

**Birla Carbon (Thailand) Public Company Limited  
and its Subsidiary**

Condensed interim financial statements  
for the three-month period ended  
30 June 2019  
and  
Independent auditor's review report

## **Independent Auditor’s Report on Review of Interim Financial Information**

### **To the Board of Directors of Birla Carbon (Thailand) Public Company Limited**

I have reviewed the accompanying consolidated and separate statements of financial position of Birla Carbon (Thailand) Public Company Limited and its subsidiary, and of Birla Carbon (Thailand) Public Company Limited, respectively, as at 30 June 2019; the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the three-month period ended 30 June 2019; and condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

#### *Scope of Review*

Except as mentioned in the Basis for Qualified conclusion, I conducted my review in accordance with Thai Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### *Basis for Qualified Conclusion*

The Group has an 29.99% equity interest in an associate, Aditya Birla Chemicals (Thailand) Limited (“ABCT”), with a carrying value of THB 3,927 million and Baht 510 million in the consolidated and separate financial statements, respectively. The auditor of ABCT qualified her opinion on the financial statements of ABCT for the year ended 31 December 2018 regarding the valuation of a long-term loan to a related party granted by ABCT amounting to USD 315 million, equivalent to Baht 10,141 million, because of the significant operating losses and capital deficit of the related party as at and for the year ended 31 March 2018. The auditor of ABCT was unable to obtain sufficient and appropriate audit evidence to satisfy herself regarding the value of those investments. Consequently, she was unable to determine whether and to what extent any adjustments were required to the carrying value of the long-term loans to that related party. Management has confirmed to me that there was no change in the facts and circumstances since the day of my last audited report. I was therefore unable to determine whether and to what extent any adjustments are required to the carrying value of the investment in ABCT in the consolidated and separate financial statements.

### *Qualified Conclusion*

Except for the adjustments to the interim financial information that I might have become aware of had it not been for the situation described in the basis for qualified conclusion paragraph, based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

(Orawan Chuhakitpaisan)  
Certified Public Accountant  
Registration No. 6105

KPMG Phoomchai Audit Ltd.  
Bangkok  
13 August 2019

**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**

**Statement of financial position**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		30 June	31 March	30 June	31 March
<b>Assets</b>		2019	2019	2019	2019
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<b><i>Current assets</i></b>					
Cash and cash equivalents		870,515	1,722,202	870,462	1,722,056
Short-term deposits at financial institutions	4	2,562,056	1,489,541	2,562,056	1,489,541
Trade accounts receivable	3, 5	1,228,811	1,203,568	1,228,811	1,203,568
Other receivables	3	64,480	74,365	64,327	74,220
Inventories	6	591,926	896,680	591,926	896,680
Current portion of long-term loans to related parties	3	4,750	4,750	4,750	4,750
<b>Total current assets</b>		<b>5,322,538</b>	<b>5,391,106</b>	<b>5,322,332</b>	<b>5,390,815</b>
<b><i>Non-current assets</i></b>					
Investments in associates	7	4,939,902	4,961,091	770,364	770,364
Investments in subsidiary	8	-	-	-	-
Other long-term investments	9	239,081	239,081	239,081	239,081
Long-term loan to related parties	3	5,297,056	5,485,367	5,297,056	5,485,367
Long-term interest receivables	3	2,218,011	2,178,143	2,218,011	2,178,143
Property, plant and equipment	10	1,466,124	1,497,185	1,466,124	1,497,185
Intangible assets		9,728	10,944	9,728	10,944
Deferred tax assets		99,822	93,492	102,393	96,063
Advance for purchase machinery and equipment		503	1,221	503	1,221
Other non-current assets		2,649	2,649	2,649	2,649
<b>Total non-current assets</b>		<b>14,272,876</b>	<b>14,469,173</b>	<b>10,105,909</b>	<b>10,281,017</b>
<b>Total assets</b>		<b>19,595,414</b>	<b>19,860,279</b>	<b>15,428,241</b>	<b>15,671,832</b>

