



# ANNUAL REPORT

GROUP LEASE PUBLIC COMPANY LIMITED

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YEAR  

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2018



GROUP LEASE PUBLIC COMPANY LIMITED

## ANNUAL REPORT 2018

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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.international](http://www.grouplease.international)

# Skol Harnsuthivarin

Chairman of the Board of Directors  
Group Lease Public Company Limited



## Message from Chairman

I was appointed Chairman of Audit Committee and Chairman of the Board of Directors of Group Lease Public Company Limited, together with the other 3 new Independent Directors and 2 existing Independent Directors, on 23 February, 2018. During the year and two months since my appointment, I, the Audit Committee, and the Board of Directors have consistently strived to carry out our fiduciary duties by upholding the independence of the Audit Committee, by promoting transparency and accountability, by adhering to the principles of good corporate governance recommended by the Securities & Exchange Commission, and by ensuring that the Company conducts its business at all times in compliance with applicable laws, rules and regulations – our principal objective being to protect the interests of our investors, particularly our minority investors, our employees, and the Company.

In terms of the Company's business operations, I and the Board of Directors are of the view that the current business operations of the Company, which are consistently reviewed, updated and improved by our management team in response to changes in commercial and economic circumstances, appear to be progressing very well. Moreover, we are also of the view that our management team is highly capable of managing and proactively making improvements to the business of the Company - qualities which will ultimately enhance the growth of the Company, despite the unforeseen and uncontrollable obstacles that have occurred in the past. I and the Board of Directors strongly believe that promoting transparency and accountability, adhering to the principles of good corporate governance recommended by the Securities & Exchange Commission, and ensuring that the Company conducts its business at all times in compliance with applicable laws, rules and regulations, will lead to a continued improvement in the Company's business operations and will allow us to overcome any and all obstacles successfully.

I would like to take this opportunity to express my sincere gratitude to our business partners, customers, our management team, as well as our employees and other stakeholders for their continued support, encouragement and cooperation. The Board of Directors affirms its strong commitment to ensuring that the Company's business operations are carried out responsibly, with integrity, transparency, and in compliance with the principles of good corporate governance for the sustainable growth of the Company. It is our sincere hope that we will continue to receive your invaluable support.

## Report of the Audit Committee

The Audit Committee of Group Lease Public Company Limited comprises of 5 Independent Directors who have not involved in any management function in the Company's operation and all 5 Independent Directors possess the required qualifications in compliance to the rules of the SET and SEC. There were altogether 4 Independent Directors who were newly appointed in February, 2018 and 1 existing Independent Director listed as follow:

Name	Position	Starting date	No. of meeting attendance
			Total No. of meeting
1. Mr. Skol Harnsuthivarin	Chairman of Audit Committee	23 Feb. 2018	14/14
2. Mr. Viboon Engkagul	Audit Committee	12 Feb. 2018	12/14
3. Mrs. Sumalee Chokdeeanant	Audit Committee	23 Feb. 2018	14/14
4. Mr. Troy Andrews Schooneman	Audit Committee	23 Feb. 2018	14/14
5. Dr. Pholdej Therdphithakvanij	Audit Committee	19 Jul. 2011	13/14

Audit Committee has carried out their duties as assigned by the Board of Directors and complied to the Audit Committee Charter which was set in accordance with the good governance for Audit Committee set forth by the SET which for the year 2018 can be summarized as follows:

- Financial Statement** The Audit Committee has considered and reviewed significant information in the Company's separate quarterly and yearly 2018 and consolidated financial statement of Group Lease Public Company Limited and its subsidiaries with the management and the external auditor and they are of the view that those financial statements are accurate, reliable and has disclosed significant information completely, sufficiently in a timely manner and had complied with the rules, laws, financial reporting standard as well as the generally accepted accounting principles.
- Internal Control System and Compliance to the Law and good Corporate Governance** The Audit Committee has considered the sufficiency of the internal control system, the compliance of the laws and good corporate governance of the Company and its subsidiaries based on the Management Letter of the external auditor, report from the Internal Audit Department including the supplementary information acquired from the meeting with the Company's top management and is of the view that the company has internal control system, compliance to the law and corporate governance which are appropriate and sufficient for its business operation.
- Transactions that may cause conflicts of interest** Audit Committee has considered the related party transactions or the transactions which may have conflict of interest based on justification, transparency and sufficient disclosure in compliance with the rules and regulations set forth by the Stock Exchange of Thailand and the Securities & Exchange Commission. Audit Committee is of the opinion that the Company's related transactions have done under the normal commercial condition for the best interest of the Company.



- **The Selection and nomination of external auditor** Audit Committee has considered from the appropriate qualifications, independence quality, performance and remunerations of the external auditor and selected EY Office Ltd. to recommend the Board of Directors to propose for appointment by the shareholders as the Company's external auditor for the year 2018.

The Audit Committee has carried out its duties prudently and independently striving for the Company to operate its business under good corporate governance, transparency and fairness and auditable for the interest of the Company and justified to its shareholders, the stakeholders including the employees, management and other related persons. Audit Committee has made its self-assessment for the year 2018 to assess its duties performing in order to ensure that the duties carried out are efficient and can achieve the assigned objectives successfully.

**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 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 successfully 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.'

By 2017, the Company had multiple successful new market entrances and had operations in seven countries. Due to the rapid expansion of the business, the Company decided to focus on strengthening the business by expanding in our current markets and improving operational efficiency. Also in 2017, the Company found itself involved in a legal dispute with one of its creditors which has continued through now. In 2018, we strategically expanded some products and markets while reduced our exposure in others—all while strengthening our operations. Our goal is to build a strong foundation of GL in Thailand and ASEAN to continue to meet the needs of people today so that we may meet the needs of others in the future.

### Vision, Objectives or Strategies in Business Operation

Currently, the Company's mission is to be close to our customers and contribute to their life improvement and foster their entrepreneurship spirit with innovative finance products. To meet that mission, the Company must uniquely position itself. Our vision is to be the leading GLOCAL (global and local at the same time) finance company that supports emerging entrepreneurs and shares in our consumers growth while being a leader in client and employee satisfaction. Our low cost and high technology network will enable us to locally meet the needs of our customers while being easily expandable worldwide.

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 in 2016 through acquisitions which gave us insight into a new product for us, microfinance group loans.

In 2017 we worked to improve and build our current markets. In 2018 and going forward, our strategy is to continue to improve our efficiency through digital optimization, strengthen our corporate governance with international best practices, use our global network and connections to improve our local and close to the customer operations, and continue to expand our platform of products so that we meet the needs of the customer at multiple life stages. Over the next five years, the Company will upgrade its "Digital Finance" model to "Life Cycle Finance" and evolve from being a "Leasing Company" to "Multi Finance Company".

## 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 in 2017, Thanaban had altogether 64 branches and total 326 second-hand motorcycle partnerships. For the year 2018, Thanaban initiated new products, MotoBuy while emphasized and gave more importance on the screening of potential customers to improve loan quality and maximize operation efficiency.

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. We also expanded into three new markets: Indonesia, Sri Lanka, and Myanmar. In Indonesia, we expanded organically and in Sri Lanka and Myanmar, we entered those markets via acquisition with Commercial Credit and Finance

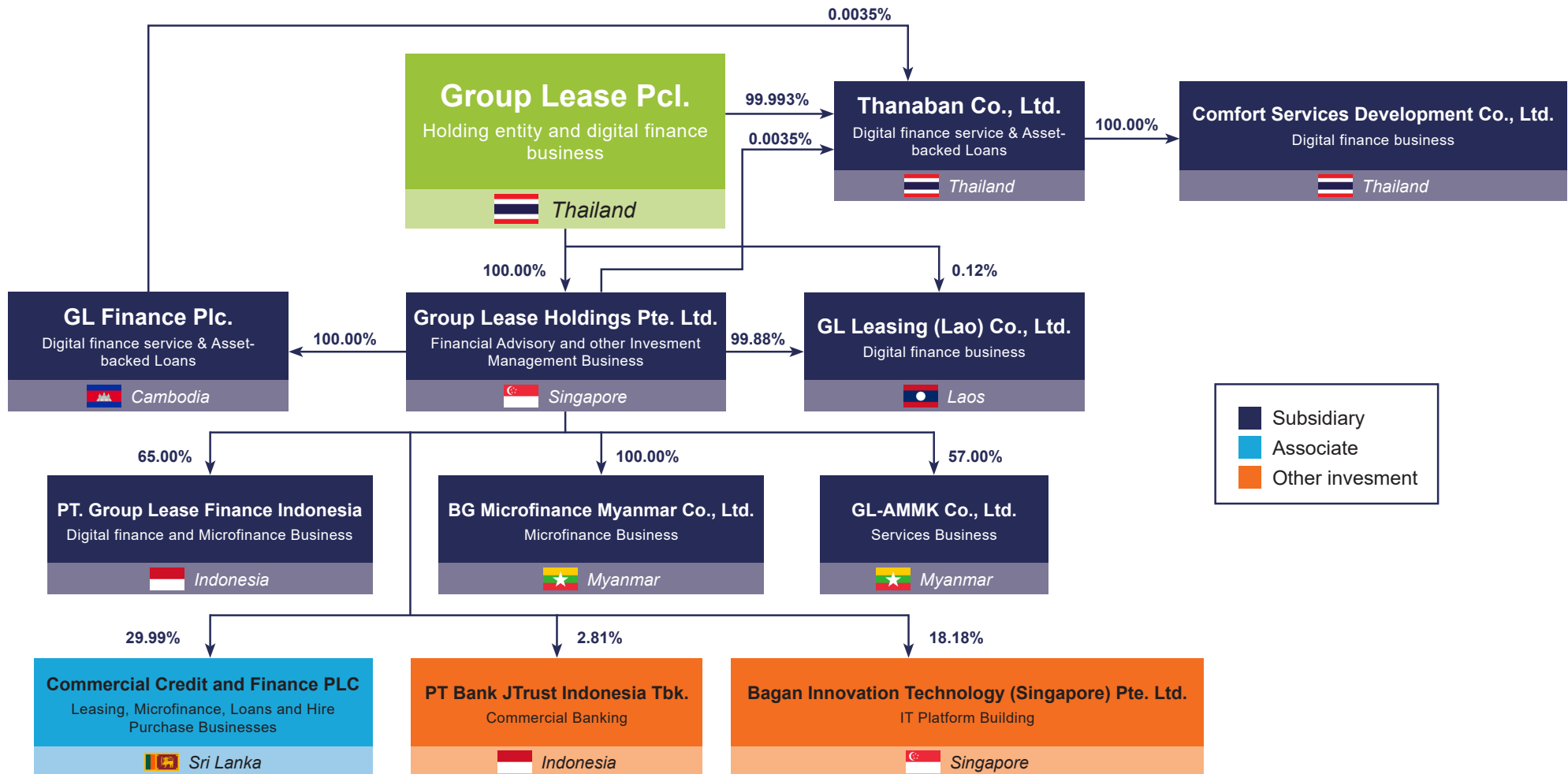
PLC and BG Microfinance Myanmar Co respectively. Additionally, we acquired part of a Singaporean company, Began Innovation Technology Pte, to position us with additional knowledge and skills to further expand into the Myanmar market.

In 2017, the Company continued to achieve record profit in each of the first two quarters, however in the third quarter, the Company recorded a significant loss due to provisions related to persons and loans questioned by the Thai SEC and related to our investment in Sri Lanka. During the fourth quarter, we had no such exceptional items and were back to profitable. The Company's current strategy is to focus on our current markets and continue to expand and improve current operations there.

In 2018, we revised our 2017 financial statement to comply with the Thai SEC. We remained profitable and focused on our current markets. After rapid market expansion and resolving some growing pains, the Company is now well positioned to build upon on current foundation.

## The Shareholding Structure of the Group Companies

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





## Nature of Business

The Company and its subsidiaries in Thailand are principally engaged in the activity of hire purchase and asset-backed loan such as motorcycle and automobile. 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. Such financing is provided under Digital Finance Platform between consumers and suppliers/dealers for a variety of products such as motorcycles, agricultural machinery, other vehicles, and microfinance loans to groups of individuals. Consumers benefit as we make it easy and convenient for them to obtain the financing they need as we facilitate the entire process from application to monthly e-payment installments. Suppliers and dealers benefit as our platform allows them to be more effective and efficient selling of their full package of products we supplement them through our marketing campaigns, accurately scoring customers (a skill they often lack), and money collection through our POS networks and our integrated e-Finance system which helps lower non-performing loans which allows for more financing of their products. The result is that we add value to both consumers and suppliers/dealers.

We developed our business in Thailand but starting in 2011 we began to expand throughout ASEAN as opportunities arose. After successfully entering six out countries, bringing our total to seven, we now are looking to consolidate and strengthen our core business in these fast-growing markets.

### Revenue Structure of the Group Company

	2018		2017 (Restated)		2016 (Restated)	
	('000)	%	('000)	%	('000)	%
<b>Revenues</b>						
Hire purchase interest income	2,055.28	72.05	2,070.08	69.50	1,949.69	66.72
Asset - backed loan interest income	160.59	5.63	164.65	5.53	116.93	4.00
Microfinance interest income	159.21	5.58	51.59	1.73	-	-
Consumer finance under joint financing arrangements interest income	44.92	1.57	47.79	1.61	-	-
Hire purchase service fee income	86.02	3.01	17.08	0.57	-	-
Interest on loan receivables	1.87	0.07	201.71	6.77	484.86	16.59
Other income						
Other interest income	60.63	2.13	39.75	1.34	25.03	0.86
Consulting service fee income	-	-	20.41	0.69	63.06	2.16
Other income related to the activities of hire purchase	232.02	8.13	209.99	7.05	218.79	7.49
Other income related to the activities of microfinance	10.75	0.38	4.61	0.15	-	-
Others	41.42	1.45	150.70	5.06	63.78	2.18
<b>Total revenues</b>	<b>2,852.71</b>	<b>100.00</b>	<b>2,978.36</b>	<b>100.00</b>	<b>2,922.14</b>	<b>100.00</b>

## Competition Situation

GDP	%	%
Country	2018	2019
Cambodia	7.0	7.0
Indonesia	5.2	5.3
Lao PDR	6.6	6.9
Myanmar	6.6	7.0
Thailand	4.5	4.3
Sri Lanka	3.8	4.5

Source: The Asian Development Bank

The total sales of motorcycles have a direct impact on the motorcycle hire purchase business, which is our largest product. Overall in our markets, the number of motorcycle sales is rising. We have expanded internationally, which very few of our competitors have done. This allows us to participate in the growth of ASEAN and other markets, rather than being dependent on one 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 local competitors cannot.

In our three longest active markets, Thailand, Cambodia, and Laos, GDP growth in 2018 was 4.5%, 7.0%, and 6.6% respectively per the Asian Development Bank. Overall, the forecast for those countries average roughly 6.0% in 2019 which should translate into higher motorcycle sales and a larger overall market for us. Myanmar, Sri Lanka, and Indonesia are our most recent markets. For 2019, Myanmar is expected to have strong GDP growth at 7.0% while Sri Lanka is expected to improve to 4.5%. Indonesia is also forecasted to have a slight improvement in GDP growth to 5.3%. 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 2018, 2017 and 2016 comprised of:

Consolidated Financial Statement						
	2018		2017 (Restated)		2016 (Restated)	
	Million ฿	%	Million ฿	%	Million ฿	%
Bank overdraft and short-term loans from financial institutions	-	-	65.24	0.47	556.26	3.31
Loans from Financial institutions *	22.39	0.16	122.25	0.88	798.13	4.75
Debenture	1,486.81	10.83	1,469.59	10.60	1,952.22	11.62
Convertible debentures	6,429.94	46.84	6,473.46	46.70	4,506.28	26.83
Advance received for issuance of convertible debentures	-	-	-	-	465.80	2.78
Short-term loans	-	-	-	-	4.40	0.03
Trade accounts payable	10.21	0.08	4.92	0.04	11.56	0.07
<b>Total</b>	<b>7,949.35</b>	<b>57.91</b>	<b>8,135.46</b>	<b>58.69</b>	<b>8,294.65</b>	<b>49.39</b>
Shareholders' equity	5,778.15	42.09	5,725.62	41.31	8,500.91	50.61
<b>Total sources</b>	<b>13,727.50</b>	<b>100.00</b>	<b>13,861.08</b>	<b>100.00</b>	<b>16,795.56</b>	<b>100.00</b>
<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>						

Separated Financial Statement						
	2018		2017		2016	
	Million ฿	%	Million ฿	%	Million ฿	%
Bank overdraft and short-term loans from financial institutions	-	-	-	-	448.77	2.89
Loans from Financial institutions *	-	-	-	-	577.13	3.72
Debenture	1,486.81	11.03	1,469.59	11.04	1,952.22	12.58
Convertible debentures	6,429.94	47.68	6,473.46	48.61	4,506.28	29.06
Advance received for issuance of convertible debentures	-	-	-	-	465.80	3.00
Loans from subsidiary	-	-	40.00	0.30	183.30	1.18
Trade accounts payable	1.50	0.01	1.49	0.01	3.94	0.03
<b>Total</b>	<b>7,918.25</b>	<b>58.72</b>	<b>7,984.54</b>	<b>59.96</b>	<b>8,137.44</b>	<b>52.46</b>
Shareholders' equity	5,566.83	41.28	5,332.26	40.04	7,375.44	47.54
<b>Total sources</b>	<b>13,485.08</b>	<b>100.00</b>	<b>13,316.80</b>	<b>100.00</b>	<b>15,512.88</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>						

## 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, 2018, total loan outstanding balance from external parties was Baht 7,939.14 million. Being short-term loans of Baht 1,509.20 million; loans from financial institution of Baht 23.39 million and debentures Baht 1,486.81 million. The rest Baht 6,429.94 million are convertible debentures with a term longer than 1 year.

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. By doing this, the Company has managed to reduce the risk of not getting the funding from external parties.

### 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 applied hedge accounting for net investment in foreign operations. The Company hedges currency risk arising from the translation of the financial statements of foreign subsidiaries with the convertible debentures denominated in the same foreign currency. Currently the Company has managed to match the cash outflow used in financing activities with the cash inflow from business operation in the same 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, 2018, the group Company had non-performing loans of Baht 488.01 million or 6.45% of total receivables. Compared to non-performing loans as of December 31, 2017, which was Baht 329.49 million or 3.43% of total receivables, the NPL increased by Baht 158.62 million. However, the Company set an allowance for doubtful debt of Baht 455.04 million and Baht 275.79 million as of December 31, 2018 and 2017, respectively. The additional allowance of Baht 179.07 million can cover an increased NPL.

## 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	2018	2017	2016
Loss on sales of repossessed motorcycles;	(329.16)	(245.35)	(232.25)

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 buildup 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 1,525,538,158 shares of the Company as of 30 December, 2018 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

### General information

<b>Company Name</b>	: Group Lease Public Company Limited (GL)
<b>Head Office Address</b>	: 63 Soi 1 Thetsabannimitrtai Road, Ladyao, Chatuchak, Bangkok 10900.
<b>Core Business</b>	: Hire purchase Business and Holding entity
<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> / <a href="http://www.grouplease.international">www.grouplease.international</a>
<b>E-mail</b>	: <a href="mailto:glpcl@grouplease.co.th">glpcl@grouplease.co.th</a> / <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>	: 762,769,079 Baht divided into 1,525,538,158 ordinary shares (as of 28 December, 2018)

### 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 GLH)

**Address** : 270-274 Kampuchea Krom Blvd, Sangkat Mittapheap, Khan 7 Makara, Phnom Penh, the Kingdom of Cambodia

**Core business** : Digital Finance

**Telephone** : +855 (0) 23 990 325

**FAX** : +855 (0) 23 990 327

**Home Page** : [www.gl-f.com](http://www.gl-f.com)

**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 GL)

**Address** : 63 Soi 1 Thetsabannimitrtai Road, Ladyao, Chatuchak, Bangkok 10900.

**Core business** : Asset-backed 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 99.88% by GLH and 0.12% by GL)
- 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](http://www.gl-lao.com)
- Amount and type of share** : Ordinary shares of 5,230,090 shares or equal to US\$5,119,151 (41,840,720,000 Kips)
- 5. Company name** : PT. Group Lease Finance Indonesia (PTGLFI)  
(held 65% by GLH)
- 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 GLH)
- 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 18,849,080 shares or equal to US\$20,840,969 (18,849,080,000 Kyat)
- 7. Company name** : GL-AMMK Co.,Ltd. (held 57% by GLH)
- Address** : No. 1, Thitsar Street, Yankin Township, Yangon. Myanmar
- Core business** : Operational services for financing business
- Amount and type of share** : Ordinary shares of 3,000,000 shares or equal to US\$3,000,000 (4,080,000,000 Kyat)
- 8. Company name** : Comfort Service Development Co.,Ltd. (held 100% by TNB)
- Address** : 3/1 Baan Prachanivet 1 Bldg. Room No. B, 2 FL. Thetsabannimit Nua Rd. Ladyao, Chatuchak, Bangkok 10900.
- Core Business** : Registration services
- Registration Number** : 0105561113835
- Telephone** : +662 (0) 2580-4488
- Registered Capital** : 4,000,000 Baht divided into 800,000 ordinary shares at 5 Baht par value
- Paid-up capital** : 4,000,000 Baht divided into 800,000 ordinary shares

- 9. Company name** : Commercial Credit and Finance Plc.  
(held 29.99% by GLH)
- Address** : No. 106, Yatinuwara Veediya, Kandy, Sri Lanka
- Core business** : Leasing, Microfinance, Loans and Hire purchase business
- Telephone** : 0112000000
- Home Page** : [www.cclk.lk](http://www.cclk.lk)
- Amount and type of share** : Ordinary shares of 318,074,365 shares or equal to US\$11,487,304 (2,150,640,315 LKR)
- 10. Company name** : Bagan Innovation Technology (Singapore) Pte. Ltd.  
(held 18.18% by GLH)
- Address** : Singapore
- Core business** : IT Platform building
- Amount and type of share** : Ordinary shares of 15,278 shares or equal to US\$3,393,423

## 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** : Ms. Pimjai Manitkajohnkit Certified Public Account No. 4521  
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 : [ey.thailand@th.ey.com](mailto:ey.thailand@th.ey.com)
- Legal Advisor** : Hunton Andrews Kurth (Thailand) Ltd.  
34 floor Q house Lumpini Building 1  
South Sathorn Road Thungmahamek,  
Sathorn Bangkok 10120.  
Tel. 0-2645-8800
- Bondholder's representative** : Bank of Ayudhya Public Company Limited  
1222 Rama III Road, Bang Phongphang,  
Yannawa, Bangkok 10120  
Tel. 0-2296-2000



## Shareholders

List of top 10 shareholders as of 28 December, 2018 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.	230,713,262	15.12
3	SIX SIS LTD	185,852,842	12.18
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD A/C CLIENTS	98,150,000	6.43
5	Thailand Securities Depository Co.,Ltd. for depositor	72,208,925	4.73
6	Mr. Jesada Lertnantapanya	49,288,600	3.23
7	CITIBank Nominees Singapore Pte Ltd-Thai Focused Equity Fund Ltd.	23,787,612	1.56
8	Mr. Sompong Chonkadeedumrongkul	19,548,800	1.28
9	South East Asia UK (Type C) Nominees Limited	12,772,996	0.84
10	Mrs. Sopa Pruekdamrongchai	10,647,600	0.70
	<b>Total</b>	<b>1,264,447,381</b>	<b>82.88</b>

**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

Other securities issued Debenture and Convertible Debenture which details as follows:

1. **Type** : Specified holder's name Debenture, unsubordinated partially secured with bondholders delegates  
**Name of Debenture** : partially secured debenture of Group Lease Pcl. No. 1/2559 (2016) matured in 2019  
**Amount** : 1,500,000,000 Baht  
**Term** : 3 years from the issuing date of debenture  
**Interest rate** : 2.84% p.a.  
**Issue date** : 29 September, 2016  
**Maturity date** : 29 September, 2019
  
2. **Type** : Convertible Debenture  
**Amount of unit** : 1,300 units  
**Face value** : USD100,000 per 1 convertible debenture  
**Amount of the ordinary shares reserved for the exercise** : 115,050,000 shares  
**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  
**Term** : 5 years since the date of issuance  
**Interest rate** : 5.00% per annum  
**Issue date** : 1 August 2016  
**Maturity date** : 1 August 2021
  
3. **Type** : Convertible Debenture  
**Amount of unit** : 500 units  
**Face value** : USD100,000 per 1 convertible debenture  
**Amount of the ordinary shares reserved for the exercise** : 24,753,449 shares  
**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  
**Term** : 3 years since the date of issuance  
**Interest rate** : 5.00% per annum  
**Issue date** : 20 March 2017  
**Maturity date** : 20 March 2020

<b>4. Type</b>	:	Convertible Debenture
<b>Amount of unit</b>	:	200 units
<b>Face value</b>	:	USD100,000 per 1 convertible debenture
<b>Amount of the ordinary shares reserved for the exercise</b>	:	9,901,380 shares
<b>Conversion to common stock</b>	:	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
<b>Conversion price</b>	:	Baht 70 per share
<b>Term</b>	:	3 years since the date of issuance
<b>Interest rate</b>	:	5.00% per annum
<b>Issue date</b>	:	30 March 2017
<b>Maturity date</b>	:	30 March 2020

## 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, business expansion and any other related business management factors should also be taken into 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.

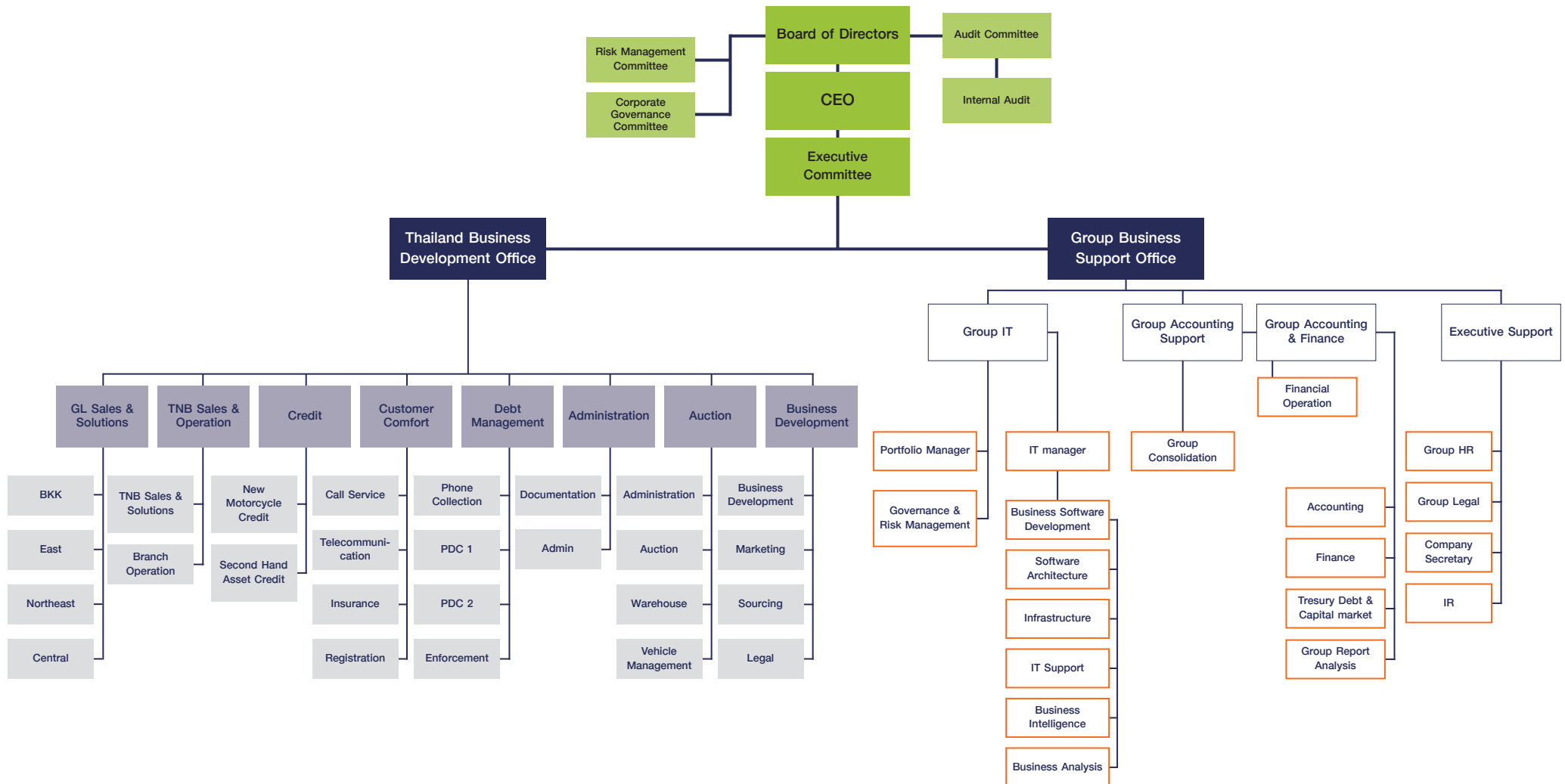
Dividend payment records for the past years are as follows:

Separated Financial Statement					
Year	2018	2017	2016	2015	2014
Earnings per share	0.16*	(1.10)	0.32	0.29	0.14
Dividend per share	N/A	-0-	0.274	0.16	0.06
% of dividend per net profit	N/A	-0-	86.13	67.97	45.68

\*The Company had a retained deficit (unappropriated) of Baht 540.32 million

# Management Structure

## Organization Chart





## Board of Directors

- **Number and Proportion** As of 31 December, 2018, the Company's Board of Directors consisted of 13 members in which 3 persons are Executive Directors, 5 persons are non-executive Directors and 5 persons are Independent Directors and also the Audit Committee which ratio was 38% of the total Board in accordance with the rule set forth for the listed company for check and balance so that no single group can make decision on their own.

The Company's Board of Directors consists of directors who possess various qualifications in terms of experiences in skills and expertise which are useful to the Company such as accounting, finance, marketing, hire-purchase business, administration as well as legal backgrounds.

- **Term of Office** The term of office of the Board of Directors was clearly stated in the Company's Articles of Association. One-third or the closest to one-third of the directors who were in the position the longest shall retire by rotation every year and can be re-elected by the Annual General Shareholders' Meeting.

As of 31 December, 2018, the name of Board of Directors together with their respective position and term of office including the Board Meeting attendance for the year 2018 are listed in the table below:

Name	Title / Term of Office	Board of Directors' Meeting	
		Total Attendance	Total number of meeting
1. Mr. Skol Hamsuthivarin <sup>1,1</sup>	Chairman of the Board of Directors Chairman of Audit Committee and Independent Director /2018-2020	13	13
2. Mr. Tatsuya Konoshita	Director/ Chief Executive Officer/ Chairman of Executive Committee / 2018-2021	17	17
3. Mr. Muneo Tashiro	Director and Chief Operating Officer /2017-2019	17	17
4. Mr. Alain Jean Pascal Dufes	Director/Chief Financial Officer /2018-2021	17	17
5. Mr. Regis Rodolphe Martin Martin	Director / 2017-2020	2	17
6. Mr. Riki Ishigami	Director / 2016-2019	17	17
7. Mr. Yusuke Kozuma	Director / 2016-2019	17	17
8. Mr. Tomohiko Shoji <sup>3</sup>	Director / 2018-2020	11	11
9. Mr. Kaname Hashimoto <sup>4</sup>	Director/ 2018-2020	11	11
10. Dr. Pholdej Therdphithakvanij	Audit Committee / Independent Director /2016-2019	16	17
11. Mr. Viboon Engkagul <sup>2</sup>	Audit Committee / Independent Director /2017-2019	15	16
12. Mrs. Sumalee Chokdeeanant <sup>1,2</sup>	Audit Committee / Independent Director /2018-2021	13	13
13. Mr. Troy Andrew Schooneman <sup>1,3</sup>	Audit Committee / Independent Director /2017-2020	13	13
Remark : /1.1 was appointed on 23 February, 2018 to replace Gen. Suebsan Dardarananda /1.2 was appointed on 23 February, 2018 to replace Mr. Krit Phanratnamala /1.3 was appointed on 23 February, 2018 to replace and take up remaining term of Mr. Mitsuji Konoshita /2 was appointed on 12 January, 2018 to replace and take up remaining term of Mr. Sonit Pitchyangkul /3 was appointed on 26 April, 2018 to replace Mr. Patrick Fisher /4 was newly appointed on 26 April, 2018			

- 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
- The Aggregation and Segregation of Role At present, Chairman of the Board of Directors of the Company is an Independent Director and is a different person from the Chief Executive Officer. In addition, both roles are clearly separated in order to balance between management and good corporate governance.

### 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 main policies including other rules and regulations that have been reviewed by Audit Committee or the management or other sub-committee 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. 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.
13. 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 authority empowered to 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.

### Authorized directors

The directors who have authority to sign on behalf of the Company are Mr. Tatsuya Konoshita or Mr. Muneo Tashiro, one of the Directors signs with the Company's seal will be binding upon the Company.

### 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 2018, the overall average result of the self-assessment of Board of Directors was rated 89% which considered good and slightly better than the year 2017 which was rated at 86.9% as tabled below :

### Board of Directors' self-assessment result

Criteria	Full Score	Score		%		Result	
		2018	2017	2018	2017	2018	2017
1. Board structure and qualifications	28	25.33	24.4	90.46	87.14	Excellent	Good
2. The Board Meeting	24	22.17	22.7	92.38	94.58	Excellent	Excellent
3. Duties & responsibilities of the Board	40	34.50	33.3	86.25	83.25	Good	Good
4. Others :							
-relationship with the management team	8	7	6.5	87.50	81.25	Good	Good
-Directors' self-development							
<b>Total Scores</b>	<b>100</b>	<b>89</b>	<b>86.9</b>	<b>89</b>	<b>86.9</b>	<b>Good</b>	<b>Good</b>

### 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 the year 2018 a Director of the Company, Mr. Viboon Engkagul participated the Director Accreditation Program (DAP) No. 154/2018 from The IOD on 12 November, 2018.
- 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 middle manager shall report the succession plan in case they cannot perform their duties to the Supervisor to select those who mainly possess knowledge, skill and experiences with leadership characteristic and good human relationship who is acceptable by the subordinate to become his successor.

## Management

As of 31 December, 2018, the Company had total 5 executives according to the SEC's definition in which the executives from the subsidiary companies in other countries are excluded detail as follows :

No.	Name	Title
1.	Mr. Tatsuya Konoshita	Chief Executive Officer
2.	Mr. Muneo Tashiro	Chief Operating Officer
3.	Mr. Alain Jean Pascal Dufes	Chief Financial Officer
4.	Mr. Freddy Marie*	Group IT Director
5.	Mr. Boris Zschorsch	Deputy Chief Financial Officer, Accounting & Audit
6.	Mr. Vittawat Arunakasikor**	Deputy Group Chief Financial Officer

\*Resigned on 24 October, 2018

\*\*Promoted on 15 October, 2018

### Duties and responsibilities of Chief Executive Officer

1. To manage the normal business operations of the Company.
2. To monitor the Company's operations according to the plan and policy set forth by the Board of Directors
3. To approve the payment of expenses within the annual budget that has already been approved by the Board of Directors.
4. To approve the recruitment, placement, transfer and removal of employees including the adjustment of the employees' salary
5. Being the authorized representative of the Company who is empowered to manage the Company's business in accordance with the Company's objectives, Articles of Association, restriction and instruction
6. To approve the various operations binding upon the Company regarding the Company's normal course of business within the limit of not exceeding the authorized amount determined by the Board of Directors and also be able to grant proxy or assign other persons whose deemed appropriate to carry out such duty if deemed necessary under his own discretion. However, such delegation should be under the rules of laws and the rules and regulations of the Company.

However, the authority empowered to the CEO mentioned above does not include the authorization that may allow the CEO 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 stipulated in the Company's Articles of Association or other related laws.

## 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 until present. The duties and responsibilities of Company Secretary are to arrange 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, keeping the report on interest of Directors' and Management and their related persons for Chairman of the Board and Chairman of the Audit Committee, preparing report on changing of shareholdings 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 or TSD, etc., disclosing Company's news through The SET's SCP system and assisting in Investor Relations function as Coordinator.

