Sub: Explanation of TR’s performance for the three-month periods ended 31/12/2009

To: Listed Company Department
Stock Exchange of Thailand

Encl: (1) Copy of Financial Statement for the three-month periods ended 31/12/2009
(2) Summary Report

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 2009**

The Company has recorded a net profit of Baht 1,007 Million for this quarter as against net loss of Baht 795 Million in the same quarter of previous year, an increase of 227% or Baht 1,802 Million on account of following reasons:

(1) Sales Revenues increased by 106% or Baht 1,238 Million due to increase in sales volume by 93% & selling price by 9% on account of improved demand for viscose staple fibre.
(2) Interest income decreased by 18% or Baht 2 Million mainly due to decrease in interest rate.
(3) Export incentive increased by 183% or Baht 17 Million due to higher export sales volume and higher export sales price.
(4) Foreign exchange gain increased by 137% or Baht 8 Million due to strengthening of Baht against US$.
(5) Dividend income increased by 100% or Baht 0.4 Million due to dividend income from on investment as declared by the company.
(6) Cost of sales increased by 29% or Baht 359 Million mainly due to increase in sales volume by 93%. However overall cost of production per unit has reduced by 25% mainly due to reduction in raw materials lower by 28%, utilities and other over heads by 51% and depreciation by 33%.
(7) Selling expenses increased by 91% or Baht 29 Million mainly due to increase in sales volume and increase in outbound logistics cost following higher fuel prices and increased shipping freights.
(8) The share of profit from investments accounted for under equity method recorded a net income of Baht 311 Million as against net loss of Baht 696 Million, which is higher by Baht 145% due to improvement in performance of the associated companies.
(9) Finance cost decreased to Baht 1 Million or by 89% due to decrease in short term borrowings.

(10) Corporate income tax increased by 100% or Baht 83 Million due to taxable income in this quarter as against nil taxable income in the same quarter of the previous year.

As per reasons mentioned above, the Company recorded net income per share of Baht 5.00 as against net loss per share of Baht 3.94 in the same quarter of previous year.

B. Balance Sheets as at 31 December 2009, compared to as at 30 September 2009

The major changes are as follows.

(1) Cash & cash equivalents increased by 34% or Baht 384 Million due to higher profits.

(2) Current investments increased by 100% or Baht 180 Million due to classification of the same under cash and cash equivalent on account of less maturity period.

(3) Amounts due from related parties increased by 23% or Baht 2 Million due to accrued interest.

(4) Inventories increased by 12% or Baht 110 Million due to increase in finished Goods quantity and valuation and increase in raw material inventories due to rates and increased production.

(5) Input tax refundable increased by 244% or Baht 42 Million due to higher volumes.

(6) Export incentive receivable increased by 46% or Baht 17 Million due to higher exports.

(7) Interest receivables increased by 119% or Baht 1 Million due to increase in surplus funds investment.

(8) Other current assets-others increased by 32% or Baht 5 Million due to increase in bonds in hand, interest receivable on deposits & advance to suppliers.

(9) Bank overdrafts decreased by 100% or Baht 6 Million due to use of own funds.

(10) Other current liabilities-others increased by 148% or Baht 22 Million mainly due to increase in advances received from customers, withholding taxes payable on bonus payment.

The changes in assets and liabilities and net income for this quarter have resulted in increase of the total shareholders’ equity by 6% or by Baht 951 Million as on 31 December 2009.

Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

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