14 August 2014

Sub: Explanation of the Company’s performance for 3-month period ended 30 June 2014

To: President
The Stock Exchange of Thailand

Encl: 1 set of report and consolidated financial statements for 3-month period ended 30 June 2014

Thai Rayon Public Company Limited (“the Company”) would like to explain its consolidated financial statements for 3-month period ended 30 June 2014 in comparison with for 3-month period ended 30 June 2013. The details of financial statements are set out in the attached note.

1. **Consolidated income statements for three-month period ended 30 June 2014 in comparison with the three-month period ended 30 June 2013**

Net loss for 3-month period ended 30 June 2014 was Baht 390 Million compared to net loss of Baht 209 Million of last year, an increase of Baht 180 Million or 86%. The significant changes are as follows:

1) Sales revenues increased by 3% or Baht 113 Million due to higher sales by 12% in subsidiary company whereas the Company’s sales was lower by 2%.

2) Other income decreased by 23% or baht 6 Million due to lower interest income on deposits.

3) Cost of sales increased by 3% or Baht 111 Million due to higher cost of raw materials and utilities.

4) Impairment loss on investment increased by 100% or Baht 69 Million due to loss in remaining value of 24% of investment in a related company (Alexandria Fiber Co.,S.A.E. (AFCO) which was not there in last year.

5) Loss on exchange decreased by 32% or Baht 11 Million due to weakening of Baht against US Dollar resulting in gain of Baht 21 Million for the Company whereas a subsidiary company recorded a loss of Baht 45 Million during the same period.

6) Share of loss from investments in associated companies under equity method increased by 241% or Baht 135 Million compared to the same period of last year mainly due to losses in some of the associates companies.

7) Finance cost increased by 31% or Baht 6 Million mainly due to interest on loans taken by subsidiary company and increase in finance cost of the Company due to higher short term loans taken during the period.

8) Income tax income increased by 1030% or Baht 77 Million due to loss in the Company during the current period compared to profit in the previous period.
9) Gains (losses) on change in value of available-for-sale investments increased by 610% or Baht 197 Million due to change in market value of the investment and weakening of Baht against US Dollar.

10) Actuarial losses increased by 100% or Baht 3 Million due to change in actuarial valuation of benefits.

11) Exchange differences on translation of financial statements in foreign currency decreased by 137% or Baht 180 Million due to weakening of Baht against US Dollar.

As per reasons mentioned above, the loss per share for 3-month period ended 30 June 2014 is Baht 1.93 compared to loss per share of Baht 1.04 of last year.

2. **Statements of financial position as of 30 June 2014 in comparison with as of 31 March 2014**

   The major changes are as below:

1) Cash and cash equivalents increased by 84% or Baht 388 Million mainly due to increase in short term loans from financial institutions.

2) Current investment increased by 21% or Baht 171 Million mainly due to increase in short term loans from financial institutions.

3) Trade and other receivables increased by 19% or Baht 318 Million mainly due to normal level of receivables in the Company as compared to the same period of last year where it was lower due to effect of strike.

4) Other current assets increased by 350% or Baht 190 Million mainly due to increase in VAT input receivables from Revenue Department in the Company and increase in assets of subsidiary.

5) Deferred tax assets increased by 54% or Baht 87 Million mainly due to deferred tax on unrealized loss on foreign exchange forward contracts and loss for the current period.

6) Short-term loans from financial institutions increased by 38% or Baht 980 Million due to increase in short term loans due to better funds management.

7) Trade and other payables decreased by 21% or Baht 249 Million mainly due to increase in payables of the Company by Baht 121 Million and decrease in payables in subsidiary company by Baht 370 Million.

8) Long-term loan increased by 108% or Baht 469 Million due to additional loan taken by a subsidiary during the period.

9) Other components of shareholders’ equity increased by 28% or Baht 80 Million mainly due to effect of change in value of securities available for sale and effect translation adjustment on financial statements of associated companies.

10) Non-controlling interest of the subsidiary decreased by 105% or Baht 39 Million due to reduction in equity value of subsidiary.
Shareholders’ equity as of 30 June 2014 amounted to Baht 18,892 Million, slightly decreased by 2% or Baht 347 Million compared to as of 31 March 2014 mainly due to reasons explained above.

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