

Advance Finance Public Company Limited

Interim financial statements
for the six-month period ended 30 June 2016
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 2016, the statements of profit or loss and other 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 2016, 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
10 August 2016

Advance Finance Public Company Limited

Statement of financial position

Assets	Note	30 June	31 December
		2016	2015
<i>(in Baht)</i>			
Cash		30,000	30,000
Intercompany and money market items	7	1,581,794,179	852,657,749
Investments, net	8	1,171,127,979	851,853,718
Loans to customers and accrued interest receivables, net	9		
Loans to customers	26	6,046,520,731	5,119,168,162
Accrued interest receivables	26	6,001,442	4,335,976
Total loans to customers and accrued interest receivables		6,052,522,173	5,123,504,138
Less allowance for doubtful accounts	12	(67,570,699)	(50,342,468)
Total loans to customers and accrued interest receivables, net		5,984,951,474	5,073,161,670
Properties for sale, net	13	59,962,599	59,957,399
Equipment, net	14	16,764,011	19,411,398
Intangible assets, net	15	809,183	691,868
Deferred tax assets	16	9,169,142	13,172,227
Receivable from Legal Execution Department		2,340,250	2,340,250
Accrued service fees		535,000	321,000
Deposits		3,228,709	3,086,446
Other assets, net	17	2,338,365	1,596,756
Total assets		8,833,050,891	6,878,280,481



บริษัทเงินทุน แอดวานซ์ จำกัด (มหาชน)
Advance Finance Public Company Limited

(Handwritten signatures)

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

Advance Finance Public Company Limited

Statement of financial position

		30 June	31 December
Liabilities and equity	Note	2016	2015
		<i>(in Baht)</i>	
<i>Liabilities</i>			
Deposits	18, 26	7,149,297,168	5,401,892,997
Intercompany and money market items	19	363,237,374	193,500,259
Accrued interest payable	26	25,245,774	20,899,773
Contributions to the Financial Institutions			
Development Fund and the Deposit			
Protection Agency payable		14,044,839	12,496,490
Income tax payable		15,760,834	12,007,950
Employee benefit obligations	20	14,552,305	15,076,813
Withholding tax payable		2,120,856	5,741,482
Accrued expenses		8,782,176	2,224,406
Other liabilities	21	5,732,229	5,038,816
Total liabilities		<u>7,598,773,555</u>	<u>5,668,878,986</u>

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

Advance Finance Public Company Limited

Statement of financial position

		30 June	31 December
Liabilities and equity	Note	2016	2015
<i>(in Baht)</i>			
<i>Equity</i>			
Share capital	22		
Authorised share capital			
1,350,000,000 ordinary shares of Baht 1 each		1,350,000,000	-
10,000,000 ordinary shares of Baht 100 each		-	1,000,000,000
Issued and fully paid-up share capital			
1,000,000,000 ordinary shares of Baht 1 each		1,000,000,000	-
10,000,000 ordinary shares of Baht 100 each		-	1,000,000,000
Other components of equity	8.3	(2,471,736)	(18,064,468)
Retained earnings			
Appropriated			
Legal reserve	23	15,600,476	15,600,476
Unappropriated		221,148,596	211,865,487
Total equity		1,234,277,336	1,209,401,495
Total liabilities and equity		8,833,050,891	6,878,280,481

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

Advance Finance Public Company Limited

Statements of profit or loss and other comprehensive income

		Six month period ended	
		30 June	
	<i>Note</i>	2016	2015
		<i>(in Baht)</i>	
Interest income	26, 29	237,665,202	147,639,877
Interest expense	26, 30	104,836,851	74,626,945
Net interest income		132,828,351	73,012,932
Fees and service income	26, 31	34,782,738	21,906,083
Net fees and service income		34,782,738	21,906,083
Dividend income		3,486,909	2,120,621
Gain on sale of properties for sale		-	33,236,527
Other operating income		6,306	43
Total operating income		171,104,304	130,276,206
Other operating expenses			
Employee expenses	26	40,157,900	29,991,721
Directors' remuneration	26	1,310,002	1,087,500
Premises and equipment expenses		8,044,297	7,195,401
Taxes and duties		9,033,744	11,719,670
Others		12,747,756	7,605,747
Total other operating expenses		71,293,699	57,600,039
Bad debt, doubtful accounts and loss on impairment	32	17,194,611	4,881,198
Profit from operating before income tax expense		82,615,994	67,794,969
Income tax expense	33	16,332,885	13,459,061
Profit for the period		66,283,109	54,335,908

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

Advance Finance Public Company Limited

Statements of profit or loss and other comprehensive income

		Six month period ended	
		30 June	
	<i>Note</i>	2016	2015
		<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		19,490,915	11,708
Income tax on other comprehensive income	33	<u>(3,898,183)</u>	<u>(2,342)</u>
Other comprehensive income for the period,			
net of income tax		<u>15,592,732</u>	<u>9,366</u>
Total comprehensive income for the period		<u>81,875,841</u>	<u>54,345,274</u>
Basic earnings per share	34	<u>0.07</u>	<u>0.06</u>

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

Advance Finance Public Company Limited

Statement of changes in equity

	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	
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	22	350,000,000	-	-	-	350,000,000
Dividends to shareholders of the Company	24	-	-	-	(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
Six month period ended 30 June 2016						
Balance at 1 January 2016		1,000,000,000	(18,064,468)	15,600,476	211,865,487	1,209,401,495
Transactions with owners, recorded directly in equity						
Dividends to shareholders of the Company	24	-	-	-	(57,000,000)	(57,000,000)
Total distributions to shareholders of the Company		-	-	-	(57,000,000)	(57,000,000)
Total transactions with owners, recorded directly in equity		-	-	-	(57,000,000)	(57,000,000)
Comprehensive income for the period						
Profit for the period		-	-	-	66,283,109	66,283,109
Other comprehensive income		-	15,592,732	-	-	15,592,732
Total comprehensive income for the period		-	15,592,732	-	66,283,109	81,875,841
Balance at 30 June 2016		1,000,000,000	(2,471,736)	15,600,476	221,148,596	1,234,277,336

