

TISCO FINANCE PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2005

Report of Independent Auditor

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

I have reviewed the accompanying consolidated balance sheet of TISCO Finance Public Company Limited and its subsidiaries as at 31 March 2005, the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for the three-month periods ended 31 March 2005 and 2004, and the separate financial statements of TISCO Finance Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

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

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of TISCO Finance Public Company Limited and its subsidiaries, and the separate financial statements of TISCO Finance Public Company Limited, for the year ended 31 December 2004 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements based on my audit, under my report dated 28 January 2005. The balance sheet as at 31 December 2004, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok : 27 April 2005

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		31 March 2005	31 December 2004	31 March 2005	31 December 2004
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	2	1,225,864	1,485,238	251,715	395,252
LOANS TO FINANCIAL INSTITUTIONS	3	1,140,379	37,838	-	-
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	4	1,143,000	2,105,000	1,143,000	2,105,000
INVESTMENT IN SECURITIES	5,6,9				
Current investment - net		1,777,780	647,499	1,678,328	561,924
Long-term investment - net		4,796,495	4,564,668	4,600,141	2,867,786
Investment in subsidiaries - net		-	-	4,089,591	4,625,684
Net investments		6,574,275	5,212,167	10,368,060	8,055,394
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		513,634	159,026	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	7,9				
Finance business loans and receivable		57,914,168	55,759,843	51,815,989	49,808,256
Securities business receivable		1,792,050	1,224,894	-	-
Total loans and receivable		59,706,218	56,984,737	51,815,989	49,808,256
Accrued interest receivable		112,521	117,390	80,089	81,288
Total loans, receivable and accrued interest receivable		59,818,739	57,102,127	51,896,078	49,889,544
Less : Allowance for doubtful accounts	8	(3,886,728)	(3,928,872)	(3,252,068)	(3,231,049)
Less : Allowance for loss on debt restructuring	8	(359,182)	(359,502)	(359,182)	(359,502)
Net loans, receivable and accrued interest receivable		55,572,829	52,813,753	48,284,828	46,298,993
PROPERTY FORECLOSED - net	10	1,230,217	1,230,358	1,237,049	1,238,020
LAND, PREMISES AND EQUIPMENT - net		1,469,173	1,440,707	934,199	899,984
DEFERRED TAX ASSETS	20	750,961	831,146	590,569	683,856
RECEIVABLES FROM SALES OF SECURITIES	24	-	-	-	1,485,466
OTHER ASSETS	11	1,117,183	980,807	1,614,646	784,724
TOTAL ASSETS		70,737,515	66,296,040	64,424,066	61,946,689

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	31 March 2005	31 December 2004	31 March 2005	31 December 2004
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY				
BORROWINGS AND DEPOSITS				
From public	41,927,261	40,219,473	40,891,959	39,205,137
From banks	1,760,555	2,196,407	157,410	582,132
From financial institutions	3,361,640	2,110,860	3,775,640	3,569,860
From foreign countries	115,364	113,613	115,364	113,613
Total borrowings and deposits	47,164,820	44,640,353	44,940,373	43,470,742
TRADING TRANSACTIONS WITH SECURITIES COMPANIES	612,747	130,995	-	-
SECURITIES BUSINESS PAYABLE	1,858,173	1,382,249	-	-
LIABILITIES UNDER COMMERCIAL PAPERS SOLD	777,000	510,000	777,000	510,000
ACCRUED INTEREST PAYABLE	176,147	189,973	165,982	180,308
DEBENTURES	12 5,941,000	5,941,000	5,131,000	5,131,000
PROPOSED DIVIDEND	21 1,120,077	-	1,120,077	-
OTHER LIABILITIES	13 1,046,219	920,574	677,402	504,644
TOTAL LIABILITIES	58,696,183	53,715,144	52,811,834	49,796,694
SHAREHOLDERS' EQUITY				
Share capital				
Registered	14 11,002,000	11,002,000	11,002,000	11,002,000
Issued and paid up				
185,650,980 preference shares of Baht 10 each				
(31 December 2004 : 184,123,480 preference shares of Baht 10 each)	1,856,510	1,841,235	1,856,510	1,841,235
533,937,520 ordinary shares of Baht 10 each				
(31 December 2004 : 533,907,520 ordinary shares of Baht 10 each)	5,339,375	5,339,075	5,339,375	5,339,075
	7,195,885	7,180,310	7,195,885	7,180,310
Share premium				
Share premium of preference shares	28,004	23,207	28,004	23,207
Share premium of ordinary shares	36,500	36,500	36,500	36,500
Revaluation surplus on changes in the value of investment	17 1,300,692	1,255,384	1,300,692	1,255,384
Translation adjustments	97,832	98,315	97,832	98,315
Retained earnings				
Appropriated - statutory reserve	16 254,600	254,600	254,600	254,600
Unappropriated	2,698,719	3,301,679	2,698,719	3,301,679
Equity attributable to Company's shareholders	11,612,232	12,149,995	11,612,232	12,149,995
Minority interest - equity attributable to minority shareholders of subsidiaries	429,100	430,901	-	-
TOTAL SHAREHOLDERS' EQUITY	12,041,332	12,580,896	11,612,232	12,149,995
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	70,737,515	66,296,040	64,424,066	61,946,689
	0	0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES				
Aval to bills	669	232,670	669	232,670
Guarantees of loans and others	360,599	501,693	360,599	501,693

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)

(UNAUDITED BUT REVIEWED)

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2005 AND 2004

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

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2005	2004	2005	2004
INTEREST AND DIVIDEND INCOME					
Loans and deposits		156,723	252,941	149,658	249,039
Hire purchase and financial lease		830,456	680,141	595,715	500,229
Investments in securities		85,495	75,909	83,287	69,196
Total interest and dividend income		1,072,674	1,008,991	828,660	818,464
EXPENSES ON BORROWINGS					
Interest and discounts		296,901	263,247	271,922	243,654
Total expenses on borrowings		296,901	263,247	271,922	243,654
Net interest and dividend income		775,773	745,744	556,738	574,810
BAD DEBT AND DOUBTFUL ACCOUNTS					
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		709,223	677,335	512,630	513,756
NON-INTEREST INCOME					
Brokerage fees		209,331	316,984	-	-
Gain (loss) on investments	18	122,744	(29,958)	1,078	(14,217)
Fees and charges		220,697	401,025	124,997	116,733
Fees and gain (loss) on forward exchange		625	1,519	-	(577)
Share of profit of subsidiary and associated companies		-	494	272,323	337,120
Other income		38,539	35,151	28,420	37,190
Total non-interest income		591,936	725,215	426,818	476,249
Total net income		1,301,159	1,402,550	939,448	990,005
OPERATING EXPENSES					
Personnel expenses		242,998	299,185	112,493	146,742
Premises and equipment expenses		99,635	75,800	71,804	50,720
Taxes and duties		17,375	23,640	15,271	22,192
Directors' remuneration	19	1,800	1,585	1,680	1,405
Other expenses		263,495	203,568	151,216	131,375
Total operating expenses		625,303	603,778	352,464	352,434
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		675,856	798,772	586,984	637,571
CORPORATE INCOME TAX	20	(150,790)	(186,336)	(69,867)	(35,330)
EARNINGS BEFORE MINORITY INTEREST		525,066	612,436	517,117	602,241
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES		(7,949)	(10,195)	-	-
NET EARNINGS FOR THE PERIOD		517,117	602,241	517,117	602,241
EARNINGS PER SHARE					
Basic earnings per share	22	0.97	1.13	0.97	1.13
Diluted earnings per share		0.71	0.83	0.71	0.83

