



# ข่าวธนาคารแห่งประเทศไทย

สำนักผู้ว่าการ ธนาคารแห่งประเทศไทย โทร. ๒๕๒๖๖๔๘

No. 32/1997

## **Clarification on the financial status and capital fund increase of the Finance One Public Company Limited**

Following recent media reports and commentaries to the effect that the Finance One Public Company Limited is facing financial problem and substantial losses in their operation, and that the authorities have failed to order the reduction of the company's paid-up capital which have substantially benefited existing shareholders, the Bank of Thailand wishes to make the following statement:

1. The financial position of the Finance One Public Company Limited has not deteriorated to a negative net worth level. The authorities have ordered the company to fully provision for doubtful debts, which include the losses from their investment in securities as well as potential losses which may occur in the future. This action resulted in a capital fund reduction. However, the company's premium on shares, reserves, and allowance for doubtful accounts, are still high at 12,888.7 million baht, adequate to support such losses. The company is therefore in a position of solvency as its net assets more than adequately cover existing debt. Hence, there is no cause for the Bank of Thailand to order a capital reduction for the paid-up capital of 4,141 million baht.

2. Notwithstanding the fact that the company's net worth is still positive, to ensure the company's increasing soundness, the Bank has ordered the company to raise paid-up capital by 8,282 million baht, bringing the total to 12,423 million baht. The shares must be sold at a 25 percent discount to provide incentives and to safeguard the interests of shareholders who will put up new capital.

3. As regard the fact that the Thai Danu Bank Public Company Limited and the Finance One Public Company Limited have been unable to finalize the merger, this is not

indicative that other cases of merger or acquisition will not materialize. The Bank of Thailand continues to receive reports of interest in the merger and acquisition. To this end, the Bank is in the process of improving and clarifying conditions and incentives for the merger and acquisition to ensure successful outcomes in the near future.

4. The Bank wishes to assure depositors, creditors and all those involved with the Finance One Public Company Limited that the company will continue its operation while the authorities stand ready to purchase shares in the company as soon as requested.

Bank of Thailand

25 May 1997