

Advance Finance Public Company Limited

Interim financial statements
for the six-month period ended 30 June 2015
and
Independent Auditor's Report



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Independent Auditor's Report

To the Board of Directors of Advance Finance Public Company Limited

I have audited the accompanying interim financial statements of Advance Finance Public Company Limited (the "Company"), which comprise the statement of financial position as at 30 June 2015, the statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Interim Financial Statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of interim 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 interim 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 interim 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 interim financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2015, and its financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

P. Gulsantithamrong

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
26 August 2015

Advance Finance Public Company Limited

Statement of financial position

		30 June	31 December
Assets	Note	2015	2014
		(in Baht)	
Cash		30,000	30,000
Intercompany and money market items	8	1,021,222,691	766,340,686
Investments, net	9	1,245,244,897	355,283,854
Loans to customers and accrued interest receivables, net	10		
Loans to customers		4,071,080,946	3,239,300,469
Accrued interest receivables		<u>4,264,325</u>	<u>1,914,557</u>
Total loans to customers and			
accrued interest receivables		4,075,345,271	3,241,215,026
Less allowance for doubtful accounts	12	<u>(156,059,064)</u>	<u>(150,809,064)</u>
Total loans to customers and			
accrued interest receivables, net		3,919,286,207	3,090,405,962
Properties for sale, net	13	55,697,216	179,601,123
Equipment, net	14	21,979,470	10,183,155
Intangible assets, net	15	695,250	704,728
Deferred tax assets	16	6,850,055	6,859,339
Receivable from Legal Execution Department		6,162,750	6,162,750
Accrued service fees		-	1,498,000
Deposits		4,391,985	4,336,600
Other assets, net	17	<u>2,118,572</u>	<u>1,359,238</u>
Total assets		<u>6,283,679,093</u>	<u>4,422,765,435</u>



บริษัทเงินทุน แอดวานซ์ จำกัด (มหาชน)
Advance Finance Public Company Limited

(Signature)

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

Advance Finance Public Company Limited

Statement of financial position

		30 June	31 December
		2015	2014
Liabilities and equity	<i>Note</i>		
		<i>(in Baht)</i>	
<i>Liabilities</i>			
Deposits	18	4,986,916,768	3,367,435,355
Intercompany and money market items	19	51,700,480	211,966,285
Debt issued and borrowings	20	-	2,630,000
Accrued interest payable		18,236,752	14,368,721
Contributions to the Financial Institutions			
Development Fund and the Deposit			
Protection Agency payable		9,358,931	7,775,543
Income tax payable		11,799,804	5,718,275
Employee benefit obligations	21	11,747,457	10,088,108
Withholding tax payable		1,720,284	2,537,850
Accrued expenses		3,206,785	1,297,791
Other liabilities	22	8,164,827	1,465,776
Total liabilities		5,102,852,088	3,625,283,704

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

Advance Finance Public Company Limited

Statement of financial position

		30 June	31 December
		2015	2014
		<i>(in Baht)</i>	
Liabilities and equity	<i>Note</i>		
Equity			
Share capital	23		
Authorised share capital			
10,000,000 ordinary shares for 2015 and 2014			
of Baht 100 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid-up share capital			
10,000,000 ordinary shares for 2015 and		1,000,000,000	-
6,500,000 ordinary shares for 2014 of Baht 100 each		-	650,000,000
Other components of equity	9	(7,250,595)	(7,259,961)
Retained earnings			
Appropriated			
Legal reserve	24	10,847,462	10,847,462
Unappropriated		<u>177,230,138</u>	<u>143,894,230</u>
Total equity		<u>1,180,827,005</u>	<u>797,481,731</u>
Total liabilities and equity		<u>6,283,679,093</u>	<u>4,422,765,435</u>

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

Advance Finance Public Company Limited

Statement of comprehensive income

		Six month period ended	
		30 June	
	Note	2015	2014
(in Baht)			
Interest income	30	147,639,877	123,418,910
Interest expense	31	<u>74,626,945</u>	<u>74,259,351</u>
Net interest income		73,012,932	49,159,559
Fees and service income	32	<u>21,906,083</u>	<u>7,489,417</u>
Net fees and service income		21,906,083	7,489,417
Net gain on investments	33	-	5,657,502
Dividend income		2,120,621	1,899,229
Gain on sale of properties for sale		33,236,527	-
Other operating income		<u>43</u>	<u>469,385</u>
Total operating income		130,276,206	64,675,092
Other operating expenses			
Employee expenses	27	29,991,721	25,843,940
Directors' remuneration	27	1,087,500	1,056,664
Premises and equipment expenses		7,195,401	5,204,449
Taxes and duties		11,719,670	4,181,893
Others		<u>7,605,747</u>	<u>6,019,925</u>
Total other operating expenses		57,600,039	42,306,871
Bad debt, doubtful accounts and loss on impairment	34	<u>4,881,198</u>	<u>9,318,977</u>
Profit from operating before income tax expense		67,794,969	13,049,244
Income tax expense	35	<u>13,459,061</u>	<u>2,529,550</u>
Profit for the period		<u>54,335,908</u>	<u>10,519,694</u>

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

Advance Finance Public Company Limited

Statement of comprehensive income

		Six month period ended	
		30 June	
	<i>Note</i>	2015	2014
		<i>(in Baht)</i>	
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss</i>			
Gain on re-measuring available-for-sale investments		11,708	2,909,603
Income tax on other comprehensive income	35	<u>(2,342)</u>	<u>(581,921)</u>
Other comprehensive income, net of income tax		<u>9,366</u>	<u>2,327,682</u>
Total comprehensive income for the period		<u>54,345,274</u>	<u>12,847,376</u>
Basic earnings per share	36	5.72	1.62

