

TISCO FINANCE PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2004

Review 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 2004 and 31 December 2003, the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for the six-month periods ended 30 June 2004 and 2003, 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 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, the financial statements referred to above present fairly, in all material respects, the financial positions of TISCO Finance Public Company Limited as at 30 June 2004 and 31 December 2003, and the results of its operations and cash flows for the six-month periods ended 30 June 2004 and 2003 in accordance with generally accepted accounting principles.

I have also reviewed the earnings statements for the three-month periods ended 30 June 2004 and 2003. 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 provide 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.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok : 21 July 2004

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

AS AT 30 JUNE 2004 AND 31 DECEMBER 2003

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 June 2004	31 December 2003	30 June 2004	31 December 2003
ASSETS					
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	4	1,188,188,746	1,193,449,580	258,836,855	234,741,704
LOANS TO FINANCIAL INSTITUTIONS	5	164,026,193	601,124,746	-	-
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	6	616,000,000	37,000,000	616,000,000	37,000,000
INVESTMENT IN SECURITIES	7,8,11				
Current investment - net		2,099,238,011	3,609,638,817	2,050,935,563	2,968,620,467
Long-term investment - net		4,402,964,416	4,456,098,003	4,207,183,813	4,238,265,167
Investment in subsidiaries and associated companies - net		-	29,845,846	4,359,924,656	4,356,447,228
Net investments		6,502,202,427	8,095,582,666	10,618,044,032	11,563,332,862
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		144,881,003	730,192,296	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	9,11				
Finance business loans and receivable		51,300,967,783	45,564,175,944	45,741,524,702	40,258,728,320
Securities business receivable		2,563,960,565	3,428,002,051	-	-
Total loans and receivable		53,864,928,348	48,992,177,995	45,741,524,702	40,258,728,320
Accrued interest receivable		113,715,755	106,291,259	87,105,014	80,123,473
Total loans, receivable and accrued interest receivable		53,978,644,103	49,098,469,254	45,828,629,716	40,338,851,793
Less : Allowance for doubtful accounts	10	(3,922,284,293)	(4,267,841,247)	(3,201,779,531)	(3,549,845,263)
Less : Allowance for loss on debt restructuring	10	(339,997,262)	(331,789,594)	(339,997,262)	(331,789,594)
Net loans, receivable and accrued interest receivable		49,716,362,548	44,498,838,413	42,286,852,923	36,457,216,936
PROPERTY FORECLOSED - net	12	1,290,556,518	1,414,206,927	1,282,796,065	1,408,720,212
LAND, PREMISES AND EQUIPMENT - net	13	1,453,171,621	1,291,037,925	899,530,725	815,333,149
DEFERRED TAX ASSETS	24	639,323,988	623,152,945	504,236,773	494,544,206
OTHER ASSETS	14	1,107,155,638	1,778,668,610	907,531,688	2,126,166,611
TOTAL ASSETS		62,821,868,682	60,263,254,108	57,373,829,061	53,137,055,680

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 2004 AND 31 DECEMBER 2003

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 June 2004	31 December 2003	30 June 2004	31 December 2003
LIABILITIES AND SHAREHOLDERS' EQUITY					
BORROWINGS AND DEPOSITS					
	15				
From public		38,144,320,797	33,911,944,411	37,250,366,392	33,235,112,965
From banks		1,737,004,419	2,316,529,825	335,358,366	842,055,444
From financial institutions		1,894,400,000	1,785,987,834	3,231,400,000	2,686,987,834
From foreign countries		118,051,323	99,434,806	118,051,323	99,434,806
Total borrowings and deposits		41,893,776,539	38,113,896,876	40,935,176,081	36,863,591,049
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		978,151,829	864,587,451	-	-
SECURITIES BUSINESS PAYABLE		1,692,211,377	3,299,166,871	-	-
LIABILITIES UNDER COMMERCIAL PAPERS SOLD		208,600,000	211,000,000	208,600,000	211,000,000
ACCRUED INTEREST PAYABLE		154,051,648	185,536,386	146,439,459	177,816,489
DEBENTURES	16	5,941,000,000	5,941,000,000	5,131,000,000	5,131,000,000
OTHER LIABILITIES	17	1,137,847,305	926,960,353	577,886,426	476,282,127
TOTAL LIABILITIES		52,005,638,698	49,542,147,937	46,999,101,966	42,859,689,665
SHAREHOLDERS' EQUITY					
Share capital	18				
Registered	18(a)	11,002,000,000	11,002,000,000	11,002,000,000	11,002,000,000
Issued and paid up					
185,353,980 preference shares of Baht 10 each					
(31 December 2003 : 181,127,680 preference shares of Baht 10 each)		1,853,539,800	1,811,276,800	1,853,539,800	1,811,276,800
530,674,020 ordinary shares of Baht 10 each					
(31 December 2003 : 530,591,820 ordinary shares of Baht 10 each)		5,306,740,200	5,305,918,200	5,306,740,200	5,305,918,200
		7,160,280,000	7,117,195,000	7,160,280,000	7,117,195,000
Share premium					
Share premium of preference shares		16,502,150	7,811,540	16,502,150	7,811,540
Share premium of ordinary shares		36,500,000	36,500,000	36,500,000	36,500,000
Revaluation surplus on changes in the value of investment	21	727,284,934	1,032,910,120	727,284,934	1,032,910,120
Translation adjustments		110,202,949	102,400,755	110,202,949	102,400,755
Retained earnings					
Appropriated - statutory reserve	20	143,300,000	143,300,000	143,300,000	143,300,000
Unappropriated		2,180,657,062	1,837,248,600	2,180,657,062	1,837,248,600
Equity attributable to Company's shareholders		10,374,727,095	10,277,366,015	10,374,727,095	10,277,366,015
Minority interest - equity attributable to minority shareholders of subsidiaries		441,502,889	443,740,156	-	-
TOTAL SHAREHOLDERS' EQUITY		10,816,229,984	10,721,106,171	10,374,727,095	10,277,366,015
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		62,821,868,682	60,263,254,108	57,373,829,061	53,137,055,680
		0	0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES					
	32				
Aval to bills		100,000,000	190,000,000	100,000,000	190,000,000
Guarantees of loans and others		547,269,552	516,957,183	547,269,552	516,957,183

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

Mr. Pliu Mangkornkanok

(Chairman of the Executive Board and Chief Executive Officer)

Mr. Pichai Chanvirachart

(President)

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2004 AND 2003

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
INTEREST AND DIVIDEND INCOME					
Loans and deposits		146,296,435	209,525,123	141,976,514	205,802,567
Hire purchase and financial lease income		723,970,933	591,468,125	524,219,880	405,321,231
Investment in securities		71,159,388	92,484,452	66,157,855	81,848,000
Total interest and dividend income		941,426,756	893,477,700	732,354,249	692,971,798
EXPENSES ON BORROWINGS					
Interest and discounts		261,812,774	303,133,296	239,933,566	279,895,165
Fees and charges		-	1,515,209	-	-
Total expenses on borrowings		261,812,774	304,648,505	239,933,566	279,895,165
Net interest and dividend income		679,613,982	588,829,195	492,420,683	413,076,633
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS					
(BAD DEBT AND DOUBTFUL ACCOUNTS)		98,995,912	(70,284,095)	115,160,576	(51,546,051)
LOSS ON DEBT RESTRUCTURING					
		-	(782,094)	-	(782,094)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		778,609,894	517,763,006	607,581,259	360,748,488
NON-INTEREST INCOME					
Brokerage fees		194,745,882	126,976,146	-	-
Gain (loss) on investments		(25,838,385)	163,912,765	(26,446,088)	46,237,090
Fees and charges		187,368,683	214,215,425	112,205,462	94,579,713
Fees and gains (loss) on forward exchange		(2,330,821)	2,885,684	-	(58,525)
Share of profit (loss) of subsidiary and associated companies		(494,288)	1,141,031	101,036,200	192,012,042
Other income		35,480,954	42,449,687	25,953,866	39,078,311
Total non-interest income		388,932,025	551,580,738	212,749,440	371,848,631
Total net income		1,167,541,919	1,069,343,744	820,330,699	732,597,119
OPERATING EXPENSES					
Personnel expenses		320,995,059	217,457,977	153,503,197	95,864,528
Premises and equipment expenses		76,743,078	78,762,718	52,103,879	50,437,074
Taxes and duties		12,813,228	17,777,187	11,040,988	15,959,515
Directors' remuneration	23	1,965,000	1,665,000	1,725,000	1,425,000
Other expenses		219,998,677	207,810,534	133,787,882	125,619,763
Total operating expenses		632,515,042	523,473,416	352,160,946	289,305,880
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		535,026,877	545,870,328	468,169,753	443,291,239
CORPORATE INCOME TAX		(133,399,288)	(97,113,707)	(78,467,832)	(3,340,542)
EARNINGS BEFORE MINORITY INTEREST		401,627,589	448,756,621	389,701,921	439,950,697
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES		(11,925,668)	(8,805,924)	-	-
NET EARNINGS FOR THE PERIOD		389,701,921	439,950,697	389,701,921	439,950,697
EARNINGS PER SHARE					
Basic earnings per share	28	0.73	0.83	0.73	0.83
Diluted earnings per share		0.54	0.61	0.54	0.61

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 2004 AND 2003

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
INTEREST AND DIVIDEND INCOME					
Loans and deposits		399,237,431	443,254,460	391,015,413	435,277,073
Hire purchase and financial lease income		1,404,111,977	1,147,447,148	1,024,448,816	782,452,913
Investment in securities		147,068,516	180,377,349	135,354,439	183,481,882
Total interest and dividend income		1,950,417,924	1,771,078,957	1,550,818,668	1,401,211,868
EXPENSES ON BORROWINGS					
Interest and discounts		525,059,303	608,992,678	483,587,214	564,009,471
Fees and charges		-	3,242,813	-	-
Total expenses on borrowings		525,059,303	612,235,491	483,587,214	564,009,471
Net interest and dividend income		1,425,358,621	1,158,843,466	1,067,231,454	837,202,397
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS					
(BAD DEBT AND DOUBTFUL ACCOUNTS)		30,586,507	(54,132,029)	54,106,164	(20,065,842)
LOSS ON DEBT RESTRUCTURING					
		-	(790,522)	-	(790,522)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		1,455,945,128	1,103,920,915	1,121,337,618	816,346,033
NON-INTEREST INCOME					
Brokerage fees		511,729,862	211,274,979	-	-
Gain (loss) on investments	22	(55,796,475)	215,165,187	(40,663,281)	65,762,376
Fees and charges		588,393,675	403,513,832	228,938,526	162,636,566
Fees and gain (loss) on forward exchange		(811,582)	3,127,169	(577,308)	(129,471)
Share of profit (loss) of subsidiary and associated companies		-	1,626,135	438,156,364	275,743,814
Other income		70,631,926	70,348,105	63,144,466	63,604,986
Total non-interest income		1,114,147,406	905,055,407	688,998,767	567,618,271
Total net income		2,570,092,534	2,008,976,322	1,810,336,385	1,383,964,304
OPERATING EXPENSES					
Personnel expenses		620,180,413	436,136,257	300,245,329	191,866,190
Premises and equipment expenses		152,542,582	157,217,990	102,822,950	100,549,968
Taxes and duties		36,453,509	36,185,787	33,233,900	32,397,142
Directors' remuneration	23	3,550,000	3,330,000	3,130,000	2,850,000
Other expenses		423,566,423	404,405,079	265,163,049	248,864,515
Total operating expenses		1,236,292,927	1,037,275,113	704,595,228	576,527,815
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		1,333,799,607	971,701,209	1,105,741,157	807,436,489
CORPORATE INCOME TAX	24	(319,735,977)	(150,681,264)	(113,797,915)	(3,340,542)
EARNINGS BEFORE MINORITY INTEREST		1,014,063,630	821,019,945	991,943,242	804,095,947
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES		(22,120,388)	(16,923,998)	-	-
NET EARNINGS FOR THE PERIOD		991,943,242	804,095,947	991,943,242	804,095,947
EARNINGS PER SHARE					
Basic earnings per share	28	1.87	1.54	1.87	1.54
Diluted earnings per share		1.37	1.11	1.37	1.11

