

TISCO FINANCE PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES  
REPORT AND INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2002

## **Report of Independent Auditor**

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

I have reviewed the accompanying consolidated balance sheet of TISCO Finance Public Company Limited and its subsidiaries as at 30 September 2002, the related consolidated statements of earnings for the three-month and nine-month periods ended 30 September 2002 and 2001, the consolidated statements of changes in shareholders' equity, and cash flows for the nine-month periods ended 30 September 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 report on these financial statements based on my review.

I conducted my review in accordance with auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my review, 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.

I have previously audited the consolidated financial statements of TISCO Finance Public Company Limited and its subsidiaries, and the separate financial statements of TISCO Finance Public Company Limited, for the year ended 31 December 2001 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements, based on my audit and other auditor's reports, under my report dated 7 February 2002. The balance sheet as at 31 December 2001, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok : 30 October 2002

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## BALANCE SHEETS

AS AT 30 SEPTEMBER 2002 AND 31 DECEMBER 2001

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 September 2002 (Unaudited but reviewed)	31 December 2001 (Audited)	30 September 2002 (Unaudited but reviewed)	31 December 2001 (Audited)
ASSETS					
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	2	994,068	716,085	426,640	106,557
LOANS TO FINANCIAL INSTITUTIONS		695,596	135,890	-	-
INVESTMENT IN SECURITIES	3,4,7				
Current investment - net		2,547,996	3,331,411	2,282,307	2,691,379
Long-term investment - net		3,701,212	6,008,022	3,461,605	5,876,564
Investment in subsidiary and associated companies - net		23,706	21,898	4,647,641	4,246,551
Net investments		6,272,914	9,361,331	10,391,553	12,814,494
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		193,495	36,031	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	5,7				
Finance business loans and receivable		37,822,071	31,479,321	33,274,127	28,426,060
Securities business receivable		939,104	905,717	-	-
Total loans and receivable		38,761,175	32,385,038	33,274,127	28,426,060
Accrued interest receivable		113,381	201,559	90,664	184,536
Total loans, receivable and accrued interest receivable		38,874,556	32,586,597	33,364,791	28,610,596
Less : Allowance for doubtful accounts	6	(4,154,547)	-1,817,393	(3,319,828)	-973,183
Less : Allowance for loss on debt restructuring	6	(493,182)	-333,862	(493,182)	-333,862
Net loans, receivable and accrued interest receivable		34,226,827	30,435,342	29,551,781	27,303,551
PROPERTY FORECLOSED - Net	8	1,765,397	2,236,959	1,759,318	2,228,952
LAND, PREMISES AND EQUIPMENT - Net		1,361,680	1,429,803	780,064	819,404
DEFERRED TAX ASSETS		262,953	256,685	254,486	254,614
GOODWILL		845,519	881,650	-	-
OTHER ASSETS	9	1,270,862	1,401,355	967,468	944,851
TOTAL ASSETS		47,889,311	46,891,131	44,131,310	44,472,423

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 SEPTEMBER 2002 AND 31 DECEMBER 2001

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 September 2002 (Unaudited but reviewed)	31 December 2001 (Audited)	30 September 2002 (Unaudited but reviewed)	31 December 2001 (Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>BORROWINGS AND DEPOSITS</b>					
From public		32,387,462	35,457,648	31,425,180	35,330,968
From banks		1,423,119	1,159,268	178,768	173,462
From financial institutions		1,247,267	1,535,437	1,196,636	1,583,209
From foreign countries		53,260	57,175	53,260	57,175
Total borrowings and deposits		35,111,108	38,209,528	32,853,844	37,144,814
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS		-	100,000	-	100,000
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		251,813	88,036	-	-
SECURITIES BUSINESS PAYABLE		572,222	568,707	-	-
LIABILITIES UNDER COMMERCIAL PAPERS SOLD		225,000	195,000	225,000	195,000
ACCRUED INTEREST PAYABLE		145,307	139,968	135,589	134,367
DEBENTURES	10	3,331,000	331,000	3,331,000	331,000
OTHER LIABILITIES	11	656,762	570,362	412,263	312,267
<b>TOTAL LIABILITIES</b>		<b>40,293,212</b>	<b>40,202,601</b>	<b>36,957,696</b>	<b>38,217,448</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	12				
Registered					
1,000,000,000 preference shares of Baht 10 each and 100,200,000 ordinary shares of Baht 10 each		11,002,000	11,002,000	11,002,000	11,002,000
Issued and paid up					
269,096,080 preference shares of Baht 10 each (31 December 2001 : 508,691,200 preference shares of Baht 10 each)		2,690,961	5,086,912	2,690,961	5,086,912
437,031,920 ordinary shares of Baht 10 each (31 December 2001 : 193,173,800 ordinary shares of Baht 10 each)		4,370,319	1,931,738	4,370,319	1,931,738
		7,061,280	7,018,650	7,061,280	7,018,650
Share premium					
Share premium of preference shares		908	-	908	-
Share premium of ordinary shares		36,500	36,500	36,500	36,500
Advance received for preference shares		-	350	-	350
Revaluation surplus on changes in the value of investment	15	38,098	126,794	38,098	126,794
Translation adjustments		128,797	136,463	128,797	136,463
Retained earnings					
Appropriated - statutory reserve	14	48,700	48,700	48,700	48,700
Unappropriated (deficit)		(140,669)	(1,112,482)	(140,669)	(1,112,482)
Equity attributable to Company's shareholders		7,173,614	6,254,975	7,173,614	6,254,975
Minority interest - equity attributable to minority shareholders of subsidiaries		422,485	433,555	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>7,596,099</b>	<b>6,688,530</b>	<b>7,173,614</b>	<b>6,254,975</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>47,889,311</b>	<b>46,891,131</b>	<b>44,131,310</b>	<b>44,472,423</b>
		-	-	-	-
<b>OFF-BALANCE SHEET ITEMS - CONTINGENCIES</b>					
Aval to bills	23	998,575	1,445,234	998,575	1,445,234
Guarantees of loans and others		525,564	409,381	525,564	409,381

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

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Mr. Pichai Chanvirachart  
(President)

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF EARNINGS

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

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

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2002	2001	2002	2001
<b>INTEREST AND DIVIDEND INCOME</b>					
Loans and deposits		280,310	286,828	274,976	300,444
Hire purchase and financial lease income		483,645	369,448	326,492	238,054
Investments in securities		110,867	176,903	128,306	170,849
Total interest and dividend income		874,822	833,179	729,774	709,347
<b>EXPENSES ON BORROWINGS</b>					
Interest and discounts		316,749	335,549	299,507	326,022
Fees and charges		1,510	530	114	491
Total expenses on borrowings		318,259	336,079	299,621	326,513
Net interest and dividend income		556,563	497,100	430,153	382,834
<b>REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS</b>					
		34,224	344,143	45,530	340,751
<b>LOSS ON DEBT RESTRUCTURING</b>					
		(21,504)	(12,536)	(21,504)	(12,536)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		569,283	828,707	454,179	711,049
<b>NON-INTEREST INCOME</b>					
Brokerage fees		70,885	45,006	-	-
Gain (loss) on investments	16	139,349	(397,848)	149,600	(363,404)
Fees and charges		108,521	91,151	63,435	22,376
Fees and gain (loss) on forward exchange		(610)	894	9	(38)
Share of profit (loss) of subsidiary and associated companies		472	(1)	47,144	105,095
Other income		29,252	67,012	30,166	40,187
Total non-interest income		347,869	(193,786)	290,354	(195,784)
Total net income		917,152	634,921	744,533	515,265
<b>OPERATING EXPENSES</b>					
Personnel expenses		210,253	162,637	76,038	54,823
Premises and equipment expenses		86,360	80,673	51,241	47,308
Taxes and duties		24,609	18,441	22,693	17,631
Directors' remuneration	17	1,830	1,260	1,590	1,260
Other expenses		223,592	129,565	248,014	183,735
Total operating expenses		546,644	392,576	399,576	304,757
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		370,508	242,345	344,957	210,508
CORPORATE INCOME TAX		(16,971)	(21,544)	(129)	(328)
EARNINGS BEFORE MINORITY INTEREST		353,537	220,801	344,828	210,180
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES		(8,709)	(10,621)	-	-
NET EARNINGS FOR THE PERIOD		344,828	210,180	344,828	210,180
<b>EARNINGS PER SHARE</b>					
Basic earnings per share	19	0.82	1.10	0.82	1.10
Diluted earnings per share		0.48	0.29	0.48	0.29

