

November 14, 2012

Sub: Explanation of the Company's performance for the three-month period ended 30th September 2012

To: President
The Stock Exchange of Thailand

Encl: 1 set of reviewed report and consolidated interim financial statements for the three-month period ended 30th September 2012

Thai Rayon Public Company Limited ("the Company") would like to explain its consolidated interim financial statements for the three-month period ended 30th September 2012 in comparison with for the three-month period ended 30th September 2011. The consolidated interim financial statements have incorporated the financials of a subsidiary company which is still in pre-operative phase. The details of consolidated interim financial statements are set out in the attached note.

1. Consolidated income statements for the three-month period ended 30th September 2012 in comparison with the three-month period ended 30th September 2011

The Company has recorded a net profit for the three-month period ended 30th September 2012 of Baht 311 Million compared to loss of Baht 100 Million of last year, an increase of Baht 411 Million or 410% on account of the following reasons. The significant changes are as follows:

- 1) Sales revenues decreased by 8% or Baht 230 Million due to decrease in selling price by 6% and sales volume by 5%.
- 2) The Company recorded gains on exchange of Baht 96 Million compared to gains on exchange of Baht 20 Million in last year, an increase of Baht 75 Million or 370% due to unrealized gain on foreign currency forward contracts from appreciation of Baht against US Dollar at the end of quarter.
- 3) Cost of sales decreased by 16% or Baht 430 Million mainly due to decrease in sales volume by 5% and decrease in cost of production per ton by 13%.
- 4) Administrative expenses increased by 218% or Baht 101 Million mainly due to administrative expenses of subsidiary which is still in the pre-operative phase, which was not there in the previous year.
- 5) Share of income (loss) from investments in associated companies under equity method increased by 177% or Baht 241 Million compared to last year due to profits from some associated companies which had loss in the previous year.
- 6) Finance cost increased by 138% or Baht 2 Million mainly due to short-term borrowings and export bills discounting.

- 7) Corporate Income tax increased by 205% or Baht 40 Million due to loss during the previous year and reversal of tax in the previous year due to higher provision in earlier periods.
- 8) Gains on change in value of available-for-sale investments increased by 525% of Baht 191 Million due to increased in market value of investment in GDR.
- 9) Exchange differences on translation of financial statements in foreign currency increased by 132% of Baht 178 Million due to appreciation of Baht against currencies of associated companies.

As per reasons mentioned above, the earnings per share for the 3-month period ended 30th September 2012 is Baht 1.54 compared to loss of Baht 0.50 of last year.

2. Statements of financial position as of 30th September 2012 in comparison with as of 31st March 2012

The major changes are as below:

- 1) Cash and cash equivalents decreased by 42% or Baht 479 Million due to investment in deposits of longer maturity period.
- 2) Current investments increased by 69% or Baht 1,127 Million due to investment in deposits of longer maturity period.
- 3) Other current assets increased by 48% or Baht 51 Million due to increase in unrealized gain on foreign exchange forward contracts and assets of subsidiary due to consolidation of subsidiary's financial statements which was not there in March 2012.
- 4) Property, plant and equipment increased by 28% or Baht 845 Million due to additions of some equipment and assets from subsidiary on consolidation of subsidiary's financial statements during the period which was not there at end of March 2012.
- 5) Intangible assets decreased by 38% or Baht 1 Million due to amortization as per useful life.
- 6) Other non-current assets increased by 2941% or Baht 76 Million due to assets of subsidiary on consolidation of subsidiary's financial statements during the period which was not there at end of March 2012.
- 7) Trade and other payables increased by 176% or Baht 1,002 Million due to liability for higher materials in transit at end of September 2012 compared to March 2012 and payables of subsidiary on consolidation of subsidiary's financial statement during the period which was not there at end of March 2012.
- 8) Short term loan from related party increased by 100% of Baht 295 Million due to short term loan received by subsidiary which is reflected due to consolidation of subsidiary's financial statements during the quarter which was not there at end of March 2012.

- 9) Corporate income tax payable increased by 302% or Baht 66 Million due to higher tax liability for the current period because of higher taxable profits during the period.
- 10) Other current liabilities decreased by 27% or Baht 12 Million mainly due to reduced advance against sales orders from customers during the period compared to at end of March 2012.
- 11) Other long-term provision increased by 100% or Baht 46 Million due to liability of subsidiary on consolidation of subsidiary's financial statements during the quarter which was not there at end of March 2012.
- 12) Other components of shareholders' equity increased by 75% or Baht 173 Million due to increase in market value of investment in GDR.

Shareholders' equity as of 30th September 2012 amounted to Baht 20,914 Million, an increase by 3% or Baht 621 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**