

# ANNUAL REPORT 2016 (Revised)



**GL**

**First, Fast & Forward**

รายงานประจำปี

**2559**

(ปรับปรุงใหม่)

บริษัท กรุ๊ปลีซ จำกัด (มหาชน)  
GROUP LEASE PUBLIC COMPANY LIMITED

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**Remark:** This Annual Report 2016 (Form 56-2)(Revised) was reissued to comply with the restatement of the Company's financial statement as of the years ending 31 December, 2017 and 2016 (Restated) according to the letter from the SEC Ref: GorLorTor.GorChor. 1769/2017 dated 19 October, 2017 requesting the Company to revise its Financial Statement, Form 56-1 and Form 56-2 due to some loan receivables questioned by the SEC.

*Investors may view additional information from the Annual Information Disclosure Form (Form 56-1) of the Company shown in [www.sec.or.th](http://www.sec.or.th) or the Company's website at [www.grouplease.co.th](http://www.grouplease.co.th)*

## Message from the Chairman

The year 2016 marks many positive Historical High records of our Group of Companies such as Highest Annual Profit ever, about 1062 million baht, Highest Quarterly profit ever 4 times in a year, Largest Portfolio ever, more than 10 billion baht, Highest Annual Revenue, about 2.9 billion, and so on.

These are the results of our Creative Business model, 'Digital Finance Platform,' which proved its potential of fast and certain growth as shown by our Company's performance in Cambodia. Also, because of this digital finance platform, our Company can keep OPEX and investments costs low, so that profitability of the business will be remarkably higher and expansion of the business can be extremely fast, especially because the new business model is planned and integrated to fit to the Rural Areas of ASEAN where the Emerging Volume Zone population is located.

The Digital Finance Platform is an unique business model that makes the Group of Companies different from others. The first difference is "Digital", the second difference is "Global" and the third difference is "Rural". The Group's operations are based on Points Of Sales (POS) witch only require an investment of 400 USD each and only 2-3 staff members without the need for branches, which could require an investment up to 40,000 USD each not including the required staff of 20-30 employees.

- Normally, Consumer finance companies and Micro finance companies are highly labor intensive with many physical documents, but the 'Digital' finance platform allows the Group of Companies to have less staff and require less physical documents.
- Normally, Consumer finance companies and Micro finance companies are homeland oriented companies. But since the "Digital Finance Platform "is a proper screening system for any country; a system that is easy to adjust locally to specific cultures and requires significantly lower investments, the company's expansion is of lower risk and it is easy to expand 'Globally' compared to traditional Finance companies.
- Normally, Consumer finance companies and Micro finance companies are City oriented companies. Our POS are easily economical in rural towns that are close to the customers in the villages and the staff can go to see the customers to get 'valuable information that would not appear on a traditional credit score. This Uniqueness makes the Group of Companies able to get into the 'Rural' area market, where the competition is less developed.

All over the world economic expansion is going on, especially in emerging countries. In emerging countries, the most significant growth going forward is in the Grass Roots Economy which spreads in rural areas, specifically including people who do not have traditional documents and bank accounts. The Digital Finance Platform is the one and only platform, which allows us to provide service in these Grass Roots Economy everywhere. Globally!

In my message in last year's Annual Report, I had committed to all shareholders<sup>3</sup> results: "First, we will start our business to Indonesia; second, we will keep strong growth in Cambodia and Laos; third, we keep our Thailand operation and increase profitability with proper control of the portfolio quality".

All these came true. The Indonesian business was launched and is rapidly expanding, Cambodia and Laos realized 2.5 times profit and the Thailand NPL ratio went down significantly, decreasing Group credit cost by more than 30%.

Additionally, we have recently expanded our operations to Myanmar and Sri Lanka. Now, we have a presence in 6 countries with full operations in Multifinancing, including Microfinancing, and Hire Purchase financing fields. The result of 2016 was more than expected.

Finally, I'd like to take this opportunity to thank all our stake-holders, our business partners, our clients, our management and staffs – for their support all along, which has been crucial for our success so far. I trust all of you will continue to provide your full support and cooperation so that we can achieve much bigger things together in the years ahead.

**Mitsuji Konoshita**  
**Chairman of the Board**

**Remark:** The above Message from Chairman was written before the restatement of the Company's financial statement for the year ending 31 December, 2017 and 2016 (restated)

# Report of the Audit Committee

The Audit Committee of Group Lease Public Company Limited comprises of 4 Independent Directors, namely, General Suebsan Dardarananda as Chairman of Audit Committee, Mr. Sonit Pichyangkul, Mr. Pholdej Therdphithakvanij and Mr. Krit Phanratanamala as Audit Committee members. In 2016, the present Audit Committee has conducted 13 meetings with management and internal auditor in which the quorum was constituted for every meeting. Self-assessment of Audit Committee as a group will be conducted every year end and the result for this year was excellent. The significant opinions for the year 2016 were as follows:

- **Financial Statement** The Audit Committee had considered and reviewed significant information in the Company's separate quarterly and yearly 2016 and consolidated financial statement of the Company and its subsidiaries with the management and the external auditor and it appeared that the quarterly and yearly financial statements have been done correctly in accordance to the generally accepted accounting principles, hence, the statements are complete and reliable. In addition, the Audit Committee also reviewed on the significant notes from the external auditor (E Y Office Co.,Ltd.) which appeared on the Company's financial statement as of 31 December, 2016 under 2 material issues as follows:

- 1) The loan and interest receivables amounted to **3,477\* million Baht** as of 31 December, 2016 (represented 40% of the consolidated net assets as of 31 December, 2016) in which the external auditor had drawn attention to Note 11 of the consolidated financial statements relating to the loans and interest receivables. The Company provided loans to the Company's subsidiary in Singapore who in turn loaned out to two groups of borrowers in Cyprus and in Singapore. These borrowers are also shareholders of the Company and have pledged their shares in the Company against those loans with the Company's subsidiary in Singapore. The loans were subject to pledging of securities of properties in Cyprus and Brazil, Cypriot government bonds, stocks of other overseas companies and shares of the Company as owned by the borrowers.
- 2) Investment in associate company in Sri Lanka approximately 2,545 million Baht as of 31 December, 2016. The subsidiary of the Company acquired 29.99% of the ordinary shares at a purchase price of 2,462 million Baht (this acquisition price excluded associated acquisition-related costs of 26 million Baht). The acquisition was approved at the Extraordinary General Meeting of the shareholders of the Company No.2/2016 on 6 December 2016 and some of the shares (22.27% of the ordinary shares of that company) were purchased from the selling company with one of its directors being also one of the Company's directors. The subsidiary company's outside professional valuer valued such investment at approximately Baht 1,900 - 2,500 million, while the appointed independent financial advisor valued such investment at approximately Baht 1,600 - 1,700 million. On the acquisition date, based on the then market price at the Stock Exchange of Sri Lanka, the value was at approximately Baht 1,391 million. The Company's management assessed that the purchase price represented approximately 8 times of the earnings of the acquired associated company. As at 31 December 2016, such investment was presented as an investment in associate in the consolidated financial statements, at the equity method of Baht 2,545 million (Based on the market price at the Stock Exchange of Sri Lanka on 30 December 2016, the value was at approximately Baht 1,285 million).

The Audit Committee was clarified by the management that regarding the notes mentioned above, the management had carefully considered that it will contribute to the utmost interest to the shareholders and the Company's financial statement had received an unqualified opinion from the external auditor.

- **Internal Control System** The Company has set up an Internal Audit unit to undertake the functions of risk evaluation and internal auditing covering the whole operation processes and reported directly to the Audit Committee. The Audit Committee had considered the sufficiency of the internal control system of the Company based on the "Assessment form on the sufficiency of the Internal Control" from the Securities & Exchange Commission (SEC) which concept was based on the COSO1 (The Committee of Sponsoring Organizations of the Tread way Commission). It was found that the Company's internal control system was sufficient, transparent and can be inspected. This was efficiently done with the cooperation of all relevant departments.
- **Compliance to the Laws** The Company strictly complied not only with the SEC's and SET's laws and regulations, but also with the laws and regulations from other regulatory in relevant to the Company's business. However, Audit Committee recommended that the management should communicate more on the Company's business to the investors to develop their understanding.
- **The External Auditor** E Y Office Company Limited was appointed as the Company's external auditor for the year 2016 which was their tenth consecutive year. The auditor has been changed to Mr. Sophon Permsiriwallop CPA3182. The auditing was done under the generally accepted accounting standard while the remunerations were reasonable.
- **Transactions that may cause conflicts of interest** The Audit Committee considered that the Company's related party transactions were reasonable, justified and was done in good faith for the Company and complied with the rules and regulations of the Stock Exchange of Thailand. For example, the investment in the association in Sri Lanka in which there are one director in common, such related transaction was considered accurately and had been approved by the shareholders' meeting.
- **The Meeting Attendance of each Audit Committee**

Name	Audit Committee Meeting	Board of Director Meeting
General Suebsan Dardarananda	13/13	15/19
Mr. Sonit Pichyangkul	13/13	18/19
Mr. Pholdej Therdphithakvanij	13/13	17/19
Mr. Krit Phanratanamala	13/13	19/19

From the overall auditing of the Company's management operating systems, the Audit Committee has the opinion that the Company has efficient and transparent systems which can be inspected in every process. The record keeping system is accurate and compatible in each department, hence, the data can be used as reference among different departments. Moreover, the Audit Committee also encourages the application of good corporate governance of the SET for the Company. Eventually, comments, advices and improvement guidelines that were given were beneficial to the Company as a whole.

**Audit Committee**  
**Group Lease Public Company Limited**

**\* The figure before the revision of financial statement for the year ending 31 December, 2017 and 2016(restated), after the restatement, the figure was 3,355 million Baht.**



## Report of the Audit Committee (additional)

Reference was made to the reported financial statements for the year ending 31 December, 2016 of Group Lease Plc. and the Audit Committee's Report for the year 2016 which had already been reported by the former Audit Committee and the SEC's letter dated 19 October, 2017, instructing the Company to rectify the said financial statements as the loan receivables amount 54 million USD granting to 2 borrowers groups were questioned by the SEC.

The Company had already rectified and reissued its financial statements for the year ending 31 December, 2017 and 2016 (restated) in accordance with the revised Auditor's Report as of 31 July, 2018 on the statements of financial position, statements of comprehensive income, changes in shareholders' equity and cash flow statement and Note 50 to the financial statements and other notes as related to the revision.

The present Audit Committee would like to make additional report as follows:

The Audit Committee had considered and reviewed the material matters of the financial report for the year ending 31 December, 2017 and 2016 (restated) which had been rectified and reissued as abovementioned with the Company's management as well as the external auditor according to the SEC's letter regarding the loan receivables amount 54 million USD as questioned by the SEC and the revised financial statement was disclosed properly in compliance with the financial reporting standard.

As for the remaining loan receivables outstanding, the Company's management has shown, both in verbal and in writing, the intention to follow up the repayment to their best effort and should it be necessary to enforce the loan collaterals, it would be done legally whereby the Audit Committee shall also monitor closely.

**Audit Committee**  
**Group Lease Public Company Limited**

## Policy and Business Overview

Group Lease Public Company Limited or GL was established on May 6, 1986, to serve the automobile hire purchase business in Bangkok and provincial areas. In 1990, a new group of shareholders acquired the business and focused on the hire purchase business of motorcycles while slowing down the hire purchase of automobiles. Later, the Company expanded into hire purchase of other products such as trucks, machineries, and printing presses as well as expanded into financial leasing, factoring contracts, asset financing and personal loans. Since the year 2004, the core business of the Company has been concentrated on the hire purchase of motorcycles.

In 2007, a new shareholder, APF Group, completed a takeover bid and became the major shareholder, which it still maintains today. During the first four years after APF's takeover, the Company focused on improving the business in Thailand as that was the Company's only market at the time. In 2011, the Company decided that expanding outside of Thailand and focusing on the ASEAN market was the best avenue for increasing shareholder value and profitability for the firm, so the Company reorganized management and began a rapid expansion into the ASEAN market using their recently created new business model, which they first deployed in Cambodia. In 2015, the Company followed up its successful entry in Cambodia by entering fellow ASEAN country Laos. The business model was continually improved upon and transformed GL to be a 'Digital Finance Platform Provider.' This creates a new market for us, especially for the consumer durables suppliers and consumers, through GL's own distinctive Platform which is a unique combination of a POS network and E-Finance system network.

In 2016, due to multiple successful new market entrances, the Company decided it should not restrict itself by focusing only on the ASEAN market, but should be open to opportunities globally. Thus, while we continue to expand in our local ASEAN market, including Myanmar and Indonesia in the past year, we have also expanded into non-ASEAN Sri Lanka. Moving forward, we look to bring our 'Digital Finance Platform' to many new markets across the globe and become a truly global company.

## Vision, Objectives or Strategies in Business Operation

Currently, the Company's vision is to be a "Digital Finance Platform Provider for Billions" in ASEAN and beyond.

In 2012, the Company expanded into Cambodia with the first Finance Leasing License from the National Bank of Cambodia, received exclusive rights of HONDA motorcycle leasing in Cambodia, and signed a MOU to form a business partnership with Siam Kubota Corporation Co.,Ltd., the leading manufacturer of agricultural equipment in Cambodia. The business model in Cambodia is the 'Digital Finance Platform Provider', a combination of a Technology Oriented model coupled with an internally developed software 'E-Finance' and Site-Job Oriented model using our widespread and high density Point of Sales (POS) network. From GL's point of view, the increasing new middle class population in rural areas is the key to success and our target for further business expansion. The Technology Oriented software network and POS network has a low operating cost, is capital light, and quickly expandable to meet demand.



In Laos, the Company began operating in May 2015 using the same successful, proven business model in Cambodia. Due to this strategy, operations in Laos began contributing to consolidated net profits within four months and GL achieved top market share during this time as well. In 2016, following the same strategy, we began operating in Indonesia, which the most populated country in ASEAN, and reached profitability in the first quarter of operations. We also entered Sri Lanka and Myanmar through acquisitions.

## Changes and Important Development

In 2012, the Company achieved a new record of profitability due to the rapid expansion of the business. The larger portfolio resulted in significant growth of hire purchase interest income and we were able to maintain a low amount of provision for doubtful debts as collection of accounts receivable improved. Overall, the Company's ability to generate profit improved greatly during this year. In addition, the Company invested in a subsidiary, Group Lease Holdings Pte.Ltd. or GLH, which is a holding company located in Singapore, to use as an investment expansion base in other countries.

In 2013, GL Finance Plc. or GLF began to implement its newly created 'Digital Finance Platform' in the motorcycle hire purchase business in Cambodia. GLF also acquired exclusive financing rights from Honda in Cambodia and currently operates Point of Sales in Honda Dealer shops and Kubota agricultural machinery dealer shops all over Cambodia.

In 2014, the Company acquired 100% of Thanaban Co., Ltd. a Thai competitor in our industry. This acquisition allowed the Company to accelerate our business expansion immediately by about 30%.

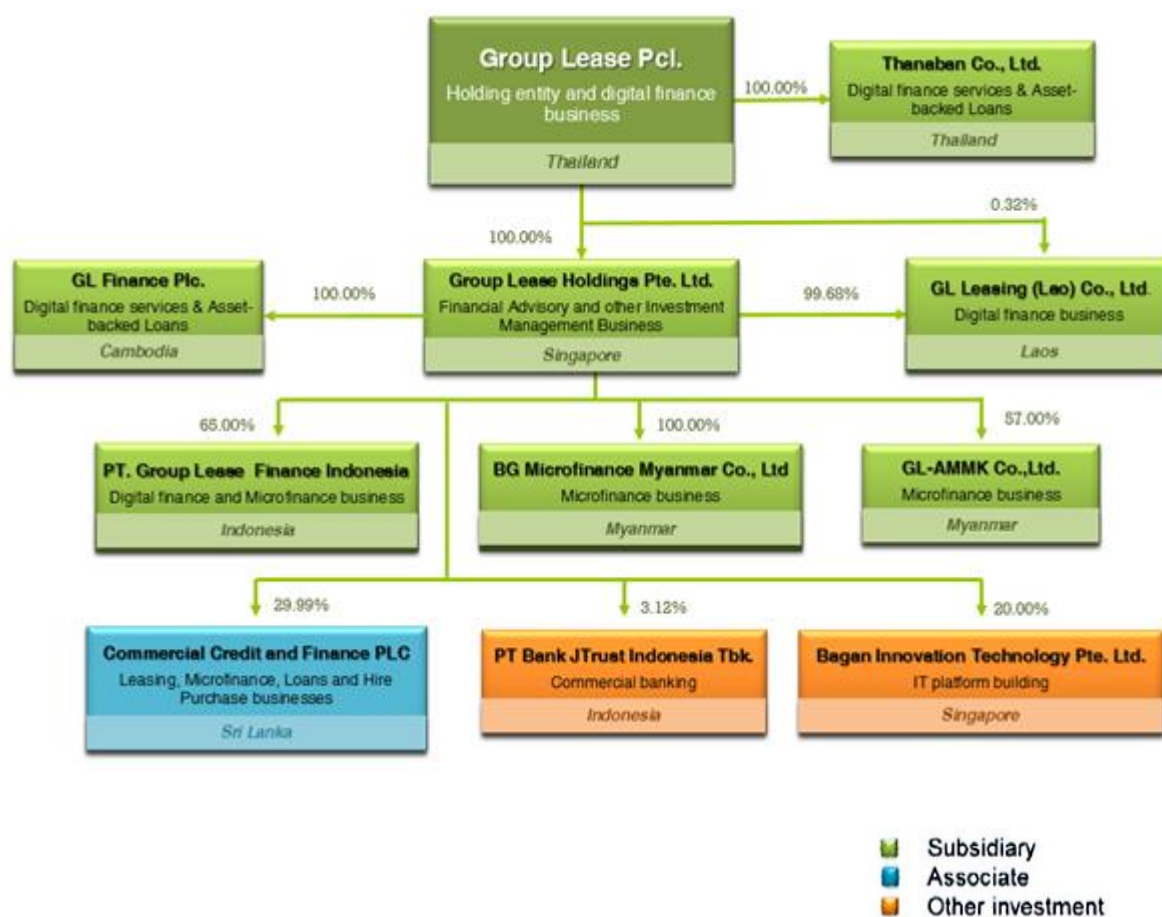
In 2015 Thanaban had developed new product called 'Motor for Cash' to enhance the potential for competition and also improved our credit approval process for new contract so that it can reduce cost and operating time. We also expanded financial service for second-hand motorcycle called 'Smartbike'. Moreover, new service called 'Car for Cash' had also been developed and started in December, 2015. In 2016, Thanaban had expanded continuously new branches as well as the second-hand motorcycle partnership and towards the end of the year, Thanaban had altogether 53 branches and total 212 second-hand motorcycle partnerships.

In 2015, through continuous growth and expansion of business in Cambodia and Laos under our 'Digital Finance Platform', the Company expanded its product line to include agricultural machines, energy equipment and other products. The new business model brought new income from product suppliers and dealers in the form of consulting and interest income generated by allowing them to distribute their products through our Digital Finance platform. In May, we began operations in Laos with the same business model in Cambodia. The result was Laos began operations to generate profits by the fourth month. In total, we concluded 2015 with the highest amount of revenue, highest amount of net profit, and our largest portfolio ever.

In 2016, the Company broke our 2015 records and again continued to reach new highs. On a consolidated basis, GL improved net profit by 42.23% compared to 2015 and continued to enjoy exponential growth in Laos, where profit increased by more than 750%. We now have more than 150 POS in Laos and more than 250 POS in Cambodia. We also expanded into three new markets: Indonesia, Sri Lanka, and Myanmar. In Indonesia, we expanded organically and achieved profitability during the very first quarter there. In Sri Lanka and Myanmar, we entered those markets via acquisition with Commercial Credit and Finance PLC and BG Microfinance Myanmar Co respectively. Additionally, we acquired part of a Singaporean company, Began Innovation Technology Pte, to position us with additional knowledge and skills to further expand into the Myanmar market. We will continue to focus on growing in our current markets and expand operations globally to further diversify and reduce risk.

## The Shareholding Structure of the Group Companies

The group companies' structure and their respective business and shareholdings are as follows:



## Nature of Business

The core business of the group Company is to provide financing and a Digital Finance Platform between consumers and suppliers/dealers for a variety of products such as motorcycles, agricultural machinery, energy sector equipment, and other consumer durables. Consumers benefit as we make it very easy and convenient for them as we facilitate the entire process from application to monthly e-payment installments. Suppliers/dealers benefit as our platform allows them to be more effective and facilitates selling of their full package of products by incorporating marketing, scoring customers (a skill they often lack), and money collection through POS networks and our integrated e-Finance system. The result is that we add value to consumers and suppliers/dealers and we generate revenue from both in the form of Hire Purchase interest, service and consulting fees, and loan interest.

We developed our business in Thailand, but starting in 2011 we began to expand it throughout ASEAN as opportunities arose. After successfully entering six out countries, bringing our total to seven, we now are looking for opportunities globally to expand and strengthen our business.

## Revenue Structure of the Group Company

	2016 (Restated)		2015		2014	
	('000)	%	('000)	%	('000)	%
<b>Revenues</b>						
Hire purchase interest income	1,949.69	72.52	1,898.44	76.28	1,676.42	90.02
Asset - backed loan interest income	116.93	4.35	25.48	1.03	-	-
Interest on loan receivables	251.08	9.34	173.37	6.97	4.24	0.23
Other income						
Other interest income	25.03	0.93	2.20	0.09	0.70	0.03
Consulting service fee income	63.06	2.35	72.68	2.92	35.91	1.93
Other income related to the activities of hire purchase	218.79	8.14	259.95	10.44	131.95	7.08
Others	63.78	2.37	56.58	2.27	13.13	0.71
<b>Total revenues</b>	<b>2,688.36</b>	<b>100.00</b>	<b>2,488.70</b>	<b>100.00</b>	<b>1,862.35</b>	<b>100.00</b>

## Competition Situation

Country	2016	2017
Cambodia	7.0	7.1
Indonesia	5.0	5.1
Lao PDR	6.8	7.0
Myanmar	8.4	8.3
Thailand	3.2	3.5
Sri Lanka	5.0	5.5

*Source: The Asian Development Bank*

The total sales of motorcycles has a direct impact on the motorcycle hire purchase business. Overall in our markets, the number of motorcycle sales is rising. It is difficult to accurately measure the number of units financed by our competitors, however, our revenue and profitability increases are well above the growth of the market. We continue to expand internationally, which very few of our competitors have done. This allows us to participate in the growth of ASEAN and other markets as a whole, rather than being dependent on one local economy. As individual countries do not meet growth expectations, which happens, we can use the strength of our other markets to take advantage of those local slowdowns while our competitors struggle.

In our three longest active markets, Thailand, Cambodia, and Laos, GDP growth in 2016 was 3.2%, 7.0%, and 6.8% respectively per the Asian Development Bank. They forecast for those countries that all three will experience higher GDP growth in 2017 which should translate into higher motorcycle sales and a larger overall market for us. Myanmar, Sri Lanka, and Indonesia were three new markets for us in 2016. For 2017, Myanmar is expected again to have GDP growth above 8%, Sri Lanka is expected have GDP growth increase to 5.5%, while Indonesia is forecasted to have a slight improvement in GDP growth to 5.1%. Overall, our markets are expected to increase in GDP. We will continue to focus on using our Digital Finance Platform to meet the needs of individual customers and dealers which will allow us to outperform our competitors and achieve above average growth and profit returns.

## Procurement of Fund

Sources of fund of the Company group as of 31 December, 2016, 2015 and 2014 comprised of:

Separated Financial Statement						
	2016		2015		2014	
	Million \$	%	Million \$	%	Million \$	%
Bank overdraft and short-term loans from financial institutions	448.77	2.89	349.05	3.55	250.00	3.51
Loans from Financial institutions *	577.13	3.72	1,882.67	19.13	3,859.86	54.19
Debenture	1,952.22	12.58	493.61	5.02	488.30	6.85
Convertible debentures	4,506.28	29.06	-	-	-	-
Advance received for issuance of convertible debentures	465.80	3.00	-	-	-	-
Loans from subsidiary	183.30	1.18	-	-	-	-
Trade accounts payable	3.94	0.03	5.10	0.05	6.35	0.09
<b>Total</b>	<b>8,137.44</b>	<b>52.46</b>	<b>2,730.43</b>	<b>27.75</b>	<b>4,604.51</b>	<b>64.64</b>
Shareholders' equity	7,375.44	47.54	7,109.06	72.25	2,518.94	35.36
<b>Total sources</b>	<b>15,512.88</b>	<b>100.00</b>	<b>9,839.49</b>	<b>100.00</b>	<b>7,123.45</b>	<b>100.00</b>
<p><i>Remark: *Loans from financial institutions are long-term loans payable within 30 installments specified in the loan agreement. The first repayment starts on the first payment of interest after the withdrawing date of the loan according to the credit line.</i></p> <p><i>* Convertible debentures with interest at the rate of 5% per annum. Conversion rights can be exercised on the last business day of each quarter.</i></p>						

Consolidated Financial Statement						
	2016 (Restated)		2015		2014	
	Million ₪	%	Million ₪	%	Million ₪	%
Bank overdraft and short-term loans from financial institutions	556.26	3.36	349.05	3.31	250.00	3.50
Loans from Financial institutions *	798.13	4.82	2,062.44	19.57	3,859.86	54.07
Debenture	1,952.22	11.79	493.61	4.68	488.30	6.83
Convertible debentures	4,506.28	27.21	-	-	-	-
Advance received for issuance of convertible debentures	465.80	2.81	-	-	-	-
Short-term loans	4.40	0.03	4.11	0.04	19.80	0.28
Trade accounts payable	11.56	0.07	46.45	0.45	9.08	0.13
<b>Total</b>	8,294.65	50.09	2,955.66	28.05	4,627.04	64.81
Shareholders' equity	8,264.11	49.91	7,581.46	71.95	2,513.57	35.19
<b>Total sources</b>	16,558.76	100.00	10,537.12	100.00	7,140.61	100.00
<p>Remark: *Loans from financial institutions are long-term loans payable within 30 installments specified in the loan agreement. The first repayment starts on the first payment of interest after the withdrawing date of the loan according to the credit line.</p> <p>*Convertible debentures with interest at the rate of 5% per annum. Conversion rights can be exercised on the last business day of each quarter.</p>						



# Risk Factors

## Sources of funding risk

To operate our hire-purchase business, a continuous and stable source of funds is required. At present, the Company's major source of fund comes from two sources: loans from financial institutions and cash flow generated by operations.

As of December 31, 2016, the overdrawn and financial institution loan outstanding balance was Baht 1,354.39 million, mostly long-term loans. The long-term credit facilities of the Company which have not yet drawn down amounted to Baht 2,072.9 million.

Historically, the Company has maintained a very good repayment record and followed the conditions of the facility contracts such as to maintain certain debt to equity ratio thresholds and certain maintain hire – purchase receivable to loan levels.

## Credit risk

The Company is exposed to credit risk primarily with respect to hire purchase and installment sales receivables, asset-backed loan receivables, and loans receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses.

In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of hire purchase and installment sales receivables, asset-backed loan receivables and loans receivables as stated in the statement of financial position.

## Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its deposits with financial institutions, hire purchase and installment sales receivables, asset-backed loan receivables, loans receivables, pledged fixed deposit at financial institution, bank overdraft and short-term loans from financial institutions, short term loan, long term loan, debentures and convertible debentures.

Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

## Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. During the current year, the Company entered into an agreement to hedge foreign exchange risk for

convertible debentures and related accrued interest expense with related party. The Company operates in seven countries now and thus well diversified in currencies and not dependent on any single currency. This diversification reduces our risk and enables us to match debt current with cash flow from operations currency.

## **Incompatibility between the term of the sources of fund and hire purchase contract term risk**

Normally the hire purchase installment period varies from 12 - 36 months (average is 30 months) so the Company has set a policy to determine the repayment period for long term facility agreements from financial institution to be compatible with the installment period for the liquidity of business operation. Cash flow, which covers future hire purchase receivable growth, has been assessed to analyze and evaluate liquidity in order to plan for the financial support to be compatible with the hire purchase contract conditions for smooth business operation.

## **Operation which may lead to non-performing loans risk**

At present, the hire purchase of motorcycles is not limited by any rules or special laws from the Government. Therefore, companies in the hire purchase of motorcycles business can expand their business, limited only by their own capacity. However, risk of significant non-performing loans from a careless credit approval process if there is a lack of good internal control systems.

The Company will strictly consider every approval, maintain strict credit quality by checking the customers' data from the Company's database system of more than 500,000 persons and by being a member of The National Credit Bureau Company Limited and also a member of Motorcycle Hire-Purchase Association of Thailand. The Company can screen the customers' credit effectively from these 3 data sources. As of December 31, 2016, the group Company had non-performing loans of Baht 298.52 million or 4.36% of total receivables. Compared to non-performing loans as of December 31, 2015, which was 5.45% of total receivables, the rate of NPL decreased by 1.09% while the Company set aside an allowance for doubtful debt on December 31, 2016 and 2015 of Baht 270.90 million and Baht 360.83 million, respectively or the Ratio of Allowance for Doubtful Debt to Total Receivable at 3.96% and 5.56%, respectively. The ratio of allowance for doubtful debt to total receivables and the rate of NPL decreased due to better quality of the portfolio from more strict on credit approval and improvement on the debt follow up process.

## **Loss on sales of repossessed motorcycles risk**

The Company will repossess motorcycles if the customer did not pay the installment specified in the hire purchase agreement. The motorcycles will be sold at auction to used motorcycle dealers in the Bangkok Metropolitan Area and provincials. The net receivable of each motorcycle is normally higher than the price of repossessed motorcycle so if the Company cannot claim that loss from the debtor or guarantor, the sale of repossessed motorcycles will be recorded a loss.

The table presents loss on sales of repossessed motorcycles;

Unit: Million Baht	2016	2015	2014
Loss on sales of repossessed motorcycles;	(232.25)	(355.03)	(431.82)

However, to reduce such risk, in the first place, the Company has set up strict guidelines and systems in approving the credit by checking the information from the Company's database, National Credit Bureau (NCB) and Motorcycle Hire-Purchase Association in determining the quality of the borrowers before granting the loan. The Company also develops well defined collection service to quickly and efficiently repossess motorcycles to prevent any build up of repossessed assets.

## **Influence of the major shareholder to business management risk**

A.P.F Holdings Co., Ltd., the Company's major shareholder and Engine Holdings Asia Pte., Ltd. which is in the same group of company ("APF group shareholder") holds a total of 561,476,744 shares or 36.81% of registered and fully paid-up capital of 1,525,509,970 shares of the Company as of 30 December, 2016 and it impossible for the APF Group to control any resolutions which legally require more than half of voting from the shareholders' meeting and that the other minor shareholders are not able to do the check and balance effectively.

## **Competition and new competitors in the hire purchase finance of motorcycles risk**

To operate a motorcycle hire purchase business, a large investment in materials or tools is not required but a significant source of funds for financing is needed. However, the key of success is not only having the lowest cost of funds but having expertise in credit quality evaluation and collection follow-up. Many competitors have failed in this business because they lack in these capacities.

Motorcycle dealers are important individuals who introduce clients to use our hire purchase services. Therefore, there is a risk if dealers do not recommend our services to the customers. To encourage dealers to recommend us, we provide them with a fast process on credit analysis and approval using our efficient information technology system and experienced staff who have expertise in the business. Also with our own information technology system, which specially developed to suit the business and personal expertise, the Company can also provide the customers and dealers with fast service in checking the outstanding balance for the closing of accounts.

## General Information

<b>Company Name</b>	: Group Lease Public Company Limited.(GL)
<b>Location</b>	: 63 Soi 1 Thetsabannimitrtai Road,Ladyao, Chatuchak, Bangkok 10900.
<b>Core Business</b>	: Holding entity and Hire purchase Business
<b>Registration Number</b>	: 0107537000327 (old number Bor Mor Jor. 279)
<b>Telephone</b>	: +662 (0) 2580-7555
<b>FAX</b>	: +662 (0) 2954-2902-3
<b>Home Page</b>	: <a href="http://www.grouplease.co.th">www.grouplease.co.th</a>
<b>E-mail</b>	: <a href="mailto:glpcl@grouplease.co.th">glpcl@grouplease.co.th</a> and <a href="mailto:ir@grouplease.co.th">ir@grouplease.co.th</a>
<b>Registered Capital</b>	: 922,545,040.00 Baht divided into 1,845,090,080 ordinary shares at 0.50 Baht par value
<b>Paid-up Capital</b>	: 762,769,069.50 Baht divided into 1,525,538,139 ordinary shares (as of 2 March 2017)

### Corporations in which Group Lease PCL holds more than 10% of shares

- 1. Company name** : Group Lease Holdings Pte. Ltd.(GLH)  
**Address** : 80 Raffles Place #32-01, UOB Plaza, Singapore (048624)  
**Core Business** : Financial Advisory and other Investment Management business  
**Amount and type of share** : Ordinary shares of 214,437,694 shares or equal to SGD214,447,594
- 2. Company name** : GL Finance Plc.(GLF) (held 100% by Group Lease Holdings Pte. Ltd.)  
**Address** : 270-274 Kampuchea Krom Blvd, Sangkat Mittapheap, Khan 7 Makara, Phnom Penh, the Kingdom of Cambodia  
**Core business** : Digital Finance  
**Home Page** : [www.gl-f.com](http://www.gl-f.com)  
**Telephone** : +855 (0) 23 990 325  
**FAX** : +855 (0) 23 990 327  
**Amount and type of share** : Ordinary shares of 51,500 shares or equal to US\$10,300,000
- 3. Company name** : Thanaban Company Limited (held 100% by Group Lease Holdings Pte. Ltd.)  
**Address** : 63 Soi 1 Thetsabannimitrtai Road,Ladyao, Chatuchak, Bangkok 10900.  
**Core business** : Asset-back loan services  
**Registration Number**: 0105521022758  
**Telephone** : +662 (0) 2580-4488  
**Home Page** : [www.thanabanbike.com](http://www.thanabanbike.com)  
**Registered Capital** : 565,000,000 Baht divided into 5,650,000 ordinary shares at 100 Baht par value  
**Paid-up Capital** : 565,000,000 Baht divided into 5,650,000 ordinary shares

- 4. Company name** : GL Leasing (Lao) Company Limited.(GLL)  
(held 99.68% by GLH and 0.32%byGL)  
**Address** : Premier Building 2<sup>nd</sup> floor, unit No. 10, Phiawat, Sisattanak District,  
Vientiane Capital, Lao PDR  
**Core business** : Digital Finance  
**Telephone** : +856 (0) 21 226 060  
**FAX** : +856 (0) 21 226 064  
**Home Page** : www.gl-lao.com
- Amount and type of share** : Ordinary shares of 2,037,500 shares or equal to US\$2,037,500  
(16,300,000,000 kips)
- 5. Company name** : PT. Group Lease Finance Indonesia (PTGLFI)  
(held 65% by Group Lease Holdings Pte. Ltd.)  
**Address** : Gedung Sahid Sudirman Center, Jl. Jenderal Sudirman Kav. 86,  
Jakarta Pusat, Jakarta 10220  
**Core business** : Digital Finance & Microfinance Business  
**Telephone** : +62 80673980  
**FAX** : +62 80673980  
**Amount and type of share** : Ordinary shares of 100,000 shares or equal to US\$7,590,133 (100  
billion Rupia Indonesia)
- 6. Company name** : BG Microfinance Myanmar Co.Ltd.  
(held 100% by Group Lease Holdings Pte. Ltd.)  
**Address** : 15 F Sakura Tower, No. 339 Bogyoke Aung, San Road  
Kyauktada Township, Kyauktayar, Yangon 11182, Myanmar  
**Core business** : Microfinance Business  
**Amount and type of share** : Ordinary shares of 1,387,689 shares or equal to US\$8,006,914  
(1,387,680,000 kyat)
- 7. Company name** : GL-AMMK Co.,Ltd (held 57% by Group Lease Holdings Pte. Ltd.)  
**Address** : No. 1, Thitsar Street, Yankin Township,Yangon. Myanmar  
**Core business** : Microfinance Business  
**Amount and type of share** : Ordinary shares of 3,000,000 shares or equal to US\$3,000,000
- 8. Company name** : Commercial Credit and Finance Plc.  
(held 29.99% by Group Lease Holdings Pte. Ltd.)  
**Address** : No. 106, Yatinuwara Veediya, Kandy, Sri Lanka  
**Core business** : Leasing, Microfinance, Loans and Hire purchase business  
**Telephone** : 0112000000  
**Home Page** : www.cclk.lk  
**Amount and type of share** : Ordinary shares of 95,390,500 shares or equal to US\$72,094,884  
(10,653,199,116LKR)
- 9. Company name** : Bagan Innovation Technology Pte.Ltd.  
(held 20% by Group Lease Holdings Pte. Ltd.)  
**Address** : Singapore  
**Core business** : IT Platform building  
**Amount and type of share** : Ordinary shares of 13,889shares or equal to US\$450,006 and  
SGD 1,000

## Other References

- Share Registrar** : Thailand Securities Depository Co., Ltd.  
93 Rachadapisek Road, Din Daeng, Bangkok 10400.  
Tel : 0-2009-9000 Fax : 0-2009-9991  
Call center : 0-2009-9999  
Website : <http://www.set.or.th/tsd>
- Auditor** : Mr. Sophon Permsiriwallop Certified Public Account No. 3182  
EY Office Limited  
33rd Floor, Lake Rajada Office  
Complex 193/136-137 Rajadapisek Road Klongtoey,  
Bangkok 10110 Tel. 0-2264-0777 Fax 0-2661-9192  
Email Address : [ernstyoung.thailand@th.ey.com](mailto:ernstyoung.thailand@th.ey.com)
- Legal Advisor** : Mr. Kaptan Jeerasete  
63 Soi 1 Thetsabannimitrtai Road, Ladyao, Chatuchak,  
Bangkok 10900. Tel. 0-2580-7555, Fax. 0-2954-2902-3



## Shareholders

List of top 10 shareholders as of 30 December, 2016 are as follows:

	Name	Amount (shares)	%
1	A.P.F.Group : -Engine Holdings Asia Pte.Ltd. <sup>1</sup> -A.P.F.Holdings Co., Ltd. <sup>2</sup>	<b>561,476,744</b> 402,565,553 158,911,191	<b>36.81</b> 26.39 10.42
2	Thai NVDR Co., Ltd.	196,695,277	12.89
3	SIX SIS LTD	185,852,842	12.18
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD A/C CLIENTS	98,557,757	6.46
5	Mr. Suthipong Vesvarut	72,614,500	4.76
6	Thailand Securities Depository Co.,Ltd. for depositor	52,373,917	3.43
7	Cougar Pacific Holdings Co., Ltd.	40,715,663	2.67
8	MERRILL LYNCH,PIERCE,FENNER & SMITH INC.	36,504,600	2.39
9	K.R Capital Co., Ltd.	35,000,000	2.29
10	Mr. Rachen Krissaralumn	28,524,000	1.87
	Total	1,308,315,300	85.76

Remark      <sup>1</sup>Engine Holdings Asia Pte.Ltd.undertakes investment business. Shareholder is Wedge Holdings Co.,Ltd. which is a listed company incorporated in Japan holding 58 million shares (or 100% of the paid-up capital)  
<sup>2</sup>A.P.F.Holdings Co.,Ltd. Undertakes investment business. Shareholder is Sanwa World Service Co.,Ltd. Which undertakes accounting advisory business holding 27 million shares(or 49% of paid-up capital) and A.P.F.Capital Thailand Co.,Ltd. Which undertakes investment business holding 12 million shares(or 21.71% of paid-up capital)

## Issuance of Other Securities

During 2016, other securities issued were Warrants entitled to purchase ordinary shares, Debenture and Convertible Debenture which details as follows:

<b>1. Type</b>	:	Warrants entitled to purchase ordinary shares of Group Lease Pcl No. 8(GL-W4)
<b>Term of warrant</b>	:	Not exceeding 2 years from the issued date or 2 August, 2016
<b>Amount issues</b>	:	170,000,000 units
<b>Amount of the ordinary shares reserved for the exercise</b>	:	170,000,000 shares
<b>Exercise ratio</b>	:	1 unit of warrant per 1new ordinary share
<b>Exercise price</b>	:	Baht 40.00 per share
<b>Unexercised Amount</b>	:	164,965,177 units
<b>Maturity date</b>	:	31 July, 2018
<b>2. Type</b>	:	Specified holder's name Debenture, unsubordinated partially secured with bondholders delegates
<b>Name of Debenture</b>	:	partially secured debenture of Group Lease Pcl. No. 1/2559 (2016) matured in 2019
<b>Amount</b>	:	1,500,000,000 Baht
<b>Term</b>	:	3 years from the issuing date of debenture
<b>Interest rate</b>	:	2.84% p.a.
<b>Issue date</b>	:	29 September, 2016
<b>Maturity date</b>	:	29 September, 2019
<b>3. Type</b>	:	Convertible Debenture
<b>Amount of unit</b>	:	1,300 units
<b>Face value</b>	:	USD100,000 per 1 convertible debenture
<b>Amount of the ordinary shares reserved for the exercise</b>	:	115,050,000 shares
<b>Conversion to common stock:</b>	:	1 convertible debenture (face value of USD 100,000 or equal to 3,540,000 Baht) can be redeemed by converting it to 88,500 shares of common stock
<b>Conversion price</b>	:	Baht 40 per share
<b>Term</b>	:	5 years since the date of issuance
<b>Interest rate</b>	:	5.00% per annum
<b>Issue date</b>	:	1 August 2016
<b>Maturity date</b>	:	1 August 2021

## Dividend Payment Policy

The dividend payment policy of Group Lease Public Company Limited states that dividend shall be paid not less than 40 percent from the net profit after tax and other legal reserves. In considering the dividend payment, other factors such as The Company's operating result, financial position and liquidity should also be taken into the consideration. Payment of dividend has to be considered and approved by the shareholders. However, the Board of Directors is able to approve interim dividend payment and the shareholders shall be acknowledged in the next shareholders' meeting.

As for the Company's subsidiary, the dividend policy is to be paid at the rate not less than 70% of the net profit.

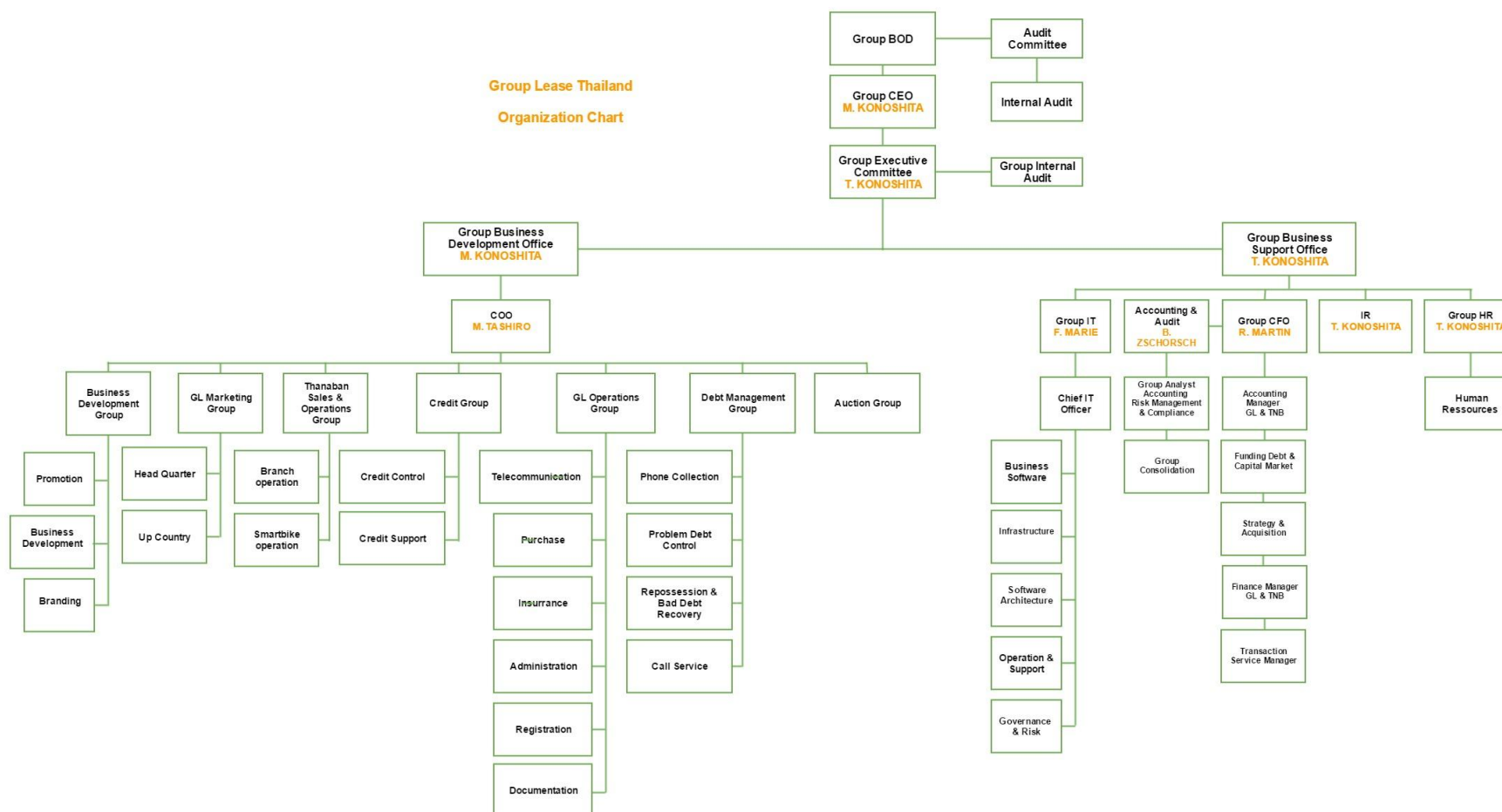
Dividend payment records for the past years are as follows:

Separated Financial Statement					
Year	2016	2015	2014	2013	2012
Earnings per share	0.32	0.29	0.14	0.27	0.43
Dividend per share	N/A	0.16	0.06	0.17	0.31
% of dividend per net profit	N/A	67.97	45.68	64.52	69.79

\*\*Years 2012 and 2013 after adjustment, par value of ordinary shares was 0.50 Baht per share

# Management Structure

## Organization Chart



## Board of Directors

### -Board of Directors Structure

As of 31 December, 2016, the Company's Board of Directors consisted of 12 directors divided into 4 executive directors and 8 non-executive directors or equal to about 66% of which 4 members were Independent Directors who were also carry out the duties of Audit Committee to comply to the listed company's rule to provide sufficient check and balance. The Company's directors have the different qualifications in terms of skills, experiences and special expertise which are beneficial to the Company such as in management, investment financial and accounting fields and there is 1 independent director, who has direct experience in hire-purchase business which is the core business of the Company.

### -Term of Office

It was clearly stated in the Company's Articles of Association that one-third or nearest to one-third of the Directors who has the longest term of office shall retire by rotation in each AGM. At present, the number of retired by rotation directors is 4 persons each year but those retired still have opportunity to be nominated for re-election. The term of office of Audit Committee is set to be 2 years and can also be renewed. Currently, there has not been any limitation on the maximum term of office of the independent director.

At present the list of the Board of Directors, term of office and their meeting attendance in 2016 are as below:

Name	Title / Term of Office	Board of Directors' Meeting	
		Total number of meeting	Total Attendance
1. Mr. Mitsuji Konoshita	Chairman of the Board and CEO /2015-2017	19	19
2. Mr. Tatsuya Konoshita <sup>1</sup>	Director, Chairman of Executive Committee and Chief Investor Relations Officer /2016-2018	19	18
3. Mr. Muneo Tashiro <sup>1</sup>	Director and Chief Operating Officer /2014-2017	19	18
4. Mr. Alain Dufes	Director /2016-2018	1	1
5. Mr. Patrick Fisher <sup>2</sup>	Director / 2016-2019	15	11
6. Mr. Regis Martin	Director and Chief Financial Officer / 2016-2017	15	15
7. Mr. Riki Ishigami <sup>1</sup>	Director / 2016-2019	15	13
8. Mr. Yusuke Kozuma <sup>1</sup>	Director / 2016-2019	15	14

9. Gen.Suebsan Dardarananda <sup>3</sup>	Chairman of Audit Committee / Independent Director / 2015-2018	19	15
10. Mr. Sonit Pichyangkul <sup>4</sup>	Audit Committee / Independent Director /2014-2017	19	18
11. Dr. Pholdej Therdphithakvanij	Audit Committee / Independent Director /2016-2019	19	19
12. Mr. Krit Phanratanamala <sup>4</sup>	Audit Committee / Independent Director /2016-2018	19	17
Reasons for absence: <sup>1</sup> absent on business trips abroad <sup>2</sup> absent 4 times of which 2 cannot attend as being connected person and other <sup>3</sup> 2 absents due to engaged in significant business abroad <sup>4</sup> absent 4 times engaged in significant and urgent business <sup>4</sup> absent 2 times went abroad			

**Remark:** In the year 2016, there were some resignation and newly appointment of directors from the resolution of the Annual General Meeting of shareholders FY2016 as follows:

Name	Title	Resigned / Newly appointed	Effective date	Replacement
1. Mr. Worasak Kriengkamol	Director / Executive Director	Retired by rotation	28 Apr, 2016	-
2. Mr. Deepong Sahachartsiri	Director / Chief Financial Officer	Resigned	28 Apr, 2016	Mr. Regis Martin
3. Mr. Somchai Limpattanasin	Director	Resigned	6 Dec, 2016	Mr. Alain Dufes
	Chief Operating Officer	Resigned	31 Dec,2016	Mr. Muneo Tashiro
4. Mr. Alain Dufes	Director	Newly appointed	6 Dec, 2016	
5. Mr. Patrick Fisher	Director	Newly appointed	28 Apr, 2016	
6. Mr. Riki Ishigami	Director	Newly appointed	28 Apr, 2016	
7. Mr. Yusuke Kozuma	Director	Newly appointed	28 Apr, 2016	
8. Mr. Regis Martin	Director and Chief Financial Officer	Newly appointed	28 Apr, 2016	To replace Mr. Deepong Sahachartsiri

### Directorship of the Directors in Other Listed Companies

The Company does not limit the number of directorship of the Company's Directors in other listed companies as most of them had been a director of such companies before joining the Company. Moreover, if doing so, we may lose the chance of having good directors. However, at present, there has not been any director who takes up directorship in other listed company more than 5 companies. Nevertheless, each director was evaluated on their contribution of time to the Company in which all directors had always given high contribution to the Company.

