

Advance Finance Public Company Limited

Interim financial statements
for the six-month period ended
30 June 2018
and
Independent Auditor's Report



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Independent Auditor's Report

To the Board of Directors of Advance Finance Public Company Limited

Opinion

I have audited the interim financial statements of Advance Finance Public Company Limited (the "Company"), which comprise the statements of financial position as at 30 June 2018, 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.

In my opinion, the accompanying interim financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2018 and its financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the interim financial statements in accordance with TFRSs, 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.

In preparing the interim financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Interim Financial Statements

My objectives are to obtain reasonable assurance about whether the interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim financial statements.

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

- Identify and assess the risks of material misstatement of the interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the interim financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim financial statements, including the disclosures, and whether the interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
21 August 2018

Advance Finance Public Company Limited

Statement of financial position

Assets	Note	30 June	31 December
		2018	2017
<i>(in Baht)</i>			
Cash		30,000	30,000
Intercompany and money market items	7	1,429,049,324	1,137,425,885
Investments, net	8	864,293,207	2,130,420,355
Loans to customers and accrued interest receivables, net	9		
Loans to customers	26	5,245,546,308	5,663,305,002
Accrued interest receivables	26	<u>9,440,676</u>	<u>12,096,602</u>
Total loans to customers and accrued interest receivables		5,254,986,984	5,675,401,604
Less allowance for doubtful accounts	12	<u>(166,899,016)</u>	<u>(166,899,016)</u>
Total loans to customers and accrued interest receivables, net		5,088,087,968	5,508,502,588
Properties for sale, net	13	79,727,229	75,251,247
Equipment, net	14	14,683,865	17,391,625
Intangible assets, net	15	31,199,710	26,017,014
Deferred tax assets	16	11,235,877	8,691,652
Receivable from Legal Execution Department		8,567,450	3,468,750
Other assets, net	17	<u>9,199,384</u>	<u>8,051,693</u>
Total assets		<u>7,536,074,014</u>	<u>8,915,250,809</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
	<i>Note</i>	2018	2017
<i>(in Baht)</i>			
Liabilities and equity			
<i>Liabilities</i>			
Deposits	18, 26	5,736,826,638	7,277,698,047
Intercompany and money market items	19	226,637,336	274,617,534
Accrued interest payable	26	26,508,322	29,989,186
Contributions to the Financial Institutions			
Development Fund and the Deposit			
Protection Agency payable		16,106,613	18,359,122
Income tax payable		2,653,615	-
Provisions for employee benefits	20	22,965,541	16,424,363
Other liabilities	21	8,865,425	14,718,925
Total liabilities		6,040,563,490	7,631,807,177
<i>Equity</i>			
Share capital	22		
Authorised share capital			
1,250,000,000 ordinary shares of Baht 1 each		1,250,000,000	
1,350,000,000 ordinary shares of Baht 1 each			1,350,000,000
Issued and paid-up share capital			
1,250,000,000 ordinary shares of Baht 1 each		1,250,000,000	
1,000,000,000 ordinary shares of Baht 1 each			1,000,000,000
Other components of equity	8.3	(4,008,089)	935,872
Retained earnings			
Appropriated			
Legal reserve	23	24,052,568	24,052,568
Unappropriated		225,466,045	258,455,192
Total equity		1,495,510,524	1,283,443,632
Total liabilities and equity		7,536,074,014	8,915,250,809

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

	<i>Note</i>	Six-month period ended	
		30 June	
		2018	2017
		<i>(in Baht)</i>	
Interest income	26, 29	192,158,338	292,624,474
Interest expense	26, 30	113,637,661	136,275,884
Net interest income		78,520,677	156,348,590
Fees and service income	31	11,974,246	20,423,218
Net fees and service income		11,974,246	20,423,218
Dividend income		1,629,605	3,467,197
Other operating income		19,758	263,015
Total operating income		92,144,286	180,502,020
Other operating expenses			
Employee expenses	26	45,901,637	51,731,714
Directors' remuneration	26	2,002,250	1,590,000
Premises and equipment expenses		9,861,663	8,494,265
Taxes and duties		6,349,112	9,585,366
Others		15,153,795	10,839,541
Total other operating expenses		79,268,457	82,240,886
Bad debt, doubtful accounts and loss on impairment	32	-	2,623,014
Profit from operating before income tax expense		12,875,829	95,638,120
Income tax expense	33	2,497,436	18,875,601
Profit for the period		10,378,393	76,762,519

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>	2018	2017
		<i>(in Baht)</i>	
Other comprehensive income (expense)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Losses on remeasuring available-for-sale investments		(6,179,951)	(905,963)
Income tax relating to items that will be reclassified	33	<u>1,235,990</u>	<u>181,192</u>
		<u>(4,943,961)</u>	<u>(724,771)</u>
<i>Items that will not be reclassified to profit or loss</i>			
Losses on remeasurements of defined benefit plans		(4,209,425)	-
Income tax relating to items that will not be reclassified	33	<u>841,885</u>	<u>-</u>
		<u>(3,367,540)</u>	<u>-</u>
Other comprehensive expense for the period, net of tax		<u>(8,311,501)</u>	<u>(724,771)</u>
Total comprehensive income for the period		<u><u>2,066,892</u></u>	<u><u>76,037,748</u></u>
Basic earnings per share	34	<u><u>0.01</u></u>	<u><u>0.08</u></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				Total equity
		Issued and paid-up share capital	Available-for-sale investments	Legal reserve (in Baht)	Unappropriated Retained earnings	
Six-month period ended 30 June 2017						
Balance at 1 January 2017		1,000,000,000	(1,342,955)	20,432,516	246,674,221	1,265,763,782
Transactions with owners, recorded directly in equity						
<i>Distributions to owners</i>						
Dividends	24	-	-	-	(57,000,000)	(57,000,000)
Total distributions to owners		-	-	-	(57,000,000)	(57,000,000)
Comprehensive income (expense) for the period						
Profit		-	-	-	76,762,519	76,762,519
Other comprehensive expense		-	(724,771)	-	-	(724,771)
Total comprehensive income (expense) for the period		-	(724,771)	-	76,762,519	76,037,748
Balance at 30 June 2017		1,000,000,000	(2,067,726)	20,432,516	266,436,740	1,284,801,530
Six-month period ended 30 June 2018						
Balance at 1 January 2018		1,000,000,000	935,872	24,052,568	258,455,192	1,283,443,632
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Issue of ordinary shares	22	250,000,000	-	-	-	250,000,000
Dividends	24	-	-	-	(40,000,000)	(40,000,000)
Total contributions by and distributions to owners		250,000,000	-	-	(40,000,000)	210,000,000
Comprehensive income (expense) for the period						
Profit		-	-	-	10,378,393	10,378,393
Other comprehensive expense		-	(4,943,961)	-	(3,367,540)	(8,311,501)
Total comprehensive income (expense) for the period		-	(4,943,961)	-	7,010,853	2,066,892
Balance at 30 June 2018		1,250,000,000	(4,008,089)	24,052,568	225,466,045	1,495,510,524

