

25th May 2012

Sub: Explanation of the Company's performance for the 6 months period ended 31st March 2012

To: President
The Stock Exchange of Thailand

Encl: Copy of Financial Statement for the 6-month ended 31st March 2012

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statement for the 6 months period ended 31st March 2012 in comparison with the 6 months period ended 31st March 2011. Pursuant to change in accounting period of the Company from 1st October to 30th September period earlier to 1st April to 31st March period as approved by the Revenue Department, the Company has closed its first accounting for the period of 1st October 2011 to 31st March 2012. The details of financial statements are set out in the attached note.

1. Profit and Loss for the 6 months period ended 31st March 2012 in comparison with the 6 months period ended 31st March 2011

The Company has recorded a net profit for the 6 months period ended 31st March 2012 of Baht 258 Million compared to Baht 1,859 Million of last year, a decrease of Baht 1,601 Million or 86% on account of the following reasons. The significant changes are as follows:

- 1) Sales revenues decreased by 19% or Baht 1,203 Million due to decrease in sales volume by 3% and selling price by 18%.
- 2) Exchange gain increased by 70% or Baht 38 Million due to unrealized gain on foreign currency forward contracts from appreciation of Baht against US Dollar.
- 3) Other income increased by 48% or Baht 23 Million mainly due to higher interest income on account of increased deposits and higher interest rates during the period.
- 4) Cost of sales increased by 8% or Baht 354 Million mainly due to increase in cost of raw materials by 11%.
- 5) Administrative expenses increased by 23% or Baht 19 Million mainly due to increase in manpower costs and change in valuation of retirement benefits to actuarial method.
- 6) Share of profit from investments in associated companies accounted for under equity method decreased by 79% or Baht 383 Million compared to last year due to lower profits of the most of associated companies because of unfavorable economic and market conditions.
- 7) Finance cost increased by 108% or Baht 3 Million mainly due to short-term borrowings and export bills discounting.

- 8) Corporate Income tax decreased by 91% or Baht 314 Million due to decrease in taxable profits.

As per reasons mentioned above, the earnings per share for the 6 months period ended 31st March 2012 is Baht 1.28 compared to Baht 9.22 of last year.

2. Balance Sheet as of 31st March 2012 in comparison with as of 30th September 2011

The major changes are as below:

- 1) Cash & cash equivalents decreased by 63% or Baht 1,898 Million mainly due to increased working capital and increased in current deposits.
- 2) Current investments increased by 234% or Baht 1,139 Million due to investment in deposits of longer maturity period.
- 3) Other current assets increased by 41% or Baht 31 Million due to unrealized gain on foreign exchange forward contracts at the end of March 2012 compared to loss at end of September 2011 which was reported in other current liabilities.
- 4) Intangible assets - net decreased by 33% or Baht 2 Million due to amortization for the accounting period as per accounting policy.
- 5) Corporate income tax payable decreased by 88% or Baht 160 Million due to lower taxable profits during the period.
- 6) Other current liabilities decreased by 57% or Baht 58 Million mainly due to unrealized gain on foreign exchange forward contracts at the end of March 2012 which is reported in other current assets compared to unrealized loss at the end of September 2011 which was reported in other current liabilities.

Shareholders' equity as of 31st March 2012 amounted to Baht 20,292 Million, a decrease by 2% or Baht 313 Million compared to last year. This was due to payment of dividend for the year 2011 in January 2012 and cumulative effect of change in accounting policy for employee benefits.

Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

Mr. Pramod K Khandelwal
GM (Finance & Commercial)

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