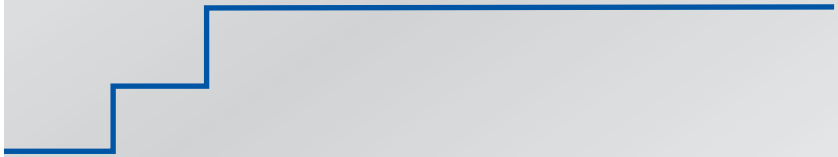




Financial Statements



Financial Statements

Independent Auditor's Report

To the Shareholders of Advance Finance Public Company Limited

I have audited the accompanying financial statements of Advance Finance Public Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Financial Statements

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
24 February 2016

Financial Statements

Advance Finance Public Company Limited

Statement of financial position

<i>Assets</i>	<i>Note</i>	31 December	
		2015	2014
			<i>(in Baht)</i>
Cash		30,000	30,000
Intercompany and money market items	8	852,657,749	766,340,686
Investments, net	9	851,853,718	355,283,854
Loans to customers and accrued interest receivables, net	10		
Loans to customers		5,119,168,162	3,239,300,469
Accrued interest receivables		<u>4,335,976</u>	<u>1,914,557</u>
Total loans to customers and			
accrued interest receivables		5,123,504,138	3,241,215,026
Less allowance for doubtful accounts	12	<u>(50,342,468)</u>	<u>(150,809,064)</u>
Total loans to customers and			
accrued interest receivables, net		5,073,161,670	3,090,405,962
Properties for sale, net	13	59,957,399	179,601,123
Equipment, net	14	19,411,398	10,183,155
Intangible assets, net	15	691,868	704,728
Deferred tax assets	16	13,172,227	6,859,339
Receivable from Legal Execution Department		2,340,250	6,162,750
Accrued service fees		321,000	1,498,000
Deposits		3,086,446	4,336,600
Other assets, net	17	<u>1,596,756</u>	<u>1,359,238</u>
Total assets		<u>6,878,280,481</u>	<u>4,422,765,435</u>

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

Financial Statements

Advance Finance Public Company Limited

Statement of financial position

<i>Liabilities and equity</i>	<i>Note</i>	31 December	
		2015	2014
			<i>(in Baht)</i>
<i>Liabilities</i>			
Deposits	18	5,401,892,997	3,367,435,355
Intercompany and money market items	19	193,500,259	211,966,285
Debt issued and borrowings	20	-	2,630,000
Accrued interest payable		20,899,773	14,368,721
Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency payable		12,496,490	7,775,543
Income tax payable		12,007,950	5,718,275
Employee benefit obligations	21	15,076,813	10,088,108
Withholding tax payable		5,741,482	2,537,850
Accrued expenses		2,224,406	1,297,791
Other liabilities	22	5,038,816	1,465,776
Total liabilities		<u>5,668,878,986</u>	<u>3,625,283,704</u>

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

Financial Statements

Advance Finance Public Company Limited

Statement of financial position

<i>Liabilities and equity</i>	<i>Note</i>	31 December	
		2015	2014
			<i>(in Baht)</i>
<i>Equity</i>			
Share capital	23		
Authorised share capital			
10,000,000 ordinary shares for 2015 and 2014			
of Baht 100 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid-up share capital			
10,000,000 ordinary shares for 2015 and		1,000,000,000	-
6,500,000 ordinary shares for 2014			
of Baht 100 each		-	650,000,000
Other components of equity	9	(18,064,468)	(7,259,961)
Retained earnings			
Appropriated			
Legal reserve	24	15,600,476	10,847,462
Unappropriated		<u>211,865,487</u>	<u>143,894,230</u>
Total equity		<u>1,209,401,495</u>	<u>797,481,731</u>
Total liabilities and equity		<u>6,878,280,481</u>	<u>4,422,765,435</u>

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

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Advance Finance Public Company Limited

Statements of profit or loss and other comprehensive income

	Note	Year ended 31 December	
		2015	2014
			<i>(in Baht)</i>
Interest income	30	336,867,275	251,964,050
Interest expense	31	172,205,218	143,732,070
Net interest income		164,662,057	108,231,980
Fees and service income	32	70,137,880	16,344,648
Net fees and service income		70,137,880	16,344,648
Net gain on investments	33	-	5,657,502
Dividend income		4,974,200	3,947,789
Gain on sale of properties for sale		33,322,797	-
Other operating income		1,332,367	11,919,180
Total operating income		274,429,301	146,101,099
Other operating expenses			
Employee expenses	27	79,923,539	57,893,006
Directors' remuneration	27	2,190,000	2,013,755
Premises and equipment expenses		15,315,901	10,501,152
Taxes and duties		18,731,156	8,573,983
Others		15,056,631	12,024,328
Total other operating expenses		131,217,227	91,006,224
Bad debt, doubtful accounts and loss on impairment	34	24,575,623	13,545,944
Profit from operating before income tax expense		118,636,451	41,548,931
Income tax expense	35	23,576,174	8,146,042
Profit for the year		95,060,277	33,402,889

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

Financial Statements

Advance Finance Public Company Limited

Statements of profit or loss and other comprehensive income

	Note	Year ended 31 December	
		2015	2014
		<i>(in Baht)</i>	
Other comprehensive income (loss)			
<i>Items that are or may be reclassified to profit or loss</i>			
(Loss) gain on re-measuring available-for-sale investments		(13,505,634)	1,069,727
Income tax on other comprehensive income (loss)	35	<u>2,701,127</u>	<u>(213,946)</u>
		<u>(10,804,507)</u>	<u>855,781</u>
<i>Items that will never be reclassified to profit or loss</i>			
Defined benefit plan actuarial losses	21	(1,670,007)	-
Income tax on other comprehensive income	35	<u>334,001</u>	<u>-</u>
		<u>(1,336,006)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax		<u>(12,140,513)</u>	<u>855,781</u>
Total comprehensive income for the year		<u><u>82,919,764</u></u>	<u><u>34,258,670</u></u>
Basic earnings per share	36	<u><u>9.75</u></u>	<u><u>5.14</u></u>

