



Group Lease Expects Major Turnaround in 2H

SET-listed motorcycle leasing firm Group Lease Public Company Limited (GL) yesterday reported a sharp decline in Q2 profits, but the company's senior management has maintained that the worst is over and vastly-improved operations both in Thailand and Cambodia will likely result in a huge profit jump in the second half this year.

"We expect major improvement in our financial results starting in the third quarter because we will begin consolidating the operations of Tanaban (which was acquired by GL in June) while our operations in Cambodia will also begin making significant positive contributions," stated GL chairman and chief executive officer Mitsuji Konoshita.

GL's takeover of Tanaban's outstanding loans portfolio of 1.5 billion baht has boosted the company's total portfolio to more than 6.2 billion baht. At the same time, the strategic takeover has also opened up a new window of opportunity for GL to enter the more lucrative second-hand motorcycle-for-cash business. Adding that to the expected profits contribution from GL's subsidiary in Cambodia, GL Finance (GLF), the company has projected a massive jump in profits for the second half of this year.

"I reckon our all-year profits will top 300 million baht," Mr. Konoshita stated. The number may not match GL's record-high profit of 357.38 million baht posted in 2012 but will represent a huge improvement from the poor performance in the first half of this year.

In a filing with the Stock Exchange of Thailand (SET) yesterday (August 14, 2014), GL reported a consolidated net profit of 6.94 million baht in Q2, or a sharp decline of 92.36% from the same period last year. This was in large part attributed to a substantial 56.63% jump in the



provision for bad and doubtful debts from 86.36 million baht in the second quarter last year to 135.27 million baht in the same period this year.

GL executives explained that similar to the high provisions in the first quarter, the large provisions in the second quarter resulted from late payments by clients due to the prolonged political and economic problems gripping the country before the military takeover in late May which changed things for the better.

It was noted that the provisions for bad and doubtful debts were accounted mainly for the operations in Thailand while the portion accounted for the Cambodian operations was a tiny sum of just 2 million baht, which underscores the exceptionally good assets quality in the Cambodian portfolio.

GL's chairman and CEO Mr. Konoshita also noted that despite the political and economic bad times here in the second quarter, GL's leasing businesses have continued to expand with consolidated revenue from interest income growing 19.69% in Q2 to 363.64 million baht. "Our continuous business expansion even during bad times is the main basis for future profitability," Mr. Konoshita stated.

Ends.

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