

TISCO Financial Group Public Company Limited
and its subsidiary companies
Report and interim financial statements
For the three-month period ended 31 March 2009

Review report of Independent Auditor

To the Shareholders of TISCO Financial Group Public Company Limited

I have reviewed the accompanying consolidated balance sheet of TISCO Financial Group Public Company Limited and its subsidiaries ("TISCO Group" after holding restructuring) as at 31 March 2009, the related consolidated statements of income, changes in shareholders' equity, and cash flows for the three-month period ended 31 March 2009, and the separate financial statements of TISCO Financial Group Public Company Limited for the same period. 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 review.

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

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

The consolidated financial statements of TISCO Financial Group Public Company Limited and its subsidiaries for the year ended 31 December 2008 and the separate financial statements of TISCO Financial Group Public Company Limited for the period ended 31 December 2008 were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under his report dated 6 February 2009, expressed an unqualified audit opinion on those statements and draw attention to the basis of preparation of the consolidated financial statements of TISCO Group after the completion of the shareholding restructuring plan. The balance sheet as at 31 December 2008, as presented herein for comparative purposes, formed an integral part of the financial statements which have been audited and reported on by that auditor.

As mentioned in Note 1.2 to the financial statements, the Company has presented the consolidated financial statements of TISCO Bank Public Company Limited and its subsidiaries (“TISCO Group” before holding restructuring) to facilitate comparison by the financial statement users. The related consolidated statements of income, changes in shareholders’ equity, and cash flows for the three-month period ended 31 March 2008, together with notes to the consolidated financial statements, as presented herein for comparative purposes, form a part of interim financial statements which were reviewed by the aforementioned auditor, whose report dated 8 May 2008 stated that nothing had come to his attention that caused him to believe that the financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited
Bangkok: 12 May 2009

TISCO Financial Group Public Company Limited and its subsidiaries
Balance sheets

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2009	31 December 2008	31 March 2009	31 December 2008
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Cash		491,029	595,570	50	-
Interbank and money market items	3.1				
Domestic					
Interest bearing		9,372,922	13,469,083	252,977	27,992
Non-interest bearing		642,976	44,196	-	-
Foreign					
Interest bearing		78,362	77,693	-	-
Non-interest bearing		-	-	-	-
Total interbank and money market items - net		10,094,260	13,590,972	252,977	27,992
Investments	3.2,3.3,3.6				
Current investment - net		1,659,237	2,706,175	-	-
Long-term investment - net		7,236,162	2,649,307	-	-
Investment in subsidiaries - net		-	-	16,154,169	15,297,196
Net investments		8,895,399	5,355,482	16,154,169	15,297,196
Receivable from clearing house		195,804	-	-	-
Loans, receivables and accrued interest receivable	3.4,3.6				
Loans and receivables		107,336,070	103,109,706	-	-
Securities and derivatives business receivables		390,796	667,373	-	-
Total loans and receivables		107,726,866	103,777,079	-	-
Accrued interest receivable		125,477	136,704	-	-
Total loans, receivables and accrued interest receivable		107,852,343	103,913,783	-	-
Less: Allowance for doubtful accounts	3.5.1	(1,852,685)	(1,854,509)	-	-
Less: Allowance for loss on debt restructuring	3.5.3	(18)	(18)	-	-
Net loans, receivables and accrued interest receivable		105,999,640	102,059,256	-	-
Property foreclosed - net		1,022,955	1,005,709	-	-
Land, premises and equipment - net		1,680,958	1,658,578	759,697	772,831
Deferred tax assets	3.17	429,671	417,082	2,025	-
Other assets	3.7	1,657,085	1,490,488	65,350	14,126
Total assets		130,466,801	126,173,137	17,234,268	16,112,145

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

TISCO Financial Group Public Company Limited and its subsidiaries

Balance sheets (continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2009	31 December 2008	31 March 2009	31 December 2008
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Deposits in baht		63,813,605	58,822,618	-	-
Interbank and money market items					
Domestic - Interest bearing		5,717,124	5,727,883	3,170,000	2,600,000
Liability payable on demand		375,388	496,740	-	-
Borrowings	3.8				
Short-term borrowings		38,827,340	41,768,420	300,000	-
Long-term borrowings		6,552,202	4,899,302	-	-
Total borrowings		45,379,542	46,667,722	300,000	-
Payable to clearing house		20,362	339,141	-	-
Securities and derivative business payables		565,065	292,191	-	-
Accrued interest payable		623,600	878,536	986	-
Other liabilities	3.9	2,074,893	1,412,268	371,188	272,180
Total liabilities		118,569,579	114,637,099	3,842,174	2,872,180

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

TISCO Financial Group Public Company Limited and its subsidiaries

Balance sheets (continued)

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2009	31 December 2008	31 March 2009	31 December 2008
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital					
Registered		11,002,000	11,002,010	11,002,000	11,002,010
Issued and fully paid-up - registered					
183,427,226 Preference shares of Baht 10 each		1,834,272	-	1,834,272	-
541,179,179 Ordinary shares of Baht 10 each (31 December 2008: 1,000 ordinary shares of Baht 10 each)		5,411,792	10	5,411,792	10
		7,246,064	10	7,246,064	10
Issued and fully paid-up - awaiting to register					
31 December 2008: 183,427,226 Preference shares of Baht 10 each		-	1,834,272	-	1,834,272
31 December 2008: 541,179,179 Ordinary shares of Baht 10 each		-	5,411,792	-	5,411,792
		-	7,246,064	-	7,246,064
Share premium					
Share premium of preference shares		-	-	1,614,160	1,614,160
Share premium of ordinary shares		-	-	4,383,551	4,383,551
		-	-	5,997,711	5,997,711
		7,246,064	7,246,074	13,243,775	13,243,785
Adjustment from business combination of entities					
under common control under holding restructuring plan		656,755	656,755	-	-
Revaluation deficit on changes in the value of investment	3.12	(460,793)	(398,992)	-	-
Unrealised losses on cash flow hedges		(35,175)	-	-	-
Translation adjustment		79,900	78,102	-	-
Retained earnings (deficit) - unappropriated		4,289,747	3,835,779	148,319	(3,820)
Equity attributable to the Company's shareholders		11,776,498	11,417,718	13,392,094	13,239,965
Non-controlling interest - equity attributable to minority shareholders of subsidiaries		120,724	118,320	-	-
Total shareholders' equity		11,897,222	11,536,038	13,392,094	13,239,965
Total liabilities and shareholders' equity		130,466,801	126,173,137	17,234,268	16,112,145
		-	-	-	-
<u>Off-balance sheet items - contingencies</u>	3.21				
Aval to bills and guarantees of loans		94,422	70,697	-	-
Other commitments		3,108,135	7,477,492	-	-

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

Mr. Pliu Mangkornkanok
(Group Chief Executive Officer)

Mrs. Oranuch Apisaksirikul
(President)

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Income statements****For the three-month periods ended 31 March 2009 and 2008**

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

	After holding restructuring	Before holding restructuring	
	Consolidated financial statements of TISCO Financial Group Plc. and its subsidiaries	Consolidated financial statements of TISCO Bank Plc. and its subsidiaries	Separate financial statements of TISCO Financial Group Plc.
Note	<u>2009</u>	<u>2008</u>	<u>2009</u>
Interest and dividend income			
Loans	317,215	268,745	-
Interbank and money market items	68,679	64,736	214
Hire purchase and financial lease income	1,555,656	1,381,639	-
Investments	133,487	89,127	1,470
Total interest and dividend income	2,075,037	1,804,247	1,684
Interest expenses			
Deposits	406,951	449,737	-
Interbank and money market items	52,030	37,136	31,241
Short-term borrowings	302,011	210,568	986
Long-term borrowings	68,948	62,876	-
Total interest expenses	829,940	760,317	32,227
Net interest and dividend income	1,245,097	1,043,930	(30,543)
Bad debt and doubtful accounts	(292,939)	(232,279)	-
Net interest and dividend income after bad debt and doubtful accounts	952,158	811,651	(30,543)
Non-interest income			
Brokerage fees	67,376	135,324	-
Gain (loss) on investments	(5,158)	13,229	-
Loss on derivatives	(75)	(4,205)	-
Fees and service income			
Acceptances, aval and guarantees	1,313	1,468	-
Insurance services	158,414	161,281	-
Fund management	97,006	100,292	-
Others	73,825	77,529	301,671
Gain (loss) on exchange	8,436	(10,305)	-
Other income	126,543	90,873	13,376
Total non-interest income	527,680	565,486	315,047
Total net income	1,479,838	1,377,137	284,504

