

TISCO FINANCE PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES  
REPORT AND INTERIM FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2002

## **Report of Independent Auditor**

To The Board of Directors and Shareholders of  
TISCO Finance Public Company Limited

I have audited the accompanying consolidated balance sheets of TISCO Finance Public Company Limited and its subsidiaries as at 30 June 2002 and 31 December 2001, the related consolidated statements of earnings, changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2002 and 2001 and the separate financial statements of TISCO Finance Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I did not audit the financial statements for the six-month period ended 30 June 2002 and for the year ended 31 December 2001 of one subsidiary company, Thai Permsub Finance Company Limited (formerly known as "Thai Sakura Finance Company Limited"), from which with total assets as at 30 June 2002 and 31 December 2001 of approximately Baht 68 million, and total revenues and net earnings for the six-month period ended 30 June 2002 of approximately Baht 4 million, were included in the consolidated financial statements. I have however received an audit report from the subsidiary's auditor, who expressed an unqualified audit opinion on those financial statements (31 December 2001 : expressed an unqualified audit opinion and drew attention to the uncertainty of the economic situation). My opinion, insofar as it relates to the amounts pertaining to this subsidiary which are included in the consolidated financial statements for the six-month period ended 30 June 2002, is based solely on the report of the other auditor.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, based on my audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Finance Public Company Limited and its subsidiaries and of TISCO Finance Public Company Limited as at 30 June 2002 and 31 December 2001, and the results of their operations, and cash flows for the six-month periods ended 30 June 2002 and 2001 in accordance with generally accepted accounting principles.

I have also reviewed the earnings statement for the three-month periods ended 30 June 2002 and 2001. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. I conducted my reviews in accordance with the auditing standard applicable to review engagements which provides less assurance than an audit conducted in accordance with generally accepted auditing standards. I accordingly do not express an audit opinion on the financial statements which I have reviewed. Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok : 2 August 2002

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## BALANCE SHEETS

AS AT 30 JUNE 2002 AND 31 DECEMBER 2001

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 June 2002	31 December 2001	30 June 2002	31 December 2001
<b>ASSETS</b>					
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	4	839,514,953	716,084,574	125,339,122	106,557,178
LOANS TO FINANCIAL INSTITUTIONS	5	585,707,249	135,890,420	-	-
INVESTMENT IN SECURITIES	6,7,10				
Current investment - net		2,515,602,537	3,331,411,437	2,258,305,683	2,691,379,002
Long-term investment - net		6,725,433,879	6,008,021,727	6,488,327,778	5,876,564,011
Investment in subsidiaries and associated companies - net		19,996,279	21,898,081	4,580,459,398	4,246,551,297
Net investments		9,261,032,695	9,361,331,245	13,327,092,859	12,814,494,310
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		430,349,826	36,031,079	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	8,10				
Finance business loans and receivable		36,732,317,201	31,647,358,254	32,813,362,592	28,426,059,855
Securities business receivable		1,221,218,897	905,717,370	-	-
Total loans and receivable		37,953,536,098	32,553,075,624	32,813,362,592	28,426,059,855
Accrued interest receivable		151,908,557	201,559,077	131,131,344	184,535,690
Total loans, receivable and accrued interest receivable		38,105,444,655	32,754,634,701	32,944,493,936	28,610,595,545
Less : Allowance for doubtful accounts	9	(4,345,396,427)	(1,817,393,315)	(3,518,080,618)	(973,183,152)
Less : Allowance for loss on debt restructuring	9	(360,191,213)	(333,862,492)	(360,191,213)	(333,862,492)
Net loans, receivable and accrued interest receivable		33,399,857,015	30,603,378,894	29,066,222,105	27,303,549,901
PROPERTY FORECLOSED - Net	11	1,810,648,208	2,236,958,660	1,803,615,576	2,228,951,914
LAND, PREMISES AND EQUIPMENT - Net	12	1,381,729,169	1,429,802,681	791,697,451	819,404,196
DEFERRED TAX ASSETS		256,763,256	256,685,511	254,614,373	254,614,373
GOODWILL	2	857,562,558	881,650,314	-	-
OTHER ASSETS	13	1,443,396,099	1,401,355,108	1,152,813,119	944,850,773
<b>TOTAL ASSETS</b>		<b>50,266,561,028</b>	<b>47,059,168,486</b>	<b>46,521,394,605</b>	<b>44,472,422,645</b>

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

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## BALANCE SHEETS (Continued)

AS AT 30 JUNE 2002 AND 31 DECEMBER 2001

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 June 2002	31 December 2001	30 June 2002	31 December 2001
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>BORROWINGS AND DEPOSITS</b>					
	14				
From public		37,010,313,085	35,457,648,500	36,539,206,619	35,330,968,085
From banks		1,339,462,042	1,159,268,038	139,429,762	173,461,730
From financial institutions		1,462,551,086	1,535,437,031	1,599,785,561	1,583,209,705
From foreign countries		45,905,178	57,174,741	45,905,178	57,174,741
Total borrowings and deposits		39,858,231,391	38,209,528,310	38,324,327,120	37,144,814,261
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	15	150,000,000	100,000,000	150,000,000	100,000,000
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		325,808,329	88,035,997	-	-
SECURITIES BUSINESS PAYABLE		1,114,323,917	568,706,778	-	-
LIABILITIES UNDER COMMERCIAL PAPERS SOLD		216,806,569	195,000,000	216,806,569	195,000,000
ACCRUED INTEREST PAYABLE		138,847,019	139,968,436	133,879,010	134,366,809
SUBORDINATED DEBENTURES	16	331,000,000	331,000,000	331,000,000	331,000,000
OTHER LIABILITIES	17	716,036,681	738,399,107	383,179,072	312,266,970
<b>TOTAL LIABILITIES</b>		<b>42,851,053,906</b>	<b>40,370,638,628</b>	<b>39,539,191,771</b>	<b>38,217,448,040</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	18				
Registered					
1,000,000,000 preference shares of Baht 10 each and 100,200,000 ordinary shares of Baht 10 each		11,002,000,000	11,002,000,000	11,002,000,000	11,002,000,000
Issued and paid up					
426,383,600 preference shares of Baht 10 each (31 December 2001 : 508,691,200 preference shares of Baht 10 each)		4,263,836,000	5,086,912,000	4,263,836,000	5,086,912,000
277,891,400 ordinary shares of Baht 10 each (31 December 2001 : 193,173,800 ordinary shares of Baht 10 each)		2,778,914,000	1,931,738,000	2,778,914,000	1,931,738,000
		7,042,750,000	7,018,650,000	7,042,750,000	7,018,650,000
Share premium		36,500,000	36,500,000	36,500,000	36,500,000
Preference shares subscription received in advance		-	350,000	-	350,000
Surplus from changes in the value of investment	21	227,868,077	126,793,564	227,868,077	126,793,564
Translation adjustments		111,882,114	136,463,224	111,882,114	136,463,224
Retained earnings					
Appropriated - statutory reserve	20	48,700,000	48,700,000	48,700,000	48,700,000
Unappropriated (deficit)		(485,497,357)	(1,112,482,183)	(485,497,357)	(1,112,482,183)
Equity attributable to Company's shareholders		6,982,202,834	6,254,974,605	6,982,202,834	6,254,974,605
Minority interest (equity attributable to minority shareholders of subsidiaries)		433,304,288	433,555,253	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>7,415,507,122</b>	<b>6,688,529,858</b>	<b>6,982,202,834</b>	<b>6,254,974,605</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>50,266,561,028</b>	<b>47,059,168,486</b>	<b>46,521,394,605</b>	<b>44,472,422,645</b>
		0	0	0	0
<b>OFF-BALANCE SHEET ITEMS - CONTINGENCIES</b>					
	31				
Aval to bills		1,137,703,788	1,445,234,274	1,137,703,788	1,445,234,274
Guarantees of loans and others		499,837,769	409,381,026	499,837,769	409,381,026

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

Mr. Pichai Chanvirachart

(President)

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2002 AND 2001

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2002	2001	2002	2001
<b>INTEREST AND DIVIDEND INCOME</b>					
Loans and deposits		262,639,239	271,014,867	264,707,286	286,886,825
Hire purchase and financial lease income		441,709,341	335,637,218	294,923,614	213,517,733
Investment in securities		131,487,328	119,803,247	124,532,655	106,131,015
Total interest and dividend income		835,835,908	726,455,332	684,163,555	606,535,573
<b>EXPENSES ON BORROWINGS</b>					
Interest and discounts		312,718,174	324,849,777	300,726,790	316,772,171
Fees and charges		2,208,215	683,721	403,242	683,721
Total expenses on borrowings		314,926,389	325,533,498	301,130,032	317,455,892
Net interest and dividend income		520,909,519	400,921,834	383,033,523	289,079,681
<b>REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS</b>					
(BAD DEBT AND DOUBTFUL ACCOUNTS)		(174,617,713)	30,626,235	(170,655,158)	21,947,440
<b>LOSS ON DEBT RESTRUCTURING</b>					
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		321,513,050 #	380,168,612 #	187,599,609 #	259,647,664
<b>NON-INTEREST INCOME</b>					
Brokerage fees		104,004,764	42,262,528	-	-
Gain (loss) on investments		243,669,151	50,033,728	247,091,999	(55,338,137)
Fees and charges		136,457,738	89,669,337	46,308,963	36,099,801
Fees and gains (loss) on forward exchange		4,742,410	2,859,922	(72,847)	-
Share of profit (loss) of subsidiary and associated companies		192,806	(75,526)	153,554,226	173,457,795
Other income		54,241,251	105,274,319	40,564,762	79,493,554
Total non-interest income		543,308,120	290,024,308	487,447,103	233,713,013
Total net income		864,821,170 #	670,192,920 #	675,046,712 #	493,360,677
<b>OPERATING EXPENSES</b>					
Personnel expenses		172,710,475	165,766,089	62,234,101	53,573,826
Premises and equipment expenses		76,674,565	79,602,346	52,845,044	46,386,653
Taxes and duties		19,671,146	18,730,992	17,922,689	17,907,958
Directors' remuneration		1,680,000	1,340,000	1,440,000	1,340,000
Other expenses		203,169,974	193,706,518	216,078,891	189,997,975
Total operating expenses		473,906,160	459,145,945	350,520,725	309,206,412
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		390,915,010	211,046,975	324,525,987	184,154,265
CORPORATE INCOME TAX		(56,646,100)	(17,504,499)	-	(1,399,545)
EARNINGS BEFORE MINORITY INTEREST		334,268,910	193,542,476	324,525,987	182,754,720
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES		(9,742,923)	(10,787,756)	-	-
NET EARNINGS FOR THE PERIOD		324,525,987	182,754,720	324,525,987	182,754,720
<b>EARNINGS PER SHARE</b>					
Basic earnings per share	27	1.20	0.99	1.20	0.99
Diluted earnings per share		0.45	0.26	0.45	0.26

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

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF EARNINGS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2002 AND 2001

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2002	2001	2002	2001
<b>INTEREST AND DIVIDEND INCOME</b>					
Loans and deposits		499,358,333	549,337,158	504,367,724	580,370,066
Hire purchase and financial lease income		846,411,961	644,709,379	563,337,992	404,089,530
Investment in securities		287,654,953	251,283,672	296,228,440	230,437,963
Total interest and dividend income		1,633,425,247	1,445,330,209	1,363,934,156	1,214,897,559
<b>EXPENSES ON BORROWINGS</b>					
Interest and discounts		628,612,582	659,826,137	606,400,107	644,946,737
Fees and charges		4,258,402	1,359,928	802,052	1,359,928
Total expenses on borrowings		632,870,984	661,186,065	607,202,159	646,306,665
Net interest and dividend income		1,000,554,263	784,144,144	756,731,997	568,590,894
<b>REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS</b>					
(BAD DEBT AND DOUBTFUL ACCOUNTS)		(362,551,166)	99,091,030	(353,337,928)	85,178,110
<b>LOSS ON DEBT RESTRUCTURING</b>					
Net interest and dividend income after		(26,388,627)	(103,122,724)	(26,388,627)	(103,122,724)
bad debt and doubtful accounts and loss on debt restructuring		611,614,470	780,112,450	377,005,442	550,646,280
<b>NON-INTEREST INCOME</b>					
Brokerage fees		213,401,976	93,015,338	-	-
Gain (loss) on investments	22	459,633,151	136,818,277	343,653,843	(47,810,834)
Fees and charges		267,248,382	185,166,488	97,137,119	62,380,019
Fees and gain (loss) on forward exchange		5,543,470	2,855,662	(120,094)	-
Share of profit of subsidiary and associated companies		406,250	21,011	359,297,633	328,579,548
Other income		123,806,354	156,148,741	96,526,617	108,019,710
Total non-interest income		1,070,039,583	574,025,517	896,495,118	451,168,443
Total net income		1,681,654,053	1,354,137,967	1,273,500,560	1,001,814,723
<b>OPERATING EXPENSES</b>					
Personnel expenses		338,419,108	313,583,425	121,436,297	101,538,147
Premises and equipment expenses		164,885,864	156,161,319	104,315,782	91,020,307
Taxes and duties		40,039,522	38,349,554	36,780,815	36,817,260
Directors' remuneration	23	3,160,000	3,000,000	2,700,000	3,000,000
Other expenses		340,420,939	359,834,304	381,282,840	346,590,557
Total operating expenses		886,925,433	870,928,602	646,515,734	578,966,271
<b>EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST</b>					
		794,728,620	483,209,365	626,984,826	422,848,452
<b>CORPORATE INCOME TAX</b>					
	24	(148,401,009)	(55,663,516)	-	(16,448,100)
<b>EARNINGS BEFORE MINORITY INTEREST</b>					
		646,327,611	427,545,849	626,984,826	406,400,352
<b>MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES</b>					
		(19,342,785)	(21,145,497)	-	-
<b>NET EARNINGS FOR THE PERIOD</b>					
		626,984,826	406,400,352	626,984,826	406,400,352
<b>EARNINGS PER SHARE</b>					
	27				
Basic earnings per share		2.69	2.37	2.69	2.37
Diluted earnings per share		0.88	0.57	0.88	0.57

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2002 AND 2001  
(Unit : Baht)

