

No. For . 10/2015

10 April 2015

Subject: Disclosure of information on investment in rights to sub-lease land and warehouse/factory buildings

To: The President of the Stock Exchange of Thailand

Attachment: Information memorandum regarding the acquisition of asset (Schedule 2)

Finansa Public Company Limited ("the Company") would like to notify that at the meeting No. 1/2015 of the Company's Board of Directors on 27 February 2015, the Board approved an investment in rights to sub-lease (additional) land together with warehouse/factory buildings with leasable area 45,004 sq.m. ("Asset") in the Bangkok Free Trade Zone Project for an amount not exceeding Baht 715,000,000 (Seven hundred and fifteen million Baht only) from Chaiyanan-Bangplee Parkland Co., Ltd. ("CBP") which does not meet the criteria to be deemed a person that relates to the listed company according to Notification of the Capital Market Supervisory Board of TorJor. 21/2008 re: Criteria for Conducting Related Transaction.

The aforementioned transaction is an acquisition of assets under the Capital Market Supervisory Board TorJor. 20/2008 Re: Rules on Significant Transactions Constituting Acquisition or Disposition of Assets and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Actions of a Listed Company on Acquisition or Disposition of Assets B.E. 2004 ("the "Asset Acquisition and Disposition Rules"). The transaction has the maximum size of 34.34% calculated as the value of the paid consideration as a percentage of the Company's total assets (based on the figure from the Financial Statement as of 31 December 2014). When combined with the acquisition of assets during the past 6 months, the Company invested in rights to sub-lease land and warehouse/factory buildings from CBP in December 2014, the size of combined assets is 75.55% (Details of the transaction in the past 6 months was outlined in the Disclosure of Information on Investment in Rights to Sub-lease Land and Warehouse/Factory Buildings attached with the agenda of the Shareholders' meeting). This is considered as a Class 1 transaction according to the notification of the Capital Market Supervisory Board TorJor. 20/2008 Re: Rules on Significant Transactions Constituting Acquisition or Disposition of Assets and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Actions of a Listed Company on Acquisition or Disposition of Assets B.E. 2004, in which the transaction executed between the listed company or subsidiaries and the party that is not a listed company. The transaction has a value equal to at least 50% but less than 100%.

The Company; therefore, is required to disclose the information related to the transaction to the Stock Exchange of Thailand, seek an approval from shareholders' meeting with no less than 3 out of 4 votes from total shareholders attending the meeting and eligible for casting votes; however, it will not count the votes where shareholders have a conflict of interests. The information memorandum regarding the transaction is attached.

Please be informed accordingly.

Yours sincerely,
Finansa Public Company Limited

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(Vorasit Pokachaiyapat)
Managing Director

Attachment : Information memorandum regarding the acquisition of asset (Schedule 2)

Re: investment in rights to sub-lease land and warehouse/factory buildings

1. Information under Schedule 1

1.1 Date, month and year of the transaction After approval by the shareholders' meeting. The Company expects to complete the transaction within Q3/2015.

1.2 Concerned parties and relation with the listed company

Buyer:	Finansa Public Company Limited.
Seller:	Chaiyanan-Bangplee Parkland Co., Ltd.
Relation with listed company:	Chaiyanan-Bangplee Parkland Co., Ltd. does not meet the criteria to be deemed a person that relates to the listed company according to Notification of the Capital Market Supervisory Board of TorJor. 21/2008 re: Criteria for Conducting Related Transaction.

1.3 General characteristics of transaction

The Company acquires rights to sub-lease land together with warehouse/factory buildings in the Bangkok Free Trade Zone Project. The sub-lease term is not less than 24 years with the lease term ending on 22 December 2039. Total leasable area is 45,004 sq.m. The acquisition price is not higher than the appraised value by an independent valuer.

The objective of the investment is to operate the business of leasing of warehouses and factory buildings to operators. This investment will provide a supplementary business to the main business that the Company is operating.

In order to fulfill the objective, the Company has appointed Agency For Real Estate Affairs Co., Ltd., as an independent appraiser, to value the asset using the income approach. The appraisal company submitted its Appraisal Report dated 10 February 2015 and the report's summary states that the rights to sub-lease land with warehouse/factory buildings in the Bangkok Free Trade Zone as mentioned above is valued at Baht 719,247,656 (Seven hundred and nineteen million two hundred forty-seven thousand six hundred and fifty-six Baht only).

Pursuant to the Board of Directors' meeting No. 1/2015, the Board has approved the investment in the Asset for an amount not exceeding Baht 715,000,000 (Seven hundred and fifteen million Baht only). When calculating the size of the transaction according to the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets of 2547, the value of such transaction will be 34.34% calculated as the value of the paid consideration as a percentage of the Company's total assets (based on the figure from the Financial Statement as of 31 December 2014). Thus, the transaction is classified as Class 2, i.e. a transaction that has value equal to at least 15% but less than 50%. Details of such calculation are as follows:

1. Assets of the Company and subsidiaries as of 31 December 2014	Baht 2,528.1 million
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2.	Value of acquired assets (Consists of leasehold value of Baht 719.3 million and a value of Baht 153.26 million representing the aggregate service fees on the common area payable to CBP throughout the sub-lease term)	Baht 872.6 million
3.	Value of consideration (Consists of leasehold value of Baht 715.0 million and a value of Baht 153.26 million representing the aggregate service fees on the common area payable to CBP throughout the sub-lease term)	Baht 868.3 million
4.	Size of transaction for the acquired assets	
4.1	Value of assets comparing with net tangible assets	Not applicable to this case
4.2	Net profit of the acquired assets comparing with net profit of the Company and subsidiaries	Not applicable to this case
4.3	Value of the paid consideration as a percentage of total assets	34.34%
4.4	Value of security issued in exchange for the acquisition comparing with securities issued and dispensed of the listed company	Not applicable to this case

When combined with the acquisition of assets during the past 6 months, on 13 November 2014, the Company signed the Sub-lease Agreement to acquire rights to sub-lease land and warehouse/factory buildings from CBP, the size of the transaction was Baht 854.23 million (calculated from the sum of leasehold value of Baht 704,320,000 plus aggregate service fees on the common area payable to CBP throughout the sub-lease term of Baht 149,990,767 equaling to Baht 854,229,767. Based on Total assets as per consolidated financial statement as of 30 September 2014, the size of this transaction was 41.20%). Therefore, when combining the acquisition transactions, the transactions have the maximum size of 75.55%. This is considered as a Class 1 transaction which is transaction has a value equal to at least 50% but less than 100% according to the Rules on Significant Transactions Constituting Acquisition or Disposition of Assets. The Company; therefore, is required to disclose the information related to the transaction to the Stock Exchange of Thailand, appoint an independent financial advisor to give an opinion on reasonable, benefits from the transaction and fairness on price and conditions, seek an approval from shareholders' meeting with no less than 3 out of 4 votes from total shareholders attending the meeting and eligible for casting votes; however, it will not count the votes where shareholders have a conflict of interests.

1.4 Details of the acquired asset

The rights to lease land together with warehouse/factory buildings for the duration of no less than 24 years (Lease term is 24 years 11 months as of 27 February 2015 the same as the Board's approval date) for an area of 45,004 sq.m., situated inside the Bangkok Free Trade Zone Project.

Detailed of the acquired assets

The rights to sub-lease (additional) land together with warehouse/factory buildings in the Bangkok Free Trade Zone Project, Samutprakarn Province. The sub-lease consists of land area 43 rai 1 ngan 55.25 sq.w. and warehouse/factory space of 14 items. Total leasable area is 45,004 sq.m., which includes utilities inside the warehouses/factories, which is situated in the Bangkok Free Trade Zone. The Summaries are as follows:

- (1) Landlease right (additional) situated in Free Trade Zone, within the Bangkok Free Trade Zone Project which is part of the title deed No. 4495. Total land area is 43 rai 1 ngan 55.25 sq.w. with the sub-lease term of 24 years 11 months (estimated as of February 2015 with the lease term ending 22 December 2039).

