Disclosure of Information relating to investment in Sweden
By
Thai Rayon Public Company Limited
(Schedule 2)

1. Information Memorandum on Acquisition of Assets and relevant information

On the 31\textsuperscript{st} 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 in Sweden on the 18\textsuperscript{th} April 2011 between 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 2 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\textsuperscript{st} 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:

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

Remark * Exchange rate of 1SEK = 4.90 Baht

**Funding and Shareholding Details**

**(Table 1)**

<table>
<thead>
<tr>
<th>Details</th>
<th>TR</th>
<th>IBR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Details</td>
<td>SEK in Million*</td>
<td></td>
</tr>
<tr>
<td>Enterprise value</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>Provisional net value of open assets</td>
<td>127</td>
<td></td>
</tr>
<tr>
<td>Provisional total consideration</td>
<td>2,127</td>
<td></td>
</tr>
<tr>
<td>Add: Margin for final determination of open assets</td>
<td>172</td>
<td></td>
</tr>
<tr>
<td>Total maximum investment by all participants</td>
<td>2,299</td>
<td></td>
</tr>
</tbody>
</table>

**(Table 2)**

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

**(Table 3)**

<table>
<thead>
<tr>
<th>Funding details of SPV 2</th>
<th>SEK Million Provisional as on 18th April 2011</th>
<th>SEK Million Maximum funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity from SPV 1</td>
<td>1,140</td>
<td>1,254</td>
</tr>
<tr>
<td>Loan from financial institution</td>
<td>987</td>
<td>1,045</td>
</tr>
<tr>
<td>Total funding</td>
<td>2,127</td>
<td>2,299</td>
</tr>
</tbody>
</table>
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 31st August 2008 and Re: Disclosure of Information Concerning the Acquisition and Disposition of Assets of Listed Companies B.E.2547(2004) dated 29th 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:

1.1 Date of Transaction
18th April 2011

1.2 Parties Involved

Purchasers
- 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 Purchasers are part of Aditya Birla Group.

Sellers
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-
1.3 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.

It is expected that Goldcup 6490 AB (SPV 1) may issue additional share capital for financial restructuring in order to reduce net borrowings/leverage. The Company may decide not to subscribe additional shares to minimize its equity exposure. The increased share capital may be subscribed by another shareholder of the Company who holds less than 10% of the Company’s shares or any other investor.

In such situation, the Company’s holding of 50% stake in the SPV 1 will be diluted. However, the Company and IBR may receive repayment of loan given to SPV 1 in the amount upto SEK 190 Million for each of the Company and IBR. Moreover, such dilution is not expected to have any negative impact on the Company and the transaction will still provide the expected benefits envisaged. Repayment of loan by SPV 1 to the Company will reduce their interest burden and risks and rewards will be proportionality distributed amongst all stakeholders.

With above changes, equity participation of the Company and IBR may reduce to 33.33% each and total funding by all shareholders (refer to Table 2) could be in the form of equity only. It is also expected that new shareholder(s) could take part of pulp supply from the Target Company.

The Company will provide further information to the SET, SEC and investors regarding further development in this matter.
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:

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

Remark:
- Exchange rate for conversion of SEK to THB as at 30th December 2010 at 4.3961
- Proportion of Acquisition of the Company is 50%

1. Net tangible assets criteria = Target’s NTA * Proportion of Acquisition
   The Company’s NTA
   = 3,130 * 50%
   18,720
   = 8.36%

2. Net income criteria = Target’s Net Profit * Proportion of Acquisition
   The Company’s Net Profit
   = 1,904 * 50%
   2,678
   = 35.55%

3. Total value of consideration = Total Value of Consideration Paid *100
   The Company’s NTA
   Total consideration is upto SEK 627 Million
   = 3,072 *100
   18,720
   = 16.41%

