

TISCO FINANCE PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES  
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2004 AND 2003

## **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 31 December 2004 and 2003, the related consolidated statements of earnings, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of TISCO Finance Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I did not audit the financial statements for the year ended 31 December 2003 of one subsidiary company, Thai Permsap Finance Company Limited, which statements reflect total assets as at 31 December 2003 of approximately Baht 72 million, total revenues and net losses for the year ended 31 December 2003 of approximately Baht 0.9 million and Baht 0.7 million respectively. Those amounts were included in the consolidated financial statements for the year 2003. I have however received an audit report from the subsidiary's auditor, who expressed an unqualified audit opinion on those financial statements. My opinion, insofar as it related to the amounts pertaining to this subsidiary which were included in the consolidated financial statements for the year ended 31 December 2003, was based solely on the report of that other auditor.

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

In my opinion, based on my audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial positions of TISCO Finance Public Company Limited and its subsidiaries and of TISCO Finance Public Company Limited as at 31 December 2004 and 2003, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Supachai Phanyawattano  
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited  
Bangkok : 28 January 2005

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## BALANCE SHEETS

AS AT 31 DECEMBER 2004 AND 2003

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
<b>ASSETS</b>					
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	4	1,485,237,724	1,193,449,580	395,252,369	234,741,704
LOANS TO FINANCIAL INSTITUTIONS	5	37,837,980	601,124,746	-	-
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	6	2,105,000,000	37,000,000	2,105,000,000	37,000,000
INVESTMENT IN SECURITIES	7,8,11				
Current investment - net		647,498,882	3,609,638,817	561,924,228	2,968,620,467
Long-term investment - net		4,564,668,591	4,456,098,003	2,867,786,440	4,238,265,167
Investment in subsidiaries and associated companies - net		-	29,845,846	4,625,683,969	4,356,447,228
Net investments		5,212,167,473	8,095,582,666	8,055,394,637	11,563,332,862
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		159,025,845	730,192,296	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	9,11				
Finance business loans and receivable		55,759,842,707	45,564,175,944	49,808,256,279	40,258,728,320
Securities business receivable		1,224,893,843	3,428,002,051	-	-
Total loans and receivable		56,984,736,550	48,992,177,995	49,808,256,279	40,258,728,320
Accrued interest receivable		117,390,139	106,291,259	81,287,821	80,123,473
Total loans, receivable and accrued interest receivable		57,102,126,689	49,098,469,254	49,889,544,100	40,338,851,793
Less : Allowance for doubtful accounts	10	(3,928,871,936)	(4,267,841,247)	(3,231,048,656)	(3,549,845,263)
Less : Allowance for loss on debt restructuring	10	(359,502,073)	(331,789,594)	(359,502,073)	(331,789,594)
Net loans, receivable and accrued interest receivable		52,813,752,680	44,498,838,413	46,298,993,371	36,457,216,936
PROPERTY FORECLOSED - net	12	1,230,358,055	1,414,206,927	1,238,019,799	1,408,720,212
LAND, PREMISES AND EQUIPMENT - net	13	1,440,706,920	1,291,037,925	899,983,914	815,333,149
DEFERRED TAX ASSETS	24	831,145,923	623,152,945	683,855,879	494,544,206
RECEIVABLES FROM SALES OF SECURITIES	30	-	-	1,485,465,721	-
OTHER ASSETS	14	980,807,526	1,778,668,610	784,723,682	2,126,166,611
<b>TOTAL ASSETS</b>		<b>66,296,040,126</b>	<b>60,263,254,108</b>	<b>61,946,689,372</b>	<b>53,137,055,680</b>

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2004 AND 2003

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
LIABILITIES AND SHAREHOLDERS' EQUITY					
BORROWINGS AND DEPOSITS					
	15				
From public		40,219,472,961	33,911,944,411	39,205,137,225	33,235,112,965
From banks		2,196,406,920	2,316,529,825	582,132,808	842,055,444
From financial institutions		2,110,860,000	1,785,987,834	3,569,860,000	2,686,987,834
From foreign countries		113,612,829	99,434,806	113,612,829	99,434,806
Total borrowings and deposits		44,640,352,710	38,113,896,876	43,470,742,862	36,863,591,049
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		130,994,931	864,587,451	-	-
SECURITIES BUSINESS PAYABLE		1,382,248,514	3,299,166,871	-	-
LIABILITIES UNDER COMMERCIAL PAPERS SOLD		510,000,000	211,000,000	510,000,000	211,000,000
ACCRUED INTEREST PAYABLE		189,973,464	185,536,386	180,307,848	177,816,489
DEBENTURES	16	5,941,000,000	5,941,000,000	5,131,000,000	5,131,000,000
OTHER LIABILITIES	17	920,574,408	926,960,353	504,643,898	476,282,127
TOTAL LIABILITIES		53,715,144,027	49,542,147,937	49,796,694,608	42,859,689,665
SHAREHOLDERS' EQUITY					
Share capital					
Registered	18	11,002,000,000	11,002,000,000	11,002,000,000	11,002,000,000
Issued and paid up					
184,123,480 preference shares of Baht 10 each					
(2003 : 181,127,680 preference shares of Baht 10 each)		1,841,234,800	1,811,276,800	1,841,234,800	1,811,276,800
533,907,520 ordinary shares of Baht 10 each					
(2003 : 530,591,820 ordinary shares of Baht 10 each)		5,339,075,200	5,305,918,200	5,339,075,200	5,305,918,200
		7,180,310,000	7,117,195,000	7,180,310,000	7,117,195,000
Share premium					
Share premium of preference shares		23,206,450	7,811,540	23,206,450	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	1,255,383,557	1,032,910,120	1,255,383,557	1,032,910,120
Translation adjustments		98,315,392	102,400,755	98,315,392	102,400,755
Retained earnings					
Appropriated - statutory reserve	20	254,600,000	143,300,000	254,600,000	143,300,000
Unappropriated		3,301,679,365	1,837,248,600	3,301,679,365	1,837,248,600
Equity attributable to Company's shareholders		12,149,994,764	10,277,366,015	12,149,994,764	10,277,366,015
Minority interest - equity attributable to minority shareholders of subsidiaries		430,901,335	443,740,156	-	-
TOTAL SHAREHOLDERS' EQUITY		12,580,896,099	10,721,106,171	12,149,994,764	10,277,366,015
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		66,296,040,126	60,263,254,108	61,946,689,372	53,137,055,680
		0	0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES					
	32				
Aval to bills		232,669,751	190,000,000	232,669,751	190,000,000
Guarantees of loans and others		501,692,945	516,957,183	501,692,945	516,957,183

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

Mr. Pliu Mangkomkanok

(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 YEARS ENDED 31 DECEMBER 2004 AND 2003

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
<b>INTEREST AND DIVIDEND INCOME</b>					
Loans and deposits		749,571,927	837,151,783	728,099,442	821,462,874
Hire purchase and financial lease		2,957,022,258	2,410,065,484	2,135,038,847	1,684,702,388
Investments in securities		206,767,640	318,115,339	193,617,523	318,245,960
Total interest and dividend income		3,913,361,825	3,565,332,606	3,056,755,812	2,824,411,222
<b>EXPENSES ON BORROWINGS</b>					
Interest and discounts		1,082,981,430	1,211,613,217	995,808,896	1,101,021,745
Fees and charges		-	4,551,250	-	-
Total expenses on borrowings		1,082,981,430	1,216,164,467	995,808,896	1,101,021,745
Net interest and dividend income		2,830,380,395	2,349,168,139	2,060,946,916	1,723,389,477
<b>BAD DEBT AND DOUBTFUL ACCOUNTS</b>					
		(174,805,899)	(263,084,804)	(112,619,601)	(198,623,699)
<b>LOSS ON DEBT RESTRUCTURING</b>					
		-	(2,682,388)	-	(2,682,388)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		2,655,574,496	2,083,400,947	1,948,327,315	1,522,083,390
<b>NON-INTEREST INCOME</b>					
Brokerage fees		902,779,413	824,863,318	-	-
Gain on investments	22	567,097,140	496,269,948	577,595,379	336,205,441
Fees and charges		1,098,649,010	1,046,123,995	481,103,006	414,614,498
Fees and gain (loss) on forward exchange		2,317,328	7,449,645	(577,308)	(377,452)
Share of profit (loss) of subsidiary and associated companies					
Share of profit from operating results		-	2,433,011	731,559,051	919,609,715
Goodwill written-off	8	-	-	-	(791,354,526)
Other income		158,616,285	135,426,290	138,830,074	123,552,770
Total non-interest income		2,729,459,176	2,512,566,207	1,928,510,202	1,002,250,446
Total net income		5,385,033,672	4,595,967,154	3,876,837,517	2,524,333,836
<b>OPERATING EXPENSES</b>					
Personnel expenses		1,259,001,411	1,189,024,976	625,519,552	540,075,539
Premises and equipment expenses		351,531,582	313,574,662	243,072,327	199,157,155
Taxes and duties		72,852,780	71,418,894	65,432,456	64,306,533
Directors' remuneration	23	7,065,000	6,620,000	6,165,000	5,680,000
Goodwill					
Amortisation		-	42,121,244	-	-
Written-off	8	-	791,354,526	-	-
Other expenses		955,872,664	764,063,166	574,558,588	497,555,962
Total operating expenses		2,646,323,437	3,178,177,468	1,514,747,923	1,306,775,189
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		2,738,710,235	1,417,789,686	2,362,089,594	1,217,558,647
CORPORATE INCOME TAX / INCOME TAX BENEFITS	24	(478,925,856)	515,982,731	(137,824,049)	672,722,435
EARNINGS BEFORE MINORITY INTEREST		2,259,784,379	1,933,772,417	2,224,265,545	1,890,281,082
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES		(35,518,834)	(43,491,335)	-	-
NET EARNINGS FOR THE YEAR		2,224,265,545	1,890,281,082	2,224,265,545	1,890,281,082
<b>EARNINGS PER SHARE</b>					
	28				
Basic earnings per share		4.18	3.59	4.18	3.59
Diluted earnings per share		3.05	2.60	3.05	2.60

