

Thai Carbon Black Public Company Limited  
and its subsidiaries  
Report and consolidated interim financial statements  
For the three-month and nine-month periods ended  
30 September 2008

## **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 2008, the related consolidated statements of income for the three-month and nine-month periods ended 30 September 2008 and 2007, the consolidated statements of changes in shareholders' equity and cash flows for the nine-month periods ended 30 September 2008 and 2007, 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 issue a report on these financial statements based on my reviews. The consolidated interim financial statements include the financial statements of an overseas subsidiary which was reviewed by other auditor. The financial statements for the nine-month periods ended 30 September 2008 of that subsidiary showed total assets of Baht 1,109 million (31 December 2007: Baht 1,009 million), total revenues for the three-month and nine-month periods ended 30 September 2008 of Baht 169 million and Baht 499 million, respectively (30 September 2007: Baht 62 million and Baht 273 million, respectively) and net loss for the three-month period ended 30 September 2008 of Baht 0.1 million and net income for the nine-month period then ended Baht 21 million (30 September 2007: net loss of Baht 35 million and Baht 81 million, respectively). The review report of that 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 standards applicable to review engagements. This standard requires that I plan and perform the reviews to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my review and the report of the other auditor, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of Thai Carbon Black Public Company Limited and its subsidiaries, and the separate financial statements of Thai Carbon Black Public Company Limited for the year ended 31 December 2007 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 27 February 2008. The consolidated and separate balance sheets as at 31 December 2007, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Narong Puntawong  
Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited  
Bangkok: 12 November 2008

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

**Balance sheets**

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements			
	30 September 2008	31 December 2007	30 September 2008	31 December 2007		
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)		
<b>Assets</b>						
<b>Current assets</b>						
	Cash and cash equivalents	56,419	1,185,190	12,244	1,122,475	
	Trade accounts receivable					
	Related parties	2,3	39,076	36,154	39,746	37,137
	Unrelated parties	3	1,608,192	1,163,802	1,548,747	1,137,846
	Total trade accounts receivable		1,647,268	1,199,956	1,588,493	1,174,983
	Inventories - net		2,083,425	1,138,672	1,933,128	984,123
	Other current assets					
	Advances for purchases of raw materials		1,279,339	2,252	1,244,233	-
	Input tax refundable		181,914	88,990	149,695	59,278
	Others		86,691	112,204	83,931	110,114
	Total other current assets		1,547,944	203,446	1,477,859	169,392
	<b>Total current assets</b>		<b>5,335,056</b>	<b>3,727,264</b>	<b>5,011,724</b>	<b>3,450,973</b>
<b>Non-current assets</b>						
	Investments in subsidiary companies	4	-	-	668,444	668,444
	Investments in associated companies	5	2,023,670	1,622,847	706,768	706,768
	Investment in related parties	6	398,883	398,883	501,085	501,085
	Advances for purchases of property, plant and equipment		98,261	62,557	98,261	62,557
	Property, plant and equipment - net	7	2,607,552	2,295,910	1,875,754	1,572,325
	Other non-current assets		21,126	21,803	11,967	13,088
	<b>Total non-current assets</b>		<b>5,149,492</b>	<b>4,402,000</b>	<b>3,862,279</b>	<b>3,524,267</b>
	<b>Total assets</b>		<b>10,484,548</b>	<b>8,129,264</b>	<b>8,874,003</b>	<b>6,975,240</b>

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

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

**Balance sheets (continued)**

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements		
	30 September 2008	31 December 2007	30 September 2008	31 December 2007	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	8	1,643,254	361,014	1,280,000	-
Trade accounts payable					
Related parties	2	67,950	6,858	113,160	7,433
Unrelated parties		262,834	142,120	108,950	71,577
Total trade accounts payable		330,784	148,978	222,110	79,010
Current portion of long-term loans	9	68,106	66,559	-	-
Other current liabilities					
Corporate income tax payable		40,877	109,894	40,877	109,894
Construction and machinery payable		143,679	99,297	143,679	99,297
Accrued expenses		146,696	129,946	146,062	119,696
Others		38,315	44,779	14,942	26,029
Total other current liabilities		369,567	383,916	345,560	354,916
<b>Total current liabilities</b>		<b>2,411,711</b>	<b>960,467</b>	<b>1,847,670</b>	<b>433,926</b>
<b>Non-current liabilities</b>					
Long-term loans, net of current portion	9	70,467	104,439	-	-
Provision for employee retirement benefits		70,202	72,506	70,202	72,506
<b>Total non-current liabilities</b>		<b>140,669</b>	<b>176,945</b>	<b>70,202</b>	<b>72,506</b>
<b>Total liabilities</b>		<b>2,552,380</b>	<b>1,137,412</b>	<b>1,917,872</b>	<b>506,432</b>

