

Advance Finance Public Company Limited

Financial statements for the year ended
31 December 2014
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of Advance Finance Public Company Limited

I have audited the accompanying financial statements of Advance Finance Public Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2014, the consolidated and the Company's 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and the Company's financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and the Company's financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and their consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

P. Gulsantithamrong

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
12 March 2015

Advance Finance Public Company Limited

Statement of financial position

Assets	Note	Separate financial statements		Consolidated financial statements
		31 December		31 December
		2014	2013	2013
			(in Baht)	
Cash		30,000	30,000	35,000
Intercompany and money market items	7	766,340,686	824,774,829	851,132,777
Investments, net	8	355,283,854	399,202,172	399,202,172
Investment in subsidiary	9	-	24,999,300	-
Loans to customers and accrued interest receivables, net	10			
Loans to customers		3,239,300,469	3,075,846,240	3,075,846,240
Accrued interest receivables		1,914,557	4,113,361	4,113,361
Total loans to customers and accrued interest receivables		3,241,215,026	3,079,959,601	3,079,959,601
Less allowance for doubtful accounts	12	(150,809,064)	(142,379,367)	(142,379,367)
Total loans to customers and accrued interest receivables, net		3,090,405,962	2,937,580,234	2,937,580,234
Properties for sale, net	13	179,601,123	177,471,123	177,471,123
Equipment, net	14	10,183,155	7,819,156	7,819,156
Intangible assets, net	15	704,728	890,909	890,909
Deferred tax assets	16	6,859,339	8,737,921	8,737,921
Receivable from Legal Execution Department		6,162,750	4,398,500	4,398,500
Accrued service fees		1,498,000	6,874,750	6,874,750
Deposits		4,336,600	3,773,327	3,773,327
Other assets, net	17	1,359,238	2,893,145	2,893,145
Total assets		4,422,765,435	4,399,445,366	4,400,809,014



บริษัทเงินทุน แอดวานซ์ จำกัด (มหาชน)
Advance Finance Public Company Limited

Handwritten signatures and initials.

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

Advance Finance Public Company Limited

Statement of financial position

Liabilities and equity	Note	Separate financial statements		Consolidated financial statements
		31 December		31 December
		2014	2013	2013
			(in Baht)	
Liabilities				
Deposits	18	3,367,435,355	3,033,013,314	3,033,013,314
Intercompany and money market items	19	211,966,285	487,164,356	487,164,356
Debt issued and borrowings	20	2,630,000	42,640,908	42,640,908
Accrued interest payable		14,368,721	14,897,426	14,897,426
Contributions to the Financial Institutions				
Development Fund and the Deposit				
Protection Agency payable		7,775,543	5,785,721	5,785,721
Income tax payable		5,718,275	4,916,273	4,967,495
Employee benefit obligations	21	10,088,108	18,411,286	18,411,286
Withholding tax payable		2,537,850	1,617,432	1,617,432
Accrued expenses		1,297,791	1,470,320	1,537,821
Advance deposit		-	6,650,000	6,650,000
Other liabilities	22	1,465,776	1,780,269	1,780,269
Total liabilities		3,625,283,704	3,618,347,305	3,618,466,028

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

Advance Finance Public Company Limited

Statement of financial position

Liabilities and equity	Note	Separate financial statements		Consolidated financial statements
		31 December		31 December
		2014	2013	2013
		(in Baht)		
Equity				
Share capital	36			
Authorised share capital				
10,000,000 ordinary shares of Baht 100 each		1,000,000,000	-	-
6,500,000 ordinary shares of Baht 100 each		-	650,000,000	650,000,000
Issued and fully paid-up share capital				
6,500,000 ordinary shares of Baht 100 each		650,000,000	650,000,000	650,000,000
Other components of equity				
Revaluation deficit on available-for-sale investments	8	(7,259,961)	(8,115,742)	(8,115,742)
Retained earnings				
Appropriated				
Legal reserve	23	10,847,462	9,177,318	9,177,318
Unappropriated		143,894,230	130,036,485	131,280,675
Total equity attributable to equity holders of the parent company		797,481,731	781,098,061	782,342,251
Non-controlling interests		-	-	735
Total equity		797,481,731	781,098,061	782,342,986
Total liabilities and equity		4,422,765,435	4,399,445,366	4,400,809,014

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

Advance Finance Public Company Limited

Statement of comprehensive income

	Note	Consolidated		Separate	
		financial statements*		financial statements	
		Year ended 31 December		Year ended 31 December	
		2014	2013	2014	2013
		(in Baht)			
Interest income	29	252,258,803	218,940,994	251,964,050	218,118,252
Interest expense	30	143,732,070	131,411,129	143,732,070	131,411,129
Net interest income		108,526,733	87,529,865	108,231,980	86,707,123
Fees and service income	31	16,344,648	28,415,613	16,344,648	28,415,613
Net fees and service income		16,344,648	28,415,613	16,344,648	28,415,613
Net gain on investments	32	5,657,502	12,179,547	5,657,502	12,179,547
Dividend income		3,947,789	5,076,701	3,947,789	5,076,701
Other operating income	13, 26	11,848,800	137,136	11,919,180	137,136
Total operating income		146,325,472	133,338,862	146,101,099	132,516,120
Other operating expenses					
Employee expenses	26	57,893,006	54,800,901	57,893,006	54,800,901
Directors' remuneration	26	2,013,755	2,350,000	2,013,755	2,350,000
Premises and equipment expenses		10,501,152	10,482,874	10,501,152	10,482,874
Taxes and duties		8,573,983	7,599,181	8,573,983	7,599,181
Others		12,085,710	12,440,344	12,024,328	12,172,685
Total other operating expenses		91,067,606	87,673,300	91,006,224	87,405,641
Bad debt, doubtful accounts and loss on impairment	33	13,545,944	5,780,222	13,545,944	5,780,222
Profit from operating before income tax expense		41,711,922	39,885,340	41,548,931	39,330,257
Income tax expense	34	8,170,610	8,127,325	8,146,042	8,014,897
Profit for the year		33,541,312	31,758,015	33,402,889	31,315,360

* The consolidated financial statements included financial performance of a subsidiary company until 20 June 2014 (loss of control date) (see note 9) and eliminated intra transactions between the Company and its subsidiary.

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

Advance Finance Public Company Limited

Statement of comprehensive income

	Note	Consolidated		Separate	
		financial statements*		financial statements	
		Year ended 31 December		Year ended 31 December	
		2014	2013	2014	2013
		(in Baht)			
Other comprehensive income (loss)					
Gain (loss) on re-measuring available-for-sale investments		1,069,727	(5,500,932)	1,069,727	(5,500,932)
Defined benefit plan actuarial gains		-	2,864,188	-	2,864,188
Income tax on other comprehensive income	34	(213,946)	527,349	(213,946)	527,349
Other comprehensive income (loss), net of income tax		855,781	(2,109,395)	855,781	(2,109,395)
Total comprehensive income for the year		34,397,093	29,648,620	34,258,670	29,205,965
Profit for the year attributable to					
Shareholders of the parent company		33,541,308	31,758,003	33,402,889	31,315,360
Non-controlling interests		4	12	-	-
Profit for the year		33,541,312	31,758,015	33,402,889	31,315,360
Total comprehensive income attributable to					
Shareholders of the parent company		34,397,089	29,648,608	34,258,670	29,205,965
Non-controlling interests		4	12	-	-
Total comprehensive income for the year		34,397,093	29,648,620	34,258,670	29,205,965
Earnings per share of the parent company					
Basic earnings per share	35	5.16	4.89	5.14	4.82

* The consolidated financial statements included financial performance of a subsidiary company until 20 June 2014 (loss of control date) (see note 9) and eliminated intra transactions between the Company and its subsidiary.

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

Advance Finance Public Company Limited

Statement of changes in equity

Consolidated financial statements*

		Other components of equity	Retained earnings			Total equity attributable to equity holders of the parent company	Non-controlling interests	Total equity
		Revaluation surplus (deficit) on available-for-sale investments	Legal reserve	Unappropriated (in Baht)				
Note								
Year ended 31 December 2013								
Balance at 1 January 2013								
Comprehensive income for the year								
Profit for the year								
Other comprehensive income								
Total comprehensive income for the year								
Transfer to legal reserve								
Balance at 31 December 2013								
Year ended 31 December 2014								
Balance at 1 January 2014								
Transactions with owners, recorded directly in equity								
Dividends to shareholders of the Company								
Total distributions to shareholders of the Company								
Changes in ownership interests in subsidiary								
Disposal of controlling interest with a change in control								
Total changes in ownership interests in subsidiary								
Total transactions with owners, recorded directly in equity								
Comprehensive income for the year								
Profit for the year								
Other comprehensive income								
Total comprehensive income for the year								
Transfer to legal reserve								
Balance at 31 December 2014								

* The consolidated financial statements included financial performance of a subsidiary company until 20 June 2014 (loss of control date) (see note 9).