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

**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**

**Statement of financial position**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		30 June	31 March	30 June	31 March
<b>Liabilities and equity</b>		2019	2019	2019	2019
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<b><i>Current liabilities</i></b>					
Trade accounts payable	3	337,244	772,818	337,244	772,818
Other payables	3	275,775	379,959	275,524	379,700
Current portion of lease liabilities	3	5,353	-	5,353	-
Current tax payable		252,105	196,224	252,105	196,224
Derivatives liabilities	13	35,012	6,554	35,012	6,554
<b>Total current liabilities</b>		<b>905,489</b>	<b>1,355,555</b>	<b>905,238</b>	<b>1,355,296</b>
<b><i>Non-current liabilities</i></b>					
Lease liabilities	3	5,173	-	5,173	-
Non-current provisions for employee benefits		139,506	136,311	139,506	136,311
<b>Total non-current liabilities</b>		<b>144,679</b>	<b>136,311</b>	<b>144,679</b>	<b>136,311</b>
<b>Total liabilities</b>		<b>1,050,168</b>	<b>1,491,866</b>	<b>1,049,917</b>	<b>1,491,607</b>
<b><i>Equity</i></b>					
Share capital:					
Authorised share capital		300,000	300,000	300,000	300,000
Issued and paid-up share capital		300,000	300,000	300,000	300,000
Share premium:					
Share premium on ordinary shares		930,000	930,000	930,000	930,000
Retained earnings					
Appropriated					
Legal reserve		30,000	30,000	30,000	30,000
Unappropriated		18,903,934	18,703,609	13,118,324	12,920,225
Other components of equity		(1,618,688)	(1,595,196)	-	-
<b>Total equity</b>		<b>18,545,246</b>	<b>18,368,413</b>	<b>14,378,324</b>	<b>14,180,225</b>
<b>Total liabilities and equity</b>		<b>19,595,414</b>	<b>19,860,279</b>	<b>15,428,241</b>	<b>15,671,832</b>

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

**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**

**Statement of income (Unaudited)**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		Three-month period ended		Three-month period ended	
		30 June		30 June	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
<b>Revenues</b>					
Revenues from sales		2,150,520	2,015,224	2,150,520	2,015,224
Dividend income	3, 7	-	47,292	-	72,783
Interest income	3	136,026	120,868	136,026	120,868
Net foreign exchange gain		-	568,379	-	568,379
Other income		1,451	1,052	1,451	1,052
<b>Total revenues</b>		<b><u>2,287,997</u></b>	<b><u>2,752,815</u></b>	<b><u>2,287,997</u></b>	<b><u>2,778,306</u></b>
<b>Expenses</b>					
Cost of sales of goods	3, 6	1,533,363	1,463,517	1,533,363	1,463,517
Distribution costs	3	40,072	37,984	40,072	37,984
Administrative expenses	3	98,904	97,961	98,825	97,838
Net foreign exchange loss		367,902	-	367,902	-
Finance costs	3	186	13	186	13
<b>Total expenses</b>		<b><u>2,040,427</u></b>	<b><u>1,599,475</u></b>	<b><u>2,040,348</u></b>	<b><u>1,599,352</u></b>
<b>Share of profit of associates</b>					
Associates	3, 7	2,102	236,468	-	-
<b>Total</b>		<b><u>2,102</u></b>	<b><u>236,468</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Profit before income tax expense</b>		<b><u>249,672</u></b>	<b><u>1,389,808</u></b>	<b><u>247,649</u></b>	<b><u>1,178,954</u></b>
Tax expense	12	49,550	214,984	49,550	214,984
<b>Profit for the period</b>		<b><u>200,122</u></b>	<b><u>1,174,824</u></b>	<b><u>198,099</u></b>	<b><u>963,970</u></b>
<b>Basic earnings per share (in Baht)</b>		<b><u>0.67</u></b>	<b><u>3.92</u></b>	<b><u>0.66</u></b>	<b><u>3.21</u></b>

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

**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**  
**Statement of comprehensive income (Unaudited)**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Three-month period ended		Three-month period ended	
	30 June		30 June	
<i>Note</i>	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Profit for the period</b>	<b>200,122</b>	<b>1,174,824</b>	<b>198,099</b>	<b>963,970</b>
<b>Other comprehensive income</b>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating financial statements	(27,336)	(135,124)	-	-
Share of other comprehensive income of associates, net of tax	7 3,844	-	-	-
<b>Total items that will be reclassified subsequently to profit or loss</b>	<b>(23,492)</b>	<b>(135,124)</b>	<b>-</b>	<b>-</b>
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Share of other comprehensive income of associates, net of tax	7 203	1,141	-	-
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<b>203</b>	<b>1,141</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive expense for the period, net of tax</b>	<b>(23,289)</b>	<b>(133,983)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>176,833</b>	<b>1,040,841</b>	<b>198,099</b>	<b>963,970</b>