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

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

**Balance sheets(continued)**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>30 September 2008</b>	<b>31 December 2007</b>	<b>30 September 2008</b>	<b>31 December 2007</b>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered, issued and fully paid up				
300,000,000 ordinary shares of Baht1 each	300,000	300,000	300,000	300,000
Share premium	930,000	930,000	930,000	930,000
Translation adjustments				
Subsidiary companies	10,767	(44,855)	-	-
Associated companies	5 (219,157)	(247,309)	-	-
Retained earnings				
Appropriated- statutory reserve	30,000	30,000	30,000	30,000
Unappropriated	6,859,004	5,980,897	5,696,131	5,208,808
Equity attributable to				
the company's shareholders	7,910,614	6,948,733	6,956,131	6,468,808
Minority interest	21,554	43,119	-	-
<b>Total shareholders' equity</b>	<b>7,932,168</b>	<b>6,991,852</b>	<b>6,956,131</b>	<b>6,468,808</b>
<b>Total liabilities and shareholder's equity</b>	<b>10,484,548</b>	<b>8,129,264</b>	<b>8,874,003</b>	<b>6,975,240</b>
	-	-	-	-

The accompanying notes are an integral part of the financial statements

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Directors  
.....

(Unaudited but reviewed)

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

**Income statements**

**For the three-month periods ended 30 September 2008 and 2007**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenues</b>				
Sales	2,551,221	1,733,933	2,548,756	1,697,333
Share of income from investments in associated companies	134,827	94,180	-	-
Other income				
Dividend income	-	-	2,829	1,923
Interest income	1,423	10,052	1,328	10,052
Gain on exchange rate	5,090	-	2,041	-
Others	12,535	11,012	4,932	3,213
Total other income	19,048	21,064	11,130	15,188
<b>Total revenues</b>	<u>2,705,096</u>	<u>1,849,177</u>	<u>2,559,886</u>	<u>1,712,521</u>
<b>Expenses</b>				
Cost of sales	2,165,546	1,246,185	2,158,806	1,208,835
Selling and administrative expenses	111,634	160,225	111,696	130,917
Loss on exchange rate	-	965	-	2,018
<b>Total expenses</b>	<u>2,277,180</u>	<u>1,407,375</u>	<u>2,270,502</u>	<u>1,341,770</u>
<b>Income before interest expenses and corporate income tax</b>	427,916	441,802	289,384	370,751
Interest expenses	(14,620)	(10,821)	(7,547)	(256)
Corporate income tax (Note 10)	(39,508)	(61,567)	(39,508)	(61,567)
<b>Net income for the period</b>	<u>373,788</u>	<u>369,414</u>	<u>242,329</u>	<u>308,928</u>
<b>Net income (loss) attributable to:</b>				
Equity holders of the parent	373,803	372,738	242,329	308,928
Minority interests of the subsidiaries	(15)	(3,324)		
	<u>373,788</u>	<u>369,414</u>		
<b>Basic earnings per share</b>				
Net income attributable to equity holders of the parent	<u>1.25</u>	<u>1.24</u>	<u>0.81</u>	<u>1.03</u>

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

(Unaudited but reviewed)

