

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

## **Independent Auditor's Report**

To the Shareholders of Group Lease Public Company Limited

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

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

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

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

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

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

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

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

(c) Chance of loss recovery

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

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

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

(d) Qualified opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2. Qualified Opinion

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

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

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

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



### 3. Emphasis of matters

I update and draw attention to the following matters:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Revenue recognition**

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

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

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

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

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

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

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

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

#### Purchase price allocation

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

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

#### Valuation of investment in an associate

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

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

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



### Procedures performed

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

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

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

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

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

### **Goodwill**

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

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

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

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

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

## **6. Other information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

EY Office Limited

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

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

**Statement of financial position**

**As at 31 December 2017**

(Unit: Baht)

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

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



Group Lease Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

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

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

Directors

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

**Statement of comprehensive income**

**For the year ended 31 December 2017**

(Unit: Baht)

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

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

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

(Unit: Baht)

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

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

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

(Unit: Baht)

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

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

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

(Unit: Baht)

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

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

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

**Statement of cash flows**

**For the year ended 31 December 2017**

(Unit: Baht)

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

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

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

**Statement of cash flows (continued)**

**For the year ended 31 December 2017**

(Unit: Baht)

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

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

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

**Statement of cash flows (continued)**

**For the year ended 31 December 2017**

(Unit: Baht)

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

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



# Group Lease Public Company Limited and its subsidiaries

## Financial statements

For the year ended 31 December 2017

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

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

**For the year ended 31 December 2017**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Effects of loan reallocation arrangement

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

(Unit: Million Baht)

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

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

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

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

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

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

### 3.2 Basis of consolidation

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

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



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

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

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

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

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

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

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

## **5. Significant accounting policies**

### **5.1 Revenue recognition**

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

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

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

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

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

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

d) Consumer finance under joint financing arrangements interest income

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

e) Interest on loan receivables

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

f) Sales of goods

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

g) Penalty income

Penalty income is recognised when received.

h) Consultation service fee income

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

i) Other fee income

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

j) Interest income

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

k) Dividends

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

## **5.2 Expense recognition**

### **a) Interest expenses**

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

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

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

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

## **5.3 Cash and cash equivalents**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **5.8 Inventories**

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

## **5.9 Assets foreclosed**

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

## **5.10 Investments**

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

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

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

### 5.11 Property, plant and equipment/Depreciation

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

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

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

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

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

Depreciation is included in determining income.

No depreciation is provided for land.

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

### 5.12 Intangible assets

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

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

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

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

### 5.13 Computer software

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

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

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

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

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



#### **5.14 Business combination**

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

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

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

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

#### **5.15 Goodwill**

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

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

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

### **5.16 Related party transactions**

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

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

### **5.17 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

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

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

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

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

### **5.19 Impairment of assets**

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

An impairment loss is recognised in profit or loss.

### **5.20 Employee benefits**

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

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

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

##### ***Defined contribution plans***

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

##### ***Defined benefit plans***

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

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

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

## **5.21 Provisions**

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

## **5.22 Income tax**

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

### **Current tax**

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

### **Deferred tax**

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

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

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

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

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

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

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

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

### **5.24 Fair value measurement**

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

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

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

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

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

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

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

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

### **Leases**

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

### **Allowance for doubtful accounts**

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

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

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

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

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

**Impairment of equity investments**

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

**Property plant and equipment/Depreciation**

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

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

**Goodwill and intangible assets**

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

**Deferred tax assets**

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

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

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

**Litigation**

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

## 7. Related party transactions

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

(Unit: Thousand Baht)

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



(Unit: Thousand Baht)

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

### Referral Business Agreement

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

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

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

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

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

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

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

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

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

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

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

**Allowance for doubtful accounts - Other receivables**

***Related parties***

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

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

***Related party***

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

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

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

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

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

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

(Unit: Thousand Baht)

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

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

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

(Unit: Thousand Baht)

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

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

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

(Unit: Thousand Baht)

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

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

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

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

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

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

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

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



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

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

Consolidated financial statements								
	2017				2016			
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	USD	SGD	JPY	Baht	USD	SGD	JPY
Short-term employee benefits	34,364	691	34	2,438	38,068	1,111	-	-
Post-employment benefits	53	-	-	-	210	-	-	-
<b>Total</b>	<b>34,417</b>	<b>691</b>	<b>34</b>	<b>2,438</b>	<b>38,278</b>	<b>1,111</b>	<b>-</b>	<b>-</b>
Separate financial statements								
	2017				2016			
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	USD	SGD	JPY	Baht	USD	SGD	JPY
Short-term employee benefits	27,546	188	17	-	34,392	194	-	-
Post-employment benefits	53	-	-	-	210	-	-	-
<b>Total</b>	<b>27,599</b>	<b>188</b>	<b>17</b>	<b>-</b>	<b>34,602</b>	<b>194</b>	<b>-</b>	<b>-</b>

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

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

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

## 9. Hire purchase and installment sales receivables

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

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

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

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

## 10. Asset - backed loan receivables

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

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

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

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

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

## 11. Microfinance receivables

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

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

## 12. Consumer finance receivables under joint financing arrangements

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

(Unit: Thousand Baht)

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



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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

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

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

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

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

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

### 13. Loans and interest receivables

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

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

(Unit: Thousand Baht)

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

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

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

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

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

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

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

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

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

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

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

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

(Unit: Thousand Baht)

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

#### 14. Assets foreclosed

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

(Unit: Thousand Baht)

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

## 15. Other receivables

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

## 16. Other current assets

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

## 17. Pledged fixed deposit at financial institution

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

## 18. Investments in subsidiaries

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

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



### Investment in GLH

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

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

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

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

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

#### Investment in GLL

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

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

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

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

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

#### Investment in GLL

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

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

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

#### Investment in GLFI

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

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

### Investment in BGMM

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

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

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

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

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

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

#### Investment in GL-AMMK

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

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

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

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

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

(Unit: Million Baht)

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

(Unit: Million Baht)

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

*Summarised information about cash flow*

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

**19. Investment in associate**

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

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

(Unit: Thousand Baht)

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

### Investment in CCF

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

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



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

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

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

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

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

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

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

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

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

Movement of the investment in associate which is held by the subsidiary are as follows:

	(Unit: Thousand Baht) Consolidated financial statement
<b>As at 1 January 2016</b>	-
Acquisitions Investment in associate - CCF	2,489,024
Share of profit from investments in associates	68,301
Share of other comprehensive income from investment in associate	8,048
Realisation of fair value over book value of net asset - Profit or loss	(19,947)
<b>As at 31 December 2016</b>	2,545,426
Acquisition-related costs	3,579
Share of profit from investments in associates	179,285
Share of other comprehensive income from investment in associate	(82,926)
Realisation of fair value over book value of net asset - Profit or loss	(7,335)
Realisation of fair value over book value of net asset - OCI	(352)
Dividends received	(33,037)
<b>As at 31 December 2017</b>	2,604,640
Allowance for investment loss of associate	(582,085)
<b>Investment in associate, net</b>	2,022,555

## 19.2 Share of comprehensive income and dividend received

During the year, the Company has recognised its share of profit from the investment in associates in the consolidated financial statements and dividend income in the Company's subsidiary separate financial statements as follows:

Associate	Consolidated financial statements				(Unit: Thousand Baht) The Company's subsidiary separate financial statements	
	Share of profit from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend received during the year	
	2017	2016	2017	2016	2017	2016
Commercial Credit and Finance PLC	171,951	48,355	(83,278)	8,048	33,037	-
Total	171,951	48,355	(83,278)	8,048	33,037	-

## 19.3 Market value/Fair value investments in listed associate

In respect of the investment in the associated company that is listed on the Stock Exchange of Sri Lanka ("CSE"), management and other outside financial advisors have concluded that due to the very low liquidity of the market for CCF on the CSE, the market value of CCF is not considered active and therefore not representative of the fair value. To determine fair value, management hired a financial advisor to perform financial analysis.

Associates	(Unit: Million Baht) Market values based on CSE as at 31 December*	
	2017	2016
Commercial Credit and Finance PLC	874	1,285
Total	874	1,285

\* This values corresponds to 29.99% and calculated on the share price on the Stock Exchange of Sri Lanka by using average buying and selling rate to convert the fair values of CCF as at 29 December 2017 and 30 December 2016

Associates	(Unit: Million Baht) Fair values based on outside financial valuer as at 31 December**	
	2017	2016
Commercial Credit and Finance PLC	3,564	2,170
Total	3,564	2,170

\*\* This value corresponds to value of 29.99% of CCF as calculated on the share price based on the analysis performed by the financial advisor during that year. In 2016, the advisor used a residual income approach while in 2017 the advisor used a discount cash flow model.

Key assumptions used in the valuation are summarized below

Financial instruments	Valuation technique	Significant unobservable inputs	Rates	Sensitivity of the input to fair value
Investment in CCF (2017)	Discounted future cash flows using yield curve announced by the Thai Bond Market Association adjusted by risk premium	Cost of equity	12% - 18%	The valuation used a 13.18% cost of equity. A 12% cost of equity would result in a valuation of LKR 193 while 18% would result in valuation of LKR 127
Investment in CCF (2017)	Discounted future cash flows using yield curve announced by the Thai Bond Market Association adjusted by risk premium	Terminal growth rate	2.50% - 5.75%	The valuation used a 4.5% terminal growth rate. A 2.50% terminal growth rate would result in a valuation of LKR 161 while 5.75% would result in valuation of LKR 187

#### 19.4 Summarised financial information about material associates

##### Summarised information about financial position

	(Unit: Million Baht)	
	Commercial Credit and Finance PLC	
	2017	2016
Total assets	19,197	19,617
Total liabilities	(16,579)	(17,214)
<b>Net assets</b>	<b>2,618</b>	<b>2,403</b>
Shareholding percentage (%)	29.99	29.99
<b>Share of net assets</b>	<b>785</b>	<b>721</b>
Translation adjustment	(85)	6
The excess of purchase price over the net asset value	1,905	1,818
<b>Carrying amounts of associates based on equity method</b>	<b>2,605</b>	<b>2,545</b>

## Summarised information about comprehensive income

	(Unit: Million Baht)	
	Commercial Credit and Finance PLC	
	For the year ended 31 December	
	2017	2016
Revenue	2,395	649
Profit (loss)	598	228
Other comprehensive income	7	6
Total comprehensive income	605	234

## 20. Other long-term investments

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2017	2016
<u>Investments in held-to-maturity debt securities</u>		
Convertible loan (Mature in 2022)	192,718	-
<u>Investments in other companies</u>		
Bagan Innovation Technology (Singapore) Pte. Ltd.	63,776	61,848
PT Bank JTrust Indonesia Tbk.	414,502	414,502
Total investments in other companies	478,278	476,350
<b>Total</b>	<b>670,996</b>	<b>476,350</b>

### Convertible loan - Century Finance Company Limited

On 28 June 2017, GLH has invested USD 5.7 million in a private placement convertible loan issued by Century Finance Company Limited ("CFCL"), a company incorporated under the laws of the Republic of the Union of Myanmar. The loan is convertible to ordinary shares of CFCL and GLH will hold 57% of CFCL after conversion of the full loan. The loan carried interest at 6.5% per annum. The interest is recognised on an accrual basis in the consolidated income statements.