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

**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**  
**Statement of changes in equity (Unaudited)**

	<b>Consolidated financial statements</b>								
	<u>Retained earnings</u>				<u>Other components of equity</u>				
	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Translating foreign operations	Share of other		Total other components of equity	Total equity
						comprehensive income of associates	Total other components of equity		
<i>(in thousand Baht)</i>									
<b>Three-month period ended 30 June 2018</b>									
<b>Balance at 1 April 2018</b>	<b>300,000</b>	<b>930,000</b>	<b>30,000</b>	<b>16,427,715</b>	<b>(1,351,682)</b>	<b>2,222</b>	<b>(1,349,460)</b>	<b>16,338,255</b>	
<b>Comprehensive income for the period</b>									
Profit	-	-	-	1,174,824	-	-	-	1,174,824	
Other comprehensive income	-	-	-	1,141	(135,124)	-	(135,124)	(133,983)	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,175,965</b>	<b>(135,124)</b>	<b>-</b>	<b>(135,124)</b>	<b>1,040,841</b>	
<b>Balance at 30 June 2018</b>	<b>300,000</b>	<b>930,000</b>	<b>30,000</b>	<b>17,603,680</b>	<b>(1,486,806)</b>	<b>2,222</b>	<b>(1,484,584)</b>	<b>17,379,096</b>	

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



**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**  
**Statement of changes in equity (Unaudited)**

	<b>Consolidated financial statements</b>								
	Issued and paid-up share capital	Share premium	Legal reserve	<u>Retained earnings</u>		<u>Other components of equity</u>			Total equity
				Unappropriated	Translating foreign operations	Share of other		Total other components of equity	
						comprehensive income of associates			
<i>(in thousand Baht)</i>									
<b>Three-month period ended 30 June 2019</b>									
<b>Balance at 1 April 2019</b>	<b>300,000</b>	<b>930,000</b>	<b>30,000</b>	<b>18,703,609</b>	<b>(1,597,418)</b>	<b>2,222</b>	<b>(1,595,196)</b>	<b>18,368,413</b>	
<b>Comprehensive income for the period</b>									
Profit	-	-	-	200,122	-	-	-	200,122	
Other comprehensive income	-	-	-	203	(27,336)	3,844	(23,492)	(23,289)	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,325</b>	<b>(27,336)</b>	<b>3,844</b>	<b>(23,492)</b>	<b>176,833</b>	
<b>Balance at 30 June 2019</b>	<b>300,000</b>	<b>930,000</b>	<b>30,000</b>	<b>18,903,934</b>	<b>(1,624,754)</b>	<b>6,066</b>	<b>(1,618,688)</b>	<b>18,545,246</b>	

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

**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**  
**Statement of changes in equity (Unaudited)**

	Issued and paid-up share capital	Separate financial statements		Total equity
		Share premium	Retained earnings	
		Legal reserve	Unappropriated	
		<i>(in thousand Baht)</i>		
<b>Three-month period ended 30 June 2018</b>				
<b>Balance at 1 April 2018</b>	<b>300,000</b>	<b>930,000</b>	<b>11,251,824</b>	<b>12,511,824</b>
<b>Comprehensive income for the period</b>				
Profit	-	-	963,970	963,970
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>963,970</b>	<b>963,970</b>
<b>Balance at 30 June 2018</b>	<b>300,000</b>	<b>930,000</b>	<b>12,215,794</b>	<b>13,475,794</b>

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

**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**  
**Statement of changes in equity (Unaudited)**

	Issued and paid-up share capital	Separate financial statements		Total equity
		Share premium	Retained earnings	
		Legal reserve	Unappropriated	
		<i>(in thousand Baht)</i>		
<b>Three-month period ended 30 June 2019</b>				
<b>Balance at 1 April 2019</b>	<b>300,000</b>	<b>930,000</b>	<b>12,920,225</b>	<b>14,180,225</b>
<b>Comprehensive income for the period</b>				
Profit	-	-	198,099	198,099
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>198,099</b>	<b>198,099</b>
<b>Balance at 30 June 2019</b>	<b>300,000</b>	<b>930,000</b>	<b>13,118,324</b> <sup>(1)</sup>	<b>14,378,324</b>

(1) To comply with the requirements of Foreign Business Act license, an amount of Baht 510 million is required to be maintained as a minimum amount of unappropriated retained earnings