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

For the nine-month periods ended 30 September 2008 and 2007

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

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<b>Revenues</b>					
Sales		7,015,531	5,121,412	6,833,095	4,937,394
Share of income from investments in associated companies	5	375,502	237,626	-	-
Other income					
Dividend income		11,387	11,386	14,216	13,309
Interest income		15,527	28,922	15,296	28,922
Income from liquidation of related company	6	22,378	15,542	22,378	15,542
Gain on exchange rate		32,937	-	3,330	-
Others		25,093	33,358	13,379	13,382
Total other income		107,322	89,208	68,599	71,155
<b>Total revenues</b>		<b>7,498,355</b>	<b>5,448,246</b>	<b>6,901,694</b>	<b>5,008,549</b>
<b>Expenses</b>					
Cost of sales		5,820,691	3,771,481	5,670,313	3,592,583
Selling and administrative expenses		360,068	410,930	327,524	337,262
Loss on exchange rate		-	19,705	-	19,705
<b>Total expenses</b>		<b>6,180,759</b>	<b>4,202,116</b>	<b>5,997,837</b>	<b>3,949,550</b>
<b>Income before interest expenses and corporate income tax</b>					
		1,317,596	1,246,130	903,857	1,058,999
Interest expenses		(28,070)	(32,528)	(7,554)	(289)
Corporate income tax	10	(138,980)	(190,328)	(138,980)	(190,328)
<b>Net income for the period</b>		<b>1,150,546</b>	<b>1,023,274</b>	<b>757,323</b>	<b>868,382</b>
<b>Net income (loss) attributable to:</b>					
Equity holders of the parent		1,148,107	1,032,196	757,323	868,382
Minority interests of the subsidiaries		2,439	(8,922)	-	-
		<u>1,150,546</u>	<u>1,023,274</u>		
<b>Basic earnings per share</b>					
Net income attributable to equity holders of the parent		3.83	3.44	2.52	2.89



(Unaudited but reviewed)

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

**Statements of cash flows**

**For the nine-month periods ended 30 September 2008 and 2007**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities</b>				
Net income before tax	1,289,526	1,213,602	896,303	1,058,710
Adjustments to reconcile net income to net cash provided by (paid from) operating activities				
Depreciation and amortisation	180,756	176,853	125,081	124,866
Allowance for stock obsolescence (reversal)	2,075	(2,812)	-	-
Share of income from investments in associated companies	(375,502)	(237,626)	-	-
Gain on sales of equipment	(1,655)	(16,138)	(1,655)	(2,812)
Unrealised (gain) loss on exchange	1,472	(8,007)	3,380	-
Provision for employee retirement benefit	4,989	6,565	4,989	6,565
Dividend income	(11,387)	(11,386)	(14,216)	(13,309)
Income from liquidation of related company	(22,378)	(15,542)	(22,378)	(15,542)
Interest expense	28,070	32,528	7,554	289
Income from operating activities before changes in operating assets and liabilities	1,095,966	1,138,037	999,058	1,158,767
Operating assets (increase) decrease				
Trade accounts receivable	(447,092)	61,765	(413,129)	25,881
Inventories	(946,828)	209,281	(949,004)	153,276
Advances for purchases of raw materials	(1,277,087)	-	(1,244,233)	-
Other current assets	(67,131)	(20,297)	(63,954)	(28,804)
Other assets	(1,666)	905	(1,003)	840
Operating liabilities increase (decrease)				
Trade accounts payable	177,961	(8,919)	139,255	24,838
Other current liabilities	58,799	121,216	59,462	103,392
Payment for employee retirement benefit	(7,292)	(1,136)	(7,292)	(1,136)
Cash flows from operating activities	(1,414,370)	1,500,852	(1,480,840)	1,437,054
Cash paid for interest expenses	(31,223)	(32,255)	(7,555)	(39)
Cash paid for corporate income tax	(209,172)	(240,026)	(207,996)	(240,026)
<b>Net cash flows from (used in) operating activities</b>	<b>(1,654,765)</b>	<b>1,228,571</b>	<b>(1,696,391)</b>	<b>1,196,989</b>

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

(Unaudited but reviewed)