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

Advance Finance Public Company Limited

Statement of changes in equity

Separate financial statements

	Note	Other components of equity		Retained earnings			Total equity
		Issued and paid-up share capital	Revaluation surplus (deficit) on available-for-sale investments	Legal reserve (in Baht)	Unappropriated		
Year ended 31 December 2013							
Balance at 1 January 2013		650,000,000	(3,714,997)	7,611,550	97,995,543		751,892,096
Comprehensive income for the year							
Profit for the year		-	-	-	31,315,360		31,315,360
Other comprehensive income		-	(4,400,745)	-	2,291,350		(2,109,395)
Total comprehensive income for the year		-	(4,400,745)	-	33,606,710		29,205,965
Transfer to legal reserve		-	-	1,565,768	(1,565,768)		-
Balance at 31 December 2013		650,000,000	(8,115,742)	9,177,318	130,036,485		781,098,061
Year ended 31 December 2014							
Balance at 1 January 2014		650,000,000	(8,115,742)	9,177,318	130,036,485		781,098,061
Transactions with owners, recorded directly in equity							
Dividends to shareholders of the Company	24	-	-	-	(17,875,000)		(17,875,000)
Total distributions to shareholders of the Company		-	-	-	(17,875,000)		(17,875,000)
Total transactions with owners, recorded directly in equity		-	-	-	(17,875,000)		(17,875,000)
Comprehensive income for the year							
Profit for the year		-	-	-	33,402,889		33,402,889
Other comprehensive income		-	855,781	-	-		855,781
Total comprehensive income for the year		-	855,781	-	33,402,889		34,258,670
Transfer to legal reserve		-	-	1,670,144	(1,670,144)		-
Balance at 31 December 2014		650,000,000	(7,259,961)	10,847,462	143,894,230		797,481,731

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

Advance Finance Public Company Limited

Statement of cash flows

	Consolidated financial statements*		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2014	2013	2014	2013
	(in Baht)			
Cash flows from operating activities				
Profit from operating before income tax expense	41,711,922	39,885,340	41,548,931	39,330,257
<i>Adjustments for</i>				
Depreciation and amortisation	2,984,140	3,192,264	2,984,140	3,185,209
Bad debt and doubtful accounts	9,300,000	7,000,000	9,300,000	7,000,000
Impairment of properties for sale	-	1,878,934	-	1,878,934
Loss on disposal of equipment	1,248	-	1,248	-
Employee benefit expense	2,359,326	2,281,814	2,359,326	2,281,814
Net interest income	(108,526,733)	(87,529,865)	(108,231,980)	(86,707,123)
Net gain on investments	(5,657,502)	(12,179,547)	(5,657,502)	(12,179,547)
Dividend income	(3,947,789)	(5,076,701)	(3,947,789)	(5,076,701)
Proceeds from interest	256,608,030	220,392,349	256,052,346	219,542,045
Interest paid	(142,270,952)	(130,573,010)	(142,270,952)	(130,573,010)
Proceeds from dividend	4,067,789	5,076,701	4,067,789	5,076,701
Income tax paid	(5,734,663)	(3,836,216)	(5,679,404)	(3,710,203)
Profit from operations before changes in operating assets and liabilities	50,894,816	40,512,063	50,526,153	40,048,376
<i>(Increase) decrease in operating assets</i>				
Intercompany and money market items	57,930,251	(311,265,819)	58,289,894	(310,866,907)
Loans to customers	(164,324,532)	(619,530,744)	(164,324,532)	(619,530,744)
Properties for sale	(2,130,000)	6,566,585	(2,130,000)	6,566,585
Receivable from Legal Execution Department	(1,764,250)	(4,398,500)	(1,764,250)	(4,398,500)
Accrued service fees	5,376,750	(2,579,684)	5,376,750	(2,579,684)
Deposits	(563,273)	(1,064,130)	(563,273)	(1,064,130)
Other assets	24,763	(76,386)	26,283	(76,386)

* The consolidated financial statements included financial performance of a subsidiary company until 20 June 2014 (loss of control date) (see note 9) and eliminated intra transactions between the Company and its subsidiary.

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

Advance Finance Public Company Limited

Statement of cash flows

	Consolidated financial statements [*]		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
Note	2014	2013	2014	2013
	(in Baht)			
<i>Increase (decrease) in operating liabilities</i>				
Deposits	334,422,041	903,740,210	334,422,041	903,740,210
Intercompany and money market items	(275,198,071)	(478,633,945)	(275,198,071)	(478,633,945)
Short-term debt issued and borrowings	-	(200,000)	-	(200,000)
Withholding tax payable	920,418	(440,285)	920,418	(440,285)
Accrued expenses	(180,029)	(514,258)	(172,529)	(449,483)
Advance deposit	(6,650,000)	6,250,000	(6,650,000)	6,250,000
Other liabilities	(314,493)	345,104	(314,493)	345,104
Employee benefit paid	<u>(10,682,504)</u>	<u>-</u>	<u>(10,682,504)</u>	<u>-</u>
Net cash used in operating activities	<u>(12,238,113)</u>	<u>(461,289,789)</u>	<u>(12,238,113)</u>	<u>(461,289,789)</u>
<i>Cash flows from investing activities</i>				
Purchases of available-for-sale securities	-	(118,608,265)	-	(118,608,265)
Proceeds from sales of available-for-sale securities	167,602	142,920,536	167,602	142,920,536
Purchases of held-to-maturity debt securities	(7,855,000,000)	(8,927,000,000)	(7,855,000,000)	(8,927,000,000)
Proceeds from redemption of held-to-maturity debt securities	7,905,000,000	9,447,000,000	7,905,000,000	9,447,000,000
Purchases of general investments	(3,000,000)	-	(3,000,000)	-
Proceeds from sales of general investments	-	9,259,011	-	9,259,011
Proceeds from sales of investment in subsidiary	28,119,625	-	28,119,625	-
Purchases of equipments	(4,997,202)	(449,307)	(4,997,202)	(449,307)
Purchases of intangible assets	<u>(166,004)</u>	<u>(119,247)</u>	<u>(166,004)</u>	<u>(119,247)</u>
Net cash provided by investing activities	<u>70,124,021</u>	<u>553,002,728</u>	<u>70,124,021</u>	<u>553,002,728</u>
<i>Cash flows from financing activities</i>				
Repayment of long-term debt issued and borrowings	(40,010,908)	(91,712,939)	(40,010,908)	(91,712,939)
Dividends paid to shareholders of the Company	<u>(17,875,000)</u>	<u>-</u>	<u>(17,875,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(57,885,908)</u>	<u>(91,712,939)</u>	<u>(57,885,908)</u>	<u>(91,712,939)</u>
Net cash	-	-	-	-
Cash at 1 January	<u>35,000</u>	<u>35,000</u>	<u>30,000</u>	<u>30,000</u>
Cash at 31 December	<u>35,000</u>	<u>35,000</u>	<u>30,000</u>	<u>30,000</u>

* The consolidated financial statements included financial performance of a subsidiary company until 20 June 2014 (loss of control date) (see note 9) and eliminated intra transactions between the Company and its subsidiary.

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

Advance Finance Public Company Limited

Notes to the financial statements

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Advance Finance Public Company Limited

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 12 March 2015.

1 General information

Advance Finance Public Company Limited, the “Company”, is incorporated in Thailand. The Company engages in finance business in accordance with the Financial Institutions Business Act B.E. 2551 and has its registered office at 87/2, 40th Floor, CRC Tower, All Seasons Place, Wireless Road, Lumpini, Pathumwan, Bangkok.

The Company registered as a public company limited in accordance with the Public Limited Company Act B.E. 2535 on 26 May 2004 and had been approved from Ministry of Finance on 20 December 1974.

The Company’s major shareholders during the financial year were Billion Innovated Group Company Limited (10% shareholding), which was incorporated in Thailand, IFS Capital Limited (10% shareholding), which was incorporated in Republic of Singapore, and Gen.Theptut Prommopakorn (10% shareholding).

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 (“FAP”); and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, directive dated 3 December 2010, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of group of companies offering financial services”.

The FAP has issued the following new and revised TFRS relevant to the Company’s operations and effective for annual accounting periods beginning on or after 1 January 2014:

TFRS	Topic
TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 8 (revised 2012)	Operating Segments
TFRIC 10	Interim Financial Reporting and Impairment

The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies. These changes have no material effect on the financial statements.

Advance Finance Public Company Limited

Notes to the financial statements

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Company's operations are disclosed in note 37.

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value.

(c) *Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest Baht.

(d) *Use of estimates and judgments*

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Significant accounting estimates and judgments are as follows:

Measurement of defined benefit obligations

The calculation of the defined benefit obligations is sensitive to the assumptions on discount rate and future salary increases as set out in note 21.