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 YEARS ENDED 31 DECEMBER 2004 AND 2003

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
<b>Cash flows from operating activities</b>				
Net earnings	2,224,265,545	1,890,281,082	2,224,265,545	1,890,281,082
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary companies	35,518,834	43,491,335	-	-
Share of profit from operating results of subsidiary and associated companies	-	(2,433,011)	(731,559,051)	(199,609,715)
Goodwill written off	-	791,354,526	-	791,354,526
Depreciation and amortisation	175,155,002	189,737,722	107,918,801	82,763,953
Bad debt and doubtful accounts	224,033,546	276,785,793	154,675,582	210,486,198
Unrealised loss on revaluation of investment	20,608,044	163,879,434	20,608,044	163,879,434
Provision for revaluation of property foreclosed	1,276,794	6,815,840	82,732	7,820,231
Loss from troubled debt restructuring	-	2,682,388	-	2,682,388
Gain on disposal of investments	(592,393,555)	(500,084,874)	(598,183,634)	(500,084,874)
Gain on disposal of fixed assets	(3,331,989)	(1,043,993)	(1,383,743)	(721,844)
Unrealised loss (gain) on decrease (increase) of securities held for trading	22,634,240	(21,199,090)	-	-
Loss (gain) from disposal of property foreclosed	72,407,364	(18,379,580)	15,683,854	(18,379,580)
Decrease (increase) in deferred tax assets	119,495,416	(797,724,332)	137,824,049	(672,722,435)
Decrease (increase) in accrued interest and dividend receivable	15,967,799	6,500,515	745,910,635	(714,170,554)
Decrease (increase) in accrued income	99,476,843	(124,335,413)	4,266,501	(38,235,532)
Increase (decrease) in accrued interest payable	(4,183,504)	(1,350,186)	2,491,359	(3,228,871)
Increase (decrease) in accrued expenses	(58,849,820)	21,052,119	9,814,471	2,690,690
Earnings from operating activities before changes in operating assets and liabilities	2,352,080,559	1,926,030,275	2,092,415,145	1,004,805,097
Decrease (increase) in operating assets				
Loans to financial institutions	563,286,766	134,080,951	-	-
Negotiable certificates of deposit	-	35,684,404	-	-
Securities purchased under resale agreements	(2,068,000,000)	(37,000,000)	(2,068,000,000)	(37,000,000)
Investment in securities - held for trading	475,806,861	(485,716,950)	-	-
Trading transactions with securities companies	571,166,451	(644,290,970)	-	-
Finance business loans and receivable	(10,925,060,885)	(6,554,962,860)	(10,299,495,295)	(6,010,985,411)
Securities business receivable	2,203,108,208	(2,328,399,260)	-	-
Property foreclosed	412,735,811	134,846,812	318,399,059	130,475,759
Other assets	696,138,408	(314,879,726)	624,377,605	(367,287,175)

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 YEARS ENDED 31 DECEMBER 2004 AND 2003

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Increase (decrease) in operating liabilities				
Borrowings and deposits from public	6,307,528,550	2,769,763,305	5,970,024,260	2,773,533,160
Borrowings and deposits from banks and financial institutions	(30,262,581)	1,067,649,563	622,949,530	2,326,238,329
Borrowings and deposits from foreign countries	14,178,023	46,050,788	14,178,023	46,050,788
Trading transactions with securities companies	(733,592,520)	437,698,753	-	-
Liabilities under commercial paper sold	299,000,000	(146,000,000)	299,000,000	(146,000,000)
Securities business payable	(1,916,918,357)	2,867,718,214	-	-
Other liabilities	(5,451,975)	314,551,693	(26,211,776)	129,220,555
Net cash flows used in operating activities	(1,784,256,681)	(777,175,008)	(2,452,363,449)	(150,948,898)
<b>Cash flows from investing activities</b>				
Cash paid for purchase of investment in securities held for investment	(6,519,090,161)	(17,530,697,348)	(6,021,101,238)	(17,423,416,602)
Cash received from disposal of investment in securities held for investment	9,392,491,569	17,944,574,438	9,292,075,017	17,715,002,884
Cash paid for purchase of equipment	(144,448,145)	(50,308,360)	(92,595,848)	(29,329,368)
Cash received from disposal of equipment	12,201,795	1,568,378	4,521,053	1,150,873
Cash paid for purchase of a subsidiary company (Note 2 d))	(42,000,000)	-	-	(219,848,681)
Net cash flows from investing activities	2,699,155,058	365,137,108	3,182,898,984	43,559,106
<b>Cash flows from financing activities</b>				
Dividend paid	(697,534,780)	(35,000,000)	(648,534,780)	-
Cash received from issuance of debentures	-	810,000,000	-	-
Cash received from issuance of preference shares	78,509,910	58,476,645	78,509,910	58,476,645
Net cash flows from (used in) financing activities	(619,024,870)	833,476,645	(570,024,870)	58,476,645
<b>Translation adjustment</b>	(4,085,363)	(24,918,167)	-	-
Net increase (decrease) in cash and cash equivalents	291,788,144	396,520,578	160,510,665	(48,913,147)
Cash and cash equivalents at beginning of the year	1,193,449,580	796,929,002	234,741,704	283,654,851
Cash and cash equivalents at end of the year (Note 29)	1,485,237,724	1,193,449,580	395,252,369	234,741,704
	-	-	-	-
Supplemental cash flows information :-				
Cash paid during the year for				
Interest	1,085,055,972	1,210,803,511	993,317,537	1,104,250,616
Corporate income tax	405,425,215	213,175,985	26,846,233	21,202,703
Non-cash transactions				
Conversion of preference shares to ordinary shares	33,157,000	398,940,000	33,157,000	398,940,000
Transfer of property foreclosed to land, premises and equipment	152,183,652	220,100,000	73,311,066	220,100,000
Transfer of assets from troubled debt restructuring	76,276,200	-	76,276,200	-

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 YEARS ENDED 31 DECEMBER 2004 AND 2003

(Unit : Baht)

CONSOLIDATED

	Issued and paid-up share capital		Share premium		Surplus from changes in the value of investment	Translation adjustments	Statutory reserve	Unappropriated retained earnings	Minority interest- equity attributable to minority shareholders	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares						
<b>Balance as at 31 December 2002</b>	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	-	-	-	-	974,112,520	-	-	-	-	974,112,520
Decrease in translation adjustments	-	-	-	-	-	(24,918,167)	-	-	-	(24,918,167)
Net earnings for the year	-	-	-	-	-	-	-	1,890,281,082	-	1,890,281,082
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	94,600,000	(94,600,000)	-	-
Warrants converted to preference shares	51,850,000	-	6,626,645	-	-	-	-	-	-	58,476,645
Preference shares converted to ordinary shares	(398,940,000)	398,940,000	-	-	-	-	-	-	-	-
Increase in minority interest	-	-	-	-	-	-	-	-	10,924,346	10,924,346
<b>Balance as at 31 December 2003</b>	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
Increase in fair value of investments	-	-	-	-	222,473,437	-	-	-	-	222,473,437
Decrease in translation adjustments	-	-	-	-	-	(4,085,363)	-	-	-	(4,085,363)
Net earnings for the year	-	-	-	-	-	-	-	2,224,265,545	-	2,224,265,545
Dividend paid (Note 25)	-	-	-	-	-	-	-	(648,534,780)	-	(648,534,780)
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	111,300,000	(111,300,000)	-	-
Warrants converted to preference shares	63,115,000	-	15,394,910	-	-	-	-	-	-	78,509,910
Preference shares converted to ordinary shares	(33,157,000)	33,157,000	-	-	-	-	-	-	-	-
Increase in minority interest	-	-	-	-	-	-	-	-	(12,838,821)	(12,838,821)
<b>Balance as at 31 December 2004</b>	1,841,234,800	5,339,075,200	23,206,450	36,500,000	1,255,383,557	98,315,392	254,600,000	3,301,679,365	430,901,335	12,580,896,099

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 YEARS ENDED 31 DECEMBER 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 (deficit)	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares					
<b>Balance as at 31 December 2002</b>	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	7,379,413,935
Increase in fair value of investments	-	-	-	-	974,112,520	-	-	-	974,112,520
Decrease in translation adjustments	-	-	-	-	-	(24,918,167)	-	-	(24,918,167)
Net earnings for the year	-	-	-	-	-	-	-	1,890,281,082	1,890,281,082
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	94,600,000	(94,600,000)	-
Warrants converted to preference shares	51,850,000	-	6,626,645	-	-	-	-	-	58,476,645
Preference shares converted to ordinary shares	(398,940,000)	398,940,000	-	-	-	-	-	-	-
<b>Balance as at 31 December 2003</b>	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
Increase in fair value of investments	-	-	-	-	222,473,437	-	-	-	222,473,437
Decrease in translation adjustments	-	-	-	-	-	(4,085,363)	-	-	(4,085,363)
Net earnings for the year	-	-	-	-	-	-	-	2,224,265,545	2,224,265,545
Dividend paid (Note 25)	-	-	-	-	-	-	-	(648,534,780)	(648,534,780)
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	111,300,000	(111,300,000)	-
Warrants converted to preference shares	63,115,000	-	15,394,910	-	-	-	-	-	78,509,910
Preference shares converted to ordinary shares	(33,157,000)	33,157,000	-	-	-	-	-	-	-
<b>Balance as at 31 December 2004</b>	1,841,234,800	5,339,075,200	23,206,450	36,500,000	1,255,383,557	98,315,392	254,600,000	3,301,679,365	12,149,994,764

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

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

**1. GENERAL INFORMATION**

**1.1 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 offices in Thailand.

**1.2 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.

On 22 October 2004, the Ministry of Finance gave consent for the Company to upgrade its status to commercial bank. The Company is in the process of implementing its plan for such upgrade.