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

**Statements of cash flows (continued)**

**For the nine-month periods ended 30 September 2008 and 2007**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash flows from investing activities</b>				
Additional investments in subsidiary companies	-	-	-	(183,058)
Cash receipt from dividend income	14,216	13,309	14,216	13,309
Cash receipt from liquidation of related company	22,378	35,579	22,378	35,579
Advance for purchase of property, plant and equipment	(35,704)	(93,557)	(35,704)	(93,557)
Acquisition of property, plant and equipment	(436,816)	(284,471)	(426,385)	(245,196)
Cash receipt from sales of equipment	1,655	438	1,655	438
<b>Net cash used in investing activities</b>	<b>(434,271)</b>	<b>(328,702)</b>	<b>(423,840)</b>	<b>(472,485)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	1,282,241	(96,097)	1,280,000	(6,690)
Repayment of long-term loans	(30,356)	(43,148)	-	-
Dividend paid	(270,000)	(210,000)	(270,000)	(210,000)
<b>Net cash from (used in) financing activities</b>	<b>981,885</b>	<b>(349,245)</b>	<b>1,010,000</b>	<b>(216,690)</b>
<b>Increase (decrease) in translation adjustment</b>	<b>(21,620)</b>	<b>8,354</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,128,771)</b>	<b>558,978</b>	<b>(1,110,231)</b>	<b>507,814</b>
Cash and cash equivalents at beginning of period	1,185,190	875,667	1,122,475	824,442
<b>Cash and cash equivalents at end of period</b>	<b>56,419</b>	<b>1,434,645</b>	<b>12,244</b>	<b>1,332,256</b>
	-	-	-	-

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 changes in shareholders' equity

For the nine-month periods ended 30 September 2008 and 2007

(Unit: Thousand Baht)

	Consolidated financial statements							
	Issued and paid-up share capital	Share premium	Translation adjustment		Retained earnings		Minority interest of subsidiaries	Total
			Subsidiary companies	Associated companies	Appropriated	Unappropriated		
<b>Balance as at 31 December 2006 (Audited)</b>	300,000	930,000	(13,068)	(192,958)	30,000	4,893,438	21,962	5,969,374
Unrealised item in income statements								
Translation adjustment	-	-	(35,850)	(39,803)	-	-	29,885	(45,768)
Dividend paid (Note 11)	-	-	-	-	-	(210,000)	-	(210,000)
Net income (loss) for the period	-	-	-	-	-	1,032,196	(8,922)	1,023,274
<b>Balance as at 30 September 2007</b>	<b>300,000</b>	<b>930,000</b>	<b>(48,918)</b>	<b>(232,761)</b>	<b>30,000</b>	<b>5,715,634</b>	<b>42,925</b>	<b>6,736,880</b>
<b>Balance as at 31 December 2007 (Audited)</b>	<b>300,000</b>	<b>930,000</b>	<b>(44,855)</b>	<b>(247,309)</b>	<b>30,000</b>	<b>5,980,897</b>	<b>43,119</b>	<b>6,991,852</b>
Unrealised item in income statements								
Translation adjustment	-	-	55,622	28,152	-	-	(24,004)	59,770
Dividend paid (Note 11)	-	-	-	-	-	(270,000)	-	(270,000)
Net income for the period	-	-	-	-	-	1,148,107	2,439	1,150,546
<b>Balance as at 30 September 2008</b>	<b>300,000</b>	<b>930,000</b>	<b>10,767</b>	<b>(219,157)</b>	<b>30,000</b>	<b>6,859,004</b>	<b>21,554</b>	<b>7,932,168</b>

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 changes in shareholders' equity (continued)**

**For the nine-month periods ended 30 September 2008 and 2007**

(Unit: Thousand Baht)

**Separate financial statements**

	Issued and paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
<b>Balance as at 31 December 2006 (Audited)</b>	300,000	930,000	30,000	4,335,782	5,595,782
Dividend paid (Note 11)	-	-	-	(210,000)	(210,000)
Net income for the period	-	-	-	868,382	868,382
<b>Balance as at 30 September 2007</b>	<u>300,000</u>	<u>930,000</u>	<u>30,000</u>	<u>4,994,164</u>	<u>6,254,164</u>
<b>Balance as at 31 December 2007 (Audited)</b>	300,000	930,000	30,000	5,208,808	6,468,808
Dividend paid (Note 11)	-	-	-	(270,000)	(270,000)
Net income for the period	-	-	-	757,323	757,323
<b>Balance as at 30 September 2008</b>	<u>300,000</u>	<u>930,000</u>	<u>30,000</u>	<u>5,696,131</u>	<u>6,956,131</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 2008**

**1. General information**

**1.1 Corporate information**

Thai Carbon Black Public Company Limited is a public company incorporated and domiciled in Thailand. The Company principally engaged in the manufacture and distribution of carbon black for sales to both local and overseas markets and its registered address is 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 No. 41 (revised 2007) "Interim Financial Reporting", 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 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 official statutory financial statements.