Allowance for doubtful accounts for loans to customers

Allowances for doubtful accounts for loans to customers are intended to adjust the value of loans to customers for probable credit losses. The management uses judgment to establish reserves for estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and the interest by determined through a combination of specific reviews, probability of default, statistical modeling and estimates, taking into account change in the value of collateral and current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for doubtful accounts and adjustments to the allowances may therefore be required in the future.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercised judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and change in value of long-term financial instruments.

Impairment of equity investments

The Company treats available-for-sale investments and general investments as impaired when the management judges that there have been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires management judgment.

Advance Finance Public Company Limited

Notes to the financial statements

Assessment of risk and rewards

When considering the recognition and derecognition of assets or liabilities, the management is required to use judgment in assessing risk and rewards. Although management uses its best knowledge of current events and actions in making assessments of risk and rewards, actual risk and rewards may ultimately differ.

3 Significant accounting policies

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

(a) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency 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.

(b) Cash

Cash comprises cash in hand.

(c) Investments

Investments in other debt and equity securities

Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses on monetary items, are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

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

The fair value of financial instruments for available-for-sale is determined as the quoted bid price at the reporting date.

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.

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Notes to the financial statements

If the Company 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.

(d) Loans to customers

Loans to customers are shown exclusive of accrued interest receivables.

(e) Allowance for doubtful accounts

The Company provides allowance for doubtful accounts in accordance with the notifications of the BoT based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral.

Minimum requirement of allowance for doubtful accounts is determined based on the BoT's notification dated 3 August 2008, "Classification and allowance criteria of the financial institution". The Company classified their loan portfolios into six categories, primarily based on the non-accrual period. For loans classified as pass and special-mention, the calculation of allowances for doubtful accounts is based on the BoT's minimum percentage requirement, taking into consideration the collateral value, where the collateral type and date of the latest appraisal are qualifying factors. For loans classified as sub-standard, doubtful and doubtful of loss, the allowances on these accounts will be set at 100 percent for the difference between the outstanding book value of the debt and the present value of future cash flows expected to be received or the expected proceeds from the disposal of collateral in accordance with the BoT's regulations. The discount interest rate and the period of collateral disposal are set with reference to BoT's notifications.

Any additional allowances for doubtful accounts are charged to bad debts and doubtful accounts in profit or loss.

The Company writes off bad debts against the allowance for doubtful accounts for the uncollectible amounts.

Bad debts recovery is recognised as income and is presented net of bad debt and doubtful accounts in profit or loss.

(f) Troubled debt restructuring

The Company records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Accounting Standard No.104 (revised 2002) *Accounting for Troubled Debts Restructuring*. If an repayment of debt is received through the transfer of property, financial instruments, or equity in the debtor is received as a result of a debt to equity swap, the Company records the assets received at their fair value net of estimated disposal expenses not exceeding the carrying value of debt and unearned interest to which the Company is legally entitled. Losses arising from differences between the carrying value of debt and the fair value of the assets are recorded in profit or loss, taking into account existing allowance for doubtful accounts.

Where restructuring a loan involves modification of its terms, the Company will record the loss arising from the calculation of the present value of the future cash flows expected to be received from those customers by using the Minimum Loan Rate (MLR) at the time of restructuring in discounting. The difference between the present value of the future cash flows expected to be received and the outstanding balances of loans is recorded as a loss from restructuring in profit or loss according to the amounts received over the remaining period of the debt restructuring contracts.

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Notes to the financial statements

Losses from troubled debt restructuring arising from reductions of principal and accrued interest of overdue debt amount and the various methods of debt restructuring as modification of its terms, transfer of assets etc. are recognised as expense in profit or loss.

(g) *Properties for sale*

Properties for sale are stated at the lower of fair value at the acquisition date or the amount of the legal claim on the related debt, including interest receivables. The fair value is estimated by using the latest appraisal value after deduction of estimated disposal expenses. The assets bought from Legal Execution Department's public auction are recognised at purchase price plus transfer costs, less expected direct selling expenses.

Loss on impairment is charged to profit or loss. Gains or losses on the sales of properties for sale are recognised as other operating income or expense upon disposal.

(h) *Equipment*

Recognition and measurement

Owned assets

Equipment is stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment is determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

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

Leasehold improvement	5 years
Computer and equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years

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Notes to the financial statements

No depreciation is provided on assets in progress.

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

(i) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

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 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. The estimated useful lives for computer software in the current and comparative periods are 5 years.

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

(j) Impairment

The carrying amounts of the Company'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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit 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.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

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Notes to the financial statements

The recoverable amount of non-financial assets is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimate 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.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of other 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.

(k) Employee benefits

The Company operates a number of employee benefit plans as follows:

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company 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.

Pension benefit

The Company provides pension benefit to eligible employees under the following arrangements:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Company established contributory provident fund for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging 5% of their basic salaries and by the Company at 5% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entities and is managed by a licensed fund manager.

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Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating 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. Any unrecognised past service costs are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method. The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in staff costs in profit or loss.

(l) Provisions

A provision is recognised if, as a result of a past event, the Company 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Revenue

Interest income and discounts on loans to customers

Interest income on loans is recognised over term of the loans based on the amount of principal outstanding. Interest and discount income on loans are generally recognised on an accrual basis. In accordance with the BoT's regulations, interest in arrears for more than 3 months, regardless of whether the loans are covered by collateral, are not accrued but is instead recognised as income on a cash basis.

The Company has reversed accrued interest income on loans which have been recognised as income, for interest in arrears more than 3 months, in accordance with the BoT's regulations.

Interest income and dividend income on investments

Interest income on investment is recognised on an accrual basis. Dividend on investments is recognised in profit or loss when dividend is declared.

Fees and service charges

Fees and service charges are recognised as income on an accrual basis.

(n) Expenses

Finance costs

Interest expense is recognised as expenses in profit or loss on an accrual basis.

Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

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Notes to the financial statements

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

(o) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes 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 the 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 assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company 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 by the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company 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 judgments about future events. New information may become available that causes the Company to change its judgment 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 assets and liabilities, 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.

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Notes to the financial statements

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. 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.

(p) *Earnings per share*

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4 **Financial risk management**

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk Management is an important basis for financial institution business. The purpose of risk management is to enable the Company to manage and maintain risks management at the target and acceptable level in accordance with the rules of the BoT and corporate governance.

Risk Management Committee is in charge of managing overall risks of the Company by planning, reviewing and monitoring risk management strategies to maintain a balance between risks and return. Principally, the Company's risk management strategies consist of (a) Risk identification, (b) Risk measurement, (c) risk monitoring (d) risk control in order to manage risks at a proper level in accordance with good governance. Other consolidating committees, e.g. Asset and Liability Management Committee (ALCO), Credit Committee, Debt Restructuring Committee and Operational Risk Working Group were also formed to be responsible for each specific risk to ensure the Company's risk management efficiency.

Credit risk

Credit risk refers to the risk that a counterparty or a borrower may default on its contractual obligations and agreements or commitment identified in financial instruments. Such default may be caused by the counterparty's inability to pay due to financial encumbrances or their intention not to abide by the contractual agreements, resulting in a loss to the Company.

The Company has disclosed significant concentrations of credit risk in note 10 to the financial statements.

For the "loans" item shown in the statement of financial position, the Company's maximum credit loss is the carrying amount of net loans after deduction of applicable allowance for losses without considering the value of collateral. In addition, credit risk may arise from off-financial reporting items relating to other guarantees.

The Company has implemented credit risk management processes to measure and control credit risk. For retail customers, the Company used credit scoring as a tool to determine an appropriate return given the risk level of each loan.

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Notes to the financial statements

In the credit approval process, the Company considers the customer's ability to repay and the loan objectives as key factors in the approval of credit and may obtain sufficient collateral or other securities, where appropriate, as a means of mitigating the risk of financial losses from default. The Company also has processes for regularly reviewing customers' credit and performance on all approved transactions. For non-performing loans (NPL), the Company has closely and continuously monitored, resolved and/or restructured them to retain maximum benefits for the Company.

Market risk

Market risk is any risk due to changes in interest rates, foreign exchange rates or securities prices that will have an effect on the Company's funding costs, investment position or foreign currency position, resulting in possible loss to the Company. Market risk for the Company can be categorised as interest rate risk, foreign exchange risk and equity risk.

1. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and it will affect the result of the Company's operation and cash flows.

The Company has managed interest rate risk which results from a change in interest rate of assets and liabilities that may affect the Company's net interest income by using an Interest Rate Gap Model to ensure that any possible effects are at the acceptable level in accordance with the interest rate risk management policy of the Company.

