



บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED

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Subject Clarification of the 2nd quarter performance of the year 2015

To President
The Stock Exchange of Thailand

Enclosure Management Analysis and Discussion (MD&A)

Thai Central Chemical Public Company Limited would like to submit Management Analysis and Discussion (MD&A) of the 2nd quarter performance of the year 2015 as in the attachment.

Please be informed accordingly.

Sincerely yours,

(Mr. Kyosuke Sasaki)

President

Management Discussion and Analysis (MD&A)

(Business Overview)

The Company hereby publicly discloses report on the operational result of the Separate Financial Statement of the 2nd quarter of year 2015 during 1 April 2015 to 30 June 2015 as follows. The Company performance showed Total Comprehensive Income at THB 695 Million and Earnings per Share at THB 1.19 increasing by THB 29 Million or 4% compared with the corresponding period of last year which showed Total Comprehensive Income at THB 666 Million and Earnings per Share at THB 1.14 respectively.

Overall, Thailand's economy in the 2nd quarter of year 2015 remained depressed as a result of decline of export caused by weaken demands of business partner countries such as China, Japan, United States and the countries in Europe. In the meantime, Thailand faced the problem of drought which led to insufficient water for cultivation. From situations mentioned above, private sectors and consumers were cautiously concerned over investment and spending. However, Thailand could still maintain economic growth from the increase of tourism industry and governmental investment projects, while decrease of inflation rate could help avoid increase of production cost.

The Company's business had negative impact from external factors as follows;

1) Fertilizer demands declined due to drought. Ministry of Agriculture and Cooperatives had announced the suspensions of water supplies for agriculture, so farmers had insufficient water for cultivation.

2) Farmers' purchasing powers declined. This happened as a result of depression of agricultural product prices and it lowered farmers' income. As a consequence, the farmers will be lack of revenue to buy agricultural inputs.

3) Fertilizers' prices were reduced. The Company has cooperated with Ministry of Commerce in reducing fertilizer prices to support farmers continually from the second quarter. This impacted the Company's revenue.

4) Baht currency weakened. This caused increase of imported raw material which increased the Company cost accordingly.

Under the aforementioned of economical situation, the Management has maintained flexibility of business administration. The Management focused on management of raw material costs and currency rate exchange risks, including searching for the new market to increase the sales volume with endeavor to achieve the best performance and the sustainable growth.

Results of Operations and Profits

| Unit : Thousand Baht | The 2nd Quarter | | Change |
|---|---------------------------------|----------------|-------------|
| | Apr.1 - Jun.30, 2015 (3 months) | | |
| | 2014 | 2015 | % |
| Sale | 4,374,989 | 3,984,591 | (9) |
| Cost of Goods Sold | (3,502,473) | (3,270,138) | (7) |
| Gross Profit | 872,516 | 714,453 | (18) |
| Other Income | 64,551 | 283,233 | 339 |
| Profit Before Expense | 937,067 | 997,686 | 6 |
| Selling and Administration Expenses | (145,935) | (126,177) | (14) |
| Profit Before Financial Cost and Tax | 791,132 | 871,509 | 10 |
| Financial Cost | (7,541) | (4,933) | (35) |
| Profit Before Income Tax | 783,591 | 866,576 | 11 |
| Income Tax | (117,101) | (171,247) | 46 |
| Total Comprehensive Income | 666,490 | 695,329 | 4 |

By comparison between the 2nd quarter of year 2015 and year 2014, it showed that Total Comprehensive Income increased by THB 29 Million or 4% while Gross Profit decreased by THB 158 Million or 18%. The decrease was caused by decrease of delivered goods, which was in line with the decrease of chemical fertilizer demands, and, as well, reduction of fertilizers' price under the Company's cooperation with Ministry of Commerce (*as the reasons mentioned above in Business Overview*). These factors affected the Company in decline of sales revenue and gross profit.

On the other hand, the Company had significant increase in Other Income by 339%. The increase came from Gain on Sale of Investments, Gain on Fair Value Recognition of Investment, and Exchange Rate Profit as the Company hedged foreign currency in advance under the risk management policy.

For Selling and Administration Expenses, it showed decreased amount in both goods delivery expenses and sale promotion expenses in align with decrease of sale volume. For

Financial Cost, it also showed declined amount compared with the corresponding period of year 2014.

Analysis of Liquidity and Capital Resources

Note to Statement of Financial Position

| Description | June 30, 2014 | | June 30, 2015 | |
|---|------------------|---------------------------|------------------|---------------------------|
| | Thousand Baht | Percentage to Total Asset | Thousand Baht | Percentage to Total Asset |
| Current Assets | 6,420,581 | 73 | 7,286,791 | 75 |
| Non-current Assets | 2,378,868 | 27 | 2,382,462 | 25 |
| Total Asset | 8,799,449 | 100 | 9,669,253 | 100 |
| Current Liabilities | 1,580,886 | 18 | 2,031,014 | 21 |
| Non-current Liabilities | 229,514 | 3 | 239,018 | 2 |
| Shareholders' Equity | 6,989,049 | 79 | 7,399,221 | 77 |
| Total Liabilities and Shareholders' Equity | 8,799,449 | 100 | 9,669,253 | 100 |

As of the end of 2nd quarter of year 2015, compared with the same period of year 2014, Total Assets of the Company showed THB 9,669 Million increasing by 10% as shown in these following details:-

| Description | June 30, 2014 Thousand Baht | June 30, 2015 Thousand Baht | Change % |
|--------------------|--------------------------------|--------------------------------|-------------|
| Cash on Hand | 2,410,011 | 3,177,480 | 31.8 |
| Account Receivable | 701,477 | 712,115 | 1.5 |
| Inventory | 3,269,803 | 3,352,829 | 2.5 |
| Asset | 8,799,449 | 9,669,253 | 9.9 |

As of the end of 2nd quarter of year 2015 compared with the same period of year 2014, Total Liability of the Company showed THB 2,270 Million increasing by THB 460 Million or 25%, and Shareholders' Equity of the Company showed THB 7,399 Million increasing by THB 410 Million or 6%.

Economic & Business Forecast 2015

For tendency of year 2015, Thailand economy is expected to grow from investment in infrastructure of government's projects and tourism industry. However, Thailand economy would still be fragile due to depression of world economy slowdown, which leads to deficit in Thailand export. Moreover, the agricultural product prices are unanticipated for clear recovery. Thus, Thailand economy would face difficulty to meet the target as planned by the government. The factors that would affect chemical fertilizer business in the second half of the year are as follows.

1. Draught crisis and delayed rainfall

Draught crisis and delayed rainfall is likely more severe, which shall cause the decrease of cultivation areas leading to lower demand of chemical fertilizer accordingly.

2. Decline of farmers' purchasing power

Agricultural product prices are still continuously decline due to oversupply in the world market and it caused reduction of the farmer incomes. Consequently, farmer has shortage of liquidity to invest in new seasonal cultivation.

3. Maintaining reduced of fertilizers' retail prices

Thai Fertilizer and Agricultural Supplies Association and its members continue reduced fertilizers' retail prices until 30 November 2015.

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