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

On 26 October 2016, a meeting of the Board of Directors of the Company approved the acquisition of shares of Bagan Innovation Technology (Singapore) Pte. Ltd. ("BiT"). On 28 December 2016, GLH subscribed to new shares of BiT totaling 2,778 ordinary shares (or 20.00% of the paid up shares of BiT in issue after GLH subscription) and representing a total payment of USD 1.73 million (equivalent to approximately Baht 61.85 million). BiT registered its new paid up share capital with the Accounting and Corporate Regulatory Authority in Singapore on 16 January 2017.

During the current year, GLH recorded addition acquisition-related costs of Baht 1.9 million related to external legal fee and due diligence costs. As at 31 December 2017, such investment was presented as other long-term investments in the consolidated financial statements, of Baht 63.8 million (2016: Baht 61.8 million). BiT is incorporated in Singapore and the Company is a software development company specialised in digital content and mobile application solutions.

#### PT Bank JTrust Indonesia Tbk.

On 26 October 2016, the Board of Directors of the Company approved a subsidiary company to acquire shares of PT Bank JTrust Indonesia Tbk. ("PT Bank JTrust") and subsequently on 13 December 2016, the subsidiary company acquired 28.15 trillion shares (3.12% of the total shares) in this company at total cost of USD 11.70 million (Baht 414 million) from JTrust Co. Ltd. - a related company. The remaining portions of approximately 97% being majority shareholding in this company were still held by JTrust Co. Ltd. - a related company as disclosed in Note 7. This company is an Indonesian company engaging in commercial banking business.

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

As at 31 December 2017, the shareholding percentage of PT Bank JTrust held by GLH is 2.81% and the carrying value of this investment was Baht 414 million. The value of this investment depends upon the ability to cooperate with its major shareholder in the future and the success of future operations of this company.

## 21. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Buildings	Building improvement and lease area	Furniture and office equipment	Computer and equipment	Motor vehicles	Work in process	Total
<b>Cost</b>								
1 January 2016	35,983	45,553	31,810	41,938	60,842	37,067	109	253,302
Additions	-	-	-	7,675	16,764	5,842	21,629	51,910
Disposals/Write-off	-	-	-	(72)	(174)	(1,808)	-	(2,054)
Transfer in (out)	-	-	-	390	7,726	362	(8,785)	(307)
Exchange differences on translation of Financial statements in foreign currency	-	-	306	(464)	(85)	(75)	157	(161)
31 December 2016	35,983	45,553	32,116	49,467	85,073	41,388	13,110	302,690
Additions	-	-	1,275	8,183	25,222	5,700	10,317	50,697
Increase from acquisition of BGMM	-	-	185	83	784	337	-	1,389
Disposals/Write-off	-	-	(1,589)	(6,001)	(4,366)	(1,666)	-	(13,622)
Transfer in (out)	-	-	8,512	46	14,006	(65)	(22,564)	(65)
Exchange differences on translation of Financial statements in foreign currency	-	-	(1,615)	(918)	(4,519)	(1,687)	(564)	(9,303)
31 December 2017	35,983	45,553	38,884	50,860	116,200	44,007	299	331,786
<b>Accumulated depreciation</b>								
1 January 2016	-	40,478	10,954	26,290	33,465	26,133	-	137,320
Depreciation for the year	-	355	4,792	6,311	18,571	6,584	-	36,613
Depreciation on disposals/Write-off	-	-	-	(44)	(106)	(1,808)	-	(1,958)
Exchange differences on translation of Financial statements in foreign currency	-	-	31	8	16	(12)	-	43
31 December 2016	-	40,833	15,777	32,565	51,946	30,897	-	172,018
Depreciation for the year	-	354	3,907	7,505	24,231	5,579	-	41,576
Increase from acquisition of BGMM	-	-	45	9	232	121	-	407
Depreciation on disposals/Write-off	-	-	(1,589)	(6,000)	(4,315)	(1,460)	-	(13,364)
Exchange differences on translation of Financial statements in foreign currency	-	-	(643)	(439)	(2,146)	(1,143)	-	(4,371)
31 December 2017	-	41,187	17,497	33,640	69,948	33,994	-	196,266
<b>Net book value</b>								
31 December 2016	35,983	4,720	16,339	16,902	33,127	10,491	13,110	130,672
31 December 2017	35,983	4,366	21,387	17,220	46,252	10,013	299	135,520
<b>Depreciation for the year</b>								
2016								36,613
2017								41,576

(Unit: Thousand Baht)

	Separate financial statements							
			Building	Furniture and	Computer			
			improvement	office	and	Motor	Work in	
	Land	Buildings	and lease area	equipment	equipment	vehicles	process	Total
<b>Cost</b>								
1 January 2016	35,983	45,553	14,776	21,289	33,199	23,355	-	174,155
Additions	-	-	-	1,649	6,538	2,756	8,493	19,436
Disposals/Write-off	-	-	-	-	(55)	(1,808)	-	(1,863)
Transfer in/out	-	-	-	98	7,726	-	(8,493)	(669)
31 December 2016	35,983	45,553	14,776	23,036	47,408	24,303	-	191,059
Additions	-	-	1,188	2,436	3,503	3,930	2,796	13,853
Disposals/Write-off	-	-	(1,589)	(159)	-	(1,666)	-	(3,414)
Transfer in/out	-	-	2,496	-	-	-	(2,496)	-
31 December 2017	35,983	45,553	16,871	25,313	50,911	26,567	300	201,498
<b>Accumulated depreciation</b>								
1 January 2016	-	40,478	8,111	15,795	17,522	18,425	-	100,331
Depreciation for the year	-	355	1,411	1,963	10,247	3,232	-	17,208
Depreciation on disposals/ write-off	-	-	-	-	(37)	(1,808)	-	(1,845)
31 December 2016	-	40,833	9,522	17,758	27,732	19,849	-	115,694
Depreciation for the year	-	354	1,568	2,204	10,899	2,477	-	17,502
Depreciation on disposals/ write-off	-	-	(1,588)	(159)	-	(1,438)	-	(3,185)
31 December 2017	-	41,187	9,502	19,803	38,631	20,888	-	130,011
<b>Net book value</b>								
31 December 2016	35,983	4,720	5,254	5,278	19,676	4,454	-	75,365
31 December 2017	35,983	4,366	7,369	5,510	12,280	5,679	300	71,487
<b>Depreciation for the year</b>								
2016								17,208
2017								17,502

As at 31 December 2017 and 2016, certain equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 99.3 million and Baht 94.7 million, respectively (the Company only: Baht 87.5 million and Baht 81.7 million, respectively).

The Company has mortgaged land and construction thereon with a total net book value as at 31 December 2017 of Baht 27.6 million (2016: Baht 26.5 million) as collateral for short-term loans from financial institutions and long-term credit facilities as discussed in Notes 25 and 28.



## 22. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements				
	Exclusive right agreement	Computer software	Leasehold	Software under development	Total
<b>Cost</b>					
1 January 2016	126,699	21,777	19	9,317	157,812
Acquisitions during the year	-	6,249	20	41,934	48,203
Transfer in	-	669	-	-	669
Exchange differences on translation of financial statements in foreign currency	(905)	(40)	-	(3,910)	(4,855)
31 December 2016	125,794	28,655	39	47,341	201,829
Acquisitions during the year	-	5,461	-	50,381	55,842
Write-off	-	(4,566)	-	-	(4,566)
Transfer in (out)	-	27,998	-	(30,610)	(2,612)
Allowance for loss on exclusive right	(96,768)	-	-	-	(96,768)
Exchange differences on translation of financial statements in foreign currency	(9,064)	(1,180)	-	(2,557)	(12,801)
31 December 2017	19,962	56,368	39	64,555	140,924
<b>Amortisation</b>					
1 January 2016	53,956	2,787	2	-	56,745
Amortisation for the year	3,593	3,255	9	-	6,857
Exchange differences on translation of financial statements in foreign currency	(331)	(1,238)	-	-	(1,569)
31 December 2016	57,218	4,804	11	-	62,033
Amortisation for the year	3,455	5,682	17	-	9,154
Amortisation on write-off	-	(954)	-	-	(954)
Allowance for loss on exclusive right	(40,831)	-	-	-	(40,831)
Exchange differences on translation of financial statements in foreign currency	(4,316)	(163)	-	-	(4,479)
31 December 2017	15,526	9,369	28	-	24,923
<b>Net book value</b>					
31 December 2016	68,576	23,851	28	47,341	139,796
31 December 2017	4,436	46,999	11	64,555	116,001

(Unit: Thousand Baht)

	Separate financial statement		
	Computer software	Software under development	Total
<b>Cost</b>			
1 January 2016	11,146	4,952	16,098
Acquisitions during the year	5,281	16,858	22,139
Transferred in (out)	669	(615)	54
31 December 2016	17,096	21,195	38,291
Acquisitions during the year	2,725	41,901	44,626
Write off	(3,251)	-	(3,251)
Transferred in (out)	6,300	(6,300)	-
31 December 2017	22,870	56,796	79,666
<b>Amortisation</b>			
1 January 2016	597	-	597
Amortisation for the year	1,866	-	1,866
31 December 2016	2,463	-	2,463
Amortisation on write-off	(1,772)	-	(1,772)
Amortisation for the year	4,492	-	4,492
31 December 2017	5,183	-	5,183
<b>Net book value</b>			
31 December 2016	14,633	21,195	35,828
31 December 2017	17,687	56,796	74,483

### Exclusive right agreement

A related party entered into a 5-year Exclusive Right Agreement (automatically renewed for a further two years unless the parties mutually agree in writing not to renew the agreement within six months before the termination date) with a company who is the distributor of Honda motorcycles in Cambodia. The agreement grants the related party exclusive rights to act as finance agent arranging hire purchase finance for motorcycles branded "Honda". On 2 May 2012, the related party granted the exclusive rights to GLF for a fee of USD 100,000 and entered into a USD 2.9 million deposit agreement under which the related party is the representative agent to contact with such company. Conditions of the deposit agreement specify that if GLF fails to meet the minimum annual sales target set, the deposit will be forfeited in proportion to the period of six years as from 2013 to 2018.

In 2016 and 2015, GLF has met its sales target and has thus recorded a refund of the deposit equal to the proportion amount set in the agreement. The value of the exclusive right in consolidated financial statements was adjusted accordingly.

The SEC disclosures 95/2017 and 97/2017 disqualified a former executive director of the Company. While the Managements of the Company believes that the exclusive right was entered into under normal business aspects, due to the lack of reachable evidence in hand by the government authorities, the Management has considered the matter and decided to set up an allowance for the full amount of remaining un-amortizable intangible asset portion of USD 1.68 million. This is directly linked to the same considerations for the set up of other shareholder-related allowances in terms of prudence during the scrutiny period of the regulating authorities (refer to Note 7 and 49). Should the amount of the deposit be subsequently received, the allowance will be reversed for the amount of money received.

As at 31 December 2017, the value of exclusive right in consolidated financial statement amounted to USD 0.11 million (2016: USD 1.91 million).

## 23. Goodwill

The Company allocated goodwill acquired through business combinations to each of the cash generating units (CGUs) for annual impairment testing as follows:

	(Unit: Thousand Baht)			
	Hire purchase services	Asset-backed Loans to Consumers	Hire purchase services	Microfinance services BG Microfinance
	Thanaban Co., Ltd.	Thanaban Co., Ltd.	GL Finance Plc.	Myanmar Co., Ltd.
Goodwill	66,122	5,750	45,864	220,922

The recoverable amount of the CGUs have been determined based on value in use calculation using cash flow projections from financial budgets approved by the management covering a five-year period.