As for the executives, they cannot be director of other companies except the Company's subsidiary or company in the same group. The number of directorship of each director in other listed companies except subsidiary companies for FY2016 are as follow :



<b>Directors' Name</b>	<b>Title</b>	<b>Number of directorship in other listed companies</b>
Mr. Mitsuji Konoshita	Chairman of the Board of Directors	-
Mr. Tatsuya Konoshita	Director	2
Mr. Muneo Tashiro	Director	1
Mr. Regis Martin	Director	-
Mr. Patrick Fisher	Director	-
Mr. Riki Ishigami	Director	-
Mr. Yusuke Kozuma	Director	-
Mr. Alain Dufes	Director	-
Gen. Suebsan Dardarananda	President of Audit Committee/ Independent Director	-
Mr. Sonit Pichyangkul	Audit Committee/ Independent Director	-
Dr. Pholdej Therdphithakvanij	Audit Committee/ Independent Director	-
Mr. Krit Phanrattanamala	Audit Committee/ Independent Director	2

## **C**

### **Chairman and CEO (the highest management)**

Since 2012, the Company had reorganized its management structure so that the Chairman had taken another position as CEO. Despite this, the roles and duties of the Board of Directors and the management were clearly separated and besides, we also have Audit Committee who is the Independent Director and can help doing the check-and-balance of management.

### **Duties and Responsibilities of Board of Directors**

Directors take responsibility in managing the company's operation in compliance to the laws, Company's objectives, its regulations and resolutions from shareholders' meeting with integrity and fiduciary duty, which can be concluded as follows :

1. To determine the Company's objectives, directions, policies, plans, and budget, and to control and supervise the management to reach the set objectives. However, there are some matters which required by law to get the approval from the shareholders' meeting, such as the increasing or decreasing of capital, disposing of or transferring of the Company's whole or partial major business to other persons, or acquiring or accepting of transfer of other business, and the amendment of the Company's Memorandum & Articles of Association.
2. To arrange the Annual General Shareholders' meeting within four months after closing the accounting period and determine the agendas and give opinions to

be proposed to the Meeting for approval such as the dividend payment, Board of Directors' and Audit Committee's remunerations and the appointment of directors, etc.

3. To consider and approve important investment of the Company as well as investment in subsidiary companies.
4. To consider and approve the Company's CG Policy and other policies including other rules and regulations that have been reviewed by Audit Committee or the management and monitor the implementation.
5. To arrange the Board of Directors meeting at least once every quarter.
6. To present financial statements, both balance sheets and income statements which have already been audited by external auditor to shareholders for approval.
7. To appoint executives as proxy or empower others to carry out Company's activities under the Board of Directors' control or to authorize such person to have the appropriate power at a specific period in which such power may be cancelled, withdrawn, changed or amended. In the event of the proxy granting to other persons to carry out activities relating to the normal business activities of the Company, such power granting should be in compliance to the resolution from the Board of Directors' meeting which consists of Independent Director or Audit Committee present in the meeting. In the event that the power granting was disapproved by the Independent Director or Audit Committee, such disapproved opinion should be clearly recorded in the Board of Directors' minutes of the meeting.
8. To consider and approve important related party transactions and the acquisition or disposal or transfer of significant assets so that the transactions are done and disclosed correctly and transparently in compliance with the Securities and Exchange Act and the Stock Exchange of Thailand's rules or other related laws.
9. To establish proper management structure including the appointment of high level management such as the Chief Officer, Executive Board/Director, Managing Director and General Manager level.
10. To approve the appointment of sub-committees such as Audit Committee and determine its roles and responsibilities including the changing in structure, term of office and renewal or other changes which may significantly affect such committee's operation.
11. To monitor the Company's operating result to continuously achieving the set target according to the business plan and budget.
12. To approve procurement of significant assets or maintenance expenses at the amount exceeding Bht 5,000,000.-
13. Directors must not involve in the business of the same nature of the Company's business or in competition with the Company's business or being partner in any

partnership entity or being an unlimited partner in any limited partnership or being a director in a private company or other companies that operate the business of the same nature with the Company and competing with the Company's business either for personal interest or for others' interest except prior disclosing at the shareholders' meeting before the appointment.

14. Directors have to inform the Company promptly if he is having any conflict of interest directly or indirectly in any of the Company's contract, or the increasing and decreasing of the Company's share or debenture holdings.

However, the authorized duties of the Board of Directors mentioned above does not include the authorization that may allow the Board or its proxy to be able to approve the transactions that have any conflict of interest or other conflicts either for own interest or others with the Company or its subsidiary companies according to the SET's rules in which such transactions should be approved by the Board of Directors' meeting and /or by the shareholders' meeting as stated in the Company's Articles of Association or other related laws.

### **Duties and responsibilities of Chairman**

1. To be responsible on behalf of the leader of the Board of Directors in governing, monitoring the business management of the top executives of each function line to achieve the set objectives or plans.
2. To be responsible as Chairman of the Board of Directors' meeting and the shareholders' meeting of the Company.
3. To be responsible in casting the final vote to make the board's resolution in the event of a tie vote.

### **Board of directors' self-assessment**

The Board of Directors has the policy to conduct self-assessment of the Board of Directors and Audit Committee as a group annually aiming to improve the efficiency of both as a whole. In December of each year, the Secretary will review the questionnaires which had been adjusted from the SET's example and distribute to each of the director to fill in. The topics of assessment were under 6 main areas as follows:

1. Structure and Qualification of the Board
2. Roles, Duties and Responsibilities of the Board
3. Board of Directors Meeting
4. Duties performing of the Board

## 5. Relationship with the Management

## 6. Directors and Management Development

After the questionnaires have been returned, the Secretary shall summarize the result and report them to the Board of Directors. As for the year 2016, the overall result of the self-assessment of Board of Directors was excellent in all criteria which details are as follows:

### Board of Directors' result

Criteria	Full Score	Score	%	Result
<b>Total</b>	<b>100</b>	<b>98.23</b>	<b>98.23</b>	<b>excellent</b>
1. Board structure and qualifications	28	27.5	98.2	excellent
2. The board meeting	24	23.6	98.3	excellent
3. Duties & responsibilities of Board	40	39.3	98.25	excellent
4. Others : - relationship with management team -Directors' self-development	8	7.8	97.5	excellent

### Directors and Management Development

- **Training** The Board of Directors, Audit Committee, management as well as the Company Secretary and the employees were encouraged and facilitated to join the training courses concerning the corporate governance and management skill. Such training courses may be an in-house training or the seminars arranged by specialized organization such as the Accounting Association or the Revenue Dept. or other regulators such as the SET and SEC as well as IOD.

In 2016, one of the Audit Committee members, Mr. Pholdej Therdphithakvanij, had participated in CG Forum 1/2016 on 10 February, 2016 on the topic of 'Ethics: Conscience of Corporate Governance' arranged by the SET. Moreover, Company Secretary had participated in training courses on 'Basic IR' during 16-17 June, 2016 arranged by the SET and 'Enhancing Good CG based on CGR Scorecard' on 3 October, 2016 arranged by SET and IOD.

- **Preparation for new director** The Company provides necessary information to new directors useful to perform director duties which introduce the nature of the business and the operations of the Company consisting of the Company's annual report, Board of Directors / Audit Committee Charter, Affidavit, and Memorandum and Articles of

Association, Company's Code of Ethics including the Director's Handbook published by the SEC.

- Succession Plan The General Manager shall report the succession plan to the Supervisor to assign successors who significantly possess knowledge, skill and experiences in case they cannot perform their duties.
- Executives Development Program The Board has established a development program for executives and the General Manager will report to the board annually. The executive development plan will be considered together with the succession plan.

## Management

During the year 2016, the Company has restructured its organization, therefore, as of 31 December, 2016, the Company had total 6 executives according to the SEC's definition in which the executives from the subsidiary companies are excluded according to the new organization chart detail as follows :

No.	Name	Title
1.	Mr. Mitsuji Konoshita	Chief Executive Officer
2.	Mr. Tatsuya Konoshita	Chairman of Executive Committee and Chief Investor Relations Officer
3.	Mr. Muneo Tashiro	Chief Operating Officer
4.	Mr. Regis Martin	Chief Financial Officer
5.	Mr. Freddy Marie	Group IT Director
6.	Mr. Boris Zschorsch	Deputy Chief Financial Officer, Accounting & Audit

## Company Secretary

The Company's Board of Directors has resolved to appoint Miss Siriphen Pongchairerks to take up the position of Company Secretary since 22 November, 2011. The duties and responsibilities of Company Secretary are as follows:

### Duties and Responsibilities of Company Secretary:

- Arranging Board of Directors' and shareholders' Meetings
- Preparing and keeping the Register book of Directors
- Preparing and keeping notice to Board of Directors' Meeting, minutes of the Board of Directors' Meeting and annual report of the Company
- Preparing and keeping notice and minutes of the shareholders' meeting
- Forwarding / keeping the report on interest of Directors' and Management and their related persons to Chairman of the Board and Chairman of the Audit Committee
- Preparing report on changing of share holdings of Directors and Management for acknowledgement in the Board of Directors' Meeting
- Being a coordinator between the Company and outside regulators such as SEC, SET and TSD, etc.
- Disclosing Company's news through The SET's SCP system
- Assisting in Investor Relations function as Coordinator



## Details of Directors, Management, Controlling Person and Company Secretary for 2016

Name / Position/ Starting date	Age (Yr.)	Education / Training	Share holding (%)	Relationship between Directors/ Management	Working Experiences for the past 5 years		
					Period	Position	Company / Type of Business
Mr. Mitsuji Konoshita Chairman of the Board and CEO (Authorized Signer) / 7 March 2007	50	Bachelor of Law, Osaka University, Japan	0.03	Being the elder brother of Mr. Tatsuya Konoshita	<u>Listed Cos.</u>		
					2012 – Present	Chairman and CEO	Group Lease Pcl. (Holding & Hire purchase Business)
					2007 – 2012	Chairman	Group Lease Pcl. (Holding & Hire purchase Business)
					2006 – 2011	Chairman	United Securities Pcl. (Securities broker Business)
					<u>Non-listed Cos.</u>		
					2017-Present	Chairman,	BG Microfinance Myanmar Co.,Ltd. (Microfinance)
					2016-Present	President Commissioner	PT Group Lease Finance Indonesia (Digital Finance)
					2014-Present	Chairman	GL Leasing (Lao) Co., Ltd.(Digital finance business)
					2014- Present	Chairman & CEO	Thanaban Co., Ltd. (Asset back loan business)
					2012 - Present	Chairman	Group Lease Holdings Pte.Ltd. (Fin. Advisory & other investment management)
					2011 – Present	Director	Engine Property Management Asia Co.,Ltd.(real estate business)
					2009 - Present	Chairman	Engine Holdings Asia Pte., Ltd.(investment business)
					2005 –2008	Director	A.P.F. Holdings Co., Ltd. (investment business)

Mr. Tatsuya Konoshita Chairman of Executive Board (Authorized Signer), Director and Chief Investor Relations Officer / 20 April, 2011	45	Bachelor of Arts (History), Osaka University, Japan	0.01	Being the younger brother of Mr. Mitsuji Konoshita	<u>Listed Cos.</u>	Chairman of Executive Board, Director and Chief Investor Relations Officer  Rep.MD and CEO  Director and CBDO  Director  Rep. Director and Chairman  Rep. Executive officer and CEO  Chairman of the Executive Board  Director  Rep.MD	Group Lease Pcl. (Holding & Hire purchase Business)  Wedge Holdings Co., Ltd. (Investment Business) Group Lease Pcl. (Holding & Hire purchase Business) Group Lease Pcl. (Holding & Hire purchase Business) Wedge Holdings Co., Ltd. (Investment Business) Showa Holdings Co., Ltd (Investment business)  United Securities Pcl. (Securities broker Business)  Group Lease Holdings Pte.Ltd. (Fin. Advisory & other investment management) Asuka Foods Co.,Ltd. (Food business)
					2016-Present		
					2013- Present		
					2012 – 2015		
					2011 – 2012		
					2011- 2013		
					2008- Present		
					2006-2011		
					<u>Non-listed Cos.</u>		
					2016-Present		
					2010- Present		

Mr. Muneo Tashiro Director (Authorized Signer)/ 22 April, 2009	44	Bachelor of Arts(Literature),Osaka University, Japan	0.01	-	<u>Listed Cos</u>		
					12/2016-Present	Director & COO	Group Lease Pcl. (Holding &Hire purchase Business)
					2013 - Present	Executive Director	Wedge Holdings Co., Ltd. (Investment Business)
					2009 – 2016	Director	Group Lease Pcl. (Holding &Hire purchase Business)
					2008 - 2013	Chief Executive Officer	Wedge Holdings Co., Ltd. (Investment Business)
					2007 –2008	Senior Executive Director	Wedge Holdings Co., Ltd. (Investment Business)
					<u>Non-listed Cos</u>		
					2014- Present	Director	GL Leasing (Lao) Co., Ltd.(Digital Finance business)
					12/16-Present	Chairman	GL Finance Plc.(Digital Finance business)
					2014- 12/16	Director	GL Finance Plc.(Digital Finance business)
					2014- Present	Director and Managing Director	Thanaban Co., Ltd. (Asset back loan business)
					2013 – Present	Director	Group Lease Holdings Pte.Ltd. (Fin. Advisory & other investment management)
					2011 – 2013	Director	Asuka Foods Co., Ltd.(Food Business)
					2009 – Present	Director	Engine Holding Asia Pte.(Investment Business)
Mr. Alain Dufes Director / 6 December, 2016	52	Bachelor of Mathematics and Physical Sciences	-	-	<u>Listed Cos.</u>		
					12/16-Present	Director	Group Lease Pcl. (Holding &Hire purchase Business)
					<u>Non-listed Cos.</u>		
					2017-Present	Director and Deputy MD	BG Microfinance Myanmar Co., Ltd.(Microfinance)
					2014 –Present	General Manager	GL Leasing (Lao) Co., Ltd. (Digital Finance business)
					2011- 06/2014	Managing director	Dubus Lao IT
					2000 – 06/ 2011	Portfolio and Asset Manager	Dubus SA Lille France Securities Company
					1999-2006	Asset Manager	Kalpa Ltd CoNimes

General Suebsan Dardarananda Independent Director & President of Audit Committee / 11 May, 2011	65	BA. Political Science, Norwich University, USA -National Defense College -Director Certification Program No. 98/2008, IOD - Finance for Non-financial Director No. 39/2008, IOD	0.006	-	<u>Listed Cos.</u> 2011-Present	Independent Director & President of Audit Committee	Group Lease Pcl. (Holding & Hire purchase Business)
					<u>Non-listed Cos.</u> 05/2016-Present 2014-present 2014-Present 2014- Present		
						Director Internal Audit Committee Deputy Chief Independent Director & Chairman of Audit Committee	Amata Bien Hoa JSC (Joint Stock Company) in Vietnam GL Leasing (Lao) Co., Ltd.(Digital Finance Business) Office of the Minister of Defense Thanaban Co., Ltd. (Asset back loan Business)

Mr. Sonit Pitchyangkul  Independent Director & Audit Committee / 11 May, 2011	66	MA. (Economics), North Texas State University-Director Certification Program No. 33/2005 -BA. (Economics), Thammasart University -Director Certification Program No.33/2005, IOD	0.005	-	<u>Listed Cos.</u>		
					2011 – Present	Independent Director & Audit Committee	Group Lease Pcl. (Holding & Hire purchase Business)
					1999 – 2004	Senior Executive Vice President (Hire Purchase) and Branch Admin.	Kiatnakin Finance & Securities Pcl. (Financial & securities Business)
					<u>Non-listed Cos</u>		
					2014 – Present	Internal Audit Committee	GL Leasing (Lao) Co., Ltd. (Digital Finance business)
					2014 – Present	Independent Director & Audit Committee	Thanaban Co., Ltd. (Asset back loan Business)
					2006-Present	Advisor	Thaifilatex Pcl. (produce latex thread business)
					2004 – 2006	Senior Executive Vice President (Retail Credit)	AIG Finance Plc. (Financial Business)

<b>Dr.Pholdej Therdphithakvanij,</b> <b>Ph.D.</b>  Independent Director & Audit Committee / 20 April, 2011	48	- Doctor of Philosophy (Civil Engineering) Lehigh University, U.S.A. - Director Accreditation Program No. 89/2011, IOD -CG Forum 1/2016 Ethics: Conscience of Corporate Governance by SET	0.01	-	<u>Listed Cos.</u> 2011 – Present	Independent Director & Audit Committee	Group Lease Pcl. (Holding & Hire purchase Business)
					<u>Non-listed Cos</u> 2015 - Present	Managing Director	Baka Engineering Co., Ltd. (Engineering Consultant)
					2014 - Present	Internal Audit Committee	GL Leasing (Lao) Co., Ltd.(Digital Finance business)
					2014 - Present	Independent Director & Audit Committee	Thanaban Co., Ltd. (Asset back loan Business)
					2012 – Present	Director of Civil-structural Engineering	W. & Associates Consultants Co.,Ltd. (Engineering Consultant)
					2007 – 2012	Deputy Managing Director	R.K.V. Engineering Consultant Co., Ltd. (Engineering Consultant)
					2006 – 200	Deputy Managing Director	IMMS Co., Ltd.(Engineering Consultant)

Mr. Krit Phanratanamala  Independent Director & Audit Committee/ 20 April, 2011	48	Master of Business Administration (Finance),University of Florida, USA	0.01	-	<u>Listed Cos.</u> 2015 – Present	Independent Director & Audit Committee	TPBI Plc (Plastic bag manufacturer)
		-Advanced Audit Committee Program No. 27/2009			2011-Present		
		-Director Certification Program No. 86/2007 by IOD			<u>Non-listed Cos</u> 2016-Present	Independent Director & Audit Committee	Group Lease Pcl. (Holding & Hire purchase Business)
		-MFM 1/2009, MFR 9/2009, MIA 6/2009, MIR 7/2009			2006-Present		
		-CG Forum 2/2015 Responsibility of Board and Management in Internal Control, SET			10/2015-Present	Executive Director and Member of Investment Committee	The Union Mosaic Industry Public Company Limited
					2014-Present		
					2014-Present	Director Internal Audit Committee	Dhipaya Life Assurance Pcl. (Life assurance)
					09/15-Present		
						Independent Director & Audit Committee	GL Leasing (Lao) Co., Ltd. (Digital Finance business)
						Managing Director	Thanaban Co., Ltd. (Asset back loan Business)
							Thai Prosperity Advisory Co., Ltd (Investment Advisor)

Mr. Patrick Fisher  Director/ 28 April 2016	38	Master of Business Administration, Northwestern University	-	-	<u>Listed Cos.</u> 2016-Present	Director	Group Lease Pcl. (Holding & Hire purchase Business)
					<u>Non-listed Cos.</u> 2008-Present	Chief Executive Officer & Founder, Managing Partner	Creation Investments Capital Management, LLC (Investment Business)
					2004-2006	Global Account Executive, International Banking	JP Morgan Chase & Company
					2003-2004	Global Account Executive, Payable Products	JP Morgan Chase & Company, Chicago, IL
					2002-2003	Assistant Vice President	JP Morgan Chase & Company, Beijing & HK, China
					2001-2002	Global Derivative Products	Banc One Capital Markets, Chicago, IL
Mr. Regis Martin  Director and Chief Financial Officer/ 28 April, 2016	35	Master of Art in International Business, Master/DESS 212, University Paris IX Dauphine	-	-	<u>Listed Cos.</u> 2016-Present	Director and Chief Financial Officer	Group Lease Pcl. (Holding & Hire purchase Business)



		Exchange program with the University of Chicago, international economics			2015-2016	Finance Director & Business Development Manager,	Group Lease Pcl. (Holding & Hire purchase Business)
					<u>Non-listed Cos.</u>		
					2016-Present	Commissioner	PT Group Lease Finance Indonesia (Digital Finance)
		Bachelor and Master of Science in Applied Economics, University Paris IX Dauphine			2015-Present	Chief Financial Officer	Group Lease Holdings Pte.Ltd. (Fin. Advisory & other investment management)
					2014-Present	Director and Chief Financial Officer	Thanaban Co., Ltd. (Asset back loan Business)
					2014 – 2015	Business Performance Manager	GL Finance Plc. (Digital Finance business)
					2009 – 2014	Finance and Investment Portfolio Manager	Devenco
					2008 – 2009	Senior auditor	Morison Kak & Associés
					2006 – 2008	Auditor	Price Waterhouse Coopers, Paris
					2005 – 2006	Sales forecast controller	L'Oreal, Paris
Mr.Riki Ishigami  Director/ 28 April 2016	38	Bachelor of Law, Asia University, Tokyo, Japan	0.01	-	<u>Listed Cos.</u>		
					2016-Present	Director	Group Lease Pcl. (Holding & Hire purchase Business)
					<u>Non-listed Cos.</u>		
					2015-Present	Director & CEO	GL Finance Plc. (Digital Finance business)
					2015-Present	Director	Cambodian People Micro Insurance Plc., Cambodia
					2014 – Present	Director	Thanaban Co., Ltd. (Asset back loan Business)
					2014 – 2015	Director & COO	GL Finance Plc. (Digital Finance business)
					2011-2014	Chief Operating Officer	GL Finance Plc. (Digital Finance business)

Mr.Yusuke Kozuma  Director/ 28 April 2016	41	Bachelor of Art Planning  Department , OSAKA UNIVERSITY OF ARTS, Osaka	0.02	-	<u>Listed Cos.</u>  2016-Present  2014-Present	Director  Corporate Consultant	Group Lease Pcl. (Holding & Hire purchase Business)  Group Lease Pcl. (Holding & Hire purchase Business)
					<u>Non-listed Cos.</u>  2014-Present		
					2013 – Present		
					2011 - Present		
Mr. Freddy Marie  Group IT Director/ 13 July 2015	35	Global Master in Business Administration (2013-2015):  Shanghai Jiaotong – KEDGE  Business School (2015 Financial Times: part time MBA ranking  number 1st in Asia and 23rd worldwide)   Master in Science (2002-2005), major in telecommunication:  ESIGELEC, Rouen, France	0.001	-	<u>Listed Cos.</u>  2015 – Present	Group IT Director	Group Lease Pcl. (Holding & Hire purchase Business)
					<u>Non-listed Cos.</u>  2017-Present		
					2016 - Present		
					2010 - 2015		
						Director Commissioner (Director) IT Manager	BG Microfinance Myanmar Co., Ltd.(Microfinance Bus.) PT Group Lease Finance Indonesia (Digital Finance) Dongfeng Peugeot Citroen Auto Finance Company (DPCAFC)

Mr. Boris Zschorsch  Deputy Chief Financial Officer/ 6 July, 2015	32	German Diploma (Master equivalent) in Business Administration from J.W. Goethe University in Frankfurt/Main, Germany  French Master 1 in Business Administration from Universite Paris Dauphine IX, Paris, France	0.001	-	<u>Listed Cos.</u>  2015 – Present	Deputy Chief Financial Officer, Accounting & Audit	Group Lease Pcl. (Holding & Hire purchase Business)  PricewaterhouseCoopers Singapore PricewaterhouseCoopers Luxembourg
					<u>Non-listed Cos.</u>  2015 – 2015 2010 - 2014		

## Details of Company Secretary

Name / Position/ Starting date	Age (Yr.)	Education / Training	Share holding (%)	Relationship between Directors/ Management	Working Experiences for the past 5 years		
					Period	Position	Company / Type of Business
Miss Siriphen Pongchairerks/ Company Secretary / 22 November, 2011	59	Bachelor of Business Administration (General Management), Assumption University - Company Secretary (CSP 1/2002) - Effective Minutes Taking (EMT 14/2009) - TAN: Workshop, How to Make Accurate Disclosure, Merger & Acquisition or Related Party Transaction - Laws & Practices for Company Secretary RE : the amended Securities & Exchange Act B.E.2551 -Other courses in relation to the Role of Company Secretary, Corporate Governance and Investor Relations by SET, SEC or Company Secretary Club	0.001	-	2016-Present	Company Secretary	Group Lease Pcl. (Holding&Hire purchase Business)
					2016-Present	Secretary to the Board	Thanaban Co., Ltd. (Asset back loan Business)
					2014 – 2016	Secretary to the Board and Audit Committee	Thanaban Co., Ltd. (Asset back loan Business)
					2011-2016	Company Secretary and Secretary to Audit Committee	Group Lease Pcl. (Holding&Hire purchase Business)
					1991-2011	Secretary to the Board of Directors (Company Secretary)	United Securities Pcl.(Securities business)

Details of Positions held in the Company, its Subsidiary and Related Companies of Directors, Executives and controlling person as of the year 2016

Directors / Executives	Company	Subsidiary Companies						Related Companies			
		Group Lease Holdings Pte.Ltd.	GL Finance Plc.	Thanaban Co., Ltd.	GL Leasing (Lao) Co., Ltd.	PT Group Lease Finance Indonesia	BG Microfinance Myanmar Co.,Ltd.	Engine Holdings Asia PTE. LTD.	Wedge Holdings Co., Ltd.	Creation Investment LLC	Cambodian People Micro Insurance
1. Mr. Mitsuji Konoshita	X, C	X,C		X,C	X	X <sup>1</sup>	X	X			
2. Mr. Tatsuya Konoshita	/ //	/							C		
3. Mr. Muneo Tashiro	/ //	/	X	/,000	/			/	/		
4. Mr. Regis Martin	/ //	/		/		/ <sup>1</sup>					
5. Mr. Patrick Fisher	/									C	
6. Mr. Riki Ishigami	/		/, C	/							/
7. Mr. Yusuke Kozuma	/		/,DC								
8. Mr. Alain Dufes	/				/,00	/ <sup>1</sup>	/,0000				
9. Gen. Suebsan Dardarananda	///			///	////						
10.Mr. Sonit Pitchyangkul	///			///	////						
11 Mr.PholdejTherdphithakvanij,	///			///	////						
12.. Mr. Krit Phanratanamala	///			///	////						
13.Mr. Freddy Marie	0					/ <sup>1</sup>	/				
14.Mr. Boris Zschorsch	0										

Remarks X means Chairman X<sup>1</sup> means President Commissioner C means CEO DC means Deputy CEO  
/ means Director /<sup>1</sup> means Commissioner // means Executive Director /// means Independent Director & Audit Committee  
//// means Independent Audit Committee 0 means Executives 00 means General Manager 000 means MD 0000 means Deputy MD

## Details of Directors of Subsidiary Companies 2016

Subsidiary Companies Name of Directors	Group Lease Holdings Pte.Ltd.	GL Finance Plc.	Thanaban Co.,Ltd.	GL Leasing (Lao) Co., Ltd.	PT. Group Lease Finance Indonesia	BG Microfinance Myanmar Co.,Ltd.
1. Mr. Mitsuji Konoshita	X,C		X,C	X	X <sup>1</sup>	X
2. Mr.Tatsuya Konoshita	/					
3.Mr.Muneo Tashiro	/	X	/,000	/		
4.Mr. Regis Martin	/		/		/ <sup>1</sup>	
5. Mr.Patrick Fisher						
6. Mr.Riki Ishigami		/,C	/			
7. Mr. Yusuke Kozuma		/,DC				
8. Mr.Alain Dufes				/,00	/ <sup>1</sup>	/,0000
9. Gen.Suebsan Dardarananda			///	////		
10. Mr.Sonit Pichyangkul			///	////		
11.Mr.Krit Phanratnamala			///	////		
12. Dr.Pholdej Therdphithakvanij			///	////		
13. Mr. Kaname Hashimoto				/,000		/,000
14.Mr. Freddy Marie					/ <sup>1</sup>	/
15. Mr. Fumio Kyuma		///		/		
16. Mr. IthVichit		///				
17. Mr. NikolayKosyakov					/,000	
18. Mrs. Laksmi Mustikaningrat					/	
19. Mr. Jonathan Meuret						/
20.Mr.Chou Chantra		/				
21.Mr.Buo Choeun		/				
22.Mr.Daim Ratanak		/				
23.Mr.Leng Vandy		/				
24.Mr.Yin Pholy		/				
25.Mr. Shigeyoshi Asano					/	
26. Mr. Didie Soewondho					/	

Remark: X means Chairman X<sup>1</sup> means President Commissioner C means CEO DC means Deputy CEO  
 / means Director /<sup>1</sup> means Commissioner // means Executive Director /// means Independent Director  
 //// means Independent Audit Committee 0 means Executive 00 means General Manager  
 000 means Managing Director 0000 means Deputy Managing Director

## Remunerations of Directors and Management

### Monetary Remunerations

Board of Directors: The monetary remunerations for Board of Directors consists of meeting fee and annual bonus

-Meeting fee: Chairman of the Board and Chairman of the Audit Committee receives meeting fee of 12,000 Baht per attendance. Directors of the Board and members of Audit Committee receives meeting fee of 10,000 Baht per attendance time. Audit Committee shall receive both meeting fees as member of the Board and member of Audit Committee.

-Annual Bonus: The Board of Directors shall consider significantly from the Company's operating result and such proposal shall be approved by the Annual General Meeting of Shareholders. In 2016, the shareholders' meeting approved a bonus of double of the average months of the employee's bonus. For the year 2016, employee's bonus was paid at the average of 6.5 months, therefore, director's bonus was paid at 13 months of the monthly meeting fee.

As for Thanaban Co., Ltd., in 2016 the Thanaban Board of Directors had approved annual bonus to the Audit Committee for 13 months of the monthly meeting allowance. And for the meeting allowance fee, it was the same rate as Group Lease's Board meeting allowance fee. Details of the payments are shown below:

Name	Position	Meeting fee		Bonus	Total
		Board of Directors	Audit Committee		
1.Mr. Mitsuji Konoshita	Chairman of the Board & CEO	228,000	-	156,000	384,000
2. Mr. Tatsuya Konoshita	Director & Chief Investor Relations Officer	180,000	-	130,000	310,000
3. Mr. Muneo Tashiro	Director	180,000	-	130,000	310,000
4. Mr. Somchai Limpattanasin <sup>3/</sup>	Director & Chief Operating Officer	160,000	-	130,000	290,000
5. Mr. Deepong Sahachartsiri <sup>1/</sup>	Director & Chief Financial Officer	30,000	-	-	30,000
6. Mr. Worasak Kriengkamol <sup>1/</sup>	Director & Executive Director	30,000	-	-	30,000
7. Mr. Patrick Fisher <sup>2/</sup>	Director	110,000	-	130,000	240,000
8. Mr. Regis Martin <sup>2/</sup>	Director & Chief Financial Officer	150,000	-	130,000	280,000
9.Mr. Rik Ishigami <sup>2/</sup>	Director	130,000	-	130,000	260,000
10.Mr.Yusuke Kozuma <sup>2/</sup>	Director	140,000	-	130,000	270,000
11. Gen.Suebsan Dardarananda *	Chairman of Audit Committee/ Independent Director	312,000	276,000	312,000	900,000
12. Mr.Sonit Pichyangkul *	Audit Committee / Independent Director	310,000	230,000	260,000	800,000
13. Mr.Krit Phanratanamala *	Audit Committee/ Independent Director	290,000	230,000	260,000	780,000
14. Dr.Pholdej Therdphithakvanij *	Audit Committee/ Independent Director	320,000	230,000	260,000	810,000
<b>Total</b>		<b>2,570,000</b>	<b>966,000</b>	<b>2,158,000</b>	<b>5,694,000</b>

Remark:

<sup>1/</sup> Resigned on 28 April, 2016

<sup>2/</sup> newly appointed on 28 April, 2016

<sup>3/</sup> Resigned on 31 December, 2016

\*Being Independent Director and Audit Committee of subsidiary (Thanaban Co.,Ltd.) as well and the remunerations above already included remunerations from the subsidiary company



Executives: The monetary remunerations for executives in 2016 consists of monthly salary and annual bonus paid to 8 executives at total 31.16 million Baht (includes 2 resigned executives who resigned during the year), details as follows:

<b>No. of Executive and Remunerations</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Number of executive (person)	8*	18	15
Salary and bonus (million Baht)	31.16	51.62	35.27

**Remark** \*During the year 2016, the Company had restructured its organization which caused the reduction in the number of executives according to the SEC's definition.

## Other Remunerations

### Other Remunerations of Directors

-none-

### Other remunerations of Executives

- Provident Fund

The Company provides provident fund to staff and executives by contributing 5% of basic salary of the employees. In 2016, the total amount of provident fund contributions for total 8 executives at total amount of 1.6 million Baht.

## Human Resources

The total number of employees as of 31 December, 2016, 2015 and 2014 divided by departments are shown below:

unit : person

<b>Department</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Credit and Marketing	346	269	250
Collection	292	265	265
Accounting and Finance	46	33	32
Human Resources & Admin.	38	36	40
Operations	129	84	75
Information Technology	58	33	15
<b>Total</b>	<b>909</b>	<b>720</b>	<b>677</b>

The total remunerations of the Company's employees consist of salary, bonus, Social security fund, provident fund contributions and other welfare such as group health insurance. In 2016, the Company paid total remunerations of 308.25 million Baht.

As for the subsidiaries in other countries such as GL Finance Plc. (Cambodia), GL Leasing (Lao) Co., Ltd and PT GLF Indonesia Co. Ltd., please see below:

As of end of December 2016, there were total 804 employees in GLF Cambodia, 116 employees in GL Leasing (Lao) Co., Ltd., and 63 employees in GLF Indonesia with the total remunerations of approximately 95.1 million Bath, 15.9 million Bath, and 4.4 million Baht respectively paid somewhat on the same principle as the Company or may be different in relation to each country's law<sup>1</sup>

## **Human Resources Development**

It is the Company's policy to encourage the employees to develop their knowledge, skill, experiences and expertise in work emphasizing on contributing efficient and qualified services. In addition, the Company also emphasizes on doing business with transparency in compliance with the good corporate governance principles. Therefore, it has the policy in encouraging the employees to work with good ethics and free from corruption in any form. Orientation is arranged for new employees so that they can get the knowledge, understanding of work system as well as the organization culture. Various trainings are regularly arranged, both in-house and outside trainings, especially in the field of hire-purchase business, computer, HR, Accounting and Taxes appropriately depending on the related duties of the employees.

# Corporate Governance

The Board of Directors realizes the importance of good corporate governance which will add more value to the Company and also contribute long term benefits to its stakeholders such as shareholders, employees, suppliers, customers as well as the society as a whole. Therefore, the Board has resolved the following Corporate Governance Policy to serve as its operation guideline for the Board of Directors, management and all the employees as follows :

## Corporate Governance Policy:

1. Emphasize on the responsibility to the society as a whole by encouraging the Directors, management and all the employees to carry out their duties and activities in compliance to the rules, laws, regulations as well as following the code of ethics in doing business.
2. Emphasize on transparency in doing business by disclosing information in compliance to the related laws, rules and regulations.
3. Initiate internal control system with the collaboration from the Board of Directors, Audit Committee and management so that the business operation is done in compliance to the good corporate governance principles. The guideline and efficiency of the auditing and internal control systems shall be regularly evaluated and reviewed.
4. Carefully control the business activities which may lead to conflict of interest among different departments so that it becomes transparent and fair without any bias.
5. Respect the rights of stakeholders. Treat all concerns with honesty and justice by supporting various activities to build good relationships among the stakeholders and sustain the stability growth of the Company's business.
6. Respect the legal right of the shareholders by giving them equitable treatment in shareholder's meeting and also provide them with equitable and sufficient information.
7. Maintain the operation guidelines to be in compliance with the management policy including the business philosophy according to the Company's objective in order to protect the utmost interest of the shareholders.

The compliance of CG policy as of 2016 appears on the Company's website under Investor Relations section / Corporate Governance

## Sub-committees

Currently, the Board of Directors has set up only 1 sub-committee, i.e. Audit Committee and has not set up Nomination and Compensation Committee due to its small and uncomplicated nature of the organization and also small member of the Board of Directors with very minimal turnover of the directors so that the Nomination Committee might not be necessary. As for the determination of remunerations, the management's remunerations are determined by the Board of Directors and the remunerations for the Board of Directors are determined by the shareholders' meeting.

## Audit Committee

### Structure of Audit Committee

As of 31 December 2016, Audit Committee consisted of 4 Independent Directors of which Mr. Sonit Pichyangkul is the Audit Committee member who possesses the knowledge and experience in auditing financial statement of the Company. In addition, he also has the direct experience in hire-purchase business which is the Company's main business of which his personal profile and working experiences appear in the Details of the Directors.

The Board of Directors has determined the term of office of the Audit Committee to be 2 years each and is able to renew the term of office for a 2- year term each. The present Audit Committee was first appointed on 11 May, 2011 and has renewed its latest term on 11 May, 2015.

The list of Audit Committee and the meeting attendance of the Audit Committee Meeting in 2016 is shown below:

Name	Position	Audit Committee Meeting	
		Number of Meeting held	Number of Attendance
1.General Suebsan Dardarananda	President of Audit Committee / Independent Director	13	13
2.Mr.Sonit Pichyangkul	Audit Committee and Independent Director	13	13
3.Dr.Phodej Therdphithakvanich	Audit Committee and Independent Director	13	13
4.Mr. Krit Phanratanamala	Audit Committee and Independent Director	13	13

### Definition of Independent Directors

The Company defines the qualifications of the Independent Directors in accordance with the SEC regulations as follows :

- An Independent Director does not hold more than 1% of paid-up shares in the Company, parent company <sup>(1)</sup>, its subsidiary <sup>(2)</sup>, affiliated company <sup>(3)</sup> or related company or any legal entity that has related persons <sup>(4)</sup>.
- An Independent Director is not an employee, staff member, an advisor who receives a regular salary or a controlling party of the Company, its parent company, its subsidiary, affiliated company or any legal entity that has related persons. (present and 2 years before appointment)
- An Independent Director is not an immediate family member or a person legally occupying similar status as parents, spouse, siblings, sons and daughters including spouses of sons and daughters of an executive officer of the Company, a major shareholder, a controlling person or an individual who will be nominated to be an executive officer of the Company or any of its subsidiary.
- An Independent Director does not have business relationship with the Company, its parent company, its subsidiary, affiliated company or any legal entity, which has related persons that the relationship does not interfere with his exercise of

independent judgment. And among other things materiality in making an independent opinion regarding the operation of the Company.

**Note :** **(1)** A parent company is the company that holds more than 50% of the Company's paid-up capital. **(2)** A subsidiary is the company that we hold more than 50% of its paid-up capital. **(3)** An affiliated is the company that we hold more than 20 % but not more than 50% of its paid-up capital. **(4)** legal entity that has related persons includes those who hold more than 10% of its paid-up capital.

All 4 Independent Directors have qualifications required for the Independent Director and are also members of the Audit Committee in accordance with the SEC notification korlortor.kor.(wor) 32/2551 as of June 5<sup>th</sup>, 2008.

### **Duties and Responsibilities of Audit Committee**

The Audit committee takes responsibility subject to Board of Directors' assignment and reports directly to the Board of Directors as follows:

1. Review the Company's financial reporting process to ensure accuracy and sufficiency.
2. Review to ensure that the Company has appropriate and efficient internal control system and internal audit system and review the independency of the Internal Audit Department. The Audit Committee shall approve the appointment, transfer or termination of the head of Internal Audit Dept. or other related department responsible for the internal auditing of the Company.
3. Review the performance of the Company to ensure compliance with the Securities and Exchange Acts, rules and regulations of the Stock Exchange or other laws relating to the Company's business.
4. Consider, select and recommend independent external auditor and determine their remunerations and participate in the meeting with the external auditor without the Company's management at least once a year.
5. Ensure that the connected transaction or transaction that may lead to conflict of interest has been done in compliance to the laws and regulations of the SET & SEC.
6. Prepare report of the Audit Committee and disclose it in the annual report of the Company. Such report should be signed by the Chairman of the Audit Committee and should contain the minimum information as follows:
  - Comment on accurateness, completeness and credibility of the Company's financial report.
  - Comment on the sufficiency of the Company's internal control system.
  - Comment on the Company's compliance with Securities and Exchange Acts and SET's regulations and other laws relevant to the Company's business.
  - Comment on suitability of the external auditor.
  - Comment on transactions that may have conflicts of interest.
  - Number of meetings of the Audit Committee, and attendance of each member.

- Overall comments or remarks that the Audit Committee has while carrying out their duties prescribed in the Charter.
- Any other transactions that the shareholders and general investors should know within the scope of duties and responsibilities of the Audit Committee assigned by the Board of Directors.

7. Perform other duties as assigned by the Board of Directors with the consent of the Audit Committee.

In order to support the successful performance of the Audit Committee, the Audit Committee is able to invite the Company's executives or employees to make comments or provide facts or participate in the meeting or present any related documents required as well as to have the authority to hire consultant or other third parties according to the Company's rule to seek for their opinion or advices as necessary.

### **Audit Committee's self-assessment**

For the year 2016, the result of Audit Committee's self-assessment is as follows:

Criteria	Full Score	Score	%	Result
<b>Total</b>	<b>76</b>	<b>74.75</b>	<b>98.36</b>	<b>excellent</b>
1. AC Structure and qualifications	12	12	100	excellent
2. AC Meeting	24	23.25	97.92	excellent
3. Duties & responsibilities of AC	40	39.25	98.13	excellent

### **Nomination and Appointment of Directors and Highest Level Management**

#### **(1) Independent Director**

In nominating of Independent Director the Board of Directors will consider from those who possess suitable qualifications or at least must possess the minimum qualifications specified by the SEC's regulations Ref: GorLorTor.Gor.(Wor) 32/2551. In addition to those minimum qualifications, other qualifications such as being a reputable or acceptable in society person or possess knowledge and experiences of an Audit Committee are also considered, such as the experience in financial statement auditing or other work experience directly in hire-purchase business which is the same business as the Company. Most importantly, independency is the most significant qualification required. Those nominated persons shall be proposed for appointment from the Board of Directors' meeting or shareholders' meeting as the case may be.

#### **(2) Nomination of Directors and Highest Level Management**

The Company has not set up any Nomination Committee. In nominating persons to be appointed as Directors or highest level management of the Company, the Board of Directors shall consider from the caliber, experiences, vision and reliability of such person together with the past knowledge and skills which might be beneficial to the Company's business operation, including good understanding of the Company's business so that they are able to achieve the Company's goal and objectives determined by the Board of Directors and should be the ones who can contribute their time for the Company fully. Those nominated persons shall be proposed for appointment from the Board of Directors' meeting or shareholders' meeting as the case may be.

The nomination of directors and independent directors, could be based on the diversity of the board structure of which resources can be provided by the nomination from the minor shareholder (if any) or from the existing executive or subsidiary or associated company's director or introduced by existing directors or other persons, etc.

The Company's Articles of Association states that in each of annual general meeting, one-third of directors or nearest amount (1/3) has to be resigned by rotation. The retired directors shall be determined by the ones who were in the position the longest. The retired Directors can be re-elected. The list of directors who retired by rotation each year as well as the list of the Board of Directors after the re-election shall be disclosed in the Notice to the AGM Meeting and recorded in the said meeting each year.

The principle and voting method of the election of Directors in the shareholders' meeting shall be as follows:

1. The voting for election of director shall use majority vote given that each shareholder has the voting right of one share for one vote
2. The voting for election of director shall be done individually for each person. The shareholder can cast their total votes they have for each individual nominated person to be the director one by one.
3. The person who receives the subsequent highest vote shall be the one elected the directors until the number of elected director is equal to the number of required director of such election. In case of a tie vote for the persons with next highest voting amount so that it exceeds the required number of director for such election, Chairman of the meeting shall cast an additional vote to make the resolution.

However, in case the vacancy of director is from the reasons other than the expiration of the term of office, the remaining Board of Directors shall elect a new director to substitute for the vacant position unless such director has the remaining term of office less than 2 months. Such resolution shall require the vote of not less than three-fourth of the remaining directors. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces.

### **Governance on the Company's Subsidiary and Associated Company**

The Company's subsidiary is wholly owned 100% by the Company or its subsidiary. Members of the Board of Directors were assigned to be the directors in the subsidiary company to form the structure of Board of Directors of the subsidiary company by which the number of directors is in relation with the Company's proportion held in the subsidiary company. Such Board of Directors shall have the responsibilities to ensure the best interest of the subsidiary company.

In addition, the designated persons also have the obligation to ensure that the subsidiary companies are having appropriate rules regarding related transactions, acquisition or disposal of assets or other significant transactions including the compliance of the rules and regulations in each related country. This includes the keeping of records and accounting of the subsidiary companies' information that is auditable and also able to submit for consolidation to the Company on time.

## **Governance on Inside Information Usage**

The Company complies with the corporate governance principle in governing the usage of inside information by setting up a written code of ethics of the director, management and employees that has been approved and announced to the employees. The governance on inside information usage are summarized as follows:

- Inside information must not be used for personal interest in buying or selling of the Company's shares or be disclosed to other persons for buying and selling of the Company's shares
- The directors or other employees who can access to Company's financial information are not allowed to buy or sell the Company's shares at least 7 days prior to the disclosure of the Company's financial statements or financial status as well as other important information
- Those who can access the Company's important information have to report their shareholding of the Company's shares and their changes in the shareholding according to the set rules of the Company and or the SEC to avoid abuse of inside information

In addition, whenever there is a new director or executive who is in the position which needs to report their shareholding of the Company's shares according to the SEC's rule, the Company Secretary shall inform those persons of the duty to disclose their shareholding and changes of the shareholdings of the Company's shares to the SEC in compliance to the Section 59 of the Securities & Exchange Act B.E 2535. In the event of a newly accepted position, such report is required within 30 days and in the event of the changing of the shareholding, report should be done within 3 days from the executed date. The Company Secretary should be notified of such changing of shareholding in order to keep record and report in the next Board of Directors' meeting.

## **Remunerations of External Auditor**

In the fiscal year 2016, the Company paid the audit fee to the external auditor at the amount of 2,250,000 Baht (Two million two hundred and fifty thousand Baht) without any non-audit fee.



# Corporate Social Responsibilities

Since the nature of the Company's business does not have direct impact on the environment, the corporate social responsibilities of the Company emphasize on the responsibilities in treating the employees, customers, competitors, etc. with justice and honesty and will not support any incidents that might lead to corruption. The Board of Directors adopts the guidelines below:

## 1. Operate Business with Fairness

- The Company shall compete with the competitors with fairness, without unreasonable attack, slanderous or distortion of information for own advantage.
- The Company shall support only fair service in providing financial service that is highly beneficial to the consumers and will not coordinate with the competitors to do any damage to the consumers for the Company or its allies' benefits.
- The Company shall not search for competitor's trade secret information dishonestly or in breach of business ethics
- The Company shall encourage and not involve in any pirate of intellectual property and shall encourage employees to use only the products with copyrights.

## 2. Anti-corruption

The Company values the importance of the implementation of anti-corruptions and bribery both directly or indirectly which beneficial to personal, family, friends and acquaintances whether in the side of a receiver or the person who offers bribes both in monetary or non-monetary forms to the government sectors or private companies that the Company are dealing business or having contact with but shall be obliged to comply with the set anti-corruption guidelines strictly as follows:

- There should not be any direct or indirect benefits whether to oneself, family and friends received from the Company. For example, the selling of goods and services to the Company or competing with the Company. Avoid accepting any feast from the persons who have business connection with the Company or other persons who might expect some benefits from the employees.
- Never ask or receive any unjustified benefits both directly or indirectly or other benefits in exchange for the commercial benefits including bribes or dishonest incidents in doing business
- The employees who cheat or violate the code of ethics shall be put on disciplinary actions and penalized according to the Company's rules and might as well have to be penalized by law if such violations are unlawful.
- Employees should not neglect whenever they found some clues or corruption events happened in the Company and should notify their supervisor or other

responsible personnel and coordinate in the investigation process. If there are any questions, they should seek advice from their supervisor.

### **3. Respects for Human Rights**

The Company values the importance of not involving in the violation of human rights and the freedom of an individual or any collective groups whether directly or indirectly. For example, the Company shall not treat employees unequally even under different races, religious, beliefs, gender, languages, marital status, age, political affiliation, state of origin, sexual deviation, physical condition, etc. The Company shall not exercise forces or encourage any forces in threatening employees to work whether physically, verbally or mentally. For example, the Company hires total 8 employees who have the problem in hearing and speaking. All were treated equally as other normal employees in terms of remunerations and welfare. They were assigned documentary job which suits their physical condition.

### **4. Treating Employees with fairness**

In determining the employees' welfares and benefits, the Company shall put the following factors into considerations:

- The employees' duties and responsibilities
- The overall economic situation which may affect the well-beings of the employees
- The salary payment rate and employment situation of labor market especially in the same industry
- The business growth potential and the paying capacity of the Company. Since 2014, the Company's Board of Directors had approved the increase of employees' provident fund contribution rate from 3% to 5% across the board.
- The permanent employees will get salary increase annually in July. The amount of salary increase shall based on the performance evaluation from their respective supervisor and the factors such as the attendance, leaves or lateness reports are all counted in the evaluation.

### **5. Responsibilities for Consumers**

In doing business, the Company is responsible for the consumers on the basis of honesty and good business ethics since the Company is a financial service provider in order to create reliability to the consumers as well as to maintain the sustainable growth of the Company. As a result, the guidelines for responsible credit granting were set up as follows:

- The Company shall suggest the appropriate installment condition for each individual customer base on their repayment capacity and shall not grant credit to those customers who may possibly have problems in paying back

the loan in the future in order to help them to avoid creating liabilities obligation which is not suitable for them.

- The Company shall present its services clearly and transparently in terms of conditions and different fees charged to be fair and beneficial to the customers.
- The Company may offer some assistance to the customers who may have financial problems during unexpected or uncontrollable crisis such as natural disaster, political unrest by providing debt-restructuring scheme as deemed appropriate.

# Internal Controls and Risk Management

The Company's Board of Directors' Meeting No. 6/2017, held on 20 March, 2017 consisting of the Board of Directors together with the Audit committee, a report on internal control systems of the Company was presented and clarified by the management. From the assessment of the internal control systems of the Company based on the SEC's assessment form announced in August, 2013 which also based on the COSO 2013 Principle which consists of 5 measures, the organization and control environment, risk management, management control activities, Information & communications and monitoring which were extended into 17 points of focus, the Board of Directors believed that the Company's internal control systems were sufficient. Sufficient personnel were set up to handle the system effectively. Moreover, the Company's subsidiaries activities were controlled and monitored sufficiently so that it can protect the Company's assets from being abused by the directors or management and also prevent the conflict of interest with the related persons. The internal control in other matters were also viewed to have sufficient control so that the Independent Directors or Audit Committee including the external auditor have had no other comments or having the opinion that the Company's internal control systems are having any deficiency. The Company's internal control systems are as follows:

## Company's internal controls are as follows

### 1. Organization and control environment

The Company has set up clear, justified and measurable objectives in its business operation by setting up vision, mission and strategies in order to achieve the set objectives. Line of supervision is also clearly determined so that the employees were acknowledged and realize their duties and responsibilities appropriately and work in full capacity. The Company realizes the importance of having good corporate governance that it will enhance the sustainability growth of the Company. Therefore, all the management and employees were encouraged to comply strictly to the corporate governance rules which contain good conduct and business ethics in carry out the duties with full capacity, honesty, transparency and justice, no abuse of the Company's inside information for one's own or related persons' benefits or doing other actions that will be contradictory to the Company's interest. It also contains penalties or disciplinary actions for the violation of such rules together with the efficient and sufficient internal control system. Such code of conduct and ethics are, therefore, served as the operation guidelines for the management and employees. As for the guidelines on financial and procurement activities, the Company set up rules in writing which clearly specified the criteria, condition and payment approval authorization as well as the contract execution accurately to protect against any financial frauds and corruptions.