### Details of Directors, Management, Controlling Person and Company Secretary for 2018

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. Skol Harnsuthivarin ** Chairman of the Board, Chairman of Audit Committee and Independent Director / 23 February, 2018	75	Thai Barrister at Law, Institute of Legal Education  Bachelor of Law, Thammasat University	-	-	<u>Listed Cos.</u> 02/2018-Present	Chairman, Chairman of Audit Committee and Independent Director	Group Lease Pcl. (Holding & Hire purchase Business)
					<u>Non-listed Cos.</u> 2008 – Present	Secretary of Rice Inspector Committee	The Thai Chamber of Commerce and Board of Trade of Thailand
					2010 – Sep 2016	Specialist Associate to the Constitutional Court Judge	Constitutional Court
Mr. Tatsuya Konoshita Director (Authorized Signer), Chairman of Executive Committee and Chief Executive Officer / 20 April, 2011	47	Bachelor of Arts (History), Osaka University, Japan	0.01	-	<u>Listed Cos.</u> 02/2018-Present	Director, Chief Executive Officer and Chairman of Executive Committee	Group Lease Pcl. (Holding & Hire purchase Business)
					10/2017-02/2018	Chairman of the Board, Chairman of Executive Committee and Chief Investor Relations Officer	Group Lease Pcl. (Holding & Hire purchase Business)
					2016-10/2017	Chairman of Executive Committee, Director and Chief Investor Relations Officer	Group Lease Pcl. (Holding & Hire purchase Business)
					2013- Present 2012 – 2015	Rep.MD and CEO Director and CBDO	Wedge Holdings Co., Ltd. (Investment Business) Group Lease Pcl. (Holding & Hire purchase Business)

					2011 – 2012 2011- 2013 2008- Present 2006-2011 <u>Non-listed Cos.</u> 01/2019-Present 2016-Present 2010- Present	Director Rep. Director and Chairman Rep. Director and CEO Chairman of the Executive Board Commissioner Executive Director Rep.MD	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) PT Group Lease Finance Indonesia(Digital Finance Business) Group Lease Holdings Pte.Ltd. (Fin. Advisory & other investment management) Asuka Foods Co.,Ltd. (Food business)
Mr. Muneo Tashiro Director (Authorized Signer) and Chief Operating Officer/ 22 April, 2009	46	Bachelor of Arts(Literature),Osaka University, Japan	0.01	-	<u>Listed Cos</u> 12/2016-Present 2013 - Present 2009 – 12/2016 2008 - 2013 2007 –2008 <u>Non-listed Cos</u> 01/2019–Present 2018 –Present 2014- Present 12/2016-Present 2016- Present 2014 - 2016 2014- 12/2016	Director & COO Executive Director Director Chief Executive Officer Senior Executive Director Commissioner Managing Director Director Director and Chairman Director and Managing Director Director Director Director	Group Lease Pcl. (Holding &Hire purchase Business) Wedge Holdings Co., Ltd. (Investment Business) Group Lease Pcl. (Holding &Hire purchase Business) Wedge Holdings Co., Ltd. (Investment Business) Wedge Holdings Co., Ltd. (Investment Business) PT Group Lease Finance Indonesia(Digital Finance Business) Comfort Services Development Co., Ltd. (Registration Service Provider Business) GL Leasing (Lao) Co., Ltd.(Digital Finance business) GL Finance Plc.(Digital Finance business) Thanaban Co., Ltd. (Asset back loan business) Thanaban Co., Ltd. (Asset back loan business) GL Finance Plc.(Digital Finance business) Group Lease Holdings Pte.Ltd. (Fin. Advisory & other investment management)



					2013 – Present	Executive Director	Asuka Foods Co., Ltd.(Food Business) Engine Holding Asia Pte.(Investment Business)
					2011 – 2013	Director	
					2009 – Present	Director	
Mr. Alain Dufes Director and Chief Financial Officer / 6 December, 2016	55	Bachelor of Mathematics and Physical Sciences, MONTPELLIER Academy France	-	-	<u>Listed Cos.</u>		
					02/2018-Present	Director and Chief Financial Officer	Group Lease Pcl. (Holding & Hire purchase Business)
					12/2016-02/2018	Director	Group Lease Pcl. (Holding & Hire purchase Business)
					<u>Non-listed Cos.</u>		
					2019-Present	Director and General Mgr.	GL Leasing (Lao) Co., Ltd. (Digital Finance business)
					2018-Present	Director	Comfort Services Development Co., Ltd.(Registration Service Provider Business)
					2017-Present	Director and Deputy MD	GL-AMMK Co.,Ltd. (Hire purchase Business)
					2017-Present	Director and Deputy MD	BG Microfinance Myanmar Co., Ltd.(Microfinance)
					2016-Present	Commissioner	PT Group Lease Finance Indonesia (Digital Finance Business)
					2014 – 2018	General Manager	GL Leasing (Lao) Co., Ltd. (Digital Finance business)
Dr.Pholdej Therdphithakvanij, Ph.D. Independent Director & Audit Committee / 20 April, 2011	50	- Doctor of Philosophy (Civil Engineering) Lehigh University, U.S.A. - Director Accreditation Program No. 89/2011, by IOD -CG Forum 1/2016 Ethics: Conscience of Corporate Governance by SET	0.01	-	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
					<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 - 2018	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 – 2007	Deputy Managing Director	IMMS Co., Ltd.(Engineering Consultant)
<b>Mr. Viboon Engkagul **</b> Independent Director & Audit Committee / 12 January, 2018	70	Bachelor of Law, Chulalongkorn University  -Director Accreditation Program No. 154/2018 by IOD	-	-	<u>Listed Cos.</u> 01/2018-Present  <u>Non-listed Cos.</u> 2013-Present	Independent Director & Audit Committee  Director/Senior Lawyer	Group Lease Pcl. (Holding & Hire purchase Business)  Internet Law Consultants Limited
<b>Mrs. Sumalee Chokdeeanant **</b> Independent Director & Audit Committee / 23 February 2018	60	MBA, Kasetsart University Bachelor of Laws, Sukhothai Thammathirat Open University  Bachelor of Accounting, Thammasat University  -Advance Audit Committee Program No. 15/2014  -Director Certification Program No. 164/2012 by IOD	-	-	<u>Listed Cos.</u> 2018 – Present  <u>Non-listed Cos.</u> 2014 – present  2015- present  2012 – 2017  2001 – 2017	Independent Director & Audit Committee  Chairman of Audit Committee  Consultant for audit committee  Chairman of Audit Committee  Managing Director	Group Lease Pcl. (Holding & Hire purchase Business)  Cigna insurance Pcl.  Government Housing Bank  Winsome Green Co., Ltd.  Grant Thornton Co., Ltd.
<b>Mr. Troy Andrew Schooneman **</b> Independent Director & Audit Committee / 23 February 2018	53	LL.B., Monash University  B.A. (Psychology), Monash University  -Director Accreditation Program No. 126/2016 by IOD	-	-	<u>Listed Cos.</u> 02/2018-Present  02/2015–10/2016  <u>Non-listed Cos.</u> 03/2018- Present  01/2008–09/2014	Independent Director & Audit Committee  Director & Chief Legal Officer  Partner & General Counsel Partner & Head of International Practice Group	Group Lease Pcl. (Holding & Hire purchase Business)  Demeter Corporation Pcl.  AC Investment Partners Pte. Ltd.  Weerawong, Chinnavat & Partners Ltd. (Law Firms)

					01/1999–01/2008 04/1996–01/1999	Senior Associate/Partner Associate	White & Case, Thailand (Law Firms) White & Case, Hong Kong (Law Firms)
Mr. Regis Martin Director / 28 April, 2016	37	Master of Art in International Business, Master/DESS 212, University Paris IX Dauphine  Exchange program with the University of Chicago, international economics  Bachelor and Master of Science in Applied Economics, University Paris IX Dauphine	-	-	<u>Listed Cos.</u> 02/2018–Present 2016–02/2561  2015–2016 <u>Non-listed Cos.</u> 2016–2018 2015–2018  2014–2018 2014 – 2015  2009 – 2014  2008 – 2009 2006 – 2008 2005 – 2006	Director Director and Chief Financial Officer Finance Director & Business Development Manager,  Commissioner Director  Director Business Performance Manager Finance and Investment Portfolio Manager Senior auditor Auditor Sales forecast controller	Group Lease Pcl. (Holding & Hire purchase Business) Group Lease Pcl. (Holding & Hire purchase Business) Group Lease Pcl. (Holding & Hire purchase Business)  PT Group Lease Finance Indonesia (Digital Finance) Group Lease Holdings Pte.Ltd. (Fin. Advisory & other investment management) Thanaban Co., Ltd. (Asset back loan Business) GL Finance Plc. (Digital Finance business)  Devenco Company  Morison Kak & Associés Price Waterhouse Coopers, Paris L'Oreal, Paris
Mr. Riki Ishigami Director/ 28 April 2016	40	Bachelor of Law, Asia University, Tokyo, Japan	0.014	-	<u>Listed Cos.</u> 2016–Present  <u>Non-listed Cos.</u> 09/2016–Present 2015–Present 2015–08/2016 2014 – 04/2018 2014 – 2015	Director  Chairperson of the BOD Director & CEO Director Director Director & COO	Group Lease Pcl. (Holding & Hire purchase Business)  Cambodian People Micro Insurance Plc. GL Finance Plc. (Digital Finance business) Cambodian People Micro Insurance Plc. Thanaban Co., Ltd. (Asset back loan Business) GL Finance Plc. (Digital Finance business)

					2011-2014	Chief Operating Officer	GL Finance Plc. (Digital Finance business)
Mr. Yusuke Kozuma Director/ 28 April 2016	43	Bachelor of Art Planning Department , OSAKA UNIVERSITY OF ARTS, Osaka	0.02	-	<u>Listed Cos.</u>	Director	Group Lease Pcl. (Holding & Hire purchase Business)
					2016-Present	Corporate Consultant	Group Lease Pcl. (Holding & Hire purchase Business)
					<u>Non-listed Cos.</u>		
					2014-Present	HR & Admin. Manager	Group Lease Holdings Pte.Ltd. (Fin. Advisory & other investment management)
					2013 – Present	Back Office Management Manager	Engine Holdings Asia Pte.Ltd. (Holding company)
Mr. Tomohiko Shoji ** Director / 26 April 2018	49	Sagamihara High School, Kanagawa-ken, Japan	-	-	2011 - Present	Deputy CEO and Director	GL Finance Plc. (Digital Finance business)
					<u>Listed Cos.</u>		
					04/2018–Present	Director	Group Lease Pcl. (Holding & Hire purchase Business)
					06/2018–Present	Representative Managing Director, Chief Operation Officer and Chief Financial Officer	Showa Holdings Co., Ltd.
					02/2018–Present	Representative Managing Director and Chief Financial Officer	Wedge Holdings Co., Ltd.
					06/2009–06/2018	Director and Chief Financial Officer	Showa Holdings Co., Ltd.
					2011 – 2017	Director and Chief Financial Officer	Wedge Holdings Co., Ltd.
					2004 – 2008	Director and General Manager of Accounting & Finance	Nojima Co., Ltd.
					2001-2008	Audit & Supervisor Board Member	E-net Japan Co., Ltd

					<u>Non-listed Cos.</u> 08/2018–Present 08/2018–Present 01/2012–Present 10/2009–12/2011 08/2010-08/2018 2001-2008	Director and Chief Financial Officer Director and Chief Financial Officer Director and Chief Financial Officer Director and Chief Financial Officer Director and Chief Financial Officer Audit & Supervisor Board Member	Nihonbasi Honmachi Kashidokoro Co., Ltd. Asuka Foods Co., Ltd. Showa Rubber Co., Ltd. Showa Rubber Co., Ltd. Asuka Foods Co., Ltd. Telex Co., Ltd.
Mr. Kaname Hashimoto ** Director / 26 April 2018	48	Bachelor of Business Administration, Kwansei Gakuin University	-	-	<u>Listed Cos.</u> 2018 – Present 2014 – 2018 10/2013-03/2014  <u>Non-listed Cos.</u> 02/2017-Present 02/2017-Present 09/2014-Present 2008 - 2013	Director Business Development Manager Chief of Architecture materials Sales Department of East Japan  Managing Director Managing Director Managing Director Vice President	Group Lease Pcl. (Holding & Hire purchase Business) Group Lease Pcl. (Holding & Hire purchase Business) Sekisui Chemical Company Limited  GL-AMMK Co., Ltd. (Hire purchase Business) BG Microfinance Myanmar Co., Ltd. (Microfinance) GL Leasing (Lao) Co., Ltd. (Digital Finance business) Sekisui (Qingdao) Plastic Company Limited

Mr. Freddy Marie *	37	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	-	-	<u>Listed Cos.</u> 2015 – 10/2018  <u>Non-listed Cos.</u> 2017-10/2018 2016 – 10/2018 2010 - 2015	Group IT Director  Director Commissioner (Director) IT Manager	Group Lease Pcl. (Holding & Hire purchase Business)  BG Microfinance Myanmar Co., Ltd. (Microfinance Bus.) PT Group Lease Finance Indonesia (Digital Finance) Dongfeng Peugeot Citroen Auto Finance Company (DPCAFC)
Mr. Boris Zschorsch	35	German Diploma (Master equivalent) in Business Administration from J.W. Goethe University in Frankfurt/Main, Germany  French Master in Business Administration from Université Paris Dauphine IX, Paris, France	-	-	<u>Listed Cos.</u> 2018 – Present  2015 – Present  <u>Non-listed Cos.</u> 2015 – 2015 2010 - 2014	Non-Executive Director  Deputy Chief Financial Officer, Accounting & Audit  Senior Associate Senior Auditor	Commercial Credit and Finance Plc. (Financial Services Business) Group Lease Pcl. (Holding & Hire purchase Business)  PricewaterhouseCoopers Singapore PricewaterhouseCoopers Luxembourg
Mr. Vittawat Arunakasikorn ***	41	Graduate Diploma in Chartered Accountants, Institute of Chartered Accountants in Australia and New Zealand  Master of Commerce major in Accounting, The University of Sydney  Diploma in Accounting, Sydney	-	-	<u>Listed Cos.</u> 10/2018- Present 09/2016–09/2018  02/2009–09/2013 07/2001–06/2005  <u>Non-listed Cos.</u> 09/2013–09/2015	Deputy Group CFO Group Accounting Analyst and Risk Management Manager Financial Accountant Shift Supervisor  Finance Officer	Group Lease Pcl. (Holding & Hire purchase Business) Group Lease Pcl. (Holding & Hire purchase Business)  Harley-Davidson Inc Starbucks Coffee Company  Australian Army

		Institute of Technology TAFE NSW			07/2005–02/2009	Senior Accountant/Auditor	KPMG Australia
		Master of Engineering Studies major in Software Engineering, The University of Technology, Sydney					
		Bachelor of Engineering major in Industrial Engineering, Thammasat University					

## Remarks

\*Resigned during year 2018

\*\*Appointed to be directors during year 2018

\*\*\*Appointed to be executive during year 2018

### 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	61	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	-	-	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 2018

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.	GL-AMMK Co. Ltd.	CSD Co., Ltd.	Engine Holdings Asia PTE. LTD.	Wedge Holdings Co., Ltd.	Commercial Credit and Finance Plc.	Cambodian People Micro Insurance
1. Mr. Skol Harnsuthivarin	X ///												
2. Mr. Tatsuya Konoshita	C //	/ //		X		/					C		
3. Mr. Muneo Tashiro	/ //	/ //	X	/,000	/	/			/, 000	/	//		
4. Mr. Regis Martin	/												
5. Mr. Riki Ishigami	/		/,C										X
6. Mr. Yusuke Kozuma	/		/,DC										
7. Mr. Alain Dufes	/ //				/, 00	/	/,0000	/,0000	/ //				
8. Dr. Pholdej Therdphithakvanij	///												
9. Mr. Viboon Engkagul	///												
10. Mrs. Sumalee Chokdeeanant	///												
11. Mr. Troy Schooneman	///												
12. Mr. Tomohiko Shoji	/										//		
13. Mr. Kaname Hashimoto	/				000		000	000					
14. Mr. Freddy Marie *	0					/	/						
15. Mr. Boris Zschorsch	0											/	
16. Mr. Vittawat Arunakasikor**	0												

\*Resigned during year 2018

\*\*promoted during year 2018

Remarks	X	means	Chairman	C	means	CEO	DC	means	Deputy CEO
	/	means	Director	//	means	Executive Director	///	means	Independent Director & Audit Committee
	0	means	Executives	00	means	General Manager	000	means	MD
	0000	means	Deputy MD						

### Details of Directors of Subsidiary Companies 2018

Subsidiary Companies Name of Directors	TNB	GLH	GLF	GLL	PT GLFI	BGMM	GL-AMMK	CSD
1. Mr. Mitsuji Konoshita		X		X	X <sup>1</sup>	X	X	
2. Mr. Tatsuya Konoshita	X	/, //			/ <sup>1</sup>			
3. Mr. Muneo Tashiro	/, //	/, //	X	/	/ <sup>1</sup>			/, ///
4. Mr. Riki Ishigami			/, //					
5. Mr. Yusuke Kozuma			/, //					
6. Mr. Alain Dufes				/, ///	/ <sup>1</sup>	/, //	/, //	/, //
7. Mr. Kaname Hashimoto				/, ///		/, ///	/, ///	
8. Mr. Thanachart Kaoworakarn	/, //							/, //
9. Mr. Charas Liengvithayakun	//							
10. Mr. Chumpon Kittichaisombat	/, //							
11. Mr. Anukoon Methapreechakul	/, //							
12. Mr. Fumio Kyuma			/	/				
13. Mr. Nikolay Kosyakov					/, //			
14. Mrs. Laksmi Mustikaningrat *					/ <sup>1</sup>			
15. Mr. Chhuon Sereyvichet *			/					
16. Mr. Uch Sophoan			/					
17. Mr. Daim Ratanak			/					
18. Mr. Leng Vandy *			/					
19. Mr. Yin Pholy			/					
20. Mr. Charlie Ng							/	
21. Mr. Hitoshi Ikeya							/	
22. Mr. Aung Moe Kyaw							/	
23. Mr. Shigeyoshi Asano					/ <sup>1</sup>			
24. Mr. Didie Soewondho					/ <sup>1</sup>			
25. Mr. Bernad Tjahjadi					/, //			
26. Mr. Benjamin Criballet						/	/	
27. Mr. Balasingam Ananthatheerthan						/		

\*Resigned during year 2018

Remarks X means Chairman / means Director // means Executive Director /// means Managing Director  
 /// means General Manager X<sup>1</sup> means President Commissioner /<sup>1</sup> means Commissioner  
 TNB : Thanabon Co., Ltd. Thailand GLH : Group Lease Holdings Pte.Ltd., Singapore GLF : Group Lease Finance Plc., Cambodia  
 GLL : GL Leasing (Lao) Co.,Ltd., Laos PDR GLFI : PT Group Lease Finance Indonesia, Indonesia BGMM : BG Microfinance Myanmar Co., Ltd., Myanmar  
 GL-AMMK : GL-AMMK Co., Ltd., Myanmar CSD : Comfort Services Development Co., Ltd., Thailand

## Remunerations of Directors and Management

### Monetary Remunerations

**Board of Directors:** The monetary remunerations for Board of Directors as in 2017 normally consisted of meeting fee and annual bonus. However, for 2018 the Annual General Shareholders' meeting was proposed and had resolved the remunerations of the directors to consist of the monthly remunerations for Independent Directors and meeting fee allowance without the bonus as the meeting fee rate has been increased plus there is a monthly remuneration for the Independent Directors which had never been paid before. The Board of Directors had an opinion that such remunerations were reasonable when compared to the industry and the experience, obligation, scope of responsibilities including the contribution expected from each director that can sufficiently and appropriately maintain them with the Company and also significantly in relation with the Company's operating result as well. As for the year 2017, there was no bonus paid to the Board of Directors as the Company had a net loss which mainly caused by the expense allowance on investment loss in subsidiaries in Q3/2017.

The monetary remunerations for 2018 are as follows:

1. Monthly remuneration only for Independent Directors 70,000 Baht per person per month (in 2017 there was no monthly remuneration)
2. Meeting allowance for Board of Directors: payable pursuant to the actual number of meeting attendance as follows:
  - Chairman of the Board: 30,000 Baht per attendance (in 2017: 12,000 Baht)
  - Board member: 20,000 Baht per member per attendance (in 2017: 10,000 Baht)
3. Meeting Allowance for Subcommittees:
  - Meeting allowance for Audit Committee: payable pursuant to the actual number of meeting attendance as follows:
    - Chairman : 20,000 Baht per attendance (in 2017: 12,000 Baht)
    - Member : 10,000 Baht per member per attendance (in 2017: 10,000 Baht)
  - Meeting allowance for Corporate Governance Committee: payable pursuant to the actual number of meeting attendance as follows: (This Committee was set up in 2018)
    - Chairman : 20,000 Baht per attendance
    - Member : 10,000 Baht per member per attendance
  - Meeting allowance for Risk Management Committee: payable pursuant to the actual number of meeting attendance as follows: (This Committee was set up in 2018)
    - Chairman : 20,000 Baht per attendance
    - Member : 10,000 Baht per member per attendance

Employee or management of the Company who is the member of subcommittee shall not receive any remuneration of the subcommittee.
4. Other remuneration: -none-

Details of the monetary remunerations payment for the year 2018 as tabled below:

Unit : Baht

Name	Position	Meeting fee				Total
		Board of Directors	Audit Committee	Corporate Governance Committee	Risk Management Committee	
1. Mr. Skol Harnsuthivarin <sup>1/</sup>	Chairman of the board/Chairman of Audit Committee/ Independent Director	1,105,000	280,000	-	-	1,385,000
2. Mr. Tatsuya Konoshita	Director/ Chief Executive Officer	380,000	-	-	-	380,000
3. Mr. Muneo Tashiro	Director/Chief Operating Officer	340,000	-	-	-	340,000
4. Mr. Alain Dufes	Director/Chief Financial Officer	340,000	-	-	-	340,000
5. Mr. Regis Martin	Director	20,000	-	-	-	20,000
6. Mr. Riki Ishigami	Director	340,000	-	-	-	340,000
7. Mr. Yusuke Kozuma	Director	340,000	-	-	-	340,000
8. Mr. Tomohiko Shoji	Director	220,000	-	-	-	220,000
9. Mr. Kaname Hashimoto	Director	220,000	-	-	-	220,000
10. Mr. Pholdej Therdphithakvanij <sup>1/</sup>	Audit Committee/ Independent Director	1,160,000	150,000	-	40,000	1,350,000
11. Mr. Viboon Engkagul <sup>1/</sup>	Audit Committee/ Independent Director	1,115,610	130,000	20,000	-	1,265,610
12. Mrs. Sumalee Chokdeeanant <sup>1/</sup>	Audit Committee/ Independent Director	975,000	140,000	-	20,000	1,135,000
13. Mr. Troy Schoonerman <sup>1/</sup>	Audit Committee/ Independent Director	975,000	140,000	40,000	20,000	1,175,000
<b>Total</b>		<b>7,530,610</b>	<b>840,000</b>	<b>60,000</b>	<b>80,000</b>	<b>8,510,610</b>

Remark <sup>1/</sup> being the independent director and the Board of Directors' remunerations already include monthly Independent Director's remunerations of 70,000 Baht per person per month

Executives: The monetary remunerations for executives in 2018 consisted of monthly salary and annual bonus paid to 6 executives at total 18.29 million Baht (includes 1 resigned and 1 newly appointed executive during the year), details as follows:

No. of Executive and Remunerations	2018	2017	2016
Number of executive (person)	6	6	8*
Salary and bonus (million Baht)	18.29	22.72	31.16

**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 from the year 2015.

## Other Remunerations

Other Remunerations of Directors

-none-

Other remunerations of Executives

- Provident Fund

The Company provides provident fund to staff and executives by contributing 2% and 5% of basic salary of the employees. In 2018, the total amount of provident fund contributions for total 6 executives at total amount of 0.72 million Baht.

## Human Resources

The total number of employees as of 31 December, 2018, 2017 and 2016 divided by departments are shown below:

unit : person

Department	2018	2017	2016
Credit and Marketing	441	445	346
Collection	248	263	292
Accounting and Finance	56	50	46
Human Resources & Admin.	72	70	38
Operations	106	117	129
Information Technology	76	68	58
<b>Total</b>	<b>999</b>	<b>1,013</b>	<b>909</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 2018, the Company paid total remunerations of 381.93 million Baht.

In 2018, the number of employees and the remunerations paid to the subsidiaries' employees in other countries which were somewhat paid on the same principle as the Company or may be different in relation to each country's law, detail as follows:

Subsidiaries	Number of employees	Remunerations
GLH	20	60.21
GLF	510	72.15
GLL	125	14.47
GLFI	262	51.21
BGMM	425	24.82
GL-AMMK	335	20.70

## 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, on various courses appropriately depending on the related duties of the employees.

## Corporate Governance

The Board of Directors realizes the importance of having good corporate governance in order to add value to the Company which, in turn, will contribute to the long-term interests of the Company's shareholders, its other stakeholders, and to society as a whole. The Company has continued its strict compliance with the Good Corporate Governance Principles of the Listed Companies introduced by the SET in 2012. In 2018, the Board of Directors set up two sub-committees, namely, the Corporate Governance Committee and the Risk Management Committee, both of which will be instrumental in assisting the Board in setting up appropriate policies and always ensuring that the Company's management and operations are carried out as efficiently as possible in compliance with good corporate governance principles.

### Corporate Governance Policy

During 2018, the Company's Board of Directors resolved to undertake a review of the Company's CG Policy so as to ensure that the CG Policy is consistent with and accurately reflects the new Corporate Governance Code 2017. While the Company believes that it is already practicing the majority of the guidelines set forth in the new Corporate Governance Code 2017, the Board was of the view that undertaking a review of the Company's CG Policy, and making changes where it was deemed appropriate, would enhance the good corporate governance of the Company and, as a consequence, benefit the shareholders and all other stakeholders of the Company.

For 2018, the CG policy of the Company and its compliance with the new Corporate Governance Code 2017 may be summarized as follows:

### Section 1 Rights of Shareholders

#### 1. Right Protection of the shareholders

The Company encourages and gives importance on the rights of the shareholders beyond the legal rights and also encourages the shareholders to exercise their basic rights, including the right to trade or transfer shares, the right to receive dividends, right to receive adequate information from the Company, the right to attend and to vote in the shareholders' meeting to ensure that the shareholders have participated in the making of significant issues affecting the Company.

#### 2. Shareholders' Meeting

The Company has a policy to encourage every group of its shareholders, including its institutional shareholders, to attend and vote in its shareholders' meeting. To ensure that this is possible, the Company will always ensure that the venue of its shareholders' meeting is easily accessible by road and by public transport and that the shareholders' meeting will never be convened on a public holiday, on a weekend, or otherwise outside normal office hours. The 2018 Annual General Meeting of Shareholders took place on 26 April, 2018 at the Miracle Grand Convention Hotel located near the Company's head office at No. 99, Khampang Phet 6 Road, Laksi, Donmuang, Bangkok 10210 at 10.00 a.m.

Before each AGM and EGM, the details stipulated in the Notice of the Meeting, including the meeting date, time, venue and agenda, including an explanation and rationale for each agenda item, as well as the opinion of the Board together with the various attachments, such as details of the directors who shall be retired by rotation and be re-elected, Independent Directors' detail as a Proxy, the Company's Articles of

Association in relation to the shareholders' meeting, the list of papers to show identification of the shareholders who have the right to attend the meeting and the proxy form B and form C which states 3 Independent Directors for proxy granting alternatives as well as the map of the venue were all posted on the Company's website in both Thai and English versions separately in advance so that the shareholders have sufficient information and time to study each agenda item before making decision in person or by proxy at the shareholders' meeting. In addition, the shareholders are able to ask questions in advance via e-mail directly to the Company's IR unit at [IR@grouplease.co.th](mailto:IR@grouplease.co.th), already disclosed on the Company's website. Once the questions are received, the IR officer shall coordinate to have them answered by the authorized person or his representative.

### 3. Procedures on the shareholders' meeting date

Before the commencement of [each] [the 2018] shareholder's meeting, there was an announcement on the quorum, the procedure and method of vote casting, vote counting and vote reporting. A computer was used to facilitate the registration and vote counting during the shareholders' meeting so that the meeting could be carried out efficiently. In addition, the shareholders were encouraged to use the proxy form which can specify their voting choice and there were 3 Independent Directors offered as the shareholders' proxy granting alternative. Duty stamps were also provided without cost for the proxy granting and those shareholders who arrived late for the meeting were still afforded the right to participate in the meeting. On the agenda item relating to the re-election and appointment of new directors, the voting was done individually and voting cards were used for all agenda items and were kept for future reference, especially those disapproved and abstained voting for transparency and future auditing. A representative from the Company's independent auditor was assigned to be the witness in vote counting before the meeting began and was introduced to the Meeting and recorded in the minutes of the meeting.

Apart from having the Notice of the Meeting prepared in both Thai and English, the shareholders' meeting itself was also conducted in both languages so that both Thais and foreign shareholders were able to equally understand. Moreover, during the meeting, the Chairman provided the opportunity and sufficient time for the shareholders to express their opinions or ask questions concerning each of the agenda items and the Company's businesses fully before the vote casting. In addition, after all of the proposed agenda items had been completed, the shareholders were given a further opportunity to ask additional or follow-up questions. The shareholders' meeting would close only when there were no further questions from the shareholders..

### 4. Writing and releasing of the minutes of shareholders' meeting

Minutes of the shareholders' meeting shall always include the list of present and absent directors (if any). For 2018 AGM, there was 1 non-executive director absent so that the proportion for director's attendance was recorded at 90.9 percent. Moreover, the minutes also included the explanation of voting method and vote counting as well as the important questions and answers together with the name of the person who asked and answered the questions in every agenda. The voting result will show the number of shares approved, disapproved and abstained votes and such results was disclosed on the SET's disclosure system within the next meeting date and the minutes of the meeting was disclosed on the Company's website on 10 May, 2018 or within 14 days from the meeting date.

## Section 2 Equitable treatment of shareholders

The Board of Directors of the Company treats all shareholders fairly and equally, whether they be major or minor shareholders, corporate or individual shareholders, and irrespective of their nationality. In order to ensure the fair and equitable treatment of all of its shareholders, the Company follows the following guidelines:

### 1. Release of information before shareholders' meeting

For the Annual General Meeting of Shareholders 2018, the Board resolution on notice of shareholders' meeting together with the agenda and opinions of the Board both in Thai and English versions were disclosed to the SET and the notice of the meeting and other attachments were also posted on the Company's website on 26 March, 2018, or 30 days in advance of the meeting date and the invitation to the Meeting including the annual report was delivered to the shareholders on 12 April, 2018, or 14 days in advance of the meeting date. The Company used voting sheets for every agenda item and the vote counting method is based on 1 share per 1 vote for all shareholders. The meeting was informed of the voting method and the vote counting method together with the amount of shares / votes required from the shareholders to approve each agenda item was also announced before voting in each agenda item.

### 2. Protection of minor shareholders

Minor shareholders were provided with the opportunity of proposing agenda items and/or nominating qualified persons to be the Company's Director to be considered in the AGM FY2018 in accordance with the announcement on the SET Portal in which the procedures of making such proposals were disclosed on the Company's website and the period of proposal was during 1 October – 31 December, 2017. However, there were no agenda items or any director nomination proposed by the minor shareholders to be considered in AGM2018. In the re-election of Directors who retired by rotation, and the appointment of new directors, the shareholders had the right to vote for each person individually.

The Company did not include additional agenda items nor did it switch the sequence of the shareholders' meeting agenda in the AGM2018 from the sequence specified in the Notice of the Meeting.

### 3. Protection against abuse of inside information

The Company has prescribed guidelines regarding its confidentiality policy and its policy relating to the abuse of inside information in its official written Business Code of Ethics, [a copy of which is published on the Company's website.] The Company takes these matters extremely seriously and confirms that all directors and employees are expected strictly comply with the Company's Business Code of Ethics. Any director or employee who breaches the Company's Business Code of Ethics shall be subject to disciplinary action according to the Company's internal disciplinary procedures.

### 4. Conflict of interest by directors

The Company's Directors and executives (under SEC's definition) have an obligation to disclose their own and their related persons' interests which might have any conflict with the Company's interests since their first appointment according to Section 89/14 of the Securities & Exchange Act B.E. 2535 and update the information whenever there is any change so that such related transactions shall be decided on the Company's highest benefit as a whole. Those who have significant conflict of interest which might limit their ability to make independent and impartial decisions shall not be entitled to participate in the decision making in respect of the matter for which the conflict has arisen.

Moreover, all directors and executives who have the obligation to report their Company shareholdings must also submit a report of any changes to such Company shareholdings to the SEC to comply to Section 59 of the Securities & Exchange Act B.E. 2535 according to the rules and method specified by the SEC. Such changes shall be acknowledged in the next Board of Directors' Meeting and the Company



shareholdings of the directors and executives during the year shall be disclosed in the Company's annual report.

### Section 3 Role of Stakeholders

The Company gives importance to and respects the rights of all of its stakeholders, including its shareholders, its customers, its employees, its suppliers, its creditors, its competitors, as well as the environment, the community, and society as a whole. The Board of Directors and management, therefore, have set up the following operational guidelines for the benefit of its stakeholders:

#### Guideline towards the Stakeholders

The Company also ensures that it complies with good corporate governance and business ethics in all of its dealings with its stakeholders, both internal stakeholders such as directors, management, employees and other staff, and external stakeholders such as shareholders, customers, creditors, suppliers, competitors, as well as environment, the community, and society as a whole, all of which were prescribed in the Company's Business of Code of Ethics and which may be summarized as follows:

##### Shareholders:

The Company understands that its shareholders are the owners of its business and, as such, that the Company has a duty to contribute to the long-term interest of its shareholders by ensuring that its business is carried out with prudence, with an unwavering commitment to excellence, and as efficiently as possible. As such, the Company requires its directors, executives and employees to perform their respective duties with integrity, to make decisions professionally and with caution, to ensure that both major and minor shareholders are treated equally for the best interest of all shareholders, to report the Company's status, financial statements, financial and accounting information and other matters carefully, fully, and in a timely manner, and to prevent the use of the Company's confidential information for personal interest or otherwise in conflict with the interests of the Company.

##### Employees:

The Company realizes that employees are its most valuable assets and a significant component of the Company's success. Therefore, good culture and working atmosphere are enhanced. Environment around the work area shall always be taken care of in terms of safety. Recruitment, promotion, compensation, and transfer of employees will always be strictly based on labor law and will be considered equitably and fairly. Various kind of training courses are frequently provided to the employees to develop their knowledge and skills on a continuous basis, including courses on English proficiency, computer program, tax, accounting and finance matters, leadership skills as well as courses on the enhancement of operational knowledge, etc. in order to enhance their potential on their career path and finally for the benefit of the Company as a whole, as well as the Company's shareholders.

In 2018, the Company conducted a total of 48 internal training courses and 59 external training courses which were attended by an aggregate total 1,199 persons or an average of 8.7 hours per person.

Employees were also provided proper health and recreation welfare such as group life and health insurance, annual physical check-up, provident fund, allowances on wedding, maternity and funeral expense allowance, scholarship for employee's children who achieved excellent academic results, motorcycle insurance for the staff who use motorcycle on their job and motorcycle hire-purchase to employees at low interest rates. In addition, the Company arranged recreation activities to enhance good relationship among the employees and also concern about their health by encouraging them to do more exercise such

as Weight Loss within 12 weeks Contest to win the prize from the Company. Many work-out activities after work such as aerobics, yoga, etc. were initiated for the employees to participate including the establishment of football club.

Customers:

The Company aims to build satisfaction and confidence to its customers to ensure the best quality services under appropriate safety and technology and continue to raise its service standards. Information regarding the services offered will be disclosed completely, correctly, in a timely manner and without any distortion to the customers. The Company focuses on operating its business with reasonable cost while maintaining an efficient, fast, and high quality of service thus fulfilling the Company's business philosophy: First, Fast and Forward. Customers' confidential information shall always be kept confidential and such information shall not be used for the Company or other related person's benefit and never solicit or offer any illegal benefits to customers.

Suppliers:

Suppliers will be selected on a fair and equitable basis. The Company shall deal with its suppliers in strict compliance with the commercial terms of the arms-length legal agreements executed with them. The Company does not do business with suppliers who are suspected of corruption or of soliciting bribes. Under no circumstances will the Company accept, solicit or offer any bribes to its suppliers.

Creditors:

The Company strictly complies with the terms and conditions made with its creditors, including the punctual repayment of its debts and other conditions specified in the agreement.

Competitors:

The Company supports and encourages fair competition with other firms doing the same business. Competition is done under the framework set by the industry or regulators. The Company does not act to take advantage of its competitors by using improper or unethical methods

Community,  
Society &  
Environment

The Company has the policy in operating the business with responsibility towards community, society and environment in terms of safety, quality of life and natural resources conservation. We promote the efficient utility of energy and resources, offer assistance to the community by making donations and encouraging employees to arrange and participate in various social responsibility activities or environmental conservation in order to instill consciousness of social responsibility to the employees.

In 2018, the Company participated with our business partners in social responsibility activities, including supporting Children's Day in Nakhonratchasima Province, donating field player equipment, educational toys, furniture, and food and clothing to schools, temples and public organizations that support the underprivileged. The Company's employees also participated in a blood donation initiative of the Red Cross Society which was undertaken at the Company's head office.

**Policy on anti-corruption and prohibition of bribery for commercial benefit of the Company**

The Company's Board of Directors passed a resolution to establish an Anti-corruption Policy in January 2016. Formerly, the Company had stipulated corruption as a prohibited action in the Employees' regulations and also included such matter in the Company's Code of Business Ethics. However, the Board of Directors has enhanced such regulations for clearer and more updated provisions and this Anti-corruption policy shall be inserted as a part in the Company's Code of Business Ethics. The Anti-corruption Policy states that:

*"Directors, executives and employees of the Company and subsidiaries are prohibited to participate in any corruption, bribes either to or from the government or private officers in any form whether directly or indirectly in return for wrongful benefits for oneself, family, friend and acquaintances or to get business for the Company or for commercial advantage. They must also comply with the Company's Business Code of Ethics and other laws in Thailand in relation to anti-corruption."*

#### Process on Risk Evaluation from corruption and guideline on governance and risk monitoring

- 1) Internal Audit Department is responsible for the risk evaluation from corruption actions by setting up yearly audit plan which covers various audited items that may incur the risk from corruption done by employees to the Company during the performing of duty or done with the outsiders such as customers, suppliers or government officers and report the results to the Audit Committee for further action in compliance to the Company's rule or related laws as the case may be. The auditing should be done regularly in each department and the risk criteria and Company's rules should be reviewed regularly to always ensure the effectiveness to control the risk to be within the acceptable level and to ensure the implementation of such policy.
- 2) When there is any corruption cases found, an investigation committee will be established to investigate the case and if found guilty, the person shall be penalized or put under disciplinary action according to the Company's rule.
- 3) In order to be fair to the accused of corruption in case of disagreement to the accusation, such person can file a complaint by following the complaint filing procedure specified in the Company's rule.
- 4) Anti-corruption Policy has been set as a course in the employees' training course and the orientation of new employees. It was posted on the intranet of the Company in both Thai and English versions in order to declare the Company's intention of doing business without corruption.

#### Channel provided for any stakeholders to contact or complain directly to the Board of Directors (Whistle Blowing) about matters of concern

Stakeholders who observed any suspicious act of corruption or bribery or a suspected violation of the law, the Business Code of Ethics or the good corporate governance policy of the Company or any malpractice which may adversely affect the Company's image by directors, management and employees may report in writing specifying their name, contact address or number or any other contact channel, stating the details of matter of concern and submitting the evidence to the Company via registered post addressed below:

Chairman of Board of Directors  
Group Lease Pcl.  
P.O Box 149, Bang Sue,  
Bangkok 10800

This PO Box was specially opened exclusively for the purpose of complaints on corruption or bribery reporting and the Internal Audit Department Manager is the responsible person. After receiving the complaints, Investigation Committee shall be set up to investigate the matter. The accused person is given the right to defend himself before final result and penalties can be summarized and report to Audit Committee and the Board of Directors for acknowledgment.

