Sub:  Explanation of the Company’s performance for 3-month period ended 30th June 2013

To:  President
      The Stock Exchange of Thailand

Encl:  1 set of report and consolidated financial statements for 3-month period ended 30th June 2013

Thai Rayon Public Company Limited (“the Company”) would like to explain its consolidated financial statements for 3-month period ended 30th June 2013 in comparison with for 3-month period ended 30th June 2012. The details of financial statements are set out in the attached note.

1. Consolidated income statements for 3-month period ended 30th June 2013 in comparison with 3-month period ended 30th June 2012

The Company has recorded net loss for 3-month period ended 30th June 2013 of Baht 210 Million compared to net profit of Baht 163 Million of last year, a decrease of Baht 373 Million or 229% on account of the following reasons. The significant changes are as follows:

1) Sales revenues increased by 44% or Baht 1,093 Million due to sales revenue of subsidiary company on consolidation during the period which was not there in previous period. The Company’s sales have decreased by 22% or Baht 559 Million due to decrease in selling price by 19% and sales volume by 5%.

2) Cost of sales increased by 56% or Baht 1,210 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 by 15% or Baht 326 Million due to decrease in cost of production per ton by 4%.

3) Selling expenses increased by 191% or Baht 196 Million mainly due to selling expenses of subsidiary company on consolidation during the period which was not there in the previous period. The selling expense of the Company has decreased by 31% or Baht 32 Million due to lower freight rates and change in market mix.

4) Administrative expenses increased by 279% or Baht 103 Million mainly due to expenses of subsidiary company on consolidation during the period which was not there in the previous period. The administrative expenses of the Company increased by 1% or Baht 4 Million.

5) The Company recorded losses on exchange of Baht 35 Million compared to losses on exchange of Baht 16 Million in last year, an increase by 116% or Baht 19 Million mainly due to unrealized loss foreign currency forward contracts due to weakening of Baht against US Dollar at the end of quarter.
6) Share of income (loss) from investments in associated companies under equity method decreased by 701% or Baht 66 Million compared to last year due to lower profits of the most of associated companies because of unfavorable economic and market conditions.

7) Finance cost increased by 519% or Baht 15 Million due to interest on loans taken by subsidiary company which is included on consolidation of subsidiary’s financial statements during the period.

8) Income tax income (expenses) decreased by 113% or Baht 66 Million due to decrease in profits during the period, reduction of income tax rate and change in accounting for depreciation on implementation of IFRS.

9) Exchange differences on translation of financial statements in foreign currency increased by 324% or Baht 191 Million due to weakening of Baht against currencies of associated companies.

As per reasons mentioned above, the loss per share for the 3-month period ended 30th June 2013 is Baht 1.04 compared to earnings per share of Baht 0.81 of last year.

2. **Statements of financial position as of 30th June 2013 in comparison with as of 31st March 2013**

The major changes are as below:

1) Current investments increased by 36% or Baht 631 Million due to investment in deposits of longer maturity period.

2) Assets from forward exchange contracts decreased by 100% or Baht 58 Million due to unrealized loss on foreign exchange forward contracts during the period which is grouped in current liabilities.

3) Other current assets decreased by 34% or Baht 63 Million due to lower VAT receivable and lower prepaid expenses due to charge off as per elapsed policy period.

4) Deferred tax assets increased by 62% or Baht 16 Million due to unrealized loss on foreign exchange forward contracts at end of June 2013 compared to unrealized gain at end of March 2013 resulting in deferred tax assets.

5) Short-term loans from related party decreased by 100% or Baht 144 Million due to loan repayment during the period.

6) Income tax payable increased by 31% or Baht 8 Million due to addition of tax payable for the quarter compared to tax payable for half year at the end of March 2013.

7) Liabilities from forward exchange contracts increased by 100% or Baht 77 Million due to unrealized loss during the period compared to unrealized gain during the previous period.

8) Long-term loan increased by 103% or Baht 222 Million due to additional loan taken by subsidiary during the period.
9) Other components of shareholders’ equity increased by 124% or Baht 101 Million due to translation gain on financial statements of associated companies due to weakening of Baht against currencies of associated companies.

Shareholders’ equity as of 30th June 2013 amounted to Baht 20,107 Million, a slightly decrease by 1% or Baht 128 Million compared to as of 31st March 2013. This was due to lower 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