## **2. Risk Management**

Management gives significant importance to risk management by setting up systematic risk management process efficiently in order to be able to control and reduce the risk that may arise from both internal and external factors and which may obstruct the Company's achievement in its goal. Employees are encouraged to be aware of risk management in doing their duties. Internal Audit Department shall do the auditing function and risk evaluation on every activity on various levels - individual, sectional and departmental through efficient risk evaluation tools covering all 5 areas and report directly to the Audit Committee and subsequently to the Board of Directors.

## **3. Management Control Activities**

The Company's vision and mission are clearly stated and the management structure together with the scope of authority and responsibilities are written clearly and have the system to cross check among departments on each level of operation so that employees can carry out their duties in the same direction towards the set plan. Moreover, the scope of duties and authorities and limit for approval authorities in all level in every department were also clearly specified in writing and announced to employees for transparency and agility. In addition, the duties that might have any conflict of interest or may adversely affect the transparency of the transaction were segregated. Moreover, the related persons of the Company's management and employees when doing business with the Company also need to comply with the normal rules and approval procedures as other normal customers. The various transactions shall be audited by the Internal Audit Department and the external auditor to ensure the accuracy and compliance with related laws and the Company's regulation and the audited results were gathered and reported to the Audit Committee and subsequently to the Board of Directors.

## **4. Information and Communication**

The Company always gives importance to information technology system and communication system so that the compiling and analyzing of data were done accuracy, and in time. The information concerning the standard of operation, policies and other rules and regulations are communicated to the employees to enhance the efficiency of the Company's activities and business. The collecting of accounting documents is also done completely and accurately in each category for each transaction for transparency and future reference. In addition, there were some management monitoring system to facilitate the management and directors' accurate and timely decision making in terms of problem solving and planning for the Company's future growth.

## **5. Monitoring**

The Company has always monitored its business operating result in order to be able to achieve the set goals. Management meeting is set up at least once a month to monitor the operating result. In case of an urgent problem arising from other significant factors which might seriously affect the normal operation of the Company, an ad hoc meeting can also be held. In addition, the Company also set up Internal Audit Unit which reports directly

to the Audit Committee to carry out the internal auditing on the operation of each department of the Company. Its objectives are :

- 1) To increase the efficiency of the Company's operations and report the result to Audit Committee and management.
- 2) To ensure that the Company's assets are utilized efficiently.
- 3) To report to the Audit Committee and management about the possible problems so that preventive solution could be done in time.
- 4) To ensure the existence of appropriate internal control systems and ensure that the set systems were carried out properly.

## **Head of Internal Audit**

Mr. Chissanuphong Chinna had been appointed as Manager -Internal Audit Department since 1 April, 2016. The Audit Committee views that "Mr Chissanuphong Chinna" has the qualifications appropriated for the position both in terms of education and working experiences. He graduated Master of Accounting from Ramkhamhaeng University and has the internal audit experience from financial institutions for more than 20 years especially with direct experience in hire-purchase, leasing business which is the Company's core business which provided him with good understanding of the Company's business operation. In addition, he has been training on various courses relating to the internal auditing job continuously from the Institute of Internal Auditors of Thailand and Bank & financial Institution Internal Auditors Club which equips him with the suitable qualifications and potential in carry out the duties of Internal Auditor in compliance with the internal audit standard.

The appointment or withdrawn or transfer of the Head of Internal Audit of the Company needs to be approved by the Audit Committee. (please see detail of Internal Audit Manager 2016 below)

## Risk Management

The Company has set up policy and process for risk management so that the management can use as guideline for operation. Management is responsible in determining and designing of work systems including the identifying of risk factors. Such business operation or systems planning which taking into account the risk factors enable the management to design the systems well within the acceptable risk level of the Company.

However, some of the Company's subsidiary that focuses on giving loans to small and medium enterprises or SME and strategic business partners, the management of risk on the lending business was to take into account the credit of the borrower, the existing and further business relationship, the nature and the amount of collateral given, the credit of the guarantor, the total amount of the principal and the interest rate.

### Details of Internal Audit Manager as of 2016

Name / Position /Starting date	Age	Education / Training	Share holding (%)	Relationship between Directors/ Management	Working Experience		
					Period	Position	Organization/Type of Business
Mr. Chissanuphong Chinna Internal Audit Manager / 1 April, 2016	44	<b>Education:</b> Master of Accounting, Ramkamhaeng University <b>Training and seminar:</b> -Tools and Techniques for the audit manager -Risk Management and monitoring of outsource service - CEO & Integrated Management Audit - Management of Assets and Liabilities for financial institution - IT Risk Audit - Fraud Risk Management - Significant Activities & Possible Impaired Loan - Internal audit system evaluation – COSO - How to do Risk Evaluation to set up Internal audit plan - Auditing based on risk standard - New Accounting Standard - Accounting standard on long term rent - IT Security Policy - Allocation of debts in hire purchase - Know your customer (KYC)	-none-	-none-	2016-Present	Internal Audit Manager	-Group Lease Pcl.
					2008-2016	Deputy Vice president- Internal Audit	-Leasing ICBC (Thai) Co., Ltd. (hire-purchase and leasing)
					2003-2008	Assistant Manager – General Audit	Thanachart Bank Pcl. (Commercial Bank)
					1996-2003	Senior Auditor	Siam City Bank Pcl. (Commercial Bank)
					1995-1996	Branch-Credit Officer	Siam City Factoring Pcl. (financial institution)



		<ul style="list-style-type: none"> <li>- KPI for Auditor and internal audit report writing</li> <li>- Cautions of hire purchase under new law</li> <li>- IAS 39 &amp; TAS 48</li> <li>- Fundamental credit analysis</li> <li>- Financial Analysis</li> <li>- Credit operation</li> <li>- Risk analysis and audit example selection</li> </ul>					
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## Related Party Transactions

The financial statement of Group Lease Public Company Limited as of December 31, 2016 and 2015 presents related transaction as follows :

The relationship between the Company and the related parties are summarized below.

Name of related parties	Relationship with the Company
Group Lease Holdings Pte. Ltd.	Subsidiary
GL Finance Plc.	Subsidiary (held by a subsidiary)
GL Leasing (Lao) Company Limited	Subsidiary (held by a subsidiary)
Thanaban Company Limited	Subsidiary
PT. Group Lease Finance Indonesia	Subsidiary (held by a subsidiary)
Asia Partnership Fund Pte. Ltd.	Company's director is major shareholders of that company / Common director
A.P.F. Group Co., Ltd.	Company's director is major shareholders of that company / Common director
Engine Holdings Asia Pte. Ltd.	Company's director is major shareholders of that company / Common director
Cambodian People Micro Insurance PLC.	Common director with the company and GLF
JTrust Asia Pte. Ltd.	Shareholder of GLF
APF Trading Plc.	Common Director with GLF
PT Bank JTrust Indonesia Tbk.	Common shareholder with GLFI
Commercial Credit and Finance PLC.	Associates
Creation Investment Sri Lanka LLC.	Common Director with the company

Related transaction between the company and subsidiary companies as at 31 December 2016 and 2015						
Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 16	31 Dec 15		
GL Finance Plc.	The Company	Hire-Purchase Interest Income	56	93	Contract	The company provide hire-purchase service for agricultural machinery to GL Finance Plc. for donation to the educational institution with the market interest rate as in the general business.
		Interest income	-	141	7% per annum	The company lend to GL Finance Plc. to support business expansion in regional country with an interest rate close to the normal rate when the company borrow from the bank.
		<u>Short-term loans to and interest receivable</u>				
		Beginning balance	-	3,397		
		Increase	-	141		
		Decrease	-	(3,536)		
		Gain from exchange rate	-	(2)		
		Ending Balance	-	-		
		Hire purchase and installment sales receivables	646	1,031		The company provide hire-purchase service for agricultural machinery to GL Finance Plc. for donation to the educational institution
		Other receivables	1,536	359		Advance payment for GL Finance Plc. as a general business.
		Other payables	2,124	334		GL Finance Plc. paid for the company as a general business.
Group Lease HoldingsPte. Ltd.	The Company	Other income	-	101	Contract	The company has an office space rental agreement with Group Lease Holdings PteLtd. with the market rate and general business conditions.
		Interest Income	322,409	137,855	7% per annum	The company lend to Group Lease Holdings Pte. Ltd. to support business expansion in regional country with an interest rate close to the normal rate when the company borrow from the bank.
		<u>Short-term loans to and interest receivable</u>				
		Beginning balance	4,016,390	764,515		
		Increase	1,440,749	4,240,572		
		Decrease	(322,448)	(1,009,524)		
		Gain from ex-rate	63,563	20,827		
		Ending Balance	5,198,254	4,016,390		
		Other receivables	14,919	4,096		Advance expense for

Related transaction between the company and subsidiary companies as at 31 December 2016 and 2015						
Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 16	31 Dec 15		
						the normal business.
		Other payables	49,826	49,826		The Company has service agreement with Group Lease Holdings Pte. Ltd. as a kind of management fee base on general business condition and has the highest benefit the company.
		Other current liabilities	236	236		Group Lease Holdings Pte. Ltd. Has advance payment for the normal business.
<b>GL Leasing (Lao) Company-Limited.</b>	The Company	Other payables	-	77		GL Leasing (Lao) Company-Limited. Has advance payment for the normal business.
<b>Thanaban Company Limited</b>	The Company	Other income	93,613	91,583	Contract rate	The company provide management and other services for Thanaban company limited. as a kind of management fee base on general business condition and has the highest benefit to the company.
		Interest Expense	7,591	-	7% per annum	The company borrow from Thanaban Company Limited are unsecured loans with an interest rate close to the normal rate when the company borrow from the bank.
		Interest Income	-	7,957	5.50% per annum	The company lend to Thanaban company limited to replace existing loans with an interest rate close to the normal rate when the company borrow from the bank.
		<u>Short-term loans to and interest receivable</u>				
		Beginning balance	-	422,254		
		Increase	-	7,957		
		Decrease	-	(430,211)		
		Ending Balance	-	-		

Related transaction between the company and subsidiary companies as at 31 December 2016 and 2015						
Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 16	31 Dec 15		
		Other receivables	8,762	8,859		The company provide management and other services for Thanaban company limited. And these transactions are needed and for the highest benefit of the company's business.
		<u>Short-term loans to and interest receivable</u> Beginning balance Increase Decrease Ending Balance	- 135,211 (5,211) 130,000	- - - -	7% per annum	The company borrow from Thanaban Company Limited are unsecured loans with an interest rate close to the normal rate when the company borrow from the bank.
		<u>Long-term loans to and interest receivable</u> Beginning balance Increase Decrease Ending Balance	- 82,381 (29,081) 53,300	- - - -		
		Other current liabilities	1,255	1,571		Advance payment received from providing the telephone system with the general business conditions and for the highest benefit of the company.
<b>JTrust Asia Pte. Ltd.</b>	The Company	Interest expense	95,699	-	5% per annum	The Company has issued convertible debentures to JTrust Asia Pte. Ltd. In foreign exchange rate and it will contribute to the expansion of the company's business with an interest rate close to the normal rate when the company borrows from the bank and for the highest benefit of the company.
		Convertible debentures	4,521,842	-		
		Other payables	95,699	-		
		Advance received for issuance of convertible debentures	179,153	-		Advance received for issuance of convertible debentures from JTrust Asia Pte. Ltd.
<b>Creation Investment Sri Lanka LLC.</b>	The Company	Advance received for issuance of convertible debentures	286,645	-		Advance received for issuance of convertible debentures from Creation Investment Sri Lanka LLC.

Related transaction between the company and subsidiary companies as at 31 December 2016 and 2015						
Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 16	31 Dec 15		

#### Audit Committee's opinion :

The Audit Committee has reviewed and validated above transactions, and gave the opinion that the purpose of these transactions are to support the company's business expansion in the regional country with an interest rate close to the normal rate when the company borrows from the bank. And these transactions are needed and for the company's business. For the hire-purchase service for the machinery to support educational institution with the market interest rate as in the general business. This transaction has benefit as a kind of promotion for the subsidiary in the regional country. And management services involved in doing the general business for the highest benefit of the company's business. (arm's length basis)The Company has issued convertible debentures in foreign exchange rate and it will contribute to the expansion of the company's business with an interest rate close to the normal rate when the company borrow from the bank. And for the highest benefit of the company.

Other Related transactions between related parties as at 31 December 2016 and 2015						
Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec16	31 Dec 15		
<b>Devenco Management and Consulting Co., Ltd.</b>	Group Lease HoldingsPte Ltd	Interest Income	-	158	6-9% per annum	Group Lease Holdings Pte. Ltd. lend to Devenco Management and Consulting Co., Ltd. to support business expansion in regional country with an interest rate close to the normal rate when the company borrow from the bank.
		<u>Short-term loans to and interest receivable</u>				
		Beginning balance	-	31,083		
		Increase	-	158		
		Decrease	-	(31,241)		
		Gain (Loss) from exchange rate	-	-		
		Exchange diff on translation of finstat in foreign currency	-	-		
		Ending Balance	-	-		
<b>Tennis Federation of Cambodia</b>	Group Lease HoldingsPte Ltd	Interest Income	-	89	6-9% per annum	Group Lease Holdings Pte. Ltd.lend to Tennis Federationof Cambodia to promote the business in regional country and With interest rate close to the normal rate when the company borrow from the bank.
		<u>Short-term loans to and interest receivable</u>				
		Beginning Balance	-	5,049		
		Increase	-	89		
		Decrease	-	(5,138)		
		Exchange diff on translation of finstat in foreign currency	-	-		
		Ending Balance	-	-		
<b>A.P.F. Group Co.,Ltd.</b>	GL Leasing (Lao) Company Limited	Other income - Subsidy	-	13,130	Contract price	A.P.F. Group Co.,Ltd. provided the subsidy to GL Leasing (Lao) Company Limited in order to support business in overseas from obtaining a motorcycle hire-purchase financing business in Lao
<b>Director of subsidiary</b>	Group Lease Holdings Pte Ltd	<u>Short-term loans to and interest receivable</u>			6-9% per annum	Group Lease Holdings Pte. Ltd. lend to director of subsidiary to prepare business operation after receiving a license to operate a motorcycle leasing business in Laos with an interest rate close to the normal rate when the company borrow from the bank.
		Beginning Balance	-	2,293		
		Increase	-	2,728		
		Decrease	-	(5,021)		
		Exchange diff on translation of fin.stat. in foreign currency	-	-		
		Ending Balance	-	-		
<b>Director of the company and subsidiary</b>	GL Finance Plc.	Other receivables	11,875	11,275		GL Finance Plc. do advance payment for the director of subsidiary as a general business.
<b>A.P.F. Group Co., Ltd.</b>	GL Finance Plc	Other receivables	4,784	4,872		GL Finance Plc. do advance payment for A.P.F. Group Co., Ltd. as a general business

Other Related transactions between related parties as at 31 December 2016 and 2015						
Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec16	31 Dec 15		
<b>Engine Holdings Asia Pte. Ltd</b>	Group Lease Holdings Pte Ltd	Other receivables	1,341	2,813		Group Lease Holdings Pte. Ltd. do advance payment for Engine Holdings Asia Pte. Ltd. as a general business.
<b>Asia Partnership Fund Pte., Ltd.</b>	Group Lease Holdings Pte Ltd	Other receivables	12	-		Group Lease Holdings Pte. Ltd. do advance payment for Asia Partnership Fund Pte., Ltd. as a general business.
<b>Cambodian People Mircro Insurance Plc.</b>	GL Finance Plc	Other receivables	218	-		GL Finance Plc. do advance payment for Cambodian People Mircro Insurance Plc. as a general business
<b>AFP Trading Plc.</b>	GL Finance Plc	Other receivables	24,328	-		GL Finance Plc. do advance payment for AFP Trading Plc. as a general business
		Other current assets	175,457	-		GL Finance Plc.do advance payment for APF Trading Plc.Distributed motorcycle to GL Finance Plc.
<b>Commercial Credit and Finance PLC.</b>	Group Lease Holdings Pte Ltd	Subscription payment in advance for acquisition of investment in subsidiary	80,123	-		Group Lease Holdings Pte Ltd payment in advance for acquisition of investment in BG Microfinance Myanmar Co.,Ltd to Commercial Credit and Finance PLC.
<b>Group Lease Holdings Pte Ltd</b>	Commercial Credit and Finance PLC	Other current liabilities	6,643	-		Group Lease Holdings Pte Ltd payment in advance for purchase share to CommercialCredit and Finance PLCof share in BG Microfinance Myanmar Co.,Ltd to Credit Finance PLC.
<b>PT Bank JTrust Indonesia Tbk.</b>	PT Group Lease Finance Indonesia	Other receivables	2,270	-		PT Group Lease Finance Indonesia do advance payment for PT Bank JTrust Indonesia Tbk. as a general business
<b>Group Lease Holdings Pte Ltd</b>	A.P.F. Group Co., Ltd.	Short-term loans to and interest receivable Beginning balance	-	19,797	6%per annum	Group Lease Holdings Pte. Ltd. borrows from A.P.F. Group Co., Ltd. to



Other Related transactions between related parties as at 31 December 2016 and 2015						
Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec16	31 Dec 15		
		Increase	-	9,996		support business expansion in foreign country with the interest rate close to the market rate.
		Decrease	-	(29,793)		
		Exchange diff on translation of fin. stat in foreign currency	-			
		Ending Balance	-	-		
GL Finance Plc.	Cambodian People Mircro Insurance Plc.	Interest Expense	360	289	6-10%per annum	GL Finance Plc. borrow from Cambodian People Mircro Insurance Plc for motorcycle hire-purchase business expansion in Cambodia with an interest rate close to the market rate
		<u>Short-term loans to and interest receivable</u>				
		Beginning balance	3,865	3,545		
		Increase	320	-		
		Decrease	-	(29,793)		
		Exchange diff on translation of fin. stat in foreign currency	(37)	320		
		Ending Balance	4,148	3,865		
GL Finance Plc.	Director of the company and subsidiary	Interest Expense	-	261	6%per annum	GL Finance Plc. borrow from director of subsidiary for motorcycle hire-purchase business expansion in Cambodia with an interest rate close to the market rate
		<u>Short-term loans to and interest receivable</u>				
		Beginning balance	250	-		
		Increase	-	130,481		
		Decrease	-	(130,220)		
		Exchange diff on translation of fin. stat in foreign currency	(2)	(11)		
		Ending Balance	248	250		
		Other current liabilities	129	92		Director of the company and subsidiary do advance payment for GL Finance Plc. as a general business

**Audit Committee's opinion :**

The Audit Committee has reviewed and validated above transactions, and gave the opinion that the purpose of these transactions are to support the company's business expansion in the regional country with an interest rate close to the normal rate when the company borrows from the bank. And these transactions are needed and for the highest benefit of the company's business. (arm's length basis)

# Financial Highlight

## Conclusion of Auditors' Report

In the past three years the Company's financial statements has been audited and the opinion from the auditors as follows :

Financial Statement	Company	Auditors' Name	CPA No.	Opinion
2016	EY Office Limited	Mr.Sophon Permsirivallop	3182	* Qualified
2015	EY Office Limited	Ms.RungnapaLertsuwankul	3516	Unqualified
2014	EY Office Limited	Ms.RungnapaLertsuwankul	3516	Unqualified

\* An auditor withdrew previous unqualified opinion which on the 2016 financial statements was coupled with emphasis of matters and revised opinion as a disclaimer. Since then, the situation has become more transparent for an auditor to render an opinion as qualified in respect of year of 2016.

## The financial position of Group Lease Public Company Limited and its subsidiaries

Unit: Million Baht

	Consolidated financial statements						Separate financial statements					
	2016 (Revised)		2015		2014		2016		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>												
Current assets												
Cash and cash equivalents	2,551.22	14.98	1,044.89	9.71	357.45	4.92	468.72	2.97	552.22	5.52	71.16	0.99
Current portion of hire purchase and installment	3,150.34	18.50	3,198.88	29.71	3,172.39	43.62	1,946.22	12.33	2,095.26	20.93	2,330.50	32.38
Current portion of asset-backed loan receivables	226.27	1.33	113.09	1.05	-	-	-	-	-	-	-	-
Current portion of loans and interest receivables	767.50	4.51	2,152.93	20.00	24.78	0.34	-	-	18.78	0.19	-	-
Assets foreclosed	50.89	0.30	32.95	0.31	23.60	0.32	24.95	0.16	14.91	0.15	14.07	0.20
Current portion of loans and interest receivables from subsidiary	-	-	-	-	38.43	0.53	5,198.25	32.95	4,016.39	40.13	1,190.17	16.54
Other receivables	186.25	1.09	127.49	1.18	49.09	0.68	34.43	0.22	30.11	0.30	24.99	0.34
Other current assets	297.77	1.75	99.92	0.93	93.21	1.28	83.43	0.53	79.47	0.79	90.23	1.25
<b>Total current assets</b>	<b>7,230.24</b>	<b>42.46</b>	<b>6,770.15</b>	<b>62.89</b>	<b>3,758.95</b>	<b>51.69</b>	<b>7,756.00</b>	<b>49.16</b>	<b>6,807.14</b>	<b>68.01</b>	<b>3,721.12</b>	<b>51.70</b>
<b>Non-current assets</b>												
Pledged fixed deposit at financial institution	0.33	0.01	0.33	0.01	0.32	0.01	0.33	0.01	0.33	0.01	0.32	0.01
Investments in subsidiaries	-	-	-	-	-	-	6,017.12	38.14	1,200.12	11.99	1,071.21	14.88
Investments in associates	2,545.43	14.95	-	-	-	-	-	-	-	-	-	-
Other long-term investments	476.35	2.79	-	-	-	-	-	-	-	-	-	-
Other long-term investments for acquisition of investment in subsidiary	285.52	1.68	-	-	-	-	-	-	-	-	-	-
Hire purchase and installment sales receivables - long-term	3,145.59	18.47	2,848.47	26.46	2,922.96	40.20	1,797.54	11.39	1,786.82	17.85	2,202.28	30.60
Portion Long-term portion of asset-backed loan receivables	55.48	0.32	28.06	0.26	-	-	-	-	-	-	-	-
Long-term portion of disputed loans	1,815.81	10.66	-	-	-	-	-	-	-	-	-	-
Long-term portion of loans and interest receivables	938.61	5.51	604.59	5.61	-	-	-	-	-	-	-	-
Property, plant and equipment	130.67	0.77	115.98	1.08	100.64	1.38	75.37	0.48	73.82	0.74	62.42	0.87
Intangible assets	139.79	0.82	101.07	0.94	95.92	1.32	35.83	0.23	15.50	0.15	6.45	0.09
Goodwill	122.16	0.72	122.52	1.14	118.13	1.62	-	-	-	-	-	-
Deferred tax assets	35.52	0.21	62.87	0.58	112.65	1.55	24.24	0.15	51.32	0.51	70.81	0.98
Other non-current assets	107.38	0.63	111.08	1.03	162.35	2.23	70.24	0.44	74.10	0.74	63.00	0.87
<b>Total non-current assets</b>	<b>9,798.64</b>	<b>57.54</b>	<b>3,994.97</b>	<b>37.11</b>	<b>3,512.97</b>	<b>48.31</b>	<b>8,020.67</b>	<b>50.84</b>	<b>3,202.01</b>	<b>31.99</b>	<b>3,476.49</b>	<b>48.30</b>
<b>Total assets</b>	<b>17,028.87</b>	<b>100.00</b>	<b>10,765.12</b>	<b>100.00</b>	<b>7,271.92</b>	<b>100.00</b>	<b>15,776.67</b>	<b>100.00</b>	<b>10,009.15</b>	<b>100.00</b>	<b>7,197.61</b>	<b>100.00</b>
<b>Liabilities and shareholders' equity</b>												
<b>Current liabilities</b>												
Short-term loans from financial institutions	556.26	3.27	349.05	3.24	250.00	3.44	448.77	2.85	349.05	3.49	250.00	3.47
Trade accounts payable	11.56	0.07	46.45	0.43	9.08	0.12	3.94	0.03	5.10	0.05	6.35	0.09

	Consolidated financial statements						Separate financial statements					
	2016 (Revised)		2015		2014		2016		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Short-term loans from and interest payable to related party	4.40	0.03	4.11	0.04	19.80	0.27	130.00	0.82	-	-	-	-
Current portion of long-term loans	585.74	3.44	1,557.85	14.47	2,547.81	35.04	402.99	2.55	1,522.18	15.21	2,547.81	35.40
Current portion of long-term loans from subsidiary	-	-	-	-	-	-	53.30	0.34	-	-	-	-
Current portion of debentures	499.13	2.93	-	-	-	-	499.13	3.16	-	-	-	-
Income tax payable	87.09	0.51	53.32	0.50	-	-	16.43	0.10	29.48	0.29	-	-
Insurance premium payables	11.60	0.07	11.21	0.10	11.72	0.16	7.55	0.05	7.01	0.07	9.68	0.13
Other payables	204.98	1.20	77.73	0.72	56.53	0.78	187.47	1.19	74.24	0.74	26.30	0.36
Other current liabilities	155.54	0.91	76.08	0.71	54.36	0.75	41.55	0.26	49.39	0.49	29.60	0.41
<b>Total current liabilities</b>	<b>2,116.30</b>	<b>12.43</b>	<b>2,175.80</b>	<b>20.21</b>	<b>2,949.30</b>	<b>40.56</b>	<b>1,791.13</b>	<b>11.35</b>	<b>2,036.45</b>	<b>20.34</b>	<b>2,869.74</b>	<b>39.86</b>
Non-current liabilities												
Long-term portion of long-term loans	212.39	1.25	504.59	4.69	1,312.05	18.04	174.14	1.10	360.49	3.60	1,312.05	18.23
Long-term portion of debentures	1,453.09	8.53	493.61	4.58	488.30	6.71	1,453.09	9.21	493.61	4.94	488.30	6.79
Convertible debentures - liability component	4,506.28	26.46	-	-	-	-	4,506.28	28.56	-	-	-	-
Advance received for issuance of convertible debentures	465.80	2.74	-	-	-	-	465.80	2.96	-	-	-	-
Provision for long-term employee benefits	8.72	0.05	7.48	0.07	6.38	0.09	8.72	0.06	7.48	0.07	6.38	0.09
Cash guarantee for damage on hire purchase agreements	2.18	0.01	2.18	0.02	2.32	0.03	2.07	0.01	2.06	0.02	2.20	0.03
<b>Total non-current liabilities</b>	<b>6,648.46</b>	<b>39.04</b>	<b>1,007.86</b>	<b>9.36</b>	<b>1,809.05</b>	<b>24.87</b>	<b>6,610.10</b>	<b>41.90</b>	<b>863.64</b>	<b>8.63</b>	<b>1,808.93</b>	<b>25.14</b>
<b>Total liabilities</b>	<b>8,764.76</b>	<b>51.47</b>	<b>3,183.66</b>	<b>29.57</b>	<b>4,758.35</b>	<b>65.43</b>	<b>8,401.23</b>	<b>53.25</b>	<b>2,900.09</b>	<b>28.97</b>	<b>4,678.67</b>	<b>65.00</b>
<b>Shareholders' equity</b>												
Issued and paid-up capital of Baht 0.50each	762.75	4.48	713.64	6.63	542.88	7.47	762.76	4.83	713.64	7.13	542.88	7.55
Share premium	5,191.56	30.48	4,254.63	39.52	1,084.25	14.91	5,191.56	32.91	4,254.63	42.51	1,084.25	15.06
Share subscription received in advance	0.37	0.01	981.05	9.11	-	-	0.37	0.01	981.05	9.80	-	-
Capital reserve for share-based payment transactions	-	-	-	-	3.58	0.05	-	-	-	-	3.59	0.05
Retained earnings												
Appropriated - statutory reserve	92.25	0.54	76.96	0.72	72.09	0.99	92.25	0.58	76.96	0.77	72.09	1.00
Unappropriated	1,867.65	10.97	1,283.83	11.93	774.52	10.65	1,318.46	8.36	1,082.78	10.82	816.13	11.34
Other components of shareholders' equity	257.24	1.51	271.35	2.52	36.25	0.50	10.04	0.06	-	-	-	-
<b>Total shareholders' equity</b>	<b>8,171.82</b>	<b>47.99</b>	<b>7,581.46</b>	<b>70.43</b>	<b>2,513.57</b>	<b>34.57</b>	<b>7,375.44</b>	<b>46.75</b>	<b>7,109.06</b>	<b>71.03</b>	<b>2,518.94</b>	<b>35.00</b>
Non-controlling interests of the subsidiary	92.29	0.54	-	-	-	-	-	-	-	-	-	-
<b>Totalequity</b>	<b>8,264.11</b>	<b>48.53</b>	<b>7,581.46</b>	<b>70.43</b>	<b>2,513.57</b>	<b>34.57</b>	<b>7,375.44</b>	<b>46.75</b>	<b>7,109.06</b>	<b>71.03</b>	<b>2,518.94</b>	<b>35.00</b>
<b>Total liabilities and shareholders' equity</b>	<b>17,028.87</b>	<b>100.00</b>	<b>10,765.12</b>	<b>100.00</b>	<b>7,271.92</b>	<b>100.00</b>	<b>15,776.67</b>	<b>100.00</b>	<b>10,009.15</b>	<b>100.00</b>	<b>7,197.61</b>	<b>100.00</b>

Statement of comprehensive income of Group Lease Public Company Limited and its subsidiaries

Unit: Million Baht

	Consolidated financial statements						Separate financial statements					
	2016 (Restated)		2015		2014		2016		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Revenues</b>												
Hire purchase interest income	1,949.69	72.52	1,898.44	76.28	1,676.42	90.02	1,193.98	66.17	1,332.84	74.46	1,389.65	86.51
Asset - backed loan interest income	116.93	4.35	25.48	1.03	-	-	-	-	-	-	-	-
Interest on loan receivables	251.08	9.34	173.37	6.97	4.24	0.23	-	-	-	-	-	-
Other income												
Other interest income	25.03	0.93	2.20	0.09	0.70	0.03	324.90	18.01	147.22	8.23	66.45	4.14
Consulting service fee income	63.06	2.35	72.68	2.92	35.91	1.93	-	-	-	-	-	-
Management service fee income	-	-	-	-	-	-	84.00	4.65	84.00	4.69	35.00	2.18
Other income related to the activities of hire purchase	218.79	8.14	259.95	10.44	131.95	7.08	143.50	7.95	150.35	8.40	8.88	0.55
Others	63.78	2.37	56.58	2.27	13.13	0.71	58.09	3.22	75.60	4.22	106.39	6.62
<b>Total revenues</b>	<b>2,688.36</b>	<b>100.00</b>	<b>2,488.70</b>	<b>100.00</b>	<b>1,862.35</b>	<b>100.00</b>	<b>1,804.47</b>	<b>100.00</b>	<b>1,790.01</b>	<b>100.00</b>	<b>1,606.37</b>	<b>100.00</b>
<b>ค่าใช้จ่าย</b>												
Services and administrative expenses	887.37	33.01	784.37	31.52	547.64	29.41	506.85	28.09	476.32	26.61	353.96	22.03
Bad debts and doubtful accounts	313.27	11.65	356.57	14.33	494.86	26.57	220.95	12.25	322.57	18.02	441.37	27.48
Loss on disposals of foreclosed assets	232.25	8.64	355.03	14.27	431.82	23.19	214.60	11.89	309.20	17.27	377.81	23.52
<b>Total expenses</b>	<b>1,432.89</b>	<b>53.30</b>	<b>1,495.97</b>	<b>60.12</b>	<b>1,474.32</b>	<b>79.16</b>	<b>942.40</b>	<b>52.23</b>	<b>1,108.09</b>	<b>61.90</b>	<b>1,173.14</b>	<b>73.03</b>
Profit before share of profit from investments in associates, finance cost and income tax expenses	1,255.47	46.70	992.73	39.89	388.03	20.84	862.07	47.77	681.92	38.10	433.23	26.97
Share of profit from investments in associates	48.35	1.80	-	-	-	-	-	-	-	-	-	-
Finance cost	(272.75)	(10.15)	(266.77)	(10.72)	(250.42)	(13.45)	(261.14)	(14.47)	(256.91)	(14.35)	(250.39)	(15.59)
Income tax expenses	(202.03)	(7.52)	(143.07)	(5.75)	(19.89)	(1.07)	(119.00)	(6.59)	(84.80)	(4.74)	(36.89)	(2.30)
<b>Profit for the year</b>	<b>829.04</b>	<b>30.84</b>	<b>582.89</b>	<b>23.42</b>	<b>117.72</b>	<b>6.32</b>	<b>481.93</b>	<b>26.71</b>	<b>340.21</b>	<b>19.01</b>	<b>145.95</b>	<b>9.08</b>
<b>Basis earnings per share (Baht)</b>	<b>0.54</b>		<b>0.49</b>		<b>0.11</b>		<b>0.32</b>		<b>0.29</b>		<b>0.14</b>	

## Financial Ratio

	Consolidated financial statements			Separate financial statements		
	2016 (Restated)	2015	2014	2016	2015	2014
<b><i>Profitability Ratio (%)</i></b>						
Yield Rate	24.34	27.84	31.55	31.31	31.68	31.04
Interest Rate	5.09	7.09	6.48	5.03	7.02	6.50
Net Yield Rate	19.25	20.75	25.07	26.29	24.66	24.54
Net Profit Rate	30.84	23.42	6.32	26.71	19.01	9.09
Return on Equity	10.53	11.55	4.93	6.65	7.07	6.12
<b><i>Efficiency Ratio</i></b>						
Return on Total Assets	5.97	6.46	1.84	3.74	3.95	2.30
Total Assets Turn Over Ratio (times)	0.19	0.28	0.29	0.14	0.21	0.25
<b><i>Financial Policy Ratio</i></b>						
Ratio of Liability to Equity (times)	1.07	0.42	1.89	1.14	0.41	1.86
Ratio of Total Receivable to Loan from (times)	1.78	2.00	1.37	0.73	1.15	1.16
Dividend Rate (%)	50.07	39.67	56.63	n/a	67.97	45.68
<b><i>Asset Quality Ratio (%)</i></b>						
Ratio of Allowance for Doubtful Debt to Total Receivable	2.61	3.92	8.42	4.71	6.96	8.71
Bad Debt to Total Receivable	3.93	5.94	6.86	8.31	11.13	8.02
Ratio of Non performing loan to Total Receivable	2.10	3.83	8.69	5.05	7.41	9.13

## Management Discussion & Analysis

The company had acquired shares of its subsidiaries in different years leading the operating result of 2013-2016 to have an impact from these factors apart from its normal operation as follow:

- In the year 2012, the company acquired Group Lease Holdings Pte., Ltd.and has started the consolidation of the financial statement at the end of 2012.
- In the third quarter of 2013, the company acquired GL Finance Plc. (the subsidiary in Cambodia) and has started to consolidate financial statement since Q3/2013.
- In the third quarter of 2014, the company acquired Thanaban Company Limited. and has started to consolidate financial statement since Q3/2014.
- In the second quarter of 2015, was the first quarter of financial consolidation with GL Leasing (Lao) Company limited. (the subsidiary in Lao)
- In the second quarter of 2016, the company has started to consolidate on statement of comprehensive income with PT. Group Lease Finance Indonesia. (the subsidiary in Indonesia)
- In the fourth quarter of 2016, the company acquired Commercial Credit and Finance PLC. (the associated company in Sri Lanka)and has started to take equity to consolidate financial statement since Q4/2016
- In the first quarter of 2017, the company acquired BG Microfinance Myanmar Co., Ltd (the subsidiary in Myanmar)and will start to consolidate financial statement at Q1/2017.

### Overall Operating Result

The Company operates motorcycle hire-purchase financing business in Bangkok & Metropolitan and the vicinity provincial areas. Of which the main income arise from such business and the overall operating result of this business relate to the motorcycle's manufacturing and sales industry. In the year 2016, the number of new registered motorcycle in Bangkok & Metropolitan were 468,238 units which was 11.81% increase from the year 2015 of 418,774 unit even though the economic is considered to be at its stable stage factors such as the declining in price of the commodities, tourism that was affected by the political factors. Also the export that has decreases as other countries were still in their declining stage especially in Europe and China. In 2016 the forecast of the economic should be in an improving stage as the government has emphasized on a many bigger projects and the tourism in which we can see if from 4/2015. Whereas, on the other hand in America the economic seem to be improving which could potentially benefit the world economic. However,there is still an instability as in countries like Europe, Japanand especially China the economic are still in the sluggish stage.As many are still concern that prediction cannot be certain.

In the year 2015, the number of new motorcycles registration in Bangkok & Metropolitan were 418,774units which was 1.06% increase from the year 2014 of 414,389 units. In 2014 Motorcycle sales was stable when comparing to 2015 due to the economic and political situation in the foreign countries.

Although the overall motorcycle sales market was rather slow, the company was able to maintain the business growth. As of 31 December 2016, the Company had hire-purchase account receivable – net of Baht 3,743.76 million or decrease of Baht 138.33 million or 3.56%. For the year 2016, total income was Baht 1,804.47 million, increase 0.81% from Baht 1,790.01million of the year 2015.

As of 31 December 2015, the Company had hire-purchase account receivable - net 3,882.09 million, decreased 14.36% from 4,532.78 million at the end of 2014. For the year 2015, the total income was Baht 1,790.01million, increased 11.43% from Baht 1,606.37 million of the year 2014.

## Revenue

### Consolidated financial statements

Revenue	Consolidated financial statements					
	2016		2015		2014	
	(Restated)					
	Million Baht	% of total revenue	Million Baht	% of total revenue	Million Baht	% of total revenue
Hire purchase interest income	1,949.69	72.53	1,898.44	76.28	1,676.42	90.02
Asset - backed loan interest income	116.93	4.35	25.48	1.03	-	-
Interest on loan receivables	251.08	9.34	173.37	6.97	4.24	0.23
Other Incomes	370.66	13.78	391.41	15.72	181.69	9.75
<b>Total</b>	<b>2,688.36</b>	<b>100.00</b>	<b>2,488.70</b>	<b>100.00</b>	<b>1,862.35</b>	<b>100.00</b>

The Company's revenue structure of consolidated financial statements were similar to the separate financial statements. In the year 2016, hire purchase interest income was Baht 1,949.69 million (or 72.53 % of total revenues) which increased 2.70% from the year 2015 which recorded at Baht 1,898.44 million, due mainly to an increase of interest income from the subsidiaries in Cambodia, Laos and Indonesia by Baht 235.10 million, Baht 71.91 million and Baht 3.18 million respectively, in tandem with rising loan volume in foreign countries. However, the increase was partially offset by decreasing in interest income from GL and from local subsidiary by Baht 138.86 million and Baht 120.11 million respectively. This is in line with the company's strategy and the business model "Digital Finance". The objective is to reach 'Stability and Quality in Thailand for new Motorcycles, Growth and Creation in Emerging countries and Emerging consumers.

In the year 2015, hire purchase interest income was Baht 1,898.44 million (or 76.28% of total revenues) which increased 13.24% from the year 2014 which recorded at Baht 1,676.42 million related to the growth of the hire-purchase portfolio especially in Cambodia as well as GL Leasing (Lao) Co. Ltd. acquired in 2015.

The portion of hire purchase interest incomes continually decreased from 90.02% in the year 2014 to 76.28% and to 72.53 % in the year 2015 and 2016, respectively, as a result of the consolidation of incomes from other businesses from subsidiaries, for example; asset - backed loan interest income from Thanaban and interest on loan receivables from Group



Lease Holdings Pte., Ltd. Moreover, other incomes has been increased significantly since year 2014, mainly from an improvement of collection efficiency and strategy to follow up the debt which was write off. The company's strategy is to create opportunities to grow the new business and to diversify the risk by increasing financial products or entering new markets.

### Separate financial statements

Revenue	Separate financial statements					
	2016		2015		2014	
	Million Baht	% of total revenue	Million Baht	% of total revenue	Million Baht	% of total revenue
Hire purchase interest income	1,193.98	66.17	1,332.84	74.46	1,389.65	86.51
Other Incomes	610.49	33.83	457.17	25.54	216.72	13.49
<b>Total</b>	<b>1,804.47</b>	<b>100.00</b>	<b>1,790.01</b>	<b>100.00</b>	<b>1,606.37</b>	<b>100.00</b>

From the Company's revenue structure, about 66% came from hire purchase interest income. In the year 2016, the hire purchase interest income was Baht 1,193.98 million, decreased 10.42% from the year 2015 which recorded Baht 1,332.84 million. The portion of hire purchase interest income decreased from 74.46% in the year 2015 to 66.17% in the year 2016. This is the result of the company's strategy with the objective to reach 'Stability and Quality in Thailand for new Motorcycles, Growth and Creation in Emerging countries and Emerging consumers. Stricter policies on customer screening was also one of the reason explaining of the improvement of portfolio quality in Thailand.

In the year 2015, hire purchase interest incomes were Baht 1,332.84 million (or 74.46% of total revenues) decreased from the year 2014 which recorded at Baht 1,389.65 million or a decrease of 4.09% as a result of the company's strategy to improve the portfolio quality and stabilize the size of the hire purchase portfolio.

The other incomes were mainly from interest on loan receivables from subsidiary, management service fee income and other income related to the activities of hire purchase, penalty income, bad debts recovery, registration fee. In year 2016, other incomes were Baht 610.49 million, increased from the year 2015 which were recorded at Baht 457.17 million or an increase of 33.54%.

In 2015, the Company's other incomes were Baht 457.17 million which increases from the year 2014 recorded at Baht 216.72 million or an increase of 110.94%, mainly from an increase in interest on loan receivables from subsidiary.

## Expenses

### Consolidated financial statements

Expenses before finance cost and income tax expenses	Consolidated financial statements					
	2016		2015		2014	
	Million Baht	% of total revenue	Million Baht	% of total revenue	Million Baht	% of total revenue
Services and administrative expenses	887.37	30.37	784.37	31.52	547.64	29.41
Bad debts and doubtful accounts	313.27	10.72	356.57	14.33	494.86	26.57
Loss on disposals of foreclosed assets	232.25	7.95	355.03	14.27	431.82	23.19
<b>Total</b>	<b>1,432.89</b>	<b>49.04</b>	<b>1,495.97</b>	<b>60.12</b>	<b>1,474.32</b>	<b>79.17</b>

For the year 2016, the Company's expenses before finance cost and corporate income tax were recorded at Baht 1,432.89million, decreased by Baht 63.08 million or 4.22% from Baht 1,495.97million in the year 2015. The expenses before finance cost and corporate income tax for the year 2016 decreased in contrary of the total revenue increasing compare to the year 2015, was resulted from the following factors:

- Service and administrative expenses totaled Baht 887.38 million, increasing by Baht 103.00 million or 13.13% when compared to previous year, mainly resulting from the higher expenses from the foreign business expansion. However, the service and administrative expenses grew at a slower rate than revenue, showing the cost efficient management.

- Bad debts and doubtful accounts has decreased compared to the same period of last year by Baht 43.30 million or 12.14% showing the improvement of the quality of the portfolio. There are two reasons explaining the increase of quality of the portfolio. First, the foreign and new business portfolio with lower bad debt significantly increased. Secondly, the original business in Thailand is using strict policy on credit approval and improvement on debt follow up process.

- Loss on disposals of foreclosed asset decreased from Baht 355.03 million to Baht 232.25 million representing decreased by Baht 122.78 million or 34.58%, which resulted from a gradually increasing market value of asset foreclosed and increasing of repossession units related to the hire-purchase portfolio expansion. When comparing the ratio between the loss on disposals of foreclosed assets and the hire purchase receivables as of end of Q4/2016, the ratio decreased to 3.54% compared with Q4/2015 which was 5.54%.

For the year 2015, the Company's expenses before finance cost and corporate income tax were recorded at Baht 1,495.97 million which increased from the year 2014 amount of Baht 1,474.32 million or an increase of 1.47 %. The expenses before finance cost and corporate income tax for the year 2015 increased in the same line as increasing

of the total revenue compare to the year 2014. Besides, the consolidated financial statements has an increased expense by separate financial statements. The consolidated financial statements had services and administrative expenses which were increased to support the regional business expansion, expense from GL Leasing (Lao) Company Limited which the company acquired during 2015 and the amortization on exclusivity right.

## Separate financial statements

Expenses before finance cost and income tax expenses	Separate financial statement					
	2016		2015		2014	
	Million Baht	% of total revenue	Million Baht	% of total revenue	Million Baht	% of total revenue
Services and administrative expenses	506.85	28.09	476.32	26.61	353.96	22.03
Bad debts and doubtful accounts	220.95	12.25	322.57	18.02	441.37	27.48
Loss on disposals of foreclosed assets	214.60	11.89	309.20	17.27	377.81	23.52
<b>Total</b>	<b>942.40</b>	<b>52.23</b>	<b>1,108.09</b>	<b>61.90</b>	<b>1,173.14</b>	<b>73.03</b>

Expenses before finance cost and corporate income tax comprises of 3 parts: service and administrative expenses, bad debts and doubtful accounts and loss on disposals of foreclosed assets.

For the year 2016, the Company's expenses before finance cost and corporate income tax were record at Baht942.40million which decreased from the year 2015 of Baht1,108.09 million or a decrease of 165.59 million or 14.95 %. The expenses before finance cost and corporate income tax for the year 2016 decreased in contrary of total revenue increasing, compare to the year 2015, was resulted from the following factors:

- Services and administrative expenses increased by 6.41 % compared to the year 2015 for supporting of the growth portfolio and subsidiary in country This is in line with the company's strategy the foreign business expansion. Total revenue increased by 0.81% so services and administrative expenses for the year 2016 increased in the same line of total revenue increasing, compare to the year 2015.

- Bad debts and doubtful accounts which comprised of bad debts and allowance for doubtful accounts was set aside higher comparing to the year 2015 or decreased by 31.50 % due to a strict procedure of the loan to be approve and decreased of hire purchase receivables.

- Loss on disposals of foreclosed assets which calculated from the value of foreclosed assets deducted by the value of assets sold on auction decreased 30.59%compared to the year 2015.As a result of higher market price of second-hand motorcycles and more efficient controlling risk from loss in sales of foreclosed assets. When compared ratio between the loss on disposals of foreclosed assets and the hire

purchase receivables for the year 2016, the ratio was 5.46% decrease from the year 2015 which was 7.41%. And for the ratio of foreclosed asset unit sold per repossession unit of each financial year continue increased from 2015-2016, detailed as follows:

#### **The Ratio of the selling of foreclosed assets to foreclosed assets for sale**

<b>Unit : Unit</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Balance at the beginning of period	646	606	989
Unit increasing in the period	15,714	18,890	18,639
Foreclosed Asset for Sales	16,360	19,496	19,628
Units Sold	15,374	18,850	19,022
Balance at the end of period	986	646	606
The ratio of foreclosed asset to foreclosed asset for sell	94%	97%	97%

For the year 2015, the Company's expenses before finance cost and corporate income tax were record at Baht 1,108.09million which decreased from the year 2014 of Baht 1,173.14million or a decrease of 65.05 million or 5.54%. The expenses before finance cost and corporate income tax for the year 2015 decreased in contrary of total revenue increasing, compare to the year 2014, was resulted from the following factors:

- Services and administrative expenses increased by 34.57 % compared to the year 2014 for supporting of the growth portfolio. Total revenue increased by 11.43% so services and administrative expenses for the year 2015 increased in the same line of total revenue increasing, compare to the year 2014.

- Bad debts and doubtful accounts which comprised of bad debts and allowance for doubtful accounts was set aside higher comparing to the year 2014 or decreased by 26.92 % due to a strict procedure of the loan to be approve.

- Loss on disposals of foreclosed assets which calculated from the value of foreclosed assets deducted by the value of assets sold on auction decreased by 18.16%compared to the year 2014 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, increasing rate of Loss on disposals of foreclosed assets is higher than increasing rate of total revenue. When compared ratio between the loss on disposals of foreclosed assets and the hire purchase receivables for the year 2015, the ratio was 7.41% decrease from the year 2014 which was 7.61%.

## Finance cost

### Consolidated financial statements

For the year 2016, the Company's finance cost were at Baht 272.75 million increased from 2015 or 2.24%. Where most were from a new issue of convertible debentures in 2016 amount of USD 130.0 million to support the expansion of the business in both domestic and international. As for long-term loan from financial institution has decreased to Bath 798.13 million in 2016 from Bath 2,062.44 million in 2015. The cost of borrowing from the financial institution has an average cost of 4.97%, decreased from the year 2015 of an average cost at 7.09%.

For the year 2015, the Company's finance costs were at Baht 266.77 million increased from 2014 or 6.53%. Where most were from a new issue of convertible debentures in 2015 amount of Bath 981.00 million to support the expansion of the business in both domestic and international. As for long-term loan from financial institution has decreased to Bath 2,062.44 million in 2015 from Bath 3,860 million in 2014. The cost of borrowing from the financial institution has an average cost of 7.09 %, increased from the year 2014 of an average cost at 6.48 %.

### Separate financial statements

For the year 2016, the Company's finance cost were at Baht 261.14 million increased from 2015 1.65%. Where most were from a new issue of convertible debentures in 2016 amount of USD 130.0 million to support the expansion of the business in both domestic and international. As for long-term loan from financial institution has decreased to Bath 577.13 million in 2016 from Bath 1,883 million in 2015. The cost of borrowing has an average cost of 5.03 %, decreased from the year 2015 of an average cost at 7.02 %.

For the year 2015, the Company's finance cost were at Baht 256.91 million increased from 2014 2.60%. Where most were from a new issue of convertible debentures in 2015 amount of Bath 981.00 million to support the expansion of the business in both domestic and international. As for long-term loan from financial institution has decreased to Bath 1,883 million in 2015 from Bath 3,860 million in 2014. The cost of borrowing from the financial institution has an average cost of 7.02 %, increased from the year 2014 of an average cost at 6.50 %.

## Net Profit

### Consolidated financial statements

In 2016, the Company has a profit before financial cost and income tax at Baht 1,255.47million increasing from 2015 by 26.47 % mainly due to increasing of total revenue of 8.02 %, also a decrease in total expense of 4.22%. After recognizing the profit from investments in associates, the company has profit before finance cost and income tax expenses of Baht 1,303.82million, increases 31.34%. And after the deduction of finance cost,

the company has profit before tax Baht 1,031.07 million, increases 42.03% from Baht 725.97 million of the year 2015

After corporate income tax, the company has a net profit of the year 2016 Baht 829.04million increase 42.23% from Baht 582.89 million of the year 2015.

