies	5	-	-	666,713	485,385
Investment in associated companies	5	1,518,205	1,551,738	706,768	972,724
Investment in related parties	6	398,883	255,167	501,085	255,167
Advances for purchases of property, plant and equipment		85,564	35,444	85,564	35,444
Property, plant and equipment - net	7	2,060,020	2,081,580	1,344,935	1,322,119
Other non-current assets		9,452	10,592	811	1,650
TOTAL NON-CURRENT ASSETS		4,072,124	3,934,521	3,305,876	3,072,489
TOTAL ASSETS		7,469,492	7,229,475	6,347,579	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	
		30 June 2007	31 December 2006	30 June 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	367,693	531,424	-	6,690
Trade accounts payable					
Related parties	3	-	1,619	2,671	1,672
Unrelated parties		172,087	180,898	92,994	81,846
Total trade accounts payable		172,087	182,517	95,665	83,518
Current portion of long-term loans	9	67,790	71,185	-	-
Other current liabilities					
Corporate income tax payable		128,105	113,619	127,510	113,497
Accrued expenses		78,241	45,364	64,745	31,585
Others		52,653	63,525	41,598	54,900
TOTAL CURRENT LIABILITIES		866,569	1,007,634	329,518	290,190
NON-CURRENT LIABILITIES					
Long-term loans, net of current portion	9	140,267	182,882	-	-
Provision for employee retirement benefits		72,825	69,585	72,825	69,585
TOTAL NON-CURRENT LIABILITIES		213,092	252,467	72,825	69,585
TOTAL LIABILITIES		1,079,661	1,260,101	402,343	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	30 June 2007	31 December 2006	30 June 2007	31 December 2006
		(Unaudited But reviewed)	(Audited)	(Unaudited But reviewed)	(Audited) (Restated)
SHAREHOLDERS' EQUITY					
Share capital					
Registered, issued and fully paid up					
300,000,000 ordinary shares of Baht 1 each		300,000	300,000	300,000	300,000
Paid-in capital					
Share premium		930,000	930,000	930,000	930,000
Translation adjustments					
Subsidiary companies		(55,242)	(13,068)	-	-
Associated companies	5	(206,182)	(192,958)	-	-
Retained earnings					
Appropriated - statutory reserve		30,000	30,000	30,000	30,000
Unappropriated		5,342,896	4,893,438	4,685,236	4,335,781
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS		6,341,472	5,947,412	5,945,236	5,595,781
MINORITY INTEREST - equity attributable to					
minority shareholders of subsidiaries		48,359	21,962	-	-
TOTAL SHAREHOLDERS' EQUITY		6,389,831	5,969,374	5,945,236	5,595,781
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,469,492	7,229,475	6,347,579	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)

(UNAUDITED BUT REVIEWED)

THAI CARBON BLACK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 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		1,645,179	1,564,780	1,566,611	1,489,327
Share of income from investment in associated companies	5	77,803	22,668	-	-
Other income					
Dividend income		11,387	5,693	11,387	5,693
Interest income		10,292	7,726	10,316	7,691
Gain on exchange rate		-	1,459	-	-
Others		10,892	4,742	2,959	3,071
TOTAL REVENUES		1,755,553	1,607,068	1,591,273	1,505,782
EXPENSES					
Cost of sales		1,187,140	1,338,297	1,113,393	1,259,740
Selling and administrative expenses					
Selling expenses		70,246	68,314	67,914	65,953
Administrative expenses		56,433	66,196	36,845	34,250
Exchange loss		13,859	-	8,573	174
TOTAL EXPENSES		1,327,678	1,472,807	1,226,725	1,360,117
INCOME BEFORE INTEREST EXPENSES AND					
CORPORATE INCOME TAX		427,875	134,261	364,548	145,665
INTEREST EXPENSES		(9,829)	(14,117)	(29)	(117)
CORPORATE INCOME TAX		(70,081)	(23,891)	(70,081)	(23,891)
INCOME AFTER CORPORATE INCOME TAX		347,965	96,253	294,438	121,657
NET LOSS ATTRIBUTABLE TO MINORITY INTEREST		2,719	11,057	-	-
NET INCOME FOR THE PERIOD		350,684	107,310	294,438	121,657
BASIC EARNINGS PER SHARE (Baht)					
Net income		1.17	0.36	0.98	0.41