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2002 AND 2001

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

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2002	2001	2002	2001
<b>INTEREST AND DIVIDEND INCOME</b>					
Loans and deposits		779,668	836,165	779,344	880,814
Hire purchase and financial lease income		1,330,057	1,014,157	889,830	642,144
Investments in securities		398,522	428,187	424,534	401,287
Total interest and dividend income		2,508,247	2,278,509	2,093,708	1,924,245
<b>EXPENSES ON BORROWINGS</b>					
Interest and discounts		945,362	995,375	905,907	970,969
Fees and charges		5,768	1,890	916	1,851
Total expenses on borrowings		951,130	997,265	906,823	972,820
Net interest and dividend income		1,557,117	1,281,244	1,186,885	951,425
<b>REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS (BAD DEBT AND DOUBTFUL ACCOUNTS)</b>					
		(328,327)	443,233	(307,808)	425,929
<b>LOSS ON DEBT RESTRUCTURING</b>					
		(47,892)	(115,658)	(47,892)	(115,658)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		1,180,898	1,608,819	831,185	1,261,696
<b>NON-INTEREST INCOME</b>					
Brokerage fees		284,287	138,021	-	-
Gain (loss) on investments	16	598,982	(261,029)	493,254	(411,215)
Fees and charges		375,769	276,318	160,572	84,756
Fees and gain (loss) on forward exchange		4,933	3,749	(111)	(38)
Share of profit of subsidiary and associated companies		878	20	406,442	433,675
Other income		153,058	223,161	126,692	148,207
Total non-interest income		1,417,907	380,240	1,186,849	255,385
Total net income		2,598,805	1,989,059	2,018,034	1,517,081
<b>OPERATING EXPENSES</b>					
Personnel expenses		548,672	476,220	197,474	156,362
Premises and equipment expenses		251,246	236,834	155,557	138,328
Taxes and duties		64,648	56,790	59,474	54,448
Directors' remuneration	17	4,990	4,260	4,290	4,260
Other expenses		564,012	489,400	629,297	530,326
Total operating expenses		1,433,568	1,263,504	1,046,092	883,724
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		1,165,237	725,555	971,942	633,357
CORPORATE INCOME TAX	18	(165,372)	(77,207)	(129)	(16,776)
EARNINGS BEFORE MINORITY INTEREST		999,865	648,348	971,813	616,581
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES		(28,052)	(31,767)	-	-
NET EARNINGS FOR THE PERIOD		971,813	616,581	971,813	616,581
<b>EARNINGS PER SHARE</b>					
Basic earnings per share	19	3.28	3.46	3.28	3.46
Diluted earnings per share		1.35	0.86	1.35	0.86

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

(UNAUDITED BUT REVIEWED)

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2002 AND 2001

(Unit : Thousand Baht)

	CONSOLIDATED										
	Issued and paid-up share capital		Share premium		Preference shares	Surplus (deficit)	Translation	Statutory	Unappropriated	Minority interest-	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	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>	5,475,182	1,526,818	-	36,500	-	(155,559)	130,956	48,700	(1,951,068)	434,743	
Increase in fair value of investments	-	-	-	-	-	68,787	-	-	-	-	68,787
Increase in translation adjustments	-	-	-	-	-	-	6,721	-	-	-	6,721
Net earnings for the period	-	-	-	-	-	-	-	-	616,581	-	616,581
Warrants converted to preference shares	15,250	-	-	-	600	-	-	-	-	-	15,850
Preference shares converted to ordinary shares	(387,175)	387,175	-	-	-	-	-	-	-	-	-
Increase in minority interest	-	-	-	-	-	-	-	-	-	10,029	10,029
<b>Balance as at 30 September 2001</b>	<u>5,103,257</u>	<u>1,913,993</u>	<u>-</u>	<u>36,500</u>	<u>600</u>	<u>(86,772)</u>	<u>137,677</u>	<u>48,700</u>	<u>(1,334,487)</u>	<u>444,772</u>	<u>6,264,240</u>
<b>Balance as at 31 December 2001</b>	5,086,912	1,931,738	-	36,500	350	126,794	136,463	48,700	(1,112,482)	433,555	6,688,530
Decrease in fair value of investments	-	-	-	-	-	(88,696)	-	-	-	-	(88,696)
Decrease in translation adjustments	-	-	-	-	-	-	(7,666)	-	-	-	(7,666)
Net earnings for the period	-	-	-	-	-	-	-	-	971,813	-	971,813
Warrants converted to preference shares	42,630	-	908	-	(350)	-	-	-	-	-	43,188
Preference shares converted to ordinary shares	(2,438,581)	2,438,581	-	-	-	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	-	(11,070)	(11,070)
<b>Balance as at 30 September 2002</b>	<u>2,690,961</u>	<u>4,370,319</u>	<u>908</u>	<u>36,500</u>	<u>-</u>	<u>38,098</u>	<u>128,797</u>	<u>48,700</u>	<u>(140,669)</u>	<u>422,485</u>	<u>7,596,099</u>

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

(UNAUDITED BUT REVIEWED)

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2002 AND 2001

(Unit : Thousand Baht)

## THE COMPANY ONLY

	Issued and paid-up share capital		Share premium		Preference shares	Surplus (deficit)	Translation adjustments	Statutory reserve	Unappropriated retained earnings (deficit)	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	subscription received	from changes in the				
					in advance	value of investment				
<b>Balance as at 31 December 2000</b>	5,475,182	1,526,818	-	36,500	-	(155,559)	130,956	48,700	(1,951,068)	5,111,529
Increase in fair value of investments	-	-	-	-	-	68,787	-	-	-	68,787
Increase in translation adjustments	-	-	-	-	-	-	6,721	-	-	6,721
Net earnings for the period	-	-	-	-	-	-	-	-	616,581	616,581
Warrants converted to preference shares	15,250	-	-	-	600	-	-	-	-	15,850
Preference shares converted to ordinary shares	(387,175)	387,175	-	-	-	-	-	-	-	-
<b>Balance as at 30 September 2001</b>	<b>5,103,257</b>	<b>1,913,993</b>	<b>-</b>	<b>36,500</b>	<b>600</b>	<b>(86,772)</b>	<b>137,677</b>	<b>48,700</b>	<b>(1,334,487)</b>	<b>5,819,468</b>
<b>Balance as at 31 December 2001</b>	<b>5,086,912</b>	<b>1,931,738</b>	<b>-</b>	<b>36,500</b>	<b>350</b>	<b>126,794</b>	<b>136,463</b>	<b>48,700</b>	<b>(1,112,482)</b>	<b>6,254,975</b>
Decrease in fair value of investments	-	-	-	-	-	(88,696)	-	-	-	(88,696)
Decrease in translation adjustments	-	-	-	-	-	-	(7,666)	-	-	(7,666)
Net earnings for the period	-	-	-	-	-	-	-	-	971,813	971,813
Warrants converted to preference shares	42,630	-	908	-	(350)	-	-	-	-	43,188
Preference shares converted to ordinary shares	(2,438,581)	2,438,581	-	-	-	-	-	-	-	-
<b>Balance as at 30 September 2002</b>	<b>2,690,961</b>	<b>4,370,319</b>	<b>908</b>	<b>36,500</b>	<b>-</b>	<b>38,098</b>	<b>128,797</b>	<b>48,700</b>	<b>(140,669)</b>	<b>7,173,614</b>

