

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

Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Group Lease Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Group Lease Public Company Limited and its subsidiaries (the “Group”) and of Group Lease Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Emphases of Matters

- I draw attention to Note 10 of the consolidated financial statements relating to corporate loan and interest receivables. On 19 October 2017, the Company received a request from the SEC to revise/correct its financial statements, Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) in response to the criminal complaint filed by the Securities and Exchange Commission (“SEC”) to the Department of Special Investigation (“DSI”) on 16 October 2017 against a former executive director in relation to allegations of fraud, misappropriation of the Company’s assets and falsifying accounting records by executing concealed transactions through several associated companies abroad to exaggerate the Group’s operating results. As a result, the Company established a full provision against these and other loans and interest receivable and will record any future recoveries in the period in which they are received. The management understands that the DSI investigation against the former executive director is still ongoing but is not aware of any further consequences to the Company which may arise.
- I draw attention to Note 34 of the consolidated financial statements relating to litigation cases. The Group is the defendant in several legal cases actioned by the substantial convertible debenture holder of the Company and its related companies alleging – misrepresentation of the financial status of the Company and defamation; misrepresentation of the financial position of the Company’s subsidiary in Singapore; and breach of a joint finance agreement by the Company’s subsidiary in Indonesia; – and claiming rehabilitation of the Company, monetary compensation and interest. The Group has filed counter actions, and preliminary hearings and discovery proceedings on these actions are in progress. The ultimate outcome of the above matters cannot presently be determined. The management considers that no further provision for any liability, impairment of assets or reclassification of convertible debenture is required in the financial statements.

My opinion is not modified in respect of these matters.

Material Uncertainty Related to Going Concern

I draw attention to the legal cases as discussed in previous paragraph as actioned by the substantial convertible debenture holder and related matters which may affect the Group’s ability to comply with debt service coverage, raise funding or maintain adequate liquidity in the future. Presently, the management believes that those cases will not affect the going concern of the Group. However, there are still uncertainties regarding the outcome of the cases which is subject to the final verdict of the court of justice. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, I have determined the matters described below to be the key audit matters to be communicated in my report.

Allowance for doubtful accounts of hire-purchase receivables, loan receivables and microfinance receivables	
Refer to Note 3, 6, 7 and 8	
The key audit matter	How the matter was addressed in the audit
<p>As at 31 December 2019, the Group has hire-purchase receivables, loan receivables, and microfinance receivables were amounting to Baht 6,050 million, approximately 48 % of the Group's total assets.</p> <p>Hire-purchase, loan and microfinance are core businesses of the Group. The allowance for doubtful accounts of these receivables involves a management judgement on the assumptions including the customer's repayment ability and the estimated recoverable amount from the repossessed assets.</p> <p>Consequently, I consider this to be a key audit matter.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Understanding the process of estimation and accounting policy for allowance for doubtful accounts and assessing whether it is reasonable; • Evaluating the customer's ability of repayments by considering the historical and subsequent period repayments; • Evaluating the estimated recovery amount of repossessed assets by considering the historical possibility of repossession and recovery amount of repossessed assets; • Testing the calculation of allowance for doubtful accounts and underlying data used including receivable aging; • Considering the adequacy of disclosures in accordance with relevant Thai Financial Reporting Standards.

Valuation of investment in associate in Sri Lanka	
Refer to Note 3 and 12	
The key audit matter	How the matter was addressed in the audit
<p>As at 31 December 2019, the net carrying amount of the investment in associate was Baht 1,767 million which comprises of the carrying amount based on equity method amounting to Baht 2,349 million (which included goodwill from acquisition amounting to Baht 1,322 million) and impairment loss of investment amounted to Baht 582 million.</p> <p>The management had estimated the recoverable amount of the investment in associate based on residual income approach.</p> <p>The valuation of investment in associate involves a high degree of management judgment on estimating the residual income that is expected to be generated in the future, and determining an appropriate cost of equity and terminal growth rate.</p> <p>Consequently, I consider this to be a key audit matter.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Understanding the process of estimation and accounting policy for impairment loss of investment and assessing whether it is reasonable; • Evaluating the assumptions used in estimating the residual income that is expected to be generated in the future by comparing these assumptions to external source and business plan; • Evaluating the reasonableness of the financial parameters applied to determine cost of equity and terminal growth rate; • Testing mathematical accuracy of the residual income approach model and performing sensitivity analysis on the key assumptions; • Considering the adequacy of disclosures in accordance with relevant Thai Financial Reporting Standards.

Other Matter

The consolidated and separate financial statements of Group Lease Public Company Limited and its subsidiaries and of Group Lease Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, which are included as comparative information, were audited by another auditor who expressed a qualified opinion on those statements on 27 February 2019 due to limitations by circumstances, pending investigation of the Department of Special Investigation and legal process and subject to the outcome on the degree of recovery of the Group's assets alleged by the SEC, resulting in her 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company'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 and the Company'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 consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 audit opinion.

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 consolidated and separate 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.

(Chokechai Ngamwutikul)
Certified Public Accountant
Registration No. 9728

KPMG Phoomchai Audit Ltd.
Bangkok
28 February 2020

Group Lease Public Company Limited and its subsidiaries
Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Current assets					
Cash and cash equivalents	5	3,091,515	3,745,003	365,980	409,893
Current investments		105,646	18,049	-	-
Current portion of hire purchase receivables	6	2,942,550	3,535,365	1,979,097	2,206,919
Current portion of loan receivables	7	232,754	282,243	-	-
Current portion of microfinance receivables	8	626,833	554,319	-	-
Current portion of consumer finance receivables under joint financing arrangements	9	6,086	5,355	-	-
Current portion of disputed corporate loans	10	-	-	-	-
Current portion of corporate loans and interest receivables	10	41,055	42,123	-	-
Inventories		305	281	-	-
Assets foreclosed	11	59,555	61,284	16,201	8,667
Short-term loan to and interest receivables from subsidiaries	4	-	-	144,127	209,983
Other receivables	4	120,361	89,327	71,707	42,181
Other current assets	4	219,580	141,576	35,381	37,143
Total current assets		7,446,240	8,474,925	2,612,493	2,914,786
Non-current assets					
Pledged fixed deposit at financial institution		343	5,850	343	340
Investment in associate	12	1,766,759	1,976,903	-	-
Investments in subsidiaries	13	-	-	3,590,302	3,590,302
Other long-term investments	4, 15	535,509	670,996	-	-
Long-term portion of hire purchase receivables	6	2,162,135	2,676,394	1,544,400	2,013,078
Long-term portion of loan receivables	7	64,200	13,044	-	-
Long-term portion of microfinance receivables	8	21,707	6,718	-	-
Long-term portion of consumer finance receivables under joint financing arrangements	9	322	19,311	-	-
Long-term portion of loans to subsidiaries	4	-	-	4,646,075	5,307,792
Property, plant and equipment	16	91,344	118,880	52,622	60,849
Intangible assets	17	103,991	116,810	67,865	79,031
Goodwill	18	317,868	336,772	-	-
Deferred tax assets	30	134,623	122,464	57,578	44,194
Other non-current assets		79,451	75,065	34,399	34,475
Total non-current assets		5,278,252	6,139,207	9,993,584	11,130,061
Total assets		12,724,492	14,614,132	12,606,077	14,044,847

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

Group Lease Public Company Limited and its subsidiaries
Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2019	2018	2019	2018
		(in thousand Baht)			
Current liabilities					
Trade accounts payable		6,936	10,208	1,176	1,498
Deposits from customers	19	57,362	40,624	-	-
Short-term loans and interest payable	20	18,216	19,603	-	-
Current portion of long-term loans	20	-	22,387	-	-
Current portion of debentures	22	-	1,486,811	-	1,486,811
Current portion of convertible debentures under court cases	4, 23	1,476,772	-	1,476,772	-
Current portion of convertible debentures - other	23	590,700	-	590,700	-
Income tax payable		27,191	84,401	-	27,568
Insurance premium payables		10,664	9,448	5,189	8,274
Other payables	4, 21	834,858	539,400	710,644	440,337
Other current liabilities	4	114,192	129,371	59,811	63,127
Total current liabilities		3,136,891	2,342,253	2,844,292	2,027,615
Non-current liabilities					
Convertible debentures under court cases	4, 23	3,909,559	5,794,581	3,909,559	5,794,581
Convertible debentures - other	23	-	635,360	-	635,360
Provisions for long-term employee benefits	24	21,213	18,394	21,213	18,394
Deferred tax liabilities	30	47,923	43,215	-	-
Cash guarantee for damage on hire purchase agreements		2,064	2,180	2,064	2,063
Total non-current liabilities		3,980,759	6,493,730	3,932,836	6,450,398
Total liabilities		7,117,650	8,835,983	6,777,128	8,478,013
Equity					
Share capital					
Authorised share capital					
1,845,090,080 common shares of Baht 0.50 each		922,545	922,545	922,545	922,545
Issued and paid-up share capital					
1,525,538,158 common shares of Baht 0.50 each		762,769	762,769	762,769	762,769
Share premium		5,192,673	5,192,673	5,192,673	5,192,673
Retained earnings (Deficit)					
Appropriated					
Legal reserve	25	92,255	92,255	92,255	92,255
Unappropriated (Deficit)		99,683	131,911	(278,206)	(540,321)
Other components of equity		(666,134)	(525,505)	59,458	59,458
Equity attributable to owners at the parent		5,481,246	5,654,103	5,828,949	5,566,834
Non-controlling interests	14	125,596	124,046	-	-
Total equity		5,606,842	5,778,149	5,828,949	5,566,834
Total liabilities and equity		12,724,492	14,614,132	12,606,077	14,044,847

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

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

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Revenue					
Hire purchase interest income		1,766,060	2,055,274	1,229,272	1,330,316
Loan interest income		114,746	160,589	-	-
Microfinance interest income		179,216	159,210	-	-
Consumer finance under joint financing arrangements interest income		4,372	44,916	-	-
Corporate loan interest income		1,966	1,870	-	-
Hire purchase service fee income		89,923	86,020	-	-
Revenue from sales of goods		5,462	8,442	-	-
Other interest income	4	76,158	60,629	363,676	372,393
Management fee	4	-	-	102,000	84,000
Other income related to the activities of hire purchase		240,126	232,017	129,565	128,048
Other income related to the activities of microfinance		11,709	10,754	-	-
Gain on exchange rate		-	-	104,801	13,352
Other income	4	23,082	32,995	11,768	21,837
Total revenue		2,512,820	2,852,716	1,941,082	1,949,946
Expenses					
Service and administrative expenses	4, 27	1,256,091	1,218,851	689,716	596,508
Bad and doubtful debt expenses		428,253	560,314	318,862	366,224
Cost of sales of goods		4,693	7,643	-	-
Impairment losses on other investment	15	135,487	-	-	-
Loss on disposals of assets foreclosed		286,829	329,158	250,841	271,823
Total expenses		2,111,353	2,115,966	1,259,419	1,234,555
Share of profit from investment in associate	12	63,664	110,936	-	-
Profit before finance cost and income tax expenses		465,131	847,686	681,663	715,391
Finance cost	4, 28	(361,743)	(396,477)	(354,339)	(388,440)
Profit before income tax expenses		103,388	451,209	327,324	326,951
Income tax expenses	30	(124,995)	(161,673)	(65,209)	(88,544)
Profit (loss) for the year		(21,607)	289,536	262,115	238,407

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

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Other comprehensive income (expense)					
<i>Components of other comprehensive income that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations	29	(96,832)	(93,189)	-	-
Share of other comprehensive income (expense) of associate	12	(45,395)	(138,321)	-	-
Total items that will be reclassified subsequently to profit or loss		(142,227)	(231,510)	-	-
<i>Components of other comprehensive income that will not be reclassified subsequently to profit or loss</i>					
Share of other comprehensive income (expense) of associate	12	750	(1,661)	-	-
Actuarial loss - net of income tax		-	(3,832)	-	(3,832)
Total items that will not be reclassified subsequently to profit or loss		750	(5,493)	-	(3,832)
Other comprehensive income (expense) for the year		(141,477)	(237,003)	-	(3,832)
Total comprehensive income (expense) for the year		(163,084)	52,533	262,115	234,575
Profit (loss) attributable to:					
Owners of the parent		(32,880)	281,794	262,115	238,407
Non-controlling interests	14	11,273	7,742	-	-
Profit (loss) for the year		(21,607)	289,536	262,115	238,407
Total comprehensive income (expense) attributable to:					
Owners of the parent		(172,857)	53,926	262,115	234,575
Non-controlling interests		9,773	(1,393)	-	-
Total comprehensive income (expense) for the year		(163,084)	52,533	262,115	234,575
Basic earnings (loss) per share (in Baht)	31	(0.022)	0.185	0.172	0.156

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

Group Lease Public Company Limited and its subsidiaries

Statement of changes in equity

		Consolidated financial statements										
		Retained earnings (Deficit)			Other components of equity							
Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated (Deficit)	Gains (losses)	Revaluation	Translating foreign operation	Convertible debentures - equity component	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
					on remeasuring available-for-sale from associate	deficit on land and building from associate						
(in thousand Baht)												
Year ended 31 December 2018												
Balance at 1 January 2018	762,769	5,192,673	92,255	(144,390)	2,581	352	(365,521)	59,458	(303,130)	5,600,177	125,439	5,725,616
Profit for the year	-	-	-	281,794	-	-	-	-	-	281,794	7,742	289,536
Other comprehensive income (expense) for the year	-	-	-	(5,493)	(554)	-	(221,821)	-	(222,375)	(227,868)	(9,135)	(237,003)
Total comprehensive income for the year	-	-	-	276,301	(554)	-	(221,821)	-	(222,375)	53,926	(1,393)	52,533
Balance as at 31 December 2018	762,769	5,192,673	92,255	131,911	2,027	352	(587,342)	59,458	(525,505)	5,654,103	124,046	5,778,149
Year ended 31 December 2019												
Balance as at 1 January 2019	762,769	5,192,673	92,255	131,911	2,027	352	(587,342)	59,458	(525,505)	5,654,103	124,046	5,778,149
Profit (loss) for the year	-	-	-	(32,880)	-	-	-	-	-	(32,880)	11,273	(21,607)
Other comprehensive income (expense) for the year	-	-	-	652	450	(352)	(140,727)	-	(140,629)	(139,977)	(1,500)	(141,477)
Total comprehensive income (expense) for the year	-	-	-	(32,228)	450	(352)	(140,727)	-	(140,629)	(172,857)	9,773	(163,084)
Dividend paid	-	-	-	-	-	-	-	-	-	-	(8,223)	(8,223)
Balance as at 31 December 2019	762,769	5,192,673	92,255	99,683	2,477	-	(728,069)	59,458	(666,134)	5,481,246	125,596	5,606,842

