TK.085/2556 August 14, 2013

Subject: Notification of the second quarter 2013 operation result decrease 38.7%

Att: President,
The Stock Exchange of Thailand

Operation result for the second quarter for Thitikorn Plc. (TK) and subsidiaries: Net profit was 105.9 Mb. decreased 38.7% compare to the same quarter previous year of 172.9 Mb. The main reasons are as follow:

1. Total revenue in the second quarter 2013 was 952.5 Mb increase by 73.7 Mb. or 8.4% increased compare to the same quarter previous year of 878.8 Mb. from continuously expansion of account receivables. Hire-purchase income was 739.6 Mb. increase by 88.8 Mb. or 13.6% increased compare to the same quarter previous year of 650.8 Mb. However, Hire-purchase income decrease by 2.3 Mb. or 0.3% compared to the first quarter 2013 even though account receivable continue to expand in the highly competitive market but the slowdown in consumers spending which caused some problem with monthly installment collection. Thai economy slowdown drastically during the second quarter. Other income was 212.9 Mb. decrease by 15.1 Mb. or 6.6% compare to the same quarter previous year of 228.0 Mb.

2. Total expenses in the second quarter 2013 was 846.6 Mb. increase by 140.7 Mb. or 19.9% increased compare to the same quarter previous year of 705.9 Mb. SG&A was 537.6 Mb. increase by 107.3 Mb. or 24.9% increased compare to the same quarter of previous year of 430.3 Mb. However, the Company managed to mitigate interest rate risk by funding over 75.0% of its total loan with fixed rate and averaging funding cost of less than 4.0%. An increased in total expenses are as follow:

    2.1 Continuously expansion of total net portfolio of the Company currently stood at 9,150.9 Mb. or 3.2% increased compare to the first quarter of 2013 of 8,868.9 Mb. or 5.8% increased compared to the end of 2012. An increased in marketing and commission expenses due to highly competitive market conditions together with the Company conservative accounting policy to expenses any marketing and commission expense right the way while others operators amortized over the life of the contract. In this quarter, the Company open 3 new branches and 4 new branches from the beginning of the year. Currently, the Company nationwide branches network stood at 87 branches.

2.2 Bad debt and provision for doubtful account in the second quarter 2013 was 268.4 Mb. increase by 36.2 Mb. or 15.6% increased compare to the same quarter previous year of 232.2 Mb. due to slowdown in consumers spending and lower purchasing power. The Company expected some group of customers having a high chance in term of payback ability, the Company decides to preempt and accelerate the increase in provision and write off on some group of customers faster than what required from the Company stringent and conservative provision policy. The Company also accelerated selling of older models of repossess motorcycle s since last year major manufactures launched a record number over 20 of new motorcycle models caused over models to declined in popularity and resell values.

During the first half of 2013, the Company continued its business expansion but due drastically economic slowdown in the second quarter the Company decided to accelerate the increase in provision, write off and selling of older models repossess motorcycles which has some negative impact to the Company operation in the short term. However, the Company is confidence that it will be beneficial to its operation in the medium and longer terms.

Please be informed accordingly,

Yours faithfully,

Prathama Phornprapha
Managing Director