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 2004 AND 2003

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Cash flows from operating activities				
Net earnings	991,943,242	804,095,947	991,943,242	804,095,947
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary companies	22,120,388	16,923,998	-	-
Share of net gain of subsidiary and associated companies	-	(1,626,135)	(438,156,364)	(275,743,814)
Depreciation and amortisation	72,301,498	112,941,413	42,332,040	40,091,659
Bad debt and doubtful accounts (reversal of bad debt and doubtful accounts)	(16,631,174)	64,115,190	(41,102,257)	22,855,936
Unrealised loss (gain) on revaluation of investments	11,869,302	(7,764,938)	11,869,302	(7,764,938)
Allowance for impairment of property foreclosed	749,673	42,436	44,194	706,477
Loss from troubled debt restructuring	-	790,522	-	790,522
Loss (gain) on disposal of investments	34,591,389	(46,619,860)	28,801,310	(46,619,860)
Gain on disposal of fixed assets	(3,645,566)	(1,035,247)	(1,450,983)	(718,531)
Unrealised loss (gain) on valuation of securities held for trading	18,531,236	(102,864,381)	-	-
Loss (gain) from disposal of property foreclosed	19,045,898	(6,379,580)	(9,071,394)	(6,379,580)
Decrease in deferred tax assets	109,095,982	20,250,285	113,797,915	3,340,542
Decrease in accrued interest and dividend receivable	33,715,411	5,793,191	746,667,019	11,848,555
Decrease (increase) in other receivable	119,081,030	(19,761,432)	17,680,604	(29,652,578)
Increase (decrease) in accrued interest payable	(40,105,320)	5,941,370	(31,377,030)	5,497,241
Increase in accrued expenses	169,349,938	112,541,008	104,349,542	63,548,153
Earnings from operating activities before changes in operating assets and liabilities	1,542,012,927	957,383,787	1,536,327,140	585,895,731
Decrease (increase) in operating assets				
Loans to financial institutions	437,098,553	266,738,770	-	-
Negotiable certificates of deposit	-	35,684,404	-	-
Securities purchased under resale agreements	(579,000,000)	-	(579,000,000)	-
Investment in securities - held for trading	466,987,398	38,478,822	-	-
Trading transactions with securities companies	585,311,293	(476,648,020)	-	-
Finance business loans and receivable	(5,871,745,960)	(3,320,366,884)	(5,834,921,889)	(2,647,419,344)
Securities business loans and receivable	864,041,486	(748,903,567)	-	-
Property foreclosed	93,989,527	26,967,499	115,009,980	24,042,832
Other assets	497,356,223	(308,826,219)	438,629,830	(280,384,907)

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 2004 AND 2003

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Increase (decrease) in operating liabilities				
Borrowings and deposits from public	4,232,376,386	2,259,215,429	4,015,253,427	1,902,299,976
Borrowings and deposits from banks and financial institutions	(706,125,082)	579,968,634	37,715,088	738,553,645
Borrowings and deposits from foreign countries	18,616,517	9,370,653	18,616,517	9,370,653
Trading transactions with securities companies	113,564,378	(10,136,445)	-	-
Liabilities under commercial paper sold	(2,400,000)	(232,000,000)	(2,400,000)	(232,000,000)
Securities business payable	(1,606,955,494)	1,219,311,217	-	-
Other liabilities	11,696,064	141,145,257	(19,429,419)	32,803,211
Net cash flows from (used in) operating activities	96,824,216	437,383,337	(274,199,326)	133,161,797
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(3,516,801,528)	(10,165,071,319)	(3,130,774,877)	(9,818,052,230)
Cash received from disposal of investment in securities held for investment	4,133,920,161	9,745,452,082	4,068,920,161	9,515,880,528
Cash paid for purchase of equipment	(70,445,703)	(26,065,302)	(45,626,346)	(15,983,897)
Cash received from disposal of equipment	7,198,996	2,686,837	2,534,709	1,113,330
Cash paid for purchase of a subsidiary	(42,000,000)	-	-	-
Net cash flows from (used in) investing activities	511,871,926	(442,997,702)	895,053,647	(317,042,269)
Cash flows from financing activities				
Cash received from exchange of warrants to purchase preference shares	51,775,610	20,223,835	51,775,610	20,223,835
Dividend paid	(673,534,780)	(18,000,000)	(648,534,780)	-
Net cash flows from (used in) financing activities	(621,759,170)	2,223,835	(596,759,170)	20,223,835
Translation adjustments	7,802,194	(8,495,713)	-	-
Net increase (decrease) in cash and cash equivalents	(5,260,834)	(11,886,243)	24,095,151	(163,656,637)
Cash and cash equivalents at beginning of the period	1,193,449,580	796,929,002	234,741,704	283,654,851
Cash and cash equivalents at end of the period (Note 29)	1,188,188,746	785,042,759	258,836,855	119,998,214
	-	-	-	-
Supplemental cash flows information :-				
Cash paid during the period for				
Interest	563,196,726	602,198,884	514,964,244	558,512,230
Corporate income tax	185,401,912	74,378,364	12,115,749	7,057,202
Non-cash transactions :-				
Conversion of preference shares to ordinary shares	822,000	373,476,000	822,000	373,476,000
Transfer of property foreclosed to land, premises and equipment	152,183,652	-	73,311,066	-
Transfer of assets from troubled debt restructuring	53,369,700	-	53,369,700	-

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 2004 AND 2003

(Unit : Baht)

	CONSOLIDATED									
	Issued and paid-up share capital		Share premium		Surplus	Translation	Statutory	Unappropriated	Minority interest-	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investment	adjustments	reserve	retained earnings	to minority shareholders	
Balance as at 31 December 2002	2,158,366,800	4,906,978,200	1,184,895	36,500,000	58,797,600	127,318,922	48,700,000	41,567,518	432,815,810	7,812,229,745
Increase in fair value of investments	-	-	-	-	250,121,942	-	-	-	-	250,121,942
Decrease in translation adjustments	-	-	-	-	-	(8,495,713)	-	-	-	(8,495,713)
Net earnings for the period	-	-	-	-	-	-	-	804,095,947	-	804,095,947
Warrants converted to preference shares	19,335,000	-	888,835	-	-	-	-	-	-	20,223,835
Preference shares converted to ordinary shares	(373,476,000)	373,476,000	-	-	-	-	-	-	-	-
Increase in minority interest	-	-	-	-	-	-	-	-	550,133	550,133
Balance as at 30 June 2003	<u>1,804,225,800</u>	<u>5,280,454,200</u>	<u>2,073,730</u>	<u>36,500,000</u>	<u>308,919,542</u>	<u>118,823,209</u>	<u>48,700,000</u>	<u>845,663,465</u>	<u>433,365,943</u>	<u>8,878,725,889</u>
Balance as at 31 December 2003	1,811,276,800	5,305,918,200	7,811,540	36,500,000	1,032,910,120	102,400,755	143,300,000	1,837,248,600	443,740,156	10,721,106,171
Decrease in fair value of investments	-	-	-	-	(305,625,186)	-	-	-	-	(305,625,186)
Increase in translation adjustments	-	-	-	-	-	7,802,194	-	-	-	7,802,194
Net earnings for the period	-	-	-	-	-	-	-	991,943,242	-	991,943,242
Dividend paid (Note 25)	-	-	-	-	-	-	-	(648,534,780)	-	(648,534,780)
Warrants converted to preference shares	43,085,000	-	8,690,610	-	-	-	-	-	-	51,775,610
Preference shares converted to ordinary shares	(822,000)	822,000	-	-	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	(2,237,267)	(2,237,267)
Balance as at 30 June 2004	<u>1,853,539,800</u>	<u>5,306,740,200</u>	<u>16,502,150</u>	<u>36,500,000</u>	<u>727,284,934</u>	<u>110,202,949</u>	<u>143,300,000</u>	<u>2,180,657,062</u>	<u>441,502,889</u>	<u>10,816,229,984</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 2004 AND 2003

(Unit : Baht)

THE COMPANY ONLY

	Issued and paid-up share capital		Share premium		Surplus from changes in the value of investment	Translation adjustments	Statutory reserve	Unappropriated retained earnings	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares					
	Balance as at 31 December 2002	2,158,366,800	4,906,978,200	1,184,895					
Increase in fair value of investments	-	-	-	-	250,121,942	-	-	-	250,121,942
Decrease in translation adjustments	-	-	-	-	-	(8,495,713)	-	-	(8,495,713)
Net earnings for the period	-	-	-	-	-	-	-	804,095,947	804,095,947
Warrants converted to preference shares	19,335,000	-	888,835	-	-	-	-	-	20,223,835
Preference shares converted to ordinary shares	(373,476,000)	373,476,000	-	-	-	-	-	-	-
Balance as at 30 June 2003	<u>1,804,225,800</u>	<u>5,280,454,200</u>	<u>2,073,730</u>	<u>36,500,000</u>	<u>308,919,542</u>	<u>118,823,209</u>	<u>48,700,000</u>	<u>845,663,465</u>	<u>8,445,359,946</u>
Balance as at 31 December 2003	1,811,276,800	5,305,918,200	7,811,540	36,500,000	1,032,910,120	102,400,755	143,300,000	1,837,248,600	10,277,366,015
Decrease in fair value of investments	-	-	-	-	(305,625,186)	-	-	-	(305,625,186)
Increase in translation adjustments	-	-	-	-	-	7,802,194	-	-	7,802,194
Net earnings for the period	-	-	-	-	-	-	-	991,943,242	991,943,242
Dividend paid (Note 25)	-	-	-	-	-	-	-	(648,534,780)	(648,534,780)
Warrants converted to preference shares	43,085,000	-	8,690,610	-	-	-	-	-	51,775,610
Preference shares converted to ordinary shares	(822,000)	822,000	-	-	-	-	-	-	-
Balance as at 30 June 2004	<u>1,853,539,800</u>	<u>5,306,740,200</u>	<u>16,502,150</u>	<u>36,500,000</u>	<u>727,284,934</u>	<u>110,202,949</u>	<u>143,300,000</u>	<u>2,180,657,062</u>	<u>10,374,727,095</u>

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 14 provincial loan offices in Thailand.

1.2 Assumption of preparation of the financial statements

Although Thailand's economic crisis has eased to a certain extent, 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 Financial Sector Master Plan

In January 2004, the Ministry of Finance and the Bank of Thailand announced Financial Sector Master Plan. Among other things, the Plan stipulates guidelines for improving the efficiency of the financial sector and calls for finance companies, finance and securities companies and credit foncier companies with the stipulated qualifications, to submit applications to upgrade their status to commercial banks. A subsequent announcement of the Ministry of Finance, dated 23 January 2004, stipulated the terms, methods and conditions under which such an application for a commercial bank license can be made.

The Company looked into the details of this, and studied its potential impact, concluding that it provides an opportunity to increase the competitiveness of the Company. The Company has the stipulated qualifications, and submitted an application to upgrade its status to a commercial bank to the Bank of Thailand on 28 April 2004. Such application is in the process of being considered by the Bank of Thailand and the Ministry of Finance.

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.

