



No. GL 15/2019

May 15<sup>th</sup>, 2019

Subject: Clarification for the operating result of Q1/2019 (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 Q1/2019 as at 31 March 2019 for the consolidated and separate financial statements as follow:

### **Consolidated Financial Statements**

The Company reported reviewed operating results for the first quarter of 2019, with consolidated net profit of Baht 111.81 million, a 4.95% YoY increase of Baht 5.28 million from the net profit of Q1/2018. The increase in net profit was mainly due of decrease expenses by an amount greater than a decrease in revenues.

1. GL's consolidated hire purchase interest income was Baht 479.85 million, slightly decreased by Baht 41.62 million or 7.98% compared to 2018. The breakdown of hire purchase interest income can be explained by:
  - GLF Finance Plc. (Cambodia) showed a decrease of Baht 41.51 million or 32%, resulting from the new conservative strategy to decrease portfolio in Cambodia by tightening our screening of potential customers to improve loan quality.
  - GL Leasing (Lao) Ltd showed a decrease of Baht 8.33 million or 28%, resulting from the mix product between automotive /honda.
  - GLF Indonesia Ltd showed a decrease of Baht 3.26 million or 41%, mainly from the discontinuation of this joint operation due to current dispute with partner in Indonesia.
  - GL and Thanaban Company Limited “TNB” (Thailand) showed an increase of 8.59 million and Baht 2.88 million, respectively.
2. Loan interest income was Baht 35.37 million, decreasing by Baht 6.37million or 15.26%. resulting from the decrease in portfolio of TNB.
3. Microfinance interest income was Baht 42.26 million, increasing by Baht 6.68 million compared to the same period last year.
  - BGMM recorded Microfinance interest income of Baht 33.98 million this year, increasing Baht 8.70 million or 34.38%, reflecting the rapid growth of our customer base.



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GROUP LEASE PUBLIC COMPANY LIMITED

- GLF Indonesia recorded Microfinance interest income of Baht 8.28 million in this year, decreasing Baht 2.01 million or 19.55% from last year, mainly by reducing the branches where GLFI operated ( 2 locations)
- 4. Consumer finance under joint financing arrangements interest income was Baht 4.14 million, decreasing by Baht 7.73 million or 65.11% compared to last year, mainly from the discontinuation of this joint operation due to current dispute with partner in Indonesia.
- 5. Hire purchase service fee income was Baht 23.01 million, increasing Baht 5.56 million or 31.87% compared to last year. Hire purchase service fee income relates to operational leasing services provided by GL-AMMK (Myanmar subsidiary) in partnership with Century Finance (Myanmar financial institution). This is the result of a rapid growth of the hire-purchase portfolio of Century Finance in Myanmar.
- 6. GL's consolidated other income increased by Baht 23.74 million or 32.33%, mainly resulting from an increase of Baht 11.61 million from gain on exchange, an increase of Baht 6.68 million from other interest income and Baht 3.53 million from other income related to the activities of hire purchase.
- 7. GL's consolidated service and administrative expenses totaled Baht 294.66 million, decreasing by Baht 44.33 million or 13.08% when compared to 2018 mainly resulting from a decrease of payroll and staff benefits by Baht 25.84 million and a decrease of legal fees due to litigation by Baht 7.48 million and a decrease of loss on exchange by Baht 6.15 million.
- 8. GL's consolidated bad debts and doubtful accounts increased compared to 2018 by Baht 13.94 million or 14.90%, mainly resulting from an increase of allowance for bad debt in Thailand and partly from an increase of allowance for bad debt in Cambodia, Laos and Indonesia. The management is being prudent by increasing the allowance in the preparation for the TFRS 9.
- 9. There was an increase in loss on disposal of foreclosed asset from Baht 71.30 million to Baht 77.39 million representing an increase of Baht 6.09 million or 8.54%, which resulted from a higher repossession rate in Thailand.
- 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 39.13 million, stable compared to Baht 40.07 million last year, mostly due to the appreciation of the Thai Baht versus the Sri Lankan Rupee and an increase in bad-debt allowance.
- 11. GL's consolidated finance cost was Baht 95.84 million, stable compared to Baht 97.30 million last year.



## **Separate Financial Statements**

Net profit of Q1/2019 decreased from Baht 134.82 million to Baht 93.02 million, representing decreased by Baht 41.80 million or 31.00% compare to same period of last year, which are resulted from the major factors as follows:

1. The hire-purchase interest income increased by Baht 8.60 million or 2.65% from Baht 324.24 million in 2018 to Baht 332.84 million this year.
2. Other income decreased from Baht 200.45 million to Baht 175.48 million, representing a decrease by Baht 24.98 million or 12.46%, because of a decrease in gain on exchange rate.

Other incomes were mainly composed of the interest income from loans to foreign subsidiaries of Baht 91.72 million, income related to the activities of hire purchase of Baht 31.83 million, management service fee income of Baht 21.00 million, gain on exchange of Baht 27.83 million, and other income of Baht 3.10 million.

3. Service and administrative expenses slightly decreased from Baht 162.31 million to Baht 155.68 million, representing a decrease of Baht 6.63 million or 4.08%, resulting from a decrease of payroll and staff benefits by Baht 3.74 million and a decrease in legal fees due to the litigation by Baht 2.86 million.
4. Bad debts and doubtful accounts were Baht 74.45 million, increasing by Baht 17.57 million or 30.90% compare to 2018, 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 67.81 million, increasing by Baht 9.21 million or 15.71%, which resulted from the larger ticket sizes and the higher amount of overdue of hire-purchase portfolio in Thailand.
6. Finance cost was Baht 94.28 million, stable compared to Baht 94.89 million in last year.

Please be informed accordingly.

Yours sincerely,

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(Mr. Tatsuya Konoshita)

Director