**2. BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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

(Unit : Percentage)

	Percentage of shares held by the Company		Subsidiaries' total assets as a percentage to the consolidated total		Subsidiaries' total revenues as a percentage to the consolidated total for the years ended 31 December		Subsidiaries' net earnings (loss) as a percentage to the consolidated total for the years ended 31 December	
	2004	2003	2004	2003	2004	2003	2004	2003
<b><u>Subsidiaries directly owned by the Company</u></b>								
TISCO Securities Hong Kong Limited	100.00	100.00	1.66	2.78	1.22	1.29	(0.52)	(0.59)
TISCO Securities Co., Ltd.	99.99	99.99	3.75	6.94	22.99	18.81	24.72	32.46
TISCO Asset Management Co., Ltd.	99.99	99.99	0.41	0.61	4.29	6.85	3.98	11.39
TISCO Leasing Co., Ltd.	99.99	99.99	2.81	2.83	2.63	2.19	1.60	5.97
Hi-Way Co., Ltd.	99.99	99.99	3.21	2.04	10.66	7.46	5.32	6.99
Thai Information Technology Co., Ltd.	99.99	99.99	0.03	0.03	0.24	0.31	(3.47)	(4.97)
Thai Commercial Auto Co., Ltd.	50.00	50.00	3.63	4.90	3.44	3.91	3.64	5.01
Thai Permsap Finance Co., Ltd.	99.99	99.99	0.12	0.12	0.05	-	0.04	(0.04)
<b><u>Subsidiaries indirectly owned by the Company</u></b>								
TISCO Global Investment Holdings Limited	100.00	100.00	-	-	0.01	0.22	0.03	0.71
TISCO Securities UK Limited (In the process of liquidation)	100.00	100.00	-	-	-	0.04	-	(0.63)
TISCO Securities Singapore Pte. Ltd. (Formerly known as "GIH & CO Pte. Ltd.")	100.00	100.00	-	-	-	0.01	(0.04)	0.02
VLT Leasing Co., Ltd. (Formerly known as "Volkswagen Leasing Thailand Limited")	50.00	-	0.18	-	0.46	-	0.77	-

- 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 TISCO Securities Singapore Pte. Ltd. (Formerly known as "GIH & CO Pte. Ltd."), which was incorporated and operates in Singapore.

The financial statements of a subsidiary company, which are included in the consolidated financial statements, TISCO Securities Singapore Pte. Ltd. (Formerly known as "GIH & CO Pte. Ltd."), was prepared by the management of the subsidiary company and not audited by its auditor. As at 31 December 2004, this subsidiary company has aggregate assets included in the consolidated financial statements of approximately Baht 1 million, and aggregate net loss for the year then ended of approximately Baht 0.8 million. 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 auditor.

- b) On 28 November 2003, the Company was approved by the Bank of Thailand to accept the transfer of business from Tru-Way Company Limited, in accordance with the resolutions of the annual general meeting of the Company's shareholders held on 24 April 2003. As part of the business transfer, Tru-Way Company Limited transferred its investments in ordinary shares of TISCO Leasing Company Limited, Hi-Way Company Limited and Thai Information Technology Company Limited to the Company. As a result, the status of such companies changed from indirectly held subsidiaries to directly held subsidiaries.

Tru-Way Company Limited was deregistered with the Ministry of Commerce on 29 December 2003. The company is currently in the process of liquidation.

- c) On 1 December 2003, the Company purchased investment in TISCO Asset Management Company Limited, from TISCO securities Company Limited, at the price of Baht 220 million as approved by a meeting of the Company's Executive Board on 27 August 2003 and was ratified by a meeting of Board of Director on 29 October 2003. As a result, the status of TISCO Asset Management Company Limited changed from an indirectly held subsidiary to a directly held subsidiary.
- d) 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.

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

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

### **3.15 Financial instruments**

Financial instruments presented in the balance sheets comprise 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 year by the weighted average number of ordinary shares issuing during the year.

Diluted earnings per share is calculated by dividing net earnings for the year by the total sum of the weighted average number of ordinary shares outstanding during the year 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	
	2004	2003	2004	2003
Cash	3,765,946	3,628,258	1,841,478	1,819,690
Cash at banks	1,481,471,778	1,189,821,322	393,410,891	232,922,014
Total cash and deposits at financial institutions	1,485,237,724	1,193,449,580	395,252,369	234,741,704

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

As at 31 December 2004, approximately Baht 91 million (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	
	2004	2003	2004	2003
Call loans	37,587,020	540,645,737	-	-
Term loans	-	60,002,876	-	-
Total loans	37,587,020	600,648,613	-	-

Add : Accrued interest receivable	250,960	476,133	-	-
Net loans to financial institutions	37,837,980	601,124,746	-	-

## 6. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

As at 31 December 2004, the balance of securities purchased under resale agreements comprises Baht 2,105 million of Bank of Thailand securities (2003 : Baht 37 million).

## 7. INVESTMENTS IN SECURITIES

(Unit : Baht)

	Consolidated			
	2004		2003	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b><u>Current investment</u></b>				
<b>Trading securities</b>				
Equity securities :				
Domestic marketable equity securities	712	805	55,712,569	78,346,750
Add (less) : Allowance for changes in value	93		22,634,181	
Net equity securities	805		78,346,750	
Total trading securities	805		78,346,750	
<b>Available-for-sales securities</b>				
Debt securities :				
Government and state enterprise securities	314,140,564	314,131,446	2,187,093,075	2,193,294,514
Debt securities of private sector	196,383,179	133,133,799	709,686,747	653,231,170
Total	510,523,743	447,265,245	2,896,779,822	2,846,525,684
Add (less) : Allowance for changes in value	(2,844,498)		10,159,862	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	447,265,245		2,846,525,684	
Equity securities :				
Domestic marketable equity securities	318,518,375	123,566,762	274,720,209	185,361,957
Other securities - unit trusts	-	-	429,453,930	429,453,930
Total	318,518,375	123,566,762	704,174,139	614,815,887
Add (less) : Allowance for changes in value	9,259,557		114,852,918	
Less : Allowance for impairment	(204,211,170)		(204,211,170)	
Net equity securities	123,566,762		614,815,887	
Total available-for-sales securities	570,832,007		3,461,341,571	
<b>Held-to-maturity debt securities-due within 1 year</b>				
Government and state enterprise securities	76,666,070		69,950,496	
Total held-to-maturity debt securities-due within 1 year	76,666,070		69,950,496	

Net current investments

647,498,882

3,609,638,817

(Unit : Baht)

	Consolidated			
	2004		2003	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b>Long-term investment</b>				
<b>Available-for-sales securities</b>				
Debt securities :				
Debt securities of private sector	125,894,304	125,725,435	202,037,254	203,313,593
Add (less) : Allowance for changes in value	(168,869)		1,276,339	
Debt securities - net	125,725,435		203,313,593	
Equity securities :				
Domestic marketable equity securities	2,756,406,863	3,112,243,764	1,246,676,948	2,702,031,612
Other securities - unit trusts	125,986,445	134,717,219	131,392,608	17,392,069
Total	2,882,393,308	3,246,960,983	1,378,069,556	2,719,423,681
Add (less) : Allowance for changes in value	364,567,675		1,341,354,125	
Net equity securities	3,246,960,983		2,719,423,681	
Total available-for-sales securities	3,372,686,418		2,922,737,274	
<b>Held-to-maturity debt securities</b>				
Debt securities :				
Government and state enterprise securities	337,248,342		338,728,051	
Debt securities of private sector	6,485,340		6,485,340	
Total held-to-maturity debt securities	343,733,682		345,213,391	
<b>Other investment</b>				
Equity securities :				
Domestic non-marketable equity securities	1,075,835,309		1,453,605,925	
Investment in receivables	6,529,247		6,529,247	
Less : Allowance for impairment	(234,116,065)		(271,987,834)	
Total other investment	848,248,491		1,188,147,338	
Net long-term investments	4,564,668,591		4,456,098,003	
<b>Investment in subsidiaries and associated companies</b>				
Investment in associated companies	-		29,845,846	
Net investments	5,212,167,473		8,095,582,666	

(Unit : Baht)

	The Company Only			
	2004		2003	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b>Current investment</b>				
<b>Available-for-sales securities</b>				
Debt securities :				
Government and state enterprise securities	303,386,922	303,379,072	2,122,410,424	2,128,589,386
Debt securities of private sector	196,383,179	134,978,394	709,686,747	655,080,724
Total	499,770,101	438,357,466	2,832,097,171	2,783,670,110
Add (less) : Allowance for changes in value	(998,635)		11,986,939	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	438,357,466		2,783,670,110	
Equity securities :				
Domestic marketable equity securities	318,518,375	123,566,762	272,838,609	184,950,357
Total	318,518,375	123,566,762	272,838,609	184,950,357
Add (less) : Allowance for changes in value	9,259,557		116,322,918	
Less : Allowance for impairment	(204,211,170)		(204,211,170)	
Net equity securities	123,566,762		184,950,357	
Net available-for-sales securities	561,924,228		2,968,620,467	
Net current investments	561,924,228		2,968,620,467	

(Unit : Baht)

	The Company Only			
	2004		2003	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b>Long-term investment</b>				
<b>Available-for-sales securities</b>				
Debt securities :				
Debt securities of private sector	126,986,090	126,817,221	203,129,040	204,405,379
Add (less) : Allowance for changes in value	(168,869)		1,276,339	
Debt securities - net	126,817,221		204,405,379	
Equity securities :				
Domestic marketable equity securities	1,271,834,559	1,619,473,130	1,250,426,171	2,566,977,020
Other securities - unit trusts	11,896,279	11,954,452	17,302,442	17,392,069
Total	1,283,730,838	1,631,427,582	1,267,728,613	2,584,369,089
Add (less) : Allowance for changes in value	347,696,744		1,316,640,476	
Net equity securities	1,631,427,582		2,584,369,089	
Total available-for-sales securities	1,758,244,803		2,788,774,468	
<b>Held-to-maturity debt securities</b>				
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 held-to-maturity debt securities	341,481,340		341,481,340	
<b>Other investment</b>				
Equity securities :				
Domestic non-marketable equity securities	995,647,115		1,370,067,946	
Investment in receivables	6,529,247		6,529,247	
Less : Allowance for impairment	(234,116,065)		(268,587,834)	
Total other investment	768,060,297		1,108,009,359	
Net long-term investments	2,867,786,440		4,238,265,167	
<b>Investment in subsidiaries and associated companies</b>				
Investment in subsidiaries	4,625,683,969		4,356,447,228	
Net investments	8,055,394,637		11,563,332,862	

- 7.1 As at 31 December 2004, held-to-maturity debt securities amounting to Baht 335 million (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 31 December 2004, the Company has a commitment not to sell marketable equity securities totaling Baht 122 million (2003 : Baht 222 million) for the period, as a condition of troubled debt restructuring agreement made with restructured receivables.
- 7.3 As at 31 December 2004, the Company has pledged other investment of approximately Baht 13 million (2003 : Baht 13 million) as a security against short-term loan from a company.
- 7.4 As at 31 December 2004, the Company and its subsidiaries have invested Baht 4 million (the Company only : Baht 3 million) (2003 : Baht 4 million and Baht 3 million, respectively) in government debt securities, which were pledged as security for electricity usage. In addition, investments in government bonds amounting to Baht 73 million (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 31 December 2004, classified by due date are summarised below.