	CONSOLIDATED									
	Issued and paid-up share capital		Share	Preference shares	Surplus (deficit)	Translation	Statutory	Unappropriated	Minority interest-	Total
	Ordinary shares	Preference shares	premium	subscription received in advance	from changes in the value of investment	adjustments	reserve	retained earnings (deficit)	to minority shareholders	
<b>Balance as at 31 December 2000</b>	1,526,818,000	5,475,182,000	36,500,000	-	(155,558,483)	130,955,792	48,700,000	(1,951,068,155)	434,743,103	
Increase in fair value of investments	-	-	-	-	114,610,627	-	-	-	-	114,610,627
Increase in translation adjustments	-	-	-	-	-	14,007,944	-	-	-	14,007,944
Net earnings for the period	-	-	-	-	-	-	-	406,400,352	-	406,400,352
Preference shares converted to ordinary shares	383,590,000	(383,590,000)	-	-	-	-	-	-	-	-
Increase in preference shares subscription received in advance	-	-	-	12,100,000	-	-	-	-	-	12,100,000
Increase in minority interest	-	-	-	-	-	-	-	-	655,849	655,849
<b>Balance as at 30 June 2001</b>	<u>1,910,408,000</u>	<u>5,091,592,000</u>	<u>36,500,000</u>	<u>12,100,000</u>	<u>(40,947,856)</u>	<u>144,963,736</u>	<u>48,700,000</u>	<u>(1,544,667,803)</u>	<u>435,398,952</u>	<u>6,094,047,029</u>
<b>Balance as at 31 December 2001</b>	1,931,738,000	5,086,912,000	36,500,000	350,000	126,793,564	136,463,224	48,700,000	(1,112,482,183)	433,555,253	6,688,529,858
Increase in fair value of investments	-	-	-	-	101,074,513	-	-	-	-	101,074,513
Decrease in translation adjustments	-	-	-	-	-	(24,581,110)	-	-	-	(24,581,110)
Net earnings for the period	-	-	-	-	-	-	-	626,984,826	-	626,984,826
Warrants converted to preference shares	-	23,750,000	-	-	-	-	-	-	-	23,750,000
Preference shares converted to ordinary shares	847,176,000	(847,176,000)	-	-	-	-	-	-	-	-
Decrease in preference shares subscription received in advance	-	350,000	-	(350,000)	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	(250,965)	(250,965)
<b>Balance as at 30 June 2002</b>	<u>2,778,914,000</u>	<u>4,263,836,000</u>	<u>36,500,000</u>	<u>-</u>	<u>227,868,077</u>	<u>111,882,114</u>	<u>48,700,000</u>	<u>(485,497,357)</u>	<u>433,304,288</u>	<u>7,415,507,122</u>

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



TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2002 AND 2001

(Unit : Baht)

	THE COMPANY ONLY								
	Issued and paid-up share capital		Share premium	Preference shares subscription received in advance	Surplus (deficit) from changes in the value of investment	Translation adjustments	Statutory reserve	Unappropriated retained earnings (deficit)	Total
	Ordinary shares	Preference shares							
<b>Balance as at 31 December 2000</b>	1,526,818,000	5,475,182,000	36,500,000	-	(155,558,483)	130,955,792	48,700,000	(1,951,068,155)	5,111,529,154
Increase in fair value of investments	-	-	-	-	114,610,627	-	-	-	114,610,627
Increase in translation adjustments	-	-	-	-	-	14,007,944	-	-	14,007,944
Net earnings for the period	-	-	-	-	-	-	-	406,400,352	406,400,352
Preference shares converted to ordinary shares	383,590,000	(383,590,000)	-	-	-	-	-	-	-
Increase in preference shares subscription received in advance	-	-	-	12,100,000	-	-	-	-	12,100,000
<b>Balance as at 30 June 2001</b>	<u>1,910,408,000</u>	<u>5,091,592,000</u>	<u>36,500,000</u>	<u>12,100,000</u>	<u>(40,947,856)</u>	<u>144,963,736</u>	<u>48,700,000</u>	<u>(1,544,667,803)</u>	<u>5,658,648,077</u>
<b>Balance as at 31 December 2001</b>	1,931,738,000	5,086,912,000	36,500,000	350,000	126,793,564	136,463,224	48,700,000	(1,112,482,183)	6,254,974,605
Increase in fair value of investments	-	-	-	-	101,074,513	-	-	-	101,074,513
Decrease in translation adjustments	-	-	-	-	-	(24,581,110)	-	-	(24,581,110)
Net earnings for the period	-	-	-	-	-	-	-	626,984,826	626,984,826
Warrants converted to preference shares	-	23,750,000	-	-	-	-	-	-	23,750,000
Preference shares converted to ordinary shares	847,176,000	(847,176,000)	-	-	-	-	-	-	-
Decrease in preference shares subscription received in advance	-	350,000	-	(350,000)	-	-	-	-	-
<b>Balance as at 30 June 2002</b>	<u>2,778,914,000</u>	<u>4,263,836,000</u>	<u>36,500,000</u>	<u>-</u>	<u>227,868,077</u>	<u>111,882,114</u>	<u>48,700,000</u>	<u>(485,497,357)</u>	<u>6,982,202,834</u>

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

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2002 AND 2001

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
<b>Cash flows from operating activities</b>				
Net earnings	626,984,826	406,400,352	626,984,826	406,400,352
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary companies	19,342,785	21,145,497	-	-
Share of net gain of subsidiary and associated companies	(406,250)	(21,011)	(359,297,633)	(328,579,548)
Depreciation and amortisation	106,740,507	76,126,712	43,268,734	36,100,685
Bad debt and doubtful accounts (reversal of bad debt and doubtful accounts)	392,315,008	(8,184,432)	379,844,588	15,973,555
Unrealised loss on revaluation of investments	9,435,527	17,525,934	11,250,488	41,836,784
Provision for revaluation of property foreclosed	4,100,884	31,317,425	3,773,893	31,317,425
Reserve for accrued bonus	40,074,000	34,700,755	17,400,000	15,510,000
Loss from troubled debt restructuring	26,388,628	103,122,724	26,388,627	103,122,724
Unrealised gain on transfer of investments	-	(2,109)	-	-
Gain on disposal of investments	(378,189,798)	(48,621,085)	(342,520,336)	(1,379,837)
Gain on disposal of fixed assets	(8,788,280)	(1,073,616)	(1,176,568)	(1,143,938)
Unrealised loss (gain) on valuation of securities held for trading	116,743,967	(191,460,501)	-	-
Gain from disposal of property foreclosed	(52,254,780)	(44,990,881)	(52,254,780)	(44,990,881)
Decrease (increase) in deferred tax assets	(77,745)	15,742,633	-	16,448,100
Decrease in accrued interest and dividend receivable	144,143,487	130,189,322	149,949,615	130,544,943
Decrease (increase) in other receivable	7,415,046	(1,394,880)	(17,572,894)	(4,219,471)
Decrease in accrued interest payable	(1,121,417)	(37,034,981)	(487,799)	(40,923,338)
Decrease in accrued expenses	(3,710,170)	(969,017)	(6,254,649)	(1,343,835)
Earnings from operating activities before changes in operating assets and liabilities	1,049,136,225 #	502,518,841 #	479,296,112 #	374,673,720
Decrease (increase) in operating assets				
Loans to financial institutions	(449,816,829)	(84,263,782)	-	-
Negotiable certificates of deposit	8,882,648	(982,421)	-	-
Investment in securities - held for trading	243,563,529	207,856,365	-	-
Trading transactions with securities companies	(394,318,747)	(118,621,027)	-	-
Finance business loans and receivable	(3,066,381,376)	(2,627,464,329)	(2,348,784,510)	(1,925,040,339)
Securities business loans and receivable	(324,925,648)	(141,372,357)	-	-
Property foreclosed	4,369,434	106,019,870	3,722,311	107,870,810
Other assets	332,532,259	(238,432,563)	194,690,270	(210,741,858)

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

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF CASH FLOWS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2002 AND 2001

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
Increase (decrease) in operating liabilities				
Borrowings and deposits from public	1,552,664,585	1,616,729,606	1,208,238,534	1,597,189,252
Borrowings and deposits from banks and financial institutions	107,308,059	334,787,156	(17,456,112)	158,668,711
Borrowings and deposits from foreign countries	(11,269,563)	(6,476,300)	(11,269,563)	(6,476,300)
Securities sold under repurchase agreements	50,000,000	-	50,000,000	(40,000,000)
Trading transactions with securities companies	237,772,332	47,145,359	-	-
Liabilities under commercial paper sold	21,806,569	(40,000,000)	21,806,569	-
Securities business payable	545,617,139	420,672,132	-	-
Other liabilities	(52,066,256)	(57,744,447)	66,426,751	(25,145,412)
Net cash flows from (used in) operating activities	(145,125,640)	(79,627,897)	(353,329,638)	30,998,584
<b>Cash flows from investing activities</b>				
Cash paid for purchase of investment in securities held for investment	(3,095,935,635)	(13,254,719,096)	(2,948,437,779)	(13,385,800,736)
Cash received from disposal of investment in securities held for investment	3,408,316,559	13,517,591,904	3,304,648,698	13,460,825,373
Cash paid for purchase of equipment	(29,179,960)	(48,690,015)	(9,328,962)	(18,063,493)
Cash received from disposal of equipment	15,068,813	25,121,125	1,479,625	3,700,189
Net cash flows from investing activities	298,269,777	239,303,918	348,361,582	60,661,333
<b>Cash flows from financing activities</b>				
Cash received from exchange of warrants to purchase preference shares	23,750,000	12,100,000	23,750,000	12,100,000
Dividend paid	(20,000,000)	-	-	-
Net cash flows from financing activities	3,750,000	12,100,000	23,750,000	12,100,000
<b>Translation adjustments</b>	(24,581,110)	14,007,944	-	-
Net increase in cash and cash equivalents	132,313,027	185,783,965	18,781,944	103,759,917
Cash and cash equivalents at beginning of the period	665,732,838	704,349,224	106,557,178	159,332,360
Cash and cash equivalents at end of the period (Note 28)	798,045,865	890,133,189	125,339,122	263,092,277
<b>Supplemental cash flows information :-</b>				
Cash paid during the period for				
Interest	652,985,352	740,507,841	606,887,906	685,870,075
Corporate income tax	68,492,970	29,390,667	5,893,566	2,625,350
Non-cash transactions :-				
Conversion of preference shares to ordinary shares	847,176,000	383,590,000	847,176,000	383,590,000
Transfer of assets from troubled debt restructuring	-	115,734,642	-	115,734,642

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

TISCO FINANCE PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES  
NOTES TO INTERIM FINANCIAL STATEMENTS

**1. GENERAL INFORMATION**

**1.1 Company's information**

TISCO Finance Public Company Limited was incorporated as a public limited company under Thai laws. The Company operates its business in Thailand and has been licensed by the Ministry of Finance to operate a finance business. The Company's registered office is located at 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. The Company has 10 provincial offices in Thailand.

**1.2 Assumption of preparation of the financial statements**

Although Thailand's economic crisis has eased to a certain extent in the current period, financial restructuring within the business community is still prevalent and subject to readjustment. The residual effects of the crisis could affect the recoverable value of assets and the collection of loans and receivables. The accompanying financial statements reflect management's current assessment of the impact to date of the economic situation on the financial positions of the Company and its subsidiaries. Actual results could differ from management's current assessments.

**1.3 The Emergency Decree establishing Thai asset Management Corporation**

In June 2001 the Government issued an Emergency Decree establishing Thai Asset Management Corporation (TAMC). Under this Emergency Decree, financial institutions may choose whether to join the scheme and transfer those of their non-performing assets which meet the stipulated conditions to TAMC, within the specified timeframe. The assets are to be transferred at a price equal to the value of the collateral or a price stipulated by the Board of TAMC and any future profits and losses from the non-performing assets are to be shared.

The Emergency Decree stipulates that financial institutions which do not enter the scheme must have the value of collateral reappraised and, within a stipulated period, set up a provision for all types of non-performing assets at 100% of their book value after deducting collateral values.

The Company decided not to join the scheme and expected that this will not have any significant impact on the Company since it has collateral values reappraised every year in accordance with the Bank of Thailand's guidelines. As a result the collateral values are generally current. Also, as of 30 June 2002, the allowance for doubtful debts set aside by the Company was Baht 1,721 million in excess of the amount that would be required in accordance with the Bank of Thailand's guidelines, as discussed in Note 9.

## 2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

### 2.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 "Interim financial statements", with the Company choosing to present a complete set of financial statements as in the annual financial statements.

### 2.2 Basis for the preparation of the consolidated financial statements

The consolidated financial statements include the accounts of TISCO Finance Public Company Limited (the "Company") and its subsidiary companies (the "subsidiaries") after eliminating material intercompany balances and transactions. Those subsidiaries are set out below.

	(Unit : Percentage)							
	Percentage of shares held by the Company		Subsidiaries' total assets as a percentage to the consolidated total		Subsidiaries' total revenues as a percentage to the consolidated total for the six-month periods ended 30 June		Subsidiaries' net earnings (loss) as a percentage to the consolidated total for the six-month periods ended 30 June	
	<u>30 June 2002</u>	<u>31 December</u> <u>2001</u>	<u>30 June 2002</u>	<u>31 December 2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
<u>Subsidiaries directly owned by the Company</u>								
TISCO Securities Hong Kong Limited	100.00	100.00	1.79	1.51	1.23	2.37	(1.40)	0.34
TISCO Securities Co., Ltd.	99.99	99.99	4.61	4.19	12.81	13.86	23.31	39.08
Tru-Way Co., Ltd.	99.99	99.99	1.06	1.33	0.93	2.50	2.63	15.20
Thai Commercial Auto Co., Ltd.	50.00	50.00	4.59	3.84	3.84	4.54	7.06	10.94
Thai Permsub Finance Co., Ltd.	99.99	99.99	0.13	0.14	0.16	-	0.67	-
<u>Subsidiaries indirectly owned by the Company</u>								
TISCO Asset Management Co., Ltd.	99.99	99.99	0.60	0.55	4.22	4.86	9.25	12.70
TISCO Global Investment Holdings Limited	100.00	100.00	0.08	0.13	(0.06)	-	(0.33)	-
TISCO Securities UK Limited	100.00	100.00	0.64	0.10	0.21	-	(1.39)	-
TISCO Leasing Co., Ltd.	99.99	99.99	1.45	1.59	1.82	2.33	2.44	3.50
Hi-Way Co., Ltd.	99.99	99.99	1.76	1.54	6.12	6.06	10.47	14.39
Thai Information Technology Co., Ltd.	99.99	99.99	0.31	0.37	0.13	0.18	(8.44)	(14.25)
TW Auto Co., Ltd.	99.99	99.99	-	-	-	-	-	-

The Company and its subsidiaries were all incorporated and operate in Thailand, except TISCO Securities Hong Kong Limited and TISCO Global Investment Holdings Limited, which were incorporated and operate in Hong Kong; and TISCO Securities UK Limited, which was incorporated and operates in the United Kingdom.

- a) The financial statements of 2 subsidiary companies, which are included in the consolidated interim financial statements, TISCO Global Investment Holdings Limited and, TISCO Securities UK Limited, were prepared by the managements of these subsidiary companies and not audited by their auditors. As at 30 June 2002, these 2 subsidiary companies have aggregate assets included in the consolidated interim financial statements of approximately Baht 361 million, and aggregate revenues and aggregate net losses for the six-month period then ended of approximately Baht 4 million and Baht 11 million, respectively. These amounts are immaterial to the consolidated financial statements and the management believes that such amounts will not significantly differ if the financial statements were to be audited by auditors.
- b) On 20 November 2001, the Company acquired all ordinary shares of Thai Permsub Finance Company Limited (formerly known as “Thai Sakura Finance Company Limited”) for a consideration of Baht 149.8 million. As of the acquisition date, the cost of this investment was Baht 82 million higher than the fair value of the subsidiary’s net assets value. The excess was recorded as “Goodwill” in the consolidated balance sheets.
- c) The financial statements of overseas subsidiaries are translated to Thai Baht at the average closing exchange rate as to assets and liabilities, and at the average exchange rate at transaction dates as to revenues and expenses. The resultant difference has been shown under the caption of “Translation adjustments” within shareholders’ equity.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand (ICAAAT), which are effective under the Accounting Act B.E. 2543, and in accordance with the Notifications of the Bank of Thailand and the Office of the Securities and Exchange Commission.