	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	
	30 June	31 December	30 June	31 December	2004	2003	2004	2003
	2004	2003	2004	2003				
Subsidiaries directly owned by the Company								
TISCO Securities Hong Kong Limited	100.00	100.00	1.57	2.78	1.00	1.04	(0.87)	(1.84)
TISCO Securities Co., Ltd.	99.99	99.99	3.73	6.94	23.86	15.13	36.43	23.92
TISCO Asset Management Co., Ltd.	99.99	99.99	0.40	0.61	3.59	5.84	3.53	10.14
TISCO Leasing Co., Ltd.	99.99	99.99	2.68	2.83	2.25	2.40	1.97	4.40
Hi-Way Co., Ltd.	99.99	99.99	2.52	2.04	8.05	8.27	5.78	6.11
Thai Information Technology Co., Ltd.	99.99	99.99	0.03	0.03	0.31	0.34	(3.82)	(5.76)
Thai Commercial Auto Co., Ltd.	50.00	50.00	4.04	4.90	3.17	4.52	4.85	4.87
Thai Permsap Finance Co., Ltd.	99.99	99.99	0.11	0.12	0.01	0.02	0.02	0.04
Subsidiaries indirectly owned by the Company								
TISCO Global Investment Holdings Limited	100.00	100.00	-	-	0.02	0.27	0.05	0.89
TISCO Securities UK Limited	100.00	100.00	-	-	-	0.05	(0.01)	(1.34)
GIH & CO Pte. Ltd.	100.00	100.00	-	-	(0.01)	0.02	(0.03)	0.04
VLT Leasing Co., Ltd (Formerly known as “Volkswagen Leasing Thailand Limited”)	50.00	-	0.41	-	0.52	-	0.94	-

- a) 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; TISCO Securities UK Limited, which was incorporated and operates in the United Kingdom; and GIH & CO Pte. Ltd., which was incorporated and operates in Singapore.

- b) The financial statements of 3 subsidiary companies, which are included in the consolidated financial statements, TISCO Global Investment Holdings Limited and, TISCO Securities UK Limited and GIH & CO Pte. Ltd., were prepared by the managements of the subsidiary companies and not audited by their auditors. As at 30 June 2004, , these 3 subsidiary companies have aggregate assets included in the consolidated interim financial statements of approximately Baht 2.7 million, and aggregate revenues and aggregate net earnings for the six-month period then ended of approximately Baht 0.3 million and Baht 0.1 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.
- c) On 1 April 2004, a subsidiary company (Thai Commercial Auto Company Limited) entered into an agreement to acquire 960,000 ordinary shares of VLT Leasing Company Limited (Formerly known as “Volkswagen Leasing Thailand Company Limited”) from the existing shareholders for a total of Baht 42 million, payable on 30 April 2004. The share acquisition resulted in a change in the status of VLT Leasing Company Limited from an associated company to a subsidiary company.

The acquisition was approved by the annual general meeting of the subsidiary company’s shareholders on 18 March 2004.

- d) 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 recognised 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 receivable purchased, which are classified as other investments, are valued at acquisition cost net of allowance for impairment (if any). Losses on impairment of investments are included in determining earnings.

For investments in receivable purchased who entered into troubled debt restructuring will be transferred to loans and receivable and valued at fair value, net of allowance for doubtful debt. The fair value is based on the outstanding balance of investments in receivable purchased as at transferred date or as at the date of restructuring. Allowance for doubtful debt is based on the Bank of Thailand's guideline with the same as allowance for loans and receivable.

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. 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.

3.6 Loans and receivables

The Company and its subsidiaries present 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. 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 office 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 arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the balance sheet date, and 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.

3.13 Sales of commercial paper

Commercial paper, which is sold without recourse, is recorded by crediting the notes receivable account.

Commercial paper without an aval or acceptance, which is sold with recourse, is recorded as a liability under the caption of “Liabilities from sale of commercial paper”. Commercial paper sold at a discount with recourse, which is avaled by or has acceptance from a commercial bank or other finance company, is recorded by crediting the notes receivable account, and the obligations disclosed as part of “Contingent liabilities”.

3.14 Foreign currencies

Foreign currency transactions during the period 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 of cash and deposits at financial institutions, loans to financial institutions, securities purchased under resale agreements, investments, loans, receivables and accrued interest receivables, trading transactions with securities companies, borrowings and deposits, securities sold under repurchase agreements, securities business payables and debentures. 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 issuing 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 2004	31 December 2003	30 June 2004	31 December 2003
Cash	6,168,504	3,628,258	3,059,763	1,819,690
Cash at banks	1,182,020,242	1,189,821,322	255,777,092	232,922,014
Total cash and deposits at financial institutions	<u>1,188,188,746</u>	<u>1,193,449,580</u>	<u>258,836,855</u>	<u>234,741,704</u>

As at 30 June 2004, cash deposits at banks of the Company and its local subsidiaries of approximately Baht 10 million (the Company Only : Nil) (as at 31 December 2003 : Baht 10 million and Nil, respectively) were pledged with the banks to secure facilities provided for use as working capital.

As at 30 June 2004, approximately Baht 94 million (as at 31 December 2003 : Baht 92 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 2004	31 December 2003	30 June 2004	31 December 2003
Call loans	2,787,906	540,645,737	-	-
Term loans	160,801,670	60,002,876	-	-
Total loans	163,589,576	600,648,613	-	-
Add : Accrued interest receivable	436,617	476,133	-	-
Net loans to financial institutions	164,026,193	601,124,746	-	-

6. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

As at 30 June 2004, the balance of securities purchased under resale agreements comprises Baht 616 million of government and Bank of Thailand securities (as at 31 December 2003 : Baht 37 million).

7. INVESTMENTS IN SECURITIES

(Unit : Baht)

	Consolidated			
	30 June 2004		31 December 2003	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Current investment</u>				
Trading securities				
Equity securities :				
Domestic marketable equity securities	9,597,438	13,700,383	55,712,569	78,346,750
Add (less) : Allowance for changes in value	4,102,945		22,634,181	
Net equity securities	13,700,383		78,346,750	
Total trading securities	13,700,383		78,346,750	

(Unit : Baht)

	Consolidated			
	30 June 2004		31 December 2003	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	1,736,176,159	1,736,449,960	2,187,093,075	2,193,294,514
Debt securities of private sector	262,762,593	198,896,959	709,686,747	653,231,170
Total	1,998,938,752	1,935,346,919	2,896,779,822	2,846,525,684
Add (less) : Allowance for changes in value	(3,177,833)		10,159,862	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	1,935,346,919		2,846,525,684	
Equity securities :				
Domestic marketable equity securities	320,363,445	149,396,438	274,720,209	185,361,957
Other securities - unit trusts	-	-	429,453,930	429,453,930
Total	320,363,445	149,396,438	704,174,139	614,815,887
Add (less) : Allowance for changes in value	33,244,163		114,852,918	
Less : Allowance for impairment	(204,211,170)		(204,211,170)	
Net equity securities	149,396,438		614,815,887	
Total available-for-sales securities	2,084,743,357		3,461,341,571	
Held-to-maturity debt securities-due within 1 year				
Government and state enterprise securities	794,271		69,950,496	
Total held-to-maturity debt securities-due within 1 year	794,271		69,950,496	
Net current investments	2,099,238,011		3,609,638,817	

(Unit : Baht)

	Consolidated			
	30 June 2004		31 December 2003	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Long-term investment</u>				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	188,946,929	188,999,416	202,037,254	203,313,593
Add (less) : Allowance for changes in value	52,487		1,276,339	
Debt securities - net	188,999,416		203,313,593	
Equity securities :				
Domestic marketable equity securities	1,543,093,706	2,543,456,749	1,246,676,948	2,563,220,225
Other securities - unit trusts	128,689,581	132,239,319	131,392,608	156,203,456
Total	1,671,783,287	2,675,696,068	1,378,069,556	2,719,423,681
Add (less) : Allowance for changes in value	1,003,912,781		1,341,354,125	
Net equity securities	2,675,696,068		2,719,423,681	
Total available-for-sales securities	2,864,695,484		2,922,737,274	
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	338,741,484		338,728,051	
Debt securities of private sector	6,485,340		6,485,340	
Total held-to-maturity debt securities	345,226,824		345,213,391	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	1,415,290,183		1,453,605,925	
Investment in receivables	6,529,247		6,529,247	
Less : Allowance for impairment	(228,777,322)		(271,987,834)	
Total other investment	1,193,042,108		1,188,147,338	
Net long-term investments	4,402,964,416		4,456,098,003	
<u>Investment in subsidiaries and associated companies</u>				
Investment in associated company	-		29,845,846	
Net investments	6,502,202,427		8,095,582,666	

(Unit : Baht)

	The Company Only			
	30 June 2004		31 December 2003	
	Cost / <u>Book value</u>	<u>Fair value</u>	Cost / <u>Book value</u>	<u>Fair value</u>
<u>Current investment</u>				
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	1,701,236,180	1,701,502,978	2,122,410,424	2,128,589,386
Debt securities of private sector	262,089,860	200,535,947	709,686,747	655,080,724
Total	1,963,326,040	1,902,038,925	2,832,097,171	2,783,670,110
Add (less) : Allowance for changes in value	(873,115)		11,986,939	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	1,902,038,925		2,783,670,110	
Equity securities :				
Domestic marketable equity securities	318,481,845	148,896,638	272,838,609	184,950,357
Add (less) : Allowance for changes in value	34,625,963		116,322,918	
Less : Allowance for impairment	(204,211,170)		(204,211,170)	
Net equity securities	148,896,638		184,950,357	
Net available-for-sales securities	2,050,935,563		2,968,620,467	
Net current investments	2,050,935,563		2,968,620,467	
<u>Long-term investment</u>				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	190,038,715	190,091,202	203,129,040	204,405,379
Add (less) : Allowance for changes in value	52,487		1,276,339	
Debt securities - net	190,091,202		204,405,379	
Equity securities :				
Domestic marketable equity securities	1,547,371,547	2,548,086,260	1,250,426,171	2,566,977,020
Other securities - unit trusts	14,599,415	14,671,098	17,302,442	17,392,069
Total	1,561,970,962	2,562,757,358	1,267,728,613	2,584,369,089
Add (less) : Allowance for changes in value	1,000,786,396		1,316,640,476	
Net equity securities	2,562,757,358		2,584,369,089	
Total available-for-sales securities	2,752,848,560		2,788,774,468	

(Unit : Baht)

	The Company Only			
	30 June 2004		31 December 2003	
	Cost / <u>Book value</u>	<u>Fair value</u>	Cost / <u>Book value</u>	<u>Fair value</u>
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	335,000,000		335,000,000	
Debt securities of private sector	<u>6,481,340</u>		<u>6,481,340</u>	
Total held-to-maturity debt securities	<u>341,481,340</u>		<u>341,481,340</u>	
Other investment				
Equity securities :				
At cost	1,331,701,988		1,370,067,946	
Investment in receivables	6,529,247		6,529,247	
Less : Allowance for impairment	<u>(225,377,322)</u>		<u>(268,587,834)</u>	
Total other investment	<u>1,112,853,913</u>		<u>1,108,009,359</u>	
Net long-term investments	<u>4,207,183,813</u>		<u>4,238,265,167</u>	
<u>Investment in subsidiaries and associated companies</u>				
Investment in subsidiaries	<u>4,359,924,656</u>		<u>4,356,447,228</u>	
Net investments	<u><u>10,618,044,032</u></u>		<u><u>11,563,332,862</u></u>	

- 7.1 As at 30 June 2004, held-to-maturity debt securities amounting to Baht 335 million (as at 31 December 2003 : Baht 335 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.
- 7.2 As at 30 June 2004, the Company has a commitment not to sell marketable equity securities totaling Baht 152 million (as at 31 December 2003 : Baht 222 million) for the period, as a condition of troubled debt restructuring agreement made with restructured receivables.

