



บริษัท กรู๊ปลีส์ จำกัด (มหาชน)

GROUP LEASE PUBLIC COMPANY LIMITED

No. GL 42/2018

August 14th, 2018

Subject: Clarification for the operating result of Q2/2018 (Reviewed)

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 Q2/2018 as 30 June 2018 for the consolidated and separate financial statements as follow:

Consolidated Financial Statements

The Company reported reviewed operating results for the second quarter of 2018, with consolidated net profit of Baht 125.98 million, a 55.31% YoY decrease of Baht 155.91 million from the net profit of Q2/2017. The decrease in net profit was mainly the result of the lower interest on loan receivables, higher credit and administration expense despite an increase in microfinance interest income.

1. GL’s consolidated hire purchase interest income was Baht 524.57 million, decreasing slightly by Baht 1.32 million or 0.25%, mainly due to a decrease of Baht 48.60 million in GLF Finance Plc. (Cambodia) and a decrease of Baht 1.33 million in GL Leasing (Lao) Ltd.(Laos). This is the result of the new conservative strategy to decrease portfolio in Cambodia and Laos by tightening our screening of potential customers to improve loan quality. However, there was an increase of interest income from GL and Thanaban Company Limited “TNB”, which is our Thai subsidiary, as both showed an increase in hire purchase interest income of Baht 34.10 million and Baht 14.51 million, respectively. This is in line with the new products and strategy to increase loan volume in Thailand.
2. Asset-backed loan interest income was Baht 40.28 million, increasing by Baht 0.92 million or 2.32%, of which Baht 0.65 million of the increase came from TNB. The remaining increase of Baht 0.27 million came from GLF Cambodia which just launched a new product in Q2/2017.
3. Microfinance interest income was Baht 43.64 million, increasing by Baht 37.41 million compared to the same period last year, reflecting the rapid growth of our customer base. BGMM recorded Microfinance interest income of Baht 26.58 million and GLF Indonesia recorded Microfinance interest income of Baht 10.83 million in Q2/2018.
4. Consumer finance under joint financing arrangements interest income was Baht 18.57 million, increasing by Baht 6.39 million or 52.47% compared to same period last year. Consumer finance relates to joint-financing products to consumers for the purchase of agricultural machinery in Indonesia.
5. Interest on loan receivables was Baht 0.46 million, decreasing by Baht 70.56 million or 99.34%, compared to same period previous year, resulting from a company’s policy to stop recognizing interest income from these loans for conservative reason.
6. Revenue from sales increased by Baht 1.99 million, because of a new product launched in Q4/2017 by TNB.



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7. GL's consolidated other income decreased by Baht 77.16 million or 43.68% from Baht 176.67 million to Baht 99.51 million, due mainly to a decrease of Baht 104.40 million from gain on exchange rate. Other income consists of : other interest income of Baht 14.65 million, other income related to the activities of hire purchase of Baht 76.80 million, other income related to the activities of microfinance of Baht 2.76 million, and other incomes of Baht 5.30 million.
8. GL's consolidated service and administrative expenses totaled Baht 328.02 million, increasing by Baht 56.14 million or 20.65% when compared to the same period previous year, mainly resulting from expenses from the operation in Myanmar.
9. GL's consolidated bad debts and doubtful accounts increased compared to the same period last year by Baht 21.97 million or 24.21%, mainly resulting from an increase in overdue portfolios in Thailand. However, management already took action by strictly screening customers to improve loan quality.
10. Cost of sales increased Baht 1.77 million, because of a new product launched in Q4/2017 by TNB, as mentioned in No. 6.
11. There was an increase in loss on disposal of foreclosed asset from Baht 51.13 million to Baht 68.09 million representing an increase of Baht 16.96 million or 33.18%, which resulted from a higher repossession rate in GLF and GL.
12. Share of profit from a 29.99% ownership of Commercial Credit and Finance PLC "CCF" which is an associated company in Sri Lanka, which GL started to recognize since October 2016, was Baht 35.86 million, slightly decreasing by Baht 0.87 million or 2.36% from Q2/2017, mostly due to the appreciation of the Thai Baht versus the Sri Lankan Rupee.
13. GL's consolidated finance cost was Baht 99.11 million, decreasing by Baht 27.82 million, or 21.92%, compared to Baht 126.93 million in Q2/2017, mainly resulting from a net decrease of third party liabilities and a decrease in bank loans of GLF Cambodia.



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Separate Financial Statements

Net profit of Q2/2018 decreased from Baht 489.23 million to Baht 21.88 million, a decrease of Baht 467.35 million or 95.53% compare to same period of last year, which resulted from the major factors as follows:

1. The hire-purchase interest income increased by Baht 34.10 million or 11.35% from Baht 300.43 million in Q2/2017 to Baht 334.53 million in Q2/2018. The total hire-purchase portfolio in Q2/2018 slightly increased by Baht 505.29 million or 12.29% from Q2/2017. This is the result of the company's strategy to grow the portfolio in Thailand.
2. Other income significantly decreased from Baht 577.70 million to Baht 148.31 million, representing a decrease by Baht 429.38 million or 74.33%, due mainly to a decrease of Bath 343.77 million from dividend income. Other income is mainly composed of the interest income from loans to foreign subsidiaries amounting to Baht 92.64 million, management service fee income amounting to Baht 21.00 million, income related to the activities of hire purchase amounting to Baht 31.42 million, and other income of Baht 3.25 million.
3. Service and administrative expenses increased from Baht 138.65 million to Baht 226.71 million, representing an increase of Baht 88.07 million or 63.52%, mainly resulting from a loss on exchange rate amounting of Baht 73.39 million.
4. Bad debts and doubtful accounts was Baht 72.64 million, increasing by Baht 18.36 million or 33.84% compare to Q2/2017, mainly resulting from an increase in overdue portfolios in Thailand. However, management already took action by strictly screening customers to improve loan quality.
5. Loss on disposal of asset was Baht 58.44 million, increasing by Baht 10.73 million or 22.48%, which resulted from the larger ticket sizes and the higher amount of overdue of hire-purchase portfolio in Thailand.
6. Finance cost was Baht 96.92 million, slightly decreasing by Baht 22.46 million, or 18.81%, compared to Baht 119.38 million in Q2/2017, mainly resulting from a net decrease of third party liabilities.

Please be informed accordingly.

Yours sincerely,

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(Mr. Tatsuya Konoshita)

Director