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	
	2018	2017
	<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operating before income tax expense	12,875,829	95,638,120
<i>Adjustments to reconcile profit from operating before income tax expense to cash receipts (payments) from operating activities</i>		
Depreciation and amortisation	3,777,134	2,875,669
Bad debt and doubtful accounts	-	2,649,979
Gains from sale of equipment	-	(262,963)
Employee benefit expense	2,331,753	994,883
Net interest income	(78,520,677)	(156,348,590)
Dividend income	(1,629,605)	(3,467,197)
Proceeds from interest	195,189,628	277,719,805
Interest paid	(119,371,034)	(135,564,010)
Proceeds from dividend	1,765,685	3,467,197
Income tax paid	<u>(310,171)</u>	<u>(7,114,381)</u>
Profit from operating before changes in operating assets and liabilities	16,108,542	80,588,512
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	(291,628,214)	(63,182,515)
Loans to customers	417,758,693	307,002,046
Properties for sale	(4,475,982)	(6,211,133)
Receivable from Legal Execution Department	(5,098,700)	(2,802,750)
Other assets	(1,707,162)	(2,086,160)
<i>Increase (decrease) in operating liabilities</i>		
Deposits	(1,540,871,409)	(370,053,015)
Intercompany and money market items	(47,980,198)	117,789,751
Other liabilities	<u>(5,853,500)</u>	<u>18,717,996</u>
Net cash (used in) from operating activities	<u>(1,463,747,930)</u>	<u>79,762,732</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	
	2018	2017
	<i>(in Baht)</i>	
<i>Cash flows from investing activities</i>		
Acquisition of available-for-sale securities	(120,000,000)	-
Acquisition of held-to-maturity debt securities	(18,700,000,000)	(16,363,000,000)
Proceeds from redemption of held-to-maturity debt securities	20,080,000,000	16,363,000,000
Acquisition of equipment	(195,801)	(4,030,361)
Proceeds from sale of equipment	-	262,975
Acquisition of intangible assets	(6,056,269)	(18,995,346)
Net cash from (used in) investing activities	<u>1,253,747,930</u>	<u>(22,762,732)</u>
<i>Cash flows from financing activities</i>		
Proceeds from issue of shares	²² 250,000,000	-
Dividends paid to owners of the Company	²⁴ (40,000,000)	(57,000,000)
Net cash from (used in) financing activities	<u>210,000,000</u>	<u>(57,000,000)</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>		
Losses on remeasuring available-for-sale investments	(6,179,951)	(905,963)
Losses on remeasurements of defined benefit plans	(4,209,425)	-

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

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Significant accounting policies
4	Financial risk management
5	Financial instruments
6	Maintenance of capital fund
7	Intercompany and money market items (assets)
8	Investments, net
9	Loans to customers and accrued interest receivables, net
10	Troubled debt restructuring
11	Classified assets
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	Provisions for employee benefits
21	Other liabilities
22	Share capital
23	Reserves
24	Dividends
25	Contingencies
26	Related parties
27	Operating leases
28	Segment information
29	Interest income
30	Interest expense
31	Fees and service income
32	Bad debt, doubtful accounts and loss on impairment
33	Income tax expense
34	Basic earnings per share

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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 21 August 2018.

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 2018 were Seamico Securities Public Company Limited (10% shareholding), The Brooker Group Public Company Limited (10% shareholding) and Asia Capital 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 2017 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).

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 2017) *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 2018. The initial application of these revised TFRS has resulted in changes in certain of the Company’s accounting policies. These changes have no material effect on the interim financial statements.

In addition to the above revised TFRS, The FAP has issued TFRS 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted this standard in preparing these interim financial statements.

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

- TAS 11 (revised 2017) *Construction Contracts*,
- TAS 18 (revised 2017) *Revenue*,
- TSIC 31 (revised 2017) *Revenue-Barter Transactions Involving Advertising Services*,
- TFRIC 13 (revised 2017) *Customer Loyalty Programmes*,
- TFRIC 15 (revised 2017) *Agreements for the Construction of Real Estate*, and
- TFRIC 18 (revised 2017) *Transfers of Assets from Customers*.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the financial statements.

(b) Basis of measurement

The interim financial statements have been prepared on the historical cost basis except for the following items.

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

(c) Functional and presentation currency

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

(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 the 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

Allowance 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 allowance for doubtful accounts and adjustments to the allowance 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.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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. 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.

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.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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 10 June 2016, "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.

In addition, the Company set up allowance for doubtful accounts in regard to Possible Impaired Loan. The allowance is based on a rate of 1.2% of performing loans, except in cases where analysis of historic payment patterns indicates a different rate for particular categories of debtor.

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 2017) *Accounting for Troubled Debt 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.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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.

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 measured 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.

Any 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 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.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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 software licenses in the current and comparative years are 5 years.

No amortisation is provided on assets in progress.

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.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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.

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.

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.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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 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.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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 period.

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 periods 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.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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.

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 interim 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.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

The Company has implemented credit risk management processes to measure and control credit risk. In 2017, the Company has set up the Credit Risk Group Department to review credit business and risk assessment and credit portfolio's performances report to determine the strategies of credit risk management. 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 new approved transactions. For non-performing loans (NPL), the Company has closely and continuously monitored, resolved and/or restructured them to retain maximum benefits for the Company.