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

Advance Finance Public Company Limited

Statement of changes in equity

			Other components of equity	Retained earnings		
			Revaluation surplus (deficit) on available-for-sale investments	Legal reserve (in Baht)	Unappropriated	Total equity
	Note	Issued and paid-up share capital				
Six month period ended 30 June 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	25	-	-	-	(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 period						
Profit for the period		-	-	-	10,519,694	10,519,694
Other comprehensive income		-	2,327,682	-	-	2,327,682
Total comprehensive income for the period		-	2,327,682	-	10,519,694	12,847,376
Balance at 30 June 2014		650,000,000	(5,788,060)	9,177,318	122,681,179	776,070,437
Six month period ended 30 June 2015						
Balance at 1 January 2015		650,000,000	(7,259,961)	10,847,462	143,894,230	797,481,731
Transactions with owners, recorded directly in equity						
Issue of ordinary shares	23	350,000,000	-	-	-	350,000,000
Dividends to shareholders of the Company	25	-	-	-	(21,000,000)	(21,000,000)
Total contributions by and distributions to shareholders of the Company		350,000,000	-	-	(21,000,000)	329,000,000
Total transactions with owners, recorded directly in equity		350,000,000	-	-	(21,000,000)	329,000,000
Comprehensive income for the period						
Profit for the period		-	-	-	54,335,908	54,335,908
Other comprehensive income		-	9,366	-	-	9,366
Total comprehensive income for the period		-	9,366	-	54,335,908	54,345,274
Balance at 30 June 2015		1,000,000,000	(7,250,595)	10,847,462	177,230,138	1,180,827,005

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

Advance Finance Public Company Limited

Statement of cash flows

	Six month period ended	
	30 June	
	2015	2014
	(in Baht)	
<i>Cash flows from operating activities</i>		
Profit from operating before income tax expense	67,794,969	13,049,244
<i>Adjustments for</i>		
Depreciation and amortisation	2,175,902	1,470,401
Bad debt and doubtful accounts	5,250,000	4,650,000
Reversal of impairment of properties for sale	(1,694,061)	-
Gain on sales of properties for sale	(33,236,527)	-
Loss on disposal of equipment	146,658	1,014
Employee benefit expense	1,659,349	1,179,663
Net interest income	(73,012,932)	(49,159,559)
Net gain on investments	-	(5,657,502)
Dividend income	(2,120,621)	(1,899,229)
Proceeds from interest	145,761,017	125,953,547
Interest paid	(69,175,526)	(72,614,948)
Proceeds from dividend	2,120,621	2,019,229
Income tax paid	<u>(7,370,591)</u>	<u>(5,294,547)</u>
Profit from operations before changes in operating assets and liabilities	38,298,258	13,697,313
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	(254,975,487)	212,964,784
Loans to customers	(831,780,477)	(176,930,514)
Properties for sale	158,834,495	-
Receivable from Legal Execution Department	-	(4,239,400)
Accrued service fees	1,498,000	6,874,750
Deposits	(55,385)	(78,740)
Other assets	(759,334)	(444,892)

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

Advance Finance Public Company Limited

Statement of cash flows

	Six month period ended	
	30 June	
Note	2015	2014
	(in Baht)	
<i>Increase (decrease) in operating liabilities</i>		
Deposits	1,619,481,413	167,156,721
Intercompany and money market items	(160,265,805)	(47,048,071)
Short-term debt issued and borrowings	(2,630,000)	-
Withholding tax payable	(817,566)	14,292
Accrued expenses	1,908,994	(39,817)
Advance deposit	-	4,600,000
Other liabilities	6,699,051	3,627,775
Employee benefit paid	-	(10,682,504)
Net cash provided by operating activities	575,436,157	169,471,697
<i>Cash flows from investing activities</i>		
Purchases of available-for-sale securities	(90,390,000)	-
Proceeds from sales of available-for-sale securities	63,240	78,622
Purchases of held-to-maturity debt securities	(6,100,000,000)	(4,200,000,000)
Proceeds from redemption of held-to-maturity debt securities	5,300,000,000	4,050,000,000
Proceeds from sales of investment in subsidiary	-	28,119,625
Purchases of equipment	(13,948,483)	(334,787)
Purchases of intangible assets	(160,914)	(59,249)
Net cash used in investing activities	(904,436,157)	(122,195,789)
<i>Cash flows from financing activities</i>		
Repayment of long-term debt issued and borrowings	-	(29,400,908)
Dividends paid to shareholders of the Company	25 (21,000,000)	(17,875,000)
Proceeds from issue of ordinary shares	23 350,000,000	-
Net cash provided by (used in) financing activities	329,000,000	(47,275,908)
Net cash	-	-
Cash at 1 January	30,000	30,000
Cash at 30 June	30,000	30,000

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

Advance Finance Public Company Limited

Notes to the interim financial statements

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Change in accounting policy
4	Significant accounting policies
5	Financial risk management
6	Fair value of financial assets and liabilities
7	Maintenance of capital fund
8	Intercompany and money market items (assets)
9	Investments, net
10	Loans to customers and accrued interest receivables, net
11	Troubled debt restructuring
12	Allowance for doubtful accounts
13	Properties for sale, net
14	Equipment, net
15	Intangible assets, net
16	Deferred tax assets
17	Other assets, net
18	Deposits
19	Intercompany and money market items (liabilities)
20	Debt issued and borrowings
21	Employee benefit obligations
22	Other liabilities
23	Share capital
24	Reserves
25	Dividends
26	Contingencies
27	Related parties
28	Long-term leases and service agreements
29	Segment information
30	Interest income
31	Interest expense
32	Fees and service income
33	Net gain on investments
34	Bad debt, doubtful accounts and loss on impairment
35	Income tax expense
36	Basic earnings per share

Advance Finance Public Company Limited

Notes to the interim financial statements

These notes form an integral part of the interim financial statements.

