

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

Review Report of Independent Auditor

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

I have reviewed the accompanying consolidated balance sheet of TISCO Finance Public Company Limited and its subsidiaries as at 30 September 2004, the related consolidated statements of earnings for the three-month and nine-month periods ended 30 September 2004 and 2003, the consolidated statements of changes in shareholders' equity, and cash flows for the nine-month periods ended 30 September 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 issue a report on these financial statements based on my reviews.

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

Based on my 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.

I have previously audited the consolidated financial statements of TISCO Finance Public Company Limited and its subsidiaries, and the separate financial statements of TISCO Finance Public Company Limited, for the year ended 31 December 2003 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements, and drew attention to certain matters, based on my audit and other auditors' reports, under my report dated 23 January 2004. The balance sheet as at 31 December 2003, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok : 21 October 2004

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

AS AT 30 SEPTEMBER 2004 AND 31 DECEMBER 2003

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 September 2004	31 December 2003	30 September 2004	31 December 2003
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	2	1,167,221	1,193,449	227,061	234,742
LOANS TO FINANCIAL INSTITUTIONS	3	1,499,241	601,125	-	-
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	4	1,678,000	37,000	1,678,000	37,000
INVESTMENT IN SECURITIES	5,6,9				
Current investment - net		1,462,221	3,609,639	1,412,198	2,968,621
Long-term investment - net		4,519,816	4,456,098	4,323,664	4,238,265
Investment in subsidiaries and associated companies - net		-	29,846	4,437,780	4,356,447
Net investments		5,982,037	8,095,583	10,173,642	11,563,333
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		745,117	730,192	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	7,9				
Finance business loans and receivable		52,486,183	45,564,176	46,754,938	40,258,728
Securities business receivable		1,509,255	3,428,002	-	-
Total loans and receivable		53,995,438	48,992,178	46,754,938	40,258,728
Accrued interest receivable		113,029	106,291	84,399	80,124
Total loans, receivable and accrued interest receivable		54,108,467	49,098,469	46,839,337	40,338,852
Less : Allowance for doubtful accounts	8	(3,830,793)	(4,267,841)	(3,160,367)	(3,549,845)
Less : Allowance for loss on debt restructuring	8	(326,423)	(331,790)	(326,423)	(331,790)
Net loans, receivable and accrued interest receivable		49,951,251	44,498,838	43,352,547	36,457,217
PROPERTY FORECLOSED - net	10	1,311,467	1,414,207	1,303,630	1,408,720
LAND, PREMISES AND EQUIPMENT - net		1,426,477	1,291,038	881,576	815,333
DEFERRED TAX ASSETS	20	588,588	623,153	449,807	494,544
OTHER ASSETS	11	1,079,438	1,778,669	871,425	2,126,167
TOTAL ASSETS		65,428,837	60,263,254	58,937,688	53,137,056

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

AS AT 30 SEPTEMBER 2004 AND 31 DECEMBER 2003

(Unit : Thousand Baht)

Note	CONSOLIDATED		THE COMPANY ONLY	
	30 September 2004 (Unaudited but reviewed)	31 December 2003 (Audited)	30 September 2004 (Unaudited but reviewed)	31 December 2003 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY				
BORROWINGS AND DEPOSITS				
From public	41,097,251	33,911,944	40,196,795	33,235,113
From banks	1,729,943	2,316,530	196,765	842,055
From financial institutions	1,498,960	1,785,988	1,502,960	2,686,988
From foreign countries	120,487	99,435	120,487	99,435
Total borrowings and deposits	44,446,641	38,113,897	42,017,007	36,863,591
TRADING TRANSACTIONS WITH SECURITIES COMPANIES	454,128	864,588	-	-
SECURITIES BUSINESS PAYABLE	1,890,688	3,299,167	-	-
LIABILITIES UNDER COMMERCIAL PAPERS SOLD	220,000	211,000	220,000	211,000
ACCRUED INTEREST PAYABLE	150,228	185,536	142,562	177,817
DEBENTURES	12	5,941,000	5,131,000	5,131,000
OTHER LIABILITIES	13	1,086,067	613,036	476,282
TOTAL LIABILITIES	54,188,752	49,542,148	48,123,605	42,859,690
SHAREHOLDERS' EQUITY				
Share capital				
Registered	14	11,002,000	11,002,000	11,002,000
Issued and paid up				
185,287,380 preference shares of Baht 10 each				
(31 December 2003 : 181,127,680 preference shares of Baht 10 each)		1,852,874	1,811,277	1,811,277
532,107,620 ordinary shares of Baht 10 each				
(31 December 2003 : 530,591,820 ordinary shares of Baht 10 each)		5,321,076	5,321,076	5,305,918
		7,173,950	7,173,950	7,117,195
Share premium				
Share premium of preference shares		21,368	7,811	21,368
Share premium of ordinary shares		36,500	36,500	36,500
Revaluation surplus on changes in the value of investment	17	797,103	1,032,910	797,103
Translation adjustments		114,014	102,401	114,014
Retained earnings				
Appropriated - statutory reserve	16	143,300	143,300	143,300
Unappropriated		2,527,848	1,837,249	2,527,848
Equity attributable to Company's shareholders		10,814,083	10,277,366	10,277,366
Minority interest - equity attributable to minority shareholders of subsidiaries		426,002	443,740	-
TOTAL SHAREHOLDERS' EQUITY		11,240,085	10,814,083	10,277,366
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		65,428,837	60,263,254	58,937,688
		0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES				
Aval to bills		180,000	190,000	180,000
Guarantees of loans and others		505,773	516,957	505,773