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

**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**

**Statement of cash flows (Unaudited)**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		Three-month period ended		Three-month period ended	
		30 June		30 June	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>					
Profit for the period		200,122	1,174,824	198,099	963,970
<i>Adjustments to reconcile profit to cash receipts</i>					
Depreciation and amortisation		55,432	53,881	55,432	53,881
Dividend income	3, 7	-	(47,292)	-	(72,783)
Interest income		(136,026)	(120,868)	(136,026)	(120,868)
Finance costs		186	13	186	13
Unrealised loss (gain) on exchange rate		346,995	(540,761)	346,994	(540,754)
Unrealised loss on derivatives		28,458	1,794	28,458	1,794
Share of profit of associates, net of tax	3, 7	(2,102)	(236,468)	-	-
Provision for employee benefits		3,195	2,511	3,195	2,511
Tax expense		49,550	214,984	49,550	214,984
		<u>545,810</u>	<u>502,618</u>	<u>545,888</u>	<u>502,748</u>
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(32,630)	(25,330)	(32,630)	(25,330)
Other receivables		233	15,442	241	15,460
Inventories		304,754	84,534	304,754	84,534
Trade accounts payable		(431,197)	(438,262)	(431,197)	(438,262)
Other payables		<u>(42,823)</u>	<u>42,432</u>	<u>(42,816)</u>	<u>42,380</u>
Net cash generated from operating		344,147	181,434	344,240	181,530
Employee benefit paid		-	(652)	-	(652)
Tax paid		<u>(433)</u>	<u>(408)</u>	<u>(433)</u>	<u>(408)</u>
<b>Net cash from operating activities</b>		<b><u>343,714</u></b>	<b><u>180,374</u></b>	<b><u>343,807</u></b>	<b><u>180,470</u></b>

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

**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**  
**Statement of cash flows (Unaudited)**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		Three-month period ended		Three-month period ended	
		30 June		30 June	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
<b><i>Cash flows from investing activities</i></b>					
Increase in short-term deposits at financial institutions		(1,154,635)	-	(1,154,635)	-
Proceeds from redemption of other long-term investments		-	1,357,400	-	1,357,400
Interest received		29,728	68	29,728	68
Dividend received		-	72,783	-	72,783
Acquisition of property, plant and equipment		(72,703)	(13,481)	(72,703)	(13,481)
Advance for purchase machinery and equipment		718	(38,123)	718	(38,123)
Proceeds from repayment of long-term loans to related parties	3	2,988	-	2,988	-
<b>Net cash from (used in) investing activities</b>		<b>(1,193,904)</b>	<b>1,378,647</b>	<b>(1,193,904)</b>	<b>1,378,647</b>
<b><i>Cash flows from financing activities</i></b>					
Interest paid		(187)	(13)	(187)	(13)
Payment for reduction of the outstanding liability relating to finance leases	3	(1,286)	-	(1,286)	-
Proceeds from borrowings		24,000	-	24,000	-
Repayment of borrowings		(24,000)	-	(24,000)	-
<b>Net cash used in financing activities</b>		<b>(1,473)</b>	<b>(13)</b>	<b>(1,473)</b>	<b>(13)</b>
Net (decrease) increase in cash and cash equivalents, before effect of exchange rates		(851,663)	1,559,008	(851,570)	1,559,104
Effect of exchange rate changes on cash and cash equivalents		(24)	80,329	(24)	80,329
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(851,687)</b>	<b>1,639,337</b>	<b>(851,594)</b>	<b>1,639,433</b>
Cash and cash equivalents at 1 April		1,722,202	381,348	1,722,056	381,185
<b>Cash and cash equivalents at 30 June</b>		<b>870,515</b>	<b>2,020,685</b>	<b>870,462</b>	<b>2,020,618</b>
<b><i>Non-cash transactions</i></b>					
Payables for purchases of machinery and equipment		88,309	50,556	88,309	50,556
Accrued dividend		7,896	6,420	7,896	6,420
Right-of-use assets (buildings and constructions)		11,812	-	11,812	-

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

**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 30 June 2019 (Unaudited)**

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**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 30 June 2019 (Unaudited)**

These notes form an integral part of the financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Company's authorised Board of Directors on 13 August 2019.

**1 General information**

The principal activities of the Group are the manufacture and sale of carbon black. Details of the Company's subsidiary and associates as at 30 June 2019 and 31 March 2019 are given in notes 7 and 8.

**2 Basis of preparation of the financial statements**

**(a) Statement of compliance**

The condensed primary interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis ("interim financial statements") in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 March 2019. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiary for the year ended 31 March 2019.