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

Financial Statements

Advance Finance Public Company Limited Statement of changes in equity

	Note	Issued and paid-up share capital	Other components of equity	Retained earnings			Total equity
				Legal reserve <i>(in Baht)</i>	Unappropriated		
Year ended 31 December 2014							
Balance at 1 January 2014		650,000,000	(8,115,742)	9,177,318	130,036,485	781,098,061	
Transactions with owners, recorded directly in equity							
Dividends to shareholders of the Company	25	-	-	-	(17,875,000)	(17,875,000)	
Total distributable to shareholders of the Company		-	-	-	(17,875,000)	(17,875,000)	
Total transactions with owners, recorded directly in equity		-	-	-	(17,875,000)	(17,875,000)	
Comprehensive income for the year							
Profit for the year		-	-	-	33,402,889	33,402,889	
Other comprehensive income		-	855,781	-	-	855,781	
Total comprehensive income for the year		-	855,781	-	33,402,889	34,258,670	
Transfer to legal reserve		-	-	1,670,144	(1,670,144)	-	
Balance at 31 December 2014		650,000,000	(7,259,961)	10,847,462	143,894,230	797,481,731	

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

Advance Finance Public Company Limited

Statement of changes in equity

	Note	Issued and paid-up share capital	Other components of equity	Retained earnings			Total equity
				Revaluation surplus (deficit) on available-for-sale investments	Legal reserve (in Baht)	Unappropriated	
Year ended 31 December 2015							
Balance at 1 January 2015		650,000,000	(7,259,961)	10,847,462	143,894,230	797,481,731	
Transactions with owners, recorded directly in equity							
Issue of ordinary shares	23	350,000,000	-	-	-	350,000,000	
Dividends to shareholders of the Company	25	-	-	-	(21,000,000)	(21,000,000)	
Total contributions by and distributions to shareholders of the Company		350,000,000	-	-	(21,000,000)	329,000,000	
Total transactions with owners, recorded directly in equity		350,000,000	-	-	(21,000,000)	329,000,000	
Comprehensive income for the year		-	-	-	95,060,277	95,060,277	
Profit for the year		-	(10,804,507)	-	(1,336,006)	(12,140,513)	
Other comprehensive income		-	(10,804,507)	-	93,724,271	82,919,764	
Total comprehensive income for the year		-	(10,804,507)	-	93,724,271	82,919,764	
Transfer to legal reserve		-	-	4,753,014	(4,753,014)	-	
Balance at 31 December 2015		1,000,000,000	(18,064,468)	15,600,476	211,865,487	1,209,401,495	

Financial Statements

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

Financial Statements

Advance Finance Public Company Limited

Statement of cash flows

	Year ended 31 December	
	2015	2014
	<i>(in Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operating before income tax expense	118,636,451	41,548,931
<i>Adjustments for</i>		
Depreciation and amortisation	5,556,262	2,984,140
Bad debt and doubtful accounts	25,264,158	9,300,000
Reversal of impairment of properties for sale	(1,694,061)	-
(Gain) loss on disposal of equipment	(1,331,913)	1,248
Employee benefit expense	3,318,698	2,359,326
Net interest income	(164,662,057)	(108,231,980)
Net gain on investments	-	(5,657,502)
Dividend income	(4,974,200)	(3,947,789)
Proceeds from interest	334,640,442	256,052,346
Interest paid	(160,953,218)	(142,270,952)
Proceeds from dividend	4,974,200	4,067,789
Income tax paid	(20,564,258)	(5,679,404)
Profit from operations before changes in operating assets and liabilities	138,210,504	50,526,153
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	(86,277,887)	58,289,894
Loans to customers	(2,005,598,447)	(164,324,532)
Properties for sale	121,337,785	(2,130,000)
Receivable from Legal Execution Department	3,822,500	(1,764,250)
Accrued service fees	1,177,000	5,376,750
Deposits	1,250,154	(563,273)
Other assets	(228,661)	26,283

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

Financial Statements

Advance Finance Public Company Limited

Statement of cash flows

	Year ended 31 December	
	2015	2014
	<i>(in Baht)</i>	
<i>Increase (decrease) in operating liabilities</i>		
Deposits	2,034,457,642	334,422,041
Intercompany and money market items	(18,466,026)	(275,198,071)
Short-term debt issued and borrowings	(2,630,000)	-
Withholding tax payable	3,203,632	920,418
Accrued expenses	926,615	(172,529)
Advance deposit	-	(6,650,000)
Other liabilities	3,573,040	(314,493)
Employee benefit paid	-	(10,682,504)
Net cash provided by (used in) operating activities	194,757,851	(12,238,113)
<i>Cash flows from investing activities</i>		
Purchases of available-for-sale securities	(110,390,000)	-
Proceeds from sales of available-for-sale securities	71,880	167,602
Purchases of held-to-maturity debt securities	(17,900,000,000)	(7,855,000,000)
Proceeds from redemption of held-to-maturity debt securities	17,500,000,000	7,905,000,000
Purchases of general investments	-	(3,000,000)
Proceeds from sales of investment in subsidiary	-	28,119,625
Proceeds from sales of equipment	1,478,586	-
Purchases of equipment	(14,575,988)	(4,997,202)
Purchases of intangible assets	(342,329)	(166,004)
Net cash (used in) provided by investing activities	(523,757,851)	70,124,021

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

Financial Statements

Advance Finance Public Company Limited

Statement of cash flows

	Note	Year ended 31 December	
		2015	2014
		<i>(in Baht)</i>	
<i>Cash flows from financing activities</i>			
Repayment of long-term debt issued and borrowings		-	(40,010,908)
Dividends paid to shareholders of the Company	25	(21,000,000)	(17,875,000)
Proceeds from issue of ordinary shares	23	350,000,000	-
Net cash provided by (used in) financing activities		329,000,000	(57,885,908)
Net cash			
		-	-
Cash at 1 January		30,000	30,000
Cash at 31 December		30,000	30,000
<i>Non-cash transactions</i>			
(Loss) gain on re-measuring available-for-sale investments		(13,505,634)	1,069,727
Defined benefit plan actuarial losses		(1,670,007)	-

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

Financial Statements

Advance Finance Public Company Limited

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Financial Statements

Advance Finance Public Company Limited

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 24 February 2016.