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 SEPTEMBER 2004 AND 2003

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

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
INTEREST AND DIVIDEND INCOME					
Loans and deposits		153,712	201,475	148,680	198,256
Hire purchase and financial lease income		754,721	627,882	545,438	435,665
Investments in securities		38,919	57,870	38,372	65,711
Total interest and dividend income		947,352	887,227	732,490	699,632
EXPENSES ON BORROWINGS					
Interest and discounts		269,911	299,356	248,162	276,178
Fees and charges		-	1,308	-	-
Total expenses on borrowings		269,911	300,664	248,162	276,178
Net interest and dividend income		677,441	586,563	484,328	423,454
BAD DEBT AND DOUBTFUL ACCOUNTS					
		(83,804)	(45,708)	(76,262)	(39,900)
LOSS ON DEBT RESTRUCTURING					
		-	(1,877)	-	(1,877)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		593,637	538,978	408,066	381,677
NON-INTEREST INCOME					
Brokerage fees		178,916	247,607	-	-
Gain on investments	18	73,725	166,629	75,981	106,745
Fees and charges		182,726	233,267	117,162	122,080
Fees and gain (loss) on forward exchange		227	704	-	(137)
Share of profit (loss) of subsidiary and associated companies					
Share of profit from operating results		-	507	97,215	322,360
Goodwill written-off		-	-	-	(716,254)
Other income		38,931	39,959	32,077	36,040
Total non-interest income		474,525	688,673	322,435	(129,166)
Total net income		1,068,162	1,227,651	730,501	252,511
OPERATING EXPENSES					
Personnel expenses		293,044	286,855	145,483	132,771
Premises and equipment expenses		81,025	74,731	54,615	46,166
Taxes and duties		16,093	17,638	14,139	16,059
Directors' remuneration	19	1,790	1,638	1,550	1,398
Goodwill					
Amortisation		-	1,034	-	-
Written-off		-	716,254	-	-
Other expenses		246,761	203,688	142,660	132,966
Total operating expenses		638,713	1,301,838	358,447	329,360
EARNINGS (LOSS) BEFORE INCOME TAX AND MINORITY INTEREST					
		429,449	(74,187)	372,054	(76,849)
CORPORATE INCOME TAX / INCOME TAX BENEFITS					
		(73,759)	573,616	(24,863)	558,852
EARNINGS BEFORE MINORITY INTEREST					
		355,690	499,429	347,191	482,003
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES					
		(8,499)	(17,426)	-	-
NET EARNINGS FOR THE PERIOD					
		347,191	482,003	347,191	482,003
EARNINGS PER SHARE					
	22				
Basic earnings per share		0.65	0.91	0.65	0.91
Diluted earnings per share		0.48	0.66	0.48	0.66

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF EARNINGS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2004 AND 2003

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

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
INTEREST AND DIVIDEND INCOME					
Loans and deposits		552,949	644,729	539,695	633,533
Hire purchase and financial lease income		2,158,833	1,775,329	1,569,887	1,218,118
Investments in securities		185,988	238,247	173,727	249,193
Total interest and dividend income		2,897,770	2,658,305	2,283,309	2,100,844
EXPENSES ON BORROWINGS					
Interest and discounts		794,970	908,349	731,750	840,188
Fees and charges		-	4,551	-	-
Total expenses on borrowings		794,970	912,900	731,750	840,188
Net interest and dividend income		2,102,800	1,745,405	1,551,559	1,260,656
BAD DEBT AND DOUBTFUL ACCOUNTS		(53,218)	(99,840)	(22,156)	(59,966)
LOSS ON DEBT RESTRUCTURING		-	(2,668)	-	(2,668)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		2,049,582	1,642,897	1,529,403	1,198,022
NON-INTEREST INCOME					
Brokerage fees		690,646	458,881	-	-
Gain on investments	18	17,929	381,794	35,318	172,507
Fees and charges		771,120	636,781	346,101	284,717
Fees and gain (loss) on forward exchange		(585)	3,832	(577)	(267)
Share of profit (loss) of subsidiary and associated companies					
Share of profit from operating results		-	2,133	535,371	598,104
Goodwill written-off		-	-	-	(716,254)
Other income		109,563	110,308	95,221	99,647
Total non-interest income		1,588,673	1,593,729	1,011,434	438,454
Total net income		3,638,255	3,236,626	2,540,837	1,636,476
OPERATING EXPENSES					
Personnel expenses		913,225	722,991	445,728	324,638
Premises and equipment expenses		233,567	231,949	157,438	146,716
Taxes and duties		52,547	53,824	47,373	48,456
Directors' remuneration	19	5,340	4,968	4,680	4,248
Goodwill					
Amortisation		-	42,122	-	-
Written-off		-	716,254	-	-
Other expenses		670,327	567,004	407,823	381,830
Total operating expenses		1,875,006	2,339,112	1,063,042	905,888
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		1,763,249	897,514	1,477,795	730,588
CORPORATE INCOME TAX / INCOME TAX BENEFITS	20	(393,495)	422,935	(138,661)	555,511
EARNINGS BEFORE MINORITY INTEREST		1,369,754	1,320,449	1,339,134	1,286,099
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES		(30,620)	(34,350)	-	-
NET EARNINGS FOR THE PERIOD		1,339,134	1,286,099	1,339,134	1,286,099
EARNINGS PER SHARE					
Basic earnings per share	22	2.52	2.45	2.52	2.45
Diluted earnings per share		1.83	1.77	1.83	1.77

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

(UNAUDITED BUT REVIEWED)

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2004 AND 2003

(Unit : Thousand Baht)

CONSOLIDATED

	Issued and paid-up share capital		Share premium		Surplus		Statutory reserve	Unappropriated retained earnings	Minority interest- equity attributable to minority shareholders	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investment	Translation adjustments				
Balance as at 31 December 2002	2,158,367	4,906,978	1,185	36,500	58,798	127,319	48,700	41,567	432,816	7,812,230
Increase in fair value of investments	-	-	-	-	408,275	-	-	-	-	408,275
Decrease in translation adjustments	-	-	-	-	-	(21,416)	-	-	-	(21,416)
Net earnings for the period	-	-	-	-	-	-	-	1,286,099	-	1,286,099
Warrants converted to preference shares	38,480	-	4,165	-	-	-	-	-	-	42,645
Preference shares converted to ordinary shares	(376,876)	376,876	-	-	-	-	-	-	-	-
Increase in minority interest	-	-	-	-	-	-	-	-	1,483	1,483
Balance as at 30 September 2003	<u>1,819,971</u>	<u>5,283,854</u>	<u>5,350</u>	<u>36,500</u>	<u>467,073</u>	<u>105,903</u>	<u>48,700</u>	<u>1,327,666</u>	<u>434,299</u>	<u>9,529,316</u>
Balance as at 31 December 2003	1,811,277	5,305,918	7,811	36,500	1,032,910	102,401	143,300	1,837,249	443,740	10,721,106
Decrease in fair value of investments	-	-	-	-	(235,807)	-	-	-	-	(235,807)
Increase in translation adjustments	-	-	-	-	-	11,613	-	-	-	11,613
Net earnings for the period	-	-	-	-	-	-	-	1,339,134	-	1,339,134
Dividend paid (Note 21)	-	-	-	-	-	-	-	(648,535)	-	(648,535)
Warrants converted to preference shares	56,755	-	13,557	-	-	-	-	-	-	70,312
Preference shares converted to ordinary shares	(15,158)	15,158	-	-	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	(17,738)	(17,738)
Balance as at 30 September 2004	<u>1,852,874</u>	<u>5,321,076</u>	<u>21,368</u>	<u>36,500</u>	<u>797,103</u>	<u>114,014</u>	<u>143,300</u>	<u>2,527,848</u>	<u>426,002</u>	<u>11,240,085</u>