In 2015, the Company has a profit before financial cost and income tax at Baht 992.73 million increasing from 2014 by 155.84 % mainly due to increasing of total revenue of 33.63%, also an increase in total expense of 1.47%. However, the service and administrative expenses grew at a slower rate than revenue, showing the cost efficient management. And after the deduction of finance cost, the company has profit before tax Baht 725.96 million, increases 427.55% from Baht 137.61 million of the year 2014.

After corporate income tax, the company has a net profit of the year 2015 Baht 582.89 million increase 395.15% from Baht 117.72 million of the year 2014.

### **Separate financial statements**

In 2016, the Company has a profit before financial cost and income tax of Baht 862.07 million increased from the year 2015 by 26.41% mainly from an decrease of total expenses of 14.95%. Total expenses including service and operation expense, bad debt or doubtful debt, and loss foreclose asset for sales. And after the deduction of finance cost, the company has a profit before tax of Baht 600.93million, which increases 41.39 % from Baht 425.01 million of the year 2015.

After corporate income tax, the company has a net profit of Baht 481.93 million in the year 2016 which increased by 41.66 % from 2015 of Baht 320.21 million.

In 2015, the Company has a profit before financial cost and income tax of Baht 681.92 million increased from the year 2014 by 57.40 % mainly from an increase of total income of 11.43% and a decrease in total expenses of 5.55%. Total expenses including service and operation expense, bad debt or doubtful debt, and loss foreclose asset for sales. And after the deduction of finance cost, the company has a profit before tax of Baht 425.01 million, which increases 132.45 % from Baht 182.84 million of the year 2014.

After corporate income tax, the company has a net profit of Baht 340.21 million in the year 2015 which increased by 133.10 % from 2014 of Baht 145.95 million.

## Profitability Ratio

unit :%

	Consolidated financial statements			Separate financial		
Effective Interest Rate	2016 (Restated)	2015	2014	2016	2015	2014
Yield Rate	24.34	27.84	31.55	31.31	31.68	31.04
Interest Rate	4.97	7.09	6.48	5.03	7.02	6.50
Net Yield Rate	19.25	20.75	25.07	26.29	24.66	24.54
Net Profit rate	30.84	23.42	6.32	26.71	19.01	9.09

## Earnings per share

### Consolidated financial statements

As of 2016, the Company operated a net profit after tax of Baht 892.04 million divided to 1,525.51 million ordinary shares and fully paid up at 0.50 Baht par value each or earning per share of 0.54 Baht per share (the average ordinary share of 1,525.42 million shares) which was 11.17% increasing compared to the year 2015.

As of 2015, the Company operated a net profit after tax of Baht 582.89 million divided to 1,086 million ordinary shares and fully paid up at 0.50 Baht par value each or earning per share of 0.49 Baht per share (the average ordinary share of 1,191 million shares) which was 345.45 increasing compared to the year 2014.

### Separate financial statements

As of 2016, the Company operated a net profit after tax of Baht 481.93 million divided to 1,525.51 million ordinary shares and fully paid up at 0.50 Baht par value each or earning per share of 0.32 Baht per share ( the average ordinary share of 1,525.42million shares) which was 10.34% increasing compared to the year 2016.

As of 2015, the Company operated a net profit after tax of Baht 340.21million divided to 1,427million ordinary shares and fully paid up at 0.50 Baht par value each or earning per share of 0.29 Baht per share (the average ordinary share of 1,191million shares) which was 107.14 % increasing compared to the year 2014.

## Financial Position

### Total assets

#### Consolidated financial statements

As at the end of 2016, the Company had a total assets of Baht 17,028.87 million which increased from the total assets of Baht 10,765.12million at the end of 2015 or increase of Baht 6,263.75 million or 58.19 %. Motorcycle hire purchase and installment sales receivables and asset-backed loan receivables which were the main assets, were recorded at Baht 6,577.68 million (or 38.63 %of total assets) which increased from Baht 6,188.50 million at the end of the year 2015 by Baht 389.17 million or 6.29%, mainly from the expansion of the subsidiary in foreign countries. Loans and interest receivables outstanding of Bath 2,754.42million (or 16.18 % of total assets), decreased from 2015 of Bath 2,757.52 million with a decrease total of Bath 3.1 million or 0.01% to support the subsidiaries in the foreign countries. During the year 2016, the Company invested in associated company amount of Baht 2,545.43 million (or 14.95% of total assets).

As at the end of 2015, the Company had a total assets of Baht 10,765.12 million which increased from the total assets of Baht 7,271.92 million at the end of 2014 or increase of Baht 3,493.20million or 48.04%. Motorcycle hire purchase and installment sales receivables and asset-backed loan receivables which was the main assets, was recorded at Baht 6,188.50 million (or 57.49% of total assets) which increased from Baht 6,095.35 million at the end of the year 2014 by Baht 93.15 million or 1.53%. From the expansion of the mother company at a lower expansion rate as the screening process were being done in a careful manner to select the good credit rating customers and the expansion of the subsidiary in foreign countries. Short-term loan and interest outstanding of Bath 2,152.93 million increase from 2014 of Bath 24.78 million with an increase total of Bath 2,128.15 million or 8,588.18% to support the subsidiaries in the foreign countries.

#### Separate financial statements

As at the end of 2016, the Company had total assets Baht 15,776.67million which increased Baht 5,767.52million or 57.62% from Baht 10,009.15million at the end of 2015. Motorcycle hire purchase receivables which was the main assets, was recorded at Baht 3,743.76 million (or 23.72% of total assets), decreased from Baht 3,882.08 million at the end of the year 2015 by Baht 138.32 million or 3.56 %. This is in line with the company's strategy and the business model "Digital Finance". The objective is to reach 'Stability and Quality in Thailand for new Motorcycles, Growth and Creation in Emerging countries and Emerging consumers.Besides, the company's short-term loan to and interest receivables from subsidiary were at Bath 5,198.25million(or 32.95% of the total assets) increased from 2015 in which there was a short-term loan and interest receivable of Baht 4,016.39million at Bath 1,181.86 million or 29.43% and investments in subsidiaries were at Bath 6,017.12 million (or 38.14 % of the total assets) increased from 2015 which there was investments in subsidiaries



of Baht1,200.12 million at Bath4,817 million or 401.38% to support the business operation of the subsidiary.

As at the end of 2015, the Company had total assets Baht 10,009.15 million which increased Baht 2,811.54 million or 39.06% from Baht 7,197.61 million at the end of 2014. Motorcycle hire purchase receivables which was the main assets, was recorded at Baht 3,882.08 million (or 38.79% of total assets), decreased from Baht 4,532.78 million at the end of the year 2014 by Baht 650.70 million or 14.36%. The hire purchase was reduced due to the economic situations as well as the company's screening procedure for potential customers. Besides, the company's short-term loan and interest receivable were at Bath 4,016.39 million (or 40.13% of the total assets) increased from 2014 in which there was a short-term loan and interest receivable of Baht 1,190.17 million at Bath 2,826.22 million or 237.46% to support the business operation of the subsidiary.

## Debt quality and provision of allowances for doubtful debts

### Consolidated financial statements

The Company had set provision for the allowance for hire purchase and installment sales receivable which is the main accounts receivable of the Company as at 31 December 2016, 2015, and 2014 as follow :

Aging of Hire – Purchase Accounts Receivable	Accounts Receivable and Accrued Income after deducting hire purchase Interest income, VAT and Deposit for loss from customer (million Baht)			%			Allowance for doubtful debt (Million Baht)			% Allowance for doubtful debt		
	2016	2015	2014	2016	2015	2014	2016	2015	2014	2015	2015	2014
Not yet due	5,630.02	5,318.37	5,041.86	85.92	82.99	75.75	40.54	38.85	44.11	1.00	1.00	1.00
Past due 1 month	364.62	379.73	474.28	5.56	5.93	7.12	24.45	31.80	45.27	10.00	10.00	10.00
Past due 2-3 months	268.83	322.03	514.22	4.10	5.03	7.73	46.05	62.10	101.05	20.00	20.00	20.00
Past due 4-6 months	128.48	142.41	263.27	1.96	2.22	3.96	44.16	55.23	103.27	40.00	40.00	40.00
Past due 7-9 months	94.92	118.57	168.39	1.45	1.85	2.53	50.61	69.10	99.38	60.00	60.00	60.00
Past due 10-12 months	63.81	118.20	120.97	0.97	1.84	1.82	48.94	94.06	95.48	80.00	80.00	80.00
Past due over 12 months	2.44	8.89	72.68	0.04	0.14	1.09	2.44	8.88	71.75	100.00	100.00	100.00
Total	6,553.12	6,408.20	6,655.67	100.00	100.00	100.00	257.19	360.02	560.31	3.92	5.62	8.43

For the aging of hire – purchase accounts receivable at the end of the years 2016 and 2015, detailed as follow: no overdue has increased from 82.99% to 85.92%, Past due of 1 month decreased from 5.93% to 5.56%, Past due of 2-3 months decreased from 5.03% to 4.10%, Past due of 4-6 months decreased from 2.22% to 1.96 %, Past due of 7-9 months decreased from 1.85% to 1.45 %, Past due of 10-12 months decreased from 1.84% to 0.97 %, Past due over of 12 months decreased from 0.14% to 0.04%. This implies to the high quality of the portfolio.

For the aging of hire – purchase accounts receivable at the end of the years 2015 and 2014, detailed as follow: no overdue has increased from 75.75% to 82.99%, Past due of 1 month decreased from 7.12% to 5.93%, Past due of 2-3 months decreased from 7.73% to 5.03%, Past due of 4-6 months decreased from 3.96% to 2.22%, Past due of 7-9 months decreased from 2.53% to 1.85%, Past due of 10-12 months increased from 1.82% to 1.84%, Past due over of 12 months decreased from 1.09% to 0.14%.

### Separate financial statements

The Company had set provision for the allowance for hire purchase and installment sales receivable which is the main accounts receivable of the Company as of 2016, 2015, and 2014 as follow :

Aging of Hire – Purchase Accounts Receivable	Accounts Receivable and Accrued Income after deducting hire purchase Interest income, VAT and Deposit for loss from customer (million Baht)			%			Allowance for doubtful debt (Million Baht)			% Allowance for doubtful debt		
	2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014
Not yet due	3,352.81	3,359.82	3,884.74	85.34	80.52	78.24	33.05	33.15	38.20	1.00	1.00	1.00
Past due 1 month	228.88	269.18	295.46	5.83	6.45	5.95	22.70	26.68	29.14	10.00	10.00	10.00
Past due 2-3 months	176.05	229.61	298.13	4.48	5.50	6.01	34.97	45.58	58.89	20.00	20.00	20.00
Past due 4-6 months	76.37	113.83	176.84	1.94	2.73	3.56	30.36	45.22	69.91	40.00	40.00	40.00
Past due 7-9 months	59.84	99.91	119.89	1.52	2.40	2.41	35.72	59.60	71.18	60.00	60.00	60.00
Past due 10-12 months	32.57	97.91	118.49	0.83	2.35	2.39	25.97	77.95	93.99	80.00	80.00	80.00
Past due over 12 months	2.30	2.46	71.67	0.06	0.05	1.44	2.30	2.45	71.13	100.00	100.00	100.00
Total	3,928.82	4,172.72	4,965.22	100.00	100.00	100.00	185.06	290.63	432.44	4.71	6.97	8.71

### Aging of Hire – Purchase Accounts Receivable

#### Separate financial statements

For the aging of hire – purchase accounts receivable at the end of the years 2016 and 2015, detailed as follow, no overdue increased from 80.52% to 85.34%. Past due of 1 month decreased from 6.45% to 5.83%, Past due of 2-3 months decreased from 5.50% to 4.48%, Past due of 4-6 months decreased from 2.73% to 1.94%, Past due of 7-9 months decreased from 2.40% to 1.52%, Past due of 10-12 months decreased from 2.35% to 0.83%, and Past due over 12 months increased from 0.05% to 0.06%.

For the aging of hire – purchase accounts receivable at the end of the years 2015 and 2014, detailed as follow, no overdue increased from 78.24% to 80.52%. Past due of 1 month increased from 5.95% to 6.45%, Past due of 2-3 months decreased from 6.01% to 5.50%, Past due of 4-6 months decreased from 3.56% to 2.73%, Past due of 7-9 months decreased from 2.41% to 2.40%, Past due of 10-12 months decreased from 2.39% to 2.35%, and Past due over 12 months decreased from 1.44% to 0.05%.

## **Allowance for doubtful debt**

### **Consolidated financial statements**

As of 2016, the allowance for doubtful debt has an amount of Baht 257.19 million, decreased from Baht 360.02million or 25.56%. Which decreases on many of the overdue level especially on overdue 2-3 months with 20% reserve has allowance for doubtful debt Baht 46.05million, decreased from Baht 62.10million at the end of 2015 or 25.85%. Also over due of 4-6 month with 40% reserve has allowance for doubtful debt Baht 44.16 million, decreased from Baht 55.23million at the end of 2015 or 20.04%. over due of 10-12 month with 80% reserve has allowance for doubtful debt Baht 48.94 million, decreased from Baht 94.06million at the end of 2015 or 47.97%. And for the overdue that was over 12 month has a reserve of 100% having the allowance for doubtful debt amount of Bath 2.44million decreases from Bath 8.88 million at the end of 2015 or 72.52%. All were decreases due to the economy as well as the company's new procedure of screening customers to improve on the ability to track outstanding loan and be able to collect them.

As of 2015, the allowance for doubtful debt has an amount of Baht 360.02 million, decreased from Baht 560.31 million or 35.75%. Which decreases on all of the overdue level especially on overdue 2-3 months with 20% reserve has allowance for doubtful debt Baht 62.10 million, decreased from Baht 101.05 million at the end of 2014 or 38.95%. Also overdue of 4-6 month with 40% reserve has allowance for doubtful debt Baht 55.23 million, decreased from Baht 103.27 million at the end of 2014 or 46.52%. And for the overdue that was over 12 month has a reserve of 100% having the allowance for doubtful debt amount of Bath 8.88 million decreases from Bath 71.75 million at the end of 2014 or 87.62. All were decreases due to the economy as well as the company's new procedure of screening customers to improve on the ability to track outstanding loan and be able to collect them.

### **Separate financial statements**

As of 2016, allowance for doubtful debt has amount Baht 185.06 million, decreased from Baht 290.63million at the end of 2015 at 36.33% which decreasing on all of overdue level especially on overdue 7-9 months with 60% reserve has allowance for doubtful debt Baht 35.72 million, decreased from Baht 59.60 million at the end of 2015 or at 40.06%. And Past due of 10-12 months with 80% reserve has allowance for doubtful debt of Baht 25.97 million, decreased from Baht 77.95 million at the end of 2015 or at 66.68%. All were decreases due to the economy as well as the company's new procedure of screening customers to improve on the ability to track outstanding loan and be able to collect them.

As of 2015, allowance for doubtful debt has amount Baht 290.63 million, decreased from Baht 432.44 million or 32.79% which decreasing on all of overdue level especially on overdue 2-3 months with 20% reserve has allowance for doubtful debt Baht 45.58 million, decreased from Baht 58.89 million at the end of 2014 or at 22.60 %.And Past due of 4-6 months with 40% reserve has allowance for doubtful debt of Baht 45.22 million, decreased from Baht 69.91 million at the end of 2014 or at 35.32%. And Past due of over

12monthswith100% reserve has allowance for doubtful debt of Baht 2.45 million, decreased from Baht 71.13 million at the end of 2014 or at 96.56%. All were decreases due to the economy as well as the company's new procedure of screening customers to improve on the ability to track outstanding loan and be able to collect them.

## Liabilities

### Consolidated financial statements

As of 2016, the Company's total liabilities were Baht 8,764.76 million which increased from the year 2015 recording at Baht 3,183.66 million by Baht 5,581.10 million 175.30%. Majority of the liabilities were debentures, convertible debentures and loans from financial institutions in order to support business expansion for regional business and other countries.

As of 2015, the Company's total liabilities were Baht 3,183.66 million which decreased from the year 2014 recording at Baht 4,758.36 million by Baht 1,574.70 million 33.09%. Majority of the liabilities were loans from financial institutions and debenture by the parent company for business operation.

### Separate financial statements

As of 2016, the Company's total liabilities were Baht 8,401.23 million increased from the year 2015 of Baht 2,900.09 million by Baht 5,501.14 million or 189.69 % which, most of liabilities were debentures, convertible debentures and loans from financial institutions in order to support business expansion for regional business and other countries.

As of 2015, the Company's total liabilities were Baht 2,900.09 million decreased from the year 2014 of Baht 4,678.67 million by Baht 1,778.58 million or 38.01%. Which, most of liabilities were loans from financial institutions and debentures in order to support business expansion for regional business and other countries.

## Shareholders' Equity

### Consolidated financial statements

As of 2016, the Company's shareholders' equity recorded at Baht 8,171.82 million which comprised of, the issued and paid-up capital, the share premium were similar to the separate financial statements. Retained earnings recorded at Baht 1,959.90 million which increased Baht 599.12 million from 2015. Total shareholders' equity increased by Baht 590.36 million from 2015 or 7.79%

As of 2015, the Company's shareholders' equity recorded at Baht 7,581.46 million which comprised of, the issued and paid-up capital, the share premium and capital reserve for share-based payment transactions were similar to these separate financial statements, as well as the exchange rate different on foreign currency transaction at Baht 271.35 million. Retained earnings recorded at Baht 1,360.78 million which increased Baht 514.19 million

from 2014. Total shareholders' equity increased by Baht 5,067.89 million from 2014 or 201.62%

### **Separate financial statements**

As of 2016, the Company's shareholders' equity recorded at Baht 7,375.44 million which comprised of the issued and paid-up capital Baht 762.76 million, share premium Baht 5,191.56 million, and the retained earnings of Baht 1,410.71 million. The overall shareholders' equity increased to Baht 266.38 million from the year 2015 or 3.75%, mainly from issued and paid up capital increased Baht 49.12 million, increasing of the share premium of Baht 936.93 million from exercising of warrants, cash advanced received from stock decreased Baht 980.68 million. The retained earnings of Baht 250.97 million increased from net profit of Baht 482.22 million deducted by the amount of dividend paid of Baht 231.24 million.

As of 2015, the Company's shareholders' equity recorded at Baht 7,109.06 million which comprised of the issued and paid-up capital Baht 713.64 million, share premium Baht 4,254.63 million, the capital reserve for share-based payment transactions Baht 981.05 million and the retained earnings of Baht 1,159.74 million. The overall shareholders' equity increased Baht 4,590.11 million from the year 2014 or 182.22%, mainly from issued and paid up capital increased Baht 170.76 million, increasing of the share premium of Baht 3,170.38 million from exercising of warrants, cash advanced received from stock increased Baht 981.05 million. The retained earnings of Baht 271.51 million increased from net profit of Baht 338.18 million deducted by the amount of dividend paid of Baht 66.67 million.

## **Liquidity**

### **Consolidated financial statements**

As of the year 2016, the Company has the cash and cash equivalent increased by Baht 1,506.34 million showing an outstanding balance of the cash and cash equivalent of Baht 2,551.22 million. The net cash flows received and used in each activity were as follows:

The Company's net cash flow used in operating activities Baht 487.19 million, of which Baht 1,832.43 million was from the net profit of the operating result before assets and liabilities changes. Motorcycle hire purchase receivables, asset-backed loan receivables and loans and interest receivables increased 1,483.73 million and the assets foreclosed increased Baht 256.08 million.

The Company's net cash flow used in investment activities was Baht 3,218.02 million, of which Baht 2,903.53 million was for acquisition of investment in associate and other investments. Share subscription payment in advance for acquisition of investment in subsidiary of Baht 261.98 million. Interest received was Baht 28.26 million. Paid for acquisitions of equipment and intangible asset which Baht 100.11 million and received from short-term loan was Baht 18.78 million.

The Company's net cash flow from financing activities was Baht 5,238.21 million, which Baht 1,765.63 million were from the cash received from long-term loan, debenture Baht 1,500.00 million, issuing of convertible debentures at Bath 4,521.83 million, advance received for issuing of convertible debentures at Bath 465.80 million, paid for long-term loan Baht 3,032.26million, cash paid for transaction costs of debentureswas Baht 50.43 million and dividend paid of Baht 231.24 million.

As of the year 2015, the Company has the cash and cash equivalent increased by Baht 687.44 million showing an outstanding balance of the cash and cash equivalent of Baht 1,044.87 million. The net cash flows received and used in each activity were as follows:

The Company's net cash flow used in operating activities Baht 2,092.52 million, of which Baht 1,571.52 million was from the net profit of the operating result before assets and liabilities changes. Motorcycle hire purchase receivables, asset-backed loan receivables and loans and interest receivables increased Baht 3,061.60 million and the assets foreclosed increased Baht 356.81 million.

The Company's net cash flow for investment activities was Baht 24.82 million, interest received of Bath 75.06 million. Intangible asset purchases of Bath 63.07 million and cash received from short-term loan of Bath 31.68 million.

The Company's net cash flow from financing activities was Baht 2,515.91 million, which was the cash received from long-term loan of Baht 1,024.33 million, Baht 981.00 million received from the issuance of debentures, Baht 3,337.05 million received from exercise of warrants, repayment of long-term loan of Baht 2,836.03 million, and dividend payment of Baht 56.90 million.

### **Separate financial statements**

As of the year 2016, the Company's cash and cash equivalent decreased by Baht 83.50 million showing the year end outstanding balance of Baht 468.72 million. The net cash flows received and used in each activity were as follows:

The Company's net cash flow for in the operating activities was at Baht 498.42 million, consisting of Baht 1,022.07 million from the net profit of the operating result before assets and liabilities changes. With the motorcycle hire purchase receivables increased of Baht 82.64 million and the assets foreclosed increased of Baht 230.93 million and other payable decreased of Baht 102.41 million .

The Company's net cash flow used in the investment activities was Baht 5,763.78 million, consisting of short-term loan to subsidiary of Baht 5,743.72 million. Cash received from short-term loan Baht 18.78 million and acquisitions of equipment and intangible asset of Baht 41.58 million.

The Company's net cash flow from financing activities was Baht 5,181.85 million, which Baht 1,655.00 million were from the cash received from long-term loan, loan from related parties Baht 210 million, debenture Baht 1,500.00 million, issuing of convertible debentures at Bath 4,521.83 million, advance received for issuing of convertible debentures

at Baht 465.80 million, paid for long-term loan Baht 2,963.85million and dividend paid of Baht 231.24 million.

As of the year 2015, the Company's cash and cash equivalent increased by Baht 481.07 million showing the year end outstanding balance of Baht 552.22 million. The net cash flows received and used in each activity were as follows:

The Company's net cash flow used in the operating activities was at Baht 965.78 million, consisting of Baht 1,156.84 million from the net profit of the operating result before assets and liabilities changes. With the motorcycle hire purchase receivables of Baht 328.12 million and the assets foreclosed of Baht 307.70 million.

The Company's net cash flow used in the investment activities was Baht 2,846.00 million, consisting of short-term loan to related parties of Baht 4,102.72 million. Cash received from short-term loan of related parties 1,253.27 million and the interest received of Baht 36.94 million.

The Company's net cash flow from financing activities was Baht 2,361.29 million, which Baht 834.00 million were from the cash received from long-term loan, issuing of convertible debentures at Baht 981.00 million, with the cash flow received from the warrant exercising of Baht 3,337.05 million, paid for long-term loan Baht 2,817.85million and payment of dividend of Baht 66.67 million.

## Capital Structure

### Consolidated financial statements

For the capital structure at the end of the years 2016, 2015 and 2014, the Company's debt to equity ratio was 1.06, 1.89 and 1.43 times, respectively. These ratios have a trend to decrease in accordance with the separate financial statements.

### Separate financial statements

For the capital structure at the end of the years 2016, 2015 and 2014, the Company's debt to equity ratio were 1.14, 0.41, and 1.86 times, respectively. The ratio was affected by the long-term credit line and issued debentures for using the business expansion, detailed as follow:

1. Increasing of an outsource funding such as debentures to interest rate of 2.84% per annum, convertible debentures to interest rate of 5.00% per annum and decreased bank overdrafts, promissory notes and long-term loan from the banks which was paid back by installments at fixed interest rate of 6.00% per annum. The Company's total liabilities increased from Baht 2,900.09 million in 2015 to Baht 8,401.23 million in 2016 which was an increase of Baht 5,501.14 million or 186.69 %. From the historical record, the company can repay the principal and interest by the due date and also in accordance with the loan covenant.



2. An increased of capital from an internal source in 2016 were an increasing of shareholders' equity of Baht 7,109.06 million in 2015 to Baht 7,375.43 million which was an increase of Baht 266.37 million or 3.75 %. Which came from the increasing of issued and paid up capital Baht 49.11 million and the increasing in share premium of Baht 936.93 million from warrant exercising and an increasing of retained earnings of Baht 250.98 million. Net comprehensive income of Baht 482.22 million deducted by the amount of dividend paid and issuance of stock dividend total Baht 231.24 million.

However in the future, the company may consider additional source of funding by issuing debenture, loan from overseas financial institutions and an increasing of credit line from financial institution. All these would be up to the market situation and necessity of fund needed to provide the flexibility and appropriate funding to support the business operation in Thailand and ASEAN.

## **Factors which may have influence to the Future Business operation**

### **1. Political and Economic situation**

The expansion of the hire purchase motorcycles business was directly affected by motorcycle manufacturing industry as the two are dependent of one another. In 2016, the political situation was fairly stable and was in a process of creating a Road Map for the new election that will be held in 2017. Of which we believe would not have an effect on the government's stability in the mean while. This is then an opportunity for the government to emphasize the policy in order to boost up Thai economy. Especially the investment on mega projects to boost domestic consumption. This situation has a positive effect on the growth of the hire purchase motorcycles business.

### **2. Demand on usage of motorcycle**

Demand on motorcycle could get in to its maturity stage in the future when considering the trend of new number registered in Bangkok and Vicinity area and some upcountry area. Many government policies may indirectly have an impact on the motorcycle industry as they support usage of substituted vehicle such as low cost automobile in Eco car project. However, with the lifestyle and traffic of the Thais we believe that motorcycle will continue to be an alternative means of transportation.

### **3. Business expansion in the regional country**

The company's target is to expand motorcycle and agricultural machinery hire purchase business to the regional country in Asean, to enlarge the market share,



increasing profit and risk diversify. As motorcycle and agricultural machinery hire purchase business in many Asean countries are in a growing stage and has a potential to grow even bigger.

In 2014, the Company started to have the first operating subsidiary company outside Thailand. As of 31 December 2016, the subsidiary in Cambodia had added the Point of Sales (POS) of over 178 location all over Cambodia including 154 at Honda Leasing and 24 at Kubota agricultural machinery. As an exclusive right to Honda motorcycle dealer this has benefited us in our rapid business expansion and began to generate profits for the company. It also has the potential to grow in a short period of time.

In 2015 the Company had expanded the market into Lao PDR by introducing GL Leasing (Lao) Co., Ltd. or GLL, through the shareholding of Group Lease Holding Pte, Ltd., as a hire-purchase for Honda motorcycle and Kubota agricultural machinery businesses. GLL is currently operating 59 POSs in Honda dealers' shop which covers all of Lao. Whereas for Kubota, GLL is operating at all 13 Kubota dealers location. As a result, GLL was able to reach its break even within the period of only 10 months of their operation.

During the year 2016, the Company had expanded the market into Indonesia by introducing PT. Group Lease Finance Indonesia ("GLFI"), a joint investment among GLH, JTrust Asia Pte. Ltd. and an Indonesian partner. GLH can consolidate 80% of the financial statements of GLFI. GLFI is currently operating 24 POSs in Kubota dealers which covers all area of Indonesia. Not only providing HP for Kubota agricultural machinery, but GLFI is also about to provide the microfinance, group loan, will start in February 2017.

During the year 2016, the Company purchased 29.99% of ordinary shares of Commercial Credit and Finance PLC ("CCF") and recorded as investment in associated company. CCF is a listed company and incorporated in Sri Lanka and its main activities are leasing, microfinance, lending and hire purchase business. The Company started recognize 29.99% of the profit from CCF in the fourth quarter of 2016.

In 2017, the Company will fully expand into the financial market in Myanmar. The Company acquired 100% of BG Microfinance Myanmar Co., Ltd ("BGMM") in early January 2017. BGMM is incorporated in the Republic of the Union of Myanmar and engaged in the activity of microfinance business.

Moreover, the Company will continue use the fast-growing model of digital-finance business extending from Asia to Africa and Eastern Europe in 2017. The target is to expand its corporate footprint from seven countries in Asia at present to 20 countries worldwide the coming year. Overall, the company has the potential to grow in Asia, Africa and Eastern Europe in many countries which in the future can expect to generate higher profits with the risk diversification.

During the year 2016, the Company purchased 20.00% of ordinary shares of Bagan Innovation Technology Pte. Ltd. ("BiT") and recorded as other long-term investments. BiT is incorporated in Singapore and the Company is a software development company specialised in digital content and mobile application solutions.

During the year 2016, the Company purchased 3.12% of ordinary shares of PT Bank JTrust Indonesia Tbk. ("JTrust Bank") and recorded as other long-term investments. JTrust Bank is incorporated in Indonesia and its main activity is commercial banking.

# Responsibility of the Board of Directors on Financial Statements

The Board of Directors of Group Lease Public Company Limited is responsible for the Company's financial statement and financial information presented in the annual report. The financial statements have been prepared in accordance with generally accepted accounting standard of Thailand, which are based on appropriate accounting policies and carefully forecasting practically suitable for the real business operation. All material information has been sufficiently disclosed in the notes to financial statements which based on the regulation of the Securities Exchange Commission and the Stock Exchange of Thailand. The independent auditor has audited and expressed an unqualified audit opinion on those financial statements.

In order to ensure the correctness, completeness and sufficiency of the Company's financial & accounting information and to prevent possible risks from the operation, the Board of Directors has set up effective internal control system and appointed Audit Committee which comprised of Independent Directors to take care and be accountable for the quality of the Company's financial report as well as internal control systems. The opinion of the Audit Committee was stated in the Report of the Audit Committee appeared in this annual report.

The Board of Directors, therefore, views that financial statement of Group Lease Public Company Limited as at 31 December, 2017 and 2016 (Restated) including the statements of financial position, statements of comprehensive income, changes in shareholders' equity and cash flow statement and Note 50 to the financial statements and other notes as related to the revision of the said financial statement can transparently reflect the Company's financial position which is useful for all shareholders and other stakeholders.

**Board of Directors**  
**Group Lease Public Company Limited**  
31 July, 2018

Group Lease Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements (Restated)  
31 December 2017 and 2016

## **Independent Auditor's Report**

To the Shareholders of Group Lease Public Company Limited

### **1. Basis of Qualified Opinion**

#### **(a) Fraud as alleged by the SEC**

On 16 October 2017, the former Chairman and Chief Executive Officer ("ex-CEO") was accused by SEC for, among others, fraud and falsehood in accounting with concealed act and was referred to the DSI for consideration of prosecution. The pattern appeared to be round-tripping of fund-out and fund-in in pumping the Group's profits fictitiously with high interest income.

The SEC's findings as stated in the alleged against ex-CEO was a follow-up to my previous observations on these Cyprus-Singapore "borrowers" as extraordinary. SEC extended the investigation by tracing the flow of funds with co-operation and assistance from the Cyprus Securities and Exchange Commission. It finally concluded that the loans were fraudulent and regarded as financial shenanigans and filed a criminal complaint against ex-CEO with the DSI mainly for breaking the laws under the Securities and Exchange Act B.E. 2535 and the Securities and Exchange Act (No. 5) B.E. 2559. The justice process is ongoing and now rested with DSI for consideration of prosecution against ex-CEO in the court of justice.

#### **(b) Historical Records of the alleged 'loans' and provision for losses**

On records, the gross loans purported to be granted to these two major groups of 'borrowers' amounted in total to USD 98 million of which the related sum of USD 54 million was alleged by SEC as fraud committed by ex-CEO. After filing of the Company's 2016 audited financial statements on 28 February 2017 with our highlighted emphasis on the extra nature of the loans, thereafter loans were partially refunded in total of USD 42 million, leaving USD 56 million still outstanding on 30 September 2017 and 31 December 2017.

In an attempt to respond to the first SEC's order to revise and correct past financial statements of the delinquency, the Company decided to set aside a provision for losses from that financial shenanigans as alleged by the SEC the whole sum of USD 56 million against the quarterly profits then ended on 30 September 2017. However, subsequently on 16 January 2018, the SEC ordered the Company again to correct the past financial statements relevantly. In an attempt to respond the SEC's order again, it has retroactively restated its past financial statements for the year 2017 (and 2016 comparative financial statements) for the loan portion alleged by the SEC and presented those past financial information here for comparative purpose as explained in Note 50 to the financial statements. Please also refer to our audit report paragraph 1 (e).

In addition, there were receivables substantially incurred in 2017 and due from companies related to this ex-CEO of USD 9 million for which an additional provision for losses was also set aside.

(c) Chance of loss recovery

The portrayed 'loans' to Cyprus and Singapore were secured with security of property and financial instruments, the value of which (value of the security of the Company's own shares which was withdrawn from securities was excluded) then estimated by the management as in excess of the outstanding 'loans'. Therefore the losses from the provision could be reduced or proved as surplus to requirement if there are attempts to realise their value and civil claims against the ex-CEO for damages. As from 16 October 2017 till now, I am not aware any recovery yet. The Group's operating results and financial position are therefore dependent on the efforts and eventual realisation of those securities and damages claimed against the ex-CEO for fraud as alleged by the SEC and concealed acts of falsehood in accounting.

Even with the provision for losses being set up in full, it is commercially necessary for the Company headed by the new CEO, who is related to the ex-CEO, to demand full restitution from the borrowers and that ex-CEO. In addition, the Company is required to protect and take control of all bank accounts of the Company's subsidiary in Singapore and other countries and all the assets of securities previously provided against the "loans" to ensure realisation on their value at maximum for eventual restitution. The bank accounts of the Company's subsidiary in Singapore and the substantial securities are presently outside Thailand and under the control of the board of directors of the Company's subsidiary in Singapore while that ex-CEO is still one of authorised directors of the subsidiaries in Singapore and an oversea subsidiary.

I have sent requests for confirmation of balances as at 31 December 2017 to collateral custodian. Up to this report date, I have not yet received any reply from the collateral custodian.

(d) Qualified opinion

Because of that ex-CEO being under ongoing official investigation by DSI following the SEC's criminal complaint, the whole matter is now under consideration for proceeding to court. Due to the legal process not being finalized and my limitation as a professional auditor in examining further the real status of the borrowings, I am therefore unable to conclude on the status of the debts except to await for the DSI's investigation since it has power and official channels to eventually decide and conclude the case and seeking for court's judgement. Therefore, under this limitation by circumstance, I am unable to conclusively determine the eventuality of the SEC's criminal complaint on those loans and receivables and bona fide of interest income and also unable to conclude on the fairness of the provision for losses which is subject to the efforts of recovery of the Group's assets alleged by the SEC by the new management and also I am unable to conclude whether there should be more adjustment on the past financial statements because the Company has amended its past financial statements based on the figures of loans as made known to the Company from the SEC's allegation. The amendment has been made on the 2017 financial statements (and 2016 comparative financial statements) but not on the 2015 financial statements because the Company considers the effect in 2015 as immaterial.

- (e) Reclassification as “Disputed loans” (as alleged by the SEC) instead of “Loans to Cyprus and Singapore group” and reversal of amount previously shown as interest income

Relying on the SEC’s allegations of fraud and falsehood in accounting committed by the ex-CEO and assuming the eventual legal process reached with the same conclusions as alleged, the past financial statements ended on the related years would have to be relatively corrected and revised with the now known alleged fraud, which was portrayed as loans granted by the Group to the ‘borrowers’ in Cyprus and Singapore and reversal of previous interest income.

- 1) Portion of loans alleged by the SEC of USD 54 million - Already restated in the past financial statements

- The Company has retroactively restated the financial statements for the year 2017 financial statements (and 2016 comparative financial statements) whereby it has not recognised interest income as revenue but cash received from interest has been treated as a part of loan repayment.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	Million	Million	Million
	Baht	Baht	Baht
<u>Consolidated Income Statement:</u>			
Profit (loss) as previously reported	(1,823)	1,063	583
Interest income not recognised as revenue	(177)	(234)	-
Reversal of a part of provision for loss as recorded in the year 2017 (because the outstanding balance of loans was reduced as a result of deducting interest received)	393	-	-
Profit (loss) as restated	<u>(1,607)</u>	<u>829</u>	<u>583</u>

Note: Because the effect of adjustment to profit and loss for the year 2015 was only Baht 34 million which is regarded by the Company as immaterial, the Company has not amended the 2015 financial statements but included that amount in the 2016 adjustment and amend the 2016 financial statements.



- In addition, the Company has reclassified from the “Loans to Cyprus and Singapore group” to “Disputed loans” (as alleged by the SEC). The Company has set up full provision against those loans in the year 2017. The Company has stopped recognising interest income on these loans since the fourth quarter of 2017.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	Million	Million	Million
	Baht	Baht	Baht
<u>Consolidated Statement of financial</u>			
<u>position:</u>			
Disputed loans (as alleged by the SEC) and interest receivable as previously included in normal loans	975	2,053	1,158
Less: Interest receivable as previously included in normal interest receivable	(35)	(115)	-
Less: Interest received which is regarded as loan repayment	(349)	(122)	-
	591	1,816	1,158
Provision for loss as restated	(591)	-	-
Disputed loans (as alleged by the SEC) as restated	-	1,816	1,158

The revision of these financial statements has been made only on the issue as raised by the SEC i.e. by reclassification of loans as alleged by the SEC and reversal of related interest income. There is no other revision and there is no update of any subsequent events previously disclosed or adjusted in the financial statements.

2) Portion of loans granted to the same borrowers which is not alleged by SEC of USD 44 million - No amendment of past financial statements retroactively

The Company has still included this portion as normal loans in the statement of financial position and recognised interest income in the past financial statements as usual and there was no amendment of past financial statements. This is because the Company has no information to confirm that this portion is of the same type as that alleged by the SEC. However, the Company has set up full provision against these loans in 2017. The Company has stopped recognising interest income on these loans since the fourth quarter of 2017.

In the future, if there is information confirming that this portion is of the same type of that alleged by the SEC, the past financial statements would have to be amended accordingly, as follow:

	<u>2017</u> Million Baht	<u>2016</u> Million Baht	<u>2015</u> Million Baht
<u>Consolidated Income Statement:</u>			
Interest income recognised as usual which would have to be reversed, resulting in decrease in profits	(200)	(283)	(139)
Reversal of a part of provision for loss as recorded in the year 2017 (because the outstanding balance of loans was reduced as a result of deducting interest received)	593	-	-
Net	<u>393</u>	<u>(283)</u>	<u>(139)</u>
<u>Consolidated Statement of financial position:</u>			
This portion of loans and interest receivables included in the normal loans balance as previously reported	937	1,663	1,579
Less: Interest receivable as previously included in normal interest receivable	(46)	(165)	(74)
Less: Interest received which is regarded as loan repayment	<u>(535)</u>	<u>(263)</u>	<u>(67)</u>
	356	1,235	1,438
Provision for loss as recorded in the year 2017	<u>(356)</u>	<u>-</u>	<u>-</u>
Net	<u>-</u>	<u>1,235</u>	<u>1,438</u>

## 2. Qualified Opinion

I have audited the accompanying consolidated financial statements of Group Lease Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at 31 December 2017 and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Group Lease Public Company Limited for the same period.

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion on the financial statements.

In my opinion, except for the possible effects on the matters described and detailed in the *Basis for Qualified Opinion* section of my report, which are limitations by circumstances, pending investigation of the Department of Special Investigation ("DSI") and legal process and subject to the outcome on the degree of recovery of the Group's assets alleged by the SEC, resulting me in being unable to determine the appropriateness of the loans, interest income and provision for losses and unable to conclude whether there should be more adjustment on the past financial statements, the financial statements referred to above present fairly, in all other material respects, the financial position of Group Lease Public Company Limited and its subsidiaries (the Group) and of Group Lease Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

I have changed my opinion on the financial statements as at 31 December 2016 and for the year then ended (as presented here in for comparative purpose) to Qualified Opinion on the same issues as my opinion on the 2017 financial statements.

### 3. Emphasis of matters

I update and draw attention to the following matters:

- 3.1) Loans and interest receivables (included disputed loans) - as restated - Baht 1,569 million (before provision for loss) as of 31 December 2017, represents 22 percent of the consolidated net assets (As of 31 December 2016: Baht 3,522 million - 43 percent)

I draw attention to Note 13 of the consolidated financial statements relating to the loans and interest receivables. The main business of the Company is in the hire purchase financing for motorcycles but, separately and significantly from the main business, loans were granted to two groups of 'borrowers' - portrayed as one group in Cyprus and another in Singapore. Parties in the groups were at that time also shareholders of the Company and pledged the Company's shares against those loans. Besides share pledging, their ownership of properties in Cyprus and Brazil, Cypriot government bonds, stocks of other overseas companies were also used as collaterals against those indebtedness.

Originally in 2016, the periods of the loans granted were in the range of 3 months to 3 years. The principals were all due for repayment upon maturity but were rolled over and extended to the periods of either 2 or 3 years. The loan balances which were subjected to the mentioned rollovers amounted to Baht 2,129 million (USD 59 million), 60 percent of the total loans.

In 2017, before due date, the Cyprus 'borrower' repaid a sum of Baht 845 million (USD 25.3 million) and partially released the collateral of the Company's shares but retained other collaterals as stipulated in agreements. In addition, and on due date, the Singapore 'borrower' repaid a sum of approximately Baht 557 million (USD 16.7 million) and the remaining collateral of the Company's shares was also released and replaced by the value of properties in Japan (The Company advised that pledging of the properties in Japan was registered with Japanese Registry Office already). As at 31 December 2017, no Company's shares remained part of the collaterals against the two purported 'loans'.

(See also Note 13 to the financial statements and our Basis for Qualified Opinion paragraph)

3.2) Investment in associated company in Sri Lanka - As of 31 December 2017 - Baht 2,023 million (investment value under equity method Baht 2,605 million less provision for loss of Baht 582 million) (31 December 2016 - Baht 2,545 million)

I draw attention to Note 19 of the consolidated financial statements relating to the investment in an associated company in Sri Lanka. The subsidiary acquired 29.99% of the ordinary shares of a company listed on the Sri Lanka Stock Exchange at a purchase price of Baht 2,462 million. The acquisition was approved at the Extraordinary General Meeting of the shareholders of the Company No.2/2016 on 6 December 2016 and a substantial part of the Sri Lanka shares (22.27%) was sold to the Company by a selling company with one of its directors being also one of the Company's directors. The subsidiary's outside professional valuer valued such investment at Baht 1,900 - 2,500 million, while the appointed independent financial advisor valued at Baht 1,600 - 1,700 million and while the market price at the Sri Lanka Stock Exchange, when acquired in late 2016, was at Baht 1,391 million.

As of 31 December 2017, a provision for loss of Baht 582 million was set aside against this investment in consolidated financial statements after a period of acquisition of one year. The above referred director who was the director in the selling company and also in the Company has since resigned from the Company's Board effective as of 31 January 2018 citing conflict of interest.

As at 31 December 2017, such investment was presented as an investment in an associate in the consolidated financial statements of Baht 2,023 million (investment value under equity method Baht 2,605 million net of provision for loss of Baht 582 million) (31 December 2016: Baht 2,545 million with no provision for loss).

Based on the market price at the Sri Lanka Stock Exchange at the end of 2017, the total value was only approximately Baht 874 million (2016: Baht 1,285 million).

The difference between the carrying value of investment (even after provision for loss) and the Stock Exchange market price at the end of 2017 is materially significant and still needs future assessment whether further provision for loss is required.

(See more significant matters as disclosed by the Company in Note 19 to the financial statements)

### 3.3) Investment in PT Bank JTrust Indonesia Tbk (Other investment) - Note 20

On 26 October 2016, the Board of Directors of the Company approved a subsidiary company to acquire shares of PT Bank JTrust Indonesia Tbk. ("PT Bank JTrust") and subsequently on 13 December 2016, the subsidiary company acquired 28.15 trillion shares (3.12% of the total shares) in this company at total cost of USD 11.70 million (Baht 414 million) from JTrust Co. Ltd. - a related company. The remaining portions of approximately 97% being majority shareholding in this company were still held by JTrust Co. Ltd. – a related company (which is under the same group as the plaintiff on various legal cases against the Company as discussed in 3.5). This company is an Indonesian company engaging in commercial banking business.

As at the acquisition date, the purchase price the subsidiary paid to acquire this investment when compared with the book value of this company represented the ratio of Price per Book Value ("P/BV" ratio) of approximately 3.65 times. As at 31 December 2017, the P/BV ratio increased to 3.95 times while the 'average P/BV ratio' of all commercial banks in Indonesian market was about 1.60 times. The Company's management considers that there is no impairment on this investment due to other favorable factors including profitability ratio and business opportunities of this company in the future. The carrying value of this investment was significantly in excess of the value calculated based on the 'average P/BV ratio' and this difference needs attention.

As at 31 December 2017, the carrying value of this investment was Baht 414 million. The value of this investment depends upon the ability to cooperate with its major shareholder in the future and the success of future operations of this company.

3.4) Investment in BG Microfinance Myanmar Co. Ltd. (investment in subsidiary) - Note 18

The Extraordinary General Meeting of the Company's shareholders No. 2/2016, held on 6 December 2016, approved the acquisition of 1,387,680 shares of BG Microfinance Myanmar Co. Ltd. (100% wholly-owned) at the cost of USD 8.01 million (Baht 280 million). The cost was appraised and set by the subsidiary company's management, while the appointed independent financial advisor valued the investment at approximately Baht 173 - 179 million. The company was incorporated in the Republic of the Union of Myanmar with its main activity described as microfinance. It provides retail loans to women grouping 5 in number and individual loans to entrepreneurs operating small and medium scale enterprises (SMEs).

At present, the Group is in the process of assessing the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment process is ongoing and mainly related to the identification and valuation of intangible assets and certain tangible assets. The assessment shall be completed within measurement period of twelve months from the acquisition date (within the first quarter of 2018) pursuant to the period allowed under Thai Financial Reporting Standard No. 3 (revised 2015).

As at 31 December 2017, the carrying value of this investment is Baht 654 million. The increase in carrying value of investment is as a result of capital increase during the year.

3.5) Subsequent Events - Major source of fund from convertible debenture holder and legal cases

Following the SEC's incrimination, in January 2018, one substantial holder of the Company's convertible debentures with an outstanding balance of USD 180 million or approximately Baht 6,000 million gave notice to terminate the financial agreement citing cancellation of voidable transactions and demanded immediate repayment and damages, filed a civil case with the civil court against the Company demanding immediately repayment of convertible debenture (of approximately Baht 6,000 million) and damages (of approximately Baht 2,000 million), filed a petition with the Central Bankruptcy Court for rehabilitation of the Company, filed a criminal complaint with the Department of Special Investigation and also the Police's Economic Crime Suppression Division and also filed a lawsuit in Singapore against the Company's subsidiary. The Company maintained that if it did not breach any debenture condition and the demands and claims were without merits.

Under the generally accepted accounting principles, this highly significant investor, convertible debenture holder could be considered as a related party to the Company because the amount invested over the last two years was over Baht 7,000 million or USD 210 million (partly converted into the Company's share capital) represented more than 30 percent of the total sources of funds supporting the whole operations of the group.

#### **4. Material uncertainty related to going concern**

I draw attention to the legal cases as discussed in 3.5 as actioned by the convertible debenture holder which may affect going concern of the Group in the future including financial status, classification of liabilities, result of operation and cash flow status. Presently, it is assumed that those cases will not affect the going concern of the Group.

#### **5. Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

In addition to the matters described in *the Basis for Qualified Opinion*, key audit matters and how audit procedures respond for each matter are described below.



## **Revenue recognition**

The Group's policy on recognition of hire purchase and asset - backed loans interest income are discussed in Note 5 to the financial statements. In 2017, the Group's revenue mainly consisted of interest income from hire purchase and asset - backed loans contracts, which amounted to Baht 2,227 million (representing 71 percent of total revenue). These hire purchase and asset - backed loans interest incomes were derived from agreements made with a large number of customers, most of whom are retail customers, and the revenue recognition is primarily reliant on data processing by information technology systems. Therefore, I addressed the amount and timing of the recognition of hire purchase and asset - backed loans interest incomes as a key audit matter.

I assessed and tested the Group's IT system controls and significant internal controls related to the loan origination, loan receipt and interest incomes recognition processes by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I applied a sampling method to select hire purchase and asset - backed loans contracts to assess whether the recording of hire purchase receivables, asset - backed loans receivables and revenue recognition were in accordance with the conditions of the relevant agreements and were in compliance with the Group's policy. In addition, I performed analytical procedures on the recognition of interest incomes throughout the year, the cessation of recognition of interest incomes and applied a sampling method to examine accounting entries related to interest income recognition that were made through journal vouchers.

## **Allowance for doubtful accounts for hire purchase receivables and asset-backed loan receivables**

As discussed in Note 5 to the financial statements, the estimation of allowances for doubtful accounts for hire purchase receivables and asset-backed loan receivables relies on various assumptions. Therefore, the management is required to exercise considerable judgement in determining the assumptions to be used in estimating the losses expected to be incurred when debtors are unable to repay principal and interest, and the appropriateness of the timing of recognition.

Moreover, the estimation of these allowances was significant because as at 31 December 2017, the Group had significant balances of hire purchase receivables and asset-backed loan receivables (accounting for 48 percent of total assets). Therefore, there is a risk that the allowances for hire purchase receivables and asset-backed loan receivables recognised will be insufficient, resulting in a risk of the Group overstating the value of its hire purchase receivables and asset-backed loan receivables.

I assessed and tested the internal controls relevant to approval, recording and debt collection for hire purchase receivables and asset-backed loan receivables, and the internal controls relating to the calculation of the allowances. I also assessed the appropriateness of the key information, assumptions and methods used by the Group in calculating allowance for doubtful accounts for hire purchase receivables and asset - backed loan receivables by performing the following procedures:

- Gained an understanding of how allowances were calculated, and assessed the appropriateness of the calculation of probability of default and loss given default.
- Checked the credibility of key data used in the calculation to key sources
- Performed analytical procedures on assumptions that the Group applied against historical data and external sources and evaluated whether the assumptions were consistently applied.
- Checked the correctness of the financial information disclosed in the financial statements.

### **Purchase price allocation (“PPA”) and valuation of investment in associate company in Sri Lanka**

#### Purchase price allocation

The subsidiary acquired shares in a listed company in Sri Lanka at a purchase price of Baht 2,462 million (approximately 29.99% of total share capital in that company). As part of the PPA performed, this amount was allocated to the fair value of the identifiable assets acquired and liabilities assumed, resulting in the recognition of goodwill of Baht 1,322 million, which was included in investment in associated company, as disclosed in Note 19 to the financial statements.

