

14 February 2018

Sub: Explanation on the Company's performance for the 3-month period ended 31 December 2017

To: President
The Stock Exchange of Thailand

Encl: 1 set of report and the audited financial statements for the 3-month period ended 31 December 2017

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statements for the 3-month period ended 31 December 2017 in comparison with for the 3-month period ended 31 December 2016. The details of financial statements are set out in the attached note.

Income Statements (equity method) (Unit in Million Baht)	For the 3-month ended 31 December			
	2017	2016	Increase(Decrease)	
Sales	2,361	2,095	266	13%
Dividend income	5.4	3.8	1.6	44%
Gains on exchange	25	6.6	18.4	280%
Other income	13.7	13.2	0.5	4%
Cost of sales	2,093	1,698	395	23%
Selling expenses	82	59	23	39%
Administrative expenses	50	41	9	20%
Share of profit (loss) from investments in associates	166	193	(27)	(14%)
Finance cost	0.5	1.4	(0.9)	(68%)
Income tax expenses	25	53	(28)	(53%)
Profit (loss) for the quarter	322	459	(137)	(30%)
<u>Basic earnings per share (Baht)</u>				
Profit for the period	1.60	2.28		
Gross profit margin	11.3%	18.9%		
Net profit margin	13.6%	21.9%		

1. Income statements (In which the equity method is applied) for the 3-month period ended 31 December 2017 in comparison with for the 3-month period ended 31 December 2016

Net profit for the 3-month period ended 31 December 2017 was Baht 322 Million compared to net profit of Baht 459 Million of last year, a decrease of Baht 137 Million or 30%. The significant changes are as follows:

- 1) Sales revenues increased by 13% or Baht 266 Million mainly due to higher sales volume.
- 2) Dividend income increased by 44% or Baht 1.6 Million due to higher dividend from investments.
- 3) Gains on exchange increased by 280% or Baht 18 Million due to currency fluctuation.
- 4) Cost of sales increased by 23% or Baht 395 Million mainly due to higher sales volume and higher raw material prices.
- 5) Selling expenses increased by 39% or Baht 23 Million mainly due to higher sales volume and higher export shipping freights.
- 6) Loss from return of investment in the associate decreased by 100% or Baht 103 Million as there is no such loss in this quarter.
- 7) Share of profit from investments in associated companies decreased by 14% or Baht 27 Million due to lower profitability of some of the associated companies.
- 8) Finance cost decreased by 68% or Baht 0.9 Million due to lower borrowings.
- 9) Income tax expenses decreased by 53% or Baht 28 Million due to lower taxable profit.
- 10) Loss of Baht 47 Million compared to loss of Baht 67 Million of last year in exchange differences on translation of financial statements in foreign currency, an increase of 41% or Baht 19 Million due to appreciation of Thai Baht.
- 11) Gains on changes in value of available-for-sale investments increased by 358% or Baht 458 Million due to higher market price. Income tax effect also increased by 358% or Baht 92 Million due to same reason.
- 12) Gross profit margin was at 11% compared to 19% of last year mainly due to higher raw material prices and lower selling prices, whereas net profit margin was at 14% compared to 22% of last year mainly due to same reasons and lower profitability of some of the associated companies.

As per reasons mentioned above, the profit per share for the 3-month period ended 31 December 2017 is Baht 1.60 as compared to Baht 2.28 of last year.

2. Statements of financial position as of 31 December 2017 in comparison with as of 31 March 2017

As of 31 December 2017, total assets increased by 6% or Baht 1,482 Million, total liabilities decreased by 14% or Baht 299 Million and shareholders' equity is amounted to Baht 23,161 Million, increased by 8% or Baht 1,781 Million compared to as of 31 March 2017 mainly due to reasons explained below. The major changes are as below.

A. ASSETS

- 1) Current investments - bills of exchange increased by 31% or Baht 582 Million mainly due to profits and reduction in working capital.
- 2) Trade and other receivable increased by 26% or Baht 294 Million mainly due to higher export sales during last month of the quarter.
- 3) Current portion of long term loan to related party decreased by 100% or Baht 115 Million mainly due to repayment.
- 4) Inventories decreased by 21% or Baht 406 Million mainly due to lower inventory of key raw materials.
- 5) Other current assets increased by 47% or Baht 45 Million mainly due to advances to suppliers and VAT receivable.

B. LIABILITIES

- 1) Short term loans from financial institutions decreased by 82% of baht 362 Million due to lower borrowings.
- 2) Income tax payable increased by 100% or Baht 25 Million due to taxable profit of the quarter.
- 3) Other components of shareholders' equity increased by 104% or Baht 268 Million mainly due to effect of change in value of securities available for sale and effect of translation adjustment on financial statements of associated companies.

Please be informed accordingly.

Yours faithfully,

For THAI RAYON PUBLIC COMPANY LIMITED

Prasan Sipani

President

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