Title Deed No.	Land no.	Survey Page no.	Total area (rai-ngan-sq.w.)	Invested area (rai-ngan-sq.w.)
4495	3	835	397-2-82	43-1-55.25

Note: Assets that can generate earnings immediately

- (2) Buildings which consists of Warehouse/factory for a total of 14 units (45 sub-units) situated on land lease rights as per (1) as follows:

2.1) Standard warehouse 7 units which consist of 38 sub-units. Total leasable area of 31,182 sq.m. located in General Zone 12,240 sq.m. and Free Trade Zone 18,942 sq.m.. Current occupancy was 80% (as of 15 March 2015).

2.2) Factory 7 units with total leasable area 13,822 sq.m. located in General Zone 2,500 sq.m. and Free Trade Zone 11,322 sq.m.. Current occupancy was 100% (as of 15 March 2015).

Summary of Free Trade Zone project

Free Trade Zone situated on National Housing Bangplee Road, Bang Sao Thong Sub-District, Bang Sao Thong District, Samuthprakarn Province. The size of land under the Bangkok Free Trade Zone is approximately 1,003 rais; of which around 653 rais are for sale and around 350 rais are for the public utility system. Project area is allocated into 2 zones which are General Zone of approximately 564-0-88.5 rais and Free Trade Zone of 429-0-97.5 rais.

Details of the land can be summarized as follows:

Type of Document of Right	Three Title Deeds (for the whole project)		
Location of land	Bang Sao Thong (Sao Thong) Tambol	Bang Sao Thong (Bangplee) Ging Amphur	Samuthprakarn Province

Numbers	Title Deed Nos.	Parcel Nos.	Dealing File Nos.	Approximate size of lands		
				Rai	Ngan	Square Wah
1	4494	95	834	305	3	4.0
2	4495	3	835	397	2	82.0
3	4496	4	836	300	0	0.0
Total				1,003	1	86.0

Note: From a total of 1,003-1-86.0 rais, CBP signed the Lease Agreement for developing BFTZ Project for a total area of 993-1-86 rais and the balance of 10 rais is marshland which cannot be developed for commercial purpose.

Chaiyanan-Bangplee Parkland Co., Ltd. has leased a plot of land since October - December 2003 to develop the Bangkok Free Trade Zone Project. The project can be entered and exited via Bangna-Trad Road KM. 23 and at KM. 19 in the future and is near the Industrial Ring Road, which connects to main roads that lead to all regions of Thailand. Moreover, the project is surrounded by nearby industrial estates, e.g. Bangplee Industrial Estate and Bangpu Industrial Estate. It is therefore well suited as a goods distribution center for industries. CBP commenced the development of public utilities during year 2006 and not until 2010 was the land ready for sale.

In the project, there is a general operation zone and a duty free zone. During the beginning of development, Prospect Development Co., Ltd. ("PD") sub-leased an area of 697-2-45.84 rais. PD constructed both warehouses and factories. It rents both ready built and built-to-suit warehouses and factory buildings as per customers' needs. It also sells rights to long lease a piece of land. This is an effective choice for customers who want to operate businesses quickly, to have a location that is suitable for effective distribution of goods and having warehouses of all sizes for future use and for all types of investment. The customers will also gain benefits from the public utility system. The Bangkok Free Trade Zone is designated a purple zone as an industrial zone and it is approved by the Board of Investment (BOI) to operate in the business of a logistics industrial zone and free trade zone. The Bangkok Free Trade Zone has developed a total area of 150,000 sq.m. within the past 3 years. Main customers are Japanese, Thai and European. Most of the lessees operate in the automobile, logistics and electronics businesses. The number of companies currently tenants is more than 80.

1.5 Total value of compensations and terms of payment

Total value of consideration	Consists of Total investment in leasehold rights Baht 715,000,000 (not more than the value appraised by an independent appraiser using the Income Approach) and aggregate services fees on the common area payable to CBP throughout the sub-lease term of approximately Baht 153,260,772. Total value is Baht 868,260,772. However, the value of leasehold rights will be pro-rated as per the remaining lease term (from the acquisition date).
Terms of payment	Upon signing Memorandum of Understanding and after approval by the Shareholders' meeting, the Company will place a deposit an amount not over than 30% of acquisition value and will pay the balance of the total price at the time of registration of the rights to sub-lease. The Company expects to complete the transaction within the 3 rd Quarter of 2015.

1.6 Value of the acquired asset

The value of the acquired asset will not be more than Baht 715,000,000 (Seven hundred and fifteen million Baht only) which is referred by the appraisal value from the Independent Appraiser of Bht719,247,656 (Seven hundred and nineteen million two hundred forty-seven thousand six hundred and fifty-six Baht only) for the lease term of 24 years 11 months as of 27 February 2015 (the same date that the Board of Directors approved this investment). Therefore, the acquisition price will be adjusted proportionately as per the remaining lease term (calculated from the land lease registration date until the completion of the lease term which is 22 December 2039).

1.7 Benefit expected to be generated from the transaction

The Company will receive remuneration in the form of rental fees from lessees, namely fees from renting warehouse and factory buildings. It is expected to generate 12.5% per annum.

- 1.8 Source of Funds** The funds for investing in such asset will come from the Company's operations and the rest will come from sources of funds outside of the operations. The Company has planned to issue long-term and/or short-term debentures directly to a limited number of investors; however, it will depend on the market situation and investors' demand.
- 1.9 Conditions of transaction** This transaction is classified under Class 1 under the notification of the Capital Market Supervisory Board of TorJor. 20/2008 re: Criteria for Carrying out a Signification Transaction that is in the Category of Acquisition or Disposition of Assets dated 31 August 2008 and the Notification of the Board of Governors of the Stock Exchange of Thailand re Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets of 2004 dated 29 October 2004. Therefore, the Company has the duty to make a report and disclose information of such transaction to the Stock Exchange of Thailand immediately and The Company; therefore, is required to disclose the information related to the transaction to the Stock Exchange of Thailand, seek an approval from shareholders' meeting with no less than 3/4 of the votes from shareholders attending the meeting and eligible for casting votes. Moreover, in order to getting approval from shareholders, the Company must appoint an independent financial advisor to give an opinion of the transaction including
- (1) CBP has received a consent Letter from the land owner allowing the Company to sub-lease according to the agreed transaction; even though, it only required to inform the land owner only the sub-lease agreement.
 - (2) CBP will request PD to decrease the sub-lease land at the Land Department equal to the land area of this transaction.
- 1.10 Opinion of the Board of Directors** The Board of Directors has considered and approved the investment in rights to sub-lease land together with warehouse and factory buildings as presented above. The Company will acquire assets in a good location to act as a logistics center since the location is between Suwannabhumi Airport and Laem Chabang Seaport. The Board commented that this investment benefits the Company in the form of fees from renting warehouse and factory buildings. The projected return from this investment is 12.5% per annum. Therefore, the Board of Director has passed a resolution to enter the transaction.
- 1.11 Opinion of the Audit Committee and/or Board of Directors that is different from opinion of the Board of Directors** No member of the Audit Committee has a different opinion from that on Board of Directors.

2. Responsibility to directors to the disclosure

The Board of Directors hereby certifies that the information contained in this report is correct and complete in all.

3. Opinion of an independent expert

The Company has appointed Agency for Real Estate Affairs Co., Ltd. to act as independent valuer to appraise the invested asset.

Agency for Real Estate Affairs Co., Ltd. has knowledge and skills in appraising real estate and has been approved by the Securities and Exchange of Commission as an independent appraiser. The main appraiser is Mr. Suthipong Kamvieng (Certified Appraiser No. SorMor. 142) who is approved by The Office of the Securities and Exchange Commission.