14

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

Group Lease Public Company Limited and its subsidiaries

Statement of changes in equity

	Issued and paid-up share capital	Share premium	Separate financial statements		Other components of equity	Total equity
			Retained earnings (Deficit)			
			Legal reserve	Unappropriated (Deficit)		
<i>(in thousand Baht)</i>						
Year ended 31 December 2018						
Balance as at 1 January 2018	762,769	5,192,672	92,255	(774,896)	59,458	5,332,258
Profit and other comprehensive income for the year	-	-	-	234,575	-	234,575
Shares options exercised	-	1	-	-	-	1
Balance as at 31 December 2018	762,769	5,192,673	92,255	(540,321)	59,458	5,566,834
Year ended 31 December 2019						
Balance as at 1 January 2019	762,769	5,192,673	92,255	(540,321)	59,458	5,566,834
Profit and other comprehensive income for the year	-	-	-	262,115	-	262,115
Balance as at 31 December 2019	762,769	5,192,673	92,255	(278,206)	59,458	5,828,949

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

Group Lease Public Company Limited and its subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
	(in thousand Baht)			
<i>Cash flows from operating activities</i>				
Profit before income tax expenses	103,388	451,209	327,324	326,951
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Depreciation and amortisation	51,417	54,659	21,316	21,993
Bad and doubtful debts expenses	428,253	574,526	318,862	371,158
Loss on disposals of assets foreclosed	286,829	329,158	250,841	271,823
(Gain) loss on diminution in value of assets foreclosed	6,740	(2,023)	6,360	(1,150)
Reversal of allowance on other receivables	(7,396)	(20,374)	-	-
Reversal of allowance on other current assets	-	(38,825)	-	-
Impairment losses on other investment	135,487	-	-	-
(Gain) loss on disposal and write-off assets	59	2,821	3	(116)
Loss on write-off of intangible assets	-	9,075	-	7,769
Unrealised (gain) loss on exchange	(54,498)	14,072	(107,718)	(13,190)
Provision for long-term employee benefits	8,228	3,992	8,228	3,992
Share of profit from investment in associate	(63,664)	(110,936)	-	-
Other interest income	(76,158)	(60,629)	(363,676)	(372,393)
Interest expenses	346,233	376,916	338,829	368,910
Amortised front end fees of loans	-	31	-	-
Amortised transaction cost of debentures	13,190	17,220	13,190	17,220
Amortised transaction cost of convertible debentures	2,320	2,309	2,320	2,309
	1,180,428	1,603,201	815,879	1,005,276
<i>Changes in operating assets and liabilities</i>				
Hire purchase receivables	688,559	(173,502)	377,638	(466,884)
Loan receivables	(14,929)	30,110	-	-
Microfinance receivables	(95,611)	(156,692)	-	-
Consumer finance receivables under joint financing arrangements	18,390	30,685	-	-
Corporate loans and interest receivables	1,007	11,916	-	-
Inventories	(24)	(238)	-	-
Assets foreclosed	(291,828)	(300,400)	(264,735)	(267,031)
Other receivables	(32,362)	9,913	(28,883)	(31,568)
Other current assets	(130,481)	85,739	3,433	53,650
Other non-current assets	(4,368)	(10,645)	88	(4,322)
Trade accounts payables	(3,274)	5,283	(322)	9
Deposit from customers	16,738	17,718	-	-
Insurance premium payables	1,216	285	(3,085)	3,480
Other payables	64,927	(19,233)	39,146	68,696
Other current liabilities	962	(9,052)	(3,316)	(13,172)
Derivatives liabilities	-	(605)	-	-
Cash guarantee for damage on hire purchase agreements	(116)	-	-	-
Net cash generated from operating activities	1,399,234	1,124,483	935,843	348,134
Long-term employee benefits paid	(5,409)	(2,156)	(5,409)	(2,156)
Interest paid	(77,702)	(84,448)	(70,287)	(76,274)
Income tax paid	(136,404)	(120,304)	(55,366)	(28,864)
Net cash from operating activities	1,179,719	917,575	804,781	240,840

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

Group Lease Public Company Limited and its subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
	(in thousand Baht)			
Cash flows from investing activities				
(Increase) decrease in current investment	(89,949)	29,751	-	-
(Increase) decrease in pledged fixed deposits at financial institution	5,507	5,797	(3)	(3)
(Increase) Decrease in accounts receivable and loans to employees	(224)	40	(224)	40
Long-term loans to subsidiaries	-	-	(450,000)	-
Acquisitions of equipments	(7,161)	(30,126)	(1,126)	(3,840)
Aquisitions of intangible assets	(8,974)	(25,297)	(800)	(19,847)
Proceeds from sales of equipment	321	1,985	-	131
Cash received from liabilities settlement within the group	-	-	-	111,889
Cash received from short-term loan to subsidiaries	-	-	780,994	-
Dividend received	16,040	13,791	-	-
Dividend paid to minority interest of subsidiary	(8,223)	-	-	-
Interest received	70,992	58,976	322,465	741
Net cash from (used in) from investing activities	(21,671)	54,917	651,306	89,111
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	-	(65,239)	-	-
Proceeds from short-term loans	-	18,739	-	-
Repayment of long-term loans from subsidiary	-	-	-	(40,000)
Repayment of long-term loans	(22,155)	(107,049)	-	-
Repayment of debentures	(1,500,000)	-	(1,500,000)	-
Cash received from exercise of warrants	-	1	-	1
Net cash used in financing activities	(1,522,155)	(153,548)	(1,500,000)	(39,999)
Net increase (decrease) in cash and cash equivalents,				
before effect of exchange rates	(364,107)	818,944	(43,913)	289,952
Effect of exchange rate changes on cash and cash equivalents	(289,381)	(153,842)	-	-
Net increase (decrease) in cash and cash equivalents	(653,488)	665,102	(43,913)	289,952
Cash and cash equivalents at 1 January	3,745,003	3,079,901	409,893	119,941
Cash and cash equivalents at 31 December	3,091,515	3,745,003	365,980	409,893
Non-cash items				
Transferred equipment to assets foreclosed	13	115	-	-
Transferred assets foreclosed to equipment	-	41	-	-
Settlement of interest receivables between GL and the group	-	-	-	270,322
Settlement of other current liabilities between GL and the group	-	-	-	94
Settlement of other payables between GL and the group	-	-	-	174,069
Settlement of other receivables between GL and the group	-	-	-	11,777

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

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

Note	Contents	Pages
1	General information	17
2	Basis of preparation of the financial statements	17
3	Significant accounting policies	19
4	Related parties	30
5	Cash and cash equivalents	33
6	Hire purchase receivables	33
7	Loan receivables	36
8	Microfinance receivables	38
9	Consumer finance receivables under joint financing arrangements	39
10	Corporate loans and interest receivables	42
11	Assets foreclosed	43
12	Investment in associate	44
13	Investment in subsidiaries	47
14	Non-controlling interests	49
15	Other long-term investments	51
16	Property, plant and equipment	52
17	Intangible assets	55
18	Goodwill	58
19	Deposit from customers	59
20	Interest-bearing liabilities	59
21	Other payables	60
22	Debentures	61
23	Convertible debentures	61
24	Provisions for employee benefits	62
25	Reserves	65
26	Segment information	66
27	Expenses by nature	67
28	Finance costs	68
29	Hedge accounting for net investment in foreign operations	68
30	Income tax	69
31	Earnings (loss) per share	73
32	Financial instruments	73
33	Commitments with non-related parties	79
34	Contingencies	79
35	Thai Financial Reporting Standards (TFRS) not yet adopted	89
36	Reclassification of accounts	91

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the Board of Directors on 28 February 2020.

1 General information

Group Lease Public Company Limited, (the “Company”) is incorporated in Thailand and was listed on the Stock Exchange of Thailand on October 2004 and has its registered head office at 63 Soi 1 Thetsabannimitai Road, Ladyao, Chatuchak, Bangkok.

The Company’s major shareholder during the financial year was 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).

The Company and its subsidiaries (the “Group”) are principally engaged in the activity of hire purchase and lending. Overseas subsidiaries principally provide services relating to 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.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements.

The Group has initially applied TFRS 15 Revenue from Contracts with Customers (“TFRS 15”) which replaces TAS 18 Revenue (“TAS 18”) and related interpretations. The details of accounting policies are disclosed in note 4.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 35.

(b) Basis of measurement

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

(c) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

(d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 6	Hire purchase receivables
--------	---------------------------

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 6 - 10	Allowance for doubtful debts
Note 12, 13, 18	Impairment testing
Note 24	Defined benefit obligations
Note 34	Contingencies

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets.

(e) *Use of going concern basis of accounting*

As disclosed in Note 34, actions by the substantial convertible debenture holder and related matters may affect the Group's ability to comply with debt service coverage, raise funding or maintain adequate liquidity in the future. Presently, the management believes that those cases will not affect the going concern of the Group. However, there are still uncertainties regarding the outcome of the cases which is subject to the final verdict of the court of justice.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as described in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective are recognized in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

(c) *Hedging*

Hedge of net investment in foreign operation

The Group 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.

(d) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments with an original maturity of three months or less and not subject to withdrawal restrictions.

(e) *Hire purchase receivables and loan receivables*

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

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

The Group provide allowance for doubtful accounts for hire purchase receivables and 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.

(f) *Microfinance receivables*

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.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

(g) *Consumer finance receivables under joint financing arrangements*

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.

(h) *Corporate loans and interest receivables*

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

The Group provide allowance for doubtful accounts for corporate 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.

(i) *Inventories*

Inventories are measured at the lower of cost (under the specific identification method) and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(j) *Assets foreclosed*

Assets foreclosed are measured at the the lower of cost (which mostly comprises the net outstanding balance) and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

(k) Investments

Investments in associate and subsidiaries

Investment in associate and subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investments in associate in the consolidated financial statements are accounted for using the equity method.

Interests in associate are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the separate financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Investments in equity securities

Equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(l) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation of buildings and equipment is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of asset. The estimated useful lives are as follows:

Buildings	20 years
Building improvement and lease area	5 and 10 years
Furniture and office equipment	5 and 10 years

Depreciation of computers and motor vehicles is charged to profit or loss on a sum of the years digits basis over the estimated useful lives of each component of an item of asset. The estimated useful lives are 3-5 years.

No depreciation is provided on land.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(m) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful 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.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

The estimated useful lives for the current and comparative years are as follows:

Exclusive right agreement	5 years 10 months
Computer software	3 and 10 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(n) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) Interest-bearing liabilities

Interest-bearing liabilities are stated at cost.

(p) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(q) Employee benefits

Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

(s) Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(t) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(u) Revenue

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.

Loan interest income

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.

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.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

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.

Interest on corporate loan receivables

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

Other interest income

Other interest income is recognized on an accrual basis, based on the interest rate of contract agreement.

Sale of goods and services

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised as the services are provided.

Dividends

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

(v) Finance cost

Interest expenses

Interest expenses are charged to profit or loss for the period in which they are incurred.

Commissions and direct expenses of the hire purchase business

The Group 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.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

(w) *Income tax*

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(x) *Earnings per share*

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

(y) ***Related parties***

Related parties are a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(z) ***Segment reporting***

Segment results that are reported to the Group's CFO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly Share of profit from investment in associate, financial cost and income tax expenses.

4 Related parties

Relationships with associate and subsidiaries are described in Notes 12 and 13. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Asia Partnership Fund Pte. Ltd.	Singapore	Company's director is major shareholder of that company / Common director
A.P.F. Group Co., Ltd.	British Virgin Islands	Company's director is major shareholder of that company / Common director
APF Trading Plc.	Cambodia	Common director with subsidiary
Engine Holdings Asia Pte. Ltd.	Singapore	Company's director is major shareholder of that company / Common director
Cambodian People Micro Insurance PLC.	Cambodia	Common director with the Company and subsidiary
J Trust Co., Ltd.	Japan	Ultimate parent company of shareholder of subsidiary
JTrust Asia Pte. Ltd.	Singapore	Shareholder of subsidiary
PT Bank JTrust Indonesia Tbk.	Indonesia	Shareholder of subsidiary
Wedge Holdings Co., Ltd.	Japan	Company's director is major shareholder of that company / Common director
Showa Holdings Co., Ltd.	Japan	Company's director is major shareholder of that company / Common director
Century Finance Co., Ltd.	Myanmar	Common director with subsidiary
PT Showa Rubber Indonesia	Indonesia	Common director with the Company

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

Significant transactions for the year ended 31 December 2019 and 2018 with related parties were as follows:

		Consolidated financial statements		Separate financial statements	
<i>Year ended 31 December</i>	Pricing policy	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<i>Subsidiaries</i>					
Other interest income	5.50% - 7.00% per annum	-	-	361,773	371,652
Management fee	Contract rate	-	-	102,000	84,000
Other income	Contract rate	-	-	3,520	4,189
Interest expenses	7.00% per annum	-	-	-	1,273
Service and administrative expenses	Contract rate	-	-	628	655
<i>Other related parties</i>					
Other interest income	6.50% per annum	11,503	11,974	-	-
Other income	Contract rate	1,152	5,816	-	-
Interest expenses	5.00% per annum	280,210	292,428	280,210	292,428
Service and administrative expenses	Contract rate	1,483	-	-	-
<i>Key management personnel compensation</i>					
Short-term employee benefits		62,829	72,628	19,719	25,914
Post-employment benefits		-	2,685	-	2,685
Total key management personnel compensation		62,829	75,313	19,719	28,599

