

February 14, 2011

Sub: Explanation of TR's performance for the three-month periods ended 31/12/2010

To: Listed Company Department
Stock Exchange of Thailand

Encl: (1) Copy of Financial Statement for the three-month periods ended 31/12/2010
(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 ended 31st December 2010 as per the details underneath.

A. Income Statement for the quarter ended 31st December 2010

The Company has recorded a net profit of Baht 644 Million for this quarter as against net profit of Baht 1,007 Million in the same quarter of previous year, a decrease of 36% or Baht 363 Million on account of following reasons.

- (1) Sales Revenues increased by 18% or Baht 436 Million due to increase in sales volume by 15% & selling price by 4% on account of improved demand for viscose staple fibre.
- (2) Interest income increased by 164 % or Baht 11 Million mainly due to increase in interest rate and increase in surplus funds due to higher profits.
- (3) Export incentive reduced by 95% or Baht 25 Million mainly due to reduction in export incentive rate from 1.88% to 0.07%.
- (4) Foreign exchange gain increased by 159 % or Baht 21 Million due to gain on forward cover due to appreciation of Baht against US Dollar.
- (5) Dividend income decreased by 100% or Baht 0.4 Million due to non-declaration of dividend during the period.
- (6) Others income increased by 54% or Baht 0.5 Million due to gain on sale of fixed assets.
- (7) Cost of sales increased by 43% or Baht 674 Million mainly due to increase in sales volume by 15% and increase in cost of production per unit by 25% mainly due to increase in raw materials cost by 40%.
- (8) Selling expenses increased by 42% or Baht 26 Million mainly due to increase in sales volume and increase in outbound logistics cost following higher fuel prices and increased shipping freights.
- (9) Share of profit from investments accounted under equity method recorded a decrease of 25% or Baht 79 Million due to not so good performance of associated companies.
- (10) Finance cost increased by 643% or Baht 0.9 Million due to increase in short term borrowings.
- (11) Corporate income tax increased by 32% or Baht 27 Million due to higher taxable profits on expiry of one of the BOI promoted certificates.

As per reasons mentioned above, the Company recorded net income per share of Baht 3.20 compared to Baht 5.00 in the same quarter of previous year.

B. Balance Sheets as at 31st December 2010, compared to as at 30th September 2010

The major changes are as follows.

- (1) Cash & cash equivalents increased by 35% or Baht 918 Million due to higher surplus funds.
- (2) Amounts due from related parties decreased by 52% or Baht 2 Million due to timely receipt of outstanding.
- (3) Input tax refundable decreased by 50% or Baht 36 Million due to timely receipt of input tax.
- (4) Export incentive receivable decreased by 86% or Baht 18 Million mainly due to lower export incentive rate.
- (5) Interest receivables increased by 55% or Baht 3 Million due to increase in investment.
- (6) Other current assets-others decreased by 53% or Baht 51 Million due to decrease in unrealized gain on forward cover.
- (7) Trade accounts payable to unrelated parties increased by 142% or Baht 411 Million due to increase in transit materials and increase in prices and trade accounts payable to related parties decreased by 52% or Baht 133 Million due to lower amount standing as on Balance sheet date.
- (8) Amounts due to related parties increased by 392% or Baht 0.5 Million due to outstanding as on Balance sheet date.
- (9) Corporate income tax payable increased by 70% or Baht 109 Million due to higher taxable profits on expiry of one of the BOI promoted certificates.
- (10) Accrued expenses decreased by 36% or Baht 64 Million mainly due to decrease in expense liabilities.

The changes in assets and liabilities and net income for this quarter have resulted in increase by 4% of the total shareholders' equity or Baht 657 Million as on 31st December 2010.

Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

(Mr. H.K. Agarwal)
Group Executive President