Significant accounting policies adopted by the Company and its subsidiaries are summarised below :-

### 3.1 Revenue recognition

a) Interest and discounts on loans

Interest is recognised as income on an accrual basis and is based on principal outstanding. Hire-purchase and financial lease income are recognized over the installment period, using the effective interest rate.

For loans and receivables on which interest payments have been defaulted for more than one month, it is the policy of the Company and its subsidiaries to cease accruing income on such loans and receivables. For hire purchase and financial lease accounts which are overdue for more than three months, the recognition of interest income is ceased. The recorded accrued interest will be reversed from the Company and its subsidiaries' accounts and interest will be recognised as income on a cash basis.

Accrual of interest is ceased for margin loans on which interest is overdue by more than two months and interest is recognised on a cash basis.

The accounts will be reinstated to "accrual basis" when the overdue amount are received.

Interest or discounts already included in the face value of notes receivable or loans are recorded as deferred interest and taken up as income evenly throughout the term of the notes or loans.

b) Interest and dividends on investment in securities

Interest on investment is recognised as income on an accrual basis. Dividends from securities are recognised as income when the dividends are declared.

c) Commissions and brokerage

Brokerage on securities trading is recognised as income on the transaction dates.

d) Gain (loss) on trading in securities

Gain (loss) on trading of investment in securities are recognised as income/expense on the transaction dates.

e) Fees and service income

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

### **3.2 Interest expenses**

Interest expenses are charged to earnings on an accrual basis. Interest included in the face value of the notes payable is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

### **3.3 Investments in securities**

Investments in securities held for trading purposes are determined at fair value. Gains or losses arising from changes in the value of securities are included in the determining earnings.

Investments in available-for-sale securities, both held for short-term and long-term investment, are determined at fair value. Changes in the value of the securities are shown as separate items in shareholders' equity until the securities are sold, the changes are then included in determining earnings.

Investments in debt securities, both due within one year or expected to be held to maturity, are determined at cost after amortisation.

The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.

The fair value of marketable securities is based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt instruments is determined by using the formula quoted by the Bank of Thailand, which is based on the yield rate quoted by the Thai Bond Dealing Center or other financial institutions. The fair value of unit trusts is determined based on their net asset value.

Losses on impairment (if any) of the investments in available-for-sale securities, debt securities due within one year or expected to be held to maturity and other investments are included in determining earnings.

The moving average method is used for computation of the cost of investment.



In the event the Company and its subsidiaries reclassify their investments in securities, the investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining earnings or recorded as a surplus (deficit) from change in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

#### **3.4 Investments in receivables purchased or transferred in and allowance for impairment of investments**

Investments in receivables are recognised as other investments and shown at their acquisition cost net of allowance for impairment (if any). Impairment losses are presented in the earnings statements.

Allowance for impairment in the value of investments in receivables acquired is set up in accordance with the guidelines and regulations of the Bank of Thailand, together with analysis of the payment ability and status of each receivable acquired. The Company also uses experience to consider the level of risk and the value of collateral.

The Company classifies investments in receivables and sets up allowance for impairment based on the guidelines laid down by the BOT on provisioning rates for doubtful debt and the appraisal of collateral. Such provisioning is to be made with reference to the overdue period starting from the acquisition of investments and the value of collateral.

#### **3.5 Investment in subsidiary and associated companies**

Investments in subsidiary and associated companies are accounted for by the equity method. Under this method investment are initially recorded at cost, with the excess of the cost of the investment over the net book value at the acquisition date are amortised over a period of twenty years (after the change of estimate as discussed in the second paragraph). In each period after the purchase, investments are adjusted for the share of earnings from the operations of the subsidiaries, these amounts are in proportion to the investment.

During the third quarter of 2001, the Company changed an estimate of the useful life of goodwill arising from its investment in Tru-Way Company Limited and TISCO Asset Management Company Limited from 5 years to 20 years. Based on the projection of future benefits to be derived from these investments, the Company believes that the investments will generate benefits to the Company over a period longer than the 5 years originally estimated. The Company has therefore changed the period of amortisation of the goodwill from 5 years to 20 years, effective from the third quarter of 2001 onwards.

### **3.6 Loans and receivables**

The Company presents loans and receivables at principal balances, excluding accrued interest receivables. Unrecognised deferred income/discount on loans are deducted from loans.

### **3.7 Allowance for doubtful accounts and losses from troubled debt restructuring**

The Company and its subsidiaries provide allowances for doubtful accounts and losses from troubled debt restructuring in accordance with the notifications of the Bank of Thailand (“BOT”) or the Office of the Securities and Exchange Commission (“SEC”) and adjust the additional amount by which they expected not to be collectible. Judgment on the adequacy of the amount of allowance for doubtful accounts is based on the results of an evaluation of the current status of the debtors, in conjunction with the criteria laid down by the BOT or SEC in relation to the classification of loans, provisioning rates, valuation of collateral and reclassification of restructured loans.

An allowance for doubtful accounts for the hire-purchase and financial lease receivable of the subsidiaries is based on a percentage of the outstanding balance, net of unearned interest income. At the balance sheet date, the adequacy of the allowance for doubtful accounts is reviewed taking into consideration the current status of debtors. Accounts considered as uncollectible are written off as bad debts.

### **3.8 Troubled debt restructuring**

The Company records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Accounting Standard No. 34 "Accounting for Troubled Debts Restructuring" as pronounced by the Institute of Certified Accountants and Auditors of Thailand. Such accounting standard has not yet become effective under the Accounting Act B.E. 2543. The assets and equities was transferred to the Company for debt settlement at lower of fair values of the assets, less estimated selling expenses, or the amount of investment in receivables (excluding non-accrued interest income at the restructuring date).

In case where the debt restructuring involves modifications of terms of receivables, the fair value of investment in receivables after restructuring represents the net present value of the expected future cash flows, using the Minimum Lending Rates (MLR) prevailing at the restructuring date. The Company recorded the difference between the fair value of investment in receivables, and the amount of investments in receivables as of restructuring date as expenses in the earnings statements. Losses arising from restructuring by waiver of part of principal or recorded accrued interest receivable, less recorded allowance, are recognised in the statement of earnings when incurred.

### **3.9 Property foreclosed**

Property foreclosed is stated at the lower of cost or net realisable value.

### **3.10 Financial lease**

The Company and its subsidiaries record assets under financial leases as assets and liabilities at the fair value of leased assets on the commencing date of the lease or at the present value of the minimum payments stipulated in the lease agreement, whichever is lower. The Company and its subsidiaries use the interest rate specified in the lease agreement as the discount rate for calculating the present value of minimum payments. Interest is recorded throughout the lease period based on the outstanding amount payable in each period.

### 3.11 Depreciation and amortisation

- a) Land, premises and equipment are stated at cost less accumulated depreciation. Depreciation is calculated by reference to their cost on the straight-line method over the following estimated useful lives (with the exception of the depreciation of computer and communication equipment acquired since 2000, which is calculated using the sum-of-the-years-digits method over estimated useful lives of 3 years) :-

Buildings and condominium units	-	20	years
Office improvements	-	5	years
Furniture, fixtures and equipment	-	5	years
Motor vehicles	-	5	years

No depreciation is provided for land.

- b) Leasehold rights are amortised to expenses on a straight-line basis over the lease period of 12, 13.5 and 15 years.
- c) Software license fees are deferred and amortised over the period of the license agreements, which are for periods of 5 and 10 years. (with the exception of the amortisation of software licenses acquired since 2000, which is calculated using the sum-of-the-years-digits method over estimated useful lives of 3 years).
- d) Licenses to trade securities on the Hong Kong Exchange and Clearing Limited (“HKEC”) are stated at cost less amortisation on a straight-line basis over 10 years.

### 3.12 Deferred tax assets/liabilities

The Company and its subsidiaries provide for deferred income tax resulting from temporary differences in reporting income and expenses for financial reporting compared to income tax reporting. Accordingly, the income tax applicable to income which is not currently recognised, or to expenses which are not currently deductible for income tax purposes are set up as “Deferred income taxes” in the balance sheets. This will be allocated to future periods when the income is realised, or the expenses provided for, are actually incurred and considered deductible for income tax purposes.

However, the Company and its subsidiaries will recognise tax benefits as assets in its books of account if it is highly probable that the Company and its subsidiaries will generate sufficient profits from their future operations to utilise these benefits.

(The above accounting policy accords with the relevant International Accounting Standards, since this has not yet been addressed by any Thai Accounting Standard).

### **3.13 Sales of commercial paper**

The Company records sales of commercial paper purchased at a discount in the manner prescribed by the Bank of Thailand Announcement dated 17 May 1990, which is as follows :-

- a) Commercial paper with an aval or acceptance by a bank or another finance company and which was sold at a discount and without recourse, is credited to the debtors account at the face value of the commercial paper purchased. For commercial paper sold at a discount with aval or acceptance of the type described above, and sold with recourse, the outstanding balance from the sale is disclosed as part of “Contingent liabilities”.
- b) Commercial paper without an aval or acceptance and with a value of Baht 10 million or more per paper and sold without recourse, is credited to the debtor accounts. If a commercial paper is sold with recourse and has a value of less than Baht 10 million, the transaction is recorded as a liability, under the caption of “Liabilities from commercial paper sold”.

### **3.14 Foreign currencies**

Foreign currency transactions during the year have been translated into Baht at the rates ruling on the transaction dates. Assets and liabilities in foreign currencies outstanding on the balance sheet date have been translated into Baht at the rates ruling on the balance sheet date, except those covered by forward exchange contracts have been translated at the contract rates.

Exchange gains and losses are included in determining earnings. Premium on forward contracts is amortised over the contract period.

### **3.15 Financial instruments**

Financial instruments presented in the balance sheets comprise cash and deposits at financial institutions, loans to financial institutions, investments, loans, receivables and accrued interest receivables, trading transactions with securities companies, borrowings and deposits, securities sold under repurchase agreements and securities business payables. The accounting policy for each transaction is separately and individually disclosed.

### **3.16 Basic earnings per share**

Basic earnings per share is calculated by dividing net earnings for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing net earnings for the period by the total sum of the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares to be issued upon conversion of all potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

### **3.17 Use of accounting estimates**

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in setting up allowances for impairment of investments and property foreclosed, allowance for doubtful accounts and losses from troubled debt restructuring. Making such estimates and assumptions may affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

#### 4. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

Cash and deposits at financial institutions represent cash and all types of Baht and foreign currency deposits at banks and other financial institutions.

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2002	31 December 2001	30 June 2002	31 December 2001
Cash	4,649,942	6,560,203	1,435,957	1,348,472
Cash at banks	793,395,923	659,172,635	123,903,165	105,208,706
Negotiable certificates of deposit	41,469,088	50,351,736	-	-
Total	839,514,953	716,084,574	125,339,122	106,557,178

As at 30 June 2002, a Baht 34 million (as at 31 December 2001 : Baht 33 million) of the subsidiary's negotiable certificate deposit is stated at its face value less unearned interest income amounting to Baht 1.5 million (as at 31 December 2001 : Baht 3 million). During the period, the subsidiary recognized interest income of approximately Baht 1 million (as at 31 December 2001 : Baht 2 million).

As at 30 June 2002, cash deposits at banks of the Company and its local subsidiaries of approximately Baht 29 million (the Company only : Baht 18 million) were pledged with the banks to secure facilities provided for use as working capital and/or placed as a bond in lawsuits.

As at 30 June 2002, approximately Baht 96 million (as at 31 December 2001 : Baht 102 million) of the foreign subsidiary's cash deposits at banks were pledged with the bank to secure the credit facility.

#### 5. LOANS TO FINANCIAL INSTITUTIONS

These include all types of loans to local and foreign financial institutions, but exclude the deposits with financial institutions as referred to in Note 4.

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2002	31 December 2001	30 June 2002	31 December 2001
Call loans	183,000,000	58,811,387	-	-
Term loans	401,004,150	75,698,726	-	-
Total loans	584,004,150	134,510,113	-	-
Add : Accrued interest receivable	1,703,099	1,380,307	-	-
Net loans to financial institutions	585,707,249	135,890,420	-	-

## 6. INVESTMENTS IN SECURITIES

(Unit : Baht)

	Consolidated			
	30 June 2002		31 December 2001	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b><u>Current investment</u></b>				
<b>Trading securities</b>				
Equity securities :				
Domestic marketable equity securities	174,103,57	178,692,31	474,335,784	594,271,350
Add (less) : Allowance for changes in value	4,588,74		119,935,566	
Net equity securities	178,692,31		594,271,350	
Debt securities :				
Debt securities of private sector	36,668,68	36,671,53	-	-
Add (less) : Allowance for changes in value	2,85		-	
Net debt securities	36,671,53		-	
Total trading securities	215,363,85		594,271,350	
<b>Available-for-sales securities</b>				
Debt securities :				
Government and state enterprise securities	1,283,983,95	1,343,109,24	1,660,075,995	1,807,041,487
Debt securities of private sector	469,719,51	489,802,29	499,676,213	520,896,556
Total	1,753,703,47	1,832,911,53	2,159,752,208	2,327,938,043
Add (less) : Allowance for changes in value	79,208,06		168,185,835	
Debt securities - net	1,832,911,53		2,327,938,043	
Equity securities :				
Domestic marketable equity securities	377,147,17	450,848,93	468,750,082	397,894,044
Other securities - unit trusts	17,486,93	16,478,21	11,997,490	11,308,000
Total	394,634,11	467,327,14	480,747,572	409,202,044
Add (less) : Allowance for changes in value	72,693,03		(71,545,528)	
Net equity securities	467,327,14		409,202,044	
Total available-for-sales securities	2,300,238,68		2,737,140,087	
Net current investments	2,515,602,53		3,331,411,437	



(Unit : Baht)

	Consolidated			
	30 June 2002		31 December 2001	
	Cost /		Cost /	
	Book value	Fair value	Book value	Fair value
<b>Long-term investment</b>				
<b>Available-for-sales securities</b>				
Debt securities :				
Government and state enterprise securities	113,128,710	107,446,81	-	-
Debt securities of private sector	699,064,630	680,843,710	749,620,093	685,699,860
Total	812,193,350	788,290,520	749,620,093	685,699,860
Add (less) : Allowance for changes in value	47,404,680		15,532,167	
Less : Allowance for impairment	(71,307,510)		(79,452,400)	
Debt securities - net	788,290,520		685,699,860	
Equity securities :				
Domestic marketable equity securities	686,316,950	697,960,910	56,262,159	75,228,188
Other securities - unit trusts	316,459,150	312,251,190	349,697,210	345,109,388
Total	1,002,776,100	1,010,212,100	405,959,369	420,337,576
Add (less) : Allowance for changes in value	7,435,990		16,700,481	
Less : Allowance for impairment	-		(2,322,274)	
Net equity securities	1,010,212,100		420,337,576	
Total available-for-sales securities	1,798,502,630		1,106,037,436	
<b>Held-to-maturity debt securities</b>				
Debt securities :				
Government and state enterprise securities	3,373,293,650		3,343,254,996	
Debt securities of private sector	392,554,880		405,529,610	
Total held-to-maturity debt securities	3,765,848,530		3,748,784,606	
<b>Other investment</b>				
Equity securities :				
Domestic non-marketable equity securities	1,257,903,730		1,286,710,499	
Investment in receivables	209,982,590		235,623,807	
Add (less) : Allowance for changes in value	(1,580,050)		(3,722,263)	
Less : Allowance for impairment	(305,223,560)		(365,412,358)	
Total other investment	1,161,082,710		1,153,199,685	
Net long-term investments	6,725,433,870		6,008,021,727	
<b>Investment in subsidiaries and associated companies</b>				
Investment in associated companies	19,996,270		21,898,081	
Net investments	9,261,032,690		9,361,331,245	