The interim 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 26 August 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 period were Green Emerald Estate Company Limited (10% shareholding), which was incorporated in Thailand, Milomar Company Limited (10% shareholding), which was incorporated in Thailand, IFS Capital Limited (10% shareholding), which was incorporated in Republic of Singapore, and Miss Kantima Pornsriniyom (10% shareholding).

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standard (TAS) No.34 (revised 2014) *Interim Financial Reporting*; 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 new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in change in certain of the Company’s accounting policy. The effects of this change, where such effects are considered material to the financial statements, are disclosed in note 3.

(b) Basis of measurement

The interim financial statements have been prepared on the historical cost basis except for the material items as discuss in measurement of fair values.

(c) Functional and presentation currency

The interim financial statements are 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 interim financial statements to the nearest Baht.

Advance Finance Public Company Limited

Notes to the interim financial statements

(d) *Use of judgments and estimates*

The preparation of interim 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.

Assumptions and estimations uncertainties are as follows:

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.

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.

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.

Measurement of fair values

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Details of the methods and assumptions over the measurement of fair values are provided in note 6.

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.

Advance Finance Public Company Limited

Notes to the interim financial statements

3 Change in accounting policy

(a) Overview

From 1 January 2015, consequent to the adoption of new TFRS as set out in note 2, the Company has adopted the following new TFRS having a material effect on the Company's financial statements disclosure:

- TFRS 13 Fair Value Measurement

A description of the nature and effect of the change in accounting policy consequent to the adoption of this new TFRS is included in note 3(b) below:

(b) Fair value measurement

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurements date. It also replaces and expands the disclosure requirements about fair value measurements in other TFRSs. Some of these disclosures are specifically required in interim financial statements; accordingly, the Company has included additional disclosures in this regard (see note 6).

In accordance with the transitional provisions of TFRS 13, the Company has applied the new fair value measurement guidance by prospectively.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3 which addressed change in accounting policy.

(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.

Advance Finance Public Company Limited

Notes to the interim financial statements

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.

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.

Advance Finance Public Company Limited

Notes to the interim financial statements

(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.

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.

Advance Finance Public Company Limited

Notes to the interim financial statements

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

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.

Advance Finance Public Company Limited

Notes to the interim financial statements

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 carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

Defined contribution plans

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

Defined benefit plans

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

Advance Finance Public Company Limited

Notes to the interim financial statements

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

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

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

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the 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.

(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.

Advance Finance Public Company Limited

Notes to the interim financial statements

(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.

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 period 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 period, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

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.

Advance Finance Public Company Limited

Notes to the interim financial statements

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.

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 period.

5 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.

Advance Finance Public Company Limited

Notes to the interim financial statements

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.

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.

Advance Finance Public Company Limited

Notes to the interim financial statements

As at 30 June 2015 and 31 December 2014, significant financial assets and financial liabilities classified by type of interest rate were as follows:

	30 June 2015			
	Floating interest rate	Fixed interest rate	Non - interest bearing	Total
	(in Baht)			
Financial assets				
Intercompany and money market items	49,868,325	900,000,000	71,354,366	1,021,222,691
Investments, net	-	1,079,981,595	165,263,302	1,245,244,897
Loans to customers*	3,614,925,681	15,350,347	-	3,630,276,028
Total	3,664,794,006	1,995,331,942	236,617,668	5,896,743,616
Financial liabilities				
Deposits	-	4,986,916,768	-	4,986,916,768
Intercompany and money market items	-	51,700,480	-	51,700,480
Total	-	5,038,617,248	-	5,038,617,248

* Excluding non-accrual loans

	31 December 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*	2,684,810,254	14,318,314	-	2,699,128,568
Total	2,745,004,730	924,677,334	151,071,044	3,820,753,108
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

* Excluding non-accrual loans

Advance Finance Public Company Limited
Notes to the interim financial statements

The financial assets and liabilities classified by the earlier of maturity or interest repricing as at 30 June 2015 and 31 December 2014 were as follows:

		30 June 2015						
	Average rate (%)	0-3 months	3-12 months	1-5 years	Over 5 years (in Baht)	Non- interest bearing	Non- accrual	Total
Financial assets								
Intercompany and money market items	0.97	949,868,325	-	-	-	71,354,366	-	1,021,222,691
Investments, net	1.63	999,626,371	-	80,355,224	-	165,263,302	-	1,245,244,897
Loans to customers	8.47	3,616,056,723	3,398,363	10,699,771	121,171	-	440,804,918	4,071,080,946
Accrued interest receivables	-	-	-	-	-	4,264,325	-	4,264,325
Total		5,565,551,419	3,398,363	91,054,995	121,171	240,881,993	440,804,918	6,341,812,859
Financial liabilities								
Deposits	3.25	1,611,531,659	2,936,907,851	438,477,258	-	-	-	4,986,916,768
Intercompany and money market items	3.94	2,100,480	49,600,000	-	-	-	-	51,700,480
Total		1,613,632,139	2,986,507,851	438,477,258	-	-	-	5,038,617,248

Advance Finance Public Company Limited
Notes to the interim financial statements

31 December 2014

	Average rate (%)	0-3 months	3-12 months	1-5 years	Non- interest bearing (in Baht)	Non- 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 interim 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 30 June 2015 and 31 December 2014, the Company had 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.

