

Thai Carbon Black Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended 31 March 2010

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 2010, the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month periods ended 31 March 2010 and 2009, and the separate financial statements of Thai Carbon Black Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to report on these financial statements based on my reviews. The consolidated interim financial statements include the financial statements of an overseas subsidiary which were reviewed by other auditor. The financial statements for the three-month periods ended 31 March 2010 of that subsidiary showed total assets of Baht 797 million (31 December 2009: Baht 817 million), total revenues for the three-month periods ended 31 March 2010 of Baht 127 million (31 March 2009: Baht 95 million) and net loss for the three-month periods ended 31 March 2010 of Baht 40 million and (31 March 2009: net loss for the three-month periods of Baht 23 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 reviews in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the reviews to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

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

I have previously audited the consolidated financial statements of Thai Carbon Black Public Company Limited and its subsidiaries, and the separate financial statements of Thai Carbon Black Public Company Limited for the year ended 31 December 2009 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 19 February 2010. The consolidated and separate balance sheets as at 31 December 2009, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Narong Puntawong
Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited
Bangkok: 14 May 2010

Thai Carbon Black Public Company Limited and its subsidiaries

Balance sheets

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2010	31 December 2009	31 March 2010	31 December 2009
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		1,207,451	1,002,615	1,198,914	997,429
Current investment		-	75,000	-	75,000
Trade accounts receivable					
Related party	2, 3	41,437	44,669	41,437	44,669
Unrelated parties	3	1,434,061	1,246,404	1,376,216	1,229,136
Total trade accounts receivable		1,475,498	1,291,073	1,417,653	1,273,805
Amounts due from related party	2	-	-	751	-
Inventories - net	4	1,076,661	1,152,296	979,503	1,068,865
Other current assets					
Advances for purchases of raw materials		44,208	89,933	44,208	89,933
Input tax refundable		23,675	27,161	13,379	13,520
Others		50,426	43,739	24,702	12,970
Total other current assets		118,309	160,833	82,289	116,423
Total current assets		3,877,919	3,681,817	3,679,110	3,531,522
Non-current assets					
Investments in subsidiaries	5	-	-	673,860	673,860
Investments in associates	6	2,309,677	2,227,402	723,385	720,388
Other long-term investments	7	386,958	386,958	489,160	489,160
Advances for purchases of machinery and equipment		3,883	5,249	3,883	5,249
Property, plant and equipment - net	8	2,937,417	2,950,183	2,341,317	2,316,087
Intangible assets - net		7,135	7,796	7,135	7,796
Other non-current assets		12,373	12,659	1,010	1,049
Total non-current assets		5,657,443	5,590,247	4,239,750	4,213,589
Total assets		9,535,362	9,272,064	7,918,860	7,745,111

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	
		31 March 2010	31 December 2009	31 March 2010	31 December 2009
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	9	330,466	340,776	-	-
Trade accounts payable					
Related parties	2	6,499	12,198	6,499	42,644
Unrelated parties		254,471	248,754	105,034	140,539
Total trade accounts payable		260,970	260,952	111,533	183,183
Current portion of long-term loans	10	36,375	37,509	-	-
Other current liabilities					
Corporate income tax payable	11, 13	97,447	73,410	97,447	73,410
Payable for purchase of machinery and equipment		81,637	96,223	81,637	96,223
Accrued expenses		111,602	153,607	106,218	152,380
Others		64,299	62,102	32,065	22,414
Total other current liabilities		354,985	385,342	317,367	344,427
Total current liabilities		982,796	1,024,579	428,900	527,610
Non-current liabilities					
Provision for employee retirement benefits		90,672	90,288	90,672	90,288
Total non-current liabilities		90,672	90,288	90,672	90,288
Total liabilities		1,073,468	1,114,867	519,572	617,898

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)

	Consolidated financial statements		Separate financial statements		
	<u>Note</u>	31 March 2010	31 December 2009	31 March 2010	31 December 2009
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
		300,000	300,000	300,000	300,000
		930,000	930,000	930,000	930,000
Translation adjustments					
		(682)	6,822	-	-
	6	(232,894)	(228,746)	-	-
Retained earnings					
		30,000	30,000	30,000	30,000
		7,433,731	7,112,937	6,139,288	5,867,213
Equity attributable to					
		8,460,155	8,151,013	7,399,288	7,127,213
Minority interest - equity attributable to					
		1,739	6,184	-	-
		8,461,894	8,157,197	7,399,288	7,127,213
Total shareholders' equity					
		9,535,362	9,272,064	7,918,860	7,745,111
Total liabilities and shareholders' equity					
		-	-	-	-