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Income statements (continued)****For the three-month periods ended 31 March 2009 and 2008**

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

	After holding restructuring	Before holding restructuring	
	Consolidated financial statements of TISCO Financial Group Plc. and its subsidiaries	Consolidated financial statements of TISCO Bank Plc. and its subsidiaries	Separate financial statements of TISCO Financial Group Plc.
Note	<u>2009</u>	<u>2008</u>	<u>2009</u>
Non-interest expenses			
Personnel expenses	407,420	406,521	46,923
Premises and equipment expenses	166,203	136,872	25,170
Taxes and duties	29,153	25,250	521
Fees and service expenses	78,201	91,475	4,968
Directors' remuneration	2,095	2,205	2,095
Other expenses	3.16 156,444	118,454	3,628
Total non-interest expenses	<u>839,516</u>	<u>780,777</u>	<u>83,305</u>
Income before income tax	640,322	596,360	201,199
Corporate income tax	3.17 (182,420)	(167,272)	(49,060)
Net income for the period	<u>457,902</u>	<u>429,088</u>	<u>152,139</u>
Net income attributable to			
Equity holders of the parent	453,968	429,088	<u>152,139</u>
Non-controlling interests of the subsidiaries	3,934	-	
	<u>457,902</u>	<u>429,088</u>	
Earnings per share			
	3.18		
Basic earnings per share			
Net income attributable to equity holders of the parent	<u>0.56</u>	<u>0.53</u>	<u>0.15</u>
Diluted earnings per share			
Net income attributable to equity holders of the parent	<u>0.56</u>	<u>0.53</u>	<u>0.15</u>

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statements

For the three-month periods ended 31 March 2009 and 2008

(Unit: Thousand Baht)

	After holding restructuring	Before holding restructuring	
	Consolidated financial statements of TISCO Financial Group Plc. and its subsidiaries	Consolidated financial statements of TISCO Bank Plc. and its subsidiaries	Separate financial statements of TISCO Financial Group Plc.
	<u>2009</u>	<u>2008</u>	<u>2009</u>
Cash flows from operating activities			
Income before corporate income tax	640,322	596,360	201,199
Adjustments to reconcile net income before corporate income tax to net cash provided by (paid from) operating activities			
Depreciation and amortisation	72,503	57,931	13,979
Bad debt and doubtful accounts	374,459	355,151	-
Allowance for impairment of investments	11,404	290	-
Allowance for impairment of property foreclosed (reversal)	3,263	(199)	-
Gain on disposal of investments	(8,040)	(8,473)	-
Unrealised loss (gain) on exchange rate	(8,436)	10,305	-
Loss on sales of equipment	1,682	232	-
Unrealised loss on securities for trading	1,794	-	-
Gain from disposal of property foreclosed	(6,991)	(10,977)	-
Decrease (increase) in others income receivables	23,859	19,512	(23,973)
Increase in accrued expenses	563,633	80,738	40,751
Income from operating activities before changes in operating assets and liabilities	1,669,452	1,100,870	231,956
Decrease (increase) in operating assets			
Interbank and money market items	4,510,292	(7,756,703)	(224,984)
Securities purchased under resale agreements	-	2,400,000	-
Investment in trading securities	-	27,720	-
Receivable from clearing house	(195,803)	(224,590)	-
Loans and receivables	(4,054,902)	(4,518,513)	-
Securities and derivatives business receivables	276,577	820,994	-
Property foreclosed	527,463	431,640	-
Other assets	(202,204)	(43,900)	(25,581)

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Cash flow statements (continued)****For the three-month periods ended 31 March 2009 and 2008**

(Unit: Thousand Baht)

	After holding restructuring	Before holding restructuring	
	Consolidated financial statements of TISCO Financial Group Plc. and its subsidiaries	Consolidated financial statements of TISCO Bank Plc. and its subsidiaries	Separate financial statements of TISCO Financial Group Plc.
	<u>2009</u>	<u>2008</u>	<u>2009</u>
Increase (decrease) in operating liabilities			
Deposits	4,990,988	25,931,810	-
Interbank and money market items	(10,759)	(1,960,946)	570,000
Liability payable on demand	(121,353)	(9,330)	-
Borrowings	(9,327,274)	(13,801,761)	300,000
Payable to clearing house	(318,779)	(532,513)	-
Securities and derivative business payables	272,874	(56,227)	-
Other liabilities	(477,736)	(32,908)	24,535
	(2,461,164)	1,775,643	875,926
Net interest and dividend income	(1,245,097)	(1,043,930)	30,543
Cash received from interest	2,064,208	1,766,038	13
Cash paid for interest	(1,084,001)	(703,626)	(31,241)
Cash paid for corporate income tax	(40,823)	(13,571)	(17,364)
Net cash flows from (used in) operating activities	(2,766,877)	1,780,554	857,877
Cash flows from investing activities			
Cash paid for purchase of investment in securities held for investment	(1,751,154)	(4,185,169)	-
Proceed from sales of investment in securities held for investment	3,479,154	2,370,319	-
Cash paid for purchase of equipment	(60,301)	(64,237)	(844)
Cash received from disposal of equipment	1,642	822	-
Cash received from dividend	9,170	11,003	-
Cash paid for decrease in ordinary share	-	-	(10)
Cash paid for acquisition of a subsidiary (Note 4.2)	(856,973)	-	(856,973)
Net cash flows from (used in) investing activities	821,538	(1,867,262)	(857,827)
Cash flows from financing activities			
Cash received from issue of long-term debentures	2,000,000	-	-
Cash paid for redemption of long-term debentures	(161,000)	-	-
Cash received from exchange of warrants to purchase preference shares	-	14,457	-
Net cash flows from (used in) financing activities	1,839,000	14,457	-
Translation adjustment	1,798	(8,317)	-
Net increase (decrease) in cash	(104,541)	(80,568)	50
Cash at beginning of the period	595,570	439,899	-
Cash at end of the period	491,029	359,331	50
	-	-	-

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the three-month period ended 31 March 2008

(Unit: Thousand Baht)

	Before holding restructuring - Consolidated financial statements of TISCO Bank Plc. and its subsidiaries											
	Equity attributable to the parent's shareholders										Non-controlling interest equity attributable to minority shareholders of subsidiaries	Total
	Issued and fully paid-up share capital		Share premium		Revaluation surplus on changes in value of investment	Translation adjustment	Statutory reserve	Retained earnings - unappropriated	Total equity attributable to the parent's shareholders			
	Preference shares	Ordinary shares	Preference shares	Ordinary shares								
Balance as at 31 December 2007	1,827,754	5,446,171	84,925	36,500	751,139	73,873	486,800	3,666,443	12,373,605	-		
Incomes (expenses) recognised directly in equity												
Decrease in fair value of investments	-	-	-	-	(292,539)	-	-	-	(292,539)	-	(292,539)	
Decrease in translation adjustment	-	-	-	-	-	(8,317)	-	-	(8,317)	-	(8,317)	
Deferred tax recognised in shareholders' equity	-	-	-	-	87,762	-	-	-	87,762	-	87,762	
Incomes (expenses) recognised directly in equity	-	-	-	-	(204,777)	(8,317)	-	-	(213,094)	-	(213,094)	
Net income for the period	-	-	-	-	-	-	-	429,088	429,088	-	429,088	
Total incomes (expenses) for the period	-	-	-	-	(204,777)	(8,317)	-	429,088	215,994	-	215,994	
Warrants converted to preference shares	6,607	-	7,850	-	-	-	-	-	14,457	-	14,457	
Balance as at 31 March 2008	<u>1,834,361</u>	<u>5,446,171</u>	<u>92,775</u>	<u>36,500</u>	<u>546,362</u>	<u>65,556</u>	<u>486,800</u>	<u>4,095,531</u>	<u>12,604,056</u>	<u>-</u>	<u>12,604,056</u>	

