

14th November 2013

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

To: President
The Stock Exchange of Thailand

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

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

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

The Company has recorded net profit for 3-month period ended 30th September 2013 of Baht 79 Million compared to net profit of Baht 287 Million of last year, a decrease of Baht 208 Million or 72% on account of the following reasons. The significant changes are as follows:

- 1) Sales revenues increased by 49% or Baht 1,262 Million due to sales revenue of subsidiary company on consolidation during the period, there was no sales revenue from subsidiary in previous period. The Company's sales have decreased by 22% or Baht 574 Million due to decrease in selling price by 16% and sales volume by 8%.
- 2) Cost of sales increased by 55% or Baht 1,260 Million mainly due to cost of sales of subsidiary company on consolidation during the period, there was no cost of sales of the subsidiary in previous period. The Company's cost of sales decreased by 14% or Baht 328 Million due to decrease in cost of production per ton by 5%.
- 3) Selling expenses increased by 254% or Baht 251 Million mainly due to selling expenses of subsidiary company on consolidation during the period, there were no sales expenses of subsidiary in the previous period. The selling expense of the Company has decreased by 18% or Baht 17 Million due to lower sales volume by 8% and lower freight rates due to change in market mix.
- 4) The Company recorded losses on exchange of Baht 13 Million compared to gains on exchange of Baht 96 Million in last year, a decrease by 87% or Baht 83 Million mainly due to unrealized loss on foreign currency forward contracts due to weakening of Baht against US Dollar at the end of quarter.

- 5) Share of income (loss) from investments in associated companies under equity method increased by 102% or Baht 117 Million compared to last year due to the improvement of operations of associates.
- 6) Finance cost increased by 380% or Baht 15 Million due to interest on loans taken by subsidiary company which is included on consolidation of subsidiary's financial statements. The finance cost of the Company also increased due to temporary loans taken during the period.
- 7) Income tax (expenses) decreased by 77% or Baht 42 Million due to decrease in profits during the period and reduction of income tax rate.
- 8) Gains (losses) on change in value of available-for-sale investments decreased by 123% or Baht 280 Million due to change in market value of the investment.
- 9) Exchange differences on translation of financial statements in foreign currency increased by 211% or Baht 81 Million due to weakening of Baht against currencies of associated companies.
- 10) Income tax effect decreased by 123% or Baht 56 Million due to increase in translation gains from associates

As per reasons mentioned above, the earnings per share for the 3-month period ended 30th September 2013 is Baht 0.39 compared to earnings per share of Baht 1.42 of last year.

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

The major changes are as below:

- 1) Cash and cash equivalents increased by 113% or Baht 452 Million due to investment of surplus funds.
- 2) Current investments increased by 26% or Baht 453 Million due to investment in deposits of longer maturity period.
- 3) Trade and other receivables decreased by 24% or Baht 527 Million due to lower sales and sales realization during the period.
- 4) 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.
- 5) Other current assets decreased by 34% or Baht 64 Million due to lower VAT receivable and lower prepaid expenses due to charge off as per elapsed policy period.
- 6) Intangible assets decreased by 18% or Baht 1 Million due to amortization as per accounting policy.
- 7) Other non-current assets increased by 111% or Baht 80 Million due to increase in other long term receivables of the subsidiary.

- 8) Short-term loans from financial institutions increased by 44% or Baht 936 Million due to higher short term loans taken as per requirement for cash management.
- 9) Short-term loans from related party decreased by 100% or Baht 144 Million due to loan repayment during the period.
- 10) Trade and other payables decreased by 18% or Baht 202 Million due to lower procurement at the end of quarter and reduced prices of some materials.
- 11) Income tax payable decreased by 100% or Baht 26 Million due to no income tax liability due to loss during the period compared to tax payable for half year at the end of March 2013.
- 12) Liabilities from forward exchange contracts increased by 100% or Baht 10 Million due to unrealized loss during the period compared to unrealized gain during the previous period.
- 13) Long-term loan increased by 108% or Baht 233 Million due to additional loan taken by subsidiary during the period.
- 14) Other long-term provision increased by 15% or Baht 7 Million due to increased in liability for environmental effects of the subsidiary.
- 15) Other components of shareholders' equity increased by 213% or Baht 174 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 September 2013 amounted to Baht 20,025 Million, a slightly decrease by 1% or Baht 209 Million compared to as of 31st March 2013. This was due to lower profit for the current quarter.

Due to labor strike, the Company has stopped production activities capacity since 18th September 2013.

Please be informed accordingly.

Yours faithfully,
For THAI RAYON PUBLIC COMPANY LIMITED

Mr. Pramod K Khandelwal
AVP (Finance & Commercial)

**CC: Listed Company Department
The Securities and Exchange Commission**