Advance Finance Public Company Limited
Notes to the interim financial statements

A maturity analysis of financial assets and liabilities as at 30 June 2015 and 31 December 2014 were as follows:

		30 June 2015						
	At call	0-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Non- accrual	Total
				(in Baht)				
Financial assets								
Intercompany and money								
market items	121,198,033	900,024,658	-	-	-	-	-	1,021,222,691
Investments, net	-	999,626,371	-	80,355,224	-	165,263,302	-	1,245,244,897
Loans to customers	-	108,164,128	592,568,392	1,988,993,375	940,550,133	-	440,804,918	4,071,080,946
Accrued interest receivables	-	4,264,325	-	-	-	-	-	4,264,325
Total	121,198,033	2,012,079,482	592,568,392	2,069,348,599	940,550,133	165,263,302	440,804,918	6,341,812,859
Financial liabilities								
Deposits	-	1,611,531,659	2,936,907,851	438,477,258	-	-	-	4,986,916,768
Intercompany and money								
market items	-	2,100,480	49,600,000	-	-	-	-	51,700,480
Total	-	1,613,632,139	2,986,507,851	438,477,258	-	-	-	5,038,617,248

Advance Finance Public Company Limited
Notes to the interim financial statements

	31 December 2014						Non- accrual	Total
	At call	0-3 months	3-12 months	1-5 years	Over 5 years	No maturity		
	<i>(in Baht)</i>							
<i>Financial assets</i>								
Intercompany and money								
market items	136,288,905	630,051,781	-	-	-	-	-	766,340,686
Investments, net	-	199,946,068	-	80,412,952	-	74,924,834	-	355,283,854
Loans to customers	-	76,508,926	758,860,111	1,207,146,764	656,612,767	-	540,171,901	3,239,300,469
Accrued interest receivables	-	1,914,557	-	-	-	-	-	1,914,557
Total	136,288,905	908,421,332	758,860,111	1,287,559,716	656,612,767	74,924,834	540,171,901	4,362,839,566
<i>Financial liabilities</i>								
Deposits	-	1,215,899,287	1,878,428,781	273,107,287	-	-	-	3,367,435,355
Intercompany and money								
market items	-	181,966,285	30,000,000	-	-	-	-	211,966,285
Debt issued and borrowings	-	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 interim financial statements

6 Fair value of financial assets and liabilities

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

6.1 Financial instruments measured at fair value

Fair values of financial assets, shown in the statement of financial position at 30 June 2015 and 31 December 2014 were as follows:

	Level 1	Fair value Level 2 (in Baht)	Total
30 June 2015			
Financial assets			
Available-for-sale securities	53,930,000	105,833,302	159,763,302
	Level 1	Fair value Level 2 (in Baht)	Total
31 December 2014			
Financial assets			
Available-for-sale securities	47,485,954	21,938,880	69,424,834

The Company determines Level 2 fair values for debt securities using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

6.2 Fair value of financial instruments not carried at fair value

The following table analyses financial instruments not measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Advance Finance Public Company Limited

Notes to the interim financial statements

	Carrying amount	Level 1	Level 2 (in Baht)	Fair value Level 3	Total
30 June 2015					
Financial assets					
Intercompany and money market items	1,021,222,691	-	1,021,222,691	-	1,021,222,691
Held-to-maturity securities	1,079,981,595	-	1,082,657,283	-	1,082,657,283
General investments	5,500,000	-	-	5,500,000	5,500,000
Loans to customers and accrued interest receivables, net	3,919,286,207	-	-	3,919,286,207	3,919,286,207
Total financial assets	6,025,990,493	-	2,103,879,974	3,924,786,207	6,028,666,181
Financial liabilities					
Deposits	4,986,916,768	-	5,007,791,893	-	5,007,791,893
Intercompany and money market items	51,700,480	-	52,120,162	-	52,120,162
Total financial liabilities	5,038,617,248	-	5,059,912,055	-	5,059,912,055
	Carrying amount	Level 1	Level 2 (in Baht)	Fair value Level 3	Total
31 December 2014					
Financial assets					
Intercompany and money market items	766,340,686	-	766,340,686	-	766,340,686
Held-to-maturity securities	280,359,020	-	281,935,786	-	281,935,786
General investments	5,500,000	-	-	5,500,000	5,500,000
Loans to customers and accrued interest receivables, net	3,090,405,962	-	-	3,090,405,962	3,090,405,962
Total financial assets	4,142,605,668	-	1,048,276,472	3,095,905,962	4,144,182,434
Financial liabilities					
Deposits	3,367,435,355	-	3,378,271,143	-	3,378,271,143
Intercompany and money market items	211,966,285	-	212,615,863	-	212,615,863
Debt issued and borrowings	2,630,000	-	2,636,459	-	2,636,459
Total financial liabilities	3,582,031,640	-	3,593,523,465	-	3,593,523,465

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 4 (c).

General investments Fair values are based on cost, net of impairment.

Advance Finance Public Company Limited

Notes to the interim financial statements

- Loans to customers and accrued interest receivables - 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 - 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.

7 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:

	30 June 2015	31 December 2014 (in Baht)
Tier 1 capital		
Issued and paid-up share capital	1,000,000,000	650,000,000
Legal reserve	10,847,462	9,177,318
Net gain after appropriation	122,894,230	112,161,485
Less Tier 1 Capital	(7,422,893)	(7,432,177)
Total Tier 1 capital	1,126,318,799	763,906,626
Tier 2 capital		
Allowance for classified assets of "normal" category	11,943,804	12,016,761
Total Tier 2 capital	11,943,804	12,016,761
Total Tier 1 and Tier 2 capital	1,138,262,603	775,923,387
Less revaluation deficit on equity securities		
- available-for-sale	(7,250,595)	(7,259,961)
Total capital funds	1,131,012,008	768,663,426

	30 June 2015	31 December 2014 (%)
Capital ratio		
Tier 1 capital to risk weighted assets (minimum 4.00%)	28.06	23.77
Total capital to risk weighted assets (minimum 8.00%)	28.18	23.92

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 period end as indicated in the notification
Information as of	30 June 2015

Advance Finance Public Company Limited

Notes to the interim financial statements

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.