**(b) Use of judgments, estimates and accounting policies**

In preparing these interim financial statements, judgements and estimates are made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 March 2019.

**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 30 June 2019 (Unaudited)**

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the consolidated and separate financial statements for the year ended 31 March 2019 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2019 and adopted TFRS 16 that is effective for annual periods beginning on or after 1 January 2020.

The primary changes are that the Group has initially adopted TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”), which replaced TAS 18 *Revenue* (“TAS 18”) and related interpretations and TFRS 16 *Leases* (“TFRS 16”), which replaced TAS 17 *Leases* (“TAS 17”) and related interpretations.

Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such change in accounting policy has no material impacts on the consolidated and separate financial statements.

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Whereas, under TAS 17, the Group recognises payments made under operating leases in profit or loss on a straight line basis over the term of the lease. Such change in accounting policy has no material impacts on the consolidated and separate financial statements.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for current period in preparing these interim financial statements before the effective date except TFRS 16. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 16.



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**3 Related parties**

Relationships with subsidiary and associates are described in note 7 and 8.

Significant transactions for the three-month period ended 30 June with related parties were as follows:

<i>Three-month period ended 30 June</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Associates</b>				
Interest income	116,384	106,222	116,384	106,222
Dividend income	-	-	-	25,491
Purchase of goods	56	-	56	-
<b>Key management personnel</b>				
Interest income	70	-	70	-
Key management personnel compensation				
Short-term employee benefit	<u>6,224</u>	<u>8,047</u>	<u>6,224</u>	<u>8,047</u>
Total key management personnel compensation	<u>6,224</u>	<u>8,047</u>	<u>6,224</u>	<u>8,047</u>
<b>Directors' remuneration</b>	<u><b>883</b></u>	<u><b>883</b></u>	<u><b>883</b></u>	<u><b>883</b></u>
<b>Other related parties</b>				
Cost reduction from sales of electricity and steam generated from manufacturing process				
	86,475	78,833	86,475	78,833
Expenses charged to related parties	24,523	31,830	24,523	31,830
Purchase of goods	-	167,112	-	167,112
Expenses charged by related parties	12,419	13,303	12,419	13,303
Royalty expense	25,942	25,204	25,942	25,204
Rental expenses	-	810	-	810
Finance cost	114	-	114	-

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Balances as at 30 June 2019 and 31 March 2019 with related parties were as follows:

<i>Trade accounts receivable - related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 March	30 June	31 March
	2019	2019	2019	2019
	<i>(in thousand Baht)</i>			
Other related party	<u>64,083</u>	<u>54,300</u>	<u>64,083</u>	<u>54,300</u>
<b>Total</b>	<b><u>64,083</u></b>	<b><u>54,300</u></b>	<b><u>64,083</u></b>	<b><u>54,300</u></b>
<i>Other receivables - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 March	30 June	31 March
	2019	2019	2019	2019
	<i>(in thousand Baht)</i>			
Associate	36	-	36	-
Other related parties	<u>4,814</u>	<u>4,835</u>	<u>4,814</u>	<u>4,835</u>
<b>Total</b>	<b><u>4,850</u></b>	<b><u>4,835</u></b>	<b><u>4,850</u></b>	<b><u>4,835</u></b>
<i>Interest receivables - related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 March	30 June	31 March
	2019	2019	2019	2019
	<i>(in thousand Baht)</i>			
Associate	<u>2,218,011</u>	<u>2,178,143</u>	<u>2,218,011</u>	<u>2,178,143</u>
<b>Total</b>	<b><u>2,218,011</u></b>	<b><u>2,178,143</u></b>	<b><u>2,218,011</u></b>	<b><u>2,178,143</u></b>
<i>Long-term loans to related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 March	30 June	31 March
	2019	2019	2019	2019
	<i>(in thousand Baht)</i>			
Associate	5,287,377	5,472,700	5,287,377	5,472,700
Key management personnel				
Current portion	4,750	4,750	4,750	4,750
Non-current portion	<u>9,679</u>	<u>12,667</u>	<u>9,679</u>	<u>12,667</u>
Total	<u>14,429</u>	<u>17,417</u>	<u>14,429</u>	<u>17,417</u>
<b>Total</b>	<b><u>5,301,806</u></b>	<b><u>5,490,117</u></b>	<b><u>5,301,806</u></b>	<b><u>5,490,117</u></b>

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Movements during the three-month period ended 30 June of long-term loans to related parties were as follows:

