August 14, 2012

Sub: Explanation of the Company’s performance for 3-month period ended 30th June 2012

To: President
   The Stock Exchange of Thailand

Encl: Copy of Financial Statement for 3-month period ended 30th June 2012

Thai Rayon Public Company Limited (“the Company”) would like to explain its financial statement for 3-month period ended 30th June 2012 in comparison with for 3-month period ended 30th June 2011. The details of financial statements are set out in the attached note.

1. Profit and Loss for 3-month period ended 30th June 2012 in comparison with 3-month period ended 30th June 2011

The Company has recorded a net profit for 3-month period ended 30th June 2012 of Baht 130 Million compared to Baht 1,162 Million of last year, a decrease of Baht 1,032 Million or 89% on account of the following reasons. The significant changes are as follows:

1) Sales revenues decreased by 15% or Baht 442 Million due to decrease in selling price by 23% although sales volume increased by 9%.

2) The Company recorded losses on exchange of Baht 16 Million compared to gains on exchange of Baht 19 Million in last year, a decrease of Baht 35 Million or 186% due to unrealized loss foreign currency forward contracts from weakening of Baht against US Dollar at the end of quarter.

3) Dividend income decreased by 100% or Baht 0.2 Million mainly due to no dividend income declared during this period by non-associated companies.

4) Other income increased by 19% or Baht 5 Million mainly due to higher interest income on account of increased deposits and higher interest rates during the period.

5) Cost of sales increased by 9% or Baht 175 Million mainly due to increase in sales volume by 9% although the current cost per ton has increased by 5%.

6) Selling expenses increased by 33% or Baht 25 Million mainly due to higher export sales and increased in rates of export freight.

7) Administrative expenses decreased by 44% or Baht 29 Million mainly due to legal and due diligence expenses incurred for investment in pulp company during the previous year which does not have in current year.
8) Share of income (loss) from investments in associated companies under equity method decreased by 103% or Baht 487 Million compared to last year due to lower profits of the most of associated companies because of unfavorable economic and market conditions.

9) Finance cost increased by 59% or Baht 1 Million mainly due to short-term borrowings and export bills discounting.

10) Corporate Income tax decreased by 60% or Baht 101 Million due to decrease in taxable profits.

11) Losses on change in value of available-for-sale investments decreased by 65% of Baht 74 Million due to decreased in market value of investment in GDR.

12) Exchange differences on translation of financial statements in foreign currency decreased by 152% of Baht 164 Million due to depreciation of Baht against currencies of associated companies.

As per reasons mentioned above, the earnings per share for the 3-month period ended 30th June 2012 is Baht 0.65 compared to Baht 5.76 of last year.

2. **Balance Sheet as of 30th June 2012 in comparison with as of 31st March 2012**

The major changes are as below:

1) Current investments increased by 23% or Baht 370 Million due to investment in deposits of longer maturity period.

2) Other current assets decreased by 37% or Baht 40 Million due to unrealized loss on foreign exchange forward contracts at the end of June 2012 which is reported in other current liabilities compared to unrealized gain at the end of March 2012 which was reported in other current assets.

3) Trade and other payables increased by 25% or Baht 144 Million due to liability for higher materials in transit at end of June 2012 compared to March 2012.

4) Corporate income tax payable increased by 312% or Baht 68 Million due to higher tax liability for the current period because of higher taxable profits during the period.

5) Other current liabilities increased by 90% or Baht 39 Million mainly due to unrealized loss on foreign exchange forward contracts at the end of June 2012 which is reported in other current liabilities compared to unrealized gain at the end of March 2012 which was reported in other current assets.

6) Other components of shareholders’ equity decreased by 43% or Baht 99 Million due to decreased in market value of investment in GDR and translation loss of financial statements of associated companies due to weakening of Baht against currencies of associated companies.
Shareholders’ equity as of 30th June 2012 amounted to Baht 20,324 Million, a slightly increase by 0.2% or Baht 31 Million compared to as of 31st March 2012. This was due to profit for the current quarter.

Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

Mr. Pramod K Khandelwal
GM (Finance & Commercial)

CC: Listed Company Department
The Securities and Exchange Commission