Key assumptions used in value in use calculations are summarised below:

	(Unit: % per annum)			
	Hire purchase services	Asset-backed Loans to Consumers	Hire purchase services	Microfinance services BG Microfinance
	Thanaban Co., Ltd.	Thanaban Co., Ltd.	GL Finance Plc.	Myanmar Co., Ltd.
Growth rates	2.5	2.5	4.0	3.0
Pre-tax discount rates	12.0	12.8	18.3	15.2

The management determined growth rates based on past performance and its expectations of market development and discount rates is pre-tax rate that reflects the risks specific to each CGU.

The management believes that there is no impairment loss for goodwill.

## 24. Other non-current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Income tax and value added				
tax refundable	62,563	71,210	61,713	70,086
Deposits	38,207	37,865	2,504	1,856
Others	2,976	5,739	2,443	5,738
Total	103,746	114,814	66,660	77,680
Less: Allowance for value added				
tax refundable	(31,533)	(7,438)	(31,533)	(7,438)
Other non-current assets, net	72,213	107,376	35,127	70,242

## 25. Bank overdraft and short-term loans from financial institutions

	Consolidated financial statements			
	Interest rate			
	2017	2016	2017	2016
	(% per annum)	(% per annum)	(Thousand Baht)	(Thousand Baht)
Bank overdraft	-	7.12	-	2,077
Short-term loans	6.00	3.80 - 6.25	65,239	554,183
Total			65,239	556,260

	Separate financial statements			
	Interest rate			
	2017	2016	2017	2016
	(% per annum)	(% per annum)	(Thousand Baht)	(Thousand Baht)
Bank overdraft	-	7.12	-	2,077
Short-term loans	-	3.80 - 6.25	-	446,690
Total			-	448,767

As at 31 December 2017 and 2016, short-term loans from financial institutions are secured by the transfer of rights of claim under hire purchase agreements, the mortgage of land and the construction thereon and/or to be constructed thereon in the future, motorcycle registrations as requested by the lender of the Company and guarantee by subsidiary. The short term loans of subsidiaries are guaranteed by the Company as disclosed in Note 44.4.

## 26. Deposits from customers

The Microfinance Supervisory Committee of the Government of the Republic of the Union of Myanmar issued notification No. 4/2016 on 29 August 2016 detailing new regulations with respect to deposit taking from microfinance customers. This notification applies to BGMM as a deposit taking microfinance institution.

As a result of the notification, all microfinance retail customers are required to contribute a compulsory savings amount when paying for their installments. The total compulsory amount of each customer may not exceed 5% of the loan size. In addition, customers can contribute voluntary savings. BGMM has been notified of the regulating authority visit during this November, which will determine if BGMM has fulfilled all the requirements for taking deposits. In accordance with the notification, the Microfinance Supervisory Committee of the Republic of the Union of Myanmar has set required rates of interest payment to retail customers for BGMM at 15% per annum for compulsory savings and 10% per annum for voluntary savings.

As at 31 December 2017 total deposits, including accrued interest, recorded in BGMM's statement of financial position amounted to MMK 958.4 million (Baht 22.9 million), and these had remaining terms ranging from 6 months to 1 year.

## 27. Other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accrued interest expenses - related parties	119,697	95,699	119,697	95,699
Accrued interest expenses	11,168	20,761	11,031	18,965
Accrued commission expenses	18,783	44,590	4,505	5,438
Accrued bonus	6,689	659	-	15
Accrued expenses - related parties	461	-	109,346	51,950
Accrued expenses	109,519	43,275	10,860	15,406
Total	266,317	204,984	255,439	187,473

## 28. Long-term loans

The long-term loans, which the Company and its subsidiaries obtained from local and overseas financial institutions, are as detailed below.

(Unit: Thousand Baht)

Consolidated financial statements				
	Balance		Interest rate	Repayment condition
	2017	2016	per annum	
<u>Loan agreement dated 26 May 2011</u>				
Credit facility No. 1	-	577,130	MLR - 1.0%	Thirty equal installments, with first installment due on the first interest payment date after drawing down loans under credit facility
<u>Loan agreement dated 20 December 2014</u>				
Credit facility No. 1	5,447	17,915	10.00%	Six equal installment, with first installment due on six months after drawing down loans under credit facility and repayment every six months
<u>Loan agreement dated 25 March 2015</u>				
Credit facility No. 1	10,894	35,831	10.00%	Six equal installment, with first installment due on six months after drawing down loans under credit facility and repayment every six months
<u>Promissory note dated 23 October 2015</u>				
Promissory note No. 1	-	35,831	8.72%	Repayment all principal after 2 years from agreement date
Promissory note No. 2	-	53,746	8.72%	Repayment all principal after 2 years from agreement date
<u>Loan agreement dated 20 June 2016</u>				
Credit facility No. 1	64,000	47,960	THBFIX1M + 1.90%	Fifteen equal installment, with first installment due on the second interest payment date after drawing down loans under credit facility.
<u>Loan agreement dated 16 August 2016</u>				
Credit facility No. 1	35,024	30,633	6.75%	Twelve equal installment, with first installment due on three months after drawing down loans under credit facility and repayment every three months
<u>Loan agreement dated 18 May 2017</u>				
Credit facility No. 1	6,921	-	7.00%	Twenty-four equal installment, with first installment due on three months after drawing down loans under credit facility and repayment every three months
Less: Deferred front end fees	(31)	(913)		
Total	122,255	798,133		
Less: Current portion	(102,764)	(585,743)		
Long-term portion of long-term loans	19,491	212,390		

(Unit: Thousand Baht)

	Separate financial statements			
	Balance		Interest rate	Repayment condition
	2017	2016	per annum	
<u>Loan agreement dated 26 May 2011</u>				
Credit facility No. 1	-	577,130	MLR - 1.0%	Thirty equal installments, with first installment due on the first interest payment date after drawing down loans under credit facility
Total	-	577,130		
Less: Current portion	-	(402,990)		
Long-term portion of long-term loans	-	174,140		

Movements in the long-term loans account during the year ended 31 December 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2017	798,133	577,130
Add: Addition borrowings	889,582	730,000
Amortisation of deferred front end fees	855	-
Less: Repayment	(1,560,015)	(1,307,130)
Exchange differences on translation of financial statements in foreign currency	(6,300)	-
Balance as at 31 December 2017	122,255	-

On 26 May 2011, the Company entered into a loan agreement with commercial bank to obtain long-term loan facilities of Baht 500 million. The purpose of such loan is to repay the existing short-term loan and for use in the expansion of business.

During the year 2012 until the first quarter of 2013, the Company increased the long-term credit facilities with commercial banks based on the loan agreement of 26 May 2011 to Baht 2.5 billion. The purpose of such loan is to repay the existing short-term loan and for use in the expansion of business.

During the year 2015 and 2014, the subsidiary entered into a loan agreement with an overseas financial institutions to obtain long-term loan facilities totaling USD 5.5 million. The purpose of such loan is for use in its operating activities.

On 20 June 2016, a subsidiary entered into a loan agreement with a commercial bank to obtain long-term loan facilities totaling Baht 200 million. The purpose of such loan is for use in the operating activities of the Company. In order to reduce the fluctuation of interest rate risk, the subsidiary has entered into an interest rate swap agreement covering this loan amount, whereby a floating interest rate is to be swapped for a fixed interest rate at 4.90% and 5.10% per annum.

During the year 2017 and 2016, a subsidiary entered into a loan agreement with a commercial bank to obtain long-term loan facilities totaling Baht 10 million and Baht 60 million, respectively. The purpose of such loan is for use in its operating activities.

The loan agreements contain financial covenants regarding, the maintenance of the proportion of shareholding of the major shareholders, dividend payment, the maintenance of a certain debt to equity ratio, ratio of hire purchase receivables more than three months' past due to total hire purchase receivables and ratio of total hire purchase receivables to loans and prohibition of disposal of assets or rights of claim under hire purchase agreements, other practice comply with loan agreements. Moreover, the agreements stipulate that in the event that any new liabilities are created, the financial conditions and collateral terms of the existing creditors may not be inferior to those of the new credit facilities.

The loans are secured by the transfer of rights of claim under hire purchase agreements, asset-backed loan agreements, the mortgage of land and construction thereon and/or to be constructed thereon in the future, and motorcycle registrations as requested by the commercial banks, corporate guarantee by GLH, fixed deposit at finance institution by GLL, and proportional assets of GLF. As at 31 December 2017, GLF had total assets to mortgage such loans amounting to USD 0.50 million (2016: USD 1.51 million).

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Long-term credit facilities which have not yet been drawn down	2,500.0	2,072.9	2,500.0	1,922.9

On 13 February 2018, a commercial bank cancelled the long-term credit facility of Baht 2,500 million. As of 13 February 2018, the long-term credit facility of the Company and its subsidiaries which has not yet been draw down was nil.



On 16 October 2017, the Securities and Exchange Commission (“SEC”) has disclosed that SEC has filed a criminal complaint against Mr. Mitsuji Konoshita, the CEO and Chairman of the Board of Directors, with the Department of Special Investigation (DSI) for committing fraud, misappropriating the company’s assets and falsifying account records by executing concealed transactions through several associated companies abroad to exaggerate the company’s operating results. Resulting Mr. Mitsuji Konoshita be liable to having untrustworthy characteristics as a director and executive of any issuers and listed companies and that he was banned from holding such positions under the Securities and Exchange Act.

On 19 October 2017, the SEC followed with a warning to the Company to rectify its Financial Statements immediately.

On 9 January 2018, JTA filed the civil lawsuit against the Company and on 10 January 2018, JTA also filed the petition for rehabilitation against the Company. After the court accept the petition for rehabilitation for its consider, an automatic stay became applicable. However, on 16 February 2018, the Company submitted a petition requesting for entering into transaction and the court grant the Company permission to repay the interest under debentures as disclosed in Note 48.

By these circumstances mentioned above, the Company has reviewed the terms and conditions in the long-term loans facility agreements. Both legal department and management viewed that at this stage, the Company is not in breach of any covenant under those agreements as disclosed in Note 49.

## 29. Debentures

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

(Unit: Thousand Baht)					
Debentures	Interest rate	Terms	Due date	Consolidated / Separate financial statements	
				2017	2016
Debentures 1/2014	As detailed in the table below	3 years	27 February 2017	-	500,000
Debentures 1/2016	As detailed in the table below	3 years	29 September 2019	1,500,000	1,500,000
Less: Unamortised portion of deferred transaction costs				(30,410)	(47,782)
Debentures - net				1,469,590	1,952,218
Less: Current portion				-	(499,128)
Long-term portion of debentures				1,469,590	1,453,090

Details of the Company's debentures are as follows:

The Unsubordinated and partially secured Debentures of Group Lease Public Company Limited No. 1/2014, due 2017.