4. Value of securities issued as consideration for asset acquisition = Value of Securities Issued by the Company
   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%.
### 1.4 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

```
<table>
<thead>
<tr>
<th>Holding Company</th>
<th>Operating Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domsjo Fabriker Holding AB</td>
<td>Domsjo Fiber AB (JV with Ovik Energi)</td>
</tr>
<tr>
<td>Domsjo Group AB</td>
<td></td>
</tr>
<tr>
<td>Mo Re Research</td>
<td></td>
</tr>
</tbody>
</table>

**Seller**: 6 shareholders (as listed below)

- Domsjo Specialties AB
- DomInnova AB
- Domsjo SkeppssrederiAB
- SIA Domse Latvija
- UAB Domse Miskas
- Homeborges Logistik AB
- Alfredshams Hamm AB
- Alfredshams Hamm Tva AB
- Alfredshams Hamm Tre AB

**Remark**: The subsidiaries of Target Company are mostly dormant and do not have significant networth 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 (as of 18th April 2011)

**Six Shareholders of Domsjo Fabriker Holding AB**

1. **Bioraffinvest AB** 29%
   Reg. No. 556724-3463, c/o City Ekonomitjänst, Grev Turegatan 60, SE-114 38 Stockholm, Sweden

2. **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

3. **Pul Paper Machinery Dick Carrick AB** 15%
   Reg. No. 556239-8155, Österlånggatan 18, SE-111 31 Stockholm, Sweden

4. **Peter Ekman Kapitalförvaltning AB** 15%
   Reg No 556661-5901, c/o Ekman, Olof Wijksgatan 2 B, SE-412 55 Göteborg, Sweden

5. **Johanneshöjden Kapitalförvaltning AB** 15%
   Reg. No. 556654-8029, c/o von Schreeb, Johannesgatan 22, SE-111 38 Stockholm, Sweden

6. **Mr. Tore Erkén** 1%
   360731-8973, Södra Aspgatan 1, SE-892 51 Domsjö, Sweden

- Board of Directors and Key Officers (as of 18th April 2011)

**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, Production Unit
6. Mr. Billy Nordin Manager, HR Department
- Financial highlights of the Target Company for the year ended 31st December:

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

1.5 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.

1.6 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.

1.7 Criteria Applied to Determine Value of Consideration

Bilateral negotiation between the Company and the Seller

1.8 Expected Benefits

1. Long-term source of key raw material of high quality
2. No long gestation period. Ready availability of pulp.
3. Business synergy with existing pulp operations in the areas of environment friendly process knowhow, research and development.
4. Returns on investment in the form of dividend.
1.9 Sources of Funds
The Financing source will be from internal accruals and/or borrowing by the Company in the amount up to SEK 627 Million.

1.10 Utilization of the Proceeds from Sales
Not Applicable

1.11 Category and details of securities issued
Not Applicable

1.12 Condition Precedent
Not Applicable

1.13 Clarification in case of there is any connected person of the Company who hold the shares more than 10%
-None-

1.14 Opinion of the Board of Directors
The Board of Directors in their meeting held on 31st 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

1.15 Opinion of the Board Members and/or the Audit Committee which is different from opinion of the Board of Directors
-None-

2. Liability of the Board of Directors to the information contained herein
The Board of Directors hereby reviewed all the information contained within this information Memorandum with careful considerations and verify that the information is complete, not misleading in anyway, to the best of their knowledge and information.

3. Opinion from Independent Expert
The Company has not obtained any opinion of an independent expert.

4. Company’s Highlights

4.1 Nature of Business
Thai Rayon Public Company Limited (TR) produces Viscose Staple Fibre (VSF). TR’s present capacity stands at 151,000 TPA which is 17 times its original capacity. TR also has capacity to produces 126,000 TPA of Anhydrous Sodium Sulphate, a by-product.

Our products under umbrella brand of ‘Birla Cellulose’ offer a wide range of viscose staple fibres having multiple functional benefits such as soft feel, high moisture absorbency, bio degradability, comfort and fashion. These fibers have various applications in apparel, home textiles, dress material, knitwear, wipes, personal hygiene and medical usages.
TR has successfully developed new generation fibre “Birla Modal” which is well accepted for high end textile fashion products.

TR also produces Anhydrous Sodium Sulphate, a by-product, which is widely used by detergent, pulp, glass, leather and textile industries.

More than half of TR’s VSF throughput is exported to over 25 countries worldwide. TR’s VSF products meet the stringent quality expectations of customers in Turkey, China, South Korea, South Asia, South East Asia, Europe, North America and Latin.

TR caters to the demands of both Textile and Non-Woven applications, producing VSF varieties in the range of 0.9 to 5.5 Denier, Staple Length in the range of 32 mm to 120 mm, Luster in Bright Bleach and Semi Dull.

4.2 Investment Structure in associated and related companies
4.3 Summary of financial statements

4.3.1 Summary of the Company’s financial statements for the past 3 years ended 30th September and for the 3-month period ended 31st December 2010 are as follows:

<table>
<thead>
<tr>
<th>Unit: Baht Million</th>
<th>For the year ended 30th September</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,283</td>
<td>3,271</td>
<td>6,096</td>
<td>6,914</td>
</tr>
<tr>
<td>Current assets</td>
<td>12,481</td>
<td>12,731</td>
<td>13,258</td>
<td>13,426</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>15,764</td>
<td>16,001</td>
<td>19,354</td>
<td>20,340</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>761</td>
<td>550</td>
<td>1,171</td>
<td>1,497</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>126</td>