In addition, in order to protect the rights of the whistleblower or those who reveal the information, the Company shall take appropriate care to conceal the identity and address or other information that can lead to the identity of the whistleblower. The employee who discloses matters of concern in good faith will not be penalized or put under disciplinary action or demotion, suspension or layoff or any other actions that may have an adverse effect on such employee. Employees who make false accusations will be dealt with very seriously in accordance with the Company's internal disciplinary policy.

For other complaints such as problem on service rendered or other violation of rights or the complaints other than corruption cases can be done via e-mail address: [glpcl@grouplease.co.th](mailto:glpcl@grouplease.co.th) or by telephone number: 0 2580 7555 contact Customer Service or access through the Company's website at: [www.grouplease.co.th](http://www.grouplease.co.th) /Investor Relations. All the complaints shall be forwarded to the related Management who shall promptly investigate the matter and take the best action to solve the problem and make improvement.

#### Section 4 Disclosure and Transparency

The Company has a policy to disclose important information both financial and non-financial regarding the Company's business and operating result which is clear, accurate, sufficient and timely to all concerns in order to strictly comply to the rules set by the SET and SEC to be transparent. The Company's information which was disclosed through the SET's electronic system (SET Portal) is also posted on the Company's website under "Investor Relations" section to enhance the equality of information to public.

Besides disclosing the mandatory information through SET Portal system, the Company also discloses other important information through form 56-1 and annual report including its website in Thai and English versions. Such information shall be updated regularly so that investors and other stakeholders are able to use them in making investment decision accurately and equitably. Those who are interested may visit the Company's website anytime at [www.grouplease.co.th](http://www.grouplease.co.th). In addition, towards the end of 2018, the Company had created new URL: [www.grouplease.international](http://www.grouplease.international) in order to facilitate fast and easy access to enter our global network directly.

The Board of Directors had set up Investor Relations Department and the Chief Executive Officer or his designated shall be assigned to be the Company's speaker who has the duty to communicate with the investors, shareholders, analyst including the related governor and the analyst meeting has been arranged regularly in order that the Company's important information shall be disclosed efficiently. In the year 2018, the Company arranged 4 Analyst Meetings in March, May, August and November, 2018 or once a quarter after the financial statement has been disclosed.

Disclosure Policy of the Company reads as follows:

- The Chief Executive Officer or the Chief Investor Relations Officer or the executive who is assigned the duty of Chief Investor Relations Officer is authorized to consider and determine the contents of the important information to be disclosed. He can do the disclosure by himself or empower others to do the disclosure for him.
- The information to be disclosed should be correct, transparent, equally and timely as regulated by the SET or other related regulators.
- The Company shall disclose inside information and other information needed to be disclosed according to the SET's rule through the SET's electronic system (SET Portal) before or simultaneously with the disclosure on the Company's website for transparency and equality of the receiving of information.
- The PR news of the Company shall be disclosed on the Company's website.

## Section 5 Responsibilities of the Board

### 1. Roles and responsibilities of the Board

- Review and approve key business issues The Board of Directors involved in determining the Company's vision, mission and planning of strategy, objective, policy, and budget. It also advises and controls the implementation of the plan according to the policy. There will be presentation of performance to be presented in the Board of Directors Meeting every month.
- Corporate Governance Policy The Board of Directors set and approved a written corporate governance policy for the Company starting from the year 2007 and regularly updated to be more appropriate and in line with the corporate governance principle and guideline and there has been a report on corporate governance practice in compliance to such policy annually disclosed on the Company's annual report and posted on the Company's website.
- Business Ethics The Board of Directors set up the guidelines for Directors, management and the employees according to the Business Code of Ethics or Statement of Business Conduct. Such guidelines are put in writing, and are informed to directors, management, and employees by including in the orientation of new employees and posted on the Company's intranet system as well as communicated to public by posting on the Company's website. Furthermore the operation guidelines were also set up in writing as the Company's rule so that the employees can follow as operational guidelines to work with honesty and good discipline and such rule also states penalties in violation of the regulations.
- Conflict of Interests The Board of Directors proposed the preventive action for conflict of interest carefully and honestly, reasonably and independently under good business ethics significantly for the benefit of the Company. The preventive actions are set as follows :
  - 1) Important transactions between the Company and related persons have to be considered and approved by the Board of Directors and in presence of Audit Committee and in compliance with the SET's rules and regulations and the Securities and Exchange Act. Directors who have conflict of interest in such transaction cannot vote. Additionally, the minimum quorum while making resolution in the Board Meeting should not be less than two-third of the total number of the Board of Directors.
  - 2) Related party transactions should be disclosed to the shareholders together with the opinion from the Audit Committee or independent financial advisor whether such transactions are appropriate in terms of price and justification of the transaction (as regulated).
  - 3) Directors and management are prohibited to use the Company's information for own benefit both directly and indirectly.
  - 4) The Company's Board of Directors' Meeting No. 8/2008 held on August 21<sup>st</sup>, 2008 had approved in principle that the management is able to approve the related transactions which have the same commercial terms as those an ordinary person would agree with any unrelated party under similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person as prescribed in the Securities and Exchange

Act No. 4, BE. 2551. However, the related transactions which worth more than 1 million baht will be reported in the Board of Directors' Meeting for acknowledgement.

- Internal control System The Board of Directors realizes the importance of internal controls in every procedure to get the most efficient operations and to have sufficient internal control appropriated for each operation procedure of each system. As a result, Internal Audit Department was set up and report directly to the Audit Committee. The Company sets up duties and scope of authority to access inside database system of the staff and management in different levels by using employee's code as the password to access the system so that different staff shall have different scope of authority to access the Company's database differently. In addition, the Company also segregated the duties of the operator and evaluator clearly. For financial control, the Company sets control procedure system for verifying financial report. Those reports are presented to the related management monthly. The Company also arranges the management meeting to consider the accuracy of the reports every month. Moreover, accounts receivable management report is done monthly for risk management control. Accounts receivable will be grouped according to historical payment and each group will be taken care of by related officer.
- Risk Management Policy It is the policy that every division is to perform in compliance with the regulations and relevant laws. Operating policy, operating regulations and command of authorization are in writing and revised to cover the on-going operation. The Risk Management Committee together with the management of each department shall assess the risk from the business and report to the Audit Committee for acknowledgement which shall facilitate in the internal audit planning. In addition, the result of the risk assessment of the business in term of the impact to the Company and the resolution to manage such risk shall also be acknowledged.
- Governance on Company's subsidiary In order to take care of the Company's investment in subsidiary company to the best interest, the Board of Directors has assigned appropriate personnel to become director in the subsidiary in order to control the operations of the subsidiary to be in line with the Company's policy and to ensure that various transactions are carried out in compliance with the rules and laws of each country. The operating result of the Company's subsidiaries was regularly reported in the Board of Directors' meeting.

## 2. Check and Balance of directors

The Board of Directors determined the proportion of its member between executive and non-executive directors appropriately to be able to balance the authority of the Board of directors so that no single group can make decision on their own. As of 31 December, 2018, the Company's Board of Directors consisted of 13 members divided into 3 Executive Directors, 5 non-executive directors and 5 Independent Directors who are also the Audit Committee or equal to 38% of the total members of the Board of Directors.

## 3. The Aggregation and Segregation of Role

At present, Chairman of the Board of Directors of the Company is an Independent Director and is a different person from the Chief Executive Officer. In addition, both roles are clearly separated in order to balance between management and good corporate governance.



#### 4. Board of Directors' Meeting

At present, the Company's Board of Directors meeting is arranged once a month. The Audit Committee meeting is set to be held once a quarter. In December of each year the Board will be proposed to determine the next year's Board of Directors and Audit Committee as well as AGM meeting schedule in advance. However, if there is any urgent agenda that the Chairman or other directors need to bring in for the Board's attention, additional meetings can be arranged as necessary. In 2018, the Board of Directors' meeting was held altogether 17 meetings of which 12 meetings were monthly meetings and the rest 5 meetings were extra ones and the average percentage of each member for Board Meeting attendance was about 91%. The Company Secretary will send notice to the Board meeting and the Board papers to all directors at least 7 days in advance which was considered sufficient for the directors to study before coming to the meeting. Should any directors need more supporting information or reports, he can always ask from the related executives. In each monthly meeting, the agenda on operating result of the Company and its subsidiaries both in Thailand and overseas is set as regular agenda, and the Meeting is also updated on the market outlook, competition situation and other significant issues regularly each month. For each meeting, Chairman has allocated sufficient time for the meeting and all directors always pay high attention and give sufficient time to every proposed agenda as appropriate.

Moreover, the Board of Directors has the policy to let the Audit Committee which comprises of non-executive directors arrange a meeting with the external auditor of the Company without any presence of management team at least once a year in order to discuss various problems concerning management issues independently and the result will be reported in the Board of Directors' meeting. As for the year 2018, the Audit Committee had meeting with the external auditor twice without presence of management.

#### 5. Board of Directors' Reporting

Board of Directors is responsible for the report on the Company's consolidated financial statement as well as the financial information disclosed on the Company's annual report. Such financial statement was prepared in accordance with the generally accepted accounting standard in Thailand with appropriate accounting policy consistently implemented so that the reports are accurate and reflect the important and sufficient information in the notes to financial statement.

Audit Committee was assigned to be responsible for the quality of the financial reporting and the internal control. Audit Committee's report is shown in the Company's annual report. The Board of Directors has the opinion that the Company's financial statement as of 31 December, 2018 was accurate, complete, and reliable.

## Sub-committees

In 2018, the Board of Directors had established 2 new sub-committees in addition to the Audit Committee, namely, Corporate Governance Committee and Risk Management Committee in order to enhance the efficiency of the good corporate governance of the Company.

### Audit Committee

#### Structure of Audit Committee

As of 31 December 2018, Audit Committee of the Company consisted of 5 Independent Directors out of the 13 total of Board of Directors which made the ratio of 38%. Mrs. Sumalee Chokdeeanant is the Audit Committee member who possesses the knowledge and experience in auditing financial statement of the Company. The Audit Committee has a 2-year term of office and those who retire by rotation can be re-elected by the resolution from the Board of Directors. Currently, there has not been any policy set up by the Company to limit the maximum term of office of the Independent Directors. However, in the 2019 Annual General Meeting of Shareholders, one of the Independent Directors – Dr. Pholdej Therdphithakvanij, who is due for the retire by rotation and in the event that he is approved to be re-elected, his term of office shall exceeds 9 years consecutively. In that case, the Board of Directors has considered and has the opinion that Dr. Pholdej Therdphithakvanij continues to possess all the qualifications required of an independent director and his independence has not been eroded or compromised in any way as a result of his length of service with the Company. His deep knowledge about the Company, its history and its business gained during his directorship is and will continue to be extremely beneficial to the other Independent Directors and Audit Committee members who were newly appointed in 2018 and such knowledge will greatly enhance the performance of the duties of both the Independent Directors and of the Audit Committee. The Board of Directors, therefore, proposes and recommends the shareholders to approve for him to be re-elected for another term.

List of Audit Committee, term of office of the Audit Committee and the meeting attendance of the Audit Committee Meeting in 2018 is shown below:

Name of Audit Committee	Position/ Term of Office	Audit Committee Meeting	
		No. of Meeting held	No. of Attendance
1. Mr. Skol Hamsuthivarin <sup>1</sup>	Chairman of Audit Committee and Independent Director/ 11 May 17- 11 May 19	14	14
2. Mrs. Sumalee Chokdeeanant <sup>2</sup>	Audit Committee member/ Independent Director/ 11 May 17-11 May 19	14	14
3. Dr. Pholdej Therdphithakvanij	Audit Committee member/ Independent Director/ 11 May 17-11 May 19	16	15
4. Mr. Viboon Engkagul <sup>3</sup>	Audit Committee member/ Independent Director/ 11 May 17-11 May 19	15	13
5. Mr. Troy Schooneman <sup>4</sup>	Audit Committee member/ Independent Director/ 23 Feb 18-23 Feb 20	14	14

<sup>1</sup> Replaced the remaining term of office of Gen.Suebsan Dardarananda

<sup>2</sup> Replaced the remaining term of office of Mr. Krit Phanratanamala

<sup>3</sup> Replaced the remaining term of office of Mr. Sonit Pichyangkul

<sup>4</sup> Newly appointed on 23 Feb, 2018

#### The Qualifications of Audit Committee

Audit Committee must be an Independent Director.

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



- Holding no more than 1 % of total voting shares\* including the shareholding of persons related to the independent directors
- Not currently be or never been the company's executive director, worker, employee, salaried consultant, or controlling parties\*. Exception: It has been at least two years after the person has held the position.
- Not by blood or legally registered with other directors, executives, major shareholders, controlling parties, or persons who will be nominated as directors, executives, or controlling parties of the company or subsidiary.
- Not currently having or never had any relations with the company\* in the way that such relation may impede the person from having independent views. Also, the person should not currently be or never be a significant shareholder or controlling person for persons having business relations with the company\*. Exception: It has been at least two years after the person has held the position.
- Not currently being or never been the company's auditor\*. Also, the person should not currently be or never be a significant shareholder, controlling person, or partners of current auditor's auditing firm\*. Exception: It has been at least two years after the person has held the position.
- Not currently be providing or never provided professional services, legal consulting, nor financial consulting services to the company with a fee more than THB 2 million per year\*. Also, the person should not currently be or never be a significant shareholder, controlling person, or partners of current service providers. Exception: It has been at least two years after the person has held the position.
- Not currently a director appointed to represent the company's directors, major shareholders, or the shareholder related to major shareholder.
- Not currently be operating under similar business nature and significant competition to the company or subsidiary; or not a significant partner of the partnership, executive director, salaried worker, employee, or consultant; or holding more than 1% of voting shares of any other companies operating under similar business nature and significant competition to the company and subsidiary.
- Not under any conditions that may impede the person from having independent views towards the company's operations.

\*Including the parent company, subsidiary, affiliate, major shareholder(s), or controlling parties of the company

All Independent Directors of the Company have the qualifications required of the Independent Director who are also members of the Audit Committee in accordance with the Notification of Capital Market Supervisory Board Ref: Tor.Jor 39/2016 RE: Application for Approval and Granting of Approval for offering of newly issued shares (Codified) dated 30 September, 2016.

#### 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 2018, the Audit Committee has done its yearly self-assessment and the result was 95.31% which is considered excellent in which details are as follow:

Criteria	Full Score	Score	%	Result
<b>Total</b>	<b>64</b>	<b>61.00</b>	<b>95.31</b>	<b>excellent</b>
1. AC Structure and qualifications	12	12.00	100.00	excellent
2. AC Meeting	24	23.60	98.33	excellent
3. Duties & responsibilities of AC	28	25.40	90.71	excellent

#### Corporate Governance Committee

##### Composition of Corporate Governance Committee

The Board of Directors had a resolution to establish the Corporate Governance Committee of the Company on 16 March, 2018 in order to take the roles and responsibilities of setting up corporate governance policies and providing opinions, advices, monitoring and auditing the Company's business operation, including overseeing the performance of duties of the Board of Directors, management and staff to be in compliance with the principle of Good Corporate Governance. The Corporate Governance Committee composed of 3 members and a secretary in which majority of members should be the Independent Director. The Committee shall have a 3-year term of office and the retired by rotation member can be re-elected. The appointment as well as re-election or the renewal of the term of office of the Corporate Governance Committee shall be done by the Board of Directors.

List of the Corporate Governance Committee, the term of office and the attendance of the committee for the year 2018 were as follows:

Name of Corporate Governance Committee	Position/ Term of Office	Corporate Governance Committee Meeting	
		No. of Meeting	No. of Attendance
1. Mr. Troy Schooneman	Chairman of the Corporate Governance Committee/ 16 Mar 18- 16 Mar 21	2	2
2. Mr. Viboon Engkagul	Corporate Governance Committee member / 16 Mar 18- 16 Mar 21	2	2
3. Ms. Siriphen Pongchairerks	Corporate Governance Committee member & Secretary/ 16 Mar 18- 16 Mar 21	2	2

### Duties and Responsibilities of Corporate Governance Committee

The Committee is authorized to set the policies with respect to Corporate Governance Policy of the Company, including providing advices, recommendations, auditing and monitoring of the business operations of the Company, the performances of duties of the Board of Directors, management and staff of the Company to be in compliance to the good corporate governance by upholding the principles of Corporate Governance Code for Listed Companies 2017 (or any future amendments) of the Securities and Exchange Commission as guidelines of operation.

1. To set up the Corporate Governance Policy, Anti-corruption Policy and other policies with respect to the good corporate governance policy of the Company, including the Code Ethics and the Business Code of Ethics, under the framework of current laws rules and regulations of the related regulators, such as, the Stock Exchange of Thailand, Office of the Securities & Exchange Commission, the Ministry of Finance and other relevant agencies, as well as the good corporate governance guidelines under international standard and to be proposed to the Company's Board of Directors for consideration and approval and announcement as the guidelines of Good Corporate Governance practices for the Directors, management and every level of the staff.
2. To control, oversee and recommend guidelines in promoting the Company's Directors, management and staff to enhance Good Corporate Governance practices in consistent with the principle of the Company's Corporate Governance Policy, Anti-corruption Policy and other related policies as well as those derived from the good practices according to the ethics and the Business Code of Ethics, in carrying out business of the Directors, management, staff and employees of the Company.
3. To support the dissemination principal, guidelines, opinion, recommendation of the Good Corporate Governance practices for understanding of the management and staff in every level to have practical result, both in the Company and its subsidiaries.
4. To determine the framework of policy and operation plan with respect to Corporate Social Responsibilities (CSR) of the Company for both short-term and long-term in order to propose to the Board of Directors' for approval
5. To control, oversee and monitor the operation of CSR activities and the report on showing social responsibility to be proposed to the Board of Directors of the Company.
6. To review and improve the Corporate Governance policies and Anti-corruption policies or other policies in relation to the Good Corporate Governance of the Company including the Corporate Governance Committee Charter regularly at least once a year to be updated and in consistent with the international standard guidelines, as well as laws relevant rules and regulations to be proposed to the meeting of the Board of Directors of the Company for approval and disclosure in the annual report and Annual Report Disclosure Form.
7. To prepare report the result of annual evaluation of Good Corporate Governance to be proposed to the Board of Directors of the Company together with proposed recommendations for modification as appropriate.
8. The Committee may discuss and consult with the consultant or expert on Good Corporate Governance and may attend the training of Good Corporate Governance Course and if there is any expense thereof, it will be incur by the Company.
9. To perform other relevant tasks as assigned by the Board of Directors of the Company.

## Risk Management Committee

### Composition of Risk Management Committee

The Board of Directors had resolved the establishment of Risk Management Committee on 16 March 2018 together with the Corporate Governance Committee in order to determine policy, guideline and measures regarding the risk management of the Company and its subsidiaries to protect against and mitigate the potential risks that might cause damages to the Company and its subsidiaries. Risk Management Committee composed of at least 5 members and at least 3 members should be the Independent Director. Risk Management Committee shall have a 3-year term of office and the retired by rotation member can be re-elected. The appointment as well as re-election or the renewal of the term of office of the Risk Management Committee shall be done by the Board of Directors.

List of the Risk Management Committee, the term of office and the attendance of the committee for the year 2018 were as follows:

Name of Risk Management Committee	Position/ Term of Office	Risk Management Committee Meeting	
		No. of Meeting*	No. of Attendance
1. Dr. Pholdej Therdphithakvanij	Chairman of the Risk Management Committee/ 16 Mar 18- 16 Mar 21	2	2
2.Mrs. Sumalee Chokdeeanant	Risk Management Committee member/ 16 Mar 18-16 Mar 21	2	2
3.Mr. Troy Schooneman	Risk Management Committee member/ 16 Mar 18-16 Mar 21	2	2
4.Mr. Alain Dufes	Risk Management Committee member/ 16 Mar 18-16 Mar 21	2	2
5.Mr.Muneo Tashiro	Risk Management Committee member/ 16 Mar 18-16 Mar 21	2	2
6.Mr. Vittawat Arunakasikor	Risk Management Committee member & Secretary/ 16 Mar 18-16 Mar 21	2	2

### Duties and Responsibilities of Risk Management Committee

1. Establish a risk management policy and procedures of the Company and its subsidiaries to mitigate or terminate the impact from the risks that might cause damages to the Company and its subsidiaries to be submitted to the Board and the Management for further action.
2. Review and update the risk management policy and procedures to be submitted to the Board and Management.
3. Establish criteria and method of risk assessment and determine the different level of risk to be submitted to the Board meeting and the Management for further action.
4. Discuss with the Management, Manager and Operation Dept. the Company's and its subsidiaries' risk assessment and risk management processes in various aspects pertaining to accounting, finance, human resources, procurement, cyber security, data base including other related rules and regulations of the Company and its subsidiaries whether there are any holes of risks.
5. Perform other functions pertaining to the risk assessment policy as assigned by the Board.

The Committee is authorized to invite any officer or employee of the Company and its subsidiaries to provide information or submit necessary documents or evidences and if deemed necessary, the Committee may retain special risk assessment counsel or enroll in training courses. Any expenses incurred should be responsible by the Company.

## 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 Notification of Capital Market Supervisory Board Ref: Tor.Jor 39/2016 RE: Application for Approval and Granting of Approval for offering of newly issued shares (Codified) dated 30 September, 2016. 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 main business of the Company, etc. Most importantly, ability to express opinion independently 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 and the highest level management of the Company(CEO), the Board of Directors shall consider from the caliber, experiences, vision and reliability of such person together with the background knowledge and skills which might be beneficial to the Company's business operation, which includes a 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 from the nomination from minor shareholders or from the existing executive or subsidiary or associated company's director or introduced by existing directors or other persons or the representatives from the major shareholder, etc.

The Company's Articles of Association states that in each of annual general meeting, one-third of directors (1/3) or the nearest amount 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 rule and method of vote casting on 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 making 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 or associated company by which the number of directors is in relation with the Company's proportion held in the subsidiary company or associated company. Such Board of Directors shall have the responsibilities to ensure the best interest of the subsidiary or associated 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 and in compliance with the rules and regulations in each related country. The obligation includes the keeping of data and accounting records of the subsidiary and associated companies that are auditable and also able to submit for consolidation to the Company within the timeframe. In addition, the Board of Directors shall receive the report on operating result of the subsidiary and associated companies regularly.

## 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 is 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 and Notification of the Office of Securities & Exchange Commission Ref: SorJor 38/2561 RE: The Preparation of Report on Changes to the Securities and Derivatives Holding of Director, Executive, Auditor, Plan Preparer and Plan Administrator effective on 15 August, 2018. In the event of the changing of the shareholding, the director or executive should prepare the report, submit to SEC and inform the Company Secretary who shall keep record and summarize the report of each director or executive, individually to be acknowledged in the next Board of Directors' meeting.

## Remunerations of External Auditor

In fiscal year 2018, the Audit Committee selected the audit firm who possesses the qualifications required by the Stock Exchange of Thailand and proposed to the Board of Directors to be proposed and approved for the appointment from the shareholders to be the external auditor of Group Lease Pcl. with the audit fee of Baht 6.35 million and the review and audit fee for consolidated financial statement of Baht 1.35 million and the out-of-pocket expenses total Baht 676,647.60 being travelling, accommodations and photocopying expenses 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 fairness 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 unethically 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 unethical 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 incidents 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 10 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. 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 base 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 Control and Risk Management

The Company has given importance of having effective and efficient internal control system by setting up Internal Audit Department to be responsible for the assessment of the adequacy of the internal control system of the Company and to monitor the improvement implementation of the mistakes or errors found during the business operation of the Company on a continuous basis. Moreover, in order to enhance the independence and balance of their audit role fully, the Internal Audit Department is put under the direct supervision of the Audit Committee.

During the Company's Board of Directors' Meeting No. 4/2019, held on 18 March, 2019 which consisted of the 5 Independent Directors and Audit committee, report on internal control systems assessment regarding the internal control and risk management of the Company was presented and clarified by the management. The Board of Directors was of the view that the Company has good internal control system appropriate for its business operation and governs the 5 factors of the Internal Control system of the international standard (COSO-ERM), namely organization and control environment, risk management, management control activities, information & communications and monitoring, which can be summarized as follows:

### 1. Organization and control environment

The Company realizes the importance of having good corporate governance that it can enhance the sustainability growth of the Company. Therefore, good Corporate Governance policy and operational guideline was set up and prescribed in the Business Code of Ethics of the Company 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 against the Company's interest so that all the management and employees can acknowledge, understand and comply strictly. In case of any violation, disciplinary actions were also clearly defined.

The Audit Committee who are independent from the Company's management shall oversee and develop the efficiency of internal control system such as the segregation of significant functions which will enhance the check and balance. The Company also establishes the Internal Audit Department to report directly to the Audit Committee. Supervision line has also been clearly defined and the business objectives as well as the performance indicators to evaluate the operation efficiency towards the Company's objective of the employees were also set up to provide motivation or rewards to those employees who successfully achieve the goal while providing remedies for those who fail such as training or advices, etc.

### 2. Risk Management

Management gives significant importance to risk management issue by setting up effective systematic risk management process in order to be able to control and mitigate the risk that may arise from both internal and external factors such as fraud or breaching of rules which may obstruct the Company's achievement of its goal. Risk Management Committee was consequently set up by the Board of Directors to oversee the risk management of the overall Company to establish the risk management policy and communicate risk threatened matters and prevention to the employees for their better understanding and compliance as well as to assess the result of risk management and report to the Board of Directors.

The Company always complies with the financial reporting standard and the generally accepted accounting standard which is appropriate to its business and which can demonstrate the reality and accuracy of the financial report

which can also reflect the rights or obligations of the Company and disclose the information accurately and completely.

### 3. Management Control Activities

The Company set up its organization structure and the scope of roles and responsibilities in relation to its business operation and work procedures. There was an audit system that enhanced the check and balance among different sections, departments in terms of the operation, revision and approval process. Authorization guidelines regarding the credit line and signing authority of all levels of the management were prescribed clearly and the rules/orders were appropriately reviewed and adjusted to be in line with the current operation to be able to check and confirm with each other to avoid mistakes from the operation or to protect against fraud. In addition, the assessment on the impact from various factors both internal and external such as the newly issued laws governing the business, the changing of business model which may have impact on the Company shall be inspected by the Internal Audit Department of the Company and the auditor in order to ensure that the Company has fully complied to the new laws and related rules and report them to the Audit Committee and subsequently to the Board of Directors.

### 4. Information Technology System and Communication

The Company always gives importance to the ongoing development of the information technology system and communication system of the Company so that the compiling and analyzing of data were done accurately and in a timely manner. Securities of the information system were also taken into consideration so that it can monitor the access and utilizing of data as well as the security of the significant business data. Currently, the Company has provided intranet and e-mail as its means of communications of the Company's information, policies and rules and regulations to its employees. Investor Relations (IR) channel is used to communicate the information to outside investors and public. We also have effective filing system of various supporting documents of accounting transactions in which all documents are kept in categories for transparency and for future evidence. We also have management information system which may facilitate the efficiency of decision making of the management and the Board of Directors in their planning and problem solving to benefit the potential growth of the Company.

### 5. Monitoring

Management meeting is regularly arranged to monitor the operating result of the Company and its subsidiaries and to solve any emerging problems arisen from other factors that might threaten the Company and its subsidiaries' normal business operations. The management must report on the incidents occurred from the breaching of laws and the impact from the execution of new laws on the Company's business or report any significant errors which might cause serious effects on its image, financial status and operation including the improvement guidelines or the solutions that have been implemented to the Audit Committee or the Board of Directors together with the regular report on the progress of such improvement.

An Internal Audit Department is established to possess the independence characteristic and reports directly to the Audit Committee to be responsible for the audit function and assessment of the efficiency and effectiveness of all of the internal control systems of the Company to ensure that it has the sound internal control system appropriate for its business and that the employees comply fully to the internal control provision and also audit the compliance of the laws and related regulations of the Company. The annual internal audit plan was set up based on the Risk Based Audit Approach and the internal control guideline from Committee of Sponsoring Organization of the Tread way Commission (COSO) and have been reviewed and approved by the Audit Committee.

## 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 withdrawal 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 2018 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.

### Details of Internal Audit Manager as of 2018

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	45	<b>Education:</b> Master of Accounting, Ramkhamhaeng University <b>Training and seminar:</b> <ul style="list-style-type: none"> <li>- Draft TFRS9 for Hire purchase and leasing</li> <li>- How to do KYC in accordance with the new standards that will be enforced in 2019 and guidelines for Anti-Money Laundering Act and New ordinance in 2019 for executives, financial institutions and entrepreneurs according to 16 (3)</li> <li>- Guidelines for the disclosure of CG Code information according to the principle apply or explain</li> <li>- Enterprise Risk Management Integrating with strategy and COSO 2017</li> <li>- Tools and Techniques for the audit manager</li> <li>- Risk management and outsource agent management</li> <li>- CEO &amp; Integrated Management Audit</li> <li>- Asset and liability management for financial institutions</li> <li>- Information technology risk monitoring</li> <li>- Fraud Risk Management</li> <li>- Significant Activities &amp; Possible Impaired Loan</li> <li>- How to assess the risks in order to plan the audit</li> <li>- New accounting standards</li> <li>- A long-term lease accounting standards.</li> <li>- Information security policy</li> <li>- Allocation of debt in the hire purchase system</li> <li>- KPI FOR AUDITOR and writing audit reports</li> </ul>	-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)

## Related Party Transactions

The financial statement of Group Lease Public Company Limited as of December 31, 2018 and 2017 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)
BG Microfinance Myanmar Co.,Ltd.	Subsidiary (held by a subsidiary)
GL-AMMK Co.,Ltd.	Subsidiary (held by a subsidiary)
Comfort Services Development 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
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 (the director resigned from the Company during the first quarter of 2018)
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

**Related transaction between the company and subsidiary companies as at 31 December 2018 and 2017**

Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 18	31 Dec 17		
GL Finance Plc.	The Company	Hire-Purchase Interest Income	-	16	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.
		Other payables	16	156		GL Finance Plc. paid for the company as a general business.
Group Lease Holdings Pte. Ltd.	The Company	Dividend income	-	343,768	As declared	
		Services and administrative expenses	655	662	Contract	The company receive software services from Group Lease Holdings Pte. Ltd. as a kind of license fee with the market rate as in the general business condition
		Interest Income	371,652	401,008	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.
		Short-term loans to and interest receivable				
		Beginning balance	5,511,143	5,198,254		
		Increase	315,905	2,111,377		
		Decrease	(270,499)	(1,457,196)		
		Loss from ex-rate	(38,774)	(341,292)		
		Ending Balance	5,517,775	5,511,143		

Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 18	31 Dec 17		
Group Lease Holdings Pte. Ltd.	The Company	Other receivables	8,262	4,706		Advance received from Group Lease Holdings Pte. Ltd. to the Company for the normal business.
		Other payables	543	107,906		Group Lease Holdings Pte. Ltd. paid for the Company for the normal business.
GL Leasing (Lao) Company Limited.	The Company	Dividend income	-	71	As declared	
		Other receivable - Dividend	-	71		
		Other payables	-	567		GL Leasing (Lao) Company Limited. paid for the Company for the normal business.
Thanaban Company Limited	The Company	Other income	88,189	91,487	Contract	The company provide management service and other services for Thanaban company limited. as a kind of management fee based on general business condition and has the highest benefit to the company.
		Interest Expense	1,273	10,435	7% per annum	The company borrow unsecured loans from Thanaban Company Limited with an interest rate close to the normal rate when the company borrow from the bank.
		Other receivables	29,127	7,879	Contract	The company provide management service and other services for Thanaban company limited. as a kind of management fee based on general business condition and has the highest benefit to the company.

Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 18	31 Dec 17		
Thanaban Company Limited	The Company	<u>Short-term loans from and interest payable to subsidiary</u>			7% per annum	The company borrow unsecured loans from Thanaban Company Limited with an interest rate close to the normal rate when the company borrow from the bank.
		Beginning balance	-	130,000		
		Increase	-	2,129		
		Decrease	-	(135,129)		
		Ending Balance	-	-		
		<u>Long-term loans from and interest payable to subsidiary</u>				
		Beginning balance	40,000	53,300		
		Increase	1,273	125,306		
		Decrease	(41,273)	(138,606)		
		Ending Balance	40,000	40,000		
		Other current liabilities	562	898		Advance received from providing the telephone system with the general business conditions and for the highest benefit of the company.
PT. Group Lease Finance Indonesia	The Company	Other receivables	42	298		Advance received for the normal business.
		Other payables	-	255		PT.Group Lease Finance Indonesia. paid for the company as a general business.
Comfort Services Development Co., Ltd.	The Company	Other payables	2	-		Comfort Services Development Co., Ltd. paid for the company as a general business.



**Other Related transactions between the company and related parties as at 31 December 2018 and 2017**

Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 18	31 Dec 17		
JTrust Asia Pte. Ltd.	The Company	Interest expense	292,428	286,601	5% per annum	The Company has issued convertible debentures to JTrust Asia Pte. Ltd. in foreign currency 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	5,844,051	5,885,348		
		Other payables	402,786	111,526		
Creation Investment Sri Lanka LLC. (the director resigned from the Company during the first quarter of 2018)	The Company	Interest expense	-	25,223	5% per annum	The Company has issued convertible debentures to Creation Investment Sri Lanka LLC in foreign currency 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	-	654,423		
		Other payables	-	8,170		
Engine Holding Asia Pte. Ltd.	The Company	Other payables	461	461		The Company entered into a side agreement with Engine Holding Asia Pte. Ltd. to hedge foreign exchange risk. The Company recognized foreign exchange loss based on this agreement in other payable. During 2017, both parties agreed to cancel this agreement.
		Allowance for doubtful accounts – Other payables	(461)	(461)		
		Net	-	-		

### Other Related transactions between related parties as at 31 December 2018 and 2017

Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 18	31 Dec 17		
Director of the company and subsidiary	GL Finance Plc.	Other receivables	1,863	8,044		GL Finance Plc. paid advance for the director of subsidiary as a general business.
		Allowance for doubtful accounts - Other receivables	(1,863)	(7,838)		
		Net	-	206		
		<u>Short-term loans from and interest payable to related parties</u>			10% per annum	GL Finance Plc. borrow from the director of the subsidiary for the motorcycle hire-purchase business expansion in Cambodia with an interest rate close to the market rate.
		Beginning balance	-	248		
		Increase	-	-		
		Decrease	-	(226)		
		Exchange diff on translation of fin. stat in foreign currency	-	(22)		
		Ending Balance	-	-		
		Other current liabilities	82	-		Director of the subsidiary paid advance for GL Finance Plc. as a general business.
		Allowance for doubtful accounts – Other current liabilities	(82)	-		
		Net	-	-		
A.P.F. Group Co., Ltd.	GL Finance Plc.	Other receivables	4,333	4,363		GL Finance Plc. paid advance for A.P.F. Group Co., Ltd. as a general business.
		Allowance for doubtful accounts - Other receivables	(4,333)	(4,363)		
		Net	-	-		
		Interest Expense	-	286	5.25% per annum	GL Finance Plc. borrow from A.P.F. Group 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 from and interest payable to related parties</u>				
		Beginning balance	-	-		
		Increase	-	350,468		
		Decrease	-	(350,468)		
		Ending Balance	-	-		
Asia Partnership Fund Pte., Ltd.	Group Lease Holdings Pte Ltd	Other receivables	-	12		Group Lease Holdings Pte. Ltd. paid advance for Asia Partnership Fund Pte., Ltd. as a general business.
		Allowance for doubtful accounts - Other receivables	-	(12)		
		Net	-	-		

Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 18	31 Dec 17		
Cambodian People Micro Insurance PLC.	GL Finance Plc.	Other receivables	8,193	4,361		GL Finance Plc. paid advance for Cambodian People Micro Insurance Plc. as a general business.
		Allowance for doubtful accounts - Other receivables	(8,193)	(3,259)		
		Net	-	1,102		
		Interest Expense	-	206	6-10% per annum	GL Finance Plc. borrow from Cambodian People Micro Insurance Plc for the motorcycle hire-purchase business expansion in Cambodia with an interest rate close to the market rate.
		<u>Short-term loans from and interest payable to related parties</u>				
		Beginning balance	-	4,148		
		Increase	-	260		
		Decrease	-	(4,028)		
		Exchange diff on translation of fin. stat in foreign currency	-	(380)		
Ending Balance	-	-				
Cambodian People Micro Insurance PLC.	Group Lease Holdings Pte Ltd	Other income	3,877	4,321		Group Lease Holdings Pte Ltd has entered into an IT service agreement with Cambodian People Micro Insurance PLC. to provide IT services as a general business.
APF Trading Plc.	GL Finance Plc.	Other receivables	160,184	180,263		GL Finance Plc.paid advance for AFP Trading Plc. as a general business.
		Allowance for doubtful accounts - Other receivables	(160,184)	(181,675)		
		Net	-	(1,412)		
		Other current assets	76,470	126,063		GL Finance Plc.paid advance for APF Trading Plc. for distributed motorcycle to GL Finance Plc.
		Allowance for doubtful accounts - Other current assets	-	(38,025)		
		Net	-	88,038		
APF Trading Plc.	Group Lease Holdings Pte Ltd	Other income	1,939	2,280	Contract	Group Lease Holdings Pte Ltd. has entered into an IT service agreement with AFP Trading Plc. to provide IT services as a general business.
		Other receivables	4,175	2,243		Group Lease Holding Pte Ltd. paid advance payment for AFP Trading Plc. as a general business.
		Allowance for doubtful accounts - Other receivables	(4,175)	(1,687)		
		Net	-	556		

Buyer/ Customer	Seller/ Service Provider	Transactions	Amount (Thousand Baht)		Pricing Policy	Reasonability/ Necessity
			31 Dec 18	31 Dec 17		
Century Finance Company Limited	GL-AMMK Co.,Ltd.	Other receivables	6,590	4,577		GL-AMMK Co.,Ltd. paid advance payment for Century Finance Company Limited. as a general business.
		Other current liabilities	2,199	926		Century Finance Company Limited. paid advance for GL-AMMK Co.,Ltd. as a general business.
Century Finance Company Limited	Group Lease Holdings Pte Ltd	Other long-term investments	192,718	192,718	6.50% per annum	Group Lease Holdings Pte. Ltd. invested in convertible loans of Century Finance Company Limited. to support business expansion in regional country with an interest rate close to the normal rate when the company borrow from the bank.
		Other receivables - Accrued interest receivable from other long-term investments	6,160	6,204		
		Interest income	11,974	6,299		
		Other receivables - Advances	-	1,805		Group Lease Holdings Pte. Ltd. paid advance for Century Finance Company Limited. as a general business.
Showa Holding Co.,Ltd.	Group Lease Holdings Pte Ltd	Other current liabilities	1,254	1,158		Showa Holding Co.,Ltd. paid advance payment for Group Lease Holdings Pte. Ltd. as a general business.
		Allowance for doubtful accounts - Other current liabilities	(1,254)	(1,157)		
		Net	-	1		

### Preconditions and Reasons for Connected Transactions

Audit Committee reviewed the connected transactions which were recorded during the fiscal year ending December 31, 2018 as summarized above and considered them to be indispensable, fair and justifiable in terms of conditions and prices, and/or within the arm's length basis. The transactions were also approved by the management or the Board of Directors (Board) prior to execution.