Agency for Real Estate Affairs Co., Ltd. and Mr. Suthipong Kamvieng do not hold shares or have any relationship with the Company or Chaiyanan-Bangplee Parkland Co. Ltd. other than in providing independent appraisal service to the Company or Chaiyanan-Bangplee Parkland Co., Ltd.

The Appraisal Report dated 10 February 2015 by Agency for Real Estate Affairs Co., Ltd, allows us to disclose information as follows:

Type of Assets	Rights to sub-lease for total land area of 43 rais 1 ngan 55.25 sq.w. and warehouse/factory buildings of 45,004 sq.m. in Bangkok Free Trade Zone Project.
Appraisal Value	Baht 719,247,656
Appraised Date	9 February 2015
Purpose of Appraisal	For public purpose
Appraisal Method	Cost Approach and Income Approach which derived values at Baht 592.5 million and Baht 719.3 million respectively. However, the appraiser applied the income approach to value this asset since it is an income producing property.
Appraised by	Agency for Real Estate Affairs Co., Ltd.

Furthermore, the Company has appointed an independent financial adviser to provide an opinion to shareholders on the reasonableness and the fairness of the price and terms of the acquired assets. The report of the opinion of the independent financial adviser is submitted to the Stock Exchange of Thailand. The independent financial adviser has commented on the appropriateness of the value of the assets to be acquired to support the decision of the shareholders.

4. The Qualifications of the Independent Financial Advisor to express the Opinion of the Transaction

4.1 Shareholding and Relationship between the Independent Financial Advisor and the Company

- None -

4.2 Consent from the Independent Financial Advisor to public the Opinion

IV Global Securities Public Company Limited as an Independent Financial Advisor consented to publish its opinion.

4.3 Date of Expressing Opinion

23 March 2015

The Company's Information Memorandum and Other Related Information

1. Company Profile

1.1 Business Operation Overview

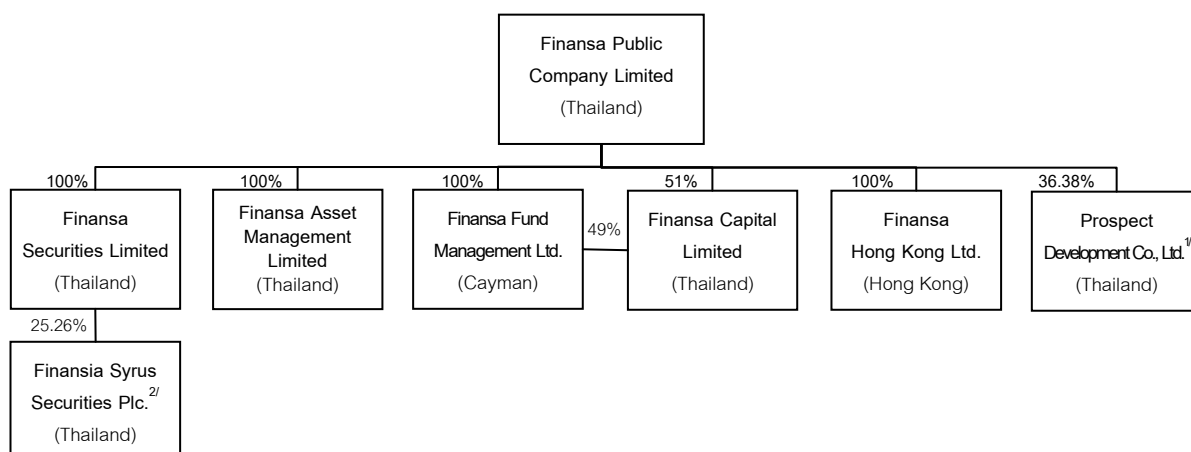
Finansa Plc. and its subsidiaries provide a wide range of financial services to institutional, corporate and retail clients, including Investment Banking, Wealth Management, Fund Management and Private Equity. Through its associated companies, Finansia Syrus Securities Plc. and Prospect Development Co., Ltd., it can also offer securities brokerage and warehouses development and leasing, respectively. As the parent company, the Company provides support to its affiliates and subsidiaries in many respects including organizational administration, business and market planning, management and development of information technology and human resources, as well as research into investment opportunities and analysis of economic conditions. The activities of the Finansa Group can be divided into the following five main areas:

- 1) **Corporate Advisory and Investment Banking** : Providing corporate and financial advisory services including fund raising, financial and business restructuring, business alliance negotiations, business acquisitions, and project financing.
- 2) **Fund Management** : Providing services to Finansa-sponsored foreign funds engaged in direct investment, private equity investment and investment in debt instruments in Thailand and the region. In January 2015, the Company disposed of its total investment in FAM of which is the subsidiary that provided services to Thai provident funds, mutual funds and private funds.
- 3) **Direct Investment** : The Company and some of its subsidiaries also engage in direct investments in companies or funds. This business area is aimed at supporting and extending the group's businesses.
- 4) **Securities Brokerage** : Providing the service through its associated company, Finansia Syrus Securities Plc.
- 5) **Warehouses Development and Leasing** : the Company provides leasing warehouse/factory space directly since 19 December 2014 and the lease service through its associated company, Prospect Development Co., Ltd.

1.2 Investment Structure of the Company as of 31 December 2014

The Finansa Group has invested in subsidiaries, associated companies and related companies and types of business as follows:

The Finansa Group consists of 8 operating companies, comprising 6 local companies including the parent company itself and 2 overseas companies. As the regional headquarters of the group, the Company determines management and investment policies and supports, controls, supervises and advises companies in the group in relation to business planning and management. The aim is to create overall coherence for the group's various operations. The Finansa Group now consists of the following affiliates and subsidiaries:



Note: ^{1/} Major shareholders were (1) Finansa Plc. (2) Natural Park Plc. (3) Miss Papassara Sirichotikunakorn (4) BCH Property Co., Ltd. holding 36.37%, 19.81%, 19.15% and 12.50% respectively.

^{2/} Major shareholders were (1) Finansa Securities Ltd. (2) Industrial and Commercial Bank of China (Thai) Plc. (3) Miss Chayuda Chearavanont (4) Mr. Chawal Chearavanont holding 25.26%, 23.56%, 6.13% and 6.13% respectively.

2. Shareholder Structure and Management

As of 31 December 2014, the registered capital of the Company was Baht 1,235.2 million divided into 247 million ordinary shares with a par value of Baht 5 per share; fully paid.

At the closing registration date on 18 March 2015 for the 2015 Annual General Meeting of Shareholders, the list of major shareholders was as follows:

	Name	Number of shares	% of paid up capital
1	Morgan Stanley & Co. International Plc.	30,189,555	12.22
2	UBS AG Singapore Branch	23,217,390	9.40
3	Mr. Vorasit Pokachaiyapat	20,980,000	8.49
4	Mr. Kobkhun Tienpreecha	13,100,000	5.30
5	M.L.Sudhiman Pokachaiyapat	10,500,000	4.25
6	Mrs. Nonthaya Apitanonthai	8,892,100	3.60
7	Mr. Pongthavat Cheeronvanich	7,222,200	2.93
8	Mrs. Monravee Davis	6,100,000	2.47
9	Mrs. Prakaikam Baikaew	5,437,000	2.20
10	Mr. Somchai Padpai	4,550,000	1.84
	Total top 10 shareholders	130,188,245	52.70
	Others	116,851,355	47.30
	Total	247,039,600	100.00

Source: The Stock Exchange of Thailand

The management team of Finansa Plc. as at 31 December 2014 consisted of the following 9 executives:

1. Mr. Vorasit Pokachaiyapat* Managing Director
2. Mr. Eugene S. Davis Executive Director
3. Mr. Varah Sucharitakul Executive Director
4. Mr. James Marshall* Chief Investment Officer
5. Ms. Rachanee Mahatdetkul* Senior Vice President of Direct Investment
6. Mr. Chakhrit Suphepre* Group Head of IT & SVP
7. Mr. Chankit Assawatjanamitre* Head of Administration
8. Mrs. Nuchalee Junkhun* Head of Human Resources
9. Mrs. Siripan Leewanun* Head of Accounting

* Management according to the SEC's notification.