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2002 AND 2001

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
<b>Cash flows from operating activities</b>				
Net earnings	971,813	616,581	971,813	616,581
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary companies	28,052	31,767	-	-
Share of net gain of subsidiary and associated companies	(878)	(19)	(406,442)	(433,675)
Depreciation and amortisation	163,717	74,220	67,291	57,295
Bad debt and doubtful accounts (reversal of bad debt and doubtful accounts)	364,467	(26,795)	338,908	158,260
Unrealised loss (gain) on revaluation of investment	33,038	(279,326)	34,853	(254,362)
Provision for revaluation of property foreclosed	17,898	42,710	17,829	42,710
Reserve for accrued bonus	92,269	57,739	40,128	25,283
Loss from troubled debt restructuring	47,892	115,658	47,892	115,658
Gain on transfer of investments	-	(2)	-	-
Gain on disposal of investments	(525,773)	(39,994)	(485,527)	(4,290)
Gain on disposal of equipment	(9,188)	(3,366)	(1,167)	(1,609)
Unrealised loss (gain) on valuation of securities held for trading	145,334	(146,053)	-	-
Gain on disposal of property foreclosed	(58,562)	(38,000)	(58,562)	(38,000)
Decrease (increase) deferred tax assets	(6,268)	15,765	129	16,776
Decrease in accrued interest and dividend receivable	198,916	64,628	202,657	63,805
Decrease (increase) in other receivable	28,079	1,371	(19,148)	(5,669)
Increase (decrease) accrued interest payable	5,338	(49,345)	1,222	(50,983)
Increase in accrued expenses	32,721	29,432	30,631	29,114
Earnings from operating activities before changes in operating assets and liabilities	1,528,865	466,971	782,507	336,894
Decrease (increase) in operating assets				
Loans to financial institutions	(559,706)	18,231	-	-
Negotiable certificates of deposit	15,286	(8,506)	-	-
Investment in securities - held for trading	230,693	164,845	-	-
Trading transactions with securities companies	(157,464)	39,202	-	-
Finance business loans and receivable	(4,370,720)	(4,350,941)	(2,850,412)	(3,043,452)
Securities business loans and receivable	(42,811)	(93,924)	-	-
Property foreclosed	504,043	124,350	502,184	126,007
Other assets	50	(306,979)	(97,640)	(287,788)

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2002 AND 2001

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
Increase (decrease) in operating liabilities				
Borrowings and deposits from public	(3,070,186)	3,268,659	(3,905,788)	3,245,267
Borrowings and deposits from banks and financial institutions	(24,319)	494,153	(381,268)	240,938
Borrowings and deposits from foreign countries	(3,915)	(40,782)	(3,915)	(40,782)
Securities sold under repurchase agreements	(100,000)	190,000	(100,000)	190,000
Trading transactions with securities companies	163,777	37,393	-	-
Liabilities under commercial paper sold	30,000	(75,000)	30,000	(75,000)
Securities business payable	3,515	160,178	-	-
Other liabilities	(33,596)	6,294	34,234	82,492
Net cash flows from (used in) operating activities	(5,886,488)	94,144	(5,990,098)	774,576
<b>Cash flows from investing activities</b>				
Cash paid for purchase of investment in securities held for investment	(6,017,386)	(14,694,806)	(5,669,269)	(14,906,879)
Cash received from disposal of investment in securities held for investment	9,234,168	15,071,855	8,951,561	14,525,085
Cash paid for purchase of equipment	(50,809)	(82,714)	(16,784)	(38,845)
Cash received from disposal of equipment	18,262	28,487	1,485	4,519
Net cash flows from (used in) from investing activities	3,184,235	322,822	3,266,993	(416,120)
<b>Cash flows from financing activities</b>				
Dividend paid	(40,000)	-	-	-
Cash received from issuance of debentures	3,000,000	-	3,000,000	-
Cash received from exchange of warrants to purchase preference shares	43,188	15,850	43,188	15,850
Net cash flows from financing activities	3,003,188	15,850	3,043,188	15,850
<b>Translation adjustment</b>	(7,666)	(7,286)	-	-
Net increase in cash and cash equivalents	293,269	425,530	320,083	374,306
Cash and cash equivalents at beginning of the period	665,733	704,349	106,557	159,332
Cash and cash equivalents at end of the period (Note 20)	959,002	1,129,879	426,640	533,638
<b>Supplemental cash flows information :-</b>				
Cash paid during the period for				
Interest	940,023	740,508	904,684	1,021,951
Corporate income tax	239,147	29,391	9,543	4,624
Non-cash transactions :-				
Conversion of preference shares to ordinary shares	2,438,581	387,175	2,438,581	387,175
Transfer of assets from troubled debt restructuring	-	115,735	-	115,735

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

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

**1. GENERAL INFORMATION**

**1.1 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. However, 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.

**1.2 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 had the collateral values of those non-performing assets which meet the stipulated conditions for transfer to TAMC reappraised. The Company has set up provision for all types of non-performing assets at 100% of their book value after deducting collateral values.

### **1.3 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 condensed interim financial statements. However, additional line items are presented in the balance sheets, and the statements of earnings, changes in shareholders’ equity and cash flows, as in the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

### **1.4 Basis for the preparation of the consolidated financial statements**

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2001. There have been no changes in the shareholding structure during the period.

The financial statements of 3 subsidiary companies, which are included in the consolidated interim financial statements, TISCO Global Investment Holdings Limited, TISCO Securities UK Limited and Thai Permsub Finance Company Limited, were prepared by the managements of these subsidiary companies and not reviewed by their auditors. As at 30 September 2002, these 3 subsidiary companies have aggregate assets included in the consolidated interim financial statements of approximately Baht 282 million, and aggregate revenues and aggregate net profits for the three-month period then ended of approximately Baht 12 million and Baht 4 million, respectively and aggregate revenues and aggregate net losses for the nine-month period then ended was approximately Baht 20 million and Baht 3 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 reviewed by auditors.

### **1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation adopted for the financial statements for the year ended 31 December 2001.

## **2. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS**

As at 30 September 2002, a Baht 35 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 million (as at 31 December 2001 : Baht 3 million). During the period, the subsidiary recognized interest income of approximately Baht 2 million (for the year ended 31 December 2001 : Baht 2 million).

As at 30 September 2002, cash deposits at banks of the Company and its local subsidiaries of approximately Baht 28 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 September 2002, approximately Baht 100 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.