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 THREE-MONTH PERIODS ENDED 31 MARCH 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Cash flows from operating activities				
Net earnings	517,117	602,241	517,117	602,241
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary companies	7,949	10,195	-	-
Share of profit from operating results of subsidiary and associated companies	-	(494)	(272,323)	(337,120)
Depreciation and amortisation	38,552	34,549	24,394	20,256
Bad debt and doubtful accounts	86,725	76,487	62,769	68,540
Unrealised loss (gain) on revaluation of investment	(18)	17,204	(18)	17,204
Provision for revaluation of property foreclosed	1,080	1,005	89	160
Gain on disposal of investments	(122,725)	(2,979)	(1,060)	(2,979)
Gain on disposal of fixed assets	(726)	(183)	(611)	-
Unrealised loss on decrease of securities held for trading	-	22,905	-	-
Loss (gain) from disposal of property foreclosed	30,765	(1,050)	6,937	(13,187)
Decrease in deferred tax assets	16,399	29,142	27,440	35,330
Decrease (increase) in accrued interest and dividend receivable	(53,788)	(5,679)	(57,459)	605,099
Decrease (increase) in accrued income	(4,394)	123,967	2,448	13,239
Decrease in accrued interest payable	(13,826)	(41,319)	(14,325)	(39,605)
Increase in accrued expenses	78,529	161,111	35,107	96,745
Earnings from operating activities before changes in operating assets and liabilities	581,639	1,027,102	330,505	1,065,923
Decrease (increase) in operating assets				
Loans to financial institutions	(1,102,541)	(703,660)	-	-
Securities purchased under resale agreements	962,000	(43,000)	962,000	(43,000)
Investment in securities - held for trading	-	338,047	-	-
Trading transactions with securities companies	(354,609)	279,304	-	-
Finance business loans and receivable	(2,448,866)	(3,914,111)	(2,126,544)	(3,996,901)
Securities business receivable	(567,156)	1,756,117	-	-
Property foreclosed	141,114	(2,566)	78,152	91,810
Receivables from sales of securities	-	-	1,485,466	-
Other assets	(86,666)	495,604	(94,504)	444,670

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 THREE-MONTH PERIODS ENDED 31 MARCH 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
Increase (decrease) in operating liabilities				
Borrowings and deposits from public	1,707,788	3,588,062	1,686,821	3,599,550
Borrowings and deposits from banks and financial institutions	814,928	(1,159,975)	(218,942)	(1,720,859)
Borrowings and deposits from foreign countries	1,751	24,903	1,751	24,904
Trading transactions with securities companies	481,753	(411,900)	-	-
Liabilities under commercial paper sold	267,000	167,600	267,000	167,600
Securities business payable	475,924	(1,761,550)	-	-
Other liabilities	47,115	42,990	24,995	(24,955)
Net cash flows from (used in) operating activities	921,174	(277,033)	2,396,700	(391,258)
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(2,167,199)	(1,576,708)	(3,187,067)	(1,506,395)
Cash received from disposal of investment in securities held for investment	1,038,989	2,035,118	681,285	2,035,117
Cash paid for purchase of equipment	(68,401)	(33,263)	(59,508)	(22,951)
Cash received from disposal of equipment	5,923	641	4,681	-
Net cash flows from (used in) investing activities	(1,190,688)	425,788	(2,560,609)	505,771
Cash flows from financing activities				
Cash received from issuance of preference shares	20,372	33,054	20,372	33,054
Dividend paid	(9,750)	(25,000)	-	-
Net cash flows from financing activities	10,622	8,054	20,372	33,054
Translation adjustment	(482)	(2,539)	-	-
Net increase (decrease) in cash and cash equivalents	(259,374)	154,270	(143,537)	147,567
Cash and cash equivalents at beginning of the period	1,485,238	1,193,449	395,252	234,742
Cash and cash equivalents at end of the period (Note 23)	1,225,864	1,347,719	251,715	382,309
	-	-	-	-
Supplemental cash flows information :-				
Cash paid during the period for				
Interest	310,874	304,592	286,248	283,258
Corporate income tax	9,579	21,305	4,113	6,110
Non-cash transactions				
Conversion of preference shares to ordinary shares	300	812	300	812
Transfer of assets from troubled debt restructuring	-	53,370	-	53,370

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

(UNAUDITED BUT REVIEWED)

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2005 AND 2004
(Unit : Thousand 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						
Balance as at 31 December 2003	1,811,277	5,305,918	7,811	36,500	1,032,910	102,401	143,300	1,837,249	443,740	10,721,106
Decrease in fair value of investments	-	-	-	-	(284,669)	-	-	-	-	(284,669)
Decrease in translation adjustments	-	-	-	-	-	(2,539)	-	-	-	(2,539)
Net earnings for the period	-	-	-	-	-	-	-	602,241	-	602,241
Warrants converted to preference shares	29,525	-	3,529	-	-	-	-	-	-	33,054
Preference shares converted to ordinary shares	(812)	812	-	-	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	(14,311)	(14,311)
Balance as at 31 March 2004	<u>1,839,990</u>	<u>5,306,730</u>	<u>11,340</u>	<u>36,500</u>	<u>748,241</u>	<u>99,862</u>	<u>143,300</u>	<u>2,439,490</u>	<u>429,429</u>	<u>11,054,882</u>
Balance as at 31 December 2004	1,841,235	5,339,075	23,207	36,500	1,255,384	98,315	254,600	3,301,679	430,901	12,580,896
Increase in fair value of investments	-	-	-	-	45,308	-	-	-	-	45,308
Decrease in translation adjustments	-	-	-	-	-	(483)	-	-	-	(483)
Net earnings for the period	-	-	-	-	-	-	-	517,117	-	517,117
Proposed dividend (Note 21)	-	-	-	-	-	-	-	(1,120,077)	-	(1,120,077)
Warrants converted to preference shares	15,575	-	4,797	-	-	-	-	-	-	20,372
Preference shares converted to ordinary shares	(300)	300	-	-	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	(1,801)	(1,801)
Balance as at 31 March 2005	<u>1,856,510</u>	<u>5,339,375</u>	<u>28,004</u>	<u>36,500</u>	<u>1,300,692</u>	<u>97,832</u>	<u>254,600</u>	<u>2,698,719</u>	<u>429,100</u>	<u>12,041,332</u>