3. Financial Information and Financial Projection of the current Year (if any)

(Unit: Thousand Baht, except earnings per share express in Baht)

STATEMENTS OF FINANCIAL POSITION	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-14	31-Dec-13	31-Dec-12
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	127,511	130,025	73,583	4,100	17,444	6,096
Temporary investments, net	145,547	248,600	254,291	9,469	120,232	112,248
Service income receivables						
Related parties	5,483	-	-	5,263	4,239	225
Other parties	6,789	43,976	80,285	475	-	-
Total service income receivables	12,272	43,976	80,285	5,738	4,239	225
Receivables and loans to others, current portion	997	2,744	3,181	-	-	-
Other receivables	63,999	16,875	6,454	61,803	812	1,420
Short-term loans and advances to related parties	390	332	10,601	812	3,759	795
Assets classified as held for sale	76,972	-	-	208,200	-	-
Other current assets	35,999	138,896	26,775	14,827	114,115	4,408
TOTAL CURRENT ASSETS	463,687	581,448	455,170	304,949	260,601	125,192
NON-CURRENT ASSETS						
Deposits subject to restrictions	2,298	6,619	5,728	604	596	587
Available-for-sale securities, net	141,721	161,168	10,320	11,378	-	10,320
Investments in associates	858,165	812,938	767,024	436,500	436,500	804,714
Investments in subsidiaries, net	-	-	-	1,472,361	1,680,561	1,492,728
Long-term investments in related parties	73	73	68	-	-	-
Other long-term investments - General investments, net	7,800	8,100	152,147	-	-	151,359
Receivables and loans to others, net of current portion	4,596	17,002	18,201	1,000	1,000	1,000
Premises and equipment, net	142,076	138,552	148,709	137,025	133,343	142,142
Goodwill, net	156,920	173,061	173,061	-	-	-
Leasehold rights, net	707,188	-	-	707,188	-	-
Intangible asset, net	15,357	33,447	39,044	2,109	3,019	4,435
Deferred tax assets	987	8,176	8,877	-	-	-
Other non-current assets	27,207	25,930	25,952	474	183	183
TOTAL NON-CURRENT ASSETS	2,064,388	1,385,066	1,349,131	2,768,639	2,255,202	2,607,468
TOTAL ASSETS	2,528,075	1,966,514	1,804,301	3,073,588	2,515,803	2,732,660

(Unit: Thousand Baht, except earnings per share express in Baht)

STATEMENTS OF FINANCIAL POSITION (CONTINUED)	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-14	31-Dec-13	31-Dec-12
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Bills of exchange and short-term debentures	359,000	250,000	317,935	408,976	309,875	377,388
Liabilities under finance lease agreements, current portion	21	125	119	-	-	-
Short-term loans and advances from related parties	-	-	-	266,757	218,278	988,554
Current income tax payable	-	-	5,338	-	-	-
Liabilities directly associated with assets classified as held for sale	14,740	-	-	-	-	-
Other current liabilities						
Accrued bonus	17,245	19,934	63,575	1,962	1,963	1,956
Accrued expenses	436	9,143	8,572	1,255	737	2,182
Other account payables	39,379	38,972	37,970	39,810	37,509	34,335
Others	67,660	28,365	37,690	81,324	42,982	41,115
Total other current liabilities	124,720	96,414	147,807	124,351	83,191	79,588
TOTAL CURRENT LIABILITIES	498,481	346,539	471,199	800,084	611,344	1,445,530
NON-CURRENT LIABILITIES						
Long-term debentures	350,000	-	-	350,000	-	-
Liabilities under finance lease agreements, net of current portion	-	21	147	-	-	-
Deposits from customers	36,165	-	-	36,165	-	-
Provision for post-employment benefits	13,020	14,670	15,368	10,215	8,782	7,954
TOTAL NON-CURRENT LIABILITIES	49,185	14,691	15,515	46,380	8,782	7,954
TOTAL LIABILITIES	897,666	361,230	486,714	1,196,464	620,126	1,453,484
SHAREHOLDERS' EQUITY						
Share capital						
Authorized share capital						
247,039,600 ordinary shares of Baht 5 each	1,235,198	1,235,198	1,235,198	1,235,198	1,235,198	1,235,198
Issued and paid-up share capital						
212,389,443 ordinary shares of Baht 5 each, fully paid			1,061,947			1,061,947
247,039,600 ordinary shares of Baht 5 each, fully paid	1,235,198	1,235,198		1,235,198	1,235,198	
Premium on ordinary shares	208,455	208,455	1,035,005	208,455	208,455	1,035,005
Retained earnings (deficit)						
Appropriated						
Legal reserve	22,600	22,600	69,304	22,600	22,600	69,304
Unappropriated (deficit)	433,200	376,770	(557,918)	412,659	429,375	(887,191)
Other components of shareholders' equity	(269,044)	(237,739)	(290,751)	(1,788)	49	111
TOTAL SHAREHOLDERS' EQUITY	1,630,409	1,605,284	1,317,587	1,877,124	1,895,677	1,279,176
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,528,075	1,966,514	1,804,301	3,073,588	2,515,803	2,732,660

(Unit: Thousand Baht, except earnings per share express in Baht)

STATEMENTS OF COMPREHENSIVE INCOME	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	2014	2013	2012	2014	2013	2012
REVENUES						
Revenues from investment, advisory and management business	77,952	41,301	10,626	48,022	482,960	49,465
Revenues from loan management business	1,102	2,736	3,198	-	-	-
Revenues from securities business	82,295	91,981	289,230	-	-	-
Revenues from asset management business	-	-	154,324	-	-	-
Other income	48,085	6,426	10,376	48,161	17,838	16,702
TOTAL REVENUES	209,434	142,444	467,754	96,183	500,798	66,167
COSTS AND EXPENSES						
Finance costs	17,768	13,002	26,442	23,363	26,280	46,090
Investment, advisory and management business costs and expenses	33,073	38,612	33,034	14,467	13,404	12,050
Loan management business costs and expenses	2,318	2,220	7,098	-	-	-
Securities business costs and expenses	65,749	61,069	141,540	-	-	-
Asset management business costs and expenses	-	-	122,231	-	-	-
Reversal of allowance for doubtful accounts	(2,428)	-	(5,000)	-	-	-
Servicing and administrative expense	76,524	88,438	95,969	53,688	54,539	52,259
Reversal of impairment of investment	-	-	-	-	(66,636)	-
Directors and managements remuneration	32,281	32,448	27,855	21,381	21,236	26,165
TOTAL COSTS AND EXPENSES	225,285	235,789	449,169	112,899	48,823	136,564
Share of gain (loss) from investments in associated companies	(15,851)	(93,345)	18,585	(16,716)	451,975	(70,397)
Share of gain (loss) from investments in associated companies	48,643	153,484	(20,480)	-	-	-
PROFIT (LOSS) BEFORE INCOME TAX	32,792	60,139	(1,895)	(16,716)	451,975	(70,397)
INCOME TAX INCOME (EXPENSE)	1,240	(1,719)	(32,102)	-	-	-
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	34,032	58,420	(33,997)	(16,716)	451,975	(70,397)
NET PROFIT FROM DISCONTINUED OPERATIONS	22,398	15,640	-	-	-	-
NET PROFIT (LOSS) FOR THE PERIOD	56,430	74,060	(33,997)	(16,716)	451,975	(70,397)
OTHER COMPREHENSIVE INCOME (LOSS)						
Gain (loss) on remeasuring available-for-sale investments	(33,300)	28,088	(18,578)	(1,837)	(62)	(25)
Gain (loss) from translation of financial statement differences	1,995	24,924	(16,873)	-	-	-
Share of other comprehensive loss from investments in associated company	-	(3,963)	-	-	-	-
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(31,305)	49,049	(35,451)	(1,837)	(62)	(25)
TOTAL COMPREHENSIVE INCOME (LOSS)	25,125	123,109	(69,448)	(18,553)	451,913	(70,422)
PROFIT (LOSS) ATTRIBUTABLE TO						
Owners of the Company	56,430	74,060	(33,997)	(16,716)	451,975	(70,397)
	56,430	74,060	(33,997)	(16,716)	451,975	(70,397)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO						
Owners of the Company	25,125	123,109	(69,448)	(18,553)	451,913	(70,422)
	25,125	123,109	(69,448)	(18,553)	451,913	(70,422)
BASIC EARNING (LOSS) PER SHARE (Baht)	0.23	0.32	(0.27)	(0.07)	1.93	(0.56)
WIEGHTED AVERAGE NUMBER OF ORDINARY SHARES	247,039,600	233,844,061	126,433,558	247,039,600	233,844,061	126,433,558