## 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
2018	EY Office Limited	Ms. Pimjai Manitkajohnkit	4521	Qualified
2017	EY Office Limited	Mr.Sophon Permsirivallop	3182	Qualified
2016	EY Office Limited	Mr.Sophon Permsirivallop	3182	* Qualified

\* 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					
	2018		2017 (Restated)		2016 (Restated)		2018		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>												
Current assets												
Cash and cash equivalents	3,745.00	25.63	3,079.90	21.42	2,551.22	14.98	409.89	2.92	119.94	0.88	468.72	2.97
Current investments	18.05	0.12	47.80	0.33	-	-	-	-	-	-	-	-
Current portion of hire purchase and installment	3,324.92	22.75	3,194.77	22.21	3,198.88	18.43	2,123.04	15.12	2,024.73	14.80	1,946.22	12.33
Current portion of asset-backed loan receivables	230.73	1.58	269.60	1.88	226.27	1.33	-	-	-	-	-	-
Current portion of microfinance receivables	554.32	3.79	378.43	2.63	-	-	-	-	-	-	-	-
Current portion of consumer finance receivables under joint financing arrangements	5.35	0.04	14.08	0.10	11.95	0.07	-	-	-	-	-	-
Current portion of loans and interest receivables	42.12	0.29	0.55	0.01	767.50	4.51	-	-	-	-	-	-
Inventories	0.28	0.00	0.04	0.00	-	-	-	-	-	-	-	-
Assets foreclosed	61.28	0.42	87.95	0.61	50.89	0.30	8.67	0.06	12.31	0.09	24.95	0.16
Current portion of loans and interest receivables from subsidiary	-	-	-	-	-	-	209.98	1.50	165.55	1.21	5,198.25	32.95
Other receivables	89.33	0.61	82.41	0.57	186.25	1.09	42.18	0.30	22.39	0.16	34.43	0.22
Other current assets	141.58	0.97	247.71	1.72	297.77	1.75	37.14	0.26	92.42	0.67	83.43	0.53
<b>Total current assets</b>	<b>8,212.97</b>	<b>56.20</b>	<b>7,403.24</b>	<b>51.48</b>	<b>7,230.24</b>	<b>42.46</b>	<b>2,830.90</b>	<b>20.16</b>	<b>2,437.34</b>	<b>17.81</b>	<b>7,756.00</b>	<b>49.16</b>
<b>Non-current assets</b>												
Pledged fixed deposit at financial institution	5.85	0.04	11.65	0.08	0.33	0.01	0.34	0.00	0.34	0.00	0.33	0.01
Investments in subsidiaries	-	-	-	-	-	-	3,590.30	25.56	3,590.30	26.24	6,017.12	38.14
Investments in associates	1,976.90	13.53	2,022.55	14.06	2,545.43	14.95	-	-	-	-	-	-
Other long-term investments	671.00	4.59	671.00	4.67	467.35	2.79	-	-	-	-	-	-
Other long-term investments for acquisition of investment in subsidiary	-	-	-	-	285.52	1.68	-	-	-	-	-	-
Hire purchase and installment sales receivables - long-term Portion	2,886.84	19.76	3,358.40	23.35	3,128.91	18.37	2,096.96	14.93	2,094.61	15.32	1,797.54	11.39
Long-term portion of asset-backed loan receivables	64.55	0.44	76.82	0.53	55.48	0.32	-	-	-	-	-	-
Long-term portion of microfinance receivables	6.72	0.05	39.53	0.28	-	-	-	-	-	-	-	-
Long-term portion of consumer finance receivables under joint financing arrangements	19.31	0.13	42.51	0.30	42.51	0.30	-	-	-	-	-	-

Long-term portion of disputed loans	-	-	-	-	-	-	-	-	-	-	-	-
Long-term portion of loans and interest receivables	-	-	40.84	0.28	40.84	0.28	-	-	-	-	-	-
Long-term portion of loans and interest receivables from subsidiary	-	-	-	-	-	-	5,307.79	37.79	5,345.59	39.07	-	-
Property, plant and equipment	118.88	0.81	135.52	0.94	130.67	0.77	60.85	0.43	71.49	0.52	75.37	0.48
Intangible assets	116.81	0.80	116.00	0.81	139.79	0.82	79.03	0.56	74.48	0.54	35.83	0.23
Goodwill	336.77	2.30	338.66	2.35	122.16	0.72	-	-	-	-	-	-
Deferred tax assets	122.46	0.84	53.06	0.37	35.52	0.21	44.19	0.32	32.89	0.24	24.24	0.15
Other non-current assets	75.07	0.51	72.21	0.50	107.38	0.63	34.48	0.25	35.13	0.26	70.24	0.44
<b>Total non-current assets</b>	<b>6,401.16</b>	<b>43.80</b>	<b>6,978.75</b>	<b>48.52</b>	<b>9,798.64</b>	<b>57.54</b>	<b>11,213.94</b>	<b>79.84</b>	<b>11,244.83</b>	<b>82.19</b>	<b>8,020.67</b>	<b>50.84</b>
<b>Total assets</b>	<b>14,614.13</b>	<b>100.00</b>	<b>14,381.99</b>	<b>100.00</b>	<b>10,765.12</b>	<b>100.00</b>	<b>14,044.85</b>	<b>100.00</b>	<b>13,682.17</b>	<b>100.00</b>	<b>15,776.67</b>	<b>100.00</b>
<b>Liabilities and shareholders' equity</b>												
<b>Current liabilities</b>												
Short-term loans from financial institutions	-	-	65.24	0.45	556.26	3.27	-	-	-	-	448.77	2.85
Trade accounts payable	10.21	0.07	4.92	0.03	11.56	0.07	1.50	0.01	1.49	0.01	3.94	0.03
Deposits from customers	40.62	0.28	22.90	0.16	-	-	-	-	-	-	-	-
Short-term loans from and interest payable to related party	19.60	0.13	-	-	4.40	0.03	-	-	-	-	130.00	0.82
Current portion of long-term loans	22.39	0.15	102.76	0.72	585.74	3.44	-	-	-	-	402.99	2.55
Current portion of long-term loans from subsidiary	-	-	-	-	-	-	-	-	40.00	0.29	53.30	0.34
Current portion of debentures	1,486.81	10.17	-	-	499.13	2.93	1,486.81	10.59	-	-	499.13	3.16
Income tax payable	84.40	0.57	75.64	0.53	87.09	0.51	27.57	0.20	14.92	0.11	16.43	0.10
Insurance premium payables	9.45	0.06	9.16	0.06	11.60	0.07	8.27	0.06	4.79	0.04	7.55	0.05
Other payables	539.40	3.69	266.32	1.85	204.98	1.20	440.33	3.13	255.44	1.87	187.47	1.19
Derivatives Liability	-	-	0.61	0.00	-	-	-	-	-	-	-	-
Other current liabilities	129.37	0.89	129.11	0.90	155.54	0.91	63.13	0.45	76.40	0.55	41.55	0.26
<b>Total current liabilities</b>	<b>2,342.25</b>	<b>16.03</b>	<b>676.66</b>	<b>4.70</b>	<b>2,116.30</b>	<b>12.43</b>	<b>2,027.61</b>	<b>14.44</b>	<b>393.04</b>	<b>2.87</b>	<b>1,791.13</b>	<b>11.35</b>
Long-term portion of long-term loans	-	-	19.49	0.14	212.39	1.25	-	-	-	-	174.14	1.10
Long-term portion of debentures	-	-	1,469.59	10.22	1,453.09	8.53	-	-	1,469.59	10.74	1,453.09	9.21
Convertible debentures - liability component	6,429.94	44.00	6,473.46	45.01	4,506.28	26.46	6,429.94	45.78	6,473.45	47.31	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	18.39	0.13	11.77	0.08	8.72	0.05	18.40	0.13	11.77	0.09	8.72	0.06
Deferred tax Liability	43.22	0.29	3.23	0.02	-	-	-	-	-	-	-	-
Cash guarantee for damage on hire purchase agreements	2.18	0.01	2.18	0.02	2.18	0.01	2.06	0.01	2.07	0.02	2.07	0.01

<b>Total non-current liabilities</b>	<b>6,493.73</b>	<b>44.43</b>	<b>7,979.72</b>	<b>55.49</b>	<b>6,648.46</b>	<b>39.04</b>	<b>6,450.40</b>	<b>45.92</b>	<b>7,956.88</b>	<b>58.16</b>	<b>6,610.10</b>	<b>41.90</b>
<b>Total liabilities</b>	<b>8,835.98</b>	<b>60.46</b>	<b>8,656.38</b>	<b>60.19</b>	<b>8,764.76</b>	<b>51.47</b>	<b>8,478.01</b>	<b>60.36</b>	<b>8,349.92</b>	<b>61.03</b>	<b>8,401.23</b>	<b>53.25</b>
<b>Shareholders' equity</b>												
Issued and paid-up capital of Baht 0.50each	762.77	5.22	762.75	5.30	762.75	4.48	762.77	5.43	762.76	5.57	762.76	4.83
Share premium	5,192.67	35.53	5,192.67	36.11	5,191.56	30.48	5,192.67	36.97	5,192.67	37.95	5,191.56	32.91
Share subscription received in advance	-	-	-	-	0.37	0.01	-	-	-	-	0.37	0.01
Capital reserve for share-based payment transactions	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings Appropriated - statutory reserve	92.25	0.63	92.25	0.64	92.25	0.54	92.25	0.66	92.25	0.67	92.25	0.58
Unappropriated	131.91	0.91	(144.40)	(1.00)	1,867.65	10.97	(540.32)	(3.85)	(774.89)	(5.66)	1,318.46	8.36
Other components of shareholders' equity	(525.50)	(3.60)	(303.13)	(2.11)	257.24	1.51	59.47	0.43	59.46	0.44	10.04	0.06
<b>Total shareholders' equity</b>	<b>5,654.10</b>	<b>38.69</b>	<b>5,600.17</b>	<b>38.94</b>	<b>8,171.82</b>	<b>47.99</b>	<b>5,566.84</b>	<b>39.64</b>	<b>5,332.25</b>	<b>38.97</b>	<b>7,375.44</b>	<b>46.75</b>
Non-controlling interests of the subsidiary	124.05	0.85	125.44	0.87	92.29	0.54	-	-	-	-	-	-
<b>Totalequity</b>	<b>5,778.15</b>	<b>39.54</b>	<b>5,725.61</b>	<b>39.81</b>	<b>8,264.11</b>	<b>48.53</b>	<b>5,566.84</b>	<b>39.64</b>	<b>5,332.25</b>	<b>38.97</b>	<b>7,375.44</b>	<b>46.75</b>
<b>Total liabilities and shareholders' equity</b>	<b>14,614.13</b>	<b>100.00</b>	<b>14,381.99</b>	<b>100.00</b>	<b>17,028.87</b>	<b>100.00</b>	<b>14,044.85</b>	<b>100.00</b>	<b>13,682.17</b>	<b>100.00</b>	<b>15,776.67</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					
	2018		2017 (Restated)		2016 (Restated)		2018		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Revenues</b>												
Hire purchase interest income	2,055.27	72.05	2,070.08	69.50	1,946.51	72.40	1,330.32	68.22	1,226.68	54.40	1,193.98	66.17
Asset - backed loan interest income	160.59	5.63	164.65	5.53	116.93	4.35	-	-	-	-	-	-
Microfinance interest income	159.21	5.58	51.59	1.73	-	-	-	-	-	-	-	-
Consumer finance under joint financing arrangements interest income	44.92	1.57	47.79	1.60	3.18	0.12	-	-	-	-	-	-
Interest on loan receivables	1.87	0.07	201.71	6.77	251.08	9.34	-	-	-	-	-	-
Sales	8.44	0.30	0.87	0.03	-	-	-	-	-	-	-	-
Other income												
Other interest income	60.63	2.13	39.75	1.33	25.03	0.93	372.39	19.10	402.27	17.84	324.90	18.01
Consulting service fee income	-	-	20.41	0.69	63.06	2.35	-	-	-	-	-	-
Management service fee income	-	-	-	-	-	-	84.00	4.31	84.00	3.73	84.00	4.65
Other income related to the activities of hire purchase	318.04	11.15	227.07	7.62	218.79	8.14	128.05	6.57	128.33	5.69	143.50	7.95
Other income related to the microfinance activities	10.75	0.38	4.61	0.15	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	-	-	343.84	15.25	-	-
Gain on exchange rate	-	-	120.57	4.06	-	-	13.35	0.68	46.05	2.04	-	-
Others	33.00	1.16	29.26	0.99	63.78	2.37	21.84	1.12	23.64	1.05	58.09	3.22
<b>Total revenues</b>	<b>2,852.72</b>	<b>100.00</b>	<b>2,978.36</b>	<b>100.00</b>	<b>2,688.36</b>	<b>100.00</b>	<b>1,949.95</b>	<b>100.00</b>	<b>2,254.81</b>	<b>100.00</b>	<b>1,804.47</b>	<b>100.00</b>
<b>Expenses</b>												
Services and administrative expenses	1,278.05	44.80	1,144.95	38.44	887.37	33.01	596.51	30.59	583.58	25.88	506.85	28.09
Bad debts and doubtful accounts	560.31	19.64	323.04	10.85	313.27	11.65	366.22	18.78	200.58	8.90	220.95	12.25
Cost of sales	7.64	0.27	0.76	0.03	-	-	-	-	-	-	-	-
Expense allowance on disputed loan	-	-	603.18	20.25	-	-	-	-	-	-	-	-
Expense allowance on loan and interest receivables	-	-	956.64	32.12	-	-	-	-	-	-	-	-
Loss on disposals of foreclosed assets	329.16	11.54	245.35	8.24	232.25	8.64	271.82	13.94	216.50	9.60	214.60	11.89
Expense allowance on other receivables	(20.37)	(0.70)	208.88	7.01	-	-	-	-	-	-	-	-
Expense allowance on other current assets	(38.83)	(1.36)	38.82	1.30	-	-	-	-	-	-	-	-
Expense allowance on investment loss in subsidiary	-	-	-	-	-	-	-	-	2,426.82	107.63	-	-
Expense allowance on investment loss in associate	-	-	582.08	19.54	-	-	-	-	-	-	-	-
Expense allowance on exclusive right	-	-	55.94	1.88	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>2,115.97</b>	<b>74.17</b>	<b>4,159.64</b>	<b>139.66</b>	<b>1,432.89</b>	<b>53.30</b>	<b>1,234.56</b>	<b>63.31</b>	<b>3,427.48</b>	<b>152.01</b>	<b>942.40</b>	<b>52.23</b>
Profit before share of profit from investments in associates, finance cost and income tax expenses	736.75	25.83	(1,181.28)	(39.66)	1,255.47	46.70	715.39	36.69	(1,172.67)	(52.01)	862.07	47.77
Share of profit from investments in associates	110.94	3.89	171.95	5.77	48.35	1.80	-	-	-	-	-	-
Finance cost	(396.48)	(19.30)	(445.35)	(14.95)	(272.75)	(10.15)	(388.44)	(19.92)	(424.15)	(18.81)	(261.14)	(14.47)
Income tax expenses	(161.67)	(5.67)	(152.37)	(5.12)	(202.03)	(7.52)	(88.54)	(4.54)	(81.45)	(3.61)	(119.00)	(6.59)
<b>Profit for the year</b>	<b>289.54</b>	<b>10.15</b>	<b>(1,607.05)</b>	<b>(53.96)</b>	<b>829.04</b>	<b>30.84</b>	<b>238.41</b>	<b>12.23</b>	<b>(1,678.27)</b>	<b>(74.43)</b>	<b>481.93</b>	<b>26.71</b>
<b>Basis earnings per share (Baht)</b>	<b>0.19</b>		<b>(1.05)</b>		<b>0.54</b>		<b>0.17</b>		<b>(1.10)</b>		<b>0.32</b>	

## Financial Ratio

	Consolidated financial statements			Separate financial statements		
	2018	2017 (Restated)	2016 (Restated)	2018	2017	2016
<b><i>Profitability Ratio</i></b>						
Yield Rate (%)	34.27	28.96	24.34	31.90	31.20	31.31
Interest Rate (%)	5.50	5.48	5.09	5.42	5.31	5.03
Net Yield Rate (%)	28.77	23.11	19.25	26.49	25.89	26.28
Net Profit Rate (%)	10.15	*(53.96)	30.84	12.23	*(74.43)	26.71
Return on Equity (%)	5.15	*(23.34)	10.53	8.57	*(26.41)	6.65
<b><i>Efficiency Ratio</i></b>						
Return on Total Assets (%)	2.00	*(10.23)	5.97	3.39	*(11.39)	3.74
Total Assets Turn Over Ratio (times)	0.20	0.19	0.19	1.52	0.15	0.14
<b><i>Financial Policy Ratio</i></b>						
Ratio of Liability to Equity (times)	1.53	1.51	1.07	1.35	1.57	1.14
Ratio of Total Receivable to Loan from (times)	0.98	1.08	1.78	1.19	1.19	1.62
Dividend Rate (%)	N/A	N/A	50.07	N/A	N/A	86.13
<b><i>Asset Quality Ratio</i></b>						
Ratio of Allowance for Doubtful Debt to Total Receivable (%)	5.14	19.91	2.61	7.57	4.62	4.71
Bad Debt to Total Receivable (%)	3.71	3.39	3.93	4.83	4.30	8.31
Ratio of Non performing loan to Total Receivable (%)	20.22	19.00	2.10	6.79	4.78	5.05

\* The group has net profit rate, return on equity and return on total assets were decreased in 2017 from allowance on disputed loan, allowance on loan and interest receivable and allowance on investment loss in associate, allowance for doubtful accounts of other receivables and allowance for doubtful account of other current assets. However, this allowance is a non-cash transaction, in case of the receivables were repaid in the future, the provision could be reversed for the same amount

## Management Discussion & Analysis

The company had acquired shares of its subsidiaries in different years leading the operating result of 2015-2018 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 and GL-AMM Co., Ltd. (the subsidiary in Myanmar) and will start to consolidate financial statement at Q1/2017.

### Overall Operating Result

Group Lease Plc. We specialize in providing hire purchase financing for motorcycles. We also offer full after sales services, such as, third-party liability insurance renewal services, motorcycle registration renewal and motorcycle insurance policy renewal. A Company focuses on geographic diversification by expending business in foreign countries in order to diversify our customer base and to diversify product lines that is able to serve different financial needs of our customers in different regions. With investment in new product development, and new services with incorporation of new digital technology to cater the growing need of financing service. GL Thailand will continue developing innovative financial products and services, to become the leading finance company of Asia.

#### Overview business in foreign countries

Today, the Group provides financial services in more than 6 countries: Thailand, Singapore, Cambodia Laos, Indonesia, Sri Lanka and Myanmar. The Group provides different financial services in each country in order to serve different financial needs of our customers in different countries

#### Overall Business in Thailand

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 2018, the number of new registered motorcycle in Thailand were 1,942,494 units which was 2.93 % decrease from the year 2017 of 2,001,130 units even though the economic is considered to be at its stable stage factors such as the declining in price of the commodities.

In 2018, the political situation was fairly stable and the new election was just held in early 2019. This is then an opportunity for new 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.

Although the overall motorcycle sales market was rather slow, the company was able to maintain the business growth. As of 31 December 2018, the Company had hire-purchase account receivable – net of Baht 4,220.00 million or increase of Baht 100.66 million or 2.44%. For the year 2018, hire purchase interest income was Baht 1,330.32 million, increased Baht 103.64 million or 13.52% from Baht 1,226.68 million in the year 2017.

As of 31 December 2017, the Company had hire-purchase account receivable – net of Baht 4,119.34 million or increase of Baht 375.58 million or 10.03. For the year 2017, total income was Baht 2,254.81 million, increase 24.96% from Baht 1,804.47 million of the year 2016.

## Revenue

### Consolidated financial statements

Revenue	Consolidated financial statements					
	2018		2017 (Restated)		2016 (Restated)	
	Million Baht	% of total revenue	Million Baht	% of total revenue	Million Baht	% of total revenue
Hire purchase interest income	2,055.27	72.05	2,070.08	69.50	1,946.51	72.41
Asset - backed loan interest income	160.59	5.63	164.65	5.53	116.93	4.35
Microfinance interest income	159.21	5.58	51.59	1.73	-	-
Interest on loan receivables	1.87	0.07	201.71	6.77	251.08	9.34
Consumer finance under joint financing arrangements interest income	44.92	1.57	47.79	1.60	3.18	0.12
Hire purchase service fee income	86.02	3.01	17.08	0.57	-	-
Sales	8.44	0.30	0.87	0.03	-	-
Other Incomes	366.40	11.79	424.59	14.27	370.66	13.78
<b>Total</b>	<b>2,852.72</b>	<b>100.00</b>	<b>2,978.36</b>	<b>100.00</b>	<b>2,688.36</b>	<b>100.00</b>

In year 2018, GL's consolidated hire purchase interest income was Baht 2,055.27 million (or 72.05% of total revenues), slightly decreased by Baht 14.83 million or 0.72% compared to 2017. The breakdown of hire purchase interest income can be explained by:

- GLF Finance Plc. (Cambodia) showed a decrease of Baht 168.67 million or 26.46%, resulting from the appreciation of the Thai Baht versus USD 4.79% on average comparing 2017 & 2018 and the new conservative strategy to decrease portfolio in Cambodia by tightening our screening of potential customers to improve loan quality and to maximize efficiency of our operations.
- GL Leasing (Lao) Ltd showed a decrease of Baht 9.04 million or 7.54%, resulting from the appreciation of the Thai Baht versus Lao Kip 6.61% on average comparing 2017 & 2018.
- GL and Thanaban Company Limited "TNB" (Thailand) showed an increase of 103.64 million and Baht 47.36 million, respectively. This is in line with the guidance given beginning of 2018 in Thailand.

In year 2017, GL's consolidated hire purchase interest income was Baht 2,061.19 million (or 69.21% of total revenues), which increasing from 2016 at Baht 1,946.52 million or increased 5.89, mainly an increase of interest income from the subsidiaries in Cambodia and Laos by Baht 21.96 million and Baht 36.28 million respectively, in tandem with rising loan volume in foreign countries. Moreover, GL and the Thai local subsidiary also showed an increase in hire purchase interest income of Baht 32.70 million and Baht 23.73 million respectively.

The portion of hire purchase interest incomes increased from 69.50% in the year 2017 to 72.05% in the year 2018. Moreover, the portion of interest incomes from asset-backed loan, microfinance and hire purchase service fee income had been continually increased in 2018. However, the portion of interest income on loan receivable decreased in 2018.

- Asset-backed loan interest income increase from the Thai subsidiary showing the success of the business expansion and subsidiary in Cambodia.
- Microfinance interest income. Microfinance is a new product started in Myanmar, which consist of an average 50-week-term micro loans made to women by group of five members each collectively responsible on each other members, repayment made on weekly basis. This is one of the successful product. In 2017, subsidiary in Indonesia has a new product launched and successful.
- Consumer finance under joint financing arrangements interest income. Consumer finance is a different classification related to joint-financing product to provide loans to consumers for purchases of agricultural machinery, started in Indonesia, in partnership with a local bank able to finance jointly with the Indonesian subsidiary. The Indonesian subsidiary recording its portion of interest income after deducting the portion belonging to the local bank.

- Hire purchase service fee income relates to operational leasing services provided by GL-AMMK (Myanmar subsidiary) in partnership with Century Finance (Myanmar financial institution).

### Separate financial statements

Revenue	Separate financial statements					
	2018		2017		2016	
	Million Baht	% of total revenue	Million Baht	% of total revenue	Million Baht	% of total revenue
Hire purchase interest income	1,330.32	68.22	1,226.68	54.40	1,193.98	66.17
Other Incomes	619.63	31.78	1,028.13	45.60	610.49	33.83
<b>Total</b>	<b>1,949.95</b>	<b>100.00</b>	<b>2,254.81</b>	<b>100.00</b>	<b>1,804.47</b>	<b>100.00</b>

From the Company's revenue structure, 68.22% of total revenue came from hire purchase interest income. In the year 2018, the hire purchase interest income was Baht 1,330.32 million, Baht 103.64 million or 8.45% which recorded Baht 1,226.68 million.

In the year 2017, the hire purchase interest income was Baht 1,226.68 million, increase 2.74% from the year 2016 which recorded Baht 1,193.98 million.

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, and registration fee. In year 2018 other incomes were Baht 619.63 million, decreased from the year 2017 which were recorded at Baht 1,028.13 million or an decrease of 39.73% mainly from a decrease in dividend income.

In year 2017 other incomes were Baht 1,028.13 million, increased from the year 2016 which were recorded at Baht 610.49 million or an increase of 68.41% mainly from an increase in dividend income amounting of Baht 343.84 million.

## Expenses

### Consolidated financial statements

Expenses before finance cost, income tax expenses and share of profit from investment in associate	Consolidated financial statements					
	2018		2017 (Restated)		2016 (Restated)	
	Million Baht	% of total revenue	Million Baht	% of total revenue	Million Baht	% of total revenue
Services and administrative expenses	1,278.05	44.80	1,144.95	38.44	887.37	30.37
Bad debts and doubtful accounts	560.31	19.64	323.04	10.85	313.27	10.72
Loss on disposals of foreclosed assets	329.16	11.54	245.35	8.24	232.25	7.95
Cost of sales	7.64	0.27	0.76	0.03	-	-
Expense allowance on disputed loan	-	-	603.18	20.25	-	-
Expense allowance on loan and interest receivables	-	-	956.64	32.12	-	-
Expense allowance on other receivables	(20.37)	(0.71)	208.88	7.01	-	-
Expense allowance on other current assets	(38.82)	(1.36)	38.82	1.30	-	-
Expense allowance on investment loss in associate	-	-	582.08	19.54	-	-
Expense allowance on exclusive right	-	-	55.94	1.88	-	-
<b>Total</b>	<b>2,115.97</b>	<b>74.17</b>	<b>4,159.64</b>	<b>139.66</b>	<b>1,432.89</b>	<b>49.04</b>

For the year 2018, the Company's expenses before finance cost and corporate income tax were recorded at Baht 2,115.97 million, decreased by Baht 2,043.68 million or 49.13% from Baht 4,159.64 million in the year 2017. The expenses before finance cost and corporate income tax for the year 2018 decreased from the following factors:

- Service and administrative expenses totaled Baht 1,278.05 million, increasing by Baht 133.10 million or 11.62% when compared to 2017 mainly resulting from an increase of legal fees due to litigation and written-off unused tax losses.
- Bad debts and doubtful accounts increased compared to 2017 by Baht 237.28 million or 73.45%, mainly resulting from an increase of allowance for bad debt in Thailand and partly from an increase of allowance for bad debt in Cambodia, Laos and Indonesia. The management is being prudent by increasing the allowance in the preparation for the TFRS 9.
- Loss on disposal of foreclosed asset increased from Baht 245.35 million to Baht 329.16 million representing an increase of Baht 83.81 million or 34.16%, which resulted from a higher repossession rate in Thailand.
- Cost of sales increased Baht 6.89 million, because of a new product launched in Q4/2017 by TNB.
- In 2018, there was a reverse of expense allowance on other receivables and expense allowance on other current assets of Baht 20.37 million and Baht 38.83 million, respectively since the amount of receivables was reduced by repayment.

For the year 2017, the Company's expenses before finance cost and corporate income tax were recorded at Baht 4,159.64 million, increased by Baht 2,726.75 million or 190.30% from Baht 1,432.89 million in the year 2016. The expenses before finance cost and corporate income tax for the year 2017 increased from the following factors:

- Service and administrative expenses totaled Baht 1,144.95 million, increasing by Baht 257.58 million or 29.03% when compared to previous year, mainly resulting from the higher expenses from the foreign business expansion. In 2016, GL has started a business in Myanmar by acquiring one subsidiary and set-up one new subsidiary and an Indonesia subsidiary was expanding its branch network to all over countryside in Indonesia. However, the service and administrative expenses grew at a slower rate than revenue, showing the cost-efficient management.
- Bad debts and doubtful accounts has slightly increased compared to the same period of last year by Baht 9.77 million or 3.12%, mainly resulting from an increase in portfolios by 11.32% from 2016. Therefore, a

company had set additional allowance for doubtful accounts for conservative purpose. However, bad debts expense increased a slower rate than portfolio, implying to a better quality of the portfolio.

- There were an increase in loss on disposals of foreclosed asset from Baht 232.25 million to Baht 245.35 million representing an increase by Baht 13.10 million or 5.64%, which resulted from an increasing of repossession units related to the hire-purchase portfolio expansion.

- Cost of sales increased Baht 0.76 million, totally from a new product launched in Q4/2017 by the local subsidiary.

- Expense allowance on disputed loan and allowance on loan and interest receivables was Baht 1,559.82 million, which increasing whole amount from 2016, mainly resulting from a full provision on the loan receivables for conservative reason and try to cooperate with the SEC's announcement while the legal procedure is not yet final. However, this allowance is a non-cash transaction, in case of the receivables were repaid in the future, the provision could be reversed for the same amount.

- Expense allowance on other receivables, expense allowance on other current assets, expense allowance on exclusive right were Baht 208.88 million, Baht 38.82 million and Baht 55.94 million, respectively. This is the management's decision to set up a full allowance for all net related party receivables of the group. However, this allowance is a non-cash transaction, in case of the receivables were repaid in the future, the provision could be reversed for the same amount.

- Expense allowance on investment loss in associate was Baht 582.09 million which increasing whole amount from 2016. Under the conservatism principle, the management decided to keep. However, this allowance is a non-cash transaction, the provision could be reversed for the same amount.

## Separate financial statements

Expenses before finance cost, income tax expenses and share of profit from investment in associate	Separate financial statement					
	2018		2017		2016	
	Million Baht	% of total revenue	Million Baht	% of total revenue	Million Baht	% of total revenue
Services and administrative expenses	596.51	30.59	583.58	25.88	583.58	25.88
Bad debts and doubtful accounts	366.22	18.78	200.58	8.90	200.58	8.90
Loss on disposals of foreclosed assets	271.82	13.94	216.50	9.60	216.50	9.60
Expense allowance on investment loss in subsidiary	-	-	2,426.82	107.63	2,426.82	107.63
<b>Total</b>	<b>1,234.56</b>	<b>63.31</b>	<b>3,427.48</b>	<b>152.01</b>	<b>942.40</b>	<b>52.23</b>

For the year 2018, the Company's expenses before finance cost and corporate income tax were record at Baht 1,234.56 million which decreased from the year 2017 of Baht 3,427.48 million or an increase of 2,192.92 million or 63.98%.

- Service and administrative expenses increased from Baht 583.58 million to Baht 596.51 million, representing an increase of Baht 12.93 million or 2.21%, resulting from an increase in legal fees due to the litigation.

- Bad debts and doubtful accounts were Baht 366.22 million, increasing by Baht 165.65 million or 82.59% compare to 2017, resulting of an increase in overdue portfolios in Thailand. However, management already took action to improve loan quality.

- Loss on disposal of foreclosed assets was Baht 271.82 million, increasing by Baht 55.32 million or 25.55%, which resulted from the larger ticket sizes and the higher amount of overdue of hire-purchase portfolio in Thailand.

- Expense allowance on investment loss in subsidiary decreased totally by Baht 2,426.82 million from Q3/2017 and no new provision had occurred after Q3/2017.

For the year 2017, the Company's expenses before finance cost and corporate income tax were record at Baht 3,427.48 million which increased from the year 2016 of Baht 942.40 million or an increase of 2,485.08 million or 263.70%. The expenses before finance cost and corporate income tax for the year 2017 increased in contrary of total revenue increasing, compare to the year 2016, was resulted from the following factors:

- Service and administrative expenses slightly increased from Baht 506.85 million to Baht 583.58 million, representing increased by Baht 76.73 million or 15.14%, mainly resulting from the higher expenses from the foreign business expansion.

- Bad debts and doubtful accounts decreasing from 220.95 million to 200.58 million, decreasing by Baht 20.37 million or 9.22% relating to the improvement of quality of GL's portfolio and the enhancement of loan collection process.

- Loss on disposals of asset increasing from Bath 214.60 million to Bath 216.50 millionn, increasing by Baht 1.90 million or 0.88%, as a result of an increasing of repossession units related to the hire-purchase portfolio expansion. However, loss on disposals of asset grew at a slower rate than total portfolio, showing the portfolio efficient.

- Expense allowance on investment loss in subsidiary was Baht 2,426.82 million which was set up to equal the amounts of allowances recorded in relation to the allowance on investment loss for Investment in Associates in Consolidated Financial Statements and the allowance on the loan receivables recorded in the Consolidated Financial Statements. However, this allowance is a non-cash transaction, in case of the receivables were repaid in the future, the provision could be reversed for the same amount.

## Finance cost

### Consolidated financial statements

For the year 2018, finance cost was Baht 396.48 million, decreasing by Baht 48.87 million, or 10.97%, compared to Baht 445.35 million in 2017, mainly resulting from a decrease in bank loans of GL and GLF Cambodia.

For the year 2017, the Company's finance costs were at 445.35 million, increased from 2016 at 63.28%, mainly from expense amounting of USD-130-million, and USD-70-million convertible debentures issued in Q3/2016 and Q1/2017 to support the regional business expansion.



### Separate financial statements

For the year 2018, finance cost was Baht 388.44 million, decreasing by Baht 35.71 million, or 8.42%, compared to Baht 424.15 million in last year, mainly resulting from a decrease in bank loans.

For the year 2017, Baht 424.15 million, increased from 2016 at 62.42%, mainly from interest expense of USD-130-million, and USD-70-million convertible debentures issued in Q3/2016 and Q1/2017 to support the regional business expansion.

### Net Profit

#### Consolidated financial statements

In 2018, the Company has a profit before share of profit from investment in associated, financial cost and income tax of Baht 847.69 million increased from net loss of the year 2017 by Baht 1,918.03 million or 162.37%, mainly the result of no additional allowance. After the deduction of finance cost, the company has a profit before tax of Baht 451.21 million, which increases 131.02% from a net loss of Baht 1,454.68 million in the year 2017.

After corporate income tax, the company has a net profit of Baht 289.54 million in the year 2018 which increased by 118.02% from 2017 a net loss of Baht 1,607.05 million.

In 2017, the Company has a loss before share of profit from investment in associated, financial cost and income tax at Baht 1,181.28 million decreasing from profit in 2016 by 194.09%, mainly increasing from expense of allowance doubtful and allowance on investment loss at Baht 2,445.55 million. The increase is 100.00% However, this allowance is a non-cash transaction, in case of the receivables were repaid in the future, the provision could be reversed for the same amount. It is important to note that excluding the allowance, the revenues and operational results have continuously improved compared to last year

After corporate income tax, the company has a net loss of the year 2017 Baht 1,607.05 million increase 293.84 % from net profit Baht 829.04 million of the year 2016.

#### Separate financial statements

In 2018, the Company has a profit before financial cost and income tax of Baht 715.39 million increased from profit of the year 2017 by Baht 1,888.05 million or 161.01%, mainly the result of no additional allowance for potential loss on investment in subsidiary. After the deduction of finance cost, the company has a profit before tax of Baht 326.95 million, which increases 120.48% from a net loss of Baht 1,596.81 million in the year 2017.

After corporate income tax, the company has a net profit of Baht 238.41 million in the year 2018 which increased by 114.21% from 2017 a net loss of Baht 1,678.27 million.

In 2017, the Company has a loss before financial cost and income tax of Baht 1,172.67 million decreased from profit of the year 2016 by 236.03, mainly the result of the set-up of allowance for potential loss on investment in subsidiary was Baht 2,426.82 million. The increase is 100.00%.

After corporate income tax, the company has a net loss of Baht 1,678.27 million in the year 2017 which increased by 448.24% from 2016 of net profit Baht 481.93 million.

Excluding the allowance, the operational results have continuously improved from Baht 481.93 million to Baht 748.55 million compared to last year, representing increased by Baht 266.63 million or 55.32%.

### Profitability Ratio

unit :%

Effective Interest Rate	Consolidated financial statements			Separate financial		
	2018	2017 (Restated)	2016 (Restated)	2018	2017	2016
Yield Rate	34.27	28.96	24.34	31.90	31.20	31.31
Interest Rate	5.50	5.48	5.09	5.42	5.31	5.03
Net Yield Rate	28.77	23.11	19.25	26.49	25.89	26.28
Net Profit rate	10.15	(53.96)	30.84	12.23	(74.43)	26.71

## Earnings per share

### Consolidated financial statements

As of 2018, the Company operated a net profit after tax of Baht 289.54 million divided to 1,525.54 million ordinary shares and fully paid up at 0.50 Baht par value each or earning per share of 0.19 Baht per share (the average ordinary share of 1,525.54 million shares).