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

(UNAUDITED BUT REVIEWED)

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2005 AND 2004
(Unit : Thousand Baht)

	THE COMPANY ONLY								Total
	Issued and paid-up share capital		Share premium		Surplus		Statutory reserve	Unappropriated retained earnings	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	from changes in the value of investment	Translation adjustments			
Balance as at 31 December 2003	1,811,277	5,305,918	7,811	36,500	1,032,910	102,401	143,300	1,837,249	10,277,366
Decrease in fair value of investments	-	-	-	-	(284,669)	-	-	-	(284,669)
Decrease in translation adjustments	-	-	-	-	-	(2,539)	-	-	(2,539)
Net earnings for the period	-	-	-	-	-	-	-	602,241	602,241
Warrants converted to preference shares	29,525	-	3,529	-	-	-	-	-	33,054
Preference shares converted to ordinary shares	(812)	812	-	-	-	-	-	-	-
Balance as at 31 March 2004	<u>1,839,990</u>	<u>5,306,730</u>	<u>11,340</u>	<u>36,500</u>	<u>748,241</u>	<u>99,862</u>	<u>143,300</u>	<u>2,439,490</u>	<u>10,625,453</u>
Balance as at 31 December 2004	1,841,235	5,339,075	23,207	36,500	1,255,384	98,315	254,600	3,301,679	12,149,995
Increase in fair value of investments	-	-	-	-	45,308	-	-	-	45,308
Decrease in translation adjustments	-	-	-	-	-	(483)	-	-	(483)
Net earnings for the period	-	-	-	-	-	-	-	517,117	517,117
Proposed dividend (Note 21)	-	-	-	-	-	-	-	(1,120,077)	(1,120,077)
Warrants converted to preference shares	15,575	-	4,797	-	-	-	-	-	20,372
Preference shares converted to ordinary shares	(300)	300	-	-	-	-	-	-	-
Balance as at 31 March 2005	<u>1,856,510</u>	<u>5,339,375</u>	<u>28,004</u>	<u>36,500</u>	<u>1,300,692</u>	<u>97,832</u>	<u>254,600</u>	<u>2,698,719</u>	<u>11,612,232</u>

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

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

1. GENERAL INFORMATION

1.1 Basis for the preparation of interim financial statements

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

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

1.2 Basis of interim consolidation

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2004. There have been no changes in the shareholding structure during the period.

The financial statements of 3 subsidiary companies, which are included in the consolidated interim financial statements, TISCO Global Investment Holdings Limited, TISCO Securities UK Limited and GIH&CO Pte. Ltd., were prepared by the managements of these subsidiary companies and not reviewed by their auditors. As at 31 March 2005, these 3 subsidiary companies have aggregate assets included in the consolidated interim financial statements of approximately Baht 1.7 million and aggregate revenues and net profits for the three-month periods then ended of approximately Baht 0.5 million and Baht 0.5 million, respectively. These amounts are immaterial to the consolidated financial statements and the management believes that such amounts will not significantly differ if the financial statements were to be reviewed by auditors.

1.3 Financial Sector Master Plan

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

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.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2004.

2. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

As at 31 March 2005, cash deposits at banks of the Company and its local subsidiaries of approximately Baht 10 million (the Company only : Nil) (As at 31 December 2004 : Baht 10 million and Nil, respectively) were pledged with the banks to secure facilities provided for use as working capital.

As at 31 March 2005, approximately Baht 90 million (As at 31 December 2004 : Baht 91 million) of the foreign subsidiary's cash deposits at banks were pledged with the bank to secure the credit facility.

3. LOANS TO FINANCIAL INSTITUTIONS

As at 31 March 2005, the balance of loans to financial institutions included promissory notes of a subsidiary company amounting to Baht 21 million deposited for securities borrowing and lending in the subsidiary company's name. The subsidiary received the promissory notes from the client as collateral for securities borrowing and lending agreement.

4. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

As at 31 March 2005, the balance of securities purchased under resale agreements comprises Baht 1,143 million of Bank of Thailand securities (As at 31 December 2004 : Baht 2,105 million).

5. INVESTMENTS IN SECURITIES

- 5.1 As at 31 March 2005, held-to-maturity debt securities amounting to Baht 335 million (As at 31 December 2004 : Baht 335 million) represent government bonds which the Company has invested pursuant to the agreement made with the Ministry of Finance under the Tier I and Tier II capital support scheme. These bonds are redeemable within a 10-year period, non-negotiable and carry interest at rates of 4% and 5% per annum.
- 5.2 As at 31 March 2005, the Company has a commitment not to sell marketable equity securities totaling Baht 138 million (As at 31 December 2004 : Baht 122 million) for the period, as a condition of troubled debt restructuring agreement made with restructured receivables.
- 5.3 As at 31 March 2005, the Company has pledged other investment of approximately Baht 13 million (As at 31 December 2004 : Baht 13 million) as a security against short-term loan from a company.
- 5.4 As at 31 March 2005, the Company and its subsidiaries have invested Baht 4 million (the Company only : Baht 3 million) (As at 31 December 2004 : 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 74 million (As at 31 December 2004 : 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 27.2.
- 5.5 As at 31 March 2005, the Company have the following investment in companies which have weak financial standing or operating results :-

	(Unit : Thousand Baht)		
	Consolidated / The Company Only		
	Cost	Fair value	Allowance for changes in Value ⁽¹⁾
Companies having problems			
with debt repayment or in default	266,484	-	266,484

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

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

6. INVESTMENT IN SUBSIDIARY COMPANIES

The Company's investment in its subsidiaries as at 31 March 2005 and 31 December 2004 are summarised below.