1 General information

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

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

The Company’s major shareholders as at 31 December 2015 were Seamico Securities Public Company Limited (10% shareholding), which was incorporated in Thailand, IFS Capital Limited (10% shareholding), which was incorporated in the Republic of Singapore, and Miss Kantima Pornsriniyom (10% shareholding).

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP); and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor 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 new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in change in certain of the Company’s accounting policy. The effects of this change, where such effects are considered material to the financial statements, are disclosed in note 3.

In addition to the above new TFRS, the FAP has issued a number of other revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those revised TFRS that are relevant to the Company’s operations are disclosed in note 38.

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Advance Finance Public Company Limited

Notes to the financial statements

(b) *Basis of measurement*

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

<i>Items</i>	<i>Measurement bases</i>
Available-for-sale financial assets	Fair value
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 4 (k)

(c) *Functional and presentation currency*

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

(d) *Use of judgments and estimates*

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

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

Assumptions and estimations uncertainties are as follows:

Impairment of equity investments

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

Allowance for doubtful accounts for loans to customers

Allowances for doubtful accounts for loans to customers are intended to adjust the value of loans to customers for probable credit losses. The management uses judgment to establish reserves for estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and the interest by determined through a combination of specific reviews, probability of default, statistical modeling and estimates, taking into

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Advance Finance Public Company Limited

Notes to the financial statements

account change in the value of collateral and current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for doubtful accounts and adjustments to the allowances may therefore be required in the future.

Measurement of defined benefit obligations

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

Measurement of fair values

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

Assessment of risk and rewards

When considering the recognition 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 Change in accounting policy

(a) Overview

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

- TFRS 13 Fair Value Measurement

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

(b) Fair value measurement

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market

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Advance Finance Public Company Limited

Notes to the financial statements

participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other TFRSs.

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

4 Significant accounting policies

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

(a) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

(b) Cash

Cash comprises cash in hand.

(c) Investments

Investments in other debt and equity securities

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

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,

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Advance Finance Public Company Limited

Notes to the financial statements

the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

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

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

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(d) Loans to customers

Loans to customers are shown exclusive of accrued interest receivables.

(e) Allowance for doubtful accounts

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

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

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

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Advance Finance Public Company Limited

Notes to the financial statements

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

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

(f) *Troubled debt restructuring*

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

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

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

(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.

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Advance Finance Public Company Limited

Notes to the financial statements

(h) *Equipment*

Recognition and measurement

Owned assets

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

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

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

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

Subsequent costs

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

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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

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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.

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

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(j) *Impairment*

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

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

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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.

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Impairment losses recognised in prior years in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) *Employee benefits*

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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(l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Revenue

Interest income and discounts on loans to customers

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

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

Interest income and dividend income on investments

Interest income on investment is recognised on an accrual basis. Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established.

Fees and service charges

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

(n) Expenses

Finance costs

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

Operating leases

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

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

Determining whether an arrangement contains a lease

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

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

(o) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

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In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) *Earnings per share*

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

(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.

5 Financial risk management

Financial risk management policies

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

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

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

Credit risk

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

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

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

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

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

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Market risk

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

1. Interest rate risk

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

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

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

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

* Excluding non-accrual loans

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	2014			
	Floating interest rate	Fixed interest rate	Non – interest bearing	Total
	(in Baht)			
Financial assets				
Intercompany and money market items	60,194,476	630,000,000	76,146,210	766,340,686
Investments, net	-	280,359,020	74,924,834	355,283,854
Loans to customers*	2,684,810,254	14,318,314	-	2,699,128,568
Total	2,745,004,730	924,677,334	151,071,044	3,820,753,108
Financial liabilities				
Deposits	-	3,367,435,355	-	3,367,435,355
Intercompany and money market items	-	211,966,285	-	211,966,285
Debt issued and borrowings	-	2,630,000	-	2,630,000
Total	-	3,582,031,640	-	3,582,031,640

* Excluding non-accrual loans

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

		2015							
		Average rate (%)	0-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Non-accrual	Total
			(in Baht)						
Financial assets									
Intercompany and money market items	0.95	790,729,491	-	-	-	-	61,928,258	-	852,657,749
Investments, net	1.76	599,820,428	-	-	80,295,970	-	171,737,320	-	851,853,718
Loans to customers	8.70	4,839,455,047	3,402,381	6,287,106	2,263,249	-	-	267,760,379	5,119,168,162
Accrued interest receivables	-	-	-	-	-	-	4,335,976	-	4,335,976
Total		6,230,004,966	3,402,381	86,583,076	2,263,249	238,001,554	267,760,379	6,828,015,605	
Financial liabilities									
Deposits	3.08	2,197,578,814	2,492,772,887	711,541,296	-	-	-	-	5,401,892,997
Intercompany and money market items	2.77	116,700,259	5,300,000	71,500,000	-	-	-	-	193,500,259
Total		2,314,279,073	2,498,072,887	783,041,296	-	-	-	-	5,595,393,256

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Advance Finance Public Company Limited Notes to the financial statements

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

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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 31 December 2015 and 2014, the Company had no material financial instruments in foreign currencies.