Balances as at 31 December 2019 and 2018 with related parties were as follows:

<i>Loans to related parties</i>	Interest rate		Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018	2019	2018
<i>(% per annum)</i>						
<i>(in thousand Baht)</i>						
<i>Short-term loans</i>						
Subsidiaries	7.00	7.00	-	-	-	49,300
<i>Interest receivables from related parties</i>						
Subsidiaries	5.50 - 7.00	7.00	-	-	144,127	160,683
Total short-term loans to related parties			-	-	144,127	209,983
<i>Long-term loans</i>						
Subsidiaries	5.50 - 7.00	7.00	-	-	4,646,075	5,307,792
Total long-term loans to related parties			-	-	4,646,075	5,307,792
Total loans and interest receivables to related parties			-	-	4,790,202	5,517,775

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

Movements during the year ended 31 December 2019 and 2018 of loans and interest receivables to related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries				
At 1 January	-	-	5,517,775	5,511,143
Increase	-	-	759,313	315,904
Decrease	-	-	(1,102,205)	(273,771)
Loss from exchange rate	-	-	(384,681)	(35,501)
At 31 December	-	-	4,790,202	5,517,775
Other receivables				
Subsidiaries	-	-	65,169	37,431
Key management personnel	558	1,863	-	-
Other related parties	173,262	189,635	-	-
	173,820	191,498	65,169	37,431
<i>Less: allowance for doubtful accounts</i>	<i>(157,718)</i>	<i>(176,951)</i>	<i>-</i>	<i>-</i>
Net	16,102	14,547	65,169	37,431
Other current assets				
Other related parties	171,520	76,470	-	-
Other long-term investments				
Other related parties	607,220	607,220	-	-
<i>Less: allowance for investment loss - PT Bank JTrust Indonesia Tbk.</i>	<i>(135,487)</i>	<i>-</i>	<i>-</i>	<i>-</i>
Total	471,733	607,220	-	-
Other payables				
Subsidiaries	-	-	401	561
Other related parties	646,136	403,247	646,136	403,247
Total	646,136	403,247	646,537	403,808
Other current liabilities				
Subsidiaries	-	-	289	562
Key management personnel	84	82	-	-
Other related parties	6,310	3,453	-	-
Total	6,394	3,535	289	562
Convertible debenture - before transaction cost				
Other related parties	5,433,801	5,844,051	5,433,801	5,844,051

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	2,946	4,880	265	229
Cash at banks – current accounts	631,195	1,077,276	113,979	36,289
Cash at banks – saving accounts	336,340	526,174	251,736	373,375
Cash at banks – fixed deposit accounts	2,121,034	2,136,673	-	-
Cash and cash equivalents	<u>3,091,515</u>	<u>3,745,003</u>	<u>365,980</u>	<u>409,893</u>

6 Hire purchase receivables

6.1 As at 31 December 2019 and 2018, the balances of hire purchase receivables are as follows:

	Consolidated financial statements					
	Current portion hire purchase receivables		Non-current portion hire purchase receivables		Total	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Normal receivables						
Hire purchase receivables	3,889,734	4,903,625	2,762,698	3,466,378	6,652,432	8,370,003
Accrued hire purchase income	154,433	173,066	-	-	154,433	173,066
Less: Unearned hire purchase income, net	(1,150,574)	(1,550,085)	(542,102)	(713,452)	(1,692,676)	(2,263,537)
Total normal receivables	<u>2,893,593</u>	<u>3,526,606</u>	<u>2,220,596</u>	<u>2,752,926</u>	<u>5,114,189</u>	<u>6,279,532</u>
Terminated agreements receivables						
Hire purchase receivables	561,916	493,104	-	-	561,916	493,104
Accrued hire purchase income	36,054	34,135	-	-	36,054	34,135
Less: Unearned hire purchase income, net	(177,634)	(161,228)	-	-	(177,634)	(161,228)
Total terminated agreements receivables	<u>420,336</u>	<u>366,011</u>	<u>-</u>	<u>-</u>	<u>420,336</u>	<u>366,011</u>
Total receivables	<u>3,313,929</u>	<u>3,892,617</u>	<u>2,220,596</u>	<u>2,752,926</u>	<u>5,534,525</u>	<u>6,645,543</u>
Less: Allowance for doubtful accounts	(371,379)	(357,252)	(58,461)	(76,532)	(429,840)	(433,784)
Hire purchase receivables, net	<u>2,942,550</u>	<u>3,535,365</u>	<u>2,162,135</u>	<u>2,676,394</u>	<u>5,104,685</u>	<u>6,211,759</u>

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

	Current portion hire purchase receivables		Separate financial statements Non-current portion hire purchase receivables		Total	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Normal receivables						
Hire purchase receivables	2,666,874	3,150,762	1,974,139	2,588,595	4,641,013	5,739,357
Accrued hire purchase income	110,215	106,465	-	-	110,215	106,465
Less: Unearned hire purchase income, net	<u>(864,486)</u>	<u>(1,094,530)</u>	<u>(390,965)</u>	<u>(524,910)</u>	<u>(1,255,451)</u>	<u>(1,619,440)</u>
Total normal receivables	<u>1,912,603</u>	<u>2,162,697</u>	<u>1,583,174</u>	<u>2,063,685</u>	<u>3,495,777</u>	<u>4,226,382</u>
Terminated agreements receivables						
Hire purchase receivables	527,873	455,373	-	-	527,873	455,373
Accrued hire purchase income	33,213	30,999	-	-	33,213	30,999
Less: Unearned hire purchase income, net	<u>(166,298)</u>	<u>(147,299)</u>	<u>-</u>	<u>-</u>	<u>(166,298)</u>	<u>(147,299)</u>
Total terminated agreements receivables	<u>394,788</u>	<u>339,073</u>	<u>-</u>	<u>-</u>	<u>394,788</u>	<u>339,073</u>
Total receivables	<u>2,307,391</u>	<u>2,501,770</u>	<u>1,583,174</u>	<u>2,063,685</u>	<u>3,890,565</u>	<u>4,565,455</u>
Less: Allowance for doubtful accounts	<u>(328,294)</u>	<u>(294,851)</u>	<u>(38,774)</u>	<u>(50,607)</u>	<u>(367,068)</u>	<u>(345,458)</u>
Hire purchase receivables, net	<u>1,979,097</u>	<u>2,206,919</u>	<u>1,544,400</u>	<u>2,013,078</u>	<u>3,523,497</u>	<u>4,219,997</u>

- 6.2 As at 31 December 2019 and 2018, the balances of hire purchase receivables (net of unearned hire purchase income) and allowance for doubtful accounts aged on the basis of due dates, are summarised below:

	Consolidated financial statements					
	Hire purchase receivables		Allowance for doubtful accounts		Hire purchase receivables, net	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Aging						
Within due	4,417,742	5,436,103	35,413	42,689	4,382,329	5,393,414
Overdue:						
1 month	410,002	416,296	33,361	29,866	376,641	386,430
2 - 3 months	296,966	328,840	81,017	77,389	215,949	251,451
4 - 6 months	158,963	204,656	80,069	98,317	78,894	106,339
7 - 9 months	105,917	146,871	76,226	99,489	29,691	47,382
10 - 12 months	104,529	106,097	84,805	79,679	19,724	26,418
Over 12 months	40,406	6,680	38,949	6,355	1,457	325
Total	<u>5,534,525</u>	<u>6,645,543</u>	<u>429,840</u>	<u>433,784</u>	<u>5,104,685</u>	<u>6,211,759</u>

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

	Separate financial statements					
	Hire purchase receivables		Allowance for doubtful accounts		Hire purchase receivables, net	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Aging						
Within due	3,059,061	3,795,185	29,751	37,045	3,029,310	3,758,140
Overdue:						
1 month	289,525	256,617	28,308	25,225	261,217	231,392
2 - 3 months	225,398	208,980	66,187	61,644	159,211	147,336
4 - 6 months	112,175	136,459	65,938	80,604	46,237	55,855
7 - 9 months	81,940	93,075	64,405	73,613	17,535	19,462
10 - 12 months	84,123	72,868	74,583	65,059	9,540	7,809
Over 12 months	38,343	2,271	37,896	2,268	447	3
Total	<u>3,890,565</u>	<u>4,565,455</u>	<u>367,068</u>	<u>345,458</u>	<u>3,523,497</u>	<u>4,219,997</u>

- 6.3 As at 31 December 2019 and 2018, 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:

	Consolidated financial statements			
	2019		2018	
	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
	<i>(in thousand Baht)</i>			
Portion due within one year	4,642,137	3,313,929	5,603,930	3,892,617
Portion due after one year but within five years	2,762,698	2,220,596	3,466,378	2,752,926
	<u>7,404,835</u>	<u>5,534,525</u>	<u>9,070,308</u>	<u>6,645,543</u>
Less: unearned interest income	<u>(1,870,310)</u>		<u>(2,424,765)</u>	
Present value of minimum lease payments	<u>5,534,525</u>		<u>6,645,543</u>	

	Separate financial statements			
	2019		2018	
	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
	<i>(in thousand Baht)</i>			
Portion due within one year	3,338,175	2,307,391	3,743,599	2,501,770
Portion due after one year but within five years	1,974,139	1,583,174	2,588,595	2,063,685
	<u>5,312,314</u>	<u>3,890,565</u>	<u>6,332,194</u>	<u>4,565,455</u>
Less: unearned interest income	<u>(1,421,749)</u>		<u>(1,766,739)</u>	
Present value of minimum lease payments	<u>3,890,565</u>		<u>4,565,455</u>	

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

- 6.4 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 Group has a policy to cease recognising revenue from hire purchase receivables which are overdue by more than 4 installments. As at 31 December 2019 and 2018, the Group had outstanding hire purchase receivables amounting to approximately Baht 459 million and Baht 375 million, respectively (*the Company: Baht 423 million and Baht 339 million, respectively*) for which installment payments are more than 3 installments overdue but for which revenue is still being recognised.

In addition, if the Group had followed this accounting guideline, the amount of revenue recognised for the year ended 31 December 2019 and 2018 would be reduced by Baht 13 million and Baht 8 million, respectively (*the Company: Baht 12 million and Baht 7 million, respectively*).

- 6.5 Hire purchase agreements of the Group has terms of 8 months to 5 years and require settlement in equal installments.

As at 31 December 2019, the Company had no agreement to transfer the rights of claim under hire purchase agreements (net of unearned hire purchase interest income) (*31 December 2018: Baht 1,300 million*) as the business security for short term credit facility, debentures and letter of guarantee facility granted by commercial banks.

7 Loan receivables

- 7.1 As at 31 December 2019 and 2018, the balances of loan receivables are as follows:

	Consolidated financial statements					
	Current portion loan receivables		Non-current portion loan receivables		Total	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Normal receivables						
Loan receivables	287,702	383,414	77,930	17,570	365,632	400,984
Interest receivables	8,391	13,506	-	-	8,391	13,506
Less: Unearned interest income, net	(54,535)	(104,497)	(11,200)	(3,972)	(65,735)	(108,469)
Total normal receivables	241,558	292,423	66,730	13,598	308,288	306,021
Terminated agreements receivables						
Loan receivables	18,301	22,052	-	-	18,301	22,052
Interest receivables	1,770	2,421	-	-	1,770	2,421
Less: Unearned interest income, net	(4,475)	(6,223)	-	-	(4,475)	(6,223)
Total terminated agreements receivables	15,596	18,250	-	-	15,596	18,250
Total receivables	257,154	310,673	66,730	13,598	323,884	324,271
Less: Allowance for doubtful accounts	(24,400)	(28,430)	(2,530)	(554)	(26,930)	(28,984)
Loan receivables, net	232,754	282,243	64,200	13,044	296,954	295,287

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

- 7.2 As at 31 December 2019 and 2018, the balances of loan receivables (net of unearned interest income) and allowance for doubtful accounts aged on the basis of due dates, are summarised below:

Consolidated financial statements						
	Loan receivables		Allowance for doubtful accounts		Loan receivables, net	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Aging						
Within due	239,738	234,081	2,348	2,325	237,390	231,756
Overdue:						
1 month	40,066	41,462	4,002	4,072	36,064	37,390
2 - 3 months	27,019	26,773	8,095	7,895	18,924	18,878
4 - 6 months	7,387	9,405	4,403	5,224	2,984	4,181
7 - 9 months	3,985	6,641	3,016	4,748	969	1,893
10 - 12 months	4,579	5,551	3,956	4,406	623	1,145
Over 12 months	1,110	358	1,110	314	-	44
Total	323,884	324,271	26,930	28,984	296,954	295,287

- 7.3 As at 31 December 2019 and 2018, the future minimum loan payment receivables under loan agreements together with the present value of the net minimum loan payments receivables are as follows:

Consolidated financial statements				
	2019		2018	
	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
	<i>(in thousand Baht)</i>			
Portion due within one year	316,164	257,154	421,393	310,673
Portion due after one year but within five years	77,930	66,730	17,570	13,598
	394,094	323,884	438,963	324,271
Less: unearned interest income	(70,210)		(114,692)	
Present value of minimum lease payments	323,884		324,271	

- 7.4 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 Group has a policy to cease recognising revenue from loan receivables which are overdue by more than 4 installments. As at 31 December 2019 and 2018, the Group had outstanding loan receivables amounting to approximately Baht 16 million and Baht 22 million, respectively, for which installment payments are more than 3 installments overdue but for which revenue is still being recognised.

In addition, if the Group had followed this accounting guideline, the amount of revenue recognised for the year ended 31 December 2019 and 2018 would be reduced by Baht 0.4 million and Baht 0.5 million, respectively.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

- 7.5 The subsidiaries' loan agreements have terms of 1 - 5 years and require settlement in fixed equal installments.