Market risk

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

1. Interest rate risk

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

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

As at 30 June 2018 and 31 December 2017, significant financial assets and liabilities classified by type of interest rate were as follows:

	30 June 2018			Total
	Floating interest rate	Fixed interest rate	Non - interest bearing	
	<i>(in Baht)</i>			
<i>Financial assets</i>				
Intercompany and money market items	52,616,650	1,290,000,000	86,432,674	1,429,049,324
Investments, net	-	699,803,318	164,489,889	864,293,207
Loans to customers*	3,756,013,246	368,833	-	3,756,382,079
Total	3,808,629,896	1,990,172,151	250,922,563	6,049,724,610
<i>Financial liabilities</i>				
Deposits	-	5,736,826,638	-	5,736,826,638
Intercompany and money market items	-	226,637,336	-	226,637,336
Total	-	5,963,463,974	-	5,963,463,974

* Excluding non-accrual loans

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

	Floating interest rate	31 December 2017		Total
		Fixed interest rate	Non - interest bearing	
		<i>(in Baht)</i>		
<i>Financial assets</i>				
Intercompany and money market items	49,487,314	980,000,000	107,938,571	1,137,425,885
Investments, net	-	2,079,750,515	50,669,840	2,130,420,355
Loans to customers*	4,378,069,212	437,459	-	4,378,506,671
Total	4,427,556,526	3,060,187,974	158,608,411	7,646,352,911
<i>Financial liabilities</i>				
Deposits	-	7,277,698,047	-	7,277,698,047
Intercompany and money market items	-	274,617,534	-	274,617,534
Total	-	7,552,315,581	-	7,552,315,581

* Excluding non-accrual loans

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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 2018 and 31 December 2017, 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
For the six-month period ended 30 June 2018

	At call	31 December 2017 (in Baht)						Total
		0-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Non- accrual	
Financial assets								
Intercompany and money market items	157,425,885	980,000,000	-	-	-	-	-	1,137,425,885
Investments, net	-	1,999,702,593	80,047,922	-	-	50,669,840	-	2,130,420,355
Loans to customers	-	252,516,559	979,983,562	2,566,749,030	579,257,520	-	1,284,798,331	5,663,305,002
Accrued interest receivables	-	12,096,602	-	-	-	-	-	12,096,602
Total	157,425,885	3,244,315,754	1,060,031,484	2,566,749,030	579,257,520	50,669,840	1,284,798,331	8,943,247,844
Financial liabilities								
Deposits	-	1,365,542,932	3,448,164,741	2,463,990,374	-	-	-	7,277,698,047
Intercompany and money market items	-	37,617,534	103,000,000	134,000,000	-	-	-	274,617,534
Total	-	1,403,160,466	3,551,164,741	2,597,990,374	-	-	-	7,552,315,581

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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 these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee

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

- Level 1: quoted prices (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 levels of the fair value hierarchy during the six-month period ended 30 June 2018.

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 2018				
<i>Financial assets measured at fair value</i>				
Equity securities available-for-sale	158,989,889	51,800,000	107,189,889	158,989,889
<i>Financial assets / Financial liabilities not measured at fair value</i>				
Debt securities held-to-maturity	699,803,318	-	699,803,318	699,803,318
Deposits	5,736,826,638	-	5,791,410,335	5,791,410,335
Intercompany and money market items	226,637,336	-	229,982,991	229,982,991

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

	Carrying amount	Level 1	Fair value Level 2	Total
		<i>(in Baht)</i>		
31 December 2017				
<i>Financial assets measured at fair value</i>				
Equity securities available-for-sale	45,169,840	21,400,000	23,769,840	45,169,840
<i>Financial assets / Financial liabilities not measured at fair value</i>				
Debt securities held-to-maturity	2,079,750,515	-	2,081,499,286	2,081,499,286
Deposits	7,277,698,047	-	7,353,500,369	7,353,500,369
Intercompany and money market items	274,617,534	-	278,906,894	278,906,894

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 period 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.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

6 Maintenance of capital fund

The Company maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT's notification dated 10 January 2017, the Company is required to calculate its Capital Fund in accordance with Basel III as follows:

	30 June 2018	31 December 2017
	<i>(in Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	1,250,000,000	1,000,000,000
Legal reserve	24,052,568	20,432,516
Net gain after appropriations	215,087,652	189,674,221
Other components of equity	(4,008,089)	935,872
Capital deduction items on CET1	(42,435,587)	(29,505,263)
Total Tier 1 capital	<u>1,442,696,544</u>	<u>1,181,537,346</u>
Tier 2 capital		
Allowance for classified assets of "normal" category	<u>78,157,976</u>	<u>84,013,406</u>
Total Tier 2 capital	<u>78,157,976</u>	<u>84,013,406</u>
Total capital funds	<u>1,520,854,520</u>	<u>1,265,550,752</u>
Total risk weighted assets	<u>6,768,591,201</u>	<u>7,236,740,059</u>

	The BoT's regulation minimum requirement*	30 June 2018	The BoT's regulation minimum requirement	31 December 2017
			(%)	
Total capital / Total risk-weighted assets	9.125	22.47	8.5	17.49
Total Tier 1 capital / Total risk-weighted assets	6.625	21.31	6.0	16.33
Total common equity tier 1 / Total risk-weighted assets	5.125	21.31	4.5	16.33
Total Tier 2 capital / Total risk-weighted assets	-	1.16	-	1.16

* Conservation buffer requires additional common equity tier 1 of 0.625% each year starting from 1 January 2018 until the capital buffer ratio of more than 2.5% is reached on 1 January 2021.

As at 30 June 2018 and 31 December 2017, the Company has no add-on arising from Single Lending Limit.

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.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

7 Intercompany and money market items (assets)

As at 30 June 2018 and 31 December 2017, intercompany and money market items (assets) were classified as follows:

	30 June 2018			31 December 2017		
	Demand	Time	Total	Demand	Time	Total
	<i>(in Baht)</i>					
Domestic items:						
Bank of Thailand	64,530,194	1,290,000,000	1,354,530,194	79,348,923	980,000,000	1,059,348,923
Commercial banks	74,443,357	-	74,443,357	77,996,414	-	77,996,414
Total	138,973,551	1,290,000,000	1,428,973,551	157,345,337	980,000,000	1,137,345,337
Add accrued interest receivables	5,088	70,685	75,773	-	80,548	80,548
Total	138,978,639	1,290,070,685	1,429,049,324	157,345,337	980,080,548	1,137,425,885

8 Investments, net

8.1 Classification of investments in securities

As at 30 June 2018 and 31 December 2017, investments were classified as follows:

	30 June 2018	31 December 2017
	Fair value	Fair value
	<i>(in Baht)</i>	
Available-for-sale investments		
Domestic marketable equity securities	158,989,889	45,169,840
Total	158,989,889	45,169,840
	30 June 2018	31 December 2017
	Cost/amortised cost	Cost/amortised cost
	<i>(in Baht)</i>	
Held-to-maturity securities		
Government and state enterprise securities	699,803,318	2,029,736,288
Corporate debt securities	-	50,014,227
Total	699,803,318	2,079,750,515
	30 June 2018	31 December 2017
	Cost	Cost
	<i>(in Baht)</i>	
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	864,293,207	2,130,420,355

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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

As at 30 June 2018 and 31 December 2017, held-to-maturity securities can be classified by the remaining period to maturity as follows:

	Within 1 year	30 June 2018	Total
		<i>Maturity</i> 1-5 years <i>(in Baht)</i>	
Held-to-maturity securities Government and state enterprise securities	699,803,318	-	699,803,318
Total	699,803,318	-	699,803,318

	Within 1 year	31 December 2017	Total
		<i>Maturity</i> 1-5 years <i>(in Baht)</i>	
Held-to-maturity securities Government and state enterprise securities	2,029,736,288	-	2,029,736,288
Corporate debt securities	50,014,227	-	50,014,227
Total	2,079,750,515	-	2,079,750,515

8.3 Fair value changes in available-for-sale investments

Fair value changes in available-for-sale investments as at 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018	31 December 2017
	<i>(in Baht)</i>	
Revaluation deficit on available-for-sale investments	(6,952,431)	(230,160)
Revaluation surplus on available-for-sale investments	1,942,320	1,400,000
Total	(5,010,111)	1,169,840
Deferred tax	1,002,022	(233,968)
Net	(4,008,089)	935,872

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

8.4 Movement of investments

Movement during the six-month periods ended 30 June 2018 and 2017 of investments were as follows:

	2018	2017
	<i>(in Baht)</i>	
Available-for-sale securities		
As at 1 January	45,169,840	148,430,028
Purchases during the period	120,000,000	-
Valuation adjustment	<u>(6,179,951)</u>	<u>(905,963)</u>
As at 30 June	<u>158,989,889</u>	<u>147,524,065</u>
Held-to-maturity securities		
As at 1 January	2,079,750,515	1,479,802,651
Purchases during the period	18,700,000,000	16,363,000,000
Redemptions during the period	<u>(20,080,000,000)</u>	<u>(16,363,000,000)</u>
Premium	52,803	1,650
As at 30 June	<u>699,803,318</u>	<u>1,479,804,301</u>

8.5 Investments in companies with problems in their financial positions

As at 30 June 2018, 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 2017: Baht 7.8 million*).

9 Loans to customers and accrued interest receivables, net

9.1 Classified by product as at 30 June 2018 and 31 December 2017

	30 June 2018	31 December 2017
	<i>(in Baht)</i>	
Loans	5,245,546,308	5,663,305,002
Add accrued interest receivables	<u>9,440,676</u>	<u>12,096,602</u>
Total loans and accrued interest receivables	<u>5,254,986,984</u>	<u>5,675,401,604</u>
Less allowance for doubtful accounts		
- allowance established per BoT regulations		
- Individual Approach	(38,529,627)	(35,722,267)
- allowance established in excess of BoT regulations	<u>(128,369,389)</u>	<u>(131,176,749)</u>
Total	<u>5,088,087,968</u>	<u>5,508,502,588</u>

As at 30 June 2018, the Company had non-accrual loans, gross, based on the accrual basis of Baht 1,489 million (*31 December 2017: Baht 1,285 million*).

9.2 Classified by currencies and residential status of customers as at 30 June 2018 and 31 December 2017

As at 30 June 2018 and 31 December 2017, loans to customers were domestic and denominated entirely in Thai Baht.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

9.3 Classified by business type and quality of loan classification as at 30 June 2018 and 31 December 2017

	30 June 2018					Total*
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	<i>(in Baht)</i>					
Agriculture and mining	51,996,054	-	-	-	-	51,996,054
Manufacturing and commerce	878,022,773	-	79,353,510	92,444,014	40,000,000	1,089,820,297
Property development and construction	1,779,459,675	65,000,000	-	458,712,735	370,141,933	2,673,314,343
Infrastructure and services	489,836,842	-	-	147,827,316	246,206,444	883,870,602
Housing loans	423,721,188	14,339,505	10,903,333	5,122,909	40,361,294	494,448,229
Others	51,530,330	-	-	-	566,453	52,096,783
Total	3,674,566,862	79,339,505	90,256,843	704,106,974	697,276,124	5,245,546,308

* Excluding accrued interest receivables

	31 December 2017					Total*
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	<i>(in Baht)</i>					
Agriculture and mining	57,997,369	-	-	-	-	57,997,369
Manufacturing and commerce	1,023,719,655	-	-	102,369,460	40,000,000	1,166,089,115
Property development and construction	2,328,486,171	-	319,416,227	173,886,101	196,255,831	3,018,044,330
Infrastructure and services	411,357,783	-	169,398,582	246,206,444	-	826,962,809
Housing loans	468,150,268	9,455,791	9,580,386	8,009,215	42,939,435	538,135,095
Others	55,509,829	-	-	-	566,455	56,076,284
Total	4,345,221,075	9,455,791	498,395,195	530,471,220	279,761,721	5,663,305,002

* Excluding accrued interest receivables

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

9.4 Classified by loan classification as at 30 June 2018 and 31 December 2017 (inclusive of accrued interest receivables)

	30 June 2018			
	Loans and accrued interest receivables (in Baht)	Net amount used to set the allowance for doubtful accounts*	% used for setting the allowance (%)	Allowance for doubtful accounts (in Baht)
Minimum allowance of BoT regulations				
- Normal	3,683,360,850	296,091,860	1	2,960,919
- Special mention	79,886,734	-	2	-
- Sub-standard	90,356,302	2,304,767	100	2,304,767
- Doubtful	704,106,974	18,151,486	100	18,151,486
- Doubtful of loss	697,276,124	15,112,455	100	15,112,455
Total	5,254,986,984	331,660,568		38,529,627
Allowance established in excess of BoT regulations				128,369,389**
Total				166,899,016

* 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 in regard to Possible Impaired Loan.

