14 August 2015

Sub: Explanation of the Company’s performance for 3-month period ended 30 June 2015

To: President
The Stock Exchange of Thailand

Encl: 1 set of report and interim financial statements for the quarter ended 30 June 2015

Thai Rayon Public Company Limited (“the Company”) would like to explain its financial statements for 3-month period ended 30 June 2015 in comparison with for 3-month period ended 30 June 2014. The details of financial statements are set out in the attached note.

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. TFRS no.11 is required an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. Accordingly, based on this new TFRS, the consolidation is not required due to joint control of AV Terrace Bay Inc. (AVTB) by the Company and Grasim Industries Limited who holds remaining 40% shareholding in AVTB. Financial statements for 3-month period ended 30 June 2015 have been restated by auditor in compliance with the standard TAS 1.

1. **Income statements (In which the equity method is applied) for 3-month period ended 30 June 2015 in comparison with for 3-month period ended 30 June 2014**

Net profit for 3-month period ended 30 June 2015 was Baht 220 Million compared to net loss of Baht 387 Million of last year, an increase of Baht 608 Million or 157%. The significant changes are as follows:

1) Sales revenues increased by 17% or Baht 309 Million due to higher sales by 20% and lower sales realization by 3%.

2) Gains on exchange decreased by 54% or Baht 11 Million due to depreciation of Baht against US Dollar resulted in loss on dollar liabilities.

3) Cost of sales increased by 6% or Baht 125 Million due to higher sulphur cost and higher sales.

4) Share of loss from investment in joint venture decreased by 100% or Baht 57 Million due to improved performance. Share of profit from investments in associated companies under equity method increased by 206% or Baht 395 Million compared to the same period of last year mainly due to better performance of associated companies.

5) Finance cost increased by 81% or Baht 4 Million mainly due to increase in short term loans.
6) Income tax expenses increased by 105% or Baht 88 Million due to taxable income in this quarter as compared to taxable loss in previous quarter.

7) Gains (losses) on change in value of available-for-sale investments decreased by 122% or Baht 200 Million due to decrease in market value of the investment and weakening of Baht against US Dollar.

8) Exchange differences on translation of financial statements in foreign currency increased by 377% or Baht 196 Million due to weakening of Baht against US Dollar.

9) Income tax effect increased by 122% or Baht 40 Million due to lower value of available-for-sale of investments.

10) Actuarial losses increased by 100% or Baht 3 Million.

As per reasons mentioned above, the profit per share for 3-month period ended 30 June 2015 is Baht 1.09 compared to loss per share of Baht 1.92 of last year.

2. **Statements of financial position as of 30 June 2015 in comparison with as of 31 March 2015**

   The major changes are as below:

   1) Cash and cash equivalents decreased by 35% or Baht 102 Million mainly due to decrease in deposits which are payable in 3 months.

   2) Current investment increased by 35% or Baht 445 Million mainly due to increase in short term loans from financial institutions.

   3) Other current assets increased by 46% or Baht 72 Million mainly due to increase in VAT input receivables.

   4) Intangible assets decreased by 44% or Baht 0.1 Million mainly due to amortization

   5) Other non-current assets increased by 21% or Baht 0.5 Million due to increase in deposits.

   6) Trade and other payables increased by 20% or Baht 125 Million mainly due to increase in payables.

   7) Other current liabilities increased by 121% or Baht 20 Million due to increase in advance and retention money

   8) Other components of shareholders’ equity decreased by 48% or Baht 115 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.
Shareholders’ equity as of 30 June 2015 amounted to Baht 17,676 Million, slightly increased by 2% or Baht 336 Million compared to as of 31 March 2015 mainly due to reasons explained above.

Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

Mr. Pramod K Khandelwal
VP (Finance & Commercial)

CC: Listed Company Department
The Securities and Exchange Commission