

14 November 2014

Sub: Explanation of the Company's performance for 3-month period ended 30 September 2014

To: President
The Stock Exchange of Thailand

Encl: 1 set of report and consolidated financial statements for 3-month period ended 30 September 2014

Thai Rayon Public Company Limited ("the Company") would like to explain its consolidated financial statements for 3-month period ended 30 September 2014 in comparison with for 3-month period ended 30 September 2013. The details of financial statements are set out in the attached note.

1. Consolidated income statements for three-month period ended 30 September 2014 in comparison with for the three-month period ended 30 September 2013

Net loss for 3-month period ended 30 September 2014 was Baht 173 Million compared to net profit of Baht 79 Million of last year, a decrease of Baht 252 Million or 319%. The significant changes are as follows:

- 1) Sales revenues decreased by 6% or Baht 237 Million due to lower sales by 9.8% in subsidiary company whereas the Company's sales was lower by 3%.
- 2) Gain on exchange was Baht 44 Million (Baht 12 Million for the Company and Baht 32 Million from a subsidiary), compared to loss on exchange of Baht 13 Million of last year.
- 3) Dividend income decreased by 82% or Baht 4 Million due to late receipt of dividend on GDR of Grasim (available for sale investment) in October 2014.
- 4) Other income decreased by 55% or Baht 19 Million mainly due to lower interest income on deposits.
- 5) Administrative expenses decreased by 38% or Baht 61 Million due to receipt of grant by a subsidiary.
- 6) Share of profit from investments in associated companies under equity method decreased by 75% or Baht 175 Million compared to the same period of last year mainly due to losses in some of the associates companies.
- 7) Finance cost increased by 37% or Baht 7 Million mainly due to interest on loans taken by subsidiary company.
- 8) Income tax credit increased by 395% or Baht 51 Million due to loss in the Company during the current period compared to profit in the previous period.

- 9) Gains (losses) on change in value of available-for-sale investments increased by 122% or Baht 64 Million due to increase in market value of the investment and strengthening of US Dollar.
- 10) Exchange differences on translation of financial statements in foreign currency decreased by 262% or Baht 313 Million due to weakening of Baht mainly against SEK (Sweden), TRY (Turkey) and US Dollar.
- 11) Income tax effect decreased by 122% or Baht 13 Million due to loss on translation of financial statement on account of weakening of Baht against SEK (Sweden), TRY (Turkey) and US Dollar.

As per reasons mentioned above, the loss per share for 3-month period ended 30 September 2014 is Baht 0.86 compared to earnings per share of Baht 0.39 of last year.

2. Statements of financial position as of 30 September 2014 in comparison with as of 31 March 2014

The major changes are as below:

- 1) Cash and cash equivalents increased by 39% or Baht 179 Million mainly due to increase in short term loans from financial institutions.
- 2) Current investment increased by 9% or Baht 71 Million mainly due to increase in short term loans from financial institutions.
- 3) Other current assets increased by 376% or Baht 204 Million mainly due to increase in VAT input receivables in the Company and increase in some assets of the subsidiary.
- 4) Advance for long term investment increased by 100% or Baht 129 Million during the current period due to advance payment by the Company in order to subscribe in preferred shares of Aditya Group AB, Sweden.
- 5) Intangible assets decreased by 43% or Baht 4 Million due to depreciation.
- 6) Deferred tax assets increased by 80% or Baht 129 Million mainly due to deferred tax on unrealized loss on foreign exchange forward contracts and loss for the current period.
- 7) Short-term loans from financial institutions increased by 49% or Baht 1,267 Million due to increase in working capital loans.
- 8) Other current liabilities decreased by 28% or Baht 25 Million due to less advance from customers and reduced forward cover liability.
- 9) Long-term loan increased by 99% or Baht 428 Million due to additional loan taken by a subsidiary during the period.
- 10) Deferred tax liabilities increased by 21% or Baht 43 Million mainly due to increase in value of available for sale securities.

- 11) Other components of shareholders' equity decreased by 36% or Baht 105 Million mainly due to effect of change in value of securities available for sale and effect translation adjustment on financial statements of associated companies.
- 12) Non-controlling interest of the subsidiary decreased by 243% or Baht 91 Million due to reduction in equity value of subsidiary.

Shareholders' equity as of 30 September 2014 amounted to Baht 18,442 Million, decreased by 4% or Baht 798 Million compared to as of 31 March 2014 mainly due to reasons explained above.

Please be informed accordingly.

Yours faithfully,

Mr. Prasan Kumar Sipani
President

**CC: Listed Company Department
The Securities and Exchange Commission**