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

(UNAUDITED BUT REVIEWED)

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2004 AND 2003

(Unit : Thousand Baht)

	THE COMPANY ONLY								
	Issued and paid-up share capital		Share premium		Surplus	Translation	Statutory	Unappropriated	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investment	adjustments	reserve	retained earnings	
Balance as at 31 December 2002	2,158,367	4,906,978	1,185	36,500	58,798	127,319	48,700	41,567	7,379,414
Increase in fair value of investments	-	-	-	-	408,275	-	-	-	408,275
Decrease in translation adjustments	-	-	-	-	-	(21,416)	-	-	(21,416)
Net earnings for the period	-	-	-	-	-	-	-	1,286,099	1,286,099
Warrants converted to preference shares	38,480	-	4,165	-	-	-	-	-	42,645
Preference shares converted to ordinary shares	(376,876)	376,876	-	-	-	-	-	-	-
Balance as at 30 September 2003	<u>1,819,971</u>	<u>5,283,854</u>	<u>5,350</u>	<u>36,500</u>	<u>467,073</u>	<u>105,903</u>	<u>48,700</u>	<u>1,327,666</u>	<u>9,095,017</u>
Balance as at 31 December 2003	1,811,277	5,305,918	7,811	36,500	1,032,910	102,401	143,300	1,837,249	10,277,366
Decrease in fair value of investments	-	-	-	-	(235,807)	-	-	-	(235,807)
Increase in translation adjustments	-	-	-	-	-	11,613	-	-	11,613
Net earnings for the period	-	-	-	-	-	-	-	1,339,134	1,339,134
Dividend paid (Note 21)	-	-	-	-	-	-	-	(648,535)	(648,535)
Warrants converted to preference shares	56,755	-	13,557	-	-	-	-	-	70,312
Preference shares converted to ordinary shares	(15,158)	15,158	-	-	-	-	-	-	-
Balance as at 30 September 2004	<u>1,852,874</u>	<u>5,321,076</u>	<u>21,368</u>	<u>36,500</u>	<u>797,103</u>	<u>114,014</u>	<u>143,300</u>	<u>2,527,848</u>	<u>10,814,083</u>

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2004 AND 2003

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Cash flows from operating activities				
Net earnings	1,339,134	1,286,099	1,339,134	1,286,099
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary companies	30,620	34,350	-	-
Share of profit from operating results of subsidiary and associated companies	-	(2,133)	(535,371)	(598,104)
Goodwill written-off	-	716,254	-	716,254
Depreciation and amortisation	112,355	151,822	65,590	61,305
Bad debt and doubtful accounts	84,541	116,963	49,136	66,612
Unrealised loss (gain) on revaluation of investment	18,750	(9,568)	18,749	(9,568)
Allowance for impairment of property foreclosed	953	11,043	-	11,603
Loss from troubled debt restructuring	-	2,668	-	2,668
Gain on disposal of investments	(48,258)	(151,562)	(54,048)	(151,562)
Gain on disposal of equipment	(3,332)	(1,039)	(1,384)	(717)
Unrealised loss (gain) on valuation of securities held for trading	22,634	(50,641)	-	-
Loss (gain) on disposal of property foreclosed	49,903	(18,380)	7,896	(18,379)
Decrease (increase) in deferred tax assets	133,959	(680,163)	138,661	(555,511)
Decrease (increase) in accrued interest and dividend receivable	27,252	(2,356)	749,722	601
Decrease (increase) in other receivable	117,017	(35,919)	14,606	(52,202)
Decrease in accrued interest payable	(43,930)	(22,417)	(35,255)	(23,663)
Increase in accrued expenses	310,746	263,919	185,211	158,394
Earnings from operating activities before changes in operating assets and liabilities	2,152,344	1,608,940	1,942,647	893,830
Decrease (increase) in operating assets				
Loans to financial institutions	(898,116)	343,203	-	-
Negotiable certificates of deposit	-	35,684	-	-
Securities purchased under resale agreements	(1,641,000)	(300,000)	(1,641,000)	(300,000)
Investment in securities - held for trading	475,807	(361,161)	-	-
Trading transactions with securities companies	(14,924)	(278,581)	-	-
Finance business loans and receivable	(7,317,192)	(5,394,155)	(7,033,665)	(4,800,938)
Securities business loans and receivable	1,918,747	(685,701)	-	-
Property foreclosed	94,552	55,324	115,900	51,897
Other assets	525,438	(340,357)	472,686	(293,657)

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2004 AND 2003

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Increase (decrease) in operating liabilities				
Borrowings and deposits from public	7,185,307	3,741,946	6,961,682	4,094,973
Borrowings and deposits from banks and financial institutions	(1,108,627)	729,893	(1,829,318)	634,379
Borrowings and deposits from foreign countries	21,053	39,481	21,053	39,481
Trading transactions with securities companies	(410,460)	(332,114)	-	-
Liabilities under commercial paper sold	9,000	(157,000)	9,000	(157,000)
Securities business payable	(1,408,479)	1,442,336	-	-
Other liabilities	(209,555)	163,023	(93,217)	59,763
Net cash flows from (used in) operating activities	(626,105)	310,761	(1,074,232)	222,728
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(4,896,640)	(14,316,887)	(4,437,012)	(13,974,627)
Cash received from disposal of investment in securities held for investment	6,225,889	13,896,877	6,125,473	13,667,306
Cash paid for purchase of equipment	(82,756)	(37,719)	(48,208)	(19,533)
Cash received from disposal of equipment	10,993	2,702	4,521	1,118
Cash paid for purchase of a subsidiary	(42,000)	-	-	-
Net cash flows from (used in) investing activities	1,215,486	(455,027)	1,644,774	(325,736)
Cash flows from financing activities				
Dividend paid	(697,535)	(35,000)	(648,535)	-
Cash received from issuance of debentures	-	310,000	-	-
Cash received from exchange of warrants to purchase preference shares	70,312	42,645	70,312	42,645
Net cash flows from (used in) financing activities	(627,223)	317,645	(578,223)	42,645
Translation adjustment	11,613	(21,416)	-	-
Net increase (decrease) in cash and cash equivalents	(26,229)	151,963	(7,681)	(60,363)
Cash and cash equivalents at beginning of the period	1,193,450	796,929	234,742	283,655
Cash and cash equivalents at end of the period (Note 23)	1,167,221	948,892	227,061	223,292
Supplemental cash flows information :-				
Cash paid during the period for				
Interest	837,043	929,097	767,004	863,851
Corporate income tax	389,491	198,515	19,639	13,395
Non-cash transactions :-				
Conversion of preference shares to ordinary shares	15,158	376,876	15,158	376,876
Transfer of property foreclosed to land, premises and equipment	73,311	-	73,311	-
Transfer of assets from troubled debt restructuring	76,276	-	76,276	-