3. Equity risk

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

Liquidity risk

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

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

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Advance Finance Public Company Limited Notes to the financial statements

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

	2015						Total
	At call	0-3 months	3-12 months	1-5 years	Over 5 years	No maturity	
	<i>(in Baht)</i>						
Financial assets							
Intercompany and money							
market items	122,617,749	730,040,000	-	-	-	-	852,657,749
Investments, net	-	599,820,428	-	80,295,970	-	171,737,320	851,853,718
Loans to customers	-	168,730,015	706,731,611	2,889,954,379	1,085,991,778	-	5,119,168,162
Accrued interest receivables	-	4,335,976	-	-	-	-	4,335,976
Total	122,617,749	1,502,926,419	706,731,611	2,970,250,349	1,085,991,778	171,737,320	6,828,015,605
Financial liabilities							
Deposits	-	2,197,578,814	2,492,772,887	711,541,296	-	-	5,401,892,997
Intercompany and money							
market items	-	116,700,259	5,300,000	71,500,000	-	-	193,500,259
Total	-	2,314,279,073	2,498,072,887	783,041,296	-	-	5,595,393,256

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	2014							Total
	At call	0-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Non-accrual	
(in Baht)								
Financial assets								
Intercompany and money market items	136,288,905	630,051,781	-	-	-	-	-	766,340,686
Investments, net	-	199,946,068	-	80,412,952	-	74,924,834	-	355,283,854
Loans to customers	-	76,508,926	758,860,111	1,207,146,764	656,612,767	-	540,171,901	3,239,300,469
Accrued interest receivables	-	1,914,557	-	-	-	-	-	1,914,557
Total	136,288,905	908,421,332	758,860,111	1,287,559,716	656,612,767	74,924,834	540,171,901	4,362,839,566
Financial liabilities								
Deposits	-	1,215,899,287	1,878,428,781	273,107,287	-	-	-	3,367,435,355
Intercompany and money market items	-	181,966,285	30,000,000	-	-	-	-	211,966,285
Debt issued and borrowings	-	2,130,000	500,000	-	-	-	-	2,630,000
Total	-	1,399,995,572	1,908,928,781	273,107,287	-	-	-	3,582,031,640

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6 Fair value of financial assets and liabilities

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

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

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

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the year ended 31 December 2015.

6.1 Financial instruments carried at fair value

The fair value of financial instruments carried at fair value in the statement of financial position were as follows:

	Level 1	Fair value Level 2 (in Baht)	Total
31 December 2015			
<i>Financial assets</i>			
Available-for-sale securities	73,960,000	92,277,320	166,237,320

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	Level 1	Fair value Level 2 (in Baht)	Total
31 December 2014			
Financial assets			
Available-for-sale securities	47,485,954	21,938,880	69,424,834

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

6.2 Financial instruments not carried at fair value

The following table analyses financial instruments not carried at fair value and for which there is a significant difference with carrying amount at the reporting date were as follows:

	Carrying amount	Fair value Level 2 (in Baht)
31 December 2015		
Financial assets		
Held-to-maturity securities	680,116,398	682,738,965
Total financial assets	680,116,398	682,738,965
Financial liabilities		
Deposits	5,401,892,997	5,419,085,167
Intercompany and money market items	193,500,259	194,224,919
Total financial liabilities	5,595,393,256	5,613,310,086

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	Carrying amount	Fair value Level 2
	(in Baht)	
31 December 2014		
<i>Financial assets</i>		
Held-to-maturity securities	280,359,020	281,935,786
Total financial assets	<u>280,359,020</u>	<u>281,935,786</u>
<i>Financial liabilities</i>		
Deposits	3,367,435,355	3,378,271,143
Intercompany and money market items	211,966,285	212,615,863
Debt issued and borrowings	2,630,000	2,636,459
Total financial liabilities	<u>3,582,031,640</u>	<u>3,593,523,465</u>

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

Intercompany and money market items (assets)	The carrying amounts presented in statement of financial position approximate at their fair value since the financial instruments are short term which predominantly subject to market interest rates.
Available-for-sale and held-to-maturity securities	<p>The following methodologies are used to determine the fair value of securities held by the Company.</p> <ul style="list-style-type: none"> • The fair value of short-term debt securities is stated at cost less any impairment losses. • The fair value of other debt securities is determined based on market value appraised by the reliable institution. • The bidding prices at The Stock Exchange of Thailand on the last business day of the year are used to estimate the fair value of listed private equity securities. • The fair value of unit trusts is estimated based on the redemption price at the reporting date.
General investments	Fair values are based on cost, net of impairment.

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|--|---|
| Loans to customers and accrued interest receivables | <ul style="list-style-type: none"> Loans presented in statement of financial position approximate at their fair value since most loans use floating interest rate. Accrued interest receivables in statement of financial position approximates at fair value. |
| Deposits, intercompany and money market items (liabilities) and debt issued and borrowings | <ul style="list-style-type: none"> The carrying amounts presented in statement of financial position of debt issued and borrowings at call with floating interest rate approximate at their fair values. Fair values of deposits and debt issued and borrowings with term and fixed interest rates are estimated using discounted cash flow analyses based on current interest rates for similar types of deposit and borrowing arrangements. |

7 Maintenance of capital fund

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

	2015	2014
	<i>(in Baht)</i>	
Tier 1 capital		
Issued and paid-up share capital	1,000,000,000	650,000,000
Legal reserve	10,847,462	9,177,318
Net gain after appropriation	122,894,230	112,161,485
Less Tier 1 Capital	<u>(13,411,064)</u>	<u>(7,432,177)</u>
Total Tier 1 capital	<u>1,120,330,628</u>	<u>763,906,626</u>
Tier 2 capital		
Allowance for classified assets of "normal" category	<u>13,805,829</u>	<u>12,016,761</u>
Total Tier 2 capital	<u>13,805,829</u>	<u>12,016,761</u>
Total Tier 1 and Tier 2 capital	1,134,136,457	775,923,387
Less revaluation deficit on equity securities		
– available-for-sale	<u>(18,064,468)</u>	<u>(7,259,961)</u>
Total capital funds	<u>1,116,071,989</u>	<u>768,663,426</u>

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	2015	2014
	(%)	
Capital ratio		
Tier 1 capital to risk weighted assets (minimum 4.00%)	21.66	23.77
Total capital to risk weighted assets (minimum 8.00%)	21.58	23.92

Disclosures of capital maintenance information are as follows:

Location of disclosure	The Company's website under Investor Relations section at http://www.advancefin.com/about-us/investor-relations/financial-highlight.aspx
Date of disclosure	Within 4 months after the year end as indicated in the notification
Information as of	31 December 2015