As at 31 December 2014 and 2013, significant financial assets and financial liabilities classified by type of interest rate are as follows:

	2014			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	(in Baht)			
Financial assets				
Intercompany and money market items	60,194,476	630,000,000	76,146,210	766,340,686
Investments, net	-	280,359,020	74,924,834	355,283,854
Loans to customers	3,180,073,495	59,226,974	-	3,239,300,469
Accrued interest receivables	-	-	1,914,557	1,914,557
Total	3,240,267,971	969,585,994	152,985,601	4,362,839,566
Financial liabilities				
Deposits	-	3,367,435,355	-	3,367,435,355
Intercompany and money market items	-	211,966,285	-	211,966,285
Debt issued and borrowings	-	2,630,000	-	2,630,000
Total	-	3,582,031,640	-	3,582,031,640
	2013			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	(in Baht)			
Financial assets				
Intercompany and money market items	131,300,140	640,153,425	53,321,264	824,774,829
Investments, net	-	330,716,638	68,485,534	399,202,172
Loans to customers	3,011,187,440	64,658,800	-	3,075,846,240
Accrued interest receivables	-	-	4,113,361	4,113,361
Total	3,142,487,580	1,035,528,863	125,920,159	4,303,936,602
Financial liabilities				
Deposits	-	3,033,013,314	-	3,033,013,314
Intercompany and money market items	-	487,164,356	-	487,164,356
Debt issued and borrowings	-	42,640,908	-	42,640,908
Total	-	3,562,818,578	-	3,562,818,578

Advance Finance Public Company Limited

Notes to the financial statements

The financial assets and liabilities classified by the earlier of maturity or interest repricing as at 31 December 2014 and 2013 are as follows:

		2014							
	Average rate (%)	0-3 months	3-12 months	1-5 years	(in Baht)		Non- interest bearing	Stop accrual	Total
Financial assets									
Intercompany and money market items	1.40	690,194,476	-	-		76,146,210	-	-	766,340,686
Investments, net	2.56	199,946,068	-	80,412,952		74,924,834	-	-	355,283,854
Loans to customers	8.37	2,685,890,254	3,419,927	9,818,387		-	540,171,901	-	3,239,300,469
Accrued interest receivables	-	-	-	-		1,914,557	-	-	1,914,557
Total		3,576,030,798	3,419,927	90,231,339		152,985,601	540,171,901		4,362,839,566
Financial liabilities									
Deposits	3.44	1,215,899,287	1,878,428,781	273,107,287		-	-	-	3,367,435,355
Intercompany and money market items	4.10	181,966,285	30,000,000	-		-	-	-	211,966,285
Debt issued and borrowings	5.15	2,130,000	500,000	-		-	-	-	2,630,000
Total		1,399,995,572	1,908,928,781	273,107,287		-	-	-	3,582,031,640

Advance Finance Public Company Limited
Notes to the financial statements

		2013				
	Average rate (%)	0-3 months	3-12 months	1-5 years	Non- interest bearing (in Baht)	Stop accrual Total
<i>Financial assets</i>						
Intercompany and money market items	1.54	771,453,565	-	-	53,321,264	824,774,829
Investments, net	2.70	250,191,001	-	80,525,637	68,485,534	399,202,172
Loans to customers	8.43	2,312,147,178	4,511,702	14,139,176	-	3,075,846,240
Accrued interest receivables	-	-	-	-	4,113,361	4,113,361
Total		3,333,791,744	4,511,702	94,664,813	125,920,159	4,303,936,602
<i>Financial liabilities</i>						
Deposits	3.63	1,148,068,677	1,519,692,473	365,252,164	-	3,033,013,314
Intercompany and money market items	4.65	48,150,383	309,013,973	130,000,000	-	487,164,356
Debt issued and borrowings	5.02	21,300,908	18,710,000	2,630,000	-	42,640,908
Total		1,217,519,968	1,847,416,446	497,882,164	-	3,562,818,578

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Notes to the financial statements

2. Foreign exchange risk

Foreign exchange risk is the risk that occurs from changes in exchange rates which may affect the value of the Company's financial instruments or may cause volatility in the earnings or fluctuations in the value of the assets and liabilities.

As at 31 December 2014 and 2013, the Company has no material financial instruments in foreign currencies.

3. Equity risk

Equity risk is any risk that arises from changes in the price of equities or common stock that may cause volatility in the earnings or fluctuations in the value of the financial assets.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its obligations as they fall due, because of inability to realise its assets or to cover funding requirements at an appropriate price which results in a loss to the Company.

The Company closely monitors and manages its liquidity to meet the market condition by monitoring its investment diversification and customers' deposit behavior to conform to the lending maturity profile by using Liquidity Gap Analysis and Liquidity Stress Test, and also setting limits for Liquidity Risk Tolerance. The Company mainly invests its excess liquidity in highly liquid assets in order to prepare for customers' deposit withdrawal in both normal and crisis situations.

A maturity analysis of financial assets and liabilities as 31 December 2014 and 2013 are as follows:

	2014					
	(in Baht)					
	At call	0-3 months	3-12 months	1-5 years	Over 5 years	No maturity
						Stop accrual
						Total
Financial assets						
Intercompany and money market items	136,288,905	630,051,781	-	-	-	-
Investments, net	-	199,946,068	-	80,412,952	-	74,924,834
Loans to customers	-	76,508,926	758,860,111	1,207,146,764	656,612,767	540,171,901
Accrued interest receivables	-	1,914,557	-	-	-	-
Total	136,288,905	908,421,332	758,860,111	1,287,559,716	656,612,767	540,171,901
Financial liabilities						
Deposits	-	1,215,899,287	1,878,428,781	273,107,287	-	-
Intercompany and money market items	-	181,966,285	30,000,000	-	-	-
Debt issued and borrowings	-	2,130,000	500,000	-	-	-
Total	-	1,399,995,572	1,908,928,781	273,107,287	-	-

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Notes to the financial statements

	At call	2013					No maturity	Stop accrual	Total
		0-3 months	3-12 months	1-5 years	Over 5 years	(in Baht)			
Financial assets									
Intercompany and money market items	131,300,140	640,153,425	-	-	-		53,321,264	-	824,774,829
Investments, net	-	250,191,001	-	80,525,637	-		68,485,534	-	399,202,172
Loans to customers	-	138,923,007	201,394,009	1,381,046,520	609,434,520		-	745,048,184	3,075,846,240
Accrued interest receivables	-	4,113,361	-	-	-		-	-	4,113,361
Total	131,300,140	1,033,380,794	201,394,009	1,461,572,157	609,434,520		121,806,798	745,048,184	4,303,936,602
Financial liabilities									
Deposits	-	1,148,068,677	1,519,692,473	365,252,164	-		-	-	3,033,013,314
Intercompany and money market items	-	48,150,383	309,013,973	130,000,000	-		-	-	487,164,356
Debt issued and borrowings	-	21,300,908	18,710,000	2,630,000	-		-	-	42,640,908
Total	-	1,217,519,968	1,847,416,446	497,882,164	-		-	-	3,562,818,578

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Notes to the financial statements

5 Fair value of financial instruments

The fair value is the estimated value that the Company could receive from the sale of financial assets, or the estimated cost of redeeming their financial liabilities, and the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

As at 31 December 2014 and 2013, a summary of book value and fair value of financial instruments were as follows:

	2014		2013	
	Book value	Fair value	Book value	Fair value
	(in Baht)			
Financial assets				
Intercompany and money market items	766,340,686	766,340,686	824,774,829	824,774,829
Investments, net	355,283,854	355,283,854	399,202,172	399,202,172
Loans to customers and accrued interest receivables, net	3,090,405,962	3,090,405,962	2,937,580,234	2,937,580,234
Total financial assets	4,212,030,502	4,212,030,502	4,161,557,235	4,161,557,235
Financial liabilities				
Deposits	3,367,435,355	3,378,271,143	3,033,013,314	3,037,933,795
Intercompany and money market items	211,966,285	212,615,863	487,164,356	490,543,695
Debt issued and borrowings	2,630,000	2,636,459	42,640,908	42,931,706
Total financial liabilities	3,582,031,640	3,593,523,465	3,562,818,578	3,571,409,196

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Notes to the financial statements

The following methods and assumptions are used in estimating fair values of financial instruments as disclosed herein:

Intercompany and money market items (assets)	The carrying amounts presented in statement of financial position approximate at their fair value since the financial instruments are short term which predominantly subject to market interest rates.
Available-for-sale and held-to-maturity securities	Fair values for securities are based on estimated market prices as described in note 3 (c).
General investments	Fair values are based on cost, net of impairment.
Loans to customers and accrued interest receivables	<ul style="list-style-type: none"> - Loans presented in statement of financial position approximate at their fair value since most loans use floating interest rate. - Accrued interest receivables in statement of financial position approximates at fair value.
Deposits, intercompany and money market items (liabilities) and debt issued and borrowings	<ul style="list-style-type: none"> - The carrying amounts presented in statement of financial position of debt issued and borrowings at call with floating interest rate approximate at their fair values. - Fair values of deposits and debt issued and borrowings with term and fixed interest rates are estimated using discounted cash flow analyses based on current interest rates for similar types of deposit and borrowing arrangements.

