



บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED

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Subject Clarification of the 3rd quarter performance of the year 2016

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 3rd quarter of 2016 showed Profit Attributable to Owners of the parent at the amount of THB 1,041 million, increasing by THB 468 million or 82% when compared with Profit Attributable to Owners of the parent of the corresponding period of last year which showed THB 573 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. Kyosuke Sasaki)

President & CEO

Management Discussion and Analysis (MD&A)

Business Overview

The Company would like to report the operational result of the Consolidated Financial Statement for the 3rd quarter of 2016 during July 1, 2016 to September 30, 2016. Profit Attributable to Owner of the parent was THB 1,041 Million, and Earnings per Share was THB 1.78 at the 3rd quarter of 2016. Profit Attributable to Owner of the parent increased by THB 468 Million or 82% compared to the 3rd quarter of 2015, which showed Profit Attributable to Owner of the parent at THB 573 Million and Earnings per Share at THB 0.98.

Thailand economy kept slow pace of recovery in the 3rd quarter of 2016 as global economic outlook remains poor. Private consumption was still weak and recovery of export did not contribute enough to push GDP growth rate up, which was mainly driven by continuing the government spending. It is estimated that the 3rd quarter GDP has grown 3.5%, same as in the 2nd quarter.

In agriculture sector, regular seasonal rainfall continued in the 3rd quarter in whole part of the country and farmland had sufficient water to cultivate main season crops. The government support measures such as village funds and soft loans helped farmers rebuild cash-flow which had been heavily damaged by severe drought in the last 2 years. In addition to these factors, soaring prices of the agricultural products in July and August encouraged farmers to cultivate main season crops in a wide area. Consequently demand of chemical fertilizer in the 3rd quarter increased significantly from the previous quarter, especially in the beginning of the quarter when major cultivation began.

Under these circumstances, the management kept flexibility to adjust its policy to meet the market requirements and to control expenditures to accommodate fluctuation risk of raw material prices and currency exchange rate. For expanding sales volume, the management looked at potential of export business to the neighboring countries.

In the 3rd quarter the Company opened its branch office in Yangon, Myanmar and was also preparing to establish its subsidiary there. So far the Company exports the products from Thailand to Myanmar, which is generating quite high profit, and plans to expand the business

through transaction to be conducted by its newly established subsidiary in Yangon. This is in line with the company's strategy for sustainable growth.

Results of Operations and Profits

Note to Statement of Profit or Loss and other comprehensive Income (Consolidated)

| Unit : Thousand Baht | The 3rd Quarter Jul- Sep (3 months) | | Change |
|--|--|------------------|-----------|
| | 2015 | 2016 | % |
| Revenues from Sales and Services | 4,577,409 | 4,954,319 | 8 |
| Cost of Goods Sold and Rendering of Services | (3,707,111) | (3,479,047) | (6) |
| Gross Profit | 870,298 | 1,475,272 | 70 |
| Other Income | 80,063 | 35,954 | (55) |
| Profit Before Expense | 950,361 | 1,511,226 | 59 |
| Selling and Administration Expenses | (226,309) | (206,629) | (9) |
| Profit Before Financial Cost and Tax | 724,052 | 1,304,597 | 80 |
| Financial Cost | (3,567) | (1,885) | (47) |
| Share of Profit from Investment in an Associate | 85 | 63 | (26) |
| Profit Before Income Tax | 720,570 | 1,302,775 | 81 |
| Income Tax | (145,585) | (258,691) | 78 |
| Total Comprehensive Income for the period | 574,985 | 1,044,084 | 82 |
| Total Comprehensive Income Attributable to Owners of the parent | 572,534 | 1,040,726 | 82 |

Revenues from Sales and Service of the Company in the 3rd quarter of 2016 showed THB 4,954 Million which increasing by 8% compared with THB 4,577 Million of the same quarter of 2015. The revenues increase was due to high demand of fertilizer in Thailand and expanding export transactions to Myanmar and other countries. Especially, export transactions to Myanmar had quite high profit, which was one of factors of Gross Profit increasing by THB 605 Million or 70% compared with the same period of 2015.

In the meantime, Selling and Administration Expenses decreased by THB 20 Million or 9% because the Company had tried to manage and control only an effective advertising and promotion expenses during the peak season.

From all the reasons mentioned above, Total Comprehensive Income Attributable to Owners of the parent in the 3rd quarter of 2016 amounted of THB 1,041 Million, increasing by THB 468 Million or 82% compared with THB 573 Million of the same quarter of 2015.

Analysis of Liquidity and Capital Resources

Note to Statement of Financial Position (Consolidated)

| Description | September 30, 2015 | | September 30, 2016 | |
|---|--------------------|---------------------------|--------------------|---------------------------|
| | Thousand Baht | Percentage to Total Asset | Thousand Baht | Percentage to Total Asset |
| Current Assets | 7,803,781 | 77 | 8,672,782 | 77 |
| Non-current Assets | 2,369,003 | 23 | 2,630,475 | 23 |
| Total Asset | 10,172,784 | 100 | 11,303,257 | 100 |
| Current Liabilities | 1,714,837 | 17 | 1,819,215 | 16 |
| Non-current Liabilities | 277,229 | 3 | 274,381 | 2 |
| Shareholders' Equity | 8,180,718 | 80 | 9,209,661 | 82 |
| Total Liabilities and Shareholders' Equity | 10,172,784 | 100 | 11,303,257 | 100 |

As of the end of 3rd quarter of 2016, compared with the same period of 2015, Total Assets of the Company showed THB 11,303 Million increasing by THB 1,130 million or 11%.

Main items of assets were as follows,

| Description | September 30, 2015 | September 30, 2016 | Change |
|-----------------------------------|--------------------|--------------------|--------|
| | Thousand Baht | Thousand Baht | % |
| Cash and cash equivalents | 4,244,068 | 5,215,342 | 23 |
| Total trade and other receivables | 1,081,293 | 1,218,919 | 13 |
| Inventory | 2,342,750 | 2,070,204 | (12) |
| Asset | 10,172,784 | 11,303,257 | 11 |

As of the end of 3rd quarter of 2016 compared with the same period of 2015, Total Liabilities of the Company showed THB 2,094 increasing by THB 102 Million or 5%, and Shareholders' Equity of the Company showed THB 9,210 Million increasing by THB 1,029 Million or 13% compared with the same period of 2015.

Economic & Business Forecast 2016

Thailand's economy, with assistance from public spending and year-end high season of tourism, is expected to grow at a moderate rate in the next quarter. The global economic risks and the domestic demand are still the main concerns that could limit growth. In addition, the deep fall of agricultural prices, especially rice and maize, amid the harvesting season in October could essentially hamper farmers' purchasing power. In addition, the remaining water in the dams and the government supporting measures are still crucial factors to determine the off seasonal farming activity. The Company will keep monitoring these factors closely as they indicate the level of demand for chemical fertilizer in the 4th quarter.

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