8 Intercompany and money market items (assets)

As at 30 June 2015 and 31 December 2014, intercompany and money market items (assets) were classified as follows:

	Demand	30 June 2015 Time	Total	Demand	31 December 2014 Time	Total
	(in Baht)					
Domestic items:						
Bank of Thailand	16,873,278	900,000,000	916,873,278	11,092,647	630,000,000	641,092,647
Commercial banks	104,321,105	-	104,321,105	125,126,249	-	125,126,249
Total	121,194,383	900,000,000	1,021,194,383	136,218,896	630,000,000	766,218,896
Add accrued interest receivables	3,650	24,658	28,308	70,009	51,781	121,790
Total	121,198,033	900,024,658	1,021,222,691	136,288,905	630,051,781	766,340,686

9 Investments, net

As at 30 June 2015 and 31 December 2014, investments were classified as follows:

	30 June 2015 Fair value	31 December 2014 Fair value
	(in Baht)	
Available-for-sale securities		
Domestic marketable equity securities	159,763,302	69,424,834
Total	159,763,302	69,424,834
	30 June 2015 Cost/amortised cost	31 December 2014 Cost/amortised cost
	(in Baht)	
Held-to-maturity securities		
Government and state enterprise securities	999,626,370	199,946,068
Corporate debt securities	80,355,225	80,412,952
Total	1,079,981,595	280,359,020
	30 June 2015 Cost	31 December 2014 Cost
	(in Baht)	
General investments		
Domestic non-marketable equity securities	13,320,000	13,320,000
Less allowance for impairment	(7,820,000)	(7,820,000)
Total	5,500,000	5,500,000
Total investments, net	1,245,244,897	355,283,854

Advance Finance Public Company Limited
Notes to the interim financial statements

As at 30 June 2015 and 31 December 2014, held-to-maturity securities can be classified by the remaining period to maturity as follow:

	Within 1 year	30 June 2015 <i>Maturity</i> 1-5 years (in Baht)	Total
Held-to-maturity securities			
Government and state enterprise securities	999,626,371	-	999,626,371
Corporate debt securities	-	80,355,224	80,355,224
Total	999,626,371	80,355,224	1,079,981,595

	Within 1 year	31 December 2014 <i>Maturity</i> 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

The revaluation deficit on available-for-sale investments as at 30 June 2015 and 31 December 2014 were as follows:

	30 June 2015	31 December 2014
	(in Baht)	
Revaluation deficit on available-for-sale investments	(9,226,853)	(9,074,951)
Revaluation surplus on available-for-sale investments	163,610	-
Revaluation deficit on available-for-sale investments	(9,063,243)	(9,074,951)
Deferred tax	1,812,648	1,814,990
Revaluation deficit on available-for-sale investments, net	(7,250,595)	(7,259,961)

10 Loans to customers and accrued interest receivables, net

10.1 Classified by product as at 30 June 2015 and 31 December 2014

	30 June 2015	31 December 2014
	(in Baht)	
Loans	4,071,080,946	3,239,300,469
Add accrued interest receivables	4,264,325	1,914,557
Total loans and accrued interest receivables	4,075,345,271	3,241,215,026
Less allowance for doubtful accounts		
- allowance established per BoT regulations		
- Individual Approach	(133,286,368)	(134,736,392)
- allowance established in excess of BoT regulations	(22,772,696)	(16,072,672)
Total	3,919,286,207	3,090,405,962

As at 30 June 2015, the Company had non-accrual loans, gross, based on the accrual basis of Baht 441 million (31 December 2014: Baht 540 million).

Advance Finance Public Company Limited

Notes to the interim financial statements

10.2 Classified by currencies and residential status of customers as at 30 June 2015 and 31 December 2014

As at 30 June 2015 and 31 December 2014, loans to customers were domestic and denominated entirely in Thai Baht.

10.3 Classified by business type and quality of loan classification as at 30 June 2015 and 31 December 2014

	Normal	Special mention	30 June 2015		Doubtful of loss	Total*
			Sub- standard	Doubtful (in Baht)		
Manufacturing and commerce	423,755,832	-	-	-	-	423,755,832
Property development and construction	1,734,132,407	83,257,793	19,305,390	-	172,281,925	2,008,977,515
Infrastructure and services	954,697,566	-	-	-	25,947,949	980,645,515
Housing loans	499,298,139	26,282,100	3,672,479	-	52,959,664	582,212,382
Others	74,923,249	-	-	-	566,453	75,489,702
Total	3,686,807,193	109,539,893	22,977,869	-	251,755,991	4,071,080,946

* Excluding accrued interest receivables

	Normal	Special mention	31 December 2014		Doubtful of loss	Total*
			Sub- standard	Doubtful (in Baht)		
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

Advance Finance Public Company Limited
Notes to the interim financial statements

10.4 Classified by loan classification as at 30 June 2015 and 31 December 2014 (inclusive of accrued interest receivables)

	30 June 2015			
	Loans and accrued interest receivables (in Baht)	Net amount used to set the allowance for doubtful accounts* (in Baht)	% used for setting the allowance (%)	Allowance for doubtful accounts (in Baht)
Minimum allowance of BoT regulations				
- Normal	3,689,968,420	38,516,414	1	11,943,804
- Special mention	110,642,881	-	2	-
- Sub-standard	22,977,979	611,088	100	611,088
- Doubtful	-	-	100	-
- Doubtful of loss	251,755,991	120,731,476	100	120,731,476
Total	4,075,345,271	159,858,978		133,286,368
Allowance established in excess of BoT regulations				22,772,696
Total				156,059,064

* 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).

