

25 November 2008

Sub: Explanation of TR's performance for the year ended 30 September 2008

To: Listed Company Department
Stock Exchange of Thailand

Encl : Copy of Financial Statement for the year ending 30 September 2008

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statement for the year ended 30 September 2008 in comparison with the year ended 30 September 2007. The details of financial statements are set out in the attached note.

1. Profit and Loss for the year ended 30 September 2008 in comparison with the year ending 30 September 2007

The Company has recorded a net profit for the year ended in Baht 2,233 million, compared to last year Baht 2,489 million – decreased by Baht 256 million or 10%. The significant changes are as follows:

- 1) Sales revenues increased by 22% or Baht 1,608 million due to increase in sales volume by 9% and selling price by 12%.
- 2) Export incentive increased by 39% or Baht 26 million due to higher export sales volume and sales price.
- 3) Interest income decreased by 34% or Baht 42 million mainly due to decrease in interest rate and decrease in average deposits due to use of funds in project expansion and investments.
- 4) Others income – others decreased by 84 % or Baht 33 million due to receipt of Baht 32.6 million as gain on investment from a company under liquidation in the previous year.
- 5) The Company's foreign exchange loss decreased by 52 % or Baht 17 million compared to last year mainly due to weakening of Thai Baht against US Dollar.
- 6) Cost of sales increased by 37% or Baht 1,865 million due to increase in sales volume by 9 % and increase in raw material prices of Pulp, Sulphur & Caustic Soda.
- 7) Selling and administrative expenses increased by 41% or Baht 147 million due to increase in sales volume and increase in logistics cost for export and domestic sales due to increased fuel prices .
- 8) Corporate Income tax decreased by 23% or Baht 107 million due to lower taxable profits and tax free on promoted business profits.

As per reasons mentioned above, the earnings per share were Baht 11.08 compared to Baht 12.35 in the same last year.

2. Balance Sheet as of 30 September 2008 in comparison with as of 30 September 2007

2.1 Total Assets as of 30 September 2008 amounted to Baht 15,764 million, increased by Baht 1,351 million or 9% compared to last year. Details are set out below.

- 1) Cash and cash equivalents decreased by 79% or Baht 1,715 million due to use of funds for expansion projects and investments.

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- 2) Short-term investments decreased by 43% or Baht 238 million due to decrease in investment of funds in short –term deposits.
 - 3) Advance to related party for purchases of raw material decreased by 100% or Baht 87 million due to adjustment of the same against receipt of goods.
 - 4) Inventories increased by 68% or Baht 552 million due to higher inventory for increased production capacity, higher input rates and higher stores inventory for ongoing expansion projects.
 - 5) Input tax refundable increased by 279% or Baht 68 million due to delay in receipt of refund and increase in input VAT due to increase in raw material prices and purchases for expansion projects.
 - 6) Interest receivable decreased by 38% or Baht 4 million due to lower interest rate and reduction in deposits.
 - 7) Dividend receivable increased by 100% or Baht 9 million due to dividend income is accrued based on declaration, but the same was received subsequent to year end.
 - 8) Property, plant and equipment - net increased by 102% or Baht 1,960 million due to on going expansion projects for new lines of production.
 - 9) Investment in associated companies increased by 35% or Baht 1,901 million due to increase in share of equity income and additional investments in associated companies.
 - 10) Other long-term investments decreased by 45% or Baht 937 million due to decrease in unrealized gain from changes in fair value of investment classified as available for sale and transfer of one of the investment to investment in associated companies due to increase in shareholding during the year.
- 2.2 Total liabilities amounted to Baht 887 million, increased by Baht 118 million or 15% compared to last year. Details are as follow.
- 1) Bank overdrafts from commercial banks increased by 99% or Baht 4 million due to temporary requirement of funds for working capital.
 - 2) Trade accounts payable - other parties increased by 211% or Baht 292 million due to increase in purchases for expansion projects and increase in input prices.
 - 3) Corporate income tax payable decreased by 77% or Baht 213 million due to lower profits and tax free profits earned from promoted business.
 - 4) Accrued expenses increased by 35% or Baht 39 million mainly due to higher expenses and receipt of invoices subsequent to close of the year.
- 2.3 Shareholders' equity for the year 2008 amounted to Baht 14,877 million, increased by Baht 1,233 million or 9% compared to last year. This was due to addition of profits for the year 2008.

Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

P.M. Bajaj
President