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

(UNAUDITED BUT REVIEWED)

(UNAUDITED BUT REVIEWED)

THAI CARBON BLACK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 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		3,387,479	3,187,970	3,240,061	2,995,866
Share of income from investment in associated companies	5	143,446	79,967	-	-
Other income					
Dividend income		26,928	5,693	26,928	5,693
Interest income		18,870	13,490	18,870	13,434
Others		22,346	11,626	10,169	5,986
TOTAL REVENUES		3,599,069	3,298,746	3,296,028	3,020,979
EXPENSES					
Cost of sales		2,525,296	2,647,300	2,383,748	2,454,442
Selling and administrative expenses					
Selling expenses		142,391	136,570	136,956	129,853
Administrative expenses		108,314	129,550	69,389	65,098
Exchange loss		18,740	6,783	17,687	12,643
TOTAL EXPENSES		2,794,741	2,920,203	2,607,780	2,662,036
INCOME BEFORE INTEREST EXPENSES AND					
CORPORATE INCOME TAX		804,328	378,543	688,248	358,943
INTEREST EXPENSES		(21,707)	(26,696)	(33)	(122)
CORPORATE INCOME TAX		(128,761)	(61,662)	(128,761)	(61,662)
INCOME AFTER CORPORATE INCOME TAX		653,860	290,185	559,454	297,159
NET LOSS ATTRIBUTABLE TO MINORITY INTEREST		5,598	19,997	-	-
NET INCOME FOR THE PERIOD		659,458	310,182	559,454	297,159
BASIC EARNINGS PER SHARE (Baht)					
Net income		2.20	1.03	1.86	0.99

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

(UNAUDITED BUT REVIEWED)

(UNAUDITED BUT REVIEWED)

THAI CARBON BLACK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 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	659,458	310,182	559,454	297,159
Adjustments to reconcile net income to net cash provided by (paid from) operating activities :-				
Depreciation and amortisation	118,682	127,216	83,911	90,967
Allowance for stock obsolescence	(16,193)	8,368	-	-
Loss (gain) on disposals of fixed assets	(438)	(1)	(438)	(1)
Dividend income	(26,928)	(5,693)	(26,928)	(5,693)
Share of income from investments in associated companies	(143,446)	(79,968)	-	-
Unrealised (gain) loss on exchange	1,928	(4,967)	5,811	312
Provision for employee retirement benefit	6,565	-	6,564	-
Net income (loss) attributable to minority interest	26,397	(23,628)	-	-
Income from operating activities before changes in operating assets and liabilities	626,025	331,509	628,374	382,744
Operating assets (increase) decrease				
Trade accounts receivable	74,927	(81,943)	70,492	(99,913)
Inventories	170,759	(168,489)	34,251	(17,224)
Other current assets	1,747	42,517	(10,151)	18,430
Other assets	1,001	605	840	33
Operating liabilities :-				
Trade accounts payable	(10,350)	4,471	12,147	15,642
Other current liabilities	36,412	(37,546)	33,870	(36,598)
Payment for employee retirement benefit	(3,324)	4,495	(3,324)	4,495
Net cash from (used in) operating activities	897,197	95,619	766,499	267,609

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

THAI CARBON BLACK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Expressed in Thousand Baht)