6 Maintenance of capital fund

The Company maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 to maintain continuously operation as follows:

	2014	2013
	<i>(in Baht)</i>	
Tier 1 capital		
Issued and paid-up share capital	650,000,000	650,000,000
Legal reserve	9,177,318	7,611,550
Net gain after appropriation	112,161,485	97,995,542
Less Tier 1 Capital	(7,432,177)	(9,310,758)
Total Tier 1 capital	763,906,626	746,296,334
Tier 2 capital		
Allowance for classified assets of "normal" category	12,016,761	583,398
Total Tier 2 capital	12,016,761	583,398
Total Tier 1 and Tier 2 capital	775,923,387	746,879,732
Less revaluation deficit on equity securities		
- available-for-sale	(7,259,961)	(8,115,742)
Total capital funds	768,663,426	738,763,990
	2014	2013
	<i>(%)</i>	
Capital ratio		
Tier 1 capital to risk weighted assets (minimum 4.00%)	23.77	23.34
Total capital to risk weighted assets (minimum 8.00%)	23.92	23.11

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Disclosures of capital maintenance information are as follows:

Location of disclosure	The Company's website under Investor Relations section at http://www.advancefin.com/about-us/investor-relations/financial-highlight.aspx
Date of disclosure	Within 4 months after the year end as indicated in the notification
Information as of	31 December 2014

Capital management

The Board of Directors' policy is to maintain an adequate level of capital to support growth strategies within an acceptable risk framework, and to meet Bank of Thailand regulatory requirements to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total equity, and also monitors the dividends to ordinary shareholders.

7 Intercompany and money market items (assets)

As at 31 December 2014 and 2013, intercompany and money market items (assets) were classified as follows:

Consolidated financial statements						
	Demand	2013 Time (in Baht)	Total			
Domestic items:						
Bank of Thailand	15,479,414	640,000,000	655,479,414			
Commercial banks	169,284,592	-	169,284,592			
Other financial institutions	-	25,841,801	25,841,801			
Total	184,764,006	665,841,801	850,605,807			
Add accrued interest receivables	112,614	414,356	526,970			
Total	184,876,620	666,256,157	851,132,777			

Separate financial statements						
	Demand	2014 Time	Total	Demand	2013 Time	Total
				(in Baht)		
Domestic items:						
Bank of Thailand	11,092,647	630,000,000	641,092,647	15,479,414	640,000,000	655,479,414
Commercial banks	125,126,249	-	125,126,249	169,029,376	-	169,029,376
Total	136,218,896	630,000,000	766,218,896	184,508,790	640,000,000	824,508,790
Add accrued interest receivables	70,009	51,781	121,790	112,614	153,425	266,039
Total	136,288,905	630,051,781	766,340,686	184,621,404	640,153,425	824,774,829

Advance Finance Public Company Limited
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8 Investments, net

As at 31 December 2014 and 2013, investments were classified as follows:

	2014 Fair value (in Baht)	2013 Fair value (in Baht)
Available-for-sale securities		
Domestic marketable equity securities	69,424,834	68,485,534
Total	69,424,834	68,485,534
	2014 Cost/amortised cost (in Baht)	2013 Cost/amortised cost (in Baht)
Held-to-maturity securities		
Government and state enterprise securities	199,946,068	250,191,001
Corporate debt securities	80,412,952	80,525,637
Total	280,359,020	330,716,638
	2014 Cost (in Baht)	2013 Cost (in Baht)
General investments		
Domestic non-marketable equity securities	13,320,000	7,820,000
Less allowance for impairment	(7,820,000)	(7,820,000)
Total	5,500,000	-
Total investments, net	355,283,854	399,202,172

As at 31 December 2014 and 2013, held-to-maturity securities can be classified by the remaining period to maturity as follow:

	Within 1 year	2014 Maturity 1-5 years (in Baht)	Total
Held-to-maturity securities			
Government and state enterprise securities	199,946,068	-	199,946,068
Corporate debt securities	-	80,412,952	80,412,952
Total	199,946,068	80,412,952	280,359,020

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	Within 1 year	2013 Maturity 1-5 years (in Baht)	Total
Held-to-maturity securities			
Government and state enterprise securities	199,925,763	50,265,238	250,191,001
Corporate debt securities	-	80,525,637	80,525,637
Total	199,925,763	130,790,875	330,716,638

The revaluation deficit on available-for-sale investments as at 31 December 2014 and 2013 were as follows:

	2014 (in Baht)	2013 (in Baht)
Revaluation deficit on available-for-sale investments	(9,074,951)	(10,182,954)
Revaluation surplus on available-for-sale investments	-	38,276
Revaluation deficit on available-for-sale investments	(9,074,951)	(10,144,678)
Deferred tax	1,814,990	2,028,936
Revaluation deficit on available-for-sale investments, net	(7,259,961)	(8,115,742)

9 Investment in subsidiary

As at 31 December 2014 and 2013, the Company had an investment in subsidiary as follows:

Subsidiary	Type of business	Type of share	Direct shareholding		Investment value Cost method	
			2014 (%)	2013	2014 (in Baht)	2013
AAMC Asset Management Company Limited*	Asset management	Ordinary	-	99.99	-	24,999,300
Total investment in subsidiary					-	24,999,300

* On 20 June 2014, the Company sold 225,000 shares of investment in subsidiary amount to Baht 28.12 million which the Company realised gain on sale of investment in subsidiary amount to Baht 5.62 million (see note 32). The Company still have 25,000 shares of that investment with its book value amount to Baht 2.5 million. Later, on 22 October 2014, the Company bought additional 75,000 shares at par value of Baht 100 and first paid-up at Baht 40 of this Company so the Company have 100,000 shares (10% shareholding) with its book value amount to Baht 5.5 million which presented in general investments (see note 8) in the statement of financial position as at 31 December 2014.

10 Loans to customers and accrued interest receivables, net

10.1 Classified by product as at 31 December 2014 and 2013

	2014 (in Baht)	2013 (in Baht)
Loans	3,239,300,469	3,075,846,240
Add accrued interest receivables	1,914,557	4,113,361
Total loans and accrued interest receivables	3,241,215,026	3,079,959,601
Less allowance for doubtful accounts		
- allowance established per BoT regulations		
- Individual Approach	(134,736,392)	(133,067,114)
- allowance established in excess of BoT regulation	(16,072,672)	(9,312,253)
Total	3,090,405,962	2,937,580,234

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As at 31 December 2014, the Company had non-accrual loans, gross, based on the accrual basis of Baht 540 million (2013: Baht 745 million).

10.2 Classified by currencies and residential status of customers as at 31 December 2014 and 2013

As at 31 December 2014 and 2013, loans to customers were domestic and denominated entirely in Thai Baht.

10.3 Classified by business type and quality of loan classification as at 31 December 2014 and 2013

	2014					
	Normal	Special mention	Sub- standard	Doubtful (in Baht)	Doubtful of loss	Total*
Manufacturing and commerce	184,514,709	-	-	-	79,694,671	264,209,380
Property development and construction	1,468,852,507	-	1,319,566	-	199,545,039	1,669,717,112
Infrastructure and services	535,556,597	-	-	-	120,431,045	655,987,642
Housing loans	489,685,324	20,094,082	13,289,178	-	54,546,446	577,615,030
Others	71,204,851	-	-	-	566,454	71,771,305
Total	2,749,813,988	20,094,082	14,608,744	-	454,783,655	3,239,300,469

* Excluding accrued interest receivables

	2013					
	Normal	Special mention	Sub- standard	Doubtful (in Baht)	Doubtful of loss	Total*
Manufacturing and commerce	98,793,387	-	-	-	79,694,671	178,488,058
Property development and construction	1,243,724,618	-	148,362,841	23,392,264	148,889,661	1,564,369,384
Infrastructure and services	424,729,982	-	-	85,150,048	187,925,596	697,805,626
Housing loans	474,247,410	18,526,526	2,326,350	4,742,982	50,335,762	550,179,030
Others	84,437,688	-	-	-	566,454	85,004,142
Total	2,325,933,085	18,526,526	150,689,191	113,285,294	467,412,144	3,075,846,240

* Excluding accrued interest receivables

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10.4 Classified by loan classification as at 31 December 2014 and 2013 (inclusive of accrued interest receivables)

	2014			
	Loans and accrued interest receivables (in Baht)	Net amount used to set the allowance for doubtful accounts *	% used for setting the allowance (%)	Allowance for doubtful accounts (in Baht)
Minimum allowance of BoT regulations				
- Normal	2,751,621,346	45,812,075	1	12,016,761
- Special mention	20,158,337	-	2	-
- Sub-standard	14,651,689	1,551,985	100	1,551,985
- Doubtful	-	-	100	-
- Doubtful of loss	454,783,654	121,167,646	100	121,167,646
Total	3,241,215,026	168,531,706		134,736,392
Allowance established in excess of BoT regulations				16,072,672
Total				150,809,064

* Net amount used to set the allowance for doubtful accounts means total debts excluded accrued interest receivables after deduction of collateral value (for normal and special mention), or total debts after deduction of the present value of future cash flows expected to be received from debt repayment, or the expected proceeds from the disposal of collateral (for sub-standard, doubtful and doubtful of loss).