Capital management

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

8 Intercompany and money market items (assets)

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

	2015			2014		
	Demand	Time	Total	Demand	Time	Total
	(in Baht)					
Domestic items:						
Bank of Thailand	25,125,420	730,000,000	755,125,420	11,092,647	630,000,000	641,092,647
Commercial banks	<u>97,371,363</u>	<u>-</u>	<u>97,371,363</u>	<u>125,126,249</u>	<u>-</u>	<u>125,126,249</u>
Total	122,496,783	730,000,000	852,496,783	136,218,896	630,000,000	766,218,896
Add accrued interest receivables	<u>120,966</u>	<u>40,000</u>	<u>160,966</u>	<u>70,009</u>	<u>51,781</u>	<u>121,790</u>
Total	<u>122,617,749</u>	<u>730,040,000</u>	<u>852,657,749</u>	<u>136,288,905</u>	<u>630,051,781</u>	<u>766,340,686</u>

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9 Investments, net

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

	2015 Fair value	2014 Fair value
	<i>(in Baht)</i>	
Available-for-sale securities		
Domestic marketable equity securities	166,237,320	69,424,834
Total	<u>166,237,320</u>	<u>69,424,834</u>
	2015 Cost/amortised cost	2014 Cost/amortised cost
	<i>(in Baht)</i>	
Held-to-maturity securities		
Government and state enterprise securities	599,820,428	199,946,068
Corporate debt securities	80,295,970	80,412,952
Total	<u>680,116,398</u>	<u>280,359,020</u>
	2015 Cost	2014 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	<u>5,500,000</u>	<u>5,500,000</u>
Total investments, net	<u><u>851,853,718</u></u>	<u><u>355,283,854</u></u>

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

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

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

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

	2015	2014
	(in Baht)	
Revaluation deficit on available-for-sale investments	(23,413,010)	(9,074,951)
Revaluation surplus on available-for-sale investments	832,425	-
Revaluation deficit on available-for-sale investments	(22,580,585)	(9,074,951)
Deferred tax	4,516,117	1,814,990
Revaluation deficit on available-for-sale investments, net	(18,064,468)	(7,259,961)

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10 Loans to customers and accrued interest receivables, net

10.1 Classified by product as at 31 December 2015 and 2014

	2015	2014
	<i>(in Baht)</i>	
Loans	5,119,168,162	3,239,300,469
Add accrued interest receivables	4,335,976	1,914,557
Total loans and accrued interest receivables	5,123,504,138	3,241,215,026
Less allowance for doubtful accounts		
- allowance established per BoT regulations		
- Individual Approach	(22,982,867)	(134,736,392)
- allowance established in excess of BoT regulations	(27,359,601)	(16,072,672)
Total	5,073,161,670	3,090,405,962

As at 31 December 2015, the Company had non-accrual loans, gross, based on the accrual basis of Baht 268 million (2014: Baht 540 million).

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

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

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

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

* Excluding accrued interest receivables

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

* Excluding accrued interest receivables

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

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

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

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	2014			
	Loans and accrued interest receivables <i>(in Baht)</i>	Net amount used to set the allowance for doubtful accounts* <i>(in Baht)</i>	% used for setting the allowance <i>(%)</i>	Allowance for doubtful accounts <i>(in Baht)</i>
Minimum allowance of BoT regulations				
- Normal	2,751,621,345	45,812,075	1	12,016,761
- Special mention	20,158,337	-	2	-
- Sub-standard	14,651,689	1,551,985	100	1,551,985
- Doubtful	-	-	100	-
- Doubtful of loss	454,783,655	121,167,646	100	121,167,646
Total	<u>3,241,215,026</u>	<u>168,531,706</u>		<u>134,736,392</u>
Allowance established in excess of BoT regulations				16,072,672
Total				<u>150,809,064</u>

* 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).

10.5 Non-Performing Loans (NPLs)

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

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

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

	2015	2014
Non-performing loans - gross <i>(in Baht)</i>	196,972,740	469,392,399
Total loans including loans to financial institutions <i>(in Baht)</i>	5,119,168,162	3,239,300,469
Ratio of NPL gross	3.85	14.49

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

	2015	2014
Non-performing loans – net (<i>in Baht</i>)	187,795,702	346,672,768
Total loans including loans to financial institutions, net of allowances for doubtful accounts of NPL (<i>in Baht</i>)	5,109,991,124	3,116,580,838
Ratio of NPL net	3.68	11.12

11 Troubled debt restructuring

During the years ended 31 December 2015 and 2014, there was no loss from troubled debt restructuring.

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

As at 31 December 2015 and 2014, the outstanding balance of the Company's restructured debtors which are under the installment payment period in compliance with restructuring conditions were classified as follows:

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

Supplementary information relating to restructuring debtors for the years ended 31 December 2015 and 2014 were as follows:

	2015	2014
	<i>(in Baht)</i>	
Interest income recognised in profit or loss	6,431,236	8,014,502
Cash collection	102,413,825	115,826,170

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12 Allowance for doubtful accounts

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

2015

	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	Total
	(in Baht)						
As at 1 January 2015	12,016,761	-	1,551,985	-	121,167,646	16,072,672	150,809,064
Doubtful accounts	1,789,068	-	(609,874)	-	(1,966,123)	11,286,929	10,500,000
Written off	-	-	-	-	(110,966,596)	-	(110,966,596)
As at 31 December 2015	<u>13,805,829</u>	<u>-</u>	<u>942,111</u>	<u>-</u>	<u>8,234,927</u>	<u>27,359,601</u>	<u>50,342,468</u>

2014

	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	Total
	(in Baht)						
As at 1 January 2014	583,397	-	2,496	1,262,859	131,218,362	9,312,253	142,379,367
Doubtful accounts	11,433,364	-	1,549,489	(1,262,859)	(9,180,413)	6,760,419	9,300,000
Written off	-	-	-	-	(870,303)	-	(870,303)
As at 31 December 2014	<u>12,016,761</u>	<u>-</u>	<u>1,551,985</u>	<u>-</u>	<u>121,167,646</u>	<u>16,072,672</u>	<u>150,809,064</u>