Name of debentures	"The Unsubordinated and partial secured Debentures of Group Lease Plc. No. 1/2014, due 2017"
Amount	Baht 500 million
Term	3 years, starting from date of issuance
Issued date	27 February 2014
Interest rate	From 27 August 2014 to 29 September 2014, interest rate at 4.17% p.a. from 30 September 2014 to the redemption date, interest rate at 4.55% p.a.
Interest payment schedule	Twice a year on 27 February and 27 August, starting from 27 August 2014
Principal repayment	On the redemption date of 27 February 2017
Covenants	Maintenance of debt to equity ratio, hire purchase receivables ratio and restriction on dividend payment and disposal and transfer of assets
Guarantee	Partial guarantee by a financial institution as disclosed in Note 44.4.

The Unsubordinated and partially secured Debentures of Group Lease Public Company Limited No. 1/2016, due 2019.

Name of debentures	"The Unsubordinated and partial secured Debentures of Group Lease Plc. No. 1/2016, due 2019"
Amount	Baht 1,500 million
Term	3 years, starting from date of issuance
Issued date	29 September 2016
Interest rate	at 2.84% p.a.
Interest payment schedule	Twice a year on 29 March and 29 September, starting from 29 March 2017
Principal repayment	On the redemption date of 29 September 2019
Covenants	Maintenance of debt to equity ratio, restriction on dividend payment and the proportion of shareholding of the major shareholders.
Guarantee	Partial guarantee by a financial institution as disclosed in Note 44.4.

On 16 October 2017, the Securities and Exchange Commission (“SEC”) has disclosed that SEC has filed a criminal complaint against Mr. Mitsuji Konoshita, the CEO and Chairman of Board of Directors, with the Department of Special Investigation (DSI) for committing fraud, misappropriating the company’s assets and falsifying account records by executing concealed transactions through several associated companies abroad to exaggerate the company’s operating results. Resulting Mr. Mitsuji Konoshita be liable to having untrustworthy characteristics as a director and executive of any issuers and listed companies and that he was banned from holding such positions under the Securities and Exchange Act.

On 19 October 2017, the SEC followed with a warning to the Company to rectify its Financial Statements immediately.

On 9 January 2018, JTA filed the civil lawsuit against the Company and on 10 January 2018, JTA also filed the petition for rehabilitation against the Company. After the court accept the petition for rehabilitation for its consider, an automatic stay became applicable. However, on 16 February 2018, the Company submitted a petition requesting for entering into transaction and the court grant the Company permission to repay the interest under debentures as disclosed in Note 48.

By these circumstances mentioned above, the Company has reviewed the terms and conditions in the debentures. Both legal department and management viewed that at this stage, the Company is not in breach of any covenant under those agreements as disclosed in Note 49.

### 30. Convertible debentures

The Company has issued convertible debentures, as detailed below.

				(Unit: Thousand Baht)	
				Consolidated / Separate financial statements	
Convertible debentures	Interest rate	Terms	Due date	2017	2016
Convertible debentures 1/2016	As detailed in the table below	5 years	30 July 2021	4,249,289	4,521,832
Convertible debentures 1/2017	As detailed in the table below	3 years	20 March 2020	1,636,058	-
Convertible debentures 2/2017	As detailed in the table below	3 years	30 March 2020	654,424	-
Total				6,539,771	4,521,832
Less: Unamortised portion of deferred transaction costs				(6,857)	(5,502)
Convertible debentures, net				6,532,914	4,516,330
Less: Amount classified as equity				(59,458)	(10,043)
Amount classified as liability				6,473,456	4,506,287

On 24 June 2016, the Extraordinary General Meeting of the Company's Shareholders No.1/2016 approved the issue and offering of convertible debentures in an amount not exceeding USD 130 million or the equivalent in other currencies. The Meeting also approved an increase in the Company's registered capital to support the conversion of the convertible debentures. On 1 August 2016, the Company issued convertible debentures to a specific foreign investor JTrust Asia Pte. Ltd. through a private placement, a related party as disclosed in Note 7, in accordance with the permission to offer convertible debentures granted to the Company by the Securities and Exchange Commission on 27 July 2016. Key terms and conditions of the convertible debentures are as follow:

Amount of unit	1,300 units
Type of debenture	Unsubordinated, unsecured convertible debenture without debenture holders' representative
Face value	USD 100,000 per 1 convertible debenture
Issue date	1 August 2016
Term	5 years since the date of issuance (1 August 2016 to 1 August 2021)
Interest rate	5.00% per annum
Interest payment	2 times a year on every 1 August and 1 February throughout the term of debentures specified in the terms and conditions If these fall on a holiday, the next business day
Redemption at maturity date	Holders have 2 options: a) Redeem in full in cash b) Convert into common stock
Conversion to common stock	1 convertible debenture (face value of USD 100,000 or equal to 3,540,000 Baht) can be redeemed by converting it to 88,500 shares of common stock
Conversion price	Baht 40 per share
Date of conversion	Last business day of each quarter
Additional information	The Company entered into side agreements with related party to hedge against foreign currency both of principle and interest payable on convertible debentures as disclosed in Note 7. During the year 2017, the Company cancelled the side agreements as disclosed in Note 2.3.

On 6 December 2016, the Extraordinary General Meeting of the Company's Shareholders No.2/2016 approved the issue and offering of convertible debentures to a specific foreign investor in an amount not exceeding USD 70 million or the equivalent in other currencies, approved to JTrust Asia Pte. Ltd. in an amount not exceeding USD 50 million and approved to Creation Investments Sri Lanka LLC in an amount not exceeding USD 20 million, respectively. The Meeting also approved an increase in the Company's registered capital to support the conversion of the convertible debentures.

On 20 March 2017, the Company issued convertible debentures to a specific foreign investor JTrust Asia Pte. Ltd. through a private placement, a related party as disclosed in Note 7, in accordance with the permission to offer convertible debentures granted to the Company by the Securities and Exchange Commission on 27 January 2017. Key terms and conditions of the convertible debentures are as follow:

Amount of unit	500 units
Type of debenture	Unsubordinated, unsecured convertible debenture without debenture holders' representative
Face value	USD 100,000 per 1 convertible debenture
Issue date	20 March 2017
Term	3 years since the date of issuance (20 March 2017 to 20 March 2020)
Interest rate	5.00% per annum
Interest payment	2 times a year on every 20 March and 20 September throughout the term of debentures specified in the terms and conditions If these fall on a holiday, the next business day
Redemption at maturity date	Holders have 2 options: a) Redeem in full in cash b) Convert into common stock
Conversion to common stock	1 convertible debenture (face value of USD 100,000 or equal to 3,465,480 Baht) can be redeemed by converting it to 49,507 shares of common stock
Conversion price	Baht 70 per share
Date of conversion	Last business day of each month

On 30 March 2017, the Company issued convertible debentures to a specific foreign investor Creation Investments Sri Lanka LLC. through a private placement, a related party as disclosed in Note 7, in accordance with the permission to offer convertible debentures granted to the Company by the Securities and Exchange Commission on 27 January 2017. Key terms and conditions of the convertible debentures are as follow:

Amount of unit	200 units
Type of debenture	Unsubordinated, unsecured convertible debenture without debenture holders' representative
Face value	USD 100,000 per 1 convertible debenture
Issue date	30 March 2017
Term	3 years since the date of issuance (30 March 2017 to 30 March 2020)
Interest rate	5.00% per annum
Interest payment	2 times a year on every 30 March and 30 September throughout the term of debentures specified in the terms and conditions If these fall on a holiday, the next business day
Redemption at maturity date	Holders have 2 options: a) Redeem in full in cash b) Convert into common stock
Conversion to common stock	1 convertible debenture (face value of USD 100,000 or equal to 3,465,480 Baht) can be redeemed by converting it to 49,507 shares of common stock
Conversion price	Baht 70 per share
Date of conversion	Last business day of each month

The convertible debentures agreement contains requirements and restrictions with which the Company must comply, as specified in the debentures' offering circular.

On 16 October 2017, the Securities and Exchange Commission (“SEC”) has disclosed that SEC has filed a criminal complaint against Mr. Mitsuji Konoshita, the CEO and Chairman of Board of Directors, with the Department of Special Investigation (DSI) for committing fraud, misappropriating the company’s assets and falsifying account records by executing concealed transactions through several associated companies abroad to exaggerate the company’s operating results. Resulting Mr. Mitsuji Konoshita be liable to having untrustworthy characteristics as a director and executive of any issuers and listed companies and that he was banned from holding such positions under the Securities and Exchange Act.

On 19 October 2017, the SEC followed with a warning to the Company to rectify its Financial Statements immediately.

On 9 January 2018, JTA filed the civil lawsuit against the Company and on 10 January 2018, JTA also filed the petition for rehabilitation against the Company. After the court accept the petition for rehabilitation for its consider, an automatic stay became applicable. However, on 16 February 2018, the Company submitted a petition requesting for entering into transaction and the court grant the Company permission to repay the interest under debentures as disclosed in Note 48.

By these circumstances mentioned above, the Group is aware of the importance of the above situation above and, together with the Group’s legal advisors, has considered the likelihood that there has been any breach of covenants or event of default provisions stipulated in any credit facilities agreement with financial institutions and the debenture agreement, including notice to terminate the financial agreement citing cancelation of voidable transactions and demanded immediate repayment and damages, filed a civil case with the civil court against the Company. Management and the legal advisors of the Group believe that the Company is not in breach of any conditions of the agreements with the creditors and has not violated any laws as claimed.

Thai Accounting Standard 107 “Financial Instruments: Disclosure and Presentation”, requires the issuer of convertible debentures to present the debentures’ liability and equity components separately in the statement of financial position. Therefore, upon issuing the convertible debentures, the Company separated these components, determining the liability component by discounting the stream of future payments of principal and interest at the prevailing market rate. The carrying amount of the equity component was then determined by deducting the liability component from the total carrying value of the convertible debentures.

The liability component is presented at amortised cost until the conversion or maturity of the debentures. The value of the equity component determined upon the issue of the debentures does not change in subsequent periods.

The net proceeds received from the issue of the debentures have been split between a liability component and an equity component, with the liability component representing the initial fair-value of the debt excluding the embedded option to convert the liability into equity of the Company.

(Unit: Thousand Baht)

	2017	2016
Balance as at 1 January	4,516,330	-
Nominal value of issue of convertible debentures	2,425,351	4,521,832
Transaction costs	(3,409)	(5,996)
Net proceeds	2,421,942	4,515,836
Amortised - transaction cost	2,064	494
Gain on exchange rate	(407,422)	-
Balance as at 31 December	6,532,914	4,516,330

Reflected in the statements of financial position as follows:

Convertible debentures - liability component	6,473,456	4,506,287
Convertible debentures - equity component	59,458	10,043
Balance as at 31 December	6,532,914	4,516,330

### 31. Advances received for issuance of convertible debentures

The balance amounting to USD 13 million (equivalent to Baht 465.80 million) as at 31 December 2016 are advances received from JTrust Asia Pte. Ltd. and Creation Investments Sri Lanka LLC. on the convertible debentures as approved by the Extraordinary General Meeting of the Company. During the year 2017, the Company issued convertible debentures to the counter parties as disclosed in Note 30.



### 32. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	2017	2016
<b>Provision for long-term employee benefits at beginning of year</b>	8,721	7,480
Included in profit or loss:		
Current service cost	3,398	3,209
Interest cost	193	158
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	4,171
Financial assumptions changes	-	(1,477)
Experience adjustments	-	(3,056)
Benefits paid during the year	(544)	(1,764)
<b>Provision for long-term employee benefits at end of year</b>	<b>11,768</b>	<b>8,721</b>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	2017	2016
Administrative expenses	3,591	3,367

The Company expects to pay Baht 1.8 million of long-term employee benefits during the next year (2016: Baht 1.3 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 21.9 years (2016: 22.8 years).

