

22nd November 2011

Sub: Explanation of the Company's performance for the year ended 30th September 2011 and 2010

To: President
The Stock Exchange of Thailand

Encl: Copy of Financial Statement for the year ended 30th September 2011 and 2010

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statement for the year ended 30th September 2011 in comparison with the year ended 30th September 2010. The details of financial statements are set out in the attached note.

1. Profit and Loss for the year ended 30th September 2011 in comparison with the year ended 30th September 2010

The Company has recorded a net profit for the year ended 30th September 2011 of Baht 2,833 Million compared to last year Baht 3,041 Million, a decrease of Baht 208 Million or 7% on account of following reasons. The significant changes are as follows:

- 1) Sales revenues increased by 19% or Baht 1,923 Million due to increase in sales volume by 7% and selling price by 12%.
- 2) Interest income increased by 166% or Baht 59 Million mainly due to increase in interest rate and increase in surplus funds due to higher cash profits.
- 3) Export incentive decreased by 91% or Baht 52 Million mainly due to decrease in export incentive rate from 1.88% to 0.07% from 1st April 2010.
- 4) Dividend income decreased by 56% or Baht 7 Million due to non declaration of dividend by some company and lower dividend declared.
- 5) Others income – others decreased by 70% or Baht 11 Million as there was gain on sale of investment in the previous year but there is no investment sale in current year.
- 6) Cost of sales increased by 23% or Baht 1,715 Million mainly due to increase in sales volume by 7% and increase in cost of raw materials by 19%.
- 7) Administrative expenses increased by 23% or Baht 31 Million mainly due to legal and due diligence expenses incurred for investment in pulp company.
- 8) Share of income from investments in associated companies accounted for under equity method decreased by 21% or Baht 195 Million compared to last year due to lower profits of some of the associate companies.
- 9) Finance cost increased by 417% or Baht 5 Million mainly due to short-term borrowings and export bills discounting.

- 10) Corporate Income tax increased by 52% or Baht 170 Million due to increase in taxable profits and on account of expiry of the BOI promoted certificates.

As per reasons mentioned above, the earnings per share for the year 2011 are Baht 14.05 compared to Baht 15.09 in last year.

2. Balance Sheet as of 30th September 2011 in comparison with as of 30th September 2010

The major changes are as below:

- 1) Cash & cash equivalents increased by 15% or Baht 393 Million mainly due to higher cash profits and reduction in working capital.
- 2) Current investments increased by 28% or Baht 107 Million due to separate classification of the same on account of maturity period over 3 months.
- 3) Amounts due from related parties increased by 178% or Baht 7 Million due to outstanding of interest as on the balance sheet date.
- 4) Input tax refundable decreased by 33% or Baht 23 Million due to timely receipt of tax refundable compared to last year.
- 5) Export incentive receivable decreased by 90% or Baht 19 Million due to decrease in export incentive rate from 1.88% to 0.07% from 1st April 2010 and receipt of old receivables.
- 6) Interest receivable increased by 220% or Baht 11 Million due to increase in investment of surplus funds and higher interest rates.
- 7) Dividend receivable increased by 100% or Baht 6 Million due to accrual of dividend as per dividend declaration by the company.
- 8) Other current assets decreased by 74% or Baht 71 Million due to unrealized loss on forward contracts in September 2011 as against gain in September 2010.
- 9) Investments in associated companies increased by 30% or Baht 2,425 Million due to new investment in cellulosic pulp company in Sweden, additional investment in plantation & pulp company in Laos and share of equity income.
- 10) Intangible assets - net decreased by 46% or Baht 4 Million due to amortization over useful life of the asset.
- 11) Short-term loans from financial institutions increased by 108% or Baht 295 Million due to temporary short-term call loan taken for working capital management and export bills discounted with bank.
- 12) Other current liabilities-others increased by 430% or Baht 70 Million mainly due to unrealized loss on forward contracts in September 2011 as against gain in September 2010.

13) Excess of cost of investment in subsidiary over the carrying amount of the interest acquired increased by 100% or Baht 9 Million due to accounting for share of loss in equity of associate company on acquisition minority share of subsidiary by the associate company.

Shareholders' equity for the year 2011 amounted to Baht 20,517 Million, an increase by 14% or Baht 2,446 Million compared to last year. This was due to addition of profits for the year 2011.

Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

Mr. Prasan Sipani
Joint President (Finance & Commercial)