- 7.3 As at 30 June 2004, the Company has pledged other investment of approximately Baht 13 million (as at 31 December 2003 : Baht 13 million) as a security against short-term loan from a company.
- 7.4 As at 30 June 2004, the Company and its subsidiaries have invested Baht 4 million (the Company Only : Baht 3 million) in government debt securities, which were pledged as security for electricity usage (as at 31 December 2003 : Baht 4 million and Baht 3 million, respectively). In addition, investments in government bonds amounting to Baht 73 million (as at 31 December 2003 : Baht 73 million) have been placed with a bank as security for the agreement to swap a floating interest rate for a fixed interest rate, described in Note 33.2.
- 7.5 Investment in debt securities of the Company and its subsidiaries as at 30 June 2004, classified by due date are summarised below.

(Unit : Baht)

	Consolidated			Total
	Maturity			
	1 year	Over 1-5 years	Over 5 years	
Available-for-sale securities				
Government and state				
enterprise securities	1,731,755,752	-	4,420,407	1,736,176,159
Debt securities of private sector	208,130,792	93,538,715	150,040,015	451,709,522
Total	1,939,886,544	93,538,715	154,460,422	2,187,885,681
Add (less) : Allowance for changes				
in value	2,613,459	(4,317,957)	(1,420,848)	(3,125,346)
Less : Impairment of securities	(60,414,000)	-	-	(60,414,000)
Total	1,882,086,003	89,220,758	153,039,574	2,124,346,335
Held-to-maturities debt securities				
Government and state				
enterprise securities	794,271	335,000,000	3,741,484	339,535,755
Debt securities of private sector	-	4,000	6,481,340	6,485,340
Total	794,271	335,004,000	10,222,824	346,021,095
Total debt securities	1,882,880,274	424,224,758	163,262,398	2,470,367,430

(Unit : Baht)

	The Company Only			Total
	Maturity			
		Over	Over	
	1 year	1-5 years	5 years	
Available-for-sale securities				
Government and state				
enterprise securities	1,696,815,773	-	4,420,407	1,701,236,180
Debt securities of private sector	208,549,845	93,538,715	150,040,015	452,128,575
Total	1,905,365,618	93,538,715	154,460,422	2,153,364,755
Add (less) : Allowance for				
changes in value	2,607,031	(2,006,811)	(1,420,848)	(820,628)
Less : Impairment of securities	(60,414,000)	-	-	(60,414,000)
Total	1,847,558,649	91,531,904	153,039,574	2,092,130,127
Held-to-maturities debt securities				
Government and state				
enterprise securities	-	335,000,000	-	335,000,000
Debt securities of private sector	-	-	6,481,340	6,481,340
Total	-	335,000,000	6,481,340	341,481,340
Total debt securities	1,847,558,649	426,531,904	159,520,914	2,433,611,467

7.6 As at 30 June 2004, the Company 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 changes in value ⁽¹⁾
Companies having problems with debt repayment or in default	264,625,170	-	264,625,170

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

7.7 The followings are book value (net of allowance for impairment) of 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 2004			31 December 2003		
	Book value	Unpaid amount	Percentage of holding	Book value	Unpaid amount	Percentage of holding
			%			%
Insurance :						
GITC Co., Ltd.	13,200,000	-	40	13,453,200	-	40
AXA Insurance Plc.	58,887,015	-	11	58,887,015	-	11
Services :						
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
Leasing and hire purchase :						
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	1,849,050	-	21
VLT Leasing Co.,Ltd. (Formerly known as "Volkswagen Leasing Thailand Limited")	-	-	-	29,845,846	40,000,000	20
Trading import and export :						
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.	3,918,000	-	10	3,918,000	-	10
Real estate :						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	12,844,500	-	10	12,844,500	-	10
Sathorn Sombat Co., Ltd.	-	-	-	-	-	22
Industrial :						
Siam Art Ceramic Co., Ltd.	13,970,000	-	10	13,222,000	-	10
Holding :						
Interthai Holdings Ltd. (Preference shares)	250,000	750,000	10	250,000	750,000	10
Agricultural :						
Thai Agro Exchange Co., Ltd.	192,120,000	-	10	192,120,000	-	10

(Unit : Baht)

Name	The Company Only					
	30 June 2004			31 December 2003		
	Book value	Unpaid amount	Percentage of holding	Book value	Unpaid amount	Percentage of holding
		%			%	
<u>Insurance :</u>						
GITC Co., Ltd.	13,200,000	-	40	13,453,200	-	40
AXA Insurance Plc.	58,887,015	-	11	58,887,015	-	11
<u>Services :</u>						
TISCO Securities Hong Kong Ltd.	258,364,327	-	100	260,007,052	-	100
TISCO Securities Co., Ltd.	1,564,094,836	-	99.99	1,544,352,350	-	99.99
TISCO Asset Management Co., Ltd.	210,011,372	-	99.99	300,695,932	-	99.99
Thai Information Technology Co., Ltd.	38,085,503	-	99.99	42,092,503	-	99.99
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
<u>Leasing and hire purchase :</u>						
Thai Commercial Auto Co., Ltd.	441,379,707	100,000,000	50	443,617,2	100,000,000	50
Hi-Way Co., Ltd.	525,255,170	-	99.99	469,875,6	-	99.99
(ordinary shares and preference shares)						
TISCO Leasing Co., Ltd.	1,250,831,755	-	99.99	1,224,156,306	-	99.99
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	1,849	-	21
<u>Trading import and export :</u>						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	13,904	-	15
Wattana Inter - Trade Co., Ltd.	3,918,000	-	10	3,918	-	10
<u>Real estate :</u>						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342	-	10
UMI Property Co., Ltd.	12,844,500	-	10	12,844	-	10
Sathorn Sombat Co., Ltd.	-	-	-	-	-	22
<u>Industrial :</u>						
Siam Art Ceramic Co., Ltd.	13,970,000	-	10	13,222	-	10
<u>Holding :</u>						
Interthai Holdings Ltd. (Preference shares)	250,000	750,000	10	2	750,000	10
Thai Permsap Finance Co., Ltd.	71,901,986	-	99.99	71,650	-	99.99
<u>Agricultural :</u>						
Thai Agro Exchange Co., Ltd.	192,120,000	-	10	192,120,0	-	10

7.8 The Company did not record investments in Jiji Press (Thailand) Co., Ltd., GITC Company Limited, Mizuho Corporate Leasing (Thailand) Co., Ltd. and Sathorn Sombat Co., Ltd., in which the Company 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.

8. INVESTMENT IN SUBSIDIARY COMPANIES

The Company's investment in its subsidiaries as at 30 June 2004 and 31 December 2003 are summarised below.

Company's name	Nature of business	Paid-up		Cost method		Equity method ⁽¹⁾		(Unit : Million Baht) Dividend income ⁽²⁾ received for the six- month periods ended 30 June	
		share capital							
		30 June	31 December	30 June	31 December	30 June	31 December	30 June	
		2004	2003	2004	2003	2004	2003	2004	2003
Subsidiary companies directly held									
by the Company									
TISCO Securities Hong Kong Limited	Services	HKD 20 million	HKD 20 million	66	66	258	260	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	1,564	1,544	300	-
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	210	301	100	-
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	1,251	1,224	-	-
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	525	470	-	-
Thai Information Technology Co., Ltd.	Services	20	20	44	44	38	42	-	-
Thai Commercial Auto Co., Ltd.	Hire purchase	800	800	434	434	441	444	25	18
Thai Permsap Finance Co., Ltd.	Finance	150	150	150	150	72	71	-	-
						<u>4,359</u>	<u>4,356</u>	<u>425</u>	<u>18</u>

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

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

9. LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE

9.1 Classified by loan type

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
<u>Finance business loans and receivable :</u>				
Loans	11,218,592,76	11,313,582,14	11,192,951,37	11,283,631,4
Notes receivable	1,973,552,00	1,123,699,50	1,973,552,00	1,123,699,5
Hire-purchase and financial lease receivable	38,108,823,02	33,126,894,29	32,575,021,33	27,851,397,2
Total finance business loans and receivable	51,300,967,78	45,564,175,94	45,741,524,70	40,258,728,2
Add : Accrued interest receivable	113,715,75	106,291,00	87,105,01	80,123,4
Less : Allowance for doubtful accounts	(3,387,738,95)	(3,733,295,90)	(3,201,779,53)	(3,549,845,2
Less : Allowance for loss on debt restructuring	(339,997,26)	(331,789,59)	(339,997,26)	(331,789,5
Net finance business loans and receivable and accrued interest receivable	47,686,947,32	41,605,381,44	42,286,852,92	36,457,216,93
<u>Securities business receivable :</u>				
Customer's accounts	2,036,774,49	2,897,091,89	-	-
Other receivable :-				
Overdue customers' accounts	413,60	994,29	-	-
Receivables under litigation	111,030,35	118,348,72	-	-
Receivables which are enforced by courts	314,059,30	306,805,62	-	-
Installment receivable	101,682,80	104,761,51	-	-
Total securities business receivable	2,563,960,56	3,428,002,05	-	-
Add : Accrued interest receivable	-	25	-	-
Less : Allowance for doubtful accounts	(534,545,34)	(534,545,34)	-	-
Net securities business receivable and accrued interest receivable	2,029,415,22	2,893,456,96	-	-
Net loans, receivable and accrued interest receivable	49,716,362,54	44,498,838,41	42,286,852,923	36,457,216,936

9.2 Classified by remaining periods of contracts

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Finance business loans and receivable				
At call (included contracts which are due)	3,174,698,211	2,057,230,558	3,096,383,333	2,150,902,053
Not over 1 year	5,023,578,462	4,519,382,004	3,885,500,893	3,399,381,981
Over 1 year	43,102,691,110	38,987,563,382	38,759,640,476	34,708,444,286
Total finance business loans and receivable	51,300,967,783	45,564,175,944	45,741,524,702	40,258,728,320
Add : Accrued interest receivable	113,715,755	106,291,001	87,105,014	80,123,473
Total finance business loans and receivable and accrued interest receivable	51,414,683,538	45,670,466,945	45,828,629,716	40,338,851,793

9.3 Classified by type of business

(Unit : Baht)

	Consolidated as at 30 June 2004						Subsidiaries	Total
	The Company Only							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts	Total		
Agricultural and mining	118,843,127	1,522,089	-	-	-	120,365,216	-	120,365,216
Manufacturing and commerce	4,859,365,145	36,766,938	15,348,203	9,216,581	563,265,567	5,483,962,434	21,660,374	5,505,622,808
Real estate and construction	2,674,477,120	19,375,667	250,960,908	4,748,985	335,166,188	3,284,728,868	-	3,284,728,868
Public utilities and services	1,779,166,979	9,696,413	1,415,538	2,151,329	85,112,502	1,877,542,761	-	1,877,542,761
Personal use								
Hire-purchase	27,352,330,460	1,106,751,142	206,746,455	87,492,387	27,318,424	28,780,638,868	5,533,801,689	34,314,440,557
Housing loans	2,002,152,800	68,331,153	7,268,451	11,874,477	382,756,643	2,472,383,524	-	2,472,383,524
Securities	-	-	-	-	-	-	2,563,960,565	2,563,960,565
Others	2,865,268,037	23,757,587	12,927,736	63,641,124	756,308,547	3,721,903,031	3,981,018	3,725,884,049
Total finance and securities business loans and receivable	41,651,603,668	1,266,200,989	494,667,291	179,124,883	2,149,927,871	45,741,524,702	8,123,403,646	53,864,928,348
Add : Accrued interest receivable	59,393,389	27,711,625	-	-	-	87,105,014	26,610,741	113,715,755
Total finance and securities business loans and receivable and accrued interest receivable	41,710,997,057	1,293,912,614	494,667,291	179,124,883	2,149,927,871	45,828,629,716	8,150,014,387	53,978,644,103