Company's name	Nature of business	(Unit : Million Baht)							
		Paid-up share capital		Cost method		Equity method ⁽¹⁾		Dividend income ⁽²⁾ received for the three-month period ended 31 March	
		31 March	31 December	31 March	31 December	31 March	31 December	2005	2004
		2005	2004	2005	2004	2005	2004	2005	2004
<u>Subsidiary companies directly held by the Company</u>									
TISCO Securities Hong Kong Limited	Services	HKD 20 million	HKD 20 million	66	66	239	245	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	1,642	1,732	170	-
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	139	250	140	100
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	1,016	1,281	280	-
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	520	581	100	-
Thai Information Technology Co., Ltd.	Services	20	20	44	44	34	34	-	-
Thai Commercial Auto Co., Ltd.	Hire purchase	800	800	434	434	429	431	10	25
Thai Permsap Finance Co., Ltd.	Finance	150	150	150	150	71	71	-	-
						4,090	4,625	700	125

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

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

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

7. LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE

7.1 As at 31 March 2005, the Company had loans and receivable of approximately Baht 2,746 million (As at 31 December 2004 : Baht 2,645 million) on which the recognition of interest income would be ceased under the Bank of Thailand's guidelines (i.e. accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date). However, the total loans and receivables on which the Company has actually ceased accruing interest in accordance with its accounting policy, amounted to approximately Baht 4,977 million (As at 31 December 2004 : Baht 5,099 million), with Baht 4,112 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 March 2005, the local subsidiaries had securities business loans and receivable, hire-purchase receivable, financial lease receivable and other loans and receivables totaling Baht 709 million, on which the recognition of income had been suspended (As at 31 December 2004 : Baht 676 million), with Baht 432 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 5,616 million (the Company only : Baht 4,416 million) is presented as a deduction against finance business loans and receivable (As at 31 December 2004 : Baht 5,321 million and the Company only : Baht 4,196 million).

7.2 As at 31 March 2005, the Company's loans and receivable include restructured loans and receivables amounting to approximately Baht 1,163 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 29 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 33 million has been provided for.

7.3 Troubled Debt Restructuring

During the period, the Company entered into troubled debt restructuring agreements with 14 debtors, with aggregate loan balance (before restructuring) of approximately Baht 85 million.

As at 31 March 2005, the number of debtors which were subjected to debt restructuring amounted to 1,124 as summarised below.

Type of restructuring	Number of receivables	Outstanding loan	Type of assets transferred	Fair value
		balance before restructuring		of transferred assets
		Million Baht	Million Baht	
Transfer of assets	23	2,600	Land	20
			Land and premises	2,468
Transfer of equity securities	4	770	Equity securities	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	1,038	21,079		
Total	1,124	31,409		5,032

The balance of the restructured debts as at 31 March 2005 amounted to approximately Baht 3,253 million (As at 31 December 2004 : Baht 3,420 million).

During the three-month period ended 31 March 2005, the Company recognised interest income on restructured receivables totaling Baht 12 million, received repayments of principal and interest from the restructured receivables totaling Baht 268 million and there was no losses from restructuring (For the three-month period ended 31 March 2004 : Baht 10 million, Baht 286 million and there was no losses from restructuring, respectively).

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

8.1 Allowance for doubtful accounts

(Unit : Thousand Baht)

Consolidated as at 31 March 2005

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	763,478	38,367	104,332	295,255	1,830,235	897,205	3,928,872
Increase (decrease) in allowance for doubtful accounts during the period	(10,700)	21,869	17,606	(88,117)	187,703	(41,873)	86,488
Bad debt written - off	-	-	(55)	(1,891)	(126,686)	-	(128,632)
Balance - end of period	752,778	60,236	121,883	205,247	1,891,252	855,332	3,886,728

(Unit : Thousand Baht)

The Company Only as at 31 March 2005

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	704,169	29,827	80,183	271,007	1,321,584	824,279	3,231,049
Increase (decrease) in allowance for doubtful accounts during the period	(4,401)	20,901	10,899	(98,579)	177,872	(44,065)	62,627
Bad debt written-off	-	-	(54)	(1,798)	(39,756)	-	(41,608)
Balance - end of period	699,768	50,728	91,028	170,630	1,459,700	780,214	3,252,068

(Unit : Thousand Baht)

Consolidated as at 31 December 2004

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of year	547,176	28,657	74,831	122,248	2,440,577	1,054,352	4,267,841
Increase (decrease) in allowance for doubtful accounts during the year	254,547	9,710	133,025	211,870	(307,211)	(140,795)	161,146
Bad debt written - off	(38,245)	-	(103,524)	(38,863)	(303,131)	(16,352)	(500,115)
Balance - end of year	763,478	38,367	104,332	295,255	1,830,235	897,205	3,928,872

(Unit : Thousand 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	23,953	60,091	94,401	1,890,798	982,181	3,549,845
Increase (decrease) in allowance for doubtful accounts during the year	243,938	5,874	123,612	213,571	(344,049)	(141,550)	101,396
Bad debt written - off	(38,190)	-	(103,520)	(36,965)	(225,165)	(16,352)	(420,192)
Balance - end of year	704,169	29,827	80,183	271,007	1,321,584	824,279	3,231,049

8.2 Allowance for loss on debt restructuring

(Unit : Thousand Baht)

	The Company Only	
	31 March 2005	31 December 2004
Balance - beginning of period	359,502	331,790
Increase during period	-	137,059
Written-off	(320)	(109,347)
Balance - end of period	359,182	359,502

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 March 2005 of approximately Baht 2,332 million (As at 31 December 2004 : Baht 2,265 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 3,611 million (As at 31 December 2004 : Baht 3,590 million), or Baht 1,279 million (As at 31 December 2004 : Baht 1,325 million) more than the required amount.

The allowance for doubtful debts of Baht 3,611 million, as mentioned above, consists of allowance for doubtful debts of Baht 2,115 million set aside for the unsecured portion of loans amounting Baht 4,112 million at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,496 million set up for the other loans and receivables.

As at 31 March 2005, the Company had outstanding non-performing loans and receivables of approximately Baht 2,738 million, against which an allowance for doubtful debts of Baht 1,715 million has been provided (As at 31 December 2004 : Baht 2,629 million and Baht 1,664 million, respectively).

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

9. CLASSIFICATION OF ASSETS

9.1 Investment in securities

As at 31 March 2005 and 31 December 2004, 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 9.1 a)) are summarised below.

	(Unit : Million Baht)					
	Cost		Fair Value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	31 March 2005	31 December 2004	31 March 2005	31 December 2004	31 March 2005	31 December 2004
Debt instruments - debentures	60	60	-	-	60	60
Equity instruments – ordinary shares	205	205	-	-	205	205
Equity instruments – preferred shares	2	2	-	-	2	2

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

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

As at 31 March 2005 and 31 December 2004, the Company classified its assets and made allowances against those assets in accordance with the Bank of Thailand's guidelines. They are summarised below.