### **1.3 Basis of interim consolidation**

The consolidated interim financial statements include the financial statements of Thai Carbon Black Public Company Limited and its subsidiaries and are prepared applying the same basis as the consolidated financial statements for the year ended 31 December 2007, with no changes in the shareholding structure of the subsidiary companies during the period.

### **1.4 Accounting standards which are effective for the current year**

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that TAS 29, TAS 33, TAS 43 and TAS 49 are not relevant to the business of the Company, whereas TAS 25, TAS 31, TAS 35, TAS 39, TAS 41 and TAS 51 do not have any significant impact on the financial statements for the current period.

### **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 2007.

## 2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

		For the three-month periods ended 30 September			
		Consolidated		Separate	
Pricing policy		financial statements	financial statements	financial statements	financial statements
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b><u>Transactions with subsidiary company</u></b>					
(eliminated from the consolidated financial statements)					
Purchase of goods	Market price	-	-	155.2	17.8
<b><u>Transactions with related parties</u></b>					
Purchase of goods	Market price	63.8	-	63.8	-
Share of production cost - steam power and electric power	Market price	115.9	104.5	115.9	104.5

(Unit: Million Baht)

		For the nine-month periods ended 30 September			
		Consolidated		Separate	
Pricing policy		financial statements	financial statements	financial statements	financial statements
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b><u>Transactions with subsidiary company</u></b>					
(eliminated from the consolidated financial statements)					
Purchase of goods	Market price	-	-	274.7	69.3
<b><u>Transactions with related parties</u></b>					
Purchase of goods	Market price	71.7	-	71.7	-
Share of production cost - steam power and electric power	Market price	314.2	292.1	314.2	292.1

(Unaudited but reviewed)

The balances of the accounts as at 30 September 2008 and 31 December 2007 between the Company and those related companies are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
<b><u>Trade accounts receivable related parties</u></b>				
<b>Subsidiary company</b>				
Liaoning Birla Carbon Co., Ltd.	-	-	0.6	1.0
<b>Related company</b>				
Thai Rayon Public Co., Ltd.	39.1	36.1	39.1	36.1
<b>Total trade accounts receivable - related parties</b>	<b>39.1</b>	<b>36.1</b>	<b>39.7</b>	<b>37.1</b>
<b><u>Trade accounts payable related parties</u></b>				
<b>Subsidiary company</b>				
Liaoning Birla Carbon Co., Ltd.	-	-	45.2	0.6
<b>Associated and related companies</b>				
Aditya Birla Chemicals (Thailand) Ltd.	0.6	0.6	0.6	0.6
Alexandria Carbon Black S.A.E.	67.4	5.4	67.4	5.4
Thai Rayon Public Co., Ltd.	-	0.8	-	0.8
<b>Total trade accounts payable - related parties</b>	<b>68.0</b>	<b>6.8</b>	<b>113.2</b>	<b>7.4</b>

**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 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 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.



(Unaudited but reviewed)

**3. Trade accounts receivable**

The outstanding balances of trade accounts receivable as at 30 September 2008 and 31 December 2007 are aged, based on due date, as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2008	2007	2008	2007
<b><u>Age of receivables</u></b>				
<b><u>Trade accounts receivable – related parties</u></b>				
Not yet due	39,076	36,154	39,746	37,137
<b><u>Trade accounts receivable – unrelated parties</u></b>				
Not yet due	1,422,888	990,588	1,363,443	964,632
Past due				
Up to 1 month	158,692	158,876	158,692	158,876
1 - 2 months	18,502	11,290	18,502	11,290
2 - 6 months	7,162	3,048	7,162	3,048
Over 6 months	948	-	948	-
Total trade accounts receivable				
- unrelated parties	1,608,192	1,163,802	1,548,747	1,137,846

**4. Investments in subsidiary companies**

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	30 September	31 December	30 September	31 December	30 September	31 December
	2008	2007	2008	2007	2008	2007
			Percent	Percent		
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 1.9 Million	Mexico Pesos 1.9 Million	98.00	98.00	5,975	5,975
Total investment in subsidiary companies					668,444	668,444

During the three-month and nine-month periods ended 30 September 2008 and 2007, the Company received no dividend income from its investments in subsidiaries.

