

*(Translation)*

**Information Memorandum on Acquisition of Assets**  
**By**  
**Thai Rayon Public Company Limited**

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On the 31<sup>st</sup> March 2011, the Board of Directors approved a resolution to invest by way of acquiring 50% interest directly/indirectly in the Target Group Domsjö Fabriker, a leading Swedish **Bio-refinery** and Speciality Cellulose Company, for an amount not exceeding SEK 1,149.50 Million (approximately Thai Baht 5,633 Million) subject to signing of Share Transfer Agreement between **the Company** or one or more special purpose vehicles (SPVs) and Target Group Domsjo Fabriker. PT Indo Bharat Rayon (IBR), a major producer of Viscose Staple Fiber, similar to business of the Company decided to acquire the remaining 50% stake directly/indirectly in the Target Group Domsjö Fabriker.

The Share Transfer Agreement is signed today in Sweden on the 18<sup>th</sup> April 2011 between M/S Goldcup 6538 AB, one of the SPVs and the shareholders of the Target Group, as the Acquirers acquired the Target Group through SPVs.

Though the Board had approved for total investment of upto SEK 1,149.50 Million, Goldcup 6538 AB, the SPV has been able to obtain funding from a financial institution subsequently reducing the Company's maximum investment upto SEK 627 Million as explained in Funding and Investment details table herein below. However, both the Company and IBR have to subordinate their loans to financial institution lending to the SPV.

The transaction is classified as a class II transaction under the Notification of the Capital Market Supervisory Board No. Tor Chor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Stock Exchange of Thailand dated 31 August 2008 and Re: Disclosure of Information Concerning the Acquisition and Disposition of Assets of Listed Companies B.E. 2547 (2004) dated 29 October 2004 and its amendment thereafter since it has a transaction size of 35.55% based on net income criteria as per financial statements as on 31<sup>st</sup> December 2010.

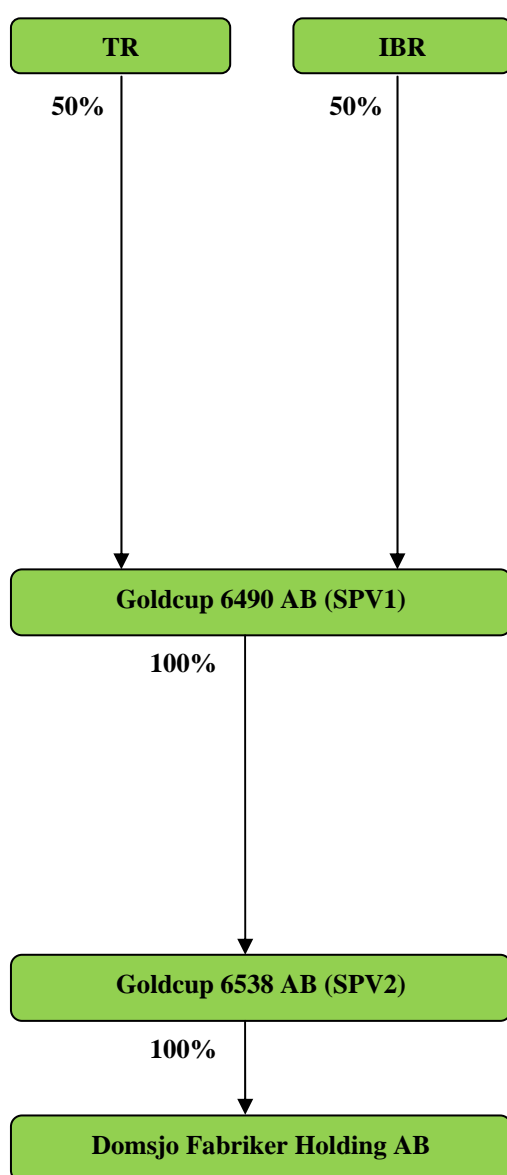
Based on the reasonableness and benefits of the transaction, impact on the Company and its shareholders and the fairness of the price, the Board is of the opinion that the transaction is reasonable and will benefit both the Company and its shareholders.

