



No. GL 4/2020

February 28<sup>th</sup>, 2020

Subject: Clarification for the operating result of the year 2019 (Audited)

Attention: The President  
The Stock Exchange of Thailand

Duplicate: The Secretary General  
The Securities and Exchange Commission

Group Lease Public Company Limited (“the Company or GL”) would like to clarify the operating result for the year 2019 for the consolidated and separate financial statements as follow:

### **Consolidated Financial Statements**

The Company reported reviewed operating results for the year 2019, with consolidated net loss of Baht 21.61 million, decrease of Baht 311.14 million from the net profit of Baht 289.54 million in 2018. The decrease in net profit was mainly from the litigation cost and the impairment losses on other investment.

1. GL’s consolidated hire purchase interest income was Baht 1,766.06 million, decreased by Baht 289.21 million or 14.07% compared to 2018. The breakdown of hire purchase interest income can be explained by:
  - GLF Finance Plc. (Cambodia) showed a decrease of Baht 153.99 million or 33%, resulting from the new conservative strategy to decrease portfolio in Cambodia by tightening our screening of potential customers to improve loan quality.
  - GL (Thailand) showed a decrease of Baht 101.04 million or 8%, resulting from the new conservative strategy to decrease portfolio and improve the quality of the portfolio.
  - GL Leasing (Lao) Ltd showed a decrease of Baht 31.24 million or 28%, resulting from the mix product between automotive/Honda.
  - PT Group lease Indonesia (GLFI) showed a decrease of Baht 7.37 million, mainly from the discontinuation of this joint operation due to current dispute with partner in Indonesia.
  - Thanaban Company Limited “TNB” (Thailand) showed an increase of 4.43 million or 4%.
2. Loan interest income was Baht 114.75 million, decreasing by Baht 45.84 million or 28.55%, resulting from the decrease in portfolio of TNB.
3. Microfinance interest income was Baht 179.22 million, increasing by Baht 20.01 million or 12.57%, compared to the same period last year.
  - BG Microfinance Myanmar Co.,Ltd. (BGMM) recorded Microfinance interest income of Baht 143.04 million this year, increasing Baht 15.04 million or 12%.



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- PT Group lease Indonesia (GLFI) recorded Microfinance interest income of Baht 35.99 million in this year, increasing Baht 4.79 million or 15%, mainly from the increasing in microfinance portfolio operated by GLFI without joint financing.
  - GL Leasing (Lao) Ltd recorded Microfinance interest income of Baht 0.18 million in this year.
4. Hire purchase service fee income was Baht 89.92 million, increased by Baht 3.90 million or 4.54%, mainly from increasing number of contracts. Hire purchase service fee income relates to operational leasing services provided by GL-AMMK (Myanmar subsidiary) in partnership with Century Finance (Myanmar financial institution).
  5. GL's consolidated other income increased by Baht 14.68 million or 4.36%, mainly resulting from an increase of Baht 15.53 million from other interest income and an increase of Baht 8.11 million from other income related to the activities of hire purchase.
  6. GL's consolidated service and administrative expenses totaled Baht 1,256.09 million, increasing by Baht 37.24 million or 3.06% when compared to 2018 mainly resulting from an increase of legal fees due to the ongoing litigation by Baht 103.90 million. However, there was a decrease of payroll and staff benefits by Baht 63.37 million and a decrease of other service and administrative expenses by Baht 3.29 million.
  7. GL's consolidated bad debts and doubtful accounts decreased compared to 2018 by Baht 132.06 million or 23.57%, mainly resulting of a decrease in portfolios size.
  8. There was a decrease in loss on disposal of foreclosed asset from Baht 329.16 million to Baht 286.83 million representing a decrease of Baht 42.33 million or 12.86%, which resulted from a lower repossession rate in Thailand.
  9. The Group has tested investment in PT Bank JTrust Indonesia Tbk. for impairment based on market price on 8th January 2020, the first day that shares were re-floated on the Indonesian Stock Exchange. The recoverable amount was determined to be lower than its carrying amount, hence, an impairment loss of Baht 135.49 million was recognised.
  10. Share of profit from a 29.99% ownership of Commercial Credit and Finance PLC "CCF" which is an associated company in Sri Lanka, was Baht 63.66 million, decreasing by Baht 47.27 million of 42.61% from Baht 110.94 million in 2018, mostly due to a slowing-down economy in Sri Lanka and the depreciation of the Sri Lankan Rupee.
  11. GL's consolidated finance cost was Baht 361.74 million, decreased by Baht 34.73 million or 8.76% from last year, resulting from the repayment of THB bond in Q3/2019.



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## **Separate Financial Statements**

Net profit of the year 2019 increased from Baht 238.41 million to Baht 262.12 million, representing increased by Baht 23.71 million or 9.94% compare to same period of last year, which are resulted from the major factors as follows:

1. The hire-purchase interest income decreased by Baht 101.04 million or 7.60% from Baht 1,330.32 million in 2018 to Baht 1,229.27 million this year, resulting from the new conservative strategy to decrease portfolio and improve the quality of the portfolio.
2. Other income increased from Baht 619.63 million to Baht 711.81 million, representing a increase by Baht 92.18 million or 14.88%, because of an increase in gain on exchange rate and management service fee income.

Other incomes were mainly composed of the interest income from loans to foreign subsidiaries of Baht 363.68 million, income related to the activities of hire purchase of Baht 129.57 million, management service fee income of Baht 102.00 million, gain on exchange of Baht 104.80 million, and other income of Baht 11.77 million.

3. Service and administrative expenses was Baht 689.72 million, increasing by Baht 93.21 million or 15.63% compare to same period last year. An increasing was mainly from legal fees due to the ongoing litigation of Baht 171.51 million, increasing by Baht 111.69 million from 2018. However, other service and administrative expenses decreased by Baht 18.48 million.
4. Bad debts and doubtful accounts were Baht 318.86 million, decreasing by Baht 47.36 million or 12.93% compare to 2018, resulting of a decrease in portfolios size in Thailand by 15% compare to 2018.
5. Loss on disposal of foreclosed assets was Baht 250.84 million, decreasing by Baht 20.98 million or 7.72%, which resulted from the repossessed units decreased by 9% from 2018.
6. Finance cost was Baht 354.34 million, decreased by Baht 34.10 million or 8.78% from last year, resulting from the repayment of THB bond in Q3 2019.

Please be informed accordingly.

Yours sincerely,

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(Mr. Tatsuya Konoshita)

Director