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	
	2016	2015
	<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operating before income tax expense	82,615,994	67,794,969
<i>Adjustments for</i>		
Depreciation and amortisation	3,283,947	2,175,902
Bad debt and doubtful accounts	17,228,231	5,250,000
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
Employee benefit expense	885,492	1,659,349
Net interest income	(132,828,351)	(73,012,932)
Dividend income	(3,486,909)	(2,120,621)
Proceeds from interest	236,279,228	145,761,017
Interest paid	(98,942,502)	(69,175,526)
Proceeds from dividend	3,486,909	2,120,621
Income tax paid	(12,475,100)	(7,370,591)
Profit from operations before changes in operating assets and liabilities	96,046,939	38,298,258
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	(729,248,909)	(254,975,487)
Loans to customers	(927,352,569)	(831,780,477)
Properties for sale	(5,200)	158,834,495
Accrued service fees	(214,000)	1,498,000
Deposits	(142,263)	(55,385)
Other assets	(750,466)	(759,334)

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	
	2016	2015
	<i>(in Baht)</i>	
<i>Increase (decrease) in operating liabilities</i>		
Deposits	1,747,404,171	1,619,481,413
Intercompany and money market items	169,737,115	(160,265,805)
Short-term debt issued and borrowings	-	(2,630,000)
Withholding tax payable	(3,620,626)	(817,566)
Accrued expenses	6,557,770	1,908,994
Other liabilities	693,413	6,699,051
Employee benefit paid	(1,410,000)	-
Net cash provided by operating activities	<u>357,695,375</u>	<u>575,436,157</u>
<i>Cash flows from investing activities</i>		
Purchases of available-for-sale securities	-	(90,390,000)
Proceeds from sales of available-for-sale securities	58,500	63,240
Purchases of held-to-maturity debt securities	(3,000,000,000)	(6,100,000,000)
Proceeds from redemption of held-to-maturity debt securities	2,700,000,000	5,300,000,000
Purchases of equipment	(462,903)	(13,948,483)
Purchases of intangible assets	(290,972)	(160,914)
Net cash used in investing activities	<u>(300,695,375)</u>	<u>(904,436,157)</u>

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	
	<i>Note</i>	2016	2015
		<i>(in Baht)</i>	
<i>Cash flows from financing activities</i>			
Dividends paid to shareholders of the Company	24	(57,000,000)	(21,000,000)
Proceeds from issue of ordinary shares	22	-	350,000,000
Net cash (used in) provided by financing activities		<u>(57,000,000)</u>	<u>329,000,000</u>
Net cash		-	-
Cash at 1 January		<u>30,000</u>	<u>30,000</u>
Cash at 30 June		<u><u>30,000</u></u>	<u><u>30,000</u></u>
<i>Non-cash transactions</i>			
Gain on re-measuring available-for-sale investments		19,490,915	11,708

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

Advance Finance Public Company Limited
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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 10 August 2016.

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 as at 30 June 2016 were Seamico Securities Public Company Limited (10% shareholding) and The Brooker Group Public Company Limited (10% shareholding), which were incorporated in Thailand, IFS Capital Limited (10% shareholding), which was incorporated in the Republic of Singapore and Miss Kantima Pornsriniyom (10% shareholding).

The Company’s major shareholders as at 31 December 2015 were Seamico Securities Public Company Limited (10% shareholding), which was incorporated in Thailand, IFS Capital Limited (10% shareholding), which was incorporated in the 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 2015) *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 21/2558, directive dated 4 December 2015, 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 revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The adoption of these revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Company.

(b) *Basis of measurement*

The interim financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Available-for-sale financial assets	Fair value
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 3 (k)

Advance Finance Public Company Limited

Notes to the interim financial statements

(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.

(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 accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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 modelling 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 20.

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 5.

Assessment of risk and rewards

When considering the recognition or derecognition of assets and 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 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.

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.

Advance Finance Public Company Limited
Notes to the interim financial statements

(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.

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.

Advance Finance Public Company Limited

Notes to the interim financial statements

(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

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.

Advance Finance Public Company Limited

Notes to the interim financial statements

(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 software licenses 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 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 a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the 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.

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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 years 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.

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 beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are 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.

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(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 income is recognised in profit or loss on the date the Company's right to receive payments is established.

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.

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.

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(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.

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.

(q) *Segment reporting*

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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Notes to the interim financial statements

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 9 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.

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Notes to the interim financial statements

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 30 June 2016 and 31 December 2015, significant financial assets and liabilities classified by type of interest rate were as follows:

	30 June 2016			Total
	Floating interest rate	Fixed interest rate	Non - interest bearing	
	(in Baht)			
Financial assets				
Intercompany and money market items	2,289,601	1,360,000,000	219,504,578	1,581,794,179
Investments, net	-	979,958,244	191,169,735	1,171,127,979
Loans to customers*	5,769,603,677	10,826,875	-	5,780,430,552
Total	5,771,893,278	2,350,785,119	410,674,313	8,533,352,710
Financial liabilities				
Deposits	-	7,149,297,168	-	7,149,297,168
Intercompany and money market items	-	363,237,374	-	363,237,374
Total	-	7,512,534,542	-	7,512,534,542

* Excluding non-accrual loans

	31 December 2015			Total
	Floating interest rate	Fixed interest rate	Non - interest bearing	
	(in Baht)			
Financial assets				
Intercompany and money market items	60,729,491	730,000,000	61,928,258	852,657,749
Investments, net	-	680,116,398	171,737,320	851,853,718
Loans to customers*	4,838,322,090	13,085,693	-	4,851,407,783
Total	4,899,051,581	1,423,202,091	233,665,578	6,555,919,250
Financial liabilities				
Deposits	-	5,401,892,997	-	5,401,892,997
Intercompany and money market items	-	193,500,259	-	193,500,259
Total	-	5,595,393,256	-	5,595,393,256

* Excluding non-accrual loans

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Notes to the interim financial statements

The financial assets and liabilities classified by the earlier of maturity or interest repricing as at 30 June 2016 and 31 December 2015 were as follows:

	30 June 2016					Non- interest bearing	Non- accrual	Total
	Average rate (%)	0-3 months	3-12 months	1-5 years	Over 5 years (in Baht)			
Financial assets								
Intercompany and money market items	1.00	1,362,289,601	-	-	-	219,504,578	-	1,581,794,179
Investments, net	1.52	899,722,331	-	80,235,913	-	191,169,735	-	1,171,127,979
Loans to customers	8.52	5,770,737,519	5,861,440	3,831,593	-	-	266,090,179	6,046,520,731
Accrued interest receivables	-	-	-	-	-	6,001,442	-	6,001,442
Total		8,032,749,451	5,861,440	84,067,506	-	416,675,755	266,090,179	8,805,444,331
Financial liabilities								
Deposits	3.13	2,555,912,800	2,461,429,764	2,131,954,604	-	-	-	7,149,297,168
Intercompany and money market items	2.97	205,619,840	10,000,000	147,617,534	-	-	-	363,237,374
Total		2,761,532,640	2,471,429,764	2,279,572,138	-	-	-	7,512,534,542
	31 December 2015					Non- interest bearing	Non- accrual	Total
Average rate (%)	0-3 months	3-12 months	1-5 years	Over 5 years (in Baht)				
Financial assets								
Intercompany and money market items	0.95	790,729,491	-	-	-	61,928,258	-	852,657,749
Investments, net	1.76	599,820,428	-	80,295,970	-	171,737,320	-	851,853,718
Loans to customers	8.70	4,839,455,047	3,402,381	6,287,106	2,263,249	-	267,760,379	5,119,168,162
Accrued interest receivables	-	-	-	-	-	4,335,976	-	4,335,976
Total		6,230,004,966	3,402,381	86,583,076	2,263,249	238,001,554	267,760,379	6,828,015,605
Financial liabilities								
Deposits	3.08	2,197,578,814	2,492,772,887	711,541,296	-	-	-	5,401,892,997
Intercompany and money market items	2.77	116,700,259	5,300,000	71,500,000	-	-	-	193,500,259
Total		2,314,279,073	2,498,072,887	783,041,296	-	-	-	5,595,393,256

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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 financial assets and liabilities.

As at 30 June 2016 and 31 December 2015, 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.

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5 Financial instruments

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 recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the six-month period ended 30 June 2016.

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Level 1	Fair value Level 2	Total
		<i>(in Baht)</i>		
30 June 2016				
<i>Financial assets measured at fair value</i>				
Equity securities available-for-sale	185,669,735	84,210,000	101,459,735	185,669,735
<i>Financial assets / Financial liabilities not measured at fair value</i>				
Debt securities held-to-maturity	979,958,244	-	982,364,725	982,364,725
Deposits	7,149,297,168	-	7,208,627,919	7,208,627,919
Intercompany and money market items	363,237,374	-	365,880,746	365,880,746

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	Carrying amount	Level 1	Fair value Level 2	Total
		<i>(in Baht)</i>		
31 December 2015				
<i>Financial assets measured at fair value</i>				
Equity securities available-for-sale	166,237,320	73,960,000	92,277,320	166,237,320
<i>Financial assets / Financial liabilities not measured at fair value</i>				
Debt securities held-to-maturity	680,116,398	-	682,738,965	682,738,965
Deposits	5,401,892,997	-	5,419,085,167	5,419,085,167
Intercompany and money market items	193,500,259	-	194,224,919	194,224,919

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

Available-for-sale and held-to-maturity securities The following methodologies are used to determine the fair value of securities held by the Company.

- The fair value of short-term debt securities is stated at cost less any impairment losses.
- The fair value of other debt securities is determined based on market value appraised by the reliable institution.
- The bidding prices at The Stock Exchange of Thailand on the last business day of the year are used to estimate the fair value of listed private equity securities.
- The fair value of unit trusts is estimated based on the redemption price at the reporting date.

Deposits and intercompany and money market items (liabilities) - Fair values of deposits and intercompany and money market items with term and fixed interest rates are estimated using discounted cash flow analyses based on current interest rates for similar type of deposit arrangements.

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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:

	30 June 2016	31 December 2015
	<i>(in Baht)</i>	
Tier 1 capital		
Issued and paid-up share capital	1,000,000,000	1,000,000,000
Legal reserve	15,600,476	10,847,462
Net gain after appropriation	154,865,487	122,894,230
<i>Less</i> Tier 1 Capital	<u>(9,407,978)</u>	<u>(13,411,064)</u>
Total Tier 1 capital	<u>1,161,057,985</u>	<u>1,120,330,628</u>
Tier 2 capital		
Allowance for classified assets of “normal” category	<u>14,228,115</u>	<u>13,805,829</u>
Total Tier 2 capital	<u>14,228,115</u>	<u>13,805,829</u>
Total Tier 1 and Tier 2 capital	<u>1,175,286,100</u>	<u>1,134,136,457</u>
<i>Less</i> revaluation deficit on equity securities - available-for-sale	<u>(2,471,737)</u>	<u>(18,064,468)</u>
Total capital funds	<u>1,172,814,363</u>	<u>1,116,071,989</u>
	30 June 2016	31 December 2015
	<i>(%)</i>	
Capital ratio		
Tier 1 capital to risk weighted assets (minimum 4.00%)	19.11	21.66
Total capital to risk weighted assets (minimum 8.00%)	19.31	21.58

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 2016

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.