	31 December 2014			
	Loans and accrued interest receivables (in Baht)	Net amount used to set the allowance for doubtful accounts* (in Baht)	% 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).

Advance Finance Public Company Limited

Notes to the interim financial statements

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 30 June 2015 and 31 December 2014 the Company's non-performing loans, gross, were summarised as follows:

	30 June 2015	31 December 2014
Non-performing loans - gross (<i>in Baht</i>)	274,733,860	469,392,399
Total loans including loans to financial institutions (<i>in Baht</i>)	4,071,080,946	3,239,300,469
Ratio of NPL gross	6.75	14.49

As at 30 June 2015 and 31 December 2014 the Company's non-performing loans, net, were summarised as follows:

	30 June 2015	31 December 2014
Non-performing loans - net (<i>in Baht</i>)	153,391,296	346,672,768
Total loans including loans to financial institutions, net of allowances for doubtful accounts of NPL (<i>in Baht</i>)	3,949,738,382	3,116,580,838
Ratio of NPL net	3.88	11.12

11 Troubled debt restructuring

During the six-month periods ended 30 June 2015 and 2014, there was no loss from troubled debt restructuring.

The average term of troubled debt restructuring as of 30 June 2015 is 7.39 years (*31 December 2014: 7.32 years*).

As at 30 June 2015 and 31 December 2014, 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:

	30 June 2015		31 December 2014	
	Cases	Total outstanding debt at the end of the period (<i>in Baht</i>)	Cases	Total outstanding debt at the end of the year (<i>in Baht</i>)
Normal	1	93,564,879	1	179,927
Sub-standard	-	-	1	1,319,565
Doubtful of loss	-	-	1	94,483,096
		<u>93,564,879</u>		<u>95,982,588</u>

Advance Finance Public Company Limited

Notes to the interim financial statements

Supplementary information relating to restructuring debtors for the six-month periods ended 30 June 2015 and 2014 were as follows:

	2015	2014
	(in Baht)	
Interest income recognised in profit or loss	3,640,675	7,874,101
Cash collection	6,058,385	86,457,979

12 Allowance for doubtful accounts

As at 30 June 2015 and 31 December 2014, the changes to the allowance for doubtful accounts were as follows:

30 June 2015						
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations
				(in Baht)		Total
As at 1 January 2015	12,016,761	-	1,551,985	-	121,167,646	16,072,672
Doubtful accounts	(72,957)	-	(940,897)	-	(436,170)	6,700,024
As at 30 June 2015	<u>11,943,804</u>	<u>-</u>	<u>611,088</u>	<u>-</u>	<u>120,731,476</u>	<u>22,772,696</u>
						<u>156,059,064</u>

31 December 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>

13 Properties for sale, net

As at 30 June 2015 and 31 December 2014, the changes to the properties for sale, net were as follows:

30 June 2015				
	Beginning balance	Additions	Disposals	Ending balance
		(in Baht)		
Foreclosed assets				
Immovable assets				
- Appraised value by external appraisals	181,480,057	97,235,225	222,833,193	55,882,089
Total properties for sale	<u>181,480,057</u>	<u>97,235,225</u>	<u>222,833,193</u>	<u>55,882,089</u>
Less allowance for impairment	<u>(1,878,934)</u>	<u>(184,873)</u>	<u>(1,878,934)</u>	<u>(184,873)</u>
Total properties for sale, net	<u>179,601,123</u>	<u>97,050,352</u>	<u>220,954,259</u>	<u>55,697,216</u>

Advance Finance Public Company Limited
Notes to the interim financial statements

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

14 Equipment, net

As at 30 June 2015 and 31 December 2014, the changes to the equipment, net were as follows:

	Leasehold improvement	Computer and equipment	Furniture and fixtures (in Baht)	Vehicles	Assets in progress	Total
Cost						
At 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 and 1 January 2015	14,194,197	14,428,246	47,612	18,242,500	4,568,356	51,480,911
Additions	10,495,986	512,543	4,950	7,503,360	-	18,516,839
Disposals	(3,813,908)	-	-	-	(4,568,356)	(8,382,264)
At 30 June 2015	20,876,275	14,940,789	52,562	25,745,860	-	61,615,486
Accumulated depreciation						
At 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 and 1 January 2015	14,023,574	12,654,542	44,333	14,575,307	-	41,297,756
Depreciation charge for the period	522,341	462,930	1,323	1,018,916	-	2,005,510
Disposals	(3,667,250)	-	-	-	-	(3,667,250)
At 30 June 2015	10,878,665	13,117,472	45,656	15,594,223	-	39,636,016
Net book value						
At 1 January 2014	65,242	2,374,339	5,082	5,374,493	-	7,819,156
At 31 December 2014 and 1 January 2015	170,623	1,773,704	3,279	3,667,193	4,568,356	10,183,155
At 30 June 2015	9,997,610	1,823,317	6,906	10,151,637	-	21,979,470

Depreciation for the six-month period ended 30 June 2015 in the amount of Baht 2 million (2014: Baht 1.3 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 30 June 2015 amounted to Baht 30.3 million (31 December 2014: Baht 33.7 million).

Advance Finance Public Company Limited
Notes to the interim financial statements

15 Intangible assets, net

As at 30 June 2015 and 31 December 2014, the changes to the intangible assets, net were as follows:

	<i>(in Baht)</i>
Cost	
At 1 January 2014	8,470,199
Additions	166,004
At 31 December 2014 and 1 January 2015	8,636,203
Additions	160,914
At 30 June 2015	8,797,117
Accumulated amortisation	
At 1 January 2014	7,579,290
Amortisation charge for the year	352,185
At 31 December 2014 and 1 January 2015	7,931,475
Amortisation charge for the period	170,392
At 30 June 2015	8,101,867
Net book value	
At 1 January 2014	890,909
At 31 December 2014 and 1 January 2015	704,728
At 30 June 2015	695,250

Amortisation for the six-month period ended 30 June 2015 in the amount of Baht 170,392 (2014: Baht 174,194) was included in premises and equipment expenses in profit or loss.