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 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.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 "Interim financial statements", with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the statements of earnings, changes in shareholders' equity and cash flows, as in the annual financial statements.

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

1.3 Basis of interim consolidation

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2003. There have been no changes in the shareholding structure during the period, except that 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.

(UNAUDITED BUT REVIEWED)

The financial statements of 3 subsidiary companies, which are included in the consolidated interim financial statements, TISCO Global Investment Holdings Limited, TISCO Securities UK Limited and GIH&CO Pte. Ltd., were prepared by the managements of these subsidiary companies and not reviewed by their auditors. As at 30 September 2004, these 3 subsidiary companies have aggregate assets included in the consolidated interim financial statements of approximately Baht 2.6 million and aggregate revenues and net losses for the three-month period then ended of approximately Baht 0.4 million and Baht 0.2 million, respectively, and aggregate revenues and net losses for the nine-month period then ended of approximately Baht 1.0 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 reviewed by auditors.

1.4 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.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2003.

2. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

As at 30 September 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 September 2004, approximately Baht 96 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.

3. LOANS TO FINANCIAL INSTITUTIONS

As at 30 September 2004, the balance of loans to financial institutions included promissory notes of a subsidiary amounting to Baht 87 million deposited for a client in the subsidiary company's name . The subsidiary received the promissory notes from the client as collateral for securities borrowing and lending agreement.

4. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

As at 30 September 2004, the balance of securities purchased under resale agreements comprises Baht 1,678 million of government and Bank of Thailand securities (as at 31 December 2003 : Baht 37 million).

5. INVESTMENTS IN SECURITIES

5.1 As at 30 September 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.

5.2 As at 30 September 2004, the Company has a commitment not to sell marketable equity securities totaling Baht 129 million (as at 31 December 2003 : Baht 222 million) for the period, as a condition of troubled debt restructuring agreement made with restructured receivables.

5.3 As at 30 September 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.

(UNAUDITED BUT REVIEWED)

- 5.4 As at 30 September 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 foreign bank as security for the agreement to swap a floating interest rate for a fixed interest rate, described in Note 27.
- 5.5 As at 30 September 2004, the Company have the following investment in companies which have weak financial standing or operating results :-

(Unit : Thousand 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	-	264,625

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

- 5.6 The Company did not record investments in Jiji Press (Thailand) Company Limited, GITC Company Limited and Mizuho Corporate Leasing (Thailand) Company Limited, 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.

(UNAUDITED BUT REVIEWED)

6. INVESTMENT IN SUBSIDIARY COMPANIES

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

Company's name	Nature of business	Paid-up share capital		Cost method		Equity method ⁽¹⁾		(Unit : Million Baht) Dividend income ⁽²⁾ received for the nine - month periods ended 30 September	
		30 September	31 December	30 September	31 December	30 September	31 December	2004	2003
		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	254	260	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	1,611	1,544	300	200
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	223	301	100	-
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	1,269	1,224	-	-
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	548	470	-	-
Thai Information Technology Co., Ltd.	Services	20	20	44	44	35	42	-	-
Thai Commercial Auto Co., Ltd.	Hire purchase	800	800	434	434	426	444	58	35
Thai Permsap Finance Co., Ltd.	Finance	150	150	150	150	72	71	-	-
						<u>4,438</u>	<u>4,356</u>	<u>458</u>	<u>235</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.

On 28 November 2003, the Company received approval from the Bank of Thailand to accept the transfer of business from Tru-Way Company Limited (which is a subsidiary company), in accordance with the resolutions of the annual general meeting of the Company's shareholders held on 24 April 2003. Tru-Way Company Limited was deregistered with the Ministry of Commerce on 29 December 2003 and is currently in the process of liquidation.

7. LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE

7.1 As at 30 September 2004, the Company had loans and receivable of approximately Baht 2,721 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 5,214 million (as at 31 December 2003 : Baht 5,686 million), with Baht 4,305 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 September 2004, the local subsidiaries had securities business loans and receivable, hire-purchase receivable, financial lease receivable and other loans and receivables totaling Baht 659 million, on which the recognition of income had been suspended (as at 31 December 2003 : Baht 720 million), with Baht 506 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 4,943 million (the Company Only : Baht 3,927 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).

7.2 As at 30 September 2004, the Company's loans and receivable include restructured loans and receivables amounting to approximately Baht 1,218 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 244 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 224 million has been provided for.

7.3 Troubled Debt Restructuring

During the nine-month period ended 30 September 2004, the Company entered into troubled debt restructuring agreements with 74 debtors, with aggregate loan balance (before restructuring) of approximately Baht 951 million.

As at 30 September 2004, the number of debtors which were subjected to debt restructuring amounted to 1,074 as summarised below.

Type of restructuring	Number of receivables	Outstanding loan	Type of assets transferred	Fair value
		balance before restructuring		of transferred assets
		Million Baht	Million Baht	
Transfer of assets	23	2,600	Land	20
			Land and premises	2,468
Transfer of equity securities	4	770	Equity securities	412
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	3,651	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	990	19,989		
Total	1,074	30,099		5,030

The balance of the restructured debts as at 30 September 2004 amounted to approximately Baht 3,513 million (as at 31 December 2003 : Baht 3,748 million).

During the nine-month period ended 30 September 2004, the Company recognised interest income on restructured receivables totaling Baht 26 million, received repayments of principal and interest from the restructured receivables totaling Baht 1,282 million and there was no loss from restructuring. (During the nine-month period ended 30 September 2003 : Baht 76 million, Baht 2,210 million, respectively, and loss from restructuring amounting to Baht 3 million).

