



10 August 2016

LIT 2016/022

Topic Operating Result for the second quarter of the year 2016

To The President of the Stock Exchange of Thailand

According to the meeting organized by the Board of Directors of Lease IT Public Company Limited No.9/2016, on 10th August 2016, the financial statements and overall operations of the Company in the second quarter of the year 2016; ended on 30th June 2016 which has been reviewed by the auditors of EY office Company, were approved by the Boards. The explanations of significant operating result in accordance with the implementation of five main strategies are as followings.

Strategy 1: To push Factoring product. This strategy focuses on expanding its market share for Factoring by expanding new customer base. In order to increase opportunities to boost the volume of financing amount which will affect the increasing of revenue on a low risk and encourage the customer to use middlestream and upstream product for future growth.

This quarter, the total revenues from Factoring product was 30.73 million baht, increased by 92 percent, compared with Q2:2015.

Strategy 2: To push Bid Bond product. Since the public sector's procurement system has developed the e-Bidding auction at the end of the year 2015, this gave more opportunity to our SME customers to join the auction. Therefore, this year the company has strategy to boost up revenue from Bid Bond product. Because if our customers win more auction, there are more chances for the company to encourage those customers to use other products to support their future projects.

This quarter, the total revenues from Bid Bond product was 2.84 million baht, increased by 57 percent, compared with Q2:2015.

Strategy 3: To maintain product contribution of Project Backup Finance and Trade Finance. Since the economic situation remains unfavorable for growth, the company focuses on risk management especially for high risk products. Consequently, the company maintains product contribution of Project Backup Finance and Trade Finance at 30% of total revenue.

Lease IT Public Company Limited

900/17 Rama III Road, Bangpongpan, Yannawa, Bangkok 10120 Thailand
Tel. +66 2686 3200-4 Fax. +66 2686 3228

บริษัท ลีซ อิท จำกัด (มหาชน)

900/17 ถนนราชดำเนิน 3 แขวงบางโพงพาง เขตยานนาวา กรุงเทพฯ 10120
โทรศัพท์ 0 2686 3200-4 โทรสาร 0 2686 3228 www.leaseit.co.th



This quarter, the total revenues from Project Backup Finance and Trade Finance was 22.84 million which accounted to 33.48% of total revenue.

Strategy 4: Target to reserve the provision of bad debt to 2.5 percent of outstanding account receivables net of collateral. For this quarter, the company has reserved a total amount of 36.11 million baht (represent 2.77 percent of outstanding account receivables). This provision, in the second quarter, amounted to 3.79 million baht, to be align with the changing of policy of presenting aging of Leasing & Hire Purchase account receivable from presenting just only receivables payment overdue by installments to presenting the whole contract of accounts receivable payment overdue. This is the company's intention to uplift the company's standard of aging classification. In consequence, the company has to add provisions to be in line with the provisions policy on aging classification. However, the company believes that there will be no problems in debtor's payment because most debtors are of public sector, which usually delays payment.

Strategy 5: Policy to pay a cash dividend of not less than 50 percent of the net profit. The company paid a cash dividend for the year ending 31 December 2015 to shareholder at 0.18 baht per share, represented to 53.79 percent, on 25 April 2016.

The successful implementation of the strategy of the Company resulted to the continuous growth as the followings.

Revenues : The total revenues of the company in Quarter 2:2016 was 68.22 million baht, compared with last year which was 45.95 million baht; increasing by 22.27 million baht which increased by 48.47 percent. The main reason was the growth of short-term credit products from the strategies aboved.

Expenses: The total expenses of the company in Quarter 2:2016 was 26.22 million baht, comparing with 18.25 million baht last year; increasing by 7.97 million or 43.67 percent. The expenses can be analyzed as follows:

- **Cost of sales** increased by 2.81 million baht, 12.64% of the increase of revenue, mainly due to the increasing of the financial amount, the marketing officer head count and incentive.

- **Administration Expense (Excluding allowance for doubtful accounts)** increased by 3.78 million baht, representing 16.99% of the revenue due to the increasing of relevant tax expenses and increasing of operation head count.

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- The financial expenses of the company in Quarter 2:2016 was 10.28 million baht or 15.06% of total revenues, comparing with 6.19 million baht of the last year or 13.47% of revenue.

Net Profit : The company outcome in the second quarter 2016 is 25.10 million baht (net profit), comparing with last year net profit of 17.00 million baht; representing 47.68 percent increase.

Total Assets: Total assets at the end of Quarter 2:2016 is 1,349 million baht, increased by 177 million baht, compared with the end of Year 2015 which has total assets of 1,172 million baht due to the increase in accounts receivable.

Submitted for your kind acknowledgement.

Best regards,


บริษัท ลีซ อีท จำกัด (มหาชน)
Lease IT Public Company Limited
(Mr. Sompon Aketerajit)
Managing Director

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900/17 Rama III Road, Bangpongpan, Yannawa, Bangkok 10120 Thailand
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บริษัท ลีซ อีท จำกัด (มหาชน)

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