As of 2017, the Company operated a loss after corporate income tax of Baht 1,607.05 million divided to 1,525.54 million ordinary shares and fully paid up at 0.50 Baht par value each or loss per share of 1.05 Baht per share (the average ordinary share of 1,525.54 million shares), which earnings per share decreasing to loss per share from increasing of expense of allowance on disputed loan, allowance on loan and allowance on investment loss in 2017. However, this allowance is a non-cash transaction, in case of the receivables were repaid in the future, the provision could be reversed for the same amount.

### Separate financial statements

As of 2018, the Company operated a net profit after tax of Baht 238.41 million divided to 1,525.54 million ordinary shares and fully paid up at 0.50 Baht par value each or earning per share of 0.16 Baht per share (the average ordinary share of 1,525.54 million shares).

As of 2017, the Company operated a loss after corporate income tax of Baht 1,678.27 million divided to 1,525.54 million ordinary shares and fully paid up at 0.50 Baht par value each or earning per share of 1.10 Baht per share (the average ordinary share of 1,525.54 million shares), due to increasing of expense allowance on investment loss in subsidiary in 2017. However, this allowance is a non-cash transaction, in case of the receivables were repaid in the future, the provision could be reversed for the same amount.

# Financial Position

## Total assets

### Consolidated financial statements

As at the end of 2018, the Company had a total assets of Baht 14,614.13 million which decreased from the total assets of Baht 14,381.99 million at the end of 2017 or decrease of Baht 232.14 million or 1.61%. The main assets of the company were the portfolios, comprising of motorcycle hire purchase and installment sales receivables, asset-backed loan receivables, microfinance receivables and consumer finance receivables under joint financing arrangements, were recorded at Baht 7,092.75 million (or 48.53% of total assets), which decreased by Baht 281.38 million or 3.82% from Baht 7,374.14 million at the end of the year 2017. The decrease in the portfolio was the new conservative strategy to decrease portfolio by tightening our screening of potential customers to improve loan quality and to maximize efficiency of our operations.

The investment in associated company was Baht 1,976.90 million (or 13.53% of total assets) decreased by Baht 45.65 million or 2.26% from 2017 of Baht 2,022.55 million, mostly due to the appreciation of the Thai Baht versus the Sri Lankan Rupee.

As at the end of 2017, the Company had a total assets of Baht 14,381.99 million which decreased from the total assets of Baht 17,028.87 million at the end of 2016 or decrease of Baht 2,646.88 million or 15.54%. Motorcycle hire purchase and installment sales receivables and asset-backed loan receivables, microfinance receivables and consumer finance under joint financing arrangement receivables which were the main assets, were recorded at Baht 7,374.14 million (or 51.27% of total assets) which increased from Baht 6,577.68 million at the end of the year 2016 by Baht 796.46 million or 12.11% , mainly from the expansion of the subsidiary in foreign countries, Cambodia, Lao, Indonesia, Myanmar, company and local subsidiary. Included a new product started in Myanmar, which consist of an average 50-week-term micro loans made to women by group of five members. The Company invested in associated company amount of Baht 2,022.55 million (or 14.06% of total assets) decreased from 2016 of Baht 2,545.43 million with a decrease total of Baht 522.88 million or 20.54%. Due to the management decided set-up of allowance for potential loss on investment in subsidiary under the conservatism principle. Although the impairment test has been completely conducted and no impairment of the investment in CCF was identified. However, this allowance is a non-cash transaction, the provision could be reversed for the same amount.

### Separate financial statements

As at the end of 2018, the Company had total assets Baht 14,044.85 million which increased by Baht 362.67 million or 2.65% from Baht 13,682.18 million at the end of 2017. Motorcycle hire purchase receivables which was the main assets, was recorded at Baht 4,220.00 million (or 30.05% of total assets), increased from Baht 4,119.34 million at the end of the year 2017 by Baht 100.66 million or 2.44%. Besides, the company's loan to and interest receivables from subsidiary were at Baht 5,517.78 million (39.29% of the total assets), increased by Baht 6.63 million or 0.12% from Baht 5,511.14 million in 2017. Investments in subsidiaries were at Baht 3,590.30 million (25.56% of the total assets), no change from 2017.

As at the end of 2017, the Company had total assets Baht 13,682.17 million which decreased Baht 2,094.50 million or 13.28% from Baht 15,776.67 million at the end of 2016. Motorcycle hire purchase receivables which was the main assets, was recorded at Baht 4,119.34 million (or 30.11% of total assets), increased by Baht 375.58 million or 10.03% from Baht 3,743.76 million at the end of the year 2016. This is the result of the company's strategy to grow the portfolio in local country and stricter policies on customer screening for improvement of portfolio quality. The company's short-term loan and interest receivables at Baht 5,511.14 million (or 40.28% of the total assets) increased Baht 312.89 million or 6.02% from Baht 5,198.25 million at the end of the year 2016. Investments in subsidiaries were at Baht 3,590.30 million (or 26.24 of the total assets), decreased by Baht 2,426.82 million or 40.33% from Baht 6,017.12 million in 2016. At Which was set up to equal the amounts of allowances recorded in relation to the allowance on investment loss for Investment in Associates in Consolidated Financial Statements and the allowance on the loan receivables recorded in the Consolidated Financial Statements. However, this allowance is a non-cash transaction, in case of the receivables were repaid in the future, the provision could be reversed for the same amount.

## 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 end of year 2018 Baht 6,211.76 million or 42.51% of the total assets. As at 31 December 2018, 2017, and 2016 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		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Not yet due	5,436.10	5,844.66	5,601.39	81.80	85.90	85.85	42.69	42.23	40.54	1	1	1
Past due 1 month	416.30	400.00	364.62	6.26	5.88	5.59	29.86	26.48	24.45	7	7	7
Past due 2-3 months	328.84	245.47	268.83	4.95	3.61	4.12	77.39	40.24	46.05	24	16	17
Past due 4-6 months	204.65	135.65	128.48	3.08	1.99	1.97	98.32	43.50	44.16	48	32	34
Past due 7-9 months	146.87	95.33	94.92	2.21	1.40	1.45	99.49	45.06	50.61	68	47	53
Past due 10-12 months	106.10	80.93	63.81	1.60	1.19	0.98	79.68	51.63	48.94	75	64	77
Past due over 12 months	6.68	2.04	2.44	0.10	0.03	0.04	6.35	1.77	2.44	95	87	100
Total	6,645.54	6,804.08	6,524.49	100.00	100.00	100.00	433.80	250.91	257.19	6.53	3.69	3.94

For the aging of hire – purchase accounts receivable at the end of the years 2018 and 2017, detailed as follow: no overdue has decreased from 81.80% to 85.85%, Past due of 1 month increased from 5.88% to 6.26%, Past due of 2-3 months increased from 3.61% to 4.95%, Past due of 4-6 months increased from 1.99% to 3.08%, Past due of 7-9 months decreased from 1.40% to 2.21%. Past due of 10-12 months increased from 1.19% to 1.60%, Past due over of 12 months decreased from 0.03% to 0.10%.

For the aging of hire – purchase accounts receivable at the end of the years 2017 and 2016, detailed as follow: no overdue has increased from 85.85% to 85.90%, Past due of 1 month increased from 5.59% to 5.88%, Past due of 2-3 months decreased from 4.12% to 3.61%, Past due of 4-6 months increased from 1.97% to 1.99%, Past due of 7-9 months decreased from 1.45% to 1.40%. Past due of 10-12 months increased from 0.98% to 1.19%, Past due over of 12 months decreased from 0.04% to 0.03%. This implies to the high quality of the portfolio.

### Allowance for doubtful debt

#### Consolidated financial statements

As of 2018, allowance for doubtful debt has amount Baht 433.80 million, increased from Baht 250.91 million or 72.89% which increasing on all of overdue level especially on overdue 2-3 months, overdue 4-6 months, overdue 7-9 months, and overdue 10-12 months. This is the result that the management is being prudent by increasing the allowance % for portfolio in Thailand in the preparation for the TFRS 9.

As of 2017, the allowance for doubtful debt has an amount of Baht 250.91 million, decreased from Baht 257.19 million or 2.44%. Which decreases on many of the overdue level especially on overdue 2-3 months with 20% reserve has allowance for doubtful debt Baht 40.24 million, decreased from Baht 46.05 million at the end of 2016 or 12.62%. Also over due of 7-9 month with 60% reserve has allowance for doubtful debt Baht 45.06 million, decreased from Baht 50.61 million at the end of 2016 or 10.97%. The company has decreased portion of the allowance for doubtful debt from 3.94 in 2016 to 3.69 in 2017 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

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 2018, 2017, and 2016 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		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Not yet due	3,795.19	3,740.93	3,352.81	83.13	86.61	85.34	37.05	36.88	33.05	1	1	1
Past due 1 month	256.62	229.13	228.88	5.62	5.30	5.83	25.23	22.70	22.70	10	10	10
Past due 2-3 months	208.98	158.80	176.05	4.58	3.68	4.48	61.64	31.19	34.97	30	20	20
Past due 4-6 months	136.46	79.89	76.37	2.99	1.85	1.94	80.60	31.72	30.36	60	40	40
Past due 7-9 months	93.07	56.25	59.84	2.04	1.30	1.52	73.61	33.56	35.72	80	60	60
Past due 10-12 months	72.87	52.56	32.57	1.60	1.22	0.83	65.06	41.87	25.97	90	80	80
Past due over 12 months	2.27	1.52	2.30	0.04	0.04	0.06	2.27	1.52	2.30	100	100	100
Total	4,565.46	4,319.08	3,928.82	100.00	100.00	100.00	345.46	199.74	185.06	7.57	4.62	4.71

### Aging of Hire – Purchase Accounts Receivable

#### Separate financial statements

For the aging of hire – purchase accounts receivable at the end of the years 2018 and 2017, detailed as follow, no overdue decreased from 86.61% to 83.13%. Past due of 1 month increased from 5.30% to 5.62%, Past due of 2-3 months increased from 3.68% to 4.58%, Past due of 4-6 months increased from 1.85% to 2.99%, Past due of 7-9 months increased from 1.30% to 2.04%, Past due of 10-12 months increased from 1.22% to 1.60%, and Past due over 12 months was stable at 0.04%.

For the aging of hire – purchase accounts receivable at the end of the years 2017 and 2016, detailed as follow, no overdue increased from 85.34% to 86.61%. Past due of 1 month decreased from 5.83% to 5.30%, Past due of 2-3 months decreased from 4.48% to 3.68%, Past due of 4-6 months decreased from 1.94% to 1.85%, Past due of 7-9 months decreased from 1.52% to 1.30%, Past due of 10-12 months increased from 0.83% to 1.22%, and Past due over 12 months decreased from 0.06% to 0.04%. This implies to the high quality of the portfolio.

### Allowance for doubtful debt

#### Separate financial statements

As of 2018, allowance for doubtful debt has amount Baht 345.46 million, increased from Baht 199.74 million or 72.95% from the end of 2017 which increasing on all of overdue level. This is the result of an increasing in the allowance% for overdue 2-3 months from 20% to 30%, overdue 4-6 months from 40% to 60%, overdue 7-9 months from 60% to 80%, and overdue 10-12 months from 80% to 90%. The management is being prudent by increasing the allowance in the preparation for the TFRS 9.

As of 2017, allowance for doubtful debt has amount Baht 199.74 million, increased from Baht 185.06 million at the end of 2016 at 7.93% which increasing on all of overdue level especially on overdue 10-12 months with 80% reserve has allowance for doubtful debt Baht 41.87 million, increased from Baht 25.97 million at the end of 2016. The company has decreased portion of the allowance for doubtful debt from 4.71 in 2016 to 4.62 in 2017. This is the result of the company's strategy to grow the portfolio in Thailand by greening customers to improve on the ability to track outstanding loan and be able to collect them.

## Liabilities

### Consolidated financial statements

As of 2018, the Company's total liabilities were Baht 8,835.92 million which increased by Baht 179.61 million or 2.07% from the year 2017 recording at Baht 8,656.38 million which most of liabilities were debentures and convertible debentures.

As of 2017, the Company's total liabilities were Baht 8,656.38 million which decreased from the year 2016 recording at Baht 8,764.76 million by Baht 108.39 million or decreased 1.24% . Which most of liabilities were debentures, convertible debentures amounting of USD-130-million, and USD-70-million convertible debentures issued in Q3/2016 and Q1/2017 to support the regional business expansion in domestic and international

### Separate financial statements

As of 2018, the Company's total liabilities were Baht 8,478.01 million increased by Baht 128.10 million or 1.53% from the year 2017 of Baht 8,349.92 million which most of liabilities were debentures and convertible debentures.

As of 2017, the Company's total liabilities were Baht 8,349.92 million decreased from the year 2016 of Baht 8,401.23 million by Baht 51.32 million or 0.61% , which most of liabilities were debentures, convertible debentures amounting of USD-130-million, and USD-70-million convertible debentures issued in Q3/2016 and Q1/2017 to support the regional business expansion in domestic and international

## Shareholders' Equity

### Consolidated financial statements

As of 2018, the Company's shareholders' equity recorded at Baht 5,654.10 million which comprised of the issued and paid-up capital and the retained earning of Baht 224.17 million, which increased by Baht 279.30 million. The company's shareholders' equity was increased Baht 232.14 million or 1.61% from 2017, mainly from the net profit for the year.

As of 2017, the Company's shareholders' equity recorded at Baht 5,600.18 million which comprised of the issued and paid-up capital and the accumulated deficit of Baht 52.14 million, which decreased by profit Baht 1,959.90 million from 2016. The company's shareholders' equity was decreased Baht 2,571.64 million or 31.47% from 2016, mainly from accumulated deficit. Which 2017 was accumulated deficit from allowance on disputed loan, allowance on loan and interest receivable and allowance on investment loss in associate. However, this allowance is a non-cash transaction, in case of the receivables were repaid in the future, the provision could be reversed for the same amount.

### Separate financial statements

As of 2018, the Company's shareholders' equity recorded at Baht 5,566.83 million which comprised of the issued and paid-up capital Baht 762.77 million, share premium Baht 5,192.67 million, and the accumulated deficit of Baht 480.86 million, increasing by Baht 234.58 million or 30.27% from the net profit for the year. The overall shareholders' equity increased by Baht 234.58 million or 4.40 from the year 2017.

As of 2017, the Company's shareholders' equity recorded at Baht 5,332.25 million which comprised of the issued and paid-up capital Baht 762.77 million, share premium Baht 5,192.67 million, and the accumulated deficit of Baht 715.44 million. The overall shareholders' equity decreased to Baht 2,043.18 million from the year 2016 or 27.70%, mainly from accumulated deficit from set up to equal the amounts of allowances recorded in relation to the allowance on investment loss for Investment in Associates in Consolidated Financial Statements and the allowance on the loan receivables recorded in the Consolidated Financial Statements. However, this allowance is a non-cash transaction, in case of the receivables were repaid in the future, the provision could be reversed for the same amount.



## Liquidity

### Consolidated financial statements

As of the year 2018, the Company has the cash and cash equivalent increased by Baht 665.10 million showing an outstanding balance of the cash and cash equivalent of Baht 3,745.00 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 917.58 million, of which Baht 1,603.20 million was from the net profit of the operating result before assets and liabilities changes. Motorcycle hire purchase receivables, asset-backed loan receivables, microfinance receivables and consumer finance receivables under joint financing arrangements increased 269.40 million. Long term disputed loan and Long term loan and interest receivables were decreased Baht 11.92 million, cash paid for interest expense was Baht 84.45 million.

The Company's net cash flow used in investment activities was Baht 54.92 million, which Baht 29.75 million was for acquisition of decrease in current investment, cash paid for the acquisitions of equipment and intangible asset which Baht 55.42 million, interest received Baht 58.98 million and dividend received Baht 13.79 million, etc.

The Company's net cash flow from financing activities was Baht 153.55 million, which Baht 107.05 million were from the repayment of long-term loans, decreasing in short-term loans from financial institutions Baht 65.24 million and decreasing in short-term loan from relate parties of Baht 18.74 million.

As of the year 2017, the Company has the cash and cash equivalent increased by Baht 528.68 million showing an outstanding balance of the cash and cash equivalent of Baht 3,079.90 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 1,715.15 million, of which Baht 1,760.18 million was from the net profit of the operating result before assets and liabilities changes. Motorcycle hire purchase receivables, asset-backed loan receivables, microfinance receivables and consumer finance receivables under joint financing arrangements increased 1,066.03 million. Long term disputed loan and Long term loan and interest receivables were decreased Baht 1,929.15 million, cash paid for interest expense was Baht 404.19 million.

The Company's net cash flow used in investment activities was Baht 316.01 million, which Baht 18.58 million was for acquisition of investment in subsidiary, acquisition of other investment Baht 192.72 million, current investment Baht 47.80 million, acquisitions of equipment and intangible asset which Baht 106.54 million, interest received Baht 34.01 million and dividend received Baht 32.08 million.

The Company's net cash flow from financing activities was Baht 83.59 million, which Baht 889.58 million were from the cash received from long-term loan, short-term loan from relate parties Baht 344.50 million, issuing of convertible debentures at Baht 1,959.55 million, paid for long-term loan Baht 1,560.01 million, cash paid for transaction costs was short-term loan from relate parties Baht 347.84 million, debentures Baht 500.00 million and dividend paid of Baht 415.09 million.

### Separate financial statements

As of the year 2018, the Company has the cash and cash equivalent increased by Baht 289.95 million showing the year end outstanding balance of Baht 409.89 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 240.84 million, consisting of Baht 1,005.28 million, from the net profit of the operating result before assets and liabilities changes. With the motorcycle hire purchase receivables increased of Baht 466.88 million and the assets foreclosed increased of Baht 267.03 million, other payable increased of Baht 68.70 million and cash paid for interest expense Baht 76.27 million.

The Company's net cash flow from in the investment activities was Baht 89.11 million, consisting of cash received from liabilities settlement within the group Baht 111.89 million and acquisitions of equipment and intangible asset of Baht 23.69 million and interest received Baht 0.74 million.

The Company's net cash flow from financing activities was Baht 40.00 million, which Baht 40.00 million were from the repayment of long-term loans from subsidiary.

As of the year 2017, the Company's cash and cash equivalent decreased by Baht 348.78 million showing the year end outstanding balance of Baht 119.94 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 196.17 million, consisting of Baht 926.96 million, from the net profit of the operating result before assets and liabilities changes. With the motorcycle

hire purchase receivables increased of Baht 576.16 million and the assets foreclosed increased of Baht 197.12 million, other payable decreased of Baht 53.30 million and cash paid for interest expense Baht 286.03 million.

The Company's net cash flow used in the investment activities was Baht 23.71 million, consisting of short-term loan to subsidiary of Baht 1,77.52 million. Cash received from short-term loan Baht 866.06 million and acquisitions of equipment and intangible asset of Baht 43.29 million, dividend received Baht 343.77 million and interest received Baht 579.94 million.

The Company's net cash flow from financing activities was Baht 128.91 million, which Baht 730.00 million were from the cash received from long-term loan, repayment of long-term loans Baht 1,307.13 million, loan from related parties Baht 120.00 million, , issuing of convertible debentures at Bath 1,959.55 million and dividend paid of Baht 415.09 million.

## Capital Structure

### Consolidated financial statements

For the capital structure at the end of the years 2018, 2017 and 2016, the Company's debt to equity ratio was 1.53, 1.51 and 1.07 times, respectively. Since 2017 the debt to equity ratio has increased because of the decreasing shareholders' equity from allowance. Total liabilities changed slightly from 2016 to 2018.

### Separate financial statements

For the capital structure at the end of the years 2018, 2017 and 2016, the Company's debt to equity ratio were 1.35, 1.57, and 1.14 times, respectively. Since 2017 the debt to equity ratio has increased because of the decreasing shareholders' equity from allowance. Total liabilities changed slightly from 2016 to 2018.

## 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 2018, the political situation was fairly stable and the new election was just held in early 2019. This is then an opportunity for new government to emphasizes 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 other vehicles hire purchase business, and microfinance business to the regional country in Asean, to enlarge the market share, increasing profit and risk diversify. As hire purchase and microfinance business in many Asean countries are in a growing stage and has a potential to grow even bigger.



## **Investment in subsidiary**

### Group Leasing (Lao) Company Limited ("GLL")

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 53 POSs in Honda dealers' shop which covers all of Lao. Whereas for Kubota, GLL is operating at all 14 Kubota dealer location. As a result, GLL was able to reach its break even within the period of only 10 months of their operation.

### GL Finance Plc. ("GLF")

The subsidiary in Cambodia had added the Point of Sales (POS) all over Cambodia including 159 at Honda Leasing and 22 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.

### PT. Group Lease Finance Indonesia ("GLFI")

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 29 POSs in Kubota dealers which covers all area of Indonesia. 57 POSs in Honda dealers' shop and 12 POSs in Tata Motors dealers' shop. Not only providing HP for Kubota agricultural machinery, but GLFI is also provide the microfinance, group loan, start in 2017 and operating 26 POSs with good respond and successful.

### BG Microfinance Myanmar Co., Ltd ("BGMM")

In 2017, the Company 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. Which loan made to women by group of five members and loan to SMEs.

### GL-AMMK Co., Ltd. ("GL-AMMK")

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.

## **Investment in associated company**

### Commercial Credit and Finance PLC. ("CCF")

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.

## **Other long-term investments**

### Bagan Innovation Technology (Singapore) Pte. Ltd.

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.

### PT Bank JTrust Indonesia Tbk

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.

### Convertible loan- Century Finance Company Limited ("CFCL")

During the year 2016, the Company has invested a private placement convertible loan issued by Convertible loan- 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 the company will hold 57% of CFCL after conversion of the full loan. The loan carried interest at 6.5% per annum.

The Company strategically expanded some products and markets while reduced our exposure in others—all while strengthening our operations. Our goal is to build a strong foundation of GL in Thailand and ASEAN to continue to meet the needs of people today so that we may meet the needs of others in the future.

## 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 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, 2018 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**  
**28 February, 2019**



**GROUP LEASE PUBLIC COMPANY LIMITED**  
and its subsidiaries

**Report of Auditor and Financial Statements**

31 December 2018

**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 the auditor’s 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 the auditor’s 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). On 8 January 2019, the SET announced that the SET received notification from the SEC that the SEC had considered the revised financial statements of the Company for the year 2017 and had not found those financial statements not being prepared in compliance with the financial reporting standards.

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. However, in 2018 the Company reversed USD 1.77 million of the provision.

(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 2018 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 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 above 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>	<u>2016</u>	<u>2015</u>
	Million	Million	Million
	Baht	Baht	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	(535)	(263)	(67)
	<u>356</u>	<u>1,235</u>	<u>1,438</u>
Provision for loss as recorded			
in the year 2017	(356)	-	-
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 2018 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 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

The restated consolidated and the separate financial statements for the year 2017 (as presented herein for comparative purposes) were audited by other auditor of our office, who expressed a qualified opinion in the same basis as my opinion.

### 3. Emphasis of matters

I update and draw attention to the following matters:

- 3.1) Loans and interest receivables (included disputed loans) - Baht 1,560 million (before provision for loss) as of 31 December 2018, represents 21 percent of the consolidated net assets (As of 31 December 2017- as restated: Baht 1,569 million - 22 percent of the consolidated net assets)

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 2018 and 2017, no Company's shares remained part of the collaterals against the two purported 'loans'.

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 DSI on 16 October 2017 against former executive director.

The Company had corrected by reclassification from the “Loans to Cyprus and Singapore group” of USD 54 million to “Disputed loans”. In portion of disputed loans by the SEC of USD 54 million, the Company had retroactively restated the financial statements for the year ended 31 December 2017 as comparative information whereby it had not recognised interest income as revenue, but cash received from interest had been treated as a part of loan repayment. In addition, the Company had set up full provision against those loans since the year 2017 and stopped recognising interest income on these loans since the fourth quarter of 2017.

While this provision’s intention is to cooperate and comply with the order from the regulator, the management wants to reiterate its belief on the legitimacy of the loans provided and the repayment of the loans and interest according to the contractual arrangements including the enforceability of the collateral securities provided in case of any default.

In April 2018, the Management of the Company’s subsidiary issued notices of repayment to of the remainder of the outstanding loan amounts and interest due to 31 May 2018 to all the Singapore and Cyprus borrowers. In the third quarter of 2018 the subsidiary proceeded with enforcement of securitised collateral in Brazil for loan debt of USD 15 million and accrued interest. Currently, legal proceedings are ongoing. The Company will closely monitor the progress of repayment, and will proceed in accordance with the terms and conditions set out in the individual agreements until the outstanding loan amounts due are settled in full.

(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 2018 - Baht 1,977 million (investment value under equity method Baht 2,559 million less provision for loss of Baht 582 million) (31 December 2017 - Baht 2,023 million (investment value under equity method Baht 2,605 million less provision for loss of Baht 582 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. In addition, 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 2018, such investment was presented as an investment in an associate in the consolidated financial statements of Baht 1,977 million (investment value under equity method Baht 2,559 million net of provision for loss of Baht 582 million) [31 December 2017: Baht 2,023 million (investment value under equity method Baht 2,605 million net of provision for loss of Baht 582 million)]. Based on the market price at the Sri Lanka Stock Exchange at the end of year 2018, the total value was only approximately Baht 484 million (at the end of year 2017: Baht 874 million). In late 2018, the management of the Company has evaluated the value of this investment and considered that there is no more provision for loss required. The difference between the carrying value of investment (even after provision for loss) and the Stock Exchange market price is material. Moreover, there are fluctuations in the LKR exchange rate and future assessment is therefore needed to determine 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) - As of 31 December 2018**  
**- Baht 414 million (31 December 2017 - Baht 414 million) - Note 20**

On 26 October 2017, 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 2017, 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

In late 2018, the management of the Company has evaluated the value of this investment and considered 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.

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 2018, the P/BV ratio increased to 6.6 times while the 'average P/BV ratio' of all commercial banks in Indonesian market was about 1.3 times. The carrying value of this investment was significantly in excess of the value calculated based on the 'average P/BV ratio'. Based on public information in financial statements disclosure, PT Bank JTrust has lawsuits that have been prosecuted both in and outside the Country, these cases depend on legal proceeding and the decisions in the future. The value of the investment depends upon the Company's ability to cooperate with the investee company's major shareholder and the success of the future operations of this company, and there are also fluctuations in the IDR exchange rate. Thus, this investment has high degree of uncertainty and needs special attention and its value needs to be evaluated every year.

3.4) Investment in BG Microfinance Myanmar Co. Ltd. (investment in subsidiary) - As of 31 December 2018 - Baht 718 million (31 December 2017 - Baht 654 million) - 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).

During 2018, the Company assessed the fair value of the assets acquired and liabilities assumed at the acquisition date, in order to allocate costs of the business acquisition to the identifiable items. The process was completed in the first quarter of 2018, within the period of twelve months from the acquisition date allowed by Financial Reporting Standard No. 3 (revised 2017), Business Combinations.

As at 31 December 2018 and 2017, the carrying value of this investment is Baht 718 million and Baht 654 million, respectively. The increase in carrying value of investment is as a result of capital increase from the acquisition price of Baht 432 million. The value of this investment depends upon the success of future operations of this company.

3.5) Material uncertainty related to going concern

I draw attention to the legal cases as discussed below as actioned by the substantial convertible debenture holder filed cases against the Group and other related matters as the following:

a) Legal cases in Thailand (Note 48.1)

In January 2018, one substantial holder of the Company's convertible debentures 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 and filed a criminal complaint. Please see more details in Note 48.1 to the financial statements.



b) Legal cases in Singapore (Note 48.2)

The substantial holder of the Company's convertible debentures also filed lawsuits against the Company's subsidiary in Singapore accusing the Company's subsidiary in acting in conspiracy to cause damages and entice them to invest in the Company by misrepresenting the financial position of the Company and the resulting loss in value of their investments. Please see more details in Note 48.2 to the financial statements.

c) Legal cases in Indonesia (Note 48.3)

The joint finance partner of the Company's subsidiary under joint finance arrangement also filed lawsuits against the Company's subsidiary in Indonesia accusing the Company's subsidiary for repayment of loan facilities as well as compensation payments for an alleged breach of agreement between the parties (of approximately Baht 233 million). Please see more details in Note 48.3 to the financial statements.

The Company believes and maintains that it does not breach any conditions in the convertible debenture agreements, joint finance agreements and the claims are without merits.

Furthermore, interest payments of approximately Baht 292 million (USD 9 million) were due on the convertible debentures up to the end of 2018. The Company has decided to suspend payment of interest on the convertible debentures, and believes that as long as the legal cases are outstanding, the non-payment of interest does not constitute a breach of the terms and conditions of the convertible debentures.

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

I draw attention to the legal cases as discussed in 3.5 as actioned by the substantial convertible debenture holder and other related matters 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. However, there are still uncertainties regarding the outcome of the cases which is subject to the final verdict of the court of justice. My opinion is not modified in respect of this matter.

## 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* and *the Material Uncertainty Related to Going Concern Section*, 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 Notes 9 and 10 to the financial statements. In 2018, the Group's revenue mainly consisted of interest income from hire purchase and asset - backed loans contracts, which amounted to Baht 2,216 million (representing 78 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 Notes 9 and 10 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 2018, the Group had significant balances of hire purchase receivables and asset-backed loan receivables (accounting for 45 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.

#### **Valuation of investment in associate company in Sri Lanka**

As discussed in Note 19 to the financial statements, 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.

As of 31 December 2018, the carrying value of the Group's investment in the associated company was therefore Baht 1,977 million (after provision for loss). The management then estimated the recoverable amount of the investment in the associated company based on residual income approach 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 residual income 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.

My audit procedures of valuation of investment in associate included evaluating the residual income approach 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 residual income approach 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 2.1 to the financial statements, during the year 2017, 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 the date of acquisition, the Group recognised and measured the assets acquired and liabilities assumed at their fair value and recognised goodwill from the business combination by applying the acquisition method. I have focused on this business acquisition 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 recognised goodwill.

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 evaluate whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (Revised: 2015) Business combinations. In addition, I checked the value of the acquisition to supporting documents and related payments to assess whether it reflected the fair value of the consideration transferred and did not include acquisition-related costs. I also assessed the fair value of assets acquired and liabilities assumed specified in the documentation of measurement under the acquisition method as prepared by management's expert, and evaluating the expertise, ability and integrity of the independent valuation specialist. I also assessed the rationale of goodwill recognised from the business combination by analysing the pricing model, and reviewing the disclosures related to the business combination in the notes to financial statements.

My audit procedures of valuation of goodwill, 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 residual income 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 residual income 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.

### **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 expected value to be generated from that group of assets in the future. 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 recoverable value calculated 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 the relative valuation approach for evaluating net asset value by calculating price to earnings and price to book value of listed comparable companies to evaluate the fair value of cash generating units. Management has collected comparative information from assets in the market with the most similar characteristics of that of the cash generating unit and compared and performed analytical procedures. I also tested the calculation of the recoverable values of the assets and considered the impact of changes in key assumptions on those recoverable values. Moreover, I assessed the adequacy of the disclosures made with respect to the impairment assessment for goodwill.

#### **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 residual income projections to actual operating results in order to evaluate the exercise of management judgment in estimating the future residual income 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 matter**

The restated consolidated financial statements of Group Lease Public Company Limited and its subsidiaries and the separate financial statements of Group Lease Public Company Limited for the year ended 31 December 2017 (as presented herein for comparative purposes) were audited by other auditor of our office, who expressed qualified opinions on those statements, under the auditor's report dated 31 July 2018, based on the matters described and detailed in the Basis for Qualified Opinion section, 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 the auditor 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.

## **7. 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 27 February 2019.

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.



## **8. 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.

## **9. 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.

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 27 February 2019

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Group Lease Public Company Limited and its subsidiaries  
Statement of financial position As at 31 December 2018

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
			(Restated)		
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	3,745,003,105	3,079,901,420	409,892,869	119,941,164
Current investments		18,048,579	47,800,000	-	
Current portion of hire purchase and					
installment sales receivables	9	3,324,919,355	3,194,770,438	2,123,034,640	2,024,726,522
Current portion of asset-backed loan receivables	10	230,732,922	269,593,365	-	-
Current portion of microfinance receivables	11	554,319,244	378,428,659	-	-
Current portion of consumer finance receivables					
under joint financing arrangements	12	5,354,969	14,078,316	-	-
Current portion of disputed loans	13	-	-	-	-
Current portion of loans and interest receivables	13	42,122,819	549,276	-	-
Inventories		281,159	43,000	-	-
Assets foreclosed	14	61,283,706	87,951,954	8,667,252	12,309,013
Short-term loan to and interest receivables					
from subsidiary	2.2, 7	-	-	209,983,406	165,550,082
Other receivables	7, 15	89,327,132	82,414,092	42,181,365	22,392,144
Other current assets	7, 16	141,575,980	247,705,667	37,143,248	92,425,379
<b>Total current assets</b>		<b>8,212,968,970</b>	<b>7,403,236,187</b>	<b>2,830,902,780</b>	<b>2,437,344,304</b>
<b>Non-current assets</b>					
Pledged fixed deposit at financial institution	17	5,849,909	11,646,907	339,909	336,907
Investments in subsidiaries	18	-	-	3,590,302,150	3,590,302,150
Investments in associate	19	1,976,903,336	2,022,554,791	-	-
Other long-term investments	7, 20	670,995,560	670,995,560	-	-
Long-term portion of hire purchase and installment sales					
receivables	9	2,886,839,679	3,358,398,496	2,096,961,562	2,094,609,840
Long-term portion of asset-backed loan receivables	10	64,553,909	76,824,446	-	-
Long-term portion of microfinance receivables	11	6,718,277	39,527,013	-	-
Long-term portion of consumer finance receivables					
under joint financing arrangements	12	19,310,583	42,513,147	-	-
Long-term portion of disputed loans	13	-	-	-	-
Long-term portion of loans and interest receivables	13	-	40,840,376	-	-
Long-term portion of loans to subsidiary	2.2, 7	-	-	5,307,791,992	5,345,592,864
Property, plant and equipment	21	118,879,974	135,519,554	60,848,947	71,486,640
Intangible assets	22	116,809,780	116,001,063	79,030,826	74,483,446
Goodwill	23	336,772,198	338,657,911	-	-
Deferred tax assets	40	122,464,451	53,062,864	44,193,476	32,891,501
Other non-current assets	24	75,065,245	72,212,552	34,474,862	35,127,485
<b>Total non-current assets</b>		<b>6,401,162,901</b>	<b>6,978,754,680</b>	<b>11,213,943,724</b>	<b>11,244,830,833</b>
<b>Total assets</b>		<b>14,614,131,871</b>	<b>14,381,990,867</b>	<b>14,044,846,504</b>	<b>13,682,175,137</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 2018

(Unit: Baht)

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2018	2017	2018	2017
			(Restated)		
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	25	-	65,239,485	-	-
Trade accounts payables		10,207,986	4,922,610	1,498,245	1,489,300
Deposits from customers	26	40,623,903	22,906,067	-	-
Short-term loan from and interest payable	27	19,602,987	-	-	-
Current portion of long-term loans	29	22,386,465	102,764,240	-	-
Current portion of long-term loans from subsidiary	7	-	-	-	40,000,000
Current portion of debentures	30	1,486,810,657	-	1,486,810,657	-
Income tax payable		84,401,285	75,637,211	27,567,630	14,923,399
Insurance premium payables		9,448,146	9,163,017	8,274,326	4,794,369
Other payables	7, 28	539,399,894	266,317,108	440,336,665	255,439,121
Derivatives Liability		-	605,430	-	-
Other current liabilities	7	129,371,502	129,109,146	63,127,329	76,393,164
<b>Total current liabilities</b>		<b>2,342,252,825</b>	<b>676,664,314</b>	<b>2,027,614,852</b>	<b>393,039,353</b>
<b>Non-current liabilities</b>					
Convertible debentures under court cases	31	5,794,580,573	5,833,885,172	5,794,580,573	5,833,885,172
Long-term portion of long-term loans	29	-	19,490,689	-	-
Long-term portion of debentures	30	-	1,469,590,222	-	1,469,590,222
Convertible debentures - liability component	7, 31	635,359,840	639,570,791	635,359,840	639,570,791
Provision for long-term employee benefits	32	18,393,647	11,768,045	18,393,647	11,768,045
Deferred tax Liability	40	43,215,973	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>6,493,730,006</b>	<b>7,979,711,247</b>	<b>6,450,397,706</b>	<b>7,956,877,876</b>
<b>Total liabilities</b>		<b>8,835,982,831</b>	<b>8,656,375,561</b>	<b>8,478,012,558</b>	<b>8,349,917,229</b>

Group Lease Public Company Limited and its subsidiaries  
Statement of financial position (continued) As at 31 December 2018

**Shareholders' equity**

## Share capital

## Registered

1,845,090,080 ordinary shares of Baht 0.50 each	922,545,040	922,545,040	922,545,040	922,545,040
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## Issued and paid-up

1,525,538,158 ordinary shares of Baht 0.50 each (2017: 1,525,538,139 ordinary shares of Baht 0.50 each)	762,769,079	762,769,070	762,769,079	762,769,070
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Share premium	5,192,673,312	5,192,672,562	5,192,673,312	5,192,672,562
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## Retained earnings (Deficit)

Appropriated - statutory reserve	35	92,254,504	92,254,504	92,254,504	92,254,504
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Unappropriated		131,911,306	(144,389,652)	(540,320,952)	(774,896,231)
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Other components of shareholders' equity	31	(525,505,121)	(303,130,030)	59,458,003	59,458,003
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<b>Total equity attributable to owner of the Company</b>		5,654,103,080	5,600,176,454	5,566,833,946	5,332,257,908
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Non-controlling interests of the subsidiary		124,045,960	125,438,852	-	-
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<b>Total shareholders' equity</b>		5,778,149,040	5,725,615,306	5,566,833,946	5,332,257,908
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<b>Total liabilities and shareholders' equity</b>		14,614,131,871	14,381,990,867	14,044,846,504	13,682,175,137
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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 2018