I focused on the acquisition transaction since it is material to the financial statements as a whole, and management was required to exercise substantial judgment when appraising the fair value of the assets acquired and liabilities assumed. Therefore, there is a risk with respect to the recognition and measurement of the assets acquired and liabilities assumed, including goodwill.

#### Valuation of investment in an associate

The carrying value under the equity method of the investment in the associated company was higher than its market value, which was determined based on the market price of the associated company's shares on the Sri Lanka stock exchange. The difference between the carrying value of the investment and the stock market price could be viewed as an indication of impairment. As a result, management had taken a conservative view and decided to set aside provision for loss on the investment of Baht 582 million in the third quarter of 2017, based on a management estimation.

As of 31 December 2017, the carrying value of the Group's investment in the associated company was therefore Baht 2,023 million (after provision for loss). The management then estimated the recoverable amount of the investment in the associated company based on discount cash flow model and the recoverable amount as estimated was higher than the carrying value.

I focused on the estimation of the recoverable amount of the investment because the assessment of impairment of investment in the associated company is a significant accounting estimate requiring management to exercise a high degree of judgment in estimating the cash inflows that are expected to be generated in the future, and determining an appropriate cost of equity, long-term terminal growth rate and fluctuations in exchange rates. There are thus risks with respect to the valuation of investment in associate company.

### Procedures performed

The audit procedures of purchase price allocation included assessing the appropriateness of the fair value of the identifiable assets acquired and liabilities assumed, evaluating the appropriateness of assumptions and methodologies underpinning the valuation, as well as involving valuation specialists in evaluating the appropriateness of financial parameters applied to determine discount rate, valuation methodology and mathematical accuracy, and evaluating the methodologies, assumptions and measurement methods applied to the valuation. The procedures also included the evaluation of the expertise, ability and integrity of the independent valuation specialist, assessment of the rationale for the goodwill recognised by the Group, and reviewing the disclosures related to the acquisition in the notes to financial statements.

My audit procedures of valuation of investment in associate included evaluating the discount cash flow model basis provided by the Group and the reasonableness of the assumptions the Group applied to the calculation based on the used method by checking them against relevant documents and information from external sources, involving valuation specialist to evaluate the appropriateness of the financial parameters applied to determine cost of equity, terminal growth rate, and fluctuations of exchange rates, based on the economic and industry statistics relevant to the business. In addition, I tested the principles and mathematical accuracy of the discounted cash flow model and performed sensitivity analysis around the key assumptions. I gained an understanding of the estimation of recoverable amount by the Group and evaluated the reasonableness of the recoverable amount by checking it against relevant documents and information from external sources. I also reviewed the disclosures related to the valuation of investment in the notes to financial statements.

### **Investment in subsidiary company in Myanmar**

As described in the Note 18 to the financial statements, during the current year, a subsidiary of the Company invested in BG Microfinance Myanmar Co., Ltd (“BGMM”), which is a company incorporated in the Republic of the Union of Myanmar and engaged in the microfinance business. As at 31 December 2017, the Group provisionally recorded the acquisition using a best estimate of the values of the assets acquired and liabilities assumed, determined by applying the acquisition method. The Group will complete the recording of the acquisition within 2018, and the amount recorded as at 31 December 2017 may change. I have focused on this business acquisition since it is material to the financial statements as a whole. In addition, given the nature of the microfinance business, the management needed to exercise substantial judgment to determine the assumptions used as a basis for provisional recognition of the acquisition. Therefore, there is a risk with respect to the recognition of the assets acquired and liabilities assumed, including the initial difference from the acquisition.

I reviewed the terms and conditions of the agreement and inquired with management as to the nature and objectives of the acquisition in order to assess whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (Revised 2015) Business combinations. I checked the value of the acquisition against supporting documents and related payments to assess whether it reflected the fair value of the consideration transferred and that it did not include acquisition-related costs. In addition, I checked the investment valuation as at the date of the acquisition was recorded. I also checked the completeness and accuracy of the disclosures related to this transaction in the notes to financial statements.

### **Goodwill**

I have focused on the consideration of the impairment of goodwill, as discussed in Note 23 to the financial statements, because the impairment assessment on goodwill is a significant accounting estimate requiring the management to exercise a high degree of judgment in identifying the cash generating unit, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There is thus a risk that the presented values of goodwill will be inappropriate.

I assessed the appropriateness of the identified cash generating units and the financial models selected by management by gaining an understanding of the management's decision-making process and determining whether the decisions were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in estimating the cash flows expected to be realised from the assets, by checking those assumptions against information from the sources of the Group, and determining the accuracy of past cash flow projections through comparison with actual operating results. I also considered the appropriateness of the discount rate applied by management, tested the calculation of the realisable values of the assets using the selected financial model, and considered the impact of changes in key assumptions on those realisable values. Moreover, I assessed the adequacy of the disclosures made with respect to the impairment assessment for goodwill and intangible assets.

#### **Allowance for impairment of investments in subsidiaries and other long-term investments**

I have focused my audit on the consideration of the impairment of investments in subsidiaries and other long-term investments, as discussed in Notes 18 and 20 to the financial statements, because the impairment assessment on investment in subsidiaries and other long-term investments is a significant accounting estimate requiring the management to exercise a high degree of judgment in identifying and estimating the recoverable amounts that are expected to be generated from those investments. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use. There is thus a risk with respect to the valuation of investments in subsidiaries and other long-term investments.

I assessed the appropriateness of the financial models selected by management by gaining an understanding of management's decision-making process. In addition, I tested the significant assumptions applied by management in estimating the recoverable amounts that are expected to be generated from the subsidiaries and other long-term investments, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the future cash flow projections. I also evaluated the appropriateness of discount rate applied by management through analysis of the average costs of the companies in which the Group invested and those of the industry, tested the calculation of the realisable values of such investments by using the selected financial model, and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates.

## **6. Other information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the auditor's report dated 28 February 2018.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## **7. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **8. Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my report.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

EY Office Limited

Bangkok: 28 February 2018 (except for Auditor Report paragraphs 1 and 2 and the restatement of statements of financial position, statements of comprehensive income, changes in shareholders' equity and cash flows, and Note 50 to the financial statements and other notes as related to the revision which were dated 31 July 2018)

Group Lease Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		(Restated)	(Restated)		
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	3,079,901,420	2,551,224,122	119,941,164	468,721,663
Current investments		47,800,000	-	-	-
Current portion of hire purchase and installment sales receivables	7, 9	3,194,770,438	3,138,388,109	2,024,726,522	1,946,220,415
Current portion of asset-backed loan receivables	10	269,593,365	226,271,990	-	-
Current portion of microfinance receivables	11	378,428,659	-	-	-
Current portion of consumer finance receivables under joint financing arrangements	12	14,078,316	11,951,634	-	-
Current portion of disputed loans	13	-	-	-	-
Current portion of loans and interest receivables	13	549,276	767,496,205	-	-
Inventories		43,000	-	-	-
Assets foreclosed	14	87,951,954	50,892,596	12,309,013	24,948,000
Short-term loan to and interest receivables from subsidiary	2, 4, 7	-	-	165,550,082	5,198,254,460
Other receivables	7, 15	82,414,092	186,247,480	22,392,144	34,424,749
Other current assets	7, 16	247,705,667	297,766,822	92,425,379	83,434,670
<b>Total current assets</b>		<b>7,403,236,187</b>	<b>7,230,238,958</b>	<b>2,437,344,304</b>	<b>7,756,003,957</b>
<b>Non-current assets</b>					
Pledged fixed deposit at financial institution	17	11,646,907	333,596	336,907	333,596
Investments in subsidiaries	18	-	-	3,590,302,150	6,017,119,942
Investments in associate	19	2,022,554,791	2,545,426,122	-	-
Other long-term investments	7, 20	670,995,560	476,350,477	-	-
Share subscription payment in advance for acquisition of investment in subsidiary	2, 7	-	285,516,931	-	-
Long-term portion of hire purchase and installment sales receivables	7, 9	3,358,398,496	3,128,901,969	2,094,609,840	1,797,536,368
Long-term portion of asset-backed loan receivables	10	76,824,446	55,475,717	-	-
Long-term portion of microfinance receivables	11	39,527,013	-	-	-
Long-term portion of consumer finance receivables under joint financing arrangements	12	42,513,147	16,683,331	-	-
Long-term portion of disputed loans	13	-	1,815,814,365	-	-
Long-term portion of loans and interest receivables	13	40,840,376	938,609,901	-	-
Long-term portion of loans and interest receivables from subsidiary	2, 4, 7	-	-	5,345,592,864	-
Property, plant and equipment	21	135,519,554	130,671,707	71,486,640	75,364,836
Intangible assets	22	116,001,063	139,795,655	74,483,446	35,827,970
Goodwill	23	338,657,911	122,156,894	-	-
Deferred tax assets	40	53,062,864	35,523,500	32,891,501	24,240,573
Other non-current assets	24	72,212,552	107,375,686	35,127,485	70,241,640
<b>Total non-current assets</b>		<b>6,978,754,680</b>	<b>9,798,635,851</b>	<b>11,244,830,833</b>	<b>8,020,664,925</b>
<b>Total assets</b>		<b>14,381,990,867</b>	<b>17,028,874,809</b>	<b>13,682,175,137</b>	<b>15,776,668,882</b>

The accompanying notes are an integral part of the financial statements.

**Group Lease Public Company Limited and its subsidiaries**  
**Statement of financial position (continued)**  
**As at 31 December 2017**

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		(Restated)	(Restated)		
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdraft and short-term loans from financial institutions	25	65,239,485	556,260,296	-	448,767,117
Trade accounts payable		4,922,610	11,562,067	1,489,300	3,943,700
Deposits from customers	26	22,906,067	-	-	-
Short-term loans from and interest payable to related parties	7	-	4,396,402	-	130,000,000
Current portion of long-term loans	28	102,764,240	585,743,038	-	402,990,000
Current portion of long-term loans from subsidiary	7	-	-	40,000,000	53,300,000
Current portion of debentures	29	-	499,128,481	-	499,128,481
Income tax payable		75,637,211	87,086,134	14,923,399	16,426,790
Insurance premium payables		9,163,017	11,599,382	4,794,369	7,551,801
Other payables	7, 27	266,317,108	204,983,640	255,439,121	187,473,313
Derivatives Liability		605,430	-	-	-
Other current liabilities	7	129,109,146	155,538,641	76,393,164	41,553,614
<b>Total current liabilities</b>		<b>676,664,314</b>	<b>2,116,298,081</b>	<b>393,039,353</b>	<b>1,791,134,816</b>
<b>Non-current liabilities</b>					
Long-term portion of long-term loans	28	19,490,689	212,389,957	-	174,140,003
Long-term portion of debentures	29	1,469,590,222	1,453,089,742	1,469,590,222	1,453,089,742
Convertible debentures - liability component	7, 30	6,473,455,963	4,506,286,891	6,473,455,963	4,506,286,891
Advance received for issuance of convertible debentures	7, 31	-	465,798,450	-	465,798,450
Provision for long-term employee benefits	32	11,768,045	8,720,523	11,768,045	8,720,523
Deferred tax Liability	40	3,226,355	-	-	-
Cash guarantee for damage on hire purchase agreements		2,179,973	2,179,973	2,063,646	2,063,646
<b>Total non-current liabilities</b>		<b>7,979,711,247</b>	<b>6,648,465,536</b>	<b>7,956,877,876</b>	<b>6,610,099,255</b>
<b>Total liabilities</b>		<b>8,656,375,561</b>	<b>8,764,763,617</b>	<b>8,349,917,229</b>	<b>8,401,234,071</b>
<b>Shareholders' equity</b>					
Share capital	33				
Registered					
1,845,090,080 ordinary shares of Baht 0.50 each		922,545,040	922,545,040	922,545,040	922,545,040
Issued and paid-up					
1,525,538,139 ordinary shares of Baht 0.50 each (2016: 1,525,509,970 ordinary shares of Baht 0.50 each)	33	762,769,070	762,754,985	762,769,070	762,754,985
Share premium	33	5,192,672,562	5,191,559,886	5,192,672,562	5,191,559,886
Share subscription received in advance		-	365,320	-	365,320
Retained earnings					
Appropriated - statutory reserve	36	92,254,504	92,254,504	92,254,504	92,254,504
Unappropriated		(144,389,652)	1,867,645,382	(774,896,231)	1,318,456,964
Other components of shareholders' equity	30	(303,130,030)	257,236,059	59,458,003	10,043,152
<b>Total equity attributable to owner of the Company</b>		<b>5,600,176,454</b>	<b>8,171,816,136</b>	<b>5,332,257,908</b>	<b>7,375,434,811</b>
Non-controlling interests of the subsidiary		125,438,852	92,295,056	-	-
<b>Total shareholders' equity</b>		<b>5,725,615,306</b>	<b>8,264,111,192</b>	<b>5,332,257,908</b>	<b>7,375,434,811</b>
<b>Total liabilities and shareholders' equity</b>		<b>14,381,990,867</b>	<b>17,028,874,809</b>	<b>13,682,175,137</b>	<b>15,776,668,882</b>
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

Directors

**Group Lease Public Company Limited and its subsidiaries**  
**Statement of comprehensive income**  
**For the year ended 31 December 2017**

(Unit: Baht)

	Note	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2017	2016	2017	2016
		(Restated)	(Restated)		
<b>Profit or loss</b>					
<b>Revenues</b>					
Hire purchase interest income		2,061,190,640	1,946,515,887	1,226,675,955	1,193,975,823
Asset - backed loan interest income		164,648,819	116,926,280	-	-
Microfinance interest income		51,992,823	-	-	-
Consumer finance under joint financing arrangements					
interest income		56,275,122	3,175,152	-	-
Interest on loan receivables		201,710,870	251,080,720	-	-
Sales		870,037	-	-	-
Other income					
Other interest income		39,746,681	25,032,980	402,266,794	324,902,541
Consulting service fee income		20,409,000	63,062,260	-	-
Management service fee income		-	-	84,000,000	84,000,000
Other income related to the activities of hire purchase	37	227,071,982	218,791,388	128,330,191	143,501,742
Other income related to the microfinance activities	38	4,612,651	-	-	-
Dividend income	7, 18.1	-	-	343,838,800	-
Gain on exchange rate		120,571,256	44,348,024	46,055,299	36,396,869
Others		29,262,170	19,432,191	23,645,577	21,696,141
<b>Total revenues</b>		<b>2,978,362,051</b>	<b>2,688,364,882</b>	<b>2,254,812,616</b>	<b>1,804,473,116</b>
<b>Expenses</b>					
Services and administrative expenses	39	1,144,950,964	887,375,789	583,583,223	506,846,134
Bad debts and doubtful accounts		323,036,186	313,269,760	200,576,432	220,954,334
Cost of sales		757,129	-	-	-
Expense allowance on disputed loans	49	603,175,635	-	-	-
Expense allowance on loan and interest receivables	49	956,640,622	-	-	-
Loss on disposals of foreclosed assets		245,351,104	232,251,114	216,498,683	214,606,636
Expense allowance on other receivables	49	208,883,696	-	-	-
Expense allowance on other current assets	49	38,825,253	-	-	-
Expense allowance on investment loss in subsidiary	49	-	-	2,426,817,791	-
Expense allowance on investment loss in associate	49	582,085,201	-	-	-
Expense allowance on exclusive right	49	55,937,439	-	-	-
<b>Total expenses</b>		<b>4,159,643,229</b>	<b>1,432,896,663</b>	<b>3,427,476,129</b>	<b>942,407,104</b>
<b>Profit (loss) before share of profit from</b>					
<b>investments in associates, finance cost</b>					
<b>and income tax expenses</b>		(1,181,281,178)	1,255,468,219	(1,172,663,513)	862,066,012
Share of profit from investments in associate	19	171,950,702	48,354,695	-	-
<b>Profit (loss) before finance cost and income tax expenses</b>		<b>(1,009,330,476)</b>	<b>1,303,822,914</b>	<b>(1,172,663,513)</b>	<b>862,066,012</b>
Finance cost		(445,346,642)	(272,749,543)	(424,148,868)	(261,139,346)
<b>Profit (loss) before income tax expenses</b>		<b>(1,454,677,118)</b>	<b>1,031,073,371</b>	<b>(1,596,812,381)</b>	<b>600,926,666</b>
Income tax expenses	40	(152,373,345)	(202,032,098)	(81,452,965)	(118,999,618)
<b>Profit (loss) for the year</b>		<b>(1,607,050,463)</b>	<b>829,041,273</b>	<b>(1,678,265,346)</b>	<b>481,927,048</b>

The accompanying notes are an integral part of the financial statements.

**Group Lease Public Company Limited and its subsidiaries**  
**Statement of comprehensive income (continued)**  
**For the year ended 31 December 2017**

(Unit: Baht)

	Note	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2017	2016	2017	2016
		(Restated)	(Restated)		
<b>Other comprehensive income</b>					
<b><i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i></b>					
Exchange differences on translation of financial statements in foreign currency - net of income tax		(528,028,264)	(31,570,469)	-	-
Share of other comprehensive income from investments in associate - net of income tax	19	(83,880,582)	8,047,767	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of income tax		(611,908,846)	(23,522,702)	-	-
<b><i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i></b>					
Share of other comprehensive income from investments in associate - net of income tax	19	602,305	-	-	-
Actuarial gain (loss) - net of income tax	32	-	290,031	-	290,031
Other comprehensive income not to be reclassified to profit or loss in subsequent period - net of income tax		602,305	290,031	-	290,031
<b>Other comprehensive income for the year</b>		(611,306,541)	(23,232,671)	-	290,031
<b>Total comprehensive income for the year</b>		<u>(2,218,357,004)</u>	<u>805,808,602</u>	<u>(1,678,265,346)</u>	<u>482,217,079</u>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(1,603,210,849)	830,065,986	(1,678,265,346)	481,927,048
Non-controlling interests of the subsidiaries		(3,839,614)	(1,024,713)		
		<u>(1,607,050,463)</u>	<u>829,041,273</u>		
		-	-		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		(2,206,728,125)	806,200,453	(1,678,265,346)	482,217,079
Non-controlling interests of the subsidiaries		(11,628,879)	(391,851)		
		<u>(2,218,357,004)</u>	<u>805,808,602</u>		
<b>Earnings per share</b>	41	-	-		
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company		(1.051)	0.544	(1.100)	0.316
Weighted average number of ordinary shares (shares)		<u>1,525,535,438</u>	<u>1,525,422,898</u>	<u>1,525,535,438</u>	<u>1,525,422,898</u>
<b>Diluted earnings per share</b>					
Profit (loss) attributable to equity holders of the Company		(1.051)	0.540	(1.100)	0.313
Weighted average number of ordinary shares (shares)		<u>1,525,535,438</u>	<u>1,537,895,350</u>	<u>1,525,535,438</u>	<u>1,537,895,350</u>

The accompanying notes are an integral part of the financial statements.

Group Lease Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements														
Equity attributable to the owners of the Company														
	Note	Other components of equity												
		Issued and paid-up	Share premium	Share subscription received in advance	Retained earnings		Unrealised gain on changes in fair value of available-for-sale from investment	Revaluation gain on land and building from investment	Exchange differences on translation of financial statements	Convertible debenture	Total other components of owners of the Company	Total equity attributable to the owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
					Appropriated	Unappropriated								
					in associate	in associate								
Balance as at 1 January 2016		713,642,626	4,254,634,158	981,049,328	76,958,731	1,283,825,109	-	-	271,348,471	-	271,348,471	7,581,458,423	-	7,581,458,423
Profit for the year (restated)		-	-	-	-	830,065,986	-	-	-	-	-	830,065,986	(1,024,713)	829,041,273
Other comprehensive income for the year (restated)		-	-	-	-	290,031	1,793,550	-	(25,949,114)	-	(24,155,564)	(23,865,533)	632,862	(23,232,671)
Total comprehensive income for the year (restated)		-	-	-	-	830,356,017	1,793,550	-	(25,949,114)	-	(24,155,564)	806,200,453	(391,851)	805,808,602
Issuance of ordinary shares during year														
from the exercise of warrants		62,359	4,926,400	-	-	-	-	-	-	-	-	4,988,759	-	4,988,759
Issuance of ordinary shares during year														
from transferring of share subscription received in advance		49,050,000	931,999,328	(981,049,328)	-	-	-	-	-	-	-	-	-	-
Share subscription received in advance														
from the exercise of warrants		-	-	365,320	-	-	-	-	-	-	-	365,320	-	365,320
Issue convertible debentures - equity component		-	-	-	-	-	-	-	-	10,043,152	10,043,152	10,043,152	-	10,043,152
Dividend paid	35	-	-	-	-	(231,239,971)	-	-	-	-	-	(231,239,971)	-	(231,239,971)
Increase in non-controlling interest														
from established a new subsidiary		-	-	-	-	-	-	-	-	-	-	-	92,686,907	92,686,907
Appropriated to statutory reserved	36	-	-	-	15,295,773	(15,295,773)	-	-	-	-	-	-	-	-
Balance as at 31 December 2016 (as restated)		762,754,985	5,191,559,886	365,320	92,254,504	1,867,645,382	1,793,550	-	245,399,357	10,043,152	257,236,059	8,171,816,136	92,295,056	8,264,111,192
Balance as at 1 January 2017 (as previously reported)		762,754,985	5,191,559,886	365,320	92,254,504	2,101,423,374	1,793,550	-	248,420,803	10,043,152	260,257,505	8,408,615,574	92,295,056	8,500,910,630
Correction of accounting errors	50	-	-	-	-	(233,777,992)	-	-	(3,021,446)	-	(3,021,446)	(236,799,438)	-	(236,799,438)
Balance as at 1 January 2017 (as restated)		762,754,985	5,191,559,886	365,320	92,254,504	1,867,645,382	1,793,550	-	245,399,357	10,043,152	257,236,059	8,171,816,136	92,295,056	8,264,111,192
Loss for the year (restated)		-	-	-	-	(1,603,210,849)	-	-	-	-	-	(1,603,210,849)	(3,839,614)	(1,607,050,463)
Other comprehensive income for the year (restated)		-	-	-	-	602,305	787,103	351,969	(605,258,653)	-	(604,119,581)	(603,517,276)	(7,789,265)	(611,306,541)
Total comprehensive income for the year (restated)		-	-	-	-	(1,602,608,544)	787,103	351,969	(605,258,653)	-	(604,119,581)	(2,206,728,125)	(11,628,879)	(2,218,357,004)
Issuance of ordinary shares during year														
from the exercise of warrants	33	9,518	751,923	-	-	-	-	-	-	-	-	761,441	-	761,441
Issuance of ordinary shares during year														
from transferring of share subscription received in advance	33	4,567	360,753	(365,320)	-	-	-	-	-	-	-	-	-	-
Increase in non-controlling interest														
from established a new subsidiary		-	-	-	-	-	-	-	-	-	-	-	44,772,675	44,772,675
Dividend paid	35	-	-	-	-	(415,087,849)	-	-	-	-	-	(415,087,849)	-	(415,087,849)
Issue convertible debentures - equity component	30	-	-	-	-	-	-	-	-	49,414,851	49,414,851	49,414,851	-	49,414,851
Effect on cumulative exchange difference adjustment		-	-	-	-	5,661,359	-	-	(5,661,359)	-	(5,661,359)	-	-	-
Balance as at 31 December 2017 (as restated)		762,769,070	5,192,672,562	-	92,254,504	(144,389,652)	2,580,653	351,969	(365,520,655)	59,458,003	(303,130,030)	5,600,176,454	125,438,852	5,725,615,306
		-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-

The accompanying notes are an integral part of the financial statements.

**Group Lease Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity (continued)**  
**For the year ended 31 December 2017**

(Unit: Baht)

Separate financial statements								
	Note	Issued and paid-up share capital	Share premium	Share subscription received in advance	Retained earnings		Other components of shareholders' equity Convertible debentures - equity component	Total shareholders' equity
					Appropriated	Unappropriated		
<b>Balance as at 1 January 2016</b>		713,642,626	4,254,634,158	981,049,328	76,958,731	1,082,775,629	-	7,109,060,472
Profit for the year		-	-	-	-	481,927,048	-	481,927,048
Other comprehensive income for the year		-	-	-	-	290,031	-	290,031
Total comprehensive income for the year		-	-	-	-	482,217,079	-	482,217,079
Issuance of ordinary shares during year								
from the exercise of warrants		62,359	4,926,400	-	-	-	-	4,988,759
Issuance of ordinary shares during year								
from transferring of share subscription received in advance		49,050,000	931,999,328	(981,049,328)	-	-	-	-
Share subscription received in advance								
from the exercise of warrants		-	-	365,320	-	-	-	365,320
Issue convertible debentures - equity component		-	-	-	-	-	10,043,152	10,043,152
Dividend paid	35	-	-	-	-	(231,239,971)	-	(231,239,971)
Appropriated to statutory reserved	36	-	-	-	15,295,773	(15,295,773)	-	-
<b>Balance as at 31 December 2016</b>		<b>762,754,985</b>	<b>5,191,559,886</b>	<b>365,320</b>	<b>92,254,504</b>	<b>1,318,456,964</b>	<b>10,043,152</b>	<b>7,375,434,811</b>
<b>Balance as at 1 January 2017</b>		762,754,985	5,191,559,886	365,320	92,254,504	1,318,456,964	10,043,152	7,375,434,811
Loss for the year		-	-	-	-	(1,678,265,346)	-	(1,678,265,346)
Other comprehensive income for the year		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	(1,678,265,346)	-	(1,678,265,346)
Issuance of ordinary shares during year								
from the exercise of warrants	33	9,518	751,923	-	-	-	-	761,441
Issuance of ordinary shares during year								
from transferring of share subscription received in advance	33	4,567	360,753	(365,320)	-	-	-	-
Dividend paid	35	-	-	-	-	(415,087,849)	-	(415,087,849)
Issue convertible debentures - equity component	30	-	-	-	-	-	49,414,851	49,414,851
<b>Balance as at 31 December 2017</b>		<b>762,769,070</b>	<b>5,192,672,562</b>	<b>-</b>	<b>92,254,504</b>	<b>(774,896,231)</b>	<b>59,458,003</b>	<b>5,332,257,908</b>
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-

The accompanying notes are an integral part of the financial statements.



**Group Lease Public Company Limited and its subsidiaries**

**Statement of cash flows**

**For the year ended 31 December 2017**

(Unit: Baht)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	(Restated)	(Restated)		
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	(1,454,677,118)	1,031,073,371	(1,596,812,381)	600,926,666
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	41,576,160	36,613,520	17,503,408	17,207,851
Amortisation	9,153,733	6,858,140	2,720,277	1,865,770
Bad debts and doubtful accounts	347,128,158	318,269,760	224,671,401	225,954,334
Expense allowance on disputed loans	603,175,635	-	-	-
Expense allowance on loan and interest receivables	956,640,622	-	-	-
Loss on disposals of assets foreclosed	245,351,104	232,251,114	216,498,683	214,606,636
Loss (reversal of loss) on diminution in value of assets foreclosed	(3,901,469)	5,525,369	(6,743,427)	6,282,144
Expense allowance on other receivables	208,883,696	-	-	-
Expense allowance on other current assets	38,825,253	-	-	-
Expense allowance on investment loss in subsidiary	-	-	2,426,817,791	-
Expense allowance on investment loss in associate	582,085,201	-	-	-
Gain on disposal and write-off of assets	(47,651)	(324,522)	(88,501)	(171,865)
Loss on write off of intangible assets	6,224,052	-	3,250,728	-
Expense allowance on exclusive right	55,937,439	-	-	-
Exchange loss from transfer loan to subsidiary to investment in subsidiary	-	-	-	7,435,570
Unrealised exchange (gain) loss	(113,416,329)	(569,193)	(55,024,351)	8,361,684
Realise loss from received loans and interest receivables from subsidiary	-	-	12,456,827	-
Provision for long-term employee benefits	3,591,728	3,367,214	3,591,728	3,367,214
Share of profit from investments in associate	(171,950,702)	(48,354,695)	-	-
Dividend income	-	-	(343,768,075)	-
Interest income	(39,746,772)	(25,032,980)	(402,266,795)	(324,902,542)
Interest expenses	422,822,812	257,221,109	404,713,092	247,569,384
Amortised front end fees of loans	3,088,054	5,271,458	-	3,312,987
Amortised transaction cost of debentures	17,371,999	9,762,607	17,371,999	9,762,607
Amortised transaction cost of convertible debentures	2,063,777	494,369	2,063,777	494,369
Profit from operating activities before changes in operating assets and liabilities	1,760,179,382	1,832,426,641	926,956,181	1,022,072,809
Operating assets (increase) decrease				
Hire purchase and installment sales receivables	(583,299,592)	(550,808,220)	(576,156,011)	(82,624,575)
Asset - backed loan receivables	(79,819,502)	(151,932,987)	-	-
Microfinance receivables	(373,279,502)	-	-	-
Consumer finance receivables under joint financing arrangements	(29,629,862)	-	-	-
Disputed loans	1,225,066,154	(1,815,814,365)	-	-
Loans and interest receivables	704,080,762	1,034,829,340	-	-
Assets foreclosed	(278,508,776)	(256,083,712)	(197,116,270)	(230,927,733)
Other receivables	(89,815,071)	(62,940,921)	11,858,041	(3,640,308)
Other current assets	(43,729,466)	(222,924,862)	7,845,482	660,918
Other non-current assets	11,231,982	(1,461,999)	10,957,380	(1,301,627)

The accompanying notes are an integral part of the financial statements.

Group Lease Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017 (Restated)	2016 (Restated)	2017	2016
Operating liabilities increase (decrease)				
Trade accounts payable	(6,586,137)	(34,885,002)	(2,454,400)	(1,154,200)
Deposit from customers	13,311,343	-	-	-
Insurance premium payables	(2,436,366)	387,964	(2,757,432)	540,435
Other payables	54,402,577	114,617,138	(53,297,631)	102,411,182
Other current liabilities	(39,120,974)	(6,220,047)	2,001,965	(7,833,822)
Derivatives liabilities	605,430	-	-	-
Guarantee for damage from hire purchase agreements	-	(934)	-	-
Cash flows from (used in) operating activities	2,242,652,382	(120,811,966)	127,837,305	798,203,079
Cash paid for long-term employee benefits	(544,206)	(1,764,467)	(544,206)	(1,764,467)
Cash paid for interest expenses	(404,185,817)	(248,077,911)	(286,032,556)	(239,881,972)
Cash received from withholding tax refund	-	617,065	-	617,065
Cash paid for corporate income tax	(122,777,344)	(117,058,740)	(37,426,892)	(58,747,965)
<b>Net cash flows from (used in) operating activities</b>	<b>1,715,145,015</b>	<b>(487,096,019)</b>	<b>(196,166,349)</b>	<b>498,425,740</b>
<b>Cash flows from investing activities</b>				
Increase in current investments	(47,800,000)	-	-	-
Increase in pledged fixed deposits at financial institution	(11,313,312)	(4,239)	(3,311)	(4,239)
Decrease in accounts receivable and loans to employees	47,215	147,546	47,215	147,546
Acquisition of investment in associate	-	(2,489,023,661)	-	-
Acquisition of investment in subsidiary	(18,579,054)	-	-	-
Acquisition of other investments	(192,718,140)	(414,501,750)	-	-
Share subscription payment in advance for acquisition of investment in new subsidiary	-	(261,982,123)	-	-
Cash paid for transaction cost of investments in associate	(3,578,608)	-	-	-
Cash paid for transaction cost of other investments	(1,926,943)	-	-	-
Acquisitions of equipment	(50,697,087)	(51,910,024)	(13,853,160)	(19,436,933)
Acquisitions of intangible asset	(55,842,014)	(48,203,758)	(29,445,821)	(22,138,415)
Proceeds from sales of equipment	306,884	420,283	296,449	190,654
Cash paid for loan to subsidiary	-	-	(1,770,518,550)	(5,743,742,800)
Cash receipt from loan to subsidiary	-	-	866,064,263	-
Cash receipt from short-term loan	-	18,780,000	-	18,780,000
Dividend received	32,078,952	-	343,768,075	-
Interest received	34,012,769	28,255,380	579,938,574	2,425,389
<b>Net cash flows used in investing activities</b>	<b>(316,009,338)</b>	<b>(3,218,022,346)</b>	<b>(23,706,266)</b>	<b>(5,763,778,798)</b>

The accompanying notes are an integral part of the financial statements.

**Group Lease Public Company Limited and its subsidiaries**

**Statement of cash flows (continued)**

**For the year ended 31 December 2017**

(Unit: Baht)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Restated)	(Restated)		
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(497,160,756)	209,570,398	(452,077,219)	102,077,218
Cash received from short-term loans from related parties	344,501,000	-	-	130,000,000
Repayment of short-term loans from related parties	(347,837,840)	-	(130,000,000)	-
Cash received from long-term loans from subsidiary	-	-	120,000,000	80,000,000
Repayment of long-term loans from subsidiary	-	-	(133,300,000)	(26,700,000)
Cash received from long-term loans	889,582,240	1,765,633,240	730,000,000	1,655,000,000
Repayment of long-term loans	(1,560,014,842)	(3,032,259,600)	(1,307,130,003)	(2,963,850,000)
Cash paid for front end fees of long-term loans	(1,034,020)	(2,742,209)	-	-
Cash received from issuance of debentures	-	1,500,000,000	-	1,500,000,000
Repayment of debentures	(500,000,000)	-	(500,000,000)	-
Cash paid for transaction costs of debentures	-	(50,425,000)	-	(50,425,000)
Cash receipt from issuance of convertible debentures	1,959,552,647	4,521,831,565	1,959,552,647	4,521,831,565
Cash paid for transaction costs of convertible debentures	(1,626,900)	(5,995,891)	(1,626,900)	(5,995,891)
Cash received from advance received for issuance of convertible debentures	-	465,798,450	-	465,798,450
Cash received from exercise of warrants	761,440	4,988,760	761,440	4,988,760
Cash received from share subscription received in advance	-	365,320	-	365,320
Cash received from non-controlling interests in respect of establishing new subsidiary	44,772,675	92,686,907	-	-
Dividend paid	(415,087,849)	(231,239,971)	(415,087,849)	(231,239,971)
<b>Net cash flows from (used in) financing activities</b>	<b>(83,592,205)</b>	<b>5,238,211,969</b>	<b>(128,907,884)</b>	<b>5,181,850,451</b>
Exchange differences on translation of financial statement in foreign currency	(786,866,174)	(26,755,506)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>528,677,298</b>	<b>1,506,338,098</b>	<b>(348,780,499)</b>	<b>(83,502,607)</b>
Cash and cash equivalents at beginning of year	2,551,224,122	1,044,886,024	468,721,663	552,224,270
<b>Cash and cash equivalents at the end of year (Note 8)</b>	<b>3,079,901,420</b>	<b>2,551,224,122</b>	<b>119,941,164</b>	<b>468,721,663</b>
	-	-	-	-
<b>Supplement cash flows information</b>				
Non-cash items				
Receivable from sale equipment	20,000	-	20,000	-
Transferred assets foreclosed to equipment	-	362,217	-	-
Transferred equipment to intangible assets	-	668,978	-	668,978
Transferred intangible assets to other receivables	-	-	-	615,000
Transaction cost of debentures payable	-	729,780	-	729,780
Transferred net of share subscription payment in advance for acquisition of investment in subsidiary to investment in subsidiary	261,868,669	-	-	-
Transferred short-term loans to subsidiary to investment in subsidiary	-	-	-	4,817,003,130
Transferred of advance received for issuance of convertible debentures to convertible debentures	465,798,450	-	465,798,450	-
Transferred of share subscription received in advance to ordinary shares and share premium	365,320	981,049,328	365,320	981,049,328
Purchase of intangible assets that has not yet been paid	-	-	15,180,659	-

The accompanying notes are an integral part of the financial statements.

**Group Lease Public Company Limited and its subsidiaries**

**Financial statements**

**For the year ended 31 December 2017**

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## **Group Lease Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

**For the year ended 31 December 2017**

#### **1. General information**

Group Lease Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company and its subsidiaries are principally engaged in the activity of hire purchase and asset-backed loan. Overseas subsidiaries are principally a business management, consulting including financing services to the corporates, other investment holding company, hire purchase, microfinance business and consumer finance business under joint financing arrangements.

The Company's registered address is 63 Soi 1, Thetsabannimitai Road, Ladyao, Chatuchak, Bangkok.

The major shareholders of the Company are Engine Holdings Asia Pte. Ltd. (incorporated in Singapore), which is a subsidiary company of Wedge Holdings Company Limited (incorporated in Japan) and A.P.F. Holding Company Limited (incorporated in Thailand).

#### **2. Significant current development during the current year**

##### **2.1 Acquisition of BG Microfinance Myanmar Co., Ltd. by the Company's subsidiary**

On 6 December 2016, an Extraordinary General Meeting of the Company's shareholders No.2/2016 passed the resolution to approve GLH's acquisition of 1,387,680 ordinary shares of BG Microfinance Myanmar Co., Ltd. ("BGMM") (or 100% of total paid up share capital in BGMM), at a purchase price equal to USD 5.77 per share or a total of USD 8.01 million (equivalent to approximately Baht 280 million). BGMM is incorporated in the Republic of the Union of Myanmar and engaged in the activity of microfinance business.

The acquisition of this business was completed in early January 2017. GLH received permission to register the transfer right of shares from the Government of the Republic of the Union of Myanmar in January 2017. In consequence, the share subscription payment in advance were reclassified to investment in BGMM in early January 2017.

These consolidated financial statements include the statement of financial position of BGMM as at 31 December 2017 and its profit or loss for the year from the investment date to 31 December 2017. The excess of the purchase price over the fair value of the net assets acquired was recorded as goodwill. However, the Group recorded the assets acquired at their net book value, not fair value. The Group is awaiting the appraisal in order to allocate the fair value associated with the assets. The Group expects to obtain this appraisal and complete the purchase price allocation by first quarter of 2018.

Details of the fair value of identifiable net assets of BGMM, and their net book value, are as follows:

	(Unit: Million Baht)	
	Fair value	Net book value
<b>Assets</b>		
Cash and cash equivalents	5	5
Microfinance receivables	48	48
Other receivables	1	1
Property, plant and equipment	1	1
Deposits from customers	(10)	(10)
Corporate income tax payable	(1)	(1)
Other current liabilities	(1)	(1)
Net identifiable assets acquired and liabilities assumed	<u>43</u>	<u>43</u>
Interest acquired (%)	100	
Net asset value attributable to the group's investment	43	
The excess of purchase price over net asset value	<u>243</u>	
Total consideration paid	286	
Less: Cash and cash equivalents of the subsidiary	<u>(5)</u>	
Cash paid for acquisition of subsidiary of the Group	<u>281</u>	

The Group incurred subsidiary acquisition-related costs of Baht 2.7 million related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the consolidated income statement.

At present, the Group is in the process of assessing the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment process is ongoing and mainly relates to the identification and valuation of intangible assets and certain tangible assets. The assessment shall be completed within the measurement period of twelve months from the acquisition date pursuant to the period allowed by Thai Financial Reporting Standard No. 3 (revised 2015).

## **2.2 Establishment of GL-AMMK Co., Ltd. by the Company's subsidiary**

On 6 December 2016, the Extraordinary General Meeting of the Company's shareholders No.2/2016 approved the establishment of a company, GL-AMMK Co., Ltd. ("GL-AMMK"). On 24 January 2017, GL-AMMK has received its temporary registration certificate.

GL-AMMK is incorporated and domiciled in Myanmar with registered share capital of MMK 4,080 million, or approximately Baht 104 million. This company was incorporated with the Ministry of Planning and Finance in Myanmar on 24 January 2017.

On 15 March 2017, GL-AMMK was granted permission to operate an Advisory, consultancy, managerial, administrative, technical and operational services business in Myanmar and launched the business operations during the first quarter of 2017.

## **2.3 Cancellation of side agreement with Engine Holding Asia Pte. Ltd.**

On 19 June 2017, the Board of Director's Meeting of the Company acknowledged the management approval for the cancellation of the side agreement made with Engine Holding Asia Pte. Ltd. ("EHA") to hedge foreign exchange risk for USD 130 million of convertible debentures issued to JTrust Asia Pte. Ltd., whereby the forward exchange rate is fixed at Baht 34.78 per 1 USD, as disclosed in Note 7, with the effective date being 19 May 2017. The objectives of the side agreement cancellation are to allow the USD exchange rate to float and to adopt hedge accounting for the Company's net investment in foreign operations. There was no penalty as a result of the cancellation of side agreement that would have an impact on the income statements for the current year.

## **2.4 Loan reallocation and adoption of hedge accounting for net investment in foreign operations**

On 19 June 2017, the Board of Director's Meeting of the Company approved the following significant transactions.

- Approved the reallocation of the loans to subsidiaries in order to reorganise the group's capital structure before the adoption of hedge accounting and to manage the group's excess liquidity, with an effective date of 20 June 2017.



- As at 20 June 2017, the outstanding principal amounts of loans from the Company to GLH were USD 97.6 million and Baht 3,158.9 million. The management approved the reallocation of USD 97.6 million and Baht 2,240.1 million to equity loans as equity loans as part of net investment in foreign operations and Baht 918.8 million to short-term loan that would be settled in the foreseeable future. In addition, on 30 June 2017, the Company amended the loan agreements, whereby the loan of Baht 2,240.1 million was converted into a USD loan of USD 65.9 million, using the exchange rate as of 30 June 2017. The amendment did not result in any gain/loss on exchange which would have an impact on profit or loss.

#### Effects of loan reallocation arrangement

As a result of the loan reallocation, when the Company receives payment of accrued interest receivables and loans on the settlement date, the effects of cumulative exchange differences arising on the date these accrued interest receivable and loan transactions occurred and until the loan reallocation date are reclassified in the consolidated profit or loss statement, whereas they were previously recorded as gains/losses in the other comprehensive income statement. However, the exchange differences arising from the loan reallocation date to the cash settlement date are still be recognised in the consolidated profit or loss statement. Details of the net effect on cumulative exchange differences are summarised in the table below.

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2017					
Total cumulative exchange differences - gain (loss)					
		Balance	Reclassified from OCI to	Recognised in PL	Total gain (loss)
Settlement date	Settlement transaction	Settlement (Recall)	PL (Initial recognition - reallocation loan date)	(reallocation date - settlement date)	recognised in consolidated PL
During 2017	Interest receivables	523.83	(7.53)	(1.88)	(9.41)
During 2017	Short-term loan	869.47	38.36	(19.77)	18.59

- Approved the Company's adoption of hedge accounting for its net investment in foreign operations, with the effective date being 30 June 2017. The Company hedges currency risk arising from the translation of the financial statements of an overseas subsidiary (i.e. foreign operation) based on the convertible debentures denominated in the same foreign currency. For this purpose, it applies net investment hedge accounting, in which only the spot rate element of the convertible debentures is designated as the hedging instrument. The effectiveness of the Group's hedging transaction is determined on the basis of the convertible debenture rates, using the dollar-offset method. The effective portion of the changes in the value of the convertible debentures is recognised in other comprehensive income (loss) and will not be reversed and recognised in the income statement until it disposes of the foreign operation.
- As at 31 December 2017 the value of the convertible debentures designated as a hedging instrument, translated using the spot rate, was Baht 6,473.46 million, and a resulting unrealised gain of Baht 257.87 million was recognised in other comprehensive income (loss) for the year ended 31 December 2017 in the consolidated financial statements. In the current year there was no ineffective portion for hedges of the net investment in foreign operations, and the interest expense of Baht 311.82 million arising in connection with the convertible debentures was recognised under finance cost in the consolidated financial statements.

### **3. Basis of preparation**

- 3.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### 3.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Group Lease Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Country of incorporation	Percentage owned by the Company		Nature of business
		2017	2016	
Group Lease Holdings Pte. Ltd. (“GLH”)	Singapore	100	100	Business management and consulting services, financing to corporates and investment holding
GL Finance Plc. (shares held by Group Lease Holdings Pte. Ltd.) (“GLF”)	Cambodia	100	100	Hire purchase services and Asset-backed Loans to Consumers (motorcycles, agricultural machinery and equipment)
Thanaban Company Limited (“TNB”)	Thailand	100	100	Hire purchase services and Asset-backed Loans to Consumers (motorcycles, cars)
GL Leasing (Lao) Ltd. (shares held by Group Lease Holdings Pte. Ltd.) (“GLL”)	Laos	100	100	Hire purchase services (motorcycles, agricultural machinery and equipment)
PT. Group Lease Finance Indonesia (shares held by Group Lease Holdings Pte. Ltd.) (“GLFI”)	Indonesia	65	65	Financing activities in form of providing fund or capital goods including investment financing, working capital financing, multi-finance and other finance activities.
BG Microfinance Myanmar Co., Ltd. (shares held by Group Lease Holdings Pte. Ltd.) (“BGMM”)	Myanmar	100	-	Microfinance business
GL-AMMK Co., Ltd. (shares held by Group Lease Holdings Pte. Ltd.) (“GL-AMMK”)	Myanmar	57	-	Advisory, consultancy, managerial, administrative, technical and operational services (started operation in the first quarter of 2017)

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
  - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
  - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in equity.
  - f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
  - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 3.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

#### **4. New financial reporting standards**

##### **(a) Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

## **(b) Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

## **5. Significant accounting policies**

### **5.1 Revenue recognition**

#### **a) Hire purchase interest income**

Hire purchase interest income is recognised as income over the period of payment, using the effective rate method, with income recognised when the installments fall due irrespective of when actual collection is made. However, recognition of interest income is ceased for receivables which have defaulted on more than 4 scheduled installment payments.

#### **b) Asset - backed loan interest income**

Asset - backed loan interest income is recognised as income over the period of payment, using the effective rate method, with income recognised when the installments fall due irrespective of when actual collection is made. However, recognition of interest income is ceased for receivables which have defaulted on more than 4 scheduled installment payments.

#### **c) Microfinance interest income**

Microfinance interest income is recognised as income over the period of payment, using the effective rate method, with income recognised when the installments fall due irrespective of when actual collection is made.

d) Consumer finance under joint financing arrangements interest income

Consumer finance under joint financing arrangements interest income is recognised as income over the period of payment, using the effective rate method, with income recognised when the installments fall due irrespective of when actual collection is made. Consumer finance interest income is presented in the statement of profit or loss after deducting the financing portions belonging to other parties participating to these joint financing transactions. Unearned consumer financing income represents the difference between the total installment payments to be received from a consumer and the principal amount financed, and is recognised as income over the term of the contract based on effective interest rate of the related consumer finance receivables under joint financing arrangements.

e) Interest on loan receivables

Interest on loan receivables is recognised as income on an accrual basis, based on the interest rate of contract agreement.

f) Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

g) Penalty income

Penalty income is recognised when received.

h) Consultation service fee income

Consultation service fee income is recognised when services have been rendered taking into account the stage of completion.

i) Other fee income

Fee for other services is recognised as income on an accrual basis.

j) Interest income

Interest income is recognised on an accrual basis based on effective interest rate.

k) Dividends

Dividends are recognised when the right to receive the dividends is established.

## **5.2 Expense recognition**

### **a) Interest expenses**

Interest expenses are charged to expenses on an accrual basis. Interest included in face value of note payable is amortised to expenses evenly throughout the term of the notes.

### **b) Commissions and direct expenses of the hire purchase business**

The Company and its subsidiaries recorded the initial commissions and direct expenses arising in respect of hire purchase contracts, by the effective interest method, and deducting them from unearned income over the installment period to reflect the effective rate of return of hire purchase agreements.

Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of the hire purchase contract.

## **5.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **5.4 Hire purchase and installment sales receivables/ Asset-backed loan receivables and allowance for doubtful accounts**

Hire purchase and installment sales receivables are stated net of unearned hire purchase interest income and allowance for doubtful accounts.

Asset-backed loan receivables are stated net of unearned interest income and allowance for doubtful accounts.

The Company and its subsidiaries provide allowance for doubtful accounts for hire purchase receivables and asset-backed loan receivables based on the estimated collection losses that may be incurred in collection of receivables, by considering of the current status of receivables, their ability to make payment, past experience and historical data on actual losses on collection.

### **5.5 Microfinance receivables and allowance for doubtful accounts**

Microfinance receivables are stated net of unearned interest income and allowance for doubtful accounts.

The subsidiary provides allowance for doubtful accounts for microfinance receivables based on the estimated collection losses that may be incurred in collection of receivables, taking into account the current status of receivables, their ability to make payment, past experience and historical data on actual losses on collection.

### **5.6 Consumer finance receivables under joint financing arrangements and allowance for doubtful accounts**

In joint financing arrangements between the subsidiary and the joint financing facility provider, provider's financing portion is maximum of 95% from the total amount to consumer and the subsidiary's financing portion is 5% or the remaining amount. The subsidiary will comply with terms and conditions including obligation as detailed in the consumer financing agreement. The subsidiary has the right to set higher interest rates to consumer than the interest rates stated in the joint financing agreement with the joint financing facility provider. For all joint financing contracts entered by the subsidiary, the financing portion of the total installments financed by the subsidiary is recorded as consumer finance receivables in the statement of financial position (net approach off joint financing arrangement).

Consumer finance receivables are stated net of unearned interest income and allowance for doubtful accounts.

The subsidiary provides allowance for doubtful accounts for consumer finance receivables based on the estimated collection losses that may be incurred in collection of receivables, by considering the current status of receivables, their ability to make payment, past experience and historical data on actual losses on collection.

Write-offs are considered for consumer finance receivables with installments overdue more than 720 days, with write-offs approved by the subsidiary's Board of Directors. Recoveries from written-off receivables are recognised as other income upon receipt.

### **5.7 Loan receivables and allowance for doubtful accounts**

Loan receivables are stated at the principal amount and accrued interest receivables net of allowance for doubtful accounts (if any).



The Company and its subsidiaries provide allowance for doubtful accounts for loan receivables based on the amount of the debts that the Company expects to be recoverable in the future in comparison with the collateral value, and the amount of debts that may not be collectible, which is generally determined on the basis of collection experience and analysis of debt aging.

## **5.8 Inventories**

Finished goods are valued at the lower of cost (under the specific identification method) and net realisable value.

## **5.9 Assets foreclosed**

These represent assets repossessed from hire purchase receivables and are stated at the lower of cost (which mostly comprises the net outstanding balance) and estimated net realisable value. Allowance is made for the decline in value of the repossessed assets.

## **5.10 Investments**

- a) Investment in convertible debentures are determined into the debt and equity components at the date of issue. The debt component is recognised initially at its fair value. Investments in debt components, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt component is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income. The equity component is the residual amount of the convertible debentures after deducting the fair value of the debt component. The equity component is recognised at cost net of allowance for impairment loss (if any).
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in associates is accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

### 5.11 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalised, while expenditures for maintenance and repairs are charged to profit or loss.

