26 May 2017

Sub: Explanation on the Company’s performance for the year ended 31 March 2017

To: President
The Stock Exchange of Thailand

Encl: 1 set of report and the audited financial statements for the year ended 31 March 2017

Thai Rayon Public Company Limited (“the Company”) would like to explain its financial statements for the year ended 31 March 2017 in comparison with for the year ended 31 March 2016. The details of financial statements are set out in the attached note.

<table>
<thead>
<tr>
<th>Income Statements (equity method)</th>
<th>For the year ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Unit in Million Baht)</td>
<td>2017</td>
</tr>
<tr>
<td>Sales</td>
<td>9,080</td>
</tr>
<tr>
<td>Dividend income</td>
<td>11</td>
</tr>
<tr>
<td>Gains (Loss) on exchange</td>
<td>88</td>
</tr>
<tr>
<td>Other income</td>
<td>50</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>7,588</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>281</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>182</td>
</tr>
<tr>
<td>Impairment loss on investment</td>
<td>-</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>1,435</td>
</tr>
<tr>
<td>Finance cost</td>
<td>7</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>(178)</td>
</tr>
<tr>
<td>Profit (loss) for the year</td>
<td>2,325</td>
</tr>
</tbody>
</table>

Basic earnings per share (Baht)

Profit (loss) for the period

1. Income statements (in which the equity method is applied) for the year ended 31 March 2017 in comparison with for the year ended 31 March 2016.

Net profit for the year ended 31 March 2017 was Baht 2,325 Million compared to net profit of Baht 1,386 Million of last year, an increase of Baht 940 Million or 68%. The significant changes are as follows:
1) Sales revenues slightly decreased by 2% or Baht 143 Million mainly due to lower sales volume by 9% resulting from lower operating rate of plant in the 3rd and 4th quarter due to environment issues whereas selling price increased by 10%.

2) Gains on exchange increased by 1567% or Baht 94 Million due to currency fluctuation and better forex management.

3) Dividend income increased by 117% or Baht 6 Million due to increase in dividend income from investee companies.

4) Other income decreased by 22% or Baht 14 Million due to lower interest income on loan which was repaid during the year and write back of some liabilities in previous year.

5) Cost of sales decreased by 7% or Baht 590 Million mainly due to lower sales volume.

6) Impairment loss on investment decreased by 100% or Baht 146 Million due to no impairment provision made during the year.

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

8) Finance cost decreased by 81% or Baht 27 Million due to lower borrowings.

9) Income tax expenses increased by 40% or Baht 51 Million due to higher profits.

10) Exchange differences on translation of financial statements in foreign currency decreased by 199% or Baht 522 Million due to currency fluctuation.

11) Gains (losses) on change in value of available-for-sale investments increased by 311% or Baht 298 Million mainly due to change in market value of the investment available for sale.

12) Income tax effect increased by 311% or Baht 60 Million mainly due to change in value of available-for-sale investments.

As per reasons mentioned above, the profit per share for the year ended 31 March 2017 is Baht 11.53 as compared to Baht 6.87 of last year.

2. Statements of financial position as of 31 March 2017 in comparison with as of 31 March 2016

As of 31 March 2017, total assets increased by 11% or Baht 2,278 Million, total liabilities decreased by 2% or Baht 47 Million and shareholders' equity is amounted to Baht 21,379 Million, increased by 12% or Baht 2,324 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 3951% or Baht 215 Million due to higher profits.

2) Current investment increased by 1007% or Baht 1,712 Million due to higher profits.

3) Current portion of long term loan to related party decreased by 78% or Baht 410 Million due to repayment of a loan of Baht 525 Million during the year and classification of a long term loan of Baht 115 Million as the same is due for repayment in 2018.

4) Other current assets decreased by 40% or Baht 65 Million mainly due to lower VAT receivable from Revenue Department.

5) 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.

6) Long-term loan to related party decreased by 100% or Baht 120 Million due to classification as current portion of long term loans to related parties as the same is due for repayment in 2018.

7) Deferred tax assets decreased by 84% or Baht 153 Million due to taxable profit during the year resulting in reduction on carry forward losses.

B. LIABILITIES

1) Short term loans from financial institutions decreased by 52% or Baht 474 Million due to reduction in working capital loans.

2) Trade and other payables increased by 33% or Baht 279 Million due to increase in credit term and higher input price of a major raw material.

3) Other current liabilities increased by 116% or Baht 39 Million mainly due to increase in advances and other payables.

4) Provision for long-term employee benefits increased by 20% or Baht 25 Million due to change in actuarial valuation.

5) Deferred tax liabilities increased by 29% or Baht 85 Million due to increase in unrealized gains on investment in GDR.

6) Other components of shareholders’ equity increased by 157% or Baht 158 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