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2018	2017 (Restated)	2018	2017
<b>Profit or loss</b>				
<b>Revenues</b>				
Hire purchase interest income	2,055,273,544	2,070,077,020	1,330,316,312	1,226,675,955
Asset - backed loan interest income	160,588,716	164,648,819	-	-
Microfinance interest income	159,210,377	51,587,722	-	-
Consumer finance under joint financing arrangements				
interest income	44,915,917	47,793,843	-	-
Interest on loan receivables	1,870,376	201,710,870	-	-
Hire purchase service fee income	86,019,968	17,084,924	-	-
Sales	8,442,449	870,037	-	-
Other income				
Interest income	60,629,450	39,746,681	372,393,007	402,266,794
Consulting service fee income	-	20,409,000	-	-
Management service fee income	-	-	84,000,000	84,000,000
Other income related to the activities of hire purchase	36 232,016,510	209,987,058	128,047,961	128,330,191
Other income related to the activities of microfinance	37 10,753,553	4,612,651	-	-
Dividend income	7, 18.1 -	-	-	343,838,800
Gain on exchange rate	-	120,571,256	13,351,569	46,055,299
Others	38 32,995,189	29,262,170	21,837,399	23,645,577
<b>Total revenues</b>	<b>2,852,716,049</b>	<b>2,978,362,051</b>	<b>1,949,946,248</b>	<b>2,254,812,616</b>
<b>Expenses</b>				
Service and administrative expenses	39 1,278,050,123	1,144,950,964	596,508,286	583,583,223
Bad debts and doubtful accounts	560,313,880	323,036,186	366,224,384	200,576,432
Cost of sales	7,643,137	757,129	-	-
Expense allowance on disputed loans	-	603,175,635	-	-
Expense allowance on loan and interest receivables	-	956,640,622	-	-
Loss on disposals of assets foreclosed	329,157,900	245,351,104	271,823,126	216,498,683
Expense (reversal) allowance on other receivables	49 (20,373,857)	208,883,696	-	-
Expense (reversal) allowance on other current assets	49 (38,825,253)	38,825,253	-	-
Expense allowance on investment loss in subsidiary	-	-	-	2,426,817,791
Expense allowance on investment loss in associate	-	582,085,201	-	-
Expense allowance on exclusive right	-	55,937,439	-	-
<b>Total expenses</b>	<b>2,115,965,930</b>	<b>4,159,643,229</b>	<b>1,234,555,796</b>	<b>3,427,476,129</b>
<b>Profit (loss) before share of profit from investments in associate, finance cost and income tax expenses</b>				
Share of profit from investment in associate	19 110,935,697	171,950,702	-	-
<b>Profit (loss) before finance cost and income tax expenses</b>	<b>847,685,816</b>	<b>(1,009,330,476)</b>	<b>715,390,452</b>	<b>(1,172,663,513)</b>
Finance cost	(396,476,786)	(445,346,642)	(388,439,713)	(424,148,868)
<b>Profit (loss) before income tax expenses</b>	<b>451,209,030</b>	<b>(1,454,677,118)</b>	<b>326,950,739</b>	<b>(1,596,812,381)</b>
Income tax expenses	40 (161,673,266)	(152,373,345)	(88,543,745)	(81,452,965)
<b>Profit (loss) for the year</b>	<b>289,535,764</b>	<b>(1,607,050,463)</b>	<b>238,406,994</b>	<b>(1,678,265,346)</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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017 (Restated)	2018	2017
<b>Other comprehensive income</b>					
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Exchange differences on translation of financial statements in foreign currency - net of income tax		(93,189,034)	(528,028,264)	-	-
Share of other comprehensive income from investment in associate - net of income tax	19	(138,320,707)	(83,880,582)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(231,509,741)	(611,908,846)	-	-
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>					
Share of other comprehensive income from investment in associate - net of income tax	19	(1,661,343)	602,305	-	-
Actuarial loss - net of income tax	32	(3,831,715)	-	(3,831,715)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(5,493,058)	602,305	(3,831,715)	-
<b>Other comprehensive income for the year</b>		(237,002,799)	(611,306,541)	(3,831,715)	-
<b>Total comprehensive income for the year</b>		<u>52,532,965</u>	<u>(2,218,357,004)</u>	<u>234,575,279</u>	<u>(1,678,265,346)</u>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		281,794,016	(1,603,210,849)	<u>238,406,994</u>	<u>(1,678,265,346)</u>
Non-controlling interests of the subsidiaries		<u>7,741,748</u>	<u>(3,839,614)</u>		
		<u>289,535,764</u>	<u>(1,607,050,463)</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		53,925,867	(2,206,728,125)	<u>234,575,279</u>	<u>(1,678,265,346)</u>
Non-controlling interests of the subsidiaries		<u>(1,392,902)</u>	<u>(11,628,879)</u>		
		<u>52,532,965</u>	<u>(2,218,357,004)</u>		
<b>Earnings per share</b>	41	-	-		
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company		<u>0.185</u>	<u>(1.051)</u>	<u>0.156</u>	<u>(1.100)</u>
Weighted average number of ordinary shares (shares)		<u>1,525,538,158</u>	<u>1,525,535,438</u>	<u>1,525,538,158</u>	<u>1,525,535,438</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 2018

(Unit: Baht)

Consolidated financial statements														
Equity attributable to the owners of the Company														
		Other components of equity												
		Other comprehensive income												
		Unrealised gain (loss)					Exchange differences			Total other	Total equity	Equity attributable	Total	
		on changes	Revaluation gain on	on translation of	Convertible	Total other	Total equity	Equity attributable	Equity attributable	Equity attributable	Equity attributable	Equity attributable	Total	
		in fair value of	land and building	on translation of	debentures	components of	attributable to	to non-controlling	to non-controlling	to non-controlling	to non-controlling	to non-controlling	shareholders'	
		available-for-sale	from associate	financial statements	- equity component	owners of	the owners of	interests of	interests of	interests of	interests of	interests of	equity	
		from associate	from associate	in foreign currency		the Company	the Company	the subsidiaries	the subsidiaries	the subsidiaries	the subsidiaries	the subsidiaries	equity	
Note	share capital	Share premium	in advance	Appropriated - statutory reserve	Unappropriated									
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	9,518	751,923	-	-	-	-	-	-	-	-	761,441	-	761,441	
Issuance of ordinary shares during year														
from transferring of share subscription received in advance	4,567	360,753	(365,320)	-	-	-	-	-	-	-	-	-	-	
Increase in non-controlling interest														
from established a new subsidiary	-	-	-	-	-	-	-	-	-	-	-	44,772,675	44,772,675	
Dividend paid	34	-	-	-	(415,087,849)	-	-	-	-	-	(415,087,849)	-	(415,087,849)	
Issue convertible debentures - equity component	31	-	-	-	-	-	-	-	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	
Balance as at 1 January 2018 (as previously reported)	762,769,070	5,192,672,562	-	92,254,504	(126,109,075)	2,580,653	351,969	(383,801,225)	59,458,003	(321,410,600)	5,600,176,461	125,438,852	5,725,615,313	
Correction of accounting errors	50	-	-	-	-	(18,280,577)	-	18,280,570	-	18,280,570	(7)	-	(7)	
Balance as at 1 January 2018 (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	
Profit for the year	-	-	-	-	281,794,016	-	-	-	-	-	281,794,016	7,741,748	289,535,764	
Other comprehensive income for the year	-	-	-	-	(5,493,058)	(554,209)	-	(221,820,882)	-	(222,375,091)	(227,868,149)	(9,134,650)	(237,002,799)	
Total comprehensive income for the year	-	-	-	-	276,300,958	(554,209)	-	(221,820,882)	-	(222,375,091)	53,925,867	(1,392,902)	52,532,965	
Issuance of ordinary shares during year from														
the exercise of warrants	9	750	-	-	-	-	-	-	-	-	759	-	759	
Increase in non-controlling interest from														
established a new subsidiary	-	-	-	-	-	-	-	-	-	-	-	10	10	
Balance as at 31 December 2018	762,769,079	5,192,673,312	-	92,254,504	131,911,306	2,026,444	351,969	(587,341,537)	59,458,003	(525,505,121)	5,654,103,080	124,045,960	5,778,149,040	
	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	

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 2018

(Unit: Baht)

Separate financial statements								
Note	Issued and paid-up share capital	Share premium	Share subscription received in advance	Retained earnings (Deficit)		Other components of shareholders' equity Convertible debentures - equity component	Total shareholders' equity	
				Appropriated - statutory reverse	Unappropriated			
<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	9,518	751,923	-	-	-	-	761,441	
Issuance of ordinary shares during year from transferring of share subscription received in advance	4,567	360,753	(365,320)	-	-	-	-	
Dividend paid	34	-	-	-	(415,087,849)	-	(415,087,849)	
Issue convertible debentures - equity component	31	-	-	-	-	49,414,851	49,414,851	
<b>Balance as at 31 December 2017</b>	<u>762,769,070</u>	<u>5,192,672,562</u>	<u>-</u>	<u>92,254,504</u>	<u>(774,896,231)</u>	<u>59,458,003</u>	<u>5,332,257,908</u>	
<b>Balance as at 1 January 2018</b>	762,769,070	5,192,672,562	-	92,254,504	(774,896,231)	59,458,003	5,332,257,908	
Profit for the year	-	-	-	-	238,406,994	-	238,406,994	
Other comprehensive income for the year	-	-	-	-	(3,831,715)	-	(3,831,715)	
Total comprehensive income for the year	-	-	-	-	234,575,279	-	234,575,279	
Issuance of ordinary shares during year from the exercise of warrants	9	750	-	-	-	-	759	
<b>Balance as at 31 December 2018</b>	<u>762,769,079</u>	<u>5,192,673,312</u>	<u>-</u>	<u>92,254,504</u>	<u>(540,320,952)</u>	<u>59,458,003</u>	<u>5,566,833,946</u>	
	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017 (Restated)	2018	2017
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	451,209,030	(1,454,677,118)	326,950,739	(1,596,812,381)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	39,531,067	41,576,160	14,462,613	17,503,408
Amortisation	15,128,324	9,153,733	7,530,713	2,720,277
Bad debts and doubtful accounts	574,526,424	347,128,158	371,157,753	224,671,401
Expense allowance on disputed loans	-	603,175,635	-	-
Expense allowance on loan and interest receivables	-	956,640,622	-	-
Loss on disposals of assets foreclosed	329,157,900	245,351,104	271,823,126	216,498,683
Reversal of loss on diminution in value of assets foreclosed	(2,022,730)	(3,901,469)	(1,149,870)	(6,743,427)
Expense (reversal) of allowance on other receivables	(20,373,857)	208,883,696	-	-
Expense (reversal) of allowance on other current assets	(38,825,253)	38,825,253	-	-
Expense allowance on investment loss in subsidiary	-	-	-	2,426,817,791
Expense allowance on investment loss in associate	-	582,085,201	-	-
Loss (gain) on disposal and write-off of assets	2,821,117	(47,651)	(116,235)	(88,501)
Loss on write off of intangible assets	9,074,974	6,224,052	7,768,830	3,250,728
Expense allowance on exclusive right	-	55,937,439	-	-
Exchange gain from liabilities settlement within the group	-	-	(4,773,641)	-
Unrealised exchange (gain) loss	14,071,954	(113,416,329)	(8,415,709)	(55,024,351)
Realise loss from received loans and interest receivables from subsidiary	-	-	-	12,456,827
Provision for long-term employee benefits	3,992,189	3,591,728	3,992,189	3,591,728
Share of profit from investments in associate	(110,935,697)	(171,950,702)	-	-
Dividend income	-	-	-	(343,768,075)
Interest income	(60,629,450)	(39,746,772)	(372,393,007)	(402,266,795)
Interest expenses	376,916,235	422,822,812	368,910,471	404,713,092
Amortised front end fees of loans	31,309	3,088,054	-	-
Amortised transaction cost of debentures	17,220,435	17,371,999	17,220,435	17,371,999
Amortised transaction cost of convertible debentures	2,308,807	2,063,777	2,308,807	2,063,777
Profit from operating activities before changes in operating assets and liabilities	1,603,202,778	1,760,179,382	1,005,277,214	926,956,181
Operating assets (increase) decrease				
Hire purchase and installment sales receivables	(173,501,972)	(583,299,592)	(466,884,224)	(576,156,011)
Asset - backed loan receivables	30,110,495	(79,819,502)	-	-
Microfinance receivables	(156,692,083)	(373,279,502)	-	-
Consumer finance receivables under joint financing arrangements	30,685,431	(29,629,862)	-	-
Disputed loans	-	1,225,066,154	-	-
Loans and interest receivables	11,915,609	704,080,762	-	-
Inventories	(238,159)	-	-	-
Assets foreclosed	(300,400,099)	(278,508,776)	(267,031,495)	(197,116,270)
Other receivables	9,913,198	(89,815,071)	(31,567,934)	11,858,041
Other current assets	85,738,534	(43,729,466)	53,650,158	7,845,482
Other non-current assets	(10,644,559)	11,231,982	(4,321,658)	10,957,380

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017 (Restated)	2018	2017
Operating liabilities increase (decrease)				
Trade accounts payable	5,282,778	(6,586,137)	8,945	(2,454,400)
Deposit from customers	17,717,836	13,311,343	-	-
Insurance premium payables	285,130	(2,436,366)	3,479,957	(2,757,432)
Other payables	(19,233,076)	54,402,577	68,695,695	(53,297,631)
Other current liabilities	(9,052,195)	(39,120,974)	(13,172,008)	2,001,965
Derivatives liabilities	(605,430)	605,430	-	-
Cash flows from operating activities	1,124,484,216	2,242,652,382	348,134,650	127,837,305
Cash paid for long-term employee benefits	(2,156,232)	(544,206)	(2,156,232)	(544,206)
Cash paid for interest expenses	(84,448,029)	(404,185,817)	(76,273,950)	(286,032,556)
Cash paid for corporate income tax	(120,303,850)	(122,777,344)	(28,863,728)	(37,426,892)
<b>Net cash flows from (used in) operating activities</b>	<b>917,576,105</b>	<b>1,715,145,015</b>	<b>240,840,740</b>	<b>(196,166,349)</b>
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investment	29,751,421	(47,800,000)	-	-
Decrease (increase) in pledged fixed deposits at financial institution	5,796,998	(11,313,312)	(3,002)	(3,311)
Decrease in accounts receivable and loans to employees	39,779	47,215	39,779	47,215
Cash paid for acquisition of investment in subsidiary	-	(18,579,054)	-	-
Cash paid for transaction cost of investments in associate	-	(3,578,608)	-	-
Cash paid for transaction cost of other long-term investments	-	(1,926,943)	-	-
Cash paid for acquisition of other long-term investments	-	(192,718,140)	-	-
Cash paid for acquisitions of equipments	(30,126,406)	(50,697,087)	(3,839,834)	(13,853,160)
Cash paid for acquisitions of intangible assets	(25,296,762)	(55,842,014)	(19,846,923)	(29,445,821)
Proceeds from sales of equipment	1,985,025	306,884	131,148	296,449
Cash paid for loan to subsidiary	-	-	-	(1,770,518,550)
Cash received from loan to subsidiary	-	-	-	866,064,263
Dividend received	13,791,186	32,078,952	-	343,768,075
Interest received	58,975,657	34,012,769	740,602	579,938,574
Cash received from liabilities settlement within the group	-	-	111,888,436	-
<b>Net cash flows from (used in) investing activities</b>	<b>54,916,898</b>	<b>(316,009,338)</b>	<b>89,110,206</b>	<b>(23,706,266)</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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017 (Restated)	2018	2017
<b>Cash flows from financing activities</b>				
Decrease in short-term loans from financial institutions	(65,239,485)	(497,160,756)	-	(452,077,219)
Cash received from short-term loans from related parties	18,739,080	344,501,000	-	-
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
Repayment of long-term loans from subsidiary	-	-	(40,000,000)	(133,300,000)
Cash received from long-term loans	-	889,582,240	-	730,000,000
Repayment of long-term loans	(107,048,953)	(1,560,014,842)	-	(1,307,130,003)
Cash paid for front end fees of long-term loans	-	(1,034,020)	-	-
Repayment of debentures	-	(500,000,000)	-	(500,000,000)
Cash received from issuance of convertible debentures	-	1,959,552,647	-	1,959,552,647
Cash paid for transaction costs of convertible debentures	-	(1,626,900)	-	(1,626,900)
Cash received from exercise of warrants	759	761,440	759	761,440
Cash received from non-controlling interests in respect of establishing new subsidiary	-	44,772,675	-	-
Dividend paid	-	(415,087,849)	-	(415,087,849)
<b>Net cash flows used in financing activities</b>	<b>(153,548,599)</b>	<b>(83,592,205)</b>	<b>(39,999,241)</b>	<b>(128,907,884)</b>
Exchange differences on translation of financial statement in foreign currency	(153,842,719)	(786,866,174)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>665,101,685</b>	<b>528,677,298</b>	<b>289,951,705</b>	<b>(348,780,499)</b>
Cash and cash equivalents at beginning of year	3,079,901,420	2,551,224,122	119,941,164	468,721,663
<b>Cash and cash equivalents at the end of year (Note 8)</b>	<b>3,745,003,105</b>	<b>3,079,901,420</b>	<b>409,892,869</b>	<b>119,941,164</b>
<b>Supplement cash flows information</b>				
Non-cash items				
Receivable from sale equipment	-	20,000	-	20,000
Transferred assets foreclosed to equipment	41,379	-	-	-
Transferred equipment to assets foreclosed	115,077	-	-	-
Transferred net of share subscription payment in advance for acquisition of investment in subsidiary to investment in subsidiary	-	261,868,669	-	-
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	-	365,320
Purchase of intangible assets that has not yet been paid	-	-	-	15,180,659
Settlement of interest receivables between GL and the group	-	-	270,322,347	-
Settlement of other current liabilities between GL and the group	-	-	93,827	-
Settlement of other payables between GL and the group	-	-	174,890,647	-
Settlement of other receivables between GL and the group	-	-	11,776,922	-

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

## 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 Purchase price allocation of BG Microfinance Myanmar Co., Ltd.

On 6 December 2016, the 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.



During 2018, the Company assessed the fair value of the assets acquired and liabilities assumed at the acquisition date, in order to allocate costs of the business acquisition to the identifiable items. The process was completed in the first quarter of 2018, within the period of twelve months from the acquisition date allowed by Financial Reporting Standard No. 3 (revised 2017), Business Combinations.

The financial statements of BGMM have been included in the consolidated financial statements of the Company since the Company gained control in 2017. The details of the acquisition are as follows:

	(Unit: Thousand Baht)
Cash paid for acquisition of the subsidiary company	285,517
Less: Net assets from acquisition of subsidiary company	(43,232)
Goodwill	<u>242,285</u>
Cash paid for acquisition of the subsidiary company	285,517
Less: Cash and cash equivalents of subsidiary	(5,069)
Cash paid for acquisition of the subsidiary company - net of cash and cash equivalent received	<u>280,448</u>

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	(5)	
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 Group's consolidated statement of comprehensive income for the year ended 31 December 2017.

## 2.2 Hedge accounting for net investment in foreign operations

As at 31 December 2018, loans from the Company to GLH of USD 163.6 million, which are equity loans, are included in net investment in foreign operations, all the net investment in foreign operations totaling USD 263.7 million. The Company has adopted hedge accounting for its net investment in foreign operations. The Company hedges currency risk arising from the translation of the financial statements of an overseas subsidiary (i.e. foreign operation) using 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 transactions 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 and will not be reversed and recognised in the income statement until the Group disposes of the foreign operation.

As at 31 December 2018 the value of the convertible debentures designated as a hedging instrument of USD 200.0 million, translated using the spot rate, was approximately Baht 6,429.9 million, and a resulting unrealised loss of Baht 45.8 million was recognised in other comprehensive income in the consolidated financial statements for the year ended 31 December 2018. In the current period there was no ineffective portion for hedges of the net investment in foreign operations, and the interest expense of Baht 324.9 million arising in connection with the convertible debentures was recognised under finance cost in the consolidated financial statements.

## 2.3 Establishment and acquisition of Comfort Services Development Co., Ltd.

On 13 June 2018, the Company's Board of Directors' Meeting of Thanaban Co., Ltd. ("TNB") No.6/2018 passed the resolutions to approve the establishment and/or acquisition of a subsidiary, Comfort Services Development Co., Ltd. ("CSD") of 200,000 ordinary shares with a par value of Baht 5 per share with the registered capital of Baht 1 million (or 100% of total share capital in CSD). CSD is established by one director and two employees of TNB and has been registered as a juristic

person under the Civil and Commercial Code on 3 July 2018 with the Ministry of Commerce. The acquisition of this business from the director of TNB was completed on 11 July 2018 which CSD had not started its operation prior to the acquisition by TNB.

CSD is incorporated in Thailand and its main activity is to provide registration services, however, initially is to provide services to affiliated companies.

The net asset value of Comfort Services Development Co., Ltd. at the acquisition date consisted of the following:

(Unit: Thousand Baht)

#### Assets

Other assets	1,000
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<b>Total assets</b>	<b>1,000</b>
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#### Liabilities

Other liabilities	-
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<b>Total liabilities</b>	<b>-</b>
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Net assets value at the acquisition date	1,000
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Interest acquired (%)	100
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<b>Net asset value attributable to the Group's investment</b>	<b>1,000</b>
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The excess of purchase price over net asset value	-
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<b>Net cash paid for purchase of subsidiary</b>	<b>1,000</b>
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The Group recorded the net assets acquired at their net book value as of the acquisition date, since the majority of Comfort Services Development Co., Ltd.'s assets and liabilities are financial assets and liabilities of which the fair value is close to book value.

### 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
		2018	2017	
Thanaban Company Limited (“TNB”)	Thailand	100	100	Hire purchase services and asset-backed loans to consumers (motorcycles, cars)
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)
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	100	Microfinance business
GL-AMMK Co., Ltd. (shares held by Group Lease Holdings Pte. Ltd.) (“GL-AMMK”)	Myanmar	57	57	Advisory, consultancy, managerial, administrative, technical and operational services
Comfort Services Development Co., Ltd. (shares held by Thanaban Co., Ltd.) (“CSD”)	Thailand	100	-	Registration Service

- 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 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 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 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 for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018), which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

##### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
IFRIC 13 (revised 2017)	Customer Loyalty Programmes
IFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
IFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers,

with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

**(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

## 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) Hire purchase service fee income

Hire purchase service fee income is recognized as income on an accrual basis, based on the contract agreement.

g) 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.

h) Penalty income

Penalty income is recognised when received.

i) Consultation service fee income

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

j) Other fee income

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

k) Interest income

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

l) 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 defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the company recognises restructuring - related costs.

## 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 investments**

The Company treats 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		Pricing policy
	financial statements		financial statements		
	2018	2017	2018	2017	
<b>Transactions with subsidiary companies:</b>					
<b>(Eliminated from consolidated financial statements)</b>					
Hire purchase interest income	-	-	-	16	Contract rate
Interest income	-	-	371,652	401,008	7.00% per annum
Dividend income	-	-	-	343,839	As declared
Other income	-	-	88,189	91,487	Contract rate
Interest expenses	-	-	1,273	10,435	7.00% per annum
Service and administrative expenses	-	-	655	662	Contract rate
Cash paid for executive payroll advance					
of subsidiary	-	-	10,984	-	Actual charge
Liabilities decrease by settlement					
with group companies	-	-	65,840	-	Actual charge
Disposal software	-	-	2,580	-	Actual charge
<b>Transactions with related parties:</b>					
Interest income	11,974	6,299	-	-	6.50% per annum
Other income	5,816	6,602	-	-	Contract rate
Interest expenses*	292,428	312,370	292,428	311,824	5.00% - 10.00% per annum

	Consolidated		Separate		
	financial statements		financial statements		Pricing policy
	2018	2017	2018	2017	
Acquisition of investment in subsidiary					
- BGMM	-	80,213	-	-	Contract rate
Acquisition of investment in subsidiary					
- CSD	1,000	-	-	-	Contract rate
<p>* During the first quarter of 2018, a director of Creation Investment Sri Lanka LLC resigned from being a director of the Company, therefore the balances and the transactions as of 31 December 2018 and for the year then ended are not classified as related party transactions.</p>					

(Unit: Thousand Baht)

	2018	2017	Pricing policy
<b>Transactions between GLH and subsidiaries:</b>			
<b>(Not presented in both consolidated and separate financial statements)</b>			
Interest income	147,345	189,037	7.50% - 10.00% per annum
Other income	25,424	24,535	Contract rate
Dividend income	-	22,088	As declared
Interest expenses	373,466	403,915	7.00% per annum
Administrative expenses	38	4,611	Contract rate
IT staff cost capitalization to software under development	3,336	10,789	Employment contract
IT staff cost - expenses	7,400	352	Employment contract
Cash advance for legal fees from subsidiary	9,096	-	Actual charge
<b>Transactions between GLH and associate:</b>			
<b>(Not presented in both consolidated and separate financial statements)</b>			
Dividend income	16,606	33,037	As declared
<b>Liabilities decrease by settlement in group companies</b>			
Loan and interest payable of GLH	65,840	-	-
Loan and interest payable of GLF	65,840	-	-

### 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.

On 1 January 2018, GLF and GLH agreed to terminate this Referral Business Agreement. There was no penalty as a result of the termination of this agreement that would have an impact on the consolidated statement of comprehensive income for the current year.

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

Name of related parties	Relationship with the Company
Thanaban Company Limited	Subsidiary
Group Lease Holdings Pte. Ltd.	Subsidiary
GL Finance Plc.	Subsidiary (held by a subsidiary)
GL Leasing (Lao) Company Limited	Subsidiary (held by a 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)
Comfort Services Development 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
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
J Trust Co., Ltd.	Ultimate parent company of shareholder of GLFI
Commercial Credit and Finance PLC.	Associated company
Creation Investment Sri Lanka LLC.	Common director (the director resigned from the Company during the first quarter of 2018)



Name of related parties	Relationship 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 2018 and 2017, 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	
	2018	2017	2018	2017
<b><u>Short-term loans to and interest receivable from subsidiary</u></b>				
<b><i>Subsidiary company</i></b>				
Group Lease Holdings Pte. Ltd.	-	-	209,983	165,550
Total	-	-	209,983	165,550
<b><u>Other receivables (Note 15)</u></b>				
<b><i>Subsidiary companies</i></b>				
Group Lease Holdings Pte. Ltd.	-	-	8,262	4,706
GL Finance Plc.	-	-	42	-
Thanaban Co., Ltd.	-	-	29,127	7,879
PT. Group Lease Finance Indonesia	-	-	-	298
GL Leasing (Lao) Company Limited	-	-	-	71
<b><i>Related parties</i></b>				
Director of subsidiaries	1,863	8,044	-	-
A.P.F. Group Co., Ltd.	4,333	4,363	-	-
Asia Partnership Fund Pte. Ltd.	-	12	-	-
Cambodian People Micro Insurance PLC.	8,193	4,361	-	-
APF Trading Plc.	164,359	182,506	-	-
Century Finance Company Limited	12,750	12,586	-	-
Total	191,498	211,872	37,431	12,954
Less: Allowance for doubtful accounts	(176,951)	(198,169)	-	-
Net	14,547	13,703	37,431	12,954
<b><u>Other current assets (Note 16)</u></b>				
<b><i>Related party</i></b>				
APF Trading Plc.	76,470	126,063	-	-
Total	76,470	126,063	-	-
Less: Allowance for doubtful accounts	-	(38,025)	-	-
Net	76,470	88,038	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b><u>Other long-term investments (Note 20)</u></b>				
<b><i>Related party</i></b>				
Century Finance Company Limited	192,718	192,718	-	-
Total	192,718	192,718	-	-
<b><u>Long-term portion of loans to subsidiary (Note 2.2)</u></b>				
<b><i>Subsidiary company</i></b>				
Group Lease Holdings Pte. Ltd.	-	-	5,307,792	5,345,593
Total	-	-	5,307,792	5,345,593
<b><u>Long-term loans from subsidiary</u></b>				
<b><i>Subsidiary company</i></b>				
Thanaban Co., Ltd.	-	-	-	40,000
Total	-	-	-	40,000
<b><u>Other payables (Note 28)</u></b>				
<b><i>Subsidiary companies</i></b>				
Group Lease Holdings Pte. Ltd.	-	-	543	107,906
GL Finance Plc.	-	-	16	156
GL Leasing (Lao) Company Limited	-	-	-	567
PT. Group Lease Finance Indonesia	-	-	-	255
Comfort Service Development Co., Ltd.	-	-	2	-
<b><i>Related parties</i></b>				
JTrust Asia Pte. Ltd.	402,786	111,526	402,786	111,526
Creation Investment Sri Lanka LLC.*	-	8,170	-	8,170
Engine Holdings Asia Pte. Ltd.	461	461	461	461
Total	403,247	120,157	403,808	229,041
<b><u>Other current liabilities</u></b>				
<b><i>Subsidiary company</i></b>				
Thanaban Co., Ltd.	-	-	562	898
<b><i>Related parties</i></b>				
Director of subsidiaries	82	-	-	-
Showa Holdings Co., Ltd.	1,254	1,158	-	-
Century Finance Company Limited	2,199	926	-	-
Total	3,535	2,084	562	898

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b><u>Convertible debentures - before transaction costs (Note 31)</u></b>				
<b><i>Related parties</i></b>				
JTrust Asia Pte. Ltd.	5,844,051	5,885,347	5,844,051	5,885,347
Creation Investment Sri Lanka LLC.*	-	654,424	-	654,424
Total	5,844,051	6,539,771	5,844,051	6,539,771

\* During the first quarter of 2018, a director of Creation Investment Sri Lanka LLC resigned from being a director of the Company, therefore the balances and the transactions as of 31 December 2018 and for the year then ended are not classified as related party transactions.

As at 31 December 2018, advance to related party with no interest change as presented under the caption of other receivables before allowance for doubtful accounts in the consolidated financial statements, totaling USD 4.9 million (2017: USD 4.9 million).

On 27 July 2016, GLF entered into an agreement with a related party which required to provide a deposit for the future leased assets to end customers. As at 31 December 2018, deposit of assets to be leased as presented under the caption of other current assets in the consolidated financial statements, totaling USD 2.4 million (2017: USD 3.9 million).

On 21 June 2018, GLF advanced to the Company totaling USD 2 million with no interest charge to support the Company's new business operation. This advance amount is presented under the caption of other receivables in the separate financial statements. During the third quarter of 2018, GLF settled its balances with the group and has no outstanding balances of advances as at 31 December 2018.

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.

In 2018, the Company has considered and decided to reverse provisions for doubtful accounts from other receivables and other net current assets which are relating to the former executive director of the Company by USD 1.77 million (equivalent to approximately Baht 59.20 million). The impact was recognised in comprehensive income in the consolidated financial statements for the year ended 31 December 2018.

The details of all provisioned items as at 31 December 2018 and 2017 are listed in the table below:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b><u>Allowance for doubtful accounts - Other receivables (Note 15)</u></b>				
<b><i>Related parties</i></b>				
Director of the subsidiaries	1,781	7,838	-	-
A.P.F. Group Co., Ltd.	4,333	4,363	-	-
Engine Holdings Asia Pte. Ltd.	(461)	492	-	-
Asia Partnership Fund Pte. Ltd.	-	12	-	-
Cambodian People Micro Insurance PLC.	8,193	3,259	-	-
APF Trading Plc.	164,359	183,362	-	-
Showa Holdings Co., Ltd.	(1,254)	(1,157)	-	-
Total	176,951	198,169	-	-
<b><u>Allowance for doubtful accounts - Other current assets (Note 16)</u></b>				
<b><i>Related party</i></b>				
APF Trading Plc.	-	38,025	-	-
Total	-	38,025	-	-

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.

Assets related to the inventory of traceable assets are excluded from the provision amounts.

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		Loss from	Balance as at
	1 January 2018	Increase	Decrease	exchange rate	31 December 2018
<b><u>Loans to and interest receivable from subsidiary</u></b>					
<b><i>Subsidiary company</i></b>					
Group Lease Holdings Pte. Ltd.	5,511,143	315,904	(273,771)	(35,501)	5,517,775
Total	5,511,143	315,904	(273,771)	(35,501)	5,517,775

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 2018	Increase	Decrease	31 December 2018
<b><u>Long-term loans from and interest payable to subsidiary</u></b>				
<b><i>Subsidiary company</i></b>				
Thanaban Co., Ltd.	40,000	1,273	(41,273)	-
Total	40,000	1,273	(41,273)	-

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

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

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	Consolidated financial statements							
	2018				2017			
	Thousand Baht	Thousand USD	Thousand SGD	Thousand JPY	Thousand Baht	Thousand USD	Thousand SGD	Thousand JPY
Short-term employee benefits	40,911	969	-	8,696	34,364	691	34	2,438
Post-employment benefits	2,685	-	-	-	53	-	-	-
Total	43,596	969	-	8,696	34,417	691	34	2,438

	Separate financial statements							
	2018				2017			
	Thousand Baht	Thousand USD	Thousand SGD	Thousand JPY	Thousand Baht	Thousand USD	Thousand SGD	Thousand JPY
Short-term employee benefits	25,006	27	-	8,696	27,546	188	17	-
Post-employment benefits	2,685	-	-	-	53	-	-	-
Total	27,691	27	-	8,696	27,599	188	17	-

## 8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	4,880	10,159	229	189
Bank deposits	3,740,123	3,069,742	409,664	119,752
Total	3,745,003	3,079,901	409,893	119,941

As at 31 December 2018 and 2017, bank deposits in saving accounts and fixed deposits of the Company and its subsidiaries carried interest between 0.37% - 8.00% per annum and 0.15% - 8.50% per annum, respectively (the Company only: 0.37% - 0.90% per annum and 0.15% - 1.00% per annum, respectively).

## 9. Hire purchase and installment sales receivables

9.1 As at 31 December 2018 and 2017, 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	
	2018	2017	2018	2017	2018	2017
<b>Normal receivables</b>						
Hire purchase and installment sales receivables	4,657,577	4,546,541	3,710,979	4,362,673	8,368,556	8,909,214
Accrued hire purchase and installment sales income	172,899	175,167	-	-	172,899	175,167
Less: Unearned hire purchase and installment sales income, net	(1,473,049)	(1,533,263)	(792,063)	(991,653)	(2,265,112)	(2,524,916)
<b>Total normal receivable</b>	<b>3,357,427</b>	<b>3,188,445</b>	<b>2,918,916</b>	<b>3,371,020</b>	<b>6,276,343</b>	<b>6,559,465</b>

(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	
	2018	2017	2018	2017	2018	2017
<b>Terminated agreements receivables</b>						
Hire purchase and installment sales receivables	260,112	184,865	234,439	142,508	494,551	327,373
Accrued hire purchase and installment sales income	34,302	21,283	-	-	34,302	21,283
Less: Unearned hire purchase and installment sales income, net	(101,245)	(68,903)	(58,408)	(35,139)	(159,653)	(104,042)
<b>Total terminated agreements receivables</b>	<b>193,169</b>	<b>137,245</b>	<b>176,031</b>	<b>107,369</b>	<b>369,200</b>	<b>244,614</b>
<b>Total receivables</b>	<b>3,550,596</b>	<b>3,325,690</b>	<b>3,094,947</b>	<b>3,478,389</b>	<b>6,645,543</b>	<b>6,804,079</b>
<b>Less: Allowance for doubtful accounts</b>	<b>(225,677)</b>	<b>(130,920)</b>	<b>(208,107)</b>	<b>(119,990)</b>	<b>(433,784)</b>	<b>(250,910)</b>
<b>Hire purchase and installment sales receivables, net</b>	<b>3,324,919</b>	<b>3,194,770</b>	<b>2,886,840</b>	<b>3,358,399</b>	<b>6,211,759</b>	<b>6,553,169</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	
	2018	2017	2018	2017	2018	2017
<b>Normal receivables</b>						
Hire purchase and installment sales receivables	3,083,790	2,989,471	2,655,567	2,662,895	5,739,357	5,652,366
Accrued hire purchase and installment sales income	106,465	102,760	-	-	106,465	102,760
Less: Unearned hire purchase and installment sales income, net	(1,064,723)	(1,083,539)	(556,682)	(578,021)	(1,621,405)	(1,661,560)
<b>Total normal receivable</b>	<b>2,125,532</b>	<b>2,008,692</b>	<b>2,098,885</b>	<b>2,084,874</b>	<b>4,224,417</b>	<b>4,093,566</b>
<b>Terminated agreements receivables</b>						
Hire purchase and installment sales receivables	231,375	166,651	223,998	133,331	455,373	299,982
Accrued hire purchase and installment sales income	30,999	18,923	-	-	30,999	18,923
Less: Unearned hire purchase and installment sales income, net	(88,576)	(60,130)	(56,758)	(33,263)	(145,334)	(93,393)
<b>Total terminated agreements receivables</b>	<b>173,798</b>	<b>125,444</b>	<b>167,240</b>	<b>100,068</b>	<b>341,038</b>	<b>225,512</b>
<b>Total receivables</b>	<b>2,299,330</b>	<b>2,134,136</b>	<b>2,266,125</b>	<b>2,184,942</b>	<b>4,565,455</b>	<b>4,319,078</b>
<b>Less: Allowance for doubtful accounts</b>	<b>(176,295)</b>	<b>(109,409)</b>	<b>(169,163)</b>	<b>(90,332)</b>	<b>(345,458)</b>	<b>(199,741)</b>
<b>Hire purchase and installment sales receivables, net</b>	<b>2,123,035</b>	<b>2,024,727</b>	<b>2,096,962</b>	<b>2,094,610</b>	<b>4,219,997</b>	<b>4,119,337</b>

9.2 As at 31 December 2018 and 2017, 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	
	2018	2017	2018	2017	2018	2017
<b>Hire purchase and installment sales receivables</b>						
Not yet due	5,436,103	5,844,662	42,689	42,226	5,393,414	5,802,436
Past due:						
1 month	416,296	399,996	29,866	26,478	386,430	373,518
2 - 3 months	328,840	245,469	77,389	40,244	251,451	205,225
4 - 6 months	204,656	135,649	98,317	43,504	106,339	92,145
7 - 9 months	146,871	95,332	99,489	45,056	47,382	50,276
10 - 12 months	106,097	80,930	79,679	51,630	26,418	29,300
Over 12 months	6,680	2,041	6,355	1,772	325	269
Total	6,645,543	6,804,079	433,784	250,910	6,211,759	6,553,169

(Unit: Thousand Baht)

Separate financial statements						
Aging	Hire purchase and installment sales receivables		Allowance for doubtful accounts		Hire purchase and installment sales receivables, net	
	2018	2017	2018	2017	2018	2017
<b>Hire purchase and installment sales receivables</b>						
Not yet due	3,795,185	3,740,926	37,045	36,880	3,758,140	3,704,046
Past due:						
1 month	256,617	229,125	25,225	22,697	231,392	206,428
2 - 3 months	208,980	158,799	61,644	31,494	147,336	127,305
4 - 6 months	136,459	79,893	80,604	31,722	55,855	48,171
7 - 9 months	93,075	56,249	73,613	33,561	19,462	22,688
10 - 12 months	72,868	52,562	65,059	41,865	7,809	10,697
Over 12 months	2,271	1,524	2,268	1,522	3	2
Total	4,565,455	4,319,078	345,458	199,741	4,219,997	4,119,337

9.3 As at 31 December 2018 and 2017, 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				
	2018		2017	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
Within one year	5,124,890	3,550,596	4,927,856	3,325,690
After one year but not more than five years	3,945,418	3,094,947	4,505,181	3,478,389
Total	9,070,308	6,645,543	9,433,037	6,804,079
Less: Amounts representing finance charges	(2,424,765)		(2,628,958)	
Present value of minimum lease payments	6,645,543		6,804,079	



(Unit: Thousand Baht)

	Separate financial statements			
	2018		2017	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
Within one year	3,452,629	2,299,330	3,277,805	2,134,136
After one year but not more than five years	2,879,565	2,266,125	2,796,226	2,184,942
Total	6,332,194	4,565,455	6,074,031	4,319,078
Less: Amounts representing finance charges	(1,766,739)		(1,754,953)	
Present value of minimum lease payments	4,565,455		4,319,078	

- 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 2018 and 2017, there are outstanding hire purchase receivable amounting to approximately Baht 375 million and Baht 241 million, respectively (the Company only: Baht 339 million and Baht 214 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 2018 and 2017 would be reduced by Baht 8 million and Baht 6 million, respectively (the Company only: Baht 7 million and Baht 5 million, respectively).