(Unit: Thousand Baht, except earnings per share express in Baht)

STATEMENTS OF CASH FLOWS	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	2014	2013	2012	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit (loss) before income tax	57,035	76,049	(1,895)	(16,716)	451,975	(70,397)
Adjustments:						
Share of (profit) loss from investments in associated companies	(48,643)	(153,484)	20,480	-	-	-
Depreciation and amortization	26,729	24,418	29,339	18,995	17,123	21,063
Amortization of discounts received on investments	290	153	146	242	154	146
Amortization of discounts paid on bills of exchange	-	1,065	23,389	1,971	3,833	26,568
Reversal of allowance for doubtful accounts	(2,428)	-	(5,656)	-	-	-
Reversal of impairment of investment	-	-	-	-	(66,637)	-
Gain from disposal of an associate	-	(22,042)	-	-	(312,187)	-
Gain from distribution from long-term investments	(65,855)	(3,230)	-	-	(2,492)	-
Unrealized (gains) losses on revaluation of investments	2,951	(1,923)	(90)	1,670	(1,481)	(242)
Unrealized gains on forward contracts	(9,849)	-	-	-	-	-
Gains on disposal of available-for-sale securities	-	-	(1,133)	-	-	-
(Gain) loss on disposal of fixed assets and intangible assets	(1,371)	452	(8)	(1,027)	(21)	(48)
(Gains) losses on exchange	566	494	8,704	(5,255)	7,795	7,534
Service and interest costs on employees benefit	2,524	2,724	3,029	1,035	1,009	1,219
Actuarial (gain) loss on defined employee benefit plan	1,352	(881)	(2,912)	398	(65)	(3,573)
Dividends income	(62)	-	-	(62)	(117,700)	(6,843)
Finance cost	17,768	11,937	3,053	21,392	22,447	19,522
	(18,993)	(64,268)	76,446	22,643	3,753	(5,051)
(Increase) decrease in temporary investments	97,506	7,399	(111,386)	104,300	3,600	(86,900)
Decrease in receivables and loans to others	16,580	1,636	7,514	-	-	1,000
(Increase) decrease in service income receivables	20,338	36,309	(50,996)	(1,499)	(4,014)	-
(Increase) decrease in other current assets	(34,553)	(104,813)	(1,140)	(60,027)	(97,951)	2,226
(Increase) decrease in other non-current assets	(1,515)	21	24	(291)	-	33
Employees benefits paid out	(883)	(2,647)	(399)	-	(116)	(185)
Increase in deposits from customers	36,165	-	-	36,165	-	-
Increase (decrease) in other current liabilities	32,239	(54,032)	60,795	35,026	1,745	(969)
Cash received (paid) from operations	146,884	(180,395)	(19,142)	136,317	(92,983)	(89,846)
Interest paid	(11,671)	(9,342)	(2,247)	(14,447)	(20,121)	(17,520)
Income tax paid	(8,811)	(24,355)	(10,278)	(1,676)	(11,148)	(1,418)
Net cash provided by (used in) operating activities	126,402	(214,092)	(31,667)	120,194	(124,252)	(108,784)
CASH FLOWS FROM INVESTING ACTIVITIES						
(Increase) decrease in short-term loans and advances to related parties	332	10,269	(1,691)	2,946	(2,964)	-
(Increase) decrease in receivables and loans to others	-	-	-	-	-	(1,000)
(Increase) decrease in deposits subject to restriction	4,320	(891)	(3,395)	(7)	(9)	(11)
Proceeds from disposal of available-for-sale securities	10,171	-	61,263	10,171	-	-
Cash paid for investment in available-for-sale securities	(18,835)	(300)	(3,829)	(18,835)	-	-
Cash paid for investment in capital increase of subsidiaries and associates	-	(7,498)	(16,236)	-	(207,498)	(16,236)
(Increase) decrease in investments in subsidiaries and associates	-	17,374	3,772	-	-	(4,674)
Cash received from disposal of investment in subsidiary and associates	-	62,500	-	-	766,704	-
Cash received from disposal of long-term investments - General investments	-	-	-	-	140,129	-
Cash paid for investment in leasehold rights	(608,194)	-	-	(608,194)	-	-
Cash paid for acquisition of fixed assets and intangible assets	(32,987)	(9,053)	(13,417)	(23,355)	(6,864)	(5,883)
Proceeds from disposal of fixed assets and intangible assets	3,947	33	64	3,592	22	53
Net cash inflow from redemption of an investment	-	53,273	-	-	-	-
Distribution from investment	65,855	24,434	2,820	-	20,743	2,820
Dividends received	62	-	-	62	117,700	6,843
Net cash provided by (used in) investing activities	(575,329)	150,141	29,351	(633,620)	827,963	(18,088)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash received (paid) on bills of exchange issued	459,000	(69,000)	(234,634)	447,130	(71,345)	(267,849)
Cash received (paid) from bank overdrafts and short-term borrowings from financial institution	-	-	(31,736)	-	-	-
Cash received from capital increase	-	164,588	213,287	-	164,588	213,287
Cash paid for liabilities under finance lease agreements	(125)	(119)	(113)	-	-	-
Increase (decrease) in short-term loans and advances	-	-	-	52,952	(785,606)	167,551
Net cash provided by (used in) financing activities	458,875	95,469	(53,196)	500,082	(692,363)	112,989
Differences on translation of financial statements	1,995	24,924	(16,873)	-	-	-
Net increase (decrease) in cash and cash equivalents	11,943	56,442	(72,385)	(13,344)	11,348	(13,883)
Cash and cash equivalents at beginning of the period	130,025	73,583	145,968	17,444	6,096	19,979
Cash and cash equivalents at end of the period	141,968	130,025	73,583	4,100	17,444	6,096

Financial Ratio

	CONSOLIDATED FINANCIAL STATEMENTS		
	2014	2013	2012
	31-Dec-14	31-Dec-13	31-Dec-12
Liquidity Ratio			
Current Ratio (times)	0.93	1.68	0.97
Quick Ratio (times)	0.58	1.23	0.90
Profitability Ratio			
Gross Profit Margin (%)	44.5%	26.9%	35.0%
Net Profit Margin (%)	17.5%	28.5%	-7.3%
Return on Equity : ROE (%)	3.5%	5.1%	-2.7%
Efficiency Ratio			
Return on Assets : ROA (%)	2.5%	3.9%	-1.9%
Total Assets Turnover (times)	0.14	0.14	0.26
Financial Policy Ratio			
Liquid Assets to Borrowings Ratio (times)	0.60	1.70	1.33
Earning Assets to Borrowings Ratio (times)	2.64	5.03	3.84
Earning Assets to Total Assets Ratio (%)	73.9%	63.9%	67.7%
Debt to Equity Ratio (times)	0.55	0.23	0.37
Liquid Assets to Total Assets Ratio (%)	13.9%	21.6%	23.4%
Securities Investments to Total Assets Ratio (%)	45.7%	62.9%	65.9%
Dividend Payout (%)	43.8%	0.0%	0.0%
Interest Coverage Ratio (times)	8.87	6.24	5.19
Commitment Coverage Ratio (times)	0.21	0.55	0.42

Business Operational Overview

Throughout 2014, The Thai Economy expanded 0.7% against the expectation of 1.5% - 1.7%. During Q4/2014, the Economy grew only 2.3%. When comparing with the same period last year, it was below expectations. This sluggish growth resulted mainly from weakness in private consumption and low agricultural product prices.