Details of the investment are as follows:

Details	SEK in Million*
Enterprise value	2,000
Provisional net value of open assets	127
Provisional total consideration	2,127
<u>Add</u> : Margin for final determination of open assets	172
Total maximum investment by all participants	2,299

Remark \* Exchange rate of 1SEK = 4.90 Baht

### Funding and Shareholding Details



Funding details of SPV 1	TR SEK Million	IBR SEK Million	Total SEK Million
Equity	380 (50%)	380 (50%)	760
Loan from shareholders	190	190	380
Total funding provided by shareholders	570	570	1,140
Margin for net open assets	57	57	114
Total upto	627	627	1,254

Funding details of SPV 2	SEK Million Provisional as on 18 <sup>th</sup> April 2011	SEK Million Maximum funding
Equity from SPV 1	1,140	1,254
Loan from financial institution	987	1,045
Total funding	2,127	2,299

The above total investment of SEK 2,127 Million may increase up to SEK 2,299 Million upon final determination of net open assets to be done within 40 business days in Sweden based on audited figures. Therefore, maximum total investment could be SEK 2,299 Million and participation of the Company could be upto SEK 627 Million.

As may be required by lenders, the Company may need to provide corporate guarantee or standby letter of credit not exceeding an amount of SEK 522.50 Million up to its proportion of share in the SPV to secure the borrowing by SPV for the purpose of this acquisition.

According to the Notification of the Capital Market Supervisory Board No. Tor.Chor.20/2551 re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notifications of the Stock Exchange of Thailand dated 31<sup>st</sup> August 2008 and Re: Disclosure of Information Concerning the Acquisition and Disposition of Assets of Listed Companies B.E.2547(2004) dated 29<sup>th</sup> October 2004 (the "Acquisition Rule"), the Transaction is classified as a Class 2 transaction. The Company is obligated to disclose information pertaining to Class 2 transactions to the Stock Exchange of Thailand (the "SET") and circular to the shareholders for their information.

Therefore, the Company sets out the details of the transactions as prescribed in the Acquisition Rule as follows:

- 1. Date of Transaction** 18<sup>th</sup> April 2011
  
- 2. Parties Involved**
  - Purchaser - Thai Rayon Public Co.,Ltd. (50% stake) and, - PT Indo Bharat Rayon (IBR), Indonesia, hereinafter referred to as IBR (50% stake) directly/ indirectly through SPVs in Sweden in which both the Company and IBR have stake of 50% each. The Purchaser is part of Birla Group.
  - Seller Six shareholders of Domsjo Fabriker Holding AB (as shown on Item 4 – Major shareholders and percentage)
  - Target Company Domsjo Fabriker AB, Sweden
  - Relationship between the parties -None-
  
- 3. General Characteristics of Transaction and size of Transaction**
  - Type of transaction The Company will make investment of an amount not exceeding SEK 627 Million (or approximately USD 100 Million or approximately Baht 3,072 Million) to acquire 50% interest directly / indirectly in the Target Company by contributing to equity capital and subordinated debt through SPVs in Sweden. Apart

from the Company, IBR will take 50% stake in the Target Company through the same SPVs.

IBR is also a major producer of Viscose Staple Fiber similar to business of the Company. They also have the same interest in developing long term reliable sources for dissolving grade pulp. Being equal stakeholders in this acquisition, the Company and IBR will be able to share the total risks and rewards of this investment in proportion to their respective investment through the SPVs and this is in the long term interest of the Company.

- Size of transaction

The transaction is considered as a Class 2 transaction according to the Acquisition Rule, which has a transaction size of  $15\% < X < 50\%$  under the Net Income criteria, which gives the maximum value among all criteria on the basis of the total investment of upto SEK 627 Million (or approximately USD 100 Million or approximately Baht 3,072 Million) at exchange rate of 1 SEK = THB 4.90).

- The size of transaction by each basis is as follows:

Particulars	Target Company	Target Company	The Company
as of 31 <sup>st</sup> December 2010	Audited	Audited	Unaudited but Reviewed
	SEK in Million	Equivalent Baht in Million	Baht in Million
Total Assets	1,264	5,557	20,340
Intangible Assets	-	-	8
Total Liabilities	552	2,427	1,612
Minority Interest	-	-	-
Net Tangible Assets (NTA)	712	3,130	18,720
Net Profit	433	1,904	2,678

Remark: - Exchange rate for conversion of SEK to THB as at 30<sup>th</sup> December 2010 at 4.3961

- Proportion of Acquisition of the Company is 50%

$$\begin{aligned}
 1. \text{ Net tangible assets criteria} &= \frac{\text{Target's NTA} * \text{Proportion of Acquisition}}{\text{The Company's NTA}} \\
 &= \frac{3,130 * 50\%}{18,720} \\
 &= 8.36\%
 \end{aligned}$$

