



บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED

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(Translation)

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13 November 2015

Subject: Clarification of the 3rd quarter performance of the year 2015

To: President

The Stock Exchange of Thailand

Enclosure: Management Discussion and Analysis (MD&A)

In accordance with the rules and regulations of SEC requiring a listed company to clarify the reason in case the Company's performance changed more than 20% from the corresponding period of the previous year on consolidated account, the Company would like to report as follows.

Total Comprehensive Income of the Company for the 3rd quarter (1 July to 30 September), 2015 on consolidated account basis was Baht 575 million, which is 30% less than Total Comprehensive Income for the corresponding period of the previous year being Baht 820 million. The reasons of change are explained in the Management Discussion and Analysis as attached.

Please be informed accordingly.

Sincerely yours,

(Mr. Kyosuke Sasaki)

President & CEO

Management Discussion and Analysis (MD&A)

(Business Overview)

The Company's operational performance is shown in the Consolidated Financial Statement for the 3rd quarter during 1 July to 30 September 2015, where Total Comprehensive Income was THB 575 million and Earnings per share was THB 0.98. They decreased from the 3rd quarter of 2014, where Total Comprehensive Income was THB 820 million and Earnings per share was THB 1.38

Thailand economy keeps slow pace of recovery in the 3rd quarter. Global lackluster economy especially slow down of economy in China made export of Thailand declining for 9 consecutive months in this year. And consumer spending remained weak. In agriculture sector, delay of rainy season and drought obstructed farmers to cultivate in full capacity, Furthermore, prices of agriculture products stayed low, and it made the farmers lack of fund for buying new agriculture inputs. In these circumstances, the Company's business was affected mainly by the following factors.

1. Decline of demand of chemical fertilizer due to drought and delay of rainy season and also due to weak purchase power of the farmers.
- 2) Depreciation of Thai Baht currency resulting in increase of cost of import raw material.

Although the Company's business was affected by such factors, the Management determined to be flexible in administrating those factors to minimize their effect. Furthermore, the Company also followed up and monitored the situation closely, and had put the best effort to achieve the better performance under such situations.

Results of Operations and Profits (Consolidated)

Unit : Thousand Baht	The 3rd Quarter Jul - Sep (3 months)		Change
	* 2014	2015	%
Revenues from Sales and Services	5,832,660	4,577,409	(22)
Cost of Goods Sold and Rendering of Services	(4,735,851)	(3,707,111)	(22)
Gross Profit	1,096,809	870,298	(21)
Other Income	43,587	80,063	84
Profit Before Expense	1,140,396	950,361	(17)
Selling and Administration Expenses	(176,677)	(226,309)	28
Profit Before Financial Cost and Tax	963,719	724,052	(25)
Financial Cost	(4,722)	(3,567)	(24)
Share of Profit from Investment in an Associate	-	85	-
Profit Before Income Tax	958,997	720,570	(25)
Income Tax	(156,629)	(145,585)	(7)
Total Comprehensive Income for the period from discontinued operations	17,746	-	-
Total Comprehensive Income	820,114	574,985	(30)

* Reclassified

Revenues from Sales and Services of the Company in the 3rd quarter of year 2015 showed THB 4,577 million which decreased by 22% compared with THB 5,833 million of the same quarter of year 2014. Such decrease was caused by decline of chemical fertilizer demand as water supply was insufficient for cultivation, and it resulted in lower of fertilizer sale volume accordingly. Consequently, Gross Profit decreased by THB 227 million or 21%. However, Other Income increased by THB 36 million or 84% from gain on currency exchange rate which the Company appropriately managed the risks under the depreciation of Baht against US dollar.

In the meantime Selling and Administration Expenses increased by THB 50 million or 28%. Such increase was from 1) Increase of sale promotion activities in accordance with high market competition where demand of chemical fertilizer was declined. 2) Allocating some of factory's expenses to be administration expenses following decrease of production quantity.

From all the reasons mentioned above, Total Comprehensive Income in the 3rd quarter of year 2015 as showed in the Consolidated Financial Statement amounted to THB 575 million, decreasing by THB 245 million or 30% compared with THB 820 million of the same quarter of year 2014.

Analysis of Liquidity and Capital Resources

Note to Statement of Financial Position (Consolidated)

Description	September 30, 2014		September 30, 2015	
	Thousand Baht	Percentage to Total Asset	Thousand Baht	Percentage to Total Asset
Current Assets	10,216,784	81	7,803,781	77
Non-current Assets	2,326,758	19	2,369,003	23
Total Asset	12,543,542	100	10,172,784	100
Current Liabilities	3,860,181	31	1,714,837	17
Non-current Liabilities	299,612	2	277,229	3
Shareholders' Equity	8,383,749	67	8,180,718	80
Total Liabilities and Shareholders' Equity	12,543,542	100	10,172,784	100

As of the end of 3rd quarter of year 2015, Total Assets showed THB 10,173 million decreasing by 19% compared with the same quarter of year 2014 (as a result of sale of Investments in subsidiaries in 2nd quarter of year 2015 resulting in decrease of Total Assets, and Liabilities and Shareholder's Equity) as shown in these following details:-

Description	September 30, 2014 Thousand Baht	September 30, 2015 Thousand Baht	Change %
Cash on Hand	5,520,675	4,244,068	(23.1)
Account Receivable	2,368,529	994,333	(58.0)
Inventory	2,133,727	2,342,750	9.8
Asset	12,543,542	10,172,784	(18.9)

As of the end of 3rd quarter of year 2015, Total Liability showed THB 1,992 million decreasing by THB 2,168 million or 52% compared with the same quarter of year 2014 (the significant decrease resulted by sale of Investment in subsidiaries in the 2nd quarter of year 2015), and the Company had the Shareholders' Equity at THB 8,181 million decreasing by THB 203 million or 2% compared with the same quarter of year 2014.

Economic & Business Forecast for the 4th quarter 2015

Thailand economy is expected to recover gradually in the 4th quarter 2015. Consumer confidence may turn to be in better direction as the economic stimulus measures of the government effect in positive manner. The Company views that the agriculture sector will still face insufficient water supply and the farmers weak purchase power in the 4th quarter. Therefore, the management of the Company shall be careful to prevent any risks, and watch the situation closely to adjust the business plan in order to achieve its best performance.