	2013			
	Loans and accrued interest receivables (in Baht)	Net amount used to set the allowance for doubtful accounts *	% used for setting the allowance (%)	Allowance for doubtful accounts (in Baht)
Minimum allowance of BoT regulations				
- Normal	2,329,931,683	58,339,756	1	583,397
- Special mention	18,625,514	-	2	-
- Sub-standard	150,704,966	2,496	100	2,496
- Doubtful	113,285,294	1,262,859	100	1,262,859
- Doubtful of loss	467,412,144	131,218,362	100	131,218,362
Total	3,079,959,601	190,823,473		133,067,114
Allowance established in excess of BoT regulations				9,312,253
Total				142,379,367

* Net amount used to set the allowance for doubtful accounts means total debts excluded accrued interest receivables after deduction of collateral value (for normal and special mention), or total debts after deduction of the present value of future cash flows expected to be received from debt repayment, or the expected proceeds from the disposal of collateral (for sub-standard, doubtful and doubtful of loss).

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10.5 Non-Performing Loans (NPLs)

According to the BoT's regulations, finance companies are required to report information as follows:

- Non-Performing Loans (NPL gross)
- The ratio of NPL to total loans (including loans to financial institutions)
- Non-Performing Loans, net (NPL net)
- The ratio of total loans, net of allowances for doubtful accounts which is referred to the ratio of NPL net to total loans (including loans to financial institutions) net of allowances for doubtful accounts of NPL.

As at 31 December 2014 and 2013 the Company's non-performing loans, gross, were summarised as follows:

	2014	2013
Non-performing loans - gross (<i>in Baht</i>)	469,392,399	731,386,629
Total loans including loans to financial institutions (<i>in Baht</i>)	3,239,300,469	3,075,846,240
Ratio of NPL gross	14.49	23.78

As at 31 December 2014 and 2013 the Company's non-performing loans, net, were summarised as follows:

	2014	2013
Non-performing loans - net (<i>in Baht</i>)	346,672,768	598,902,912
Total loans including loans to financial institutions, net of allowances for doubtful accounts of NPL (<i>in Baht</i>)	3,116,580,838	2,943,362,523
Ratio of NPL net	11.12	20.35

11 Troubled debt restructuring

During the years ended 31 December 2014 and 2013, there was no loss from troubled debt restructuring.

The average term of troubled debt restructuring as of 31 December 2014 is 7.32 years (2013: 1.66 years).

As at 31 December 2014 and 2013, the outstanding balance of the Company's restructured debtors which are under the installment payment period in compliance with restructuring conditions were classified as follows:

	2014		2013	
	Cases	Total outstanding debt at the end of the year (<i>in Baht</i>)	Cases	Total outstanding debt at the end of the year (<i>in Baht</i>)
Normal	1	179,927	1	681,884
Sub-standard	1	1,319,565	1	108,629,276
Doubtful of loss	1	94,483,096	-	-
		<u>95,982,588</u>		<u>109,311,160</u>

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Supplementary information relating to restructuring debtors for the years ended 31 December 2014 and 2013 were as follows:

	2014	2013
	(in Baht)	
Interest income recognised in profit or loss	8,014,502	10,820,019
Cash collection	115,826,170	26,184,858

12 Allowance for doubtful accounts

As at 31 December 2014 and 2013, the changes to the allowance for doubtful accounts were as follows:

2014						
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations
				(in Baht)		Total
As at 1 January 2014	583,397	-	2,496	1,262,859	131,218,362	9,312,253
Doubtful accounts	11,433,364	-	1,549,489	(1,262,859)	(9,180,413)	6,760,419
Written off	-	-	-	-	(870,303)	-
As at 31 December 2014	<u>12,016,761</u>	<u>-</u>	<u>1,551,985</u>	<u>-</u>	<u>121,167,646</u>	<u>16,072,672</u>
						<u>150,809,064</u>
2013						
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations
				(in Baht)		Total
As at 1 January 2013	438,497	-	2,537,127	-	119,512,087	13,721,835
Doubtful accounts	144,900	-	(2,534,631)	1,262,859	11,706,275	(3,579,403)
Written off	-	-	-	-	-	(830,179)
As at 31 December 2013	<u>583,397</u>	<u>-</u>	<u>2,496</u>	<u>1,262,859</u>	<u>131,218,362</u>	<u>9,312,253</u>
						<u>142,379,367</u>

13 Properties for sale, net

As at 31 December 2014 and 2013, the changes to the properties for sale, net were as follows:

2014			
	Beginning balance	Additions	Disposals
		(in Baht)	Ending balance
Foreclosed assets			
Immovable assets			
- Appraised value by external appraisals	179,350,057	2,130,000	-
Total properties for sale	<u>179,350,057</u>	<u>2,130,000</u>	<u>181,480,057</u>
Less allowance for impairment	<u>(1,878,934)</u>	<u>-</u>	<u>(1,878,934)</u>
Total properties for sale, net	<u>177,471,123</u>	<u>2,130,000</u>	<u>179,601,123</u>

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	2013			
	Beginning balance	Additions	Disposals	Ending balance
		(in Baht)		
Foreclosed assets				
Immovable assets				
- Appraised value by external appraisals	183,988,842	2,191,655	(6,830,440)	179,350,057
Total properties for sale	183,988,842	2,191,655	(6,830,440)	179,350,057
Less allowance for impairment	-	(1,878,934)	-	(1,878,934)
Total properties for sale, net	183,988,842	312,721	(6,830,440)	177,471,123

As at 23 December 2014, the Company (the potential seller) has cancelled a Sales and Purchase contract for Land and Buildings with another company (the potential buyer) because the potential buyer broke the contract. The potential seller withheld a deposit and part of the purchase price amount to Baht 11.45 million and recognised as other operating income in the financial statements for the year ended 31 December 2014.

14 Equipment, net

As at 31 December 2014 and 2013, the changes to the equipment, net were as follows:

	Leasehold improvement	Computer and equipment	Furniture and fixtures	Vehicles	Assets in progress	Total
			(in Baht)			
Cost						
At 1 January 2013	14,328,611	17,773,104	47,612	18,242,500	-	50,391,827
Additions	-	449,307	-	-	-	449,307
At 31 December 2013 and 1 January 2014	14,328,611	18,222,411	47,612	18,242,500	-	50,841,134
Additions	160,587	268,259	-	-	4,568,356	4,997,202
Disposals	(295,001)	(4,062,424)	-	-	-	(4,357,425)
At 31 December 2014	14,194,197	14,428,246	47,612	18,242,500	4,568,356	51,480,911
Accumulated depreciation						
At 1 January 2013	14,201,660	14,782,933	40,486	11,160,707	-	40,185,786
Depreciation charge for the year	61,709	1,065,139	2,044	1,707,300	-	2,836,192
At 31 December 2013 and 1 January 2014	14,263,369	15,848,072	42,530	12,868,007	-	43,021,978
Depreciation charge for the year	55,206	867,645	1,803	1,707,300	-	2,631,954
Disposals	(295,001)	(4,061,175)	-	-	-	(4,356,176)
At 31 December 2014	14,023,574	12,654,542	44,333	14,575,307	-	41,297,756
Net book value						
At 1 January 2013	126,951	2,990,171	7,126	7,081,793	-	10,206,041
At 31 December 2013 and 1 January 2014	65,242	2,374,339	5,082	5,374,493	-	7,819,156
At 31 December 2014	170,623	1,773,704	3,279	3,667,193	4,568,356	10,183,155

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Depreciation for the year ended 31 December 2014 in the amount of Baht 2.6 million (2013: Baht 2.8 million) was included in premises and equipment expenses in profit or loss.

The gross amount of the Company's fully depreciated equipment that was still in use as at 31 December 2014 amounted to Baht 33.7 million (2013: Baht 37.9 million).

15 Intangible assets, net

As at 31 December 2014 and 2013, the changes to the intangible assets, net were as follows:

	<i>(in Baht)</i>
Cost	
At 1 January 2013	8,350,953
Additions	119,246
At 31 December 2013 and 1 January 2014	8,470,199
Additions	166,004
At 31 December 2014	8,636,203
Accumulated amortisation	
At 1 January 2013	7,230,273
Amortisation charge for the year	349,017
At 31 December 2013 and 1 January 2014	7,579,290
Amortisation charge for the year	352,185
At 31 December 2014	7,931,475
Net book value	
At 1 January 2013	1,120,680
At 31 December 2013 and 1 January 2014	890,909
At 31 December 2014	704,728

Amortisation for the year ended 31 December 2014 in the amount of Baht 352,185 (2013: Baht 349,017) was included in premises and equipment expenses in profit or loss.