Significant actuarial assumptions are summarised below:

	(Unit: % per annum)	
	Consolidated/Separate financial statements	
	2017	2016
Discount rate	2.2	2.2
Salary increase rate	1.8-4.4	1.8-4.4
Turnover rate	9.0-22.0	9.0-22.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: million Baht)			
	Consolidated /Separate financial statements			
	As at 31 December 2017		As at 31 December 2016	
	Increase	Decrease	Increase	Decrease
	1.0%	1.0%	1.0%	1.0%
Discount rate	(0.66)	0.75	(0.53)	0.60
Salary increase rate	0.85	(0.76)	0.59	(0.53)
Turnover rate	(0.75)	0.78	(0.60)	0.63

### 33. Share capital

#### 33.1 Resolution of the Annual General Meeting of the Company's shareholders

On 26 April 2017, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a dividend from the operating results of the year 2016 totaling no more than Baht 418.00 million, or Baht 0.2740 per share, to the Company's shareholders. The dividend was paid to the shareholders on 25 May 2017.

#### 33.2 Additional share subscription from the exercise of warrants

During the current year, the Company received additional share subscription totaling Baht 0.76 million from the exercise of warrants, as detailed below.

	Warrant	Ordinary share	Exercise price	Amount
	(units)	(shares)	(Baht/share)	(Million Baht)
GL-W4	19,036	19,036	40	0.76

### 33.3 Reconciliation of number of ordinary shares

During the current year, the movements of registered and paid-up capital and premium on ordinary shares of the Company are as follows:

	Number of ordinary shares (Thousand shares)	Paid-up capital (Thousand Baht)	Share premium (Thousand Baht)
<u>Issued and paid-up share capital</u>			
At the beginning of the year	1,525,510	762,755	5,191,560
Increase in capital from exercising of the rights of the warrant	28	14	1,113
At the end of the year	1,525,538	762,769	5,192,673

### 34. Warrants

As at 31 December 2017, details of outstanding warrants, which were issued by the Company, are as follows:

Type of warrant	Issue to	Issuance date of warrant	Number of warrants original issued	Warrant offer price	Period of warrant	Exercise price per share	Exercise ratio per 1 warrant
GL-W4	Existing shareholders	2 August 2016	165,098,969	-	2 years	Baht 40	1 ordinary share

During the current year, the movements of warrants of the Company are as follows:

Type of warrant	Number of warrants outstanding as at 1 January 2017	Number of warrants issued during the year	Number of warrants exercised during the year	Number of warrants outstanding as at 31 December 2017
GL-W4	164,965,117	-	19,036	164,946,081

### 35. Dividends

Dividends declared in the second quarter of 2017 consist of the following:

Dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Dividends from 2016 operations	Annual General Meeting of the shareholders on 26 April 2017	415,088	0.2740
Total dividends paid in 2017		415,088	0.2740

Dividends declared in the second quarter of 2016 consist of the following:

Dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Dividends from 2015 operations	Annual General Meeting of the shareholders on 28 April 2016	231,240	0.1560
Total dividends paid in 2016		231,240	0.1560

### 36. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

### 37. Other income related to hire purchase activities

Other income related to the hire purchase activities comprises penalties for delays in installment payments, recovery of bad debts, sale of bad debts and fees for other services related to the hire purchase business.

### 38. Other income related to the microfinance activities

Other income related to the microfinance activities comprises of document service fee and fees for other services related to the microfinance business.

### 39. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salary and wages and other employee benefits	712,718	542,746	395,230	334,465
Service agreement expenses	8,202	30,831	6,007	28,174
Debt following expenses	20,509	21,517	17,897	18,938
Depreciation	41,576	36,614	17,503	17,208
Amortisation	9,154	6,858	2,720	1,866
Registration fee	13,406	14,451	5,255	5,955
Rental fee	38,872	36,663	5,080	4,508
Professional fee	51,797	32,821	17,128	3,877

#### 40. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b>Current income tax:</b>				
Current income tax charge	166,686	174,687	90,104	91,918
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(14,313)	27,345	(8,651)	27,082
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>152,373</b>	<b>202,032</b>	<b>81,453</b>	<b>119,000</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax on actuarial loss	-	73	-	73
Total	-	73	-	73

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	(Restated)	(Restated)		
Accounting profit (loss) before tax	(1,454,677)	1,031,073	(1,596,812)	600,927
Applicable tax rate	17% - 25%	17%-25%	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	(245,371)	243,546	(319,362)	120,185
Effects of non-taxable income and expenses	408,694	(25,008)	400,815	(1,185)
Others	(10,950)	(16,506)	-	-
Total income tax expenses reported in the statement of comprehensive income	<b>152,373</b>	<b>202,032</b>	<b>81,453</b>	<b>119,000</b>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	57,897	48,815	47,992	40,238
Allowance for diminution of value				
foreclosed assets	3,279	3,132	1,677	3,026
Reserve for employee benefits	2,357	1,744	2,357	1,744
Loss brought forward	11,208	5,575	-	-
Others	640	173	-	9
<b>Total</b>	<b>75,381</b>	<b>59,439</b>	<b>52,026</b>	<b>45,017</b>
<b>Deferred tax liabilities</b>				
Prepaid commission expenses	11,676	10,269	11,676	10,269
Accumulated depreciation and amortisation	2,191	3,140	-	-
Amortised transaction cost of convertible				
debentures - liability component	1,355	1,100	1,355	1,100
Amortised transaction cost of convertible				
debentures - equity component	17	3	17	3
Amortised transaction cost of debentures	6,015	9,404	6,015	9,404
Interest income receivable from NPLs	4,219	-	-	-
Others	71	-	71	-
<b>Total</b>	<b>25,544</b>	<b>23,916</b>	<b>19,134</b>	<b>20,776</b>
<b>Net deferred tax assets</b>	<b>49,837</b>	<b>35,523</b>	<b>32,892</b>	<b>24,241</b>
Reflected in the statements of financial position as follows:				
Deferred tax assets	53,063	35,523	32,892	24,241
Deferred tax liabilities	(3,226)	-	-	-
<b>Net deferred tax assets</b>	<b>49,837</b>	<b>35,523</b>	<b>32,892</b>	<b>24,241</b>

#### 41. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share.

Consolidated financial statements						
	Profit (loss) for the year		Weighted average number of ordinary shares		Earnings per share	
	2017	2016	2017	2016	2017	2016
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit (loss) for the year	(1,603,211)	830,066	1,525,535	1,525,423	<u>(1.051)</u>	<u>0.544</u>
<b>Effect of dilutive potential ordinary shares</b>						
GL-W4	-	-	-	12,472		
<b>Diluted earnings per share</b>						
Profit (loss) of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>(1,603,211)</u>	<u>830,066</u>	<u>1,525,535</u>	<u>1,537,895</u>	<u>(1.051)</u>	<u>0.540</u>
Separate financial statements						
	Profit (loss) for the year		Weighted average number of ordinary shares		Earnings per share	
	2017	2016	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit (loss) for the year	(1,678,265)	481,927	1,525,535	1,525,423	<u>(1.100)</u>	<u>0.316</u>
<b>Effect of dilutive potential ordinary shares</b>						
GL-W4	-	-	-	12,472		
<b>Diluted earnings per share</b>						
Profit (loss) of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>(1,678,265)</u>	<u>481,927</u>	<u>1,525,535</u>	<u>1,537,895</u>	<u>(1.100)</u>	<u>0.313</u>

However, no calculation of diluted earnings per share for the year ended 31 December 2017 was required for GL-W4 and convertible debentures since the effect of diluted earnings per share is antidilutive.

## **42. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Board of Directors.

For management purposes, the Company and its subsidiaries are organised into business units based on their services and have five reportable segments as follows:

- Hire purchase and Asset-backed loan services.
- Financing to corporates and investment holding.
- Business management and consulting service.
- Microfinance service.
- Consumer finance service under joint financing arrangements.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss, total assets and total liabilities and on a basis consistent with that used to operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit, total assets and total liabilities information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2017 and 2016, respectively.



## For the year ended 31 December 2017 (restated)

	Hire Purchase and Asset- backed loan services	Financing to corporates and investment holding	Business management and consulting services	Microfinance service	Consumer finance service under joint financing arrangements	Item not allocated	Consolidated
<b>Revenues</b>							
External customer	2,436,543	201,711	37,494	56,605	56,429	-	2,788,782
Other income	113,779	47,299	8,072	10,256	10,174	-	189,580
Inter segment revenue	780,835	31,060	24,535	-	-	-	836,430
<b>Total revenues</b>	<b>3,331,157</b>	<b>280,070</b>	<b>70,101</b>	<b>66,861</b>	<b>66,603</b>	<b>-</b>	<b>3,814,792</b>
Adjustments and eliminations	(780,835)	(31,060)	(24,535)	-	-	-	(836,430)
<b>Total revenues, net</b>	<b>2,550,322</b>	<b>249,010</b>	<b>45,566</b>	<b>66,861</b>	<b>66,603</b>	<b>-</b>	<b>2,978,362</b>
Services and administrative expenses	(911,995)	(97,340)	(21,582)	(22,638)	(91,396)	-	(1,144,951)
Bad debts and doubtful accounts	(317,727)	-	-	(3,293)	(2,016)	-	(323,036)
Cost of sales	(757)	-	-	-	-	-	(757)
Expense allowance on disputed loans	-	(603,176)	-	-	-	-	(603,176)
Expense allowance on loan and interest receivables	-	(956,641)	-	-	-	-	(956,641)
Loss on disposals of foreclosed assets	(245,351)	-	-	-	-	-	(245,351)
Expense allowance on other receivables	(208,884)	-	-	-	-	-	(208,884)
Expense allowance on other current assets	(38,825)	-	-	-	-	-	(38,825)
Expense allowance on investment loss in associate	-	(582,085)	-	-	-	-	(582,085)
Expense allowance on exclusive right	(55,937)	-	-	-	-	-	(55,937)
Share of profit from investment in associate	-	-	-	-	-	171,951	171,951
Financial cost	-	-	-	-	-	(445,347)	(445,347)
Income tax expense	-	-	-	-	-	(152,373)	(152,373)
<b>Segment profit (loss)</b>	<b>770,846</b>	<b>(1,990,232)</b>	<b>23,984</b>	<b>40,930</b>	<b>(26,809)</b>	<b>(425,769)</b>	<b>(1,607,050)</b>
<b>Segment total assets</b>							
Additions to non-current assets other than financial instruments and deferred tax assets	59,059	-	2,001	5,701	-	39,778	96,106

(Unit: Thousand Baht)