(Unit : Baht)

The Company only as at 30 June 2004

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts	Total
Agricultural and mining	118,843,127	1,522,089	-	-	-	120,365,216
Manufacturing and commerce	4,859,365,145	36,766,938	15,348,203	9,216,581	563,265,567	5,483,962,434
Real estate and construction	2,674,477,120	19,375,667	250,960,908	4,748,985	335,166,188	3,284,728,868
Public utilities and services	1,779,166,979	9,696,413	1,415,538	2,151,329	85,112,502	1,877,542,761
Personal use						
Hire-purchase	27,352,330,460	1,106,751,142	206,746,455	87,492,387	27,318,424	28,780,638,868
Housing loans	2,002,152,800	68,331,153	7,268,451	11,874,477	382,756,643	2,472,383,524
Others	2,865,268,037	23,757,587	12,927,736	63,641,124	756,308,547	3,721,903,031
Total finance and securities						
business loans and receivable	41,651,603,668	1,266,200,989	494,667,291	179,124,883	2,149,927,871	45,741,524,702
Add : Accrued interest receivable	59,393,389	27,711,625	-	-	-	87,105,014
Total finance and securities business loans and receivable and accrued interest receivable	<u>41,710,997,057</u>	<u>1,293,912,614</u>	<u>494,667,291</u>	<u>179,124,883</u>	<u>2,149,927,871</u>	<u>45,828,629,716</u>

(Unit : Baht)

Consolidated as at 31 December 2003

	The Company Only					Subsidiaries	Total	
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts	Total		
Agricultural and mining	-	-	-	-	14,857,023	14,857,023	-	14,857,023
Manufacturing and commerce	2,385,092,182	119,458,597	1,490,177	39,200,000	715,876,986	3,261,117,942	21,590,728	3,282,708,670
Real estate and construction	1,389,670,995	1,112,992	-	35,962	274,461,771	1,665,281,720	-	1,665,281,720
Public utilities and services	1,487,841,670	16,875,963	-	-	52,633,474	1,557,351,107	-	1,557,351,107
Personal use								
Hire-purchase	26,174,467,743	809,523,902	171,185,722	77,142,667	33,587,251	27,265,907,285	5,275,496,946	32,541,404,231
Housing loans	1,959,522,102	59,059,178	7,959,370	17,875,139	386,248,698	2,430,664,487	-	2,430,664,487
Securities	-	-	-	-	-	-	3,428,002,051	3,428,002,051
Others	3,130,386,500	35,844,763	63,527,449	12,363,113	821,426,931	4,063,548,756	8,359,950	4,071,908,706
Total finance and securities								
business loans and receivable	36,526,981,192	1,041,875,395	244,162,718	146,616,881	2,299,092,134	40,258,728,320	8,733,449,675	48,992,177,995
Add : Accrued interest receivable	62,696,350	17,427,123	-	-	-	80,123,473	26,167,786	106,291,259
Total finance and securities business loans and receivable and accrued interest receivable	<u>36,589,677,542</u>	<u>1,059,302,518</u>	<u>244,162,718</u>	<u>146,616,881</u>	<u>2,299,092,134</u>	<u>40,338,851,793</u>	<u>8,759,617,461</u>	<u>49,098,469,254</u>

(Unit : Baht)

The Company only as at 31 December 2003

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts	Total
Agricultural and mining	-	-	-	-	14,857,023	14,857,023
Manufacturing and commerce	2,385,092,182	119,458,597	1,490,177	39,200,000	715,876,986	3,261,117,942
Real estate and construction	1,389,670,995	1,112,992	-	35,962	274,461,771	1,665,281,720
Public utilities and services	1,487,841,670	16,875,963	-	-	52,633,474	1,557,351,107
Personal use						
Hire-purchase	26,174,467,743	809,523,902	171,185,722	77,142,667	33,587,251	27,265,907,285
Housing loans	1,959,522,102	59,059,178	7,959,370	17,875,139	386,248,698	2,430,664,487
Others	3,130,386,500	35,844,763	63,527,449	12,363,113	821,426,931	4,063,548,756
Total finance and securities						
business loans and receivable	36,526,981,192	1,041,875,395	244,162,718	146,616,881	2,299,092,134	40,258,728,320
Add : Accrued interest receivable	62,696,350	17,427,123	-	-	-	80,123,473
Total finance and securities						
business loans and receivable						
and accrued interest receivable	<u>36,589,677,542</u>	<u>1,059,302,518</u>	<u>244,162,718</u>	<u>146,616,881</u>	<u>2,299,092,134</u>	<u>40,338,851,793</u>

9.4 As at 30 June 2004, the Company had loans and receivable of approximately Baht 2,733 million (as at 31 December 2003 : Baht 2,587 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 5,389 million (as at 31 December 2003 : Baht 5,686 million), with Baht 4,162 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 2004, the local subsidiaries had securities business loans and receivable, hire-purchase receivable, financial lease receivable and other loans and receivables totaling Baht 714 million, on which the recognition of income had been suspended (as at 31 December 2003 : Baht 720 million), with Baht 564 million of such amount being loans and receivables, for which a 100 percent allowance for doubtful debts has been provided.

Unearned interest income totaling Baht 4,690 million (the Company Only : Baht 3,795 million) is presented as a deduction against finance business loans and receivable (as at 31 December 2003 : Baht 4,170 million and the Company Only : Baht 3,375 million).

9.5 As at 30 June 2004, the Company's loans and receivable include restructured loans and receivables amounting to approximately Baht 1,308 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 293 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 280 million has been provided for.

9.6 Troubled Debt Restructuring

During the period, the Company entered into troubled debt restructuring agreements with 50 debtors, with aggregate loan balance (before restructuring) of approximately Baht 721 million.

As at 30 June 2004, the number of debtors which were subjected to debt restructuring amounted to 1,050 as summarised below.

Type of restructuring	Number of receivables	Outstanding loan balance before restructuring	Type of assets transferred	Fair value of transferred assets
		Million Baht		Million Baht
Transfer of assets	22	2,540	Land and premises	2,466
Transfer of equity securities	4	770	Equity securities	410
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	42	3,652	Equity securities	1,218
			Debt securities	21
Transfer of assets and modification of terms	12	2,191	Land and premises	465
			Equity securities	190
			Air conditioners	2
Modification of terms	967	19,819		
Total	1,050	29,870		5,006

The balance of the restructured debts as at 30 June 2004 amounted to approximately Baht 3,645 million (as at 31 December 2003 : Baht 3,748 million).

During the six-month period ended 30 June 2004, the Company recognised interest income on restructured receivables totaling Baht 18 million, received repayments of principal and interest from the restructured receivables totaling Baht 743 million and there was no loss from restructuring. (During the six-month period ended 30 June 2003 : Baht 55 million, Baht 1,512 million, respectively, and loss from restructuring amounting to Baht 1 million).

10. ALLOWANCE FOR DOUBTFUL ACCOUNTS / ALLOWANCE FOR LOSS ON DEBT RESTRUCTURING

10.1 Allowance for doubtful accounts

(Unit : Baht)

Consolidated as at 30 June 2004							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	547,175,766	28,657,396	74,830,763	122,248,327	2,440,576,565	1,054,352,430	4,267,841,247
Increase (decrease) in allowance for doubtful accounts during the period	24,253,390	7,602,468	7,555,698	31,028,336	(150,619,276)	(174,539,899)	(254,719,283)
Bad debt written - off	(24,208)	-	(749,523)	(22,234,297)	(67,829,643)	-	(90,837,671)
Balance - end of period	571,404,948	36,259,864	81,636,938	131,042,366	2,222,127,646	879,812,531	3,922,284,293

(Unit : Baht)

The Company Only as at 30 June 2004							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	498,421,164	23,953,018	60,090,729	94,400,724	1,890,798,541	982,181,087	3,549,845,263
Increase (decrease) in allowance for doubtful accounts during the period	18,464,360	7,352,189	7,622,818	37,668,063	(181,883,466)	(162,871,015)	(273,647,051)
Bad debt written-off	-	-	(749,523)	(21,512,949)	(52,156,209)	-	(74,418,681)
Balance - end of period	516,885,524	31,305,207	66,964,024	110,555,838	1,656,758,866	819,310,072	3,201,779,531

(Unit : Baht)

Consolidated as at 31 December 2003							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of year	720,112,453	22,934,385	50,431,351	297,950,230	2,060,420,621	1,088,419,049	4,240,268,089
Increase (decrease) in allowance for doubtful accounts during the year	(172,566,687)	5,723,011	24,399,412	(175,701,903)	410,206,370	(34,066,619)	57,993,584
Bad debt written - off	(370,000)	-	-	-	(30,050,426)	-	(30,420,426)
Balance - end of year	547,175,766	28,657,396	74,830,763	122,248,327	2,440,576,565	1,054,352,430	4,267,841,247

(Unit : Baht)

The Company only as at 31 December 2003							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of year	675,606,972	18,255,727	37,545,147	279,207,063	1,327,464,510	1,063,570,630	3,401,650,049
Increase (decrease) in allowance for doubtful accounts during the year	(177,185,808)	5,697,291	22,545,582	(184,806,339)	563,334,031	(81,389,543)	148,195,214
Balance - end of year	498,421,164	23,953,018	60,090,729	94,400,724	1,890,798,541	982,181,087	3,549,845,263

10.2 Allowance for loss on debt restructuring

(Unit : Baht)

	The Company Only	
	30 June 2004	31 December 2003
Balance - beginning of period	331,789,594	462,267,957
Increase during period	56,388,102	141,416,567
Written-off	(48,180,434)	(271,894,930)
Balance - end of period	339,997,262	331,789,594

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 2004 of approximately Baht 2,493 million (as at 31 December 2003 : Baht 2,639 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 3,542 million (as at 31 December 2003 : Baht 3,882 million), or Baht 1,049 million (as at 31 December 2003 : Baht 1,243 million) more than the required amount.

The allowance for doubtful debts of Baht 3,542 million, as mentioned above, consists of allowance for doubtful debts of Baht 1,797 million set aside for the unsecured portion of loans amounting Baht 4,162 million at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,745 million set up for the other loans and receivables.

As at 30 June 2004, the Company had outstanding non-performing loans and receivables of approximately Baht 2,824 million, against which an allowance for doubtful debts of Baht 1,788 million has been provided (as at 31 December 2003, Baht 2,690 million and Baht 1,891 million, respectively).

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

11. CLASSIFICATION OF ASSETS

11.1 Investment in securities

As at 30 June 2004 and 31 December 2003, the investment in securities of the Company included the following :-

- a) With respect to investment of approximately Baht 60 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 sub debentures, as discussed in Note 11.1 a) are summarised below.

