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|  | Group Lease Public Company Limited  and its subsidiaries  Review report and interim financial statements  For the three-month and six-month periods ended  30 June 2017  (Revised Auditors’ Conclusion) |

**Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Group Lease Public Company Limited

**1. Basis for Disclaimer of Conclusion**

I previously reported on 15 August 2017 on the interim financial statements of Group Lease Public Company Limited and its subsidiaries (“the Group”) as of 30 June 2017 and for the three-month and six-month periods then ended which I gave conclusion without qualification but with the highlights on the emphasis of matters and disclosures on certain important events. I emphasized the matter related to loans with interest being earned at high rates, of which both were material to the Group’s assets (represented 37 percent of the consolidated net assets) and profits (represented 41 percent of the consolidated profits). The loans were supported with documentary evidences of the agreements, related confirmations and representation from the management.

Following our comments on the major loans under the section on the emphasis of matters as previously highlighted, the Securities and Exchange Commission (“SEC”) subsequently extended its enquiry and investigated on the bona fide of the transactions. Through assistance given by the regulatory bodies of the SEC outside Thailand and with the necessary co-ordination, the SEC has now concluded that there were wrongdoings. On 16 October 2017 the SEC has filed a criminal complaint against one of the management members of the Company for allowing the Company’s subsidiary in Singapore to grant the loans of a total sum of approximately USD 54 million to four companies registered in Cyprus and one company registered in Singapore. That Company’s executive turned out to be the party controlling the borrowed fund and was the true beneficiary from the loans. When the five borrowers received the loaned sum, money was circulated among these borrowing members in order to pay interest and repay the loans to the Group periodically. The interest was paid to the Group and included as the Group’s revenues creatively boosted the performance in operation of the Group higher than the actual Group’s performance.

The SEC has now charged that person as having committed fraud and falsehood in accounting through concealed acts and collusion with many related companies in foreign countries in order to exaggerate the Group’s performance beyond actual results. Such acts were also tantamount to dissemination of falsehood and spreading of false information which had affected wrongly the stock prices and decision-making in stock investment. Furthermore, misrepresentation was made in assuring that the foreign borrowers were not connected or related to the management executives of the company whatsoever.

On 16 October 2017, the Company’s management issued a statement that the SEC could have misunderstood the transactions and furthermore that management executive was no longer with the Company as from 16 October 2017 and therefore would have no effects on the Company’s future operation. He also confirmed that the Company’s clarification statement issued as of 13 March 2017 was truthful.

Because of that executive being legally charged and under ongoing official investigation and the ongoing legal process that have yet to be concluded and also my limitation as a professional auditor in searching for real status of these loan transactions when the real borrowers could be the Company itself, I am therefore unable to carry out any additional tasks further except to await for an official legal consideration and investigations for the final outcome since the authority has more scope and power to search for the true position. Therefore, under this circumstance that is now known to me, I have to modify my previous report on the consolidated financial statements and the Company’s financial statements as of and for the three-month and six-month periods ended on 30 June 2017, (the report dated 15 August 2017), as then report with an unqualified conclusion but with emphasis on unusual matters to the present disclaimer of conclusion report because of the findings of the SEC made with the assistance of the Cyprus Securities and Exchange Commission that the transactions appear to be self-generated followed by the ongoing legal process that have yet to be concluded. I now have to rely on official investigations to determine the degree of recoverability of the loans and also continuation of earning high interest, and additionally, the pervasion and opaqueness of the transactions that may have affected on other transactions of the Group.

**2. Disclaimer of Conclusion**

I was engaged to review the accompanying consolidated statement of financial position of Group Lease Public Company Limited and its subsidiaries as at 30 June 2017, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2017, and the consolidated statements of changes in shareholders’ equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Group Lease Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

I was to conduct my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. I am unable to give any conclusion on the above interim financial information because of the significance of the matters described in paragraph *1. Basis for Disclaimer of Conclusion relating to the SEC charging one management executive of committed fraud and falsehood in accounting through concealed acts and collusion with many related companies in foreign countries.*

**3. Previous emphasis of matters**

In the past, I used to draw attention to the following Notes to consolidated financial statements and I also continuingly draw attention to them at present.

3.1 Loans and interest receivables - Baht 3,100 million as of 30 June 2017, represents 37 percent of the consolidated net assets (As of 31 December 2016: Baht 3,759 million - 44 percent)

I draw attention to Note 9 of the consolidated financial statements relating to the loans and interest receivables. The main business of the Company is in the hire purchase financing for motorcycles but separately and significantly from the main business, loans were granted to two groups of borrowers - portrayed as one group in Cyprus and one in Singapore. Parties in the Groups are also shareholders of the Company and have pledged their holdings against those loans.

Besides pledging of the shares of the lenders, their ownership of properties in Cyprus and Brazil, Cypriot government bonds, stocks of other overseas companies were also used as collaterals against those indebtedness. In the second quarter of 2017, part of the collaterals of the Company’s shares was released by the Singapore group and replaced by the value of properties in Japan (The Company advised that the pledge of the properties in Japan was registered with Japanese Registry Office already). If including the collateral value of the Company’s shares at the closing price of this quarter, the Company contended that the total value of the collaterals is adequate in the range of 105 percent coverage of the Cypriot loans and 122 percent of the Singapore loans (the financial position as at 31 December 2016, the coverage was at 106 percent and 238 percent, respectively). However, the volatility of the Company’s stock price in the past seven months traded heavily in the wide range of Baht 12.4 per share to Baht 65.5 per share has also affected the fluctuation of the collaterals wildly. Based on prudence, by excluding the value of the pledged shares of the lending company, the coverage of the collaterals would be inadequate for loans to these two groups with only 80 percent and 83 percent covered on the respective loans as of 30 June 2017.