## **3. INVESTMENTS IN SECURITIES**

3.1 As at 30 September 2002, held-to-maturity debt securities amounting to Baht 335 million (as at 31 December 2001 : Baht 3,331 million) represent government bonds which the Company has invested pursuant to the agreement made with the Ministry of Finance under the Tier I and Tier II capital support scheme. These bonds are redeemable within a 10-year period, non-negotiable and carry interest at rates of 4% and 5% per annum. In September 2002, the bonds totaling Baht 2,996 million were redeemed before maturity date by the Ministry of Finance.

3.2 As at 30 September 2002, the Company has a commitment not to sell marketable equity securities totalling Baht 186 million (as at 31 December 2001 : Baht 168 million) for the period, as a condition of troubled debt restructuring agreements made with restructured receivables.

(UNAUDITED BUT REVIEWED)

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

(Unit : Million 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	59	-	59	59	-	59
	<u>59</u>	<u>-</u>	<u>59</u>	<u>59</u>	<u>-</u>	<u>59</u>

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

- 3.4 The Company did not record investments in Jiji Press (Thailand) Co., Ltd., Guardian Insurance (Thailand) Co., Ltd., Mizuho Corporate Leasing (Thailand) Co., Ltd. (formerly known as “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.
- 3.5 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.

#### 4. INVESTMENT IN SUBSIDIARY COMPANIES

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

Company's name	Nature of business	Nature of relationship	(Unit : Million Baht)									
			Paid-up share capital		Percentage of holding (%)		Cost method		Equity method <sup>(1)</sup>		Dividend income received <sup>(2)</sup>	
			30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December	For nine-month periods	
			2002	2001	2002	2001	2002	2001	2002	2001	30 September	
<b>Subsidiary companies directly held by the Company</b>												
TISCO Securities Hong Kong Limited	Services	Shareholders	HKD 20 million	HKD 20 million	100.00	100.00	66	66	291	314	-	-
TISCO Securities Co., Ltd.	Services	Shareholders	1,500	1,500	99.99	99.99	1,500	1,500	1,774	1,641	-	-
Tru-Way Co., Ltd.	Hire purchase	Shareholders	1,200	1,200	99.99	99.99	1,078	1,078	2,032	1,731	-	20
	and holding											
Thai Commercial Auto Co., Ltd.	Hire purchase	Shareholders	800	800	50.00	50.00	434	434	400	411	40	20
Thai Permsub finance Co., Ltd.	Finance	Shareholders	150	150	99.99	99.99	150	150	151	150	-	-
									4,648	4,247	40	40

<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.

#### 5. LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE

5.1 As at 30 September 2002, loans and receivable include debts of approximately Baht 104 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.

5.2 As at 30 September 2002, the Company had loans and receivable of approximately Baht 3,319 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 in accordance with its accounting policy, amounted to approximately Baht 6,370 million (as at 31 December 2001 : Baht 4,640 million), with Baht 4,805 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.

(UNAUDITED BUT REVIEWED)

As at 30 September 2002, the local subsidiaries had securities business receivable, hire-purchase receivable, financial lease receivable and other loan and receivables totalling Baht 690 million, on which the recognition of income had been suspended (as at 31 December 2001 : Baht 693 million), with Baht 606 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 3,080 million (the Company only : Baht 2,032 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).

- 5.3 As at 30 September 2002, the Company's loans and receivable include restructured loans and receivables amounting to approximately Baht 2,488 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 603 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 532 million has been provided for.

#### 5.4 Troubled Debt Restructuring

During the period, the Company entered into troubled debt restructuring agreements with 149 debtors, with aggregate loan balance (before restructuring) of approximately Baht 3,584 million.

As at 30 September 2002, the number of debtors which were subjected to debt restructuring amounted to 782 as summarised below.

Type of restructuring	Number of receivables	Outstanding loan balance before restructuring Million Baht	Type of transferred assets	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	198
			Equity securities	14
			Machinery	22
Transfer of equity securities and modification of terms	39	3,459	Equity securities	1,218
Transfer of assets and modification of terms	12	2,191	Debt securities	6
			Land and premises	465
			Equity securities	190
			Air conditioners	2
Modification of terms	705	16,469		
Total	782	25,953		4,663



(UNAUDITED BUT REVIEWED)

The balance of the restructured debts as at 30 September 2002 amounted to approximately Baht 7,012 million (as at 31 December 2001 : Baht 6,867 million).

During the nine-month period ended 30 September 2002, the Company recognised interest income on restructured receivables totalling Baht 139 million, received repayments of principal and interest from the restructured receivables totalling Baht 2,688 million and recorded losses from restructuring totalling Baht 43 million (for the year ended 31 December 2001 : Baht 448 million, Baht 3,851 million and Baht 191 million, respectively).

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

### 6.1 Allowance for doubtful accounts

(Unit : Thousand Baht)

	Consolidated as at 30 September 2002						
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad debts	General reserve	Total
<i>Allowance for doubtful accounts<sup>(1)</sup> :</i>							
Balance-beginning of period <sup>(1)</sup>	189,770	12,090	21,399	74,641	781,792	737,701	1,817,393
Increase (decrease) in allowance for doubtful accounts during the period	45,522	7,488	29,265	(8,332)	129,879	306,321	510,143
Bad debts written-off	-	-	-	-	(42,516)	-	(42,516)
	<u>235,292</u>	<u>19,578</u>	<u>50,664</u>	<u>66,309</u>	<u>869,155</u>	<u>1,044,022</u>	<u>2,285,020</u>
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	<u>460,339</u>	<u>7,361</u>	<u>8,697</u>	<u>196,029</u>	<u>1,197,101</u>	<u>-</u>	<u>1,869,527</u>
Balance-end of period	<u><u>695,631</u></u>	<u><u>26,939</u></u>	<u><u>59,361</u></u>	<u><u>262,338</u></u>	<u><u>2,066,256</u></u>	<u><u>1,044,022</u></u>	<u><u>4,154,547</u></u>

<sup>(1)</sup> The allowance for doubtful accounts include that made by the subsidiary companies, which as from the third quarter of 2002, has been reflected in the above table according to the classification of those subsidiaries' loans instead of being shown as the general reserve, as was previously the case. The reclassification did not affect the previously reported consolidated balance.

## (UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

## The Company only as at 30 September 2002

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
<i>Allowance for doubtful accounts :</i>							
Balance-beginning of period	159,322	9,213	13,831	64,832	-	725,985	973,183
Increase (decrease) in allowance for doubtful accounts during the period	34,213	6,933	26,986	(12,266)	146,260	291,972	494,098
Bad debts written-off	-	-	-	-	(16,980)	-	(16,980)
	<u>193,535</u>	<u>16,146</u>	<u>40,817</u>	<u>52,566</u>	<u>129,280</u>	<u>1,017,957</u>	<u>1,450,301</u>
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	460,339	7,361	8,697	196,029	1,197,101	-	1,869,527
Balance-end of period	<u>653,874</u>	<u>23,507</u>	<u>49,514</u>	<u>248,595</u>	<u>1,326,381</u>	<u>1,017,957</u>	<u>3,319,828</u>

(Unit : Thousand Baht)

## Consolidated as at 31 December 2001

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	129,651	5,319	39,094	55,614	-	1,460,531	1,690,209
Increase (decrease) in allowance for doubtful accounts during the period	59,671	3,895	(25,263)	9,218	249,689	110,272	407,482
Bad debt written - off	(30,000)	-	-	-	(249,689)	(609)	(280,298)
Balance - end of period	<u>159,322</u>	<u>9,214</u>	<u>13,831</u>	<u>64,832</u>	<u>-</u>	<u>1,570,194</u>	<u>1,817,393</u>

(Unit : Thousand Baht)

## The Company only as at 31 December 2001

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	129,651	5,319	39,094	55,614	-	554,394	784,072
Increase (decrease) in allowance for doubtful accounts during the period	59,671	3,895	(25,263)	9,218	249,689	171,590	468,800
Bad debt written - off	(30,000)	-	-	-	(249,689)	-	(279,689)
Balance - end of period	<u>159,322</u>	<u>9,214</u>	<u>13,831</u>	<u>64,832</u>	<u>-</u>	<u>725,984</u>	<u>973,183</u>

(UNAUDITED BUT REVIEWED)

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.

