

24th November 2010

Sub: Explanation of the Company's performance for the year ended 30th September 2010 and 2009

To: President, The Stock Exchange of Thailand

Encl: Copy of Financial Statement for the year ended 30th September 2010 and 2009

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statement for the year ended 30th September 2010 in comparison with the year ended 30th September 2009. The details of financial statements are set out in the attached note.

1. Profit and Loss for the year ended 30th September 2010 in comparison with the year ended 30th September 2009

The Company has recorded a net profit for the year ended 30th September 2010 of Baht 3,041 Million compared to last year Baht 463 Million, an increase of Baht 2,579 Million or 557% on account of following reasons. The significant changes are as follows:

- 1) Sales revenues increased by 66% or Baht 4,113 Million due to increase in sales volume by 39% and selling price by 20%.
- 2) Interest income increased by 53% or Baht 12 Million mainly due to increase in interest rate and increase in surplus funds due to higher profits.
- 3) Foreign exchange gain increased by 1702% or Baht 86 Million despite strengthening of Baht against US dollar due to forward cover of export receivables.
- 4) Dividend income increased by 71% or Baht 6 Million due to higher dividend income from investment.
- 5) Others income – others increased by 208% or Baht 11 Million due to gain on sale of investment.
- 6) Cost of sales increased by 40% or Baht 2,182 Million mainly due to increase in sales volume by 39% and increase in cost of raw materials.
- 7) Selling expenses increased by 117% or Baht 182 Million due to increase in export sales volume by 61% and increase in sea freight rates.
- 8) Share of income from investments in associated companies accounted for under equity method increased by 1764% or Baht 986 Million compared to last year due to increase in profits of the associated companies mainly on account of global economic recovery.
- 9) Corporate Income tax increased by 541% or Baht 274 Million due to increase in profits and higher taxable profits on account of expiry of one of the BOI promoted certificates out of three certificates during the year.

As per reasons mentioned above, the earnings per share for the year 2010 are Baht 15.09 compared to Baht 2.29 in last year.

2. Balance Sheet as of 30th September 2010 in comparison with as of 30th September 2009

The major changes are as below:

- 1) Cash & cash equivalents increased by 132% or Baht 1,500 Million mainly due to higher profits.

- 2) Current investments increased by 100% or Baht 380 Million due to separate classification of the same on account of maturity period over 3 months.
- 3) Amounts due from related parties decreased by 55% or Baht 5 Million due to receipt of amount as per due date.
- 4) Inventories increased by 91% or Baht 816 Million mainly due to increase in finished goods and raw material stocks following higher production and input costs.
- 5) Input tax refundable increased by 321% or Baht 55 Million due to increase in operations and higher export sales
- 6) Export incentive receivable decreased by 44% or Baht 17 Million due to decrease in export incentive rate from April 2010.
- 7) Interest receivable increased by 382% or Baht 4 Million due to higher interest rate and increase in surplus funds invested.
- 8) Other current assets increased by 501% or Baht 80 Million due to unrealized gain on forward contracts.
- 9) Intangible assets - net decreased by 30% or Baht 4 Million due to amortization over useful life of the asset.
- 10) Bank overdrafts and short-term loans from financial institutions increased by 4475% or Baht 267 Million due to temporary short term call loan taken for working capital management.
- 11) Trade accounts payable to related parties increased by 116% or Baht 137 Million due to increase in operations and increase in prices of raw materials.
- 12) Amounts due to related parties increased by 100% or Baht 0.13 Million due to amount remained outstanding on the balance sheet date as per due date.
- 13) Corporate income tax payable increased by 100% or Baht 156 Million due to higher profits and higher taxable profits on expiry of one of the BOI promoted certificates.
- 14) Translation adjustment increased by 28% or Baht 82 Million mainly due to strengthening of Baht against currencies of associate companies as at year end..
- 15) Retained earnings from un-appropriated increased by 23% or Baht 2,840 Million due to due to increase in profits for the year.

Shareholders' equity for the year 2010 amounted to Baht 18,070 Million, an increase by 18% or Baht 2,749 Million compared to last year. This was due to addition of profits for the year 2010.

Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

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