Originally, the periods of the loans granted were in the range of 3 months to 3 years. The principals were all due for repayment upon maturity but were rolled over and extended to the periods of either 2 or 3 years. The loan balances which were subjected to the mentioned rollovers in 2016 amounted to Baht 2,129 million (USD 59 million), 60 percent of the total loans. In 2017, before due date, the Cyprus borrower repaid the loans of Baht 414 million (USD 12 million).

The chargeable interest rates under the loan agreements were in the range of 14.5 percent to 25 percent per annum. The interest earned during the two quarters of this year derived from these loans amounted to Baht 269 million representing 41 percent of the Company’s total consolidated profits for the two quarters of this year. Both Cyprus and Singapore borrowers paid all interest due in July 2017.

In July 2017 and on due date, the Singapore borrower repaid the loan of approximately Baht 500 million (USD 15 million) and the remaining of the collateral of the lenders shares was also released. The value of the collateral for the loans to the two borrowers (including the value of the pledged shares of the Company based on the closing price on the SET on 10 August 2017) covered 104 percent and 117 percent of the outstanding value of the loans. However, if the value of the pledged shares of the Company is excluded, the value of the remaining collateral would cover only 80 percent and 117 percent of the respective loans. The volatility of the Company’s stock price on the SET and loan repayment by the borrowers are the two important factors in determining the adequacy and the risks of the coverage value of the collaterals against these two loans.

The Company informed us that the borrowers are well established and trusted corporations. They are not related to the Company and considered them reliable. These two groups of borrowers “Cyprus” and “Singapore” have been legally profiled as separate entities in transacting those loans with the Company. In our opinion, the flexibility of the transactions such as the loan prepayment and extension of loan period appeared to be less than independent and closer to that of joint venture relationship. However, the Company maintains them to be unrelated, independent and businesslike and likewise treated in accounting as entities separated from the group of the Company.

3.2 Investment in associate company in Sri Lanka - Approximately Baht 2,576 million as of 30 June 2017 (Baht 2,545 million as of 31 December 2016) – Substantial gap between the carrying value of Baht 2,576 million and the value traded at the Sri Lanka Stock Exchange of Baht 909 million on 30 June 2017.

Although the acquisition cost was acquired at Baht 2,465 million and supported by the Company’s shareholders at a meeting and also by an outside professional valuer but based on the value traded on the Sri Lanka Stock Exchange at the end of this quarter, the investment value amounted to Baht 909 million. Attention should be drawn to this gap. The events that led to this acquisition were previously stated in our report and now updated.

I draw attention to Note 15 of the consolidated financial statements relating to the investment in an associated company in Sri Lanka. The subsidiary of the Company acquired 29.99% of the ordinary shares of a listed company on the Stock Exchange of Sri Lanka at a purchase price of Baht 2,462 million. The acquisition was approved at the Extraordinary General Meeting of the shareholders of the Company No.2/2016 on 6 December 2016 and a substantial part of the Sri Lanka shares (22.27%) was sold to the Company by a selling company with one of its directors being also one of the Company’s directors. The subsidiary company’s outside professional valuer valued such investment at approximately Baht 1,900 - 2,500 million, while the appointed independent financial advisor valued such investment at approximately Baht 1,600 - 1,700 million with the market price at the Stock Exchange of Sri Lanka, during the acquisition period in late 2016 of approximately Baht 1,391 million.

As at 30 June 2017, such investment was presented as an investment in an associate in the consolidated financial statements, of Baht 2,576 million (Baht 2,545 million as of 31 December 2016) under the equity method. Based on the market price at the Stock Exchange of Sri Lanka at the end of this period, the total value was only in the range of  Baht 909 million (Baht 1,285 million as of the end of the year 2016). The difference between the carrying value of the acquisition cost (Baht 2,576 million) and the market quoted price at the end quarter (Baht 909 million) is substantial requiring serious attention. The stock price of the associate at the Sri Lanka Stock Market has dropped from Baht 1.3 billion during the acquisition period in late 2016 to Baht 0.9 billion in June 2017 indicative of the possible impairment losses on this investment.

The Company is in the process of having the fair value of identifiable assets acquired and liabilities assumed by the Company at the acquisition date appraised. The Company has engaged an independent valuer to assess such fair values and the appraisal process is ongoing and mainly relates to the valuation of intangible assets and certain tangible assets. The Company expects to obtain a complete fair value valuation during the third quarter of 2017.

3.3 Convertible debentures

One major source of funds of the Company comes from one substantial holder of the Company's convertible debentures. Under the generally accepted accounting principle, this specific and highly significant investor is considered as a related party to the Company. The amount invested over the last two years was over Baht 7,000 million or USD 210 million (partly converted into the Company’s share capital). The funds raised from this investor represented more than 30 percent of the total sources of funds supporting the whole operations of the group, including the lending to those two borrowers and investment in associated company in Sri Lanka as stated above in (3.1) and (3.2).

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

EY Office Limited

Bangkok: 15 August 2017 (except the event as described in paragraph 1 *Basis for Disclaimer of Conclusion,* which was dated as of 17 October 2017)