(Unit : Baht)

	Consolidated			Total
	Maturity			
	1 year	Over 1-5 years	Over 5 years	
<b>Available-for-sale securities</b>				
Government and state				
enterprise securities	314,140,564	-	-	314,140,564
Debt securities of private sector	83,514,958	88,736,090	150,026,435	322,277,483
Total	397,655,522	88,736,090	150,026,435	636,418,047
Add (less) : Allowance for changes in value	143,037	(2,704,059)	(452,345)	(3,013,367)
Less : Impairment of securities	(60,414,000)	-	-	(60,414,000)
Total	337,384,559	86,032,031	149,574,090	572,990,680
<b>Held-to-maturities debt securities</b>				
Government and state				
enterprise securities	76,666,070	337,145,400	102,942	413,914,412
Debt securities of private sector	-	4,000	6,481,340	6,485,340

Total	<u>76,666,070</u>	<u>337,149,400</u>	<u>6,584,282</u>	<u>420,399,752</u>
Total debt securities	<u>414,050,629</u>	<u>423,181,431</u>	<u>156,158,372</u>	<u>993,390,432</u>



(Unit : Baht)

	The Company Only			Total
	Maturity			
	1 year	Over 1-5 years	Over 5 years	
<b>Available-for-sale securities</b>				
Government and state				
enterprise securities	303,386,922	-	-	303,386,922
Debt securities of private sector	84,606,744	88,736,090	150,026,435	323,369,269
Total	387,993,666	88,736,090	150,026,435	626,756,191
Add (less) : Allowance for				
changes in value	144,305	(859,464)	(452,345)	(1,167,504)
Less : Impairment of securities	(60,414,000)	-	-	(60,414,000)
Total	327,723,971	87,876,626	149,574,090	565,174,687
<b>Held-to-maturities debt securities</b>				
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	327,723,971	422,876,626	156,055,430	906,656,027

7.6 As at 31 December 2004, the Company have the following investment in companies which have weak financial standing or operating results :-

	Consolidated / The Company Only		
	Cost	Fair value	Allowance for
			changes in Value <sup>(1)</sup>
Companies having problems			
with debt repayment or in default	266,484,200	-	266,484,200

<sup>(1)</sup> 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					
	2004			2003		
	Book value	Unpaid amount	Percentage of holding	Book value	Unpaid amount	Percentage of holding
		%			%	
<b><u>Insurance :</u></b>						
GITC Co., Ltd.	13,200,000	-	40	13,453,200	-	40
AXA Insurance Plc.	58,887,016	-	11	58,887,015	-	11
<b><u>Services :</u></b>						
Jiji Press (Thailand) Co., Ltd.	1,627,646	600,000	20	1,627,646	600,000	20
K. Line (Thailand) Co., Ltd.	35,334,990	-	10	35,334,990	-	10
<b><u>Leasing and hire purchase :</u></b>						
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
<b><u>Trading import and export :</u></b>						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	13,904,710	-	15
Wattana Inter - Trade Co., Ltd.	3,918,000	-	10	3,918,000	-	10
<b><u>Real estate :</u></b>						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	11,400,000	-	10	12,844,500	-	10
Sathorn Sombat Co., Ltd.	-	-	-	-	-	22
<b><u>Industrial :</u></b>						
Siam Art Ceramic Co., Ltd.	13,970,000	-	10	13,222,000	-	10
<b><u>Holding :</u></b>						
Interthai Holdings Ltd. (Preference shares)	-	-	-	250,000	750,000	10
<b><u>Agricultural :</u></b>						
Thai Agro Exchange Co., Ltd.	76,848,000	-	4	192,120,000	-	10

(Unit : Baht)

Name	The Company Only					
	2004			2003		
	Book value	Unpaid amount	Percentage of holding	Book value	Unpaid amount	Percentage of holding
		%			%	
<b><u>Insurance :</u></b>						
GITC Co., Ltd.	13,200,000	-	40	13,453,200	-	40
AXA Insurance Plc.	58,887,016	-	11	58,887,015	-	11
<b><u>Services :</u></b>						
TISCO Securities Hong Kong Ltd.	244,937,730	-	100	260,007,052	-	100
TISCO Securities Co., Ltd.	1,732,398,319	-	99.99	1,544,352,350	-	99.99
TISCO Asset Management Co., Ltd.	249,975,933	-	99.99	300,695,932	-	99.99
Thai Information Technology Co., Ltd.	34,022,388	-	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
<b><u>Leasing and hire purchase :</u></b>						
Thai Commercial Auto Co., Ltd.	430,778,155	100,000,000	50	443,617,224	100,000,000	50
Hi-Way Co., Ltd.						
(ordinary shares and preference shares)	581,621,926	-	99.99	469,875,601	-	99.99
TISCO Leasing Co., Ltd.	1,281,001,766	-	99.99	1,224,156,306	-	99.99
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	1,849,050	-	21
<b><u>Trading import and export :</u></b>						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	13,904,710	-	15
Wattana Inter - Trade Co., Ltd.	3,918,000	-	10	3,918,000	-	10
<b><u>Real estate :</u></b>						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	11,400,000	-	10	12,844,500	-	10
Sathorn Sombat Co., Ltd.	-	-	-	-	-	22
<b><u>Industrial :</u></b>						
Siam Art Ceramic Co., Ltd.	13,970,000	-	10	13,222,000	-	10
<b><u>Holding :</u></b>						
Interthai Holdings Ltd. (Preference shares)	-	-	-	250,000	750,000	10
Thai Permsap Finance Co., Ltd.	70,947,752	-	99.99	71,650,260	-	99.99
<b><u>Agricultural :</u></b>						
Thai Agro Exchange Co., Ltd.	76,848,000	-	4	192,120,000	-	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 holds 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 31 December 2004 and 2003 are summarised below.

Company's name	Nature of business	Paid-up share capital		Cost method		Equity method <sup>(1)</sup>		(Unit : Million Baht) Dividend income <sup>(2)</sup> received for the years ended 31 December	
		2004	2003	2004	2003	2004	2003	2004	2003
<b>Subsidiary companies directly held by the Company</b>									
TISCO Securities Hong Kong Limited	Services	HKD 20 million	HKD 20 million	66	66	245	260	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	1,732	1,544	300	720
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	250	301	100	200
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	1,281	1,224	-	-
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	581	470	-	-
Thai Information Technology Co., Ltd.	Services	20	20	44	44	34	42	-	-
Thai Commercial Auto Co., Ltd.	Hire purchase	800	800	434	434	431	444	58	35
Thai Permsap Finance Co., Ltd.	Finance	150	150	150	150	71	71	-	-
						<u>4,625</u>	<u>4,356</u>	<u>458</u>	<u>955</u>

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

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

During the year 2003, the Company has requested approval from the Bank of Thailand to restructure the group shareholding of the Company and its subsidiary companies since, in order to reduce the complexity of the shareholding structure, the Company has a policy to hold all shares in its subsidiary companies directly. Part of this restructuring plan is the acquisition of TISCO Asset Management Company Limited from TISCO Securities Company Limited and the transfer of the business of Tru-way Company Limited to the Company, in accordance with the resolutions of the annual general meeting of the Company's shareholder held on 24 April 2003. The plan was approved by the Bank of Thailand on 28 November 2003. For reasons of prudence, the Company has decided to write off the goodwill amounting to Baht 791 million arising from acquisitions, and presented this as a separate item in the earnings statements of the year 2003. This write-off of goodwill was approved by a meeting of the Company's Executive Board on 25 September 2003 and was ratified by a meeting of the Company's Board of Directors on 29 October 2003.

Tru-Way Company Limited was deregistered with the Ministry of Commerce on 29 December 2003 and is currently in the process of liquidation.