	31 December 2017			
	Loans and accrued interest receivables (in Baht)	Net amount used to set the allowance for doubtful accounts*	% used for setting the allowance (%)	Allowance for doubtful accounts (in Baht)
Minimum allowance of BoT regulations				
- Normal	4,354,446,755	265,390,304	1	14,212,543
- Special mention	9,487,364	-	2	-
- Sub-standard	501,234,545	5,796,564	100	5,796,564
- Doubtful	530,471,220	1,512,473	100	1,512,473
- Doubtful of loss	279,761,720	14,200,687	100	14,200,687
Total	5,675,401,604	286,900,028		35,722,267
Allowance established in excess of BoT regulations				131,176,749**
Total				166,899,016

* 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 in regard to Possible Impaired Loan.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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 2018 and 31 December 2017 the Company's non-performing loans, gross, were summarised as follows:

	30 June 2018	31 December 2017
Non-performing loans - gross (<i>in Baht</i>)	1,491,639,941	1,308,628,136
Total loans including loans to financial institutions (<i>in Baht</i>)	5,245,546,308	5,663,305,002
Ratio of NPL gross	28.44	23.11

As at 30 June 2018 and 31 December 2017 the Company's non-performing loans, net, were summarised as follows:

	30 June 2018	31 December 2017
Non-performing loans - net (<i>in Baht</i>)	1,456,071,233	1,287,118,412
Total loans including loans to financial institutions, net of allowances for doubtful accounts of NPL (<i>in Baht</i>)	5,209,977,600	5,641,795,278
Ratio of NPL net	27.95	22.81

10 Troubled debt restructuring

During the six-month periods ended 30 June 2018 and 2017, there was no loss from troubled debt restructuring.

As at 30 June 2018 and 31 December 2017, there was no outstanding balance of the Company's restructured debtors.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

11 Classified assets

The Company had classified assets as at 30 June 2018 and 31 December 2017 as follows:

	30 June 2018			Total
	Loans and accrued interest receivables	Investments (in Baht)	Properties for sale	
Normal	3,683,360,850	-	-	3,683,360,850
Special mention	79,886,734	-	-	79,886,734
Sub-standard	90,356,302	-	-	90,356,302
Doubtful	704,106,974	-	-	704,106,974
Doubtful of loss	697,276,124	7,820,000	184,873	705,280,997
Total	5,254,986,984	7,820,000	184,873	5,262,991,857

	31 December 2017			Total
	Loans and accrued interest receivables	Investments (in Baht)	Properties for sale	
Normal	4,354,446,755	-	-	4,354,446,755
Special mention	9,487,364	-	-	9,487,364
Sub-standard	501,234,545	-	-	501,234,545
Doubtful	530,471,220	-	-	530,471,220
Doubtful of loss	279,761,720	7,820,000	184,873	287,766,593
Total	5,675,401,604	7,820,000	184,873	5,683,406,477

12 Allowance for doubtful accounts

As at 30 June 2018 and 31 December 2017, the changes to the allowance for doubtful accounts were as follows:

	30 June 2018						Total
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	
As at 1 January 2018	14,212,543	-	5,796,564	1,512,473	14,200,687	131,176,749	166,899,016
Doubtful accounts	(11,251,624)	-	(3,491,797)	16,639,013	911,768	(2,807,360)	-
As at 30 June 2018	<u>2,960,919</u>	<u>-</u>	<u>2,304,767</u>	<u>18,151,486</u>	<u>15,112,455</u>	<u>128,369,389</u>	<u>166,899,016</u>

	31 December 2017						Total
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	
As at 1 January 2017	13,713,156	-	4,838,941	-	10,492,481	93,204,459	122,249,037
Doubtful accounts	499,387	-	957,623	1,512,473	3,708,206	37,972,290	44,649,979
As at 31 December 2017	<u>14,212,543</u>	<u>-</u>	<u>5,796,564</u>	<u>1,512,473</u>	<u>14,200,687</u>	<u>131,176,749</u>	<u>166,899,016</u>

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

13 Properties for sale, net

As at 30 June 2018 and 31 December 2017, the changes to the properties for sale, net were as follows:

	Beginning balance	30 June 2018		Ending balance
		Additions <i>(in Baht)</i>	Disposals	
Foreclosed assets				
Immovable assets				
- Appraised value by external appraisals	75,436,120	4,475,982	-	79,912,102
Total properties for sale	<u>75,436,120</u>	<u>4,475,982</u>	<u>-</u>	<u>79,912,102</u>
Less allowance for impairment	(184,873)	-	-	(184,873)
Total properties for sale, net	<u>75,251,247</u>	<u>4,475,982</u>	<u>-</u>	<u>79,727,229</u>
	Beginning balance	31 December 2017		Ending balance
		Additions	Disposals	
		<i>(in Baht)</i>		
Foreclosed assets				
Immovable assets				
- Appraised value by external appraisals	63,838,939	11,597,181	-	75,436,120
Total properties for sale	<u>63,838,939</u>	<u>11,597,181</u>	<u>-</u>	<u>75,436,120</u>
Less allowance for impairment	(184,873)	-	-	(184,873)
Total properties for sale, net	<u>63,654,066</u>	<u>11,597,181</u>	<u>-</u>	<u>75,251,247</u>

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

14 Equipment, net

As at 30 June 2018 and 31 December 2017, the changes to the equipment, net were as follows:

	Leasehold improvement	Computer and equipment	Furniture and fixtures (in Baht)	Vehicles	Total
Cost					
At 1 January 2017	19,732,436	15,290,084	96,953	17,268,860	52,388,333
Additions	632,916	4,383,299	11,561	3,282,000	8,309,776
Disposals	(31,580)	(2,098,071)	-	(1,229,000)	(3,358,651)
At 31 December 2017 and 1 January 2018	20,333,772	17,575,312	108,514	19,321,860	57,339,458
Additions	-	220,057	-	-	220,057
Adjustments	(24,256)	-	-	-	(24,256)
At 30 June 2018	20,309,516	17,795,369	108,514	19,321,860	57,535,259
Accumulated depreciation					
At 1 January 2017	12,698,113	13,148,530	59,060	11,951,158	37,856,861
Depreciation charge for the year	2,197,740	987,639	9,661	2,254,572	5,449,612
Disposals	(31,580)	(2,098,061)	-	(1,228,999)	(3,358,640)
At 31 December 2017 and 1 January 2018	14,864,273	12,038,108	68,721	12,976,731	39,947,833
Depreciation charge for the period	1,136,732	692,502	5,193	1,069,134	2,903,561
At 30 June 2018	16,001,005	12,730,610	73,914	14,045,865	42,851,394
Net book value					
At 1 January 2017	7,034,323	2,141,554	37,893	5,317,702	14,531,472
At 31 December 2017 and 1 January 2018	5,469,499	5,537,204	39,793	6,345,129	17,391,625
At 30 June 2018	4,308,511	5,064,759	34,600	5,275,995	14,683,865

Depreciation for the six-month period ended 30 June 2018 in the amount of Baht 2.9 million (2017: Baht 2.7 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 2018 amounted to Baht 28.1 million (31 December 2017: Baht 27.8 million).

