

15 August 2016

Sub: Explanation on the Company's performance for 3-month period ended 30 June 2016

To: President
The Stock Exchange of Thailand

Encl: 1 set of report and interim financial statements for 3-month period ended 30 June 2016

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statements for 3-month period ended 30 June 2016 in comparison with for 3-month period ended 30 June 2015. 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 30 June			
	2016	2015	Increase/(Decrease)	
Sales	2,396	2,167	229	11%
Dividend income	6	-	6	100%
Gains on exchange	31	10	21	221%
Other income	9	18	(9)	(50%)
Cost of sales	2,065	2,048	17	1%
Selling expenses	75	80	(5)	(7%)
Administrative expenses	40	37	3	9%
Share of profit (loss) from investments in associates	352	204	148	73%
Finance cost	3	10	(7)	(70%)
Income tax income (expenses)	(56)	(4)	(52)	1284%
Profit (loss) for the quarter	556	220	335	152%
<u>Basic earnings per share (Baht)</u>				
Profit (loss) for the period	2.76	1.09		

1. Income statements (In which the equity method is applied) for 3-month period ended 30 June 2016 in comparison with for 3-month period ended 30 June 2015

Net profit for 3-month period ended 30 June 2016 was Baht 556 Million compared to net profit of Baht 220 Million of last year, an increase of Baht 335 Million or 152%. The significant changes are as follows:

- 1) Sales revenues increased by 11% or Baht 229 Million mainly due to higher sales realization by 16%.

- 2) Dividend income increased by 100% or Baht 6 Million due to receipt of dividend on preference share investment which was not there in same period of previous year.
- 3) Gains on exchange increased by 221% or Baht 21 Million due to weakening of Baht against US Dollar.
- 4) Other income decreased by 50% or Baht 9 Million due to lower interest income.
- 5) Share of profit from investments in associated companies increased by 73% or Baht 148 Million due to better performance of associated companies.
- 6) Finance cost decreased by 70% or Baht 7 Million due to lower borrowings.
- 7) Income tax expenses increased by 1284% or Baht 52 Million due to higher taxable income in this quarter and additional tax liability of Baht 14 Million during the period.
- 8) Gains (losses) on change in value of available-for-sale investments increased by 458% or Baht 163 Million mainly due to change in market value of the investment.
- 9) Exchange differences on translation of financial statements in foreign currency decreased by 158% or Baht 226 Million due to weakening of Baht.
- 10) Income tax effect increased by 458% or Baht 33 Million mainly due to higher value of available-for-sale investments.

As per reasons mentioned above, the profit per share for 3-month period ended 30 June 2016 is Baht 2.76 compared to Baht 1.09 of last year.

2. Statements of financial position as of 30 June 2016 in comparison with as of 31 March 2016

As of 30 June 2016, total assets slightly increased by 1% or Baht 222 Million, total liabilities decreased by 16% or Baht 535 Million and shareholders' equity is amounted to Baht 19,630 Million, increased by 3% or Baht 575 Million compared to as of 31 March 2016 mainly due to reasons explained below. The major changes are as below:

A. ASSETS

- 1) Cash and cash equivalents increased by 10584% or Baht 576 Million due to increase in profit.
- 2) Trade and other receivable decreased by 21% or Baht 263 Million mainly due to terms of payment with customers.
- 3) Other current assets decreased by 47% or Baht 76 Million mainly due to receipt of pending VAT of earlier months from Revenue Department.
- 4) Intangible assets decreased by 40% or Baht 0.02 Million due to amortization.

- 5) Advance for long term investments increased by 100% or Baht 4 Million due to investment in one of the associate towards equity is pending for share allotment.
- 6) Deferred tax assets decreased by 21% or Baht 38 Million due to taxable profit during the period resulting reduction in carry forward losses.

B. LIABILITIES

- 1) Short term loans from financial institutions decreased by 58% or Baht 528 Million due to repayment of loans.
- 2) Income tax payable increased by 100% or Baht 14 Million due to tax liability provided for earlier year.
- 3) Other current liabilities increased by 58% or Baht 19 Million due to increase in advance from customers.
- 4) Other components of shareholders' equity increased by 19% or Baht 19 Million mainly due to effect of change in value of securities available for sale and effect of translation adjustment on financial statements of associate 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**