

Subject: Notification of the annual 2014 operation result decrease by 54.4%
Att: President,
The Stock Exchange of Thailand

Operation result for the annual 2014 for Thitikorn Plc. (TK) and subsidiaries: Net profit was 195.6 Mb., decreased 54.4% from 428.7 Mb. compared to the same period of the previous year. The main reasons are as follow:

1. Total revenue for the annual 2014 was 3,679.1 Mb., decreased 5.3% from 3,883.5 Mb. compared to the same period of the previous year due to economic slowdown which reduce new loan origination as well as continuously decline in export sector, tourist sector, hospitality sector and domestic consumption. The economic negative factors had both direct and indirect affects to the Company business operation. Motorcycle sales for the annual 2014 was 1,699,218 units, decreased 15.2% from 2,004,000 units compared to the same period of the previous year. Monthly motorcycle sales had declined 19 months consecutively.
2. Total expenses for the annual 2014 were 3,483.9 Mb., increased 0.8% from 3,454.8 Mb. compared to same period of the previous year. SG&A was 1,9393.7 Mb., decreased 3.9% from 2,018.4 Mb. compared to same period of the previous year. An increase 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 during the past three years; together with economic slowdown in the last seven 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 2013 to the end of fourth quarter of 2014 due to declining in export sectors for 2 consecutive years and soft agriculture price. Several groups of customer ability to service their monthly installment had been in decline, the Company continued its policy to accelerated write-off as well as increase its collection effort. Bad debt and provisions for doubtful accounts for the annual 2014 was 1,279.9 Mb., increased 63.% from 1,203.9 Mb. compared to the same period of the previous year.

2.3 In 2014, the Company continued to accelerate selling its older models of its repossessed motorcycles from last year. The net asset foreclosed at the end of 2014 was 190.2 Mb., decreased 39.6% from 314.9 Mb. compared to the same period of the previous year.

The Company net hire-purchase receivables outstanding at the end of 2014 was 7,767.8 Mb., decreased 14.3% from 9,058.8 Mb. compared to the previous year. The Company total asset was 8,767.2 Mb., decreased 14.6% from 10,267.4 Mb., while total liabilities was 4,764.6 Mb., decreased 23.8% from 6,253.5 Mb. compared to the previous year.

The Company operation result for the annual 2014 has improved during the fourth quarter of 2014 due to its policy to continue tightened its terms and conditions for loan approval for 7 consecutive quarter. The Company net profit for the fourth quarter was 77.7 Mb., increased 84.1% from 42.2 Mb. compared to the previous quarter.

Please be informed accordingly,

Yours faithfully,

Prathama Phornprapha
Managing Director