	Consolidated financial statement		Separate financial statement	
	2007	2006	2007	2006 (Restated)
Cash flows from investing activities				
Dividend received	26,928	5,693	26,928	5,693
Addition investments in subsidiary companies	-	-	(181,327)	-
Proceeds from capital reduction of share of related company	-	-	20,037	-
Proceeds from sales of investment in associated company	20,037	41,207	-	41,207
Advances for purchase of property, plant and equipment	(51,402)	(31,032)	(54,232)	(31,032)
Proceeds from disposals of fixed assets	438	1	438	1
Acquisition of property, plant and equipment	(114,598)	(88,960)	(106,727)	(88,499)
Net cash used in investing activities	(118,597)	(73,091)	(294,883)	(72,630)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	(163,732)	152,831	(6,690)	(1,074)
Repayment of long-term loans	(40,408)	(38,691)	-	-
Dividend paid	(210,000)	(180,000)	(210,000)	(180,000)
Net cash from (used in) financing activities	(414,140)	(65,860)	(216,690)	(181,074)
Increase (decrease) in translation adjustments	(29,107)	21,260	-	-
Net increase (decrease) in cash and cash equivalents	335,353	(22,072)	254,926	13,905
Cash and cash equivalents at beginning of period	875,667	948,318	824,442	886,147
Cash and cash equivalents at end of period	1,211,020	926,246	1,079,368	900,052
	-	-	-	-
Supplemental cash flow information :-				
Cash paid during the period for				
Interest	23,586	14,239	28	122
Corporate income tax	115,151	105,488	115,151	105,488

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 2007 AND 2006

(Unit : Thousand Baht)

Consolidated financial statement

Note	Issued and paid-up share capital	Share premium	Translation adjustments		Retained earnings		Minority interest - equity attributable to minority shareholders of subsidiaries	Total
			Subsidiary companies	Associated companies	Appropriated	Unappropriated		
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
Payment of dividend	-	-	-	-	-	(180,000)	-	(180,000)
Translation adjustments	-	-	(12,160)	(17,754)	-	-	-	(29,914)
Net income (loss) for the period	-	-	-	-	-	310,182	(23,628)	286,554
Balance as at 30 June 2006	300,000	930,000	(8,092)	(189,354)	30,000	4,271,829	41,178	5,375,561
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
Payment of dividend	-	-	-	-	-	(210,000)	-	(210,000)
Translation adjustments	-	-	(42,174)	(13,224)	-	-	31,995	(23,403)
Net income (loss) for the period	-	-	-	-	-	659,458	(5,598)	653,860
Balance as at 30 June 2007	300,000	930,000	(55,242)	(206,182)	30,000	5,342,896	48,359	6,389,831

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 2007 AND 2006

(Unit : Thousand Baht)

Note	Separate financial statement						
	Issued and paid-up share capital	Share premium	Translation adjustments		Retained earnings		Total
			Subsidiary companies (Restated)	Associated companies (Restated)	Appropriated	Unappropriated (Restated)	
							(Restated)
Balance as at 31 December 2005 - as previously reported	300,000	930,000	4,068	(171,600)	30,000	4,141,647	5,234,115
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
Payment of dividend	-	-	-	-	-	(180,000)	(180,000)
Net income for the period (restated)	-	-	-	-	-	297,159	297,159
Balance as at 30 June 2006 - as restated	300,000	930,000	-	-	30,000	3,820,214	5,080,214
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
Payment of dividend	-	-	-	-	-	(210,000)	(210,000)
Net income for the period	-	-	-	-	-	559,454	559,454
Balance as at 30 June 2007	300,000	930,000	-	-	30,000	4,685,236	5,945,236
							0

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 2007 AND 2006

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 Thai Accounting Standard 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 Adoption of new accounting standards during the period

The Federation of Accounting Professions (FAP) has issued Notification No. 9/2550 regarding Thai Accounting Standards (TAS), which was announced in the Royal Gazette. This Notification mandates the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

TAS 25	Cash Flow Statements
TAS 33	Borrowing Costs
TAS 44	Consolidated Financial Statements and Separate Financial Statements
TAS 45	Investments in Associates
TAS 46	Interests in Joint Ventures
TAS 49	Construction Contracts

a) Thai Accounting Standards effective for the current year

Thai Accounting Standards No. 44, 45 and 46 become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 and 45, as discussed in Note 2.

b) Thai Accounting Standards not effective for the current year

Thai Accounting Standards No. 25, 33 and 49 will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. However, the management has assessed the effect of these revised accounting standards and believes that they will not significantly impact on 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 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 three-month and the six-month periods ended 30 June 2007 by Baht 56 million (Baht 0.19 per share) and Baht 100 million (Baht 0.33 per share), respectively (2006 : increasing by Baht 14 million (Baht 0.05 per share) and decreasing by Baht 13 million (Baht 0.04 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 six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Transaction with subsidiary company</u>				
(eliminated from the consolidated financial statement)				
Purchases of goods	-	-	51.48	-
<u>Transactions with related parties</u>				