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 2010 and 2009**

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

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Revenues					
Sales		2,117,147	1,110,934	2,054,561	1,092,588
Other income					
Interest income		3,497	2,319	3,491	2,313
Gains on exchange		-	-	-	512
Others		4,883	3,512	4,769	3,354
Total other income		8,380	5,831	8,260	6,179
Total revenues		2,125,527	1,116,765	2,062,821	1,098,767
Expenses					
Cost of sales		1,754,135	955,066	1,669,745	941,546
Selling expenses		56,358	48,061	53,195	45,408
Administrative expenses		45,805	50,091	35,351	33,923
Management benefit expenses		5,621	4,029	4,984	3,329
Loss on exchange		3,438	303	3,279	-
Total expenses		1,865,357	1,057,550	1,766,554	1,024,206
Income before share of income from investment in associates					
Share of income from investment in associates	6	83,425	75,618	-	-
Income before finance cost and corporate income tax					
Finance cost		(2,229)	(5,799)	(155)	(120)
Income before corporate income tax		341,366	129,034	296,112	74,441
Corporate income tax	11	(24,037)	-	(24,037)	-
Net income for the period		317,329	129,034	272,075	74,441
		-	-	-	-
Net income (loss) attributable to:					
Equity holders of the parent		320,794	131,439	272,075	74,441
Minority interests of the subsidiaries		(3,465)	(2,405)		
		317,329	129,034		
Basic earnings per share					
Net income attributable to equity holders of the parent		1.07	0.44	0.91	0.25

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 31 March 2010 and 2009

(Unit: Thousand Baht)

	Consolidated financial statements								
	Equity attribute to the parent's shareholders						Minority interest -		
	Issued and fully paid-up share capital	Share premium	Translation adjustment		Retained earnings		Total equity attributable to the parent's shareholders	Minority interest - to minority shareholders of subsidiaries	Total
			Subsidiary companies	Associated companies	Appropriated	Unappropriated			
Balance as at 31 December 2008 (Audited)	300,000	930,000	19,689	(270,989)	30,000	6,160,725	7,169,425	20,765	7,190,190
Income and expenses recognised directly in equity:									
Translation adjustment	-	-	7,042	(10,283)	-	-	(3,241)	925	(2,316)
Net income (loss) for the period	-	-	-	-	-	131,439	131,439	(2,405)	129,034
Balance as at 31 March 2009	<u>300,000</u>	<u>930,000</u>	<u>26,731</u>	<u>(281,272)</u>	<u>30,000</u>	<u>6,292,164</u>	<u>7,297,623</u>	<u>19,285</u>	<u>7,316,908</u>
Balance as at 31 December 2009 (Audited)	300,000	930,000	6,821	(228,746)	30,000	7,112,937	8,151,012	6,184	8,157,196
Income and expenses recognised directly in equity:									
Translation adjustment	-	-	(7,503)	(4,148)	-	-	(11,651)	(980)	(12,631)
Net income (loss) for the period	-	-	-	-	-	320,794	320,794	(3,465)	317,329
Balance as at 31 March 2010	<u>300,000</u>	<u>930,000</u>	<u>(682)</u>	<u>(232,894)</u>	<u>30,000</u>	<u>7,433,731</u>	<u>8,460,155</u>	<u>1,739</u>	<u>8,461,894</u>

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

(Unaudited but reviewed)

Thai Carbon Black Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the three-month periods ended 31 March 2010 and 2009

(Unit: Thousand Baht)

Separate financial statements

	Issued and fully paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
Balance as at 31 December 2008 (Audited)	300,000	930,000	30,000	5,123,950	6,383,950
Net income for the period	-	-	-	74,441	74,441
Balance as at 31 March 2009	<u>300,000</u>	<u>930,000</u>	<u>30,000</u>	<u>5,198,391</u>	<u>6,458,391</u>
Balance as at 31 December 2009 (Audited)	300,000	930,000	30,000	5,867,213	7,127,213
Net income for the period	-	-	-	272,075	272,075
Balance as at 31 March 2010	<u>300,000</u>	<u>930,000</u>	<u>30,000</u>	<u>6,139,288</u>	<u>7,399,288</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 2010 and 2009

