



13 May 2016

LIT 2016/018

Topic Operating Result for the first 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.5/2016, on 13th May 2016, the financial statements and overall operations of the Company in the first quarter of the year 2016; ended on 31st March 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 25.55 million baht, increased by 79 percent, compared with Q1:2015.

Strategy 2: To push Bid Bond product. The public sector procurement system developed the e-Bidding auction since the end of the year 2015, this gave the more opportunity to our SMEs customer to join the auction. Therefore, this year the company has the strategy to boost up the revenue from Bid Bond product. Because if our customers win the auction, there are more chance for the company to encourage those customers to use other products to support their project in the future.

This quarter, the total revenues from Bid Bond product was 4.08 million baht, increased by 114 percent, compared with Q1:2015.

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

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This quarter, the total revenues from Project Backup Finance and Trade Finance was 15.25 million which accounted to 27.05% 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 32.33 million baht (represent 2.85 percent of outstanding account receivables). This provision in the first quarter amounted to 2.63 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 in 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 agreed to pay 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 sustainable growth as the followings.

Revenues : The total revenues of the company in Quarter 1:2016 was 56.38 million baht, compared with last year which was 42.68 million baht; increasing by 13.70 million baht which increased by 32.10 percent. The main reason was the growth of short-term credit products from the above strategies.

Expenses: The total expenses of the company in Quarter 1:2016 was 22.45 million baht, comparing with 16.52 million baht last year; increasing by 5.93 million or 35.90 percent. The expenses can be analyzed as follows:

- **Cost of sales** increased by 1.08 million baht, 7.88% 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 4.06 million baht, representing 29.64% 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 1:2016 was 8.46 million baht or 15.01% of total revenues, comparing with 6.22 million baht of the last year or 14.57% of revenue.

Net Profit : The company outcome in the first quarter 2016 is 20.04 million baht (net profit) ,comparing with last year net profit of 15.67 million baht; representing 27.95 percent increase.

Total Assets: Total assets at the end of Quarter 1:2016 is 1,205 million baht, increased by 33 million baht, compared with the end of Quarter 1:2015 which has total assets of 1,172 million baht due to the increase in accounts receivable.

Submitted for your kind acknowledgement.

Best regards,



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