(Unit : Baht)

	The Company Only			
	30 June 2002		31 December 2001	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b><u>Current investment</u></b>				
<b>Available-for-sales securities</b>				
Debt securities :				
Government and state enterprise securities	1,283,983,951	1,343,109,241	1,659,970,910	1,806,936,402
Debt securities of private sector	428,319,511	447,869,291	453,676,213	475,240,556
Total	1,712,303,462	1,790,978,532	2,113,647,123	2,282,176,958
Add (less) : Allowance for changes in value	78,675,061		168,529,835	
Debt securities - net	1,790,978,532		2,282,176,958	
Equity securities :				
Domestic marketable equity securities	377,147,171	450,848,931	468,750,082	397,894,044
Other securities - unit trusts	17,434,691	16,478,211	11,997,490	11,308,000
Total	394,581,862	467,327,142	480,747,572	409,202,044
Add (less) : Allowance for changes in value	72,745,261		(71,545,528)	
Net equity securities	467,327,123		409,202,044	
Net available-for-sales securities	2,258,305,655		2,691,379,002	
Net current investments	2,258,305,655		2,691,379,002	
<b><u>Long-term investment</u></b>				
<b>Available-for-sales securities</b>				
Debt securities :				
Debt securities of private sector	699,064,631	680,843,711	749,620,093	685,699,859
Add (less) : Allowance for changes in value	49,383,801		15,532,166	
Less : Allowance for impairment	(67,604,731)		(79,452,400)	
Debt securities - net	680,843,701		685,699,859	

(Unit : Baht)

	The Company Only			
	30 June 2002		31 December 2001	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Equity securities :				
Domestic marketable equity securities	686,135,741	699,326,70	10,753,689	10,350,000
Other securities - unit trusts	316,459,156	312,251,19	349,417,436	345,109,388
Total	1,002,594,897	1,011,577,89	360,171,125	355,459,388
Add (less) : Allowance for changes in value	8,982,997		(4,711,737)	
Net equity securities	1,011,577,894		355,459,388	
Total available-for-sales securities	1,692,421,604		1,041,159,247	
<b>Held-to-maturity debt securities</b>				
Debt securities :				
Government and state enterprise securities	3,331,000,000		3,331,000,000	
Debt securities of private sector	383,138,974		396,159,171	
Total held-to-maturity debt securities	3,714,138,974		3,727,159,171	
<b>Other investment</b>				
Non-marketable equity securities :				
At cost	992,873,771		1,056,041,956	
Investment in receivables	209,982,593		235,623,807	
Less : Allowance for changes in value	-		(3,722,263)	
Less : Allowance for impairment	(121,089,164)		(179,697,907)	
Total other investment	1,081,767,200		1,108,245,593	
Net long-term investments	6,488,327,778		5,876,564,011	
<b>Investment in subsidiaries and associated companies</b>				
Investment in subsidiaries	4,580,459,398		4,246,551,297	
Net investments	13,327,092,859		12,814,494,310	

- 6.1 As at 30 June 2002, held-to-maturity debt securities amounting to Baht 3,331 million (as at 31 December 2001 : Baht 3,331 million) are debt instruments which the Company has invested under the conditions of the Ministry of Finance under the Tier I and Tier II capital support scheme. These debt instruments are ten-year non-negotiable government bonds which bear interest at rates of 4% and 5% per annum.
- 6.2 As at 30 June 2002, the Company has a commitment not to sell marketable equity securities totalling Baht 251 million (as at 31 December 2001 : Baht 168 million) for the period, as a condition of troubled debt restructuring agreement made with restructured receivables.
- 6.3 As at 30 June 2002, there are investments in government and state enterprise securities amounting to Baht 150 million which the Company has, with assignation of power of attorney, pledged with a foreign bank as security under the interest rate swap agreement to exchange a floating interest rate for a fixed interest rate as described in Note 32.2
- 6.4 Investment in debt securities of the Company and its subsidiaries as at 30 June 2002, classified by due date are summarised below.

(Unit : Baht)

	Consolidated			Total
	Maturity			
	1 year	Exceed 1-5 years	Exceed 5 years	
<b>Available-for-sale securities</b>				
Government and state				
enterprise securities	-	-	1,397,112,675	1,397,112,675
Debt securities of private sector	64,709,670	1,104,074,483	-	1,168,784,153
Total	64,709,670	1,104,074,483	1,397,112,675	2,565,896,828
Add (less) : Allowance for changes				
in value	70,583	69,395,998	57,146,168	126,612,749
Less : Impairment of securities	(60,874,000)	(6,730,733)	(3,702,778)	(71,307,511)
Total	3,906,253	1,166,739,748	1,450,556,065	2,621,202,066
<b>Held-to-maturities debt securities</b>				
Government and state				
enterprise securities	40,055,954	-	3,333,237,700	3,373,293,654
Debt securities of private sector	9,411,085	376,775,681	6,368,117	392,554,883
Total	49,467,039	376,775,681	3,339,605,817	3,765,848,537

Total debt securities	53,373,292	1,543,515,429	4,790,161,882	6,387,050,603
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(Unit : Baht)

The Company Only

	Maturity			
	1 year	Exceed		Total
		1-5 years	5 years	
<b>Available-for-sale securities</b>				
Government and state				
enterprise securities	-	-	1,283,983,959	1,283,983,959
Debt securities of private sector	64,709,670	1,062,674,483	-	1,127,384,153
Total	64,709,670	1,062,674,483	1,283,983,959	2,411,368,112
Add (less) : Allowance for changes				
in value	70,583	68,862,998	59,125,288	128,058,869
Less : Impairment of securities	(60,874,000)	(6,730,733)	-	(67,604,733)
Total	3,906,253	1,124,806,748	1,343,109,247	2,471,822,248
<b>Held-to-maturities debt securities</b>				
Government and state				
enterprise securities	-	-	3,331,000,000	3,331,000,000
Debt securities of private sector	-	376,774,944	6,364,030	383,138,974
Total	-	376,774,944	3,337,364,030	3,714,138,974
Total debt securities	3,906,253	1,501,581,692	4,680,473,277	6,185,961,222

6.5 As at 30 June 2002, the Company and its subsidiaries have the following investment in companies which have weak financial standing or operating results :-

(Unit : Baht)

	Consolidated			The Company Only		
	Cost	Fair value	Allowance for <sup>(1)</sup> changes in value	Cost	Fair value	Allowance for <sup>(1)</sup> Changes in Value
Companies having problems						
with debt repayment or in default	68,574,000	2,411,505	66,204,733	68,574,000	2,411,505	66,204,733
	68,574,000	2,411,505	66,204,733	68,574,000	2,411,505	66,204,733

<sup>(1)</sup> Allowance for changes in value of investment is calculated at cost less collateral value.

6.6 The following are investments whereby the Company and its subsidiaries hold not less than 10 percent of the equity of the investees:-

(Unit : Baht)

Name	Consolidated					
	30 June 2002			31 December 2001		
	Book value	Unpaid amount	Percentage of holding	Book value	Unpaid amount	Percentage of holding
		%			%	
<b>Insurance :</b>						
Guardian Insurance (Thailand) Co., Ltd.	192,000,000	-	40	192,000,000	-	40
AXA Insurance Plc.	58,887,015	-	11	58,887,015	-	11
<b>Services :</b>						
American Appraisal (Thailand) Co., Ltd.	3,212,578	-	20	3,212,578	-	20
Jiji Press (Thailand) Co., Ltd.	1,627,646	600,000	20	1,627,646	600,000	20
K. Line (Thailand) Co., Ltd.	35,334,990	-	10	35,334,990	-	10
<b>Leasing and hire purchase :</b>						
DKB Leasing (Thailand) Limited	1,849,050	-	21	1,849,050	-	21
Volkswagen Leasing Thailand Limited	19,996,279	40,000,000	20	21,898,081	40,000,000	20
<b>Trading import and export :</b>						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	13,904,710	-	15
Wattana Inter - Trade Co., Ltd.	5,382,300	-	10	5,382,300	-	10
<b>Real estate :</b>						
JLW (Thailand) Ltd.	400,000	-	10	400,000	-	10
PNC (Thailand) Co., Ltd.	-	-	-	15,000	-	10
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	22,635,000	-	10	22,635,000	-	10
Sathorn Sombat Co., Ltd.	6,040,000	-	20	6,040,000	-	20
Huay Kaew Real Estate Co., Ltd.	168,850	-	100	-	-	-
<b>Industrial :</b>						
Siam Art Ceramic Co., Ltd.	19,800,000	-	10	19,800,000	-	10
<b>Holding :</b>						
Interthai Holdings Ltd. (Preference shares)	250,000	750,000	10	250,000	750,000	10

(Unit : Baht)

Name	The Company Only					
	30 June 2002			31 December 2001		
	Book value	Unpaid amount	Percentage of holding	Book value	Unpaid amount	Percentage of holding
			%			%
<b>Services :</b>						
TISCO Securities Hong Kong Ltd.	286,361,735	-	100	313,859,912	-	100
TISCO Securities Co., Ltd.	1,797,497,268	-	99.99	1,641,599,323	-	99.99
Thai Information Technology Co., Ltd. (another 90% held by subsidiary companies)	4,062,069	-	10	3,015,548	-	10
Jiji Press (Thailand) Co., Ltd.	1,627,646	600,000	20	1,627,646	600,000	20
		0				
American Appraisal (Thailand) Co., Ltd.	1,645,410	-	10	1,645,410	-	10
K. Line (Thailand) Co., Ltd.	35,334,990	-	10	35,334,990	-	10
<b>Leasing and hire purchase :</b>						
Tru-Way Co., Ltd.	1,811,929,122	-	99.99	1,610,851,052	-	99.99
Thai Commercial Auto Co., Ltd.	410,665,252	-	50	410,977,491	-	50
Hi-Way Co., Ltd. (ordinary shares and preference shares) (another 90% held by subsidiary company)	122,070,545	-	10	116,576,943	-	10
DKB Leasing (Thailand) Limited (another 19% held by subsidiary company)	176,100	-	2	176,100	-	2
<b>Trading import and export :</b>						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	13,904,710	-	15
Wattana Inter - Trade Co., Ltd.	5,382,300	-	10	5,382,300	-	10
<b>Real estate :</b>						
JLW (Thailand) Ltd.	400,000	-	10	400,000	-	10
PNC (Thailand) Co., Ltd.	-	-	-	15,000	-	10
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	22,635,000	-	10	22,635,000	-	10
Huay Kaew Real Estate Co., Ltd.	168,850	-	100	-	-	-
<b>Industrial :</b>						
Siam Art Ceramic Co., Ltd.	19,800,000	-	10	19,800,000	-	10
<b>Holding :</b>						
Interthai Holdings Ltd. (Preference shares)	250,000	750,000	10	250,000	750,000	10
		0				
Thai Permsub Finance Co., Ltd.	147,873,407	-	99.99	149,732,301	-	99.99

6.7 The Company did not record investments in Jiji Press (Thailand) Co., Ltd., Guardian Insurance (Thailand) Co., Ltd., DKB Leasing (Thailand) Co., Ltd., Sathorn Sombat Co., Ltd., and American Appraisal (Thailand) Co., Ltd., in which the Company and its subsidiaries hold not less than 20% of the equity, by the equity method since these investments had been transferred as the result of debt restructuring. The Company is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations.

6.8 On 28 February 2002, 16,884,994 shares of Huay Kaew Real Estate Company Limited were transferred to the Company at a price of Baht 0.01 each, a total of Baht 168,850. As a result, the Company's shareholdings in such Company is 100%. The Company has not included the financial statements of such company in the consolidated financial statements and has not recorded its investment in such company under the equity method since the Company holds shares in such company for the purpose of debt restructuring and plans to dispose of such investment when the Company has received full repayment of debt in accordance with the conditions stipulated in the debt restructuring agreement.

## 7. INVESTMENT IN SUBSIDIARY COMPANIES

The Company's investment in its subsidiaries as at 30 June 2002 and 31 December 2001 are summarised below.

Company's name	Nature of business	Nature of relationship	Paid-up share capital		Percentage of holding (%)		Cost method		Equity method <sup>(1)</sup>		(Unit : Million Baht) Dividend income <sup>(2)</sup> received for the six-month periods ended	
			30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	
			2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
<b><u>Subsidiary companies directly held by the Company</u></b>												
TISCO Securities Hong Kong Limited	Services	Shareholders	HKD 20 million	HKD 20 million	100	100	66	66	286	314	-	-
TISCO Securities Co., Ltd.	Services	Shareholders	1,500	1,500	99.99	99.99	1,500	1,500	1,797	1,641	-	-
Tru-Way Co., Ltd.	Hire purchase and holdings	Shareholders	1,200	1,200	99.99	99.99	1,078	1,078	1,938	1,731	-	-
Thai Commercial Auto Co., Ltd.	Hire purchase	Shareholders	800	800	50	50	434	434	411	411	20	20
Thai Permsub Finance Co., Ltd.	Finance	Shareholders	150	150	99.99	99.99	150	150	148	150	-	-
									4,580	4,247	20	20

<sup>(1)</sup> Calculated by including share of profit in subsidiaries in which the Company has indirect holdings.

<sup>(2)</sup> Including dividend received from subsidiary companies which indirectly held by the Company.