(UNAUDITED BUT REVIEWED)

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

8.1 Allowance for doubtful accounts

(Unit : Thousand Baht)

Consolidated as at 30 September 2004

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	547,176	28,657	74,831	122,248	2,440,577	1,054,352	4,267,841
Increase (decrease) in allowance for doubtful accounts during the period	12,383	5,411	112,518	166,892	(114,644)	(140,807)	41,753
Bad debt written - off	(38,240)	-	(103,519)	(37,928)	(282,762)	(16,352)	(478,801)
Balance - end of period	521,319	34,068	83,830	251,212	2,043,171	897,193	3,830,793

(Unit : Thousand Baht)

The Company Only as at 30 September 2004

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	498,421	23,953	60,091	94,401	1,890,798	982,181	3,549,845
Increase (decrease) in allowance for doubtful accounts during the period	4,354	4,592	112,280	174,699	(128,831)	(136,380)	30,714
Bad debt written-off	(38,190)	-	(103,519)	(36,966)	(225,165)	(16,352)	(420,192)
Balance - end of period	464,585	28,545	68,852	232,134	1,536,802	829,449	3,160,367

(Unit : Thousand Baht)

Consolidated as at 31 December 2003

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of year	720,113	22,934	50,431	297,950	2,060,421	1,088,419	4,240,268
Increase (decrease) in allowance for doubtful accounts during the year	(172,567)	5,723	24,400	(175,702)	410,206	(34,067)	57,993
Bad debt written - off	(370)	-	-	-	(30,050)	-	(30,420)
Balance - end of year	547,176	28,657	74,831	122,248	2,440,577	1,054,352	4,267,841

(Unit : Thousand Baht)

The Company Only as at 31 December 2003

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of year	675,607	18,256	37,545	279,207	1,327,464	1,063,571	3,401,650
Increase (decrease) in allowance for doubtful accounts during the year	(177,186)	5,697	22,546	(184,806)	563,334	(81,390)	148,195
Balance - end of year	498,421	23,953	60,091	94,401	1,890,798	982,181	3,549,845

(UNAUDITED BUT REVIEWED)

8.2 Allowance for loss on debt restructuring

(Unit : Thousand Baht)

	The Company Only	
	30 September 2004	31 December 2003
Balance - beginning of period	331,790	462,268
Increase during period	103,869	141,417
Written-off	(109,236)	(271,895)
Balance - end of period	326,423	331,790

Under the Bank of Thailand's guidelines concerning the loan loss provisioning, the Company would have been required to provide an allowance for doubtful debts as at 30 September 2004 of approximately Baht 2,378 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 3,487 million (as at 31 December 2003 : Baht 3,882 million), or Baht 1,109 million (as at 31 December 2003 : Baht 1,243 million) more than the required amount.

The allowance for doubtful debts of Baht 3,487 million, as mentioned above, consists of allowance for doubtful debts of Baht 2,063 million set aside for the unsecured portion of loans amounting Baht 4,305 million at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,424 million set up for the other loans and receivables.

As at 30 September 2004, the Company had outstanding non-performing loans and receivables of approximately Baht 2,736 million, against which an allowance for doubtful debts of Baht 1,798 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.

9 CLASSIFICATION OF ASSETS

9.1 Investment in securities

As at 30 September 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, or 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 9.1 a) are summarised below.

(Unit : Million Baht)

	Cost		Fair Value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	30 September	31 December	30 September	31 December	30 September	31 December
	2004	2003	2004	2003	2004	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.

(UNAUDITED BUT REVIEWED)

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

As at 30 September 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 after net off collateral		Percentage required by BOT ⁽³⁾	Allowance for doubtful accounts			
						Amounts to be provided under BOT's guidelines		Amounts already set up by the Company	
	30 September	31 December	30 September	31 December		30 September	31 December	30 September	31 December
	2004	2003	2004	2003		2004	2003	2004	2003
Loans and receivable⁽¹⁾⁽²⁾									
Pass	42,605	36,527	34,342	28,639	1	343	285	465	499
Special mention	1,413	1,042	1,349	954	2	26	17	29	24
Substandard	318	244	289	184	20	62	54	69	60
Doubtful	394	147	133	128	50	102	85	232	94
Bad debts	2,025	2,299	1,519	1,734	100	1,519	1,866	1,537	1,891
Total	46,755	40,259	37,632	31,639		2,052	2,307	2,332	2,568
Loss on receivable under troubled									
debt restructuring	-	-	-	-		326	332	326	332
Total	46,755	40,259	37,632	31,639		2,378	2,639	2,658	2,900
General reserve									
Total								829	982
								3,487	3,882
Investment in securities									
Bad debts									
Debt instruments	62	64	62	64	100	62	64	62	64
Equity instruments	537	497	537	497	100	537	497	537	497
Total	599	561	599	561		599	561	599	561
Investment in receivables									
Bad debts	7	7	-	-	100	-	-	-	-
Properties foreclosed									
Land	86	86	86	86	100	86	86	86	86
Total classified assets	47,447	40,913	38,317	32,286		3,063	3,286	4,172	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 accordance with BOT guidelines, provisioning rates for normal debt and special mention debt are 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 normal debt and special mention debt at rates of at least 1 or 2 percent, respectively.

(UNAUDITED BUT REVIEWED)

The assets classified above are presented in accordance with the assets classification report which the Company prepared and submitted to the Bank of Thailand, and include loans, receivable and interest accrued on loans, investment in securities and properties foreclosed. As at 30 September 2004 and 31 December 2003, the Company has provided an allowance amounting to Baht 4,172 million and Baht 4,529 million, respectively against its loans and receivable, investment in securities and properties foreclosed. Such amounts are higher than the amounts required under BOT's guidelines.