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities				
Net income before tax	341,366	129,034	296,112	74,441
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	69,878	67,236	50,763	46,532
Allowance for diminution in value of inventories (reversal)	3,522	(221,582)	-	(225,875)
Share of income from investments in associates	(83,425)	(75,618)	-	-
Unrealised (gain) loss on exchange	5,881	(1,415)	8,658	(6,673)
Unrealised gain on energy swap contracts	-	(67,571)	-	(67,571)
Provision for employee retirement benefits	2,308	3,872	2,308	3,872
Interest income	(3,497)	(2,319)	(3,491)	(2,313)
Interest expenses	2,110	6,260	93	65
Income (loss) from operating activities before changes in operating assets and liabilities	338,143	(162,103)	354,443	(177,522)
Operating assets (increase) decrease				
Trade accounts receivable	(187,665)	433,079	(147,088)	442,381
Inventories	72,113	1,928	89,362	(3,107)
Other current assets	42,487	(2,082)	33,346	2,414
Other assets	237	489	39	460
Operating liabilities decrease				
Trade accounts payable	(2,585)	(22,488)	(74,253)	(4,160)
Other current liabilities	(54,394)	(17,415)	(53,875)	(9,193)
Payment for employee retirement benefits	(1,924)	(6,526)	(1,924)	(6,526)
Cash flows from operating activities	206,412	224,882	200,050	244,747
Cash paid for interest expenses	(2,110)	(6,260)	(93)	(65)
Net cash flows from operating activities	204,302	218,622	199,957	244,682

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 2010 and 2009

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from investing activities				
Cash paid to investments in associate	(2,997)	-	(2,997)	-
Decrease (increase) in advances for purchase of machinery and equipment	1,366	(3,719)	1,366	(3,719)
Acquisition of property, plant and equipment	(75,332)	(54,304)	(75,332)	(54,294)
Decrease in current investment	75,000	-	75,000	-
Interest income	3,497	2,319	3,491	2,313
Net cash flows from (used in) investing activities	1,534	(55,704)	1,528	(55,700)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(10,310)	6,868	-	-
Net cash flows from (used in) financing activities	(10,310)	6,868	-	-
Increase (decrease) in translation adjustment	9,310	(5,958)	-	-
Net increase in cash and cash equivalents	204,836	163,828	201,485	188,982
Cash and cash equivalents at beginning of period	1,002,615	311,096	997,429	238,769
Cash and cash equivalents at end of period	1,207,451	474,924	1,198,914	427,751
	-	-	-	-

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 periods ended 31 March 2010

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2007) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, the statements of income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

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

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.

1.3 Basis for consolidation

These consolidated interim financial statements include the financial statements of Thai Carbon Black Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2009, with no changes in the shareholding structure of the subsidiary companies during the period.

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 2009.

2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

		(Unit: Million Baht)			
		For the three-month periods ended 31 March			
		Consolidated		Separate	
Pricing policy		financial statements		financial statements	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Transactions with subsidiary company</u>					
(eliminated from the consolidated financial statements)					
Purchase of goods	With reference to market price	-	-	64.3	76.2
<u>Transactions with related parties</u>					
Other expenses	By mutual agreement	-	4.5	-	4.5
Share of production cost - steam power and electric power	With reference to market price	135.3	78.9	135.3	78.9

The balances of the accounts as at 31 March 2010 and 31 December 2009 between the Company and those related companies are as follows:

		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		31 March	31 December	31 March	31 December
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		(Audited)		(Audited)	
<u>Trade accounts receivable - related party</u>					
Related company					
Thai Rayon Public Co., Ltd.		41.4	44.7	41.4	44.7
<u>Amount due from related party</u>					
Subsidiary company					
Liaoning Birla carbon Co.,Ltd.		-	-	0.8	-

(Unaudited but reviewed)

	Consolidated		(Unit: Million Baht) Separate	
	financial statements		financial statements	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
<u>Trade accounts payable - related parties</u>		(Audited)		(Audited)
Subsidiary Company				
Liaoning Birla Carbon Co., Ltd.	-	-	-	30.4
Associated and related companies				
Aditya Birla Science & Technology Co., Ltd.	-	2.8	-	2.8
Aditya Birla Chemicals (Thailand) Ltd.	-	0.1	-	0.1
Alexandria Carbon Black S.A.E.	5.0	9.3	5.0	9.3
Hi Tech Carbon (India) Limited	1.5	-	1.5	-
Total trade accounts payable - related parties	6.5	12.2	6.5	42.6

Directors and management's remuneration

For the three-month period ended 31 March 2010, the Company and its subsidiaries had expenses related to the salaries, bonuses and meeting allowances to their directors and management totaling approximately of Baht 5.6 million (Separate financial statements: approximately of Baht 5.0 million) (31 March 2009: approximately of Baht 4.0 million, separate financial statements: approximately of Baht 3.3 million).

