

August 14, 2014

Subject: Explanation of the Operating Result of Quarter 2/2014 (Revise)

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 2/2014 ended June 30, 2014 verified by certified public accountant and also clarify the significant change of the operating result as follows :-

(Unit: Million)

Revenue	As of 30 June		Increase (decrease)	
	2014	2013	Amount	%
1. Total Income	45.67	57.35	(11.68)	(20.36)
2. Finance Cost	13.53	18.52	(4.99)	(26.94)
3. Administrative Expenses	40.35	16.21	24.14	148.92
4. Profit before income tax expense	(8.22)	22.62	(30.84)	(136.34)
5. Net Profit	(10.76)	18.50	(29.26)	(158.16)
6. Earning Per Share (Baht)	(0.27)	0.46	(0.73)	(158.69)

Revenue

The company has the total operating income for the Quarter 2/2014 in the total amount of Baht 45.67 million, a decrease of Baht 11.68 million or 20.36% when compared to the same period of last year. The factor of decrease in the total income of Quarter 2/2014 is due to the decline in factoring volume resulted from the economy deceleration and uncertain political situation affected to the purchase power of customer as well as the company policy that determine to be the quality year so that company focus conscientiously on controlling quality of our client and customer.

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 2/2014 in the total amount of Baht 13.53 million, a decrease of Baht 4.99 million or 26.94% 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 2/2014 in the total amount of Baht 40.35 million, an increase of Baht 24.14 million or 148.92% as compared to the same period last year. This increase results from the increase of number of company staff in the total amount of Baht 0.93 million.

The doubtful debt allowance increases in total amount of Baht 20.72 million, an increase of Baht 22.84 million as compared to the same period last year. The increase results from the adjustment of doubtful debt allowance policy. However, in case of the Company manages to collect doubtful debt in the future, the Company shall reverse such debt as revenues at the date of debt settlement.

In conclusion, the company has net loss income for the Quarter 2/2014 in total amount of Baht 10.76 million, a decrease of Baht 29.26 million as compared to the same period of previous year that the Company had net profit of Baht 18.50 million.

Pleased be informed accordingly.

Sincerely yours,

(Mr. Kanokkit Navasiri)

Managing Director