(Unit : Million Baht)

	Debt balance		Debt balance		Percentage required by BOT ⁽³⁾	Allowance for doubtful accounts			
			after net off collateral			Amounts to be provided		Amounts already set up	
	under BOT's guidelines		by the Company						
	31 March 2005	31 December 2004	31 March 2005	31 December 2004		31 March 2005	31 December 2004	31 March 2005	31 December 2004
Loans and receivable⁽¹⁾⁽²⁾									
Pass	47,340	45,715	38,553	37,181	1	377	363	700	704
Special mention	1,738	1,464	1,676	1,358	2	33	27	51	30
Substandard	414	421	384	392	20	85	76	91	80
Doubtful	336	462	313	202	50	163	136	171	271
Bad debts	1,988	1,746	1,315	1,304	100	1,315	1,303	1,459	1,321
Total	51,816	49,808	42,241	40,437		1,973	1,905	2,472	2,406
Loss on receivable under troubled debt restructuring	-	-	-	-		359	360	359	360
Total	51,816	49,808	42,241	40,437		2,332	2,265	2,831	2,766
General reserve								780	824
Total								3,611	3,590
Investment in securities									
Bad debts									
Debt instruments	61	62	61	62	100	61	62	61	62
Equity instruments	522	510	522	510	100	522	510	522	510
Total	583	572	583	572		583	572	583	572
Investment in receivables									
Bad debts	7	7	-	-	100	-	-	-	-
Properties foreclosed									
Land	86	86	86	86	100	86	86	86	86
Total classified assets	52,492	50,473	42,910	41,095		3,001	2,923	4,280	4,248

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

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

⁽³⁾ In accordance with BOT guidelines, provisioning rates for normal debt and special mention debt are at rates of at least 1 or 2 percent, respectively, or at a lower rate calculated in accordance with guidelines and conditions stipulated by the BOT. However, the Company is still setting aside provision for normal debt and special mention debt at rates of at least 1 or 2 percent, respectively.

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 March 2005 and 31 December 2004, in accordance with the BOT's guidelines, the Company has provided an allowance amounting to Baht 4,280 million and Baht 4,248 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	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2005	2004	2005	2004	2005	2004	2005	2004
				(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Companies vulnerable to delisting	3	3	77	81	33	34	77	81
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	14	14	817	818	243	243	574	575
3. Listed companies of which shares have been suspended for trading	-	-	-	-	-	-	-	-
4. Listed companies under rehabilitation	9	9	389	372	37	36	336	316
5. Companies having loan default problem	24	24	1,342	1,398	697	733	778	800
6. Companies having going concern issue as cited in auditors' report	2	2	22	22	2	2	20	20
Total	52	52	2,647	2,691	1,012	1,048	1,785	1,792

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

As at 31 March 2005 and 31 December 2004, 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	
	31 March 2005	31 December 2004	31 March 2005	31 December 2004	31 March 2005	31 December 2004
	Substandard	54	55	-	-	-
Doubtful	335	416	335	416	335	416
Total	<u>389</u>	<u>471</u>	<u>335</u>	<u>416</u>	335	416
General reserve					75	73
Total					<u>410</u>	<u>489</u>

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

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

As at 31 March 2005 and 31 December 2004, 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	
	31 March	31 December	31 March	31 December
	2005	2004	2005	2004
Current or overdue less than 90 days	5,778	5,738	63	67
Overdue				
91 - 365 days	223	170	65	48
More than 1 year	56	56	56	56
Debtors under litigation	41	38	41	38
Total	6,098	6,002	225	209

10. PROPERTY FORECLOSED

As at 31 March 2005, the Company had obligations with regard to properties foreclosed which were received in repayment of debts amounting to Baht 723 million. (As at 31 December 2004 : Baht 723 million). The debtors may repurchase these properties at prices and within periods specified in the agreements.

11. OTHER ASSETS

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 March	31 December	31 March	31 December
	2005	2004	2005	2004
Value added tax - net	421,589	379,814	414,194	369,069
Accrued interest receivable	10,791	20,949	10,930	20,957
Fee receivable	193,181	150,242	127,209	85,959
Dividend receivable	68,683	-	758,531	-
Prepaid income tax	33,812	67,949	26,846	53,848
Deferred computer system development cost - net	43,428	40,737	30,132	27,836
Deposits	18,248	13,504	7,294	2,591
Other receivables	138,641	168,500	134,983	161,854
Other assets	188,810	139,112	104,527	62,610
Total other assets	<u>1,117,183</u>	<u>980,807</u>	<u>1,614,646</u>	<u>784,724</u>

12. DEBENTURES

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 March	31 December	31 March	31 December
	2005	2004	2005	2004
Subordinated debentures	331,000	331,000	331,000	331,000
Unsubordinated unsecured debentures	5,610,000	5,610,000	4,800,000	4,800,000
	<u>5,941,000</u>	<u>5,941,000</u>	<u>5,131,000</u>	<u>5,131,000</u>

12.1 Subordinated debentures

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

12.2 Unsubordinated and unsecured debentures

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

- a) 2 million debentures with a face value of Baht 1,000 each, totaling Baht 2,000 million. These debentures bear interest at a rate of 4.25 percent per annum.
- b) 1 million debentures with a face value of Baht 1,000 each, totaling Baht 1,000 million. These debentures bear interest at a rate of 3.5 percent per annum in the first and second years and thereafter at a floating rate equivalent to the reference rate plus 0.5 percent per annum, which rate shall not be less than 3.75 percent per annum and shall not exceed 5 percent, 5.5 percent and 6 percent per annum in the third, fourth and fifth years, respectively.
- c) 1.8 million debentures with a face value of Baht 1,000 each, totaling Baht 1,800 million. These debentures carry interest at a floating rate equivalent to a rate of 6 percent minus the reference rate per annum in the first, second and third years and thereafter at a rate of 3.8 percent per annum.

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

12.2.2 In September 2003, a subsidiary company issued Baht 400 million of unsubordinated and unsecured debentures, consisting of 400,000 debentures with a face value of Baht 1,000

each. These debentures bear interest at a rate of 3.25 percent per annum, maturing in 2006. The subsidiary company is required to comply with debenture issuance conditions and maintain certain financial ratio.

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

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

13. OTHER LIABILITIES

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	31 March	31 December	31 March	31 December
	2005	2004	2005	2004
Corporate income tax payable	265,332	139,914	38,313	-
Withholding income tax and other tax payable	44,128	168,173	28,225	82,823
Accrued insurance premium	342,701	287,484	278,807	231,121
Other liabilities	394,058	325,003	332,057	190,700
Total other liabilities	<u>1,046,219</u>	<u>920,574</u>	<u>677,402</u>	<u>504,644</u>

14. SHARE CAPITAL AND WARRANTS

- a) The Company has a registered capital of Baht 11,002 million which, according to the documents filed with the Ministry of Commerce in 1999, comprises 100.2 million ordinary shares and 1,000 million preference shares, both with a par value of Baht 10 each. The preference shares can be, and were from time to time, converted to ordinary shares in accordance with the Memorandum and Articles of Association. Up to 31 March 2005, 433,737,520 preference shares had been converted into ordinary shares, and such conversion registered with the authorities.