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7 Intercompany and money market items (assets)

As at 30 June 2016 and 31 December 2015, intercompany and money market items (assets) were classified as follows:

	30 June 2016			31 December 2015		
	Demand	Time	Total	Demand	Time	Total
	<i>(in Baht)</i>					
Domestic items:						
Bank of Thailand	25,412,785	1,360,000,000	1,385,412,785	25,125,420	730,000,000	755,125,420
Commercial banks	196,332,908	-	196,332,908	97,371,363	-	97,371,363
Total	221,745,693	1,360,000,000	1,581,745,693	122,496,783	730,000,000	852,496,783
<i>Add accrued interest receivables</i>	<i>11,226</i>	<i>37,260</i>	<i>48,486</i>	<i>120,966</i>	<i>40,000</i>	<i>160,966</i>
Total	221,756,919	1,360,037,260	1,581,794,179	122,617,749	730,040,000	852,657,749

8 Investments, net

8.1 Classification of investments in securities

As at 30 June 2016 and 31 December 2015, investments were classified as follows:

	30 June 2016	31 December 2015
	Fair value	Fair value
	<i>(in Baht)</i>	
Available-for-sale securities		
Domestic marketable equity securities	185,669,735	166,237,320
Total	185,669,735	166,237,320
	30 June 2016	31 December 2015
	Cost/amortised cost	Cost/amortised cost
	<i>(in Baht)</i>	
Held-to-maturity securities		
Government and state enterprise securities	899,722,331	599,820,428
Corporate debt securities	80,235,913	80,295,970
Total	979,958,244	680,116,398
	30 June 2016	31 December 2015
	Cost	Cost
	<i>(in Baht)</i>	
General investments		
Domestic non-marketable equity securities	13,320,000	13,320,000
<i>Less allowance for impairment</i>	<i>(7,820,000)</i>	<i>(7,820,000)</i>
Total	5,500,000	5,500,000
Total investments, net	1,171,127,979	851,853,718

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Notes to the interim financial statements

8.2 Classification of held-to-maturity securities by the remaining period

As at 30 June 2016 and 31 December 2015, held-to-maturity securities can be classified by the remaining period to maturity as follows:

	Within 1 year	30 June 2016	Total
		<i>Maturity</i> 1-5 years (in Baht)	
Held-to-maturity securities			
Government and state enterprise securities	899,722,331	-	899,722,331
Corporate debt securities	-	80,235,913	80,235,913
Total	899,722,331	80,235,913	979,958,244

	Within 1 year	31 December 2015	Total
		<i>Maturity</i> 1-5 years (in Baht)	
Held-to-maturity securities			
Government and state enterprise securities	599,820,428	-	599,820,428
Corporate debt securities	-	80,295,970	80,295,970
Total	599,820,428	80,295,970	680,116,398

8.3 The revaluation surplus (deficit) on available-for-sale securities

The revaluation deficit on available-for-sale securities as at 30 June 2016 and 31 December 2015 were as follows:

	30 June 2016	31 December 2015
	<i>(in Baht)</i>	
Revaluation deficit on available-for-sale securities	(8,972,747)	(23,413,010)
Revaluation surplus on available-for-sale securities	5,883,077	832,425
Revaluation deficit on available-for-sale securities	(3,089,670)	(22,580,585)
Deferred tax	617,934	4,516,117
Revaluation deficit on available-for-sale securities, net	(2,471,736)	(18,064,468)

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8.4 Movement of investments

Movement during the six-month periods ended 30 June 2016 and 2015 of investment were as follows:

	2016	2015
	<i>(in Baht)</i>	
Available-for-sale securities		
As at 1 January	166,237,320	69,424,834
Purchases during the period	-	90,390,000
Sales during the period	(58,500)	(63,240)
Valuation adjustment	19,490,915	11,708
As at 30 June	<u>185,669,735</u>	<u>159,763,302</u>
Held-to-maturity securities		
As at 1 January	680,116,398	280,359,020
Purchases during the period	3,000,000,000	6,100,000,000
Redemptions during the period	(2,700,000,000)	(5,300,000,000)
Discount	(158,154)	(377,425)
As at 30 June	<u>979,958,244</u>	<u>1,079,981,595</u>

8.5 Investments in companies with problems in their financial positions

As at 30 June 2016, the Company held investments in securities issued by companies with problems in its financial positions and operating results. The Company has made a provision for diminution in the value of securities equal to the amount by which the cost exceeds the market value. The aggregate cost is Baht 7.8 million (31 December 2015: Baht 7.8 million).

9 Loans to customers and accrued interest receivables, net

9.1 Classified by product as at 30 June 2016 and 31 December 2015

	30 June 2016	31 December 2015
	<i>(in Baht)</i>	
Loans	6,046,520,731	5,119,168,162
Add accrued interest receivables	6,001,442	4,335,976
Total loans and accrued interest receivables	<u>6,052,522,173</u>	<u>5,123,504,138</u>
Less allowance for doubtful accounts		
- allowance established per BoT regulations		
- Individual Approach	(26,250,476)	(22,982,867)
- allowance established in excess of BoT regulations	(41,320,223)	(27,359,601)
Total	<u>5,984,951,474</u>	<u>5,073,161,670</u>

As at 30 June 2016, the Company had non-accrual loans, gross, based on the accrual basis of Baht 266 million (31 December 2015: Baht 268 million).

9.2 Classified by currencies and residential status of customers as at 30 June 2016 and 31 December 2015

As at 30 June 2016 and 31 December 2015, loans to customers were domestic and denominated entirely in Thai Baht.

Advance Finance Public Company Limited
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9.3 Classified by business type and quality of loan classification as at 30 June 2016 and 31 December 2015

	30 June 2016					Total*
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	<i>(in Baht)</i>					
Manufacturing and Commerce	1,070,336,500	-	-	-	-	1,070,336,500
Property development and construction	3,194,710,741	37,020,605	-	-	109,726,985	3,341,458,331
Infrastructure and Services	930,196,193	-	-	-	25,947,949	956,144,142
Housing loans	518,627,803	34,870,400	4,152,572	1,839,239	52,651,492	612,141,506
Others	65,873,798	-	-	-	566,454	66,440,252
Total	5,779,745,035	71,891,005	4,152,572	1,839,239	188,892,880	6,046,520,731

* Excluding accrued interest receivables

	31 December 2015					Total*
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	<i>(in Baht)</i>					
Manufacturing and commerce	803,075,147	-	-	-	-	803,075,147
Property development and construction	2,495,336,899	-	-	61,130,849	63,908,721	2,620,376,469
Infrastructure and services	1,016,834,716	-	-	-	25,947,949	1,042,782,665
Housing loans	497,991,416	41,332,794	4,317,623	-	41,101,144	584,742,977
Others	67,624,450	-	-	-	566,454	68,190,904
Total	4,880,862,628	41,332,794	4,317,623	61,130,849	131,524,268	5,119,168,162