2. Net income criteria	=	$\frac{\text{Target's Net Profit} * \text{Proportion of Acquisition}}{\text{The Company's Net Profit}}$
	=	$\frac{1,904 * 50\%}{2,678}$
	=	35.55%
3. Total value of consideration	=	$\frac{\text{Total Value of Consideration Paid} * 100}{\text{The Company's NTA}}$
		Total consideration is upto SEK 627 Million
	=	$\frac{3,072 * 100}{18,720}$
	=	16.41%
4. Value of securities issued as consideration for asset acquisition	=	$\frac{\text{Value of Securities Issued by the Company}}{\text{Value of Securities Sold by the Company}}$
		-None-

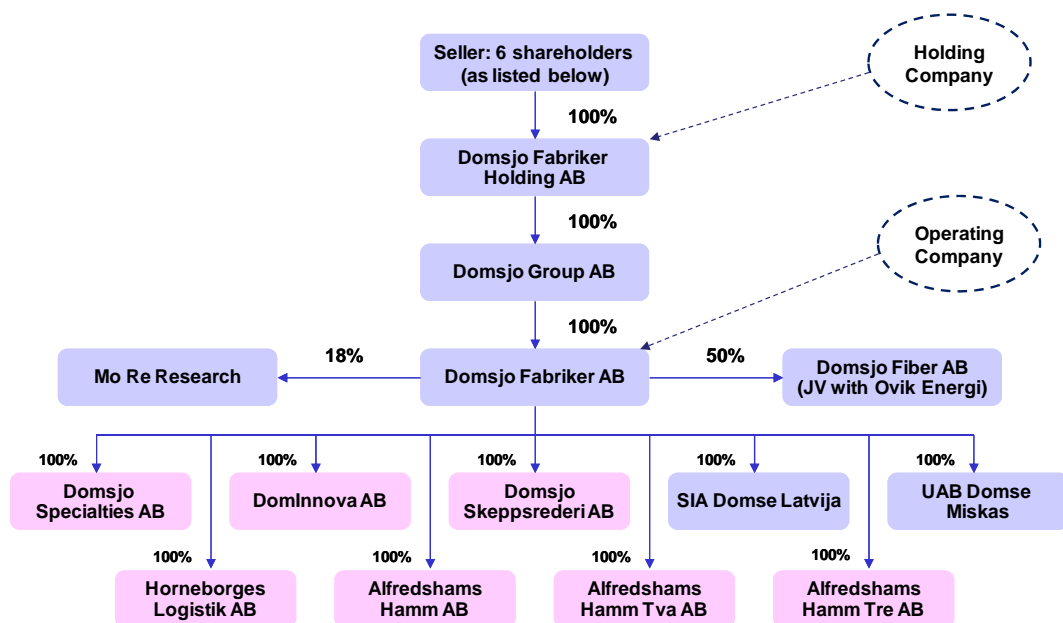
As per above calculation, the basis with the highest size of transaction is net income criteria, thereby the size of transaction is 35.55%.

#### 4. Details of Assets Purchased

- Name of Holding Company	Domsjo Fabriker Holding AB, Sweden (Target Group)
- Name of Operating Company	Domsjo Fabriker AB, Sweden (Target Company)
- Nature of business of Operating Company	Produces dissolving grade pulp with total production capacity of 210,000 TPA and associated auxiliary products ethanol with 10,000 TPA and lignosulphonate with 81,000 TPA
- Location	S-891 86 Ornskoldsvik, 550 km. north of Stockholm, Sweden
- Pre-acquisition shareholding proportion	-None-
- Post-acquisition shareholding proportion	50%

- Group structure of the Target

### Current Group Structure



Remark: The subsidiaries of Target Company are mostly dormant and do not have significant network and operations. The subsidiaries of Target Company do not own any assets to operate the pulp plant.

**Dormant** These companies are dormant companies.

- Major shareholders and percentage

### - Six Shareholders of Domsjo Fabriker Holding AB

- Bioraffinvest AB** **29%**  
Reg. No. 556724-3463, c/o City Ekonomitjänst,  
Grev Turegatan 60, SE-114 38 Stockholm,  
Sweden
- Girindus Investments AB** **25%**  
Reg. No. 556807-5294, c/o Valbay International  
S.A. Filial Sverige, P.O. Box 3326, SE-103 66  
Stockholm, Sweden
- Pul Paper Machinery Dick Carrick AB** **15%**  
Reg. No. 556239-8155, Österlånggatan 18,  
SE-111 31 Stockholm, Sweden
- Peter Ekman Kapitalförvaltning AB** **15%**  
Reg No 556661-5901, c/o Ekman, Olof  
Wijksgatan 2 B, SE-412 55 Göteborg, Sweden
- Johanneshöjden Kapitalförvaltning AB** **15%**  
Reg. No. 556654-8029, c/o von Schreeb,  
Johannesgatan 22, SE-111 38 Stockholm, Sweden
- Mr. Tore Erkén** **1%**