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 September 2004	31 December 2003	30 September 2004 (Million Baht)	31 December 2003 (Million Baht)	30 September 2004 (Million Baht)	31 December 2003 (Million Baht)	30 September 2004 (Million Baht)	31 December 2003 (Million Baht)
1. Companies vulnerable to delisting	1	3	47	97	17	33	47	97
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	14	23	820	988	245	317	576	605
3. Listed companies of which shares have been suspended for trading	1	2	15	14	-	-	15	14
4. Listed companies under rehabilitation	10	14	392	584	54	153	333	339
5. Companies having loan default problem	22	30	1,373	2,111	727	1,228	793	854
6. Companies having going concern issue as cited in auditors' report	1	5	20	351	-	158	20	139
Total	49	77	2,667	4,145	1,043	1,889	1,784	2,048

(UNAUDITED BUT REVIEWED)

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

As at 30 September 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 September 2004	31 December 2003	30 September 2004	31 December 2003	30 September 2004	31 December 2003
	Substandard	53	69	-	-	-
Doubtful	421	462	421	462	421	462
Total	<u>474</u>	<u>531</u>	<u>421</u>	<u>462</u>	421	462
General reserve					68	73
Total					<u>489</u>	<u>535</u>

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

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

As at 30 September 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 September 2004	31 December 2003	30 September 2004	31 December 2003
	Current or overdue less than 90 days	5,621	5,250	62
Overdue				
91 - 365 days	139	141	34	43
More than 1 year	49	44	49	44
Debtors under litigation	37	44	37	44
Total	<u>5,846</u>	<u>5,479</u>	<u>182</u>	<u>171</u>

(UNAUDITED BUT REVIEWED)

10. PROPERTY FORECLOSED

As at 30 September 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.

11. OTHER ASSETS

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	30 September 2004	31 December 2003	30 September 2004	31 December 2003
Value added tax - net	521,672	988,545	489,097	916,502
Accrued interest receivable	13,917	55,475	14,034	48,032
Fee receivable	197,138	355,497	140,419	198,640
Dividend receivable	-	-	-	720,000
Prepaid income tax	64,832	107,578	46,641	68,719
Deferred computer system development cost - net	38,163	35,548	25,957	32,292
Deposits	13,098	8,336	2,333	3,774
Other receivables	85,170	79,038	80,372	71,166
Other assets	145,448	148,652	72,572	67,042
Total other assets	<u>1,079,438</u>	<u>1,778,669</u>	<u>871,425</u>	<u>2,126,167</u>

12. DEBENTURES

(Unit : Thousand Baht)

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

12.1 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.

12.2 Unsubordinated and unsecured debentures

12.2.1 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.

(UNAUDITED BUT REVIEWED)

12.2.2 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.

12.2.3 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.

13. OTHER LIABILITIES

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	30 September 2004	31 December 2003	30 September 2004	31 December 2003
Corporate income tax payable	48,821	146,863	-	-
Withholding income tax and other tax payable	46,879	182,497	27,880	94,887
Accrued insurance premium	282,452	262,386	217,638	222,837
Other liabilities	707,915	335,214	367,518	158,558
Total other liabilities	<u>1,086,067</u>	<u>926,960</u>	<u>613,036</u>	<u>476,282</u>

14. 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 September 2004, 431,907,620 preference shares had been converted into ordinary shares, and such conversion registered with the authorities.

As at 30 September 2004, there remained a total of 185,287,380 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 September 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.

(UNAUDITED BUT REVIEWED)

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.

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. These conditions were approved by the Office of the Securities and Exchange Commission on 19 August 2004.

Up to 30 September 2004, the Company allocated 30,000,000 warrants, and employees who had been allocated warrants had exercised their rights to purchase a total of 8,740,000 preference shares, at an exercise price of Baht 10 each, amounting to Baht 87,400,000 and 4,290,000 preference shares at an exercise price of Baht 11.31 each, a total of Baht 48,519,900 and 2,774,000 preference shares at an exercise price of Baht 13.20 each, a total of Baht 36,616,800 and 1,391,000 preference shares at an exercise price of Baht 14.94 each, amounting to Baht 20,781,540 of which 17,195,000 preference shares registered with the Ministry of Commerce.

As at 30 September 2004, 12,805,000 warrants remained unexercised.

(UNAUDITED BUT REVIEWED)

15. CAPITAL FUND

As at 30 September 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 September 2004	31 December 2003
<u>Tier I</u>		
Issued and fully paid up share capital	7,173,950	7,117,195
Premium on share capital	57,868	44,311
Statutory reserve	143,300	143,300
Retained earnings - unappropriated	1,367,247	1,837,249
Total Tier I	<u>8,742,365</u>	<u>9,142,055</u>
<u>Tier II</u>		
Subordinated debentures	331,000	331,000
Reserve for loans classified as pass	464,585	498,421
Reserve for revaluation of equity securities - available for sales	464,129	450,119
Total Tier II	<u>1,259,714</u>	<u>1,279,540</u>
Less : Investments in debentures at value of which the banks, who are the debenture issuers, recognize as capital fund	-	(51,091)
Total capital fund	<u>10,002,079</u>	<u>10,370,504</u>

The capital ratios of the Company are as follows :-

	The Company Only			
	30 September 2004		31 December 2003	
	Company	Requirement	Company	Requirement
Tier I capital to risk assets	16.24%	4.00%	18.78%	4.00%
Total capital to risk assets	18.59%	8.00%	21.42%	8.00%
Total capital to issued and paid-up share capital	139.42%	75.00%	145.71%	75.00%

(UNAUDITED BUT REVIEWED)

16. 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.

17. SURPLUS ON CHANGES IN THE VALUE OF INVESTMENTS

(Unit : Thousand Baht)

	Consolidated / The Company Only	
	30 September 2004	31 December 2003
Balance - beginning of the period	1,472,433	58,798
Increase (decrease) in changes in the value of securities during the period	(335,987)	1,413,635
	1,136,446	1,472,433
Less : The effect of income tax liabilities	(339,343)	(439,523)
Balance - end of the period	797,103	1,032,910

18. GAIN ON INVESTMENTS

Gain on investments for the three-month and nine-month periods ended 30 September 2004 and 2003 consist of the following :-

(Unit : Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Unrealised gain (loss) on investments	(10,984)	(44,326)	(6,881)	1,803
Realised gain on investments	84,709	210,955	82,862	104,942
Total	73,725	166,629	75,981	106,745

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Unrealised gain (loss) on investments	(41,384)	77,680	(18,750)	20,945
Realised gain on investments	59,313	304,114	54,068	151,562
Total	17,929	381,794	35,318	172,507

19. 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.