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2009

(Unit: Thousand Baht)

After holding restructuring - Consolidated financial statements of TISCO Financial Group Plc. and its subsidiaries										
Equity attributable to the parent's shareholders										
	Issued and fully paid-up share capital (Consist of registered part and awaiting to be registered part)		Adjustment from business combination of entities under common control under holding restructuring plan	Revaluation deficit on changes in value of investment	Unrealised losses on cash flow hedges	Translation adjustment	Retained earnings - unappropriated	Total equity attributable to the parent's shareholders	Non-controlling interest equity attributable to minority shareholders of subsidiaries	Total
Balance as at 31 December 2008	1,834,272	5,411,802	656,755	(398,992)	-	78,102	3,835,779	11,417,718	118,320	11,536,038
Incomes (expenses) recognised directly in equity										
Decrease in fair value of investments	-	-	-	(88,287)	-	-	-	(88,287)	-	(88,287)
Unrealised losses on cash flow hedges	-	-	-	-	(50,250)	-	-	(50,250)	-	(50,250)
Increase in translation adjustment	-	-	-	-	-	1,798	-	1,798	-	1,798
Deferred tax recognised in shareholders' equity	-	-	-	26,486	15,075	-	-	41,561	-	41,561
Incomes (expenses) recognised directly in equity	-	-	-	(61,801)	(35,175)	1,798	-	(95,178)	-	(95,178)
Net income for the period	-	-	-	-	-	-	453,968	453,968	3,934	457,902
Total incomes (expenses) for the period	-	-	-	(61,801)	(35,175)	1,798	453,968	358,790	3,934	362,724
Decrease ordinary share	-	(10)	-	-	-	-	-	(10)	-	(10)
Decrease in non-controlling interest in subsidiary companies	-	-	-	-	-	-	-	-	(1,530)	(1,530)
Balance as at 31 March 2009	<u>1,834,272</u>	<u>5,411,792</u>	<u>656,755</u>	<u>(460,793)</u>	<u>(35,175)</u>	<u>79,900</u>	<u>4,289,747</u>	<u>11,776,498</u>	<u>120,724</u>	<u>11,897,222</u>

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2009

(Unit: Thousand Baht)

	Separate financial statements							Total
	Issued and fully paid-up share capital		awaiting for registered		Share premium		Retained earnings (deficit) -	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares	unappropriated	
Balance as at 31 December 2008	-	10	1,834,272	5,411,792	1,614,160	4,383,551	(3,820)	13,239,965
Decrease ordinary share	-	(10)	-	-	-	-	-	(10)
Net income for the period	-	-	-	-	-	-	152,139	152,139
Registered the issuance of preference shares and ordinary shares to the shareholders under holding restructuring under common control	1,834,272	5,411,792	(1,834,272)	(5,411,792)	-	-	-	-
Balance as at 31 March 2009	<u>1,834,272</u>	<u>5,411,792</u>	<u>-</u>	<u>-</u>	<u>1,614,160</u>	<u>4,383,551</u>	<u>148,319</u>	<u>13,392,094</u>

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

TISCO Financial Group Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month period ended 31 March 2009

1. Basis of preparation and presentation of financial statements and significant accounting policies

1.1 Basis of preparation of interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standards No.41 (revised 2007) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, the statements of income, changes in shareholders' equity and cash flows in the same format as that used for 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.

The Company did not present the separate statement of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2008 of TISCO Financial Group Public Company Limited for comparative purposes, because the Company was established on 22 August 2008.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.

1.2 Basis of preparation of consolidated financial statements

a) The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2008. The change in the shareholding structure during the period is as follows:

On 2 March 2009, the Company acquired investments in Primus Leasing Company Limited and holds 100% of this company's equity. The Company therefore has management control over this company and considers it to be a subsidiary. The balance sheet of Primus Leasing Company Limited as at 31 March 2009 and the results of its operations for the period as from 2 March 2009 to 31 March 2009 are included in the consolidated interim financial statements.

- b) For comparative purposes and to facilitate comparison by the financial statement users, the Company has presented consolidated financial statements of TISCO Bank Public Company Limited and its subsidiaries (“TISCO Group” before holding restructuring), consisting of consolidated statements of income, changes in shareholders’ equity and cash flows for the three-month period ended 31 March 2008, together with notes to the consolidated financial statements.

1.3 Adoption of new accounting standards

1.3.1 Accounting standards which effective for the current year

The Federation of Accounting Professions has issued Notification No. 86/2551 mandating the use of the following new accounting standards.

TAS 36 (revised 2007) Impairment of Assets

TAS 54 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that they do not have any significant impact on the financial statements for the current period.

1.4 Significant accounting policies

These interim financial statements are prepared by using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2008.

2. General information

2.1 The Company’s information

On 22 August 2008, TISCO Group Holding Public Company Limited was incorporated as a public company under Thai law and on 4 September 2008, the Company changed its name to TISCO Financial Group Public Company Limited (“the Company”). The Company’s principal activity is a holding company. Upon completion of the holding company restructuring plan on 9 January 2009, the Company became the parent company of TISCO Group in place of TISCO Bank Public Company Limited (“TISCO Bank”). On 15 January 2009, the securities of the Company were listed on the Stock Exchange of Thailand in place of those of TISCO Bank.

Its registered address is 48/49 TISCO Tower, 21st Floor, North Sathorn Road, Silom, Bangrak, Bangkok.

2.2 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

The Company has significant business transactions with related parties. These transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties, which are reference to the terms and price as charged to other customers.

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 percent 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 loans to related party and loans to employees under the employee welfare scheme, as mentioned in Note 3.19 to the financial statements.

A subsidiary company operating banking business has neither provided any credit nor made any commitments to companies which have directors in common with such subsidiary in cases where such credit is unsecured or not fully collateralised and therefore would require approval from the Bank of Thailand.

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 authorised directors.

3. Details of financial statements

3.1 Interbank and money market items (assets)

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements		Type of pledge
	as at		
	31 March 2009	31 December 2008	
Cash at banks of a local subsidiary	10	10	To secure facilities provided for bank overdraft

3.2 Investments

(Unit: Thousand Baht)

Consolidated financial statements as at			
31 March 2009		31 December 2008	
Cost /		Cost /	
Book value	Fair value	Book value	Fair value
<u>Current investments</u>			
Trading securities			
Equity securities:			
Domestic marketable equity securities	35,375	35,839	35,393
Add (less): Allowance for changes in value	464		2,258
Net equity securities	35,839		37,651
Total trading securities	35,839		37,651
Available-for-sales securities			
Debt securities:			
Government and state enterprise securities	655,666	656,266	416,953
Debt securities of private sector	721,398	728,687	201,617
Foreign debt securities	-	-	1,869,822
Total	1,377,064	1,384,953	2,488,392
Add (less): Allowance for changes in value	9,349		8,174
Exchange difference	-		(208,191)
Less: Allowance for impairment	(1,460)		(1,460)
Debt securities - net	1,384,953		2,286,915
Equity securities:			
Unit trust	80,000	63,576	60,000
Add (less): Allowance for changes in value	(16,424)		(14,253)
Net equity securities	63,576		45,747
Total available-for-sales securities	1,448,529		2,332,662
Held-to-maturity debt securities - due within 1 year			
Debt securities:			
Government and state enterprise securities	174,867		335,860
Debt securities of private sector	2		2
Total held-to-maturity debt securities - due within 1 year	174,869		335,862
Net current investments	1,659,237		2,706,175

