

THAI PLASTIC AND CHEMICALS PUBLIC COMPANY LIMITED
Management Discussion and Analysis
Quarter 3/2013

(Unreviewed Consolidated Financial Statements)

Business Overview

Thai Plastic and Chemicals Public Company Limited (TPC) and its subsidiaries reported Q3'13 net profit at 910 million Baht, decreased by 161 million Baht compared to the same period of last year.

Price Situation and Sales Volume

PVC prices in Q3'13 were higher compared with Q3'12 due to increased PVC demand in this region. Therefore, PVC price in Q3'13 was at US\$ 1,018/MT which decreased by US\$ 101/MT compared with the same period of the prior year.

The average price of ethylene in Q3'13 was at US\$ 1,322/MT which increased by US\$ 122/MT compared with the same quarter of last year. The EDC price increased to US\$ 339/MT from US\$ 216/MT of the same period of the previous year.

From the changes of PVC and raw material prices above, the PVC – Ethylene gap was at US\$ -305/MT which decreased by US\$ 21/MT and the PVC – EDC gap was at US\$ 679/MT, decreased by US\$ 22/MT compared with the same period of last year.

The domestic sales volume in Q3'13 was nearly the same as Q3'12. Overseas sales volume in Q3'13 increased 20% compared with the same period of the previous year, resulting from stronger demand from South-East Asia region. Because the producer in China reduced their operation rate from higher production cost.

Consolidated Operating Results of Q3/2013 (Unreviewed Consolidated Financial Statements)

TPC and its subsidiaries reported sales and services income at 8,104 million Baht which increased by 7% from the same period of last year, mainly from the increase in sales volume.

The proportions of sales were 70% from PVC businesses, 28% from downstream businesses and 2% from other revenue, respectively. The 82% of total revenue from sales and services came from sales of companies in Thailand and the 18% came from sales of oversea subsidiaries.

TPC and its subsidiaries' net profit of Q3'13 was at 910 million Baht which decreased by 161 million Baht or 15 % due to lower operating profit which resulting from decreased gap between selling price and main raw material price.

For nine-month operating results, TPC and its subsidiaries reported the revenue from sales and services at 23,980 million Baht which increased by 5% from the same period of last year, while consolidated net profit was at 2,041 million Baht which decreased by 18% from the same period of last year due to the lower gap between selling price and main raw materials price

As of September 30, 2013, TPC and its subsidiaries held a Debt to Equity Ratio at 0.50, increased from 0.42 at the end of last year, mainly from the increase of accounts payable.

Clarification of the Effect of Changes in Accounting Standard

From the beginning of January 1, 2013, the Company has adopted TAS 12 : Deferred Income Tax, which have been issued by the Federation of Accounting Professions (“FAP”). The effects of the change which be recognized retrospectively in the 2012 financial statements are mainly as follows :

	Unit: Million Baht			
	<u>Retrospective Adjustment</u>			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>Before</u>	<u>After</u>	<u>Before</u>	<u>After</u>
<u>Statements of Financial Position as at December 31, 2012</u>				
Total Assets	22,465	22,543	16,276	16,276
Total Liabilities	6,349	6,704	3,738	4,091
Retained Earnings	10,668	10,502	7,135	6,893
Total Shareholders' equity	16,116	15,839	12,538	12,185
<u>Statement of Income for the three-month period, nine-month period ended September 30, 2012</u>				
Net Profit for the three-month period	1,072	1,071	891	901
Net Profit for the nine-month period	2,508	2,502	2,012	2,035

Nonetheless, this is merely a change in new issuance of Thai Financial Reporting Standards, not a change in any fundamental factors affecting our business.

TPC
October 29, 2013