* Excluding accrued interest receivables

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9.4 Classified by loan classification as at 30 June 2016 and 31 December 2015 (inclusive of accrued interest receivables)

	30 June 2016			
	Loans and accrued interest receivables	Net amount used to set the allowance for doubtful accounts*	% used for setting the allowance	Allowance for doubtful accounts
	(in Baht)	(in Baht)	(%)	(in Baht)
Minimum allowance of BoT regulations				
- Normal	5,785,194,750	266,947,531	1	14,228,116
- Special mention	72,442,627	-	2	-
- Sub-standard	4,152,677	783,383	100	783,383
- Doubtful	1,839,239	102,279	100	102,279
- Doubtful of loss	188,892,880	11,136,698	100	11,136,698
Total	6,052,522,173	278,969,891		26,250,476
Allowance established in excess of BoT regulations				41,320,223 **
Total				67,570,699

* 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).

** Allowance established in excess of BoT regulations was recorded from 1.2% of the monthly additional loan in regard to Possible Impaired Loan.

	31 December 2015			
	Loans and accrued interest receivables	Net amount used to set the allowance for doubtful accounts*	% used for setting the allowance	Allowance for doubtful accounts
	(in Baht)	(in Baht)	(%)	(in Baht)
Minimum allowance of BoT regulations				
- Normal	4,884,973,688	224,718,873	1	13,805,829
- Special mention	41,530,389	-	2	-
- Sub-standard	4,344,944	942,111	100	942,111
- Doubtful	61,130,849	-	100	-
- Doubtful of loss	131,524,268	8,234,927	100	8,234,927
Total	5,123,504,138	233,895,911		22,982,867
Allowance established in excess of BoT regulations				27,359,601
Total				50,342,468

* 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
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9.5 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 2016 and 31 December 2015 the Company's non-performing loans, gross, were summarised as follows:

	30 June 2016	31 December 2015
Non-performing loans - gross (<i>in Baht</i>)	194,884,691	196,972,740
Total loans including loans to financial institutions (<i>in Baht</i>)	6,046,520,731	5,119,168,162
Ratio of NPL gross	3.22	3.85

As at 30 June 2016 and 31 December 2015 the Company's non-performing loans, net, were summarised as follows:

	30 June 2016	31 December 2015
Non-performing loans - net (<i>in Baht</i>)	182,862,331	187,795,702
Total loans including loans to financial institutions, net of allowances for doubtful accounts of NPL (<i>in Baht</i>)	6,034,498,371	5,109,991,124
Ratio of NPL net	3.03	3.68

10 Troubled debt restructuring

During the six-month periods ended 30 June 2016 and 2015, there was no loss from troubled debt restructuring.

The average term of troubled debt restructuring as of 30 June 2016 is nil. (*31 December 2015: nil*).

As at 30 June 2016 and 31 December 2015, there was no outstanding balance of the Company's restructured debtors.

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Supplementary information relating to restructuring debtors for the six-month periods ended 30 June 2016 and 2015 were as follows:

	2016	2015
	<i>(in Baht)</i>	
Interest income recognised in profit or loss	-	3,640,675
Cash collection	-	6,058,385

11 Classified assets

The Company had classified assets as at 30 June 2016 and 31 December 2015 as follows:

	30 June 2016			
	Loans and accrued interest receivables	Investments	Properties for sale	Total
	<i>(in Baht)</i>			
Normal	5,785,194,750	-	-	5,785,194,750
Special mention	72,442,627	-	-	72,442,627
Sub-standard	4,152,677	-	-	4,152,677
Doubtful	1,839,239	-	-	1,839,239
Doubtful of loss	188,892,880	7,820,000	184,873	196,897,753
Total	6,052,522,173	7,820,000	184,873	6,060,527,046

	31 December 2015			
	Loans and accrued interest receivables	Investments	Properties for sale	Total
	<i>(in Baht)</i>			
Normal	4,884,973,688	-	-	4,884,973,688
Special mention	41,530,389	-	-	41,530,389
Sub-standard	4,344,944	-	-	4,344,944
Doubtful	61,130,849	-	-	61,130,849
Doubtful of loss	131,524,268	7,820,000	184,873	139,529,141
Total	5,123,504,138	7,820,000	184,873	5,131,509,011

12 Allowance for doubtful accounts

As at 30 June 2016 and 31 December 2015, the changes to the allowance for doubtful accounts were as follows:

	30 June 2016						
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	Total
	<i>(in Baht)</i>						
As at 1 January 2016	13,805,829	-	942,111	-	8,234,927	27,359,601	50,342,468
Doubtful accounts	422,287	-	(158,728)	102,279	2,901,771	13,960,622	17,228,231
As at 30 June 2016	<u>14,228,116</u>	<u>-</u>	<u>783,383</u>	<u>102,279</u>	<u>11,136,698</u>	<u>41,320,223</u>	<u>67,570,699</u>

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14 Equipment, net

As at 30 June 2016 and 31 December 2015, the changes to the equipment, net were as follows:

