16 February 2015

Sub: Explanation of the Company's performance for 3-month period ended 31 December 2014

To: President
The Stock Exchange of Thailand

Encl: 1 set of report and consolidated financial statements for 3-month period ended 31 December 2014

Thai Rayon Public Company Limited (“the Company”) would like to explain its consolidated financial statements for 3-month period ended 31 December 2014 in comparison with for 3-month period ended 31 December 2013. The details of financial statements are set out in the attached note.

1. **Consolidated income statements for three-month period ended 31 December 2014 in comparison with for the three-month period ended 31 December 2013**

Net loss for 3-month period ended 31 December 2014 was Baht 453 Million compared to net loss of Baht 384 Million of last year, an increase of Baht 69 Million or 18%. The significant changes are as follows.

1) Sales revenues increased by 90% or Baht 1,715 Million mainly due to increase in sales of the Company by 1,603 Million or 472% as there was lower sales for the Company in the same period of previous year due to strike.

2) Gains on exchange increased by 112% or Baht 14 Million due to increase in exchange gain in subsidiary by Baht 7 Million and reduction in loss in the Company by Baht 6 Million as compared to same period of previous year.

3) Dividend income increased by 100% or Baht 4 Million due to receipt of dividend on investment in available for sale which was not there in same period of previous year.

4) Cost of sales increased by 80% or Baht 1,587 Million mainly due to higher sales by Baht 1,603 Million or 472% in the Company as compared to same period of previous year which sales and production was lower due to strike.

5) Unallocated production overhead cost incurred during plant shutdown decreased by 100% or Baht 188 Million as the Company resumed its normal production and sales in this quarter.

6) Selling expenses increased by 36% or Baht 86 Million mainly due to higher sales by Baht 1,603 Million or 472% in the Company as compared to same period of previous year which sales and production was lower due to strike.
7) Administrative expenses decreased by 32% or Baht 57 Million mainly due to receipt of grant by a subsidiary.

8) Share of loss from investments in associated companies under equity method increased by 536% or Baht 245 Million compared to same period of previous year mainly due to poor performance of the associates companies.

9) Finance cost increased by 55% or Baht 11 Million mainly due to interest on loans taken by the Company and its subsidiary.

10) Income tax income decreased by 61% or Baht 44 Million due to lower loss in the Company during the current period compared to same period of previous year.

11) Losses on change in value of available-for-sale investments increased by 227% or Baht 80 Million due to change in market price.

12) Exchange differences on translation of financial statements in foreign currency decreased by 262% or Baht 344 Million due to strengthening of Baht.

13) Income tax effect decreased by 227% or Baht 16 Million due to loss on translation of financial statement from strengthening of Baht.

As per reasons mentioned above, the loss per share for 3-month period ended 31 December 2014 is Baht 2.25 compared to loss per share of Baht 1.90 of last year.

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

The major changes are as below:

1) Current investments increased by 31% or Baht 261 Million mainly due to increase in short term loans from financial institutions by the Company.

2) Other current assets increased by 373% or Baht 202 Million mainly due to increase in VAT input receivables in the Company.

3) Intangible assets decreased by 36% or Baht 3 Million due to amortization.

4) Deferred tax assets increased by 100% or Baht 160 Million mainly due to deferred tax on losses in the Company.

5) Short-term loans from financial institutions increased by 57% or Baht 1,467 Million due to increase in working capital loans.

6) Trade and other payables decreased by 21% or Baht 256 Million mainly due to reduction in payables of a subsidiary company.

7) Other current liabilities decreased by 21% or Baht 19 Million due to less advance from customers and reduced forward cover liability in the Company.
8) Long-term loan increased by 94% or Baht 407 Million due to additional loan taken by a subsidiary during the period.

9) Other components of shareholders’ equity decreased by 122% or Baht 355 Million mainly due to effect of change in value of securities available for sale and effect of translation adjustment on financial statements of associated companies.

10) Non-controlling interest of the subsidiary decreased by 333% or Baht 125 Million due to reduction in equity value of subsidiary.

Shareholders’ equity as of 31 December 2014 amounted to Baht 17,705 Million, decreased by 8% or Baht 1,535 Million compared to as of 31 March 2014 mainly due to reasons explained above.

Please be informed accordingly.

Yours faithfully,

Mr. Pramod Khandelwal
VP (Finance & Commercial)

CC: Listed Company Department
The Securities and Exchange Commission