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements as at			
	31 March 2009		31 December 2008	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Long-term investments				
Available-for-sales securities				
Debt securities:				
Debt securities of private sector	100,000	99,213	100,000	99,895
Add (less): Allowance for changes in value	(787)		(105)	
Debt securities - net	99,213		99,895	
Equity securities:				
Domestic marketable equity securities	1,086,032	680,962	1,086,032	767,563
Unit trusts	9,157	5,503	9,157	5,511
Total	1,095,189	686,465	1,095,189	773,074
Add (less): Allowance for changes in value	(408,724)		(322,115)	
Net equity securities	686,465		773,074	
Total available-for-sales securities	785,678		872,969	
Other investments				
Equity securities:				
Domestic non-marketable equity securities	711,546		712,985	
Investments in receivables	5,820,535		1,133,545	
Total	6,532,081		1,846,530	
Less: Allowance for impairment	(81,597)		(70,192)	
Total other investments	6,450,484		1,776,338	
Net long-term investments	7,236,162		2,649,307	
Net investments	8,895,399		5,355,482	

3.2.1 Held-to-maturity debt securities with the Ministry of Finance under the Tier I and Tier II capital support scheme

(Unit: Million Baht)

	Consolidated financial statements		Remark
	as at		
	31 March 2009	31 December 2008	
Government bonds	170	331	(As at 31 March 2009) These bonds are redeemable within a 10-year period, maturing in 2009, and carry interest at rate of 5% per annum.

(Unaudited but reviewed)

3.2.2 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements		Type of restriction
	as at		
	31 March 2009	31 December 2008	
Government debt securities	6	6	Pledged for electricity usage

3.2.3 Investments in companies with weak financial positions and poor operating results of a subsidiary company operating banking business

(Unit: Thousand Baht)

	Consolidated financial statements		
	as at 31 March 2009		
	Cost	Fair value	Allowance for changes in value ⁽¹⁾
Companies having problems with debt repayment or in default	7,060	-	7,060

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

3.3 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Separate financial statements						Dividend received for the three-month period ended
		Paid-up share capital		Percentage of shares held by the Company		Cost		
		as at		as at		as at		
		31 March 2009	31 December 2008	31 March 2009	31 December 2008	31 March 2009	31 December 2008	
Subsidiary companies directly held								
by the Company:								
TISCO Bank Public Company Limited	Banking	7,282	7,282	99.51	99.51	13,244	13,244	-
TISCO Securities Co., Ltd.	Securities business	1,500	1,500	99.99	99.99	1,575	1,575	-
TISCO Asset Management Co., Ltd.	Asset management	100	100	99.99	99.99	110	110	-
Hi-Way Co., Ltd.	Hire purchase	100	100	99.99	99.99	273	273	-
TISCO Information Technology Co., Ltd.	Services	20	20	99.99	99.99	22	22	-
TISCO Tokyo Leasing Co., Ltd.	Leasing	60	60	49.00	49.00	73	73	1
Primus Leasing Co., Ltd.	Hire purchase	752	-	100.00	-	857	-	-
						16,154	15,297	1

3.4 Loans, receivables and accrued interest receivable

3.4.1 Classified by type of loan and receivable

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at	
	31 March 2009	31 December 2008
Loans and receivables		
Loans	20,801,754	18,200,354
Hire purchase and financial lease receivables		
Hire purchase and financial lease receivables	99,305,748	97,436,863
Add (less): Unearned income	(13,478,190)	(13,200,245)
: Deferred commissions and direct expenses incurred at the initiation of hire purchase	732,321	698,790
: Advances received from financial lease receivables	(25,563)	(26,056)
Net hire purchase and financial lease receivables	86,534,316	84,909,352
Total loans and receivables	107,336,070	103,109,706
Add: Accrued interest receivable	125,477	136,704
Less: Allowance for doubtful accounts	(1,851,059)	(1,852,875)
Less: Allowance for loss on debt restructuring	(18)	(18)
Net loans, receivables and accrued interest receivable	105,610,470	101,393,517
Securities and derivatives business receivables		
Securities business receivable:		
Customers' cash accounts	389,323	665,835
Other receivables		
Installment receivables	1,473	1,538
Total securities business receivables	390,796	667,373
Less: Allowance for doubtful accounts	(1,626)	(1,634)
Net securities business receivables	389,170	665,739
 Net loans, receivables and accrued interest receivable	 105,999,640	 102,059,256

3.4.2 Loans and receivables of subsidiary companies for which the recognition of interest income has ceased

(Unit: Million Baht)

TISCO Bank	Amounts calculated under BOT's guidelines ⁽²⁾		Amounts calculated under TISCO Bank's policy	
	as at		as at	
	31 March 2009	31 December 2008	31 March 2009	31 December 2008
Loans and receivables for which the recognition of interest income has ceased ⁽¹⁾	3,513	3,241	3,677 ⁽³⁾	3,405 ⁽³⁾

⁽¹⁾ These amounts are calculated on an account by account basis.

⁽²⁾ Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.

⁽³⁾ Loans and receivables totaling Baht 1,477 million (31 December 2008: Baht 1,396 million), 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.

(Unit: Million Baht)

Other subsidiaries	As at	
	31 March 2009	31 December 2008
	Securities business loans and receivables, hire purchase receivables, financial lease receivables and other loans and receivables for which the recognition of interest income has ceased	397 ⁽¹⁾

⁽¹⁾ Baht 26 million of such amounts being loans and receivables (31 December 2008: Baht 30 million), for which a 100 percent allowance for doubtful debts has been provided.

3.4.3 Unearned interest income which is presented as a deduction against loans and receivables of subsidiaries

(Unit: Million Baht)

	Consolidated financial statements as at	
	31 March 2009	31 December 2008
	Unearned interest income ⁽¹⁾	12,995

⁽¹⁾ These amounts included unearned interest income of hire purchase and finance lease contracts which is stated net of commissions and direct expenses incurred at the initiation of hire purchase.

(Unaudited but reviewed)

3.4.4 Outstanding balances (net of collateral) of restructured loans and receivables and receivables which are being restructured of a subsidiary company operating banking business

(Unit: Million Baht)

	As at 31 March 2009
Restructured loans and receivables ⁽¹⁾	305
Loans and receivables which are being restructured	34

⁽¹⁾ As a result of restructuring, the due date for the first repayment of these restructured loans and receivables has been rescheduled.

3.4.5 Troubled debt restructuring of a subsidiary company operating banking business

- Debt restructuring during the period

	For the three-month periods ended 31 March	
	2009	2008
Debtors restructured during the period		
Number of debtors restructured by modification of terms (number)	7	7
Loan balances before restructuring (million Baht)	297	314
Loss on troubled debt restructuring (million Baht)	-	-
Interest income on restructured receivables (million Baht)	8	13
Receipt of principal and interest (million Baht)	39	84

- The balance of the restructured debts

(Unit: Million Baht)

	As at	
	31 March 2009	31 December 2008
The balance of the restructured debts	1,418	1,142

3.5 Allowance for doubtful accounts / allowance for loss on debt restructuring

(Unit: Million Baht)

Allowance for doubtful accounts / allowance for loss on debt restructuring	As at	
	31 March 2009	31 December 2008
Amount to be provided under BOT's guidelines	1,325	1,270
Amount already recorded by TISCO Bank	1,613 ⁽¹⁾	1,604 ⁽¹⁾
Amount in excess of the required amount	288	334

⁽¹⁾ The allowance for doubtful debts consists of allowance for doubtful debts of Baht 812 million (31 December 2008: Baht 758 million) set aside for the unsecured portion of loans amounting to Baht 1,477 million (31 December 2008: Baht 1,396 million) at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 801 million (31 December 2008: Baht 846 million) set up for the other loans and receivables.