For the year ended 31 December 2016 (restated)						
	Hire Purchase and Asset- backed loan services	Financing to corporates and investment Holding	Business management and consulting services	Consumer finance service under joint financing arrangements	Item not Allocated	Consolidated
<b>Revenues</b>						
External customer	2,282,233	251,081	63,062	3,175	-	2,599,551
Other income	73,659	(1,869)	2,423	14,601	-	88,814
Inter segment revenue	418,408	223,744	14,427	(323)	-	656,256
<b>Total revenues</b>	<b>2,774,300</b>	<b>472,956</b>	<b>79,912</b>	<b>17,453</b>	<b>-</b>	<b>3,344,621</b>
Adjustments and eliminations	(418,408)	(223,744)	(14,427)	323	-	(656,256)
<b>Total revenues, net</b>	<b>2,355,892</b>	<b>249,212</b>	<b>65,485</b>	<b>17,776</b>	<b>-</b>	<b>2,688,365</b>
Services and administrative						
Expenses	(798,110)	(63,695)	-	(25,571)	-	(887,376)
Bad debts and doubtful accounts	(313,270)	-	-	-	-	(313,270)
Loss on disposals of foreclosed						
Assets	(232,251)	-	-	-	-	(232,251)
Share of profit from investment in						
associate	-	-	-	-	48,355	48,355
Financial cost	-	-	-	-	(272,749)	(272,749)
Income tax expense	-	-	-	-	(202,033)	(202,033)
<b>Segment profit (loss)</b>	<b>1,012,261</b>	<b>185,517</b>	<b>65,485</b>	<b>(7,795)</b>	<b>(426,427)</b>	<b>829,041</b>
<b>Segment total assets</b>						
Additions to non-current						
assets other than financial						
instruments and						
deferred tax assets	68,372	-	-	-	5,771	74,143

## Geographic information

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

(Unit: Thousand Baht)

	2017	2016
Revenue from external customers		
Thailand	1,766,544	1,608,594
Cambodia	693,625	654,016
Singapore (restated)	225,744	263,327*
Cyprus (restated)	7,966	(22,882)*
Luxembourg	7,012	9,605
Laos	96,806	93,375
Indonesia	79,482	19,268
Myanmar	80,774	-
Japan	20,409	63,062
Total	2,978,362	2,688,365

\*The Company has amended the financial statements for the year 2016 retroactively whereby it has not recognized interest income from Singapore and Cyprus borrowers as revenue. Because the effects of adjustments for the year 2015 for Singapore and Cyprus borrowers were only Baht 11 million and Baht 23 million, respectively, which was regarded by the Company as immaterial. The Company has included the amendment the effect of 2015 revenue to 2016 revenue. This amendment resulted in negative balance for revenue from Cyprus borrowers.

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

Thailand	155,139	120,510
Cambodia	35,785	106,268
Singapore	36,958	35,335
Laos	1,404	2,785
Indonesia	15,547	5,570
Myanmar	6,688	-
Total	251,521	270,468

## Major customers

For the year 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

### 43. Provident fund

The Company and employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company contributed to the fund monthly at the rate of 0% - 5% of basic salary and employees contributed at the rate of 0% - 15% of basic salary. The fund, which is managed by Ayudhya Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years 2017 and 2016, the Company contributed Baht 9.2 million and Baht 8.1 million, respectively to the fund.

### 44. Commitments

#### 44.1 Capital commitments

As at 31 December 2017, the Company had capital commitments of approximately USD 0.02 million, relating to the purchase of software licenses and Baht 0.4 million, relating to the building improvement and lease area (2016: Baht 0.01 million).

#### 44.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land and office building space. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	Consolidated financial statement			
	2017		2016	
	Payable			
	In up to 1 year	In over 1 and up to 5 years	In up to 1 year	In over 1 and up to 5 years
	Thousand Baht	20,178	15,616	15,280
Thousand USD	114	411	157	36
Thousand IDR	811,087	2,943,360	1,216,631	1,216,631
Thousand SGD	126	-	-	-
	Separate financial statement			
	2017		2016	
	Payable			
	In up to 1 year	In over 1 and up to 5 years	In up to 1 year	In over 1 and up to 5 years
	Thousand Baht	9,185	8,117	6,851

#### **44.3 Service commitments**

As at 31 December 2017, the Company is required to pay fees of USD 0.01 million, JPY 0.6 million and Baht 0.2 million per month to individuals who are employees of related party, for consultancy relating to overseas investment (2016: USD 0.02 million, JPY 0.6 million and Baht 0.4 million per month) and financial service consulting fees Baht 12.15 million (2016: Baht 1.14 million).

#### **44.4 Guarantees**

- 1) As at 31 December 2017, the Company has letters of guarantee for short term loans of its subsidiaries in term of Standby Letter of Credit issued by banks amounting to USD 4.0 million (2016: USD 4.0 million and Baht 36.6 million).
- 2) As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 975.3 million (2016: Baht 1,275.3 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 975.0 million (2016: Baht 1,275.0 million) to guarantee debentures and Baht 0.3 million (2016: Baht 0.3 million) to guarantee electricity use and use of post services.

#### **44.5 Exclusive Referral Agreement**

On 26 June 2017, GLF entered into a 3-year Exclusive Referral Agreement (automatically renewed for a further two years unless both parties mutually agree in writing not to renew the agreement at least six months before the expiration date) with a company which is a distributor of Honda motorcycles in Cambodia. The agreement grants GLF the right to act as the exclusive finance agent to arrange hire purchase finance for Honda brand motorcycles. GLF is required to pay a fee at a rate of 3.6% of the finance amount provided to each customer who purchase a motorcycle.

#### 45. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had assets and liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)			
Consolidated financial statements			
As at 31 December 2017 (restated)			
	Level 1	Level 2	Level 3
<b>Liabilities measured at fair value</b>			
Derivatives			
Interest rate swap contracts	-	(1)	-
<b>Assets for which fair value are disclosed</b>			
Long-term portion of loans and interest receivables	-	-	40
Investment in associates	-	-	3,564*
Other long-term investments			
Investments in held-to-maturity debt securities	-	-	186
Investments in other companies	-	65	435
<b>Liabilities for which fair value are disclosed</b>			
Debentures	-	1,547	-
Convertible debentures	-	7,427	-

\* This value was calculated based on the financial advisor, using the discount cash flow model as disclosed in Note 19.3.

(Unit: Million Baht)			
Consolidated financial statements			
As at 31 December 2016 (restated)			
	Level 1	Level 2	Level 3
<b>Assets for which fair value are disclosed</b>			
Long-term portion of disputed loans	-	-	1,381
Long-term portion of loans and interest receivables	-	-	1,895
Investment in associates	-	-	2,170*
Other long-term investments	-	62	414
<b>Liabilities for which fair value are disclosed</b>			
Debentures	-	1,566	-
Convertible debentures	-	4,862	-
Derivatives			
Interest rate swap contracts	-	(1)	-

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

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	1,547	-	1,547
Convertible debentures	-	7,427	-	7,427

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	1,566	-	1,566
Convertible debentures	-	4,862	-	4,862

## 46. Financial instruments

### 46.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, short-term investment, hire purchase and installment sales receivables, asset-backed loan receivables, microfinance receivables, consumer finance receivables under joint financing, loans receivables, pledged fixed deposit at financial institution, other receivables, other long term investments, deposits, bank overdraft and short-term loans from financial institutions, Trade and other payables, deposits from customers, short-term loan, long-term loan, debentures, convertible debentures and derivatives liability. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company is exposed to credit risk primarily with respect to hire purchase and installment sales receivables, asset-backed loan receivables and loans receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of hire purchase and installment sales receivables, asset-backed loan receivables and loans receivables as stated in the statement of financial position.

### **Interest rate risk**

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its deposits with financial institutions, hire purchase and installment sales receivables, asset-backed loan receivables, loans receivables, pledged fixed deposit at financial institution, bank overdraft and short-term loans from financial institutions, short-term loan, long-term loan, debentures and convertible debentures. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The Company and its subsidiaries mitigates the risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivative financial instrument, principally interest rate swaps, to manage exposure to fluctuations in interest rates on borrowings.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)					
Consolidated financial statements as at 31 December 2017					
	Fixed interest rates			Non-	Total
	Within 1 year	1 - 5 years	Floating interest rate	interest bearing	
<b>Financial assets</b>					
Cash and cash equivalent	1,797.45	-	286.10	996.35	3,079.90
Short-term investment	47.80	-	-	-	47.80
Hire purchase and installment sales receivables, net	3,194.77	3,358.40	-	-	6,553.17
Asset - backed loan receivables - net	269.59	76.82	-	-	346.41
Microfinance receivables	378.43	39.53	-	-	417.96
Consumer finance receivables under joint financing	14.08	42.51	-	-	56.59
Loan and interest receivables – as restated	0.55	40.84	-	-	41.39
Other receivables	-	-	-	82.41	82.41
Deposits at bank with restrictions	-	11.65	-	-	11.65
Other long-term investments	-	192.72	-	478.28	671.00
Deposits	-	-	-	38.21	38.21
	<u>5,702.67</u>	<u>3,762.47</u>	<u>286.10</u>	<u>1,595.25</u>	<u>11,346.49</u>



(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2017

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total
	Within	1 - 5			
	1 year	years			
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	65.24	-	-	-	65.24
Trade and other payables	-	-	-	280.40	280.40
Deposit from customer	-	22.91	-	-	22.91
Derivatives liability	0.61	-	-	-	0.61
Long-term loans	102.76	19.49	-	-	122.25
Debenture	-	1,469.59	-	-	1,469.59
Convertible debenture	-	6,473.46	-	-	6,473.46
	<u>168.61</u>	<u>7,985.45</u>	<u>-</u>	<u>280.40</u>	<u>8,434.46</u>

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2016

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total
	Within	1 - 5			
	1 year	years			
<b>Financial assets</b>					
Cash and cash equivalent	465.80	-	239.47	1,845.95	2,551.22
Hire purchase and installment sales receivables, net	3,142.21	3,153.72	-	-	6,295.93
Asset - backed loan receivables - net	226.27	55.48	-	-	281.75
Disputed loans – as restated	-	1,815.81	-	-	1,815.81
Loan and interest receivables – as restated	767.50	938.61	-	-	1,706.11
Other receivables	-	-	-	186.25	186.25
Deposits at bank with restrictions	0.33	-	-	-	0.33
	<u>4,602.11</u>	<u>5,963.62</u>	<u>239.47</u>	<u>2,032.20</u>	<u>12,837.40</u>
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	504.18	-	52.08	-	556.26
Trade and other payables	-	-	-	228.14	228.14
Short-term loans from and interest payable to related party	4.40	-	-	-	4.40
Long-term loans	585.74	212.39	-	-	798.13
Debenture	499.13	1,453.09	-	-	1,952.22
Convertible debenture	-	4,506.29	-	-	4,506.29
Advance received for issuance of convertible debentures	-	-	-	465.80	465.80
	<u>1,593.45</u>	<u>6,171.77</u>	<u>52.08</u>	<u>693.94</u>	<u>8,511.24</u>

(Unit: Million Baht)

## Separate financial statements as at 31 December 2017

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total
	Within 1 year	1 - 5 years			
<b>Financial assets</b>					
Cash and cash equivalent	-	-	117.80	2.14	119.94
Hire purchase and installment sales receivables, net	2,024.73	2,094.61	-	-	4,119.34
Short-term loans to and interest receivable from subsidiary	165.55	-	-	-	165.55
Other receivables	-	-	-	22.39	22.39
Deposits at bank with restrictions	-	0.34	-	-	0.34
Long-term loan to and interest receivables from subsidiary	-	5,345.59	-	-	5,345.59
Deposit	-	-	-	2.50	2.50
	<u>2,190.28</u>	<u>7,440.54</u>	<u>117.80</u>	<u>27.03</u>	<u>9,775.65</u>