<td>130</td>
<td>113</td>
<td>115</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>887</td>
<td>680</td>
<td>1,284</td>
<td>1,612</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>14,877</td>
<td>15,321</td>
<td>18,070</td>
<td>18,728</td>
</tr>
<tr>
<td>Registered and paid-up capital</td>
<td>202</td>
<td>202</td>
<td>202</td>
<td>202</td>
</tr>
</tbody>
</table>

4.3.2 Management discussion and analysis

a) For the year ended 30th September 2009 and 2008

1. Profit and Loss for the year ended 30 September 2009 in comparison with the year ending 30 September 2008

The Company has recorded a net profit for the year ended in Baht 463 Million compared to last year Baht 2,233 Million, a decrease of Baht 1,771 Million or 79% on account of following reasons. The significant changes are as follows:

1) Sales revenues decreased by 30% or Baht 2,659 Million due to decrease in sales volume by 11% and selling price by 22%.

2) Export incentive decreased by 37% or Baht 35 Million due to lower export sales volume by 19% and lower sales price by 23%.

3) Interest income decreased by 71% or Baht 57 Million mainly due to decrease in interest rate and decrease in surplus funds due to lower profits.
4) Dividend income decreased by 21% or Baht 2 Million due to lower dividend income from investment.

5) Others income – others increased by 65% or Baht 4 Million due to foreign exchange gain of Baht 5 Million during the year which is included in other income.

6) Company's foreign exchange loss decreased by 131 % or Baht 21 Million compared to last year mainly due to fluctuation of Thai Baht against US Dollar.

7) Cost of sales decreased by 22% or Baht 1,539 Million mainly due to decrease in sales volume by 11% and reduction in main raw-materials (per ton of fiber) cost by 24%. However, depreciation cost increased by 147% per ton of fibre due to full year operations of new line no. 5 and addition of line no.6 and reduced capacity utilization.

8) Selling expenses decreased by 54% or Baht 180 Million due to decrease in sales volume and decrease in outbound logistics cost following lower fuel prices and reduced shipping freights.

9) Management benefit expenses increased by 42% or Baht 8 Million due to increase in management personnel upon promotion and annual increment.

10) Share of income from investments accounted for under equity method decreased by 106% or Baht 1,073 Million compared to last year due to decrease in profits of the associated companies mainly on account of global economic slowdown.

11) Finance cost decreased by 68% or Baht 3 Million compared to last year due to decrease in short term borrowings.

12) Corporate Income tax decreased by 86% or Baht 305 Million due to decrease in profits and lower taxable profits on account of profits from BOI promoted operations.

As per reasons mentioned above, the earnings per share for the year 2009 are Baht 2.29 compared to Baht 11.08 in last year.

2. Balance Sheet as of 30 September 2009 in comparison with as of 30 September 2008

The major changes are as below:

1) Cash & cash equivalents increased by 157% or Baht 697 Million mainly due to classification of current investments under cash & cash equivalents on account of less maturity period.

2) Current investments decreased by 100% or Baht 310 Million due to classification of the same under cash and cash equivalent on account of less maturity period.

3) Trade account receivable to unrelated parties increased by 19% or Baht 96 Million and to related parties increased by 15% or Baht 74 Million mainly due to higher sales in last quarter.

4) Inventories decreased by 34% or Baht 470 Million mainly due to reduction in inventory of raw-material volume and prices.

5) Input tax refundable decreased by 82% or Baht 76 Million due to lower export sales, reduced purchases and receipt of arrear refund.

6) Interest receivable decreased by 85% or Baht 6 Million due to lower interest rate and reduction in deposits.
7) Dividend receivable decreased by 100% or Baht 9 Million as accrued dividend was received within the year.

8) Other current assets decreased by 24% or Baht 5 Million due to decrease in incentive bonds in hand at the year end.

9) Other long-term investments increased by 36% or Baht 403 Million mainly due to unrealized gain from fair value of investment in available-for-sale securities of Baht 270 Million and additional investment of Baht 142 Million in related companies.

10) Trade accounts payable to unrelated parties decreased by 40% or Baht 172 Million due to decrease in inventory and prices of materials and Trade accounts payable to related parties increased by 92% or Baht 57 Million due to increase in payable for materials at year end.

11) Corporate income tax payable decreased by 100% or Baht 64 Million due to lower profits and tax free profits earned from promoted business.

12) Other current liabilities – others decreased by 68% or Baht 32 Million mainly due to payment of outstanding liabilities at the year end.

13) Other non-current liabilities increased by 41% or Baht 5 Million due to increase in deposits.

14) Revaluation surplus on changes in value of investments increased by 79% or Baht 270 Million due to change in the fair value of investment as on balance sheet date.

Shareholders’ equity for the year 2009 amounted to Baht 15,321 Million, an increase by 3% or Baht 445 Million compared to last year. This was due to addition of profits for the year 2009.

b) For the year ended 30th September 2010 and 2009

1. Profit and Loss for the year ended 30th September 2010 in comparison with the year ended 30th September 2009

The Company has recorded a net profit for the year ended 30th September 2010 of Baht 3,041 Million compared to last year Baht 463 Million, an increase of Baht 2,579 Million or 557% on account of following reasons. The significant changes are as follows:

1) Sales revenues increased by 66% or Baht 4,113 Million due to increase in sales volume by 39% and selling price by 20%.

2) Interest income increased by 53% or Baht 12 Million mainly due to increase in interest rate and increase in surplus funds due to higher profits.

3) Foreign exchange gain increased by 1702% or Baht 86 Million despite strengthening of Baht against US dollar due to forward cover of export receivables.

4) Dividend income increased by 71% or Baht 6 Million due to higher dividend income from investment.

5) Others income – others increased by 208% or Baht 11 Million due to gain on sale of investment.

6) Cost of sales increased by 40% or Baht 2,182 Million mainly due to increase in sales volume by 39% and increase in cost of raw materials.
7) Selling expenses increased by 117% or Baht 182 Million due to increase in export sales volume by 61% and increase in sea freight rates.

8) Share of income from investments in associated companies accounted for under equity method increased by 1764% or Baht 986 Million compared to last year due to increase in profits of the associated companies mainly on account of global economic recovery.

9) Corporate Income tax increased by 541% or Baht 274 Million due to increase in profits and higher taxable profits on account of expiry of one of the BOI promoted certificates out of three certificates during the year.

As per reasons mentioned above, the earnings per share for the year 2010 are Baht 15.09 compared to Baht 2.29 in last year.

2. Balance Sheet as of 30th September 2010 in comparison with as of 30th September 2009

The major changes are as below:

1) Cash & cash equivalents increased by 132% or Baht 1,500 Million mainly due to higher profits.

2) Current investments increased by 100% or Baht 380 Million due to separate classification of the same on account of maturity period over 3 months.

3) Amounts due from related parties decreased by 55% or Baht 5 Million due to receipt of amount as per due date.

4) Inventories increased by 91% or Baht 816 Million mainly due to increase in finished goods and raw material stocks following higher production and input costs.

5) Input tax refundable increased by 321% or Baht 55 Million due to increase in operations and higher export sales

6) Export incentive receivable decreased by 44% or Baht 17 Million due to decrease in export incentive rate from April 2010.

7) Interest receivable increased by 382% or Baht 4 Million due to higher interest rate and increase in surplus funds invested.

8) Other current assets increased by 501% or Baht 80 Million due to unrealized gain on forward contracts.

9) Intangible assets - net decreased by 30% or Baht 4 Million due to amortization over useful life of the asset.

10) Bank overdrafts and short-term loans from financial institutions increased by 4475% or Baht 267 Million due to temporary short term call loan taken for working capital management.

11) Trade accounts payable to related parties increased by 116% or Baht 137 Million due to increase in operations and increase in prices of raw materials.

12) Amounts due to related parties increased by 100% or Baht 0.13 Million due to amount remained outstanding on the balance sheet date as per due date.

13) Corporate income tax payable increased by 100% or Baht 156 Million due to higher profits and higher taxable profits on expiry of one of the BOI promoted certificates.
14) Translation adjustment increased by 28% or Baht 82 Million mainly due to strengthening of Baht against currencies of associate companies as at year end.

15) Retained earnings from un-appropriated increased by 23% or Baht 2,840 Million due to due to increase in profits for the year.

Shareholders’ equity for the year 2010 amounted to Baht 18,070 Million, an increase by 18% or Baht 2,749 Million compared to last year. This was due to addition of profits for the year 2010.

c) For the 3-month period ended 31st December 2010

1. Profit and Loss for the quarter ended 31st December 2010 and 2009

The Company has recorded a net profit of Baht 644 Million for this quarter as against net profit of Baht 1,007 Million in the same quarter of previous year, a decrease of 36% or Baht 363 Million on account of following reasons.

1) Sales Revenues increased by 18% or Baht 436 Million due to increase in sales volume by 15% & selling price by 4% on account of improved demand for viscose staple fibre.

2) Interest income increased by 164 % or Baht 11 Million mainly due to increase in interest rate and increase in surplus funds due to higher profits.

3) Export incentive reduced by 95% or Baht 25 Million mainly due to reduction in export incentive rate from 1.88% to 0.07%.

4) Foreign exchange gain increased by 159 % or Baht 21 Million due to gain on forward cover due to appreciation of Baht against US Dollar.

5) Dividend income decreased by 100% or Baht 0.4 Million due to non-declaration of dividend during the period.

6) Others income increased by 54% or Baht 0.5 Million due to gain on sale of fixed assets.

7) Cost of sales increased by 43% or Baht 674 Million mainly due to increase in sales volume by 15% and increase in cost of production per unit by 25% mainly due to increase in raw materials cost by 40%.

8) Selling expenses increased by 42% or Baht 26 Million mainly due to increase in sales volume and increase in outbound logistics cost following higher fuel prices and increased shipping freights.

9) Share of profit from investments accounted under equity method recorded a decrease of 25% or Baht 79 Million due to not so good performance of associated companies.

10) Finance cost increased by 643% or Baht 0.9 Million due to increase in short term borrowings.

11) Corporate income tax increased by 32% or Baht 27 Million due to higher taxable profits on expiry of one of the BOI promoted certificates.