## 6.2 Allowance for loss on debt restructuring

(Unit : Thousand Baht)

	The Company Only	
	30 September 2002	31 December 2001
Balance - beginning of period	333,862	417,386
Increase during period	194,490	42,999
Written-off	(35,170)	(126,523)
Balance - end of period	493,182	333,862

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 September 2002 of approximately Baht 2,184 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 3,813 million (as at 31 December 2001 : Baht 1,307 million), or Baht 1,629 million (as at 31 December 2001 : Baht 750 million) more than the required amount.

The allowance for doubtful debts of Baht 3,813 million, as mentioned above, consists of allowance for doubtful debts of Baht 2,380 million set aside for the unsecured portion of loans amounting to Baht 4,805 million at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,433 million set up for the other loans and receivables.

(UNAUDITED BUT REVIEWED)

As at 30 September 2002, the Company had outstanding non-performing loans and receivables of approximately Baht 1,676 million, against which an allowance for doubtful debts of Baht 150 million has been provided.

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

## 7. 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.

### 7.1 Investment in securities

As at 30 September 2002 and 31 December 2001, the investment in securities of the Company and a subsidiary company include 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 subordinated debentures, as discussed in Note 7.1a) are summarised below.

	(Unit : Million Baht)					
	Cost		Fair Value		Allowance for possible loss provided in the accounts <sup>(1)</sup>	
	30 September 2002	31 December 2001	30 September 2002	31 December 2001	30 September 2002	31 December 2001
Debt instruments - debentures	59	69	-	2	59	66

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

(UNAUDITED BUT REVIEWED)

## 7.2 Classification of assets under the Bank of Thailand's guidelines

As at 30 September 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 (BOT). They are summarised below.

	(Unit : Million Baht)								
	Debt balance				Percentage required by BOT <sup>(1)</sup>	Allowance for doubtful accounts			
	Debt balance		Debt balance after net off collateral			Amounts to be provided under BOT's guidelines		Amounts already set up by the Company	
	30 September 2002	31 December 2001	30 September 2002	31 December 2001	30 September 2002	31 December 2001	30 September 2002	31 December 2001	
<b>Loans and receivable <sup>(1) (2)</sup></b>									
Pass	29,428	26,134	19,837	15,933	1	198	159	654	159
Special mention	660	502	560	351	2	11	7	24	9
Substandard	212	106	175	59	20	35	12	49	14
Doubtful	579	116	269	89	50	135	45	249	65
Bad debts	2,394	1,578	1,312	-	100	1,312	-	1,326	-
Total	33,273	28,436	22,153	16,432		1,691	223	2,302	247
Loss on receivable under troubled debt restructuring	-	-	-	-	100	493	334	493	334
Total	33,273	28,436	22,153	16,432		2,184	557	2,795	581
General reserve								1,018	726
Total								3,813	1,307
<b>Investment</b>									
Bad debts									
Debt instruments	61	88	61	88	100	61	88	61	88
Equity instruments	222	198	222	198	100	222	198	222	198
Total	283	286	283	286		283	286	283	286
General reserve								-	88
Total								283	374
<b>Investment in receivables</b>									
Pass	92	229	34	137	1	-	1	7	1
Special mention	-	-	-	-	2	-	-	-	-
Substandard	-	-	-	-	20	-	-	-	-
Doubtful	101	-	101	-	50	50	-	50	-
Bad debts	7	7	-	-	100	-	-	-	-
Total	200	236	135	137		50	1	57	1
<b>Property foreclosed</b>									
Land	103	109	103	109	100	103	109	103	109
Total classified assets	33,859	29,067	22,674	16,964		2,620	953	4,256	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.

## (UNAUDITED BUT REVIEWED)

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, receivables and interest accrued on loans, investment in securities and properties foreclosed. As at 30 September 2002 and 31 December 2001, the Company provided allowances amounting to Baht 4,256 million and Baht 1,791 million, respectively, against its loans and receivable, investment in securities and properties foreclosed. Such allowance is in excess of the amount that would be required in accordance with the BOT's guidelines.

The allowance for possible loan losses has been determined after taking into account the value of collateral in accordance with the BOT'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 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2002	2001	2002	2001	2002	2001	2002	2001
			(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Companies vulnerable to delisting	4	2	686	708	584	525	100	137
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	27	16	1,801	1,234	1,103	1,011	659	136
3. Listed companies of which shares have been suspended for trading	3	2	76	83	42	56	37	21
4. Listed companies under rehabilitation	12	3	523	178	187	134	324	11
5. Companies having loan default problem	34	10	1,249	593	357	478	786	21
6. Companies having going concern issue as cited in auditors' report	6	3	845	669	225	124	124	24
Total	86	36	5,180	3,465	2,498	2,328	2,030	350

(UNAUDITED BUT REVIEWED)

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

As at 30 September 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 September 2002	31 December 2001	30 September 2002	31 December 2001	30 September 2002	31 December 2001
Pass	2	8	-	-	-	-
Substandard	26	24	-	-	-	-
Doubtful	513	537	513	537	513	537
Total	<u>541</u>	<u>569</u>	<u>513</u>	<u>537</u>	513	537
General reserve					22	14
Total					<u>535</u>	<u>551</u>

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

### 7.4 Hire-purchase receivable/financial lease receivable and other loan receivable of the subsidiary companies

As at 30 September 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)

	<u>30 September 2002</u>	<u>31 December 2001</u>
Current or overdue less than 90 days	4,887	3,312
Overdue		
91 - 365 days	90	62
More than 1 year	165	162
Debtors under litigation	60	64
Total	<u>5,202</u>	<u>3,600</u>

(UNAUDITED BUT REVIEWED)

## 8. PROPERTY FORECLOSED

As at 30 September 2002, the Company had obligations with regard to properties foreclosed which were received in repayment of debts amounting to approximately Baht 731 million. The debtors may repurchase these properties at prices and within periods specified in the agreements.

## 9. OTHER ASSETS

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	30 September 2002	31 December 2001	30 September 2002	31 December 2001
Value added tax - net	637,105	640,132	576,758	584,665
Accrued interest receivable	42,417	156,356	40,470	153,748
Professional fee receivable	34,709	95,972	680	8,724
Prepaid income tax	82,830	64,863	45,193	35,650
Deferred computer system development cost - net	47,212	46,194	43,250	40,566
Deposits	11,095	12,024	2,738	4,547
Other receivables	144,185	207,060	140,018	86,522
Other assets	271,309	178,754	118,361	30,429
Total other assets	<u>1,270,862</u>	<u>1,401,355</u>	<u>967,468</u>	<u>944,851</u>



(UNAUDITED BUT REVIEWED)

## 10. DEBENTURES

(Unit : Thousand Baht)

	Consolidated / The Company Only	
	30 September 2002	31 December 2001
Subordinated debentures	331,000	331,000
Unsubordinated and unsecured debentures	3,000,000	-
	<u>3,331,000</u>	<u>331,000</u>

On 29 July 2002, the Company issued Baht 3,000 million of unsubordinated and unsecured debentures maturing in 2007, consisting of :-

- a) Two million debentures with a face value of Baht 1,000 each, totaling Baht 2,000 million. These debentures carry interest at a rate of 4.25 percent per annum.
- b) One million debentures with a face value of Baht 1,000 each, totaling Baht 1,000 million. These debentures carry interest at a rate of 3.5 percent per annum in the first and second years and thereafter at a floating rate equivalent to the reference rate plus 0.5 percent per annum, which rate shall not be less than 3.75 percent per annum and shall not exceed 5 percent, 5.5 percent and 6 percent per annum in the third, fourth and fifth years, respectively.