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13 Properties for sale, net

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

	2015			Ending balance
	Beginning balance	Additions	Disposals	
	<i>(in Baht)</i>			
Foreclosed assets				
Immovable assets				
– Appraised value by external appraisals	181,480,057	102,329,138	(223,666,923)	60,142,272
Total properties for sale	181,480,057	102,329,138	(223,666,923)	60,142,272
Less allowance for impairment	(1,878,934)	(184,873)	1,878,934	(184,873)
Total properties for sale, net	<u>179,601,123</u>	<u>102,144,265</u>	<u>(221,787,989)</u>	<u>59,957,399</u>
	2014			
	Beginning balance	Additions	Disposals	Ending balance
	<i>(in Baht)</i>			
Foreclosed assets				
Immovable assets				
– Appraised value by external appraisals	179,350,057	2,130,000	–	181,480,057
Total properties for sale	179,350,057	2,130,000	–	181,480,057
Less allowance for impairment	(1,878,934)	–	–	(1,878,934)
Total properties for sale, net	<u>177,471,123</u>	<u>2,130,000</u>	<u>–</u>	<u>179,601,123</u>

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14 Equipment, net

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

	Leasehold improvement	Computer and equipment	Furniture and fixtures	Vehicles	Assets in progress	Total
	(in Baht)					
Cost						
At 1 January 2014	14,328,611	18,222,411	47,612	18,242,500	-	50,841,134
Additions	160,587	268,259	-	-	4,568,356	4,997,202
Disposals	(295,001)	(4,062,424)	-	-	-	(4,357,425)
At 31 December 2014						
and 1 January 2015	14,194,197	14,428,246	47,612	18,242,500	4,568,356	51,480,911
Additions/Transfer in	10,849,075	786,959	4,950	7,503,360	-	19,144,344
Disposals/Transfer out	(5,115,800)	(89,574)	(4,046)	(8,477,000)	(4,568,356)	(18,254,776)
At 31 December 2015	19,927,472	15,125,631	48,516	17,268,860	-	52,370,479
Accumulated depreciation						
At 1 January 2014	14,263,369	15,848,072	42,530	12,868,007	-	43,021,978
Depreciation charge for the year	55,206	867,645	1,803	1,707,300	-	2,631,954
Disposals	(295,001)	(4,061,175)	-	-	-	(4,356,176)
At 31 December 2014						
and 1 January 2015	14,023,574	12,654,542	44,333	14,575,307	-	41,297,756
Depreciation charge for the year	1,629,465	932,792	2,731	2,636,085	-	5,201,073
Disposals	(4,969,142)	(89,566)	(4,045)	(8,476,995)	-	(13,539,748)
At 31 December 2015	10,683,897	13,497,768	43,019	8,734,397	-	32,959,081
Net book value						
At 1 January 2014	65,242	2,374,339	5,082	5,374,493	-	7,819,156
At 31 December 2014						
and 1 January 2015	170,623	1,773,704	3,279	3,667,193	4,568,356	10,183,155
At 31 December 2015	9,243,575	1,627,863	5,497	8,534,463	-	19,411,398

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Depreciation for the year ended 31 December 2015 in the amount of Baht 5.2 million (2014: Baht 2.6 million) was included in premises and equipment expenses in profit or loss.

The gross amount of the Company's fully depreciated equipment that was still in use as at 31 December 2015 amounted to Baht 20.8 million (2014: Baht 33.7 million).

15 Intangible assets, net

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

	<i>(in Baht)</i>
Cost	
At 1 January 2014	8,470,199
Additions	166,004
At 31 December 2014 and 1 January 2015	8,636,203
Additions	342,329
At 31 December 2015	8,978,532
Accumulated amortisation	
At 1 January 2014	7,579,290
Amortisation charge for the year	352,185
At 31 December 2014 and 1 January 2015	7,931,475
Amortisation charge for the year	355,189
At 31 December 2015	8,286,664
Net book value	
At 1 January 2014	890,909
At 31 December 2014 and 1 January 2015	704,728
At 31 December 2015	691,868

Amortisation for the year ended 31 December 2015 in the amount of Baht 355,189 (2014: Baht 352,185) was included in premises and equipment expenses in profit or loss.

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16 Deferred tax assets

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

	2015	2014
	<i>(in Baht)</i>	
Deferred tax assets	13,411,064	7,432,177
Deferred tax liabilities	<u>(238,837)</u>	<u>(572,838)</u>
Net	<u>13,172,227</u>	<u>6,859,339</u>

Movements in total deferred tax assets and liabilities during the years ended 31 December 2015 and 2014 were as follows:

	At 1 January 2015	(Charged) / Credited to:		At 31 December 2015
		Profit or loss	Other comprehensive income	
		<i>(Note 35)</i>		
		<i>(in Baht)</i>		
Deferred tax assets				
Allowance for general investment impairment	1,564,000	-	-	1,564,000
Revaluation deficit on available- for-sale investments	1,814,990	-	2,701,127	4,516,117
Allowance for doubtful accounts	1,086,941	2,952,832	-	4,039,773
Impairment of properties for sale	375,787	(338,812)	-	36,975
Employee benefit obligations	2,590,459	663,740	-	3,254,199
Total	<u>7,432,177</u>	<u>3,277,760</u>	<u>2,701,127</u>	<u>13,411,064</u>
Deferred tax liabilities				
Defined benefit plan actuarial losses	572,838	-	(334,001)	238,837
Total	<u>572,838</u>	<u>-</u>	<u>(334,001)</u>	<u>238,837</u>
Net	<u>6,859,339</u>	<u>3,277,760</u>	<u>3,035,128</u>	<u>13,172,227</u>

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	At 1 January 2014	(Charged) / Credited to:		At 31 December 2014
		Profit or loss	Other comprehensive income	
			(Note 35)	
			(in Baht)	
Deferred tax assets				
Allowance for general investment impairment	1,564,000	-	-	1,564,000
Revaluation deficit on available- for-sale investments	2,028,936	-	(213,946)	1,814,990
Allowance for doubtful accounts	1,086,941	-	-	1,086,941
Impairment of properties for sale	375,787	-	-	375,787
Employee benefit obligations	4,255,095	(1,664,636)	-	2,590,459
Total	9,310,759	(1,664,636)	(213,946)	7,432,177
Deferred tax liabilities				
Defined benefit plan actuarial losses	572,838	-	-	572,838
Total	572,838	-	-	572,838
Net	8,737,921	(1,664,636)	(213,946)	6,859,339