<i>Long-term loans to related parties</i>	<b>Interest rate</b>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2019		2019	
	(% per annum)	(in thousand Baht)			
<i>Associate</i>	LIBOR+3.5				
At 1 April		5,472,701		5,472,701	
Unrealised loss on exchange		<u>(185,324)</u>		<u>(185,324)</u>	
<b>At 30 June</b>		<b><u>5,287,377</u></b>		<b><u>5,287,377</u></b>	

<i>Key management personnel</i>	1.8				
At 1 April		17,417		17,417	
Decrease		<u>(2,988)</u>		<u>(2,988)</u>	
<b>At 30 June</b>		<b><u>14,429</u></b>		<b><u>14,429</u></b>	

<i>Trade accounts payable - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 March	30 June	31 March
	2019	2019	2019	2019
	(in thousand Baht)			
Other related parties	<u>-</u>	<u>36,408</u>	<u>-</u>	<u>36,408</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>36,408</u></b>	<b><u>-</u></b>	<b><u>36,408</u></b>

<i>Other payables - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 March	30 June	31 March
	2019	2019	2019	2019
	(in thousand Baht)			
Other related parties	<u>48,185</u>	<u>85,532</u>	<u>48,185</u>	<u>85,532</u>
<b>Total</b>	<b><u>48,185</u></b>	<b><u>85,532</u></b>	<b><u>48,185</u></b>	<b><u>85,532</u></b>

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<i>Lease liabilities - related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June	31 March	30 June	31 March
	2019	2019	2019	2019
	<i>(in thousand Baht)</i>			
Other related party				
Current portion	2,895	-	2,895	-
Non-current portion	3,884	-	3,884	-
<b>Total</b>	<b>6,779</b>	<b>-</b>	<b>6,779</b>	<b>-</b>

Movement during the three-month period ended 30 June of lease liabilities were as follows:

<i>Lease liabilities - related party</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other related party				
At 1 April	-	-	-	-
Increase	7,475	-	7,475	-
Decrease	(696)	-	(696)	-
<b>At 30 June</b>	<b>6,779</b>	<b>-</b>	<b>6,779</b>	<b>-</b>

#### **4 Short-term deposits at financial institutions**

As at 30 June 2019, the Company had short-term deposits at local financial institutions, amounting to Baht 2,562 million (*31 March 2019: Baht 1,490 million*), which was bearing interest at the rate of 1.30 - 3.00% per annum (*31 March 2019: 3.02% per annum*) and matured in August to September 2019.

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**5 Trade accounts receivable**

	<b>Consolidated and separate</b>	
	<b>financial statements</b>	
	30 June	31 March
	2019	2019
	<i>(in thousand Baht)</i>	
<b>Related party</b>		
Within credit terms	64,083	54,300
	<b>64,083</b>	<b>54,300</b>
<i>Less</i> allowance for doubtful accounts	-	-
	<b>64,083</b>	<b>54,300</b>
 <b>Other parties</b>		
Within credit terms	1,158,340	1,108,790
Overdue:		
Less than 3 months	6,388	40,478
	<b>1,164,728</b>	<b>1,149,268</b>
<i>Less</i> allowance for doubtful accounts	-	-
	<b>1,164,728</b>	<b>1,149,268</b>
 <b>Net</b>	<b>1,228,811</b>	<b>1,203,568</b>

The normal credit term granted by the Group ranges from 15 days to 120 days.

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**6 Inventories**

	<b>Consolidated and separate financial statements</b>	
	30 June 2019	31 March 2019
	<i>(in thousand Baht)</i>	
Finished goods	333,699	402,893
Raw materials	197,285	418,341
Factory supplies and spare parts	<u>110,203</u>	<u>124,707</u>
	641,187	945,941
<i>Less allowance for inventories deterioration</i>	<u>(49,261)</u>	<u>(49,261)</u>
<b>Net</b>	<b><u>591,926</u></b>	<b><u>896,680</u></b>

	<b>Consolidated and separate financial statements</b>	
	2019	2018
	<i>(in thousand Baht)</i>	
<b><i>Three-month period ended 30 June</i></b>		
Inventories recognised as an expense in ‘cost of sales of goods’:		
- Cost	1,533,363	1,463,517
- Write-down to net realisable value	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>1,533,363</u></b>	<b><u>1,463,517</u></b>

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**7 Investments in associates**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Three-month period ended 30 June</i>	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Associates</b>				
At 1 April	4,961,091	4,599,195	770,364	770,364
Share of net profits of associates	2,102	236,468	-	-
Share of other comprehensive income, net of tax	4,047	1,141	-	-
Dividend income	-	(25,491)	-	-
Currency translation differences	<u>(27,338)</u>	<u>(135,118)</u>	<u>-</u>	<u>-</u>
<b>At 30 June</b>	<b><u>4,939,902</u></b>	<b><u>4,676,195</u></b>	<b><u>770,364</u></b>	<b><u>770,364</u></b>

During the three-month period ended 30 June 2019, there were no acquisitions and disposals of investments in associates.

