



บริษัท กรู๊ปลีส์ จำกัด (มหาชน)

GROUP LEASE PUBLIC COMPANY LIMITED

No. GL 58/2018

November 14th, 2018

Subject: Clarification for the operating result of Q3/2018 (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 comment the operating result for Q3/2018 as 30 September 2018 for the consolidated and separate financial statements as follow:

Consolidated Financial Statements

The Company reported reviewed operating results for the third quarter of 2018, with consolidated net profit of Baht 104.64 million, an increase of Baht 2,372.06 million from the net loss of Baht 2,267.43 million in Q3/2017. The increase in net profit compared to Q3/2017 was the result of lower allowance for potential loss on revaluation of assets.

1. GL's consolidated hire purchase interest income was Baht 515.99 million, stable compared to Q3/2017. The breakdown of hire purchase interest income can be explained by:
 - A decrease of Baht 41.64 million in GLF Finance Plc. (Cambodia). This is the result of the new conservative strategy to decrease portfolio in Cambodia by tightening our screening of potential customers to improve loan quality and to maximize efficiency of our operations.
 - An increase of Baht 26.03 million from GL, an increase of Baht 10.20 million in Thanaban Company Limited “TNB”, which is our Thai subsidiary, and an increase of Baht 5.60 million in GL Leasing (Lao) Ltd.(Laos). This is in line with the new products and strategy to increase loan volume in Thailand.
2. Asset-backed loan interest income was Baht 39.61 million, decreasing by Baht 4.04 million or 9.26%, of which Baht 3.46 million came from TNB and Baht 0.58 million came from GLF Cambodia as we adjusted the business model to new regulations and the macro economy in Thailand and Cambodia.
3. Microfinance interest income was Baht 42.03 million, increasing by Baht 27.73 million compared to the same period last year, reflecting the rapid growth of our customer base.

BGMM recorded Microfinance interest income of Baht 34.85 million in this quarter, increasing Baht 23.48 million or 206.34% from last year and GLF Indonesia recorded Microfinance interest income of Baht 7.18 million in this quarter, increasing Baht 4.26 million or 145.46% from the same period last year.

4. Consumer finance under joint financing arrangements interest income was Baht 17.90 million, increasing by Baht 1.61 million or 9.85% compared to same period last year. Consumer finance relates to joint-financing products to consumers for the purchase of agricultural machinery in Indonesia.



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5. Interest on loan receivables was Baht 0.47 million, decreasing by Baht 56.37 million or 99.17%, compared to same period previous year, resulting from a company's policy to stop recognizing interest income from these disputed loans for conservative reason.
6. Revenue from sales increased by Baht 1.90 million, because of a new product launched in Q4/2017 by TNB.
7. GL's consolidated other income increased by Baht 26.00 million or 30.36% from Baht 85.66 million to Baht 111.66 million, with the detail as follow:
 - An increase of Baht 17.12 million from other income related to the activities of hire purchase and an increase of Baht 1.60 million from other income related to the activities of microfinance reflecting rapid growth in Myanmar subsidiary by mainly from motorcycle leasing business which is under the exclusive partnership with HONDA Myanmar
 - An increase of Baht 6.03 million from other interest income and an increase of Baht 8.27 million from other incomes
8. GL's consolidated service and administrative expenses totaled Baht 318.90 million, increasing by Baht 8.37 million or 2.70% when compared to Q3/2017 mainly resulting from an increase of legal fees due to litigation.
9. GL's consolidated bad debts and doubtful accounts increased compared to Q3/2017 by Baht 65.68 million or 120.14%, mainly resulting from an increase in overdue portfolios in Thailand and Cambodia. Management already took action to improve loan quality.
10. Cost of sales increased Baht 1.61 million, because of a new product launched in Q4/2017 by TNB, as mentioned in No. 6.
11. Expense allowance on loan and interest receivables decreased totally by Baht 1,559.82 million from Q3/2017, a full provision on the loan receivables for conservative reason was booked in Q3/2017 and no new provision had occurred after Q3/2017.
12. There was an increase in loss on disposal of foreclosed asset from Baht 63.14 million to Baht 93.60 million representing an increase of Baht 30.46 million or 48.24%, which resulted from a higher repossession rate in GLF and GL.
13. In Q3/2018, there was a reverse of expense allowance on other receivables and expense allowance on other current assets of Baht 19.48 million and Baht 5.64 million, respectively since the amount of receivables reduced by repayment.
14. Expense allowance on investment loss in associate decreased totally by Baht 582.09 million from Q3/2017, which was set up based on the previous quarters Emphasis of matter disclosed by the Company's auditor. This allowance is a non-cash transaction.
15. 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 10.86 million, decreasing by Baht 18.03 million or 62.42% from Q3/2017, mostly due to an increase in bad-debt allowance to proactive action to take one time loss to increase the quality of the portfolio adapting to negative macro-economic factors in Sri Lanka, and the appreciation of the Thai Baht versus the Sri Lankan Rupee.
16. GL's consolidated finance cost was Baht 99.98 million, decreasing by Baht 12.04 million, or 10.75%, compared to Baht 112.02 million in Q3/2017, mainly resulting from a decrease in bank loans of GL and GLF Cambodia.



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Separate Financial Statements

Net profit of Q3/2018 was Baht 92.71 million, increasing Baht 2,417.64 million or 103.99% from net loss of Baht 2,324.93 million in same period last year. An increase in net profit was mainly the result of the allowance on investment loss in subsidiary booked in Q3/2017

1. The hire-purchase interest income increased by Baht 26.03 million or 8.36% from Baht 311.41 million in Q3/2017 to Baht 337.44 million this quarter. The total hire-purchase portfolio in Q3/2018 increased by Baht 368.96 million or 8.75% from Q3/2017.
2. Other income increased from Baht 182.24 million to Baht 193.22 million, representing an increase by Baht 10.98 million or 6.02%, because of gain on exchange rate.

Other incomes were mainly composed of the interest income from loans to foreign subsidiaries of Baht 95.12 million, management service fee income of Baht 21.00 million, income related to the activities of hire purchase of Baht 32.35 million, gain on exchange of Baht 32.37 million, and other income of Baht 12.37 million.

3. Service and administrative expenses increased from Baht 158.48 million to Baht 168.01 million, representing an increase of Baht 9.53 million or 6.01%, resulting from an increase of legal fee due to the litigation.
4. Bad debts and doubtful accounts were Baht 74.73 million, increasing by Baht 26.11 million or 53.69% compare to Q3/2017, resulting of an increase in overdue portfolios in Thailand. However, management already took action to improve loan quality.
5. Loss on disposal of foreclosed assets was Baht 74.70 million, increasing by Baht 19.80 million or 36.07%, which resulted from the larger ticket sizes and the higher amount of overdue of hire-purchase portfolio in Thailand.
6. Expense allowance on investment loss in subsidiary decreased totally by Baht 2,426.82 million from Q3/2017 and no new provision had occurred after Q3/2017.
7. Finance cost was Baht 98.11 million, decreasing by Baht 9.07 million, or 8.46%, compared to Baht 107.18 million in same period last year, mainly resulting from a decrease in bank loans.

Please be informed accordingly.

Yours sincerely,

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(Mr. Tatsuya Konoshita)

Director