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

15 Intangible assets, net

As at 30 June 2018 and 31 December 2017, the changes to the intangible assets, net were as follows:

	Software licenses	Intangible assets in progress (in Baht)	Total
Cost			
At 1 January 2017	9,574,712	-	9,574,712
Additions	916,321	24,493,455	25,409,776
At 31 December 2017 and 1 January 2018	10,491,033	24,493,455	34,984,488
Additions	168,958	5,889,196	6,058,154
Transfer	6,803,256	(6,803,256)	-
Adjustments	-	(1,885)	(1,885)
At 30 June 2018	17,463,247	23,577,510	41,040,757
Accumulated amortisation			
At 1 January 2017	8,584,740	-	8,584,740
Amortisation charge for the year	382,734	-	382,734
At 31 December 2017 and 1 January 2018	8,967,474	-	8,967,474
Amortisation charge for the period	873,573	-	873,573
At 30 June 2018	9,841,047	-	9,841,047
Net book value			
At 1 January 2017	989,972	-	989,972
At 31 December 2017 and 1 January 2018	1,523,559	24,493,455	26,017,014
At 30 June 2018	7,622,200	23,577,510	31,199,710

Amortisation for the six-month period ended 30 June 2018 in the amount of Baht 873,573 (2017: Baht 185,072) was included in premises and equipment expenses in profit or loss.

The gross amount of the Company's fully amortisation intangible assets that was still in use as at 30 June 2018 amounted to Baht 8.5 million (31 December 2017: Baht 8.4 million)

16 Deferred tax assets

Deferred tax assets and liabilities as at 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018	31 December 2017
	(in Baht)	
Deferred tax assets	11,235,877	8,930,489
Deferred tax liabilities	-	(238,837)
Net	11,235,877	8,691,652

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

Movements in total deferred tax assets and liabilities during the six-month periods ended 30 June 2018 and 2017 were as follows:

	At 1 January 2018	(Charged) / Credited to:		At 30 June 2018
		Profit or loss (Note 33) (in Baht)	Other comprehensive income	
Deferred tax assets				
Allowance for general investment impairment	1,564,000	-	-	1,564,000
Gains (losses) on remeasurement available- for-sale investments	(233,968)	-	1,235,990	1,002,022
Allowance for doubtful accounts	4,039,773	-	-	4,039,773
Allowance for impairment of properties for sale	36,975	-	-	36,975
Provisions for employee benefits	3,523,709	466,350	603,048	4,593,107
Total	8,930,489	466,350	1,839,038	11,235,877
Deferred tax liabilities				
Defined benefit plan actuarial losses	(238,837)	-	238,837	-
Total	(238,837)	-	238,837	-
Net	8,691,652	466,350	2,077,875	11,235,877
	At 1 January 2017	(Charged) / Credited to:		At 30 June 2017
		Profit or loss (Note 33) (in Baht)	Other comprehensive income	
Deferred tax assets				
Allowance for general investment impairment	1,564,000	-	-	1,564,000
Losses on remeasurement available-for-sale investments	335,739	-	181,192	516,931
Allowance for doubtful accounts	4,039,773	-	-	4,039,773
Allowance for impairment of properties for sale	36,975	-	-	36,975
Provisions for employee benefits	3,125,755	198,977	-	3,324,732
Total	9,102,242	198,977	181,192	9,482,411
Deferred tax liabilities				
Defined benefit plan actuarial losses	(238,837)	-	-	(238,837)
Total	(238,837)	-	-	(238,837)
Net	8,863,405	198,977	181,192	9,243,574

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

17 Other assets, net

As at 30 June 2018 and 31 December 2017, other assets, net were as follows:

	30 June 2018	31 December 2017
	<i>(in Baht)</i>	
Deposits	2,693,041	2,560,374
Prepaid expenses	1,600,619	1,263,120
Prepaid income tax	1,369,352	1,957,234
Accrued interest receivables	-	423,392
Other receivables	592,303	519,300
Others	6,001,346	2,947,905
	<u>12,256,661</u>	<u>9,671,325</u>
Less allowance for impairment	<u>(3,057,277)</u>	<u>(1,619,632)</u>
Total	<u>9,199,384</u>	<u>8,051,693</u>

18 Deposits

18.1 Classified by product as at 30 June 2018 and 31 December 2017

	30 June 2018	31 December 2017
	<i>(in Baht)</i>	
Certificates of deposit	<u>5,736,826,638</u>	<u>7,277,698,047</u>
Total	<u>5,736,826,638</u>	<u>7,277,698,047</u>

18.2 Classified by currency and residence of customer as at 30 June 2018 and 31 December 2017

As at 30 June 2018 and 31 December 2017, the Company's deposits were domestic and denominated entirely in Thai Baht.

19 Intercompany and money market items (liabilities)

As at 30 June 2018 and 31 December 2017, intercompany and money market items (liabilities) were as follows:

	30 June 2018			31 December 2017		
	Demand	Time	Total	Demand	Time	Total
	<i>(in Baht)</i>					
Domestic items:						
Other financial institutions	-	226,637,336	226,637,336	-	274,617,534	274,617,534
Total domestic items	<u>-</u>	<u>226,637,336</u>	<u>226,637,336</u>	<u>-</u>	<u>274,617,534</u>	<u>274,617,534</u>

20 Provisions for employee benefits

As at 30 June 2018 and 31 December 2017, provisions for employee benefits were as follows:

	30 June 2018	31 December 2017
	<i>(in Baht)</i>	
Provisions for post-employment benefits	<u>22,965,541</u>	<u>16,424,363</u>
Total	<u>22,965,541</u>	<u>16,424,363</u>

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

Movement in the present value of defined benefit obligations.