As per reasons mentioned above, the Company recorded net income per share of Baht 3.20 compared to Baht 5.00 in the same quarter of previous year.
2. **Balance Sheets as at 31st December 2010, compared to as at 30th September 2010**

The major changes are as follows.

1) Cash & cash equivalents increased by 35% or Baht 918 Million due to higher surplus funds.

2) Amounts due from related parties decreased by 52% or Baht 2 Million due to timely receipt of outstanding.

3) Input tax refundable decreased by 50% or Baht 36 Million due to timely receipt of input tax.

4) Export incentive receivable decreased by 86% or Baht 18 Million mainly due to lower export incentive rate.

5) Interest receivables increased by 55% or Baht 3 Million due to increase in investment.

6) Other current assets-others decreased by 53% or Baht 51 Million due to decrease in unrealized gain on forward cover.

7) Trade accounts payable to unrelated parties increased by 142% or Baht 411 Million due to increase in transit materials and increase in prices and trade accounts payable to related parties decreased by 52% or Baht 133 Million due to lower amount standing as on Balance sheet date.

8) Amounts due to related parties increased by 392% or Baht 0.5 Million due to outstanding as on Balance sheet date.

9) Corporate income tax payable increased by 70% or Baht 109 Million due to higher taxable profits on expiry of one of the BOI promoted certificates.

10) Accrued expenses decreased by 36% or Baht 64 Million mainly due to decrease in expense liabilities.

The changes in assets and liabilities and net income for this quarter have resulted in increase by 4% of the total shareholders’ equity or Baht 657 Million as on 31st December 2010.

4.3.3 Risk factors

Risk factors may affect the Company’s business operation are as follows:

**Financial Management**

- **Exchange Rate Risk on Forex Flows**

The Company exports around 60% of its production volume in mainly US Dollar currency. About 4% of the total production volume is also exported in Euro. At the same time, the key raw materials are also imported, mainly in US Dollar currency. Since value of exports is higher than imports, the Company sells foreign currency surplus cash flow after meeting its import requirements. The Company also forward sells export contract proceeds in Euro in order to minimize uncertainty in its revenues. The Company follows above policy consistently and reviews its foreign currency cash flows regularly. In view of trend of appreciation of Thai Baht against US Dollar, the Company’s export earnings are negatively impacted. The Company does not hedge its long term equity investments and investment in available-for-sale-securities which the Company continues to hold as long term investment.
- **Interest Rate and Credit Risk on Short-Term Investments**
Interest rate fluctuates from time to time with international trends. The Company has surplus cash position which is placed on short-term deposits mainly in Thai Baht. A small percentage of surplus funds are also invested in foreign currency debentures, foreign currency deposits and Thai Baht investment units. The interest rate variations impact the interest income earned by the Company. The Company makes every effort to exercise utmost prudence in selecting healthy financial institutions and fixing up credit exposure limit for each institution at varying maturity tenors but mostly not over one year for such investments.

- **Interest Rate and Foreign Exchange Risk on Loans**
The Company borrows working capital loans from time to time in foreign currency. Since the Company has export revenues in same foreign currency, the Company has natural hedge.

### Revenues & Profits

- **Risk of fluctuation in Raw Material Prices**
The prices of the three raw materials, pulp, caustic soda and sulphur, are key drivers of production costs. Prices of these products vary based on economics of demand and supply and influence the profitability of the Company. The ability to pass on the full impact of the increased cost through higher selling prices of rayon fibre is not consistent due to fluctuation in textile market conditions, competition from competitors and substitute fibres. The Company follows a consistent policy of buying most of the raw materials on a quarterly basis, and as far as possible, selling the finished product in domestic market on quarterly basis. Export sales of finished product is transacted mostly on monthly basis. Buying of raw material linked to monthly market indexes helps to maintain market relationship between input costs and output revenues.

- **Risk from Selling Prices of Substitute Fibres**
The viscose staple fibre (VSF) is substantially used in 100% viscose made products and blended with polyester. To some extent it is also blended with cotton. These fibres are interchanged or varied in blends depending on prices and consumer preference. The price of cotton fibre is greatly influenced by crop performance and acreage under cultivation. Polyester is another substitute fibre which may be sold on its own or blended with VSF. Price relations between all the three fibres influence spinners’ decision to decide the blending ratios of various fibres which can create a shift in demand from one fibre to the other. While viscose fibre has an identity of its own, the fluctuations in price of substitute fibres do have the potential to exert pressure on its price. This carries risks as well as provides opportunities.

- **Risk from Exchange Rate**
The Company generally benefits from a weaker Thai Baht exchange rate due to higher volume of exports. This increases the competitiveness of its fibre as also the competitiveness of its customers who process fibre for export purposes. The sales revenues are directly influenced by exchange rate, while the costs are only partly influenced by exchange rate, the total revenues and profits are affected adversely in a stronger Thai Baht exchange rate situation. This is a normal business risk.