## 9. LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE

### 9.1 Classified by loan type

	(Unit : Baht)			
	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>Finance business loans and receivable :</b>				
Loans	11,150,259,917	11,313,582,149	11,098,904,210	11,283,631,471
Notes receivable	1,674,745,011	1,123,699,502	1,674,745,011	1,123,699,502
Hire-purchase and financial lease receivable	42,934,837,779	33,126,894,293	37,034,607,058	27,851,397,347
Total finance business loans and receivable	55,759,842,707	45,564,175,944	49,808,256,279	40,258,728,320
Add : Accrued interest receivable	117,390,139	106,291,001	81,287,821	80,123,473
Less : Allowance for doubtful accounts	(3,440,301,145)	(3,733,295,905)	(3,231,048,656)	(3,549,845,263)
Less : Allowance for loss on debt restructuring	(359,502,073)	(331,789,594)	(359,502,073)	(331,789,594)
Net finance business loans and receivable and accrued interest receivable	52,077,429,628	41,605,381,446	46,298,993,371	36,457,216,936

(Unit : Baht)

	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>Securities business receivable :</b>				
Customer's accounts	753,687,545	2,897,091,893	-	-
Other receivable :-				
Overdue customers' accounts	313,624	994,297	-	-
Receivables under litigation	66,159,960	118,348,722	-	-
Receivables which are enforced by courts	309,456,601	306,805,627	-	-
Installment receivable	95,276,113	104,761,512	-	-
Total securities business receivable	1,224,893,843	3,428,002,051	-	-
Add : Accrued interest receivable	-	258	-	-
Less : Allowance for doubtful accounts	(488,570,791)	(534,545,342)	-	-
Net securities business receivable and accrued interest receivable	736,323,052	2,893,456,967	-	-
Net loans, receivable and accrued interest receivable	52,813,752,680	44,498,838,413	46,298,993,371	36,457,216,936

## 9.2 Classified by remaining periods of contracts

(Unit : Baht)

	Consolidated		The Company Only	
	2004	2003	2004	2003
Finance business loans and receivable				
At call (included contracts which are due)	2,428,065,396	2,057,230,558	2,342,294,822	2,150,902,053
Not over 1 year	4,540,748,861	4,519,382,004	3,426,326,179	3,399,381,981
Over 1 year	48,791,028,450	38,987,563,382	44,039,635,278	34,708,444,286
Total finance business loans and receivable	55,759,842,707	45,564,175,944	49,808,256,279	40,258,728,320
Add : Accrued interest receivable	117,390,139	106,291,001	81,287,821	80,123,473
Total finance business loans and receivable and accrued interest receivable	55,877,232,846	45,670,466,945	49,889,544,100	40,338,851,793

### 9.3 Classified by type of business

(Unit : Baht)

Consolidated as at 31 December 2004								
	The Company Only						Subsidiaries	Total
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad Debts	Total		
Agricultural and mining	152,753,271	1,184,580	487,300	-	-	154,425,151	-	154,425,151
Manufacturing and commerce	4,974,714,205	85,097,432	98,980,159	8,902,356	309,360,437	5,477,054,589	48,013,852	5,525,068,441
Real estate and construction	2,878,751,505	30,823,031	2,753,958	257,311,392	330,600,399	3,500,240,285	-	3,500,240,285
Public utilities and services	1,731,329,461	11,695,405	241,320	1,183,037	-	1,744,449,223	-	1,744,449,223
Personal use								
Hire-purchase	30,987,603,862	1,252,381,965	292,548,269	172,435,543	53,457,907	32,758,427,546	5,815,362,439	38,573,789,985
Housing loans	1,961,263,171	60,584,342	16,872,122	4,726,599	354,033,914	2,397,480,148	-	2,397,480,148
Securities	-	-	-	-	-	-	1,224,893,843	1,224,893,843
Others	3,029,139,278	22,782,928	8,815,554	17,329,261	698,112,316	3,776,179,337	88,210,137	3,864,389,474
Total finance and securities								
business loans and receivable	45,715,554,753	1,464,549,683	420,698,682	461,888,188	1,745,564,973	49,808,256,279	7,176,480,271	56,984,736,550
Add : Accrued interest receivable	60,533,395	20,754,426	-	-	-	81,287,821	36,102,318	117,390,139
Total finance and securities								
business loans and receivable								
and accrued interest receivable	45,776,088,148	1,485,304,109	420,698,682	461,888,188	1,745,564,973	49,889,544,100	7,212,582,589	57,102,126,689

(Unit : Baht)

The Company only as at 31 December 2004						
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad Debts	Total
Agricultural and mining	152,753,271	1,184,580	487,300	-	-	154,425,151
Manufacturing and commerce	4,974,714,205	85,097,432	98,980,159	8,902,356	309,360,437	5,477,054,589
Real estate and construction	2,878,751,505	30,823,031	2,753,958	257,311,392	330,600,399	3,500,240,285
Public utilities and services	1,731,329,461	11,695,405	241,320	1,183,037	-	1,744,449,223
Personal use						
Hire-purchase	30,987,603,862	1,252,381,965	292,548,269	172,435,543	53,457,907	32,758,427,546
Housing loans	1,961,263,171	60,584,342	16,872,122	4,726,599	354,033,914	2,397,480,148
Others	3,029,139,278	22,782,928	8,815,554	17,329,261	698,112,316	3,776,179,337
Total finance and securities						
business loans and receivable	45,715,554,753	1,464,549,683	420,698,682	461,888,188	1,745,564,973	49,808,256,279
Add : Accrued interest receivable	60,533,395	20,754,426	-	-	-	81,287,821
Total finance and securities						
business loans and receivable						
and accrued interest receivable	45,776,088,148	1,485,304,109	420,698,682	461,888,188	1,745,564,973	49,889,544,100

(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	36,589,677,542	1,059,302,518	244,162,718	146,616,881	2,299,092,134	40,338,851,793	8,759,617,461	49,098,469,254

(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
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	36,589,677,542	1,059,302,518	244,162,718	146,616,881	2,299,092,134	40,338,851,793



9.4 As at 31 December 2004, the Company had loans and receivable of approximately Baht 2,645 million (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 (as described in Note 3.1 (a) to financial statements), amounted to approximately Baht 5,099 million (2003 : Baht 5,686 million), with Baht 4,311 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 31 December 2004, the local subsidiaries had securities business loans and receivable, hire-purchase receivable, financial lease receivable and other loans and receivables totaling Baht 676 million, on which the recognition of income had been suspended (2003 : Baht 720 million), with Baht 509 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 5,321 million (the Company only : Baht 4,196 million) is presented as a deduction against finance business loans and receivable (2003 : Baht 4,170 million and the Company only : Baht 3,375 million).

9.5 As at 31 December 2004, the Company's loans and receivable include restructured loans and receivables amounting to approximately Baht 1,178 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 32 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 49 million has been provided for.

## 9.6 Troubled Debt Restructuring

During the year, the Company entered into troubled debt restructuring agreements with 110 debtors, with aggregate loan balance (before restructuring) of approximately Baht 2,176 million.

As at 31 December 2004, the number of debtors which were subjected to debt restructuring amounted to 1,110 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	23	2,600	Land	20
			Land and premises	2,468
Transfer of equity securities	4	770	Equity securities	414
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	44	3,871	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	1,024	20,994		
Total	<u>1,110</u>	<u>31,324</u>		<u>5,032</u>

The balance of the restructured debts as at 31 December 2004 amounted to approximately Baht 3,420 million (2003 : Baht 3,748 million).

During the year ended 31 December 2004, the Company recognised interest income on restructured receivables totaling Baht 36 million, received repayments of principal and interest from the restructured receivables totaling Baht 1,654 million and there was no loss from restructuring (2003: Baht 104 million, Baht 3,097 million and Baht 3 million, respectively).

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

### 10.1 Allowance for doubtful accounts

(Unit : Baht)

Consolidated as at 31 December 2004

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning 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
Increase (decrease) in allowance for doubtful accounts during the year	254,546,708	9,710,555	133,025,354	211,869,559	(307,210,754)	(140,794,880)	161,146,542
Bad debt written - off	(38,245,384)	-	(103,524,480)	(38,862,627)	(303,131,243)	(16,352,119)	(500,115,853)
Balance - end of year	<u>763,477,090</u>	<u>38,367,951</u>	<u>104,331,637</u>	<u>295,255,259</u>	<u>1,830,234,568</u>	<u>897,205,431</u>	<u>3,928,871,936</u>

(Unit : Baht)

The Company only as at 31 December 2004

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning 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
Increase (decrease) in allowance for doubtful accounts during the year	243,938,691	5,873,597	123,612,168	213,571,145	(344,049,168)	(141,550,333)	101,396,100
Bad debt written-off	(38,190,526)	-	(103,519,411)	(36,965,406)	(225,165,245)	(16,352,119)	(420,192,707)
Balance - end of year	<u>704,169,329</u>	<u>29,826,615</u>	<u>80,183,486</u>	<u>271,006,463</u>	<u>1,321,584,128</u>	<u>824,278,635</u>	<u>3,231,048,656</u>

(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	<u>547,175,766</u>	<u>28,657,396</u>	<u>74,830,763</u>	<u>122,248,327</u>	<u>2,440,576,565</u>	<u>1,054,352,430</u>	<u>4,267,841,247</u>

(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	<u>498,421,164</u>	<u>23,953,018</u>	<u>60,090,729</u>	<u>94,400,724</u>	<u>1,890,798,541</u>	<u>982,181,087</u>	<u>3,549,845,263</u>

## 10.2 Allowance for loss on debt restructuring

(Unit : Baht)

	The Company Only	
	2004	2003
Balance - beginning of year	331,789,594	462,267,957
Increase during year	137,059,163	141,416,567
Written-off	(109,346,684)	(271,894,930)
Balance - end of year	359,502,073	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 31 December 2004 of approximately Baht 2,265 million (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 3,590 million (2003 : Baht 3,882 million), or Baht 1,325 million (2003 : Baht 1,243 million) more than the required amount.

The allowance for doubtful debts of Baht 3,590 million, as mentioned above, consists of allowance for doubtful debts of Baht 2,112 million set aside for the unsecured portion of loans amounting Baht 4,311 million at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,478 million set up for the other loans and receivables.

As at 31 December 2004, the Company had outstanding non-performing loans and receivables of approximately Baht 2,629 million, against which an allowance for doubtful debts of Baht 1,664 million has been provided.