16 Deferred tax assets

Deferred tax assets and liabilities as at 30 June 2015 and 31 December 2014 were as follows:

	30 June 2015	31 December 2014
	<i>(in Baht)</i>	
Deferred tax assets	7,422,893	7,432,177
Deferred tax liabilities	(572,838)	(572,838)
Net	6,850,055	6,859,339

Advance Finance Public Company Limited
Notes to the interim financial statements

Movements in total deferred tax assets and liabilities during six-month periods ended 30 June 2015 and 2014 were as follows:

	At 1 January 2015	(Charged) / Credited to:		At 30 June 2015
		Profit or loss	Other comprehensive income	
		(Note 35)		
		(in Baht)		
Deferred tax assets				
Allowance for general investment impairment	1,564,000	-	-	1,564,000
Revaluation deficit on available-for-sale investments	1,814,990	-	(2,342)	1,812,648
Allowance for doubtful accounts	1,086,941	-	-	1,086,941
Impairment of properties for sale	375,787	(338,812)	-	36,975
Employee benefit obligations	2,590,459	331,870	-	2,922,329
Total	7,432,177	(6,942)	(2,342)	7,422,893
Deferred tax liabilities				
Defined benefit plan actuarial gains	572,838	-	-	572,838
Total	572,838	-	-	572,838
Net	6,859,339	(6,942)	(2,342)	6,850,055

	At 1 January 2014	(Charged) / Credited to:		At 30 June 2014
		Profit or loss	Other comprehensive income	
		(Note 35)		
		(in Baht)		
Deferred tax assets				
Allowance for general investment impairment	1,564,000	-	-	1,564,000
Revaluation deficit on available-for-sale investments	2,028,936	-	(581,921)	1,447,015
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	(1,900,568)	-	2,354,527
Total	9,310,759	(1,900,568)	(581,921)	6,828,270
Deferred tax liabilities				
Defined benefit plan actuarial gains	572,838	-	-	572,838
Total	572,838	-	-	572,838
Net	8,737,921	(1,900,568)	(581,921)	6,255,432

Advance Finance Public Company Limited

Notes to the interim financial statements

17 Other assets, net

As at 30 June 2015 and 31 December 2014, other assets, net were as follows:

	30 June 2015	31 December 2014
	(in Baht)	
Prepaid expenses	1,444,383	631,036
Accrued interest receivables	423,392	423,392
Other receivable	100,194	104,767
Others	1,869,765	1,916,037
	<u>3,837,734</u>	<u>3,075,232</u>
Less allowance for impairment	(1,719,162)	(1,715,994)
Total	<u>2,118,572</u>	<u>1,359,238</u>

18 Deposits

18.1 Classified by product as at 30 June 2015 and 31 December 2014:

	30 June 2015	31 December 2014
	(in Baht)	
Certificate of deposits	4,986,916,768	3,367,435,355
Total	<u>4,986,916,768</u>	<u>3,367,435,355</u>

18.2 Classified by currency and residence of customer as at 30 June 2015 and 31 December 2014

As at 30 June 2015 and 31 December 2014, the Company's deposits were domestic and denominated entirely in Thai Baht.

19 Intercompany and money market items (liabilities)

As at 30 June 2015 and 31 December 2014, intercompany and money market items (liabilities) were as follows:

	30 June 2015			31 December 2014		
	Demand	Time	Total	Demand	Time	Total
	(in Baht)					
Domestic items:						
Other financial institutions	-	51,700,480	51,700,480	-	211,966,285	211,966,285
Total domestic item	<u>-</u>	<u>51,700,480</u>	<u>51,700,480</u>	<u>-</u>	<u>211,966,285</u>	<u>211,966,285</u>

20 Debt issued and borrowings

As at 30 June 2015 and 31 December 2014, debt issued and borrowings were as follows:

	30 June 2015			31 December 2014		
	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
Total			<u>-</u>			<u>2,630,000</u>

Advance Finance Public Company Limited

Notes to the interim financial statements

21 Employee benefit obligations

As at 30 June 2015 and 31 December 2014, employee benefit obligations were as follows:

	30 June 2015	31 December 2014
	(in Baht)	
Net defined benefit liability	11,747,457	10,088,108
Total employee benefit liabilities	11,747,457	10,088,108

Movement in net defined benefits liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components.

	Net defined benefit liability	
	30 June 2015	31 December 2014
	(in Baht)	
Beginning balance	10,088,108	18,411,286
Included in profit or loss		
Current service cost	1,451,401	2,040,427
Interest cost	207,948	318,899
	1,659,349	2,359,326
Other		
Benefits paid	-	(10,682,504)
	-	(10,682,504)
Ending balance	11,747,457	10,088,108

Defined benefit obligation

Actuarial assumptions

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

	30 June 2015	31 December 2014
		(%)
Discount rate	4.1	4.1
Future salary growth	4-8	4-8

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

Sensitivity analysis

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

30 June 2015	Defined benefit obligation	
	(in Baht)	
	Increase	Decrease
Discount rate (1% movement)	(442,456)	505,186
Future salary growth (1% movement)	497,611	(444,611)

Advance Finance Public Company Limited

Notes to the interim financial statements

22 Other liabilities

As at 30 June 2015 and 31 December 2014, other liabilities were as follows:

	30 June 2015	31 December 2014 (in Baht)
Special business tax and value added tax payable	5,587,202	839,543
Payable from Legal Executive Department	1,983,635	164,735
Others	593,990	461,498
Total	8,164,827	1,465,776