For 2015, the Thai Economy is expected to expand 4.0%; however, this depends mainly on the recovery in the export sector and the disbursement of government funds. Inflation in 2015 is estimated at 2.2%, almost the same inflation rate as previous year and based on stable crude oil prices in the world market in the year ahead.

Amidst the economic pressure in 2014, the Company's consolidated statement of comprehensive income for 2014 showed a net profit of Bt.56.4 million or a net profit of Bt.0.23 per share, a decrease in operational profit of Bt.17.6 million or 24% from a net profit of Bt.74.1 million or Bt.0.32 per share recorded in the previous year. This came mainly from a decrease in share of profit from associated companies from Bt.153.5 million recorded in 2013 to Bt.48.6 million in 2014, a drop of Bt.104.9 million. However, total revenues for the year increased by Bt.67

million or 47% to Bt.209.4 million. The increase in total revenues came from a gain on investment in investment units in a foreign fund and other income from investment in leasehold rights of land and warehouses/factories. Total costs and expenses dropped by Bt. 10.4 million or 4% as a result of policies to control expenses.

The 2014 share of profit from associated companies totaled Bt.48.6 million, a decrease of 68% from the previous year which reported a share of profit of Bt.153.5 million. Such share of profit came from a profit contribution of Baht 58 million from the securities brokerage firm, Finansia Syrus Securities Plc., compared to a profit contribution of Baht 105.6 million last year and a loss contribution of Bt.9.3 million from the associated company focusing on industrial estate development and warehouse leasing, Prospect Development Co., Ltd., compared to a profit contribution of Bt. 45.3 million in 2013.

The 2014 operational performance of the Company and its subsidiaries is summarized below.

1. Investment, advisory and management business. Finansia recorded total revenues of Bt.77.9 million in this line of business, representing 37% of the total revenues of the Group. This was an increase of Bt.36.6 million or 89% from 2013 resulting from a gain on investment in investment units in a foreign fund. Costs and expenses of the business amounted to Bt.33 million, decreasing Bt.5.6 million from the previous year. The Company's operating profit from the investment, advisory and management business was therefore Bt.44.9 million compared to an operating profit of Bt.2.7 million in 2013.

2. Loan management business. A subsidiary that managed the remaining loan portfolio generated total revenue of Bt.1.1 million or 1% of the Group's revenues. Compared with that recorded in 2013, the revenues decreased by Bt.1.6 million or 59% due to a decrease in interest income as several loan accounts reached maturity and were closed. This business costs and expenses totaled Bt.2.3 million, an increase of Bt.0.1 million or 5% from the previous year. The loan management business reported a gross loss of Bt.1.2 million, compared to a gross profit of Bt.0.5 million in the previous year.

3. Securities business. After the Group's business restructuring in 2009, revenues from this business came mainly from investment banking and selling agent services. Total revenue in 2014 was Bt.82.3 million, representing 39% of total revenues of the Group, lower than that of 2013 by Bt.9.7 million or 11%. Costs and expenses of the securities business amounted to Bt.65.7 million, increasing by Bt.4.7 million or 8%. As a result, the securities business recorded a gross profit of Bt.16.6 million, compared to a gross profit of Bt.30.9 million in the previous year.

4. Asset management business. As Finansia entered into a Share Purchase Agreement to sell its asset management business subsidiary, the consolidated statements of comprehensive income for the year ended 31 December 2014 showed a net profit from asset management business as "Net profit from discontinued operation" in an amount of Bt. 22.4 million.

5. Other revenue. Other revenue was Baht 48.09 million, an increase of Baht 40.92 million or 570.71% from the previous year. Other revenue consists of other income from investment in leasehold rights of land and warehouses/factories transaction (Baht 23.50 million), gain on investment in investment units in foreign fund (Baht 9.49 million) and revenue from rental income and service fee from warehouse/factor lease which the Company made an investment on 19 December 2014 (Baht 2.92 million).

Business Costs and Expenses

In 2013, the Company incurred costs and expenses of Baht 101.90 million. These expenses consist of : (1) Costs and expenses in Investment advisory and management business amounting to Baht 38.61 million, an increase of Baht 5.58 million or 16.89% (2) Costs and expenses in Loan management business amounting to Baht 2.22 million, a decrease of Baht 4.88 million or 68.72% and (3) Costs and expenses in Investment banking and securities business amounting to Baht 61.07 million, a decrease of Baht 80.47 million or 56.85% (The Company did not adjust accounting items in the year 2012; therefore, the Company could not compare Costs and expenses for the year 2013 and 2012).

In 2014, the Company incurred costs and expenses of Baht 100.14 million, a decrease of Baht 0.76 million or 0.75% from previous year. These expenses consist of : (1) Costs and expenses in Investment advisory and management business amounting to Baht 33.07 million, a decrease of Baht 5.54 million or 14.35% (2) Costs and expenses in Loan management business amounting to Baht 2.32 million, a decrease of Baht 0.10 million or 4.41% and (3) Costs and expenses in Investment banking and securities business amounting to Baht 65.75 million, an increase of Baht 4.69 million or 7.66%

The current liquidity ratio (current assets/current liabilities) of the Group as of 31 December 2014 was 0.93, decreasing from 1.68 at year-end 2013, resulting mainly from an increase in short-term debentures of Bt.109 million and a decrease in temporary investments of Bt.103.1 million. A lower ratio reflects a fall in the Group's short-term liquidity status. However, this resulted from an adjustment of the Group's investment structure to use excess liquidity to acquire leasehold rights to sub-lease land and warehouse/factory buildings in the Bangkok Free Trade Zone, which is a long-term investment and will generate an income stream in the long run. Finansa's capital structure comprised Bt.897.7 million in liabilities and Bt.1,630.4 million in equity, resulting in a debt to equity ratio of 0.55 which is considered low. This indicates that the Group's capital came less from borrowing than equity, yielding lower risk of inability to pay debt obligation.

In 2014, Finansa recorded a net profit of Bt.56.4 million or basic earnings per share of Bt.0.23, compared with a net profit of Bt.74.1 million or basic earnings per share of Bt.0.32 in 2013. Net profit to total income of the group was 17.5%, the return on average assets was 2.5% and return on average equity was 3.5%, compared with 28.5%, 3.9% and 5.1%, respectively in 2013.

On 30 October 2014, Fitch Ratings (Thailand) affirmed Finansa Plc.'s National long-term credit rating at BBB-(tha) with a Negative Outlook and short-term credit rating at F3(thai). The ratings and outlook reflect Finansa's weak performance as the operating environment for Thailand's financial sector has been difficult for the past several quarters due to slow economic growth and weak investor sentiment in the securities sector. Finansa has been restructuring its operations, including an agreement to sell its asset management subsidiary, and plans to improve the performance of its warehouse affiliate through asset sales. While the restructuring plans may improve the outlook for Finansa's performance, the ability to sustain profits through the economic cycle remains uncertain.