In respect of the Baht 1,000 million debentures discussed in (b) above, on 29 July 2002, the Company entered into an interest rate swap agreement to swap the floating interest rate to a fixed interest rate. The agreement expires in 2007.

(UNAUDITED BUT REVIEWED)

## 11. OTHER LIABILITIES

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	30 September 2002	31 December 2001	30 September 2002	31 December 2001
Corporate income tax payable	26,462	73,721	-	-
Withholding income tax and other tax payable	45,220	91,252	39,406	63,030
Accrued insurance premium	190,209	149,362	143,301	108,811
Others	394,871	256,027	229,556	140,426
Total other liabilities	656,762	570,362	412,263	312,267

## 12. SHARE CAPITAL AND WARRANTS

- a) In 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. The Company has used Baht 3,000 million received from the Ministry of Finance reinvested in government bonds in accordance with the conditions of the Ministry of Finance support scheme. 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. Up to 31 May 2002 (the final day of the exercise period), a total of 299,681,000 derivative warrants had been converted to the preference shares.

- 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 the 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. In addition, the annual general meeting passed a resolution approving the allocation of 1,100,000 warrants to the directors. These conditions were approved by the Office of the Securities and Exchange Commission on 10 July 2002 and 16 August 2002 respectively.

The Company allocated a total of 14,002,000 warrants during 2001 and 2000 and a total of 5,779,000 warrants during this quarter. Up to 30 September 2002, employees who had been allocated warrants had exercised their rights to purchase a total of 5,235,000 preference shares at an exercise price of Baht 10 each; and 693,000 preference shares at an exercise price of Baht 11.31 each, a total of Baht 60,187,830. Of such amount, Baht 16,650,000 was registered with the Ministry of Commerce in 2001 and Baht 43,537,830 in 2002.

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As at 30 September 2002, 13,853,000 warrants remained unexercised.

- c) During the nine-month period ended 30 September 2002, the Company registered the conversion of 243,858,120 preference shares to ordinary shares with the Ministry of Commerce.

As at 30 September 2002, there remained a total of 269,096,080 preference shares which are eligible for conversion to ordinary shares.

### 13. CAPITAL FUND

As at 30 September 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 September 2002	31 December 2001
<u>Tier I</u>		
Issued and fully paid up share capital	7,061,280	7,018,650
Premium on share capital	37,408	36,500
Statutory reserve	48,700	48,700
Net loss after appropriation	(485,498)	(1,192,462)
Total	6,661,890	5,911,388
<u>Tier II</u>		
Subordinated debentures	331,000	331,000
Reserve for loans classified as pass	502,758	160,595
Total	833,758	491,595
Total capital fund	7,495,648	6,402,983

Capital funds as stated above is calculated based on the Bank of Thailand's regulation.

(UNAUDITED BUT REVIEWED)

The capital ratios of the Company are as follows :-

	The Company Only			
	30 September 2002		31 December 2001	
	Company	Requirement	Company	Requirement
Tier I capital to risk assets	16.58%	4.00%	15.53%	4.00%
Total capital to risk assets	18.65%	8.00%	16.82%	8.00%
Total capital to issued and paid up share capital	106.15%	75.00%	91.23%	75.00%

#### 14. 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.

#### 15. REVALUATION SURPLUS ON CHANGES IN THE VALUE OF INVESTMENTS

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	30 September 2002	31 December 2001	30 September 2002	31 December 2001
Balance - beginning of the period	126,794	(155,558)	126,794	(155,558)
Increase (decrease) in changes in the value of securities during the period	(88,696)	282,352	(88,696)	282,352
Balance - end of the period	38,098	126,794	38,098	126,794

(UNAUDITED BUT REVIEWED)

## 16. GAIN (LOSS) ON INVESTMENTS

This amount consists of the following :-

(Unit : Thousand Baht)

For the three-month periods ended 30 September

	Consolidated		The Company Only	
	2002	2001	2002	2001
Unrealised gain (loss) on investments	(22,235)	257,195	6,593	296,199
Realised gain (loss) on investments	161,584	(655,043)	143,007	(659,603)
Total	<u>139,349</u>	<u>(397,848)</u>	<u>149,600</u>	<u>(363,404)</u>

(Unit : Thousand Baht)

For the nine-month periods ended 30 September

	Consolidated		The Company Only	
	2002	2001	2002	2001
Unrealised gain (loss) on investments	(135,803)	407,129	7,727	254,362
Realised gain (loss) on investments	734,785	(668,158)	485,527	(665,577)
Total	<u>598,982</u>	<u>(261,029)</u>	<u>493,254</u>	<u>(411,215)</u>

## 17. 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.

(UNAUDITED BUT REVIEWED)

## 18. CORPORATE INCOME TAX

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

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	2002	2001	2002	2001
Income tax payable on taxable profit for the period	746,921	394,374	474,359	213,323
Add (less) : Net decrease (increase) in deferred tax on temporary differences	(849)	15,766	129	16,776
(Less) : Utilisation of income tax benefits on tax loss carried forward	(580,700)	(332,933)	(474,359)	(213,323)
Income tax expenses - net	<u>165,372</u>	<u>77,207</u>	<u>129</u>	<u>16,776</u>

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

## 19. RECONCILIATION OF DILUTED EARNINGS PER SHARE

	For the three-month periods ended 30 September					
	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	344,828	210,180	419,734	191,353	0.82	1.10
<b>Effect of dilutive securities</b>						
Preference shares (including 13.9 million warrants to purchase preference shares)	-	-	300,247	522,849		
<b>Diluted earnings per share</b>						
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares	<u>344,828</u>	<u>210,180</u>	<u>719,981</u>	<u>714,202</u>	<u>0.48</u>	<u>0.29</u>

## (UNAUDITED BUT REVIEWED)

For the nine-month periods ended 30 September

	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	971,813	616,581	296,135	178,287	3.28	3.46
<b>Effect of dilutive securities</b>						
Preference shares (including 13.9 million warrants to purchase preference shares)	-	-	423,846	535,915		
<b>Diluted earnings per share</b>						
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares	971,813	616,581	719,981	714,202	1.35	0.86

**20. 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 September 2002 and 2001 consist of the following :-

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Cash	5,639	4,315	2,149	1,589
Cash at banks	953,363	1,125,564	424,491	532,049
Cash and cash equivalents	959,002	1,129,879	426,640	533,638



(UNAUDITED BUT REVIEWED)

## 21. RELATED PARTY TRANSACTIONS

During the three-month and nine-month periods ended 30 September 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)

	Consolidated			Balance-end of the period
	Balance- beginning of the period	Increase	Decrease	
<b><u>Outstanding balance as at 30 September 2002</u></b>				
<b>Associated company</b>				
Borrowing and deposits from public :				
Volkswagen Leasing (Thailand) Co., Ltd.	-	600,000	-	600,000

