

No. GL33/2014

August 14th, 2014

Subject: Clarification for the operating result of Q2/2014

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 Q2/2014 as at 30 June 2014 for the consolidated and separate financial statements as follow:

Separate Financial Statements

Net profit Q2/2014 decrease from THB 74.64 million to THB 21.48 million, representing decrease by THB 53.16 million or 71.22% 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 303.81 million to THB 341.80 million, representing increase by THB 37.99 million or 12.50%, relate to increasing of motorcycle hire-purchase portfolio.
2. Other Incomes decreased from THB 46.81 million to THB 30.24 million, representing decrease by THB 16.57 million Baht or 35.39%, mostly because of less revenue from bad debt recovery due to amount of bad debt accumulated from the past decreased after continuously follow up.
3. Service and Administrative expenses decreased from THB 90.81 million to THB 85.65 million, representing decrease THB 5.16 million or 5.68% from decreasing of allowance for diminution in value of asset foreclosed THB 16.01 million due to decreasing of Asset foreclosed while other Service and Administrative expenses increase THB 10.85 million to support business expansion.
4. Bad debts and doubtful accounts increased from THB 86.36 million to THB 133.25 million, representing increase THB 46.89 million or 54.29% 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. Although the situation is better now but have not yet effect in this second quarter.
5. There were an increasing of loss on disposals of foreclosed asset from THB 45.66 million to THB 80.52 million, representing an increase THB 34.87 million or 76.36 % 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 and Q2/2013, 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 90.84 million to THB 6.94 million, representing decrease by THB 83.89 million or 92.36% 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 303.81 million to THB 363.64 million, representing increase by THB 59.83 million or 19.69%, 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 21.84 million, reflect subsidiary business continuously growth in this quarter.

2. Service and Administrative expenses in the consolidated financial statement increased from THB 93.31 million to THB 118.71 million, representing increase by THB 25.39 million or 27.22% which decreased from the parent company THB 5.16 million and increased from subsidiaries THB 30.55 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 86,36 million to THB 135.27 million, representing increase THB 48.91 million or 56.63% which increased most of all from the parent company THB 46.89 million and from subsidiaries only THB 2.02 million since 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