Thai Rayon Public Company Limited ("the Company") would like to report on the operational result of the Company for the first quarter as per the details underneath.

A. **Income Statement for the quarter ended 31 December 2008**

The Company has recorded a net loss of Baht 795 Million for this quarter as against net profit Baht 886 Million in the same quarter of previous year, a decrease of 190% or Baht 1,681 Million on account of following reasons:

1. The share of profit from investments accounted for under equity method recorded a net loss of Baht 696 Million as against net income of Baht 144 Million, which is lower by 582%. The decrease in profits of the associated companies in this quarter is on account of global economic slowdown and inventory diminution.

2. Sales Revenues decreased by 53% or Baht 1,336 Million due to decrease in sales volume by 41% & selling price by 24% on account slow down in world economy in general and textile value chain in particular.

3. Interest income decreased by 71% or Baht 21 Million mainly due to decrease in interest rate and available surplus funds due to use of funds in our on going expansion projects.

4. Export incentive decreased by 64% or Baht 16 Million due to lower export sales volume by 52% and lower export sales price by 26%.

5. Foreign exchange gain is Baht 5 Million against exchange loss of Baht 23 Million in the same quarter of previous year, higher by 124% due to weakening of Baht against US$. 

6. Other income reduced to Baht 0.9 Million compared to Baht 1.3 Million in the same quarter of previous year, a decrease of 27% as there was no sale of Fixed Assets in this quarter.

7. Cost of sales decreased by 19% or Baht 288 Million mainly due to decrease in sales volume by 41%. However overall cost of sales per unit has gone up by 36% mainly due to:
   a) Raw materials up by 10%
   b) Energy up by 28% due to lower operating capacity and higher energy prices
   c) Fixed costs by 47% due to lower production by 36%
   d) Depreciation up by 228% due to lower production and expanded capacity

In addition, the cost of sales per unit also increased by Baht 127 Million or 10.4% of cost of sales for the quarter due to allowances made for inventory diminution.
(8) Selling expenses decreased by 60% or Baht 48 Million due to decrease in sales volume and decrease in outbound logistics cost following lower fuel prices and reduced shipping freights.

(9) Interest expenses decreased to Baht 1.3 Million as against Baht 1.9 Million in the same quarter of previous year, lower by 32% due to decrease in short term borrowings.

(10) Corporate income tax decreased by 100%, there is no tax provision due to net loss in this quarter.

As per reasons mentioned above, the Company incurred net loss per share of Baht 3.94 as against net earnings per share of Baht 4.39 in the same quarter of previous year.

B. Balance Sheets as at 31 December 2008, compared to as at 30 September 2008

The major changes are as follows.

(1) Cash & cash equivalents increased by 98% or Baht 432 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 receivables decreased by 61% or to Baht 304 Million to unrelated parties and by 22% or Baht 106 Million to related parties due to lower sales.

(4) Amounts due from related parties decreased by 71% or Baht 7 Million due to receipt of dues.

(5) Inventories decreased by 19% or Baht 264 Million due to reduction in inventory and impact of allowance for diminution in value of inventories.

(6) Input tax refundable reduced by 78% or Baht 72 Million due to lower sales & receipt of arrear refund.

(7) Export incentive receivable reduced by 28% or Baht 11 Million due to lower export volume by 52% and lower prices by 26%.

(8) Interest receivables decreased by 62% or Baht 5 Million due to lower interest rate and reduced surplus funds invested.

(9) Dividend receivable decreased by 100% or Baht 9 Million as dividend income is accrued based on declaration once a year.

(10) Other current assets increased by 72% or Baht 15 Million due to increase in bonds in hand, withhold tax receivable & advance to suppliers.

(11) Bank overdrafts decreased by 90% or Baht 7 Million due to use of own funds for working capital.

(12) Trade accounts payable to unrelated parties decreased by 65% or Baht 281 Million due to decrease in payable for raw materials.
(13) Other current liabilities decreased by 46% or Baht 119 Million mainly due to decrease in corporate income tax payable & decrease in accrued expenses.

(14) Unrealized gain on changes in value of investments decreased by 39% or Baht 134 Million due to decrease in valuation of investments.

The changes in assets and liabilities and net loss for this quarter have caused the reduction in the total shareholders’ equity by 6% or by Baht 960 Million as on 31 December 2008.

Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

(Mr. P.K. Sipani)
Joint President (Finance & Commercial)