

28 May 2019

Sub: Explanation on the Company's performance for the year ended 31 March 2019

To: President
The Stock Exchange of Thailand

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statements for the year ended 31 March 2019 in comparison with for the year ended 31 March 2018. The details of financial statements are set out in the attached note.

Income Statements (equity method) (Unit in Million Baht)	For the year ended 31 March			
	2019	2018	Increase/(Decrease)	
Sales	9,383	10,032	(649)	(6%)
Dividend income	7.3	7.2	0.1	2%
Gains on exchange	74	170	(96)	(56%)
Other income	66	63	3	5%
Cost of sales	8,586	8,807	(221)	(3%)
Selling expenses	397	386	11	3%
Administrative expenses	212	241	(29)	(12%)
Share of profit from investments in associates	1,250	1,383	(133)	(10%)
Finance cost	0.0008	3.5	(3.5)	(100%)
Income tax expenses	(29)	(89)	(60)	(67%)
Profit (loss) for the year	1,577	2,128	(551)	(26%)
Basic earnings per share (Baht)				
Profit for the year	7.82	10.55		
Gross profit margin	8%	12%		
Net profit margin	17%	21%		

1. Income statements (In which the equity method is applied) for the year ended 31 March 2019 in comparison with for the year ended 31 March 2018

Net profit for the year ended 31 March 2019 was Baht 1,577 Million compared to net profit of Baht 2,128 Million as compared to last year, a decrease of Baht 551 Million or 26%. The significant changes are as follows:

- 1) Sales revenues decreased by 6% or Baht 649 Million due to lower realization and lower sales volume.
- 2) Gains on exchange decreased by 56% or Baht 96 Million mainly due to impact of Thai Baht appreciation on exports.
- 3) Cost of sales slightly decreased by 3% or Baht 221 Million mainly due to lower sales volume and lower cost of production.
- 4) Finance cost decreased by 100% or Baht 3.5 Million due to lower borrowings.
- 5) Income tax expenses decreased by 67% or Baht 60 Million due to lower taxable profits.
- 6) Exchange differences on translation of financial statements in foreign currency increased by 159% or Baht 124 Million mainly due to strengthening of Thai Baht against other currencies.
- 7) Cumulative amount of the exchange differences on translation of financial statements decreased by 100% or Baht 41 Million due to sale of investment.
- 8) Losses on change in value of available-for-sale investments increased by 1898% or Baht 341 Million mainly due to change in market value of the investment available for sale.
- 9) Income tax effect decreased by 1897% or Baht 68 Million mainly due to change in market value of the investment available for sale.
- 10) Gross profit margin was at 8% compared to 12% mainly due to lower realization whereas net profit margin was at 17% compared to 21% of last year mainly due to lower realization and lower profitability from some of the associated companies.

As per reasons mentioned above, the profit per share for the year ended 31 March 2019 is Baht 7.82 as compared to Baht 10.55 of last year.

2. Statements of financial position as of 31 March 2019 in comparison with as of 31 March 2018

As of 31 March 2019, total assets increased by 4% or Baht 1,026 Million, total liabilities increased by 8% or Baht 143 Million and shareholders' equity increased by 4% or Baht 883 Million compared to as of 31 March 2018. The significant changes are as below.

A. ASSETS

- 1) Cash and cash equivalents decreased by 79% or Baht 659 Million mainly due to classification of some investments under current investments - bills of exchange.
- 2) Current investments- bills of exchange increased by 54% or Baht 1,154 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 loan in full during current year.
- 4) Asset held for sale decreased by 100% or Baht 110 Million due to realization of sales in current year.
- 5) Deferred tax assets decreased by 61% or Baht 66 Million mainly due to transfer of some deferred loss to realized loss.
- 6) Other non-current assets increased by 21% or Baht 0.5 Million due to increase in deposits.

B. LIABILITIES AND SHAREHOLDERS' EQUITY

- 1) Trade and other payables increased by 28% or Baht 345 Million due to higher raw material inventory in transit.
- 2) Income tax payable decreased by 100% or Baht 93 Million due to payment of tax during current year.
- 3) Other current liabilities decreased by 31% or Baht 12 Million mainly due to reduction in advances.
- 4) Deferred tax liability decreased by 28% or Baht 104 Million mainly due to change in value of securities available for sale.
- 5) Other components of shareholders' equity decreased by 299% or Baht 461 Million mainly due to effect of change in value of securities available for sale and effect of translation adjustment on financial statements of associated companies.

Please be informed accordingly.

Yours faithfully,

Mr. Pramod K Khandelwal
VP (Finance & Commercial)