

May 9, 2014

Subject Explanation of the Operating Result of Quarter 1/2014

To : The President

The Stock Exchange of Thailand

Aira Factoring Public Company Limited would like to submit herewith the audited financial statement for the Quarter 1/2014 ended March 31, 2014 verified by certified public accountant and also clarify the significant change of the operating result as follows :-

(Unit : Million)

Revenue	As of 31 March		Increase (decrease)	
	2014	2013	Amount	%
1. Total Income	43.94	49.77	(5.83)	(11.71)
2. Finance Cost	13.58	14.13	(0.55)	(3.87)
3. Administrative Expenses	23.73	15.03	8.70	36.66
4. Profit before income tax expense	6.63	20.61	(13.98)	(67.83)
5. Net Profit	4.47	17.07	(12.60)	(73.81)
6. Earning Per Share (Baht)	0.11	0.43	(0.32)	(74.41)

Revenue

The company has the total operating income for the Quarter 1/2014 in the total amount of Baht 43.94 million, a decrease of Baht 5.83 million or 11.71% when compared to the same period of last year. This factor of decrease results from the decline in factoring volume due to the economy deceleration and uncertain political situation affected directly toward entrepreneur which are company's client as well as the company policy that determine to be the quality year so that company increase focus on the quality control of customer.

Cost of service and sales

The company has interest expenses for the Quarter 1/2014 in the total amount of Baht 13.58 million, a decrease of Baht 0.55 million or 3.87% as compared to the same period last year. The factor of decrease of interest expense is due to the decline in factoring volume so that the company also reduces the requirement of fund borrowing.

Administration Expense

The company has administration expenses for the Quarter 1/2014 in the total amount of Baht 23.73 million, an increase of Baht 8.70 million or 36.66% as compared to the same period last year. This increase results from the increase of number of company staff, office rental fee as well as the depreciation of fix asset because of the relocation of the head office to support business expansion in long term in the total amount of Baht 1.71 million.

The doubtful debt allowance increases in total amount of Baht 3.92 million. The increase results from the adjustment of doubtful debt allowance policy which is separated onto the General debt allowance in total of Baht 1.82 million and the specific allowance in total of Baht 2.16 million, when compared to the same periods of previous year that the company had received reversed doubtful debt allowance in total amount of Baht 3.01 million.

In conclusion, the company gains the net profit for the Quarter 1/2014 in total amount of Baht 4.47 million, a decrease of Baht 12.60 million or 73.81% as compared to the net profit of previous year.

Pleased be informed accordingly.

Sincerely yours,

(Mr.Wiwat Kongkasai)

Chief Executive Officer