(Unit : Thousand Baht)

	The Company Only			Balance-end of the period
	Balance- beginning of the period	Increase	Decrease	
<b><u>Outstanding balance as at 30 September 2002</u></b>				
<b>Subsidiary companies</b>				
Loans to wholly owned subsidiary companies :				
TISCO Leasing Co., Ltd.	171,220	-	131,220	40,000
Hi-Way Co., Ltd.	171,547	-	171,547	-
Thai Information Technology Co., Ltd.	87,763	-	28,862	58,901
Tru-Way Co., Ltd.	-	5,000	-	5,000
Borrowing and deposits from financial institutions :				
TISCO Securities Co., Ltd.	38,000	-	15,000	23,000
TISCO Asset Management Co., Ltd.	10,000	1,000	-	11,000
Other liabilities :				
Tru-Way Co., Ltd.	20,527	10,731	-	31,258

## (UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated		The Company Only		Pricing policy
	2002	2001	2002	2001	(For the period 2002)
<b><u>Transactions occurred during the three-month periods ended 30 September</u></b>					
<b>Subsidiary companies</b>					
Interest income	-	-	2,881	18,433	At rate determined under the contracts of approximately 3, 7.5 and MOR less 1 percent per annum.
Rental income	-	-	3,073	2,953	At rate determined under the contract.
Risk and financial management fee	-	-	7,014		At rate determined under the contract
Human resources management fee	-	-	6,198		At rate determined under the contract
Debt collection service expenses	-	-	84,681	92,288	Fee charged at 2 percent of outstanding balances. (before November 2001 fee charged at 2.5 percent of outstanding balances)
Computer system advisory services expenses and office administration expenses	-	-	13,630	12,650	Fee charged at 12 percent per annum of the price of installed software.
Car rental expenses	-	-	177		At rate determined under the contract.
Interest expenses	-	-	1,069		At rate of approximately 1.25 percent per annum
Underwriting fee expenses	-	-	2,000	-	At rate determined under the negotiation
Sales agent fee expenses	-	-	1,355	-	At rate determined under the negotiation
<b>Associated company</b>					
Interest expense	4,209	-	-	-	At rate of approximately 2.625 to 3.45 percent per annum
Accounts receivable management fee expenses and office administration fee expenses	4,830	6,566	-	-	Fee charged at 2 percent of outstanding balances with minimum fee of Baht 500,000 per month (before May 2002 fee charged at average rate of 1.81 percent of outstanding balances).

## (UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated		The Company Only		Pricing policy
	2002	2001	2002	2001	(For the period 2002)
<b><u>Transactions occurred during the nine-month periods ended 30 September</u></b>					
<b>Subsidiary companies</b>					
Interest income	-	-	16,102	67,480	At rate determined under the contracts of approximately 3, 7.5 and MOR less 1 percent per annum.
Fees income	-	-	-	45	Fee charged at 1.25 percent of credit line.
Custodian fee	-	-	-	4,620	Fee charged at 0.046 percent of asset value.
Rental income	-	-	9,116	6,201	At rate determined under the contract.
Risk and financial management fee	-	-	21,042		At rate determined under the contract.
Human resources management fee	-	-	6,490		At rate determined under the contract.
Debt collection service expenses	-	-	225,721	249,959	Fee charged at 2 percent of outstanding balance (before November 2001 fee charged at 2.5 percent of outstanding balances)
Computer system advisory services expenses and office administration expenses	-	-	45,512	50,089	Fee charged at 12 percent per annum of the price of installed software.
Car rental expenses	-	-	991	2,824	At rate determined under the contract.
Interest expenses	-	-	3,276		At rate of approximately 1.25 percent per annum
Underwriting fee expenses	-	-	2,000	-	At rate determined under the negotiation.
Sales agent fee expenses	-	-	1,355	-	At rate determined under the negotiation.
<b>Associated company</b>					
Interest expense	5,094	-	-	-	At rate of approximately 2.625 to 3.4 percent per annum
Account receivable management fee expenses and office administration fee expenses	16,741	14,976	-	-	Fee charged at 2 percent of outstanding balances with minimum fee of Baht 500,000 per month (before May 2002 fee charged at average rate of 1.81 percent of outstanding balances).

(UNAUDITED BUT REVIEWED)

As at 30 September 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	8,857	8,857

As at 30 September 2002, with the exception of loans to subsidiary companies mentioned in Note 5.1, 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 September 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.

## 22. FINANCIAL INFORMATION BY SEGMENT

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

(Unit : Million Baht)

	For the three-month periods ended 30 September									
	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	581	840	11	10	(1)	(2)	(22)	(19)	569	829
Non-interest income	351	(149)	96	91	32	38	(131)	(174)	348	(194)
Operating expenses	(492)	(374)	(148)	(122)	(31)	(26)	124	129	(547)	(393)
Corporate income tax	(22)	(13)	6	(5)	-	(3)	-	-	(16)	(21)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(9)	(11)	(9)	(11)
Net earnings ( loss)	418	304	(35)	(26)	-	7	(38)	(75)	345	210

## (UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

For the nine-month periods ended 30 September										
	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	1,197	1,615	31	40	(4)	(6)	(43)	(40)	1,181	1,609
Non-interest income	1,091	231	614	487	101	120	(388)	(458)	1,418	380
Operating expenses	(1,273)	(1,094)	(408)	(362)	(84)	(81)	331	273	(1,434)	(1,264)
Corporate income tax	(71)	(48)	(90)	(19)	(4)	(10)	-	-	(165)	(77)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(28)	(32)	(28)	(32)
Net earnings	944	704	147	146	9	23	(128)	(257)	972	616

(Unit : Million Baht)

As at										
	Finance business		Securities business		Other business		Elimination		Total	
	30 September 2002	31 December 2001	30 September 2002	31 December 2001	30 September 2002	31 December 2001	30 September 2002	31 December 2001	30 September 2002	31 December 2001
Investments in securities	9,448	12,209	986	1,313	1	-	(4,162)	(4,161)	6,273	9,361
Loans, receivable and accrued interest receivable - net	34,481	30,666	617	349	-	-	(871)	(580)	34,227	30,435
Other assets	4,538	4,683	2,292	1,435	146	173	413	804	7,389	7,095
Total assets	48,467	47,558	3,895	3,097	147	173	(4,620)	(3,937)	47,889	46,891

**23. COMMITMENTS****23.1 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 55 million.
- b) The Company and a subsidiary company have entered into an agreement with 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 percent of the outstanding balance of principal, with restrictions as stated in the contract.

(UNAUDITED BUT REVIEWED)

- 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.

### **23.2 Litigation**

The Company was a defendant in certain lawsuits involving compensation of approximately Baht 257 million. As at 30 September 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.

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

## **24. 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 September 2002, the Company and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

### **24.1 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 September 2002 is summarised below :

(UNAUDITED BUT REVIEWED)

	(Unit : Million Baht)	
	Consolidated	The Company Only
Loans to financial institutions	696	-
Finance business loans, receivable and accrued interest receivable - net	33,827	29,552
Securities business receivable and accrued interest receivable – net	400	-
Other assets - other receivable	127	127
<b>Total</b>	<b>35,050</b>	<b>29,679</b>

Except from the above credit risk with stated in the consolidated financial statements amounting to approximately Baht 35,050 million, the Company have off balance sheet transactions risk from aval to bills and guarantees of loans and others amounting to approximately Baht 1,524 million.