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 31 December 2004 and 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 <sup>(1)</sup>	
	2004	2003	2004	2003	2004	2003
Debt instruments - debentures	60	60	-	-	60	60
Equity instruments – ordinary shares	205	205	-	-	205	205
Equity instruments – preferred shares	2	-	-	-	2	-

<sup>(1)</sup> 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 31 December 2004 and 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 <sup>(3)</sup>	Allowance for doubtful accounts			
	2004	2003	2004	2003		Amounts to be provided under BOT's guidelines		Amounts already set up by the Company	
						2004	2003	2004	2003
<b>Loans and receivable<sup>(1)(2)</sup></b>									
Pass	45,715	36,527	37,181	28,639	1	363	285	704	499
Special mention	1,464	1,042	1,358	954	2	27	17	30	24
Substandard	421	244	392	184	20	76	54	80	60
Doubtful	462	147	202	128	50	136	85	271	94
Bad debts	1,746	2,299	1,304	1,734	100	1,303	1,866	1,321	1,891
Total	49,808	40,259	40,437	31,639		1,905	2,307	2,406	2,568
Loss on receivable under troubled debt restructuring	-	-	-	-		360	332	360	332
Total	49,808	40,259	40,437	31,639		2,265	2,639	2,766	2,900
General reserve								824	982
Total								3,590	3,882
<b>Investment in securities</b>									
Bad debts									
Debt instruments	62	64	62	64	100	62	64	62	64
Equity instruments	510	497	510	497	100	510	497	510	497
Total	572	561	572	561		572	561	572	561
<b>Investment in receivables</b>									
Bad debts	7	7	-	-	100	-	-	-	-
<b>Properties foreclosed</b>									
Land	86	86	86	86	100	86	86	86	86
Total classified assets	50,473	40,913	41,095	32,286		2,923	3,286	4,248	4,529

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

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

<sup>(3)</sup> In 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.

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 31 December 2004 and 2003, in accordance with the BOT's guidelines, the Company has provided an allowance amounting to Baht 4,248 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	
	2004	2003	2004	2003	2004	2003	2004	2003
			(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Companies vulnerable to delisting	3	3	81	97	34	33	81	97
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	14	23	818	988	243	317	575	605
3. Listed companies of which shares have been suspended for trading	-	2	-	14	-	-	-	14
4. Listed companies under rehabilitation	9	14	372	584	36	153	316	339
5. Companies having loan default problem	24	30	1,398	2,111	733	1,228	800	854
6. Companies having going concern issue as cited in auditors' report	2	5	22	351	2	158	20	139
<b>Total</b>	<b>52</b>	<b>77</b>	<b>2,691</b>	<b>4,145</b>	<b>1,048</b>	<b>1,889</b>	<b>1,792</b>	<b>2,048</b>

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

As at 31 December 2004 and 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	
	2004	2003	2004	2003	2004	2003
Substandard	55	69	-	-	-	-
Doubtful	416	462	416	462	416	462
Total	<u>471</u>	<u>531</u>	<u>416</u>	<u>462</u>	416	462
General reserve					73	73
Total					<u>489</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 31 December 2004 and 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 balances		Allowance for doubtful accounts provided in the accounts	
	2004	2003	2004	2003
Current or overdue less than 90 days	5,738	5,250	67	40
Overdue				
91 - 365 days	170	141	48	43
More than 1 year	56	44	56	44
Debtors under litigation	38	44	38	44
Total	<u>6,002</u>	<u>5,479</u>	<u>209</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 31 December 2004 and 2003 are as follows :-

	(Unit : Baht)			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Foreclosed assets :				
Immovable assets				
Balance - beginning of the year	1,544,756,342	1,428,938,261	1,494,064,517	1,378,246,436
Addition	76,276,200	220,100,000	92,456,200	220,100,000
Disposal	(309,821,964)	(104,281,919)	(263,500,139)	(104,281,919)
Balance - end of the year	<u>1,311,210,578</u>	<u>1,544,756,342</u>	<u>1,323,020,578</u>	<u>1,494,064,517</u>
Movable assets				
Balance - beginning of the year	1,061,603	27,331,922	572,322	22,451,670
Addition	448,530,208	337,638,240	227,351,758	116,526,396
Disposal	(443,327,867)	(363,908,559)	(227,105,020)	(138,405,744)
Balance - end of the year	<u>6,263,944</u>	<u>1,061,603</u>	<u>819,060</u>	<u>572,322</u>
Allowance for impairment :				
Balance - beginning of the year	131,611,018	139,455,401	85,916,627	92,736,701
Increase	4,887,289	11,605,440	336,432	11,605,440
Decrease	(49,381,840)	(19,449,823)	(433,220)	(18,425,514)
Balance - end of the year	<u>87,116,467</u>	<u>131,611,018</u>	<u>85,819,839</u>	<u>85,916,627</u>
Property foreclosed - net	<u><u>1,230,358,055</u></u>	<u><u>1,414,206,927</u></u>	<u><u>1,238,019,799</u></u>	<u><u>1,408,720,212</u></u>

As at 31 December 2004, the Company had obligations with regard to properties foreclosed which were received in repayment of debts amounting to Baht 723 million. (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					Total
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Vehicles	
<b>Cost :</b>						
31 December 2003	425,277,624	813,111,414	468,449,874	269,057,177	73,222,442	2,049,118,531
Translation adjustment	-	-	608,136	-	-	608,136
Addition/Transfer in	42,541,253	112,369,677	106,618,706	24,164,025	36,958,500	322,652,161
Disposal/Transfer out	-	-	(78,965,644)	(989,897)	(21,825,358)	(101,780,899)
31 December 2004	<u>467,818,877</u>	<u>925,481,091</u>	<u>496,711,072</u>	<u>292,231,305</u>	<u>88,355,584</u>	<u>2,270,597,929</u>
<b>Accumulated depreciation :</b>						
31 December 2003	-	164,944,660	386,929,860	166,452,416	39,753,670	758,080,606
Translation adjustment	-	-	776,180	-	-	776,180
Depreciation charge for the year	-	51,504,763	55,520,401	16,432,440	17,482,622	140,940,226
Disposal	-	-	(55,886,408)	(922,496)	(13,097,099)	(69,906,003)
31 December 2004	-	<u>216,449,423</u>	<u>387,340,033</u>	<u>181,962,360</u>	<u>44,139,193</u>	<u>829,891,009</u>
<b>Net book value :</b>						
31 December 2003	<u>425,277,624</u>	<u>648,166,754</u>	<u>81,520,014</u>	<u>102,604,761</u>	<u>33,468,772</u>	<u>1,291,037,925</u>
31 December 2004	<u>467,818,877</u>	<u>709,031,668</u>	<u>109,371,039</u>	<u>110,268,945</u>	<u>44,216,391</u>	<u>1,440,706,920</u>
<b>Depreciation charge included in earnings statements for the years ended 31 December:</b>						
2003						<u>123,590,401</u>
2004						<u>140,940,226</u>

(Unit : Baht)

	The Company Only					Total
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Vehicles	
<b>Cost :</b>						
31 December 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	51,908,110	51,489,853	16,174,788	31,113,226	172,088,933
Disposal/Transfer out	-	-	(25,107,403)	(249,548)	(10,002,829)	(35,359,780)
31 December 2004	302,494,643	599,516,548	203,920,757	207,884,309	61,380,899	1,375,197,156
<b>Accumulated depreciation :</b>						
31 December 2003	-	155,632,797	143,609,016	101,357,429	22,535,612	423,134,854
Depreciation charge for the year	-	30,229,215	25,462,725	10,895,890	11,531,012	78,118,842
Disposal	-	-	(20,715,649)	(249,386)	(5,075,419)	(26,040,454)
31 December 2004	-	185,862,012	148,356,092	112,003,933	28,991,205	475,213,242
<b>Net book value :</b>						
31 December 2003	281,091,687	391,975,641	33,929,291	90,601,640	17,734,890	815,333,149
31 December 2004	302,494,643	413,654,536	55,564,665	95,880,376	32,389,694	899,983,914
<b>Depreciation charge included in earnings statements for the years ended 31 December :</b>						
2003						64,305,689
2004						78,118,842

**14. OTHER ASSETS**

(Unit : Baht)

	Consolidated		The Company Only	
	2004	2003	2004	2003
Value added tax - net	379,814,340	988,544,860	369,068,999	916,502,171
Accrued interest receivable	20,949,252	55,475,241	20,956,832	48,031,850
Fee receivable	150,241,529	355,497,040	85,958,549	198,639,836
Dividend receivable	-	-	-	720,000,000
Prepaid income tax	67,949,098	107,578,226	53,848,251	68,718,577
Deferred computer system development cost - net	40,737,595	35,548,301	27,835,864	32,291,903
Deposits	13,503,606	8,335,558	2,591,399	3,774,216
Other receivables	168,500,455	79,038,005	161,853,548	71,165,683
Other assets	139,111,651	148,651,379	62,610,240	67,042,375
Total other assets	980,807,526	1,778,668,610	784,723,682	2,126,166,611

## 15. BORROWINGS AND DEPOSITS

### 15.1 Classified by source of borrowings and deposits

(Unit : Baht)

	Consolidated					
	2004			2003		
	Promissory notes	Others	Total	Promissory notes	Others	Total
From public	31,609,867,745	8,609,605,216	40,219,472,961	31,534,505,116	2,377,439,295	33,911,944,411
From banks	775,000,000	1,421,406,920	2,196,406,920	632,000,000	1,684,529,825	2,316,529,825
From financial institutions	2,110,860,000	-	2,110,860,000	1,785,987,834	-	1,785,987,834
From foreign countries	113,612,829	-	113,612,829	99,434,806	-	99,434,806
Total borrowings and deposits	<u>34,609,340,574</u>	<u>10,031,012,136</u>	<u>44,640,352,710</u>	<u>34,051,927,756</u>	<u>4,061,969,120</u>	<u>38,113,896,876</u>

(Unit : Baht)