(Unit : Million Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Share of production cost – sales of steam and electric power	187.61	147.20	187.61	147.20

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 statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	<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	34.3	31.6	34.3	36.3
<u>Trade accounts payable - related parties</u>				
Subsidiary				
Liaoning Birla Carbon Co., Ltd.	-	-	2.7	0.1
Total trade account payable - subsidiary	-	-	2.7	0.1
Associated company				
Aditya Birla Chemicals (Thailand) Ltd.	-	0.4	-	0.4
Total trade account payable - associated company	-	0.4	-	0.4
Related company				
Thai Rayon Public Company Limited	-	1.2	-	1.2
Total trade account payable - related company	-	1.2	-	1.2
Total Trade accounts payable - related parties	-	1.6	2.7	1.7

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	30 June 2007	31 December 2006	30 June 2007 (%)	31 December 2006 (%)	30 June 2007	31 December 2006 (Audited)	30 June 2007	31 December 2006 (Audited)
Associated companies									
P.T. Indo Liberty Textiles	(Million Indonesian Rupiah)	42,549	42,549	40	40	196,948	196,948	557,244	533,774
Aditya Birla Chemicals (Thailand) Ltd.	(Million Baht)	1,700	1,700	30	30	509,820	509,820	1,167,143	1,002,976
Alexandria Fiber S.A.E.	(Million Egyptian Dollar)	205	150	14.4*	27.5	-	265,956	-	207,946
Less : Translation adjustment						-	-	(206,182)	(192,958)
Total investments in associated companies						706,768	972,724	1,518,205	1,551,738

(Unit : Thousand Baht)

Company's name	Separate financial statement						
	Issued and paid-up capital		Shareholding percentage		Cost		
	Foreign currency	30 June 2007	31 December 2006	30 June 2007 (%)	31 December 2006 (%)	30 June 2007	31 December 2006 (Audited/Restated)
Subsidiary companies							
Liaoning Birla Carbon Co., Ltd.	(Million Renminbi)	157	118	89	85	662,455	483,924
Birla Carbon Mexico, S.A.DE C.V.	(Million Mexican Peso)	1	0.4	98	98	4,258	1,461
Total investments in subsidiary companies						666,713	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)	205	150	14.4*	27.5	-	265,956
Total investments in associated companies						706,768	972,724

(* Investment in this company had been transferred to investments in related parties during current quarter)

Share of profit of Baht 23.5 million from P.T. Indo Liberty Textiles, share of loss of Baht 40.9 million from Liaoning Birla Carbon Co., Ltd. and share of loss of Baht 44.2 million from Alexandria Fiber

S.A.E for the six-month period ended 30 June 2007 were determined based on the financial statements which were reviewed by their auditors.

Share of loss of Baht 2.5 million from Birla Carbon Mexico S.A.DE C.V. for the six-month period ended 30 June 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). Subsequently, that company allotted the shares to which the Company did not subscribe to Thai Acrylic Fibre Co., Ltd., which is an associated company. In May 2007 Alexandria Fiber Co., S.A.E. has increased its share capital as mentioned above, and after such share increment, the Company's direct shareholding was diluted from 27.5% to 14.4%. As a result, the Company reclassifies the investment in that company from investment in associated company to investments in related parties. The carrying amount of the investment at the transfer date is regarded as the new cost in the financial statements in which the equity method is applied.

