14 February 2019

Sub: Explanation on the Company’s performance for 3-month period ended 31 December 2018

To: President
    The Stock Exchange of Thailand

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statements for 3-month period ended 31 December 2018 in comparison with for 3-month period ended 31 December 2017. The details of financial statements are set out in the attached note.

<table>
<thead>
<tr>
<th>Income Statements (equity method)</th>
<th>For 3-month period ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Unit in Million Baht)</td>
<td>2018</td>
</tr>
<tr>
<td>Sales</td>
<td>2,355</td>
</tr>
<tr>
<td>Dividend income</td>
<td>0</td>
</tr>
<tr>
<td>Gains on exchange</td>
<td>15</td>
</tr>
<tr>
<td>Other income</td>
<td>15</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>2,150</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>95</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>61</td>
</tr>
<tr>
<td>Share of profit from investments in associates</td>
<td>112</td>
</tr>
<tr>
<td>Finance cost</td>
<td>0.001</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>(5)</td>
</tr>
<tr>
<td>Profit (loss) for the period</td>
<td>185</td>
</tr>
</tbody>
</table>

Basic earnings per share (Baht)
Profit for the period 0.92 1.60
Gross profit margin 9% 11%
Net profit margin 8% 14%
1. **Income statements (in which the equity method is applied) for the 3-month period ended 31 December 2018 in comparison with for the 3-month period ended 31 December 2017**

Net profit for the 3-month period ended 31 December 2018 was Baht 185 Million compared to net profit of Baht 322 Million during the same period of last year, a decrease of Baht 137 Million or 43%. The significant changes are as follows:

1) Sales revenues decreased marginally by Baht 6 Million due to lower realization partially setoff with higher sales volume.
2) Gains on exchange decreased by 42% or Baht 10 Million mainly due to impact of Thai Baht appreciation on exports.
3) Dividend income decreased by 100% or Baht 5.4 Million due to receipt of dividend income during the same period of last quarter which is not there in this quarter.
4) Cost of sales slightly increased by 3% or Baht 57 Million mainly due to higher sales volume.
5) Selling expenses increased by 17% or Baht 13 Million mainly due to higher export sales and higher sea freight.
6) Share of profit from investments in associated companies decreased by 33% or Baht 54 Million due to lower profitability from most of the associated companies.
7) Income tax expenses decreased by 82% or Baht 20 Million due to lower taxable profits.
8) Exchange differences on translation of financial statements in foreign currency increased by 177% or Baht 118 Million mainly due to strengthening of Thai Baht against other currencies.
9) Gains (losses) on change in value of available-for-sale investments decreased by 143% or Baht 472 Million mainly due to change in market value of the investment available for sale.
10) Income tax effect increased by 143% or Baht 94 Million mainly due to change in market value of the investment available for sale.
11) Gross profit margin was at 9% compared to 11% mainly due to lower realization whereas net profit margin was at 8% compared to 14% of last year mainly due to lower realization and lower profitability from most of the associated companies.

As per reasons mentioned above, the profit per share for 3-month period ended 31 December 2018 is Baht 0.92 as compared to Baht 1.60 of last year.
2. **Statements of financial position as of 31 December 2018 in comparison with as of 31 March 2018**

As of 31 December 2018, total assets increased by 3% or Baht 810 Million, total liabilities increased by 1% or Baht 21 Million and shareholders’ equity increased by 3% or Baht 790 Million compared to as of 31 March 2018. The significant changes are as below.

A. **ASSETS**

1) Cash and cash equivalents decreased by 38% or Baht 314 Million mainly due to classification of some investments under current investments - bills of exchange.
2) Current investments- bills of exchange increased by 40% or Baht 857 Million mainly due to classification of some investments from cash and cash equivalents and cash flow from operations.
3) Short term loan to related party decreased by 100% or Baht 70 Million due to repayment of entire loan amount during the period.
4) Asset held for sale decreased by 100% or Baht 110 Million due to full and final settlement of sales during the period.
5) Deferred tax assets decreased by 51% or Baht 56 Million mainly due to removal of deferred tax on assets held for sale which is fully settled during the period.
6) Other non-current assets increased by 25% or Baht 0.6 Million due to increase in deposits.

B. **LIABILITIES AND SHAREHOLDERS’ EQUITY**

1) Income tax payable decreased by 100% or Baht 93 Million due to payment of tax during the period.
2) Other current liabilities increased by 36% or Baht 14 Million mainly due to increase in advance from customers.
3) Deferred tax liability decreased by 26% or Baht 96 Million mainly due to losses on change in value of available-for-sale investments.
4) Other components of shareholders’ equity decreased by 182% or Baht 280 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)