

No. GL05/2014

February 21st, 2014

Subject: Clarification for the operating result of the year 2013

Attention: The President

The Stock Exchange of Thailand

Duplicate: The Secretary General

The Securities and Exchange Commission

Group Lease Public Company Limited would like to clarify the operating result of the year 2013 as at 31 December 2013 for the consolidated and separate financial statements as follow:

Separate Financial Statements

Net profit of the year 2013 decrease from THB 353.24 million to THB 257.86 million, representing decrease by THB 95.39 million or 27% compare to the year 2012, which are resulting from the major factors as follow :

1. Hire purchase interest sales income increased from THB 837.22 million to THB 1,251.39 million, representing increase by THB 414.17 million or 49.47%, relate to increasing of motorcycle hire-purchase portfolio.
2. Other Incomes increased from 115.08 million Baht to 190.26 million Baht, representing increase by 75.18 million Baht or 65.33%, mostly is income from the bad debt follow up and dividend received from subsidiary 10 million Baht
3. Service and Administrative expenses increased from THB 248.46 million to THB 318.48 million, representing increase THB 70.02 million or 28.18% to support continuous business growth.
4. Bad debts and doubtful accounts increased from THB 45.25 million to THB 342.43 million, representing increase THB 297.17 million or 656.69% relate to increasing of the overdue account receivable according to business cycle from expansion of hire-purchase portfolio continuously in passed one year. Anyway compare to last year, Bad debts and doubtful accounts was very low because last year still under recovery period from the flood at end of 2011, changing of Criteria for Allowance for Doubtful Account Provision at the end of 2012. For the year 2013, Thailand economy slowdown from economic and political factors which have serious effect since quarter 3.
5. There were an increasing of loss on disposals of foreclosed asset from THB 140.25 million to THB 314.39 million, representing an increase THB 174.14 million or 124.16% from increasing of repossession units relate to the hire-purchase portfolio expansion and the market price of foreclosed asset dropped by the economic and political situation.

Consolidated Financial Statements

Year 2013 is the first year to consolidate with the subsidiary in Cambodia for the profit and loss statements of the consolidated financial statement (start in Q3/2013 - compare to consolidated financial statements of last year, just to consolidate parent company with subsidiary in Singapore) so this factor could have effect for changing of the performance on consolidated financial statement compare to last year.

Net profit decrease from THB 357.38 million to THB 240.31 million, representing decrease by THB 117.07 million or 32.76% compare to the year 2012, which are resulting from the major factors as follow :

1. Hire purchase interest sales income from subsidiary is still under the beginning stage, so have no effect significantly to the consolidated financial statement. While Other Incomes from subsidiary make increasing on consolidated financial statement compare to separate financial statement 23.00 million THB (net from dividend income and interest income from subsidiary which was eliminated in consolidated financial statement).

2. Service and Administrative expenses in the consolidated financial statement increased from 249.37 million THB to 362.84 million THB, representing increase by THB 113.47 million or 45.50% which increased from the parent company 70.02 million THB and from subsidiaries 43.45 million THB to support regional business expansion. This is included the amortization on exclusivity right.
3. Bad debts and doubtful accounts in consolidated financial statement increased from THB 45.25 million to THB 343.64 million, representing increase THB 298.38 million or 659.37% which increased from the parent company 297.17 million THB and from subsidiaries 1.21 million THB since subsidiaries' business operation is in the beginning stage and account receivable has very low percentage of overdue which can be reflected good quality of account receivable and also resulting to no loss from foreclosed asset selling.

Please be informed accordingly.

Yours sincerely,

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(Mr. Deepong Sahachartsiri)
Director