	(Unit : Million Baht)					
	Cost		Fair Value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Debt instruments						
- debentures	60	60	-	-	60	60
Equity instruments						
- ordinary shares	205	205	-	-	205	205

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

11.2 Classification of assets under the Bank of Thailand's guidelines.

As at 30 June 2004 and 31 December 2003, 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		Percentage required by BOT ⁽³⁾	Allowance for doubtful accounts			
			after net off collateral			Amounts to be provided		Amounts already set up	
	30 June	31 December	30 June	31 December		under BOT's guidelines		by the Company	
	2004	2003	2004	2003		30 June	31 December	30 June	31 December
					2004	2003	2004	2003	
Loans and receivable⁽¹⁾⁽²⁾									
Pass	41,651	36,527	32,873	28,639	1	328	285	517	499
Special mention	1,266	1,042	1,190	954	2	24	17	31	24
Substandard	496	244	231	184	20	58	54	67	60
Doubtful	179	147	140	128	50	105	85	111	94
Bad debts	2,150	2,299	1,639	1,734	100	1,638	1,866	1,657	1,891
Total	45,742	40,259	36,073	31,639		2,153	2,307	2,383	2,568
Loss on receivable under troubled									
debt restructuring	-	-	-	-		340	332	340	332
Total	45,742	40,259	36,073	31,639		2,493	2,639	2,723	2,900
General reserve								819	982
Total								3,542	3,882
Investment in securities									
Bad debts									
Debt instruments	64	64	64	64	100	64	64	64	64
Equity instruments	473	497	473	497	100	473	497	473	497
Total	537	561	537	561		537	561	537	561
Investment in receivables									
Bad debts	7	7	-	-	100	-	-	-	-
Properties foreclosed									
Land	86	86	86	86	100	86	86	86	86
Total classified assets	46,372	40,913	36,696	32,286		3,116	3,286	4,165	4,529

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

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

⁽³⁾ 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 2004 and 31 December 2003, in accordance with the BOT's guidelines, the Company has provided an allowance amounting to Baht 4,165 million and Baht 4,529 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
	2004	2003	2004	2003	2004	2003	2004	2003
				(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Companies vulnerable to delisting	2	3	68	97	33	33	68	97
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	14	23	780	988	254	317	527	605
3. Listed companies of which shares have been suspended for trading	2	2	16	14	-	-	16	14
4. Listed companies under rehabilitation	13	14	424	584	32	153	349	339
5. Companies having loan default problem	28	30	2,206	2,111	1,384	1,228	808	854
6. Companies having going concern issue as cited in auditors' report	2	5	22	351	2	158	20	139
Total	61	77	3,516	4,145	1,705	1,889	1,788	2,048

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

As at 30 June 2004 and 31 December 2003, a local subsidiary operating in the securities business in Thailand classified its securities business receivable and accrued interest receivable, and provided related allowances for doubtful accounts, in accordance with the notification of the Office of the Securities and Exchange Commission (SEC) as follows:-

(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 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Substandard	53	69	-	-	-	-
Doubtful	474	462	474	462	474	462
Total	<u>527</u>	<u>531</u>	<u>474</u>	<u>462</u>	474	462
General reserve					61	73
Total					<u>535</u>	<u>535</u>

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

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

As at 30 June 2004 and 31 December 2003, 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)

	Debt balance		Allowance for doubtful accounts provided in the accounts	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Current or overdue less than 90 days	5,496	5,250	59	40
Overdue				
91 - 365 days	138	141	35	43
More than 1 year	56	44	53	44
Debtors under litigation	39	44	39	44
Total	<u>5,729</u>	<u>5,479</u>	<u>186</u>	<u>171</u>

12. 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 2004 and 31 December 2003 are as follows :-

	Consolidated		The Company Only	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
(Unit: Baht)				
Foreclosed assets :				
Immovable assets				
Balance - beginning of the period	1,544,756,342	1,428,938,261	1,494,064,517	1,378,246,436
Addition	53,369,700	220,100,000	53,369,700	220,100,000
Disposal	(179,249,652)	(104,281,919)	(179,249,652)	(104,281,919)
Balance - end of the period	1,418,876,390	1,544,756,342	1,368,184,565	1,494,064,517
Movable assets				
Balance - beginning of the period	1,061,603	27,331,922	572,322	22,451,670
Addition	189,759,841	337,638,240	99,890,646	116,526,396
Disposal	(186,780,624)	(363,908,559)	(99,890,646)	(138,405,744)
Balance - end of the period	4,040,820	1,061,603	572,322	572,322
Allowance for impairment :				
Balance - beginning of the period	131,611,018	139,455,401	85,916,627	92,736,701
Increase	1,560,254	11,605,440	210,895	11,605,440
Decrease	(810,580)	(19,449,823)	(166,700)	(18,425,514)
Balance - end of the period	132,360,692	131,611,018	85,960,822	85,916,627
Property foreclosed - net	1,290,556,518	1,414,206,927	1,282,796,065	1,408,720,212

As at 30 June 2004 and 31 December 2003, the Company had obligations with regard to properties foreclosed which were received in repayment of debts amounting to Baht 710 million. (as at 31 December 2003 : Baht 710 million). The debtors may repurchase these properties at prices and within periods specified in the agreements.

13. LAND, PREMISES AND EQUIPMENT

(Unit : Baht)

	Consolidated					
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Vehicles	Total
Cost :						
31 December 2003	425,277,624	813,111,414	468,449,874	269,057,177	73,222,442	2,049,118,531
Translation adjustment	-	-	608,026	-	-	608,026
Addition/Transfer in	42,541,252	112,369,677	53,314,251	10,386,362	35,033,120	253,644,662
Disposal/Transfer out	-	-	(38,494,266)	-	(10,599,479)	(49,093,745)
30 June 2004	467,818,876	925,481,091	483,877,885	279,443,539	97,656,083	2,254,277,474
Accumulated depreciation :						
31 December 2003	-	164,944,660	386,929,860	166,452,416	39,753,670	758,080,606
Translation adjustment	-	-	298,784	-	-	298,784
Depreciation charge for the period	-	24,468,729	21,401,052	8,593,008	8,434,939	62,897,728
Disposal	-	-	(13,118,263)	(12,802)	(7,040,200)	(20,171,265)
30 June 2004	-	189,413,389	395,511,433	175,032,622	41,148,409	801,105,853
Net book value :						
31 December 2003	425,277,624	648,166,754	81,520,014	102,604,761	33,468,772	1,291,037,925
30 June 2004	467,818,876	736,067,702	88,366,452	104,410,917	56,507,674	1,453,171,621
Depreciation charge included in earnings statements for the six-month periods ended 30 June :						
2003						60,262,451
2004						62,897,728

(Unit : Baht)

	The Company Only					
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Vehicles	Total
Cost :						
31 December 2003	281,091,687	547,608,438	177,538,307	191,959,069	40,270,502	1,238,468,003
Addition/Transfer in	21,402,956	51,908,111	22,365,964	9,960,508	29,187,844	134,825,383
Disposal/Transfer out	-	-	(17,191,240)	-	(1,866,949)	(19,058,189)
30 June 2004	302,494,643	599,516,549	182,713,031	201,919,577	67,591,397	1,354,235,197
Accumulated depreciation :						
31 December 2003	-	155,632,797	143,609,016	101,357,429	22,535,612	423,134,854
Depreciation charge for the period	-	14,117,939	8,499,031	5,795,198	5,243,947	33,656,115
Disposal	-	-	(1,155,192)	(12,802)	(918,503)	(2,086,497)
30 June 2004	-	169,750,736	150,952,855	107,139,825	26,861,056	454,704,472
Net book value :						
31 December 2003	281,091,687	391,975,641	33,929,291	90,601,640	17,734,890	815,333,149
30 June 2004	302,494,643	429,765,813	31,760,176	94,779,752	40,730,341	899,530,725
Depreciation charge included in earnings statements for the six-month periods ended 30 June :						
2003						31,311,367
2004						33,656,115

14. OTHER ASSETS

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Value added tax - net	464,558,581	988,544,860	447,406,689	916,502,171
Accrued interest receivable	14,008,435	55,475,241	14,173,255	48,031,850
Fee receivable	253,303,469	355,497,040	197,581,459	198,639,836
Dividend receivable	210,000	-	210,000	720,000,000
Prepaid income tax	73,294,200	107,578,226	55,837,759	68,718,577
Deferred computer system development cost - net	42,108,192	35,548,301	30,884,362	32,291,903
Deposits	11,788,943	8,335,558	2,468,671	3,774,216
Other receivables	86,720,263	79,038,005	79,912,031	71,165,683
Other assets	161,163,555	148,651,379	79,057,462	67,042,375
Total other assets	1,107,155,638	1,778,668,610	907,531,688	2,126,166,611

15. BORROWINGS AND DEPOSITS

15.1 Classified by source of borrowings and deposits

(Unit : Baht)

	Consolidated					
	30 June 2004			31 December 2003		
	Promissory notes	Others	Total	Promissory notes	Others	Total
From public	33,551,223,321	4,593,097,476	38,144,320,797	31,534,505,116	2,377,439,295	33,911,944,411
From banks	227,000,000	1,510,004,419	1,737,004,419	632,000,000	1,684,529,825	2,316,529,825
From financial institutions	1,894,400,000	-	1,894,400,000	1,785,987,834	-	1,785,987,834
From foreign countries	118,051,323	-	118,051,323	99,434,806	-	99,434,806
Total borrowings and deposits	35,790,674,644	6,103,101,895	41,893,776,539	34,051,927,756	4,061,969,120	38,113,896,876

(Unit : Baht)

	The Company Only					
	30 June 2004			31 December 2003		
	Promissory notes	Others	Total	Promissory notes	Others	Total
From public	33,590,832,361	3,659,534,031	37,250,366,392	31,782,068,044	1,453,044,921	33,235,112,965
From banks	150,000,000	185,358,366	335,358,366	620,000,000	222,055,444	842,055,444
From financial institutions	3,231,400,000	-	3,231,400,000	2,686,987,834	-	2,686,987,834
From foreign countries	118,051,323	-	118,051,323	99,434,806	-	99,434,806
Total borrowings and deposits	37,090,283,684	3,844,892,397	40,935,176,081	35,188,490,684	1,675,100,365	36,863,591,049

15.2 Classified by the remaining period of contract

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
At call	2,853,113,565	2,053,014,330	4,060,076,552	2,849,102,877
Not over 1 year (included contracts which are due)	30,693,659,223	26,567,968,624	28,677,315,804	24,600,125,130
Over 1 year	8,347,003,751	9,492,913,922	8,197,783,725	9,414,363,042
Total borrowings and deposits	<u>41,893,776,539</u>	<u>38,113,896,876</u>	<u>40,935,176,081</u>	<u>36,863,591,049</u>

16. DEBENTURES

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Subordinated debentures	331,000,000	331,000,000	331,000,000	331,000,000
Unsubordinated unsecured debentures	5,610,000,000	5,610,000,000	4,800,000,000	4,800,000,000
	<u>5,941,000,000</u>	<u>5,941,000,000</u>	<u>5,131,000,000</u>	<u>5,131,000,000</u>

16.1 Subordinated debentures

During 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.

16.2 Unsubordinated and unsecured debentures

16.2.1 In 2002 the Company issued Baht 4,800 million of unsubordinated and unsecured debentures, maturing in 2007, consisting of :-

- a) 2 million debentures with a face value of Baht 1,000 each, totaling Baht 2,000 million. These debentures bear interest at a rate of 4.25 percent per annum.
- b) 1 million debentures with a face value of Baht 1,000 each, totaling Baht 1,000 million. These debentures bear 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.
- c) 1.8 million debentures with a face value of Baht 1,000 each, totaling Baht 1,800 million. These debentures carry interest at a floating rate equivalent to a rate of 6 percent minus the reference rate per annum in the first, second and third years and thereafter at a rate of 3.8 percent per annum.

In respect of the Baht 2,800 million of debentures discussed in (b) and (c) above, the Company entered into interest rate swap agreements to swap the floating interest rate to a fixed interest rate. The agreement expires in 2007.

16.2.2 In September 2003, a subsidiary company issued Baht 400 million of unsubordinated and unsecured debentures, consisting of 400,000 debentures with a face value of Baht 1,000 each. These debentures bear interest at a rate of 3.25 percent per annum, maturing in 2006. The subsidiary company is required to comply with debenture issuance conditions and maintain certain financial ratio.

In addition, another subsidiary company has invested a total of Baht 90 million in these debentures.

