14 February 2017

Sub:      Explanation on the Company’s performance for 3-month period ended 31 December 2016

To:      President
          The Stock Exchange of Thailand

Encl:  1 set of report and interim financial statements for 3-month period ended 31 December 2016

Thai Rayon Public Company Limited (“the Company”) would like to explain its financial statements for 3-month period ended 31 December 2016 in comparison with for 3-month period ended 31 December 2015. The details of financial statements are set out in the attached note.

<table>
<thead>
<tr>
<th>Income Statements (equity method)</th>
<th>For the quarter ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Sales</td>
<td>2,095</td>
</tr>
<tr>
<td>Dividend income</td>
<td>4</td>
</tr>
<tr>
<td>Gains (Loss) on exchange</td>
<td>7</td>
</tr>
<tr>
<td>Other income</td>
<td>13</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>1,698</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>59</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>41</td>
</tr>
<tr>
<td>Losses from return of investment in associate which reduced capital</td>
<td>103</td>
</tr>
<tr>
<td>Share of profit (loss) from investments in associates</td>
<td>297</td>
</tr>
<tr>
<td>Finance cost</td>
<td>1</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>(53)</td>
</tr>
<tr>
<td><strong>Profit (loss) for the quarter</strong></td>
<td><strong>459</strong></td>
</tr>
</tbody>
</table>

Basic earnings per share (Baht)
Profit (loss) for the period 2.28 2.47

1. Income statements (in which the equity method is applied) for 3-month period ended 31 December 2016 in comparison with for 3 month period ended 31 December 2015

Net profit for 3-month period ended 31 December 2016 was Baht 459 Million compared to net profit of Baht 498 Million of last year, a decrease of Baht 38 Million or 8%. The significant changes are as follows:
1) Sales revenues decreased by 14% or Baht 344 Million mainly due to lower sales volume by 17%, resulting from lower operating rate of plant since end of November 2016. However, realization increased by 3% during this period.

2) Gains on exchange increased by 155% or Baht 19 Million due to currency fluctuation and better forex management.

3) Cost of sales decreased by 16% or Baht 333 Million due to lower sales volume.

4) Loss from return of investment in associate which reduced capital increased by 100% or Baht 103 Million due to loss in return of investment in an associated company based in Turkey.

5) Finance cost decreased by 87% or Baht 7 Million due to lower borrowings.

6) Exchange differences on translation of financial statements in foreign currency increased by 538% or Baht 196 Million due to currency fluctuation.

7) Gains (losses) on change in value of available-for-sale investments decreased by 351% or Baht 179 Million mainly due to change in market value of the investment.

8) Income tax effect increased by 351% or Baht 36 Million mainly due to change in value of available-for-sale investments.

As per reasons mentioned above, the profit per share for 3-month period ended 31 December 2016 is Baht 2.28 as compared to Baht 2.47 of last year.

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

As of 31 December 2016, total assets increased by 5% or Baht 990 Million, total liabilities decreased by 23% or Baht 503 Million and shareholders’ equity is amounted to Baht 20,547 Million, increased by 8% or Baht 1,492 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 10065% or Baht 547 Million due to higher profit.

2) Current investment increased by 826% or Baht 1,405 Million due to higher profit.

3) Trade and other receivables decreased by 29% or Baht 374 million due to lower sales volume.

4) Current portion of short term loan to related party decreased by 100% or Baht 525 Million due to loan repayment in this quarter.
5) Inventories decreased by 13% or Baht 222 Million mainly due to lower finished goods stock.

6) Other current assets decreased by 32% or Baht 52 Million mainly due to receipt of VAT receivable of earlier months from Revenue Department.

7) Advance payment for long-term investment increased by 100% or Baht 12 Million due to investment in one of the associate towards equity pending for share allotment.

8) Intangible assets decreased by 100% or Baht 0.04 Million due to amortization.

9) Deferred tax assets decreased by 77% or Baht 141 Million due to taxable profit during the period resulting in reduction on carry forward losses.

**B. LIABILITIES**

1) Short term loans from financial institutions decreased by 65% or Baht 595 Million mainly due to reduction in working capital loans.

2) Other current liabilities increased by 137% or Baht 46 Million mainly due to increase in advances and other payables.

3) Other components of shareholders’ equity decreased by 16% or Baht 16 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