	Leasehold improvement	Computer and equipment	Furniture and fixtures <i>(in Baht)</i>	Vehicles	Assets in progress	Total
<i>Cost</i>						
At 1 January 2015	14,194,197	14,428,246	47,612	18,242,500	4,568,356	51,480,911
Additions/Transfer in	10,849,075	786,959	4,950	7,503,360	-	19,144,344
Disposals/Transfer out	<u>(5,115,800)</u>	<u>(89,574)</u>	<u>(4,046)</u>	<u>(8,477,000)</u>	<u>(4,568,356)</u>	<u>(18,254,776)</u>
At 31 December 2015 and 1 January 2016	19,927,472	15,125,631	48,516	17,268,860	-	52,370,479
Additions	-	471,729	-	-	-	471,729
Adjust	<u>(8,826)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,826)</u>
At 30 June 2016	<u>19,918,646</u>	<u>15,597,360</u>	<u>48,516</u>	<u>17,268,860</u>	<u>-</u>	<u>52,833,382</u>
<i>Accumulated depreciation</i>						
At 1 January 2015	14,023,574	12,654,542	44,333	14,575,307	-	41,297,756
Depreciation charge for the year	1,629,465	932,792	2,731	2,636,085	-	5,201,073
Disposals	<u>(4,969,142)</u>	<u>(89,566)</u>	<u>(4,045)</u>	<u>(8,476,995)</u>	<u>-</u>	<u>(13,539,748)</u>
At 31 December 2015 and 1 January 2016	10,683,897	13,497,768	43,019	8,734,397	-	32,959,081
Depreciation charge for the period	<u>1,127,358</u>	<u>381,985</u>	<u>1,356</u>	<u>1,599,591</u>	<u>-</u>	<u>3,110,290</u>
At 30 June 2016	<u>11,811,255</u>	<u>13,879,753</u>	<u>44,375</u>	<u>10,333,988</u>	<u>-</u>	<u>36,069,371</u>
<i>Net book value</i>						
At 1 January 2015	<u>170,623</u>	<u>1,773,704</u>	<u>3,279</u>	<u>3,667,193</u>	<u>4,568,356</u>	<u>10,183,155</u>
At 31 December 2015 and 1 January 2016	<u>9,243,575</u>	<u>1,627,863</u>	<u>5,497</u>	<u>8,534,463</u>	<u>-</u>	<u>19,411,398</u>
At 30 June 2016	<u>8,107,391</u>	<u>1,717,607</u>	<u>4,141</u>	<u>6,934,872</u>	<u>-</u>	<u>16,764,011</u>

Depreciation for the six-month period ended 30 June 2016 in the amount of Baht 3.1 million (2015: Baht 2.0 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 2016 amounted to Baht 22.1 million (31 December 2015: Baht 20.8 million).

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15 Intangible assets, net

As at 30 June 2016 and 31 December 2015, the changes to the intangible assets, net were as follows:

	<i>(in Baht)</i>
<i>Cost</i>	
At 1 January 2015	8,636,203
Additions	342,329
At 31 December 2015 and 1 January 2016	<u>8,978,532</u>
Additions	290,972
At 30 June 2016	<u>9,269,504</u>
<i>Accumulated amortisation</i>	
At 1 January 2015	7,931,475
Amortisation charge for the year	355,189
At 31 December 2015 and 1 January 2016	<u>8,286,664</u>
Amortisation charge for the period	173,657
At 30 June 2016	<u>8,460,321</u>
<i>Net book value</i>	
At 1 January 2015	<u>704,728</u>
At 31 December 2015 and 1 January 2016	<u>691,868</u>
At 30 June 2016	<u>809,183</u>

Amortisation for the six-month period ended 30 June 2016 in the amount of Baht 173,657 (2015: Baht 170,392) was included in premises and equipment expenses in profit or loss.

16 Deferred tax assets

Deferred tax assets and liabilities as at 30 June 2016 and 31 December 2015 were as follows:

	30 June 2016	31 December 2015
	<i>(in Baht)</i>	
Deferred tax assets	9,407,979	13,411,064
Deferred tax liabilities	<u>(238,837)</u>	<u>(238,837)</u>
Net	<u>9,169,142</u>	<u>13,172,227</u>

Movements in total deferred tax assets and liabilities during the six-month periods ended 30 June 2016 and 2015 were as follows:

	At 1 January 2016	(Charged) / Credited to:		At 30 June 2016
		Profit or loss <i>(Note 33)</i> <i>(in Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Allowance for general investment impairment	1,564,000	-	-	1,564,000
Revaluation deficit on available- for-sale investments	4,516,117	-	(3,898,183)	617,934
Allowance for doubtful accounts	4,039,773	-	-	4,039,773
Impairment of properties for sale	36,975	-	-	36,975
Employee benefit obligations	3,254,199	(104,902)	-	3,149,297
Total	<u>13,411,064</u>	<u>(104,902)</u>	<u>(3,898,183)</u>	<u>9,407,979</u>

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	At 1 January 2016	(Charged) / Credited to:		At 30 June 2016
		Profit or loss <i>(Note 33)</i> <i>(in Baht)</i>	Other comprehensive income	
<i>Deferred tax liabilities</i>				
Defined benefit plan actuarial losses	238,837	-	-	238,837
Total	238,837	-	-	238,837
Net	13,172,227	(104,902)	(3,898,183)	9,169,142
		(Charged) / Credited to:		
	At 1 January 2015	Profit or loss <i>(Note 33)</i> <i>(in Baht)</i>	Other comprehensive income	At 30 June 2015
<i>Deferred tax assets</i>				
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
<i>Deferred tax liabilities</i>				
Defined benefit plan actuarial losses	572,838	-	-	572,838
Total	572,838	-	-	572,838
Net	6,859,339	(6,942)	(2,342)	6,850,055

17 Other assets, net

As at 30 June 2016 and 31 December 2015, other assets, net were as follows:

	30 June 2016	31 December 2015
	<i>(in Baht)</i>	
Prepaid expenses	1,531,545	777,854
Accrued interest receivables	423,392	432,249
Other receivables	171,259	172,442
Others	2,487,062	2,104,425
	<u>4,613,258</u>	<u>3,486,970</u>
<i>Less allowance for impairment</i>	<i>(2,274,893)</i>	<i>(1,890,214)</i>
Total	2,338,365	1,596,756

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18 Deposits

18.1 Classified by product as at 30 June 2016 and 31 December 2015:

	30 June 2016	31 December 2015
	<i>(in Baht)</i>	
Certificates of deposit	7,149,297,168	5,401,892,997
Total	<u>7,149,297,168</u>	<u>5,401,892,997</u>

18.2 Classified by currency and residence of customer as at 30 June 2016 and 31 December 2015

As at 30 June 2016 and 31 December 2015, the Company's deposits were domestic and denominated entirely in Thai Baht.