8 Microfinance receivables

- 8.1 As at 31 December 2019 and 2018, the balances of microfinance receivables are as follows:

	Consolidated financial statements				Total	
	Current portion microfinance receivables		Non-current portion microfinance receivables		2019	2018
	2019	2018	2019	2018		
	<i>(in thousand Baht)</i>					
Normal receivables						
Microfinance receivables	722,314	622,262	23,530	8,778	745,844	631,040
Accrued microfinance receivables	3,349	2,604	-	-	3,349	2,604
Less: Unearned interest income, net	(86,560)	(65,142)	(1,602)	(2,013)	(88,162)	(67,155)
Total normal receivable	639,103	559,724	21,928	6,765	661,031	566,489
Less: Allowance for doubtful accounts	(12,270)	(5,405)	(221)	(47)	(12,491)	(5,452)
Microfinance receivables, net	626,833	554,319	21,707	6,718	648,540	561,037

- 8.2 As at 31 December 2019 and 2018, the balances of microfinance receivables (net of unearned interest income) and allowance for doubtful accounts aged on the basis of due date, are summarised below:

	Consolidated financial statements					
	Microfinance receivables		Allowance for doubtful accounts		Microfinance receivables, net	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Aging						
Within due	636,676	544,275	5,389	4,990	631,287	539,285
Overdue:						
1 month	2,760	14,434	166	70	2,594	14,364
2 - 3 months	4,711	6,055	1,077	136	3,634	5,919
4 - 6 months	13,235	1,257	3,031	256	10,204	1,001
7 - 9 months	1,748	468	1,227	-	521	468
10 - 12 months	1,020	-	820	-	200	-
Over 12 months	881	-	781	-	100	-
Total	661,031	566,489	12,491	5,452	648,540	561,037

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

- 8.3 As at 31 December 2019 and 2018, the future minimum loan payment receivables under microfinance loan agreements together with the present value of the net minimum loan payments receivable are as follows:

	Consolidated financial statements			
		2019		2018
	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
		(in thousand Baht)		
Portion due within one year	725,663	639,103	624,866	559,724
Portion due after one year but within five years	23,530	21,928	8,778	6,765
	749,193	661,031	633,644	566,489
Less: unearned interest income	(88,162)		(67,155)	
Present value of minimum lease payments	661,031		566,489	

- 8.4 The subsidiaries' microfinance loan agreements have terms of 1 to 5 years and require settlement in fixed equal instalments

9 Consumer finance receivables under joint financing arrangements

- 9.1 As at 31 December 2019 and 2018, the balances of consumer financing receivables under joint financing arrangements are as follows:

	Current Portion consumer finance receivables under joint arrangements		Consolidated financial statements Non-current portion consumer finance receivables under joint arrangements		Total	
	2019	2018	2019	2018	2019	2018
			(in thousand Baht)			
Hire purchase receivables						
Hire purchase receivables under joint financing arrangements	14,923	85,748	1,173	44,373	16,096	130,121
Accrued interest receivables	2,050	4,037	-	-	2,050	4,037
Less: Unearned financing income, net	(1,943)	(15,965)	(143)	(7,519)	(2,086)	(23,484)
Less: Portions financed by bank under joint financing arrangement	(8,967)	(68,382)	(705)	(17,599)	(9,672)	(85,981)
Total Hire purchase receivables	6,063	5,438	325	19,255	6,388	24,693
Less: Allowance for doubtful accounts	(52)	(41)	(3)	(145)	(55)	(186)
Hire purchase receivables under joint financing arrangements, net	6,011	5,397	322	19,110	6,333	24,507
Microfinance receivables						
Microfinance receivables under joint financing arrangements	335	906	-	431	335	1,337
Less: Unearned financing income, net	(52)	(297)	-	(75)	(52)	(372)
Less: Portions financed by bank under joint financing arrangement	(208)	(653)	-	(147)	(208)	(800)
Total Microfinance receivables	75	(44)	-	209	75	165
Less: Allowance for doubtful accounts	-	2	-	(8)	-	(6)
Microfinance receivables under joint financing arrangements, net	75	(42)	-	201	75	159
Consumer finance receivable under joint financing arrangements, net	6,086	5,355	322	19,311	6,408	24,666

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

- 9.2 As at 31 December 2019 and 2018, 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:

	Consolidated financial statements					
	Consumer finance receivables under joint arrangements		Allowance for doubtful accounts		Consumer finance receivables under joint arrangements, net	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Aging						
Hire purchase receivables						
Within due	5,636	12,541	28	8	5,608	12,533
Overdue:						
1 month	752	5,404	27	26	725	5,378
2 - 3 months	-	6,748	-	152	-	6,596
4 - 6 months	-	-	-	-	-	-
7 - 9 months	-	-	-	-	-	-
10 - 12 months	-	-	-	-	-	-
Total	6,388	24,693	55	186	6,333	24,507
Microfinance receivables						
Within due	75	93	-	-	75	93
Overdue:						
1 month	-	23	-	-	-	23
2 - 3 months	-	23	-	1	-	22
4 - 6 months	-	26	-	5	-	21
7 - 9 months	-	-	-	-	-	-
10 - 12 months	-	-	-	-	-	-
Total	75	165	-	6	75	159
Total consumer finance receivables under joint arrangements	6,463	24,858	55	192	6,408	24,666

- 9.3 As at 31 December 2019 and 2018, 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:

	Consolidated financial statements			
	2019	2018	2019	2018
	Minimum payments receivable	Present value of minimum payments receivable	Minimum payments receivable	Present value of minimum payments receivable
	<i>(in thousand Baht)</i>			
Hire purchase receivables				
Portion due within one year	16,973	15,030	89,785	73,820
Portion due after one year but within five years	1,173	1,030	44,373	36,854
	18,146	16,060	134,158	110,674
Less: Unearned interest income	(2,086)	-	(23,484)	-
Less: Portions financed by bank under joint financing arrangements	(9,672)	(9,672)	(85,981)	(85,981)
Present value of minimum lease payments	6,388	6,388	24,693	24,693

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

	Consolidated financial statements			
	2019	2018	2019	2018
	Minimum payments receivable	Present value of minimum payments receivable (in thousand Baht)	Minimum payments receivable	Present value of minimum payments receivable
Microfinance receivables				
Portion due within one year	335	283	906	609
Portion due after one year but within five years	-	-	431	356
	<u>335</u>	<u>283</u>	<u>1,337</u>	<u>965</u>
Less: Unearned interest income	(52)	-	(372)	-
Less: Portions financed by bank under joint financing arrangements	<u>(208)</u>	<u>(208)</u>	<u>(800)</u>	<u>(800)</u>
Present value of minimum loan payments	<u>75</u>	<u>75</u>	<u>165</u>	<u>165</u>
Total present value of minimum loan payments	<u>6,463</u>	<u>6,463</u>	<u>24,858</u>	<u>24,858</u>

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

9.5 As at 31 December 2019 and 2018, the Company's subsidiary had transferred rights of claim relating to the assets of debtor for the portions financed by bank under hire purchase agreements which is under joint financing arrangements with outstanding balances (net of unearned interest income) of IDR 4,397 million and IDR 38,214 million, respectively, in order to secure joint financing facilities granted by related - commercial bank.

As at 31 December 2019 and 2018, the Company's subsidiary had transferred rights of claim under microfinance agreements which is under joint financing arrangements with outstanding balances (net of unearned interest income) of IDR 95 million and IDR 356 million, respectively, in order to secure credit facilities granted by commercial bank.

9.6 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 drawdown, or for as long as both parties are willing to continue the agreements. The interest rates are 13% per annum. This joint financing agreement is of the debtor assets. As at 31 December 2019 and 2018, the credit facilities under the joint financing agreements which have not yet been drawdown amounted to IDR 137,235 million.

From November 2017, the Joint Financing arrangements have temporarily been suspended by the action of JTrust Group. This action is not affecting the existing portfolio but has an effect on the new portfolio of PT Group Lease Finance Indonesia ("GLFI"). The agreement on the Joint financing credit facilities is in force and will resume its activity once legal proceedings are concluded. Furthermore, the Joint Financing Agreement is in the progress of the legal proceedings initiated by JTrust Group as described in Note 34.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

10 Corporate loans and interest receivables

10.1 The Company provided loans to its subsidiary in Singapore, which in turn loaned to borrowers in Cyprus and Singapore. The composition of these receivables as at 31 December 2019 and 2018 are as follows:

Location of borrowers	Interest rate (% per annum)	Consolidated financial statements			
		2019		2018	
		USD	THB	USD	THB
Cyprus	14.5 - 17.0	9,243	278,706	9,243	299,926
Singapore	14.5 - 25.0	36,106	1,088,736	36,106	1,171,628
Others	5.0	1,313	39,586	1,166	37,837
Total loans		<u>46,662</u>	<u>1,407,028</u>	<u>46,515</u>	<u>1,509,391</u>
Interest receivables			<u>43,585</u>		<u>50,461</u>
Total corporate loans and interest receivables			1,450,613		1,559,852
Less: Allowance for loan and interest receivables			(1,409,558)		(1,517,729)
Less: Current portion			<u>(41,055)</u>		<u>(42,123)</u>
Long-term portion of corporate loans and interest receivables			-		-

In April 2018, the Management of the Company's subsidiary gave notices of repayment to all the Singapore and Cyprus borrowers for the remainder of the outstanding loan amounts and interest due to 31 May 2018. Up to 31 December 2019, neither repayment of principal or interest has been received on these loans.

As a consequence of the default of the loan and other factors hampering collection, as at 31 December 2019 and 2018 the management believes that full provision against loans to Cyprus and Singapore group is appropriate in accordance with the Group accounting policy.

On 19 October 2017, the Company received a request from the SEC to revise/correct its financial statements, Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) in response to the criminal complaint filed by the Securities and Exchange Commission ("SEC") to the Department of Special Investigation ("DSI") on 16 October 2017 against a former executive director in relation to allegations of fraud, misappropriation of the Company's assets and falsifying accounting records by executing concealed transactions through several associated companies abroad to exaggerate the Group's operating results. As a result, the Company established a full provision against these and other loans and interest receivable and will record any future recoveries in the period in which they are received. The management understands that the DSI investigation against the former executive director is still ongoing but is not aware of any further consequences to the Company which may arise.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

- 10.2 As at 31 December 2019 and 2018, both the disputed corporate loans and other corporate loans receivable balances in Singapore, Cyprus and others are presented as follows:

	Consolidated financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Reflected in the statements of financial position as follows:		
Disputed corporate loans	545,071	586,571
Less: Allowance on disputed corporate loans	(545,071)	(586,571)
Less: Current portion of disputed corporate loans	-	-
Long-term portion of disputed corporate loans	-	-
Corporate loans and interest receivables	905,542	973,281
Less: Allowance on corporate loans and interest receivables	(864,487)	(931,158)
Less: Current portion of corporate loans and interest receivables	(41,055)	(42,123)
Long-term portion of corporate loans and interest receivables	-	-

- 10.3 As at 31 December 2019 and 2018, both the disputed corporate loans and other corporate loans receivable balances aged on the basis of due dates, are summarised below.

	Consolidated financial statements					
	Corporate loans and interest receivables		Allowance for doubtful accounts		Corporate loans and interest receivables, net	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Aging						
Within due	-	42,123	-	-	-	42,123
Overdue:						
1 - 6 months	-	-	-	-	-	-
7 - 12 months	41,055	1,472,210	-	(1,472,210)	41,055	-
Over 12 months	1,409,558	45,519	(1,409,558)	(45,519)	-	-
Total	<u>1,450,613</u>	<u>1,559,852</u>	<u>(1,409,558)</u>	<u>(1,517,729)</u>	<u>41,055</u>	<u>42,123</u>

Both the disputed corporate loans and other corporate loans receivable balances of subsidiary company were subject to pledging of securities of properties in Japan, Cyprus and Brazil, Cypriot government bonds and stocks of other overseas companies.

11 Assets foreclosed

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Reposessed assets	80,192	75,664	29,799	15,905
Less: Allowance for diminution on value of assets foreclosed	(20,637)	(14,380)	(13,598)	(7,238)
Assets foreclosed, net	<u>59,555</u>	<u>61,284</u>	<u>16,201</u>	<u>8,667</u>

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

12 Investment in associate

Consolidated financial statements																
	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		Allowance for investment loss in associate		At equity - net			
			2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
			(%)								(in thousand Baht)					
<i>Associate</i>																
Commercial Credit and Finance PLC	Microfinance, loans and hire purchase	Sri Lanka	29.99	29.99	318,074 Thousand LKR	318,074 Thousand LKR	2,492,602	2,492,602	2,348,844	2,558,988	(582,085)	(582,085)	1,766,759	1,976,903		

For year ended 31 December 2019 and 2018, the Group recognised dividend received in the separate financial statements of subsidiary amounting to Baht 16.04 million and Baht 16.61 million, respectively.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

Impairment testing

Commercial Credit and Finance PLC (“CCF”) is listed on the Colombo Stock Exchange (the “CSE”) in Sri Lanka. However, management and other outside financial advisors have concluded that due to the very low activity of the market for CCF on the CSE, the market value of CCF is not considered representative of the fair value.

During 2017, the Group provided an allowance for loss of investment for the investment in CCF in the amount of Baht 582 million because 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.

As at 31 December 2019, investment in CCF under equity method, net with allowance for impairment loss, was equivalent to Baht 1,974 million. The Group has tested investment in CCF for impairment, relying on a valuation report conducted by Gajma & Co, a financial advisor and appraisal firm in Sri Lanka, dated 22 January 2020. The recoverable amount based on its value in use was equivalent to Baht 1,767 million. As the decline in recoverable amount is due to a change in the exchange rate from the functional currency of CCF to the presentation currency of the Group, the Group recognised such decline in value in the translation adjustment in the equity.

Key assumptions used in the valuation

Significant

unobservable inputs	Rates	Sensitivity of the input to fair value
Cost of equity	14.04%	A 13.04% cost of equity would result in the recoverable amount increase by Baht 231 million, while 15.04% would result in result in the recoverable amount decrease by Baht 185 million.
Terminal growth rate	4.50%	A 3.50% terminal growth rate would result in the recoverable amount decrease by Baht 67 million, while 5.50% would result in result in the recoverable amount increase by Baht 83 million.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

Summarised financial information

The following table summarises the financial information of the associate as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in these companies.