20. CORPORATE INCOME TAX

Corporate income tax expenses for the nine-month periods ended 30 September 2004 and 2003 were arrived at as follows:

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Income tax payable on taxable profit for the period	357,873	562,221	97,124	307,929
Add (less) : Net decrease (increase) in deferred tax on temporary differences	132,746	(671,730)	138,661	(555,511)
(Less) : Utilisation of income tax benefits on tax loss carried forward	(97,124)	(313,426)	(97,124)	(307,929)
Income tax expenses - net / income tax benefits	393,495	(422,935)	138,661	(555,511)

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As at 30 September 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 September 2004	31 December 2003	30 September 2004	31 December 2003
Allowance for doubtful accounts (general reserve)	1,011,304	1,165,632	829,449	982,181
Allowance for doubtful accounts for VAT receivables	25,234	20,129	-	-
Allowance for impairment of investments	545,973	533,264	545,923	533,213
Allowance for impairment of property foreclosed	86,962	86,185	85,874	85,917
Non-accrual of interest income	1,191,433	1,505,268	1,140,462	1,468,856
Depreciation of assets	26,325	19,162	16,934	15,035
Financial leases	196,338	184,258	-	-
Revaluation surplus on changes in the value of investment	(1,131,142)	(1,442,213)	(1,129,132)	(1,442,213)
Others	9,534	5,492	9,847	5,492
	<u>1,961,961</u>	<u>2,077,177</u>	<u>1,499,357</u>	<u>1,648,481</u>
Deferred tax assets (30%)	<u>588,588</u>	<u>623,153</u>	<u>449,807</u>	<u>494,544</u>
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	-	-
	<u>-</u>	<u>14,180</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities (30%)	<u>-</u>	<u>4,254</u>	<u>-</u>	<u>-</u>

21. 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.

(UNAUDITED BUT REVIEWED)

23. CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents as reflect in the statements of cash flows as at 30 September 2004 and 2003 consist of the following :-

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Cash	7,881	3,310	4,728	1,028
Cash at banks	1,159,340	945,582	222,333	222,264
Cash and cash equivalents	<u>1,167,221</u>	<u>948,892</u>	<u>227,061</u>	<u>223,292</u>

24. RELATED PARTY TRANSACTIONS

During the three-month and nine-month periods ended 30 September 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			
	<u>Balance- beginning of the period</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance-end of the period</u>
<u>Outstanding balance as at 30 September 2004</u>				
Subsidiary companies				
Borrowing and deposits from financial institutions and public :				
TISCO Securities Co., Ltd.	900,000	-	(900,000)	-
Hiway Co., Ltd.	67,540	20,487	-	88,027
TISCO Leasing Co., Ltd.	150,023	-	(150,023)	-
Other subsidiary companies	31,000	9,873	-	40,873

(UNAUDITED BUT REVIEWED)

	Consolidated		The Company Only		(Unit : Thousand Baht)
	2004	2003	2004	2003	Pricing policy (For the period 2004)
<u>Transactions occurred during the three-month periods ended 30 September</u>					
Subsidiary companies					
Risk, financial and human resources management fee income	-	-	7,112	9,463	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
Accounts receivable management fee income and office administration fee income	-	-	12,068	-	Reference to the terms and price as charged to other customers
Other income	-	-	1,044	4,014	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	-	-	11,602	13,570	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	-	-	828	227	Reference to the terms and price as charged to other customers
Associated company					
Interest expense	-	468	-	-	Reference to the terms and rate as charged to other customers
Accounts receivable management fee income and office administration fee income	-	2,789	-	-	Reference to the terms and price as charged to other customers
<u>Transactions occurred during the nine-month periods ended 30 September</u>					
Subsidiary companies					
Risk, financial and human resources management fee income	-	-	23,185	29,131	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
Accounts receivable management fee income and office administration fee income	-	-	33,461	-	Reference to the terms and price as charged to other customers
Other income	-	-	4,035	12,369	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	-	-	33,910	43,050	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	-	-	3,980	1,259	Reference to the terms and price as charged to other customers
Associated company					
Interest expense	-	1,106	-	-	Reference to the terms and rate as charged to other customers
Account receivable management fee income and office administration fee income	-	9,862	-	-	Reference to the terms and price as charged to other customers

(UNAUDITED BUT REVIEWED)

Besides the above transaction, during the nine-month period ended 30 September 2004, 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 September 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)	
	<u>Consolidated</u>	<u>The Company Only</u>
Loans	6,654	6,654

As at 30 September 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 September 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.

(UNAUDITED BUT REVIEWED)

25. FINANCIAL INFORMATION BY SEGMENT

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

(Unit : Million Baht)

	For the three-month periods ended 30 September									
	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	629	546	6	211	-	(1)	(42)	(217)	593	539
Non-interest income	260	288	244	421	23	28	(52)	(49)	475	688
Operating expenses	(491)	(421)	(173)	(183)	(26)	(27)	51	(671)	(639)	(1,302)
Corporate income tax / income tax benefits	(48)	642	(25)	(68)	-	-	-	-	(73)	574
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(9)	(17)	(9)	(17)
Net earnings (loss)	350	1,055	52	381	(3)	-	(52)	(954)	347	482

(Unit : Million Baht)

	For the nine-month periods ended 30 September									
	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	2,486	1,650	30	230	-	(2)	(467)	(235)	2,049	1,643
Non-interest income	580	633	1,097	985	73	89	(161)	(114)	1,589	1,593
Operating expenses	(1,395)	(1,163)	(551)	(466)	(80)	(84)	151	(626)	(1,875)	(2,339)
Corporate income tax / income tax benefits	(217)	587	(176)	(163)	-	(1)	-	-	(393)	423
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(31)	(34)	(31)	(34)
Net earnings (loss)	1,454	1,707	400	586	(7)	2	(508)	(1,009)	1,339	1,286

(Unit : Million Baht)

	As at									
	Finance business		Securities business		Other business		Elimination		Total	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Investments in securities	9,358	10,851	409	969	1	-	(3,786)	(3,725)	5,982	8,095
Loans, receivable and accrued interest receivable - net	49,045	41,779	1,049	2,893	-	-	(143)	(174)	49,951	44,498
Other assets	6,202	5,973	3,351	3,481	55	51	(112)	(1,835)	9,496	7,670
Total assets	64,605	58,603	4,809	7,343	56	51	(4,041)	(5,734)	65,429	60,263

26. COMMITMENTS AND CONTINGENT LIABILITIES

26.1 Litigation

The Company was a defendant in certain lawsuits involving compensation of approximately Baht 342 million. As at 30 September 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.

26.2 Commitments under interest rate swap agreement

As at 30 September 2004, the Company has commitments under interest rate swap agreements covering nominal principal of Baht 5,600 million (as discussed in Note 27.2 to the financial statements).

26.3 Capital commitment

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

26.4 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.

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

27.1 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.