- 9.5 Hire purchase agreements of the Company and its subsidiaries have terms of 8 months to 5 years and require settlement in equal installments.
- 9.6 As at 31 December 2018, the Company had entered into the agreement to transfer the rights of claim under hire purchase agreements (net of unearned hire purchase interest income) with total outstanding balances not exceeding Baht 1,300 million as the business security for short term credit facility, debentures and letter of guarantee facility granted by commercial banks as disclosed in Notes 25, 30 and 44.4.

9.7 As at 31 December 2017, the Company's subsidiary had transferred rights of claim under hire purchase agreements with outstanding balances (net of unearned hire purchase interest income) of Baht 69 million (2018: Nil), in order to secure credit facilities granted by commercial banks as disclosed in Note 29.

## 10. Asset - backed loan receivables

10.1 As at 31 December 2018 and 2017, 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			
	2018	2017	2018	2017	2018	2017
<b>Normal receivables</b>						
Asset - backed loan receivables	314,213	364,349	85,831	101,160	400,044	465,509
Interest receivables	13,381	14,794	-	-	13,381	14,794
Less: Unearned interest income, net	(89,163)	(105,427)	(19,067)	(22,753)	(108,230)	(128,180)
<b>Total normal receivables</b>	<b>238,431</b>	<b>273,716</b>	<b>66,764</b>	<b>78,407</b>	<b>305,195</b>	<b>352,123</b>
<b>Terminated agreements receivables</b>						
Asset - backed loan receivables	20,485	15,203	2,506	1,493	22,991	16,696
Interest receivables	2,547	1,926	-	-	2,547	1,926
Less: Unearned interest income, net	(5,971)	(4,381)	(491)	(294)	(6,462)	(4,675)
<b>Total terminated agreements receivables</b>	<b>17,061</b>	<b>12,748</b>	<b>2,015</b>	<b>1,199</b>	<b>19,076</b>	<b>13,947</b>
<b>Total receivables</b>	<b>255,492</b>	<b>286,464</b>	<b>68,779</b>	<b>79,606</b>	<b>324,271</b>	<b>366,070</b>
<b>Less: Allowance for doubtful accounts</b>	<b>(24,759)</b>	<b>(16,871)</b>	<b>(4,225)</b>	<b>(2,782)</b>	<b>(28,984)</b>	<b>(19,653)</b>
<b>Asset - backed loan receivables, net</b>	<b>230,733</b>	<b>269,593</b>	<b>64,554</b>	<b>76,824</b>	<b>295,287</b>	<b>346,417</b>

10.2 As at 31 December 2018 and 2017, 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	
	2018	2017	2018	2017	2018	2017
<b>Asset-backed loan receivables</b>						
Not yet due	234,081	282,920	2,325	2,736	231,756	280,184
Past due:						
1 month	41,462	42,676	4,072	4,111	37,390	38,565
2 - 3 months	26,773	25,388	7,895	4,919	18,878	20,469
4 - 6 months	9,405	7,485	5,224	2,799	4,181	4,686
7 - 9 months	6,641	3,951	4,748	2,254	1,893	1,697
10 - 12 months	5,551	3,549	4,406	2,733	1,145	816
12 months over	358	101	314	101	44	-
<b>Total</b>	<b>324,271</b>	<b>366,070</b>	<b>28,984</b>	<b>19,653</b>	<b>295,287</b>	<b>346,417</b>

10.3 As at 31 December 2018 and 2017, 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			
	2018		2017	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
Within one year	350,626	255,492	396,272	286,464
After one year but not more than five years	88,337	68,779	102,653	79,606
Total	438,963	324,271	498,925	366,070
Less: Amounts representing finance charges	(114,692)		(132,855)	
Present value of minimum loan payments	324,271		366,070	

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 2018 and 2017, there are outstanding asset-backed loan receivables amounting to approximately Baht 22 million and Baht 16 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 2018 and 2017 would be reduced by Baht 0.5 million and Baht 0.4 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, the Company's subsidiary had transferred rights of claim under loan agreements with outstanding balances (net of unearned interest income) of Baht 49 million (2018: Nil), in order to secure credit facilities granted by commercial bank as disclosed in Note 29.

## 11. Microfinance receivables

11.1 As at 31 December 2018 and 2017, 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	
	2018	2017	2018	2017	2018	2017
<b>Normal receivables</b>						
Microfinance receivables	622,262	441,420	8,778	61,053	631,040	502,473
Accrued microfinance receivables	2,604	3,055	-	-	2,604	3,055
Less: Unearned interest income, net	(65,142)	(62,386)	(2,013)	(21,452)	(67,155)	(83,838)
<b>Total receivables</b>	<b>559,724</b>	<b>382,089</b>	<b>6,765</b>	<b>39,601</b>	<b>566,489</b>	<b>421,690</b>
<b>Less: Allowance for doubtful accounts</b>	<b>(5,405)</b>	<b>(3,660)</b>	<b>(47)</b>	<b>(74)</b>	<b>(5,452)</b>	<b>(3,734)</b>
<b>Microfinance receivables, net</b>	<b>554,319</b>	<b>378,429</b>	<b>6,718</b>	<b>39,527</b>	<b>561,037</b>	<b>417,956</b>

11.2 As at 31 December 2018 and 2017, 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	
	2018	2017	2018	2017	2018	2017
<b>Microfinance receivables</b>						
Not yet due	544,275	407,752	4,990	3,679	539,285	404,073
Past due:						
1 month	14,434	12,897	70	45	14,364	12,852
2 - 3 months	6,055	869	136	10	5,919	859
4 - 6 months	1,257	172	256	-	1,001	172
7 - 9 months	468	-	-	-	468	-
<b>Total</b>	<b>566,489</b>	<b>421,690</b>	<b>5,452</b>	<b>3,734</b>	<b>561,037</b>	<b>417,956</b>

11.3 As at 31 December 2018 and 2017, 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			
	2018		2017	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
Within one year	624,866	559,724	444,475	382,089
After one year but not more than five years	8,778	6,765	61,053	39,601
Total	633,644	566,489	505,528	421,690
Less: Amounts representing finance charges	(67,155)		(83,838)	
Present value of minimum loan payments	566,489		421,690	

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 2018 and 2017, 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	
	2018	2017	2018	2017	2018	2017
<b>Hire purchase receivables</b>						
Hire purchase receivables under joint financing arrangements	85,748	239,762	44,373	347,520	130,121	587,282
Accrued interest receivables	4,037	15,632	-	-	4,037	15,632
Less: Unearned financing income, net	(15,965)	(92,249)	(7,519)	(83,146)	(23,484)	(175,395)
Less: Portions financed by bank under joint financing arrangement	(68,382)	(148,999)	(17,599)	(222,039)	(85,981)	(371,038)
<b>Total Hire purchase receivables</b>	5,438	14,146	19,255	42,335	24,693	56,481
<b>Less: Allowance for doubtful accounts</b>	(41)	(1,336)	(145)	(97)	(186)	(1,433)
<b>Hire purchase receivables under joint financing arrangements, net</b>	5,397	12,810	19,110	42,238	24,507	55,048
<b>Microfinance receivables</b>						
Microfinance receivables under joint financing arrangements	906	6,407	431	3,792	1,337	10,199
Less: Unearned financing income, net	(297)	(1,444)	(75)	(1,275)	(372)	(2,719)
Less: Portions financed by bank under joint financing arrangement	(653)	(3,689)	(147)	(2,008)	(800)	(5,697)
<b>Total Microfinance receivables</b>	(44)	1,274	209	509	165	1,783
<b>Less: Allowance for doubtful accounts</b>	2	(6)	(8)	(234)	(6)	(240)
<b>Microfinance receivables under joint financing arrangements, net</b>	(42)	1,268	201	275	159	1,543
<b>Consumer finance receivables under joint financing arrangements, net</b>	5,355	14,078	19,311	42,513	24,666	56,591

12.2 As at 31 December 2018 and 2017, 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	
	2018	2017	2018	2017	2018	2017
<b>Hire purchase receivables</b>						
Not yet due	12,541	51,879	8	1,308	12,533	50,571
Past due:						
1 month	5,404	3,169	26	48	5,378	3,121
2 - 3 months	6,748	1,255	152	40	6,596	1,215
4 - 6 months	-	178	-	37	-	141
7 - 9 months	-	-	-	-	-	-
10 - 12 months	-	-	-	-	-	-
Total	24,693	56,481	186	1,433	24,507	55,048
<b>Microfinance receivables</b>						
Not yet due	93	1,431	-	44	93	1,387
Past due:						
1 month	23	312	-	156	23	156
2 - 3 months	23	40	1	40	22	-
4 - 6 months	26	-	5	-	21	-
7 - 9 months	-	-	-	-	-	-
10 - 12 months	-	-	-	-	-	-
Total	165	1,783	6	240	159	1,543
<b>Total Consumer finance receivables under joint financing arrangements</b>	<b>24,858</b>	<b>58,264</b>	<b>192</b>	<b>1,673</b>	<b>24,666</b>	<b>56,591</b>

12.3 As at 31 December 2018 and 2017, 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			
	2018		2017	
	Minimum payments receivable	Present value of payments receivable	Minimum payments receivable	Present value of payments receivable
<b>Hire purchase receivables</b>				
Within one year	89,785	73,820	255,394	163,145
After one year but not more than four years	44,373	36,854	347,520	264,374
Total	134,158	110,674	602,914	427,519
Less: Amounts representing finance charges	(23,484)	-	(175,395)	-
Less: Portions financed by bank under joint financing arrangements	(85,981)	(85,981)	(371,038)	(371,038)
Present value of minimum loan payments	24,693	24,693	56,481	56,481
<b>Microfinance receivables</b>				
Within one year	906	609	6,407	4,963
After one year but not more than four years	431	356	3,792	2,517
Total	1,337	965	10,199	7,480
Less: Amounts representing finance charges	(372)	-	(2,719)	-
Less: Portions financed by bank under joint financing arrangements	(800)	(800)	(5,697)	(5,697)
Present value of minimum loan payments	165	165	1,783	1,783
<b>Total Present value of minimum loan payments</b>	<b>24,858</b>	<b>24,858</b>	<b>58,264</b>	<b>58,264</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 2018 and 2017, 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 38,214 million and IDR 153,322 million, respectively, in order to secure joint financing facilities granted by related - commercial bank.

As at 31 December 2018 and 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 356 million and IDR 2,354 million, respectively, 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 of the debtor assets. As at 31 December 2018 and 2017, the credit facilities under the joint financing agreements which have not yet been drawn down amounted to IDR 137,235 million.

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 GLFI. The agreement on the Joint financing credit facilities is in force and will resume its activity once legal proceedings are overcome.

However, the Joint Financing Agreement is in the progress of the legal proceedings initiated by JTrust Group as discussed in Note 48.3.



### 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			
		2018		2017 (restated)	
Location of borrowers	Interest rate (% per annum)	Thousand USD	Equivalent to Thousand Baht	Thousand USD	Equivalent to Thousand Baht
Cyprus	14.5 - 17.0	9,243	299,926	9,243	302,063
Singapore	14.5 - 25.0	36,106	1,171,628	36,106	1,179,972
Others	5.0 - 10.0	1,166	37,837	1,166	38,105
Total loans		46,515	1,509,391	46,515	1,520,140
Interest receivables			50,461		48,928
Total loans and interest receivables			1,559,852		1,569,068
Less: Allowance for loan and interest receivables			(1,517,729)		(1,527,679)
Less: Current portion			(42,123)		(549)
Long-term portion of loans and interest receivables			-		40,840

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 Securities and Exchange Commission ("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, the Company has hired an external audit firm in Singapore to perform an investigation on those loans and the findings did not include any noted exceptions. One borrower however (out of seven total borrowers contacted) failed to reply to their confirmation request mentioned in their report on the procedures performed, the Company resolved to revise its financial statements as requested by the SEC.

The Company had reclassified from the “Loans to Cyprus and Singapore group” of USD 54 million to “Disputed loans”. In portion of disputed loans by the SEC of USD 54 million, the Company had retroactively restated the financial statements for the year ended 31 December 2017 as comparative information whereby it had not recognised interest income as revenue, but cash received from interest had been treated as a part of loan repayment. In addition, the Company had set up full provision against those loans since the year 2017 and stopped recognising interest income on these loans since the fourth quarter of 2017.

While this provision’s intention is to cooperate and comply with the order from the regulator, the management wants to reiterate its belief on the legitimacy of the loans provided and the repayment of the loans and interest according to the contractual arrangements including the enforceability of the collateral securities provided in case of any default.

In April 2018, the Management of the Company's subsidiary gave notices of repayment to all the Singapore and Cyprus borrowers for the remainder of the outstanding loan amounts and interest due to 31 May 2018. The progress of repayment of all borrowers will be closely monitored and the Company is going to act according to the terms and conditions as set out in the individual agreements until full repayment of all amounts paid by the borrowers.

In the third quarter of 2018, the subsidiary has engaged a law firm in Brazil to proceed with enforcement of securitised collaterals in Brazil for loan debt of USD 15 million and accrued interest. On 26 October 2018, the application to enforce such collaterals has already been submitted to the Civil Court in Brazil.

On 30 October 2018, the Court issued a decision ordering the service of the defendants (borrowers). The defendants are yet to be served.

Both the disputed loan and normal loan receivable balances from the Singapore and Cyprus borrowers are current. Reclassifications to current for the non-current loan receivable balances from the Singapore and Cyprus borrowers as at 31 December 2018 and 2017 were made due to the notices sent to the borrowers as described in the previous paragraph.

As at 31 December 2018 and 2017, both the disputed loan and normal loan receivable balances are presented as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2018	2017
		(Restated)
Reflected in the statements of financial position as follows:		
Disputed loans	586,571	590,748
Less: Allowance on disputed loans	(586,571)	(590,748)
Less: Current portion of disputed loans	-	-
Long-term portion of disputed loans	-	-
Loans and interest receivables	973,281	978,320
Less: Allowance on loans and interest receivables	(931,158)	(936,931)
Less: Current portion of loans and interest receivables	(42,123)	(549)
Long-term portion of loans and interest receivables	-	40,840

As at 31 December 2018 and 2017, both the disputed loan and normal loan receivable balances aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements						
Aging	Loans and interest receivables		Allowance for doubtful accounts		Loans and interest receivables, net	
	2018	2017	2018	2017	2018	2017
		(Restated)		(Restated)		(Restated)
Not yet due	42,123	1,523,225	-	(1,482,034)	42,123	41,191
Past due:						
1 - 3 months	-	45,744	-	(45,645)	-	99
4 - 6 months	-	99	-	-	-	99
7 - 12 months	1,472,210	-	(1,472,210)	-	-	-
Over 12 months	45,519	-	(45,519)	-	-	-
Total	1,559,852	1,569,068	(1,517,729)	(1,527,679)	42,123	41,389

Both the disputed loan and normal loan receivable balances 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 2018 and 2017, meaning there are no longer any Company's shares pledged as securities for any of the remaining loans.

The value of collaterals (before provision for loss) as of 31 December 2018 covered 282 percent for the Cyprus borrowers and 115 percent for the Singapore borrowers (2017: covered 292 percent for the loan from Cyprus borrowers (as restated) and 124 percent for the loan from Singapore borrowers (as restated)).

The interest rates charged under the loan agreements were in the range of 14.5 percent to 25.0 percent per annum. From original, the terms of the loans granted vary from 3 months to 3 years. All principals were 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. During 2017, before due date, the Cyprus borrower repaid the loans of USD 25.3 million or approximately Baht 845 million. During 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 former executive director, who have specialized knowledge of the business of these specific borrowers, and their relationships with the borrowers.

#### 14. Assets foreclosed

As at 31 December 2018 and 2017, assets foreclosed of the Company and its subsidiaries are presented as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2018	2017	2018	2017
Reposessed assets	75,664	104,598	15,905	20,696
Less: Allowance for diminution in value of assets foreclosed	(14,380)	(16,646)	(7,238)	(8,387)
Assets foreclosed, net	61,284	87,952	8,667	12,309

As at 31 December 2018, the Company had entered into the agreement to transfer the rights of claim under assets foreclosed with total outstanding balances not exceeding Baht 1,275 million as the business security for short term credit facility, debentures and letter of guarantee granted by commercial banks as disclosed in Notes 25, 30 and 44.4.

## 15. Other receivables

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accrued income	4,488	3,533	2,681	2,798
Advance payment - related parties (Note 7)	166,453	175,653	8,304	5,004
Advance payment	28,567	15,835	114	1,484
Other receivable - sales of assets foreclosed	4,479	3,177	4,479	3,177
Other receivables - related parties (Note 7)	25,045	36,219	29,127	7,950
Other receivables - consulting services	6,490	6,536	-	-
Other receivables	45,282	48,752	62	4,565
Total	280,804	289,705	44,767	24,978
Less: Allowance for doubtful accounts	(14,526)	(9,122)	(2,586)	(2,586)
Less: Allowance for doubtful accounts - related parties (Note 7)	(176,951)	(198,169)	-	-
Other receivables, net	89,327	82,414	42,181	22,392

## 16. Other current assets

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Prepaid expenses	14,428	69,099	5,184	54,696
Undue input tax	2,324	5,387	1,622	5,364
Deposit for assets to be leased - related party (Note 7)	76,470	126,063	-	-
Withholding tax deducted at source	46,576	83,058	28,559	30,241
Others	1,778	2,124	1,778	2,124
Total	141,576	285,731	37,143	92,425
Less: Allowance for doubtful - related parties (Note 7)	-	(38,025)	-	-
Other current assets, net	141,576	247,706	37,143	92,425

**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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)								
Thanaban Company Limited	565,000 Thousand Baht	565,000 Thousand Baht	100.00	100.00	629,696	629,696	-	-	629,696	629,696	-	-
Group Lease Holdings Pte. Ltd.	214,448 Thousand SGD	214,448 Thousand SGD	100.00	100.00	5,387,211	5,387,211	(2,426,818)	(2,426,818)	2,960,393	2,960,393	-	343,768 (9,993 Thousand USD)
GL Leasing (Lao) Company Limited	41,840,720 Thousand LAK	41,840,720 Thousand LAK	0.12	0.12	213	213	-	-	213	213	-	71 (18,135 Thousand LAK)
					<u>6,017,120</u>	<u>6,017,120</u>	<u>(2,426,818)</u>	<u>(2,426,818)</u>	<u>3,590,302</u>	<u>3,590,302</u>	<u>-</u>	<u>343,839</u>



### Investment in GLH

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 Notes 13 and 19 on the separate financial statements disclosures. 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, in 2017, 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 2018, investment in GLH in the separate financial statements amounted to USD 88.72 million (2017: USD 88.72 million).

### Investment in GLL

On 1 July 2017, GLL increased its ordinary shares capital from 2,037,500 shares to 5,230,090 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 (or equivalent to Baht 0.04 million) and LAK 6 million (or equivalent to Baht 0.03 million), respectively. The dividend was paid to shareholders on 31 March 2018.

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

(Unit: Thousand Baht)												
Company's name	Paid-up capital		Shareholdings percentage		Cost		Allowance for investment loss in subsidiaries		Cost, net		Dividend received during the year ended 31 December	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)								
<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	41,840,720 Thousand LAK	99.88	99.88	176,195	176,195	-	-	176,195	176,195	-	-
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.	18,849,080 Thousand MMK	16,160,000 Thousand MMK	100.00	100.00	717,922	654,231	-	-	717,922	654,231	-	-
GL-AMMK Co., Ltd.	4,080,000 Thousand MMK	4,080,000 Thousand MMK	57.00	57.00	59,350	59,350	-	-	59,350	59,350	-	-
Total held by Group Lease Holdings Pte Ltd.					1,485,070	1,421,379	-	-	1,485,070	1,421,379	-	-
<b><u>Held by Thanaban Company Limited</u></b>												
Comfort Services Development Company Limited	4,000 Thousand Baht	-	100.00	-	4,000	-	-	-	4,000	-	-	-
Total held by Thanaban Company Limited					4,000	-	-	-	4,000	-	-	-
Total held by subsidiaries					1,489,070	1,421,379	-	-	1,489,070	1,421,379	-	-

## Held by Group Lease Holdings Pte. Ltd.

### Investment in GLL

On 14 August 2017, a meeting of the Board of Directors of GLL passed resolutions approving a 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 has been approved on 13 April 2018.

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 was paid to shareholders on 31 March 2018.

### Investment in GLFI

All rights and obligations to all the shares of the Indonesian partner as at 31 December 2018 and 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 (or equivalent to 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.

On 21 March 2018, the Board of Directors of GLH passed a resolution to approve an additional investment in 2,689,080 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 2,689.08 million (equivalent to Baht 63.69 million). The ordinary shares capital of BGMM increased from 16,160,000 ordinary shares to 18,849,080 ordinary shares. The allotment has been filed with the Government on 25 May 2018. 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 25 May 2018.

During 2018, the Company assessed the fair value of the assets acquired and liabilities assumed at the acquisition date, in order to allocate costs of the business acquisition to the identifiable items. The process was completed in the first quarter of 2018, within the period of twelve months from the acquisition date allowed by Financial Reporting Standard No. 3 (revised 2017), Business Combinations. The details of the acquisition are disclosed in Note 2.1.

As at 31 December 2018 and 2017, the carrying value of this investment is Baht 718 million and Baht 654 million, respectively. The increase in carrying value of investment is as a result of capital increase from acquisition date total to Baht 432 million. The value of this investment depends upon the success of future operations of this company.

#### 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.

#### **Held by Thanaban Company Limited**

#### Investment in CSD

On 13 June 2018, the Board of Directors' Meeting of TNB No.6/2018 passed the resolutions to approve the establishment and/or acquisition of a subsidiary of Thanaban Company Limited, Comfort Service Development Company Limited ("CSD"), of 200,000 ordinary shares with a par value of Baht 5 per share with the registered capital of Baht 1 million (or 100% of total share capital in CSD). The CSD is established by one director and two employees of TNB and has been registered as a juristic person under the Civil and Commercial Code on 3 July 2018 with the Ministry of Commerce. The acquisition of this business from the director of TNB was completed on 11 July 2018 which CSD had not started its operation prior to the acquisition by TNB. CSD is incorporated in Thailand and its main activity is to provide registration services, however, initially is to provide services to affiliated companies.

The Annual General Meeting of CSD's shareholders, held on 31 July 2018, approved additional investment in 600,000 ordinary shares of CSD (or 100% of new ordinary shares) at a price equal to the par value of Baht 5 per share, or total Baht 3 million. The ordinary shares capital of CSD increase from 200,000 ordinary shares to 800,000 ordinary shares. The capital increase was registered with the Ministry of Commerce on 8 August 2018.

## 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	
	2018	2017	2018	2017	2018	2017	2018	2017
	(%)	(%)						
PT. Group Lease								
Finance Indonesia	20	20	75.1	84.7	(6.56)	(2.53)	-	-
GL-AMMK Co., Ltd.	43	43	48.9	40.8	14.30	(1.30)	-	-

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

Summarised information about financial position

	(Unit: Million Baht)			
	PT. Group Lease Finance Indonesia		GL-AMMK Co.,Ltd.	
	2018	2017	2018	2017
Current assets	177	167	119	103
Non-current assets	85	166	4	2
Current liabilities	(84)	(108)	(9)	(10)

## Summarised information about comprehensive income

(Unit: Million Baht)

	PT. Group Lease		GL-AMMK Co., Ltd.	
	Finance Indonesia			
	For the year ended		For the year ended	
	31 December		31 December	
	2018	2017	2018	2017
Revenue	100	78	91	18
Profit (loss)	(33)	(13)	33	(3)
Total comprehensive income	(33)	(13)	33	(3)

## Summarised information about cash flow

(Unit: Million Baht)

	PT. Group Lease		GL-AMMK Co., Ltd.	
	Finance Indonesia			
	For the year ended		For the year ended	
	31 December		31 December	
	2018	2017	2018	2017
Cash flow from (used in) operating activities	5	(2,563)	17	(1)
Cash flow from (used in) investing activities	(4)	129	(3)	(2)
Cash flow from financing activities	-	511	-	98
Net increase (decrease) in cash and cash equivalents	1	(1,923)	14	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
		2018	2017	
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)

Associate	Consolidated financial statements							
	Cost		Carrying amounts based on equity method		Allowance for investment loss in associate		Carrying amounts based on equity method, net	
	2018	2017	2018	2017	2018	2017	2018	2017
Commercial Credit and Finance PLC	2,492,602	2,492,602	2,558,988	2,604,640	(582,085)	(582,085)	1,976,903	2,022,555
Total	2,492,602	2,492,602	2,558,988	2,604,640	(582,085)	(582,085)	1,976,903	2,022,555

### 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 Holdings 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 and a director 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.

As at 31 December 2018, such investment was presented as an investment in an associate in the consolidated financial statements of Baht 1,977 million (investment value under equity method Baht 2,559 million net of provision for loss of Baht 582 million) (2017: Baht 2,023 million (investment value under equity method Baht 2,605 million net of provision for loss of Baht 582 million)). Based on the market price at the Sri Lanka Stock Exchange at the end year 2018, the total value was only approximately Baht 484 million (for the year ended 2017: Baht 874 million).

As at 31 December 2018, the carrying amount based on equity method of the investment in CCF (before provision for loss) was Baht 2,559 million (or LKR 127.31 per share). 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 136.95 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-month and nine-month periods ended 30 September 2017.

During that 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.

Furthermore, 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.

The Group have assessed the value which conclude as follows:

	(Unit: Thousand Baht)
	Balance as at acquisition date
Net asset acquired as at the acquisition date	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 under equity method which is held by the subsidiary are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2018	2017
<b>Balance as at 1 January</b>	2,604,640	2,545,426
Acquisition-related costs	-	3,579
Share of profit from investments in associate	110,936	179,285
Share of other comprehensive income		
from investment in associate	(139,982)	(82,926)
Realisation of fair value over book value of net asset		
- Profit (loss)	-	(7,335)
Realisation of fair value over book value of net asset		
- OCI	-	(352)
Dividends received	(16,606)	(33,037)
<b>Balance as at 31 December</b>	2,558,988	2,604,640
Allowance for investment loss of associate	(582,085)	(582,085)
<b>Investment in associate, net</b>	<b>1,976,903</b>	<b>2,022,555</b>

## 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	(Unit: Thousand Baht)				The Company's subsidiary separate financial statements	
	Consolidated 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	
	2018	2017	2018	2017	2018	2017
Commercial Credit and Finance PLC	110,936	171,951	(139,982)	(83,278)	16,606	33,037
<b>Total</b>	<b>110,936</b>	<b>171,951</b>	<b>(139,982)</b>	<b>(83,278)</b>	<b>16,606</b>	<b>33,037</b>

## 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*	
	2018	2017
Commercial Credit and Finance PLC	484	874
Total	484	874

\* 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 28 December 2018 and 29 December 2017.

Associates	(Unit: Million Baht)	
	Fair values based on outside financial valuer as at 31 December**	
	2018	2017
Commercial Credit and Finance PLC	2,325	3,564
Total	2,325	3,564

\*\* 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 2018, the advisor used a residual income approach.

Key assumptions used in the valuation are summarised below

Financial		Significant		Sensitivity of the input
instruments	Valuation technique	unobservable inputs	Rates	to fair value
Investment in CCF (2018)	Residual income approach	Cost of equity	10.77% - 18.77%	The valuation used a 14.44% cost of equity.  A 10.77% cost of equity would result in a valuation of LKR 255 per share while 18.77% would result in valuation of LKR 79 per share.
Investment in CCF (2018)	Residual income approach	Terminal growth rate	3.50% - 5.50%	The valuation used a 4.50% terminal growth rate. A 3.50% terminal growth rate would result in a valuation of LKR 129 per share while 5.50% would result in valuation of LKR 147 per share.

#### 19.4 Summarised financial information about material associates

##### Summarised information about financial position

	(Unit: Million Baht)	
	Commercial Credit and Finance PLC	
	2018	2017
Total assets	15,913	19,197
Total liabilities	(13,448)	(16,579)
<b>Net assets</b>	<b>2,465</b>	<b>2,618</b>
Shareholding percentage (%)	29.99	29.99
<b>Share of net assets</b>	<b>739</b>	<b>785</b>
Elimination entries	(55)	(55)
Intangibles recognised	523	523
Goodwill	1,322	1,322
Acquisition - related costs	30	30
<b>Carrying amounts of associates based on equity method</b>	<b>2,559</b>	<b>2,605</b>

##### Summarised information about comprehensive income

	(Unit: Million Baht)	
	Commercial Credit and Finance PLC	
	For the year ended 31 December	
	2018	2017
Revenue	2,233	2,395
Profit (loss)	370	598
Other comprehensive income	(7)	7
Total comprehensive income	363	605

## 20. Other long-term investments

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2018	2017
<u>Investments in held-to-maturity debt securities</u> (Note 7)		
Convertible loan (Mature in 2022)	192,718	192,718
<u>Investments in other companies</u>		
Bagan Innovation Technology (Singapore)		
Pte. Ltd.	63,776	63,776
PT Bank JTrust Indonesia Tbk.	414,502	414,502
Total investments in other companies	478,278	478,278
<b>Total</b>	<b>670,996</b>	<b>670,996</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 2017, GLH recorded addition acquisition-related costs of Baht 1.9 million related to external legal fee and due diligence costs. As at 31 December 2018, such investment was presented as other long-term investments in the consolidated financial statements, of Baht 63.8 million (2017: Baht 63.8 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 J Trust Co. Ltd. - a related company. The remaining portions of approximately 97% being majority shareholding in this company were still held by J Trust 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 2018, the P/BV ratio increased to 6.66 times while the ‘average P/BV ratio’ of all commercial banks in Indonesian market was about 1.3 times. The carrying value of this investment was significantly in excess of the value calculated based on the ‘average P/BV ratio’. In late 2018, the management of the Company has evaluated the value of this investment and considered that this is no impairment on this investment due to other favorable factors including profitability ratio and business opportunities of this company in the future. Based on public information in financial statements disclosure, PT Bank JTrust has lawsuits that have been prosecuted both in and outside the Country, these cases depend on legal

proceeding and the decisions in the future. The value of the investment depends upon the Company's ability to cooperate with the investee company's major shareholder and the success of the future operations of this company. Thus, this investment has high degree of uncertainty and needs special attention and its value needs to be evaluated every year.

## 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 2017	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
Additions	-	-	950	3,968	8,529	16,679	-	30,126
Disposals/Write-off	-	-	-	(392)	(4,837)	(4,880)	-	(10,109)
Transfer in (out)	-	-	-	-	-	(74)	-	(74)
Exchange differences on translation of Financial statements in foreign currency	-	-	(185)	(172)	(2,452)	(483)	-	(3,292)
31 December 2018	35,983	45,553	39,649	54,264	117,440	55,249	299	348,437
<b>Accumulated depreciation</b>								
1 January 2017	-	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
Depreciation for the year	-	354	4,615	7,765	20,996	5,801	-	39,531
Depreciation on disposals/Write-off	-	-	-	(352)	(1,644)	(3,307)	-	(5,303)
Exchange differences on translation of Financial statements in foreign currency	-	-	(71)	(56)	(501)	(309)	-	(937)
31 December 2018	-	41,541	22,041	40,997	88,799	36,179	-	229,557
<b>Net book value</b>								
31 December 2017	35,983	4,366	21,387	17,220	46,252	10,013	299	135,520
31 December 2018	35,983	4,012	17,608	13,267	28,641	19,070	299	118,880
<b>Depreciation for the year</b>								
2017								41,576
2018								39,531



(Unit: Thousand Baht)

Separate 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 2017	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
Additions	-	-	933	1,346	1,505	56	-	3,840
Disposals/Write-off	-	-	-	(10)	-	(1,020)	-	(1,030)
Transfer in (out)	-	-	-	-	-	-	-	-
31 December 2018	35,983	45,553	17,804	26,649	52,416	25,603	300	204,308
<b>Accumulated depreciation</b>								
1 January 2017	-	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
Depreciation for the year	-	354	1,597	2,336	7,551	2,625	-	14,463
Depreciation on disposals/ write-off	-	-	-	(4)	-	(1,011)	-	(1,015)
31 December 2018	-	41,541	11,099	22,135	46,182	22,502	-	143,459
<b>Net book value</b>								
31 December 2017	35,983	4,366	7,369	5,510	12,280	5,679	300	71,487
31 December 2018	35,983	4,012	6,705	4,514	6,234	3,101	300	60,849
<b>Depreciation for the year</b>								
2017								17,502
2018								14,463

As at 31 December 2018 and 2017, 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 105.52 million and Baht 99.3 million, respectively (the Company only: Baht 92.49 million and Baht 87.5 million, respectively).

The Company has mortgaged land and construction thereon with a total net book value as at 31 December 2018 of Baht 26.8 million (2017: Baht 27.6 million) as collateral for short-term loans from financial institutions and long-term credit facilities as discussed in Notes 25 and 29.

## 22. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements				
	Exclusive right agreement	Computer software	Leasehold	Software under development	Total
<b>Cost</b>					
1 January 2017	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
Acquisitions during the year	-	1,950	20	23,326	25,296
Write-off	-	(429)	-	(8,688)	(9,117)
Transfer in (out)	-	75,760	-	(75,760)	-
Exchange differences on translation of financial statements in foreign currency	(141)	(201)	-	(56)	(398)
31 December 2018	19,821	133,448	59	3,377	156,705
<b>Amortisation</b>					
1 January 2017	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
Amortisation for the year	3,289	11,824	15	-	15,128
Amortisation on write-off	-	(43)	-	-	(43)
Exchange differences on translation of financial statements in foreign currency	(96)	(17)	-	-	(113)
31 December 2018	18,719	21,133	43	-	39,895
<b>Net book value</b>					
31 December 2017	4,436	46,999	11	64,555	116,001
31 December 2018	1,102	112,315	16	3,377	116,810

(Unit: Thousand Baht)

	Separate financial statement		
	Computer software	Software under development	Total
<b>Cost</b>			
1 January 2017	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
Acquisitions during the year	660	19,188	19,848
Write off	-	(7,769)	(7,769)
Transferred in (out)	65,443	(65,443)	-
31 December 2018	88,973	2,772	91,745
<b>Amortisation</b>			
1 January 2017	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
Amortisation on write-off	-	-	-
Amortisation for the year	7,531	-	7,531
31 December 2018	12,714	-	12,714
<b>Net book value</b>			
31 December 2017	17,687	56,796	74,483
31 December 2018	76,259	2,772	79,031

### 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 2018, the value of exclusive right in consolidated financial statement amounted to USD 0.03 million (2017: USD 0.11 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 Thanaban Co., Ltd.	Hire purchase services GL Finance Plc.	Microfinance services BG Microfinance Myanmar Co., Ltd.
Goodwill	71,872	45,540	219,360

### Hire purchase services of Thanaban and GLF

As at 31 December 2018, the recoverable amount of the Hire Purchase services of Thanaban and GLFs' CGUs have been determined based on fair value calculation using the relative valuation approach for evaluating net asset value by calculating price to earnings and price to book value of listed comparable companies to evaluate the fair value of cash generating units. The management of the Group has collected comparative information from assets in the market with the most similar characteristics of that of the cash generating unit and compared and performed analytical procedures. The management of the Group tested the calculation of the recoverable values of the assets and considered the impact of changes in key assumptions on those recoverable values. (2017: CGUs based on value in use calculation using discount cashflows model from financial budgets approved by the management covering a five-year period).

The Company used a relative valuation based approach for two of its subsidiaries' valuation. This has replaced the value in use approach used in prior years. The reasons for the change is that a market approach better reflects true business value and relies on less assumptions.

As at 31 December 2018 key assumptions used in relative valuation calculations are summarised below:

	(Unit: time)	
	Hire purchase services Thanaban Co., Ltd.	Hire purchase services GL Finance Plc.
Price to earnings	13.89x	8.13x
Price to book value	2.30x	1.11x

#### Microfinance services of BGMM

As at 31 December 2018, The recoverable amount of the Microfinance services of BGMM's CGU has been determined based on value in use calculation using residual income from financial budgets approved by the management covering a five-year period.

As at 31 December 2018 key assumptions used in value in use calculations for Microfinance services BG Microfinance Myanmar Co., Ltd. are summarised below:

	(Unit: % per annum)
Growth rates	4.5%
Pre-tax discount rates	16.0%

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 all goodwill.