	Commercial Credit and Finance PLC	
	2019	2018
	<i>(in million Baht)</i>	
Revenue	1,872	2,233
Profit from continuing operations	212	370
Other comprehensive income	3	(7)
Total comprehensive income (100%)	<u>215</u>	<u>363</u>
Total comprehensive income of the Group's interest	64	109
Elimination of unrealised profit on downstream sales	-	-
Group's share of total comprehensive income	<u>64</u>	<u>109</u>
Total assets	15,335	15,913
Total liabilities	<u>(12,878)</u>	<u>(13,448)</u>
Net assets (100%)	<u>2,457</u>	<u>2,465</u>
Group's share of net assets	737	739
Elimination	(55)	(55)
Intangibles recognised	523	523
Goodwill	1,322	1,322
Acquisition - related costs	30	30
Translation adjustment	(208)	-
Allowance for investment loss	<u>(582)</u>	<u>(582)</u>
Carrying amount of interest in associate	<u>1,767</u>	<u>1,977</u>

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

13 Investment in subsidiaries

Name of subsidiaries	Separate financial statements										Dividend income for the year ended 31 December		
	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net				
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
	(%)						(in thousand Baht)						
Direct subsidiaries													
Thanaban Company Limited	100.00	100.00	565,000 Thousand Baht	565,000 Thousand Baht	629,696	629,696	-	-	629,696	629,696	-	-	
Group Lease Holdings Pte. Ltd.	100.00	100.00	214,448 Thousand SGD	214,448 Thousand SGD	5,387,211	5,387,211	(2,426,818)	(2,426,818)	2,960,393	2,960,393	-	-	
GL Leasing (Lao) Company Limited	0.12	0.12	41,840,720 Thousand LAK	41,840,720 Thousand LAK	213	213	-	-	213	213	-	-	
Total					6,017,120	6,017,120	(2,426,818)	(2,426,818)	3,590,302	3,590,302	-	-	

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

Investment in subsidiaries which are held by the Company's subsidiaries are as follows:

Name of subsidiaries	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the year ended 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(%)						(in thousand Baht)					
Held by Group Lease Holdings Pte. Ltd.												
GL Finance Plc.	100.00	100.00	10,300 Thousand USD	10,300 Thousand USD	359,470	359,470	-	-	359,470	359,470	-	-
GL Leasing (Lao) Company Limited	99.88	99.88	41,840,720 Thousand LAK	41,840,720 Thousand LAK	176,195	176,195	-	-	176,195	176,195	-	-
PT Group Lease Finance Indonesia	65.00	65.00	100,000,000 Thousand IDR	100,000,000 Thousand IDR	172,133	172,133	-	-	172,133	172,133	-	-
BG Microfinance Myanmar Co., Ltd.	100.00	100.00	18,849,080 Thousand MMK	18,849,080 Thousand MMK	717,922	717,922	-	-	717,922	717,922	-	-
GL-AMMK Co., Ltd.	57.00	57.00	4,080,000 Thousand MMK	4,080,000 Thousand MMK	59,350	59,350	-	-	59,350	59,350	9,816	-
Held by Thanaban Company Limited												
Comfort Services Development Company Limited	100.00	100.00	4,000 Thousand Baht	4,000 Thousand Baht	4,000	4,000	-	-	4,000	4,000	-	-
Total					1,489,070	1,489,070	-	-	1,489,070	1,489,070	9,816	-

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

14 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	31 December 2019		
	PT. Group Lease Finance Indonesia	GL-AMMK Co., Ltd.	Total
	<i>(in thousand Baht)</i>		
Non-controlling interest percentage	20%	43%	
Current assets	200,062	133,289	
Non-current assets	35,022	3,550	
Current liabilities	(79,194)	(9,722)	
Net assets	155,890	127,117	
Carrying amount of non-controlling interest	70,926	54,671	
Other individually immaterial subsidiaries			-
Intra-group eliminations			-
Total			125,597
Revenue	61,259	95,552	
Profit (loss)	(17,374)	34,297	
Total comprehensive income	(17,374)	34,297	
Profit (loss) allocated to non-controlling interest	(3,475)	14,748	
Other individually immaterial subsidiaries			-
Intra-group eliminations			-
Total			11,273
Cash flows used in operating activities	(13,826)	(35,254)	
Cash flows used in investing activities	(241)	(1,447)	
Cash flows used in financing activities			
(Dividends to non-controlling interest: Baht 8.2 million)	-	(19,123)	
Net decrease in cash and cash equivalents	(14,067)	(55,824)	

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

	31 December 2018		
	PT. Group Lease Finance Indonesia	GL-AMMK Co., Ltd.	Total
	<i>(in thousand Baht)</i>		
Non-controlling interest percentage	20%	43%	
Current assets	176,649	119,247	
Non-current assets	84,717	3,570	
Current liabilities	(84,291)	(9,077)	
Net assets	177,075	113,740	
Carrying amount of non-controlling interest	75,138	48,908	
Other individually immaterial subsidiaries			-
Intra-group eliminations			-
Total			124,046
Revenue	100,178	91,425	
Profit (loss)	(32,797)	33,258	
Total comprehensive income	(32,797)	33,258	
Profit (loss) allocated to non-controlling interest	(6,599)	14,301	
Other individually immaterial subsidiaries			-
Intra-group eliminations			-
Total			7,702
Cash flows from operating activities	4,630	16,651	
Cash flows used in investing activities	(3,724)	(3,146)	
Net increase in cash and cash equivalents	906	13,505	

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

15 Other long-term investments

		Consolidated financial statements	
	<i>Note</i>	2019	2018
		<i>(in thousand Baht)</i>	
<i>Investments in held-to-maturity debt securities</i>			
Convertible loan	4	192,718	192,718
<i>Investments in other companies</i>			
Bagan Innovation Technology (Singapore) Pte. Ltd.		63,776	63,776
PT Bank JTrust Indonesia Tbk.	4	414,502	414,502
Less: Allowance for investment loss - PT Bank JTrust Indonesia Tbk.		(135,487)	-
Total investments in other companies		342,791	478,278
Total		535,509	670,996

Investment in PT Bank JTrust Indonesia Tbk.

The major shareholder in PT Bank JTrust Indonesia Tbk. (holding approximately 97% of the shares) is under the same group as the plaintiff in various legal cases against the Company as described in Note 34.

The shares of PT Bank JTrust were re-floated on 8th January 2020 on the Indonesian Stock Exchange. The Group has tested investment in PT Bank JTrust Indonesia Tbk. for impairment based on market price on the same date. The recoverable amount was determined to be lower than its carrying amount, hence, an impairment loss of Baht 135 million was recognised.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

16 Property, plant and equipment

	Consolidated financial statements							
	Land	Buildings	Building improvement and lease area	Furniture and office equipment (in thousand Baht)	Computer and equipment	Motor vehicles	Work in process	Total
Cost								
At 1 January 2018	35,983	45,553	38,884	50,859	116,200	44,007	300	331,786
Additions	-	-	950	3,968	8,529	16,679	-	30,126
Disposals/Write-off	-	-	-	(392)	(4,837)	(4,954)	-	(10,183)
Effect of movement in exchange rate	-	-	(185)	(172)	(2,452)	(483)	-	(3,292)
At 31 December 2018 and 1 January 2019	35,983	45,553	39,649	54,263	117,440	55,249	300	348,437
Additions	-	-	705	780	3,793	1,883	-	7,161
Disposals/Write-off	-	-	(26)	(3,570)	(3,029)	(336)	-	(6,961)
Effect of movement in exchange rate	-	-	(1,535)	(707)	(4,938)	(1,583)	-	(8,763)
At 31 December 2019	35,983	45,553	38,793	50,766	113,266	55,213	300	339,874
Accumulated depreciation								
At 1 January 2018	-	41,187	17,497	33,640	69,948	33,994	-	196,266
Depreciation for the year	-	354	4,615	7,765	20,996	5,801	-	39,531
Depreciation on disposals/Write-off	-	-	-	(352)	(1,644)	(3,307)	-	(5,303)
Effect of movement in exchange rate	-	-	(69)	(57)	(501)	(310)	-	(937)
At 31 December 2018 and 1 January 2019	-	41,541	22,043	40,996	88,799	36,178	-	229,557
Depreciation for the year	-	354	4,342	6,254	14,813	6,336	-	32,099
Depreciation on disposals/Write-off	-	-	(17)	(3,234)	(3,005)	(312)	-	(6,568)
Effect of movement in exchange rate	-	-	(850)	(533)	(4,195)	(980)	-	(6,558)
At 31 December 2019	-	41,895	25,518	43,483	96,412	41,222	-	248,530
Net book value								
31 December 2018	35,983	4,012	17,606	13,267	28,641	19,071	300	118,880
31 December 2019	35,983	3,658	13,275	7,283	16,854	13,991	300	91,344

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

				Separate financial statements				
	Land	Buildings	Building improvement and lease area	Furniture and office equipment (in thousand Baht)	Computer and equipment	Motor vehicles	Work in process	Total
<i>Cost</i>								
1 January 2018	35,983	45,553	16,871	25,314	50,911	26,566	300	201,498
Additions	-	-	933	1,346	1,505	56	-	3,840
Disposals/Write-off	-	-	-	(10)	-	(1,020)	-	(1,030)
At 31 December 2018 and 1 January 2019	35,983	45,553	17,804	26,650	52,416	25,602	300	204,308
Additions	-	-	695	177	255	-	-	1,127
Disposals/Write-off	-	-	-	(918)	(2,856)	-	-	(3,774)
At 31 December 2019	35,983	45,553	18,499	25,909	49,815	25,602	300	201,661
<i>Accumulated depreciation</i>								
1 January 2018	-	41,187	9,502	19,803	38,631	20,888	-	130,011
Depreciation for the year	-	354	1,597	2,336	7,551	2,625	-	14,463
Depreciation on disposals/write-off	-	-	-	(4)	-	(1,011)	-	(1,015)
At 31 December 2018 and 1 January 2019	-	41,541	11,099	22,135	46,182	22,502	-	143,459
Depreciation for the year	-	354	1,454	1,749	4,100	1,694	-	9,351
Depreciation on disposals/write-off	-	-	-	(915)	(2,856)	-	-	(3,771)
At 31 December 2019	-	41,895	12,553	22,969	47,426	24,196	-	149,039

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

				Separate financial statements				
	Land	Buildings	Building improvement and lease area	Furniture and office equipment (in thousand Baht)	Computer and equipment	Motor vehicles	Work in process	Total
<i>Net book value</i>								
At 31 December 2018	<u>35,983</u>	<u>4,012</u>	<u>6,705</u>	<u>4,515</u>	<u>6,234</u>	<u>3,100</u>	<u>300</u>	<u>60,849</u>
At 31 December 2019	<u>35,983</u>	<u>3,658</u>	<u>5,946</u>	<u>2,940</u>	<u>2,389</u>	<u>1,406</u>	<u>300</u>	<u>52,622</u>

As at 31 December 2019 and 2018, 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 158.66 million and Baht 105.52 million, respectively (the Company only: Baht 106.16 million and Baht 92.49 million, respectively).

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

17 Intangible assets

	Consolidated financial statements				
	Exclusive right agreement	Computer software	Leasehold (in thousand Baht)	Software under development	Total
<i>Cost</i>					
At 1 January 2018	19,961	56,368	40	64,555	140,924
Acquisitions during the year	-	1,950	20	23,326	25,296
Write-off	-	(429)	-	(8,688)	(9,117)
Transfer in (out)	-	75,760	-	(75,760)	-
Effect of movement in exchange rate	(141)	(201)	-	(56)	(398)
At 31 December 2018 and 1 January 2019	19,820	133,448	60	3,377	156,705
Acquisitions during the year	-	177	-	8,797	8,974
Transfer in (out)	-	12,160	-	(12,160)	-
Effect of movement in exchange rate	(1,402)	(3,116)	-	(14)	(4,532)
At 31 December 2019	18,418	142,669	60	-	161,147

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

	Consolidated financial statements				Total
	Exclusive right agreement	Computer software	Leasehold (in thousand Baht)	Software under development	
<i>Amortisation</i>					
At 1 January 2018	15,526	9,369	28	-	24,923
Amortisation for the year	3,289	11,824	15	-	15,128
Amortisation on write-off	-	(43)	-	-	(43)
Effect of movement in exchange rate	(96)	(17)	-	-	(113)
At 31 December 2018 and 1 January 2019	18,719	21,133	43	-	39,895
Amortisation for the year	1,075	18,232	11	-	19,318
Effect of movement in exchange rate	(1,376)	(681)	-	-	(2,057)
At 31 December 2019	18,418	38,684	54	-	57,156
<i>Net book value</i>					
At 31 December 2018	1,101	112,316	16	3,377	116,810
At 31 December 2019	-	103,985	6	-	103,991

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

	Separate financial statements		
	Computer software	Software under development (in thousand Baht)	Total
Cost			
At 1 January 2018	22,870	56,796	79,666
Acquisitions during the year	660	19,188	19,848
Write off	-	(7,769)	(7,769)
Transferred in (out)	65,443	(65,443)	-
At 31 December 2018 and 1 January 2019	88,973	2,772	91,745
Acquisitions during the year	177	623	800
Transferred in (out)	3,395	(3,395)	-
At 31 December 2019	92,545	-	92,545
Amortisation			
At 1 January 2018	5,183	-	5,183
Amortisation for the year	7,531	-	7,531
At 31 December 2018 and 1 January 2019	12,714	-	12,714
Amortisation for the year	11,966	-	11,966
At 31 December 2019	24,680	-	24,680
Net book value			
At 31 December 2018	76,259	2,772	79,031
At 31 December 2019	67,865	-	67,865

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

18 Goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows.

	Consolidated financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Hire purchase services Thanaban Co., Ltd.	71,872	71,872
Hire purchase services GL Finance Plc.	42,318	45,540
Microfinance services BG Microfinance Myanmar Co., Ltd.	203,678	219,360
Total	317,868	336,772

Hire purchase services of Thanaban and GLF

As at 31 December 2019, the recoverable amount of the hire purchase services of Thanaban and GLFs' CGUs have been determined based on fair value calculation using the relative valuation approach for evaluating net asset value by calculating price to earnings and price to book value of listed comparable companies to evaluate the fair value of cash generating units. The management of the Group has collected comparative information from assets in the market with the most similar characteristics of that of the cash generating unit and compared and performed analytical procedures. The management of the Group tested the calculation of the recoverable values of the assets and considered the impact of changes in key assumptions on those recoverable values.