## 8. LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE

### 8.1 Classified by loan type

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2002	31 December 2001	30 June 2002	31 December 2001
<b><u>Finance business loans and receivable :</u></b>				
Loans	14,427,701,345	13,460,431,336	14,388,042,555	14,003,139,762
Notes receivable	2,508,438,801	2,504,441,050	2,764,852,253	2,358,441,050
Hire-purchase and financial lease receivable	19,796,177,055	15,682,485,868	15,660,467,784	12,064,479,043
Total finance business loans and receivable	36,732,317,201	31,647,358,254	32,813,362,592	28,426,059,855
Add : Accrued interest receivable	151,905,224	201,527,318	131,131,344	184,535,690
Less : Allowance for doubtful accounts	(3,806,157,533)	(1,261,937,450)	(3,518,080,618)	(973,183,152)
Less : Allowance for loss on debt restructuring	(360,191,213)	(333,862,492)	(360,191,213)	(333,862,492)
Net finance business loans and receivable and accrued interest receivable	32,717,873,679	30,253,085,630	29,066,222,105	27,303,549,901
<b><u>Securities business receivable :</u></b>				
Customer's accounts	677,774,590	337,134,121	-	-
Other receivable :-				
Overdue customers' accounts	28,738	-	-	-
Receivables under litigation	353,433,354	358,039,859	-	-
Receivables which are enforced by courts	72,094,720	71,056,768	-	-
Installment receivable	117,887,495	139,486,622	-	-
Total securities business receivable	1,221,218,897	905,717,370	-	-
Add : Accrued interest receivable	3,333	31,759	-	-
Less : Allowance for doubtful accounts	(539,238,894)	(555,455,865)	-	-
Net securities business receivable and accrued interest receivable	681,983,336	350,293,264	-	-
Net loans, receivable and accrued interest receivable	33,399,857,015	30,603,378,894	29,066,222,105	27,303,549,901

## 8.2 Classified by remaining periods of contracts

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2002	31 December 2001	30 June 2002	31 December 2001
Finance business loans and receivable				
At call (included contracts which are due)	3,580,998,509	2,624,648,783	3,146,951,522	2,476,797,830
Not over 1 year	5,559,037,792	5,089,903,436	3,701,784,551	3,435,610,011
Over 1 year	27,592,280,900	23,932,806,035	25,964,626,519	22,513,652,014
Total finance business loans and receivable	36,732,317,201	31,647,358,254	32,813,362,592	28,426,059,855
Add : Accrued interest receivable	151,905,224	201,527,318	131,131,344	184,535,690
Total finance business loans and receivable and accrued interest receivable	36,884,222,425	31,848,885,572	32,944,493,936	28,610,595,545

## 8.3 Classified by type of business

(Unit : Baht)

	Consolidated as at 30 June 2002						Subsidiaries	Total
	The Company Only							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts	Total		
Agricultural and mining	16,270,021	-	-	-	29,857,022	46,127,043	-	46,127,043
Manufacturing and commerce	3,979,563,439	25,351,733	174,031,973	168,750,840	510,059,833	4,857,757,818	24,412,570	4,882,170,388
Real estate and construction	2,327,776,061	20,514,418	260,238,216	6,410,887	677,411,500	3,292,351,082	-	3,292,351,082
Public utilities and services	2,332,419,346	-	-	-	52,636,731	2,385,056,077	-	2,385,056,077
Personal use								
Hire-purchase	14,734,855,760	489,933,808	71,957,524	35,889,312	10,166,954	15,342,803,358	3,756,669,571	19,099,472,929
Housing loans	2,233,797,022	77,975,487	25,160,660	29,864,129	541,745,222	2,908,542,520	-	2,908,542,520
Securities	-	-	-	-	-	-	1,221,218,897	1,221,218,897
Others	2,148,750,518	102,205,702	265,527,969	11,106,196	768,310,733	3,295,901,118	822,696,044	4,118,597,162
Total finance and securities business loans and receivable	27,773,432,167	715,981,148	796,916,342	252,021,364	2,590,187,995	32,128,539,016	5,824,997,082	37,953,536,098
add : Accrued interest receivable	103,872,812	27,258,532	-	-	-	131,131,344	20,777,213	151,908,557
Total finance and securities business loans Receivable and accrued interest receivable	27,877,304,979	743,239,680	796,916,342	252,021,364	2,590,187,995	32,259,670,360	5,845,774,295	38,105,444,655

(Unit : Baht)

The Company only as at 30 June 2002						
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debt	Total
Agricultural and mining	16,270,021	-	-	-	29,857,022	46,127,043
Manufacturing and commerce	3,979,563,439	25,351,733	174,031,973	168,750,840	510,059,833	4,857,757,818
Real estate and construction	2,327,776,061	20,514,418	260,238,216	6,410,887	677,411,500	3,292,351,082
Public utilities and services	2,403,752,611	-	-	-	52,636,731	2,456,389,342
Personal use						
Hire-purchase	14,734,855,76	489,933,808	71,957,524	35,889,312	10,166,954	15,342,803,35
	0					8
Housing loans	2,233,797,022	77,975,487	25,160,660	29,864,129	541,745,222	2,908,542,520
Securities	-	-	-	-	-	-
Others	2,762,240,829	102,205,702	265,527,969	11,106,196	768,310,733	3,909,391,429
Total finance business loans and receivable	28,458,255,74	715,981,148	796,916,342	252,021,364	2,590,187,995	32,813,362,59
	3					2
Add : Accrued interest receivable	103,872,812	27,258,532	-	-	-	131,131,344
Total finance business loans and receivable and accrued interest receivable	28,562,128,55	743,239,680	796,916,342	252,021,364	2,590,187,995	32,944,493,93
	5					6

(Unit : Baht)

Consolidated as at 31 December 2001								
	The Company Only					Subsidiaries	Total	
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts			Total
Agricultural and mining	28,770,686	-	-	-	8,100,000	36,870,686	-	36,870,686
Manufacturing and commerce	3,853,671,658	35,608,041	-	62,538,644	298,022,674	4,249,841,017	33,822,195	4,283,663,212
Real estate and construction	2,125,218,699	27,916,910	9,217,808	-	591,549,433	2,753,902,850	-	2,753,902,850
Public utilities and services	3,008,207,987	-	-	-	7,770,057	3,015,978,044	-	3,015,978,044
Personal use								
Hire-purchase	11,461,725,27	339,683,496	55,249,748	24,019,970	-	11,880,678,49	3,199,143,109	15,079,821,60
	7					1		0
Housing loans	2,262,738,875	77,513,820	32,243,748	16,605,066	485,847,111	2,874,948,620	-	2,874,948,620
Securities	-	-	-	-	-	-	905,717,370	905,717,370
Others	2,804,069,161	20,816,908	8,951,287	12,755,506	186,832,164	3,033,425,026	568,748,216	3,602,173,242
Total finance and securities business loans and receivable	25,544,402,34	501,539,175	105,662,591	115,919,186	1,578,121,439	27,845,644,73	4,707,430,890	32,553,075,62
	3					4		4
add : Accrued interest receivable	161,499,269	23,022,303	10,119	4,001	-	184,535,692	17,023,385	201,559,077
Total finance and securities business loans Receivable and accrued interest receivable	25,705,901,61	524,561,478	105,672,710	115,923,187	1,578,121,439	28,030,180,42	4,724,454,275	32,754,634,70
	2					6		1

(Unit : Baht)

The Company only as at 31 December 2001						
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debt	Total
Agricultural and mining	28,770,686	-	-	-	8,100,000	36,870,686
Manufacturing and commerce	3,853,671,658	35,608,041	-	62,538,644	298,022,674	4,249,841,017
Real estate and construction	2,125,218,699	27,916,910	9,217,808	-	591,549,433	2,753,902,850
Public utilities and services	3,095,971,366	-	-	-	7,770,057	3,103,741,423
Personal use						
Hire-purchase	11,461,725,277	339,683,496	55,249,748	24,019,970	-	11,880,678,49
						1
Housing loans	2,262,738,875	77,513,820	32,243,748	16,605,066	485,847,111	2,874,948,620
Securities	-	-	-	-	-	-
Others	3,296,720,903	20,816,908	8,951,287	12,755,506	186,832,164	3,526,076,768

Total finance business loans and receivable	26,124,817,464	501,539,175	105,662,591	115,919,186	1,578,121,439	28,426,059,85
						5
Add : Accrued interest receivable	<u>161,499,269</u>	<u>23,022,303</u>	<u>10,118</u>	<u>4,000</u>	<u>-</u>	<u>184,535,690</u>
Total finance business loans and receivable and accrued interest receivable	<u><u>26,286,316,733</u></u>	<u><u>524,561,478</u></u>	<u><u>105,672,709</u></u>	<u><u>115,923,186</u></u>	<u><u>1,578,121,439</u></u>	<u><u>28,610,595,54</u></u>
						5

8.4 As at 30 June 2002, loans and receivable include debts of approximately Baht 256 million receivable from the subsidiary companies as a result of restructuring of debts owed by certain related companies (as at 31 December 2001 : Baht 431 million). All these debts are classified as normal loans due to regular servicing of interest and loan principals. Most of these receivables are not collateralised.

8.5 As at 30 June 2002, the Company had loans and receivable of approximately Baht 3,664 million (as at 31 December 2001 : Baht 1,707 million) on which the recognition of interest income would be ceased under the Bank of Thailand's guidelines (i.e. accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date). However, the total loans and receivables on which the Company has actually ceased accruing interest (as discussed in Note 3.1 a), in accordance with its accounting policy, amounted to approximately Baht 6,502 million (as at 31 December 2001 : Baht 4,640 million), with Baht 4,498 million of such amount being loans and receivables, for which a 100 percent allowance for doubtful debts has been provided against the unsecured portion. The above amounts are calculated on an account-by-account basis.

As at 30 June 2002, the local subsidiaries had securities business receivable, hire-purchase receivable, financial lease receivable and other loans and receivables totalling Baht 693 million, on which the recognition of income had been suspended (as at 31 December 2001 : Baht 693 million), with Baht 639 million of such amount being loans and receivables, for which a 100 percent allowance for doubtful debts has been provided.

Unearned interest income totalling Baht 2,840 million (the Company only : Baht 1,865 million) is presented as a deduction against finance business loans and receivable (as at 31 December 2001 : Baht 2,595 million and the Company only : Baht 1,534 million).

8.6 As at 30 June 2002, the Company's loans and receivable include restructured loans and receivables amounting to approximately Baht 2,804 million (net of collateral values). As a result of restructuring, the due date for the first repayment of these restructured loans and receivable has been rescheduled. In addition, the Company has another approximately Baht 876 million of loans and receivable (net of collateral values) which are in the process of being

restructured, against which an allowance for possible loan loss of approximately Baht 635 million has been provided for.

## 8.7 Troubled Debt Restructuring

During the period, the Company entered into troubled debt restructuring agreements with 80 debtors, with aggregate loan balance (before restructuring) of approximately Baht 1,672 million.

As at 30 June 2002, the number of debtors which were subjected to debt restructuring amounted to 713 as summarised below.

Type of restructuring	Number of receivables	Outstanding loan balance before restructuring Million Baht	Type of assets transferred	Fair value of transferred assets Million Baht
Transfer of assets	19	2,166	Land and premises	2,139
Transfer of equity securities	4	770	Equity securities	409
Transfer of assets and equity securities and modification of terms	3	898	Land Equity securities Machinery	198 14 22
Transfer of equity securities and modification of terms	35	3,269	Equity securities	1,218
Transfer of assets and modification of terms	12	2,191	Debt securities Land and premises Equity securities Air conditioners	6 465 190 2
Modification of terms	640	14,747		
Total	713	24,041		4,663

The balance of the restructured debts as at 30 June 2002 amounted to approximately Baht 7,548 million (as at 31 December 2001 : Baht 6,867 million).

During the six-month period ended 30 June 2002, the Company recognized interest income on restructured receivables totaling Baht 100 million, received repayments of principal and interest from the restructured receivables totaling Baht 1,498 million and recorded losses from restructuring totaling Baht 26 million (for the year ended 31 December 2001 : Baht 448 million 3,851 million and 191 million, respectively).

## 9. ALLOWANCE FOR DOUBTFUL ACCOUNTS / ALLOWANCE FOR LOSS ON DEBT RESTRUCTURING

### 9.1 Allowance for doubtful accounts

(Unit : Baht)

Consolidated as at 30 June 2002							
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad debts	General reserve	Total
<i>Allowance for doubtful accounts :</i>							
Balance-beginning of period	159,321,757	9,213,691	13,830,553	64,832,501	-	1,570,194,813	1,817,393,315
Increase (decrease) in allowance for doubtful accounts during the period	18,393,482	5,272,092	81,002,094	(31,324,971)	146,377,193	308,296,380	528,016,270
Bad debts written-off	-	-	-	-	(16,980,345)	(19,670,623)	(36,650,968)
	<u>177,715,239</u>	<u>14,485,783</u>	<u>94,832,647</u>	<u>33,507,530</u>	<u>129,396,848</u>	<u>1,858,820,570</u>	<u>2,308,758,617</u>
<i>Allowance for doubtful accounts for written-off account receivables which have been written back in the second quarter of 2002, in accordance with the Bank of Thailand's guidelines</i>	<u>573,421,577</u>	<u>8,746,526</u>	<u>70,000,000</u>	<u>89,561,209</u>	<u>1,294,908,498</u>	<u>-</u>	<u>2,036,637,810</u>
Balance-end of period	<u>751,136,816</u>	<u>23,232,309</u>	<u>164,832,647</u>	<u>123,068,739</u>	<u>1,424,305,346</u>	<u>1,858,820,570</u>	<u>4,345,396,427</u>

(Unit : Baht)

The Company only as at 30 June 2002							
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad debts	General reserve	Total
<i>Allowance for doubtful accounts :</i>							
Balance-beginning of period	159,321,757	9,213,691	13,830,553	64,832,501	-	725,984,650	973,183,152
Increase (decrease) in allowance for doubtful accounts during the period	18,393,482	5,272,092	81,002,094	(31,324,971)	146,377,193	305,520,111	525,240,001
Bad debts written-off	-	-	-	-	(16,980,345)	-	(16,980,345)
	<u>177,715,239</u>	<u>14,485,783</u>	<u>94,832,647</u>	<u>33,507,530</u>	<u>129,396,848</u>	<u>1,031,504,761</u>	<u>1,481,442,808</u>
<i>Allowance for doubtful accounts for written-off account receivables which have been written back in the second quarter of 2002, in accordance with the Bank of Thailand's guidelines</i>	<u>573,421,577</u>	<u>8,746,526</u>	<u>70,000,000</u>	<u>89,561,209</u>	<u>1,294,908,498</u>	<u>-</u>	<u>2,036,637,810</u>
Balance-end of period	<u>751,136,816</u>	<u>23,232,309</u>	<u>164,832,647</u>	<u>123,068,739</u>	<u>1,424,305,346</u>	<u>1,031,504,761</u>	<u>3,518,080,618</u>

(Unit : Baht)

Consolidated as at 31 December 2001							
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	129,650,663	5,318,712	39,093,836	55,613,903	-	1,460,531,767	1,690,208,881
Increase (decrease) in allowance for doubtful accounts during the period	59,671,094	3,894,979	(25,263,283)	9,218,598	249,688,802	110,271,738	407,481,928
Bad debt written - off	(30,000,000)	-	-	-	(249,688,802)	(608,692)	(280,297,494)
	<u>159,321,757</u>	<u>9,213,691</u>	<u>13,830,553</u>	<u>64,832,501</u>	<u>-</u>	<u>1,570,194,813</u>	<u>1,817,393,315</u>

(Unit : Baht)

The Company only as at 31 December 2001							
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	129,650,663	5,318,712	39,093,836	55,613,903	-	554,394,812	784,071,926
Increase (decrease) in allowance for doubtful accounts during the period	59,671,094	3,894,979	(25,263,283)	9,218,598	249,688,802	171,589,838	468,800,028
Bad debt written - off	(30,000,000)	-	-	-	(249,688,802)	-	(279,688,802)

Balance - end of period	<u>159,321,757</u>	<u>9,213,691</u>	<u>13,830,553</u>	<u>64,832,501</u>	<u>-</u>	<u>725,984,650</u>	<u>973,183,152</u>
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During the first quarter of 2002, the Bank of Thailand announced new guidelines for the classification of debtors and provisioning for doubtful debt according to the class of debtor. These included no longer writing off the portion of receivables classified as bad debt for which 100 percent provision has been set up. For the purpose of efficient control and management of non-performing loans, the Company still makes provision for doubtful debt based on the previous rates and in the first quarter of 2002 has ceased writing off the portion of loans classified as bad debt for which full provision has been made. From the second quarter of 2002, the Company has recorded all loans which were previously written off as bad debts, together with a 100 percent provision. This is being done for the purpose of control efficiency and has no impact on the operations of the Company. Under the Bank of Thailand's guidelines, all written-back loans, together with 100 percent provision are not considered as non-performing loans.