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Investments in associates as at 30 June 2019 and 31 March 2019, and dividend income from those investments for the three-month periods ended 30 June were as follows:

<b>Consolidated financial statements</b>												
Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		Dividend income for the three-month period ended		
		30 June 2019	31 March 2019	30 June 2019	31 March 2019	30 June 2019	31 March 2019	30 June 2019	31 March 2019	30 June 2019	30 June 2018	
		(%)						(in thousand Baht)				
<b>Associates</b>												
P.T. Indo Liberty	Textiles											
Textiles	manufacturing	Indonesia	40.00	40.00	515,664	515,664	196,948	196,948	316,112	336,286	-	-
Aditya Birla Chemicals (Thailand) Limited	Chemical manufacturing	Thailand	29.99	29.99	1,700,000	1,700,000	509,820	509,820	3,927,043	4,026,145	-	25,491
Indigold Carbon (Mauritius) Limited	Investment holding	Mauritius	20.59	20.59	308,870	308,870	63,596	63,596	696,747	598,660	-	-
<b>Total</b>							<b>770,364</b>	<b>770,364</b>	<b>4,939,902</b>	<b>4,961,091</b>	<b>-</b>	<b>25,491</b>



**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**  
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	Separate financial statements										Dividend income	
	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		for the three-month period ended	
	30 June 2019	31 March 2019	30 June 2019	31 March 2019	30 June 2019	31 March 2019	30 June 2019	31 March 2019	30 June 2019	31 March 2019	30 June 2019	30 June 2018
	( <i>%</i> )		<i>(in thousand Baht)</i>									
<b>Associates</b>												
P.T. Indo Liberty Textiles	40.00	40.00	515,664	515,664	196,948	196,948	-	-	196,948	196,948	-	-
Aditya Birla Chemicals (Thailand) Limited	29.99	29.99	1,700,000	1,700,000	509,820	509,820	-	-	509,820	509,820	-	25,491
Indigold Carbon (Mauritius) Limited	20.59	20.59	308,870	308,870	63,596	63,596	-	-	63,596	63,596	-	-
<b>Total</b>					<b>770,364</b>	<b>770,364</b>	<b>-</b>	<b>-</b>	<b>770,364</b>	<b>770,364</b>	<b>-</b>	<b>25,491</b>

None of the Group's and the Company's associates are publicly listed and consequently do not have published price quotations.

**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**  
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**For the three-month period ended 30 June 2019 (Unaudited)**

**8 Investments in subsidiary**

Investments in subsidiary as at 30 June 2019 and 31 March 2019 and dividend income from the subsidiary for the three-month period ended 30 June were as follows:

Name of subsidiary	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the three-month period ended	
		30 June 2019	31 March 2019	30 June 2019	31 March 2019	30 June 2019	31 March 2019	30 June 2019	31 March 2019	30 June 2019	31 March 2019	30 June 2019	30 June 2018
		( <i>%</i> )											
<b>Direct subsidiary</b>													
Birla Carbon Mexico, Carbon S.A. DE C.V.	Manufacturing	98	98	12,854	12,854	12,854	12,854	(12,854)	(12,854)	-	-	-	-
<b>Total</b>						<b>12,854</b>	<b>12,854</b>	<b>(12,854)</b>	<b>(12,854)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**9 Other long-term investments**

	<b>Consolidated and separate financial statements</b>	
	30 June 2019	31 March 2019
	<i>(in thousand Baht)</i>	
Long-term deposits at a financial institution	15,877	15,877
Other non-marketable equity securities	<u>223,204</u>	<u>223,204</u>
<b>Total</b>	<b><u>239,081</u></b>	<b><u>239,081</u></b>

*Long-term deposits at a financial institution*

As at 30 June 2019, the Company had long-term deposits at a local financial institution, amounting to Baht 16 million (31 March 2019: Baht 16 million), which was bearing interest at the rate of 1.25% per annum (31 March 2019: 1.25% per annum) and matured in March 2020.