16.2.3 In October 2003, a subsidiary company issued Baht 500 million of 3-year amortising unsecured and unsubordinated debentures (500,000 units with a face value of Baht 1,000 each). These debentures bear interest at a rate of 3.2 percent per annum. The issuer will repay the principal of the debentures in four periods, the first of which will start on 6 January 2006 and interest will be paid quarterly beginning 6 January 2004. Such subsidiary company is required to comply with debenture issuance conditions and maintain certain financial ratio.

17. OTHER LIABILITIES

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Corporate income tax payable	189,012,824	146,863,467	-	-
Withholding income tax and other tax payable	53,046,230	110,033,395	34,558,100	30,963,979
Accrued insurance premium	293,148,652	262,386,034	235,468,016	222,837,240
Other liabilities	602,639,599	407,677,457	307,860,310	222,480,908
Total other liabilities	<u>1,137,847,305</u>	<u>926,960,353</u>	<u>577,886,426</u>	<u>476,282,127</u>

18. SHARE CAPITAL AND WARRANTS

- a) The Company has a registered capital of Baht 11,002 million which, according to the documents filed with the Ministry of Commerce in 1999, comprises 100.2 million ordinary shares and 1,000 million preference shares, both with a par value of Baht 10 each. The preference shares can be, and were from time to time, converted to ordinary shares in accordance with the Memorandum and Articles of Association. Up to 30 June 2004, 430,474,020 preference shares had been converted into ordinary shares, and such conversion registered with the authorities.

As at 30 June 2004, there remained a total of 185,353,980 preference shares which are eligible for conversion to ordinary shares.

- b) The preference shares have the same rights and benefits as ordinary shares, with added rights and benefits that the holders of preference shares receive dividend for each of the year that the Company pays dividend prior to the holders of ordinary shares at the rate of 1 Baht per share. Additionally, the holders of preference shares are entitled to share the leftover dividend with the holders of ordinary shares. In the year that the Company does not declare dividend payment to the holders of ordinary shares, the Company may declare dividend payment at the above-mentioned rate to the holders of preference shares. The holders of preference shares shall be entitled to receive dividend only in the years in which the Company has declared dividend payment. Dividend shall not be made up in subsequent years for the years that the Company did not declare dividend payment. Since 30 June 2009, the rights and benefits of the preference shareholders shall be equal to the holders of ordinary shares.

- c) 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's employees. The exercise price of the warrants was stipulated at 75 percent of the ten-trading-day 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-day average closing price of the Company's preference shares prior to the date of warrant allocation, subject to a minimum price of par value.

Up to 30 June 2004, the Company allocated 25,436,000 warrants, and employees who had been allocated warrants had exercised their rights to purchase a total of 8,705,000 preference shares, at an exercise price of Baht 10 each, amounting to Baht 87,050,000 and 4,185,000 preference shares at an exercise price of Baht 11.31 each, a total of Baht 47,332,350 and 2,008,000 preference shares at an exercise price of Baht 13.20 each, a total of Baht 26,505,600 and 930,000 preference shares at an exercise price of Baht 14.94 each, amounting to Baht 13,894,200 of which 15,828,000 preference shares registered with the Ministry of Commerce.

As at 30 June 2004, 9,608,000 warrants remained unexercised.

On 28 April 2004, the annual general meeting of the Company's shareholders passed a resolution approving the allocation of 5,317,000 warrants to the directors and employee of the Company and its subsidiaries. These warrants, consist of 753,000 warrants received from resigned employees and 4,564,000 un-allotted warrants. The allotment is to take place once approval has been received from the Office of the Securities and Exchange Commission.

19. CAPITAL FUND

As at 30 June 2004 and 31 December 2003, 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 2004	31 December 2003
<u>Tier I</u>		
Issued and fully paid up share capital	7,160,280	7,117,195
Premium on share capital	53,002	44,311
Statutory reserve	143,300	143,300
Retained earnings - unappropriated	1,367,247	1,837,249
Total Tier I	8,723,829	9,142,055
<u>Tier II</u>		
Subordinated debentures	331,000	331,000
Reserve for loans classified as pass	516,886	498,421
Reserve for revaluation of equity securities – available for sales	464,129	450,119
Total Tier II	1,312,015	1,279,540
Less : Investments in debentures at value of which the banks, who are the debenture issuers, recognize as capital fund	-	(51,091)
Total capital fund	10,035,844	10,370,504

The capital ratios of the Company are as follows :-

	The Company Only			
	30 June 2004		31 December 2003	
	Company	Requirement	Company	Requirement
Tier I capital to risk assets	16.74%	4.00%	18.78%	4.00%
Total capital to risk assets	19.26%	8.00%	21.42%	8.00%
Total capital to issued and paid-up share capital	140.16%	75.00%	145.71%	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. The statutory reserve could not be used for dividend payment.

21. SURPLUS ON CHANGES IN THE VALUE OF INVESTMENTS

(Unit : Baht)

	Consolidated / The Company Only	
	30 June 2004	31 December 2003
Balance - beginning of the period	1,472,433,142	58,797,600
Increase (decrease) in changes in the value of securities during the period	(435,730,497)	1,413,635,542
	1,036,702,645	1,472,433,142
Less : The effect of income tax liabilities	(309,417,711)	(439,523,022)
Balance - end of the period	727,284,934	1,032,910,120

22. GAIN (LOSS) ON INVESTMENTS

Gain (loss) on investments for the six-month periods ended 30 June 2004 and 2003 consist of the following :-

(Unit : Baht)

	Consolidated		The Company Only	
	2004	2003	2004	2003
Unrealised gain (loss) on investments	(30,400,538)	122,006,898	(11,869,302)	19,142,516
Realised gain (loss) on investments	(25,395,937)	93,158,289	(28,793,979)	46,619,860
Total	(55,796,475)	215,165,187	(40,663,281)	65,762,376

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 2004 and 2003 were arrived at as follows:

	(Unit : Baht)			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Income tax payable on taxable profit for the period	258,708,531	445,360,636	50,908,116	311,081,519
Add (less) : Net decrease (increase) in deferred tax on temporary differences	111,935,562	21,899,287	113,797,915	3,340,542
Less : Utilisation of income tax benefits on tax loss carried forward	(50,908,116)	(316,578,659)	(50,908,116)	(311,081,519)
Income tax expenses - net	<u>319,735,977</u>	<u>150,681,264</u>	<u>113,797,915</u>	<u>3,340,542</u>

As at 30 June 2004 and 31 December 2003, deferred tax assets and deferred tax liabilities arose from the following temporary differences:

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Allowance for doubtful accounts (general reserve)	1,005,269	1,165,632	819,310	982,181
Allowance for doubtful accounts for VAT receivables	23,134	20,129	-	-
Unrealised gain from trading securities	(4,103)	-	-	-
Allowance for impairment of investments	539,093	533,264	539,042	533,213
Allowance for impairment of property foreclosed	86,826	86,185	85,961	85,917
Non-accrual of interest income	1,295,908	1,505,268	1,242,249	1,468,856
Depreciation of assets	24,337	19,162	16,414	15,035
Financial leases	187,431	184,258	-	-
Revaluation surplus on changes in the value of investment	(1,031,392)	(1,442,213)	(1,030,578)	(1,442,213)
Others	4,577	5,492	8,391	5,492
	<u>2,131,080</u>	<u>2,077,177</u>	<u>1,680,789</u>	<u>1,648,481</u>
Deferred tax assets (30%)	<u>639,324</u>	<u>623,153</u>	<u>504,237</u>	<u>494,544</u>

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Unrealised gain from trading securities	-	6,958	-	-
Non-accrual of interest income	-	(18,213)	-	-
Depreciation of assets	-	(2,362)	-	-
Revaluation surplus on changes in the value of investment	-	22,864	-	-
Others	-	4,933	-	-
	-	14,180	-	-
Deferred tax liabilities (30%)	-	4,254	-	-

25. DIVIDEND PAYMENT

On 28 April 2004, the annual general meeting of the Company's shareholders passed a resolution approving the payment of a dividend of Baht 1.65 per share for the preference shares and of Baht 0.65 per share for the ordinary shares, a total of Baht 649 million. The dividend was paid on 26 May 2004.

26. 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. During the six-month period ended 30 June 2004, Baht 20 million has been contributed to the funds by the Company and its subsidiaries (the Company only : Baht 10 million).

27. NUMBER OF EMPLOYEES

	Consolidated		The Company Only	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
Number of employees at the end of the period (persons)	1,280	1,274	635	609

28. RECONCILIATION OF DILUTED EARNINGS PER SHARE

For the three-month periods ended 30 June						
Net earnings		Weighted average		Earnings per share		
		number of ordinary shares				
<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net earnings	389,702	439,951	530,674	527,889	0.73	0.83
Effect of dilutive securities						
Preference shares (including 9.6 million warrants to purchase preference shares (2003: 17.2 million warrants))						
-	-	194,962	197,747			
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares						
<u>389,702</u>	<u>439,951</u>	<u>725,636</u>	<u>725,636</u>	<u>0.54</u>	<u>0.61</u>	

For the six-month periods ended 30 June						
Net earnings		Weighted average		Earnings per share		
		number of ordinary shares				
<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net earnings	991,943	804,095	530,669	523,089	1.87	1.54
Effect of dilutive securities						
Preference shares (including 9.6 million warrants to purchase preference shares (2003: 17.2 million warrants))						
-	-	194,967	202,547			
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares						
<u>991,943</u>	<u>804,095</u>	<u>725,636</u>	<u>725,636</u>	<u>1.37</u>	<u>1.11</u>	

29. 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 2004 and 2003 consist of the following :-

	(Unit : Baht)			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Cash	6,168,504	6,550,874	3,059,763	3,581,167
Cash at banks and financial institutions	1,182,020,242	778,491,885	255,777,092	116,417,047
Cash and cash equivalents	1,188,188,746	785,042,759	258,836,855	119,998,214

30. RELATED PARTY TRANSACTIONS

During the three-month and six-month periods ended 30 June 2004 and 2003, 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
<u>Outstanding balance as at 30 June 2004</u>				
Subsidiary companies				
Borrowing and deposits from financial institutions and public :				
TISCO Securities Co., Ltd.	900,000	433,000	-	1,333,000
Hi-Way Co., Ltd.	67,540	-	(60,538)	7,002
TISCO Leasing Co., Ltd.	150,023	-	(150,023)	-
Other subsidiary companies	31,000	5,607	-	36,607

(Unit : Thousand Baht)

	Consolidated		The Company Only		Terms and pricing policy (For the period 2004)
	2004	2003	2004	2003	
Transactions occurred during the three-month periods ended 30 June					
Subsidiary companies					
Risk and financial management fee and human resources management fee	-	-	7,851	9,834	In accordance with the centralized policy for supporting activities of the Company and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Account receivable management fee income and office administration fee income	-	-	10,847	-	Reference to the terms and price as charged to other customers
Other income	-	-	759	4,116	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	-	-	11,367	14,855	In accordance with the centralized policy for supporting activities of the Company and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Other expenses	-	-	1,246	705	Reference to the terms and price as charged to other customers
Associated company					
Interest expense	-	452	-	-	Reference to the terms and rate as charged to other customers
Account receivable management fee income and office administration fee income	-	3,284	-	-	Reference to the terms and price as charged to other customers

(Unit : Thousand Baht)

	Consolidated		The Company Only		Terms and pricing policy (For the period 2004)
	2004	2003	2004	2003	
<u>Transactions occurred during the six-month periods ended 30 June</u>					
Subsidiary companies					
Risk and financial management fee and human resources management fee	-	-	16,073	19,668	In accordance with the centralized policy for supporting activities of the Company and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Account receivable management fee income and office administration fee income	-	-	21,393	-	Reference to the terms and price as charged to other customers
Other income	-	-	2,991	8,355	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	-	-	22,308	29,480	In accordance with the centralized policy for supporting activities of the Company and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Other expenses	-	-	3,152	1,115	Reference to the terms and price as charged to other customers
Associated company					
Interest expense	-	638	-	-	Reference to the terms and rate as charged to other customers
Account receivable management fee income and office administration fee income	-	7,073	-	-	Reference to the terms and price as charged to other customers

Besides the above transaction, during this period, the Company has additional related party transactions with its subsidiary companies, which presented below :-

- (a) The Company acquired investments in equity securities amounting to Baht 33 million from a subsidiary company. This subsidiary company recorded gain from this sales of investments amounting to Baht 15 million.
- (b) The Company sold property foreclosed, which are office condominium units, (net book value amounting to Baht 79 million) to a subsidiary company at a price of Baht 91 million. The Company recorded a gain from disposal of such office condominium units amounting to Baht 12 million.