Guarantees of subsidiary company's credit facilities

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

Guarantees of related company's credit facilities

Alexandria Fiber Co., S.A.E. entered into credit facility agreements with two overseas financial institutions to obtain various types of credit facilities, with respective maximum credit lines of USD 36.6 million and USD 8.0 million. These facilities have been guaranteed by the Company in the amount proportionate to its shareholding, or equivalent to USD 4.6 million.

3. Trade accounts receivable

As at the balance sheet date, most of the trade accounts receivable were within the credit terms. However, the receivable amounting to Baht 0.8 million had been overdue for more than 6 months.

(Unaudited but reviewed)

4. Allowance for diminution in value of inventory

Movements in the allowance for diminution in value of inventory account during the three-month periods ended 31 March 2010 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2009	13,024	-
Add/Less: Allowance (reversal of allowance) for diminution in value of inventories	3,522	-
Balance as at 31 March 2010	<u>16,546</u>	<u>-</u>

5. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		(Unit: Thousand Baht)	
	31 March	31 December	31 March	31 December	31 March	31 December
	2010	2009	2010	2009	2010	2009
			Percent	Percent		(Audited)
Liaoning Birla Carbon Co., Ltd.	Renminbi 157 Million	Renminbi 157 Million	88.54	88.54	662,469	662,469
Birla Carbon Mexico, S.A DE C.V.	Mexico Pesos 3.9 Million	Mexico Pesos 3.9 Million	98.00	98.00	11,391	11,391
Total					<u>673,860</u>	<u>673,860</u>

No dividend was received from the above subsidiary companies for the three-month periods ended 31 March 2010.

6. Investments in associates

Details of investments in associates:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							Share of income from investments in associated companies for the three-month periods ended 31 March	
	Shareholding percentage		Cost		Carrying amounts based on equity method		2010	2009	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009			
	Percent	Percent		(Audited)		(Audited)			
P.T. Indo Liberty Textiles	40.00	40.00	196,948	196,948	651,472	645,659	5,813	8,543	
Aditya Birla Chemicals (Thailand) Ltd.	29.99	29.99	509,820	509,820	1,872,155	1,798,169	73,985	67,075	
Ameri Blend Inc., USA	49.00	49.00	16,617	13,620	18,944	12,320	3,627	-	
Less: Translation adjustment			-	-	(232,894)	(228,746)	-	-	
Total			723,385	720,388	2,309,677	2,227,402	83,425	75,618	

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Cost	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Percent	Percent		(Audited)	
P.T. Indo Liberty Textiles	40.00	40.00	196,948	196,948
Aditya Birla Chemicals (Thailand) Ltd.	29.99	29.99	509,820	509,820
Ameri Blend Inc., USA	49.00	49.00	16,617	13,620
Total			723,385	720,388

(Unaudited but reviewed)

Share of income from P.T. Indo Liberty Textiles and Ameri Blend Inc., USA were determined based on the financial statements prepared by their management. However, the management believes that there would be no material difference if those financial statements had been reviewed by their auditor.

7. Other long-term investments

(Unit: Thousand Baht)

Company's name	Shareholding percentage		Consolidated financial statements		Separate financial statements	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009
	Percent	Percent		(Audited)		(Audited)
Alexandria Fiber S.A.E	14.40	14.40	163,754	163,754	265,956	265,956
Thai Acrylic Fiber Co., Ltd.	15.98	15.98	223,204	223,204	223,204	223,204
			<u>386,958</u>	<u>386,958</u>	<u>489,160</u>	<u>489,160</u>

8. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month periods ended 31 March 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2010	2,950,183	2,316,087
Acquisitions during period - at cost	75,332	75,332
Depreciation for period	(69,168)	(50,102)
Translation adjustment	(18,930)	-
Net book value as at 31 March 2010	<u>2,937,417</u>	<u>2,341,317</u>

The subsidiary have pledged their construction, machinery and equipment with a total net book value as at 31 March 2010 of Baht 286.4 million (31 December 2009: Baht 322.6 million) as collateral against credit facilities received from financial institution.

9. Short-term loans from financial institutions

Short-term bank loans of the subsidiary amounting to Baht 330.4 million, bear a LIBOR+2% and LIBOR+3% interest rate. The short-term bank loans are secured by the mortgage of the subsidiary's land use right with structures thereon and machinery and equipment, and are guaranteed by the Company.