## 9.2 Allowance for loss on debt restructuring

(Unit : Baht)

	The Company Only	
	<u>30 June 2002</u>	<u>31 December 2001</u>
Balance - beginning of period	333,862,492	417,385,934
Increase during period	42,334,645	42,999,246
Written-off	(16,005,924)	(126,522,688)
Balance - end of period	<u>360,191,213</u>	<u>333,862,492</u>

Under the Bank of Thailand's guidelines concerning the loan loss provisioning, the Company would have been required to provide an allowance for doubtful debts as at 30 June 2002 of approximately Baht 2,157 million (as at 31 December 2001 : Baht 557 million) against its loans and receivables, including those undergoing debt restructuring. However, the Company has set up an allowance for doubtful debts and allowance for loss on debt restructuring totaling Baht 3,878 million (as at 31 December 2001 : Baht 1,307 million), or Baht 1,721 million (as at 31 December 2001 : Baht 750 million) more than the required amount.

The allowance for doubtful debts of Baht 3,878 million, as mentioned above, consists of allowance for doubtful debts of Baht 2,374 million set aside for the unsecured portion of loans amounting Baht 4,498 million at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,504 million set up for the other loans and receivables.



As at 30 June 2002, the Company had outstanding non-performing loans and receivables of approximately Baht 1,771 million, against which an allowance for doubtful debts of Baht 663 million has been provided.

The Company's management believes that this allowance is sufficient to cover possible losses on debt collection.

## 10. CLASSIFICATION OF ASSETS

The quality of assets is classified in accordance with the announcements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

### 10.1 Investment in securities

As at 30 June 2002 and 31 December 2001, the investment in securities of the Company and a subsidiary company included the following :-

- a) With respect to investment of approximately Baht 59 million in subordinated debentures issued by a financial institution which the Bank of Thailand ordered closed on 8 December 1997, the Company has made full provision for loss on these securities.
- b) Investments in securities of the companies which are vulnerable to delisting, of the companies of which the auditors have expressed their opinion with the going concern issue, or of the companies which have defaulted on their interest payments (including investments in debentures, as discussed in Note 10.1.a) are summarised below.

(Unit : Million Baht)						
				Allowance for possible loss <sup>(1)</sup>		
Cost		Fair Value		provided in the accounts		
30 June	31 December	30 June	31 December	30 June	31 December	
2002	2001	2002	2001	2002	2001	
Debt instruments - debentures	69	69	2	2	66	66

<sup>(1)</sup> Allowance for possible losses is determined based on the investment cost less collateral value.

## 10.2 Classification of assets under the Bank of Thailand's guidelines.

As at 30 June 2002 and 31 December 2001, the Company classified its assets and made allowances against those assets in accordance with the Bank of Thailand's guidelines. They are summarised below.

(Unit : Million Baht)

	Debt balance		Debt balance after net off collateral		Percentage required by BOT <sup>(3)</sup>	Allowance for doubtful accounts			
						Amount to be provided under BOT's guidelines		Amounts already set up by the Company	
	30 June 2002	31 December 2001	30 June 2002	31 December 2001		30 June 2002	31 December 2001	30 June 2002	31 December 2001
<b>Loans and receivable<sup>(1)(2)</sup></b>									
Pass	28,458	26,134	18,32	15,933	1	183	159	751	159
Special mention	716	502	56	351	2	11	7	23	9
Substandard	797	106	51	59	20	103	12	165	14
Doubtful	252	116	15	89	50	75	45	123	65
Bad debts	2,590	1,578	1,425	-	100	1,425	-	1,425	-
Total	32,813	28,436	20,97	16,432		1,797	223	2,487	247
Loss on receivable under troubled debt restructuring	-	-	-	-	100	360	334	360	334
Total	32,813	28,436	20,97	16,432		2,157	557	2,847	581
General reserve								1,031	726
Total								3,878	1,307
<b>Investment in securities</b>									
Bad debts									
Debt instruments	71	88	71	88	100	71	88	71	88
Equity instruments	149	198	149	198	100	149	198	149	198
Total	220	286	220	286		220	286	220	286
General reserve								-	88
Total								220	374
<b>Investment in receivables</b>									
Pass	103	229	37	137	1	1	1	7	1
Special mention	-	-	-	-	2	-	-	-	-
Substandard	101	-	101	-	20	20	-	20	-
Doubtful	-	-	-	-	50	-	-	-	-
Bad debts	6	7	-	-	100	-	-	-	-
Total	210	236	138	137		21	1	27	1
<b>Properties foreclosed</b>									
Land	89	109	89	109	100	89	109	89	109
Total classified assets	33,332	29,067	21,424	16,964		2,487	953	4,214	1,791

<sup>(1)</sup> Allowance for doubtful accounts for loans and receivable is determined based on debt balance less collateral value.

<sup>(2)</sup> Interest receivable are not included in pass and special mention debt balance.

<sup>(3)</sup> In the year 2002, BOT issued new guidelines on provisioning rates for normal debt and special mention debt, whereby provision is to be made for normal debt and special mention debt at rates of at least 1 or 2 percent, respectively, or at a lower rate calculated in accordance with guidelines and conditions stipulated by the BOT. However, the Company is still setting aside provision for such debt at rates of at least 1 or 2 percent, in accordance with the previous guidelines.

The assets classified above are presented in accordance with the assets classification report which the Company prepared and submitted to the Bank of Thailand, and include loans, receivable and interest accrued on loans, investment in securities and properties foreclosed. As at 30 June 2002 and 31 December 2001, in accordance with the BOT's guidelines, the Company has provided an allowance amounting to Baht 4,214 million and Baht 1,791 million, respectively, against its loans and receivable, investment in securities and properties foreclosed.

The allowance for possible loan losses has been determined after taking into account the value of collateral in accordance with the Bank of Thailand's guidelines, and includes the allowance required against restructured debts.

A portion of the above classified loans and receivable includes debts due from companies with weak financial position and operating results. These amounts and allowance for doubtful accounts are as follows:-

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2002	2001	2002	2001	2002	2001	2002	2001
				(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Companies vulnerable to delisting	7	2	804	708	572	525	232	137
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	27	16	1,839	1,234	1,042	1,011	652	136
3. Listed companies of which shares have been suspended for trading	4	2	80	83	42	56	41	21
4. Listed companies under rehabilitation	13	3	554	178	194	134	342	11
5. Companies having loan default problem	37	10	1,272	593	231	478	815	21
6. Companies having going concern issue as cited in auditors' report	5	3	745	669	262	124	24	24
<b>Total</b>	<b>93</b>	<b>36</b>	<b>5,294</b>	<b>3,465</b>	<b>2,343</b>	<b>2,328</b>	<b>2,106</b>	<b>350</b>

### 10.3 Classification of assets in accordance with the Notification of the Office of the Securities and Exchange Commission

As at 30 June 2002 and 31 December 2001, a local subsidiary operating in the securities business in Thailand classified its securities business receivable and accrued interest receivable as follows, and provided related allowances for doubtful accounts, in accordance with the notification of the Office of the Securities and Exchange Commission (SEC).

	(Unit : Million Baht)					
	Securities business receivable and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	30 June 2002	31 December 2001	30 June 2002	31 December 2001	30 June 2002	31 December 2001
Pass	2	8	-	-	-	-
Substandard	31	24	-	-	-	-
Doubtful	510	537	510	537	510	537
Total	<u>543</u>	<u>569</u>	<u>510</u>	<u>537</u>	510	537
General reserve					25	14
Total					<u>535</u>	<u>551</u>

Substandard debts represent the receivable balances with a value equivalent to that of their collateral.

### 10.4 Hire-purchase receivable/financial lease receivable and other loan receivable of the subsidiaries

As at 30 June 2002 and 31 December 2001, hire-purchase receivable, financial lease receivable and other loan receivable of the subsidiaries are classified by the due date of the contracts as follows :-

	(Unit : Million Baht)	
	30 June 2002	31 December 2001
Current or overdue less than 90 days	4,301	3,480
Overdue		
91 - 365 days	87	62
More than 1 year	156	162
Debtors under litigation	58	64
Total	<u>4,602</u>	<u>3,768</u>

## 11. PROPERTY FORECLOSED

Property foreclosed represents assets transferred from loans, hire purchase receivable on which the debtors had defaulted on their repayment obligations under the loan contracts or restructured receivables. The value of the assets are stated at the lower of the loans balance or market/appraisal value.

Details of the property foreclosed as at 30 June 2002 and 31 December 2001 are as follows :-

	(Unit : Baht)			
	Consolidated		The Company Only	
	30 June 2002	31 December 2001	30 June 2002	31 December 2001
Foreclosed assets :				
Immovable assets				
Balance – beginning of the period	2,387,406,968	2,425,239,025	2,335,815,144	2,425,239,025
Addition	-	167,326,467	-	115,734,643
Disposal	(467,407,228)	(205,158,524)	(466,507,228)	(205,158,524)
Balance – end of the period	1,919,999,740	2,387,406,968	1,869,307,916	2,335,815,144
Movable assets				
Balance – beginning of the period	4,378,084	2,502,100	2,151,180	2,151,180
Addition	89,474,118	104,981,427	37,124,768	21,061,082
Disposal	(68,025,391)	(103,105,443)	(15,865,918)	(21,061,082)
Balance – end of the period	25,826,811	4,378,084	23,410,030	2,151,180
Allowance for impairment :				
Balance – beginning of the period	154,826,392	74,098,010	109,014,410	74,039,009
Addition	4,478,057	88,712,805	4,151,066	42,959,824
Disposal	(24,126,106)	(7,984,423)	(24,063,106)	(7,984,423)
Balance – end of the period	135,178,343	154,826,392	89,102,370	109,014,410
Property foreclosed – net	1,810,648,208	2,236,958,660	1,803,615,576	2,228,951,914

As at 30 June 2002, the Company and certain subsidiaries had obligations with regard to properties foreclosed which were received in repayment of debts amounting to Baht 751 million. The debtors may repurchase these properties at prices and within periods specified in the agreements.

## 12. LAND, PREMISES AND EQUIPMENT

(Unit : Baht)

	Consolidated					Total
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Vehicles	
<b>Cost :</b>						
31 December 2001	419,567,348	844,341,707	406,969,045	342,391,012	62,012,143	2,075,281,255
Translation adjustment	-	-	(1,524,304)	-	-	(1,524,304)
Additions	-	-	21,160,709	4,094,495	7,629,295	32,884,499
Disposals	(4,591,964)	(2,847,593)	(1,199,834)	(979,245)	(1,877,376)	(11,496,012)
30 June 2002	<u>414,975,384</u>	<u>841,494,114</u>	<u>425,405,616</u>	<u>345,506,262</u>	<u>67,764,062</u>	<u>2,095,145,438</u>
<b>Accumulated depreciation :</b>						
31 December 2001	-	177,583,507	321,595,542	133,437,731	12,861,794	645,478,574
Translation adjustment	-	-	(881,745)	-	-	(881,745)
Disposals	-	(1,526,434)	(71,394)	(979,237)	(4,546)	(2,581,611)
Depreciation charge for the period	-	20,888,468	24,925,898	19,385,310	6,201,375	71,401,051
30 June 2002	-	<u>196,945,541</u>	<u>345,568,301</u>	<u>151,843,804</u>	<u>19,058,623</u>	<u>713,416,269</u>
<b>Net book value :</b>						
31 December 2001	<u>419,567,348</u>	<u>666,758,200</u>	<u>85,373,503</u>	<u>208,953,281</u>	<u>49,150,349</u>	<u>1,429,802,681</u>
30 June 2002	<u>414,975,384</u>	<u>644,548,573</u>	<u>79,837,315</u>	<u>193,662,458</u>	<u>48,705,439</u>	<u>1,381,729,169</u>
<b>Depreciation charge included in earnings statements for the six-month periods ended 30 June:</b>						
2001						<u>67,789,074</u>
2002						<u>71,401,051</u>

(Unit : Baht)

	The Company Only					Total
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Vehicles	
<b>Cost :</b>						
31 December 2001	252,120,864	500,495,893	137,798,281	184,433,799	33,199,482	1,108,048,319
Additions	-	-	7,147,002	478,960	1,703,000	9,328,962
Disposals	-	-	(179,430)	-	(303,000)	(482,430)
30 June 2002	<u>252,120,864</u>	<u>500,495,893</u>	<u>144,765,853</u>	<u>184,912,759</u>	<u>34,599,482</u>	<u>1,116,894,851</u>
<b>Accumulated depreciation :</b>						
31 December 2001	-	102,391,146	113,347,367	65,200,296	7,705,314	288,644,123
Disposals	-	-	(174,827)	-	(4,546)	(179,373)
Depreciation charge for the period	-	12,409,555	9,054,522	11,921,129	3,347,444	36,732,650
30 June 2002	-	<u>114,800,701</u>	<u>122,227,062</u>	<u>77,121,425</u>	<u>11,048,212</u>	<u>325,197,400</u>
<b>Net book value :</b>						
31 December 2001	<u>252,120,864</u>	<u>398,104,747</u>	<u>24,450,914</u>	<u>119,233,503</u>	<u>25,494,168</u>	<u>819,404,196</u>
30 June 2002	<u>252,120,864</u>	<u>385,695,192</u>	<u>22,538,791</u>	<u>107,791,334</u>	<u>23,551,270</u>	<u>791,697,451</u>
<b>Depreciation charge included in earnings statements for the six-month periods ended 30 June :</b>						
2001						<u>32,509,217</u>
2002						<u>36,732,650</u>



### 13. OTHER ASSETS

(Unit : Baht)

	Consolidated		The Company Only	
	30 June	31 December	30 June	31 December
	2002	2001	2002	2001
Value added tax - net	836,215,577	640,131,860	777,248,967	584,665,19
Accrued interest receivable	67,183,319	156,356,901	62,428,602	153,747,59
Professional fee receivable	35,115,756	95,972,162	26,297,092	8,724,19
Prepaid income tax	61,030,797	64,863,087	41,543,618	35,650,05
Deferred computer system development cost - net	38,714,598	46,193,816	34,432,775	40,566,44
Deposits	18,005,230	12,023,974	3,215,079	4,546,63
Other receivables	162,211,189	207,059,611	158,477,096	86,522,24
Others	224,919,633	178,753,697	49,169,890	30,428,40
Total other assets	<u>1,443,396,099</u>	<u>1,401,355,108</u>	<u>1,152,813,119</u>	<u>944,850,77</u>

### 14. BORROWINGS AND DEPOSITS

#### 14.1 Classified by source of borrowings and deposits

(Unit : Baht)

	Consolidated					
	30 June 2002			31 December 2001		
	Promissory notes	Others	Total	Promissory notes	Others	Total
From public	36,037,707,734	972,605,351	37,010,313,085	34,834,963,810	622,684,690	35,457,648,500
From banks	200,000,000	1,139,462,042	1,339,462,042	101,445,057	1,057,822,981	1,159,268,038
From financial institutions	1,394,785,561	67,765,525	1,462,551,086	1,535,209,705	227,326	1,535,437,031
From foreign countries	45,905,178	-	45,905,178	57,174,741	-	57,174,741
Total borrowings and deposits	<u>37,678,398,473</u>	<u>2,179,832,918</u>	<u>39,858,231,391</u>	<u>36,528,793,313</u>	<u>1,680,734,997</u>	<u>38,209,528,310</u>