3.5.1 Allowance for doubtful accounts - classified by the receivables classification

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 March 2009						Total
	Pass	Special mentioned	Sub standard	Doubtful	Doubtful of loss	General reserve	
Balance - beginning of period	411,506	37,822	245,648	195,792	697,002	266,739	1,854,509
Increase (decrease) in allowance for doubtful accounts during the period	15,723	14,646	144,672	189,537	87,060	(35,981)	415,657
Bad debt written-off	(295)	(13,689)	(164,391)	(196,325)	(42,781)	-	(417,481)
Balance - end of period	426,934	38,779	225,929	189,004	741,281	230,758	1,852,685

3.5.2 Allowance for doubtful accounts - classified by loan loss provisioning method

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 March 2009			Total
	Individual impairment	Collective impairment	General reserve	
Balance - beginning of period	554,750	1,033,020	266,739	1,854,509
Increase (decrease) in allowance for doubtful accounts during the period	32,809	418,829	(35,981)	415,657
Bad debt written-off	(6,629)	(410,852)	-	(417,481)
Balance - end of period	580,930	1,040,997	230,758	1,852,685

3.5.3 Allowance for loss on debt restructuring of a subsidiary company operating banking business

(Unit: Thousand Baht)

	As at	
	31 March 2009	31 December 2008
Balance - beginning of period	18	538
Increase during the period	-	18
Write off/transfer to general reserve	-	(538)
Balance - end of period	<u>18</u>	<u>18</u>

3.5.4 Non-performing loans and receivables of a subsidiary company operating banking business

(Unit: Million Baht)

	As at	
	31 March 2009	31 December 2008
Non-performing loans and receivables	2,633	2,566
Allowance for doubtful accounts	939	911

3.6 Classification of assets

3.6.1 Investments in companies with weak financial position and poor operating results of a subsidiary company operating banking business

(Unit: Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	as at		as at		as at	
	31 March 2009	31 December 2008	31 March 2009	31 December 2008	31 March 2009	31 December 2008
Debt instruments - debentures ⁽²⁾	1	1	-	-	1	1
Equity instruments - ordinary shares ⁽³⁾	6	6	-	-	6	6

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

⁽²⁾ Investments in subordinated debentures issued by financial institutions which the Bank of Thailand ordered closed on 8 December 1997.

⁽³⁾ Investments in securities of companies which are vulnerable to delisting, of companies of which the auditors have expressed opinions citing the going concern issue, or of companies which have defaulted on interest payment.

3.6.2 Classification of assets under the Bank of Thailand's guidelines of a subsidiary company operating banking business

(Unit: Million Baht)

	Debt balance		Debt balance after		Allowance for doubtful accounts			
	as at		net of collateral		Amounts to be provided under		Amounts already set up	
					BOT's guidelines		by TISCO Bank	
	31 March	31 December	31 March	31 December	as at		as at	
2009	2008	2009	2008	31 March	31 December	31 March	31 December	
2009	2008	2009	2008	2009	2008	2009	2008	
Loans and receivables ⁽¹⁾⁽²⁾⁽³⁾								
Pass	106,148	105,512	87,766	92,419	407	380	413	396
Special mentioned	6,709	6,563	6,629	6,489	30	30	30	30
Substandard	1,025	978	973	954	129	147	129	147
Doubtful	337	378	299	337	131	139	131	139
Doubtful of loss	1,271	1,210	645	588	628	575	679	625
Total	115,490	114,641	96,312	100,787	1,325	1,271	1,382	1,337
Loss on receivables under								
troubled debt restructuring	-	-	-	-	-	-	-	-
Total	115,490	114,641	96,312	100,787	1,325	1,271	1,382	1,337
General reserve							231	267
Total							1,613	1,604
Investments in securities								
Doubtful of loss								
Debt instruments	3	203	3	203	3	203	3	203
Equity instruments	67	67	67	67	67	67	67	67
Total	70	270	70	270	70	270	70	270
Investments in receivables								
Doubtful of loss	35	36	35	36	35	36	35	36
Properties foreclosed								
Doubtful of loss	47	43	47	43	47	43	47	43
Total classified assets	115,642	114,990	96,464	101,136	1,477	1,620	1,765	1,953

⁽¹⁾ Allowance for doubtful accounts for loans and receivables is determined based on debt balance less collateral value in accordance with the BOT's guidelines (except for hire purchase receivables, for which TISCO Bank does not deduct the collateral value from the outstanding loan balance).

⁽²⁾ Interest receivables are not included in the pass and special mentioned debt balances.

⁽³⁾ Loans and receivables include investment in debt securities under resale agreements of BOT and other commercial banks and loans to financial institutions (which presented as part of interbank and money market items (assets) in the balance sheet).

3.6.3 Classification of assets under the Bank of Thailand's guidelines for hire purchase receivables on which a subsidiary company operating banking business sets aside provision using a collective approach

(Unit: Million Baht)

	Debt balance		Debt balance		Percentage of allowance for doubtful account set up ⁽²⁾	Allowance for doubtful accounts	
	as at		after net of collateral value			as at	
	31 March	31 December	31 March	31 December		31 March	31 December
	2009	2008	2009	2008		2009	2008
Hire purchase receivables ⁽¹⁾							
Pass	74,428	72,859	74,428	72,859	0.43	325	316
Special mentioned	6,516	6,375	6,516	6,375	0.43	28	27
Substandard	948	937	948	937	32	104	130
Doubtful	281	324	281	324	32	112	126
Doubtful of loss	284	236	284	236	32	268	223

⁽¹⁾ TISCO Bank does not deduct the collateral value from the outstanding loan balance for calculation allowance for doubtful accounts for hire purchase receivables.

⁽²⁾ These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts.

3.6.4 Loans and receivables includes debts due from companies with weak financial position and operating results of a subsidiary company operating banking business

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	as at		as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2009	2008	2009	2008	2009	2008	2009	2008
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	3	3	279	279	182	182	146	147
3. Listed companies whose shares have been suspended from trading	-	-	-	-	-	-	-	-
4. Listed companies under rehabilitation	2	2	86	92	12	12	75	81
5. Companies which have loan settlement problems or have defaulted on payment of debts	2	2	345	339	276	276	69	63
6. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	7	7	710	710	470	470	290	291

(Unaudited but reviewed)

3.6.5 Classification of assets of the securities business of a local subsidiary in accordance with the Notification of the Office of the Securities and Exchange Commission

(Unit: Million Baht)

	Securities business		Allowance		Allowance for doubtful	
	receivables and		for doubtful accounts		accounts provided	
	accrued interest		as required by SEC		in the accounts	
	as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2009	2008	2009	2008	2009	2008
Doubtful	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

3.6.6 Hire purchase receivables/financial lease receivables and other loan receivables of the other subsidiaries classified by the due date of the contracts

(Unit: Million Baht)

	Debt balance		Allowance for		Debt balance - net	
	as at		doubtful account		as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2009	2008	2009	2008	2009	2008
Current	2,957	3,026	11	11	2,946	3,015
Overdue						
1 month	321	325	3	3	318	322
2 - 3 months	398	411	8	8	390	403
4 - 6 months	194	197	97	99	97	98
7 - 12 months	117	114	58	57	59	57
Over 12 months	60	70	30	35	30	35
Debtors under litigation	30	35	30	35	-	-
Total	<u>4,077</u>	<u>4,178</u>	<u>237</u>	<u>248</u>	<u>3,840</u>	<u>3,930</u>

(Unaudited but reviewed)

3.7 Other assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 March 2009	31 December 2008	31 March 2009	31 December 2008
Value added tax - net	543,524	248,021	1,094	3,895
Accrued interest receivable	24,807	25,676	-	-
Fee and charges receivable	170,097	192,010	23,973	-
Prepaid income tax	48,165	31,097	-	-
Deferred computer system development cost - net	150,697	143,644	12,118	10,229
Deposits	26,855	25,865	-	-
Other receivables	308,586	368,940	20,498	-
Financial derivatives assets	-	197,909	-	-
Other assets	384,354	257,326	7,667	2
Total other assets	1,657,085	1,490,488	65,350	14,126

