



บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED

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Subject Clarification of the 1st quarter performance of the year 2015

To President
The Stock Exchange of Thailand

Enclosure Management Analysis and Discussion (MD&A)

Referred to rules and regulations of the SEC which provides that a listed company shall clarify reason in case of difference between company including its subsidiaries' performance of the current year and that of the corresponding period of the previous year exceeding 20%, the Company would like to clarify as follows.

Performance of the Company including its subsidiaries of the 1st quarter of 2015 shows the Total Comprehensive Income at the amount of THB 102 million while in the corresponding period of the previous year showed the Total Comprehensive Income at the amount of THB 343 Million.

The reason of such result is shown in the Management Analysis and Discussion as in the attachment.

Please be informed accordingly.

Sincerely yours,

(Mr. Eiji Hamada)

CFO

Management Discussion and Analysis (MD&A)

(Business Overview)

The Company would like to report that the operational result of the Separate Financial Statement for the first quarter of year 2015 during January 1, 2015 to March 31, 2015 showed Total Comprehensive Income at THB 125 Million and Earnings per Share at THB 0.21. It decreased by THB 214 Million or 63% comparing to the operational result of the same quarter of year 2014 which showed Total Comprehensive Income at THB 339 Million and Earnings per Share at THB 0.58.

In overall of the first quarter of year 2015, the global economy received positive impact from the strength of US economy. However, the global economy still concerned about the decline of China's economic growth and the unclear situation of Greece debt crisis. Thus, global economy was unable to grow significantly. Meanwhile, Thailand economy has no momentum of recovery since the last quarter of year 2014. Thailand's export value declined since January 2015 due to the weak of foreign demands, the delay of government's investment and spending, and the decline of Private Consumption Index according to high level of household debt. Furthermore, agricultural product prices depressed continuously. Thus, Bank of Thailand has announced the policy to cut the interest rate for stimulating the economy and revised forecast on Thai economic GDP to 3.8%.

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

1) Cultivation area declined from low rainfall and suspension of water supply from dams for off-season cultivation.

2) Farmer had lower income due to the depression of agricultural product prices, which lowered farmers' purchasing power to buy production inputs for new cultivation season.

3) The Company had to cooperate with Ministry of Commerce to reduce fertilizer price by 40 – 50 baht per bag for supporting farmers, which impacted the Company's revenue.

For all the aforementioned, this quarter could be summarized that cultivation area and demand of chemical fertilizers were decreased, fertilizer price was reduced, and all of which

had affected the Company performance. Thus, Total Comprehensive Income of the 1st quarter of 2015 was less than the same quarter of year 2014 by 63%.

Even though the business was facing many problems, the Management attempts to be flexible in administrating the business, to monitors the situation closely and to catch the market demand of chemical fertilizers. The Management will endeavor at the best effort to achieve the better performance.

Results of Operations and Profits

Unit : Thousand Baht	The 1st Quarter		Change
	2014	2015	%
Sale	2,280,959	1,655,555	(27)
Cost of Goods Sold	(1,799,811)	(1,430,800)	(21)
Gross Profit	481,148	224,755	(53)
Other Income	28,373	34,278	21
Profit Before Expense	509,521	259,033	(49)
Selling and Administration Expenses	(107,257)	(112,602)	5
Profit Before Financial Cost and Tax	402,264	146,431	(64)
Financial Cost	(5,717)	(4,491)	(21)
Profit Before Income Tax	396,547	141,940	(64)
Income Tax	(57,687)	(16,835)	(71)
Total Comprehensive Income	338,860	125,105	(63)

By comparing Total Comprehensive Income between the 1st quarter of year 2015 and year 2014, it shows that the Company's Total Comprehensive Income decreases from THB 214 Million or 63%. The decrease of Total Comprehensive Income was mostly caused by the decrease of goods delivery which in line with the decrease of chemical fertilizer demands (as the reasons mentioned above in Business Overview). Furthermore, unit sale price of chemical fertilizer in average was decreased by 3% according to the Company's cooperation with Ministry of Commerce to lower the fertilizer price, but the Unit Cost of Goods Sold was increased by 7%; thus, Gross Profit decreased by THB 256 Million or 53%. In the meantime,

Selling and Administration Expenses, Other income and Financial Cost was slightly changed comparing to the same quarter of year 2014.

Analysis of Liquidity and Capital Resources

Note to Statement of Financial Position

Description	March 31, 2014		March 31, 2015	
	Thousand Baht	Percentage to Total Asset	Thousand Baht	Percentage to Total Asset
Current Assets	8,420,423	78	7,956,045	79
Non-current Assets	2,381,957	22	2,177,782	21
Total Asset	10,802,380	100	10,133,827	100
Current Liabilities	4,256,666	39	3,200,574	32
Non-current Liabilities	223,155	2	229,361	2
Shareholders' Equity	6,322,559	59	6,703,892	66
Total Liabilities and Shareholders' Equity	10,802,380	100	10,133,827	100

As of the end of 1st quarter of year 2015, Total Assets of the Company showed THB 10,134 Million, which decreased 6% by comparing with from the same period of year 2014 as these following details:-

Description	March 31, 2014 Thousand Baht	March 31, 2015 Thousand Baht	Change %
Cash on Hand	3,687,657	3,739,797	1.4
Account Receivable	652,287	553,358	(15.2)
Inventory	4,027,707	3,436,598	(14.7)
Asset	10,802,380	10,133,827	(6.2)

As of the end of 1st quarter of year 2015, by comparing with the same period of year 2014, Total Liability of the Company showed THB 3,430 Million which decreased THB 1,050 Million or 23%, and Shareholders' Equity of the Company showed THB 6,704 Million which increased by THB 381 Million or 6%.

Economic & Business Forecast 2015

For tendency of year 2015, Thailand economy would still be fragile due to the world economy and the increase of domestic household debt, which would decrease purchasing power and consumption volume. In addition, Exporting and government investment would still be difficult to meet the target as planned, and agricultural product prices are unanticipated for recovery. For the factors that would affect to chemical fertilizer business in year 2015 are as follows.

1. Liquidity and purchasing power of farmers

The agricultural products in the 2nd quarter of year 2015 are still be at risks due to the continuous fall of agricultural product price, which would affect the liquidity for investment on the new cultivation season of farmers. Therefore, it has to be closely monitored on the government direction and policy toward the situation of new cultivation season and income of farmers.

2. Quantity of water for cultivation

Drought and long of low rainfall together with the suspension of water supply from dams cause the significant decrease of cultivation area and demand of chemical fertilizers in the 1st quarter of year 2015. However, this coming rainy season and the resume of water supply from dams are the good signs for agricultural industry. If the water volume is sufficient for cultivation, the cultivation area shall be increased as well as the demand of chemical fertilizers.

3. Reduction of retail price of fertilizer

Ministry of Commerce requested the cooperation from Thai Fertilizer and Agricultural Supplies Association and its members to consider lowering the retail price of fertilizer, which shall be effective from April 16 to November 30, 2015.

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