	The Company Only					
	2004			2003		
	Promissory notes	Others	Total	Promissory notes	Others	Total
From public	31,627,615,480	7,577,521,745	39,205,137,225	31,782,068,044	1,453,044,921	33,235,112,965
From banks	500,000,000	82,132,808	582,132,808	620,000,000	222,055,444	842,055,444
From financial institutions	3,569,860,000	-	3,569,860,000	2,686,987,834	-	2,686,987,834
From foreign countries	113,612,829	-	113,612,829	99,434,806	-	99,434,806
Total borrowings and deposits	<u>35,811,088,309</u>	<u>7,659,654,553</u>	<u>43,470,742,862</u>	<u>35,188,490,684</u>	<u>1,675,100,365</u>	<u>36,863,591,049</u>

### 15.2 Classified by the remaining period of contract

(Unit : Baht)

	Consolidated		The Company Only	
	2004	2003	2004	2003
	At call	2,797,741,573	2,053,014,330	4,151,096,462
Not over 1 year (included contracts which are due)	32,052,090,231	26,567,968,624	29,561,234,889	24,600,125,130
Over 1 year	9,790,520,906	9,492,913,922	9,758,411,511	9,414,363,042

Total borrowings and deposits	<u>44,640,352,710</u>	<u>38,113,896,876</u>	<u>43,470,742,862</u>	<u>36,863,591,049</u>
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## 16. DEBENTURES

(Unit : Baht)

	Consolidated		The Company Only	
	2004	2003	2004	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, an 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	
	2004	2003	2004	2003
Corporate income tax payable	139,914,245	146,863,467	-	-
Withholding income tax and other tax payable	168,173,261	110,033,395	82,822,767	30,963,979
Accrued insurance premium	287,484,326	262,386,034	231,121,253	222,837,240
Other liabilities	325,002,576	407,677,457	190,699,878	222,480,908
Total other liabilities	<u>920,574,408</u>	<u>926,960,353</u>	<u>504,643,898</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 31 December 2004, 433,707,520 preference shares had been converted into ordinary shares, and such conversion registered with the authorities.

As at 31 December 2004, there remained a total of 184,123,480 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 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.

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 31 December 2004, the Company allocated 30,000,000 warrants, and employees who had been allocated warrants had exercised their rights to purchase a total of 8,775,000 preference shares, at an exercise price of Baht 10 each, amounting to Baht 87,750,000 and 4,410,000 preference shares at an exercise price of Baht 11.31 each, a total of Baht 49,877,100 and 3,173,500 preference shares at an exercise price of Baht 13.20 each, a total of Baht 41,890,200 and 1,472,500 preference shares at an exercise price of Baht 14.94 each, amounting to Baht 21,999,150 of which 17,831,000 preference shares registered with the Ministry of Commerce.

As at 31 December 2004, 12,169,000 warrants remained unexercised.

## 19. CAPITAL FUND

As at 31 December 2004 and 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	
	2004	2003
<u>Tier I</u>		
Issued and fully paid up share capital	7,180,310	7,117,195
Premium on share capital	59,707	44,311
Statutory reserve	254,600	143,300
Retained earnings - unappropriated	2,512,295	1,837,249
Total Tier I	<u>10,006,912</u>	<u>9,142,055</u>

(Unit : Thousand Baht)

	The Company Only	
	2004	2003
<u>Tier II</u>		
Subordinated debentures	331,000	331,000
Reserve for loans classified as pass	704,169	498,421
Reserve for revaluation of equity securities – available for sales	158,818	450,119
Total Tier II	1,193,987	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	11,200,899	10,370,504

The capital ratios of the Company are as follows :-

	The Company Only			
	2004		2003	
	Company	Requirement	Company	Requirement
Tier I capital to risk assets	17.48%	4.00%	18.78%	4.00%
Total capital to risk assets	19.57%	8.00%	21.42%	8.00%
Total capital to issued and paid-up share capital	155.99%	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	
	2004	2003
Balance - beginning of the year	1,472,433,142	58,797,600
Increase (decrease) in changes in the value of securities during the year	(107,013,662)	1,413,635,542
	1,365,419,480	1,472,433,142
Less : The effect of income tax liabilities	(110,035,923)	(439,523,022)
Balance - end of the year	1,255,383,557	1,032,910,120

## 22. GAIN ON INVESTMENTS

Gain on investments for the years ended 31 December 2004 and 2003 consist of the following :-

(Unit : Baht)

	Consolidated		The Company Only	
	2004	2003	2004	2003
Unrealised loss on investments	(43,242,133)	(142,581,866)	(20,608,045)	(163,879,434)
Realised gain on investments	610,339,273	638,851,814	598,203,424	500,084,875
Total	567,097,140	496,269,948	577,595,379	336,205,441

## 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 years ended 31 December 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 year	961,080,557	656,367,656	601,650,117	374,626,055
Add (less) : Net decrease (increase) in				
deferred tax on temporary differences	119,495,416	(797,724,332)	137,824,049	(672,722,435)
Less : Utilisation of income tax benefits				
on tax loss carried forward	(601,650,117)	(374,626,055)	(601,650,117)	(374,626,055)
Income tax expenses – net / income tax benefits	<u>478,925,856</u>	<u>(515,982,731)</u>	<u>137,824,049</u>	<u>(672,722,435)</u>

In the year 2003, the Company and its subsidiary companies have reviewed the deferred tax benefits resulting from temporary differences occurring in the past until 31 December 2003, and have recognised deferred tax assets and deferred tax liabilities with an effect to the earnings statements of the year 2003, amounting to Baht 119 million (the Company only : Baht 138 million). The decision to recognise deferred tax was made since the Company and its subsidiary companies believe that it is highly probable that the Company and its subsidiaries will be able to utilise such benefits in the foreseeable future.

The recognition of deferred tax benefits was approved by a meeting of the Company's Executive Board on 25 September 2003 and was ratified by a meeting of the Company's Board of Director on 29 October 2003.

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

	(Unit : Thousand Baht)			
	Consolidated		The Company only	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Allowance for doubtful accounts (general reserve)	1,033,531	1,165,632	824,278	982,181
Allowance for doubtful accounts for VAT receivables	27,305	20,129	-	-
Allowance for impairment of investments	547,832	533,264	547,781	533,213
Allowance for impairment of property foreclosed	87,142	86,185	85,820	85,917
Non - accrual of interest income	1,170,652	1,505,268	1,119,418	1,468,856
Depreciation of assets	52,644	19,162	37,726	15,035
Financial leases	207,421	184,258	-	-
Revaluation surplus on changes in the value of investment	(366,786)	(1,442,213)	(351,760)	(1,442,213)
Others	10,745	5,492	16,256	5,492
	<u>2,770,486</u>	<u>2,077,177</u>	<u>2,279,519</u>	<u>1,648,481</u>
<b>Deferred tax assets (30%)</b>	<u>831,146</u>	<u>623,153</u>	<u>683,856</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>
<b>Deferred tax liabilities (30%)</b>	<u>-</u>	<u>4,254</u>	<u>-</u>	<u>-</u>

## 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 year ended 31 December 2004, Baht 41 million has been contributed to the funds by the Company and its subsidiaries (the Company only : Baht 21 million).

## 27. NUMBER OF EMPLOYEES

	Consolidated		The Company Only	
	2004	2003	2004	2003
Number of employees at the end of year (persons)	1,327	1,274	667	609

## 28. RECONCILIATION OF DILUTED EARNINGS PER SHARE

	For the years ended 31 December					
	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	2004	2003	2004	2003	2004	2003
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Net earnings	2,224,266	1,890,281	531,754	526,276	4.18	3.59
<b>Effect of dilutive securities</b>						
Preference shares (including 12.2 million warrants to purchase preference shares) (2003 : 13.9 million warrants)	-	-	198,446	199,360		
<b>Diluted earnings per share</b>						
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares	2,224,266	1,890,281	730,200	725,636	3.05	2.60

## 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 31 December 2004 and 2003 consist of the following :-

	(Unit : Baht)			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Cash	3,765,946	3,628,258	1,841,478	1,819,690
Cash at banks and financial institutions	1,481,471,778	1,189,821,322	393,410,891	232,922,014
Cash and cash equivalents	<u>1,485,237,724</u>	<u>1,193,449,580</u>	<u>395,252,369</u>	<u>234,741,704</u>

## 30. RELATED PARTY TRANSACTIONS

During the years ended 31 December 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 year	Increase	Decrease	Balance-end of the year
<b>Outstanding balance as at 31 December 2004</b>				
<b>Subsidiary companies</b>				
Receivables from sales of securities:				
TISCO Securities Co., Ltd.	-	1,485,466	-	1,485,466
Borrowing and deposits from financial institutions and public:				
TISCO Securities Co., Ltd.	900,000	555,000	-	1,455,000
Hi-Way Co., Ltd.	67,540	-	(67,540)	-
TISCO Leasing Co., Ltd.	150,023	-	(150,023)	-
Other subsidiary companies	31,000	-	(9,252)	21,748

(Unit : Thousand Baht)

	Consolidated		The Company Only		Terms and pricing policy (For the year 2004)
	2004	2003	2004	2003	
<b><u>Transactions occurred during the years ended 31 December</u></b>					
<b>Subsidiary companies</b>					
Risk, financial and human resources management fee income	-	-	30,296	35,800	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	-	-	45,570	-	Reference to the terms and price as charged to other customers
Other income	-	-	5,816	7,695	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	-	-	45,521	53,630	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	-	-	5,600	1,567	Reference to the terms and price as charged to other customers
<b>Associated company</b>					
Interest expense	-	1,106	-	-	Reference to the terms and rate as charged to other customers
Accounts receivable management fee income and office administration fee income	-	12,189	-	-	Reference to the terms and price as charged to other customers

Besides the above transactions, the Company has additional related party transactions with its subsidiary companies, which presented below :

Year 2003

- a) The Company acquired investments in debt securities amounting to Baht 34 million from a subsidiary company and sold investments in equity securities amounting to Baht 445 million to this subsidiary company. The Company and this subsidiary company recorded gains from these sales of investments amounting to Baht 2 million and Baht 1 million, respectively.
- b) The Company acquired investment in ordinary shares in TISCO Asset Management Company Limited from TISCO Securities Company Limited, at the price of Baht 220 million.