3.8 Borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements
	as at		as at
	31 March 2009	31 December 2008	31 March 2009
<u>Domestic borrowings</u>			
Subordinated unsecured debentures issued by the Ministry of Finance, in accordance with the conditions of the Tier II capital support scheme	170,000	331,000	-
Subordinated unsecured debentures	2,000,000	-	-
Unsubordinated unsecured debentures	4,000,000	4,000,000	-
Bills of exchange	39,171,972	42,299,118	-
Promissory note	37,570	37,604	-
Loan agreement (Note 4.3)	-	-	300,000
Total	45,379,542	46,667,722	300,000

3.8.1 Subordinated unsecured debentures

Year	Issuer	Type of debenture	Units		Face value per unit (Baht)	Balance as at (Million Baht)		Maturity in the year	Interest rate
			31 March 2009	31 December 2008		31 March 2009	31 December 2008		
			2009	TISCO Bank		Subordinated and unsecured long-term debentures	2 million		
Total						2,000	-		

3.8.2 Unsubordinated unsecured debentures

Year	Issuer	Type of debenture	Units		Face value per unit (Baht)	Balance as at (Million Baht)		Maturity in the year	Interest rate
			31 March 2009	31 December 2008		31 March 2009	31 December 2008		
			2007	TISCO Bank		Unsubordinated and unsecured long-term debentures	3 million		
2007	TISCO Bank	Unsubordinated and unsecured long-term debentures	1 million	1 million	1,000	1,000	1,000	2012	4.04 percent per annum.
Total						4,000	4,000		

3.8.3 Bills of exchange

Bills of exchange bear fixed interest rates between 1 and 5.05 percent per annum and mature between 2009 and 2013.

The subsidiary companies operating banking business and leasing business have entered into interest rate swap agreements to swap the floating interest rates on some bills of exchange for fixed interest rates, as mentioned in Note 3.22.5 to the financial statements.

3.8.4 Promissory note

As of 31 March 2009, the subsidiary company operating banking business had an outstanding promissory note amounting to Baht 38 million, carrying interest at a fixed rate of 1% plus a reference rate specified in the contract that is calculated based on the SET50 Index, and maturing in 2009

That subsidiary company enters into a call option agreement, under which rewards will be reference to SET50 Index. Therefore, the net return is equal to the issue of fixed effective return rate promissory note, as mentioned in Note 3.22.5 to the financial statements.

3.9 Other liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 March 2009	31 December 2008	31 March 2009	31 December 2008
Corporate income tax payable	89,129	42,247	33,721	-
Withholding tax and other tax payable	545,463	166,999	37,268	1
Accrued insurance premium	534,686	634,127	-	-
Deferred income	135,312	131,322	287,000	-
Accrued expenses	256,609	142,757	5,170	700
Other liabilities	513,694	294,816	8,029	271,479
Total other liabilities	2,074,893	1,412,268	371,188	272,180

3.10 Warrants

Under the holding company restructuring plan, the Company received the transfer of 970,250 warrants to purchase preference shares from TISCO Bank. These warrants were allocated in the year 2004 and have an exercise price of Baht 21.88 per share, with the exercise period ending in August 2009.

3.11 Capital funds

The primary objectives of the Group's capital management are to maintain its ability to continue as a going concern and to maintain capital adequacy ratio in accordance with the regulations of Bank of Thailand.

(Unaudited but reviewed)

Capital funds of the subsidiary company operating banking business are as follows:

(Unit: Thousand Baht)

As at

	31 March 2009	31 December 2008
<u>Tier I</u>		
Issued and fully paid up share capital	7,281,523	7,281,523
Premium on share capital	130,451	130,451
Statutory reserve	486,800	486,800
Retained earnings - unappropriated	2,491,136	2,491,136
Total Tier I	<u>10,389,910</u>	<u>10,389,910</u>
<u>Tier II</u>		
Subordinated long-term debentures	2,034,000	66,200
Reserve for loans classified as pass	406,869	380,640
Total Tier II	<u>2,440,869</u>	<u>446,840</u>
Total capital fund	<u>12,830,779</u>	<u>10,836,750</u>

As at

Capital ratios	31 March 2009		31 December 2008	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Tier I capital to risk assets	10.16%	4.25%	11.23%	4.25%
Total capital to risk assets	12.54%	8.50%	11.71%	8.50%

3.12 Deficit on changes in the value of investments

(Unit: Thousand Baht)

Consolidated financial statements
as at

	31 March 2009	31 December 2008
Balance - beginning of period	(496,329)	756,634
Decrease from changes in the value of securities during the period	(88,287)	(1,252,963)
	(584,616)	(496,329)
Add: The effect of deferred tax assets	123,823	97,337
Balance - end of period	<u>(460,793)</u>	<u>(398,992)</u>

3.13 Gain (loss) on investments

(Unit: Thousand Baht)

Consolidated financial statements
for the three-month periods
ended 31 March

	2009	2008
		(Before holding restructuring)
Allowance for impairment of investments	(13,199)	(290)
Realised gain on investments	8,041	13,519
Total	(5,158)	13,229

3.14 Loss from trading derivatives

(Unit: Thousand Baht)

Consolidated financial statements
for the three-month periods
ended 31 March

	2009	2008
		(Before holding restructuring)
Realised loss on derivatives trading	(75)	(4,205)
Total	(75)	(4,205)

3.15 Other income

(Unit: Thousand Baht)

	Consolidated financial statements for the three-month periods ended 31 March		Separate financial statements for the three-month period ended 31 March
	2009	2008	2009
		(Before holding restructuring)	
Penalty fee income from loans	41,304	33,624	-
Gains on disposal of property foreclosed	6,991	10,977	-
Rental income	12,279	5,242	13,318
Others	65,969	41,030	58
Total	126,543	90,873	13,376

(Unaudited but reviewed)

3.16 Other expenses

	Consolidated		(Unit: Thousand Baht)
	financial statements		Separate
	for the three-month		financial statements
	periods ended 31 March		for the three-month
			period ended 31 March
	2009	2008	2009
	(Before holding restructuring)		
Contributions to the Financial Institutions			
Development Fund / Deposit Protection Agency	49,389	35,209	-
Allowance for impairment of property foreclosed	3,263	-	-
Mailing expenses	11,068	10,280	-
Loan losses from court - ordered executions	12,390	6,152	-
Transportation expenses	14,531	16,220	1,077
Advertising and promotion expenses	20,063	7,501	200
Others	45,740	43,092	2,351
Total	156,444	118,454	3,628

3.17 Corporate income tax

	Consolidated		(Unit: Thousand Baht)
	financial statements		Separate
	for the three-month		financial statements
	periods ended 31 March		for the three-month
			period ended 31 March
	2009	2008	2009
	(Before holding restructuring)		
Income tax payable on taxable profit for the period	162,590	151,769	51,085
Add (less): Net decrease (increase) in deferred tax on temporary differences	19,928	9,981	(2,025)
Adjustment in respect of current income tax of prior year	(98)	5,522	-
Income tax expenses - net	182,420	167,272	49,060

(Unaudited but reviewed)

The temporary differences giving rise to the deferred tax assets and deferred tax liabilities arose from the following.