16 Deferred tax assets

Deferred tax assets and liabilities as at 31 December 2014 and 2013 were as follows:

	2014	2013
	<i>(in Baht)</i>	
Deferred tax assets	7,432,177	9,310,759
Deferred tax liabilities	(572,838)	(572,838)
Net	6,859,339	8,737,921

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Movements in total deferred tax assets and liabilities during years ended 31 December 2014 and 2013 were as follows:

	At 1 January 2014	(Charged) / Credited to:		At 31 December 2014
		Profit or loss (Note 34) (in Baht)	Other comprehensive income	
Deferred tax assets				
Allowance for general investment impairment	1,564,000	-	-	1,564,000
Revaluation deficit on available-for-sale investments	2,028,936	-	(213,946)	1,814,990
Allowance for doubtful accounts	1,086,941	-	-	1,086,941
Impairment of properties for sale	375,787	-	-	375,787
Employee benefit obligations	4,255,095	(1,664,636)	-	2,590,459
Total	9,310,759	(1,664,636)	(213,946)	7,432,177
Deferred tax liabilities				
Defined benefit plan actuarial gains	572,838	-	-	572,838
Total	572,838	-	-	572,838
Net	8,737,921	(1,664,636)	(213,946)	6,859,339
	At 1 January 2013	(Charged) / Credited to:		At 31 December 2013
		Profit or loss (Note 34) (in Baht)	Other comprehensive income	
Deferred tax assets				
Allowance for general investment impairment	1,784,571	(220,571)	-	1,564,000
Revaluation deficit on available-for-sale investments	928,749	-	1,100,187	2,028,936
Allowance for doubtful accounts	1,086,941	-	-	1,086,941
Impairment of properties for sale	-	375,787	-	375,787
Employee benefit obligations	3,798,732	456,363	-	4,255,095
Total	7,598,993	611,579	1,100,187	9,310,759
Deferred tax liabilities				
Defined benefit plan actuarial gains	-	-	572,838	572,838
Total	-	-	572,838	572,838
Net	7,598,993	611,579	527,349	8,737,921

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17 Other assets, net

As at 31 December 2014 and 2013, other assets, net were as follows:

	2014	2013
	(in Baht)	
Prepaid expenses	631,036	624,566
Accrued interest receivables	423,392	1,811,016
Other receivable	104,767	141,299
Others	1,916,037	1,623,889
	<u>3,075,232</u>	<u>4,200,770</u>
Less allowance for impairment	(1,715,994)	(1,307,625)
Total	<u>1,359,238</u>	<u>2,893,145</u>

18 Deposits

18.1 Classified by product as at 31 December 2014 and 2013:

	2014	2013
	(in Baht)	
Certificate of deposits	3,367,435,355	3,033,013,314
Total	<u>3,367,435,355</u>	<u>3,033,013,314</u>

18.2 Classified by currency and residence of customer as at 31 December 2014 and 2013

As at 31 December 2014 and 2013, the Company's deposits were domestic and denominated entirely in Thai Baht.

19 Intercompany and money market items (liabilities)

As at 31 December 2014 and 2013, intercompany and money market items (liabilities) were as follows:

	2014			2013		
	Demand	Time	Total	Demand	Time	Total
	(in Baht)					
Domestic items:						
Other financial institutions	-	211,966,285	211,966,285	-	487,164,356	487,164,356
Total domestic items	<u>-</u>	<u>211,966,285</u>	<u>211,966,285</u>	<u>-</u>	<u>487,164,356</u>	<u>487,164,356</u>

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Notes to the financial statements

20 Debt issued and borrowings

As at 31 December 2014 and 2013, debt issued and borrowings were as follows:

	2014			2013		
	Interest rate (%)	Year of maturity	Domestic (in Baht)	Interest rate (%)	Year of maturity	Domestic (in Baht)
Promissory notes - Baht	5.15	2015	2,630,000	4.40-5.15	2014-2015	42,640,908
Total			2,630,000			42,640,908

21 Employee benefit obligations

As at 31 December 2014 and 2013, employee benefit obligations were as follows:

	2014	2013
	(in Baht)	
Statement of financial position		
Obligations for:		
Post-employment benefits	10,088,108	18,411,286
Total	10,088,108	18,411,286

Post-employment benefits

The Company operates a number of post-retirement benefit plans including both defined contribution plans and defined benefit plans. All defined benefit plans are unfunded.

	2014	2013
	(in Baht)	
For the year ended 31 December		
Statement of comprehensive income:		
Recognised in profit or loss:		
Post-employment benefits		
Defined benefit plans	2,359,326	2,281,814
Total	2,359,326	2,281,814

The expenses in the line items above are recognised as employee's expenses in profit or loss.

The Company operates defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide post-employment benefits to employees based on rights and length of service.

Movement in the present value of the defined benefit obligations:

	2014	2013
	(in Baht)	
For the year ended 31 December		
Defined benefit obligations at 1 January	18,411,286	18,993,660
Current service costs and interest	2,359,326	2,281,814
Defined benefit plan actuarial gains	-	(2,864,188)
Benefits paid	(10,682,504)	-
Defined benefit obligations at 31 December	10,088,108	18,411,286

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Notes to the financial statements

Expense recognised in profit or loss:

<i>For the year ended 31 December</i>	2014 (in Baht)	2013
Current service costs	2,040,427	1,612,841
Interest on obligation	318,899	668,973
Total	2,359,326	2,281,814

The expense is recognised in following line items in the statement of comprehensive income:

<i>For the year ended 31 December</i>	2014 (in Baht)	2013
Employee expenses	2,359,326	2,281,814
Total	2,359,326	2,281,814

Principal actuarial assumptions at the reporting date:

	2014 (%)	2013
Discount rate	4.1	4.1
Future salary increases	4-8	4-8

Assumptions regarding future mortality are based on published statistics and mortality tables.

22 Other liabilities

As at 31 December 2014 and 2013, other liabilities were as follows:

	2014 (in Baht)	2013
Special business tax and value added tax payable	839,543	1,091,089
Others	626,233	689,180
Total	1,465,776	1,780,269

23 Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 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

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Movements in reserves

Movements in reserves are shown in the statement of changes in equity.

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Notes to the financial statements

24 Dividends

At the annual general meeting of the shareholders of the Company held on 29 April 2014, the shareholders approved the appropriation of dividend of Baht 2.75 per share, amounting to Baht 17.88 million. The dividend was paid to shareholders during 2014.

25 Contingencies

As at 31 December 2014 and 2013, contingencies were as follows:

	2014	2013
	(in Baht)	
Avals to bills	-	120,000,000
Other contingencies	51,630,764	45,927,002
Total	51,630,764	165,927,002

26 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related party may be individuals or other entities.

Relationship with key management was as follows:

Director is a person who has position as an executive of the Company and director who has no position in executive level of the Company.

Key management personnel is person having authority and responsibility for planning, directing and controlling all activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company and executive of the Company.

Executive of the Company is the executive officers at the level of departmental manager or vice president upwards including other position that is equivalent to the Company shall have the power to manage some or all.

The pricing policy for transaction with related party is explained further below:

Transaction	Pricing policy
Rental expenses	Market rate

Significant transactions for the years ended 31 December 2014 and 2013 with related parties were as follows:

<i>For the year ended 31 December</i>	2014	2013
	(in Baht)	
AAMC Asset Management Company Limited*		
Rental income	70,380	137,104

* It was a subsidiary until at 20 June 2014 (see note 9).

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Notes to the financial statements

Other benefits paid to directors and key management:

The Company has not paid other benefits to executive directors and key management personnel, except for the benefits that are normally paid such as salary, bonus and directors' fee.

Directors who have no position in executive level of the Company only receive an annual remuneration and allowances.

Benefit paid to directors who are executive of the Company and key management personnel.

<i>For the year ended 31 December</i>	2014	2013
	(in Baht)	
Short-term employee benefits	37,264,865	34,631,473
Post-employment benefits	1,936,220	1,684,523
Total	39,201,085	36,315,996

Benefit paid to the directors who have no position as an executive level of the Company.

<i>For the year ended 31 December</i>	2014	2013
	(in Baht)	
Directors' remuneration	2,013,755	2,350,000
Total	2,013,755	2,350,000

Significant agreement with related party

The Company has entered into a rental agreement with its subsidiary (until at 20 June 2014) for the period from August 2013 to August 2016 and the Company has monthly rental fee of Baht 11,730 payable on a semi-annual basis.