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

	<u>Useful lives</u>
Buildings	20 years
Building improvement and lease area	5 and 10 years
Furniture and office equipment	5 and 10 years

Building improvement and lease area are charged to profit or loss over the lease period.

Depreciation for computers, equipment and motor vehicles is calculated by the reference to their costs, using the sum of the years' digits method over useful lives of 3 - 5 years.

Depreciation is included in determining income.

No depreciation is provided for land.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

### 5.12 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible asset are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows.

	<u>Useful lives</u>
Exclusive right agreement	5 years 10 months
Computer software	3 and 10 years

### 5.13 Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Computer software development costs are recognised as assets are amortised over their useful lives, which does not exceed 3 - 10 years.

#### **5.14 Business combination**

The cost of an acquisition is measured at fair value which is the amount of cash or cash equivalents, or the fair market value of any other consideration given as determined at the date of acquisition.

For investment in subsidiaries, the Company and its subsidiaries account for acquisition-related costs such as professional fees and other consulting fees, as expenses in the period in which the costs are incurred and the services are rendered.

For investment in associates the Company and its subsidiaries account for acquisition-related costs such as professional fees and other consulting fees, as part of the cost of investment in the associate.

At the acquisition date, the Company measures components of non-controlling interests amount by identifying the acquiree's net assets to the present proportionate share.

#### **5.15 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

### **5.16 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

### **5.17 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

### **5.18 Hedge accounting - Hedge of net investment in foreign operation**

The Company applies hedge accounting when the risk that has been hedged can be clearly identified and the effectiveness of the hedge can be measured.

Foreign financial liabilities are used to hedge a net investment in a foreign operation including hedges of monetary items that are accounted for as part of the net investment to hedge the currency risk arising on exchange differences from translation of a foreign subsidiary's financial statements into the Group's reporting currency. The effective portion of a change in the value of a financial liability is initially recognised in other comprehensive income (loss) and will not be reclassified to the income statement until the foreign operation is disposed of. The ineffective portion of the changes in fair value is recognised immediately in the consolidated income statement.

However, if the criteria for hedge accounting are not satisfied, any gains or losses from changes in the fair values of foreign financial liabilities are recognised immediately in the consolidated income statement.

### **5.19 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

### **5.20 Employee benefits**

#### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

#### ***Post-employment benefits***

##### *Defined contribution plans*

The Company and its employees have jointly established a provident fund. The fund is monthly contributed to by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

##### *Defined benefit plans*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under the Thai labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

## **5.21 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **5.22 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### **5.23 Financial derivatives - Interest rate swap contracts**

Derivative financial instruments are used to manage exposure to interest rate risks arising from financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 5.18).

The fair value of interest rate swaps is based on broker quotes at the reporting date. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

### **5.24 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows



At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **6. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management has estimated the percentage of the allowance for doubtful accounts for each age of receivable on the basis of historical statistical data, assessment of the risk associated with the receivable, the nature of the collateral provided, and actual losses arising from such debtors in the past, while emphasising the principal of conservatism.

### **Diminution in value of assets foreclosed**

In determining diminution in value of assets foreclosed, management applies judgement in estimating the anticipated losses on such assets, based on analysis of various factors, including net realisable value, historical sales data, the age of the assets and the prevailing economic condition.

### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

**Impairment of equity investments**

The Company treats other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

**Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Goodwill and intangible assets**

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

**Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

**Litigation**

The Company and its subsidiary have contingent liabilities as a result of litigations. The Company’s management has used judgement to assess of the results of the litigation, as disclosed in Note 48.

## 7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases, agreed upon between the Company, its subsidiaries and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		Pricing policy
	2017	2016	2017	2016	
<b>Transactions with subsidiary companies:</b>					
<b>(Eliminated from consolidated financial statements)</b>					
Hire purchase interest and installment					
sales income	-	-	16	56	Contract rate
Interest income	-	-	401,008	322,409	7.00% per annum
Dividend income	-	-	343,839	-	As declared
Other income	-	-	91,487	93,613	Contract rate
Interest expenses	-	-	10,435	7,591	7.00% per annum
Service and administrative expenses	-	-	662	-	Contract rate
<b>Transactions with related parties:</b>					
Interest income	6,299	-	-	-	6.50% per annum
Other income	6,602	-	-	-	Contract rate
Interest expenses	312,370	96,059	311,824	95,699	5.00% - 10.00% per annum
Sales of asset foreclosed	-	24,030	-	-	Contract rate
Acquisition of investment in subsidiary					
- BGMM	80,213	-	-	-	Contract rate
Acquisition of investment in associate					
- CCF	-	1,828,265	-	-	Contract rate
Acquisition of other long term investments					
- JTrust Bank	-	414,502	-	-	Contract rate

(Unit: Thousand Baht)

	2017	2016	Pricing policy
<b>Transactions between GLH and subsidiaries:</b>			
<b>(Not presented in both consolidated and separate financial statements)</b>			
Interest income	189,037	175,387	7.50% - 10.00% per annum (2016: 6.50% - 10.00% per annum)
Other income	24,535	14,427	Contract rate
Dividend income	22,088	-	As declared
Interest expenses	403,915	323,340	7.00% per annum
Administrative expenses	4,611	1,679	Contract rate
IT staff cost capitalization to software under development	11,141	4,727	Employment contract

### Referral Business Agreement

On 1 September 2016, GLF entered into a Referral Business Agreement with GLH to refer customers to GLH through its business activities in Cambodia. GLH entered into a loan agreement with a group of companies that have business relationships with GLF in Cambodia, whereby GLH is to pay fees to GLF at a rate of 1% of monthly interest income on the loans GLH provides to the group of companies through referrals by GLF.

The relationship between the Company and the related parties are summarised below.

Name of related parties	Relationship with the Company
Group Lease Holdings Pte. Ltd.	Subsidiary
GL Finance Plc.	Subsidiary (held by a subsidiary)
GL Leasing (Lao) Company Limited	Subsidiary (held by a subsidiary)
Thanaban Company Limited	Subsidiary
PT. Group Lease Finance Indonesia	Subsidiary (held by a subsidiary)
BG Microfinance Myanmar Co., Ltd.	Subsidiary (held by a subsidiary)
GL-AMMK Co., Ltd.	Subsidiary (held by a subsidiary)
Asia Partnership Fund Pte., Ltd.	Company's director is major shareholder of that company / Common director
A.P.F. Group Co., Ltd.	Company's director is major shareholder of that company / Common director
Engine Holdings Asia Pte. Ltd.	Company's director is major shareholder of that company / Common director

Name of related parties	Relationship with the Company
Cambodian People Micro Insurance PLC.	Common director with the Company and GLF
JTrust Asia Pte. Ltd.	Shareholder of GLFI
APF Trading Plc.	Common director with GLF
PT Bank JTrust Indonesia Tbk.	Common shareholder with GLFI
JTrust Co.,Ltd.	Ultimate parent company of shareholder of GLFI
Commercial Credit and Finance PLC.	Associated company
Creation Investment Sri Lanka LLC.	Common director with the Company
Wedge Holdings Co., Ltd.	Company's director is major shareholder of that company / Common director
Showa Holdings Co., Ltd.	Company's director is major shareholder of that company / Common director
Century Finance Company Limited	Common director with GL-AMMK

As at 31 December 2017 and 2016, the Company and its subsidiaries had outstanding balances of significant assets and liabilities with the related parties as follows:

(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements
	2017	2016	2017 2016
<b><u>Hire purchase and installment sales receivables (Note 9)</u></b>			
<b><i>Subsidiary company</i></b>			
GL Finance Plc.	-	-	- 646
Total	-	-	- 646
<b><u>Short-term loans to and interest receivable from subsidiary</u></b>			
<b><i>Subsidiary company</i></b>			
Group Lease Holdings Pte. Ltd.	-	-	165,550 5,198,254
Total	-	-	165,550 5,198,254

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b><u>Other receivables (Note 15)</u></b>				
<b><i>Subsidiary companies</i></b>				
Group Lease Holdings Pte. Ltd.	-	-	4,706	14,919
GL Finance Plc.	-	-	-	1,536
Thanaban Co.,Ltd.	-	-	7,879	8,762
PT. Group Lease Finance Indonesia	-	-	298	-
GL Leasing (Lao) Company Limited	-	-	71	-
<b><i>Related parties</i></b>				
Director of subsidiaries	8,044	11,875	-	-
A.P.F. Group Co., Ltd.	4,363	4,784	-	-
Engine Holdings Asia Pte. Ltd	-	1,341	-	-
Asia Partnership Fund Pte., Ltd.	12	12	-	-
Cambodian People Micro Insurance PLC.	4,361	218	-	-
APF Trading Plc.	182,506	24,328	-	-
PT Bank JTrust Indonesia Tbk.	-	2,270	-	-
Century Finance Company Limited	12,586	-	-	-
Total	211,872	44,828	12,954	25,217
Less: Allowance for doubtful accounts	(198,169)	-	-	-
Net	13,703	44,828	12,954	25,217
<b><u>Other current assets (Note 16)</u></b>				
<b><i>Related party</i></b>				
APF Trading Plc.	126,063	175,457	-	-
Total	126,063	175,457	-	-
Less: Allowance for doubtful accounts	(38,025)	-	-	-
Net	88,038	175,457	-	-
<b><u>Long-term loans to and interest receivable from subsidiary</u></b>				
<b><i>Subsidiary company</i></b>				
Group Lease Holdings Pte. Ltd.	-	-	5,345,593	-
Total	-	-	5,345,593	-
<b><u>Other long-term investments (Note 20)</u></b>				
<b><i>Related party</i></b>				
Century Finance Company Limited	192,718	-	-	-
Total	192,718	-	-	-

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b><u>Share subscription payment in advance for acquisition of investment in subsidiary</u></b>				
<b><i>Associated company</i></b>				
Commercial Credit and Finance PLC.	-	80,123	-	-
Total	-	80,123	-	-
<b><u>Short-term loans from and interest payable to related parties</u></b>				
<b><i>Subsidiary company</i></b>				
Thanaban Co.,Ltd.	-	-	-	130,000
<b><i>Related parties</i></b>				
Director of subsidiaries	-	248	-	-
Cambodian People Micro Insurance PLC.	-	4,148	-	-
Total	-	4,396	-	130,000
<b><u>Long-term loans from and interest payable to subsidiary</u></b>				
<b><i>Subsidiary company</i></b>				
Thanaban Co.,Ltd.	-	-	40,000	53,300
Total	-	-	40,000	53,300
<b><u>Other payables (Note 27)</u></b>				
<b><i>Subsidiary companies</i></b>				
Group Lease Holdings Pte. Ltd.	-	-	107,906	49,826
GL Finance Plc.	-	-	156	2,124
GL Leasing (Lao) Company Limited	-	-	567	-
PT. Group Lease Finance Indonesia	-	-	255	-
<b><i>Related parties</i></b>				
JTrust Asia Pte. Ltd.	111,526	95,699	111,526	95,699
Creation Investment Sri Lanka LLC.	8,170	-	8,170	-
Engine Holdings Asia Pte. Ltd.	461	-	461	-
Total	120,157	95,699	229,041	147,649
<b><u>Other current liabilities</u></b>				
<b><i>Subsidiary companies</i></b>				
Group Lease Holdings Pte. Ltd.	-	-	-	236
Thanaban Co., Ltd.	-	-	-	1,255
<b><i>Associated company</i></b>				
Commercial Credit and Finance Plc.	-	6,643	-	-
<b><i>Related parties</i></b>				
Director of subsidiaries	-	129	-	-
Showa Holdings Co., Ltd.	1,158	-	-	-
Century Finance Company Limited	926	-	-	-
Total	2,084	6,772	-	1,491

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b><u>Convertible debentures - before transaction costs (Note 30)</u></b>				
<b><i>Related parties</i></b>				
JTrust Asia Pte. Ltd.	5,885,348	4,521,832	5,885,348	4,521,832
Creation Investment Sri Lanka LLC.	654,423	-	654,423	-
Total	<u>6,539,771</u>	<u>4,521,832</u>	<u>6,539,771</u>	<u>4,521,832</u>
<b><u>Advance received for issuance of convertible debentures</u></b>				
<b><i>Related parties</i></b>				
JTrust Asia Pte. Ltd.	-	179,153	-	179,153
Creation Investment Sri Lanka LLC.	-	286,645	-	286,645
Total	<u>-</u>	<u>465,798</u>	<u>-</u>	<u>465,798</u>

On 27 July 2016, GLF entered into an agreement with a related party which required to pay deposit to them for the estimated prices of assets to be leased.

As at 31 December 2017, deposit of assets to be leased as presented under the caption of other current assets before allowance for doubtful accounts in the consolidated financial statements, totaling USD 3.9 million (2016: USD 4.9 million).

Reference is made to the revelation by The Securities and Exchange Commission, Thailand ("SEC") of information regarding investigation on a former executive director of the Company by a governmental regulatory authority, according to SEC News Releases No. 95/2017 and 97/2017. Pursuant to the fact that such issue might significantly affect the image of the Company and confidence of investors, the management of the Company has considered and decided that it might be favorable for the Company to set up certain provisions for doubtful accounts from other receivables and other net current assets which are relating to the former executive director of the Company in order to demonstrate transparency and good governance in the Company's operations, as well as integrity to investors which will benefit the investors in their consideration of the Company's status. The details of all provisioned items are listed in the table below:



	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
			financial statements	
	2017	2016	2017	2016

**Allowance for doubtful accounts - Other receivables**

***Related parties***

Director of the subsidiaries	7,838	-	-	-
A.P.F. Group Co., Ltd.	4,363	-	-	-
Engine Holdings Asia Pte. Ltd.	492	-	-	-
Asia Partnership Fund Pte., Ltd.	12	-	-	-
Cambodian People Micro Insurance PLC.	3,259	-	-	-
APF Trading Plc.	183,362	-	-	-
Showa Holdings Co., Ltd.	(1,157)	-	-	-
<b>Total</b>	<b>198,169</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Allowance for doubtful accounts - Other current assets**

***Related party***

APF Trading Plc.	38,025	-	-	-
<b>Total</b>	<b>38,025</b>	<b>-</b>	<b>-</b>	<b>-</b>

In this regard, the management of the Company trusts that the amount of debts will be fully repaid in the future pursuant to the terms and conditions of their respective contracts. The Company shall then reverse such provisional entries for the same amount and the outstanding amounts shall be reduced by the respective repayment.

During the current year, loans to and interest receivable from subsidiary have movement as below:

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2017	Increase	Decrease	31 December 2017
<b><u>Loans to and interest receivable from subsidiary</u></b>				
<b><i>Subsidiary company</i></b>				
Group Lease Holdings Pte. Ltd.	5,198,254	2,111,377	(1,457,196)	(341,292)
<b>Total</b>	<b>5,198,254</b>	<b>2,111,377</b>	<b>(1,457,196)</b>	<b>(341,292)</b>

These loans are unsecured loans with interest rate charged at the rate of 7.00% per annum.

During the current year, short-term loans from and interest payable to related parties have movement as below:

(Unit: Thousand Baht)

	Consolidated financial statements				
				Exchange differences	Balance as at 31 December 2017
	Balance as at 1 January 2017	During the year		on translation of financial statement in foreign currency	
		Increase	Decrease		
<b><u>Short-term loans from and interest payable to related parties</u></b>					
<b><i>Related parties</i></b>					
Director of subsidiaries	248	-	(226)	(22)	-
A.P.F. Group Co., Ltd.	-	350,468	(350,468)	-	-
Cambodian People Micro Insurance PLC.	4,148	260	(4,028)	(380)	-
Total	4,396	350,728	(354,722)	(402)	-

These loans are unsecured loans with interest rate charged at the rate of 5.25% - 10.00% per annum (2016: 10.00% per annum).

During the current year, short-term loans from and interest payable to subsidiary have movement as below:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2017	Increase	Decrease	31 December 2017
<b><u>Short-term loans from and interest payable to subsidiary</u></b>				
<b><i>Subsidiary company</i></b>				
Thanaban Co., Ltd.	130,000	5,129	(135,129)	-
Total	130,000	5,129	(135,129)	-

These loans are unsecured loans with interest rate charged at the rate of 7.00% per annum.

During the current year, long-term loans from and interest payable to subsidiary have movement as below:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2017	Increase	Decrease	31 December 2017
<b><u>Long-term loans from and interest payable to subsidiary</u></b>				
<b><i>Subsidiary company</i></b>				
Thanaban Co., Ltd.	53,300	125,306	(138,606)	40,000
Total	53,300	125,306	(138,606)	40,000

These loans are unsecured loans with interest rate charged at the rate of 7.00% per annum.

**Side agreements and corporate guarantee for convertible debentures - related party**

During the year 2016, the Company issued the convertible debentures in foreign currencies as disclosed in Note 30. The Company entered into the related agreement to hedge foreign exchange risk as the following:

During the year 2016, the Company entered into a side agreement with Engine Holding Asia Pte. Ltd. ("EHA") to hedge foreign exchange risk for USD 130 million of convertible debentures issued to JTrust Asia Pte. Ltd., whereby the forward exchange rate is fixed at Baht 34.78 per 1 USD and the selling exchange rate announced by the Bank of Thailand at the end of each month is applied to interest on the convertible debentures. If the exchange rate per the side agreement differs from the rate applicable on the date the convertible debentures are redeemed and principal and interest are paid, to JTrust Asia Pte. Ltd., EHA will receive or pay the difference.

In addition, EHA entered into a corporate guarantee with its major shareholder, Wedge Holdings Co., Ltd., to provide a guarantee for EHA's obligations under the side agreements. If EHA is unable to comply with the side agreements, Wedge Holdings Co., Ltd. undertakes to compensate the Company for any exchange losses instead of EHA.

The side agreements and the letter of guarantee stipulate that no fees will be collected from the counterparty.

As disclosed in Note 2.3, on 19 June 2017, the Board of Director's Meeting of the Company acknowledged the management approval for the cancellation of side agreements with EHA with the effective date on 19 May 2017 in order to allow the USD exchange rate to float and to adopt hedge accounting for the Company's net investment in foreign operations. There was no penalty as a result of the cancellation of side agreement that would have an impact on the income statement for the current year.

### **Directors and management's benefits**

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

Consolidated financial statements								
	2017				2016			
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	USD	SGD	JPY	Baht	USD	SGD	JPY
Short-term employee benefits	34,364	691	34	2,438	38,068	1,111	-	-
Post-employment benefits	53	-	-	-	210	-	-	-
<b>Total</b>	<b>34,417</b>	<b>691</b>	<b>34</b>	<b>2,438</b>	<b>38,278</b>	<b>1,111</b>	<b>-</b>	<b>-</b>

Separate financial statements								
	2017				2016			
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	USD	SGD	JPY	Baht	USD	SGD	JPY
Short-term employee benefits	27,546	188	17	-	34,392	194	-	-
Post-employment benefits	53	-	-	-	210	-	-	-
<b>Total</b>	<b>27,599</b>	<b>188</b>	<b>17</b>	<b>-</b>	<b>34,602</b>	<b>194</b>	<b>-</b>	<b>-</b>

### **8. Cash and cash equivalents**

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash	10,159	3,126	189	184
Bank deposits	3,069,742	2,548,098	119,752	468,538
<b>Total</b>	<b>3,079,901</b>	<b>2,551,224</b>	<b>119,941</b>	<b>468,722</b>

As at 31 December 2017 and 2016, bank deposits in saving accounts and fixed deposits of the Company and its subsidiaries carried interest between 0.15% - 8.50% per annum and 0.00% - 7.50% per annum, respectively (the Company only: 0.15% - 1.00% per annum and 0.85% - 1.00% per annum, respectively).

## 9. Hire purchase and installment sales receivables

9.1 As at 31 December 2017 and 2016, the balances of hire purchase and installment sales receivables are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Current portion of hire purchase and installment sales receivables		Long-term portion of hire purchase and installment sales receivables		Total	
	2017	2016	2017	2016	2017	2016
<b>Normal receivables</b>						
Hire purchase and installment sales receivables	4,546,541	4,438,329	4,362,673	4,184,557	8,909,214	8,622,886
Accrued hire purchase and installment sales income	175,167	180,300	-	-	175,167	180,300
Less: Unearned hire purchase and installment sales income, net	(1,533,263)	(1,466,642)	(991,653)	(1,041,265)	(2,524,916)	(2,507,907)
<b>Total normal receivable</b>	<b>3,188,445</b>	<b>3,151,987</b>	<b>3,371,020</b>	<b>3,143,292</b>	<b>6,559,465</b>	<b>6,295,279</b>
<b>Terminated agreements receivables</b>						
Hire purchase and installment sales receivables	184,865	187,958	142,508	110,236	327,373	298,194
Accrued hire purchase and installment sales income	21,283	18,590	-	-	21,283	18,590
Less: Unearned hire purchase and installment sales income, net	(68,903)	(60,143)	(35,139)	(27,433)	(104,042)	(87,576)
<b>Total terminated agreements receivables</b>	<b>137,245</b>	<b>146,405</b>	<b>107,369</b>	<b>82,803</b>	<b>244,614</b>	<b>229,208</b>
<b>Total receivables</b>	<b>3,325,690</b>	<b>3,298,392</b>	<b>3,478,389</b>	<b>3,226,095</b>	<b>6,804,079</b>	<b>6,524,487</b>
<b>Less: Allowance for doubtful accounts</b>	<b>(130,920)</b>	<b>(160,004)</b>	<b>(119,990)</b>	<b>(97,193)</b>	<b>(250,910)</b>	<b>(257,197)</b>
<b>Hire purchase and installment sales receivables, net</b>	<b>3,194,770</b>	<b>3,138,388</b>	<b>3,358,399</b>	<b>3,128,902</b>	<b>6,553,169</b>	<b>6,267,290</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Current portion of hire purchase and installment sales receivables		Long-term portion of hire purchase and installment sales receivables		Total	
	2017	2016	2017	2016	2017	2016
<b>Normal receivables</b>						
Hire purchase and installment sales receivables	2,989,471	2,805,568	2,662,895	2,289,212	5,652,366	5,094,780
Accrued hire purchase and installment sales income	102,760	97,651	-	-	102,760	97,651
Less: Unearned hire purchase and installment sales income, net	(1,083,539)	(978,388)	(578,021)	(500,824)	(1,661,560)	(1,479,212)
<b>Total normal receivable</b>	<b>2,008,692</b>	<b>1,924,831</b>	<b>2,084,874</b>	<b>1,788,388</b>	<b>4,093,566</b>	<b>3,713,219</b>
<b>Terminated agreements receivables</b>						
Hire purchase and installment sales receivables	166,651	173,905	133,331	109,083	299,982	282,988
Accrued hire purchase and installment sales income	18,923	17,328	-	-	18,923	17,328
Less: Unearned hire purchase and installment sales income, net	(60,130)	(57,498)	(33,263)	(27,216)	(93,393)	(84,714)
<b>Total terminated agreements receivables</b>	<b>125,444</b>	<b>133,735</b>	<b>100,068</b>	<b>81,867</b>	<b>225,512</b>	<b>215,602</b>
<b>Total receivables</b>	<b>2,134,136</b>	<b>2,058,566</b>	<b>2,184,942</b>	<b>1,870,255</b>	<b>4,319,078</b>	<b>3,928,821</b>
<b>Less: Allowance for doubtful accounts</b>	<b>(109,409)</b>	<b>(112,346)</b>	<b>(90,332)</b>	<b>(72,719)</b>	<b>(199,741)</b>	<b>(185,065)</b>
<b>Hire purchase and installment sales receivables, net</b>	<b>2,024,727</b>	<b>1,946,220</b>	<b>2,094,610</b>	<b>1,797,536</b>	<b>4,119,337</b>	<b>3,743,756</b>

- 9.2 As at 31 December 2017 and 2016, the balances of hire purchase and installment sales receivables (net of unearned hire purchase income) and allowance for doubtful accounts aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements						
Aging	Hire purchase and installment sales receivables		Allowance for doubtful accounts		Hire purchase and installment sales receivables, net	
	2017	2016	2017	2016	2017	2016
<b>Hire purchase and installment sales receivables</b>						
Not yet due	5,844,662	5,601,386	42,226	40,539	5,802,436	5,560,847
Past due:						
1 month	399,996	364,616	26,478	24,453	373,518	340,163
2 - 3 months	245,469	268,833	40,244	46,049	205,225	222,784
4 - 6 months	135,649	128,480	43,504	44,165	92,145	84,315
7 - 9 months	95,332	94,918	45,056	50,605	50,276	44,313
10 - 12 months	80,930	63,810	51,630	48,944	29,300	14,866
Over 12 months	2,041	2,444	1,772	2,442	269	2
<b>Total</b>	<b>6,804,079</b>	<b>6,524,487</b>	<b>250,910</b>	<b>257,197</b>	<b>6,553,169</b>	<b>6,267,290</b>

(Unit: Thousand Baht)

Separate financial statements						
Aging	Hire purchase and installment sales receivables		Allowance for doubtful accounts		Hire purchase and installment sales receivables, net	
	2017	2016	2017	2016	2017	2016
<b>Hire purchase and installment sales receivables</b>						
Not yet due	3,740,926	3,352,810	36,880	33,049	3,704,046	3,319,761
Past due:						
1 month	229,125	228,878	22,697	22,698	206,428	206,180
2 - 3 months	158,799	176,054	31,494	34,973	127,305	141,081
4 - 6 months	79,893	76,372	31,722	30,348	48,171	46,024
7 - 9 months	56,249	59,836	33,561	35,723	22,688	24,113
10 - 12 months	52,562	32,569	41,865	25,974	10,697	6,595
Over 12 months	1,524	2,302	1,522	2,300	2	2
<b>Total</b>	<b>4,319,078</b>	<b>3,928,821</b>	<b>199,741</b>	<b>185,065</b>	<b>4,119,337</b>	<b>3,743,756</b>

- 9.3 As at 31 December 2017 and 2016, the future minimum lease payments receivable under hire purchase agreements together with the present value of the net minimum lease payments receivable are as follows:

(Unit: Thousand Baht)

Consolidated financial statements				
	2017		2016	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
Within one year	4,927,856	3,325,690	4,825,177	3,298,392
After one year but not more than five years	4,505,181	3,478,389	4,294,793	3,226,095
<b>Total</b>	<b>9,433,037</b>	<b>6,804,079</b>	<b>9,119,970</b>	<b>6,524,487</b>
Less: Amounts representing finance charges	(2,628,958)		(2,595,483)	
<b>Present value of minimum lease payments</b>	<b>6,804,079</b>		<b>6,524,487</b>	

(Unit: Thousand Baht)

	Separate financial statements			
	2017		2016	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
Within one year	3,277,805	2,134,136	3,094,452	2,058,566
After one year but not more than five years	2,796,226	2,184,942	2,398,295	1,870,255
Total	6,074,031	4,319,078	5,492,747	3,928,821
Less: Amounts representing finance charges	(1,754,953)		(1,563,926)	
Present value of minimum lease payments	4,319,078		3,928,821	

- 9.4 On 30 April 2004, the Institute of Certified Accountants and Auditors of Thailand, with the approval of the Office of the Securities and Exchange Commission, stipulated an accounting guideline for the consumer finance business, whereby recognition of revenue is to cease for accounts receivable which are overdue by more than 3 installments. However, this accounting guideline provides an alternative whereby, in cases where a company believes that the guideline would not be appropriate, it is to disclose the method it uses. The Company has a policy to cease recognising revenue from hire purchase receivables which are overdue by more than 4 installments. As at 31 December 2017 and 2016, there are outstanding hire purchase receivable amounting to approximately Baht 241 million and Baht 214 million, respectively (the Company only: Baht 214 million and Baht 200 million, respectively) for which installment payments are more than 3 installments overdue but for which revenue is still being recognised.

In addition, if the Company and its subsidiaries had followed this accounting guideline, the amount of revenue recognised for the year ended 31 December 2017 and 2016 would be reduced by Baht 6 million and Baht 5 million, respectively (the Company only: Baht 5 million and Baht 5 million, respectively).

- 9.5 Hire purchase agreements of the Company and its subsidiaries have terms of 6 months to 5 years and require settlement in equal installments.
- 9.6 As at 31 December 2017 and 2016, the Company and its subsidiaries had transferred rights of claim under hire purchase agreements with outstanding balances (net of unearned hire purchase interest income) of Baht 69 million and Baht 1,360 million, respectively (the Company only: Baht nil million and Baht 1,329 million, respectively), in order to secure credit facilities granted by commercial banks as disclosed in Notes 25 and 28.

## 10. Asset - backed loan receivables

10.1 As at 31 December 2017 and 2016, the balances of asset - backed loan receivables are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Current portion of		Long-term portion of		Total	
	asset - backed loan receivables		asset - backed loan receivables			
	2017	2016	2017	2016	2017	2016
<b>Normal receivables</b>						
Asset - backed loan receivables	364,349	307,497	101,160	71,609	465,509	379,106
Interest receivables	14,794	11,562	-	-	14,794	11,562
Less: Unearned interest income, net	(105,427)	(89,089)	(22,753)	(14,994)	(128,180)	(104,083)
<b>Total normal receivables</b>	<b>273,716</b>	<b>229,970</b>	<b>78,407</b>	<b>56,615</b>	<b>352,123</b>	<b>286,585</b>
<b>Terminated agreements receivables</b>						
Asset - backed loan receivables	15,203	9,879	1,493	656	16,696	10,535
Interest receivables	1,926	1,264	-	-	1,926	1,264
Less: Unearned interest income, net	(4,381)	(2,833)	(294)	(98)	(4,675)	(2,931)
<b>Total terminated agreements receivables</b>	<b>12,748</b>	<b>8,310</b>	<b>1,199</b>	<b>558</b>	<b>13,947</b>	<b>8,868</b>
<b>Total receivables</b>	<b>286,464</b>	<b>238,280</b>	<b>79,606</b>	<b>57,173</b>	<b>366,070</b>	<b>295,453</b>
<b>Less: Allowance for doubtful accounts</b>	<b>(16,871)</b>	<b>(12,008)</b>	<b>(2,782)</b>	<b>(1,697)</b>	<b>(19,653)</b>	<b>(13,705)</b>
<b>Asset - backed loan receivables, net</b>	<b>269,593</b>	<b>226,272</b>	<b>76,824</b>	<b>55,476</b>	<b>346,417</b>	<b>281,748</b>

10.2 As at 31 December 2017 and 2016, the balances of asset - backed loan receivables (net of unearned interest income) and allowance for doubtful accounts aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

Aging	Consolidated financial statements					
	Asset - backed loan receivables		Allowance for doubtful accounts		Asset - backed loan receivables, net	
	2017	2016	2017	2016	2017	2016
<b>Asset-backed loan receivables</b>						
Not yet due	282,920	239,307	2,736	2,369	280,184	236,938
Past due:						
1 month	42,676	27,242	4,111	2,646	38,565	24,596
2 - 3 months	25,388	20,036	4,919	4,007	20,469	16,029
4 - 6 months	7,485	4,970	2,799	1,988	4,686	2,982
7 - 9 months	3,951	2,115	2,254	1,269	1,697	846
10 - 12 months	3,549	1,783	2,733	1,426	816	357
12 months over	101	-	101	-	-	-
<b>Total</b>	<b>366,070</b>	<b>295,453</b>	<b>19,653</b>	<b>13,705</b>	<b>346,417</b>	<b>281,748</b>



10.3 As at 31 December 2017 and 2016, the future minimum loan payment receivable under loan agreements together with the present value of the net minimum loan payments receivable are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	2017		2016	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
Within one year	396,272	286,464	330,202	238,280
After one year but not more than five years	102,653	79,606	72,265	57,173
Total	498,925	366,070	402,467	295,453
Less: Amounts representing finance charges	(132,855)		(107,014)	
Present value of minimum loan payments	366,070		295,453	

10.4 On 30 April 2004, the Institute of Certified Accountants and Auditors of Thailand, with the approval of the Office of the Securities and Exchange of Commission, stipulated an accounting guideline for the consumer finance business, whereby recognition revenue is to cease for accounts receivable which are overdue by more than 3 installments. However, this accounting guideline provides an alternative whereby, in cases where a company believes that the guideline would not be appropriate, it is to disclose the method it uses. The Company and its subsidiaries has a policy to cease recognising revenue from asset-backed loan receivables which are overdue by more than 4 installments. As at 31 December 2017 and 2016, there are outstanding asset-backed loan receivables amounting to approximately Baht 16 million and Baht 10 million, respectively, for which installment payments are more than 3 installments overdue but for which revenue is still being recognised.

In addition, if the Company and its subsidiaries had followed this accounting guideline, the amount of revenue recognised for the year ended 31 December 2017 and 2016 would be reduced by Baht 0.4 million and Baht 0.3 million, respectively.

10.5 The subsidiaries' loan agreements have terms of 1 - 5 years and require settlement in equal installment.

10.6 As at 31 December 2017 and 2016, the Company's subsidiary had transferred rights of claim under loan agreements with outstanding balances (net of unearned interest income) of Baht 49 million and Baht 52 million, respectively, in order to secure credit facilities granted by commercial bank as disclosed in Note 28.

## 11. Microfinance receivables

11.1 As at 31 December 2017 and 2016, the balances of microfinance receivables are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Current portion of microfinance receivables		Long-term portion of microfinance receivables		Total	
	2017	2016	2017	2016	2017	2016
<b>Normal receivables</b>						
Microfinance receivables	441,420	-	61,053	-	502,473	-
Accrued microfinance receivables	3,055	-	-	-	3,055	-
Less: Unearned interest income, net	(62,386)	-	(21,452)	-	(83,838)	-
<b>Total receivables</b>	<b>382,089</b>	<b>-</b>	<b>39,601</b>	<b>-</b>	<b>421,690</b>	<b>-</b>
<b>Less: Allowance for doubtful accounts</b>	<b>(3,660)</b>	<b>-</b>	<b>(74)</b>	<b>-</b>	<b>(3,734)</b>	<b>-</b>
<b>Microfinance receivables, net</b>	<b>378,429</b>	<b>-</b>	<b>39,527</b>	<b>-</b>	<b>417,956</b>	<b>-</b>

11.2 As at 31 December 2017 and 2016, the balances of microfinance receivables (net of unearned interest income) and allowance for doubtful accounts aged on the basis of due dates, are summarised below;

(Unit: Thousand Baht)

Aging	Consolidated financial statements					
	Microfinance receivables		Allowance for doubtful accounts		Microfinance receivables, net	
	2017	2016	2017	2016	2017	2016
<b>Microfinance receivables</b>						
Not yet due	407,752	-	3,679	-	404,073	-
Past due:						
1 month	12,897	-	45	-	12,852	-
2 - 3 months	869	-	10	-	859	-
4 - 6 months	172	-	-	-	172	-
7 - 9 months	-	-	-	-	-	-
10 - 12 months	-	-	-	-	-	-
<b>Total</b>	<b>421,690</b>	<b>-</b>	<b>3,734</b>	<b>-</b>	<b>417,956</b>	<b>-</b>

11.3 As at 31 December 2017 and 2016, the future minimum loan payment receivable under microfinance loan agreements together with the present value of the net minimum loan payments receivable are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	2017		2016	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
Within one year	444,475	382,089	-	-
After one year but not more than five years	61,053	39,601	-	-
<b>Total</b>	<b>505,528</b>	<b>421,690</b>	<b>-</b>	<b>-</b>
Less: Amounts representing finance charges	(83,838)		-	
<b>Present value of minimum loan payments</b>	<b>421,690</b>		<b>-</b>	

11.4 The subsidiaries' microfinance loan agreements have terms of 1 to 5 years and require settlement in equal installment.

## 12. Consumer finance receivables under joint financing arrangements

12.1 As at 31 December 2017 and 2016, the balances of consumer financing receivables under joint financing arrangements are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Current portion of consumer finance receivables under joint financing arrangements		Long-term portion of consumer finance receivables under joint financing arrangements		Total	
	2017	2016	2017	2016	2017	2016
<b>Hire purchase receivables</b>						
Hire purchase receivables under						
joint financing arrangements	239,762	45,933	347,520	86,706	587,282	132,639
Accrued interest receivables	15,632	3,869	-	-	15,632	3,869
Less: Unearned financing income, net	(92,249)	(15,696)	(83,146)	(29,038)	(175,395)	(44,734)
Less: Portions financed by bank under joint						
financing arrangement	(148,999)	(22,154)	(222,039)	(40,985)	(371,038)	(63,139)
<b>Total Hire purchase receivables</b>	<b>14,146</b>	<b>11,952</b>	<b>42,335</b>	<b>16,683</b>	<b>56,481</b>	<b>28,635</b>
<b>Less: Allowance for doubtful accounts</b>	<b>(1,336)</b>	<b>-</b>	<b>(97)</b>	<b>-</b>	<b>(1,433)</b>	<b>-</b>
<b>Hire purchase receivables under</b>						
<b>    joint financing arrangements, net</b>	<b>12,810</b>	<b>11,952</b>	<b>42,238</b>	<b>16,683</b>	<b>55,048</b>	<b>28,635</b>
<b>Microfinance receivables</b>						
Microfinance receivables under						
joint financing arrangements	6,407	-	3,792	-	10,199	-
Accrued interest receivables	-	-	-	-	-	-
Less: Unearned financing income, net	(1,444)	-	(1,275)	-	(2,719)	-
Less: Portions financed by bank under joint						
financing arrangement	(3,689)	-	(2,008)	-	(5,697)	-
<b>Total Microfinance receivables</b>	<b>1,274</b>	<b>-</b>	<b>509</b>	<b>-</b>	<b>1,783</b>	<b>-</b>
<b>Less: Allowance for doubtful accounts</b>	<b>(6)</b>	<b>-</b>	<b>(234)</b>	<b>-</b>	<b>(240)</b>	<b>-</b>
<b>Microfinance receivables under</b>						
<b>    joint financing arrangements, net</b>	<b>1,268</b>	<b>-</b>	<b>275</b>	<b>-</b>	<b>1,543</b>	<b>-</b>
<b>Consumer finance receivables under</b>						
<b>    joint financing arrangements, net</b>	<b>14,078</b>	<b>11,952</b>	<b>42,513</b>	<b>16,683</b>	<b>56,591</b>	<b>28,635</b>

12.2 As at 31 December 2017 and 2016, the balances of consumer finance receivables under joint financing arrangements (net of unearned financing income) and allowance for doubtful accounts aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements						
Aging	Consumer finance receivables under joint financing arrangements		Allowance for doubtful accounts		Consumer finance receivables under joint financing arrangements, net	
	2017	2016	2017	2016	2017	2016
<b>Hire purchase receivables</b>						
Not yet due	51,879	28,635	1,308	-	50,571	28,635
Past due:						
1 month	3,169	-	48	-	3,121	-
2 - 3 months	1,255	-	40	-	1,215	-
4 - 6 months	178	-	37	-	141	-
7 - 9 months	-	-	-	-	-	-
10 - 12 months	-	-	-	-	-	-
Total	56,481	28,635	1,433	-	55,048	28,635
<b>Microfinance receivables</b>						
Not yet due	1,431	-	44	-	1,387	-
Past due:						
1 month	312	-	156	-	156	-
2 - 3 months	40	-	40	-	-	-
4 - 6 months	-	-	-	-	-	-
7 - 9 months	-	-	-	-	-	-
10 - 12 months	-	-	-	-	-	-
Total	1,783	-	240	-	1,543	-
<b>Total Consumer finance receivables under joint financing arrangements</b>	<b>58,264</b>	<b>28,635</b>	<b>1,673</b>	<b>-</b>	<b>56,591</b>	<b>28,635</b>

12.3 As at 31 December 2017 and 2016, the future minimum loan payment receivable under consumer finance receivables under joint financing arrangements together with the present value of the net minimum loan payments receivable are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	2017		2016	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
<b>Hire purchase receivables</b>				
Within one year	255,394	163,145	49,802	34,106
After one year but not more than four years	347,520	264,374	86,706	57,668
Total	602,914	427,519	136,508	91,774
Less: Amounts representing finance charges	(175,395)	-	(44,734)	-
Less: Portions financed by bank under joint financing arrangements	(371,038)	(371,038)	(63,139)	(63,139)
Present value of minimum loan payments	56,481	56,481	28,635	28,635

(Unit: Thousand Baht)

	Consolidated financial statements			
	2017		2016	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
<b>Microfinance receivables</b>				
Within one year	6,407	4,963	-	-
After one year but not more than four years	3,792	2,517	-	-
<b>Total</b>	<b>10,199</b>	<b>7,480</b>	<b>-</b>	<b>-</b>
Less: Amounts representing finance charges	(2,719)	-	-	-
Less: Portions financed by bank under joint financing arrangements	(5,697)	(5,697)	-	-
<b>Present value of minimum loan payments</b>	<b>1,783</b>	<b>1,783</b>	<b>-</b>	<b>-</b>
<b>Total Present value of minimum loan payments</b>	<b>58,264</b>	<b>58,264</b>	<b>28,635</b>	<b>28,635</b>

12.4 The subsidiary's loan agreements have terms of 2 to 4 years for consumer finance receivables under joint financing arrangement and require settlement in equal installment.

12.5 As at 31 December 2017 and 2016, the Company's subsidiary had transferred rights of claim the assets of debtor for the portions financed by bank under hire purchase agreements under joint financing arrangements with outstanding balances (net of unearned interest income) of IDR 153,322 million and IDR 23,559 million, respectively, in order to secure joint financing facilities granted by related - commercial bank.

As at 31 December 2017, the Company's subsidiary had transferred rights of claim under Microfinance agreements under joint financing arrangements with outstanding balances (net of unearned interest income) of IDR 2,354 million, in order to secure credit facilities granted by commercial bank.

12.6 A subsidiary entered into a joint financing facility agreement with a related - commercial bank to obtain revolving joint financing facilities of IDR 100,000 million. Moreover, during the year 2017, the subsidiary entered into an additional joint financing facility agreement, for non-revolving joint financing facilities amounting to IDR 200,000 million. The purpose of these joint financing agreements is to provide loans to consumers for purchases of agricultural machinery and tools, vehicles, solar panels and white goods. The duration of the agreements is 72 months from the first draw down, or for as long as both parties are willing to continue the agreements. The interest rates are 13% per annum. This joint financing agreement is sharing capital contribution between the subsidiary and commercial bank to finance each debtor according to agreed portion and secured by assets being financed by subsidiary and commercial bank. As at 31 December 2017 and 2016, the credit facilities under the joint financing agreements which have not yet been drawn down amounted to IDR 137,235 million and IDR 76,790 million, respectively.

From November 2017, the Joint Financing arrangements have temporarily been suspended by the action of Jtrust Group. This action is not affecting the existing portfolio but has an effect on the new portfolio of PT GLFI. The agreement on the Joint financing credit facilities is in force and will resume its activity once legal proceedings are overcome.

### 13. Loans and interest receivables

The Company provided loans to its subsidiary in Singapore, which in turn loaned to borrowers in Cyprus and Singapore. The composition of these receivables is as follows:

(Unit: Thousand Baht)					
Consolidated financial statements					
Location of borrowers	Interest rate (% per annum)	2017 (restated)		2016 (restated)	
		Thousand USD	Equivalent to Thousand Baht	Thousand USD	Equivalent to Thousand Baht
Cyprus	14.5 - 17.0	9,243	302,063	37,475	1,342,762
Singapore	14.5 - 25.0	36,106	1,179,972	54,914	1,967,613
Others	5.0 - 10.0	1,166	38,105	1,247	44,696
Total loans		<u>46,515</u>	<u>1,520,140</u>	<u>93,636</u>	<u>3,355,071</u>
Interest receivables			<u>48,929</u>		<u>166,849</u>
Total loans and interest receivables			<u>1,569,069</u>		<u>3,521,920</u>
Less: Allowance for loan and interest receivables			<u>(1,527,680)</u>		<u>-</u>
Less: Current portion			<u>(549)</u>		<u>(767,496)</u>
Long-term portion of loans and interest receivables			<u>40,840</u>		<u>2,754,424</u>

(Unit: Thousand Baht)

	2017	2016
	(Restated)	(Restated)
Reflected in the statements of financial position as follows:		
Disputed loans	590,748	1,815,814
Less: allowance on disputed loans	(590,748)	-
Less: current portion of disputed loans	-	-
Long-term portion of disputed loans	-	1,815,814
Loans and interest receivables	978,320	1,706,106
Less: allowance on loans and interest receivables	(936,931)	-
Less: current portion of loans and interest receivables	(549)	(767,496)
Long-term portion of loans and interest receivables	40,840	938,610

The loans of subsidiary company were subject to pledging of securities of properties in Cyprus and Brazil, Cypriot government bonds, stocks of other overseas companies and shares of the Company as owned by the borrowers. In the second quarter of 2017, part of the collaterals of the Company's shares was released by Singapore group and replaced by the value of properties in Japan (the pledge of the properties in Japan has been registered with Japanese Registry Office already). In the third quarter of 2017, some loans became due and others were prepaid. The Company's shares as collateral have been fully released as of 31 December 2017, meaning there are no longer any Company's shares pledged as securities for any of the remaining loans.

The collaterals as of 31 December 2016 covered 112 percent for the Cyprus borrowers and 244 percent for the Singapore borrowers (including the shares of the Company, which were valued at the closing price quoted in the Stock Exchange of Thailand). On 31 December 2017, the collaterals of the Singapore borrowers covered 124 percent (based on the valuations done in 2017 and confirmed for 31 December 2017) and for the Cyprus borrowers 292 percent (based on the valuations done for 31 December 2016). No updated valuations for the Cyprus borrowers' collaterals has been obtained as at 31 December 2017.

The terms of the loans granted vary from 3 months to 3 years. All principals are due upon maturity, while some loan principals that originally came due last year were rolled over and extended to the periods of either 2 or 3 years. The balance of loans rolled over in 2016 was USD 59 million or approximately Baht 2,129 million, accounting for 60 percent of the total loan debts. In 2017, before due date, the Cyprus borrower repaid the loans of USD 25.3 million or approximately Baht 845 million.

The interest rates charged under the loan agreements were in the range of 14.5 percent to 25.0 percent per annum. The interest earned during this year from these loans amounted to USD 11 million or approximately Baht 377 million. The interest was ceased to be recognised on 1 October 2017. The accrued interest until 30 September 2017 was subject to an allowance setup in the same amount for both the Singapore and Cyprus borrowers as at 31 December 2017.

In July 2017, August 2017 and due date, the Singapore borrower repaid the loans of USD 16.7 million or approximately Baht 557 million and the remaining of the collateral of the lenders shares was also released.

The Company believes that the borrowers are well established and trusted corporations. They are not related to the Company and the Company has carried out internal verifications and considers them to be reliable.

The terms and conditions of lending, and the management, monitoring and subsequent modification of the unpaid loans were based on the expertise of the Company's directors and top executives, who have specialized knowledge of the business of these specific borrowers, and their relationships with the borrowers.

On 19 October 2017, the Company received a request from the SEC to revise/correct its financial statements, Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) in response to the criminal complaint filed by the SEC to the Department of Special Investigation (DSI) on 16 October 2017 against former executive director, in relation to allegations of fraud, misappropriation of the company's assets and falsifying account records by executing concealed transactions through several associated companies abroad to exaggerate the company's operating results. The SEC claimed that the recording of such transactions in the Company's accounts resulted in the Company's financial statements being inaccurate, rendering the Company in breach of Section 56 and/or 312 of the Securities and Exchange Act if they do not rectify their financial statements promptly.



Hence, although the Company could not find any evidence showing any abnormality of the loans, the Company resolved to revise its financial statements as requested by the SEC.

Both the disputed loan and normal loan receivable balances from the Singapore and Cyprus borrowers are current as at 31 December 2017. Reclassifications to current for the non-current loan receivable balances from the Singapore and Cyprus borrowers as at 31 December 2017 as disclosed previously have been done due to the notices sent to the borrowers asking for full repayment by 31 May 2018.

As at 31 December 2017 and 2016, the balances of loans and interest receivables aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

Aging	Consolidated financial statements					
	Loan and interest receivables		Allowance for doubtful accounts		Loan and interest receivable, net	
	2017	2016	2017	2016	2017	2016
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Not yet due	1,523,226	3,438,496	(1,482,035)	-	41,191	3,438,496
Past due:						
1 - 3 months	45,744	70,186	(45,645)	-	99	70,186
4 - 6 months	99	-	-	-	99	-
7 - 12 months	-	13,238	-	-	-	13,238
Total	<u>1,569,069</u>	<u>3,521,920</u>	<u>(1,527,680)</u>	<u>-</u>	<u>41,389</u>	<u>3,521,920</u>

#### 14. Assets foreclosed

As at 31 December 2017 and 2016, assets foreclosed are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Reposessed assets	104,598	66,823	20,696	40,078
Less: Allowance for diminution in value of assets foreclosed	(16,646)	(15,930)	(8,387)	(15,130)
Assets foreclosed, net	<u>87,952</u>	<u>50,893</u>	<u>12,309</u>	<u>24,948</u>

## 15. Other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accrued income	3,533	4,403	2,798	2,957
Advance payment - related parties	175,654	20,500	5,004	12,381
Advance payment	15,835	26,036	1,484	749
Other receivable - sales of assets				
foreclosed	3,177	6,156	3,177	6,114
Other receivables - related parties	36,219	24,328	7,879	12,836
Other receivables - consulting services	6,536	57,329	-	-
Other receivables	48,751	50,021	4,636	1,914
Total	289,705	188,773	24,978	36,951
Less: Allowance for doubtful accounts	(2,586)	(2,526)	(2,586)	(2,526)
Less: Allowance for doubtful accounts - related parties	(204,705)	-	-	-
Other current receivables, net	82,414	186,247	22,392	34,425

## 16. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Prepaid expenses	69,099	72,502	54,696	66,952
Undue input tax	5,387	1,536	5,364	1,466
Deposit for assets to be leased - related party	126,063	175,457	-	-
Withholding tax deducted at source	83,058	45,103	30,241	12,685
Others	2,124	3,169	2,124	2,332
Total	285,731	297,767	92,425	83,435
Less: Allowance for doubtful - related parties	(38,025)	-	-	-
Other current assets, net	247,706	297,767	92,425	83,435

## 17. Pledged fixed deposit at financial institution

This represents fixed deposit pledged with bank for the issuance of letter of bank guarantees for the Company and subsidiary, as disclosed in Note 44.4.