4. Risk factors

Finansa Plc. and its subsidiaries exercise a collective risk management strategy to reach the goal of long-term business growth and sustainable return. Realizing that potential risks may lead to investors' partial or complete loss and an unsatisfactory return, the Group focuses on managing the risks to be at an acceptable level approved by the Group Risk Management Committee.

The Group's guidelines and policies on risk management are set by the Risk Management Committee and a risk management report is presented to the Board of Directors every quarter. Annual evaluation and review of the internal control system has been carried out to improve and enhance the operating performance.

4.1 Market Risk

Market risk refers to change in value of financial instruments resulting from changes in market conditions such as interest rate, foreign exchange, and economic condition, which may positively or negatively affect the Group's revenue.

- **Risks to the Group's Revenues from Economic, Financial and Capital Markets Conditions**

The Finansa Group's businesses and revenues are closely related to domestic and global economic, financial and capital market conditions, which are not under the Group's control. Any severe change in these factors may result in a negative environment in the Stock Exchange of Thailand i.e. trading volume, share prices, capital raising transactions, public offering transactions and investors' confidence. Thus it could directly affect the Group's revenues from its investment banking business, fund management business and direct investment business. However, under this scenario, the Group may diversify its revenue stream by raising the revenue from other types of advisory, such as financial advisory services for debt restructuring, and the warehouse leasing business. Moreover, the Finansa Group's operations, while concentrating on operations in Thailand, also extend to other countries, which helps reduce the risk attributable to market conditions in a single market to a certain extent.

At the end of 2014, Finansa acquired rights to sub-lease land and warehouse/factory buildings in the Bangkok Free Trade Zone project with the sub-lease period of 25 years. Total leasable area is 44,020 sqm. Total investment value is Bt.709,400,000.- (Seven hundred and nine million four hundred thousand Baht only). The objectives are to operate the business of leasing of warehouses and factory buildings to operators and to create constantly income stream for the Company, thus reducing the risk attributable to market conditions.

- **Risk on Investment in Subsidiaries and Associated Companies**

Since Finansa Plc. also engages in direct investments in subsidiaries and associated companies and in return, expects revenue from these investments. Risks on investment arise when these subsidiaries and associated companies incur operational loss thus directly affect the Company's financial performance. Investments in associated companies in the consolidated financial statements are accounted for under the equity method while investments in subsidiaries and associated companies in the separate financial statements are accounted for under the cost method less allowance for impairment loss (if any).

Type of Revenue	Operated by	% of share held by FNS	2014		2013		2012	
			Revenue (Baht million)	%	Revenue (Baht million)	%	Revenue (Baht million)	%
Investment, advisory and management business	FNS, FFM	100	77.9	24.1	41.3	15.9	10.6	2.3
Loan management business	FC	100	1.1	0.4	2.7	1.0	3.2	0.7
Investment banking and securities business	FSL	100	82.3	25.5	92.0	35.4	289.2	61.8
Asset management business	FAM	100	110.3	34.2	116.9	44.9	154.3	33.0
Warehouse/factory rental business	FNS		2.9	0.9	-	-	-	-
Others			48.1	14.9	7.2	2.8	10.4	2.2
Total Revenue			322.6	100.0	260.1	100.0	467.7	100.0
Share of gain (loss) from	FSS	25.26	57.9	86.2	105.6	68.8	46.5	36.3
investment in associated	PD	36.38	(9.3)	(13.8)	45.3	29.5	(74.3)	(58.0)
companies	Others		-	-	2.6	1.7	7.3	5.7
Total			48.6	100.0	153.5	100.0	(20.5)	100.0

- **Risk on Investment in Securities and Return**

Risk of below-expected returns from securities investment arises with domestic and global economic fluctuations.

As at 31 December 2014, the Company and its subsidiaries held net investment in securities of Bt. 295.1 million, representing 12% of the total assets of the Group, decreasing by Bt.122.8 million from those of the previous year as the Company redeemed a portion of trading securities in order to acquired rights to sub-lease land and warehouse/factory buildings.

As at 31 December 2014, temporary investments in securities held for trading were in domestic money market funds, which are highly liquid and pose low investment risk. The temporary available-for-sale securities were in domestic marketable equity securities. The long-term investments in securities were in government bond and foreign funds.

The Group Investment Committee was assigned to set business policies in asset allocation, investment approval limit, and risk management so as to limit negative return that may arise from volatile economic and market conditions.

- **Foreign Exchange Risk**

The Finansa Group consists of several subsidiaries registered in foreign countries and therefore possesses foreign currency denominated assets and liabilities. Foreign currency denominated assets and liabilities of the Company and its subsidiaries as at 31 December 2014 is shown in the table below. Most of the assets were in cash and investments, while liabilities consisted of accrued expenses and other accounts payable.

	Assets (Thousand)	% of Total Assets	Liabilities (Thousand)	% of Total Liabilities
US dollars	7,678	10.0	205	0.8

- **Interest Rate Risk**

Interest rate fluctuation affects interest income and expense of the Finansa Group. The Group has low interest rate risk as its interest income is relatively low compare to other types of income. Interest expenses consist of short-term liability as bills of exchange which will generate higher cost if the market interest rate rises.

4.2 Liquidity Risk

Liquidity risk is the risk caused by the Company's inability to meet obligations when they become due, as a result of failure to obtain sufficient funds at reasonable cost within a deadline.

The risk is one of the most significant for Finansa Plc. The Company relies on short-term loans in term of bills of exchange and short-term debentures to maintain working capital and invest in long-term assets. During the end of 2014, the Company also raised funds through issuance of long-term debentures to acquire rights to sub-lease land and warehouse/factory buildings.

As at 31 December 2014, the Company reported current liabilities in bills of exchange of Baht 359 million, increased by Baht 109 million or 44% from the end of previous year. The liquidity ratio, calculated by dividing current asset by current liabilities was 0.93, compare to 1.68 in 2013, showing a decline in the short-term liquidity status. The Group's capital structure comprised Baht 897.7 million in liabilities and Baht 1,630.4 million in equity, resulting in a debt to equity ratio of 0.55 which is considered low.

The Board of Director assigned the Managing Director to set an internal policy to control the short-term debt securities issuance and to report the issued amount and outstanding amount to the Board of Director in a quarterly meeting. In this regard, investors can check the Company's bills of exchange and short-term debentures outstanding amount from "Selling Report - Debentures" of the Company at www.sec.or.th.

The Group has applied collective liquidity management policy with intercompany loans and borrowings and liquidity gap calculation to assess its capital and liquidity adequacy.

4.3 Credit Risk

Credit risk arises when counterparties of the Company are not able to meet obligations and fail to make payments when they become due, which may damage the Group.

The Finansa Group has a very low level of credit risk as the Group has no lending business and no policy on additional lending. Prevailing credit risks are from debt securities held, as well as clearing and settlement risk. To control credit risk, the Group Risk Management Committee limited investment in bonds to investment grade, or BBB- or higher rating bonds.

4.4 Operational Risk

Operational risk refers to the risk of loss from lack of appropriate internal control or good corporate governance which may result from internal operational processes, people, workflows or external events.

The Finansa Group has strictly practiced good corporate governance as stipulated by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Compliance with good corporate governance principles is reviewed annually by the Board of Directors.

As for the procedure against insider information exploitation, the Group has set a policy to prohibit the directors and executives from using information related to the financial and operational performance of the

Company which has not yet been disclosed to public for their personal benefit, including but not limited to securities trading. Each director and executive's securities holding and holding of securities by one's spouse and minor children is required to be reported to the Office of the Securities and Exchange Commission, in compliance with Section 59 and the penal provision in Section 275 of the Securities and Exchange Act B.E. 2535.