(Unaudited but reviewed)

**5. Investments in associated companies****5.1 Details of investments in associated companies**

(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 2008	31 December 2007	30 September 2008	31 December 2007	30 September 2008	31 December 2007	2008	2007
	Percent	Percent						
P.T. Indo Liberty Textiles	40.00	40.00	196,948	196,948	593,914	607,564	(10,819)	54,267
Aditya Birla Chemicals (Thailand) Ltd.	29.99	29.99	509,820	509,820	1,648,913	1,262,592	386,321	227,551
Alexandria Fiber S.A.E.*	14.40	14.40	-	-	-	-	-	(44,192)
Less: Translation adjustment			-	-	(219,157)	(247,309)	-	-
<b>Total</b>			<b>706,768</b>	<b>706,768</b>	<b>2,023,670</b>	<b>1,622,847</b>	<b>375,502</b>	<b>237,626</b>

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Cost	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	Percent	Percent		
P.T. Indo Liberty Textiles	40.00	40.00	196,948	196,948
Aditya Birla Chemicals (Thailand) Ltd.	29.99	29.99	509,820	509,820
<b>Total</b>			<b>706,768</b>	<b>706,768</b>

(\*Investment in this company has been transferred to investments in related parties during the second quarter of year 2007.)

(Unaudited but reviewed)

## 5.2 Summarised financial information of associated companies

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the nine-month periods ended		Net income (loss) for the nine-month periods ended	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September		30 September	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
P.T. Indo Liberty Textiles	Indonesian Rupiah 42.5 million	Indonesian Rupiah 42.5 million	1,318	1,426	434	476	1,374	1,329	(4)	137
Aditya Birla Chemicals (Thailand) Ltd.	Baht 1,700 million	Baht 1,700 million	9,935	7,194	4,422	2,983	9,208	6,230	1,288	759
Alexandria Fiber S.A.E.*	-	-	-	-	-	-	-	975	-	(81)

(\*Investment in this company has been transferred to investments in related parties during the second quarter of year 2007.)

Share of income (loss) from investments in associated companies for the three-month and nine-month periods ended 30 September 2008 and 2007 were determined based on the financial statements which were reviewed by their auditors.

During the three-month and nine-month periods ended 30 September 2008, the Company received dividend income from its investments in associated company totaling Baht 2.8 million and Baht 2.8 million, respectively (2007: Baht 1.9 million and Baht 1.9 million, respectively).

(Unaudited but reviewed)

## 6. Investments in related parties

(Unit: Thousand Baht)

Company's name	Shareholding percentage		Consolidated financial statements		Separate financial statements	
	30 September 2008	31 December 2007	30 September 2008	31 December 2007	30 September 2008	31 December 2007
	Percent	Percent				
Alexandria Fiber S.A.E	14.40	14.40	163,754	163,754	265,956	265,956
Thai Epoxy and Allied Products Co., Ltd.	19.88	19.88	11,925	11,925	11,925	11,925
Thai Acrylic Fiber Co., Ltd.	15.98	15.98	223,204	223,204	223,204	223,204
			<u>398,883</u>	<u>398,883</u>	<u>501,085</u>	<u>501,085</u>

Income from liquidation of related company represent share of retained earnings in liquidation of its related company, Pan Century Oleochemicals Sdn. Bhd., which had been dissolved in year 2007.

## 7. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2008 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 1 January 2008</b>	2,295,910	1,572,325
Acquisitions during period – at cost	436,816	426,385
Disposal during period – at cost	(5,829)	(5,829)
Depreciation on disposal	5,829	5,829
Depreciation for the period	(178,413)	(122,956)
Translation adjustment	53,239	-
<b>Net book value as at 30 September 2008</b>	<u>2,607,552</u>	<u>1,875,754</u>

**8. Short-term loans from financial institutions**

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated financial statements		Separate financial statements	
		30 September	31 December	30 September	31 December
		2008	2007	2008	2007
Short-term loans	3.75 – 9.36	1,643,254	361,014	1,280,000	-
Total		1,643,254	361,014	1,280,000	-

Short-term loans of the Company, which from a commercial bank, are unsecured.