19 Intercompany and money market items (liabilities)

As at 30 June 2016 and 31 December 2015, intercompany and money market items (liabilities) were as follows:

	30 June 2016			31 December 2015		
	Demand	Time	Total	Demand	Time	Total
	<i>(in Baht)</i>					
Domestic items:						
Other financial institutions	-	363,237,374	363,237,374	-	193,500,259	193,500,259
Total domestic items	<u>-</u>	<u>363,237,374</u>	<u>363,237,374</u>	<u>-</u>	<u>193,500,259</u>	<u>193,500,259</u>

20 Employee benefit obligations

As at 30 June 2016 and 31 December 2015, employee benefit obligations were as follows:

	30 June 2016	31 December 2015
	<i>(in Baht)</i>	
Present value of unfunded obligations	14,552,305	15,076,813
Statement of financial position obligation	<u>14,552,305</u>	<u>15,076,813</u>

Movement in the present value of the defined benefit obligations.

	30 June 2016	31 December 2015
	<i>(in Baht)</i>	
Defined benefit obligations at beginning period / year	15,076,813	10,088,108
Include in profit or loss:		
Current service cost	735,441	2,902,802
Interest on obligation	150,051	415,896
	<u>885,492</u>	<u>3,318,698</u>
Include in other comprehensive income		
Actuarial loss	-	1,670,007
	<u>-</u>	<u>1,670,007</u>
Other		
Benefits paid	(1,410,000)	-
	<u>(1,410,000)</u>	<u>-</u>
Defined benefit obligations at ending period / year	<u>14,552,305</u>	<u>15,076,813</u>

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Actuarial assumptions

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

	30 June 2016	(%)	31 December 2015
Discount rate	2.8		2.8
Future salary growth	4-8		4-8
Turnover rate	0-25		0-25

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 obligations by the amounts shown below.

Defined benefit obligations 30 June 2016	Increase	Decrease
	<i>(in Baht)</i>	
Discount rate (1% movement)	12,325,465	14,380,376
Future salary growth (1% movement)	14,409,279	12,282,267
Future mortality (1% movement)	13,338,190	13,232,727
Turnover rate (20% movement)	12,678,751	13,967,180

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

21 Other liabilities

As at 30 June 2016 and 31 December 2015, other liabilities were as follows:

	30 June 2016	31 December 2015
	<i>(in Baht)</i>	
Payable from Legal Executive Department	3,399,849	2,990,999
Special business tax and value added tax payable	1,532,850	1,502,585
Others	799,530	545,232
Total	5,732,229	5,038,816

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22 Share capital

As at 30 June 2016 and 31 December 2015, share capital were as follows:

	Par value per share (in Baht)	30 June 2016		Par value per share (in Baht)	31 December 2015	
		Number (shares / Baht)	Amount		Number (shares / Baht)	Amount
<i>Authorised</i>						
At beginning period / year						
- ordinary shares	100	10,000,000	1,000,000,000	100	10,000,000	1,000,000,000
Change in par value						
- from Baht 100 to Baht 1	1	1,000,000,000	1,000,000,000		-	-
Increase of new shares	1	350,000,000	350,000,000		-	-
At ending period / year						
- ordinary shares	1	<u>1,350,000,000</u>	<u>1,350,000,000</u>	100	<u>10,000,000</u>	<u>1,000,000,000</u>
<i>Issued and paid-up</i>						
At beginning period / year						
- ordinary shares	100	10,000,000	1,000,000,000	100	6,500,000	650,000,000
Increase of new shares		-	-	100	3,500,000	350,000,000
Change in par value						
- from Baht 100 to Baht 1	1	<u>1,000,000,000</u>	<u>1,000,000,000</u>		-	-
At ending period / year						
- ordinary shares	1	<u>1,000,000,000</u>	<u>1,000,000,000</u>	100	<u>10,000,000</u>	<u>1,000,000,000</u>

On 29 March 2016, the annual general meeting of the shareholders approved to change the Company's par value from Baht 100 to Baht 1 each. The change of par value was registered with the Ministry of Commerce on 4 April 2016. The meeting also approved to increase the Company's authorised share capital by Baht 350 million from Baht 1,000 million to Baht 1,350 million by authorising and issuing 350 million new ordinary shares with par value of Baht 1 each. The new authorised share capital was registered with the Ministry of Commerce on 5 April 2016.

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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24 Dividends

At the annual general meeting of the shareholders of the Company held on 29 March 2016, the shareholders approved the appropriation of dividend of Baht 5.70 per share, amounting to Baht 57 million. The dividend was paid to shareholders during 2016.

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.

25 Contingencies

As at 30 June 2016 and 31 December 2015, contingencies were as follows:

	30 June 2016	31 December 2015 <i>(in Baht)</i>
Other contingencies		
- Other guarantee	30,604,100	68,320,280
- Other	<u>2,331,620,490</u>	<u>1,439,832,861</u>
Total	<u><u>2,362,224,590</u></u>	<u><u>1,508,153,141</u></u>

As at 27 February 2015, the Company has been sued as joint defendant with another company. A plaintiff has requested the court to withdraw a Sales and Purchase contract for Land and Buildings with another company (Joint defendant) and transfer the realty to the plaintiff. If the realty cannot be transferred, Baht 153 million with 7.5% of interest since the first day of prosecution is requested. As at 17 March 2016, the first court's judgement was the Company confiscated Baht 0.75 million and paid Baht 4.45 million back to the plaintiff. As at 15 June 2016, the Company appealed the first court's judgement to the appeal court. The Company's management could not assess any result of this case so a provision is not yet considered and recorded. However, the Company's management believes that the probable losses will not have a material effect on the financial statements when the cases are final.

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 parties include major shareholders (10% shareholding), directors of major shareholders and close members of their families. Related party may be individuals or other entities.

Relationship with key management personnel and related parties were 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.

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Directors of the Company have the ability, directly or indirectly, to control or joint control or exercise significant influence over the Company and the following entity:

- Seranee Holding Co., Ltd.
- Seranee Home Co., Ltd.
- Seranee Factoring Co., Ltd.
- Seranee and Associates Co., Ltd.
- Palm Hills Home Co., Ltd.
- Tranquilista Co., Ltd.
- Taak Interior and Architect Co., Ltd.
- KTM Capital Land Co., Ltd.