23 Share capital

As at 30 June 2015 and 31 December 2014, share capital were as follows:

	Par value per share (in Baht)	30 June 2015 Number	30 June 2015 Baht	31 December 2014 Number	31 December 2014 Baht
<i>Authorised</i>					
At beginning period / year					
- ordinary shares	100	10,000,000	1,000,000,000	6,500,000	650,000,000
Increase of new shares	100	-	-	3,500,000	350,000,000
At ending period / year					
- ordinary shares	100	10,000,000	1,000,000,000	10,000,000	1,000,000,000
<i>Issued and paid-up</i>					
At beginning period / year					
- ordinary shares	100	6,500,000	650,000,000	6,500,000	650,000,000
Increase of new shares	100	3,500,000	350,000,000	-	-
At ending period / year					
- ordinary shares	100	10,000,000	1,000,000,000	6,500,000	650,000,000

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.

24 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.

Advance Finance Public Company Limited

Notes to the interim financial statements

Movements in reserves

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

25 Dividends

At the annual general meeting of the shareholders of the Company held on 28 April 2015, the shareholders approved the appropriation of dividend of Baht 2.10 per share, amounting to Baht 21 million. The dividend was paid to shareholders during 2015.

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.

26 Contingencies

As at 30 June 2015 and 31 December 2014, contingencies were as follows:

	30 June 2015	31 December 2014
	(in Baht)	
Other contingencies	53,543,151	51,630,764
Total	53,543,151	51,630,764

27 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.

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.

Advance Finance Public Company Limited

Notes to the interim financial statements

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

<i>For the six-month period ended 30 June</i>	2015	2014
	(in Baht)	
Short-term employee benefits	19,599,705	16,899,702
Post-employment benefits	1,077,718	968,115
Total	20,677,423	17,867,817

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

<i>For the six-month period ended 30 June</i>	2015	2014
	(in Baht)	
Directors' remuneration	1,087,500	1,056,664
Total	1,087,500	1,056,664

28 Long-term leases and service agreements

As at 30 June 2015 and 31 December 2014, the remaining rental and service expenses to be paid for long-term leases and service agreements were as follows:

Type of lease	Period	30 June 2015	31 December 2014
		(in Baht)	
Building	Within one year	7,574,112	7,574,112
	After one year but within three years	3,639,821	7,426,877
Equipment	Within one year	263,220	131,068
	After one year but within five years	745,790	-

29 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.

30 Interest income

Interest income included in profit or loss for the six-month periods ended 30 June 2015 and 2014 were as follows:

<i>For the six-month period ended 30 June</i>	2015	2014
	(in Baht)	
Intercompany and money market items	5,073,101	5,644,620
Investment in debt securities	4,897,852	5,242,160
Loans	137,668,924	112,532,130
Total	147,639,877	123,418,910

Advance Finance Public Company Limited

Notes to the interim financial statements

31 Interest expense

Interest expense included in profit or loss for the six-month periods ended 30 June 2015 and 2014 were as follows:

<i>For the six-month period ended 30 June</i>	2015	2014
	(in Baht)	
Deposits	64,105,811	55,606,940
Intercompany and money market items	1,149,990	10,490,710
Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency	9,358,931	7,555,863
Debt securities in issue		
- Others	12,213	605,838
Total	74,626,945	74,259,351

32 Fees and service income

Net fees and service income included in profit or loss for the six-month periods ended 30 June 2015 and 2014 were as follows:

<i>For the six-month period ended 30 June</i>	2015	2014
	(in Baht)	
Fees and service income		
- Acceptances, avals and guarantees	536,365	804,248
- Financial consulting fee	3,820,000	800,000
- Fees on loans	17,549,718	5,885,169
Total net fees and service income	21,906,083	7,489,417

33 Net gain on investments

Net gain on investments included in profit or loss for the six-month periods ended 30 June 2015 and 2014 were as follows:

<i>For the six-month period ended 30 June</i>	2015	2014
	(in Baht)	
Gain on sales		
- Available-for-sale securities	-	37,177
- Investment in subsidiary	-	5,620,325
Total	-	5,657,502

34 Bad debt, doubtful accounts and loss on impairment

Bad debt, doubtful accounts and loss on impairment included in profit or loss for the six-month periods ended 30 June 2015 and 2014 were as follows:

<i>For the six-month period ended 30 June</i>	Note	2015	2014
		(in Baht)	
Loans to customers			
- Bad debt recovery		(368,802)	(481,071)
- Doubtful accounts	12	5,250,000	4,650,000
- Loss on debt reduction		-	5,150,048
Total		4,881,198	9,318,977

Notes to the interim financial statements

Income tax recognised in profit or loss

Income tax recognised in other comprehensive income

Reconciliation of effective tax rate

Income tax reduction

The Company has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 30 June 2015 and 31 December 2014 in accordance with the clarification issued by the FAP in 2012.

Advance Finance Public Company Limited
Notes to the interim financial statements

36 Basic earnings per share

The calculations of basic earnings per share for the six-month periods ended 30 June 2015 and 2014 were based on the profit for the periods attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the periods as follows:

<i>For the six-month period ended 30 June</i>	2015	2014
	<i>(in Baht / in shares)</i>	
Profit attributable to ordinary shareholders of the Company (basic)	<u>54,335,908</u>	<u>10,519,694</u>
Number of ordinary shares outstanding	<u>10,000,000</u>	<u>6,500,000</u>
Effect of shares issued on 27 January 2015	<u>3,500,000</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (basic)	<u>9,497,238</u>	<u>6,500,000</u>
Basic earnings per share (basic)	<u>5.72</u>	<u>1.62</u>