360731-8973, Södra Aspgatan 1, SE-892 51  
Domsjö, Sweden

- Board of Directors and Key Officers

**- Board of Directors of Domsjo Fabriker Holding AB**

1. Mr. Malcolm Norlin Chairman
2. Mr. Henrik Berggren Director
3. Mr. Peter Ekman Director
4. Mr. Dick Carrick Director
5. Mr. Hans von Schreeb Director

**- Board of Directors of Domsjo Fabriker AB**

1. Mr. Malcolm Norlin Chairman
2. Mr. Henrik Berggren Director
3. Mr. Peter Ekman Director
4. Mr. Dick Carrick Director
5. Mr. Hans von Schreeb Director
6. Mr. Ola Hildingsson Director & CEO
7. Mr. Goran Malm Director
8. Ms. Margareta Adlercreutz Director
9. Ms. Eva Farnstrand Director

**- Key Officers of Domsjo Fabriker AB**

1. Mr. Ola Hildingsson CEO
2. Mr. Peter Blomqvist Vice President,  
Manager – Business  
Unit
3. Mr. Bjorn Edstrom Manager,  
Engineering Unit
4. Ms. Carola Hagglund Manager, Finance  
Department
5. Ms. Christin Norberg Manager,  
ProductionUnit
6. Mr. Billy Nordin Manager, HR  
Department

- Financial highlights of the Target Company for the year ended 31<sup>st</sup> December:

Unit : SEK Million	Audited 2008	Audited 2009	Audited 2010
Total Assets	953	870	1,264
Total Liabilities	547	514	552
Total Shareholders' Equity	406	356	712
Sales Revenues	1,529	1,517	2,309
Total Revenues	1,764	1,673	2,386
Operating Expenses	1,835	1,715	1,869
Net Profit/(Loss)	(4)	(49)	433

## 5. Total Value of Consideration

- Value of consideration

The total consideration for the acquisition is upto SEK 2,299 Million funded by different parties as follows:

- Funding by the Company upto SEK 627 Million for 50% interest
- Funding by IBR upto SEK 627 Million for 50% interest
- Funding by SPV2 by way of loan from financial institution upto SEK 1,045 Million
- Total funding upto SEK 2,299 Million

- Term of payment

The major payment to the seller is expected to be made in one lump sum amount for its interest in the Target Company on or after signing of Share Transfer Agreement.

## 6. Value of Assets Purchased

The total value of assets of the Target Company, M/S Domsjö Fabriker AB is upto SEK 2,299 Million. The Company will make investment of upto SEK 627 Million by way of acquiring 50% interest directly / indirectly in Target Company by contribution of equity and subordinated debt in SPV1 in Sweden.

## 7. Criteria Applied to Determine Value of Consideration

Bilateral negotiation between the Company and the Seller



<b>8. Expected Benefits</b>	<ol style="list-style-type: none"> <li>1. Long-term source of key raw material of high quality</li> <li>2. No long gestation period. Ready availability of pulp.</li> <li>3. Business synergy with existing pulp operations in the areas of environment friendly process knowhow, research and development.</li> <li>4. Returns on investment in the form of dividend.</li> </ol>
<b>9. Sources of Funds</b>	The Financing source will be from internal accruals and/or borrowing by the Company in the amount up to SEK 627 Million.
<b>10. Utilization of the Proceeds from Sales</b>	Not Applicable
<b>11. Category and details of securities issued</b>	Not Applicable
<b>12. Condition Precedent</b>	Not Applicable
<b>13. Clarification in case of there is any connected person of the Company who hold the shares more than 10%</b>	-None-
<b>14. Opinion of the Board of Directors</b>	The Board of Directors in their meeting held on 31 <sup>st</sup> March 2011 unanimously approved the investment being in the interest of the Company and valuation being fair which is conditional upon signing the Share Transfer Agreement
<b>15. Opinion of the Board Members and/or the Audit Committee which is different from opinion of the Board of Directors</b>	-None-

The Company hereby certifies that the above mentioned transaction has been reasonably considered with the view to the best interest of the shareholders, and that the information contained herein is true and correct in all respects.

P.K. Sipani  
Joint President (Finance & Commercial)