## 24. Other non-current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Income tax and value added				
tax refundable	62,731	62,563	61,920	61,713
Deposits	41,216	38,207	1,673	2,504
Others	7,583	2,976	7,348	2,443
Total	111,530	103,746	70,941	66,660
Less: Allowance for value added				
tax refundable	(36,465)	(31,533)	(36,466)	(31,533)
Other non-current assets, net	75,065	72,213	34,475	35,127

## 25. Short-term loans from financial institutions

	Consolidated financial statements			
	Interest rate			
	2018	2017	2018	2017
	(% per annum)	(% per annum)	(Thousand Baht)	(Thousand Baht)
Short-term loans	-	6.00	-	65,239
Total			-	65,239

As at 31 December 2018 and 2017, 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.

As at 31 December 2018 and 2017, the short-term credit facilities of the Company which have not yet been drawn down is Baht 50 million. These credit facilities are secured by the agreement to transfer the rights of claim under hire purchase agreements (net of unearned hire purchase interest income) and assets foreclosed as disclosed in Notes 9 and 14.

**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 November 2017, 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 2018 total deposits, including accrued interest, recorded in BGMM's statement of financial position amounted to MMK 1,944 million (equivalent to approximately Baht 40.6 million) (2017: MMK 958.4 million (equivalent to approximately Baht 22.9 million)), and these had remaining terms ranging from 6 months to 1 year.

**27. Short-term loan from and interest payable**

On 26 January 2018, a subsidiary entered into a loan agreement with an individual to obtain short-term loan totaling USD 0.6 million (approximately Baht 20.0 million) whereby, interest rate of this loan is 9.47% per annum. The purpose of this loan is for use in the operating activities of the subsidiary's company.

Term of the loan agreement is three months commencing from drawdown date and shall be automatic renewed once in every three months consecutively until maximum period of 3 years from drawdown date and this loan is unsecured loan.

As at 31 December 2018, the short-term loan from and interest payable in consolidated financial statement amounted to USD 0.6 million (approximately Baht 19.6 million).



## 28. Other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accrued interest expenses - related parties (Note 7 and 31)	402,786	119,696	402,786	119,696
Accrued interest expenses	19,260	11,168	19,260	11,031
Accrued commission expenses	12,559	18,783	3,634	4,506
Accrued bonus	12,262	6,689	-	-
Accrued expenses - related parties (Note 7 and 31)	461	461	1,022	109,345
Accrued expenses	92,072	109,520	13,635	10,861
Total	539,400	266,317	440,337	255,439

## 29. 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
	2018	2017	per annum	
<u>Loan agreement dated 20 December 2014</u>				
Credit facility No. 1	-	5,447	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	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 20 June 2016</u>				
Credit facility No. 1	-	64,000	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	19,899	35,024	6.75%	Twelve equal installment, with first installment due on three months after drawing down loans under credit facility and repayment every three months

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance		Interest rate	Repayment condition
	2018	2017	per annum	
<u>Loan agreement dated 18 May 2017</u>				
Credit facility No. 1	2,487	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)		
Total	22,386	122,255		
Less: Current portion	(22,386)	(102,764)		
Long-term portion of long-term loans	-	19,491		

Movements in the long-term loans account during the year ended 31 December 2018 are summarised below.

(Unit: Thousand Baht)	
	Consolidated financial statements
Balance as at 1 January 2018	122,255
Add: Amortisation of deferred front end fees	31
Less: Repayment	(107,049)
Exchange differences on translation of financial statements in foreign currency	7,149
Balance as at 31 December 2018	22,386

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 0.5 million (2018: Nil).

The long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down are as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2018	2017	2018	2017
Long-term credit facilities which have not yet been drawn down	-	2,500	-	2,500

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.

### 30. Debentures

The Company has issued partially secured, unsubordinated, registered debentures, as detailed below.

				(Unit: Thousand Baht)	
				Consolidated / Separate financial statements	
Debentures	Interest rate	Terms	Due date	2018	2017
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				(13,189)	(30,410)
Debentures - net				1,486,811	1,469,590
Less: Current portion				(1,486,811)	-
Long-term portion of debentures				-	1,469,590

Details of the Company's debentures are as follows:

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. In addition, during the year, the Company signed an agreement with a commercial bank as a debentureholders' representative to provide the collateral to guarantee the debentures amounting to Baht 525 million. This amount is secured by the agreement to transfer the rights of claim under hire purchase agreements (net of unearned hire purchase interest income) and assets foreclosed as disclosed in Notes 9 and 14.

By the circumstances mentioned in Note 48, the Company is aware of the importance of the current situation and, together with our external legal advisors, has considered the likelihood that there has been any breach of covenants or event of default as stipulated in our debentures agreements. Both Management and the legal advisors believe that the Company is not in breach of any conditions of the agreements with the creditors and has not violated any laws.

### 31. Convertible debentures

The Company has issued convertible debentures, as detailed below.

				(Unit: Thousand Baht)	
Convertible debentures	Interest rate	Terms	Due date	Consolidated / Separate financial statements	
				2018	2017
Convertible debentures 1/2016	As detailed in the table below	5 years	30 July 2021	4,219,312	4,249,289
Convertible debentures 1/2017	As detailed in the table below	3 years	20 March 2020	1,624,739	1,636,058
Convertible debentures 2/2017	As detailed in the table below	3 years	30 March 2020	649,896	654,424
Total				6,493,947	6,539,771
Less: Unamortised portion of deferred transaction costs				(4,548)	(6,857)
Convertible debentures, net				6,489,399	6,532,914
Less: Amount classified as equity				(59,458)	(59,458)
Amount classified as liability				6,429,941	6,473,456
<b>Reflected in the statements of financial position as follows:</b>					
Convertible debentures under court cases				5,794,581	5,833,885
Convertible debentures - liability component				635,360	639,571
				6,429,941	6,473,456

On 24 June 2016, the Extraordinary General Meeting of 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 follows:

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. During the year 2017, the Company cancelled the side agreement.

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 follows:

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, 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 follows:

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
Redemption at maturity date	If these fall on a holiday, the next business day 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.

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)

	2018	2017
Balance as at 1 January	6,532,914	4,516,330
Nominal value of issue of convertible debentures	-	2,425,351
Transaction costs	-	(3,409)
Net proceeds	-	2,421,942
Amortised - transaction cost	2,309	2,064
Gain on exchange rate	(45,824)	(407,422)
Balance as at 31 December	6,489,399	6,532,914

These convertible debentures reflected in the statements of financial position as follows:

(Unit: Thousand Baht)

	31 December 2018	31 December 2017
Convertible debentures under court cases	5,794,581	5,833,885
Convertible debentures - liability component	635,360	639,571
Convertible debentures - equity component	59,458	59,458
Ending balance	6,489,399	6,532,914

The Group is aware of the importance of the current situation regarding the investment agreements and litigations involving J Trust Co., Ltd. and JTrust Asia Pte. Ltd. mentioned in Note 48.

However, the Company continues record the interest payable to JTA as accrued interest payable in accordance with Generally Accepted Accounting Principles. As at 31 December 2018, the interest payable from convertible debenture under court cases amounted to Baht 402.7 million (2017: Baht 111.5 million), which present under the other payables as disclosed in Notes 7 and 28. In addition, the Company has classified the “Convertible debentures - liability component” to “Convertible debentures under court cases” as non-current liabilities in the statement of financial position. The Company believes that as long as the legal cases are outstanding, the non-payment of interest on convertible debentures does not regard as a default of convertible debenture conditions.

### 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	
	2018	2017
<b>Provision for long-term employee benefits at beginning of year</b>	11,768	8,721
Included in profit or loss:		
Current service cost	3,748	3,398
Interest cost	244	193
Included in other comprehensive income:		
Actuarial loss arising from		
Demographic assumptions changes	1,468	-
Financial assumptions changes	354	-
Experience adjustments	2,968	-
Benefits paid during the year	(2,156)	(544)
<b>Provision for long-term employee benefits at end of year</b>	<b>18,394</b>	<b>11,768</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	
	2018	2017
Administrative expenses	3,992	3,591

The Company expects to pay Baht 4.7 million of long-term employee benefits during the next year (2017: Baht 1.8 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 12 years (2017: 21.9 years).

Significant actuarial assumptions are summarised below:

	(Unit: % per annum)	
	Consolidated/Separate	
	financial statements	
	2018	2017
Discount rate	2.8	2.2
Salary increase rate	4.5	1.8-4.4
Turnover rate	8.0-18.0	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 2018 and 2017 are summarised below:

	(Unit: Million Baht)			
	Consolidated /Separate financial statements			
	2018		2017	
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
Discount rate	(1.24)	1.42	(0.66)	0.75
Salary increase rate	1.47	(1.31)	0.85	(0.76)
	Increase 10.0%	Decrease 10.0%	Increase 1.0%	Decrease 1.0%
Turnover rate	(1.23)	1.41	(0.75)	0.78

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less 400 days' compensation at the latest wage rate. This based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 1.8 million. The Company will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

### 33. Warrants

As at 31 December 2018, 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 2018	Number of warrants exercised during the year	Number of warrants expired during the year	Number of warrants outstanding as at 31 December 2018
GL-W4	164,946,081	(19)	(164,946,062)	-

### 34. 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		415,088	0.2740

### 35. 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.

### 36. 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.

### 37. 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.

### 38. Other income - others

In 2018, the management of the Company decided to write off long outstanding balances of payables in the amount of Baht 8.69 million. The rights to claim these long outstanding payables has expired. The write-off of these items has been included in the separate and consolidated statement of comprehensive income for the year ended 31 December 2018.

### 39. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Salary and wages and other employee benefits	722,387	712,718	385,560	395,230
Service agreement expenses	2,454	8,202	1,398	6,007
Debt following expenses	22,497	20,509	18,416	17,897
Depreciation	39,531	41,576	14,463	17,503
Amortisation	15,128	9,154	7,531	2,720
Registration fee	9,824	13,406	1,400	5,255
Rental fee	47,667	38,872	4,935	5,080
Professional fee	104,385	51,797	68,480	17,128

#### 40. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Current income tax charge	190,127	166,686	98,948	90,104
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(28,454)	(14,313)	(10,404)	(8,651)
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>161,673</b>	<b>152,373</b>	<b>88,544</b>	<b>81,453</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax on actuarial loss	958	-	958	-
Total	958	-	958	-

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	(Restated)			
Accounting profit (loss) before tax	451,209	(1,454,677)	326,951	(1,596,812)
Applicable tax rate	17% - 25%	17% - 25%	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	65,106	(245,371)	65,390	(319,362)
Effects of non-taxable income and expenses	46,575	408,694	(36)	400,815
Decrease (increase) in deferred tax assets	(24,884)	-	7,153	-
Unused tax losses	57,602	-	-	-
Others	17,275	(10,950)	16,037	-
Total income tax expenses reported in the statement of comprehensive income	161,674	152,373	88,544	81,453

The components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2018	2017	2018	2017
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	83,596	57,897	69,982	47,992
Allowance for diminution of value				
foreclosed assets	2,376	3,279	1,448	1,677
Reserve for employee benefits	3,679	2,357	3,679	2,357
Loss brought forward	19,233	11,208	-	-
Allowance for doubtful account - other				
receivables	48,937	-	-	-
Others	960	640	-	-
Total	158,781	75,381	75,109	52,026
<b>Deferred tax liabilities</b>				
Prepaid commission expenses	11,733	11,676	11,733	11,676
Accumulated depreciation and amortisation	896	2,191	-	-
Amortised transaction cost of convertible				
debentures - liability component	894	1,355	894	1,355
Amortised transaction cost of convertible				
debentures - equity component	17	17	17	17
Amortised transaction cost of debentures	2,638	6,015	2,638	6,015
Interest income receivable from NPLs	4,506	4,219	-	-
Revaluation of loan and interest receivables				
from subsidiary	8,673	-	8,673	-
Revaluation of convertible debentures	6,961	-	6,961	-
Unremitted foreign income	43,215	-	-	-
Others	-	71	-	71
Total	79,533	25,544	30,916	19,134
Net deferred tax assets	79,248	49,837	44,193	32,892
Reflected in the statements of financial position as follows:				
Deferred tax assets	122,464	53,063	44,193	32,892
Deferred tax liabilities	(43,216)	(3,226)	-	-
Net deferred tax assets	79,248	49,837	44,193	32,892

#### 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		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	(Restated)			
Profit (loss) for the year (Thousand Baht)	281,794	(1,603,211)	238,407	(1,678,265)
Number of ordinary shares (Thousand shares)	1,525,538	1,525,535	1,525,538	1,525,535
Earnings per share (Baht/share)	0.185	(1.051)	0.156	(1.100)

However, no calculation of diluted earnings per share for the year ended 31 December 2018 and 2017 was required for warrant (GL-W4) and convertible debentures since the aggregated amount of the exercise price and the fair value of the warrant were higher than the average market price of the Company's ordinary share, and warrant (GL-W4) expired in August 2018.

## 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 uses 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 2018 and 2017, respectively.

(Unit: Thousand Baht)

	For the year ended 31 December 2018						
	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	2,454,275	1,870	86,092	169,964	46,890	-	2,759,091
Other income	30,444	45,200	11,221	5,474	1,286	-	93,625
Inter segment revenue	461,146	161,137	25,424	-	-	-	647,707
<b>Total revenues</b>	<b>2,945,865</b>	<b>208,207</b>	<b>122,737</b>	<b>175,438</b>	<b>48,176</b>	<b>-</b>	<b>3,500,423</b>
Adjustments and eliminations	(461,146)	(161,137)	(25,424)	-	-	-	(647,707)
<b>Total revenues, net</b>	<b>2,484,719</b>	<b>47,070</b>	<b>97,313</b>	<b>175,438</b>	<b>48,176</b>	<b>-</b>	<b>2,852,716</b>
Services and administrative expenses	(871,225)	(203,548)	(47,068)	(56,329)	(99,880)	-	(1,278,050)
Bad debts and doubtful accounts	(530,286)	-	-	(1,883)	(28,145)	-	(560,314)
Cost of sales	(7,643)	-	-	-	-	-	(7,643)
Loss on disposals of assets foreclosed	(315,428)	-	-	-	(13,730)	-	(329,158)
Reversal of allowance on other receivables	20,374	-	-	-	-	-	20,374
Reversal of allowance on other current assets	38,825	-	-	-	-	-	38,825
Share of profit from investment in associate	-	-	-	-	-	110,936	110,936
Financial cost	-	-	-	-	-	(396,477)	(396,477)
Income tax expense	-	-	-	-	-	(161,673)	(161,673)
<b>Segment profit (loss)</b>	<b>819,336</b>	<b>(156,478)</b>	<b>50,245</b>	<b>117,226</b>	<b>(93,579)</b>	<b>(447,214)</b>	<b>289,536</b>
<b>Segment total assets</b>							
Additions to non-current assets other than financial instruments and deferred tax assets	31,820	-	3,146	11,146	-	9,310	55,422

(Unit: Thousand Baht)

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	2,445,429	201,711	37,494	56,200	47,948	-	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>3,340,043</b>	<b>280,070</b>	<b>70,101</b>	<b>66,456</b>	<b>58,122</b>	-	<b>3,814,792</b>
Adjustments and eliminations	(780,835)	(31,060)	(24,535)	-	-	-	(836,430)
<b>Total revenues, net</b>	<b>2,559,208</b>	<b>249,010</b>	<b>45,566</b>	<b>66,456</b>	<b>58,122</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 assets foreclosed	(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>779,732</b>	<b>(1,990,232)</b>	<b>23,984</b>	<b>40,525</b>	<b>(35,290)</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	106,539

## Geographic information

Revenue from external customers is based on locations of the customers and includes only the Company and its subsidiaries.

(Unit: Thousand Baht)

	2018	2017
Revenue from external customers		
Thailand	1,801,908	1,766,544
Cambodia	539,654	693,625
Singapore (restated)	33,225	225,744
Cyprus (restated)	-	7,966
Luxembourg	-	7,012
Laos	128,277	96,806
Indonesia	102,023	79,482
Myanmar	247,629	80,774
Japan	-	20,409
Total	2,852,716	2,978,362

Non-current assets (other than financial instruments, deferred tax assets and investment in associate)

Thailand	147,034	155,139
Cambodia	23,874	35,785
Singapore	36,438	36,958
Laos	1,659	1,404
Indonesia	10,787	15,547
Myanmar	15,898	6,688
Total	235,690	251,521

## Major customers

For the year 2018 and 2017, 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 2018 and 2017, the Company contributed Baht 10.7 million and Baht 9.2 million, respectively to the fund.

### 44. Commitments

#### 44.1 Capital commitments

As at 31 December 2018, the Company had capital commitments of approximately USD 0.02 million, relating to the purchase of software licenses and Baht 0.40 million, relating to the building improvement and lease area (2017: USD 0.02 million and Baht 0.40 million, respectively).

#### 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			
	2018		2017	
	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	17,320	12,020	20,178	15,616
Thousand USD	221	590	114	411
Thousand IDR	1,471,680	4,047,120	811,087	2,943,360
Thousand SGD	56	-	126	-
Thousand MMK	33,000	-	-	-

	Separate financial statement			
	2018		2017	
	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	7.606	2.877	9.185

#### 44.3 Service commitments

As at 31 December 2018, the Company is required to pay fees of JPY 0.4 million and Baht 0.2 million per month to individuals who are employees of related party, for consultancy relating to overseas investment (2017: USD 0.01 million, JPY 0.6 million and Baht 0.2 million per month).

#### 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 million (2018: Nil).
- 2) As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 975.3 million (2017: Baht 975.3 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 million (2017: Baht 975.0 million) to guarantee debentures and Baht 0.3 million (2017: Baht 0.3 million) to guarantee electricity use and use of post services.

As at 31 December 2018, letters of guarantee to guarantee debentures amounting Baht 975 million is secured by the agreement to transfer the rights of claim under hire purchase agreements (net of unearned hire purchase interest income) and assets foreclosed as disclosed in Notes 9 and 14.

#### 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 2018 and 2017, 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 2018			
	Level 1	Level 2	Level 3
<b>Assets for which fair value are disclosed</b>			
Investment in associates	-	-	2,325*
Other long-term investments			
Investments in held-to-maturity debt securities	-	-	184
Investments in other companies	-	62	376
<b>Liabilities for which fair value are disclosed</b>			
Convertible debentures	-	7,081	-

\* This value was calculated based on the financial advisor, using the residual income approach disclosed in Note 19.3.

(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)

	Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value are disclosed</b>				
Convertible debentures	-	7,081	-	7,081

(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

## 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, current investment, hire purchase and installment sales receivables, asset-backed loan receivables, microfinance receivables, consumer finance receivables under joint financing arrangement, loans receivables, pledged fixed deposit at financial institution, other receivables, other long term investments, 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 2018 and 2017, 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 2018

	Fixed interest rates				Total
	In up to 1 year	In over 1 and up to 5 years	Floating interest rate	Non- interest bearing	
<b>Financial assets</b>					
Cash and cash equivalent	2,136.67	-	526.17	1,082.16	3,745.00
Current investment	18.05	-	-	-	18.05
Hire purchase and installment sales receivables, net	3,324.92	2,886.84	-	-	6,211.76
Asset - backed loan receivables, net	230.73	64.55	-	-	295.28
Microfinance receivables	554.32	6.72	-	-	561.04
Consumer finance receivables under joint financing	5.35	19.31	-	-	24.66
Loan and interest receivables - as restated	42.12	-	-	-	42.12
Other receivables	-	-	-	89.33	89.33
Pledged fixed deposit at financial institution	-	5.85	-	-	5.85
Other long-term investments	-	192.72	-	478.28	671.00
Deposits	-	-	-	41.22	41.22
	<u>6,312.16</u>	<u>3,175.99</u>	<u>526.17</u>	<u>1,690.99</u>	<u>11,705.31</u>

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2018

	Fixed interest rates				Total
	In up to 1 year	In over 1 and up to 5 years	Floating interest rate	Non- interest bearing	
<b>Financial liabilities</b>					
Trade and other payables	-	-	-	559.06	559.06
Deposit from customer	40.62	-	-	-	40.62
Short-term loans	19.60	-	-	-	19.60
Long-term loans	22.39	-	-	-	22.39
Debenture	1,486.81	-	-	-	1,486.81
Convertible debenture	-	6,429.94	-	-	6,429.94
	<u>1,569.42</u>	<u>6,429.94</u>	<u>-</u>	<u>559.06</u>	<u>8,558.42</u>

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2017

(restated)

	Fixed interest rates				Total
	In up to 1 year	In over 1 and up to 5 years	Floating interest rate	Non- 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

(restated)

	Fixed interest rates				Total
	In up to 1 year	In over 1 and up to 5 years	Floating interest rate	Non- interest bearing	
<b>Financial liabilities</b>					
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>191.52</u>	<u>7,962.54</u>	<u>-</u>	<u>280.40</u>	<u>8,434.46</u>

(Unit: Million Baht)

## Separate financial statements as at 31 December 2018

	Fixed interest rates			Non-interest bearing	Total
	In up to 1 year	In over 1 and up to 5 years	Floating interest rate		
<b>Financial assets</b>					
Cash and cash equivalent	-	-	373.37	36.52	409.89
Hire purchase and installment sales receivables, net	2,123.03	2,096.96	-	-	4,219.99
Short-term loans to and interest receivable from subsidiary	209.98	-	-	-	209.98
Other receivables	-	-	-	42.18	42.18
Pledged fixed deposit at financial institution	-	0.34	-	-	0.34
Long-term loan to and interest receivables from subsidiary	-	5,307.79	-	-	5,307.79
Deposit	-	-	-	1.67	1.67
	<u>2,333.01</u>	<u>7,405.09</u>	<u>373.37</u>	<u>80.37</u>	<u>10,191.84</u>
<b>Financial liabilities</b>					
Trade and other payables	-	-	-	450.11	450.11
Debentures	1,486.81	-	-	-	1,486.81
Convertible debenture	-	6,429.94	-	-	6,429.94
	<u>1,486.81</u>	<u>6,429.94</u>	<u>-</u>	<u>450.11</u>	<u>8,366.86</u>

(Unit: Million Baht)

## Separate financial statements as at 31 December 2017

	Fixed interest rates			Non-interest bearing	Total
	In up to 1 year	In over 1 and up to 5 years	Floating interest rate		
<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>
<b>Financial liabilities</b>					
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>

**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 2018 and 2017, 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 31 December	
	Financial assets		Financial liabilities		Financial assets		Financial liabilities			
	as at 31 December		as at 31 December		as at 31 December		as at 31 December			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	2.37	1.16	210.95	201.95	168.48	166.83	210.96	205.26	32.4498	32.6809
SGD	0.11	0.16	-	0.07	-	-	-	-	23.69425	24.4503
LKR	111.40	44.15	-	-	-	-	-	-	0.17795	0.21305
KHR	0.24	243.58	-	-	-	-	-	-	0.8032	0.00805
THB	30.41	23.00	22.39	41.95	-	-	-	-	1.0000	1.0000
LAK	-	-	-	-	-	18.13	-	145.49	0.0038	0.0039
IDR	-	-	-	-	-	-	-	105.11	0.0022	0.0024
JPY	-	0.10	-	-	-	-	-	-	0.2931	0.2898

## 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			
	2018		2017	
	Carrying value	Fair value*	Carrying value	Fair value*
<b>Financial assets</b>				
Long-term portion of loans and interest receivables - as restated	-	-	41	40
Other long-term investments				
Investments in held-to-maturity debt securities	193	184	193	186
Investments in other companies	478	438	478	500
<b>Financial liabilities</b>				
Long-term portion of debentures	-	-	1,470	1,547
Convertible debentures	6,430	7,081	6,473	7,427

\* The fair value are calculated by using average buying and selling rate to convert the fair value as at 28 December 2018 and 29 December 2017

(Unit: Million Baht)

	Separate financial statements			
	2018		2017	
	Carrying		Carrying	
	value	Fair value	value	Fair value
<b>Financial liabilities</b>				
Long-term portion of debentures	-	-	1,470	1,547
Convertible debentures	6,430	7,081	6,473	7,427

The estimated fair value of the derivatives is as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	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)	-	-

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- 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.
- 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.
- 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.
- For non-marketable securities, their fair value is estimated by discounting expected future cash flow by capital assets pricing model.
- 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 2018, the Group's debt-to-equity ratio was 1.53:1 (2017: 1.51:1) and the Company's was 1.52:1 (2017: 1.57:1).

#### **48. Clarification on Legal proceeding**

J Trust Co., Ltd. ("JT"), a company listed on Tokyo Stock Exchange, Japan and J Trust Asia Pte. Ltd. ("JTA"), a limited company registered in Singapore, have taken legal action against the Company and its subsidiary by filing civil complaints, filing a petition for rehabilitation of the Company and filing a criminal complaint in Thailand and commencing legal proceeding in Singapore. The Company has also taken legal action in Thailand against JTA by filing civil and criminal complaints.

PT Bank JTrust Indonesia Tbk., a limited company registered in Indonesia ("PT Bank JTrust") has initiated legal proceedings against PT Group Lease Finance Indonesia, a subsidiary of the Company ("GLFI").

## 48.1 Litigations in Thailand

### 1) Civil Case

#### a) Civil Case black case number Por. 83/2561

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
JTrust Asia Pte. Ltd. ("JTA")	Group Lease Public Company Limited ("GL"), directors and former director of the Company	<ul style="list-style-type: none"> <li>- Wrongful acts</li> <li>- Avoidance of Convertible Debenture Transaction</li> <li>- Compensation</li> </ul>	Baht 8,020,132,483.88	<ul style="list-style-type: none"> <li>- On 9 January 2018, JTA filed a civil complaint with the Civil Court.</li> <li>- On 13 March 2018, GL submitted the answer to the Civil Court against the JTA's claims.</li> <li>- On 17 April 2018, GL submitted the petition to the Civil Court requesting the Court to first make a decision on legal issues to set aside the JTA's claim against GL case.</li> <li>- On 23 April 2018, the Civil Court adjourned the preliminary hearing to 4 July 2018. JTA submitted its objection to the petition of the defendants to the Civil Court.</li> <li>- On 4 July 2018, GL filed the petition to postpone the case. The Civil Court then fixed the preliminary hearing to be held on 24 August 2018.</li> <li>- On 3 August 2018, JTA filed its objection requesting the Civil Court to postpone the proceeding.</li> </ul>



Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
				<ul style="list-style-type: none"> <li>- On 24 August 2018, the Civil Court fixed the date for settlement of the disputed issues of the case to be held on 2 October 2018.</li> <li>- On 2 October 2018, GL filed a petition requesting the Court to grant an injunctive relief for the plaintiff to deposit money as security for the Court's fee and expense in the amount of Baht 10 million. The Civil Court scheduled an examination date for such petition on 8 November 2018.</li> <li>- On 8 November 2018, the Court scheduled a date of 7 December 2018 for a settlement of disputed issues.</li> <li>- On 7 December 2018, the Court ordered dismissal of the GL's petition requesting the Court to grant an injunctive relief for JTA to deposit money as security for the Court's fees and expenses and the petition requesting to the Court to make a decision on legal issues to set aside the JTA's claims against GL. In addition, the Court has also fixed the disputed issues and burden of proof of the parties as fixed the schedules for Plaintiff's and Defendants' witness examination between 20 August and 9 October 2019.</li> <li>- The Court scheduled a judgment date on 3 December 2019.</li> </ul>

## b) Civil black case number Por. 2313/2561

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
Group Lease Public Company Limited (“GL”)	JTrust Asia Pte. Ltd. (“JTA”)	<ul style="list-style-type: none"> <li>- Tort,</li> <li>- Claim for damage regarding violation to Bankruptcy Act B.E. 2483</li> </ul>	<p>Baht</p> <p>880,000,000</p>	<ul style="list-style-type: none"> <li>- On 30 April 2018, GL filed a civil complaint against JTA to the Civil Court. The Court has fixed the date for settlement of disputed issues on 20 August 2018.</li> <li>- On 20 August 2018, the Court rescheduled the date of settlement of disputed issues to be on 29 October 2019 due to the time extension for JTA to file the statement of answer by 20 September 2018.</li> <li>- On 29 October 2018, JTA submitted the petition requesting for extension to submit the statement answer. The Court rescheduled the date for settlement of disputed issues on 17 December 2018.</li> <li>- On 17 December 2018, the Court ordered dismissal of the JTA's petition requesting the Court to suspend further proceedings of the case. In addition, on the same, the Court has also fixed the disputed issues and burden of proof of the parties as fixed schedules for the parties' witness examination between 12 and 29 November 2019.</li> <li>- The Court scheduled a judgment date on 29 January 2020.</li> </ul>

c) Civil black case number Por. 2399/2561

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
1. J Trust Co., Ltd. ("JTrust") 2. JTrust Asia Pte. Ltd. ("JTA")	Group Lease Public Company Limited ("GL")	<ul style="list-style-type: none"> <li>- Tort,</li> <li>- Defamation,</li> <li>- Claim for damage</li> </ul>	Baht 20,271,232.88	<ul style="list-style-type: none"> <li>- On 3 May 2018, JTrust and JTA filed the civil complaint against GL for defamation.</li> <li>- On 3 August 2018, the Company submitted a petition requesting the Court to temporarily suspend further proceedings of the case in order to hear the result of the Court's order/judgment in the preliminary examination stage of the related Criminal Black Case No. Aor. 1346/2561. Subsequently, the Plaintiffs filed the objection statement to the Court against the GL's petition.</li> <li>- On 7 August 2018, the Court fixed a new schedule for settlement of the disputed issues and the burden of proof of the parties on 26 October 2018.</li> <li>- During October to December 2018, there were some delays to the proceedings of the case because the parties requested adjournment of the Court's hearings. In this regard, the Court has fixed a new schedule for the settlement of the disputed issues on 21 February 2019.</li> <li>- On 21 February 2019, the Court informed the schedule for plaintiff's and defendant's witness examination between 16 and 28 January 2020.</li> <li>- The Court scheduled a judgement date on 20 March 2020.</li> </ul>

## 2) Rehabilitation Case

Black case number For. 1/2561

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
JTrust Asia Pte. Ltd. ("JTA")	Group Lease Public Company Limited ("GL")	Business rehabilitation	USD 180,000,000	<ul style="list-style-type: none"> <li>- On 10 January 2018, JTA filed a petition for rehabilitation against GL to the Central Bankruptcy Court.</li> <li>- On 12 March 2018, GL submitted the objection statement against the rehabilitation petition to the Court.</li> <li>- On 19 March 2018, the Central Bankruptcy Court dismissed JTA's rehabilitation petition.</li> <li>- On 17 April 2018, JTA submitted the appeal against the Court's order dismissing the Rehabilitation Petition. The appeal has been accepted by the Court on 18 April 2018.</li> <li>- On 19 September 2018, GL submitted its answer to the Petitioner's appeal.</li> <li>- On 4 January 2019, the Central Bankruptcy Court has fixed a schedule for the reading of the Court of Appeal for Specialised Cases order on the appeal submission on 26 February 2019.</li> <li>- On 26 February 2019, the Court of Appeal for Specialised Cases overruled the Central Bankruptcy Court's order and ordered for the re-hearing to be in accordance with the details of the case.</li> <li>- The Court of Appeal fixed the witness examination date on 26 April 2019.</li> </ul>

### 3) Criminal Case

#### a) Criminal black case No. Aor 6/2561

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
Group Lease Public Company Limited (“GL”)	1.JTrust Asia Pte. Ltd. (“JTA”) 2.Mr. Nobuyoshi Fujisawa 3.Shigeyoshi Asano 4.Legal advisor	Submission of false business rehabilitation petition	-	<ul style="list-style-type: none"> <li>- On 11 April 2018, GL filed the Criminal Complaint with the Central Bankruptcy Court. The Court scheduled the preliminary examination hearing on 25 June 2018.</li> <li>- On 25 June 2018, the Court rescheduled the preliminary examination hearing to be on 18 September 2018.</li> <li>- On 18 September 2018, The Court has issued an order scheduling dates for examination of the plaintiff’s witnesses and continuing the preliminary examination on 16 and 17 January 2019.</li> <li>- On 16 January 2019, the Court has fixed the new scheduled for the preliminary examination on 11 and 18 March 2019.</li> </ul>

**b) Criminal black case No. Aor. 1346/2561**

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
1. J Trust Co., Ltd. <b>("JTrust")</b> 2. JTrust Asia Pte. Ltd. <b>("JTA")</b>	Group Lease Public Company Limited (" <b>GL</b> ")	- Defamation	-	<ul style="list-style-type: none"> <li>- On 3 May 2018, JTrust and JTA filed the criminal complaint with the Criminal Court against GL. The preliminary examination is scheduled on 9 July 2018.</li> <li>- On 9 July 2018, the Court adjourned and rescheduled the preliminary examination to 17 September 2018.</li> <li>- On 17 September 2018, the Court adjourned and rescheduled the preliminary examination to 12 and 13 December 2018.</li> <li>- On 13 December 2018, The Court's preliminary examination of JTrust and JTA's witness was completed and then fixed a schedule for the reading/rendering of the Court's order/judgment on 31 January 2019.</li> <li>- On 31 January 2019, the Court dismissed the complaint of JTrust and JTA.</li> </ul>

## 48.2 Litigation in Singapore

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
JTrust Asia Pte. Ltd ( <b>"JTA"</b> )	Group Lease Holdings Pte. Ltd. ( <b>"GLH"</b> ), former director of the Company and other defendants	- Tort of conspiracy by introducing to invest in GL	- Damages for the conspiracy - Interest - Costs - Other reliefs as the Court deems fit	<ul style="list-style-type: none"> <li>- JTA commenced legal proceedings in the Singapore court against GLH and other defendants on 26 December 2017.</li> <li>- JTA commenced legal proceedings in the Singapore court against GLH and other defendants and JTA applied for and obtained an ex parte interim injunction order restraining GLH 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).</li> <li>- GLH denies JTA's claims, and has duly engaged lawyers in Singapore to defend against these allegations.</li> <li>- On 23 February 2018, the High Court granted the GLH's setting aside application and discharged the ex parte interim injunction order. In addition, the High Court dismissed JTA's applications to expand the scope of the ex parte interim injunction order. Therefore, GLH was no longer under any restraints in relation to the use and/or dealings with their assets at that time until 1 June 2018.</li> </ul>

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
				<ul style="list-style-type: none"> <li>- JTA filed an appeal against this decision, and on 1 June 2018, the Singapore Court allowed the appeal in part. The Singapore Supreme Court reinstated the Mareva injunction against GLH be expanded in scope to cover its assets both in Singapore and worldwide up to the value of USD 180,000,000 (save allowances for ordinary living and business expenses, and legal fees). The Singapore Supreme Court however disallowed the JTA's appeal in relation to its application to expand the scope of the Mareva injunction orders to include "asset sales, investments and/or loans", regardless of whether such transactions were made in the ordinary and proper course of business.</li> <li>- Parties are now in the pre-trial stage. The Court proceedings for this case are currently scheduled to be held from 17 September 2019 to 30 October 2019. The Court will issue its final decision on the matters in disputes after considering all of the parties's evidence and submission at trial.</li> </ul>



### 48.3 Litigation in Indonesia

#### Case number 542/PDT.G/2018/PN.JKT.PST

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
PT Bank JTrust Indonesia, TBK ("BJTI")	PT Group Lease Finance Indonesia ("GLFI")	Breaching of the Joint Financing agreement	IDR 103,636,408,863 (equivalent to approximately Baht 233.18 million)	<ul style="list-style-type: none"> <li>- On 1 October 2018, BJTI filed a civil complaint against GLFI with District Court of Central Jakarta.</li> <li>- On 13 November 2018, the District Court of Central Jakarta scheduled dates for mediation and the mediation are failed.</li> <li>- On 8 January 2019, the Panel of Judges ("POJ") scheduled the next hearing for 22 January 2019.</li> <li>- On 22 January 2019, GLFI submitted its reply to the Court.</li> <li>- On 29 January 2019, the POJ instructed BJTI to prepare and submit its rejoinder to the reply at the next hearing, which will be held on 12 February 2019.</li> <li>- On 12 February 2019, BJTI submitted its response to the Court.</li> <li>- On 19 February 2019, BJTI submitted written evidence. The next hearing was held on 26 February 2019.</li> <li>- On 26 February 2019, GLFI submitted its written evidence.</li> <li>-</li> </ul>

As discussed in the Notes 48.1 48.2 and 48.3, the Group is aware of the importance of the above situation and, together with our external legal advisors, have considered the likelihood that there has been any breach of covenants or event of default as stipulated in the Group's credit facility agreements, debentures agreements and joint finance agreements including court claims against the Group. Both Management and the legal advisors believe that the Group is not in breach of any conditions of the agreements with the creditors and the joint finance partner and has not violated any laws and the demands as claims. Furthermore, the Company believes that as long as the legal cases are outstanding, the non-payment of interest on convertible debentures does not regard as a default of the convertible debentures conditions.

#### **49. Summary of Significant Adjustments**

In 2018, the Company has considered and decided to reverse provisions for doubtful accounts from other receivables and other current assets which are relating to the former executive director of the Company USD by 1.77 million (equivalent to approximately Baht 59.20 million). The impact was recognised in profit and loss in the consolidated financial statements for the year ended 31 December 2018.

#### **50. Correction of accounting errors and reclassification of transactions**

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, the Company has hired an external audit firm in Singapore to perform an investigation on those loans and the findings did not include any noted exceptions. One borrower however (out of seven total borrowers contacted) failed to reply to their confirmation request mentioned in their report on the procedures performed, the Company resolved to revise its financial statements as requested by the SEC.

The Company has revised the material prior period errors in the set of Financial Statements as at 31 December 2017 as 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, presented herewith for comparative purposes, are as follows:

(Unit: Thousand Baht)

Consolidated financial statements				
31 December 2017				
	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	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)

## 51. Event after reporting period

On 22 February 2019, the Company has entered into loan agreement with a subsidiary to lend subsidiary amount of Baht 450 million. The interest rate charged to the subsidiary is of 5.5% per annum and the maturity date is within 3 years. The purpose is working capital for the operations in Thailand and the subsidiary's operative expansion.

## 52. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2019.



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