

12 February 2016

Sub: Explanation of the Company's performance for 3-month period ended 31 December 2015

To: President
The Stock Exchange of Thailand

Encl: 1 set of report and interim financial statements for the quarter ended 31 December 2015

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statements for 3-month period ended 31 December 2015 in comparison with for 3-month period ended 31 December 2014. The details of financial statements are set out in the attached note.

Income Statements (equity method) <i>(Unit in Million Baht)</i>	For the quarter ended 31 December			
	2015	2014	Increase/(Decrease)	
Sales	2,439	1,943	496	26%
Dividend income	3.7	4.3	(0.6)	(13%)
Other income	15	22	(7)	(32%)
Cost of sales	2,031	1,968	63	3%
Selling expenses	65	86	(21)	(25%)
Administrative expenses	41.6	42.3	(0.7)	(2%)
Losses on exchange	11.8	6.1	5.7	94%
Share of profit (loss) from investments in associates	258	(200)	458	229%
Finance cost	8.7	7.3	1.4	19%
Income tax income (expenses)	(60)	28	88	314%
Profit (loss) for the year	498	(404)	902	223%
<u>Basic earnings per share (Baht)</u>				
Profit (loss) for the period	2.47	(2.00)		

1. Income statements (In which the equity method is applied) for 3-month period ended 31 December 2015 in comparison with for 3-month period ended 31 December 2014

Net profit for 3-month period ended 31 December 2015 was Baht 498 Million compared to net loss of Baht 404 Million of last year, an increase of Baht 902 Million or 223%. The significant changes are as follows:

- 1) Sales revenues increased by 26% or Baht 496 Million mainly due to higher sales realization by 19%.
- 2) Other income decreased by 32% or Baht 7 Million due to lower deposits.

- 3) Losses on exchange increased by 94% or Baht 5.7 Million mainly due to weakening of Baht.
- 4) Cost of sales slightly increased by 3% or Baht 63 Million mainly due to higher production.
- 5) Selling expenses decreased by 25% or Baht 21 Million mainly due to reduction in sea freights.
- 6) Share of profit from investments in associated companies increased by 229% or Baht 458 Million compared to the same period of last year mainly due to better performance of most of the associated companies.
- 7) Finance cost increased by 19% or Baht 1.4 Million due to increase in short term loans.
- 8) Income tax expenses increased by 314% or Baht 88 Million due to taxable income in this quarter as compared to loss in the same period of last year.
- 9) Gains (losses) on change in value of available-for-sale investments increased by 214% or Baht 96 Million mainly due to change in value of the investment.
- 10) Exchange differences on translation of financial statements in foreign currency decreased by 83% or Baht 177 Million due to weakening of Baht.
- 11) Income tax effect increased by 214% or Baht 19 Million due to lower value of available-for-sale of investments.

As per reasons mentioned above, the profit per share for 3-month period ended 31 December 2015 is Baht 2.47 compared to loss per share of Baht 2.00 of last year.

2. Statements of financial position as of 31 December 2015 in comparison with as of 31 March 2015

As of 31 December 2015, total assets amounted to Baht 21,249 Million, slightly increased by 3% or Baht 623 Million, total liabilities amounted to Baht 2,561 Million, decreased by 22% or Baht 724 Million and shareholders' equity amounted to Baht 18,688 Million, increased by 8% or Baht 1,347 Million compared to as of 31 March 2015 mainly due to reasons explained below. The major changes are as below:

- 1) Cash and cash equivalents decreased by 92% or Baht 267 Million due to repayment of short term loans.
- 2) Current investments - bills of exchange decreased by 44% or Baht 570 Million mainly due to repayment of short term loans.
- 3) Inventories increased by 25% or Baht 353 Million due to higher production and increase in inventory of finished goods and its valuation due to increase in raw material price.
- 4) Other current assets increased by 44% or Baht 69 Million due to pending VAT.
- 5) Intangible assets decreased by 80% or Baht 0.3 Million due to amortization.

- 6) Deferred tax assets decreased by 33% or Baht 101 Million due to taxable profit during the year resulting reduction in carry forward losses.
- 7) Other non-current assets increased by 111% or Baht 2 Million due to increase in deposits.
- 8) Short term loans from financial institutions decreased by 40% or Baht 912 Million due to loan repayment during the period.
- 9) Trade and other payables increased by 24% or Baht 152 Million due to increase in payables against raw-materials.
- 10) Other current liabilities increased by 146% or Baht 23 Million mainly due withhold tax pending adjustment with income tax.
- 11) Other components of shareholders' equity increased by 111% or Baht 265 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.

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**