## 18. Investments in subsidiaries

18.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholdings percentage		Cost		Allowance for investment loss in subsidiaries		Cost, net		(Unit: Thousand Baht) Dividend received during the year ended 31 December	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)								
Thanaban Company Limited	565,000	565,000	100.00	100.00	629,696	629,696	-	-	629,696	629,696	-	-
	Thousand	Thousand										
	Baht	Baht										
Group Lease Holdings Pte. Ltd.	214,448	214,448	100.00	100.00	5,387,211	5,387,211	(2,426,818)	-	2,960,393	5,387,211	343,768	-
	Thousand	Thousand									(9,993	
	SGD	SGD									Thousand	
											USD)	
GL Leasing (Lao)	41,840,720	16,300,000	0.12	0.32	213	213	-	-	213	213	71	-
Company Limited	Thousand	Thousand									(18,135	
	LAK	LAK									Thousand	
											LAK)	
					<u>6,017,120</u>	<u>6,017,120</u>	<u>(2,426,818)</u>	<u>-</u>	<u>3,590,302</u>	<u>6,017,120</u>	<u>343,839</u>	<u>-</u>

### Investment in GLH

On 22 March 2016, a meeting of the Board of Directors of the Company approved additional investment in 10.8 million ordinary shares of GLH (or 100% of the shares of the subsidiary in issue) at a price equal to SGD 1 per share, or a total of SGD 10.8 million (equivalent to Baht 276.16 million), in order to fund investment in a subsidiary company in Indonesia. On 29 March 2016, the Company entered into an agreement to lend GLH USD 8.0 million and on the same date, the Company entered into a loan capitalisation agreement with GLH to convert the loan of USD 8.0 million, to investment in GLH, totaling SGD 10.8 million. On 15 April 2016, GLH registered the increase in its paid up share capital with the Accounting and Corporate Regulatory Authority in Singapore.

On 17 October 2016, a meeting of the Board of Directors of the Company approved additional investment in 180.7 million ordinary shares of GLH (or 100% of the shares of the subsidiary in issue) at a price equal to SGD 1 per share, or a total of SGD 180.7 million (equivalent to Baht 4,540.84 million), in order to fund the expansion of the Group and the operations in ASEAN markets. On the same day, the Company entered into an agreement to lend GLH USD 129.0 million and on the same date, the Company entered into a loan capitalisation agreement with GLH to convert the loan of USD 129.0 million, to investment in GLH, totaling SGD 180.7 million. On 17 October 2016, GLH registered the increase in its paid up share capital with the Accounting and Corporate Regulatory Authority in Singapore.

On 9 May 2017, the Board of Directors' Meeting of the GLH passed a resolution to approve the payment of an interim dividend to its shareholders for the year 2016 totaling USD 9,993,258 (equivalent to Baht 343.77 million).

In November 2017, the Management of the Company has considered the impact of the allowances set up as disclosed in Note 13, 19 and 49 on the separate financial statements disclosures as required by the SEC. The separate financial statements include the investments in subsidiaries holdings that are eliminated in consolidated financial statements disclosures. Associated companies' carrying values however, are not eliminated in the consolidated financial statements. To maintain accounting consistency in the disclosures, the Management of the Company has provided for an equal allowance on the investment in GLH as was set up for the investment in associate and for the loans and interest receivables.

As at 31 December 2017, investment in GLH in the separate financial statements amounted to USD 88.72 million (2016: USD 154.93 million).

#### Investment in GLL

On 1 February 2016, GLL increased its ordinary shares capital from 130,000 shares to 2,037,500 shares, with all new issued shares owned by GLH. As a result, the shareholdings percentage of GLL held by the Company and GLH change from 5.00% and 95.00% to 0.32% and 99.68%, respectively. Since the Company holds its investment in GLL through GLH, the Company recorded the investment in GLL as investment in subsidiary in the separate financial statements.

On 1 July 2017, GLL increased its ordinary shares capital from 2,037,500 shares to 5,223,590 shares, with all new issued shares owned by GLH. As a result, the shareholdings percentage of GLL held by the Company and GLH change from 0.32% and 99.68% to 0.12% and 99.88%, respectively. Since the Company holds its investment in GLL through GLH, the Company recorded the investment in GLL as investment in subsidiary in the separate financial statements.

On 15 December 2017, the Board of Directors' Meeting of the GLL passed a resolution to approve the payment of a dividend for year end 31 December 2016 and an interim dividend for the first half of 2017 to the Company totaling LAK 11 million (equivalent to Baht 0.04 million) and LAK 6 million (or equivalent to Baht 0.03 million), respectively. The dividend will be paid to shareholders on 31 March 2018.

Details of investments in subsidiaries which are held by the Company's subsidiary are as follows:

Company's name	Paid-up capital		Shareholdings percentage		Cost		Allowance for investment loss in subsidiaries		Cost, net		(Unit: Thousand Baht) Dividend received during the year ended 31 December	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)								
<b><u>Held by Group Lease Holdings Pte. Ltd.</u></b>												
GL Finance Plc.	10,300 Thousand USD	10,300 Thousand USD	100.00	100.00	359,470	359,470	-	-	359,470	359,470	-	-
GL Leasing (Lao) Company Limited	41,840,720 Thousand LAK	16,300,000 Thousand LAK	99.88	99.68	176,195	71,478	-	-	176,195	71,478	22,088 (5,666,347 Thousand LAK)	-
PT. Group Lease Finance Indonesia	100,000,000 Thousand IDR	100,000,000 Thousand IDR	65.00	65.00	172,133	172,133	-	-	172,133	172,133	-	-
BG Microfinance Myanmar Co., Ltd.	16,160,000 Thousand MMK	-	100.00	-	654,231	-	-	-	654,231	-	-	-
GL-AMMK Co., Ltd.	4,080,000 Thousand MMK	-	57.00	-	59,350	-	-	-	59,350	-	-	-
					1,421,379	603,081	-	-	1,421,379	603,081	22,088	-

### Investment in GLL

On 12 January 2016, a meeting of the Board of Directors of the Company passed resolutions approving an additional investment of LAK 15,260 million (equivalent to Baht 67.4 million) in GLL by GLH, and the conversion of a loan from GLH to equity in GLL to support the increase in share capital. The share certificate has been issued on 1 February 2016 and the capital increase registration with the Central Bank of Lao has been approved on 4 January 2017.

On 14 August 2017, a meeting of the Board of Directors of GLL passed resolutions approving an capital increasing of LAK 25,541 million (equivalent to Baht 104.7 million) in GLL by GLH, and the conversion of a loan from GLH to equity in GLL to support the increase in share capital. The share certificate has been issued on 31 July 2017 and the capital increase registration with the Central Bank of Lao is still in progress.

On 15 December 2017, the Board of Directors' Meeting of the GLL passed a resolution to approve the payment of a dividend for year end 31 December 2016 and an interim dividend for the first half of 2017 to GLH totaling LAK 3,568 million (equivalent to Baht 13.91 million) and LAK 2,099 million (or equivalent to Baht 8.18 million), respectively. The dividend will be paid to shareholders on 31 March 2018.

### Investment in GLFI

On 22 March 2016, a meeting of the Board of Directors of the Company approved the investment in the Indonesian subsidiary by GLH, totaling 65,000 ordinary shares (or 65% of the 100,000 paid up shares of GLFI in issue) and representing a total payment of IDR 65 billion (equivalent to Baht 173.44 million). GLFI registered its establishment and paid up share capital with the Ministry of Law and Human Rights of the Republic of Indonesia on 14 April 2016.

All rights and obligations to all the shares of the Indonesian partner as at 31 December 2017, totaling 10,000 non-voting and 5,000 ordinary shares (or 15% of the 100,000 paid up shares) have been transferred to GLH who effectively controls 80% of the total shares outstanding of GLFI. This is reflected in the recognition of the comprehensive income in the consolidated financial statements.

### Investment in BGMM

The Extraordinary General Meeting of the Company's shareholders No. 2/2016, held on 6 December 2016, approved the acquisition of 1,387,680 shares of BG Microfinance Myanmar Co. Ltd. (100% wholly-owned) at the cost of USD 8.01 million (Baht 280 million). The cost was appraised and set by the subsidiary company's management, while the appointed independent financial advisor valued the investment at approximately Baht 173 - 179 million. BGMM is incorporated in the Republic of the Union of Myanmar with its main activity described as microfinance. It provides retail loans to women grouping 5 in number and individual loans to entrepreneurs operating small and medium scale enterprises (SMEs).

GLH received permission to register the transfer right of shares from the Government of the Republic of the Union of Myanmar in January 2017. In consequence, the share subscription payment in advance were reclassified to investment in BGMM in early January 2017.

On 25 January 2017, the meeting of GLH's Board of Directors passed a resolution to approve additional investment in 6,612,320 ordinary shares of BGMM (or 100% of new ordinary shares) at a price equal to the par value of MMK 1,000 per share, or a total of MMK 6,612 million (equivalent to Baht 169.49 million). The ordinary shares capital of BGMM increased from 1,387,680 ordinary shares to 8,000,000 ordinary shares. The allotment has been filed with the Government on 14 February 2017. The share certificate has been issued and the capital increase registration with the Government of the Republic of the Union of Myanmar has been approved on 24 February 2017.

On 12 September 2017, the Board of Directors of GLH passed a resolution to approve an additional investment in 8,160,000 ordinary shares of BGMM (or 100% of new ordinary shares) at a price equal to the par value of MMK 1,000 per share or a total of MMK 8,160 million (equivalent to Baht 199.22 million). The ordinary shares capital of BGMM increased from 8,000,000 ordinary shares to 16,160,000 ordinary shares. The allotment has been filed with the Government on 16 October 2017. The share certificate has been issued and the capital increase registration with the Government of the Republic of the Union of Myanmar has been approved on 6 December 2017.

As at 31 December 2017, the carrying value of this investment is Baht 654 million. The increase in carrying value of investment is as a result of capital increase during the year.



At present, the Group is in the process of assessing the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment process is ongoing and mainly related to the identification and valuation of intangible assets and certain tangible assets. The assessment shall be completed within measurement period of twelve months from the acquisition date (within the first quarter of 2018) pursuant to the period allowed under Thai Financial Reporting Standard No. 3 (revised 2015).

#### Investment in GL-AMMK

On 6 December 2016, the Extraordinary General Meeting of the Company's shareholders No.2/2016 approved the establishment of GL-AMMK. On 24 January 2017, GL-AMMK has received its temporary registration certificate. GL-AMMK is to be incorporated and domiciled in Myanmar with registered share capital of MMK 4,080 million, or approximately Baht 104 million. GLH invests in GL-AMMK totaling 1,710,000 ordinary shares (or 57% of the 3,000,000 paid up shares of GL-AMMK in issue) and representing a total payment of MMK 2,326 million (equivalent to Baht 59.35 million). This company was incorporated with the Ministry of Planning and Finance in Myanmar on 24 January 2017.

On 15 March 2017, GL-AMMK was granted permission to operate an Advisory, consultancy, managerial, administrative, technical and operational services business in Myanmar and launched the business operations during the first quarter of 2017.

#### 18.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(%)	(%)						
PT. Group Lease								
Finance Indonesia	20	20	84.7	92.3	(2.53)	(1.03)	-	-
GL-AMMK Co., Ltd.	43	-	40.8	-	(1.30)	-	-	-

18.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling interests:

(Unit: Million Baht)

	PT. Group Lease Finance Indonesia		GL-AMMK Co.,Ltd.	
	2017	2016	2017	2016
<i>Summarised information about financial position</i>				
Current assets	167	258	103	-
Non-current assets	166	29	2	-
Current liabilities	(108)	(24)	(10)	-

(Unit: Million Baht)

	PT. Group Lease Finance Indonesia		GL-AMMK Co., Ltd.	
	For the year ended 31 December		For the year ended 31 December	
	2017	2016	2017	2016
<i>Summarised information about comprehensive income</i>				
Revenue	78	18	18	-
Profit (loss)	(13)	(5)	(3)	-
Total comprehensive income	(13)	(5)	(3)	-

*Summarised information about cash flow*

Cash flow used in operating activities	(2,563)	(22)	(1)	-
Cash flow from (used in) investing activities	129	(6)	(2)	-
Cash flow from financing activities	511	268	98	-
Net increase (decrease) in cash and cash equivalents	(1,923)	240	95	-

## 19. Investment in associate

19.1 Details of the investment in associate which are held by the Company's subsidiary are as follows:

Company's name	Country of incorporation	Percentage held by the subsidiary		Nature of business
		2017	2016	
Commercial Credit and Finance PLC (shares held by Group Lease Holdings Pte. Ltd.) ("CCF")	Sri Lanka	29.99	29.99	Leasing, Microfinance, Loans and Hire Purchase business

(Unit: Thousand Baht)

Consolidated financial statements								
Associate	Cost		Carrying amounts based on equity method		Allowance for investment loss in associate		Carrying amounts based on equity method, net	
	2017	2016	2017	2016	2017	2016	2017	2016
Commercial Credit and Finance PLC	2,492,602	2,489,024	2,604,640	2,545,426	(582,085)	-	2,022,555	2,545,426
Total	2,492,602	2,489,024	2,604,640	2,545,426	(582,085)	-	2,022,555	2,545,426

### Investment in CCF

On 6 December 2016, the shareholders of the Company in the Extraordinary Shareholders' Meeting No. 2/2016 passed a special resolution to allow the Company and/or its subsidiary, Group Lease Holding Pte. Ltd. ("GLH"), to acquire shares in Commercial Credit and Finance PLC ("CCF") which is a company listed on the Colombo Stock Exchange (the "CSE") in Sri Lanka. CCF has been incorporated since 1982, operating businesses of providing leasing, hire-purchase, micro loans, SME loans, educational loans etc. The resolution allowed acquisition of 95,390,500 shares off the stock market, at the price of LKR 111 per share, which was equivalent to 29.99 percent of the total issued shares of CCF, totaling the acquisition price of LKR 10,588 million, equivalent to approximately Baht 2,462 million (this acquisition price excluded associated acquisition-related costs of Baht 26.5 million). 22.27% from the 29.99% was acquired from an existing shareholder of CCF who was also a director of the Company at the time. Later, he resigned from his position, effective from 31 January 2018. The reason was to prevent conflict of interest, since he was also a founder of a convertible debenture holder of the Company, Creation Investment Sri Lanka LLC.

In passing the special resolution mentioned above, the shareholders had considered information on the appropriate acquisition price showing that it fell in the appropriate price range of LKR 83.52 to 114.20 per share (approximately Baht 1,900 - 2,500 million) as determined through studies and analysis conducted during due diligence by a financial advisory in Sri Lanka. The shareholders had also considered the Opinion of the Independent Financial Advisor ("IFA") which determined that the appropriate price was in the range of LKR 70.09 to 73.55 per share (approximately Baht 1,600 - 1,700 million) while the market price at the Sri Lanka Stock Market during the acquisition period in late 2016, the value was at approximately Baht 1,391 million. The appraisers relied on different valuation methods; however, it was noted by both appraisers that approach which determines the value by referring to the market price i.e. market valuation approach is not an appropriate approach for determining the appropriate price for investment in CCF. In addition, the

shareholders had also considered risks associated with investment in CCF. Details are as appear in the Invitation for and the Minutes of the Extraordinary Shareholders' Meeting No. 2/2016.

The investment in CCF has been presented as investment in associate under the equity method according to the Thai Accounting Standard No.28 Investments in Associates and Joint Ventures, since the Company would be holding the investment in CCF for long-term purpose.

On 31 December 2017, the carrying amount based on equity method of the investment in CCF (before provision for loss) was Baht 2,605 million (or LKR 121.31 per share) while the market price at the Sri Lanka Stock Exchange at the end of 2017, the total value was only in the range of Baht 874 million (2016: Baht 1,285 million). The amount was tested for impairment and no impairment was identified, relying on a valuation conducted by Gajma & Co, one of the leading financial advisor and appraisal firms in Sri Lanka. Upon completion of the valuation, Gajma & Co reached a conclusion that the estimated value of CCF is LKR 175.35 per share. Therefore, the investment in CCF is not impaired.

However, management provided an allowance for loss of investment for the investment in CCF in the amount of Baht 582 million in the Interim Financial Statements for the Three and Nine Months ended 30 September 2017. During this time, management was in the process of conducting the impairment test on the investment in CCF. In addition, there were floods in Sri Lanka at the relevant time which was uncontrollable and was one of factors continuously affecting overall the economy of Sri Lanka which relies greatly agriculture. The management was aware that such circumstance might give rise to concerns in considering the value of the investment in CCF. Therefore, in line with the conservatism principle, the management decided to provide an allowance for loss in investment from the investment in CCF should it be the case. Under the conservatism principle, despite the fact that the impairment test has been completely conducted and no impairment of the investment in CCF was identified as mentioned above, the management decided to keep, not to reverse the allowance for loss of investment provided as of 30 September 2017.

The management is of the view that the share price traded in the CSE is not and could not appropriately and reliably indicate and determine the fair value of the investment in CCF. Such view aligns with the view of the appraisers as mentioned above. The reasons are that the CSE is not an active market for such shares and is not the market for acquisition of shares in equivalent sufficiently significant proportion.

In any event, the management would consider reversing or adjusting the allowance for loss of investment as necessary or appropriate further.

During 2017, the Group assessed the fair value of the assets acquired and liabilities assumed at the acquisition date, in order to the identification and valuation of goodwill and certain tangible assets. The process was completed in the fourth quarter of 2017.

As at 31 December 2017, the Group have assessed the value which conclude as follows:

	(Unit: Thousand Baht)
	Balance as at acquisition date
Net asset acquired	589,915
Fair value identification	27,606
Intangibles recognised	522,606
Goodwill	1,322,354
Acquisition-related costs	26,543
Total Investment in associate - CCF	2,489,024

Movement of the investment in associate which is held by the subsidiary are as follows:

	(Unit: Thousand Baht)
	Consolidated financial statement
<b>As at 1 January 2016</b>	-
Acquisitions Investment in associate - CCF	2,489,024
Share of profit from investments in associates	68,301
Share of other comprehensive income from investment in associate	8,048
Realisation of fair value over book value of net asset - Profit or loss	(19,947)
<b>As at 31 December 2016</b>	2,545,426
Acquisition-related costs	3,579
Share of profit from investments in associates	179,285
Share of other comprehensive income from investment in associate	(82,926)
Realisation of fair value over book value of net asset - Profit or loss	(7,335)
Realisation of fair value over book value of net asset - OCI	(352)
Dividends received	(33,037)
<b>As at 31 December 2017</b>	2,604,640
Allowance for investment loss of associate	(582,085)
<b>Investment in associate, net</b>	2,022,555

## 19.2 Share of comprehensive income and dividend received

During the year, the Company has recognised its share of profit from the investment in associates in the consolidated financial statements and dividend income in the Company's subsidiary separate financial statements as follows:

Associate	Consolidated financial statements				(Unit: Thousand Baht) The Company's subsidiary separate financial statements	
	Share of profit from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend received during the year	
	2017	2016	2017	2016	2017	2016
Commercial Credit and Finance PLC	171,951	48,355	(83,278)	8,048	33,037	-
Total	171,951	48,355	(83,278)	8,048	33,037	-

## 19.3 Market value/Fair value investments in listed associate

In respect of the investment in the associated company that is listed on the Stock Exchange of Sri Lanka ("CSE"), management and other outside financial advisors have concluded that due to the very low liquidity of the market for CCF on the CSE, the market value of CCF is not considered active and therefore not representative of the fair value. To determine fair value, management hired a financial advisor to perform financial analysis.

Associates	(Unit: Million Baht) Market values based on CSE as at 31 December*	
	2017	2016
Commercial Credit and Finance PLC	874	1,285
Total	874	1,285

\* This values corresponds to 29.99% and calculated on the share price on the Stock Exchange of Sri Lanka by using average buying and selling rate to convert the fair values of CCF as at 29 December 2017 and 30 December 2016

Associates	(Unit: Million Baht) Fair values based on outside financial valuer as at 31 December**	
	2017	2016
Commercial Credit and Finance PLC	3,564	2,170
Total	3,564	2,170

\*\* This value corresponds to value of 29.99% of CCF as calculated on the share price based on the analysis performed by the financial advisor during that year. In 2016, the advisor used a residual income approach while in 2017 the advisor used a discount cash flow model.

Key assumptions used in the valuation are summarized below

Financial instruments	Valuation technique	Significant unobservable inputs	Rates	Sensitivity of the input to fair value
Investment in CCF (2017)	Discounted future cash flows using yield curve announced by the Thai Bond Market Association adjusted by risk premium	Cost of equity	12% - 18%	The valuation used a 13.18% cost of equity. A 12% cost of equity would result in a valuation of LKR 193 while 18% would result in valuation of LKR 127
Investment in CCF (2017)	Discounted future cash flows using yield curve announced by the Thai Bond Market Association adjusted by risk premium	Terminal growth rate	2.50% - 5.75%	The valuation used a 4.5% terminal growth rate. A 2.50% terminal growth rate would result in a valuation of LKR 161 while 5.75% would result in valuation of LKR 187

#### 19.4 Summarised financial information about material associates

##### Summarised information about financial position

	(Unit: Million Baht)	
	Commercial Credit and Finance PLC	
	2017	2016
Total assets	19,197	19,617
Total liabilities	(16,579)	(17,214)
<b>Net assets</b>	<b>2,618</b>	<b>2,403</b>
Shareholding percentage (%)	29.99	29.99
<b>Share of net assets</b>	<b>785</b>	<b>721</b>
Translation adjustment	(85)	6
The excess of purchase price over the net asset value	1,905	1,818
<b>Carrying amounts of associates based on equity method</b>	<b>2,605</b>	<b>2,545</b>

## Summarised information about comprehensive income

	(Unit: Million Baht)	
	Commercial Credit and Finance PLC	
	For the year ended 31 December	
	2017	2016
Revenue	2,395	649
Profit (loss)	598	228
Other comprehensive income	7	6
Total comprehensive income	605	234

## 20. Other long-term investments

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2017	2016
<u>Investments in held-to-maturity debt securities</u>		
Convertible loan (Mature in 2022)	192,718	-
<u>Investments in other companies</u>		
Bagan Innovation Technology (Singapore) Pte. Ltd.	63,776	61,848
PT Bank JTrust Indonesia Tbk.	414,502	414,502
Total investments in other companies	478,278	476,350
<b>Total</b>	<b>670,996</b>	<b>476,350</b>

### Convertible loan - Century Finance Company Limited

On 28 June 2017, GLH has invested USD 5.7 million in a private placement convertible loan issued by Century Finance Company Limited ("CFCL"), a company incorporated under the laws of the Republic of the Union of Myanmar. The loan is convertible to ordinary shares of CFCL and GLH will hold 57% of CFCL after conversion of the full loan. The loan carried interest at 6.5% per annum. The interest is recognised on an accrual basis in the consolidated income statements.



#### Bagan Innovation Technology (Singapore) Pte. Ltd

On 26 October 2016, a meeting of the Board of Directors of the Company approved the acquisition of shares of Bagan Innovation Technology (Singapore) Pte. Ltd. ("BiT"). On 28 December 2016, GLH subscribed to new shares of BiT totaling 2,778 ordinary shares (or 20.00% of the paid up shares of BiT in issue after GLH subscription) and representing a total payment of USD 1.73 million (equivalent to approximately Baht 61.85 million). BiT registered its new paid up share capital with the Accounting and Corporate Regulatory Authority in Singapore on 16 January 2017.

During the current year, GLH recorded addition acquisition-related costs of Baht 1.9 million related to external legal fee and due diligence costs. As at 31 December 2017, such investment was presented as other long-term investments in the consolidated financial statements, of Baht 63.8 million (2016: Baht 61.8 million). BiT is incorporated in Singapore and the Company is a software development company specialised in digital content and mobile application solutions.

#### PT Bank JTrust Indonesia Tbk.

On 26 October 2016, the Board of Directors of the Company approved a subsidiary company to acquire shares of PT Bank JTrust Indonesia Tbk. ("PT Bank JTrust") and subsequently on 13 December 2016, the subsidiary company acquired 28.15 trillion shares (3.12% of the total shares) in this company at total cost of USD 11.70 million (Baht 414 million) from JTrust Co. Ltd. - a related company. The remaining portions of approximately 97% being majority shareholding in this company were still held by JTrust Co. Ltd. - a related company as disclosed in Note 7. This company is an Indonesian company engaging in commercial banking business.

As at the acquisition date, the purchase price the subsidiary paid to acquire this investment when compared with the book value of this company represented the ratio of Price per Book Value ("P/BV" ratio) of approximately 3.65 times. As at 31 December 2017, the P/BV ratio increased to 3.95 times while the 'average P/BV ratio' of all commercial banks in Indonesian market was about 1.60 times. The Company's management considers that there is no impairment on this investment due to other favorable factors including profitability ratio and business opportunities of this company in the future. The carrying value of this investment was significantly in excess of the value calculated based on the 'average P/BV ratio' and this difference needs attention.

As at 31 December 2017, the shareholding percentage of PT Bank JTrust held by GLH is 2.81% and the carrying value of this investment was Baht 414 million. The value of this investment depends upon the ability to cooperate with its major shareholder in the future and the success of future operations of this company.

## 21. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Buildings	Building improvement and lease area	Furniture and office equipment	Computer and equipment	Motor vehicles	Work in process	Total
<b>Cost</b>								
1 January 2016	35,983	45,553	31,810	41,938	60,842	37,067	109	253,302
Additions	-	-	-	7,675	16,764	5,842	21,629	51,910
Disposals/Write-off	-	-	-	(72)	(174)	(1,808)	-	(2,054)
Transfer in (out)	-	-	-	390	7,726	362	(8,785)	(307)
Exchange differences on translation of Financial statements in foreign currency	-	-	306	(464)	(85)	(75)	157	(161)
31 December 2016	35,983	45,553	32,116	49,467	85,073	41,388	13,110	302,690
Additions	-	-	1,275	8,183	25,222	5,700	10,317	50,697
Increase from acquisition of BGMM	-	-	185	83	784	337	-	1,389
Disposals/Write-off	-	-	(1,589)	(6,001)	(4,366)	(1,666)	-	(13,622)
Transfer in (out)	-	-	8,512	46	14,006	(65)	(22,564)	(65)
Exchange differences on translation of Financial statements in foreign currency	-	-	(1,615)	(918)	(4,519)	(1,687)	(564)	(9,303)
31 December 2017	35,983	45,553	38,884	50,860	116,200	44,007	299	331,786
<b>Accumulated depreciation</b>								
1 January 2016	-	40,478	10,954	26,290	33,465	26,133	-	137,320
Depreciation for the year	-	355	4,792	6,311	18,571	6,584	-	36,613
Depreciation on disposals/Write-off	-	-	-	(44)	(106)	(1,808)	-	(1,958)
Exchange differences on translation of Financial statements in foreign currency	-	-	31	8	16	(12)	-	43
31 December 2016	-	40,833	15,777	32,565	51,946	30,897	-	172,018
Depreciation for the year	-	354	3,907	7,505	24,231	5,579	-	41,576
Increase from acquisition of BGMM	-	-	45	9	232	121	-	407
Depreciation on disposals/Write-off	-	-	(1,589)	(6,000)	(4,315)	(1,460)	-	(13,364)
Exchange differences on translation of Financial statements in foreign currency	-	-	(643)	(439)	(2,146)	(1,143)	-	(4,371)
31 December 2017	-	41,187	17,497	33,640	69,948	33,994	-	196,266
<b>Net book value</b>								
31 December 2016	35,983	4,720	16,339	16,902	33,127	10,491	13,110	130,672
31 December 2017	35,983	4,366	21,387	17,220	46,252	10,013	299	135,520
<b>Depreciation for the year</b>								
2016								36,613
2017								41,576

(Unit: Thousand Baht)

	Separate financial statements							
			Building	Furniture and	Computer			
			improvement	office	and	Motor	Work in	
	Land	Buildings	and lease area	equipment	equipment	vehicles	process	Total
Cost								
1 January 2016	35,983	45,553	14,776	21,289	33,199	23,355	-	174,155
Additions	-	-	-	1,649	6,538	2,756	8,493	19,436
Disposals/Write-off	-	-	-	-	(55)	(1,808)	-	(1,863)
Transfer in/out	-	-	-	98	7,726	-	(8,493)	(669)
31 December 2016	35,983	45,553	14,776	23,036	47,408	24,303	-	191,059
Additions	-	-	1,188	2,436	3,503	3,930	2,796	13,853
Disposals/Write-off	-	-	(1,589)	(159)	-	(1,666)	-	(3,414)
Transfer in/out	-	-	2,496	-	-	-	(2,496)	-
31 December 2017	35,983	45,553	16,871	25,313	50,911	26,567	300	201,498
Accumulated depreciation								
1 January 2016	-	40,478	8,111	15,795	17,522	18,425	-	100,331
Depreciation for the year	-	355	1,411	1,963	10,247	3,232	-	17,208
Depreciation on disposals/ write-off	-	-	-	-	(37)	(1,808)	-	(1,845)
31 December 2016	-	40,833	9,522	17,758	27,732	19,849	-	115,694
Depreciation for the year	-	354	1,568	2,204	10,899	2,477	-	17,502
Depreciation on disposals/ write-off	-	-	(1,588)	(159)	-	(1,438)	-	(3,185)
31 December 2017	-	41,187	9,502	19,803	38,631	20,888	-	130,011
Net book value								
31 December 2016	35,983	4,720	5,254	5,278	19,676	4,454	-	75,365
31 December 2017	35,983	4,366	7,369	5,510	12,280	5,679	300	71,487
Depreciation for the year								
2016								17,208
2017								17,502

As at 31 December 2017 and 2016, certain equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 99.3 million and Baht 94.7 million, respectively (the Company only: Baht 87.5 million and Baht 81.7 million, respectively).

The Company has mortgaged land and construction thereon with a total net book value as at 31 December 2017 of Baht 27.6 million (2016: Baht 26.5 million) as collateral for short-term loans from financial institutions and long-term credit facilities as discussed in Notes 25 and 28.

## 22. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements				
	Exclusive right agreement	Computer software	Leasehold	Software under development	Total
<b>Cost</b>					
1 January 2016	126,699	21,777	19	9,317	157,812
Acquisitions during the year	-	6,249	20	41,934	48,203
Transfer in	-	669	-	-	669
Exchange differences on translation of financial statements in foreign currency	(905)	(40)	-	(3,910)	(4,855)
31 December 2016	125,794	28,655	39	47,341	201,829
Acquisitions during the year	-	5,461	-	50,381	55,842
Write-off	-	(4,566)	-	-	(4,566)
Transfer in (out)	-	27,998	-	(30,610)	(2,612)
Allowance for loss on exclusive right	(96,768)	-	-	-	(96,768)
Exchange differences on translation of financial statements in foreign currency	(9,064)	(1,180)	-	(2,557)	(12,801)
31 December 2017	19,962	56,368	39	64,555	140,924
<b>Amortisation</b>					
1 January 2016	53,956	2,787	2	-	56,745
Amortisation for the year	3,593	3,255	9	-	6,857
Exchange differences on translation of financial statements in foreign currency	(331)	(1,238)	-	-	(1,569)
31 December 2016	57,218	4,804	11	-	62,033
Amortisation for the year	3,455	5,682	17	-	9,154
Amortisation on write-off	-	(954)	-	-	(954)
Allowance for loss on exclusive right	(40,831)	-	-	-	(40,831)
Exchange differences on translation of financial statements in foreign currency	(4,316)	(163)	-	-	(4,479)
31 December 2017	15,526	9,369	28	-	24,923
<b>Net book value</b>					
31 December 2016	68,576	23,851	28	47,341	139,796
31 December 2017	4,436	46,999	11	64,555	116,001

(Unit: Thousand Baht)

	Separate financial statement		
	Computer software	Software under development	Total
<b>Cost</b>			
1 January 2016	11,146	4,952	16,098
Acquisitions during the year	5,281	16,858	22,139
Transferred in (out)	669	(615)	54
31 December 2016	17,096	21,195	38,291
Acquisitions during the year	2,725	41,901	44,626
Write off	(3,251)	-	(3,251)
Transferred in (out)	6,300	(6,300)	-
31 December 2017	22,870	56,796	79,666
<b>Amortisation</b>			
1 January 2016	597	-	597
Amortisation for the year	1,866	-	1,866
31 December 2016	2,463	-	2,463
Amortisation on write-off	(1,772)	-	(1,772)
Amortisation for the year	4,492	-	4,492
31 December 2017	5,183	-	5,183
<b>Net book value</b>			
31 December 2016	14,633	21,195	35,828
31 December 2017	17,687	56,796	74,483

### Exclusive right agreement

A related party entered into a 5-year Exclusive Right Agreement (automatically renewed for a further two years unless the parties mutually agree in writing not to renew the agreement within six months before the termination date) with a company who is the distributor of Honda motorcycles in Cambodia. The agreement grants the related party exclusive rights to act as finance agent arranging hire purchase finance for motorcycles branded "Honda". On 2 May 2012, the related party granted the exclusive rights to GLF for a fee of USD 100,000 and entered into a USD 2.9 million deposit agreement under which the related party is the representative agent to contact with such company. Conditions of the deposit agreement specify that if GLF fails to meet the minimum annual sales target set, the deposit will be forfeited in proportion to the period of six years as from 2013 to 2018.

In 2016 and 2015, GLF has met its sales target and has thus recorded a refund of the deposit equal to the proportion amount set in the agreement. The value of the exclusive right in consolidated financial statements was adjusted accordingly.

The SEC disclosures 95/2017 and 97/2017 disqualified a former executive director of the Company. While the Managements of the Company believes that the exclusive right was entered into under normal business aspects, due to the lack of reachable evidence in hand by the government authorities, the Management has considered the matter and decided to set up an allowance for the full amount of remaining un-amortizable intangible asset portion of USD 1.68 million. This is directly linked to the same considerations for the set up of other shareholder-related allowances in terms of prudence during the scrutiny period of the regulating authorities (refer to Note 7 and 49). Should the amount of the deposit be subsequently received, the allowance will be reversed for the amount of money received.

As at 31 December 2017, the value of exclusive right in consolidated financial statement amounted to USD 0.11 million (2016: USD 1.91 million).

### 23. Goodwill

The Company allocated goodwill acquired through business combinations to each of the cash generating units (CGUs) for annual impairment testing as follows:

	(Unit: Thousand Baht)			
	Hire purchase services	Asset-backed Loans to Consumers	Hire purchase services	Microfinance services BG Microfinance
	Thanaban Co., Ltd.	Thanaban Co., Ltd.	GL Finance Plc.	Myanmar Co., Ltd.
Goodwill	66,122	5,750	45,864	220,922

The recoverable amount of the CGUs have been determined based on value in use calculation using cash flow projections from financial budgets approved by the management covering a five-year period.

Key assumptions used in value in use calculations are summarised below:

	(Unit: % per annum)			
	Hire purchase services	Asset-backed Loans to Consumers	Hire purchase services	Microfinance services BG Microfinance
	Thanaban Co., Ltd.	Thanaban Co., Ltd.	GL Finance Plc.	Myanmar Co., Ltd.
Growth rates	2.5	2.5	4.0	3.0
Pre-tax discount rates	12.0	12.8	18.3	15.2

The management determined growth rates based on past performance and its expectations of market development and discount rates is pre-tax rate that reflects the risks specific to each CGU.

The management believes that there is no impairment loss for goodwill.

## 24. Other non-current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Income tax and value added				
tax refundable	62,563	71,210	61,713	70,086
Deposits	38,207	37,865	2,504	1,856
Others	2,976	5,739	2,443	5,738
Total	103,746	114,814	66,660	77,680
Less: Allowance for value added				
tax refundable	(31,533)	(7,438)	(31,533)	(7,438)
Other non-current assets, net	72,213	107,376	35,127	70,242

## 25. Bank overdraft and short-term loans from financial institutions

	Consolidated financial statements			
	Interest rate		2017	2016
	2017	2016		
	(% per annum)	(% per annum)	(Thousand Baht)	(Thousand Baht)
Bank overdraft	-	7.12	-	2,077
Short-term loans	6.00	3.80 - 6.25	65,239	554,183
Total			65,239	556,260

	Separate financial statements			
	Interest rate		2017	2016
	2017	2016		
	(% per annum)	(% per annum)	(Thousand Baht)	(Thousand Baht)
Bank overdraft	-	7.12	-	2,077
Short-term loans	-	3.80 - 6.25	-	446,690
Total			-	448,767

As at 31 December 2017 and 2016, short-term loans from financial institutions are secured by the transfer of rights of claim under hire purchase agreements, the mortgage of land and the construction thereon and/or to be constructed thereon in the future, motorcycle registrations as requested by the lender of the Company and guarantee by subsidiary. The short term loans of subsidiaries are guaranteed by the Company as disclosed in Note 44.4.

## 26. Deposits from customers

The Microfinance Supervisory Committee of the Government of the Republic of the Union of Myanmar issued notification No. 4/2016 on 29 August 2016 detailing new regulations with respect to deposit taking from microfinance customers. This notification applies to BGMM as a deposit taking microfinance institution.

As a result of the notification, all microfinance retail customers are required to contribute a compulsory savings amount when paying for their installments. The total compulsory amount of each customer may not exceed 5% of the loan size. In addition, customers can contribute voluntary savings. BGMM has been notified of the regulating authority visit during this November, which will determine if BGMM has fulfilled all the requirements for taking deposits. In accordance with the notification, the Microfinance Supervisory Committee of the Republic of the Union of Myanmar has set required rates of interest payment to retail customers for BGMM at 15% per annum for compulsory savings and 10% per annum for voluntary savings.

As at 31 December 2017 total deposits, including accrued interest, recorded in BGMM's statement of financial position amounted to MMK 958.4 million (Baht 22.9 million), and these had remaining terms ranging from 6 months to 1 year.

## 27. Other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accrued interest expenses - related parties	119,697	95,699	119,697	95,699
Accrued interest expenses	11,168	20,761	11,031	18,965
Accrued commission expenses	18,783	44,590	4,505	5,438
Accrued bonus	6,689	659	-	15
Accrued expenses - related parties	461	-	109,346	51,950
Accrued expenses	109,519	43,275	10,860	15,406
Total	266,317	204,984	255,439	187,473



## 28. Long-term loans

The long-term loans, which the Company and its subsidiaries obtained from local and overseas financial institutions, are as detailed below.

(Unit: Thousand Baht)

Consolidated financial statements				
	Balance		Interest rate	Repayment condition
	2017	2016	per annum	
<u>Loan agreement dated 26 May 2011</u>				
Credit facility No. 1	-	577,130	MLR - 1.0%	Thirty equal installments, with first installment due on the first interest payment date after drawing down loans under credit facility
<u>Loan agreement dated 20 December 2014</u>				
Credit facility No. 1	5,447	17,915	10.00%	Six equal installment, with first installment due on six months after drawing down loans under credit facility and repayment every six months
<u>Loan agreement dated 25 March 2015</u>				
Credit facility No. 1	10,894	35,831	10.00%	Six equal installment, with first installment due on six months after drawing down loans under credit facility and repayment every six months
<u>Promissory note dated 23 October 2015</u>				
Promissory note No. 1	-	35,831	8.72%	Repayment all principal after 2 years from agreement date
Promissory note No. 2	-	53,746	8.72%	Repayment all principal after 2 years from agreement date
<u>Loan agreement dated 20 June 2016</u>				
Credit facility No. 1	64,000	47,960	THBFIX1M + 1.90%	Fifteen equal installment, with first installment due on the second interest payment date after drawing down loans under credit facility.
<u>Loan agreement dated 16 August 2016</u>				
Credit facility No. 1	35,024	30,633	6.75%	Twelve equal installment, with first installment due on three months after drawing down loans under credit facility and repayment every three months
<u>Loan agreement dated 18 May 2017</u>				
Credit facility No. 1	6,921	-	7.00%	Twenty-four equal installment, with first installment due on three months after drawing down loans under credit facility and repayment every three months
Less: Deferred front end fees	(31)	(913)		
Total	122,255	798,133		
Less: Current portion	(102,764)	(585,743)		
Long-term portion of long-term loans	19,491	212,390		

(Unit: Thousand Baht)

	Separate financial statements			
	Balance		Interest rate per annum	Repayment condition
	2017	2016		
<u>Loan agreement dated 26 May 2011</u>				
Credit facility No. 1	-	577,130	MLR - 1.0%	Thirty equal installments, with first installment due on the first interest payment date after drawing down loans under credit facility
Total	-	577,130		
Less: Current portion	-	(402,990)		
Long-term portion of long-term loans	-	174,140		

Movements in the long-term loans account during the year ended 31 December 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2017	798,133	577,130
Add: Addition borrowings	889,582	730,000
Amortisation of deferred front end fees	855	-
Less: Repayment	(1,560,015)	(1,307,130)
Exchange differences on translation of financial statements in foreign currency	(6,300)	-
Balance as at 31 December 2017	122,255	-

On 26 May 2011, the Company entered into a loan agreement with commercial bank to obtain long-term loan facilities of Baht 500 million. The purpose of such loan is to repay the existing short-term loan and for use in the expansion of business.

During the year 2012 until the first quarter of 2013, the Company increased the long-term credit facilities with commercial banks based on the loan agreement of 26 May 2011 to Baht 2.5 billion. The purpose of such loan is to repay the existing short-term loan and for use in the expansion of business.

During the year 2015 and 2014, the subsidiary entered into a loan agreement with an overseas financial institutions to obtain long-term loan facilities totaling USD 5.5 million. The purpose of such loan is for use in its operating activities.

On 20 June 2016, a subsidiary entered into a loan agreement with a commercial bank to obtain long-term loan facilities totaling Baht 200 million. The purpose of such loan is for use in the operating activities of the Company. In order to reduce the fluctuation of interest rate risk, the subsidiary has entered into an interest rate swap agreement covering this loan amount, whereby a floating interest rate is to be swapped for a fixed interest rate at 4.90% and 5.10% per annum.

During the year 2017 and 2016, a subsidiary entered into a loan agreement with a commercial bank to obtain long-term loan facilities totaling Baht 10 million and Baht 60 million, respectively. The purpose of such loan is for use in its operating activities.

The loan agreements contain financial covenants regarding, the maintenance of the proportion of shareholding of the major shareholders, dividend payment, the maintenance of a certain debt to equity ratio, ratio of hire purchase receivables more than three months' past due to total hire purchase receivables and ratio of total hire purchase receivables to loans and prohibition of disposal of assets or rights of claim under hire purchase agreements, other practice comply with loan agreements. Moreover, the agreements stipulate that in the event that any new liabilities are created, the financial conditions and collateral terms of the existing creditors may not be inferior to those of the new credit facilities.

The loans are secured by the transfer of rights of claim under hire purchase agreements, asset-backed loan agreements, the mortgage of land and construction thereon and/or to be constructed thereon in the future, and motorcycle registrations as requested by the commercial banks, corporate guarantee by GLH, fixed deposit at finance institution by GLL, and proportional assets of GLF. As at 31 December 2017, GLF had total assets to mortgage such loans amounting to USD 0.50 million (2016: USD 1.51 million).

The long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Long-term credit facilities which have not yet been drawn down	2,500.0	2,072.9	2,500.0	1,922.9

On 13 February 2018, a commercial bank cancelled the long-term credit facility of Baht 2,500 million. As of 13 February 2018, the long-term credit facility of the Company and its subsidiaries which has not yet been draw down was nil.

On 16 October 2017, the Securities and Exchange Commission (“SEC”) has disclosed that SEC has filed a criminal complaint against Mr. Mitsuji Konoshita, the CEO and Chairman of the Board of Directors, with the Department of Special Investigation (DSI) for committing fraud, misappropriating the company’s assets and falsifying account records by executing concealed transactions through several associated companies abroad to exaggerate the company’s operating results. Resulting Mr. Mitsuji Konoshita be liable to having untrustworthy characteristics as a director and executive of any issuers and listed companies and that he was banned from holding such positions under the Securities and Exchange Act.

On 19 October 2017, the SEC followed with a warning to the Company to rectify its Financial Statements immediately.

On 9 January 2018, JTA filed the civil lawsuit against the Company and on 10 January 2018, JTA also filed the petition for rehabilitation against the Company. After the court accept the petition for rehabilitation for its consider, an automatic stay became applicable. However, on 16 February 2018, the Company submitted a petition requesting for entering into transaction and the court grant the Company permission to repay the interest under debentures as disclosed in Note 48.

By these circumstances mentioned above, the Company has reviewed the terms and conditions in the long-term loans facility agreements. Both legal department and management viewed that at this stage, the Company is not in breach of any covenant under those agreements as disclosed in Note 49.

## 29. Debentures

The Company has issued partially secured, unsubordinated, registered debentures, as detailed below.

(Unit: Thousand Baht)					
Debentures	Interest rate	Terms	Due date	Consolidated / Separate financial statements	
				2017	2016
Debentures 1/2014	As detailed in the table below	3 years	27 February 2017	-	500,000
Debentures 1/2016	As detailed in the table below	3 years	29 September 2019	1,500,000	1,500,000
Less: Unamortised portion of deferred transaction costs				(30,410)	(47,782)
Debentures - net				1,469,590	1,952,218
Less: Current portion				-	(499,128)
Long-term portion of debentures				1,469,590	1,453,090

Details of the Company's debentures are as follows:

The Unsubordinated and partially secured Debentures of Group Lease Public Company Limited No. 1/2014, due 2017.

Name of debentures	"The Unsubordinated and partial secured Debentures of Group Lease Plc. No. 1/2014, due 2017"
Amount	Baht 500 million
Term	3 years, starting from date of issuance
Issued date	27 February 2014
Interest rate	From 27 August 2014 to 29 September 2014, interest rate at 4.17% p.a. from 30 September 2014 to the redemption date, interest rate at 4.55% p.a.
Interest payment schedule	Twice a year on 27 February and 27 August, starting from 27 August 2014
Principal repayment	On the redemption date of 27 February 2017
Covenants	Maintenance of debt to equity ratio, hire purchase receivables ratio and restriction on dividend payment and disposal and transfer of assets
Guarantee	Partial guarantee by a financial institution as disclosed in Note 44.4.

The Unsubordinated and partially secured Debentures of Group Lease Public Company Limited No. 1/2016, due 2019.

Name of debentures	"The Unsubordinated and partial secured Debentures of Group Lease Plc. No. 1/2016, due 2019"
Amount	Baht 1,500 million
Term	3 years, starting from date of issuance
Issued date	29 September 2016
Interest rate	at 2.84% p.a.
Interest payment schedule	Twice a year on 29 March and 29 September, starting from 29 March 2017
Principal repayment	On the redemption date of 29 September 2019
Covenants	Maintenance of debt to equity ratio, restriction on dividend payment and the proportion of shareholding of the major shareholders.
Guarantee	Partial guarantee by a financial institution as disclosed in Note 44.4.

On 16 October 2017, the Securities and Exchange Commission (“SEC”) has disclosed that SEC has filed a criminal complaint against Mr. Mitsuji Konoshita, the CEO and Chairman of Board of Directors, with the Department of Special Investigation (DSI) for committing fraud, misappropriating the company’s assets and falsifying account records by executing concealed transactions through several associated companies abroad to exaggerate the company’s operating results. Resulting Mr. Mitsuji Konoshita be liable to having untrustworthy characteristics as a director and executive of any issuers and listed companies and that he was banned from holding such positions under the Securities and Exchange Act.

On 19 October 2017, the SEC followed with a warning to the Company to rectify its Financial Statements immediately.

On 9 January 2018, JTA filed the civil lawsuit against the Company and on 10 January 2018, JTA also filed the petition for rehabilitation against the Company. After the court accept the petition for rehabilitation for its consider, an automatic stay became applicable. However, on 16 February 2018, the Company submitted a petition requesting for entering into transaction and the court grant the Company permission to repay the interest under debentures as disclosed in Note 48.

By these circumstances mentioned above, the Company has reviewed the terms and conditions in the debentures. Both legal department and management viewed that at this stage, the Company is not in breach of any covenant under those agreements as disclosed in Note 49.

### 30. Convertible debentures

The Company has issued convertible debentures, as detailed below.

				(Unit: Thousand Baht)	
				Consolidated / Separate financial statements	
Convertible debentures	Interest rate	Terms	Due date	2017	2016
Convertible debentures 1/2016	As detailed in the table below	5 years	30 July 2021	4,249,289	4,521,832
Convertible debentures 1/2017	As detailed in the table below	3 years	20 March 2020	1,636,058	-
Convertible debentures 2/2017	As detailed in the table below	3 years	30 March 2020	654,424	-
Total				6,539,771	4,521,832
Less: Unamortised portion of deferred transaction costs				(6,857)	(5,502)
Convertible debentures, net				6,532,914	4,516,330
Less: Amount classified as equity				(59,458)	(10,043)
Amount classified as liability				6,473,456	4,506,287

On 24 June 2016, the Extraordinary General Meeting of the Company's Shareholders No.1/2016 approved the issue and offering of convertible debentures in an amount not exceeding USD 130 million or the equivalent in other currencies. The Meeting also approved an increase in the Company's registered capital to support the conversion of the convertible debentures. On 1 August 2016, the Company issued convertible debentures to a specific foreign investor JTrust Asia Pte. Ltd. through a private placement, a related party as disclosed in Note 7, in accordance with the permission to offer convertible debentures granted to the Company by the Securities and Exchange Commission on 27 July 2016. Key terms and conditions of the convertible debentures are as follow:

Amount of unit	1,300 units
Type of debenture	Unsubordinated, unsecured convertible debenture without debenture holders' representative
Face value	USD 100,000 per 1 convertible debenture
Issue date	1 August 2016
Term	5 years since the date of issuance (1 August 2016 to 1 August 2021)
Interest rate	5.00% per annum
Interest payment	2 times a year on every 1 August and 1 February throughout the term of debentures specified in the terms and conditions If these fall on a holiday, the next business day
Redemption at maturity date	Holders have 2 options: a) Redeem in full in cash b) Convert into common stock
Conversion to common stock	1 convertible debenture (face value of USD 100,000 or equal to 3,540,000 Baht) can be redeemed by converting it to 88,500 shares of common stock
Conversion price	Baht 40 per share
Date of conversion	Last business day of each quarter
Additional information	The Company entered into side agreements with related party to hedge against foreign currency both of principle and interest payable on convertible debentures as disclosed in Note 7. During the year 2017, the Company cancelled the side agreements as disclosed in Note 2.3.

On 6 December 2016, the Extraordinary General Meeting of the Company's Shareholders No.2/2016 approved the issue and offering of convertible debentures to a specific foreign investor in an amount not exceeding USD 70 million or the equivalent in other currencies, approved to JTrust Asia Pte. Ltd. in an amount not exceeding USD 50 million and approved to Creation Investments Sri Lanka LLC in an amount not exceeding USD 20 million, respectively. The Meeting also approved an increase in the Company's registered capital to support the conversion of the convertible debentures.