- **Risk of Country Exposure**
  Turkey, South East Asia and South Asia are major export markets for the Company’s products. The Company has a policy to promote its product to new countries to enlarge its customer base. However, this exposes the Company to the political and financial risks faced by some countries from time to time.

- **Risk of Customer Exposure**
  The Company extends credit period of upto one week to most of its domestic customers. One of the customers is a related company and buys more than 15% of the Company’s production on longer credit terms. However this customer has wide international clientele base and therefore, the Company does not foresee any major credit risk. The Company exports its products to several countries mostly against letters of credit or partial or full advance payment depending on customers’ business standing and other relevant factors. However, the Company closely monitors exposure from such credits sales.

- **Risk of New Applications**
  Over the years, the Company has increased its focus on the premium and growing segment of yarn spinning on airjet vortex machines and other high-end knitting textile segment. With commissioning of new lines, the Company has further acquired the capability to produce High Wet Modulus (Modal) Fiber used for high-end specialty applications. Through sustained up-gradation of its expertise and capability, the Company is capable of handling the demanding requirements of various segments. The Company has accelerated pace of new product development and quickly stabilized quality of its new products mitigating the risk of quality related claims. The Company has obtained expertise by hiring experienced consultants in building up necessary capabilities to minimize this risk.

- **Risk of Product Obsolesce**
  The Company keeps a track of new product development in the cellulose family through the R&D centre of the Group in India. The Company does not foresee any product obsolesce risk for its current product range.

- **Risk related to Environment**
  During the process of manufacturing of viscose rayon staple fibre, various liquid and air pollutants are generated. The Company has made substantial investments over the years and continues to strengthen its environment and pollution control system. It presently meets all the standards prescribed by the Ministry of Industry. All the solid wastes of the Company are properly segregated and sent for disposal to duly licensed agencies. The actual levels are regularly monitored by the Company and government agencies. Any situation of improper treatment carries environment risks. The Company assigns highest priority to remain well within the permissible limits. The Company has also obtained ISO14001 accreditation to have a proper documented environment management system and practices. In view of the above, the Company perceives the risk of any accidental disturbance to environment to be medium to high.
- Risk from Storage and Handling Hazardous Chemicals
The Company and contractors transport hazardous chemicals like caustic soda, sulphur, carbon disulphide and sulphuric acid. These chemicals are stored at the Company’s premises. The Company follows applicable standards for their transportation and storage. Though there has never been any serious accident relating to storage and handling of these products, the Company perceives the risk of accidental mis-operation.

- Risk from Raw Material Availability
The Company has long term agreements for supply of dissolving grade wood pulp with major suppliers. This has reduced the risk of raw material availability for the Company’s operations. However, there would be some dependence on spot purchases of pulp from time to time which the Company can secure generally. The Company’s new natural gas based CS₂ production facility at Saraburi province has helped to ensure steady supply of CS₂, which has resulted in substantial reduction of use of charcoal, a dwindling resource.

- Risk from Manufacturing Operations
The Company has an established preventive and predictive maintenance system to ensure good health of all its manufacturing equipments. It also has a system of replacement of equipment after designated life. The Company is highly committed to safety. During the year, the Company has launched professionally supported behavior based safety program. The Company promotes a very high level of safety consciousness amongst all employees and rigorous training and investment in all the necessary safety equipment. The Company also conducts mock drills, emergency plan simulation etc. to ensure highest standard of alertness.

- Geo-political Risk
The geo political events like terrorism cast their repercussions worldwide, increasing costs and risks of business and impacting supply and demand cycles.

- Risk from Regulatory changes in countries where the Company has investments
The Company has made strategic investments (backward and forward integration) by subscribing in equity capital of companies registered in other countries, along with other group companies. While the Company does envisage the general business risks to such investments, a regulatory change in those countries may have some impact on their financial performance.

- Global Financial Markets Risks