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17 Other assets, net

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

	2015	2014
	<i>(in Baht)</i>	
Prepaid expenses	777,854	631,036
Accrued interest receivables	432,249	423,392
Other receivables	172,442	104,767
Others	2,104,425	1,916,037
	<u>3,486,970</u>	<u>3,075,232</u>
Less allowance for impairment	(1,890,214)	(1,715,994)
Total	<u>1,596,756</u>	<u>1,359,238</u>

18 Deposits

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

	2015	2014
	<i>(in Baht)</i>	
Certificates of deposit	<u>5,401,892,997</u>	<u>3,367,435,355</u>
Total	<u>5,401,892,997</u>	<u>3,367,435,355</u>

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

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

19 Intercompany and money market items (liabilities)

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

	2015			2014		
	Demand	Time	Total	Demand	Time	Total
	<i>(in Baht)</i>					
Domestic items:						
Other financial institutions	-	193,500,259	193,500,259	-	211,966,285	211,966,285
Total domestic items	<u>-</u>	<u>193,500,259</u>	<u>193,500,259</u>	<u>-</u>	<u>211,966,285</u>	<u>211,966,285</u>

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20 Debt issued and borrowings

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

	2015			2014		
	Interest rate (%)	Year of maturity	Domestic (in Baht)	Interest rate (%)	Year of maturity	Domestic (in Baht)
Promissory notes – Baht	-	-	-	5.15	2015	2,630,000
Total			-			2,630,000

21 Employee benefit obligations

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

	2015	2014
	<i>(in Baht)</i>	
Present value of unfunded obligations	15,076,813	10,088,108
Statement of financial position obligation	15,076,813	10,088,108

Movement in the present value of the defined benefit obligations.

	2015	2014
	<i>(in Baht)</i>	
Defined benefit obligations at 1 January	10,088,108	18,411,286
Include in profit or loss:		
Current service cost	2,902,802	2,040,427
Interest on obligation	415,896	318,899
	3,318,698	2,359,326
Include in other comprehensive income		
Actuarial loss	1,670,007	-
	1,670,007	-

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Other

Benefits paid	-	(10,682,504)
	-	(10,682,504)
Defined benefit obligations at 31 December	15,076,813	10,088,108

Actuarial losses recognised in other comprehensive income arising from:

	2015	2014
	<i>(in Baht)</i>	
Financial assumptions	1,194,200	-
Experience adjustment	475,807	-
Total	1,670,007	-

Actuarial assumptions

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

	2015	2014
	<i>(%)</i>	
Discount rate	2.8	4.1
Future salary growth	4-8	4-8

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

Sensitivity analysis

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

Defined benefit obligations 31 December 2015	Increase	Decrease
	<i>(in Baht)</i>	
Discount rate (1% movement)	14,141,113	16,141,222
Future salary growth (1% movement)	16,111,451	14,147,429
Future mortality (1% movement)	15,123,437	15,025,912
Turnover rate (20% movement)	14,514,450	15,701,129

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.

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22 Other liabilities

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

	2015	2014
	<i>(in Baht)</i>	
Payable from Legal Executive Department	2,990,999	164,735
Special business tax and value added tax payable	1,502,585	839,543
Others	545,232	461,498
Total	<u>5,038,816</u>	<u>1,465,776</u>

23 Share capital

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

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

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On 3 December 2014, the extraordinary meeting of the shareholders approved to increase the Company's authorised and issued share capital by Baht 350 million from Baht 650 million to Baht 1,000 million by authorising and issuing 3.5 million new ordinary shares with par value of Baht 100 each, called up at 100%. The new authorised share capital was registered with the Ministry of Commerce on 16 December 2014 and the new issued and paid-up share capital was registered with the Ministry of Commerce on 27 January 2015.

24 Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Fair value changes in available-for-sale investments

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

Movements in reserves

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

25 Dividends

At the annual general meeting of the shareholders of the Company held on 28 April 2015, the shareholders approved the appropriation of dividend of Baht 2.10 per share, amounting to Baht 21.0 million. The dividend was paid to shareholders during 2015.

At the annual general meeting of the shareholders of the Company held on 29 April 2014, the shareholders approved the appropriation of dividend of Baht 2.75 per share, amounting to Baht 17.9 million. The dividend was paid to shareholders during 2014.

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26 Contingencies

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

	2015	2014
	<i>(in Baht)</i>	
Other contingencies		
- Other guarantee	68,320,280	51,630,764
- Other	<u>1,439,832,861</u>	<u>539,411,853</u>
Total	<u>1,508,153,141</u>	<u>591,042,617</u>

As at 27 February 2015, the Company has been sued as joint defendant with another company. A plaintiff has requested the court to withdraw a Sales and Purchase contract for Land and Buildings with another company (Joint defendant) and transfer the realty to the plaintiff. If the realty cannot be transferred, Baht 153 million with 7.5% of interest since the first day of prosecution is requested. However, the result of lawsuit depends on the first court's decision on 17 March 2016. The Company's management could not assess any result of this case so a provision is not yet considered and recorded.