**Financial liabilities**

Trade and other payables	-	-	-	261.72	261.72
Long-term loans from subsidiary	40.00	-	-	-	40.00
Debentures	-	1,469.59	-	-	1,469.59
Convertible debenture	-	6,473.46	-	-	6,473.46
	<u>40.00</u>	<u>7,943.05</u>	<u>-</u>	<u>261.72</u>	<u>8,244.77</u>

(Unit: Million Baht)

## Separate financial statements as at 31 December 2016

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total
	Within 1 year	1 - 5 years			
<b>Financial assets</b>					
Cash and cash equivalent	465.8	-	1.62	1.30	468.72
Hire purchase and installment sales receivables, net	1,946.22	1,797.54	-	-	3,743.76
Short-term loans to and interest receivable from subsidiary	5,198.25	-	-	-	5,198.25
Other receivables	-	-	-	34.42	34.42
Deposits at bank with restrictions	0.33	-	-	-	0.33
	<u>7,610.60</u>	<u>1,797.54</u>	<u>1.62</u>	<u>35.72</u>	<u>9,445.48</u>

(Unit: Million Baht)

## Separate financial statements as at 31 December 2016

	Fixed interest rates		Non-		Total
	Within	1 - 5	Floating	interest	
	1 year	years	interest rate	bearing	
<b>Financial liabilities</b>					
Bank overdrafts and short-term					
loans from financial institutions	396.69	-	52.08	-	448.77
Trade and other payables	-	-	-	198.97	198.97
Short-term loans from related party	130.00	-	-	-	130.00
Long-term loans from subsidiary	53.30	-	-	-	53.30
Long-term loans	-	-	577.13	-	577.13
Debentures	499.13	1,453.09	-	-	1,952.22
Convertible debenture	-	4,506.29	-	-	4,506.29
Advance received for issuance of					
convertible debentures	-	-	-	465.80	465.80
	<u>1,079.12</u>	<u>5,959.38</u>	<u>629.21</u>	<u>664.77</u>	<u>8,332.48</u>

**Foreign currency risk**

The Company's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies.

As at 31 December 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements				Separate financial statements				Average exchange rate as at	
	Financial assets		Financial liabilities		Financial assets		Financial liabilities			
	as at 31 December		as at 31 December		as at 31 December		as at 31 December		31 December	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	1.16	13.06	201.95	145.71	166.83	62.75	205.26	145.77	32.6809	35.8307
SGD	0.16	0.05	0.07	-	-	-	-	-	24.4503	24.8010
LKR	44.15	332.10	-	-	-	-	-	-	0.21305	0.2392
KHR	243.58	5.06	-	-	-	-	-	-	0.00805	0.00885
THB	23.00	65.83	41.95	67.96	-	-	-	-	1	1
LAK	-	-	-	-	18.13	-	145.49	-	0.0039	0.0044
IDR	-	-	-	-	-	-	105.11	-	0.0024	0.0027
JPY	0.10	-	-	-	-	-	-	-	0.2898	0.3080

**46.2 Fair values of financial instruments**

The fair values of the Company and its subsidiaries' financial instruments are estimated to approximately the amounts presented in the statements of financial position, except for the following:

(Unit: Million Baht)

	Consolidated financial statements			
	2017		2016	
	Carrying		Carrying	
	value	Fair value*	value	Fair value*
<b>Financial assets</b>				
Long-term portion of disputed loans – as restated	-	-	1,816	1,381
Long-term portion of loans and interest receivables – as restated	41	40	939	1,895
Other long-term investments				
Investments in held-to-maturity debt securities	193	186	-	-
Investments in other companies	478	500	476	476
<b>Financial liabilities</b>				
Long-term portion of debentures	1,470	1,547	1,453	1,566
Convertible debentures	6,473	7,427	4,506	4,862

\* The fair value are calculated by using average buying and selling rate to convert the fair value as at 29 December 2017 and 30 December 2016

(Unit: Million Baht)

	Separate financial statements			
	2017		2016	
	Carrying		Carrying	
	value	Fair value	value	Fair value
<b>Financial liabilities</b>				
Long-term portion of debentures	1,470	1,547	1,453	1,566
Convertible debentures	6,473	7,427	4,506	4,862

The estimated fair value of the derivatives is as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Fair value	Fair value	Fair value	Fair value
	Gain (loss)	Gain (loss)	Gain (loss)	Gain (loss)
<b>Financial derivatives</b>				
Interest rate swap contracts	(1)	(1)	-	-

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

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, short-term loans to, other receivables, trade and other payables, and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.
- b) For hire purchase and installment sales receivables and asset-backed loan receivables, fair value is stated net of unearned hire purchase interest income and allowance for doubtful accounts.
- c) For loan receivables, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- d) For non-marketable securities, their fair value is estimated by discounting expected future cash flow by capital assets pricing model.
- e) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximate their fair value.
- f) For fixed rate debentures and convertible debentures, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the bonds with similar terms and conditions.
- g) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as interest rate yield curves and commodity price yield curves.

#### **47. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 1.51:1 (2016: 1.06:1) and the Company's was 1.57:1 (2016: 1.14:1).

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

At the beginning of January 2018, J Trust Asia Pte. Ltd. ("JTA"), a limited company registered in Singapore, has taken legal actions in Thailand and in Singapore against the Company by filing a civil complaint and filing a petition for rehabilitation of the Company as per the following details:

##### **48.1 Litigations in Thailand**

###### **1) Civil Case**

On 9 January 2018, JTA filed a complaint against the Company, its former executive director and three of its current directors as defendants with the Civil Court, being a civil black case number Por. 83/2561 and the Civil Court scheduled for the first court hearing (i.e. hearing for settlement of issues at dispute) to be on 23 April 2018.

The Company has received a court's summon and copy of the complaint from the Civil Court by posting at registered address of the Company on 11 February 2018. In this regard, the Company has already appointed a lawyer to represent the Company in defending this case.

Pursuant to JTA's complaint (which was amended on 17 January 2018), JTA alleged that the Company and the other defendants jointly conducted fraudulent acts against JTA in relation to the Company's financial status and business profits in order to incentivize JTA to invest in the Company. As a result, legal transactions entered into between JTA and the Company regarding such investments were conducted via declaration of intention as a result of such fraudulent acts or mistake to an essential element regarding the Company's financial status and business profits, and, thus, such legal transactions became voidable. JTA has declared its intention to avoid all transactions concerning investments in the Company and demanded for return of the investments. In addition, JTA alleged that the Company and the other defendants also jointly conducted a wrongful act against JTA. Relying on the aforementioned allegations, JTA filed the complaint demanding the Company and the other defendants to jointly or severally compensate for damages to JTA. The claim amount of this case calculated into THB is an amount of THB 8,020,132,483.88.

Pursuant to the fact that JTA filed the petition for rehabilitation and the Central Bankruptcy Court has accepted the petition for rehabilitation for its consideration on 11 January 2018, the automatic stay is applicable to the Company. This matter will be further discussed in the part of rehabilitation case. By effects of the automatic stay, proceedings in the civil case only in the part against the Company will be temporarily suspended, unless the Central Bankruptcy Court will issue its order otherwise. As the Civil Court deems appropriate, the Civil Court may consider temporary ordering striking the civil case only in the part against the Company out of the Civil Court's case list or may consider ordering postponing the first court hearing and scheduling for new court hearings periodically. These are in order to allow time until the Central Bankruptcy Court renders its order in the rehabilitation case.

An issue of whether the case against the other defendants will be temporarily suspended depends on whether the other defendants request for the Civil Court to suspend the case in the part against them and on the Civil Court's discretion in its consideration on such requests.

## 2) Rehabilitation Case

On 10 January 2018, JTA filed the petition for rehabilitation of the Company (the "Petition for Rehabilitation") with the Central Bankruptcy Court, being a black case number For. 1/2561, and the Central Bankruptcy Court accepted the Petition for Rehabilitation for its consideration on 11 January 2018. In this regard, the Central Bankruptcy Court scheduled a hearing date for inquiring of the Petition for Rehabilitation to be on 19 March 2018.

The Company has received a court's summon and copy of the Petition for Rehabilitation from the Central Bankruptcy Court. In this regard, the Company has already appointed a lawyer to represent the Company in defending this case. The Company and other creditors of the Company that disagree with the request for the rehabilitation of the Company are entitled to file an objection with the Central Bankruptcy Court by 15 March 2018.

Pursuant to the Petition for Rehabilitation, JTA alleged that JTA was a creditor of the Company for monetary debt incurred due to the avoidance of investment agreements and purchase of convertible debentures in an amount of USD 180,000,000, which could be approximately converted into THB 5,831,298,000, and alleged that the Company was currently in a state of insolvency. However, after consideration by JTA on relevant factors, there were appropriate reasons for the Company to enter into rehabilitation process and there were prospects for rehabilitation of the Company. Therefore, JTA requested the Central Bankruptcy Court to order for the rehabilitation of the Company, and JTA nominated PCL Planner Co., Ltd. as a preparer of the Company's rehabilitation plan.

The Company anticipated that the proceedings in this case from the date of the inquiring of the Petition for Rehabilitation (i.e. 19 March 2018) until the date the Central Bankruptcy Court issues an order in relation to the Petition for Rehabilitation may take at least three to four months. The aforementioned period might alter depending on fixing the dates for presentation of witness and evidence of relevant parties.

After the Central Bankruptcy Court issued an order accepting the Petition for Rehabilitation for its consideration, an automatic stay became applicable to the Company onwards until the Central Bankruptcy Court issues any order prescribed in Section 90/12 of the Bankruptcy Act B.E. 2483. However, the automatic stay does not have the effect of ceasing the business operation of the Company. Thus, the Company can continue its business and conduct any action necessary for its ordinary course of business of the Company.

The significant legal effects of the automatic stay are that, during the period where the automatic stay is being applied, all creditors of the Company will be barred from initiating civil lawsuits in relation to the Company's assets and submitting a statement of claim to arbitrators (for all debts incurred prior to the date the Central Bankruptcy Court issues an order approving the rehabilitation plan). In case where there is any civil case pending consideration by the court or any dispute pending consideration by the arbitrators, those proceedings will be temporarily suspended, unless the Central Bankruptcy Court will issue its order otherwise. Furthermore, the Company is also prohibited from disposing, distributing, transferring, granting a lease, making repayment of debt, creating debts, or performing any action having the effect of creating any encumbrance over its properties, except that such action is necessary for the continuance of normal operation of its business, or that the Central Bankruptcy Court allows for the Company to perform such action on a case by case basis. The aforementioned is in accordance with Section 90/12 (4) and (9) of the Bankruptcy Act B.E. 2483.



In addition, on 16 February 2018, the Company submitted a petition requesting for entering into transaction to the Court for protection of the interests of the investors and shareholders, where the impacts thereof have been considered, and the Court granted the Company permission to repay interest under debentures issued by the Company pursuant to the existing terms and conditions, including execution of relevant documents in relation to such matters whereby those actions are deemed necessary for management of the Company's funds for the continuation of the Company's business operation without Court's approval.

In case where the Central Bankruptcy Court issues its order dismissing the Petition for Rehabilitation, the Company will no longer be subject to the automatic stay and be entitled to enter into any transaction without any condition or limitation.