	30 June 2018	31 December 2017
	<i>(in Baht)</i>	
Beginning balance	16,424,363	14,434,597
Include in profit or loss:		
Current service cost	2,115,192	1,667,802
Interest on obligation	216,561	321,964
	<u>2,331,753</u>	<u>1,989,766</u>
Include in other comprehensive income		
Actuarial loss	4,209,425	-
	<u>4,209,425</u>	<u>-</u>
Ending balance	<u>22,965,541</u>	<u>16,424,363</u>

Actuarial losses recognised in other comprehensive income arising from:

	30 June 2018	31 December 2017
	<i>(in Baht)</i>	
Demographic assumptions	250,297	-
Financial assumptions	446,031	-
Experience adjustment	3,513,097	-
Total	<u>4,209,425</u>	<u>-</u>

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	30 June 2018	31 December 2017
	<i>(%)</i>	
Discount rate	2.5	2.8
Future salary growth	4-8	4-8
Long-term inflation rate	2.5	3.0

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 provisions for employee benefits by the amounts shown below.

	Increase	Decrease
	<i>(in Baht)</i>	
At 30 June 2018		
Discount rate (1% movement)	(1,489,135)	1,666,480
Future salary growth (1% movement)	1,616,722	(1,475,547)
Future mortality (1% movement)	35,951	(38,622)
Turnover rate (20% movement)	(727,016)	805,928

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

	Increase	Decrease
	<i>(in Baht)</i>	
At 31 December 2017		
Discount rate (1% movement)	(1,337,939)	1,497,278
Future salary growth (1% movement)	1,452,572	(1,325,731)
Future mortality (1% movement)	32,301	(34,701)
Turnover rate (20% movement)	(653,200)	724,100

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 2018 and 31 December 2017, other liabilities were as follows:

	30 June 2018	31 December 2017
	<i>(in Baht)</i>	
Withholding tax payable	2,778,193	7,171,078
Other payables	2,467,757	1,239,934
Specific business tax and value added tax payable	997,693	1,263,477
Accrued expenses	671,385	3,307,377
Payable from Legal Executive Department	-	272,845
Others	1,950,397	1,464,214
Total	<u>8,865,425</u>	<u>14,718,925</u>

22 Share capital

As at 30 June 2018 and 31 December 2017, share capital were as follows:

	Par value per share <i>(in Baht)</i>	30 June 2018		Par value per share <i>(in Baht)</i>	31 December 2017	
		Number <i>(shares / Baht)</i>	Amount		Number <i>(shares / Baht)</i>	Amount
Authorised						
Beginning balance						
- ordinary shares	1	1,350,000,000	1,350,000,000	1	1,350,000,000	1,350,000,000
Reduction of shares	1	(350,000,000)	(350,000,000)		-	-
Issue of new shares	1	<u>250,000,000</u>	<u>250,000,000</u>		<u>-</u>	<u>-</u>
Ending balance						
- ordinary shares	1	<u>1,250,000,000</u>	<u>1,250,000,000</u>	1	<u>1,350,000,000</u>	<u>1,350,000,000</u>
Issued and paid-up						
Beginning balance						
- ordinary shares	1	1,000,000,000	1,000,000,000	1	1,000,000,000	1,000,000,000
Issue of new shares	1	<u>250,000,000</u>	<u>250,000,000</u>		<u>-</u>	<u>-</u>
Ending balance						
- ordinary shares	1	<u>1,250,000,000</u>	<u>1,250,000,000</u>	1	<u>1,000,000,000</u>	<u>1,000,000,000</u>

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

On 28 March 2018, the annual general meeting of the shareholders approved to reduce the Company's authorised share capital of Baht 350 million from Baht 1,350 million to Baht 1,000 million by cancelling 350 million un-paid ordinary shares with par value of Baht 1 each. The new authorised share capital was registered with the Ministry of Commerce on 10 April 2018. The meeting also approved to increase the Company's authorised share capital of Baht 250 million from Baht 1,000 million to Baht 1,250 million by authorising and issuing 250 million new ordinary shares with par value of Baht 1 each. The new authorised share capital was registered with the Ministry of Commerce on 11 April 2018 and the new issued and paid-up share capital was registered with the Ministry of Commerce on 25 May 2018.

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 reserves

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.

24 Dividends

At the annual general meeting of the shareholders of the Company held on 28 March 2018, the shareholders approved the appropriation of dividend of Baht 0.040 per share, amounting to Baht 40 million. The dividend was paid to shareholders on 10 April 2018.

At the annual general meeting of the shareholders of the Company held on 29 March 2017, the shareholders approved the appropriation of dividend of Baht 0.057 per share, amounting to Baht 57 million. The dividend was paid to shareholders on 7 April 2017.

25 Contingencies

As at 30 June 2018 and 31 December 2017, contingencies were as follows:

	30 June 2018	31 December 2017
	<i>(in Baht)</i>	
Other contingencies		
- Other guarantee	40,994,889	40,994,889
- Committed line	579,990,828	900,514,404
Total	<u>620,985,717</u>	<u>941,509,293</u>

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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 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.

Directors of the Company have the ability, directly or indirectly, to control or joint control or exercise significant influence over the Company or the Companies have relationship with the directors of the major shareholders and close members of their families, and the following entities:

- Brooker Planner Co., Ltd.
- Brooker Business Development Co., Ltd.
- The Brooker Group PCL
- Banchang Group PCL
- MCL Assets Limited
- Century Pattaya Co., Ltd.
- Jaturus Project Co., Ltd.
- MCL Property Co., Ltd.
- KMT Assets Co., Ltd.
- CAG Property Co., Ltd.
- M.C.L. Co., Ltd.
- MCL Real Estate Co., Ltd.
- Thoresen Thai Agencies PCL
- Thai Sugar Millers Corporation Limited
- Solartron PCL
- TTW PCL
- Don Muang Tollway PCL
- Automation and Technology Services Co., Ltd.
- Seamico Securities PCL
- PHM International PCL
- Apollo (Thailand) Co., Ltd.
- MFC Asset Management PCL
- Thai Oil PCL
- IFS Capital (Thailand) PCL
- IFS Capital Holdings (Thailand) Co., Ltd.
- KTM Capital Land Co., Ltd.

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

Directors of the Company have the ability, directly or indirectly, to control or joint control or exercise significant influence over the Company or the Companies have relationship with the directors of the major shareholders and close members of their families until 31 May 2018, and the following entities:

- 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.
- Eastern Power Group PCL

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 executive directors and key management personnel:

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 post-employment benefits etc.