The global financial and commodities markets have become much more volatile in the last 5 years. The USA and the European economies are still suffering from the financial excesses of pre-2008 crisis, with negative effect on the health of entire global economy. Quantitative easing tools and low interest policies adopted by the USA to address its current economic difficulties have created excessive liquidity in emerging economies causing their currencies to appreciate significantly vis-à-vis USD in recent months. Despite improvement in growth prospects, the global economy remains fragile with elevated downside risks due to structural and regional imbalances and increased volatility in commodity prices and exchange rates. All these factors create uncertainty and unpredictability for the businesses which can negatively affect the demand for textile products across the value chain.
4.4 List of directors, management and shareholders

4.4.1 List of Board of Directors (as of 31st March 2011)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Kumar Mangalam Birla</td>
<td>Chairman</td>
</tr>
<tr>
<td>2</td>
<td>Mrs. Rajashree Birla</td>
<td>Director</td>
</tr>
<tr>
<td>3</td>
<td>Mr. Shyam Sundar Mahansaria</td>
<td>Independent Director</td>
</tr>
<tr>
<td>4</td>
<td>Mr. Vinai Sachdev</td>
<td>Independent Director</td>
</tr>
<tr>
<td>5</td>
<td>Mr. Ramakant Rathi</td>
<td>Independent Director</td>
</tr>
<tr>
<td>6</td>
<td>Mrs. Rachani Kajiji</td>
<td>Director</td>
</tr>
<tr>
<td>7</td>
<td>Mr. Amolat Thakral</td>
<td>Director</td>
</tr>
<tr>
<td>8</td>
<td>Mr. Krishna Krishore Maheshwari</td>
<td>Director</td>
</tr>
<tr>
<td>9</td>
<td>Mr. Hari Krishna Agarwal</td>
<td>Director</td>
</tr>
</tbody>
</table>

4.4.2 List of Management (as of 31st March 2011)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. H.K. Agarwal</td>
<td>Group Executive President</td>
</tr>
<tr>
<td>2</td>
<td>Mr. Vijesh Kapoor</td>
<td>Joint President (Finance &amp; Commercial)</td>
</tr>
<tr>
<td>3</td>
<td>Mr. P.K. Sipani</td>
<td>Joint President (Finance &amp; Commercial)</td>
</tr>
<tr>
<td>4</td>
<td>Mr. N.K. Jain</td>
<td>Senior Vice President (Production)</td>
</tr>
<tr>
<td>5</td>
<td>Mr. Ram Gopal Agrawal</td>
<td>Vice President (Process &amp; Development)</td>
</tr>
<tr>
<td>6</td>
<td>Mr. Sanjeev Kumar Kaul</td>
<td>Vice President (Engineering)</td>
</tr>
</tbody>
</table>

4.4.3 List of Top 10 Major Shareholders (as of 31st March 2011)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>No. of shares</th>
<th>% of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Asseau Company Limited</td>
<td>33,582,850</td>
<td>16.66</td>
</tr>
<tr>
<td>2</td>
<td>Wholton Company Limited</td>
<td>22,165,700</td>
<td>10.99</td>
</tr>
<tr>
<td>3</td>
<td>Hart Global Limited *</td>
<td>21,600,000</td>
<td>10.71</td>
</tr>
<tr>
<td>4</td>
<td>Grasim Industries Limited</td>
<td>13,988,570</td>
<td>6.94</td>
</tr>
<tr>
<td>5</td>
<td>Thai Industrial Management and Trading Co., Ltd</td>
<td>9,738,500</td>
<td>4.83</td>
</tr>
<tr>
<td>6</td>
<td>Rama Trading Co., Ltd.</td>
<td>6,645,580</td>
<td>3.29</td>
</tr>
<tr>
<td>7</td>
<td>Mr. Kamol Pichitsingh</td>
<td>5,000,000</td>
<td>2.48</td>
</tr>
<tr>
<td>8</td>
<td>Mrs. Rachani Kajiji</td>
<td>4,858,770</td>
<td>2.41</td>
</tr>
<tr>
<td>9</td>
<td>Ms. Vanita Thakral</td>
<td>4,558,706</td>
<td>2.26</td>
</tr>
<tr>
<td>10</td>
<td>Mr. Amorn Panichkaivalkosin</td>
<td>3,640,740</td>
<td>1.81</td>
</tr>
</tbody>
</table>

Remark * Hart Global Limited has sold 21,600,000 shares on 22nd March 2011 to Oneida Services Limited which is registered in Republic of Liberia.
5. **Opinion of the Board of Directors relating to the sufficiency of cash flow**

The Board of Directors is of the opinion that source of fund for this investment as disclosed in item 1.9 of this Information Memorandum are sufficient and will not affect the Company’s cash flow and operations.

6. **Pending lawsuits and claims**

The Company is not involved in any material lawsuit affecting its assets.

7. **Interest or connected transaction between related parties**

During the year 2010, the Company has significant business transactions with related companies. Such transactions, which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and basis agreed upon between the Company and those related companies.

<table>
<thead>
<tr>
<th>Company Name / Type of Business</th>
<th>Nature of Relationship</th>
<th>Revenue Transaction</th>
<th>Expense Transaction</th>
</tr>
</thead>
</table>
| Thai Carbon Black Public Co., Ltd. (TCB) | - Manufacture of carbon black 24.98% Shareholding - Common Directors | - Rent income for housing colony: Baht 3,240,000  
**Rationale of transaction:**  
- The Company rents out part of housing, guesthouse and other facilities in its colony to TCB for housing its employees and guests. | - Purchase of steam and power: Baht 580,909,000  
**Rationale of transaction:**  
- TCB produces steam and power as part of its operations. The Company purchases these critical utilities to the extent of its requirement from TCB at formula based market price. |
| Thai Acrylic Fibre Co., Ltd. (TAF) | - Manufacture of acrylic fibre 30% Shareholding - Common Directors | - Sale of sodium sulphate: Baht 486,000  
**Rationale of transaction:**  
- The Company sells its by-product sodium sulphate at market rate. | - Nil  
**Rationale of transaction:**  
- Nil |
| Indo-Thai Synthetics Co., Ltd. (ITS) | - Manufacture of yarn 7.56% Shareholding - Common Directors | - Sale of fibre: Baht 1,550,804,000  
- Reimbursement of expenses: Baht 19,000  
- Interest on loan: Baht 68,000  
**Rationale of transaction:**  
- ITS is the biggest domestic customer of the Company. The fibre sold to ITS at international linked rate with certain rebate provided for the large volume being a strategic customer.  
- Reimbursement of expense is at cost.  
- Interest on loan is at market rate. | - Nil  
**Rationale of transaction:**  
- Nil |
<table>
<thead>
<tr>
<th>Company Name / Type of Business</th>
<th>Nature of Relationship</th>
<th>Revenue Transaction</th>
<th>Expense Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AV Cell Inc. (AVC), Canada</strong>&lt;br&gt;- Manufacture of dissolving grade wood pulp&lt;br&gt;- 19% Shareholding&lt;br&gt;- Common Directors</td>