(UNAUDITED BUT REVIEWED)

As at 31 March 2005, there remained a total of 185,650,980 preference shares which are eligible for conversion to ordinary shares.

- b) The preference shares have the same rights and benefits as ordinary shares, with added rights and benefits that the holders of preference shares receive dividend for each of the year that the Company pays dividend prior to the holders of ordinary shares at the rate of 1 Baht per share. Additionally, the holders of preference shares are entitled to share the leftover dividend with the holders of ordinary shares. In the year that the Company does not declare dividend payment to the holders of ordinary shares, the Company may declare dividend payment at the above-mentioned rate to the holders of preference shares. The holders of preference shares shall be entitled to receive dividend only in the years in which the Company has declared dividend payment. Dividend shall not be made up in subsequent years for the years that the Company did not declare dividend payment. Since 30 June 2009, the rights and benefits of the preference shareholders shall be equal to the holders of ordinary shares.
- c) On 10 April 2000, the annual general meeting of the Company's shareholders passed a resolution approving the allocation to directors and employees of the Company and its subsidiaries a total of 30 million, 5-year, non-negotiable warrants to purchase the Company's preference shares, exercisable in a ratio of 1 warrant to 1 preference share, and passed a resolution approving the establishment an Allotment Committee. Such committee resolved that the warrants would not be allocated to the Company's directors, except for those directors who were qualified by virtue of being the Company employees. The exercise price of the warrants was stipulated at 75 percent of the ten-trading-day average closing price of the Company's preference shares prior to the effective date of the filing, subject to a minimum price of par value. The warrants are to be offered subsequent to the receipt of approval from the Office of the Securities and Exchange Commission. In addition, the annual general meeting passed a resolution approving the un-allocation of 400 million preference shares (including 300 million preference shares which were to be reserved for the conversion of convertible debentures). Thirty million preference shares with a par value of Baht 10 each are to be reserved for the exercise of the warrants to be issued and offered to directors and employees of the Company and its subsidiaries to purchase the Company's preference shares, leaving 370 million unallocated preference shares.

On 24 April 2002, the annual general meeting of the Company's shareholders passed a resolution approving the exercise price of warrants at 75 percent of the ten-trading-day average closing price of the Company's preference shares prior to the date of warrant allocation, subject to a minimum price of par value.

Up to 31 March 2005, the Company allocated 30,000,000 warrants, and employees who had been allocated warrants had exercised their rights to purchase a total of 8,820,000 preference shares, at an exercise price of Baht 10 each, amounting to Baht 88,200,000 and 4,642,000 preference shares at an exercise price of Baht 11.31 each, a total of Baht 52,501,020 and 4,226,500 preference shares at an exercise price of Baht 13.20 each, a total of Baht 55,789,800 and 1,700,000 preference shares at an exercise price of Baht 14.94 each, amounting to Baht 25,398,000 of which 19,388,500 preference shares registered with the Ministry of Commerce.

As at 31 March 2005, 10,611,500 warrants remained unexercised.

On 26 April 2005, the annual general meeting of the Company's shareholders passed a resolution approving the allocation of 638,000 warrants to the directors and employee of the Company and its subsidiaries. These warrants were received from resigned employees. The allotment is to take place once approval has been received from the Office of the Securities and Exchange Commission.

15. CAPITAL FUND

As at 31 March 2005 and 31 December 2004, 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	
	31 March 2005	31 December 2004
<u>Tier I</u>		
Issued and fully paid up share capital	7,195,885	7,180,310
Premium on share capital	64,504	59,707
Statutory reserve	254,600	254,600
Retained earnings - unappropriated	1,392,218	2,512,295
Total Tier I	8,907,207	10,006,912

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	The Company Only	
	31 March	31 December
	2005	2004
<u>Tier II</u>		
Subordinated debentures	298,800	331,000
Reserve for loans classified as pass	699,768	704,169
Reserve for revaluation of equity securities – available for sales	158,817	158,818
Total Tier II	1,157,385	1,193,987
Total capital fund	10,064,592	11,200,899

The capital ratios of the Company are as follows :-

	The Company Only			
	31 March 2005		31 December 2004	
	Company	Requirement	Company	Requirement
Tier I capital to risk assets	14.86%	4.00%	17.48%	4.00%
Total capital to risk assets	16.79%	8.00%	19.57%	8.00%
Total capital to issued and paid-up share capital	139.87%	75.00%	155.99%	75.00%

16. STATUTORY RESERVE

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5% of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. The statutory reserve could not be used for dividend payment.

17. SURPLUS ON CHANGES IN THE VALUE OF INVESTMENTS

	(Unit : Thousand Baht)	
	Consolidated / The Company Only	
	31 March 2005	31 December 2004
Balance - beginning of the period	1,365,420	1,472,433
Increase (decrease) in changes in the value of securities during the period	109,094	(107,013)
	1,474,514	1,365,420
Less : The effect of income tax liabilities	(173,822)	(110,036)
Balance - end of the period	1,300,692	1,255,384

18. GAIN (LOSS) ON INVESTMENTS

Gain (loss) on investments for the three-month periods ended 31 March 2005 and 2004 consist of the following :-

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	2005	2004	2005	2004
Unrealised gain (loss) on investments	18	(40,108)	18	(17,204)
Realised gain on investments	122,726	10,150	1,060	2,987
Total	122,744	(29,958)	1,078	(14,217)

19. DIRECTORS' REMUNERATION

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

20. CORPORATE INCOME TAX

Corporate income tax expenses for the three-month periods ended 31 March 2005 and 2004 were arrived at as follows:

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	2005	2004	2005	2004
Income tax payable on taxable				
profit for the period	134,391	193,434	42,427	36,240
Add (less) : Net decrease (increase) in				
deferred tax on temporary differences	16,399	29,142	27,440	35,330
Less : Utilisation of income tax benefits				
on tax loss carried forward	-	(36,240)	-	(36,240)
Income tax expenses – net	<u>150,790</u>	<u>186,336</u>	<u>69,867</u>	<u>35,330</u>

As at 31 March 2005 and 31 December 2004, deferred tax assets and deferred tax liabilities arose from the following temporary differences:

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	31 March 2005	31 December 2004	31 March 2005	31 December 2004
Allowance for doubtful accounts (general reserve)	988,681	1,033,531	763,743	824,278
Allowance for doubtful accounts for VAT receivables	29,715	27,305	-	-
Allowance for impairment of investments	547,813	547,832	547,763	547,781
Allowance for impairment of property foreclosed	88,128	87,142	85,821	85,820
Non - accrual of interest income	1,151,140	1,170,652	1,090,036	1,119,418
Depreciation of assets	52,297	52,644	36,353	37,726
Financial leases	214,312	207,421	-	-
Revaluation surplus on changes in the value of investment	(579,405)	(366,786)	(571,250)	(351,760)
Others	10,523	10,745	16,097	16,256
	<u>2,503,204</u>	<u>2,770,486</u>	<u>1,968,563</u>	<u>2,279,519</u>
Deferred tax assets (30%)	<u>750,961</u>	<u>831,146</u>	<u>590,569</u>	<u>683,856</u>

21. PROPOSED DIVIDEND

On 21 March 2005, the Board of Directors' Meeting No. 2/2005 passed a resolution approving the proposed dividend payment in respect of the previous year's earnings of Baht 2.30 per share for the preference shares and of Baht 1.30 per share for the ordinary shares, a total of Baht 1,120 million.

