February 14, 2012

Sub:   Explanation of TR’s performance for three-month period ended 31/12/2011

To:    Listed Company Department
        The Stock Exchange of Thailand

Encl:   (1) Financial Statement for three-month period ended 31/12/2011
        (2) Summary Report

Thai Rayon Public Company Limited (“the Company”) would like to report on the Company’s operational result for three-month period ended 31st December 2011 as per the details underneath.

A. **Income Statement for the quarter ended 31st December 2011**

The Company has recorded a net loss of Baht 14 Million for this quarter as against net profit of Baht 644 Million in the same quarter of previous year, a decrease of 102% or Baht 658 Million on account of following reasons.

(1) Sales revenues decreased by 13% or Baht 383 Million due to decrease in sales volume by 10% & selling price by 5%.

(2) Cost of sales slightly increased by 1% or Baht 27 Million due to increase in cost of production per unit by 9% mainly due to increase in raw materials cost by 12%.

(3) Administrative expenses increased by 21% or Baht 7 Million mainly due to normal increase in costs of manpower and other general expenses.

(4) Share of income from investments in associated companies recorded a decrease of 135% or Baht 314 Million due to lower performance of associated companies.

(5) Finance cost increased by 117% or Baht 1 Million due to increase in short term borrowings.

(6) Corporate income tax decreased by 70% or Baht 76 Million due to lower taxable profits.

(7) Exchange differences on translation of financial statements in foreign currency decreased by 655% or Baht 61 Million due to strengthening of Thai baht against currencies of investee companies.

(8) Gain (loss) on change in value of available-on-sale investments decreased by 127% or Baht 40 Million due to change in market value of investment as at end of December 2011.

As per reasons mentioned above, the Company recorded net loss per share of Baht 0.07 compared to profit of Baht 3.20 in the same quarter of previous year and total comprehensive income (loss) for the period has recorded a net loss of Baht 92 Million, compared to net income of Baht 667 Million of last year, a decrease of 114% or Baht 759 Million.
B. **Balance Sheets as at 31st December 2011, compared to as at 30th September 2011**

The major changes are as follows.

1. Cash & cash equivalents decreased by 16% or Baht 485 Million mainly due to increase in investment in current investments and lower profits.

2. Current investments increased by 75% or Baht 366 Million due to investment of surplus funds in current investments.

3. Trade and other receivables decreased by 18% or Baht 253 Million due to lower sales during the period.

4. Inventories increased by 41% or Baht 757 Million due to increase in material in transit of raw material.

5. Long-term loans to related parties increased by 20% or Baht 26 Million due to long-term loan to director under the policy for welfare purposes.

6. Short-term loans from financial institutions increased by 17% or Baht 97 Million due to loan taken for working capital.

7. Trade and other payables increased by 146% or Baht 1,027 Million due to increase in material in transit for which payments were made subsequently.

8. Provision for long-term employees benefits increased by 30% or Baht 33 Million due to change in accounting for retirement benefit as per new accounting standard using the actuarial techniques.

The changes in assets and liabilities and net income for this quarter have resulted in decrease by 3% of the total shareholders’ equity or Baht 699 Million as on 31st December 2011.

Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

Mr. Pramod Khandelwal
GM (Financial & Commercial)

CC: Listed Company Department
The Securities and Exchange Commission