27 Related parties

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

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

Other benefits paid to directors and key management:

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

<i>For the year ended 31 December</i>	2015	2014
	<i>(in Baht)</i>	
Short-term employee benefits	53,918,130	37,264,865
Post-employment benefits	2,154,700	1,936,220
Total	<u>56,072,830</u>	<u>39,201,085</u>

Significant transactions for the years ended 31 December 2015 and 2014 with key management personnel and related parties were as follows:

<i>For the year ended 31 December</i>	2015	2014
	<i>(in Baht)</i>	
Key management personnel		
Interest expense	315,452	206,166
Related parties		
Interest income	2,137,064	-
Interest expense	185,740	140,480
Fees and service income	167,358	-

Significant balances with key management personnel and related parties as at 31 December 2015 and 2014 were as follows:

	2015	2014
	<i>(in Baht)</i>	
Key management personnel		
Deposits	11,207,350	7,679,014
Accrued interest payable	68,392	70,830
Related parties		
Loans to customers	32,558,605	-
Accrued interest receivables	9,593	-
Deposits	5,500,000	5,000,000
Accrued interest payable	1,966	15,822
Other contingencies	8,548,110	-

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

<i>For the year ended 31 December</i>	2015	2014
	<i>(in Baht)</i>	
Directors' remuneration	2,190,000	2,013,755
Total	2,190,000	2,013,755

28 Long-term leases and service agreements

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

Type of lease	year	2015	2014
		<i>(in Baht)</i>	
Building	Within one year	5,328,862	7,574,112
	After one year but within three years	2,098,015	7,426,877
Equipment	Within one year	246,000	131,068
	After one year but within five years	574,000	-

29 Segment information

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

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

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30 Interest income

Interest income included in profit or loss for the years ended 31 December 2015 and 2014 was as follows:

<i>For the year ended 31 December</i>	2015	2014
		<i>(in Baht)</i>
Intercompany and money market items	9,526,282	10,167,177
Investment in debt securities	13,049,995	9,591,504
Loans	314,290,998	232,205,369
Total	<u>336,867,275</u>	<u>251,964,050</u>

31 Interest expense

Interest expense included in profit or loss for the years ended 31 December 2015 and 2014 was as follows:

<i>For the year ended 31 December</i>	2015	2014
		<i>(in Baht)</i>
Deposits	147,032,647	112,211,740
Intercompany and money market items	3,304,936	15,261,613
Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency	21,855,422	15,331,406
Debt securities in issue		
- Others	12,213	927,311
Total	<u>172,205,218</u>	<u>143,732,070</u>

32 Fees and service income

Net fees and service income included in profit or loss for the years ended 31 December 2015 and 2014 were as follows:

<i>For the year ended 31 December</i>	2015	2014
		<i>(in Baht)</i>
Fees and service income		
- Acceptances, avals and guarantees	1,056,524	1,045,714
- Financial consulting fee	30,051,763	3,258,951
- Fees on loans	39,029,593	12,039,983
Total net fees and service income	<u>70,137,880</u>	<u>16,344,648</u>

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33 Net gain on investments

Net gain on investments included in profit or loss for the years ended 31 December 2015 and 2014 were as follows:

<i>For the year ended 31 December</i>	2015	2014
		(in Baht)
Gain on sales		
– Available-for-sale securities	-	37,177
– Investment in subsidiary	-	5,620,325
Total	-	5,657,502

34 Bad debt, doubtful accounts and loss on impairment

Bad debt, doubtful accounts and loss on impairment included in profit or loss for the years ended 31 December 2015 and 2014 were as follows:

<i>For the year ended 31 December</i>	Note	2015	2014
			(in Baht)
Loans to customers			
– Bad debt recovery		(688,535)	(904,104)
– Doubtful accounts	12	10,500,000	9,300,000
– Bad debt		14,764,158	-
– Loss on debt reduction		-	5,150,048
Total		24,575,623	13,545,944

35 Income tax expense

Income tax recognised in profit or loss

<i>For the year ended 31 December</i>	Note	2015	2014
			(in Baht)
Current tax expense			
Current year		26,853,934	6,481,406
		26,853,934	6,481,406
Deferred tax expense			
Movements in temporary differences	16	(3,277,760)	1,664,636
		(3,227,760)	1,664,636
Total income tax expense		23,576,174	8,146,042

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Income tax recognised in other comprehensive income

	2015			2014		
	Before tax	Tax benefit	Net of tax	Before tax	Tax expense	Net of tax
<i>(in Baht)</i>						
Available-for-sale securities	(13,505,634)	2,701,127	(10,804,507)	1,069,727	(213,946)	855,781
Defined benefit plan actuarial losses	(1,670,007)	334,001	(1,336,006)	-	-	-
Total	(15,175,641)	3,035,128	(12,140,513)	1,069,727	(213,946)	855,781

Reconciliation of effective tax rate

For the year ended 31 December

	2015		2014	
	Rate (%)	(in Baht)	Rate (%)	(in Baht)
Profit before income tax expense		<u>118,636,451</u>		<u>41,548,931</u>
Income tax using the Thai Corporation tax rate	20	23,727,290	20	8,309,786
Income not subject to tax		(499,976)		(403,602)
Expense not deductible for tax purposes		<u>348,860</u>		<u>239,858</u>
Total	20	<u>23,576,174</u>	20	<u>8,146,042</u>

Income tax reduction

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

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

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36 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2015 and 2014 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

For the year ended 31 December	2015	2014
	<i>(in Baht / in shares)</i>	
Profit attributable to ordinary shareholders of the Company (basic)	<u>95,060,277</u>	<u>33,402,889</u>
Number of ordinary shares outstanding at 1 January	6,500,000	6,500,000
Effect of shares issued on 27 January	<u>3,250,685</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (basic)	<u>9,750,685</u>	<u>6,500,000</u>
Basic earnings per share (basic)	<u>9.75</u>	<u>5.14</u>

37 Events after the reporting period

The Board of Directors' meeting No.1/2016 held on 24 February 2016 unanimously approved the resolution to present to the annual general meeting of the shareholders of the Company held on 29 March 2016. There are as follows:

- 1) The appropriation of dividend of Baht 5.70 per share, amounting to Baht 57 million.
- 2) To change par value from Baht 100 to Baht 1. The Company's share capital will change from 10 million shares to 1,000 million shares.
- 3) To increase the Company's authorised share capital by issuing not exceed 350 million new ordinary shares with par value of Baht 1 each. The increased share capital will be Initial Public Offering (IPO). The authority of share allocation is assigned to Board of Directors and/or other authorised person. IPO procedures and conditions will be comply with notifications of the Capital Market Supervisory Board.

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38 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those revised TFRS that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Company does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2015)	Related Party Disclosures
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TFRS 2 (revised 2015)	Share - based Payment
TFRS 8 (revised 2015)	Operating Segments
TFRS 13 (revised 2015)	Fair Value Measurement
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment

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