(Unit : Baht)

	The Company Only					
	30 June 2002			31 December 2001		
	Promissory notes	Others	Total	Promissory notes	Others	Total
From public	36,037,719,121	501,487,498	36,539,206,619	34,843,775,366	487,192,719	35,330,968,085
From banks	-	139,429,762	139,429,762	-	173,461,730	173,461,730
From financial institutions	1,599,785,561	-	1,599,785,561	1,583,209,705	-	1,583,209,705
From foreign countries	45,905,178	-	45,905,178	57,174,741	-	57,174,741
Total borrowings and deposits	<u>37,683,409,860</u>	<u>640,917,260</u>	<u>38,324,327,120</u>	<u>36,484,159,812</u>	<u>660,654,449</u>	<u>37,144,814,261</u>



## 14.2 Classified by the remaining period of contract

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2002	31 December 2001	30 June 2002	31 December 2001
At call	1,119,307,487	2,748,225,764	1,285,128,381	2,956,299,633
Not over 1 year (included contracts which are due)	31,066,848,142	31,104,396,729	29,367,122,977	29,844,808,811
Over 1 year	7,672,075,762	4,356,905,817	7,672,075,762	4,343,705,817
Total borrowings and deposits	39,858,231,391	38,209,528,310	38,324,327,120	37,144,814,261

## 15. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2002	31 December 2001	30 June 2002	31 December 2001
Government and Bank of Thailand securities	-	100,000,000	-	100,000,000
State enterprise securities	150,000,000	-	150,000,000	-
Total securities sold under repurchase agreements	150,000,000	100,000,000	150,000,000	100,000,000

## 16. SUBORDINATED DEBENTURES

During the 1999, the Company issued Baht 331 million of unsecured subordinated debentures (331 units with a par value of Baht 1,000,000 each) which were sold to the Ministry of Finance under the Tier II capital support scheme. The Ministry of Finance assisted the Company by purchasing the Company's newly issued subordinated debentures in order to increase its Tier II capital fund to a level in accordance with the regulations of the Bank of Thailand. The debentures bear interest at rates of 5% and 6% per annum and mature in 2009. The Company immediately used the money from the sale of these debentures to invest in government bonds issued by the Ministry of Finance, in accordance with the conditions of the Tier II capital support scheme.

## 17. OTHER LIABILITIES

	(Unit : Baht)			
	Consolidated		The Company Only	
	30 June 2002	31 December 2001	30 June 2002	31 December 2001
Corporate income tax payable	141,226,193	73,720,762	-	-
Withholding income tax and other tax payable	52,124,346	91,252,069	40,654,063	63,029,602
Accrued insurance premium	221,396,483	149,362,442	179,270,972	108,811,651
Others	301,289,659	424,063,834	163,254,037	140,425,717
Total other liabilities	<u>716,036,681</u>	<u>738,399,107</u>	<u>383,179,072</u>	<u>312,266,970</u>

## 18. SHARE CAPITAL AND WARRANTS

- a) The Company has registered preference shares totaling 1,000 million shares of Baht 10 each. The rights and benefits of the preference shares are to be equal to the ordinary shares in all respects, except with regard to dividends and other matters specified in the Company's Articles of Association, such as that the preference shareholders are entitled to receive dividends at the rate of 10% per share before the ordinary shareholders in years in which dividends are declared, and the preference shareholders are not entitled to dividends for the year in which dividends are not declared. The preference shareholders have voting rights in a proportion of 1 share per 1 vote, and on 30 June 2009 will have the same rights and benefits as the ordinary shareholders.

On 6 May 1999, the Company applied for Tier I capital support from the Ministry of Finance whereby the Company would offer Baht 3,000 million of newly issued preference shares to each of the Ministry of Finance and new investors, at Baht 10 per share. During 1999, the Company issued all Baht 6,000 million of these preference shares, with Baht 3,000 million received from the Ministry of Finance reinvested in government bonds, as discussed in Note 6.1 to the financial statements, in accordance with the conditions of the Ministry of Finance support scheme.

The preference shares referred to above can be converted into ordinary shares every quarter in a ratio of 1 preference share to 1 ordinary share, with the first conversion date set as 30 September 1999 and the preference shareholders to submit an application for conversion to the Company. In addition, the investors purchasing the preference shares have an option to buy the shares held by the Ministry of Finance, for up to 3 years, in consideration of which the Ministry of Finance issued derivative warrants to the investors, which can be converted into the preference shares held by the Ministry of Finance at the rate of 1 warrant per 1 preference share. In addition, the Ministry of Finance arranged for the warrants to be listed on the Stock Exchange of Thailand, with the Company to absorb all related expenses.

- b) On 10 April 2000, the annual general meeting of the Company's shareholders passed a resolution approving the allocation to directors and employees of the Company and its subsidiaries a total of 30 million, 5-year, non-negotiable warrants to purchase the Company's preference shares, exercisable in a ratio of 1 warrant to 1 preference share, and passed a resolution approving the establishment an Allotment Committee. Such committee resolved that the warrants would not be allocated to the Company's directors, except for those directors who were qualified by virtue of being Company employees. The exercise price of the warrants was stipulated at 75 percent of the ten-trading-days average closing price of the Company's preference shares prior to the effective date of the filing, subject to a minimum price of par value. The warrants are to be offered subsequent to the receipt of approval from the Office of the Securities and Exchange Commission. In addition, the annual general meeting passed a resolution approving the un-allocation of 400 million preference shares (including 300 million preference shares which were to be reserved for the conversion of convertible debentures). Thirty million preference shares with a par value of Baht 10 each are to be reserved for the exercise of the warrants to be issued and offered to directors and employees of the Company and its subsidiaries to purchase the Company's preference shares, leaving 370 million unallocated preference shares.

On 24 April 2002, the annual general meeting of the Company's shareholders passed a resolution approving the exercise price of warrants at 75 percent of the ten-trading-days average closing price of the Company's preference shares prior to the date of warrant allocation, subject to a minimum price of par value. This condition was approved by the Office of the Securities and Exchange Commission on 10 July 2002. In addition, the annual general meeting passed a resolution approving the allocation of 1,100,000 warrants to the directors. These approved conditions are to be effective following receipt of approval from the Office of the Securities and Exchange Commission.

The Company allocated 14,002,000 million warrants in 2001 and 2000, and up to 30 June 2002, employees who had been allocated warrants had exercised their rights to purchase a total of 4,075,000 preference shares, at an exercise price of Baht 10 each, a total of Baht 40,750,000 of which Baht 16,650,000 was registered with the Ministry of Commerce in 2001 and Baht 24,100,000 in 2002.

As at 30 June 2002, 9,927,000 warrants remained unexercised.

- c) During the six-month period ended 30 June 2002, the Company registered the conversion of 84,717,600 preference shares to ordinary shares with the Ministry of Commerce.

As at 30 June 2002, there remained a total of 426,383,600 preference shares which are eligible for conversion to ordinary shares.

## 19. CAPITAL FUND

As at 30 June 2002 and 31 December 2001, the capital funds maintained by the Company in accordance with Section 4 of the Act on Undertaking of Finance Business, Finance and Securities Business and Credit Foncier Business B.E. 2522 were as follows :-

	(Unit : Thousand Baht)	
	The Company Only	
	30 June 2002	31 December 2001
<u>Tier I</u>		
Issued and fully paid up share capital	7,042,750	7,018,650
Premium on share capital	36,500	36,500
Statutory reserve	48,700	48,700
Net loss after appropriation	(485,497)	(1,192,462)
Total	<u>6,642,453</u>	<u>5,911,388</u>
<u>Tier II</u>		
Subordinated debentures	331,000	331,000
Reserve for loans classified as pass	502,758	160,595
Total	<u>833,758</u>	<u>491,595</u>
Total capital fund	<u><u>7,476,211</u></u>	<u><u>6,402,983</u></u>

The capital ratios of the Company are as follows :-

	The Company Only			
	30 June 2002		31 December 2001	
	Company	Requirement	Company	Requirement
Tier I capital to risk assets	16.51%	4.00%	15.53%	4.00%
Total capital to risk assets	18.58%	8.00%	16.82%	8.00%
Total capital to issued and paid-up share capital	106.15%	75.00%	91.23%	75.00%

## 20. STATUTORY RESERVE

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5% of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital.

## 21. SURPLUS ON CHANGES IN THE VALUE OF INVESTMENTS

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2002	31 December 2001	30 June 2002	31 December 2001
Balance - beginning of the period	126,793,564	(155,558,483)	126,793,564	(155,558,483)
Increase in changes in the value of securities during the period	101,074,513	282,352,047	101,074,513	282,352,047
Balance - end of the period	<u>227,868,077</u>	<u>126,793,564</u>	<u>227,868,077</u>	<u>126,793,564</u>

## 22. GAIN (LOSS) ON INVESTMENTS

Gain (loss) on investments for the six-month periods ended 30 June 2002 and 2001 consist of the following :-

(Unit : Baht)

	Consolidated		The Company Only	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2002	2001	2002	2001
Unrealised gain (loss) on investments	(113,567,960)	149,933,976	1,133,507	(41,836,784)
Realised gain (loss) on investments	573,201,111	(13,115,699)	342,520,336	(5,974,050)
Total	<u>459,633,151</u>	<u>136,818,277</u>	<u>343,653,843</u>	<u>(47,810,834)</u>

## 23. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Company Limited Act, exclusive of salaries and related benefits payable to directors who hold executive positions.

## 24. CORPORATE INCOME TAX

Corporate income tax expenses for the six-month periods ended 30 June 2002 and 2001 were arrived at as follows:

	(Unit : Baht)			
	Consolidated		The Company Only	
	2002	2001	2002	2001
Income tax payable on taxable profit for the period	421,135,719	140,495,741	240,018,083	14,080,968
Add (less) : Net decrease (increase) in deferred tax on temporary differences	(77,744)	15,742,633	-	16,448,100
Less : Utilisation of income tax benefits on tax loss carried forward	(272,656,966)	(100,574,858)	(240,018,083)	(14,080,968)
Income tax expenses - net	<u>148,401,009</u>	<u>55,663,516</u>	<u>-</u>	<u>16,448,100</u>

The Company and its subsidiaries have certain deferred tax assets relating to their tax loss carryforwards, which have not been recognized in the accounts for prudent reasons. They are recognized in the accounts in the year when the loss carryforwards are actually utilized.

## 25. PROVIDENT FUND

The Company, its seven subsidiaries and their employees have jointly registered provident fund schemes under the Provident Fund Act B.E. 2530. The funds are contributed to by both the employees and the companies at rates of 5-10 percent of their employees' salaries depending on the number of years of service. The funds will be paid to the employees upon termination in accordance with the rules of the funds, and they are managed by the Bangkok Bank Public Company Limited (2001 : the funds are managed by Thai Farmers Asset Management Company Limited). During the six-month period ended 30 June 2002, Baht 17 million has been contributed to the funds by the Company and its subsidiaries (the Company only : Baht 7 million).

## 26. NUMBER OF EMPLOYEES

	Consolidated		The Company Only	
	<u>30 June 2002</u>	<u>31 December 2001</u>	<u>30 June 2002</u>	<u>31 December 2001</u>
	Number of employees at the end of period (persons)	1,226	1,198	397

## 27. RECONCILIATION OF DILUTED EARNINGS PER SHARE

	For the three-month periods ended 30 June					
	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Net earnings	324,526	182,755	269,878	184,996	1.20	0.99
<b>Effect of dilutive securities</b>						
Preference shares (including 9.9 million warrants to purchase preference shares)	-	-	444,324	529,206		
<b>Diluted earnings per share</b>						
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares	<u>324,526</u>	<u>182,755</u>	<u>714,202</u>	<u>714,202</u>	<u>0.45</u>	<u>0.26</u>
	For the six-month periods ended 30 June					
	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Net earnings	626,985	406,400	233,311	171,647	2.69	2.37
<b>Effect of dilutive securities</b>						
Preference shares (including 9.9 million warrants to purchase preference shares)	-	-	480,891	542,555		
<b>Diluted earnings per share</b>						
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares	<u>626,985</u>	<u>406,400</u>	<u>714,202</u>	<u>714,202</u>	<u>0.88</u>	<u>0.57</u>

## 28. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents represent cash in hand and all types of bank deposits, except certificates of deposit, in accordance with the Notification of the Bank of Thailand regarding the format of the balance sheets and earnings statements of finance companies, finance and securities companies and credit foncier companies, dated 10 May 2001.

Cash and cash equivalents as reflect in the statements of cash flows as at 30 June 2002 and 2001 consist of the following :-

	(Unit : Baht)			
	Consolidated		The Company Only	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Cash	4,649,942	3,208,309	1,435,957	1,095,145
Cash at banks and financial institutions	<u>793,395,923</u>	<u>886,924,880</u>	<u>123,903,165</u>	<u>261,997,132</u>
Cash and cash equivalents	<u><u>798,045,865</u></u>	<u><u>890,133,189</u></u>	<u><u>125,339,122</u></u>	<u><u>263,092,277</u></u>

## 29. RELATED PARTY TRANSACTIONS

During the three-month and six-month periods ended 30 June 2002 and 2001, the Company had significant business transactions with its subsidiary and related companies (related by way of common shareholders and/or common directors). Such transactions have been concluded on the terms and basis as determined by the Company and those companies. Intercompany outstanding balances and transactions are summarised below :-

	(Unit : Thousand Baht)			
	The Company Only			
	Balance- beginning of the period	Increase	Decrease	Balance-end of the period
<b><u>Outstanding balance as at 30 June 2002</u></b>				
<b>Subsidiary companies</b>				
Loans to wholly owned subsidiary companies :				
TISCO Leasing Co., Ltd.	171,220	-	(127,000)	44,220
Hi-Way Co., Ltd.	171,547	-	(38,687)	132,860
Thai Information Technology Co., Ltd.	87,763	-	(16,430)	71,333
Tru-Way Co., Ltd.	-	8,000	-	8,000
Borrowing and deposits from financial institutions :				
TISCO Securities Co., Ltd.	38,000	158,000	-	196,000
TISCO Asset Management Co., Ltd.	10,000	-	(9,000)	1,000
Other liabilities :				
Tru-Way Co., Ltd.	20,527	7,512	-	28,039



(Unit : Thousand Baht)

	The Company Only		Pricing policy
	2002	2001	(For the period 2002)
<b><u>Transactions occurred during the three-month periods ended 30 June</u></b>			
<b>Subsidiary companies</b>			
Interest income	5,814	23,4	At rate determined under the contracts of approximately 3, 7.5 and MOR less 1 percent per annum.
Rental income	3,046	395	At rate determined under the contract.
Risk and financial management fee	7,014	-	At rate determined under the contract.
Human resources management fee	292	-	At rate determined under the contract.
Debt collection service expenses	75,245	83,0	Fees charged at 2.5 percent of outstanding balances. (Since November 2001, fees charged at 2 percent of outstanding balances)
Computer system advisory services expenses and office administration expenses	15,812	8,6	Fee charged at 12 percent of the price of installed software.
Car rental expenses	308	970	At rate determined under the contract.
Interest expenses	890	147	At rate of approximately 1.25 percent per annum
<b><u>Transactions occurred during the six-month periods ended 30 June</u></b>			
<b>Subsidiary companies</b>			
Interest income	13,221	49,0	At rate determined under the contracts of approximately 3, 7.5 and MOR less 1 percent per annum.
Fee income	-		Fees charged at 1.25 percent of credit line
Custodian fee	-	4,620	Fee charged at 0.046 percent of asset value.
Rental income	6,043	3,248	At rate determined under the contract.
Risk and financial management fee	14,028	-	At rate determined under the contract.
Human resources management fee	292	-	At rate determined under the contract.
Debt collection service expenses	141,040	157,6	Fees charged at 2.5 percent of outstanding balances. (Since November 2001, fees charged at 2 percent of outstanding balances)
Computer system advisory services expenses and office administration expenses	31,882	25,0	Fee charged at 12 percent of the price of installed software.
Car rental expenses	814	2,057	At rate determined under the contract.
Interest expenses	2,207	418	At rate of approximately 1.25 percent per annum

As at 30 June 2002, the Company and its subsidiaries have neither granted credit, nor made any commitments to management-level employees (departmental managers upward), and have not granted credit to companies of which at least 10% of the common shares of paid up capital are held by the Company, the Company's directors or management employees, with the exception of the loans to subsidiary and related companies discussed above, and loans to employees under the employee welfare scheme, which are summarised below.