<td>- Interest on shareholders’ loan: Baht 8,348,000&lt;br&gt;Rationale of transaction:&lt;br&gt;- The Company has extended a long-term shareholders’ loan to AVC on which it receives a fixed interest rate, comparable to the market rates.</td>
<td>- Purchase of pulp: Baht 1,560,477,000&lt;br&gt;Rationale of transaction:&lt;br&gt;- The Company has long-term agreement with AVC for dissolving grade wood pulp, its primary raw material, at formula based contract rate, comparable to an independent supplier.</td>
<td></td>
</tr>
<tr>
<td><strong>AV Nackawic Inc. (AVN), Canada</strong>&lt;br&gt;- Manufacture of dissolving grade wood pulp&lt;br&gt;- 19% Shareholding&lt;br&gt;- Common Directors</td>
<td>- Nil&lt;br&gt;Rationale of transaction:&lt;br&gt;- Nil.</td>
<td>- Purchase of pulp: Baht 325,081,000&lt;br&gt;Rationale of transaction:&lt;br&gt;- The Company has purchased dissolving Grade Wood Pulp, its primary raw material, at formula based contract rate, comparable to an independent supplier.</td>
<td></td>
</tr>
<tr>
<td><strong>Aditya Birla Chemicals (Thailand) Ltd. (ABCT)</strong>&lt;br&gt;- Manufacture of chemical products&lt;br&gt;- 29.98% Shareholding&lt;br&gt;- Common Directors</td>
<td>- Sale of sodium sulphate: Baht 180,000&lt;br&gt;- Sale of sulphur: Baht 10,020,000&lt;br&gt;- Sale of caustic: Baht 21,394,000&lt;br&gt;Rationale of transaction:&lt;br&gt;- The Company sells its by-product sodium sulphate at market rates.&lt;br&gt;- Sale of sulphur &amp; caustic is at cost.</td>
<td>- Purchase of caustic soda &amp; auxiliary material: Baht 43,120,000&lt;br&gt;- Purchase of sulphur Baht 1,325,000&lt;br&gt;- Electricity charges of caustic soda tank: Baht 45,000&lt;br&gt;- Others expenses Baht 62,000&lt;br&gt;Rationale of transaction:&lt;br&gt;- ABCT is a principal manufacture of caustic soda in Thailand and one of the two domestic suppliers of this product. For this key raw material, the Company pays to ABCT a comparable market price. The purchase of sodium hypochlorite, chlorine and epoxy resins, in smaller quantities, is done at market rates.&lt;br&gt;- Sulphur is purchased at cost.&lt;br&gt;- The payment for electricity charges and reimbursement of expenses is at cost.</td>
<td></td>
</tr>
<tr>
<td><strong>PT. Indophil Textile Mills Inc.</strong>&lt;br&gt;- Manufacture of yarn</td>
<td>- Common Directors</td>
<td>- Sale of fibre: Baht 286,615,000&lt;br&gt;Rationale of transaction:&lt;br&gt;- The sale of fibre is at market price</td>
<td>- Nil-&lt;br&gt;Rationale of transaction:&lt;br&gt;- Nil-</td>
</tr>
<tr>
<td>Company Name / Type of Business</td>
<td>Nature of Relationship</td>
<td>Revenue Transaction</td>
<td>Expense Transaction</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>PT. Elegant Textile Industry</td>
<td>Common Directors</td>
<td>Sale of fibre: Baht 268,490,000 Rationale of transaction:</td>
<td>- Technical services: Baht 1,146,000</td>
</tr>
<tr>
<td>- Manufacture of yarn</td>
<td></td>
<td>- The sale of fibre is at market price</td>
<td>- Travelling expenses: Baht 419,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Purchase of auxiliary material: Baht 46,000</td>
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<td></td>
<td></td>
<td>Rationale of transaction:</td>
<td>Rationale of transaction:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Nil-</td>
<td>- Provides input in the field of establishing, maintaining and upgrading of viscose fibre plants and allied chemical application.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Purchase of auxiliary material is at cost.</td>
</tr>
<tr>
<td>Grasim Industries Limited</td>
<td>Common Directors</td>
<td>-Nil-</td>
<td></td>
</tr>
<tr>
<td>- Manufacture of fibre and cement</td>
<td></td>
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<td></td>
<td></td>
<td>Rationale of transaction:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Nil-</td>
<td></td>
</tr>
<tr>
<td>Thai Peroxide Co., Ltd.</td>
<td>0.0233% (common shares)</td>
<td>-Nil-</td>
<td>- Purchase of auxiliary material: Baht 6,000</td>
</tr>
<tr>
<td>- Manufacture of hydrogen peroxide</td>
<td>14.70% (preferred shared)</td>
<td></td>
<td>Rationale of transaction:</td>
</tr>
<tr>
<td></td>
<td>- Common Directors</td>
<td>Rationale of transaction:</td>
<td>- Purchase of auxiliary material is at cost.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Nil-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Purchase of auxiliary material: Baht 6,000</td>
<td></td>
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<td></td>
<td></td>
<td>Rationale of transaction:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Nil-</td>
<td></td>
</tr>
<tr>
<td>PT. Sunrise Bumi Textile</td>
<td>Common Directors</td>
<td>Sale of fibre: Baht 16,743,000 Rationale of transaction:</td>
<td>Purchase of modal yarn Baht 27,000</td>
</tr>
<tr>
<td>- Manufacture of yarn</td>
<td></td>
<td>- The sale of fibre is at market price</td>
<td>Rationale of transaction:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Test sample of modal yarn developed from modal fibre.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rationale of transaction:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Nil-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rationale of transaction:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Nil-</td>
<td></td>
</tr>
<tr>
<td>PT. Indo Bharat Rayon</td>
<td>Common Directors</td>
<td>-Purchase of auxiliary material Baht 3,392,000</td>
<td></td>
</tr>
<tr>
<td>- Manufacture of viscose staple fibre</td>
<td></td>
<td>Rationale of transaction:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Purchase of auxiliary material is at cost.</td>
<td></td>
</tr>
</tbody>
</table>

Hari Krishna Agarwal
Group Executive President and Director