The Group has set up the Business Contingency Plan to cope with the risks from unexpected external events such as natural disasters and sabotages, in order for the Group to be able to get back to business within an appropriate time period.

Operational risk management has been overseen by the Group's Compliance Office and outsourced internal auditors, whom present their reports to the Audit Committee on quarterly basis.

4.5 Risk on Personnel Resources

The Finansa Group's business operations rely primarily on its people. Executive management requires expert and experienced personnel. In a highly competitive business environment, personnel with experience and expertise in financial services which is in short supply are fiercely sought after. Finansa's management has pursued a policy of recruiting more high-level executive, training and promoting junior executives, as well as hiring experienced teams of personnel. This policy proved successful and contributed to the Group's continuous growth. It allows the Group to allocate substitute team in case of current executive or team absence, lower the effect to the Group's operation. Human resource is highly valued by providing training and on-the-job learning support, to encourage employees from executive to operational level to constantly improve themselves in common direction. Additionally, compensation relevant to ability and performance is set at motivating level, in accordance with market standards. This work assurance in turn helps reduce the risk of personnel turnover.

4.6 Strategy Risk

Strategy risk arises when the Group is exposed to change in business condition, strategy decision failure, false implementation, or sluggish response to industry, economic, or technological change, leading to negative effects on the Group's financial performance such as revenue, profit, capital, as well as reputation.

- **Management Policies Influenced by Major Shareholders**

The major shareholders of the Group are Mr. Eugene S. Davis and Mr. Vorasit Pokachaiyapat who are also the Company's executives. This enables them to exert significant influence over the resolutions of shareholders' meetings in some important matters that the law requires three-fourths of the votes, such as changing of certain regulations or increase and decrease of registered capital. Even fully attended, all the other shareholders with the right to vote will still be unable to jointly vote for examination of certain matters of the major shareholders.

To reduce potential risk, the Audit Committee is in charge of monitoring and making sure the Company's operation is in line with Securities and Exchange Act, regulations of the Stock Exchange of Thailand, other law and regulations related to the Group's businesses, as well as balancing management control on behalf of the non-controlling shareholders to maximize the Group's benefit.

4.7 Risk on the Changing of the Company Credit Rating

On 30 October 2014, Fitch Ratings (Thailand) affirmed Finansa Plc.'s National long-term credit rating at BBB-(tha) with a Negative Outlook and short-term credit rating at F3(thai).

The ratings and outlook reflect Finansa's weak performance as the operating environment for Thailand's financial sector has been difficult for the past several quarters due to slow economic growth and weak investor sentiment in the securities sector. Finansa has been restructuring its operations, including an agreement to sell its asset management subsidiary, and plans to improve the performance of its warehouse affiliate through asset sales. While the restructuring plans may improve the outlook for Finansa's performance, the ability to sustain profits through the economic cycle remains uncertain.

This uncertainty is mitigated by Finansa's sound capital structure. Shareholder commitment has been apparent following equity injections, and the portion of equity to total assets remains strong at 79% as of 1H14.

Fitch Ratings (Thailand) assigns the National rating of BBB-(tha) to securities issuers or securities with moderate degree of safety regarding timely servicing of financial obligations, compared to other securities issuers or securities in Thailand. Economic events or change in economic condition may affect their abilities to meet the financial obligations more than issuers or securities with higher credit rating. "+" or "-" signs may be applied to a rating to denote relative status within the same credit tiers.

5. Liabilities

5.1 Outstanding balance of debt securities

The outstanding balance of short-term debentures as at 31 December 2014 is as follow:

Tranche	Face value (Baht)	Maturity date
FNS15115A	133,000,000	15-Jan-15
FNS15212A	20,000,000	12-Feb-15
FNS15212B	48,000,000	12-Feb-15
FNS15319A	38,000,000	19-Mar-15
FNS15319B	30,000,000	19-Mar-15
FNS15422A	90,000,000	22-Apr-15
Total	359,000,000	

The outstanding balance of long-term debentures as at 31 December 2014 is as follow:

Tranche	Face value (Baht)	Maturity date
FNS171A	250,000,000	11-Jan-17
FNS172A	100,000,000	18-Feb-17
Total	350,000,000	

6. Pending material lawsuits and claims

-none-

7. Related Transaction

Outstanding items:

Description/Name of Related Party (Relationship)	Nature of Transaction and Reason	Outstanding as of 31 Dec 2014 (Bt. million)
(1) Rental service and other receivables - Prospect Development Co., Ltd.	Rental income from warehouse/factory buildings of which FNS purchased at around year-end 2014 which PD will deliver to FNS.	5.48
(2) Other receivables - Finansia Syrus Securities Plc. - Prospect Development Co., Ltd.	FSS is a custodian of FSL's brokerage clients under the appointment agreement. PD will deliver rental deposit received from tenants under FNS purchase agreement.	0.45 32.05
(3) Short-term loan and advance to related parties - Siam Investment Fund II, L.P. - Related parties	Advance from FFM to SIF II Advance from FFM to directors	0.19 0.20
(4) Other current liabilities - Prospect Development Co., Ltd.	Rental deposit	0.59

Investment in Associated Company Item

Name of Associated Company	Nature of Transaction and Reason	Investment Value as of 31 Dec 2014 (Baht Million)	Carrying value under equity method as of 31 Dec 2014 (Baht million)
Finansia Syrus Securities Plc.	FSL holds 25.26% in FSS.	313.21	530.41
Prospect Development Co., Ltd.	FNS holds 36.38% in PD.	436.50	326.89
FSS International Advisory Securities Co., Ltd.	FSL holds directly 10% in FSSIA and indirectly through FSS 22.73%.	0.30	0.19

Revenue and Expense Item

Description/Name of Related Party (Relationship)	Nature of Transaction and Reason	Condition	For the year ended 31 Dec 2014 (Bt. million)
(1) Service income/associate - Prospect Development Co., Ltd.	FNS received service fee for management and back office operations.	Pursuant to the service agreement.	8.00
(2) Fee income/associate - Prospect Development Co., Ltd.	FSL received fee income.	As agreed by both parties.	5.24
(3) Rental and service fee income/ associate - Prospect Development Co., Ltd.	FNS received rental and service fee.	Market prices	2.82
(4) Consulting service fee/associate - Prospect Development Co., Ltd.	FNS paid consulting and management fee under asset management agreement - warehouse/ factory buildings.	As agreed by both parties.	0.02
(5) Selling agent fee/associate - Finansia Syrus Securities Plc.	FSL paid selling agent fee.	As agreed by both parties.	1.00
(6) Directors and management remuneration	Meeting and annual fee paid to directors and remuneration to management.	Fee to directors as approved by AGM.	33.16

8. The summary of the significant agreements during the lease 2 years

During the last 2 years, the Company and subsidiaries entered into significant agreements. Details as outlined in the notes to financial statement for the year 2013 - 2014

9. An opinion of the Independent Financial Advisor on an acquisition assets

As disclosed and submitted to the Stock Exchange of Thailand.

10. Opinion of the Audit Committee and the Board of Directors of the Company regarding adequacy of working capital

The Audit Committee is of the opinion that the Company faces no problem concerning adequacy of working capital for this transaction since the Company will utilize fund from operation. The Company has sufficient funds. In addition, the Company will raise funds by issuing debentures both short-term and long term. Currently, a number of investors have expressed interest to invest in these debt instruments.

11. Lists of related persons and / or shareholders are not entitled to vote.

-None-

12. The name lists of a member of the Audit Committee being nominated as Shareholders' Proxy to vote on their behalf

This is Mr. Vittaya Vejajiva who has no conflict of interests in respect to the agenda proposed in the Annual Meeting of Shareholders No. 2/2015 except Agenda 6 : Approve the Directors' remuneration for the year 2015.