As at 30 June 2004, 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-level 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	3,951	3,951

As at 30 June 2004 and, 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 2004, the Company and its subsidiaries have no investment 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.

31. FINANCIAL INFORMATION BY SEGMENT

Financial information relating to the finance business, securities business and other business segments as of 30 June 2004 and 31 December 2003 and for the three-month and six-month periods ended 30 June 2004 and 2003 is summarised below.

(Unit : Million Baht)

	For the three-month periods ended 30 June									
	Finance business		Securities business		Other business		Elimination		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Net interest and dividend income after bad debt and doubtful accounts	1,068	507	11	12	-	(1)	(300)	-	779	518
Non-interest income	147	207	266	344	25	31	(49)	(30)	389	552
Operating expenses	(460)	(369)	(196)	(141)	(28)	(29)	52	15	(632)	(524)
Corporate income tax	(106)	(32)	(28)	(65)	-	-	-	-	(134)	(97)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(12)	(9)	(12)	(9)
Net earnings	<u>649</u>	<u>313</u>	<u>53</u>	<u>150</u>	<u>(3)</u>	<u>1</u>	<u>(309)</u>	<u>(24)</u>	<u>390</u>	<u>440</u>

(Unit : Million Baht)

	For the six-month periods ended 30 June									
	Finance business		Securities business		Other business		Elimination		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Net interest and dividend income after bad debt and doubtful accounts	1,857	1,104	24	19	-	(1)	(425)	(18)	1,456	1,104
Non-interest income	320	345	853	564	50	61	(109)	(65)	1,114	905
Operating expenses	(904)	(742)	(378)	(283)	(54)	(57)	100	45	(1,236)	(1,037)
Corporate income tax	(169)	(55)	(151)	(95)	-	(1)	-	-	(320)	(151)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(22)	(17)	(22)	(17)
Net earnings	<u>1,104</u>	<u>652</u>	<u>348</u>	<u>205</u>	<u>(4)</u>	<u>2</u>	<u>(456)</u>	<u>(55)</u>	<u>992</u>	<u>804</u>

(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
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Investments in securities	9,915	10,851	372	969	1	-	(3,786)	(3,725)	6,502	8,095
Loans, receivable and accrued interest receivable - net	47,857	41,779	2,030	2,893	-	-	(170)	(174)	49,717	44,498
Other assets	5,182	5,973	2,727	3,481	53	51	(1,359)	(1,835)	6,603	7,670
Total assets	<u>62,954</u>	<u>58,603</u>	<u>5,129</u>	<u>7,343</u>	<u>54</u>	<u>51</u>	<u>(5,315)</u>	<u>(5,734)</u>	<u>62,822</u>	<u>60,263</u>

32. COMMITMENTS AND CONTINGENT LIABILITIES

32.1 Aval to bills and other guarantees

(Unit : Baht)

	Consolidated and the Company Only	
	30 June 2004	31 December 2003
Aval to bills	100,000,000	190,000,000
Guarantees - others	547,269,552	516,957,183
Total contingent liabilities and obligations	647,269,552	706,957,183

32.2 Litigation

The Company was a defendant in certain lawsuits involving compensation of approximately Baht 291 million. As at 30 June 2004, 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.

32.3 Commitments under interest rate swap agreement

As at 30 June 2004, the Company has commitments under interest rate swap agreements covering nominal principal of Baht 5,600 million (as discussed in Note 33.2 to the financial statements).

32.4 Capital commitment

As at 30 June 2004, a subsidiary company has outstanding commitments of approximately Baht 100 million in respect of the uncalled portion of an investment in an associated company.

32.5 Other commitments

- a) 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.
- b) 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.

33. FINANCIAL INSTRUMENTS

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 2004, the Company and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

33.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation causing the Company and subsidiary companies 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 and the off-balance sheet transactions of aval and other guarantees.

In addition, the Company and its subsidiary companies manage credit risk by the following means, in through careful consideration of credit approval process, analysis of the risk factors and the ability to service debt of customers and credit review process, which examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future.

33.2 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
Financial assets				
Cash and deposits at financial institutions	818	10	360	1,188
Loans to financial institutions	-	164	-	164
Securities purchased under resale agreements	-	616	-	616
Investments in securities - net	323	2,155	4,024	6,502
Trading transactions with securities companies				
- receivable	-	-	145	145
Loans and receivable	6,217	43,754	4,008	53,979
	<u>7,358</u>	<u>46,699</u>	<u>8,537</u>	<u>62,594</u>
Financial liabilities				
Borrowings and deposits	2	41,635	257	41,894
Trading transactions with securities companies				
- liabilities	-	-	978	978
Securities business payable	495	-	1,197	1,692
Debentures	-	5,941	-	5,941
	<u>497</u>	<u>47,576</u>	<u>2,432</u>	<u>50,505</u>

(Unit : Million Baht)

	The Company Only			
	Outstanding balances of financial instruments			
	Floating	Fixed	Without	Total
	interest rate	interest rate	interest	
Financial assets				
Cash and deposits at financial institutions	19	-	240	259
Securities purchased under resale agreements	-	616	-	616
Investments in securities - net	323	2,117	8,178	10,618
Loans and receivable	6,113	37,745	1,971	45,829
	<u>6,455</u>	<u>40,478</u>	<u>10,389</u>	<u>57,322</u>
Financial liabilities				
Borrowings and deposits	-	40,737	198	40,935
Debentures	-	5,131	-	5,131
	<u>-</u>	<u>45,868</u>	<u>198</u>	<u>46,066</u>

The Company has entered into interest rate swap agreements to pay fixed rate interest in exchange for receipt of floating rate interest on the nominal principal of Baht 1,000 million. These agreements will expire in 2005 and 2008. The Company has entered into interest rate swap agreements to pay float rate interest in exchange for receipt of fixed rate interest on the nominal principal of Baht 500 million. The agreement expires in 2008.

In addition, the Company has entered into interest rate swap agreements to exchange a floating interest rate on the Baht 2,800 million debentures for a fixed interest rate. The agreement expires in 2007. The Company has also entered into interest rate swap agreements to exchange floating interest rates on loans and deposits amounting to Baht 1,300 million for a fixed interest rate. The agreements expire in 2006 and 2008.

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.

(Unit : Million Baht)

Transactions	Consolidated						Interest rates	
	Repricing or maturity date							
	At call	0-3 months	3-12 months	1-5 years	Over 5 Years	Unspecified		Total
Financial assets								
Cash and deposits at financial institutions	-	10	-	-	-	-	10	0.49%
Loans to financial institutions	3	161	-	-	-	-	164	1.06%
Securities purchased under resale agreements	-	616	-	-	-	-	616	0.96%
Investments in securities - net	-	1,730	4	404	17	-	2,155	1.79%
Loans and receivable	2,101	5,134	13,030	21,336	1,708	445	43,754	8.00%
	2,104	7,651	13,034	21,740	1,725	445	46,699	
Financial liabilities								
Borrowings and deposits	2,608	17,241	13,452	8,334	-	-	41,635	1.98%
Debentures	-	-	-	5,941	-	-	5,941	4.03%
	2,608	17,241	13,452	14,275	-	-	47,576	

(Unit : Million Baht)

Transactions	The Company Only						Interest rates	
	Repricing or maturity date							
	At call	0-3 months	3-12 months	1-5 years	Over 5 Years	Unspecified		Total
Financial assets								
Securities purchased under resale agreements	-	616	-	-	-	-	616	0.96%
Investments in securities - net	-	1,694	3	403	17	-	2,117	1.77%
Loans and receivable	1,940	4,174	10,706	19,217	1,708	-	37,745	6.61%
	1,940	6,484	10,709	19,620	1,725	-	40,478	
Financial liabilities								
Borrowings and deposits	3,875	16,609	12,068	8,185	-	-	40,737	1.89%
Debentures	-	-	-	5,131	-	-	5,131	4.16%
	3,875	16,609	12,068	13,316	-	-	45,868	

33.3 Liquidity risk

The periods to maturity dates of financial instruments held as of 30 June 2004, counting from the balance sheet date, are as follows :-

(Unit : Million Baht)

Transactions	Consolidated							Total
	At call	0-3	3-12	1-5	Over 5	Non performing		
		months	months	years	years	Unspecified	loans	
Financial assets								
Cash and deposits at financial institutions	1,154	34	-	-	-	-	-	1,188
Loans to financial institutions	3	161	-	-	-	-	-	164
Securities purchased under resale agreements	-	616	-	-	-	-	-	616
Investments in securities – net	2,712	1,729	180	466	165	1,250	-	6,502
Trading transactions with securities								
companies – receivable	-	145	-	-	-	-	-	145
Loans and receivable	1,795	7,325	14,439	23,754	3,219	-	3,44	53,979
	<u>5,664</u>	<u>10,010</u>	<u>14,619</u>	<u>24,220</u>	<u>3,384</u>	<u>1,250</u>	<u>3,44</u>	<u>62,594</u>
Financial liabilities								
Borrowings and deposits	2,853	17,242	13,452	8,334	-	13	-	41,894
Trading transactions with securities								
companies – liabilities	-	978	-	-	-	-	-	978
Securities business payable	492	1,200	-	-	-	-	-	1,692
Debentures	-	-	-	5,941	-	-	-	5,941
	<u>3,345</u>	<u>19,420</u>	<u>13,452</u>	<u>14,275</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>50,505</u>
Off - balance sheet items								
Aval to bills	-	100	-	-	-	-	-	100
Guarantees of loans and others	514	33	-	-	-	-	-	547

(Unit : Million Baht)

Transactions	The Company Only							Total
	At call	0-3	3-12	1-5	Over 5	Non performing		
		months	months	years	years	Unspecified	Loans	
Financial assets								
Cash and deposits at financial institutions	25	-	-	-	-	-	-	259
Securities purchased under resale agreements	-	616	-	-	-	-	-	616
Investments in securities - net	2,71	1,694	154	427	16	5,466	-	10,618
Loans and receivable	1,73	4,325	12,162	21,649	3,22	-	2,733	45,829
	<u>4,71</u>	<u>6,635</u>	<u>12,317</u>	<u>22,076</u>	<u>3,38</u>	<u>5,466</u>	<u>2,733</u>	<u>57,322</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Borrowings and deposits	4,06	16,609	12,068	8,185	-	13	-	40,935
Debentures	-	-	-	5,131	-	-	-	5,131
	<u>4,06</u>	<u>16,609</u>	<u>12,068</u>	<u>13,316</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>46,066</u>
Off balance sheet items								
Aval to bills	-	100	-	-	-	-	-	100
Guarantees of loans and others	51	33	-	-	-	-	-	547

33.4 Foreign exchange risk

As at 30 June 2004, the Company did not have any financial instruments in foreign currencies except for its investment in a subsidiary company amounting to Baht 258 million.

33.5 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 2004, 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.

34. 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 period classifications, with no effect on previously reported net earnings or shareholders' equity.