The resolution of the Board of Directors' Meeting No. 2/2005 was approved by the Annual General Meeting of the Company's shareholders for the year 2005, on 26 April 2005. The dividend is to be paid within May 2005.

22. RECONCILIATION OF DILUTED EARNINGS PER SHARE

For the three-month periods ended 31 March					
Net earnings		Weighted average number of ordinary shares		Earnings per share	
2005	2004	2005	2004	2005	2004
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Net earnings	517,117	602,241	533,934	530,663	0.97 1.13
Effect of dilutive securities					
Preference shares					
(including 10.61 million warrants to purchase preference shares (2004 : 11.0 million warrants))					
-	-	196,266	194,973		
Diluted earnings per share					
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares					
517,117	602,241	730,200	725,636	0.71	0.83

23. CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents as reflect in the statements of cash flows as at 31 March 2005 and 2004 consist of the following :-

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	2005	2004	2005	2004
Cash	7,449	7,619	4,143	5,664
Cash at banks and financial institutions	1,218,415	1,340,100	247,572	376,645
Cash and cash equivalents	1,225,864	1,347,719	251,715	382,309

24. RELATED PARTY TRANSACTIONS

During the three-month periods ended 31 March 2005 and 2004, the Company had significant business transactions with its subsidiary and related companies (related by way of common shareholders and/or common directors). Such transactions have been concluded on the terms and basis as determined by the Company and those companies. Intercompany outstanding balances and transactions are summarised below :-

	(Unit : Thousand Baht)			
	The Company Only			
	Balance- beginning of the period	Increase	Decrease	Balance-end of the period
<u>Outstanding balance as at 31 March 2005</u>				
Subsidiary companies				
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.	1,455,000	-	(1,045,000)	410,000
Hi-Way Co., Ltd.	-	26,200	-	26,200
TISCO Leasing Co., Ltd.	-	15,000	-	15,000
Other subsidiary companies	21,748	-	(8,986)	12,762
Other liabilities :				
TISCO Securities Co., Ltd.	-	112,656	-	112,656

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated		The Company Only		Terms and pricing policy (For the period 2005)
	2005	2004	2005	2004	
Transactions occurred during the					
three-month periods ended 31 March					
Subsidiary companies					
Risk, financial and human resources management fee income	-	-	7,973	8,222	In accordance with the centralized policy for supporting activities of the Company and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Accounts receivable management fee income and office administration fee income	-	-	12,497	10,546	Reference to the terms and price as charged to other customers
Other income	-	-	1,900	2,232	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	-	-	11,526	10,941	In accordance with the centralized policy for supporting activities of the Company and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Other expenses	-	-	1,904	1,760	Reference to the terms and price as charged to other customers
Associated company					
Accounts receivable management fee income and office administration fee income	-	1,876	-	-	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 :

For the three-month period ended 31 March 2004 :

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.

For the three-month period ended 31 March 2005 :

The Company acquired investments in listed securities amounting to Baht 1,156 million from a subsidiary company. This subsidiary company recorded gain from this sales of investments amounting to Baht 28 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 March 2005, 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	8,283	8,283

As at 31 March 2005, 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 March 2005, 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.

25. FINANCIAL INFORMATION BY SEGMENT

Financial information relating to the finance business, securities business and other business segments as of 31 March 2005 and 31 December 2004 and for the three-month periods ended 31 March 2005 and 2004 is summarised below.

(Unit : Million Baht)

	For the three-month periods ended 31 March									
	Finance business		Securities business		Other business		Elimination		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest and dividend income after bad debt and doubtful accounts	1,399	789	10	13	-	-	(700)	(125)	709	677
Non-interest income	199	173	325	587	20	25	48	(60)	592	725
Operating expenses	(484)	(444)	(172)	(182)	(21)	(26)	52	48	(625)	(604)
Corporate income tax	(100)	(63)	(51)	(123)	-	-	-	-	(151)	(186)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(8)	(10)	(8)	(10)
Net earnings (loss)	1,014	455	112	295	(1)	(1)	(608)	(147)	517	602

(Unit : Million Baht)

	As at									
	Finance business		Securities business		Other business		Elimination		Total	
	31 March 2005	31 December 2004	31 March 2005	31 December 2004	31 March 2005	31 December 2004	31 March 2005	31 December 2004	31 March 2005	31 December 2004
Investments in securities	9,898	7,050	465	1,947	1	1	(3,790)	(3,786)	6,574	5,212
Loans, receivable and accrued interest receivable - net	54,191	52,127	1,495	736	-	-	(113)	(50)	55,573	52,813
Other assets	6,519	8,334	3,182	2,853	39	39	(1,149)	(2,955)	8,591	8,271
Total assets	70,608	67,511	5,142	5,536	40	40	(5,052)	(6,791)	70,738	66,296

26. COMMITMENTS AND CONTINGENT LIABILITIES**26.1 Litigation**

The Company and its subsidiaries were defendant in certain lawsuits involving compensation of approximately Baht 344 million. As at 31 March 2005, 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.

26.2 Commitments under interest rate swap agreement

(UNAUDITED BUT REVIEWED)

As at 31 March 2005, the Company has commitments under interest rate swap agreements covering nominal principal of Baht 5,450 million (as discussed in Note 27.2 to the financial statements).

26.3 Capital commitment

As at 31 March 2005, a subsidiary company has outstanding commitments of approximately Baht 100 million in respect of the uncalled portion of an investment in another subsidiary.

26.4 Other commitments

- a) The Company is obliged to make contributions to the Financial Institutions Development Fund, at the rate of 0.2 percent of the total outstanding balance of the Company's deposits, borrowings, and liabilities arising from borrowings, as of the last day of the previous six-month period. Contributions are to be made every 30 June and 31 December.
- b) A subsidiary company is required to pay a membership fee to the Stock Exchange of Thailand on a monthly basis, at a rate of 0.005 percent of the trading volume of its stock.
- 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.
- d) The Company has commitments in relation to office decoration service agreement of approximately Baht 20 million.