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)			
	Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
		(Audited)		(Audited)
Alexandria Fiber S.A.E	163,754	-	265,956	-
Thai Epoxy and Allied Products Co., Ltd.	11,925	11,925	11,925	11,925
Thai Acrylic Fiber Co., Ltd.	223,204	223,204	223,204	223,204
Pan Century Oleochemicals Sdn. Bhd. (Incorporated in Malaysia)	-	20,038	-	20,038
	<u>398,883</u>	<u>255,167</u>	<u>501,085</u>	<u>255,167</u>

As at 31 March 2007, Pan Century Oleochemicals Sdn. Bhd. was in the process of liquidation. During the first 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 six-month period ended 30 June 2007 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2007	2,081,580	1,322,119
Acquisitions during period - at cost	114,599	106,727
Depreciation for period	(118,543)	(83,911)
Translation adjustment for the period	(17,616)	-
Net book value as at 30 June 2007	<u>2,060,020</u>	<u>1,344,935</u>

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

Bank overdrafts and short-term loans from financial institutions as at 30 June 2007 and 31 December 2006 consist of the following:-

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
		(Audited)		(Audited)
Bank overdrafts	-	6,690	-	6,690
Short-term bank loans	367,693	524,734	-	-
Total	<u>367,693</u>	<u>531,424</u>	<u>-</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 30 June 2007 of USD 5.1 million, bears a SIBOR+1.25% interest rate and the second loan with an outstanding balance at 30 June 2007 of USD 1.0 million bears a LIBOR+0.75% interest rate the loans 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 30 June 2007 and 2006 by geographic segments.

(Unit : Million Baht)

The consolidated financial statements for the six-month periods ended 30 June 2007 and 2006

	Domestic		Overseas		Elimination of inter-segment revenues		Consolidation	
	2007	2006	2007	2006	2007	2006	2007	2006
	Revenue from sales	3,240	2,996	148	192	-	-	3,388
Inter-segment revenues	-	-	51	-	(51)	-	-	-
Total revenues	3,240	2,996	199	192	(51)	-	3,388	3,188
Segment income	650	346	(38)	(71)			612	275
Unallocated income and expenses :								
Other income							68	31
Share of income of associated companies							143	80
Gain (loss) on exchange							(19)	(7)
Interest expenses							(21)	(27)
Corporate income tax							(129)	(62)
Minority interest							5	20
Net income							659	310

The financial information by segment in the consolidated balance sheet as at 30 June 2007 and 31 December 2006 is as follows:-

(Unit : Million Baht)

The consolidated financial statements as at 30 June 2007 and 31 December 2006

	Domestic		Overseas		Elimination of inter-segment revenues		Consolidation	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	Property, plant and equipment - net	1,345	1,322	715	759	-	-	2,060
Other assets	5,376	4,985	367	426	(356)	(263)	5,387	5,148
Total assets	6,721	6,307	1,082	1,185	(356)	(263)	7,447	7,229

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

11. PAYMENT OF DIVIDEND

		(Unit : Baht)	
Dividends	Approved by	Total Dividends	Dividend Per share
Final dividends for 2005	Annual General Meeting of the shareholders on 28 April 2006	180,000,000	0.60
Total for 2006		<u>180,000,000</u>	<u>0.60</u>
Final dividends for 2006	Annual General Meeting of the shareholders on 26 April 2007	210,000,000	0.70
Total for 2007		<u>210,000,000</u>	<u>0.70</u>

12. COMMITMENTS AND CONTINGENT LIABILITIES**12.1 Capital commitments**

As at 30 June 2007, the Company had capital commitments of approximately Baht 272 million (31 December 2006 : Baht 121 million) relating to purchases of machinery.

12.2 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.

12.3 BANK GUARANTEES

As at 30 June 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.

13. 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 30 June 2007 are summarised below.

Consolidated

Separate

Foreign currency	financial statements		financial statements		Average exchange rate
	Assets	Liabilities	Assets	Liabilities	as at 30 June 2007
	(Million)	(Million)	(Million)	(Million)	(Baht per unit of foreign currency)
US dollar	15.5	16.7	13.1	-	34.5453
Indonesian rupiah	91.2	-	17.1	-	3.8484 (Per 1,000 IDR)
Renminbi	-	-	139.1	-	4.5376
Egyptian pound	28.9	-	41.3	-	5.8689
Mexican peso	-	-	1.3	-	3.1938

Foreign exchange contracts outstanding at 30 June 2007 are summarized below.

Foreign currency	Bought amount	Contract exchange rate
	(Million)	
US dollar	3.8	34.5450-34.8050

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 14 August 2007.