(Unit: Thousand Baht)

	Consolidated		Separate
	financial statements		financial statements
	as at		as at
	31 March 2009	31 December 2008	31 March 2009
Allowance for doubtful accounts (general reserve)	465,371	509,268	-
Allowance for doubtful accounts for VAT receivables	-	4,047	-
Allowance for impairment of investments	181,447	218,824	-
Allowance for impairment of property foreclosed	46,763	43,499	-
Non-accrual of interest income	689,105	689,976	-
Depreciation of assets	91,105	117,636	7,111
Financial leases	(56,001)	4,587	-
Revaluation deficit on changes in the value of investments	412,745	325,994	-
Unrealised gain on derivatives	9	(866)	-
Unrealised losses on cash flow hedges	50,250	-	-
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(725,219)	(692,248)	-
Loss on disposal of property foreclosed	113,262	112,613	-
Deferred subsidised income	68,967	52,273	-
Loss carried forward	91,256	-	-
Others	3,177	4,669	(362)
	<u>1,432,237</u>	<u>1,390,272</u>	<u>6,749</u>
Deferred tax assets (30%)	<u>429,671</u>	<u>417,082</u>	<u>2,025</u>
Financial leases	-	91,183	-
Allowance for doubtful accounts	-	(3,060)	-
Loss carried forward	-	(81,390)	-
Allowance for impairment of other assets	-	(900)	-
	<u>-</u>	<u>5,833</u>	<u>-</u>
Deferred tax liabilities (30%)	<u>-</u>	<u>1,750</u>	<u>-</u>

3.18 Earnings per share

The computation of basic and diluted earnings per share is listed below.

Consolidated financial statements					
For the three-month periods ended 31 March					
Net income		Weighted average number of ordinary shares		Earnings per share	
2009	2008	2009	2008	2009	2008
(Before holding restructuring)		(Before holding restructuring)		(Before holding restructuring)	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Net income attributable to equity holders of the parent					
453,968	429,088				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period					
(45,875)	(45,778)				
408,093	383,310	724,606	727,727	0.56	0.53
Effect of dilutive potential ordinary shares					
Warrants to purchase preference shares					
-	-	-	1,406		
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion to ordinary shares					
408,093	383,310	724,606	729,133	0.56	0.53
Separate financial statements					
For the three-month period ended 31 March 2009					
Net income		Weighted average number of ordinary shares		Earnings per share	
Thousand Baht		Thousand shares		Baht	
Basic earnings per share					
Net income attributable to equity holders of the parent					
		152,139			
Less: Dividend paid to preference shares in preference to the ordinary shares for the period					
		(45,875)			
		106,264	724,606	0.15	
Effect of dilutive potential ordinary shares					
Warrants to purchase preference shares					
		-	-		
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion to ordinary shares					
		106,264	724,606	0.15	

Dividend paid to preference shares in preference to the ordinary shares for the period calculated from the 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 Baht 1 per share on a time proportion basis. However, since 30 June 2009, the rights and benefits of the preference shareholders shall be equal to the holders of ordinary shares.

In calculating diluted earnings per share for the three-month period ended 31 March 2009 the number of potential ordinary shares that the Company may have to issue for warrants to purchase preference share has not been taken into account, because exercise price of the warrants is higher than the fair value of the Company's preference shares.

3.19 Related party transactions

	(Unit: Thousand Baht)			
	Balance - beginning of period	Increase	Decrease	Balance - end of period
Outstanding balance as at 31 March 2009				
(Eliminated in consolidated financial statements)				
Subsidiary companies				
Interbank and money market items (assets):				
TISCO Bank Public Company Limited	27,992	235,200	(10,216)	252,976
Interbank and money market items (liabilities):				
TISCO Bank Public Company Limited	2,600,000	570,000	-	3,170,000
Dividend receivable:				
TISCO Tokyo Leasing Co., Ltd.	-	1,470	-	1,470
Other assets:				
TISCO Securities Co., Ltd.	-	7,036	-	7,036
Hi-Way Co., Ltd.	-	4,500	-	4,500
TISCO Information Technology Co., Ltd.	-	12,242	-	12,242
Borrowings:				
Primus Leasing Co., Ltd.	-	300,000	-	300,000
Other liabilities:				
TISCO Leasing Co., Ltd.	270,464	-	(270,464)	-
TISCO Bank Public Company Limited	-	250,125	-	250,125
TISCO Securities Co., Ltd.	-	35,681	-	35,681
TISCO Asset Management Co., Ltd.	-	4,500	-	4,500
Primus Leasing Co., Ltd.	-	986	-	986

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements	Terms and pricing policy
		(For the period 2009)
<u>Transactions occurred during the three-month period ended 31 March 2009</u>		
(Eliminate in consolidated financial statement)		
Subsidiary companies		
Risk and financial management fee income, human resources management fee income and office administration fee income	301,500	In accordance with the centralised policy for supporting activities of the Company and related companies, which was approved by the Bank of Thailand
Other income	12,378	With reference to the terms and prices as offered to other customers
Computer system advisory services expenses	3,750	In accordance with the centralised policy for supporting activities of the Company and related companies, which was approved by the Bank of Thailand
Interest expenses	32,227	With reference to the terms and prices as offered to other customers (carrying interest at rates between 4 and 5 percent per annum)
Other expenses	3,000	With reference to the terms and prices as offered to other customers

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at	
	31 March 2009	31 December 2008
Loans	2,384	2,939

Besides the above transactions, the Company has additional related party transactions with its subsidiaries, which are presented in Note 4.3 to the financial statements.

3.20 Financial information by segment

3.20.1 Financial information by business segment

(Unit: Million Baht)

	For the three-month periods ended 31 March									
	Bank		Securities				Elimination		Total	
	business/financial		business		Other business					
	service business		business		Other business		Elimination		Total	
2009	2008 ⁽¹⁾	2009	2008 ⁽¹⁾	2009	2008 ⁽¹⁾	2009	2008 ⁽¹⁾	2009	2008 ⁽¹⁾	
Net interest and dividend										
income after bad debt and										
doubtful accounts	979	1,476	18	19	(30)	-	(15)	(683)	952	812
Non-interest income	403	304	202	284	385	50	(462)	(73)	528	565
Non-interest expenses	(879)	(599)	(196)	(211)	(151)	(44)	387	73	(839)	(781)
Corporate income tax	(125)	(139)	(8)	(28)	(50)	-	-	-	(183)	(167)
Non-controlling interests of										
the subsidiaries	-	-	-	-	-	-	(4)	-	(4)	-
Net income for the period	<u>378</u>	<u>1,042</u>	<u>16</u>	<u>64</u>	<u>154</u>	<u>6</u>	<u>(94)</u>	<u>(683)</u>	<u>454</u>	<u>429</u>

⁽¹⁾ Before holding restructuring

(Unit: Million Baht)

	As at									
	Bank business/financial		Securities business				Elimination		Total	
	service business		business		Other business					
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	
Investments	8,048	4,506	984	1,002	16,155	15,298	(16,292)	(15,451)	8,895	5,355
Loans, receivables and										
accrued interest										
receivable - net	109,082	103,997	389	666	-	-	(3,471)	(2,604)	106,000	102,059
Other assets	15,191	17,683	1,160	1,003	1,145	857	(1,924)	(784)	15,572	18,759
Total assets	<u>132,321</u>	<u>126,186</u>	<u>2,533</u>	<u>2,671</u>	<u>17,300</u>	<u>16,155</u>	<u>(21,687)</u>	<u>(18,839)</u>	<u>130,467</u>	<u>126,173</u>

3.20.2 Significant operating results by domestic and foreign activities

(Unit: Million Baht)

	For the three-month periods ended 31 March							
	2009				2008			
	Domestic	Foreign	Elimination	Total	(Before holding restructuring)			
	Domestic	Foreign	Elimination	Total	Domestic	Foreign	Elimination	Total
Net interest and dividend income after bad debt and doubtful accounts	967	-	(15)	952	1,495	-	(683)	812
Non-interest income	990	-	(462)	528	638	-	(73)	565
Non-interest expenses	(1,225)	(1)	387	(839)	(850)	(4)	73	(781)
Corporate income tax	(183)	-	-	(183)	(167)	-	-	(167)
Non-controlling interests of the subsidiaries	-	-	(4)	(4)	-	-	-	-
Net income for the period	<u>549</u>	<u>(1)</u>	<u>(94)</u>	<u>454</u>	<u>1,116</u>	<u>(4)</u>	<u>(683)</u>	<u>429</u>

3.21 Commitments and contingent liabilities

3.21.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at	
	31 March 2009	31 December 2008
Avals	94,422	70,697
Guarantees of loans	966,257	984,125
Obligations covering principal under interest rate swap agreements (Note 3.22.5)	2,125,918	2,297,717
Obligations covering principal under a call option agreement (Note 3.22.5)	15,960	15,960
Obligations for cross currency swap agreements	-	4,179,690
	<u>3,202,557</u>	<u>7,548,189</u>

3.21.2 Litigation

As at 31 March 2009, the Company and its subsidiaries have been sued for compensation totaling approximately Baht 147 million. Final judgments have not yet been reached in respect of these cases.

