TK.081/2557 November 11, 2014

Subject: Notification of the third quarter 2014 operation result decrease by 38.6%

Att: President,
The Stock Exchange of Thailand

Operation result for the third quarter 2014 for Thitikorn Plc. (TK) and subsidiaries: Net profit was 42.2 Mb., decreased 38.6% from 68.7 Mb. compared to the same period of the previous year. The main reasons are as follow:

1. Total revenue in the third quarter 2014 was 922.5 Mb., decreased 6.8% from 989.9 Mb. compared to the same period of the previous year due to economic slowdown together with low season effects during the rainy season which reduce new loan origination as well as continuously decline in export sectors and domestic consumption. The economic negative factors had both direct and indirect affects to the Company business operation. Motorcycle sales in the third quarter 2014 was 447,131 units, decreased 9.6% from 494,460 units compared to the same period of the previous year. Monthly motorcycle sales had declined 17 months consecutively.

2. Total expenses in the third quarter 2014 were 880.3 Mb., decreased 4.4% from 921.2 Mb. compared to same period of the previous year. SG&A was 510.3 Mb., decreased 8.2% from 556.1 Mb. compared to same period of the previous year. A decrease in total expenses are as follow:

   2.1 Due to highly competitive market conditions, especially when some competitors still maintain a very aggressive marketing strategy over the past three years; together with economic slowdown in the last six quarters which caused company collection expenses to remain high. The Company has tighten its terms and conditions for loan approval and reduce the number of new hire-purchase contract approved due to declining in motorcycle sales which reduce the Company commission and marketing expenses accordingly.

   2.2 Thai economy started slowdown toward the end of second quarter of last year due to declining export sectors and agriculture products. Several groups of customer ability to service their monthly installment had been in decline, the Company continued its policy to accelerated write-off and sales older motorcycle models in second quarter of last year as well as increase its collection effort. Bad debt and provisions for doubtful accounts in the third quarter 2014 was 291.6 Mb., decreased 4.7% from 306.0 Mb. compared to the same period of the previous year. Allowance for doubtful accounts in the third quarter 2014 was 529.5 Mb., decreased 16.1% from 630.8 Mb. compared to the previous quarter.

The Company net hire-purchase receivables outstanding in the third quarter was 8,195.6 Mb., decreased 4.7% from 8,596.8 Mb. compared to the previous quarter. The Company total asset was 9,252.8 Mb., decreased 4.9% from 9,726.3 Mb., while total liabilities was 5,336.4 Mb., decreased 8.8% from 5,852.0 Mb. compared to the previous quarter.

The Company operation result for the third quarter 2014 is improving due to the Company continuously tightened its terms and conditions for loan approval. The Company net profit was 42.2 Mb., increased 1,040.5% from 3.7 Mb. compared to the previous quarter.

Please be informed accordingly,

Yours faithfully,

Prathama Phornprapha
Managing Director