February 14, 2013

Sub: Explanation of the Company’s performance for the three-month period ended 31st December 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 31st December 2012

Thai Rayon Public Company Limited (“the Company”) would like to explain its consolidated interim financial statements for the three-month period ended 31st December 2012 in comparison with three-month period ended 31st December 2011. The consolidated interim financial statements have incorporated the financials of a subsidiary company which has started its commercial activities from this quarter. The details of consolidated interim financial statements are set out in the attached note.

1. Consolidated income statements for the three-month period ended 31st December 2012 in comparison with the three-month period ended 31st December 2011

The Company has recorded a net loss for the three-month period ended 31st December 2012 of Baht 271 Million compared to loss of Baht 14 Million in last year, an increase of Baht 258 Million or 1878% on account of the following reasons. The significant changes are as follows:

1) Sales revenues increased by 20% or Baht 482 Million due to sales revenue of subsidiary company on consolidation during the period which was not there in previous period. The Company’s sales has decreased by Baht 177 Million due to decrease in selling price by 14% although sales volume increased by 7%.

2) The Company recorded gains on exchange of Baht 36 Million compared to gains on exchange of Baht 17 Million in last year, an increase of Baht 18 Million or 106% due to unrealized gain on foreign currency forward contracts from appreciation of Baht against US Dollar at the end of quarter.

3) Dividend income increased by 100% or Baht 0.23 Million derived from investment in group companies.

4) Cost of sales increased by 14% or Baht 319 Million mainly due to cost of sales of subsidiary company on consolidation during the period which was not there in previous period. The Company’s cost of sales decreased due to decrease in cost of production per ton by 12%.

5) Selling expenses increased by 137% or Baht 118 Million mainly due to selling expenses of subsidiary company on consolidation during the period which was not there in the previous period.
6) Administrative expenses increased by 900% or Baht 391 Million mainly due to expenses of subsidiary company on consolidation during the period which was not there in the previous period.

7) Share of loss from investments in associated companies under equity method increased by 87% or Baht 71 Million compared to last year due to loss in some of the associated companies.

8) Finance cost increased by 304% or Baht 7 Million mainly due to interest on loans taken by subsidiary company.

9) Income tax expenses decreased by 22% or Baht 7 Million due to decrease in profits during the period and reduction of income tax rate.

10) Loss on change in value of available-for-sale investments increased by 749% or Baht 64 Million due to decreased in market value of investment in GDR.

11) Exchange differences on translation of financial statements in foreign currency increased by 137% or Baht 96 Million due to appreciation of Baht against currencies of associated companies.

As per reasons mentioned above, loss per share for the 3-month period ended 31st December 2012 is Baht 1.35 compared to loss of Baht 0.07 in last year.

2. **Statements of financial position as of 31st December 2012 in comparison with as of 31st March 2012**

   The major changes are as below:

   1) Cash and cash equivalents decreased by 59% or Baht 664 Million due to increase in investment in deposits of longer maturity period.

   2) Current investments increased by 41% or Baht 664 Million due to increase in investment in deposits of longer maturity period.

   3) Trade and other receivables increased by 27% or Baht 357 Million due to increase in receivables of subsidiary company on consolidation of subsidiary’s financial statements which was not there in March 2012.

   4) Inventories increased by 59% or Baht 1,036 Million due to increase in inventory of subsidiary company on consolidation of subsidiary’s financial statements which was not there in March 2012.

   5) Other current assets increased by 171% or Baht 183 Million due to increase in assets of subsidiary company on consolidation of subsidiary’s financial statements which was not there in March 2012.

   6) Property, plant and equipment increased by 29% or Baht 865 Million due to additions of some equipment and assets of subsidiary company on consolidation of subsidiary’s financial statements during the period which was not there at end of March 2012.
7) Intangible assets decreased by 46% or Baht 2 Million due to amortization as per useful life.

8) Other non-current assets increased by 2860% or Baht 74 Million due to increase in assets of subsidiary company on consolidation of subsidiary’s financial statements during the period which was not there at end of March 2012.

9) Short-term loans from financial institutions increased by 182% or Baht 1,046 Million due to increase in loans of subsidiary company on consolidation of subsidiary’s financial statements during the period which was not there at end of March 2012.

10) Trade and other payables increased by 196% or Baht 1,120 Million due to increase in liability for higher materials in transit at end of December 2012 compared to March 2012 and payables of subsidiary company on consolidation of subsidiary’s financial statements during the period which was not there at end of March 2012.

11) Long-term loan increased by 100% of Baht 307 Million due to increase in loan taken by subsidiary company on consolidation of subsidiary’s financial statements during the period which was not there at end of March 2012.

12) Other long-term provision increased by 100% or Baht 46 Million due to increase in liability of a subsidiary company on consolidation of subsidiary’s financial statements during the quarter which was not there at end of March 2012.

13) Other components of shareholders’ equity increased by 57% or Baht 131 Million due to increase in market value of investment in GDR during the year.

Shareholders’ equity as of 31st December 2012 amounted to Baht 20,828 Million, an increase by 3% or Baht 535 Million compared to as of 31st March 2012.

Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

Mr. Pramod Khandelwal
GM (Finance & Commercial)

CC: Listed Company Department
The Securities and Exchange Commission