27 Long-term leases and service agreements

As at 31 December 2014 and 2013, the remaining rental and service expenses to be paid for long-term leases and service agreements were as follows:

Type of lease	Period	2014	2013
		(in Baht)	
Building	Within 1 year	7,574,112	5,459,040
	1 - 5 years	7,426,877	8,643,480
Equipment	Within 1 year	131,068	383,916
	1 - 5 years	-	159,965

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Notes to the financial statements

28 Segment information

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

Finance business is the main business segment of the Company with revenues, expenses, assets and liabilities over 85 percent of all segments. None of the other business segments individually represent more than 10 percent of the amounts recording with the financial statements. When taking into consideration the business location of the Company, there is only one geographical segment as the business operates only in the Kingdom of Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

29 Interest income

Interest income included in profit or loss for the years ended 31 December 2014 and 2013 were as follows:

<i>For the year ended 31 December</i>	Consolidated financial statements*		Separate financial statements	
	2014	2013	2014	2013
	<i>(in Baht)</i>			
Intercompany and money market items	10,461,930	13,925,409	10,167,177	13,102,667
Investment in debt securities	9,591,504	13,495,588	9,591,504	13,495,588
Loans	232,205,369	191,519,997	232,205,369	191,519,997
Total	<u>252,258,803</u>	<u>218,940,994</u>	<u>251,964,050</u>	<u>218,118,252</u>

* The consolidated financial statements included financial performance of a subsidiary company until 20 June 2014 (loss of control date) (see note 9) and eliminated intra transactions between the Company and its subsidiary.

30 Interest expense

Interest expense included in profit or loss for the years ended 31 December 2014 and 2013 were as follows:

<i>For the year ended 31 December</i>	2014	2013
	<i>(in Baht)</i>	
Deposits	112,211,740	84,571,979
Intercompany and money market items	15,261,613	30,639,631
Contributions to the Financial Institutions		
Development Fund and the Deposit		
Protection Agency	15,331,406	12,112,593
Debt securities in issue		
- Others	927,311	4,086,926
Total	<u>143,732,070</u>	<u>131,411,129</u>

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Notes to the financial statements

31 Fees and service income

Net fees and service income included in profit or loss for the years ended 31 December 2014 and 2013 were as follows:

<i>For the year ended 31 December</i>	2014	2013
	<i>(in Baht)</i>	
Fees and service income		
- Acceptances, avals and guarantees	1,045,714	2,089,765
- Financial consulting fee	3,258,951	10,775,000
- Fees on loans	12,039,983	15,550,848
Total net fees and service income	16,344,648	28,415,613

32 Net gain on investments

Net gain on investments included in profit or loss for the years ended 31 December 2014 and 2013 were as follows:

<i>For the year ended 31 December</i>	2014	2013
	<i>(in Baht)</i>	
Gain on sales		
- Available-for-sale securities	37,177	2,920,536
- General investments	-	9,259,011
- Investment in subsidiary*	5,620,325	-
Total	5,657,502	12,179,547

* On 20 June 2014, the Company sold 225,000 shares of investment in subsidiary amount to Baht 28.12 million which the Company realised gain on sale of investment in subsidiary amount to Baht 5.62 million. The Company still have 25,000 shares of that investment with its book value amount to Baht 2.5 million. Later, on 22 October 2014, the Company bought additional 75,000 shares at par value of Baht 100 and first paid-up at Baht 40 of this Company so the Company have 100,000 shares (10% shareholding) with its book value amount to Baht 5.5 million which presented in general investments (see note 8) in the statement of financial position as at 31 December 2014.

33 Bad debt, doubtful accounts and loss on impairment

Bad debt, doubtful accounts and loss on impairment included in profit or loss for the years ended 31 December 2014 and 2013 were as follows:

<i>For the year ended 31 December</i>	<i>Note</i>	2014	2013
		<i>(in Baht)</i>	
Loans to customers			
- Bad debt recovery		(904,104)	(1,219,778)
- Doubtful accounts	12	9,300,000	7,000,000
- Loss on debt reduction		5,150,048	-
Total		13,545,944	5,780,222

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Notes to the financial statements

34 Income tax expense

Income tax recognised in profit or loss

<i>For the year ended 31 December</i>	<i>Note</i>	Consolidated financial statements*		Separate financial statements	
		2014	2013	2014	2013
		<i>(in Baht)</i>			
Current tax expense					
Current year		<u>6,505,974</u>	<u>8,738,904</u>	<u>6,481,406</u>	<u>8,626,476</u>
		<u>6,505,974</u>	<u>8,738,904</u>	<u>6,481,406</u>	<u>8,626,476</u>
Deferred tax expense	16				
Movements in temporary differences		<u>1,664,636</u>	<u>(611,579)</u>	<u>1,664,636</u>	<u>(611,579)</u>
		<u>1,664,636</u>	<u>(611,579)</u>	<u>1,664,636</u>	<u>(611,579)</u>
Total income tax expense		<u>8,170,610</u>	<u>8,127,325</u>	<u>8,146,042</u>	<u>8,014,897</u>

* The consolidated financial statements included financial performance of a subsidiary company until 20 June 2014 (loss of control date) (see note 9) and eliminated intra transactions between the Company and its subsidiary.

Income tax recognised in other comprehensive income

	Before tax	2014 Tax (expense) benefit	Net of tax	Before tax	2013 Tax (expense) benefit	Net of tax
<i>(in Baht)</i>						
Available-for-sale investments	1,069,727	(213,946)	855,781	(5,500,932)	1,100,187	(4,400,745)
Defined benefit plan actuarial gains	-	-	-	2,864,188	(572,838)	2,291,350
Total	<u>1,069,727</u>	<u>(213,946)</u>	<u>855,781</u>	<u>(2,636,744)</u>	<u>527,349</u>	<u>(2,109,395)</u>

Reconciliation of effective tax rate

<i>For the year ended 31 December</i>	Consolidated financial statements*			
	2014		2013	
	Rate (%)	<i>(in Baht)</i>	Rate (%)	<i>(in Baht)</i>
Profit before income tax expense		41,711,922		39,885,340
Income tax using the Thai Corporation tax rate	20	8,342,384	20	7,977,068
Income not subject to tax		(403,602)		(106,494)
Expense not deductible for tax purposes		231,828		256,751
Total	<u>20</u>	<u>8,170,610</u>	<u>20</u>	<u>8,127,325</u>

* The consolidated financial statements included financial performance of a subsidiary company until 20 June 2014 (loss of control date) (see note 9) and eliminated intra transactions between the Company and its subsidiary.

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<i>For the year ended 31 December</i>	Separate financial statements			
	2014		2013	
	Rate (%)	(in Baht)	Rate (%)	(in Baht)
Profit before income tax expense		<u>41,548,931</u>		<u>39,330,257</u>
Income tax using the Thai Corporation tax rate	20	8,309,786	20	7,866,052
Income not subject to tax		(403,602)		(106,494)
Expense not deductible for tax purposes		<u>239,858</u>		<u>255,339</u>
Total	20	<u>8,146,042</u>	20	<u>8,014,897</u>

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Company has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

35 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2014 and 2013 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

<i>For the year ended 31 December</i>	Consolidated financial statements*		Separate financial statements	
	2014	2013	2014	2013
	<i>(in Baht / in shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>33,541,308</u>	<u>31,758,003</u>	<u>33,402,889</u>	<u>31,315,360</u>
Number of ordinary shares outstanding	<u>6,500,000</u>	<u>6,500,000</u>	<u>6,500,000</u>	<u>6,500,000</u>
Basic earnings per share (basic)	<u>5.16</u>	<u>4.89</u>	<u>5.14</u>	<u>4.82</u>

* The consolidated financial statements included financial performance of a subsidiary company until 20 June 2014 (loss of control date) (see note 9) and eliminated intra transactions between the Company and its subsidiary.

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Notes to the financial statements

36 Events after the reporting period

- 1) On 3 December 2014, the extraordinary meeting of the shareholders approved to increase the Company's authorised share capital of Baht 350 million from Baht 650 million to Baht 1,000 million by issuing 3.5 million new ordinary shares with par value of Baht 100 each and called up at 100%. The new authorised share capital was registered with the Ministry of Commerce on 16 December 2014 and the new issued and paid-up share capital was registered with the Ministry of Commerce on 27 January 2015.
- 2) On 28 January 2015, the Company (the seller) has entered into a Contract of Land Sale for Land and Buildings with the buyer and the buyer agreed to pay the purchasing price amount to Baht 135 million. The Company has transferred the ownership of Land and Buildings to the buyer.
- 3) At the Board of Directors' meeting held on 12 March 2015, the Board of Directors approved the appropriation of dividend of Baht 2.10 per share, amounting to Baht 21 million. This resolution will be presented to the annual general meeting of the shareholders of the Company will be held on 28 April 2015.

37 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Company does not plan to adopt these TFRS early.

TFRS	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TFRS 13	Fair Value Measurement	2015
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015
TFRIC 14	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015
TFRIC 18 (revised 2014)	Transfers of Assets from Customers	2015

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Notes to the financial statements

The Company has made a preliminary assessment of the potential initial impact on the Company's financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.