

February 27, 2015

Subject Explanation and Management's Analysis on the Operating Result of Year 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 year 2014 ended December 31, 2014 verified by certified public accountant and also clarify the substance of operating result as follows :-

(Unit : Million)

Revenue	As of 31 December		Increase (decrease)	
	2014	2013	Amount	%
1. Total Income	185.89	214.43	(28.54)	(13.31)
2. Finance Cost	53.03	65.66	(12.63)	(19.23)
3. Administrative Expenses	94.96	68.37	26.59	38.89
4. Profit before income tax expense	37.90	80.40	(42.50)	(52.86)
5. Net Profit	24.90	64.73	(39.83)	(61.53)
6. Earning Per Share (Baht)	0.62	1.62	(1.00)	(61.73)

Revenue

The company has the total operating income for the year ended 2014 in the total amount of Baht 185.89 million, a decrease of Baht 28.54 million or 13.31% when compared to the same period of last year. The factor of decrease in the total income for the year ended 2014 compare to the previous year is due to the decline in factoring volume resulted from several factors, especially the economy deceleration that was effected from the uncertain situation still influence the purchasing power of customer as well as the company policy to be the quality year in terms of client screening system so that company increase focus on the quality control of customer.

Cost of service and sales

The company has interest expenses for the year ended 2014 in the total amount of Baht 53.03 million, a decrease of Baht 12.63 million or 19.23% as compared to the same period of last year. The factor of decrease of interest expense is due to the decline in factoring volume resulting to the company reduces of loan from financial institution. Besides, the company has borrowed fund from the subsidiary company which has lower cost of interest and subsidiary.

Administration Expense

The company has administration expenses for the year ended 2014 in the total amount of Baht 94.96 million, an increase of Baht 26.59 million or 38.89% as compared to the same period of last year. The key reason of increase is due to:

The doubtful debt allowance and bad debt increases in total amount of Baht 27.86 million. The increase results from the adjustment of doubtful debt allowance policy which is separated into the General debt allowance in total of Baht 2.61 million, the specific allowance in total of Baht 21.51 million and bad debt in total of Baht 3.74 million, when compared to the same quarter of last year the company had received reversed doubtful debt allowance in total amount of Baht 2.60 million as other administration decreases.

In conclusion, the company gains the net profit for the year ended 2014 in total amount of Baht 24.90 million, a decrease of Baht 39.83 million or 61.53% as compared to the same period of last year.

Pleased be informed accordingly.

Sincerely yours,

(Mr. Kanokkit Navasiri)

Managing Director and Acting Chief Executive Officer