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

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

	Hire purchase services Thanaban Co., Ltd.		Hire purchase services GL Finance Plc.	
	2019	2018	2019	2018
	<i>(time)</i>			
Price to earnings	17.42x	13.89x	11.44x	8.13x

Microfinance services of BGMM

As at 31 December 2019 and 2018, the recoverable amount of the microfinance services of BGMM's CGU has been determined based on value in use calculation using residual income from financial budgets approved by the management covering a five-year period.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

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

	Microfinance services BG Microfinance Myanmar Co., Ltd.	
	2019	2018
	<i>(% per annum)</i>	
Growth rates	4.5	4.5
Pre-tax discount rates	15.0	16.0

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

19 Deposit 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. 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 2019 total deposits, including accrued interest, recorded in BGMM's statement of financial position amounted to MMK 2,826 million (equivalent to approximately Baht 57.4 million) (2018: MMK 1,944 million (equivalent to approximately Baht 40.6 million)), and these had remaining terms ranging from 6 months to 1 year.

20 Interest-bearing liabilities

	Consolidated financial statements					
	2019			2018		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>(in thousand Baht)</i>					
Short-term loans	-	18,216	18,216	-	19,603	19,603
Long-term loans from financial institutions	-	-	-	22,387	-	22,387
Total interest-bearing liabilities	-	18,216	18,216	22,387	19,603	41,990

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	Consolidated financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Fixed deposit	-	5,510
Total	-	5,510

Changes in liabilities arising from financing activities

	Consolidated financial statements
	Loan and interest payable
	<i>(in thousand Baht)</i>
Balance at 1 January 2019	41,990
Changes from financing cash flows	(23,929)
Non-cash items	
Addition	1,764
The effect of changes in foreign exchange rates	(1,609)
Balance at 31 December 2019	18,216

21 Other payables

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Accrued interest expenses - related parties (Note 4 and 28)	645,675	402,786	645,675	402,786
Accrued interest expenses	7,539	19,260	7,539	19,260
Accrued commission expenses	16,947	12,559	5,694	3,634
Accrued bonus	37,249	12,262	30,644	-
Accrued expenses - related parties (Note 4 and 28)	461	461	862	1,022
Accrued expenses	126,987	92,072	20,230	13,635
Total	834,858	539,400	710,644	440,337

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

22 Debentures

	Consolidated and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Debentures 1/2016	-	1,500,000
Less: Unamortised portion of deferred transaction costs	-	(13,189)
Debentures, net	-	1,486,811

Details of the Company's debentures were as follow:

	1/2016
Amount	Baht 1,500 million
Issue date	29 September 2016
Maturity date	29 September 2019
Term	3 years
Interest rate	2.84% per annum
Interest payment term	Semi-annually
Interest payment schedule	29 March and 29 September
Principal repayment	On the redemption date of 29 September 2019
Guarantee	Disclosed in Note 33

Debentures have been fully paid on 12 September 2019.

23 Convertible debentures

	Consolidated and separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Convertible debentures 1/2016	3,921,510	4,219,312
Convertible debentures 1/2017	1,512,291	1,624,739
Convertible debentures 2/2017	604,916	649,896
Total	6,038,717	6,493,947
Less: Unamortised portion of deferred transaction costs	(2,228)	(4,548)
Convertible debentures, net	6,036,489	6,489,399
Less: Amount classified as equity	(59,458)	(59,458)
Amount classified as liability	5,977,031	6,429,941

Reflected in the statements of financial position as follows:

Convertible debentures under court cases		
- Current	1,476,772	-
- Non-current	3,909,559	5,794,581
Convertible debentures - other		
- Current	590,700	-
- Non-current	-	635,360
	5,977,031	6,429,941

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

Convertible debentures as at 31 December 2019 and 2018 were as follow:

	1/2016	1/2017	2/2017
Type of debentures	Unsubordinated, unsecured convertible debenture without debenture holders' representative	Unsubordinated, unsecured convertible debenture without debenture holders' representative	Unsubordinated, unsecured convertible debenture without debenture holders' representative
Number of units	1,300 units	500 units	200 units
Face value/unit	USD 100,000	USD 100,000	USD 100,000
Issue date	1 August 2016	20 March 2017	30 March 2017
Maturity date	1 August 2021	20 March 2020	30 March 2020
Term	5 years	3 years	3 years
Interest rate	5% per annum	5% per annum	5% per annum
Interest payment term	Semi-annually	Semi-annually	Semi-annually
Interest payment schedule	1 August and 1 February	20 March and 20 September	30 March and 30 September
Redemption at maturity date	1. Redeem in full in cash 2. Convert into common stock	1. Redeem in full in cash 2. Convert into common stock	1. Redeem in full in cash 2. Convert into common stock
Conversion to common stock	1 convertible debenture per 88,550 shares	1 convertible debenture per 49,507 shares	1 convertible debenture per 49,507 shares
Conversion price	Baht 40 per share	Baht 70 per share	Baht 70 per share
Date of conversion	Last business day of each quarter	Last business day of each month	Last business day of each month

24 Provisions for employee benefits

Defined benefit plan

The Group operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Present value of the defined benefit obligations

	Consolidated and Separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
At 1 January	18,394	11,768
Include in profit or loss:		
Current service cost	5,937	3,748
Past Service Cost - Plan Changes	1,803	-
Interest on obligation	488	244
	8,228	3,992

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

Present value of the defined benefit obligations

	Consolidated and Separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Included in other comprehensive income		
Actuarial losses	-	4,790
Other		
Benefit paid	(5,409)	(2,156)
At 31 December	21,213	18,394

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated and Separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Demographic assumptions changes	-	1,468
Financial assumptions changes	-	354
Experience adjustments	-	2,968
Total	-	4,790

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

	Consolidated and Separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Administrative expenses	8,228	3,992

The Company expects to pay Baht 2.0 million of long-term employee benefits during the next year (2018: Baht 4.7 million).

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as at 31 December 2019 as well as past service cost recognised during the year then ended in the consolidated and separate financial statements increased by an amount of Baht 1.8 million.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated and Separate financial statements
	2019 and 2018
	(% per annum)
Discount rate	2.8
Future salary growth	4.5
Employee turnover	8.0-18.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019 and 2018, the weighted-average duration of the defined benefit obligation were 12 years.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated and Separate financial statements			
	2019		2018	
	Increase	Decrease	Increase	Decrease
	(in thousand Baht)			
Discount rate (1% movement)	(1,828)	2,107	(1,244)	1,424
Future salary growth (1% movement)	2,369	(2,081)	1,471	(1,311)
Employee turnover (10% movement)	(1,832)	2,113	(1,232)	1,409

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

25 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company’s net investment in a foreign operation.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

26 Segment information

The Group are organised into business units based on its products and services. During the current period, the Group have not changed the organisation of their reportable segments. The following tables present revenue information regarding the Group' operating segments.

	Consolidated financial statements													
	Hire Purchase and lending services		Financing to corporates and investment holding		Business management and consulting services		Microfinance services		Consumer finance services under joint financing arrangements		Item not allocated		Total	
Year ended 31 December	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(in thousand Baht)													
External revenues	2,123,455	2,454,275	1,965	1,870	91,534	86,092	190,925	169,964	5,700	46,890	-	-	2,413,579	2,759,091
Inter-segment revenue	467,323	461,146	111,023	161,137	23,735	25,424	-	-	-	-	-	-	602,081	647,707
Other income	19,823	30,444	59,398	45,200	6,908	11,221	8,923	5,474	4,189	1,286	-	-	99,241	93,625
Total segment revenue	2,610,601	2,945,865	172,386	208,207	122,177	122,737	199,848	175,438	9,889	48,176	-	-	3,114,901	3,500,423
Adjustment and eliminations	(467,323)	(461,146)	(111,023)	(161,137)	(23,735)	(25,424)	-	-	-	-	-	-	(602,081)	(647,707)
Total segment revenue, net	2,143,278	2,484,719	61,363	47,070	98,442	97,313	199,848	175,438	9,889	48,176	-	-	2,512,820	2,852,716
Segment profit (loss) before income tax	494,224	819,336	(199,660)	(156,478)	47,464	50,245	124,900	117,226	(65,461)	(93,579)	(298,079)	(285,541)	103,388	451,209
Segment assets as at 31 December	6,067,000	7,160,199	325,583	101,668	83,852	13,917	702,753	797,349	121,499	105,809	5,423,805	6,435,190	12,724,492	14,614,132
Segment liabilities as at 31 December	6,911,777	8,661,850	80,711	75,689	9,953	7,471	72,082	76,708	43,127	14,265	-	-	7,117,650	8,835,983

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

Geographic information

Revenue from external customers is based on locations of the customers

<i>Year ended 31 December</i>	Consolidated financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Revenue from external customers and other income		
Thailand	1,655,574	1,801,908
Cambodia	387,242	539,654
Singapore	47,892	33,225
Laos	89,989	128,277
Indonesia	61,268	102,023
Myanmar	270,855	247,629
Total	<u>2,512,820</u>	<u>2,852,716</u>

27 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Salary and wages and other employee benefits	659,021	722,387	380,714	385,560
Service agreement expenses	2,253	2,454	1,225	1,398
Debt following expenses	24,623	22,497	20,513	18,416
Depreciation	32,099	39,531	9,351	14,463
Amortisation	19,318	15,128	11,966	7,531
Registration fee	8,037	9,824	1,248	1,400
Rental fee	44,386	47,667	3,203	4,935
Professional fee	232,177	104,385	180,908	68,480

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

28 Finance costs

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<i>Interest expense:</i>					
<i>Convertible debentures</i>					
Related parties	4	280,210	292,428	280,210	292,428
Others		31,135	32,492	31,135	32,492
<i>Debentures</i>					
Others		27,484	42,718	27,484	42,718
<i>Loans</i>					
Related parties	4	-	-	-	1,273
Others		7,404	9,279	-	-
Total interest expense		346,233	376,917	338,829	368,911
Amortisation of transaction costs capitalised		15,510	19,560	15,510	19,529
Net		361,743	396,477	354,339	388,440

29 Hedge accounting for net investment in foreign operations

As at 31 December 2019, loans from the Company to GLH of USD 154.1 million, which are equity loans, are included in net investment in foreign operations, all the net investment in foreign operations totalling USD 273.3 million. The Company has adopted hedge accounting for its net investment in foreign operations. The Company hedges currency risk arising from the translation of the financial statements of an overseas subsidiary (i.e. foreign operation) using convertible debentures denominated in the same foreign currency. For this purpose, it applies net investment hedge accounting, in which only the spot rate element of the convertible debentures is designated as the hedging instrument. The effectiveness of the Group's hedging transactions is determined on the basis of the convertible debenture rates, using the dollar-offset method. The effective portion of the changes in the value of the convertible debentures is recognised in other comprehensive income and will not be reversed and recognised in the income statement until the Group disposes of the foreign operation.

As at 31 December 2019 the value of the convertible debentures designated as a hedging instrument of USD 200.0 million, translated using the spot rate, was approximately Baht 5,979 million, and a resulting unrealised gain of Baht 455.2 million (2018: *unrealised gain of Baht 45.8 million*) was recognised in other comprehensive income in the consolidated financial statements for the year ended 31 December 2019. In the current period there was no ineffective portion for hedges of the net investment in foreign operations, and the interest expense of Baht 311.3 million arising in connection with the convertible debentures was recognised under finance cost in the consolidated financial statements.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

30 Income tax

<i>Income tax recognised in profit or loss</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Current tax expense				
Current year	<u>132,447</u>	<u>191,085</u>	<u>78,593</u>	<u>99,845</u>
Deferred tax expense				
Movements in temporary differences	<u>(7,452)</u>	<u>(29,412)</u>	<u>(13,384)</u>	<u>(11,301)</u>
Total income tax expense	<u>124,995</u>	<u>161,673</u>	<u>65,209</u>	<u>88,544</u>

Consolidated and Separate financial statements						
<i>Income tax recognised in other comprehensive income</i>	2019			2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial losses	-	-	-	(4,790)	958	(3,832)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,790)</u>	<u>958</u>	<u>(3,832)</u>

<i>Reconciliation of effective tax rate</i>	Consolidated financial statements			
	2019	2018		
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit (loss) before income tax expense		<u>103,388</u>		<u>451,209</u>
Income tax using the Thai corporation tax rate	20	20,678	20	90,242
Income tax reduction - current		(2,135)		(2,132)
Income tax reduction - deferred		(7,452)		(29,412)
Effect of different tax rates in foreign jurisdictions		(13,480)		(13,866)
Income not subject to tax		(1,170)		(857)
Expenses not deductible for tax purposes		12,701		61,989
Current year losses for which no deferred tax asset was recognised		70,480		8,908
Other		45,373		46,801
Total	<u>120.90</u>	<u>124,995</u>	<u>35.83</u>	<u>161,673</u>

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

Reconciliation of effective tax rate

	Separate financial statements			
	2019		2018	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit (loss) before income tax expense	20	327,324	20	326,951
Income tax using the Thai corporation tax rate		65,465		65,390
Income tax reduction – current		(2,086)		(2,132)
Income tax reduction – deferred		(13,384)		(11,302)
Expenses not deductible for tax purposes		15,214		36,588
Total	19.92	65,209	27.08	88,544

Movements in deferred tax balances are as follows:

	Consolidated financial statements			
	At 1 January 2019	(Charged) / Credited to Profit or loss (in thousand Baht)	Exchange differences	At 31 December 2019
Deferred tax assets				
Allowance for doubtful accounts	83,596	4,375	(8)	87,963
Allowance for diminution of value foreclosed assets	2,376	1,351	(47)	3,680
Reserve for employee benefits	3,679	564	-	4,243
Loss brought forward	19,233	-	(428)	18,805
Allowance for doubtful account - other receivables	48,937	108	(3,350)	45,695
Others	960	5,456	(67)	6,349
Total	158,781	11,854	(3,900)	166,735
Deferred tax liabilities				
Prepaid commission expenses	11,733	1,312	-	13,045
Accumulated depreciation and amortisation	896	(518)	(34)	344
Amortised transaction cost of convertible debentures - liability component	894	(464)	(1)	429
Amortised transaction cost of convertible debentures - equity component	17	-	-	17
Amortised transaction cost of debentures	2,638	(2,638)	-	-
Interest income receivable from NPLs	4,506	(2,245)	(314)	1,947
Revaluation of loan and interest receivables from subsidiary	8,673	(6,267)	6,124	8,530
Revaluation of convertible debentures	6,960	6,960	(6,120)	7,800
Unremitted foreign income	43,215	7,782	(3,074)	47,923
Total	79,532	3,922	(3,419)	80,035
Net	79,249	7,932	(481)	86,700

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

Consolidated financial statements			
	At 1 January 2018	(Charged) / Credited to Profit or loss (in thousand Baht)	At 31 December 2018
<i>Deferred tax assets</i>			
Allowance for doubtful accounts	57,897	25,686	83,596
Allowance for diminution of value foreclosed assets	3,279	(909)	2,376
Reserve for employee benefits	2,357	1,322	3,679
Loss brought forward	11,208	8,096	19,233
Allowance for doubtful account - other receivables	-	49,325	48,937
Others	640	320	960
Total	75,381	83,840	158,781
<i>Deferred tax liabilities</i>			
Prepaid commission expenses	11,676	57	11,733
Accumulated depreciation and amortisation	2,191	(1,306)	896
Amortised transaction cost of convertible debentures - liability component	1,355	(462)	894
Amortised transaction cost of convertible debentures - equity component	17	-	17
Amortised transaction cost of debentures	6,015	(3,377)	2,638
Interest income receivable from NPLs	4,219	289	4,506
Revaluation of loan and interest receivables from subsidiary	-	8,674	8,673
Revaluation of convertible debentures	-	6,960	6,960
Unremitted foreign income	-	43,556	43,215
Others	71	(71)	-
Total	25,544	54,320	79,532
Net	49,837	29,520	79,249

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

	Separate financial statements		
	At 1 January 2019	(Charged) / Credited to Profit or loss (in thousand Baht)	At 31 December 2019
<i>Deferred tax assets</i>			
Allowance for doubtful accounts	69,983	4,324	74,307
Allowance for diminution of value foreclosed assets	1,448	1,272	2,720
Reserve for employee benefits	3,679	564	4,243
Others	-	6,129	6,129
Total	75,110	12,289	87,399
<i>Deferred tax liabilities</i>			
Prepaid commission expenses	11,733	1,312	13,045
Amortised transaction cost of convertible debentures - liability component	894	(465)	429
Amortised transaction cost of convertible debentures - equity component	17	-	17
Amortised transaction cost of debentures	2,638	(2,638)	-
Revaluation of loan and interest receivables from subsidiary	8,673	(143)	8,530
Revaluation of convertible debentures	6,961	839	7,800
Total	30,916	(1,095)	29,821
Net	44,194	13,384	57,578

	Separate financial statements		
	At 1 January 2018	(Charged) / Credited to Profit or loss (in thousand Baht)	At 31 December 2018
<i>Deferred tax assets</i>			
Allowance for doubtful accounts	47,993	21,990	69,983
Allowance for diminution of value foreclosed assets	1,677	(229)	1,448
Reserve for employee benefits	2,357	1,322	3,679
Total	52,027	23,083	75,110
<i>Deferred tax liabilities</i>			
Prepaid commission expenses	11,676	57	11,733
Amortised transaction cost of convertible debentures - liability component	1,355	(461)	894
Amortised transaction cost of convertible debentures - equity component	17	-	17
Amortised transaction cost of debentures	6,015	(3,377)	2,638
Revaluation of loan and interest receivables from subsidiary	-	8,673	8,673
Revaluation of convertible debentures	-	6,961	6,961
Others	71	(71)	-
Total	19,134	11,782	30,916
Net	32,893	11,301	44,194

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

Reflected in the statements of financial position as follows:

	Consolidated financial statements			
	Assets		Liabilities	
<i>Deferred tax assets and liabilities</i>	2019	2018	2019	2018
<i>At 31 December</i>	<i>(in thousand Baht)</i>			
Total	166,735	158,781	(80,035)	(79,532)
Set off of tax	(32,112)	(36,317)	32,112	36,317
Net deferred tax assets (liabilities)	134,623	122,464	(47,923)	(43,215)

	Separate financial statements			
	Assets		Liabilities	
<i>Deferred tax assets and liabilities</i>	2019	2018	2019	2018
<i>At 31 December</i>	<i>(in thousand Baht)</i>			
Total	87,399	75,110	(29,821)	(30,916)
Set off of tax	(29,821)	(30,916)	29,821	30,916
Net deferred tax assets (liabilities)	57,578	44,194	-	-

31 Earnings (loss) per share

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) for the year attributable to ordinary shareholders of the Company	(32,880)	281,794	262,115	238,407
Number of ordinary shares outstanding	1,525,538	1,525,538	1,525,538	1,525,538
Earnings (loss) per share (basic) (Baht)	(0.022)	0.185	0.172	0.156

32 Financial instruments

Financial risk management policies

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

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 2019, the Group's debt-to-equity ratio was 1.27:1 (2018: 1.53:1) and the Company's was 1.16:1 (2018: 1.52:1).

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its deposits with financial institutions, hire purchase receivables, loan receivables, microfinance receivables, consumer finance receivables under joint financing arrangement, corporate loans receivables, pledged fixed deposit at financial institution, other long-term investments, deposits from customers, 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 2019 and 2018, 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.

	Consolidated financial statements				
	Fixed Interest rated				
	Within 1 year	After 1 year but within 5 years	Floating interest	Non-interest bearing	Total
	(in thousand Baht)				
2019					
Financial assets					
Cash and cash equivalent	2,121,034	-	336,340	634,141	3,091,515
Current investment	105,646	-	-	-	105,646
Hire purchase receivables	2,942,550	2,162,135	-	-	5,104,685
Loan receivables	232,754	64,200	-	-	296,954
Microfinance receivables	626,833	21,707	-	-	648,540
Consumer finance receivables under joint financing arrangements	6,086	322	-	-	6,408
Corporate loans and interest receivables	41,055	-	-	-	41,055
Other receivables	-	-	-	120,361	120,361
Pledged fixed deposit at financial institution	-	343	-	-	343
Other long-term investments	-	192,718	-	342,791	535,509
Deposits	-	-	-	51,783	51,783
	6,075,958	2,441,425	336,340	1,149,076	10,002,799
Financial liabilities					
Trade and other payables	-	-	-	852,458	852,458
Deposit from customer	57,362	-	-	-	57,362
Short-term loans	18,216	-	-	-	18,216
Convertible debenture	2,067,472	3,909,559	-	-	5,977,031
	2,143,050	3,909,559	-	852,458	6,905,067

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

Consolidated financial statements					
	Fixed Interest rated				Total
	Within 1 year	After 1 year but within 5 years	Floating interest	Non-interest bearing	
	<i>(in thousand Baht)</i>				
2018					
Financial assets					
Cash and cash equivalent	2,136,673	-	526,174	1,082,156	3,745,003
Current investment	18,049	-	-	-	18,049
Hire purchase receivables	3,535,365	2,676,394	-	-	6,211,759
Loan receivables	282,243	13,044	-	-	295,287
Microfinance receivables	554,319	6,718	-	-	561,037
Consumer finance receivables under joint financing arrangements	5,355	19,311	-	-	24,666
Corporate loans and interest receivables	42,123	-	-	-	42,123
Other receivables	-	-	-	89,327	89,327
Pledged fixed deposit at financial institution	-	5,850	-	-	5,850
Other long-term investments	-	192,718	-	478,278	670,996
Deposits	-	-	-	41,215	41,215
	6,574,127	2,914,035	526,174	1,690,976	11,705,312
Financial liabilities					
Trade and other payables					
Deposit from customer	-	-	-	559,056	559,056
Short-term loans	19,603	-	-	-	19,603
Long-term loans	22,387	-	-	-	22,387
Debenture	1,486,811	-	-	-	1,486,811
Convertible debenture	-	6,429,941	-	-	6,429,941
Deposit from customer	-	40,624	-	-	40,624
	1,528,801	6,470,565	-	559,056	8,558,422

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

Separate financial statements

	Fixed Interest rated				
	Within 1 year	After 1 year but within 5 years	Floating interest	Non-interest bearing	Total
	<i>(in thousand Baht)</i>				
2019					
Financial assets					
Cash and cash equivalent	-	-	251,736	114,244	365,980
Hire purchase receivables	1,979,097	1,544,400	-	-	3,523,497
Short-term loans to and interest receivable from subsidiary	144,127	-	-	-	144,127
Other receivables	-	-	-	71,707	71,707
Pledged fixed deposit at financial institution	-	343	-	-	343
Long-term loan to and interest receivables from subsidiary	-	4,646,075	-	-	4,646,075
Deposits	-	-	-	8,145	8,145
	2,123,224	6,190,818	251,736	194,096	8,759,874
Financial liabilities					
Trade and other payables	-	-	-	717,009	717,009
Convertible debenture	2,067,472	3,909,559	-	-	5,977,031
	2,067,472	3,909,559	-	717,009	6,694,040
2018					
Financial assets					
Cash and cash equivalent	-	-	373,375	36,518	409,893
Hire purchase receivables	2,206,919	2,013,078	-	-	4,219,997
Short-term loans to and interest receivable from subsidiary	209,983	-	-	-	209,983
Other receivables	-	-	-	42,181	42,181
Pledged fixed deposit at financial institution	-	340	-	-	340
Long-term loan to and interest receivables from subsidiary	-	5,307,792	-	-	5,307,792
Deposits	-	-	-	1,674	1,674
	2,416,902	7,321,210	373,375	80,373	10,191,860
Financial liabilities					
Trade and other payables	-	-	-	450,109	450,109
Debentures	1,486,811	-	-	-	1,486,811
Convertible debenture	-	6,429,941	-	-	6,429,941
	1,486,811	6,429,941	-	450,109	8,366,861

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

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 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

	Consolidated financial statements			
	Financial assets		Financial liabilities	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Foreign currency</i>				
USD	384	2,372	219,951	210,951
SGD	586	114	-	-
LKR	107,468	111,403	-	-
KHR	14	239	-	-
THB	41,060	30,407	-	22,386
	Separate financial statements			
	Financial assets		Financial liabilities	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Foreign currency</i>				
USD	158,840	168,477	219,964	210,961

Credit risk

The Company is exposed to credit risk primarily with respect to hire purchase receivables, loan receivables and corporate 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, loan receivables and corporate loans receivables as stated in the statement of financial position.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determining fair value of assets and liabilities

The fair value of short-term financial assets and liabilities are taken to approximate the carrying value as determined in the statement of financial position.

The fair value of long-term financial assets and liabilities are taken to approximate the carrying value because most of these financial instruments bear interest approximately to market rate.

Transfers between Level 1 and 2

To determine the fair value of the debt securities, management used a valuation technique in which all significant inputs were based on observable market data. There were no transfers from Level 2 to Level 1 in 2019 and no transfers in either direction in 2018.

Group Lease Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2019

Consolidated financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2019					
Financial assets and financial liabilities not measured at fair value					
Financial assets					
Other long-term investments					
Investments in held-to-maturity					
debt securities	192,718	-	-	171,878	171,878
Investments in other companies	342,791	-	93,234	279,015	372,249
Financial liabilities					
Convertible debentures	3,909,559	-	4,213,645	-	4,213,645
31 December 2018					
Financial assets and financial liabilities not measured at fair value					
Financial assets					
Other long-term investments					
Investments in held-to-maturity					
debt securities	192,718	-	-	184,964	184,964
Investments in other companies	478,278	-	62,203	376,633	437,836
Financial liabilities					
Convertible debentures	6,429,941	-	7,081,453	-	7,081,453
Separate financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2019					
Financial liabilities not measured at fair value					
Financial liabilities					
Convertible debentures	3,909,559	-	4,213,645	-	4,213,645
31 December 2018					
Financial liabilities not measured at fair value					
Financial liabilities					
Convertible debentures	6,429,941	-	7,081,453	-	7,081,453

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

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, short-term loans to, corporate loan receivables, other receivables, trade and other payables, and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.
- For hire purchase receivables and loan receivables, fair value is stated net of unearned hire purchase interest income and allowance for doubtful accounts.
- For non-marketable securities, their fair value is estimated by discounting expected future cash flow by capital assets pricing model.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

- d) For fixed rate 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.

33 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for:</i>				
Software licenses	-	400	-	400
Building improvement and lease area	-	649	-	649
Total	-	1,049	-	1,049
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	22,038	29,819	4,177	7,606
After one year but within five years	16,473	40,271	149	2,877
Total	38,511	70,090	4,326	10,483

Guarantees

As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 0.3 million. This is letters of guarantee amounting to Baht 0.3 million to guarantee electricity use and use of post services (2018: Baht 0.3 million).