<i>For the six-month period ended 30 June</i>	2018	2017
	<i>(in Baht)</i>	
Short-term employee benefits	30,139,862	26,107,883
Post-employment benefits	1,882,832	618,286
Total	<u>32,022,694</u>	<u>26,726,169</u>

Significant transactions for the six-month periods ended 30 June 2018 and 2017 with key management personnel and related parties were as follows:

<i>For the six-month period ended 30 June</i>	2018	2017
	<i>(in Baht)</i>	
Key management personnel		
Interest expense	63,636	182,572
Related parties		
Interest income	47,422	406,922
Interest expense	205,333	830,890

Significant balances with key management personnel and related parties as at 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018	31 December 2017
	<i>(in Baht)</i>	
Key management personnel		
Deposits	9,137,862	10,749,359
Accrued interest payable	69,446	106,458
Related parties		
Loans to customers	9,120,541	10,158,678
Accrued interest receivables	3,498	7,793
Deposits	23,266,454	29,923,845
Accrued interest payable	900	17,097

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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

<i>For the six-month period ended 30 June</i>	2018	2017
	<i>(in Baht)</i>	
Directors' remuneration	2,002,250	1,590,000
Total	<u>2,002,250</u>	<u>1,590,000</u>

27 Operating leases

Leases as lessee

The Company leases the building area and office equipment under operating leases. The leases typically run for a period of 3 years and 4 years, respectively, with an option to renew the lease after that date. Lease payments are renegotiated every 3 years and 4 years, respectively to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain operating leases, the Company is restricted from entering into any sub-lease arrangements.

The building area and office equipment leases were entered into many years ago as combined leases of buildings and office equipment. The Company determined that the building area and office equipment leases are operating leases. The rent paid to the lessor is adjusted to market rentals at regular intervals, and the Company does not have an interest in the residual value of the buildings and office equipment. As a result, it was determined that substantially all of the risks and rewards of the leased assets are belong to the lessor.

(a) Future minimum lease payments

As at 30 June 2018 and 31 December 2017, the future minimum lease payments under non-cancellable leases were payable as follows.

	30 June 2018	31 December 2017
	<i>(in Baht)</i>	
Within one year	8,835,158	8,879,028
After one year but within five years	10,531,289	14,944,622
Total	<u>19,366,447</u>	<u>23,823,650</u>

(b) Amount recognised in profit or loss

<i>For the six-month period ended 30 June</i>	2018	2017
	<i>(in Baht)</i>	
Lease expense	1,566,005	1,557,535
Total	<u>1,566,005</u>	<u>1,557,535</u>

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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 2018 and 2017 was as follows:

<i>For the six-month period ended 30 June</i>	2018	2017
	<i>(in Baht)</i>	
Intercompany and money market items	4,993,026	5,346,892
Investment in debt securities	9,037,978	10,008,155
Loans	178,127,334	277,269,427
Total	<u>192,158,338</u>	<u>292,624,474</u>

30 Interest expense

Interest expense included in profit or loss for the six-month periods ended 30 June 2018 and 2017 was as follows:

<i>For the six-month period ended 30 June</i>	2018	2017
	<i>(in Baht)</i>	
Deposits	93,484,179	112,060,442
Intercompany and money market items	4,046,869	5,341,678
Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency	16,106,613	18,873,764
Total	<u>113,637,661</u>	<u>136,275,884</u>

31 Fees and service income

Fees and service income included in profit or loss for the six-month periods ended 30 June 2018 and 2017 was as follows:

<i>For the six-month period ended 30 June</i>	2018	2017
	<i>(in Baht)</i>	
Acceptances, avals and guarantees	90,824	175,950
Financial consulting fee	7,305,000	13,770,293
Fees on loans	4,578,422	6,476,975
Total	<u>11,974,246</u>	<u>20,423,218</u>

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

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 2018 and 2017 was as follows:

<i>For the six-month period ended 30 June</i>	2018	2017
		<i>(in Baht)</i>
Loans to customers		
- Bad debt recovery	-	(26,965)
- Doubtful accounts	-	2,649,979
Total	<u>-</u>	<u>2,623,014</u>

33 Income tax expense

Income tax recognised in profit or loss

<i>For the six-month period ended 30 June</i>	Note	2018	2017
			<i>(in Baht)</i>
Current tax expense			
Current period		<u>2,963,786</u>	<u>19,074,578</u>
		<u>2,963,786</u>	<u>19,074,578</u>
Deferred tax expense			
Movements in temporary differences	16	<u>(466,350)</u>	<u>(198,977)</u>
		<u>(466,350)</u>	<u>(198,977)</u>
Total income tax expense		<u>2,497,436</u>	<u>18,875,601</u>

Income tax recognised in other comprehensive income

For the six-month period ended 30 June

	Before tax	2018 Tax benefit	Net of tax	Before tax	2017 Tax benefit	Net of tax
						<i>(in Baht)</i>
Available-for-sale securities	(6,179,951)	1,235,990	(4,943,961)	(905,963)	181,192	(724,771)
Defined benefit plans	<u>(4,209,425)</u>	<u>841,885</u>	<u>(3,367,540)</u>	-	-	-
Total	<u>(10,389,376)</u>	<u>2,077,875</u>	<u>(8,311,501)</u>	<u>(905,963)</u>	<u>181,192</u>	<u>(724,771)</u>

Advance Finance Public Company Limited
Notes to the interim financial statements
For the six-month period ended 30 June 2018

Reconciliation of effective tax rate

<i>For the six-month period ended 30 June</i>	2018		2017	
	Rate (%)	(in Baht)	Rate (%)	(in Baht)
Profit before income tax expense		<u>12,875,829</u>		<u>95,638,120</u>
Income tax using the Thai Corporation tax rate	20	2,575,166	20	19,127,624
Income not subject to tax		(162,961)		(346,719)
Expense not deductible for tax purposes		85,231		94,696
Total	<u>19</u>	<u>2,497,436</u>	<u>20</u>	<u>18,875,601</u>

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 2018 and 2017 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>	2018	2017
	<i>(in Baht / in shares)</i>	
Profit attributable to ordinary shareholders of the Company (basic)	<u>10,378,393</u>	<u>76,762,519</u>
Number of ordinary shares outstanding at 1 January	1,000,000,000	1,000,000,000
Effect of shares issued on 25 May 2018	49,723,757	-
Weighted average number of ordinary shares outstanding	<u>1,049,723,757</u>	<u>1,000,000,000</u>
Earnings per share (basic)	<u>0.01</u>	<u>0.08</u>