#### 48.2 Litigation in Singapore

##### 1) Legal Proceedings Initiated in Singapore

JTA commenced legal proceedings in the Singapore court against Group Lease Holdings Pte. Ltd. ("GLH"), a wholly-owned subsidiary of the Company registered in Singapore, and a former executive director of the Company, on 22 December 2017. JTA's primary claim is that GLH, had acted in conspiracy with other defendants to injure JTA by inducing them to invest in the Company when the Company's financial position was in fact poorer than represented. Currently, GLH is waiting for the fix schedule from the court.

In this regard, JTA applied for and obtained on 26 December 2017 an *ex parte* interim injunction order restraining GLH (and the former executive director) from dealing with or disposing of its assets in Singapore up to the value of USD 180,000,000 (save allowances for ordinary living and business expenses, and legal fees).

GLH vigorously denies JTA's claims, and has duly engaged lawyers in Singapore to defend against these allegations. Among others, GLH applied to set aside and discharge the *ex parte* interim injunction order.

On 23 February 2018, the High Court granted the GLH's setting aside application and discharged the *ex parte* interim injunction order. Therefore, GLH is no longer under any restraints in relation to the use and/or dealings with its assets in Singapore.

As discussed in notes 48.1 and 48.2, the Group is aware of the importance of the above situation above and, together with the Group's legal advisors, has considered the likelihood that there has been any breach of covenants or event of default provisions stipulated in any credit facilities agreement with financial institutions and the debenture agreement, including notice to terminate the financial agreement citing cancelation of voidable transactions and demanded immediate repayment and damages, filed a civil case with the civil court against the Company. Management and the legal advisors of the Group believe that the Company is not in breach of any conditions of the agreements with the creditors and has not violated any laws as claimed.

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

On 8 November 2017, the Board of Directors' Meeting of the Company passed a resolution to approve significant adjustment to setting up provisions for all receivables outstanding as of 31 December 2017 related to the Cyprus and Singapore loan borrowers.

The adjustment referred to above is to express an intention of the board of directors of the Company to cooperate with the SEC in eliminating doubt in regard to the loans and interest outstanding and for the benefits of investors in their consideration of the Company's status and to demonstrate transparency and good governance in the Company's operations.

In addition, the Board of Director's Meeting considered and agreed with the opinion of the Group's legal advisories on likelihoods of breach of any covenants or event of default provisions stipulated in any credit facilities agreement with financial institution and debenture agreement including demands and claims as discussed in Note 48. Based on the review, the Group maintained that it did not breach any conditions of such agreements with the creditors and the demands and claims were without merits.

On 13 November 2017, the Board of Directors' Meeting of the Company passed a resolution to approve significant adjustments as follows:

- 1) Setting up an allowance for investments loss in an associated company in the consolidated financial statements (refer to note 19 – Investment in associate),
- 2) Setting up an allowance for investment loss in GLH on separate financial statements (refer to note 18 - Investment in subsidiaries) and
- 3) Setting up an allowance related transaction with former executive director which including the exclusive right between GLF and APFG in the consolidated financial statements (refer to note 7 – Related party transactions).

The adjustment referred to in item 3 is to express an intention of the board of directors to demonstrate transparency in relation to issues involving the former executive director and integrity to investors which will benefit the investors in their consideration of the Company's status. The amounts of adjustments affecting the statements of comprehensive income are summarised below.

	(Unit: Thousand Baht)		
	Consolidated		Separate
	financial statements		financial statements
	(Thousand USD)	(Equivalent to Thousand Baht)	(Thousand Baht)
Statements of comprehensive income			
Profit or loss:			
Expense allowance on investment loss in subsidiary	-	-	2,426,818
Expense allowance on disputed loans – as restated	18,076	603,176	-
Expense allowance on loan and interest receivables			
– as restated	28,669	956,641	-
Expense allowance on investment loss in associated	17,142	582,085	-
Expense allowance on other receivables	6,064	202,348	-
Expense allowance on exclusive right	1,676	55,937	-
Expense allowance on other current assets	1,164	38,825	-

As discussed in Note 7 on related party transactions with former executive director, the details of all provisioned items are listed in the table below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b><u>Allowance for doubtful accounts - Other receivables</u></b>				
<b><i>Related parties</i></b>				
Director of and subsidiaries	7,838	-	-	-
A.P.F. Group Co., Ltd.	4,363	-	-	-
Engine Holdings Asia Pte. Ltd.	492	-	-	-
Asia Partnership Fund Pte., Ltd.	12	-	-	-
Cambodian People Micro Insurance PLC.	3,259	-	-	-
APF Trading Plc.	183,362	-	-	-
Showa Holdings Co., Ltd.	(1,157)	-	-	-
<b>Total</b>	<b>198,169</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b><u>Allowance for other current assets loss</u></b>				
<b><i>Related party</i></b>				
APF Trading Plc.	38,025	-	-	-
<b>Total</b>	<b>38,025</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Allowance for exclusive right loss</u></b>				
<b><i>Related party</i></b>				
A.P.F. Group Co., Ltd.	54,785	-	-	-
<b>Total</b>	<b>54,785</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

The Company's financial statements for the years ended 31 December 2017 and 2016 have been prepared and issued on 28 February 2018 and 28 February 2017, respectively.

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

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

These Financial Statements and Notes have been revised with the provisions set forth in TAS 8. Specifically, given the timeline set out above, the Company has applied TAS 8.42 by revising the material prior period errors in the set of Financial Statements as at 31 December 2017. Furthermore, the Company has also restated the comparative amounts for prior periods to present fairly the cumulative effect of the error restatement.

The cumulative effects of financial statements for the years ended 31 December 2017 and 2016, presented herewith for comparative purposes, are as follows:

(Unit: Thousand Baht)

Consolidated financial statements				
31 December 2017				
	As previously reported	Reclassified Increase (Decrease)	Restated Increase (Decrease)	As restated
<b>Statement of financial position</b>				
<b>Current assets</b>				
Current portion of loans and interest receivables	1,912,885	(975,405)	-	937,480
Allowance for loan and interest receivables	(1,912,336)	975,405	-	(936,931)
<b>Current portion of loans and interest receivables - net</b>	<b>549</b>	<b>-</b>	<b>-</b>	<b>549</b>
Current portion of disputed loans	-	975,405	(384,657)	590,748
Allowance for disputed loans	-	(975,405)	384,657	(590,748)
<b>Current portion of disputed loans - net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-current assets</b>				
Long-term portion of loans and interest receivables	40,840	-	-	40,840
Allowance for loan and interest receivables	-	-	-	-
<b>Long-term portion of loans and interest receivables - net</b>	<b>40,840</b>	<b>-</b>	<b>-</b>	<b>40,840</b>
Long-term portion of disputed loans	-	-	-	-
Allowance for disputed loans	-	-	-	-
<b>Long-term portion of disputed loans - net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity</b>				
Unappropriated retained earnings (deficit)	(126,109)	-	(18,281)	(144,390)
Other components of shareholders' equity	(321,411)	-	18,281	(303,130)

(Unit: Thousand Baht)

Consolidated financial statements				
31 December 2017				
	As previously reported	Reclassified Increase (Decrease)	Restated Increase (Decrease)	As restated
<b><u>Statement of comprehensive income</u></b>				
<b>Profit or loss:</b>				
<b>Revenues</b>				
Interest on loan receivables	378,962	-	(177,251)	201,711
<b>Expenses</b>				
Expense allowance on loan and interest receivables	(1,952,565)	995,924	-	(956,641)
Expense allowance on disputed loans	-	(995,924)	392,748	(603,176)
<b>Loss for the year</b>	<b>(1,822,548)</b>	<b>-</b>	<b>215,497</b>	<b>(1,607,051)</b>
<b><u>Other comprehensive income:</u></b>				
Exchange differences on translation of financial statements in foreign currency - net of income tax	(549,330)	-	21,302	(528,028)
<b>Other comprehensive income for the year</b>	<b>(632,609)</b>	<b>-</b>	<b>21,302</b>	<b>(611,307)</b>
<b><u>Profit (loss) attributable to:</u></b>				
Equity holders of the Company	(1,818,708)	-	215,497	(1,603,211)
<b><u>Total comprehensive income attributable to:</u></b>				
Equity holders of the Company	(2,443,528)	-	236,799	(2,206,729)
<b><u>Earnings per share (Baht):</u></b>				
Basic earnings per share (loss)	(1.192)	-	0.141	(1.051)
Diluted earnings per share (loss)	(1.192)	-	0.141	(1.051)

(Unit: Thousand Baht)

## Consolidated financial statements

31 December 2016

	Reclassified	Restated	
As previously reported	Increase (Decrease)	Increase (Decrease)	As restated

**Statement of financial position****Current assets**

Current portion of loans and interest receivables	882,435	(114,939)	-	767,496
Allowance for loan and interest receivables	-	-	-	-

**Current portion of loans and interest receivables - net**

	882,435	(114,939)	-	767,496
Current portion of disputed loans	-	114,939	(114,939)	-
Allowance for disputed loans	-	-	-	-

Current portion of disputed loans	-	114,939	(114,939)	-
Allowance for disputed loans	-	-	-	-

**Current portion of disputed loans - net**

	-	114,939	(114,939)	-
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**Non-current assets**

Long-term portion of loans and interest receivables	2,876,285	(1,937,675)	-	938,610
Allowance for loan and interest receivables	-	-	-	-

**Long-term portion of loans and interest receivables - net**

	2,876,285	(1,937,675)	-	938,610
Long-term portion of disputed loans	-	1,937,675	(121,861)	1,815,814
Allowance for disputed loans	-	-	-	-

Long-term portion of disputed loans	-	1,937,675	(121,861)	1,815,814
Allowance for disputed loans	-	-	-	-

**Long-term portion of disputed loans - net**

	-	1,937,675	(121,861)	1,815,814
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**Shareholders' equity**

Unappropriated retained earnings	2,101,423	-	(233,778)	1,867,645
Other components of shareholders' equity	260,257	-	(3,021)	257,236

(Unit: Thousand Baht)

Consolidated financial statements				
31 December 2016				
	As previously reported	Reclassified Increase (Decrease)	Restated Increase (Decrease)	As restated
<b><u>Statement of comprehensive income</u></b>				
<b>Profit or loss:</b>				
<b>Revenues</b>				
Interest on loan receivables	484,859	-	(233,778)	251,081
<b>Profit for the year</b>	<b>1,062,819</b>	<b>-</b>	<b>(233,778)</b>	<b>829,041</b>
<b><u>Other comprehensive income:</u></b>				
Exchange differences on translation of financial statements in foreign currency				
- net of income tax	(28,549)	-	(3,021)	(31,570)
<b>Other comprehensive income for the year</b>	<b>(20,211)</b>	<b>-</b>	<b>(3,021)</b>	<b>(23,232)</b>
<b><u>Profit attributable to:</u></b>				
Equity holders of the Company	1,063,844	-	(233,778)	830,066
<b><u>Total comprehensive income attributable to:</u></b>				
Equity holders of the Company	1,043,000	-	(236,779)	806,201
<b><u>Earnings per share (Baht):</u></b>				
Basic earnings per share	0.697	-	(0.153)	0.544
Diluted earnings per share	0.692	-	(0.152)	0.540

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

## 51. Approval of financial statements

The financial statements before restatement were authorised for issue by the Company's Board of Directors on 28 February 2018. These restated financial statements were authorised for issue by the Company's Board of Directors on 31 July 2018.