

14 August 2018

Sub: Explanation on the Company's performance for 3-month period ended 30 June 2018

To: President
The Stock Exchange of Thailand

Encl: 1 set of report and the audited financial statements for 3-month period ended 30 June 2018

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statements for 3-month period ended 30 June 2018 in comparison with for 3-month period ended 30 June 2017. The details of financial statements are set out in the attached note.

Income Statements (equity method) <i>(Unit in Million Baht)</i>	For 3-month period ended 30 June			
	2018	2017	Increase/(Decrease)	
Sales	2,388	2,754	(366)	(13%)
Dividend income	0.88	0.68	0.20	29%
Gains/(losses) on exchange	(5)	49	(54)	(110%)
Other income	13	13	0	2%
Cost of sales	2,145	2,303	(158)	(7%)
Selling expenses	91	113	(22)	(19%)
Administrative expenses	49	55	(6)	(11%)
Share of profit from investments in associates	599	500	99	20%
Finance cost	0	(1.5)	(1.5)	(100%)
Income tax expenses	(21)	(54)	(33)	(61%)
Profit (loss) for the period	689	791	(102)	(13%)
<u>Basic earnings per share (Baht)</u>				
Profit for the period	3.42	3.92		
Gross profit margin	10%	16%		
Net profit margin	29%	29%		

1. Income statements (In which the equity method is applied) for the 3-month period ended 30 June 2018 in comparison with for the 3-month period ended 30 June 2017.

Net profit for the 3-month period ended 30 June 2018 was Baht 689 Million compared to net profit of Baht 791 Million during the same period of last year, a decrease of Baht 102 Million or 13%. The significant changes are as follows:

- 1) Sales revenues decreased by 13% or Baht 366 Million due to lower sales volume and lower sales price.
- 2) Gains/(loss) on exchange decreased by 110% or Baht 54 Million mainly due to impact of weakening of Thai Baht against US dollar on raw material imports.
- 3) Dividend income increased by 29% or Baht 0.20 Million due to increase in dividend income from an investee company.
- 4) Cost of sales decreased by 7% or Baht 158 Million mainly due to lower sales.
- 5) Selling expenses decreased by 19% or Baht 22 Million mainly due to lower sales volume.
- 6) Share of profit from investments in associated companies increased by 20% or Baht 99 Million due to higher profitability from some of the associated companies.
- 7) Finance cost decreased by 100% or Baht 1.5 Million due to absence borrowings.
- 8) Income tax expenses decreased by 61% or Baht 33 Million due to lower taxable profits.
- 9) Exchange differences on translation of financial statements in foreign currency decreased by 120% or Baht 66 Million mainly due to weakening of Thai Baht against other currencies.
- 10) Gains (losses) on change in value of available-for-sale investments decreased by 165% or Baht 204 Million mainly due to change in market value of the investment available for sale.
- 11) Income tax effect increased by 165% or Baht 41 Million mainly due to change in market value of the investment available for sale.
- 12) Gross profit margin was at 10% compared to 16% mainly due to lower realization whereas net profit margin remains unchanged at 29% compared to same period of last year mainly due to lower realization and higher profitability from some of the associated companies.

As per reasons mentioned above, the profit per share for 3-month period ended 30 June 2018 is Baht 3.42 as compared to Baht 3.92 of last year.

2. Statements of financial position as of 30 June 2018 in comparison with as of 31 March 2018

As of 30 June 2018, total assets increased by 3% or Baht 720 Million, total liabilities increased by 5% or Baht 105 Million and shareholders' equity increased by 3% or Baht 615 Million compared to as of 30 March 2018. The significant changes are as below.

A. ASSETS

- 1) Cash and cash equivalents decreased by 49% or Baht 407 Million mainly due to classification of some investments under current investments - bills of exchange.
- 2) Current investments- bills of exchange increased by 30% or Baht 647 Million mainly due to classification of some investments from cash and cash equivalents and cash flow from operations.
- 3) Other current assets decreased by 28% or Baht 41 Million due to decrease in VAT receivable.

B. LIABILITIES AND SHAREHOLDERS' EQUITY

- 1) Income tax payable increased by 22% or Baht 20 Million due to taxable profit during the period.
- 2) Other current liabilities increased by 52% or Baht 20 Million mainly due to outstanding forex contract and advance from customers.
- 3) Other components of shareholders' equity decreased by 49% or Baht 75 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.

With reference to qualified conclusion of auditor with respect to some associated companies, the management considers that it will not have any effect on the value of investments in such associates under the equity method, on its retained earnings, share of profit from such investments under equity method and share of comprehensive income.

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**