27. FINANCIAL INSTRUMENTS

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

As at 31 March 2005, the Company and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

27.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to 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

(UNAUDITED BUT REVIEWED)

ability to service debt of customers and credit review process, which examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future.

27.2 Interest rate risk

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

(Unit : Million Baht)

<u>Transactions</u>	Consolidated			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets				
Cash and deposits at financial institutions	888	11	327	1,226
Loans to financial institutions	-	1,140	-	1,140
Securities purchased under resale agreements	-	1,143	-	1,143
Investments in securities - net	164	1,967	4,443	6,574
Trading transactions with securities companies				
- receivable	-	-	514	514
Loans and receivable	5,956	50,629	3,234	59,819
	<u>7,008</u>	<u>54,890</u>	<u>8,518</u>	<u>70,416</u>
Financial liabilities				
Borrowings and deposits	1	46,921	243	47,165
Trading transactions with securities companies				
- liabilities	-	-	613	613
Securities business payable	471	-	1,387	1,858
Debentures	-	5,941	-	5,941
	<u>472</u>	<u>52,862</u>	<u>2,243</u>	<u>55,577</u>

(Unit : Million Baht)

<u>Transactions</u>	The Company Only			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets				
Cash and deposits at financial institutions	10	-	242	252
Securities purchased under resale agreements	-	1,143	-	1,143
Investments in securities - net	164	1,867	8,337	10,368
Loans and receivable	5,820	44,246	1,830	51,896
	<u>5,994</u>	<u>47,256</u>	<u>10,409</u>	<u>63,659</u>
Financial liabilities				
Borrowings and deposits	1	44,770	169	44,940
Debentures	-	5,131	-	5,131
	<u>1</u>	<u>49,901</u>	<u>169</u>	<u>50,071</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 1,150 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)

<u>Transactions</u>	Consolidated							Interest Rates (%)
	Repricing or maturity date						Total	
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years	Unspecified		
<u>Financial assets</u>								
Cash and deposits at financial institutions	-	1	10	-	-	-	11	0.477
Loans to financial institutions	358	782	-	-	-	-	1,140	1.805
Securities purchased under resale agreements	-	1,143	-	-	-	-	1,143	0.968
Investments in securities - net	-	1,481	5	468	13	-	1,967	2.572
Loans and receivable	1,461	6,849	14,964	25,387	1,650	318	50,629	7.996
	<u>1,819</u>	<u>10,256</u>	<u>14,979</u>	<u>25,855</u>	<u>1,663</u>	<u>318</u>	<u>54,890</u>	
<u>Financial liabilities</u>								
Borrowings and deposits	6,114	18,209	11,528	11,070	-	-	46,921	2.170
Debentures	-	-	-	5,941	-	-	5,941	4.032
	<u>6,114</u>	<u>18,209</u>	<u>11,528</u>	<u>17,011</u>	<u>-</u>	<u>-</u>	<u>52,862</u>	

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

		The Company Only						
		Repricing or maturity date						
Transactions	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years	Unspecified	Total	Interest Rates (%)
	Financial assets							
Securities purchased under resale agreements	-	1,143	-	-	-	-	1,143	0.9688
Investments in securities - net	-	1,382	4	468	13	-	1,867	2.5720
Loans and receivable	1,256	5,754	12,340	23,246	1,650	-	44,246	6.3434
	<u>1,256</u>	<u>8,279</u>	<u>12,344</u>	<u>23,714</u>	<u>1,663</u>	<u>-</u>	<u>47,256</u>	
Financial liabilities								
Borrowings and deposits	6,503	17,226	9,994	11,047	-	-	44,770	2.1084
Debentures	-	-	-	5,131	-	-	5,131	4.1610
	<u>6,503</u>	<u>17,226</u>	<u>9,994</u>	<u>16,178</u>	<u>-</u>	<u>-</u>	<u>49,901</u>	

27.3 Liquidity risk

The periods to maturity dates of financial instruments held as of 31 March 2005, counting from the balance sheet date, are as follows :-

		Consolidated						
		0-3 months	3-12 months	1 – 5 years	Over 5 years	Unspecified	Non performing loans	Total
Transactions	At call							
Financial assets								
Cash and deposits at financial institutions	1,074	142	10	-	-	-	-	1,226
Loans to financial institutions	358	782	-	-	-	-	-	1,140
Securities purchased under resale agreements	-	1,143	-	-	-	-	-	1,143
Investments in securities – net	3,461	1,477	70	486	163	917	-	6,574
Trading transactions with securities companies – receivable	-	514	-	-	-	-	-	514
Loans and receivable	1,035	8,436	15,346	28,817	2,730	-	3,455	59,819
	<u>5,928</u>	<u>12,494</u>	<u>15,426</u>	<u>29,303</u>	<u>2,893</u>	<u>917</u>	<u>3,455</u>	<u>70,416</u>
Financial liabilities								
Borrowings and deposits	6,345	18,209	11,528	11,070	-	13	-	47,165
Trading transactions with securities companies – liabilities	-	61	-	-	-	-	-	61
Securities business payable	475	1,383	-	-	-	-	-	1,858
Debentures	-	-	-	5,941	-	-	-	5,941
	<u>6,820</u>	<u>20,205</u>	<u>11,528</u>	<u>17,011</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>55,577</u>
Off - balance sheet items								
Aval to bills	-	1	-	-	-	-	-	1
Guarantees of loans and others	360	-	1	-	-	-	-	361

(Unit : Million Baht)

Transactions	The Company Only						Non	Total
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 years	Unspecified	performing Loans	
Financial assets								
Cash and deposits at financial institutions	252	-	-	-	-	-	-	252
Securities purchased under resale agreements	-	1,143	-	-	-	-	-	1,143
Investments in securities - net	3,461	1,382	4	482	163	4,876	-	10,368
Loans and receivable	958	5,933	12,825	26,704	2,730	-	2,746	51,896
	<u>4,671</u>	<u>8,458</u>	<u>12,829</u>	<u>27,186</u>	<u>2,893</u>	<u>4,876</u>	<u>2,746</u>	<u>63,659</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Borrowings and deposits	6,660	17,226	9,994	11,047	-	13	-	44,940
Debentures	-	-	-	5,131	-	-	-	5,131
	<u>6,660</u>	<u>17,226</u>	<u>9,994</u>	<u>16,178</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>50,071</u>
Off balance sheet items								
Aval to bills	-	1	-	-	-	-	-	1
Guarantees of loans and others	360	-	1	-	-	-	-	361

27.4 Foreign exchange risk

As at 31 March 2005, the Company did not have any financial instruments in foreign currencies except for its investment in a subsidiary company amounting to Baht 239 million.

27.5 Fair value

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

a) Financial assets

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

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 March 2005, there are no material differences between the book value of financial instruments and their fair value.

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

28. PRESENTATION

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.