- c) The Company accepted the business transfer from Tru-Way Company Limited, as discussed on Note 2(b) to the financial statements. As a result, the Company recorded assets and liabilities, with total net assets value of Baht 1,459 million, details are as follows :-

	<u>Million Baht</u>
Assets	
Other investments	215
Investments in subsidiary companies	1,074
Loan receivables	140
Other assets	44
	<hr/> 1,473 <hr/>
Liabilities	
Notes payable	13
Other liabilities	1
	<hr/> 14 <hr/>
Net asset value	<hr/> <u>1,459</u> <hr/>

#### Year 2004

- a) The Company acquired investments in listed 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.
- c) On 25 November 2004, the Company entered into an agreement to transfer assets and liabilities with a subsidiary, whereby the conditions for the Company's receipt of assets and liabilities from that subsidiary company are in accordance with the Letter of consent from the Ministry of Finance approving the Company's application to upgrade its status to a commercial bank. Assets transferred to the Company consist of investments in securities, property foreclosed and computer equipment with a total value amounting to Baht 17 million.
- d) The Company sold investments in listed securities with net book value amounting to Baht 490 million to a subsidiary company at a price of Baht 1,485 million (market value). The Company recorded a gain on the disposal of such investments amounting to Baht 995 million.

Gains or loss from the above mentioned related party transactions between the Company and its subsidiary companies have been eliminated in consolidated financial statements and the financial statements of the Company under equity method.

As at 31 December 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	9,434	9,434

As at 31 December 2004, 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 31 December 2004, the Company and its subsidiaries have no investments in related companies which are related by way of members of the management of the Company or of its subsidiaries being shareholders and/or directors.

### 31. FINANCIAL INFORMATION BY SEGMENT

Financial information relating to the finance business, securities business and other business segments as of 31 December 2004 and 2003 and for the years then ended is summarised below.

	(Unit : Million Baht)									
	For the years ended 31 December									
	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	3,083	2,792	39	249	-	(3)	(467)	(955)	2,655	2,083
Non-interest income	2,347	968	1,506	1,338	94	116	(1,218)	90	2,729	2,512
Operating expenses	(1,983)	(1,658)	(763)	(788)	(103)	(154)	203	(578)	(2,646)	(3,178)
Corporate income tax/income										
tax benefits	(242)	692	(237)	(176)	-	-	-	-	(479)	516
Minority interest in net earnings										
in subsidiary companies	-	-	-	-	-	-	(35)	(43)	(35)	(43)
Net earnings	3,205	2,794	545	623	(9)	(41)	(1,517)	(1,486)	2,224	1,890

(Unit : Million Baht)

	As at 31 December									
	Finance business		Securities business		Other business		Elimination		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Investments in securities	7,050	10,851	1,947	969	1	-	(3,786)	(3,725)	5,212	8,095
Loans, receivable and accrued interest receivable - net	52,127	41,779	736	2,893	-	-	(50)	(174)	52,813	44,498
Other assets	8,334	5,973	2,853	3,481	39	51	(2,955)	(1,835)	8,271	7,670
Total assets	67,511	58,603	5,536	7,343	40	51	(6,791)	(5,734)	66,296	60,263

## 32. COMMITMENTS AND CONTINGENT LIABILITIES

### 32.1 Aval to bills and other guarantees

(Unit : Baht)

	Consolidated and the Company Only	
	2004	2003
Aval to bills	232,669,751	190,000,000
Guarantees - others	501,692,945	516,957,183
Total contingent liabilities and obligations	734,362,696	706,957,183

### 32.2 Litigation

The Company and its subsidiaries were defendant in certain lawsuits involving compensation of approximately Baht 342 million. As at 31 December 2004, the cases were not yet final; nevertheless, the Company and its subsidiary company's management believe they will not suffer material losses (if any) from these suits.

### 32.3 Commitments under interest rate swap agreement

As at 31 December 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 31 December 2004, a subsidiary company has outstanding commitments of approximately Baht 100 million in respect of the uncalled portion of an investment in another subsidiary.

### **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.
- c) The Company has commitments in relation to computer service agreement, whereby it is to pay both fixed fee and service fees which vary according to the quantity and type of service, as stipulated in the agreements.

## **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 31 December 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 fulfil 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
<b>Financial assets</b>				
Cash and deposits at financial institutions	946	11	528	1,485
Loans to financial institutions	-	38	-	38
Securities purchased under resale agreements	-	2,105	-	2,105
Investments in securities - net	193	808	4,211	5,212
Trading transactions with securities companies				
- receivable	-	-	159	159
Loans and receivable	6,324	48,116	2,662	57,102
	<u>7,463</u>	<u>51,078</u>	<u>7,560</u>	<u>66,101</u>
<b>Financial liabilities</b>				
Borrowings and deposits	-	44,482	158	44,640
Trading transactions with securities companies				
- liabilities	-	-	131	131
Securities business payable	588	-	794	1,382
Debentures	-	5,941	-	5,941
	<u>588</u>	<u>50,423</u>	<u>1,083</u>	<u>52,094</u>

(Unit : Million Baht)

	The Company Only			
	Outstanding balances of financial instruments			
	Floating	Fixed	Without	
	interest rate	interest rate	interest	Total
<b><u>Financial assets</u></b>				
Cash and deposits at financial institutions	2	-	393	395
Securities purchased under resale agreements	-	2,105	-	2,105
Investments in securities - net	193	720	7,142	8,055
Loans and receivable	6,202	41,780	1,908	49,890
	<u>6,397</u>	<u>44,605</u>	<u>9,443</u>	<u>60,445</u>
<b><u>Financial liabilities</u></b>				
Borrowings and deposits	-	43,376	95	43,471
Debentures	-	5,131	-	5,131
	<u>-</u>	<u>48,507</u>	<u>95</u>	<u>48,602</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						Total	
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years	Unspecified		
<b>Financial assets</b>								
Cash and deposits at financial institutions	-	-	10	-	-	1	11	0.477
Loans to financial institutions	38	-	-	-	-	-	38	1.727
Securities purchased under resale agreements	-	2,105	-	-	-	-	2,105	0.968
Investments in securities - net	-	391	-	404	13	-	808	2.794
Loans and receivable	1,490	6,330	14,142	24,081	1,676	397	48,116	8.054
	1,528	8,826	14,152	24,485	1,689	398	51,078	
<b>Financial liabilities</b>								
Borrowings and deposits	2,652	22,555	9,498	9,777	-	-	44,482	2.096
Debentures	-	-	-	5,941	-	-	5,941	4.032
	2,652	22,555	9,498	15,718	-	-	50,423	

(Unit : Million Baht)

Transactions	The Company Only							Interest Rates (%)
	Repricing or maturity date						Total	
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years	Unspecified		
<b>Financial assets</b>								
Securities purchased under resale agreements	-	2,105	-	-	-	-	2,105	0.9688
Investments in securities - net	-	303	-	404	13	-	720	2.8639
Loans and receivable	1,292	5,264	11,598	21,950	1,676	-	41,780	6.4257
	1,292	7,672	11,598	22,354	1,689	-	44,605	
<b>Financial liabilities</b>								
Borrowings and deposits	4,069	21,783	7,779	9,745	-	-	43,376	2.0264
Debentures	-	-	-	5,131	-	-	5,131	4.1610
	4,069	21,783	7,779	14,876	-	-	48,507	

### 33.3 Liquidity risk

The periods to maturity dates of financial instruments held as of 31 December 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	
<b>Financial assets</b>								
Cash and deposits at financial institutions	1,451	23	10	-	-	1	-	1,485
Loans to financial institutions	38	-	-	-	-	-	-	38
Securities purchased under resale agreements	-	2,105	-	-	-	-	-	2,105
Investments in securities – net	3,253	416	60	426	162	895	-	5,212
Trading transactions with securities								
companies – receivable	-	159	-	-	-	-	-	159
Loans and receivable	1,195	7,218	14,969	27,588	2,811	-	3,321	57,102
	<u>5,937</u>	<u>9,921</u>	<u>15,039</u>	<u>28,014</u>	<u>2,973</u>	<u>896</u>	<u>3,321</u>	<u>66,101</u>
<b>Financial liabilities</b>								
Borrowings and deposits	2,797	22,555	9,498	9,777	-	13	-	44,640
Trading transactions with securities								
companies – liabilities	-	131	-	-	-	-	-	131
Securities business payable	591	791	-	-	-	-	-	1,382
Debentures	-	-	-	5,941	-	-	-	5,941
	<u>3,388</u>	<u>23,477</u>	<u>9,498</u>	<u>15,718</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>52,094</u>
<b>Off - balance sheet items</b>								
Aval to bills	-	232	-	-	-	-	-	232
Guarantees of loans and others	500	2	-	-	-	-	-	502



(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	
<b>Financial assets</b>								
Cash and deposits at financial institutions	395	-	-	-	-	-	-	395
Securities purchased under resale agreements	-	2,105	-	-	-	-	-	2,105
Investments in securities - net	1,755	328	-	423	162	5,387	-	8,055
Loans and receivable	1,104	5,374	12,483	25,473	2,811	-	2,645	49,890
	<u>3,254</u>	<u>7,807</u>	<u>12,483</u>	<u>25,896</u>	<u>2,973</u>	<u>5,387</u>	<u>2,645</u>	<u>60,445</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
<b>Financial liabilities</b>								
Borrowings and deposits	4,151	21,783	7,779	9,745	-	13	-	43,471
Debentures	-	-	-	5,131	-	-	-	5,131
	<u>4,151</u>	<u>21,783</u>	<u>7,779</u>	<u>14,876</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>48,602</u>
<b>Off balance sheet items</b>								
Aval to bills	-	232	-	-	-	-	-	232
Guarantees of loans and others	500	2	-	-	-	-	-	502

### 33.4 Foreign exchange risk

As at 31 December 2004, the Company did not have any financial instruments in foreign currencies except for its investment in a subsidiary company amounting to Baht 245 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 31 December 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.