

No. GL20/2014

May 15th, 2014

Subject: Clarification for the operating result of Q1/2014

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 Q1/2014 as at 31 March 2014 for the consolidated and separate financial statements as follow:

Separate Financial Statements

Net profit Q1/2014 decrease from THB 91.31 million to THB 28.58 million, representing decrease by THB 62.73 million or 68.70% compare to the same period of last year, which are resulting from the major factors as follow :

1. Hire purchase interest sales income increased from THB 273.87 million to THB 340.99 million, representing increase by THB 67.12 million or 24.51%, relate to increasing of motorcycle hire-purchase portfolio.
2. Other Incomes decreased from THB 47.23 million to THB 31.08 million, representing decrease by THB 16.15 million Baht or 34.20%, mostly because of less revenue from bad debt recovery due to amount of bad debt accumulated from the past decreased after continuously follow up over 1 year.
3. Service and Administrative expenses increased from THB 66.85 million to THB 77.60 million, representing increase THB 10.76 million or 16.09% to support continuous business growth.
4. Bad debts and doubtful accounts increased from THB 60.82 million to THB 118.90 million, representing increase THB 58.08 million or 95.50% relate to increasing of the overdue account receivable according to business cycle from expansion of hire-purchase portfolio continuously and Thailand economy slowdown from economic and political factors which have serious effect since Q3/2013.
5. There were an increasing of loss on disposals of foreclosed asset from THB 50.12 million to THB 93.66 million, representing an increase THB 43.54 million or 86.87 % 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

Because for the operating result of Q1/2013, still have no operating result of the subsidiary from Cambodia included in the profit and loss statements (start consolidated in Q3/2013) so this factor could have effect to the difference in the consolidated financial statement compare to the same period of last year.

Net profit decrease from THB 90.63 million to THB 10.76 million, representing decrease by THB 79.88 million or 88.13% compare to same period of the year 2013, which are resulting from the major factors as follow :

1. Hire purchase interest sales income increased from THB 273.87 million to THB 353.28 million, representing increase by THB 79.41 million or 29%, relate to increasing of motorcycle hire purchase portfolio of the parent company as in the separate financial statement, included hire purchase interest sales income from the subsidiary THB 12.29 million, reflect significant subsidiary business growth in this quarter.

2. Service and Administrative expenses in the consolidated financial statement increased from THB 67.23 million to THB 106.26 million, representing increase by THB 39.04 million or 58.06% which increased from the parent company THB 10.76 million and from subsidiaries THB 28.28 million to support regional business expansion and this included the amortization on exclusivity right.
3. Bad debts and doubtful accounts in consolidated financial statement increased from THB 60.82 million to THB 120.98 million, representing increase THB 60.16 million or 98.92% which increased most of all from the parent company THB 58.08 million and from subsidiaries only THB 2.08 million 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 in this quarter.

Please be informed accordingly.

Yours sincerely,

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(Mr. Deepong Sahachartsiri)
Director