10. Long-term loans

As at 31 March 2010, Liaoning Birla Carbon Co., Ltd. had long-term loans, denominated in US dollars, obtained from two commercial banks. The first loan, with an outstanding balance of USD 0.9 million, bears a SIBOR+1.25% interest rate and the second loan, with an outstanding balance of USD 0.3 million, bears a LIBOR+0.75% interest rate. The loans are repayable in semiannual installments until 2010. The second loan is guaranteed by the Company.

11. Corporate income tax

Interim corporate income tax is calculated on net income of non-promoted activities for the period, after adding back expenses and deducting income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

On 24 April 2009, the Company received promotional privileges from the Board of Investment. Subject to the stipulated conditions, the privileges include an exemption from corporate income tax for the manufacture of steam from new machines, from the date the promoted operations commenced generating revenues (September 2008). Moreover, the Company requested approval for an extension of the tax exemption period for its manufacture of carbon black activities, from 3 years to 5 years. The Company received confirmation from the BOI that it should utilise the privileges on 12 March 2010. As a result corporate income tax for year 2009 decreased by Baht 22 million, and the Company recorded this effect in the current period.

12. Segment information

The Company's and its subsidiaries' business operations involve one principle segment i.e. manufacture and distribution of carbon black, which is carried on both in Thailand and overseas. The financial information of the Company and its subsidiary companies regarding geographic segment are as follows:

(Unaudited but reviewed)

(Unit: Million Baht)

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

	Domestic segment		Overseas segment		Elimination of inter-segment revenues		Consolidated financial statements	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	2,055	1,093	63	18	-	-	2,118	1,111
Inter-segment revenues	-	-	64	76	(64)	(76)	-	-
Total revenues	2,055	1,093	127	94	(64)	(76)	2,118	1,111
Segment income (loss)	385	151	(21)	5			364	156
Unallocated income and expenses:								
Other income							8	6
Share of income of associates							83	76
Selling expenses							(56)	(48)
Administrative expenses							(46)	(51)
Management benefit expenses							(6)	(4)
Loss on exchange							(3)	-
Financial cost							(2)	(6)
Corporate income tax							(25)	-
Net income for the period							317	129

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

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

	Domestic segment		Overseas segment		Elimination of inter-segment revenues		Consolidated financial statements	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009
		(Audited)		(Audited)		(Audited)		(Audited)
Property, plant and equipment - net	2,341	2,316	596	634	-	-	2,937	2,950
Unallocated assets	6,630	6,453	205	188	(237)	(319)	6,598	6,322
Total assets	8,971	8,769	801	822	(237)	(319)	9,535	9,272

13. Commitments and contingent liabilities**13.1 Capital commitments**

As at 31 March 2010, the Company had capital commitments of approximately Baht 106.2 million relating to purchases of machinery and equipment.

13.2 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.

13.3 Bank guarantees

As at 31 March 2010, there were outstanding letters of guarantee approximately Baht 13 million (31 December 2009: Baht 13 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

13.4 Tax assessment

In June 2009, the Company received a letter from the Board of Investment asking for cancelation a part of the promotional privileges granted to the Company for the sales of steam during the years 2005 through 2007. The Company has submitted a letter appealing this order. For prudent reasons, the Company has set aside provision of Baht 30 million for this potential tax liability.

14. Financial instruments***Foreign currency risk***

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

Forward exchange contracts outstanding at 31 March 2010 are summarised below.

Foreign currency	Bought amount	Sold amount	Contract exchange rate	
	(Million)	(Million)	<u>Bought amount</u>	<u>Sold amount</u>
US dollar	19.3	11.8	32.31 – 33.29	32.30 – 33.29

15. Map Ta Phut projects

Two manufacturing projects of Aditya Birla Chemicals (Thailand) Limited, an associated company, have been ordered to temporarily suspend their operations as a result of an Administrative Court's injunction issued in September 2009. During the period ended 31 March 2010, the projects generated sales revenue of approximate by Baht 638 million for that company, and the net book value of property, plant and equipment of the projects as at 31 March 2010 amounted to Baht 1,054 million. The government has been looking for ways to mitigate the negative impact of the injunction on industry, including issuing new laws and regulations to implement the constitutional requirements regarding projects which are potentially harmful to health and the environment. The associated company is confident that it will be able to comply with any new laws and regulations that are issued by the government.

16. Subsequent event

At the 2010 Annual General Meeting of the shareholders held on 30 April 2010, it was resolved that the Company pay dividend for the year 2009 of baht 0.60 per share. This dividend will be paid in May 2010, from the earnings of the promoted operations. Thus, the Company will pay dividend totaling Baht 180 million.

17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of directors on 14 May 2010.