



บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED

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Subject Clarification of the 1st quarter performance of the year 2017

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 2017 shows Profit Attributable to Owners of the parent at the amount of THB 319 million, increasing by THB 210 million or 193% when compared with Profit Attributable to Owners of the parent of the corresponding period of last year which showed THB 109 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 first quarter of year 2017 during January 1, 2017 to March 31, 2017. The first quarter of year 2017 showed Profit Attributable to Owners of the parent at THB 319 Million, and Earnings per Share at THB 0.55. It increased by THB 210 Million or 193% compared to the first quarter of year 2016, which showed Profit Attributable to Owners of the parent at THB 109 Million and Earnings per Share at THB 0.19.

Thailand's economy was gradually recovering from economic slowdown with growth of 3% - 4%. In agriculture sector, the level of rainfall and water supply from irrigation systems recovered back to normal situation from drought in early 2016. This factor increased cultivation area and fertilizer consumption in the first quarter of year 2017. On the other hand, the raw material prices of fertilizer were going up higher than last year.

Finally, the Company achieved higher sales in the first quarter of year 2017 than the same period of last year. In addition the Company managed to control production cost under the situation that raw material prices of fertilizers were going up. As a result, Profit Attributable to Owners of the parent of the 1st quarter of 2017 increased from the same quarter of year 2016 by THB 210 Million or 193%.

Results of Operations and Profits

Unit : Thousand Baht	Year		Change
	2016	2017	%
Revenues from sales and services	1,603,287	2,008,227	25.3
Cost of Goods Sold and services	(1,358,461)	(1,500,320)	10.4
Gross Profit	244,826	507,907	107.5
Other Income	16,698	40,903	145.0
Profit Before Expense	261,524	548,810	109.9
Selling and Administration Expenses	(118,666)	(145,716)	22.8
Profit Before Financial Cost and Tax	142,858	403,094	182.2
Financial Cost	(1,633)	(784)	(52.0)
Share of profit from investment in an associate	74	74	0.0
Profit Before Income Tax	141,299	402,384	184.8
Income Tax Expense	(29,387)	(79,980)	172.2
Profit for the year	111,912	322,404	188.1
Profit Attributable to Owners of the parent	108,796	318,725	193.0
Total Comprehensive Income Attributable to Owners of the parent	108,796	304,940	180.3

As comparing Profit Attributable to Owners of the parent of the first quarter 2017 and the first quarter 2016, it increased by THB 210 million or 193%.

An Increase of Total Comprehensive Income was mostly caused by an increasing of goods delivery which in line with chemical fertilizer demands (as explained in Business Overview).

Other income increased 145% from Gain on sale of investment properties and Interest income. While Selling and Administration Expenses increased 23%, the main reason were start of Yangon branch operations and loss on foreign exchange.

Analysis of Liquidity and Capital Resources

Note to Statement of Financial Position

Description	March 31, 2016		March 31, 2017	
	Thousand Baht	Percentage to Total Assets	Thousand Baht	Percentage to Total Assets
Current Assets	7,558,451	75	9,863,582	79
Non-current Assets	2,568,285	25	2,567,514	21
Total Assets	10,126,736	100	12,431,096	100
Current Liabilities	2,313,067	23	3,994,331	32
Non-current Liabilities	272,823	3	263,243	2
Shareholders' Equity	7,540,846	74	8,173,522	66
Total Liabilities and Shareholders' Equity	10,126,736	100	12,431,096	100

Total Assets was THB 12,431 million, increasing of THB 2,304 million or 23% as comparing with March 2016. The main reasons of increase of Total Assets were increase of cash and cash equivalents and trade and other receivables as a result of increase of sales volume.

Main details of assets were as follows,

Description	March 31, 2016	March 31, 2017	Change
	Thousand Baht	Thousand Baht	%
Cash and cash equivalents	4,163,394	5,609,776	34.7
Trade and other receivables	744,891	1,045,269	40.3
Inventories	2,482,060	2,642,923	6.5
Assets	10,126,736	12,431,096	22.8

Total Liabilities were THB 4,258 million in March 2017. It increased by THB 1,672 million or 65% from March 2016 due to reserved Dividend payable mainly. The Shareholders' Equity was THB 8,174 million. It increased by THB 633 Million or 8% from March 2016.

Economic & Business Forecast 2016

Agricultural production tends to increase in 2017 due to higher water level of major dams. As the government plans to support farmers in 2017 through financial system, price management, and improvement of agricultural productivity, the Company foresees that overall consumption of chemical fertilizers in this year would increase. However, farmers' purchasing power and fertilizer raw material prices are two concerns that need to be monitored throughout the year.

The Company will make best endeavor to achieve highest performance in this challenging environment by watching market needs carefully and running the operation in most efficient manner.

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