Interest rate and other pricing for key management personnel and other related parties are at the same rate as in the normal course of business with the same business conditions as general customers.

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, directors' fee and post-employment benefits.

<i>For the six-month period ended 30 June</i>	2016	2015
	<i>(in Baht)</i>	
Short-term employee benefits	20,966,332	19,599,705
Post-employment benefits	605,351	1,077,718
Total	<u>21,571,683</u>	<u>20,677,423</u>

Significant transactions for the six-month period ended 30 June 2016 and 2015 with key management personnel and related parties were as follows:

<i>For the six-month period ended 30 June</i>	2016	2015
	<i>(in Baht)</i>	
Key management personnel		
Interest expense	138,634	125,046
Related parties		
Interest income	839,977	-
Interest expense	114,067	88,699
Fees and service income	6,574	139,508

Significant balances with key management personnel and related parties as at 30 June 2016 and 31 December 2015 were as follows:

	30 June 2016	31 December 2015
	<i>(in Baht)</i>	
Key management personnel		
Deposits	8,694,100	11,207,350
Accrued interest payable	53,960	68,392
Related parties		
Loans to customers	18,993,935	32,558,605
Accrued interest receivables	3,967	9,593
Deposits	10,900,000	5,500,000
Accrued interest payable	9,690	1,966
Other contingencies	-	8,548,110

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

For the six-month period ended 30 June

	2016	2015
	<i>(in Baht)</i>	
Directors' remuneration	1,310,002	1,087,500
Total	1,310,002	1,087,500

27 Long-term leases and service agreements

As at 30 June 2016 and 31 December 2015, 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 2016	31 December 2015
		<i>(in Baht)</i>	
Building	Within one year	8,452,013	5,328,862
	After one year but within three years	14,455,008	2,098,015
Equipment	Within one year	263,220	246,000
	After one year but within five years	482,570	574,000

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 six-month periods ended 30 June 2016 and 2015 was as follows:

For the six-month period ended 30 June

	2016	2015
	<i>(in Baht)</i>	
Intercompany and money market items	5,474,778	5,073,101
Investment in debt securities	2,981,202	4,897,852
Loans	229,209,222	137,668,924
Total	237,665,202	147,639,877

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30 Interest expense

Interest expense included in profit or loss for the six-month periods ended 30 June 2016 and 2015 was as follows:

<i>For the six-month period ended 30 June</i>	2016	2015
		<i>(in Baht)</i>
Deposits	88,354,322	64,105,811
Intercompany and money market items	2,437,690	1,149,990
Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency	14,044,839	9,358,931
Debt securities in issue		
- Others	-	12,213
Total	<u>104,836,851</u>	<u>74,626,945</u>

31 Fees and service income

Net fees and service income included in profit or loss for the six-month periods ended 30 June 2016 and 2015 was as follows:

<i>For the six-month period ended 30 June</i>	2016	2015
		<i>(in Baht)</i>
Fees and service income		
- Acceptances, avals and guarantees	203,595	536,365
- Financial consulting fee	15,194,563	3,820,000
- Fees on loans	19,384,580	17,549,718
Total net fees and service income	<u>34,782,738</u>	<u>21,906,083</u>

32 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 2016 and 2015 was as follows:

<i>For the six-month period ended 30 June</i>	Note	2016	2015
			<i>(in Baht)</i>
Loans to customers			
- Bad debt recovery		(33,620)	(368,802)
- Doubtful accounts	12	17,228,231	5,250,000
Total		<u>17,194,611</u>	<u>4,881,198</u>

33 Income tax expense

Income tax recognised in profit or loss

<i>For the six-month period ended 30 June</i>	Note	2016	2015
			<i>(in Baht)</i>
Current tax expense			
Current period		16,227,983	13,452,119
		<u>16,227,983</u>	<u>13,452,119</u>
Deferred tax expense			
Movements in temporary differences	16	104,902	6,942
		<u>104,902</u>	<u>6,942</u>
Total income tax expense		<u>16,332,885</u>	<u>13,459,061</u>

Advance Finance Public Company Limited
Notes to the interim financial statements

Income tax recognised in other comprehensive income

For the six-month period ended 30 June

	Before tax	2016 Tax expense	Net of tax (in Baht)	Before tax	2015 Tax expense	Net of tax
Available-for-sale securities	19,490,915	(3,898,183)	15,592,732	11,708	(2,342)	9,366
Total	19,490,915	(3,898,183)	15,592,732	11,708	(2,342)	9,366

Reconciliation of effective tax rate

For the six-month period ended 30 June

	2016 Rate (%)	2016 (in Baht)	2015 Rate (%)	2015 (in Baht)
Profit before income tax expense		82,615,994		67,794,969
Income tax using the Thai Corporation tax rate	20	16,523,199	20	13,558,994
Income not subject to tax		(358,868)		(214,619)
Expense not deductible for tax purposes		168,554		114,686
Total	20	16,332,885	20	13,459,061

Income tax reduction

Revenue Code Amendment Act No.42 B.E.2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

34 Basic earnings per share

The calculations of basic earnings per share for the six-month periods ended 30 June 2016 and 2015 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:

For the six-month period ended 30 June

	2016	2015
	<i>(in Baht / in shares)</i>	
Profit attributable to ordinary shareholders of the Company (basic)	66,283,109	54,335,908
Number of ordinary shares outstanding at 1 January	1,000,000,000	650,000,000
Effect of shares issued on 27 January 2015	-	299,723,757
Weighted average number of ordinary shares outstanding (basic)	1,000,000,000	949,723,757
Basic earnings per share (basic)	0.07	0.06

The Company recalculated basic earnings per share for the six-month period ended 30 June 2015 for the purpose of comparability in financial information, which was calculated by using the weighted average number of ordinary shares as if the par value and the number of ordinary shares were changed in consistent with the change in the par value and the number of ordinary shares during the six-month period ended 30 June 2016.