<i>Other non-marketable equity securities</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cost of investments at 1 April	386,958	1,744,358	489,160	1,846,560
Redemption during the period	-	(1,357,400)	-	(1,357,400)
Allowance for impairment loss	<u>(163,754)</u>	<u>(163,754)</u>	<u>(265,956)</u>	<u>(265,956)</u>
<b>Carrying amount of investments at 30 June</b>	<b><u>223,204</u></b>	<b><u>223,204</u></b>	<b><u>223,204</u></b>	<b><u>223,204</u></b>

During the three-month period ended 30 June 2018, the Company had redeemed preference shares of Blue Bucks Investment Pte. Ltd., amounting to Baht 758.0 million and Big Banyan Investment Pte. Ltd., amounting to Baht 599.4 million.

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**10 Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 30 June were as follows:

<i>Three-month period ended 30 June</i>	<b>Consolidated and separate financial statements</b>			
	2019		2018	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Buildings and constructions	11,812	-	-	-
Machinery and equipment	36,113	-	62,390	-
Vehicles	1,406	-	-	-
Furniture and fixtures	815	-	17	-
Assets under construction and installation	10,762	(37,753)	6,188	(61,272)
<b>Total</b>	<b>60,908</b>	<b>(37,753)</b>	<b>68,595</b>	<b>(61,272)</b>

**11 Segment information**

Management considers that the Group operates in a single line of business, namely carbon black, and has, therefore, only one reportable segment.

**12 Income tax expense**

Tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Group's consolidated effective tax rate for the three-month periods ended 30 June 2019 and 2018 in the consolidated financial statements were 19.85% and 15.47%, respectively (*separate financial statements for the three-month periods ended 30 June 2019 and 2018: 20.01% and 18.24%, respectively*). The difference between effective tax rate and corporate income tax rate was caused mainly by the following factors:

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- (a) portion of the Group's profit was derived from promoted activities which are not subject to tax.
- (b) the different treatment for accounting and taxation purposes of certain items of income/expense, in particular, dividend income and unrealised loss on derivatives.

**13 Financial instruments**

*Carrying amounts and fair values*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<b>Consolidated and separate financial statements</b>	
	Carrying amount	Fair value Level 2
	<i>(in thousand Baht)</i>	
<b>30 June 2019</b>		
<b>Financial liabilities measured at fair value</b>		
Derivatives	35,012	35,012
<b>31 March 2019</b>		
<b>Financial liabilities measured at fair value</b>		
Derivatives	6,554	6,554

**Measurement of fair values**

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**14 Commitments and contingent liabilities with non-related parties**

	<b>Consolidated and separate financial statements</b>	
	30 June	31 March
	2019	2019
	<i>(in thousand Baht)</i>	
<b><i>Capital commitments</i></b>		
Machinery and equipment	43,912	20,966
<b>Total</b>	<b>43,912</b>	<b>20,966</b>
<b><i>Non-cancellable operating lease commitments</i></b>		
Within one year	495	3,732
After one year but within five years	57	1,838
<b>Total</b>	<b>552</b>	<b>5,570</b>
<b><i>Other commitments</i></b>		
Bank guarantees for electricity use <i>(for own performance)</i>	13,548	13,548
<b>Total</b>	<b>13,548</b>	<b>13,548</b>

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***Operating lease agreements***

The Group has various operating lease agreements for office equipment and vehicle rental. The period of agreements is variable from 1 - 4 years.

***Bank guarantee***

As at 30 June 2019, the Company had outstanding bank guarantees issued by the bank for electricity use amounting to Baht 14 million (*31 March 2019: Baht 14 million*) and outstanding letter of credit issued by the bank to guarantee payments to creditors amounting to USD 28.56 million (*31 March 2019: USD 28.56 million*).

**15 Events after the reporting period**

At the annual general meeting of the shareholders of the Company held on 30 July 2019, the shareholders approved the appropriation of dividends of Baht 1.10 per share, amounting to Baht 330 million. The dividends will be paid to shareholders in August 2019.

**16 Thai Financial Reporting Standards (TFRS) not yet adopted**

A number of new and revised TFRS which are relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

<b>TFRS</b>	<b>Topic</b>
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

\* TFRS - Financial instruments standards

**Birla Carbon (Thailand) Public Company Limited and its Subsidiary**  
**Notes to the condensed interim financial statements**  
**For the three-month period ended 30 June 2019 (Unaudited)**

*TFRS - Financial instruments standards*

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the financial statements.