On 20 March 2017, the Company issued convertible debentures to a specific foreign investor JTrust Asia Pte. Ltd. through a private placement, a related party as disclosed in Note 7, in accordance with the permission to offer convertible debentures granted to the Company by the Securities and Exchange Commission on 27 January 2017. Key terms and conditions of the convertible debentures are as follow:

Amount of unit	500 units
Type of debenture	Unsubordinated, unsecured convertible debenture without debenture holders' representative
Face value	USD 100,000 per 1 convertible debenture
Issue date	20 March 2017
Term	3 years since the date of issuance (20 March 2017 to 20 March 2020)
Interest rate	5.00% per annum
Interest payment	2 times a year on every 20 March and 20 September throughout the term of debentures specified in the terms and conditions If these fall on a holiday, the next business day
Redemption at maturity date	Holders have 2 options: a) Redeem in full in cash b) Convert into common stock
Conversion to common stock	1 convertible debenture (face value of USD 100,000 or equal to 3,465,480 Baht) can be redeemed by converting it to 49,507 shares of common stock
Conversion price	Baht 70 per share
Date of conversion	Last business day of each month



On 30 March 2017, the Company issued convertible debentures to a specific foreign investor Creation Investments Sri Lanka LLC. through a private placement, a related party as disclosed in Note 7, in accordance with the permission to offer convertible debentures granted to the Company by the Securities and Exchange Commission on 27 January 2017. Key terms and conditions of the convertible debentures are as follow:

Amount of unit	200 units
Type of debenture	Unsubordinated, unsecured convertible debenture without debenture holders' representative
Face value	USD 100,000 per 1 convertible debenture
Issue date	30 March 2017
Term	3 years since the date of issuance (30 March 2017 to 30 March 2020)
Interest rate	5.00% per annum
Interest payment	2 times a year on every 30 March and 30 September throughout the term of debentures specified in the terms and conditions If these fall on a holiday, the next business day
Redemption at maturity date	Holders have 2 options: a) Redeem in full in cash b) Convert into common stock
Conversion to common stock	1 convertible debenture (face value of USD 100,000 or equal to 3,465,480 Baht) can be redeemed by converting it to 49,507 shares of common stock
Conversion price	Baht 70 per share
Date of conversion	Last business day of each month

The convertible debentures agreement contains requirements and restrictions with which the Company must comply, as specified in the debentures' offering circular.

On 16 October 2017, the Securities and Exchange Commission (“SEC”) has disclosed that SEC has filed a criminal complaint against Mr. Mitsuji Konoshita, the CEO and Chairman of Board of Directors, with the Department of Special Investigation (DSI) for committing fraud, misappropriating the company’s assets and falsifying account records by executing concealed transactions through several associated companies abroad to exaggerate the company’s operating results. Resulting Mr. Mitsuji Konoshita be liable to having untrustworthy characteristics as a director and executive of any issuers and listed companies and that he was banned from holding such positions under the Securities and Exchange Act.

On 19 October 2017, the SEC followed with a warning to the Company to rectify its Financial Statements immediately.

On 9 January 2018, JTA filed the civil lawsuit against the Company and on 10 January 2018, JTA also filed the petition for rehabilitation against the Company. After the court accept the petition for rehabilitation for its consider, an automatic stay became applicable. However, on 16 February 2018, the Company submitted a petition requesting for entering into transaction and the court grant the Company permission to repay the interest under debentures as disclosed in Note 48.

By these circumstances mentioned above, the Group is aware of the importance of the above situation above and, together with the Group’s legal advisors, has considered the likelihood that there has been any breach of covenants or event of default provisions stipulated in any credit facilities agreement with financial institutions and the debenture agreement, including notice to terminate the financial agreement citing cancelation of voidable transactions and demanded immediate repayment and damages, filed a civil case with the civil court against the Company. Management and the legal advisors of the Group believe that the Company is not in breach of any conditions of the agreements with the creditors and has not violated any laws as claimed.

Thai Accounting Standard 107 “Financial Instruments: Disclosure and Presentation”, requires the issuer of convertible debentures to present the debentures’ liability and equity components separately in the statement of financial position. Therefore, upon issuing the convertible debentures, the Company separated these components, determining the liability component by discounting the stream of future payments of principal and interest at the prevailing market rate. The carrying amount of the equity component was then determined by deducting the liability component from the total carrying value of the convertible debentures.

The liability component is presented at amortised cost until the conversion or maturity of the debentures. The value of the equity component determined upon the issue of the debentures does not change in subsequent periods.

The net proceeds received from the issue of the debentures have been split between a liability component and an equity component, with the liability component representing the initial fair-value of the debt excluding the embedded option to convert the liability into equity of the Company.

	(Unit: Thousand Baht)	
	2017	2016
Balance as at 1 January	4,516,330	-
Nominal value of issue of convertible debentures	2,425,351	4,521,832
Transaction costs	(3,409)	(5,996)
Net proceeds	2,421,942	4,515,836
Amortised - transaction cost	2,064	494
Gain on exchange rate	(407,422)	-
Balance as at 31 December	6,532,914	4,516,330

Reflected in the statements of financial position as follows:

Convertible debentures - liability component	6,473,456	4,506,287
Convertible debentures - equity component	59,458	10,043
Balance as at 31 December	6,532,914	4,516,330

### 31. Advances received for issuance of convertible debentures

The balance amounting to USD 13 million (equivalent to Baht 465.80 million) as at 31 December 2016 are advances received from JTrust Asia Pte. Ltd. and Creation Investments Sri Lanka LLC. on the convertible debentures as approved by the Extraordinary General Meeting of the Company. During the year 2017, the Company issued convertible debentures to the counter parties as disclosed in Note 30.

### 32. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	2017	2016
<b>Provision for long-term employee benefits at beginning of year</b>	8,721	7,480
Included in profit or loss:		
Current service cost	3,398	3,209
Interest cost	193	158
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	4,171
Financial assumptions changes	-	(1,477)
Experience adjustments	-	(3,056)
Benefits paid during the year	(544)	(1,764)
<b>Provision for long-term employee benefits at end of year</b>	<b>11,768</b>	<b>8,721</b>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	2017	2016
Administrative expenses	3,591	3,367

The Company expects to pay Baht 1.8 million of long-term employee benefits during the next year (2016: Baht 1.3 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 21.9 years (2016: 22.8 years).

Significant actuarial assumptions are summarised below:

	(Unit: % per annum)	
	Consolidated/Separate financial statements	
	2017	2016
Discount rate	2.2	2.2
Salary increase rate	1.8-4.4	1.8-4.4
Turnover rate	9.0-22.0	9.0-22.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: million Baht)			
	Consolidated /Separate financial statements			
	As at 31 December 2017		As at 31 December 2016	
	Increase	Decrease	Increase	Decrease
	1.0%	1.0%	1.0%	1.0%
Discount rate	(0.66)	0.75	(0.53)	0.60
Salary increase rate	0.85	(0.76)	0.59	(0.53)
Turnover rate	(0.75)	0.78	(0.60)	0.63

### 33. Share capital

#### 33.1 Resolution of the Annual General Meeting of the Company's shareholders

On 26 April 2017, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a dividend from the operating results of the year 2016 totaling no more than Baht 418.00 million, or Baht 0.2740 per share, to the Company's shareholders. The dividend was paid to the shareholders on 25 May 2017.

#### 33.2 Additional share subscription from the exercise of warrants

During the current year, the Company received additional share subscription totaling Baht 0.76 million from the exercise of warrants, as detailed below.

	Warrant	Ordinary share	Exercise price	Amount
	(units)	(shares)	(Baht/share)	(Million Baht)
GL-W4	19,036	19,036	40	0.76

### 33.3 Reconciliation of number of ordinary shares

During the current year, the movements of registered and paid-up capital and premium on ordinary shares of the Company are as follows:

	Number of ordinary shares (Thousand shares)	Paid-up capital (Thousand Baht)	Share premium (Thousand Baht)
<u>Issued and paid-up share capital</u>			
At the beginning of the year	1,525,510	762,755	5,191,560
Increase in capital from exercising of the rights of the warrant	28	14	1,113
At the end of the year	<u>1,525,538</u>	<u>762,769</u>	<u>5,192,673</u>

### 34. Warrants

As at 31 December 2017, details of outstanding warrants, which were issued by the Company, are as follows:

Type of warrant	Issue to	Issuance date of warrant	Number of warrants original issued	Warrant offer price	Period of warrant	Exercise price per share	Exercise ratio per 1 warrant
GL-W4	Existing shareholders	2 August 2016	165,098,969	-	2 years	Baht 40	1 ordinary share

During the current year, the movements of warrants of the Company are as follows:

Type of warrant	Number of warrants outstanding as at 1 January 2017	Number of warrants issued during the year	Number of warrants exercised during the year	Number of warrants outstanding as at 31 December 2017
GL-W4	164,965,117	-	19,036	164,946,081

### 35. Dividends

Dividends declared in the second quarter of 2017 consist of the following:

Dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Dividends from 2016 operations	Annual General Meeting of the shareholders on 26 April 2017	415,088	0.2740
Total dividends paid in 2017		<u>415,088</u>	<u>0.2740</u>

Dividends declared in the second quarter of 2016 consist of the following:

Dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Dividends from 2015 operations	Annual General Meeting of the shareholders on 28 April 2016	231,240	0.1560
Total dividends paid in 2016		<u>231,240</u>	<u>0.1560</u>

### 36. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

### 37. Other income related to hire purchase activities

Other income related to the hire purchase activities comprises penalties for delays in installment payments, recovery of bad debts, sale of bad debts and fees for other services related to the hire purchase business.

### 38. Other income related to the microfinance activities

Other income related to the microfinance activities comprises of document service fee and fees for other services related to the microfinance business.

### 39. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salary and wages and other employee benefits	712,718	542,746	395,230	334,465
Service agreement expenses	8,202	30,831	6,007	28,174
Debt following expenses	20,509	21,517	17,897	18,938
Depreciation	41,576	36,614	17,503	17,208
Amortisation	9,154	6,858	2,720	1,866
Registration fee	13,406	14,451	5,255	5,955
Rental fee	38,872	36,663	5,080	4,508
Professional fee	51,797	32,821	17,128	3,877

#### 40. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b>Current income tax:</b>				
Current income tax charge	166,686	174,687	90,104	91,918
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(14,313)	27,345	(8,651)	27,082
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>152,373</b>	<b>202,032</b>	<b>81,453</b>	<b>119,000</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax on actuarial loss	-	73	-	73
Total	-	73	-	73

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	(Restated)	(Restated)		
Accounting profit (loss) before tax	(1,454,677)	1,031,073	(1,596,812)	600,927
Applicable tax rate	17% - 25%	17%-25%	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	(245,371)	243,546	(319,362)	120,185
Effects of non-taxable income and expenses	408,694	(25,008)	400,815	(1,185)
Others	(10,950)	(16,506)	-	-
Total income tax expenses reported in the statement of comprehensive income	<b>152,373</b>	<b>202,032</b>	<b>81,453</b>	<b>119,000</b>



The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	57,897	48,815	47,992	40,238
Allowance for diminution of value				
foreclosed assets	3,279	3,132	1,677	3,026
Reserve for employee benefits	2,357	1,744	2,357	1,744
Loss brought forward	11,208	5,575	-	-
Others	640	173	-	9
<b>Total</b>	<b>75,381</b>	<b>59,439</b>	<b>52,026</b>	<b>45,017</b>
<b>Deferred tax liabilities</b>				
Prepaid commission expenses	11,676	10,269	11,676	10,269
Accumulated depreciation and amortisation	2,191	3,140	-	-
Amortised transaction cost of convertible				
debentures - liability component	1,355	1,100	1,355	1,100
Amortised transaction cost of convertible				
debentures - equity component	17	3	17	3
Amortised transaction cost of debentures	6,015	9,404	6,015	9,404
Interest income receivable from NPLs	4,219	-	-	-
Others	71	-	71	-
<b>Total</b>	<b>25,544</b>	<b>23,916</b>	<b>19,134</b>	<b>20,776</b>
<b>Net deferred tax assets</b>	<b>49,837</b>	<b>35,523</b>	<b>32,892</b>	<b>24,241</b>
Reflected in the statements of financial position as follows:				
Deferred tax assets	53,063	35,523	32,892	24,241
Deferred tax liabilities	(3,226)	-	-	-
<b>Net deferred tax assets</b>	<b>49,837</b>	<b>35,523</b>	<b>32,892</b>	<b>24,241</b>

#### 41. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share.

Consolidated financial statements						
	Profit (loss) for the year		Weighted average number of ordinary shares		Earnings per share	
	2017	2016	2017	2016	2017	2016
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit (loss) for the year	(1,603,211)	830,066	1,525,535	1,525,423	(1.051)	0.544
<b>Effect of dilutive potential ordinary shares</b>						
GL-W4	-	-	-	12,472		
<b>Diluted earnings per share</b>						
Profit (loss) of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	(1,603,211)	830,066	1,525,535	1,537,895	(1.051)	0.540
Separate financial statements						
	Profit (loss) for the year		Weighted average number of ordinary shares		Earnings per share	
	2017	2016	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit (loss) for the year	(1,678,265)	481,927	1,525,535	1,525,423	(1.100)	0.316
<b>Effect of dilutive potential ordinary shares</b>						
GL-W4	-	-	-	12,472		
<b>Diluted earnings per share</b>						
Profit (loss) of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	(1,678,265)	481,927	1,525,535	1,537,895	(1.100)	0.313

However, no calculation of diluted earnings per share for the year ended 31 December 2017 was required for GL-W4 and convertible debentures since the effect of diluted earnings per share is antidilutive.

## **42. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Board of Directors.

For management purposes, the Company and its subsidiaries are organised into business units based on their services and have five reportable segments as follows:

- Hire purchase and Asset-backed loan services.
- Financing to corporates and investment holding.
- Business management and consulting service.
- Microfinance service.
- Consumer finance service under joint financing arrangements.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss, total assets and total liabilities and on a basis consistent with that used to operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit, total assets and total liabilities information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2017 and 2016, respectively.

## For the year ended 31 December 2017 (restated)

	Hire Purchase and Asset- backed loan services	Financing to corporates and investment holding	Business management and consulting services	Microfinance service	Consumer finance service under joint financing arrangements	Item not allocated	Consolidated
<b>Revenues</b>							
External customer	2,436,543	201,711	37,494	56,605	56,429	-	2,788,782
Other income	113,779	47,299	8,072	10,256	10,174	-	189,580
Inter segment revenue	780,835	31,060	24,535	-	-	-	836,430
<b>Total revenues</b>	<b>3,331,157</b>	<b>280,070</b>	<b>70,101</b>	<b>66,861</b>	<b>66,603</b>	<b>-</b>	<b>3,814,792</b>
Adjustments and eliminations	(780,835)	(31,060)	(24,535)	-	-	-	(836,430)
<b>Total revenues, net</b>	<b>2,550,322</b>	<b>249,010</b>	<b>45,566</b>	<b>66,861</b>	<b>66,603</b>	<b>-</b>	<b>2,978,362</b>
Services and administrative expenses	(911,995)	(97,340)	(21,582)	(22,638)	(91,396)	-	(1,144,951)
Bad debts and doubtful accounts	(317,727)	-	-	(3,293)	(2,016)	-	(323,036)
Cost of sales	(757)	-	-	-	-	-	(757)
Expense allowance on disputed loans	-	(603,176)	-	-	-	-	(603,176)
Expense allowance on loan and interest receivables	-	(956,641)	-	-	-	-	(956,641)
Loss on disposals of foreclosed assets	(245,351)	-	-	-	-	-	(245,351)
Expense allowance on other receivables	(208,884)	-	-	-	-	-	(208,884)
Expense allowance on other current assets	(38,825)	-	-	-	-	-	(38,825)
Expense allowance on investment loss in associate	-	(582,085)	-	-	-	-	(582,085)
Expense allowance on exclusive right	(55,937)	-	-	-	-	-	(55,937)
Share of profit from investment in associate	-	-	-	-	-	171,951	171,951
Financial cost	-	-	-	-	-	(445,347)	(445,347)
Income tax expense	-	-	-	-	-	(152,373)	(152,373)
<b>Segment profit (loss)</b>	<b>770,846</b>	<b>(1,990,232)</b>	<b>23,984</b>	<b>40,930</b>	<b>(26,809)</b>	<b>(425,769)</b>	<b>(1,607,050)</b>
<b>Segment total assets</b>							
Additions to non-current assets other than financial instruments and deferred tax assets	59,059	-	2,001	5,701	-	39,778	96,106

(Unit: Thousand Baht)

## For the year ended 31 December 2016 (restated)

	Hire Purchase and Asset- backed loan services	Financing to corporates and investment Holding	Business management and consulting services	Consumer finance service under joint financing arrangements	Item not Allocated	Consolidated
<b>Revenues</b>						
External customer	2,282,233	251,081	63,062	3,175	-	2,599,551
Other income	73,659	(1,869)	2,423	14,601	-	88,814
Inter segment revenue	418,408	223,744	14,427	(323)	-	656,256
<b>Total revenues</b>	<b>2,774,300</b>	<b>472,956</b>	<b>79,912</b>	<b>17,453</b>	<b>-</b>	<b>3,344,621</b>
Adjustments and eliminations	(418,408)	(223,744)	(14,427)	323	-	(656,256)
<b>Total revenues, net</b>	<b>2,355,892</b>	<b>249,212</b>	<b>65,485</b>	<b>17,776</b>	<b>-</b>	<b>2,688,365</b>
Services and administrative						
Expenses	(798,110)	(63,695)	-	(25,571)	-	(887,376)
Bad debts and doubtful accounts	(313,270)	-	-	-	-	(313,270)
Loss on disposals of foreclosed						
Assets	(232,251)	-	-	-	-	(232,251)
Share of profit from investment in						
associate	-	-	-	-	48,355	48,355
Financial cost	-	-	-	-	(272,749)	(272,749)
Income tax expense	-	-	-	-	(202,033)	(202,033)
<b>Segment profit (loss)</b>	<b>1,012,261</b>	<b>185,517</b>	<b>65,485</b>	<b>(7,795)</b>	<b>(426,427)</b>	<b>829,041</b>
<b>Segment total assets</b>						
Additions to non-current						
assets other than financial						
instruments and						
deferred tax assets	68,372	-	-	-	5,771	74,143

## Geographic information

Revenue from external customers is based on locations of the customers and includes only the Company and its subsidiaries.

(Unit: Thousand Baht)

	2017	2016
Revenue from external customers		
Thailand	1,766,544	1,608,594
Cambodia	693,625	654,016
Singapore (restated)	225,744	263,327*
Cyprus (restated)	7,966	(22,882)*
Luxembourg	7,012	9,605
Laos	96,806	93,375
Indonesia	79,482	19,268
Myanmar	80,774	-
Japan	20,409	63,062
Total	2,978,362	2,688,365

\*The Company has amended the financial statements for the year 2016 retroactively whereby it has not recognized interest income from Singapore and Cyprus borrowers as revenue. Because the effects of adjustments for the year 2015 for Singapore and Cyprus borrowers were only Baht 11 million and Baht 23 million, respectively, which was regarded by the Company as immaterial. The Company has included the amendment the effect of 2015 revenue to 2016 revenue. This amendment resulted in negative balance for revenue from Cyprus borrowers.

Non-current assets (other than financial  
instruments, deferred tax assets and investment  
in associate)

Thailand	155,139	120,510
Cambodia	35,785	106,268
Singapore	36,958	35,335
Laos	1,404	2,785
Indonesia	15,547	5,570
Myanmar	6,688	-
Total	251,521	270,468

## Major customers

For the year 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

#### 43. Provident fund

The Company and employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company contributed to the fund monthly at the rate of 0% - 5% of basic salary and employees contributed at the rate of 0% - 15% of basic salary. The fund, which is managed by Ayudhya Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years 2017 and 2016, the Company contributed Baht 9.2 million and Baht 8.1 million, respectively to the fund.

#### 44. Commitments

##### 44.1 Capital commitments

As at 31 December 2017, the Company had capital commitments of approximately USD 0.02 million, relating to the purchase of software licenses and Baht 0.4 million, relating to the building improvement and lease area (2016: Baht 0.01 million).

##### 44.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land and office building space. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	Consolidated financial statement			
	2017		2016	
	Payable			
	In up to 1 year	In over 1 and up to 5 years	In up to 1 year	In over 1 and up to 5 years
	Thousand Baht	20,178	15,616	15,280
Thousand USD	114	411	157	36
Thousand IDR	811,087	2,943,360	1,216,631	1,216,631
Thousand SGD	126	-	-	-
	Separate financial statement			
	2017		2016	
	Payable			
	In up to 1 year	In over 1 and up to 5 years	In up to 1 year	In over 1 and up to 5 years
	Thousand Baht	9,185	8,117	6,851

#### **44.3 Service commitments**

As at 31 December 2017, the Company is required to pay fees of USD 0.01 million, JPY 0.6 million and Baht 0.2 million per month to individuals who are employees of related party, for consultancy relating to overseas investment (2016: USD 0.02 million, JPY 0.6 million and Baht 0.4 million per month) and financial service consulting fees Baht 12.15 million (2016: Baht 1.14 million).

#### **44.4 Guarantees**

- 1) As at 31 December 2017, the Company has letters of guarantee for short term loans of its subsidiaries in term of Standby Letter of Credit issued by banks amounting to USD 4.0 million (2016: USD 4.0 million and Baht 36.6 million).
- 2) As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 975.3 million (2016: Baht 1,275.3 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 975.0 million (2016: Baht 1,275.0 million) to guarantee debentures and Baht 0.3 million (2016: Baht 0.3 million) to guarantee electricity use and use of post services.

#### **44.5 Exclusive Referral Agreement**

On 26 June 2017, GLF entered into a 3-year Exclusive Referral Agreement (automatically renewed for a further two years unless both parties mutually agree in writing not to renew the agreement at least six months before the expiration date) with a company which is a distributor of Honda motorcycles in Cambodia. The agreement grants GLF the right to act as the exclusive finance agent to arrange hire purchase finance for Honda brand motorcycles. GLF is required to pay a fee at a rate of 3.6% of the finance amount provided to each customer who purchase a motorcycle.



#### 45. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had assets and liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)			
Consolidated financial statements			
As at 31 December 2017 (restated)			
	Level 1	Level 2	Level 3
<b>Liabilities measured at fair value</b>			
Derivatives			
Interest rate swap contracts	-	(1)	-
<b>Assets for which fair value are disclosed</b>			
Long-term portion of loans and interest receivables	-	-	40
Investment in associates	-	-	3,564*
Other long-term investments			
Investments in held-to-maturity debt securities	-	-	186
Investments in other companies	-	65	435
<b>Liabilities for which fair value are disclosed</b>			
Debentures	-	1,547	-
Convertible debentures	-	7,427	-

\* This value was calculated based on the financial advisor, using the discount cash flow model as disclosed in Note 19.3.

(Unit: Million Baht)			
Consolidated financial statements			
As at 31 December 2016 (restated)			
	Level 1	Level 2	Level 3
<b>Assets for which fair value are disclosed</b>			
Long-term portion of disputed loans	-	-	1,381
Long-term portion of loans and interest receivables	-	-	1,895
Investment in associates	-	-	2,170*
Other long-term investments	-	62	414
<b>Liabilities for which fair value are disclosed</b>			
Debentures	-	1,566	-
Convertible debentures	-	4,862	-
Derivatives			
Interest rate swap contracts	-	(1)	-

\* This value was calculated based on the financial advisor, using the residual income approach as disclosed in Note 19.3.

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	1,547	-	1,547
Convertible debentures	-	7,427	-	7,427

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	1,566	-	1,566
Convertible debentures	-	4,862	-	4,862

## 46. Financial instruments

### 46.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, short-term investment, hire purchase and installment sales receivables, asset-backed loan receivables, microfinance receivables, consumer finance receivables under joint financing, loans receivables, pledged fixed deposit at financial institution, other receivables, other long term investments, deposits, bank overdraft and short-term loans from financial institutions, Trade and other payables, deposits from customers, short-term loan, long-term loan, debentures, convertible debentures and derivatives liability. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company is exposed to credit risk primarily with respect to hire purchase and installment sales receivables, asset-backed loan receivables and loans receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of hire purchase and installment sales receivables, asset-backed loan receivables and loans receivables as stated in the statement of financial position.

### **Interest rate risk**

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its deposits with financial institutions, hire purchase and installment sales receivables, asset-backed loan receivables, loans receivables, pledged fixed deposit at financial institution, bank overdraft and short-term loans from financial institutions, short-term loan, long-term loan, debentures and convertible debentures. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The Company and its subsidiaries mitigates the risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivative financial instrument, principally interest rate swaps, to manage exposure to fluctuations in interest rates on borrowings.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)					
Consolidated financial statements as at 31 December 2017					
	Fixed interest rates			Non-	Total
	Within 1 year	1 - 5 years	Floating interest rate	interest bearing	
<b>Financial assets</b>					
Cash and cash equivalent	1,797.45	-	286.10	996.35	3,079.90
Short-term investment	47.80	-	-	-	47.80
Hire purchase and installment sales receivables, net	3,194.77	3,358.40	-	-	6,553.17
Asset - backed loan receivables - net	269.59	76.82	-	-	346.41
Microfinance receivables	378.43	39.53	-	-	417.96
Consumer finance receivables under joint financing	14.08	42.51	-	-	56.59
Loan and interest receivables – as restated	0.55	40.84	-	-	41.39
Other receivables	-	-	-	82.41	82.41
Deposits at bank with restrictions	-	11.65	-	-	11.65
Other long-term investments	-	192.72	-	478.28	671.00
Deposits	-	-	-	38.21	38.21
	<u>5,702.67</u>	<u>3,762.47</u>	<u>286.10</u>	<u>1,595.25</u>	<u>11,346.49</u>

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2017

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total
	Within	1 - 5			
	1 year	years			
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	65.24	-	-	-	65.24
Trade and other payables	-	-	-	280.40	280.40
Deposit from customer	-	22.91	-	-	22.91
Derivatives liability	0.61	-	-	-	0.61
Long-term loans	102.76	19.49	-	-	122.25
Debenture	-	1,469.59	-	-	1,469.59
Convertible debenture	-	6,473.46	-	-	6,473.46
	<u>168.61</u>	<u>7,985.45</u>	<u>-</u>	<u>280.40</u>	<u>8,434.46</u>

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2016

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total
	Within	1 - 5			
	1 year	years			
<b>Financial assets</b>					
Cash and cash equivalent	465.80	-	239.47	1,845.95	2,551.22
Hire purchase and installment sales receivables, net	3,142.21	3,153.72	-	-	6,295.93
Asset - backed loan receivables - net	226.27	55.48	-	-	281.75
Disputed loans – as restated	-	1,815.81	-	-	1,815.81
Loan and interest receivables – as restated	767.50	938.61	-	-	1,706.11
Other receivables	-	-	-	186.25	186.25
Deposits at bank with restrictions	0.33	-	-	-	0.33
	<u>4,602.11</u>	<u>5,963.62</u>	<u>239.47</u>	<u>2,032.20</u>	<u>12,837.40</u>
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	504.18	-	52.08	-	556.26
Trade and other payables	-	-	-	228.14	228.14
Short-term loans from and interest payable to related party	4.40	-	-	-	4.40
Long-term loans	585.74	212.39	-	-	798.13
Debenture	499.13	1,453.09	-	-	1,952.22
Convertible debenture	-	4,506.29	-	-	4,506.29
Advance received for issuance of convertible debentures	-	-	-	465.80	465.80
	<u>1,593.45</u>	<u>6,171.77</u>	<u>52.08</u>	<u>693.94</u>	<u>8,511.24</u>

(Unit: Million Baht)

## Separate financial statements as at 31 December 2017

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total
	Within 1 year	1 - 5 years			
<b>Financial assets</b>					
Cash and cash equivalent	-	-	117.80	2.14	119.94
Hire purchase and installment sales receivables, net	2,024.73	2,094.61	-	-	4,119.34
Short-term loans to and interest receivable from subsidiary	165.55	-	-	-	165.55
Other receivables	-	-	-	22.39	22.39
Deposits at bank with restrictions	-	0.34	-	-	0.34
Long-term loan to and interest receivables from subsidiary	-	5,345.59	-	-	5,345.59
Deposit	-	-	-	2.50	2.50
	<u>2,190.28</u>	<u>7,440.54</u>	<u>117.80</u>	<u>27.03</u>	<u>9,775.65</u>

**Financial liabilities**

Trade and other payables	-	-	-	261.72	261.72
Long-term loans from subsidiary	40.00	-	-	-	40.00
Debentures	-	1,469.59	-	-	1,469.59
Convertible debenture	-	6,473.46	-	-	6,473.46
	<u>40.00</u>	<u>7,943.05</u>	<u>-</u>	<u>261.72</u>	<u>8,244.77</u>

(Unit: Million Baht)

## Separate financial statements as at 31 December 2016

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total
	Within 1 year	1 - 5 years			
<b>Financial assets</b>					
Cash and cash equivalent	465.8	-	1.62	1.30	468.72
Hire purchase and installment sales receivables, net	1,946.22	1,797.54	-	-	3,743.76
Short-term loans to and interest receivable from subsidiary	5,198.25	-	-	-	5,198.25
Other receivables	-	-	-	34.42	34.42
Deposits at bank with restrictions	0.33	-	-	-	0.33
	<u>7,610.60</u>	<u>1,797.54</u>	<u>1.62</u>	<u>35.72</u>	<u>9,445.48</u>

(Unit: Million Baht)

## Separate financial statements as at 31 December 2016

	Fixed interest rates		Non-		Total
	Within	1 - 5	Floating	interest	
	1 year	years	interest rate	bearing	
<b>Financial liabilities</b>					
Bank overdrafts and short-term					
loans from financial institutions	396.69	-	52.08	-	448.77
Trade and other payables	-	-	-	198.97	198.97
Short-term loans from related party	130.00	-	-	-	130.00
Long-term loans from subsidiary	53.30	-	-	-	53.30
Long-term loans	-	-	577.13	-	577.13
Debentures	499.13	1,453.09	-	-	1,952.22
Convertible debenture	-	4,506.29	-	-	4,506.29
Advance received for issuance of					
convertible debentures	-	-	-	465.80	465.80
	<u>1,079.12</u>	<u>5,959.38</u>	<u>629.21</u>	<u>664.77</u>	<u>8,332.48</u>

**Foreign currency risk**

The Company's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies.

As at 31 December 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements				Separate financial statements				Average exchange rate as at	
	Financial assets		Financial liabilities		Financial assets		Financial liabilities			
	as at 31 December		as at 31 December		as at 31 December		as at 31 December		31 December	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	1.16	13.06	201.95	145.71	166.83	62.75	205.26	145.77	32.6809	35.8307
SGD	0.16	0.05	0.07	-	-	-	-	-	24.4503	24.8010
LKR	44.15	332.10	-	-	-	-	-	-	0.21305	0.2392
KHR	243.58	5.06	-	-	-	-	-	-	0.00805	0.00885
THB	23.00	65.83	41.95	67.96	-	-	-	-	1	1
LAK	-	-	-	-	18.13	-	145.49	-	0.0039	0.0044
IDR	-	-	-	-	-	-	105.11	-	0.0024	0.0027
JPY	0.10	-	-	-	-	-	-	-	0.2898	0.3080

**46.2 Fair values of financial instruments**

The fair values of the Company and its subsidiaries' financial instruments are estimated to approximately the amounts presented in the statements of financial position, except for the following:

(Unit: Million Baht)

	Consolidated financial statements			
	2017		2016	
	Carrying		Carrying	
	value	Fair value*	value	Fair value*
<b>Financial assets</b>				
Long-term portion of disputed loans – as restated	-	-	1,816	1,381
Long-term portion of loans and interest receivables – as restated	41	40	939	1,895
Other long-term investments				
Investments in held-to-maturity debt securities	193	186	-	-
Investments in other companies	478	500	476	476
<b>Financial liabilities</b>				
Long-term portion of debentures	1,470	1,547	1,453	1,566
Convertible debentures	6,473	7,427	4,506	4,862

\* The fair value are calculated by using average buying and selling rate to convert the fair value as at 29 December 2017 and 30 December 2016

(Unit: Million Baht)

	Separate financial statements			
	2017		2016	
	Carrying		Carrying	
	value	Fair value	value	Fair value
<b>Financial liabilities</b>				
Long-term portion of debentures	1,470	1,547	1,453	1,566
Convertible debentures	6,473	7,427	4,506	4,862

The estimated fair value of the derivatives is as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Fair value	Fair value	Fair value	Fair value
	Gain (loss)	Gain (loss)	Gain (loss)	Gain (loss)
<b>Financial derivatives</b>				
Interest rate swap contracts	(1)	(1)	-	-

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, short-term loans to, other receivables, trade and other payables, and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.
- b) For hire purchase and installment sales receivables and asset-backed loan receivables, fair value is stated net of unearned hire purchase interest income and allowance for doubtful accounts.
- c) For loan receivables, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- d) For non-marketable securities, their fair value is estimated by discounting expected future cash flow by capital assets pricing model.
- e) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximate their fair value.
- f) For fixed rate debentures and convertible debentures, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the bonds with similar terms and conditions.
- g) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as interest rate yield curves and commodity price yield curves.

#### **47. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 1.51:1 (2016: 1.06:1) and the Company's was 1.57:1 (2016: 1.14:1).



#### **48. Clarification on Legal proceeding**

At the beginning of January 2018, J Trust Asia Pte. Ltd. ("JTA"), a limited company registered in Singapore, has taken legal actions in Thailand and in Singapore against the Company by filing a civil complaint and filing a petition for rehabilitation of the Company as per the following details:

##### **48.1 Litigations in Thailand**

###### **1) Civil Case**

On 9 January 2018, JTA filed a complaint against the Company, its former executive director and three of its current directors as defendants with the Civil Court, being a civil black case number Por. 83/2561 and the Civil Court scheduled for the first court hearing (i.e. hearing for settlement of issues at dispute) to be on 23 April 2018.

The Company has received a court's summon and copy of the complaint from the Civil Court by posting at registered address of the Company on 11 February 2018. In this regard, the Company has already appointed a lawyer to represent the Company in defending this case.

Pursuant to JTA's complaint (which was amended on 17 January 2018), JTA alleged that the Company and the other defendants jointly conducted fraudulent acts against JTA in relation to the Company's financial status and business profits in order to incentivize JTA to invest in the Company. As a result, legal transactions entered into between JTA and the Company regarding such investments were conducted via declaration of intention as a result of such fraudulent acts or mistake to an essential element regarding the Company's financial status and business profits, and, thus, such legal transactions became voidable. JTA has declared its intention to avoid all transactions concerning investments in the Company and demanded for return of the investments. In addition, JTA alleged that the Company and the other defendants also jointly conducted a wrongful act against JTA. Relying on the aforementioned allegations, JTA filed the complaint demanding the Company and the other defendants to jointly or severally compensate for damages to JTA. The claim amount of this case calculated into THB is an amount of THB 8,020,132,483.88.

Pursuant to the fact that JTA filed the petition for rehabilitation and the Central Bankruptcy Court has accepted the petition for rehabilitation for its consideration on 11 January 2018, the automatic stay is applicable to the Company. This matter will be further discussed in the part of rehabilitation case. By effects of the automatic stay, proceedings in the civil case only in the part against the Company will be temporarily suspended, unless the Central Bankruptcy Court will issue its order otherwise. As the Civil Court deems appropriate, the Civil Court may consider temporary ordering striking the civil case only in the part against the Company out of the Civil Court's case list or may consider ordering postponing the first court hearing and scheduling for new court hearings periodically. These are in order to allow time until the Central Bankruptcy Court renders its order in the rehabilitation case.

An issue of whether the case against the other defendants will be temporarily suspended depends on whether the other defendants request for the Civil Court to suspend the case in the part against them and on the Civil Court's discretion in its consideration on such requests.

## 2) Rehabilitation Case

On 10 January 2018, JTA filed the petition for rehabilitation of the Company (the "Petition for Rehabilitation") with the Central Bankruptcy Court, being a black case number For. 1/2561, and the Central Bankruptcy Court accepted the Petition for Rehabilitation for its consideration on 11 January 2018. In this regard, the Central Bankruptcy Court scheduled a hearing date for inquiring of the Petition for Rehabilitation to be on 19 March 2018.

The Company has received a court's summon and copy of the Petition for Rehabilitation from the Central Bankruptcy Court. In this regard, the Company has already appointed a lawyer to represent the Company in defending this case. The Company and other creditors of the Company that disagree with the request for the rehabilitation of the Company are entitled to file an objection with the Central Bankruptcy Court by 15 March 2018.

Pursuant to the Petition for Rehabilitation, JTA alleged that JTA was a creditor of the Company for monetary debt incurred due to the avoidance of investment agreements and purchase of convertible debentures in an amount of USD 180,000,000, which could be approximately converted into THB 5,831,298,000, and alleged that the Company was currently in a state of insolvency. However, after consideration by JTA on relevant factors, there were appropriate reasons for the Company to enter into rehabilitation process and there were prospects for rehabilitation of the Company. Therefore, JTA requested the Central Bankruptcy Court to order for the rehabilitation of the Company, and JTA nominated PCL Planner Co., Ltd. as a preparer of the Company's rehabilitation plan.

The Company anticipated that the proceedings in this case from the date of the inquiring of the Petition for Rehabilitation (i.e. 19 March 2018) until the date the Central Bankruptcy Court issues an order in relation to the Petition for Rehabilitation may take at least three to four months. The aforementioned period might alter depending on fixing the dates for presentation of witness and evidence of relevant parties.

After the Central Bankruptcy Court issued an order accepting the Petition for Rehabilitation for its consideration, an automatic stay became applicable to the Company onwards until the Central Bankruptcy Court issues any order prescribed in Section 90/12 of the Bankruptcy Act B.E. 2483. However, the automatic stay does not have the effect of ceasing the business operation of the Company. Thus, the Company can continue its business and conduct any action necessary for its ordinary course of business of the Company.

The significant legal effects of the automatic stay are that, during the period where the automatic stay is being applied, all creditors of the Company will be barred from initiating civil lawsuits in relation to the Company's assets and submitting a statement of claim to arbitrators (for all debts incurred prior to the date the Central Bankruptcy Court issues an order approving the rehabilitation plan). In case where there is any civil case pending consideration by the court or any dispute pending consideration by the arbitrators, those proceedings will be temporarily suspended, unless the Central Bankruptcy Court will issue its order otherwise. Furthermore, the Company is also prohibited from disposing, distributing, transferring, granting a lease, making repayment of debt, creating debts, or performing any action having the effect of creating any encumbrance over its properties, except that such action is necessary for the continuance of normal operation of its business, or that the Central Bankruptcy Court allows for the Company to perform such action on a case by case basis. The aforementioned is in accordance with Section 90/12 (4) and (9) of the Bankruptcy Act B.E. 2483.

In addition, on 16 February 2018, the Company submitted a petition requesting for entering into transaction to the Court for protection of the interests of the investors and shareholders, where the impacts thereof have been considered, and the Court granted the Company permission to repay interest under debentures issued by the Company pursuant to the existing terms and conditions, including execution of relevant documents in relation to such matters whereby those actions are deemed necessary for management of the Company's funds for the continuation of the Company's business operation without Court's approval.

In case where the Central Bankruptcy Court issues its order dismissing the Petition for Rehabilitation, the Company will no longer be subject to the automatic stay and be entitled to enter into any transaction without any condition or limitation.

#### 48.2 Litigation in Singapore

##### 1) Legal Proceedings Initiated in Singapore

JTA commenced legal proceedings in the Singapore court against Group Lease Holdings Pte. Ltd. ("GLH"), a wholly-owned subsidiary of the Company registered in Singapore, and a former executive director of the Company, on 22 December 2017. JTA's primary claim is that GLH, had acted in conspiracy with other defendants to injure JTA by inducing them to invest in the Company when the Company's financial position was in fact poorer than represented. Currently, GLH is waiting for the fix schedule from the court.

In this regard, JTA applied for and obtained on 26 December 2017 an *ex parte* interim injunction order restraining GLH (and the former executive director) from dealing with or disposing of its assets in Singapore up to the value of USD 180,000,000 (save allowances for ordinary living and business expenses, and legal fees).

GLH vigorously denies JTA's claims, and has duly engaged lawyers in Singapore to defend against these allegations. Among others, GLH applied to set aside and discharge the *ex parte* interim injunction order.

On 23 February 2018, the High Court granted the GLH's setting aside application and discharged the *ex parte* interim injunction order. Therefore, GLH is no longer under any restraints in relation to the use and/or dealings with its assets in Singapore.

As discussed in notes 48.1 and 48.2, the Group is aware of the importance of the above situation above and, together with the Group's legal advisors, has considered the likelihood that there has been any breach of covenants or event of default provisions stipulated in any credit facilities agreement with financial institutions and the debenture agreement, including notice to terminate the financial agreement citing cancelation of voidable transactions and demanded immediate repayment and damages, filed a civil case with the civil court against the Company. Management and the legal advisors of the Group believe that the Company is not in breach of any conditions of the agreements with the creditors and has not violated any laws as claimed.

#### **49. Summary of Significant Adjustments**

On 8 November 2017, the Board of Directors' Meeting of the Company passed a resolution to approve significant adjustment to setting up provisions for all receivables outstanding as of 31 December 2017 related to the Cyprus and Singapore loan borrowers.

The adjustment referred to above is to express an intention of the board of directors of the Company to cooperate with the SEC in eliminating doubt in regard to the loans and interest outstanding and for the benefits of investors in their consideration of the Company's status and to demonstrate transparency and good governance in the Company's operations.

In addition, the Board of Director's Meeting considered and agreed with the opinion of the Group's legal advisories on likelihoods of breach of any covenants or event of default provisions stipulated in any credit facilities agreement with financial institution and debenture agreement including demands and claims as discussed in Note 48. Based on the review, the Group maintained that it did not breach any conditions of such agreements with the creditors and the demands and claims were without merits.

On 13 November 2017, the Board of Directors' Meeting of the Company passed a resolution to approve significant adjustments as follows:

- 1) Setting up an allowance for investments loss in an associated company in the consolidated financial statements (refer to note 19 – Investment in associate),
- 2) Setting up an allowance for investment loss in GLH on separate financial statements (refer to note 18 - Investment in subsidiaries) and
- 3) Setting up an allowance related transaction with former executive director which including the exclusive right between GLF and APFG in the consolidated financial statements (refer to note 7 – Related party transactions).

The adjustment referred to in item 3 is to express an intention of the board of directors to demonstrate transparency in relation to issues involving the former executive director and integrity to investors which will benefit the investors in their consideration of the Company's status. The amounts of adjustments affecting the statements of comprehensive income are summarised below.

	(Unit: Thousand Baht)		
	Consolidated		Separate
	financial statements		financial statements
	(Thousand USD)	(Equivalent to Thousand Baht)	(Thousand Baht)
Statements of comprehensive income			
Profit or loss:			
Expense allowance on investment loss in subsidiary	-	-	2,426,818
Expense allowance on disputed loans – as restated	18,076	603,176	-
Expense allowance on loan and interest receivables			
– as restated	28,669	956,641	-
Expense allowance on investment loss in associated	17,142	582,085	-
Expense allowance on other receivables	6,064	202,348	-
Expense allowance on exclusive right	1,676	55,937	-
Expense allowance on other current assets	1,164	38,825	-

As discussed in Note 7 on related party transactions with former executive director, the details of all provisioned items are listed in the table below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b><u>Allowance for doubtful accounts - Other receivables</u></b>				
<b><i>Related parties</i></b>				
Director of and subsidiaries	7,838	-	-	-
A.P.F. Group Co., Ltd.	4,363	-	-	-
Engine Holdings Asia Pte. Ltd.	492	-	-	-
Asia Partnership Fund Pte., Ltd.	12	-	-	-
Cambodian People Micro Insurance PLC.	3,259	-	-	-
APF Trading Plc.	183,362	-	-	-
Showa Holdings Co., Ltd.	(1,157)	-	-	-
<b>Total</b>	<b>198,169</b>	<b>-</b>	<b>-</b>	<b>-</b>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b><u>Allowance for other current assets loss</u></b>				
<b><i>Related party</i></b>				
APF Trading Plc.	38,025	-	-	-
<b>Total</b>	38,025	-	-	-
<b><u>Allowance for exclusive right loss</u></b>				
<b><i>Related party</i></b>				
A.P.F. Group Co., Ltd.	54,785	-	-	-
<b>Total</b>	54,785	-	-	-

## 50. Correction of accounting errors and reclassification of transactions

The Company's financial statements for the years ended 31 December 2017 and 2016 have been prepared and issued on 28 February 2018 and 28 February 2017, respectively.

On 19 October 2017, the Company received a request from the SEC to revise/correct its financial statements, Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) in response to the criminal complaint filed by the SEC to the Department of Special Investigation (DSI) on 16 October 2017 against former executive director, in relation to allegations of fraud, misappropriation of the company's assets and falsifying account records by executing concealed transactions through several associated companies abroad to exaggerate the company's operating results. The SEC claimed that the recording of such transactions in the Company's accounts resulted in the Company's financial statements being inaccurate, rendering the Company in breach of Section 56 and/or 312 of the Securities and Exchange Act if they do not rectify their financial statements promptly.

Hence, although the Company could not find any evidence showing any abnormality of the loans, the Company resolved to revise its financial statements as requested by the SEC.

These Financial Statements and Notes have been revised with the provisions set forth in TAS 8. Specifically, given the timeline set out above, the Company has applied TAS 8.42 by revising the material prior period errors in the set of Financial Statements as at 31 December 2017. Furthermore, the Company has also restated the comparative amounts for prior periods to present fairly the cumulative effect of the error restatement.

The cumulative effects of financial statements for the years ended 31 December 2017 and 2016, presented herewith for comparative purposes, are as follows:

(Unit: Thousand Baht)

Consolidated financial statements				
31 December 2017				
	As previously reported	Reclassified Increase (Decrease)	Restated Increase (Decrease)	As restated
<b>Statement of financial position</b>				
<b>Current assets</b>				
Current portion of loans and interest receivables	1,912,885	(975,405)	-	937,480
Allowance for loan and interest receivables	(1,912,336)	975,405	-	(936,931)
<b>Current portion of loans and interest receivables - net</b>	<b>549</b>	<b>-</b>	<b>-</b>	<b>549</b>
Current portion of disputed loans	-	975,405	(384,657)	590,748
Allowance for disputed loans	-	(975,405)	384,657	(590,748)
<b>Current portion of disputed loans - net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-current assets</b>				
Long-term portion of loans and interest receivables	40,840	-	-	40,840
Allowance for loan and interest receivables	-	-	-	-
<b>Long-term portion of loans and interest receivables - net</b>	<b>40,840</b>	<b>-</b>	<b>-</b>	<b>40,840</b>
Long-term portion of disputed loans	-	-	-	-
Allowance for disputed loans	-	-	-	-
<b>Long-term portion of disputed loans - net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity</b>				
Unappropriated retained earnings (deficit)	(126,109)	-	(18,281)	(144,390)
Other components of shareholders' equity	(321,411)	-	18,281	(303,130)



(Unit: Thousand Baht)

Consolidated financial statements				
31 December 2017				
	As previously reported	Reclassified Increase (Decrease)	Restated Increase (Decrease)	As restated
<b><u>Statement of comprehensive income</u></b>				
<b>Profit or loss:</b>				
<b>Revenues</b>				
Interest on loan receivables	378,962	-	(177,251)	201,711
<b>Expenses</b>				
Expense allowance on loan and interest receivables	(1,952,565)	995,924	-	(956,641)
Expense allowance on disputed loans	-	(995,924)	392,748	(603,176)
<b>Loss for the year</b>	<b>(1,822,548)</b>	<b>-</b>	<b>215,497</b>	<b>(1,607,051)</b>
<b><u>Other comprehensive income:</u></b>				
Exchange differences on translation of financial statements in foreign currency - net of income tax	(549,330)	-	21,302	(528,028)
<b>Other comprehensive income for the year</b>	<b>(632,609)</b>	<b>-</b>	<b>21,302</b>	<b>(611,307)</b>
<b><u>Profit (loss) attributable to:</u></b>				
Equity holders of the Company	(1,818,708)	-	215,497	(1,603,211)
<b><u>Total comprehensive income attributable to:</u></b>				
Equity holders of the Company	(2,443,528)	-	236,799	(2,206,729)
<b><u>Earnings per share (Baht):</u></b>				
Basic earnings per share (loss)	(1.192)	-	0.141	(1.051)
Diluted earnings per share (loss)	(1.192)	-	0.141	(1.051)

(Unit: Thousand Baht)

## Consolidated financial statements

31 December 2016

	Reclassified	Restated	
As previously reported	Increase (Decrease)	Increase (Decrease)	As restated
<b>Statement of financial position</b>			
<b>Current assets</b>			
Current portion of loans and interest receivables	882,435	(114,939)	767,496
Allowance for loan and interest receivables	-	-	-
<b>Current portion of loans and interest receivables - net</b>	<b>882,435</b>	<b>(114,939)</b>	<b>767,496</b>
Current portion of disputed loans	-	114,939	-
Allowance for disputed loans	-	-	-
<b>Current portion of disputed loans - net</b>	<b>-</b>	<b>114,939</b>	<b>-</b>
<b>Non-current assets</b>			
Long-term portion of loans and interest receivables	2,876,285	(1,937,675)	938,610
Allowance for loan and interest receivables	-	-	-
<b>Long-term portion of loans and interest receivables - net</b>	<b>2,876,285</b>	<b>(1,937,675)</b>	<b>938,610</b>
Long-term portion of disputed loans	-	1,937,675	-
Allowance for disputed loans	-	-	-
<b>Long-term portion of disputed loans - net</b>	<b>-</b>	<b>1,937,675</b>	<b>-</b>
<b>Shareholders' equity</b>			
Unappropriated retained earnings	2,101,423	-	1,867,645
Other components of shareholders' equity	260,257	-	257,236

(Unit: Thousand Baht)

Consolidated financial statements				
31 December 2016				
	As previously reported	Reclassified Increase (Decrease)	Restated Increase (Decrease)	As restated
<b><u>Statement of comprehensive income</u></b>				
<b>Profit or loss:</b>				
<b>Revenues</b>				
Interest on loan receivables	484,859	-	(233,778)	251,081
<b>Profit for the year</b>	<b>1,062,819</b>	<b>-</b>	<b>(233,778)</b>	<b>829,041</b>
<b><u>Other comprehensive income:</u></b>				
Exchange differences on translation of financial statements in foreign currency				
- net of income tax	(28,549)	-	(3,021)	(31,570)
<b>Other comprehensive income for the year</b>	<b>(20,211)</b>	<b>-</b>	<b>(3,021)</b>	<b>(23,232)</b>
<b><u>Profit attributable to:</u></b>				
Equity holders of the Company	1,063,844	-	(233,778)	830,066
<b><u>Total comprehensive income attributable to:</u></b>				
Equity holders of the Company	1,043,000	-	(236,779)	806,201
<b><u>Earnings per share (Baht):</u></b>				
Basic earnings per share	0.697	-	(0.153)	0.544
Diluted earnings per share	0.692	-	(0.152)	0.540

The revision of these financial statements have been made only on the issue as raised by the SEC i.e. by reclassification of loans as alleged by the SEC and reversal of related interest income. There is no other revision and there is no update of any subsequent events previously disclosed or adjusted in the financial statements.

## 51. Approval of financial statements

The financial statements before restatement were authorised for issue by the Company's Board of Directors on 28 February 2018. These restated financial statements were authorised for issue by the Company's Board of Directors on 31 July 2018.