27.2 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	831	10	326	1,167
Loans to financial institutions	-	1,499	-	1,499
Securities purchased under resale agreements	-	1,678	-	1,678
Investments in securities - net	294	1,554	4,134	5,982
Trading transactions with securities companies				
- receivable	-	-	745	745
Loans and receivable	6,226	44,945	2,937	54,108
	<u>7,351</u>	<u>49,686</u>	<u>8,142</u>	<u>65,179</u>
Financial liabilities				
Borrowings and deposits	30	44,149	268	44,447
Trading transactions with securities companies				
- liabilities	-	-	454	454
Securities business payable	493	-	1,398	1,891
Debentures	-	5,941	-	5,941
	<u>523</u>	<u>50,090</u>	<u>2,120</u>	<u>52,733</u>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Company Only				
Outstanding balances of financial instruments				
	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial assets</u>				
Cash and deposits at financial institutions	2	-	225	227
Securities purchased under resale agreements	-	1,678	-	1,678
Investments in securities - net	294	1,501	8,379	10,174
Loans and receivable	6,129	38,808	1,902	46,839
	<u>6,425</u>	<u>41,987</u>	<u>10,506</u>	<u>58,918</u>
<u>Financial liabilities</u>				
Borrowings and deposits	29	41,807	181	42,017
Debentures	-	5,131	-	5,131
	<u>29</u>	<u>46,938</u>	<u>181</u>	<u>47,148</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.

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

<u>Transactions</u>	Consolidated							Interest rates %
	Repricing or maturity date					Unspecified	Total	
	At call	0-3 months	3-12 months	1-5 years	Over 5 Years			
Financial assets								
Cash and deposits at financial institutions	-	-	10	-	-	-	10	0.498%
Loans to financial institutions	1,011	488	-	-	-	-	1,499	1.404%
Securities purchased under resale agreements	-	1,678	-	-	-	-	1,678	0.968%
Investments in securities - net	-	430	701	405	18	-	1,554	2.190%
Loans and receivable	1,371	5,567	13,603	22,438	1,569	397	44,945	8.088%
	<u>2,382</u>	<u>8,163</u>	<u>14,314</u>	<u>22,843</u>	<u>1,587</u>	<u>397</u>	<u>49,686</u>	
Financial liabilities								
Borrowings and deposits	3,395	20,805	10,602	9,347	-	-	44,149	1.998%
Debentures	-	-	-	5,941	-	-	5,941	4.032%
	<u>3,395</u>	<u>20,805</u>	<u>10,602</u>	<u>15,288</u>	<u>-</u>	<u>-</u>	<u>50,090</u>	

(Unit : Million Baht)

<u>Transactions</u>	The Company Only							Interest rates %
	Repricing or maturity date					Unspecified	Total	
	At call	0-3 months	3-12 months	1-5 years	Over 5 Years			
Financial assets								
Securities purchased under resale agreements	-	1,678	-	-	-	-	1,678	0.968%
Investments in securities - net	-	379	700	404	18	-	1,501	2.179%
Loans and receivable	1,205	4,554	11,167	20,313	1,569	-	38,808	6.538%
	<u>1,205</u>	<u>6,611</u>	<u>11,867</u>	<u>20,717</u>	<u>1,587</u>	<u>-</u>	<u>41,987</u>	
Financial liabilities								
Borrowings and deposits	3,394	19,707	9,391	9,315	-	-	41,807	1.931%
Debentures	-	-	-	5,131	-	-	5,131	4.161%
	<u>3,394</u>	<u>19,707</u>	<u>9,391</u>	<u>14,446</u>	<u>-</u>	<u>-</u>	<u>46,938</u>	

(UNAUDITED BUT REVIEWED)

27.3 Liquidity risk

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

(Unit : Million Baht)

<u>Transactions</u>	Consolidated							Total
	At call	0-3 months	3-12 months	1-5 years	Over 5 years	Unspecified	Non performing loans	
Financial assets								
Cash and deposits at financial institutions	1,134	23	10	-	-	-	-	1,167
Loans to financial institutions	1,010	489	-	-	-	-	-	1,499
Securities purchased under resale agreements	-	1,678	-	-	-	-	-	1,678
Investments in securities - net	2,948	531	786	427	168	1,122	-	5,982
Trading transactions with securities								
companies - receivable	-	745	-	-	-	-	-	745
Loans and receivable	1,155	6,718	14,241	25,536	3,078	-	3,380	54,108
	<u>6,247</u>	<u>10,184</u>	<u>15,037</u>	<u>25,963</u>	<u>3,246</u>	<u>1,122</u>	<u>3,380</u>	<u>65,179</u>
Financial liabilities								
Borrowings and deposits	3,679	20,805	10,602	9,348	-	13	-	44,447
Trading transactions with securities								
companies - liabilities	-	454	-	-	-	-	-	454
Securities business payable	495	1,238	158	-	-	-	-	1,891
Debentures	-	-	-	5,941	-	-	-	5,941
	<u>4,174</u>	<u>22,497</u>	<u>10,760</u>	<u>15,289</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>52,733</u>
Off - balance sheet items								
Aval to bills	-	180	-	-	-	-	-	180
Guarantees of loans and others	504	2	-	-	-	-	-	506

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Transactions	The Company Only							Total
	At call	0-3 months	3-12 months	1-5 years	Over 5 years	Unspecified	Non performing Loans	
Financial assets								
Cash and deposits at financial institutions	227	-	-	-	-	-	-	227
Securities purchased under resale agreements	-	1,678	-	-	-	-	-	1,678
Investments in securities - net	2,949	480	725	423	168	5,429	-	10,174
Loans and receivable	1,091	4,741	11,785	23,423	3,078	-	2,721	46,839
	<u>4,267</u>	<u>6,899</u>	<u>12,510</u>	<u>23,846</u>	<u>3,246</u>	<u>5,429</u>	<u>2,721</u>	<u>58,918</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Borrowings and deposits	3,591	19,707	9,391	9,315	-	13	-	42,017
Debentures	-	-	-	5,131	-	-	-	5,131
	<u>3,591</u>	<u>19,707</u>	<u>9,391</u>	<u>14,446</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>47,148</u>
Off balance sheet items								
Aval to bills	-	180	-	-	-	-	-	180
Guarantees of loans and others	504	2	-	-	-	-	-	506

27.4 Foreign exchange risk

As at 30 September 2004, the Company did not have any financial instruments in foreign currencies except for its investment in a subsidiary company amounting to Baht 254 million.

27.5 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.

(UNAUDITED BUT REVIEWED)

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 September 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.

28. PRESENTATION

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.