

Subject: Notification of the Third quarter 2016 operation result increase by 74.6%
(or decrease of 24.1% excluded a non-recurring expense item of Loss on Impairment of goodwill
compared to the same quarter last year)

Att: President,
The Stock Exchange of Thailand

Operation result for the Third quarter of 2016 for Thitikorn Plc. (TK) and subsidiaries: Net profit was 112.4 Mb. increasing by 74.6% from 64.4 Mb. compared to the same quarter last year. However, there was a non-recurring expense item Loss on Impairment of goodwill from a subsidiary company in the Third quarter 2015 at 83.6 Mb. If excluded this expense item, net profit for Third quarter 2015 was 148.0 Mb. compared to net profit of the Third quarter 2016 at 112.4 Mb., a decrease of 24.1%.

Due to decline of export sector for 4 consecutive years, severe drought and declined in agricultural products prices resulted in slowdown of domestic consumption. Motorcycle sales for the first 9 months of 2016 was 1,350,105 units, increased 4.4% from 2015 sales of 1,293,465 units, while total sales of automobile for the first 9 months of 2016 was 556,525 units, increased 0.49% from 2015 sales of 553,832 units. These two market segments gradually recovered. The uncertain economic factors directly and indirectly affected company as followings:

1. **Total revenue** of the Third quarter 2016 was 852.4 Mb, decreased 0.7% from 858.0 Mb. compared to the same quarter last year, due to:

1.1 **Total revenue from hire-purchase** for the Third quarter 2016 amounted to 634.5 Mb, a decrease of 0.3% from the Third quarter 2015 at 636.2 Mb. due to:

- **Motorcycle hire-purchase revenue** was 624.3 Mb. decreasing by 0.2 % from 625.4 Mb. for the Third quarter 2016. The motorcycle hire-purchase business shows positive trend, compared to the Second quarter 2015 for revenue at 603.5 Mb, an increasing of 5.1%. The number of new approved motorcycle hire-purchase contract continued to increase since the Fourth quarter 2015 resulted to higher revenue of motorcycle hire-purchase business.
- **Automobile hire-purchase revenue** for the Third quarter 2016 was 10.2 Mb., a decrease of 5.6% from 10.8 Mb. compared to the same quarter last year.

1.2 **Other incomes** for the Third quarter 2016 were 202.0 Mb., a decrease of 6.3% from 215.5 Mb. compared to the same quarter last year. The Company's hire-purchase receivable quality continued to improve, also income from write back and late charges fees declined compared to the same period of

previous year. The company has tightened its terms and conditions of loan approval for 14 consecutive quarters which affected to lower in Other Income due to asset quality improvement.

2. **Total expense** for the Third quarter 2016 was 739.9 Mb., a decrease of 6.8% from 793.7 Mb., for the same period last year, excluding a non-recurring expense item and Loss on Impairment of goodwill from a subsidiary company, total expense for the Third quarter 2016 was 739.9 Mb., an increase of 4.2% from 710.1 Mb. compared to the Third quarter 2015. SG&A for the Third quarter 2016 amounted to 520.4 Mb., an increase of 14.4% from 455.0 Mb., compared to the Third quarter 2015 due to the followings:

2.1 Intense market competition and continual economic slowdown, however at the end of 2015 Thai motorcycle sales was recovered. The Company had prepared for its business expansion and enabled to expand motorcycle hire-purchase receivable by 8.6%, which was 2 times of the total motorcycle market growth of 4.4%, TK marketing expenses also increase from increase in underwriting new contract together with our conservative accounting policy that book all marketing expenses when underwrite new contract.

2.2 Thai economy continues to recover since the Fourth quarter 2015 onward. However, export sector declined for the fourth consecutive years together with the decline in agricultural prices that negatively affected some group of customers' monthly installment payment ability. Hence, the Company policy was to accelerated write-off in some sensitive group of customers which caused an increased in write off expense for this quarter.

2.3 The company had a long term policy to support expansion of its hire-purchase business both domestic and regional market which led to an increase of employment as well as an increase in personnel expenses.

The company's net hire-purchase receivables outstanding at the end of the Third quarter 2016 amounted of 7,616.5 Mb., an increase of 5.1% from 7,252.3 Mb. compared to the same quarter last year. The company's total asset was 8,503.1 Mb., an increase of 2.7% from 8,283.7 Mb., while total liabilities was 4,054.1 Mb., an increase of 2.4% from 3,962.4 Mb. compared to the same quarter last year.

The company operation result continues to improve since last quarter of 2015, due to its policy to continue tightened its terms and conditions for loan approval and hire-purchase receivable quality control policy of the company.

Please be informed accordingly,

Yours faithfully,

Prathama Phornprapha
Managing Director