	(Unit : Thousand Baht)	
	Consolidated	The Company Only
Loans	8,972	8,972

As at 30 June 2002, with the exception of loans to subsidiary companies mentioned in Note 8.4, the Company has neither provided any credit nor made any commitments to companies which have directors in common with the Company in cases where such credit is unsecured or not fully collateralised and therefore would require an approval from the Bank of Thailand.

As at 30 June 2002, the Company and its subsidiaries have no investments in related companies which are related by way of members of the management of the Company or of its subsidiaries being shareholders and/or directors.

### 30. FINANCIAL INFORMATION BY SEGMENT

Financial information relating to the finance business, securities business and other business segments as of 30 June 2002 and 31 December 2001 and for the three-month and six-month periods ended 30 June 2002 and 2001 is summarised below.

	(Unit : Million Baht)									
	For the three-month periods ended 30 June									
	Finance business		Securities business		Other business		Elimination		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Net interest and dividend										
income after bad debt										
and doubtful accounts	311	366	11	17	(1)	(2)	-	(1)	321	380
Non-interest income	442	206	216	198	34	39	(149)	(153)	543	290
Operating expenses	(422)	(381)	(134)	(123)	(26)	(29)	108	74	(474)	(459)
Corporate income tax	(23)	(11)	(32)	(4)	(2)	(3)	-	-	(57)	(18)
Minority interest in net earnings										
in subsidiary companies	-	-	-	-	-	-	(9)	(11)	(9)	(11)
Net earnings	308	180	61	88	5	5	(50)	(91)	324	182

(Unit : Million Baht)

	For the six-month periods ended 30 June									
	Finance business		Securities business		Other business		Elimination		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Net interest and dividend income after bad debt and doubtful accounts	616	775	20	30	(3)	(4)	(21)	(21)	612	780
Non-interest income	740	380	518	396	69	82	(257)	(284)	1,070	574
Operating expenses	(781)	(720)	(260)	(240)	(53)	(55)	207	144	(887)	(871)
Corporate income tax	(49)	(35)	(96)	(14)	(4)	(7)	-	-	(149)	(56)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(19)	(21)	(19)	(21)
Net earnings	526	400	183	172	9	16	(90)	(182)	627	406

(Unit : Million Baht)

	As at									
	Finance business		Securities business		Other business		Elimination		Total	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Investments in securities	12,441	12,209	982	1,313	-	-	(4,162)	(4,161)	9,261	9,361
Loans, receivable and accrued interest receivable - net	33,403	30,834	682	349	-	-	(685)	(580)	33,400	30,603
Other assets	4,404	4,683	2,882	1,435	158	173	162	804	7,606	7,095
Total assets	50,248	47,726	4,546	3,097	158	173	(4,685)	(3,937)	50,267	47,059

## 31. COMMITMENTS

### 31.1 Aval to bills and other guarantees

(Unit : Baht)

	Consolidated and the Company Only	
	30 June 2002	31 December 2001
Aval to bills	1,137,703,788	1,445,234,274
Guarantees - others	499,837,769	409,381,026
Total contingent liabilities and obligations	1,637,541,557	1,854,615,300

### **31.2 Commitment under rental/service contracts**

- a) The Company has entered into a computer maintenance service and office administration agreement with a subsidiary company, under which it pays annual fees at a rate of 12 percent of the price of installed software. In this regard, the Company pays annual service fees amounting to approximately Baht 61 million.
- b) The Company and a subsidiary company have entered into an agreement with an another subsidiary company appointing the latter as their representative to collect debts under hire-purchase receivable agreements, for a period of 5 years. In this regard, fees will be paid at 2% of the outstanding balance of principal, with restrictions as stated in the contract.
- c) The Company is obliged to make contributions to the Financial Institutions Development Fund, at the rate of 0.2 percent of the total outstanding balance of the Company's deposits, borrowings, and liabilities arising from borrowings, as of the last day of the previous six-month period. Contributions are to be made every 30 June and 31 December.
- d) A subsidiary company is required to pay a membership fee to the Stock Exchange of Thailand on a monthly basis, at a rate of 0.005 percent of the trading volume of its stock.

### **31.3 Litigation**

The Company was a defendant in certain lawsuits involving compensation of approximately Baht 256 million. As at 30 June 2002, the cases were not yet final; nevertheless, the Company's management believes that the Company will not suffer material losses (if any) from these suits.

- 31.4** A subsidiary company has outstanding commitments of approximately Baht 40 million in respect of the uncalled portion of an investment in an associated company.

## 32. FINANCIAL INSTRUMENT

Financial instruments are any contracts which gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

As at 30 June 2002, the Company and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

### 32.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to discharge an obligation and consequently cause the Company and its subsidiaries to incur a financial loss. The amount of maximum credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the balance sheet.

The maximum amount that would be incurred from credit extensions as at 30 June 2002 is summarised below :

	(Unit : Million Baht)	
	Consolidated	The Company Only
Loans to financial institutions	586	-
Finance business loans, receivable and accrued interest receivable - net	32,718	29,066
Securities business receivable and accrued interest receivable – net	682	-
Other assets - other receivable	139	139
Total	<u>34,125</u>	<u>29,205</u>

Except from the above credit risk with stated in the consolidated financial statement amounting to approximately Baht 34,125 million, the Company has off-balance sheet transactions risk from aval to bills and guarantees of loans and others amounting to approximately Baht 1,638 million.

## 32.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will change as a result of future changes in interest rates.

(Unit : Million Baht)

	Consolidated			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<b>Financial assets</b>				
Cash and deposits at financial institutions	601	88	150	839
Loans to financial institutions	-	586	-	586
Investments in securities - net	427	6,128	2,706	9,261
Trading transactions with securities companies				
- receivable	-	-	430	430
Loans and receivable	7,339	28,874	1,892	38,105
	<u>8,367</u>	<u>35,676</u>	<u>5,178</u>	<u>49,221</u>
<b>Financial liabilities</b>				
Borrowings and deposits	489	39,135	234	39,858
Securities sold under repurchase agreements	-	150	-	150
Trading transactions with securities companies				
- liabilities	-	-	326	326
Securities business payable	334	-	780	1,114
Subordinated debentures	-	331	-	331
	<u>823</u>	<u>39,616</u>	<u>1,340</u>	<u>41,779</u>

(Unit : Million Baht)

	The Company Only			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<b>Financial assets</b>				
Cash and deposits at financial institutions	34	18	73	125
Investments in securities - net	375	5,994	6,958	13,327
Loans and receivable	7,242	24,489	1,213	32,944
	<u>7,651</u>	<u>30,501</u>	<u>8,244</u>	<u>46,396</u>
<b>Financial liabilities</b>				
Borrowings and deposits	-	38,182	142	38,324
Securities sold under repurchase agreements	-	150	-	150
Subordinated debentures	-	331	-	331
	<u>-</u>	<u>38,663</u>	<u>142</u>	<u>38,805</u>

The Company has entered into an interest rate swap agreement to exchange the floating interest rate on a loan principal of Baht 500 million for a fixed interest rate. The agreement expires in December 2002.

The outstanding balances of loans and receivable which have floating interest rates or fixed interest rates include loans and receivable on which interest recognition has been ceased, and are presented before deducting provisions.

With respect to financial instruments that carry fixed interest rates, the period from the balance sheet date to the repricing or maturity date (whichever is the earlier) are presented below.

(Unit : Million Baht)

Transactions	Consolidated						Total	Interest rates %
	Repricing or maturity date					Unspecified		
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years			
<b>Financial assets</b>								
Cash and deposits at financial institutions	3	26	44	1	-	-	81	3.7330
Loans to financial institutions	183	369	20	1	-	-	580	1.8367
Investments in securities - net	37	-	325	61	4,918	231	6,121	6.3217
Loans and receivable	1,457	4,032	7,602	11,85	3,480	444	28,87	8.2586
	<u>1,680</u>	<u>4,427</u>	<u>7,991</u>	<u>12,50</u>	<u>8,398</u>	<u>675</u>	<u>35,67</u>	
<b>Financial liabilities</b>								
Borrowings and deposits	543	19,662	11,258	7,67	-	-	39,13	3.1150
Securities sold under repurchase agreements	-	150	-	-	-	-	150	1.5625
Subordinated debentures	-	-	-	-	331	-	331	5.4864
	<u>543</u>	<u>19,812</u>	<u>11,258</u>	<u>7,67</u>	<u>331</u>	<u>-</u>	<u>39,61</u>	

(Unit : Million Baht)

Transactions	The Company Only						Total	Interest rates %
	Repricing or maturity date					Unspecified		
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years			
<b>Financial assets</b>								
Cash and deposits at financial institutions	-	18	-	-	-	-	18	0.2500
Investments in securities - net	-	-	325	575	4,863	231	5,994	6.308
Loans and receivable	1,678	2,825	6,484	10,165	3,337	-	24,489	8.2240
	<u>1,678</u>	<u>2,843</u>	<u>6,809</u>	<u>10,740</u>	<u>8,200</u>	<u>231</u>	<u>30,501</u>	
<b>Financial liabilities</b>								
Borrowings and deposits	1,143	19,462	9,905	7,672	-	-	38,182	3.117
Securities sold under repurchase agreements	-	150	-	-	-	-	150	1.562
Subordinated debentures	-	-	-	-	331	-	331	5.486
	<u>1,143</u>	<u>19,612</u>	<u>9,905</u>	<u>7,672</u>	<u>331</u>	<u>-</u>	<u>38,663</u>	

### 32.3 Liquidity risk

The periods to maturity dates of financial instruments held as of 30 June 2002, counting from the balance sheet date, are as follows :-

(Unit : Million Baht)

Transactions	Consolidated							Total
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 years	Unspecified	Non performing loans	
<b>Financial assets</b>								
Cash and deposits at financial								
Institutions	60	171	44	15	-	2	-	839
Loans to financial institutions	18	369	20	14	-	-	-	586
Investments in securities – net	1,77	51	325	991	4,735	1,379	7	9,261
Trading transactions with securities								
companies – receivable	-	430	-	-	-	-	-	430
Loans and receivable	1,08	4,820	8,461	14,202	5,080	112	4,349	38,105
	<u>3,64</u>	<u>5,841</u>	<u>8,850</u>	<u>15,222</u>	<u>9,815</u>	<u>1,493</u>	<u>4,356</u>	<u>49,221</u>
<b>Financial liabilities</b>								
Borrowings and deposits	1,09	19,812	11,258	7,672	-	21	-	39,858
Securities sold under repurchase agreements	15	-	-	-	-	-	-	150
Trading transactions with securities								
companies - liabilities	-	326	-	-	-	-	-	326
Securities business payable	33	780	-	-	-	-	-	1,114
Subordinated debentures	-	-	-	-	331	-	-	331
	<u>1,57</u>	<u>20,918</u>	<u>11,258</u>	<u>7,672</u>	<u>331</u>	<u>21</u>	<u>-</u>	<u>41,779</u>
<b>Off - balance sheet items</b>								
Aval to bills	-	-	1,129	9	-	-	-	1,138
Guarantees of loans and others	-	-	87	200	-	213	-	500



(Unit : Million Baht)

Transactions	The Company Only							
	At call	0-3	3-12	1 – 5	Over 5	Unspecified	Non	Total
		months	months	years	years		performing	
<b>Financial assets</b>							Loans <sup>(*)</sup>	
Cash and deposits at financial institutions	10	18	-	-	-	-	-	125
Investments in securities - net	1,47	2	325	949	4,680	5,885	7	13,327
Loans and receivable	1,30	2,998	7,342	12,559	5,080	6	3,657	32,944
	<u>2,88</u>	<u>3,018</u>	<u>7,667</u>	<u>13,508</u>	<u>9,760</u>	<u>5,891</u>	<u>3,664</u>	<u>46,396</u>
<i>* Loans which ceased accruing interest income according to the BOT's guidelines</i>								
<b>Financial liabilities</b>								
Borrowings and deposits	1,13	19,612	9,905	7,672	-	-	-	38,324
Securities sold under repurchase agreements	15	-	-	-	-	-	-	150
Subordinated debentures	-	-	-	-	331	-	-	331
	<u>1,28</u>	<u>19,612</u>	<u>9,905</u>	<u>7,672</u>	<u>331</u>	<u>-</u>	<u>-</u>	<u>38,805</u>
<b>Off balance sheet items</b>								
Aval to bills	-	-	1,129	9	-	-	-	1,138
Guarantees of loans and others	-	-	87	200	-	213	-	500

### 32.4 Foreign exchange risk

As at 30 June 2002, the Company did not have any financial instruments in foreign currencies except investment in a subsidiary company amounting of Baht 286 million.

### 32.5 Fair value

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The Company and its subsidiaries have estimated the fair value of financial instruments as follows :-

a) Financial assets

The method used for determining the fair value is dependent upon the characteristics of the financial instruments. The fair values of financial assets are presented as the amount stated in the balance sheet, including cash, deposits at banks and loans and receivable which are considered to approximate their respective carrying value since the financial instruments are predominantly subject to market interest rates. Financial instruments that have standard terms and conditions which are traded on an active and liquid market, such as investment in securities, have their fair values determined by the quoted market price.

b) Financial liabilities

The fair values of financial liabilities, including borrowings and deposits, are considered to approximate their respective carrying values for the same reasons as described above.

As at 30 June 2002, there are no material differences between the book value of financial instruments and their fair value.

The fair value of off balance sheet items cannot be reasonably determined thus it has not been disclosed.

### **33. PRESENTATION**

The presentation of the financial statements has been made in compliance with the requirement of the Notification of the Bank of Thailand relating to the format of the financial statements of finance, finance and securities and credit fancier companies dated 10 May 2001.

Certain amounts in the financial statements as presented herein for comparative purposes have been reclassified to conform to the current periods classifications, with no effect on previously reported net earnings or shareholders' equity.