In addition, as at 31 December 2018, the Company has agreement to transfer the rights of claim under hire purchase agreements (net of unearned hire purchase interest income) to guarantee debenture amounting to Baht 975.0 million as disclosed in Notes 6. (2019: nil)

34 Contingencies

The Group is the defendant in several legal cases actioned by the substantial convertible debenture holder of the Company and its related companies alleging - misrepresentation of the financial status of the Company and defamation; misrepresentation of the financial position of the Company's subsidiary in Singapore; and breach of a joint finance agreement by the Company's subsidiary in Indonesia; - and claiming rehabilitation of the Company, monetary compensation and interest. The Group has filed counter actions, and preliminary hearings and discovery proceedings on these actions are in progress. The ultimate outcome of the above matters cannot presently be determined. The management consider that no provision for any liability, impairment of assets or reclassification of convertible debenture is required in the financial statements.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

34.1 Litigations in Thailand

1) Civil Cases

a) Civil black case number Por. 83/2561

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
JTrust Asia Pte. Ltd. (“JTA”)	Group Lease Public Company Limited (“GL”), directors and former directors of the Company	<ul style="list-style-type: none"> - Tort - Avoidance of Convertible Debenture Transaction - Compensation 	Baht 8,020,132,483.88	<ul style="list-style-type: none"> - On 9 January 2018, JTA filed a civil complaint to the Civil Court. - On 13 March 2018, GL submitted the answer to the Civil Court against the JTA’s claims. - On 17 April 2018, GL submitted the petition to the Civil Court requesting the Court to first decide on legal issues to set aside the JTA’s claim against GL case. - On 2 October 2018, GL filed a petition requesting the Court to grant an injunctive relief for the plaintiff to deposit money as security for the Court’s fee and expense in the amount of THB 10 million. - On 7 December 2018, the Court ordered dismissal of GL’s petition requesting the Court to grant an injunctive relief for JTA to deposit money as security in the amount of THB 10 million for the Court’s fees and expenses. The petition request the Court to decide on legal issues to set aside JTA’s claims. In addition, the Court has also fixed the disputed issues and burden of proof of the parties as fixed the schedules for witness examination between 20 August and 9 October 2019. - The Court scheduled a judgment date on 3 December 2019. - On 8 October 2019, The court cancel all previous schedule and rescheduled for witness examination to the date during 7 May and 24 June 2020 - The judgement date is scheduled for 25 August 2020.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

b) Civil black case number Por. 2313/2561

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
Group Lease Public Company Limited (“GL”)	JTrust Asia Pte. Ltd. (“JTA”)	<ul style="list-style-type: none"> - Tort - Claim for damage regarding violation to Bankruptcy Act B.E. 2483 	Baht 880,000,000	<ul style="list-style-type: none"> - On 30 April 2018, GL filed a civil complaint against JTA to the Civil Court. - On 17 December 2018, the Court ordered dismissal of the JTA’s petition requesting the Court to suspend further proceedings of the case. In addition, on the same day, the Court has also fixed the disputed issues and burden of proof of the parties as fixed schedules for the parties’ witness examination between 12 and 29 November 2019. - The Court scheduled a judgment date on 5 March 2020.

c) Civil black case number Por. 2399/2561

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
1. J Trust Co., Ltd. (“JTrust”) 1. JTrust Asia Pte. Ltd. (“JTA”)	Group Lease Public Company Limited (“GL”)	<ul style="list-style-type: none"> - Tort - Defamation - Claim for damage 	Baht 20,271,232.88	<ul style="list-style-type: none"> - On 3 May 2018, JTrust and JTA filed the civil complaint against GL for defamation. - On 21 February 2019, the Court fixed the disputed issues and informed the schedule for plaintiff’s and defendant’s witness examination between 16 and 28 January 2020. - The Court scheduled a judgement date on 20 March 2020. - On 16 January 2020, JTrust and JTA withdraw the case. The Court struck out this case from the case – list system.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

2) Rehabilitation Case

Black case number For. 1/2561

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
JTrust Asia Pte. Ltd. ("JTA")	Group Lease Public Company Limited ("GL")	Business rehabilitation	USD 180,000,000	<ul style="list-style-type: none"> - On 10 January 2018, JTA filed a petition for rehabilitation against GL to the Central Bankruptcy Court. - On 12 March 2018, GL submitted the objection statement against the rehabilitation petition to the Court. - On 19 March 2018, the Central Bankruptcy Court dismissed JTA's rehabilitation petition. - On 17 April 2018, JTA submitted the appeal against the Court's order dismissing the Rehabilitation Petition. The appeal has been accepted by the Court on 18 April 2018. - On 19 September 2018, GL submitted its answer to the Petitioner's appeal. - On 26 February 2019, the Court of Appeal for Specialised Cases overruled the Central Bankruptcy Court's order and ordered for the re-hearing to be in accordance with the details of the case. - On 26 April 2019, the Court took testimony of some of JTA's witnesses. The Court scheduled the next hearing as the continuous trial during 26 June 2019 to 2 July 2019. - On 28 June 2019, were the examination of witnesses from both sides. - On 15 August 2019, JTA's rehabilitation petition. - On 13 December 2019, JTA submitted its appeal to the Central Bankruptcy Court. - GL are now in the process of preparing an appeal answer which the submission due is 20 March 2020.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

3) Criminal Cases

a) Criminal black case No. Aor 6/2561

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
Group Lease Public Company Limited (“GL”)	1.JTrust Asia Pte. Ltd. (“JTA”) 2.Mr. Nobuyoshi Fujisawa 3.Shigeyoshi Asano 4.Legal advisor	Submission of false business rehabilitation petition	-	<ul style="list-style-type: none"> - On 11 April 2018, GL filed the Criminal Complaint with the Central Bankruptcy Court. - On 18 September 2018, the Court has issued an order scheduling dates for cross examination of the plaintiff’s witnesses and continuing the preliminary examination on 16 and 17 January 2019. - On 16 January 2019, there was the plaintiff’s witness cross examination. - On 11 and 18 March 2019, the Court took the preliminary examination. - On 22 February 2019, GL withdraw the petition against the 4th defendant. - On 11 March 2019, the Court rendered the order that this case was temporarily struck out until the final judgment of the rehabilitation case.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

b) Criminal black case No. Aor. 1346/2561 (DISMISSED)

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
1. J Trust Co., Ltd. ("JTrust") 2. JTrust Asia Pte. Ltd. ("JTA")	Group Lease Public Company Limited ("GL")	Defamation	-	<ul style="list-style-type: none"> - On 3 May 2018, JTrust and JTA filed the criminal complaint with the Criminal Court against GL. - On 13 December 2018, the Court's preliminary examination of JTrust and JTA's witness was completed. - On 31 January 2019, the Court dismissed the complaint of JTrust and JTA. - On 25 April 2019, JTrust and JTA submitted the appeal against the Court Judgment. - 11 December 2019, the Appeal Court upheld the Court of First Instance, dismissed JTA's complaint.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

34.2 Litigation in Singapore

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
JTrust Asia Pte. Ltd (“ JTA ”)	Group Lease Holdings Pte. Ltd. (“ GLH ”), former director of GLH and other defendants	Tort of conspiracy by introducing to invest in GL	<ul style="list-style-type: none"> - Damages for the conspiracy - Interest - Costs - Other reliefs as the Court deems fit 	<ul style="list-style-type: none"> - On 26 December 2017 JTA commenced legal proceedings in Singapore court against GLH and other defendants. - JTA applied for and obtained an ex-parte interim injunction order restraining GLH from dealing with or disposing of its assets in Singapore up to the value of USD 180,000,000 (save allowances for ordinary business expenses, and legal fees). - GLH denies JTA’s claims, and has duly engaged lawyers in Singapore to defend against these allegations. - On 23 February 2018, the High Court granted GLH’s setting aside application and discharged the ex parte interim injunction order. In addition, the High Court dismissed JTA’s applications to expand the scope of the ex parte interim injunction order. - JTA filed an appeal against this decision, and on 1 June 2018, the Singapore Court allowed the appeal in part. The Singapore Supreme Court reinstated the Mareva injunction against GLH and expanded its scope to cover its assets both in Singapore and worldwide up to the value of USD 180,000,000 (save allowances for ordinary business expenses, and legal fees). The Singapore Supreme Court however disallowed JTA’s appeal in relation to its application to expand the scope of the Mareva injunction orders to include “asset sales, investments and/or loans”, regardless of whether such transactions were made in the ordinary and proper course of business. - The trial for this case was held from 8 October to 31 October 2019. - On 12 February 2020, the High Court granted the decision to dismiss JTA’s claim and ordered JTA to pay the costs of the defendants. - On the same day, JTA submitted an appeal to the Court of Appeal.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

34.3 Litigation in Indonesia

a) Case number 542/PDT.G/2018/PN.JKT.PST

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
PT Bank JTrust Indonesia, TBK (“ BJTI ”)	PT Group Lease Finance Indonesia (“ GLFI ”)	Breaching of the Joint Financing agreement	IDR 103,636,408,863 (equivalent to approximately Baht 233.18 million)	<ul style="list-style-type: none"> - On 1 October 2018, BJTI filed a civil complaint against GLFI with the District Court of Central Jakarta. - During November to December 2018, there were the proceedings of mediation and all the mediations failed. - On 22 January 2019, GLFI submitted its reply to the Court. - On 12 February 2019, BJTI submitted its response of the rejoinder to the Court. - On 16 May 2019, the Court dismissed the case. - On 18 June 2019, GLFI received official notification on BJTI appeal, Memorandum of Appeal and the official summons for GLFI to appear before the District Court. - On 1 July 2019, GLFI submitted Counter Memorandum of Appeal to the High Court. - On 3 December 2019, the High Court dismiss BJTI’s claim due to inadmissible on the merit of the case.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

b) Case number 321/PDT.G/2019/ PN.JKT.PST (revised from 542/PDT.G/2018/PN.JKT.PST)

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
PT Group Lease Finance Indonesia (“GLFI”)	PT Bank JTrust Indonesia, TBK (“BJTI”)	Compensation of damages	<p>IDR 21,690,420,090 (equivalent to approximately Baht 48 million)</p> <p>Revised to</p> <p>IDR 20,735,749,549 (equivalent to approximately Baht 45 million)</p>	<ul style="list-style-type: none"> - On 29 April 2019, GLFI filed a civil complaint against BJTI with District Court of Central Jakarta. - On 23 May 2019, The Panel of Judges (“ PoJ”) examined the documents and concluded that the legal standing of both parties is complete and clear. PoJ appointed mediator to the case and schedule first mediation on 29 May 2019. - On 29 May 2019, BJTI didn’t appear to the mediation. Mediator scheduled next mediation to 19 June 2019. - On 10 June 2019, GLFI submitted revised Statement of Claim, the case was registered under the number 321/PDT.G/2019/ PN.Jkt.Pst. - On 19 June 2019, BJTI didn’t appear to the mediation due to miscommunication. Mediator scheduled next mediation. - On 27 June 2019, mediation has been held, parties agreed to invite Principals to the next mediation to try to solve the case. Mediator scheduled next mediation to 4 July 2019. - On 3 July 2019, summons for revised case has been received. The first hearing of the case no. 321/PDT.G/2019/PN.JKT.PST was scheduled for 9 July 2019. - On 4 July 2019, during the mediation, GLFI informed Mediator that it revokes the claim registered under the number 254/PDT.G/2018/ PN. JKT.PST. Mediator closed the mediation. PoJ declared that the examination of the case shall be closed. - On 9 July 2019, the District Court of Central Jakarta examined documents of the representatives of the parties in the case no. 321/PDT.G/2019/PN. JKT.PST. BJTI representatives failed to submit POA since notification of the hearing was received only on 8 July 2019. - On 30 July 2019, the PoJ completed the examination of BJTI documentation.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

Plaintiff	Defendant	Allegation	Amount in Controversy	Progress
				<ul style="list-style-type: none"> - There were the proceedings of mediation and several postponements. - GLFI submitted the Response and BJTI submitted the Counter-Pea. - Currently, both parties are in the process of submitting written evidence to the Court

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

As discussed in the Notes 34.1 34.2 and 34.3, the Group is aware of the importance of the above situation and together with external legal advisors, have considered the likelihood that there has been any breach of covenants or event of default as stipulated in the Group's credit facility agreements, debentures agreements and joint finance agreements including court claims against the Group. Both Management and the legal advisors believe that the Group is not in breach of any conditions of the agreements with the creditors and the joint finance partner and has not violated any laws and the demands as claims. Furthermore, the Company believes that as long as the legal cases are outstanding, the non-payment of interest on convertible debentures does not regard as a default of the convertible debentures conditions.

35 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* *TFRS - Financial instruments standards*

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS – Financial instruments are as follows:

(i) Classification – Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

(ii) Measurement at amortised cost

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

(iii) Impairment – Financial assets and contract assets

TFRS 9 introduces forward-looking ‘expected credit loss’ (ECL) model whereas currently the Group estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

(iv) Classification – Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Under TFRS 9, changes in fair value of financial liabilities classified as FVTPL are generally presented as follows:

- the amount of fair value that changes due to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of fair value changed is presented in profit or loss.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Currently, the Group recognises payments made under operating leases in profit or loss on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Group will recognise right-of-use assets and lease liabilities for its operating leases as disclosed in Note 33. As a result, the nature of expenses related to those leases will be changed because the Group will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

Group Lease Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

36 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2018 and the statement of comprehensive income for the year ended 31 December 2018, which are included in the 2019 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2019 financial statements.

	Consolidated financial statements		
	Before reclass.	Reclass. (in thousand Baht)	After reclass.
<i>Statement of financial position as at 31 December 2018</i>			
Current portion of hire purchaser receivables	3,324,919	210,446	3,535,365
Long-term portion of hire purchaser receivables	2,886,840	(210,446)	2,676,394
Current portion of assets-backed loan receivables	230,733	(230,733)	-
Current portion of loan receivables	-	282,243	282,243
Current portion of loans and interest receivables	42,123	(42,123)	-
Current portion of corporate loans and interest receivables	-	42,123	42,123
Long-term portion of assets-backed loan receivables	64,554	(64,554)	-
Long-term portion of loan receivables	-	13,044	13,044
		<u>-</u>	
<i>Statement of comprehensive income for the year ended 31 December 2018</i>			
Asset-backed loan interest income	160,589	(160,589)	-
Loan interest income	-	160,589	160,589
Interest on loan receivables	1,870	(1,870)	-
Corporate loan interest income	-	1,870	1,870
		<u>-</u>	
Separate financial statements			
	Before reclass.	Reclass. (in thousand Baht)	After reclass.
<i>Statement of financial position as at 31 December 2018</i>			
Current portion of hire purchaser receivables	2,123,035	83,884	2,206,919
Long-term portion of hire purchaser receivables	2,096,962	(83,884)	2,013,078
		<u>-</u>	