Short-term bank loans of the subsidiary amounting to Baht 241 million 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 September 2008 of USD 3.4 million, bears interest at SIBOR plus 1.25 per annum and the second loan with an outstanding balance at 30 September 2008 of USD 0.7 million bears interest at LIBOR plus 0.75 per annum. The loans are repayable in semiannual installments until 2010.

The second loan is guaranteed by the Company.

**10. Corporate income tax**

Interim corporate income tax of the Company were calculated on net income before income tax for the periods, after adding back expenses and deducting income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

**11. Dividend**

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2006	The Annual General Meeting of the Company's shareholders on 26 April 2007	210,000	0.70
Total for 2007		210,000	0.70
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

**12. Commitments and contingent liabilities****12.1 Capital commitments**

As at 30 September 2008, the Company had capital commitments of approximately Baht 629.3 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 September 2008, the Company had outstanding letter of bank guarantees amounting to approximately Baht 13 million (31 December 2007: Baht 13 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.

Foreign exchange contracts outstanding at 30 September 2008 are summarised below.

<u>Foreign currency</u>	<u>Bought amount</u> (Million)	<u>Contract exchange rate</u>
US dollar	0.9	33.4730 - 34.6650
Euro	1.2	48.1700 - 50.5200
Yen	200.0	0.3068 - 0.3290

**14. 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 domestic 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	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue from sales	2,549	1,697	3	36	-	-	2,552	1,733
Inter-segment revenues	-	-	155	18	(155)	(18)	-	-
Total revenues	<u>2,549</u>	<u>1,697</u>	<u>158</u>	<u>54</u>	<u>(155)</u>	<u>(18)</u>	<u>2,552</u>	<u>1,733</u>
Segment income	279	357	(5)	(30)	-	-	274	327
Unallocated income and expenses:								
Other income							15	21
Share of income of associated companies							135	95
Gain (loss) on exchange							5	(1)
Interest expenses							(15)	(12)
Corporate income tax							(40)	(61)
Net income for the period							<u>374</u>	<u>369</u>

(Unit: Million Baht)

	Consolidated financial statements for the nine-month periods ended 30 September							
	Domestic segment		Overseas segment		Elimination of inter- segment revenues		Consolidation	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue from sales	6,833	4,937	183	184	-	-	7,016	5,121
Inter-segment revenues	-	-	275	69	(275)	(69)	-	-
Total revenues	<u>6,833</u>	<u>4,937</u>	<u>458</u>	<u>253</u>	<u>(275)</u>	<u>(69)</u>	<u>7,016</u>	<u>5,121</u>
Segment income	835	1,007	(1)	(68)	-	-	834	939
Unallocated income and expenses:								
Other income							75	89
Share of income of associated companies							376	238
Gain (loss) on exchange							33	(20)
Interest expenses							(28)	(33)
Corporate income tax							(139)	(190)
Net income for the period							<u>1,151</u>	<u>1,023</u>

(Unaudited but reviewed)

Transfer price between business segments are as set out in Note 2 to the financial statements.

The financial information by segment in the consolidated balance sheets are as follows:

(Unit: Million Baht)

The consolidated financial statements								
	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
	2008	2007	2008	2007	2008	2007	2008	2007
Property, plant and equipment-net	1,876	1,572	732	724	-	-	2,608	2,296
Unallocated assets	7,953	5,403	377	766	(453)	(336)	7,877	5,833
Total assets	9,829	6,975	1,109	1,490	(453)	(336)	10,485	8,129

#### 15. Subsequent event

On 17 October 2008, the Company had received the return of capital totalling Baht 11.5 million from investment in Thai Epoxy and Allied Products Co., Ltd. which is as a result of the liquidation and return of capital of such company in accordance with the special resolution of the extraordinary general meeting of such company's shareholders to dissolve the company on 13 January 2005.

#### 16. Reclassification

Certain amounts in the financial statements for the periods ended 30 September 2007 and 31 December 2007 have been reclassified to conform to the current period's classification, but with no effect to previously reported net income or shareholders' equity.

#### 17. Approval of financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 November 2008.