

August 15, 2011

Sub: Explanation of TR's performance for the three-month period ended 30th June 2011

To: Listed Company Department
Stock Exchange of Thailand

Encl: (1) Copy of Financial Statement for the three-month period ended 30th June 2011
(2) Summary Report

Thai Rayon Public Company Limited ("the Company") would like to report on the operational result of the Company for the third quarter ended 30th June 2011 as per the details underneath.

A. Income Statement for the quarter ended 30th June 2011

The Company has recorded a net profit of Baht 1,209 Million for this quarter as against net profit of Baht 748 Million in the same quarter of previous year, an increase of 62% or Baht 460 Million on account of following reasons.

- (1) Sales revenues increased by 11% or Baht 292 Million due to higher sales prices.
- (2) Interest income increased by 162 % or Baht 14 Million mainly due to increase in interest rate and increase in surplus funds due to higher profits.
- (3) Export incentive increased by 24% or Baht 0.3 Million mainly due to increased export sales and higher sales price.
- (4) Dividend income decreased by 96% or Baht 4 Million due to no declaration of dividend by one of the investee company who declared dividend last year.
- (5) Other income decreased by 46% or Baht 0.8 Million due to the reason that some unclaimed liabilities were written back in the last year which is not there is current year.
- (6) Cost of sales slightly increased by 1% or Baht 20 Million due to higher raw material prices.
- (7) Administrative expenses increased by 131% or Baht 34 Million due to legal and due diligence expenses incurred for investment in Pulp company.
- (8) Share of income from investments in associated companies increased by 104% or Baht 265 Million due to addition of equity income from new investment in pulp mill.
- (9) Finance cost increased by 485% or Baht 2 Million mainly due to short-term borrowings.
- (10) Corporate income tax increased by 55% or Baht 60 Million due to higher profits and tax provision made on BOI promoted line #6 for which effective estimated tax rate has been used as eligible tax free profit limit is exhausted.

As per reasons mentioned above, the Company recorded net income per share of Baht 6.00 compared to Baht 3.71 in the same quarter of previous year.

B. Balance Sheets as at 30th June 2011 compared to as at 30th September 2010

The major changes are as follows.

- (1) Current investments decreased by 41% or Baht 156 Million due to surplus funds utilized in higher working capital.
- (2) Amounts due from related parties increased by 187% or Baht 8 Million due to cumulative interest accrued for nine months period. There was no interest outstanding at end of September 2010.
- (3) Input tax refundable decreased by 49% or Baht 35 Million due to timely receipt of refund from Revenue Department. The balance outstanding is only for latest month.
- (4) Export incentive receivable decreased by 87% or Baht 18 Million mainly due to lower export incentive rate and receipt of old outstandings.
- (5) Interest receivables increased by 72% or Baht 4 Million due to increase in interest rates.
- (6) Dividend receivable increased by 100% or Baht 2 Million due to accrual of dividend as per dividend declaration by associated company.
- (7) Other current assets-others decreased by 74% or Baht 71 Million due to unrealized loss on forward contracts due to the strengthening of US Dollar against Thai Baht on the balance sheet date as against gain in September 2010 end.
- (8) Investments in associated companies increased by 35% or Baht 2,832 Million due to new investment in cellulosic pulp company in Sweden.
- (9) Intangible assets – net decreased by 33% or Baht 3 Million due to amortization as per accounting policy.
- (10) Short-term loans from financial institutions increased by 52% or Baht 142 Million due to discounting of export bills from banks.
- (11) Trade accounts payable to unrelated parties decreased by 9% or Baht 27 Million due to lower material in transit and trade accounts payable to related parties decreased by 52% or Baht 132 Million due to lower material in transit and lower amount outstanding as on balance sheet date.
- (12) Amounts due to related parties increased by 28% or Baht 0.04 Million due to amount remained outstanding as on balance sheet date.
- (13) Corporate income tax payable increased by 29% or Baht 45 Million due to higher taxable profits and tax provision made on BOI promoted line #6 for which effective estimated tax rate has been used as eligible tax free profit limit is exhausted.
- (14) Other current liabilities-others increased by 166% or Baht 27 Million mainly due to increase in advances received from customers and unrealised loss on forward contracts due to the strengthening of US Dollar against Thai Baht on the balance sheet date.
- (15) Translation adjustment decreased by 30% or Baht 115 Million due to weakening of Thai baht against currencies of investee companies.

The changes in assets and liabilities and net income for this quarter have resulted in increase by 15% of the total shareholders' equity or Baht 2,781 Million as on 30th June 2011.

Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

(Mr. Prasan Kumar Sipani)
Joint President (Finance & Commercial)

**CC: Listed Company Department
The Securities and Exchange Commission**