## 24.2 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><u>Financial assets</u></b>				
Cash and deposits at financial institutions	451	82	461	994
Loans to financial institutions	-	696	-	696
Investments in securities - net	412	3,174	2,687	6,273
Trading transactions with securities companies				
- receivable	-	-	193	193
Loans and receivable	7,395	29,670	1,810	38,875
	<b>8,258</b>	<b>33,622</b>	<b>5,151</b>	<b>47,031</b>
<b><u>Financial liabilities</u></b>				
Borrowings and deposits	17	34,812	282	35,111
Trading transactions with securities companies				
- liabilities	-	-	252	252
Securities business payable	296	-	276	572
Debentures	-	3,331	-	3,331

313	38,143	810	39,266
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(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Company Only				
Outstanding balances of financial instruments				
	Floating	Fixed	Without	Total
	interest rate	interest rate	interest	
<b>Financial assets</b>				
Cash and deposits at financial institutions	1	18	408	427
Investments in securities - net	363	3,074	6,955	10,392
Loans and receivable	7,304	24,649	1,412	33,365
	7,668	27,741	8,775	44,184
<b>Financial liabilities</b>				
Borrowings and deposits	17	32,673	164	32,854
Debentures	-	3,331	-	3,331
	17	36,004	164	36,185

The Company has entered into an interest rate swap agreement to pay floating rate interest in exchange for receipt of fixed rate interest on the nominal principal of Baht 500 million. The agreement will expire in December 2002. It also entered into another interest rate swap agreement to pay fixed rate interest in exchange for receipt of floating rate interest on the nominal principal of Baht 500 million. This agreement will expire in September 2005.

In addition, as discussed in Note 10, the Company has entered into an interest rate swap agreement to exchange a floating interest rate on the Baht 1,000 million debentures for a fixed interest rate. The agreement expires in 2007.

The balances of the floating rate and fixed rate loans and receivable shown in the above table include those on which interest recognition has been ceased, and are presented before deducting provisions.

With respect to fixed rate financial instruments, the table show summarises their repricing or maturity date (whichever is the earlier) counting from the balance sheet date.



## (UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

		Consolidated							
		Repricing or maturity date							
		0-3	3-12	1 – 5	Over 5			Interest	
		<u>At call</u>	<u>months</u>	<u>months</u>	<u>years</u>	<u>years</u>	<u>Unspecified</u>	<u>Total</u>	<u>rates</u>
									%
<b>Financial assets</b>									
Cash and deposits at financial institutions	3	19	10	35	15	-	82	3.7657	
Loans to financial institutions	576	45	61	14	-	-	696	2.0146	
Investments in securities - net	-	62	2,035	545	532	-	3,174	5.9305	
Loans and receivable	1,696	4,069	8,212	12,700	2,549	444	29,670	8.0233	
	<u>2,275</u>	<u>4,195</u>	<u>10,318</u>	<u>13,294</u>	<u>3,096</u>	<u>444</u>	<u>33,622</u>		
<b>Financial liabilities</b>									
Borrowings and deposits	1,007	14,012	10,725	9,010	58	-	34,812	3.1332	
Debentures	-	-	-	3,000	331	-	3,331	4.4479	
	<u>1,007</u>	<u>14,012</u>	<u>10,725</u>	<u>12,010</u>	<u>389</u>	<u>-</u>	<u>38,143</u>		

(Unit : Million Baht)

		The Company Only							
		Repricing or maturity date							
		0-3	3-12	1 – 5	Over 5			Interest	
		<u>At call</u>	<u>months</u>	<u>months</u>	<u>years</u>	<u>Years</u>	<u>Unspecified</u>	<u>Total</u>	<u>rates</u>
									%
<b>Financial assets</b>									
Cash and deposits at financial institutions	-	18	-	-	-	-	18	0.2500	
Investments in securities - net	-	2	2,035	508	529	-	3,074	5.9878	
Loans and receivable	1,500	3,325	6,620	10,655	2,549	-	24,649	8.1232	
	<u>1,500</u>	<u>3,345</u>	<u>8,655</u>	<u>11,163</u>	<u>3,078</u>	<u>-</u>	<u>27,741</u>		
<b>Financial liabilities</b>									
Borrowings and deposits	1,012	13,762	8,830	9,069	-	-	32,673	3.0618	
Debentures	-	-	-	3,000	331	-	3,331	4.4479	
	<u>1,012</u>	<u>13,762</u>	<u>8,830</u>	<u>12,069</u>	<u>331</u>	<u>-</u>	<u>36,004</u>		

(UNAUDITED BUT REVIEWED)

**24.3 Liquidity risk**

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

(Unit : Million Baht)

Consolidated							
	0-3	3-12	1 – 5	Over 5		Non	
	months	months	years	years	Unspecified	performing	Total
	At call					loans	
<b>Financial assets</b>							
Cash and deposits at financial institutions	775	157	45	15	-	2	994
Loans to financial institutions	576	45	61	14	-	-	696
Investments in securities - net	1,732	62	2,048	910	389	7	6,273
Trading transactions with securities companies - receivable							
	-	193	-	-	-	-	193
Loans and receivable	1,546	4,960	8,791	15,885	3,686	4,001	38,875
	<u>4,629</u>	<u>5,417</u>	<u>10,945</u>	<u>16,824</u>	<u>4,075</u>	<u>1,133</u>	<u>47,031</u>
<b>Financial liabilities</b>							
Borrowings and deposits	1,281	14,012	10,726	9,005	63	24	35,111
Trading transactions with securities companies - liabilities							
	-	252	-	-	-	-	252
Securities business payable	296	263	13	-	-	-	572
Debentures	-	-	-	3,000	331	-	3,331
	<u>1,577</u>	<u>14,527</u>	<u>10,739</u>	<u>12,005</u>	<u>394</u>	<u>24</u>	<u>39,266</u>
<b>Off - balance sheet items</b>							
Aval to bills	-	982	17	-	-	-	999
Guarantees of loans and others	-	6	35	200	-	285	526
(Unit : Million Baht)							
The Company Only							
	0-3	3-12	1 – 5	Over 5		Non	
	months	months	years	years	Unspecified	performing	Total
	At call					Loans*	
<b>Financial assets</b>							
Cash and deposits at financial institutions	409	18	-	-	-	-	427
Investments in securities - net	1,408	2	2,035	872	386	7	10,392
Loans and receivable	1,426	3,822	7,198	13,915	3,686	3,312	33,365
	<u>3,243</u>	<u>3,842</u>	<u>9,233</u>	<u>14,787</u>	<u>4,072</u>	<u>3,319</u>	<u>44,184</u>
<i>* Non performing loans according to the BOT's guidelines</i>							
<b>Financial liabilities</b>							
Borrowings and deposits	1,192	13,762	8,831	9,069	-	-	32,854
Debentures	-	-	-	3,000	331	-	3,331
	<u>1,192</u>	<u>13,762</u>	<u>8,831</u>	<u>12,069</u>	<u>331</u>	<u>-</u>	<u>36,185</u>
<b>Off-balance sheet items</b>							
Aval to bills	-	982	17	-	-	-	999
Guarantees of loans and others	-	6	35	200	-	285	526

(UNAUDITED BUT REVIEWED)

#### **24.4 Foreign exchange risk**

As at 30 September 2002, the Company did not have any financial instruments in foreign currencies except investment in a subsidiary company amounting of Baht 291 million.

#### **24.5 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 of financial assets as described above.

As at 30 September 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.

(UNAUDITED BUT REVIEWED)

**25. PRESENTATION**

Certain amounts in the financial statements of prior periods 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.