In December 2005, a foreign subsidiary received a letter from the solicitor of one of its clients, requesting payment of damages amounting to HKD 46.6 million (equivalent to Baht 214 million as at 31 March 2009). However, suit has not been filed with a court in respect of this claim.

The management of the Company and its subsidiaries believe that neither the Company nor the subsidiaries will suffer material loss as a result of the above mentioned lawsuits and request for damages.

3.21.3 Other commitments

- a) The subsidiary company operating banking business has commitments in relation to computer service agreements, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.
- b) The subsidiary companies have entered into several lease agreements in respect of the lease of office building and branch office. The terms of the agreements are generally between 3 and 10 years.

As at 31 March 2009, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	<u>Million Baht</u>
Payable within:	
Less than 1 year	59
1 to 5 years	81
More than 5 years	14

3.22 Financial instruments

There have been no significant changes in the risk management policy of TISCO Group during the current period.

3.22.1 Credit risk

TISCO Group is exposed to credit risk primarily with respect to loans, receivables and guarantees of loans and others. The maximum exposure to credit risk is limited to the carrying amount of loans and receivables as stated in the balance sheets.

Quality of risk from provision of hire purchase receivables by a subsidiary operating banking business, which comprises the largest portion of credit granted by the Group, is as detailed below.

The risk of hire purchase credit that is not overdue of the subsidiary operating banking business can be classified into three groups, based on quality of risk in respect of expected losses within one year. These are “Very High Grade”, “High Grade” and “Medium Grade”, with “Very High Grade” credit defined as credit from which expected losses over the next year are less than or equal to 0.2% of the balance; “High Grade” as credit from which losses within one year are expected to be between 0.2% and 2.0% and “Medium Grade” as credit from which losses within one year are expected to exceed 2% of the balance.

Credit risk of hire purchase receivables classified by quality of credit is as follows:

	(Unit: Million Baht)	
	As at	
	31 March 2009	31 December 2008
Neither past due nor impaired		
Very high grade	56,165	53,755
High grade	16,036	16,642
Medium grade	2,227	2,462
Sub total	74,428	72,859
Hire purchase receivables - overdue 1 - 3 months	6,516	6,375
Hire purchase receivables - overdue more than 3 months	1,513	1,497
Total	82,457	80,731

3.22.2 Market risk

3.22.2.1 Market risk - Marketable portfolio

The following table shows the VaR calculation for marketable portfolio position at the balance sheet date. The VaR that the Group measures is an estimate, using a confidence level of 99%, of TISCO potential loss that is not expected to be exceeded if the current marketable portfolio position were to be held unchanged for one year.

(Unit: Million Baht)

	Market risk	
	as at	
	31 March 2009	31 December 2008
Marketable financial assets		
Equity securities	629	581
Debts securities	35	6
Foreign currencies	15	18

3.22.2.2 Market risk sensitivity - Interest bearing assets and liabilities

The market risk sensitivity of interest bearing assets and liabilities is measured by assessing the effect of changes in interest rates on the net interest income over a period of one year, based on the fixed interest bearing asset and liability positions held by the Group at the balance sheet date. In making such assessment, changes in interest rates are applied prospectively and normal increases in assets and liabilities are not taken into account as presented below.

(Unit: Million Baht)

	Increase (decrease) in sensitivity	
	of net interest income	
	as at	
	31 March 2009	31 December 2008
Change in interest rate		
Increase 1 percent	(248.39)	(241.15)
Decrease 1 percent	248.39	241.15

However, to better reflect a realistic business environment, the sensitivity to interest rate risk is adjusted taking into account that business growth and interest rate shift are actually gradual, the interest rate sensitivity is estimated at 20% to 50% of the net interest income presented in the table above. This market risk sensitivity of interest bearing assets and liabilities are not included in marketable debt securities, which presented in the market risk - marketable portfolio.

3.22.2.3 Interest rate risk

The Company and its subsidiaries have the following significant exposures to interest rate risk, relating to financial instruments.

(Unit: Million Baht)

Consolidated financial statements				
as at 31 March 2009				
Outstanding balances of financial instruments				
<u>Transactions</u>	<u>Floating</u> <u>interest rate</u>	<u>Fixed</u> <u>interest rate</u>	<u>Without</u> <u>interest</u>	<u>Total</u>
<u>Financial assets</u>				
Cash	-	-	491	491
Interbank and money market items	128	9,324	642	10,094
Investments - net	216	7,245	1,434	8,895
Receivable from clearing house	-	-	196	196
Loans and receivables	10,583	96,441	828	107,852
	<u>10,927</u>	<u>113,010</u>	<u>3,591</u>	<u>127,528</u>
<u>Financial liabilities</u>				
Deposits	16,150	47,593	71	63,814
Interbank and money market items	1,213	4,504	-	5,717
Liabilities payable on demand	-	-	375	375
Borrowings	-	45,380	-	45,380
Payable to clearing house	-	-	20	20
Securities and derivative business payables	3	-	562	565
	<u>17,366</u>	<u>97,477</u>	<u>1,028</u>	<u>115,871</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements
as at 31 March 2009

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial assets</u>				
Interbank and money market items	18	235	-	253
Investments - net	-	-	16,154	16,154
	<u>18</u>	<u>235</u>	<u>16,154</u>	<u>16,407</u>
<u>Financial liabilities</u>				
Interbank and money market items	-	3,170	-	3,170
Borrowings	-	300	-	300
	<u>-</u>	<u>3,470</u>	<u>-</u>	<u>3,470</u>

Financial instruments which bear interest rate at fixed rates are classified below by the period from the balance sheet date to the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

<u>Transactions</u>	Consolidated financial statements as at 31 March 2009						
	At call	Repricing or maturity date				Total	Interest rates (%)
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>							
Interbank and money market items	47	9,277	-	-	-	9,324	1.3781
Investments - net	96	645	1,038	5,170	296	7,245	7.9025
Loans and receivables	1,212	11,319	22,667	59,764	1,479	96,441	7.9079
	<u>1,355</u>	<u>21,241</u>	<u>23,705</u>	<u>64,934</u>	<u>1,775</u>	<u>113,010</u>	
<u>Financial liabilities</u>							
Deposits	2,142	26,091	17,880	1,480	-	47,593	3.3823
Interbank and money market items	789	1,477	1,476	762	-	4,504	3.2646
Borrowings	3,668	22,435	12,380	4,897	2,000	45,380	2.7525
	<u>6,599</u>	<u>50,003</u>	<u>31,736</u>	<u>7,139</u>	<u>2,000</u>	<u>97,477</u>	

(Unit: Million Baht)

<u>Transactions</u>	Separate financial statements as at 31 March 2009						
	At call	Repricing or maturity date				Total	Interest rates (%)
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>							
Interbank and money market items	235	-	-	-	-	235	1.25
	<u>235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235</u>	
<u>Financial liabilities</u>							
Interbank and money market items	3,170	-	-	-	-	3,170	4.00
Borrowings	-	-	300	-	-	300	4.00
	<u>3,170</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>3,470</u>	

The balances of loans and receivables (including those on which interest recognition has been ceased) shown in the above table are presented before deducting allowance for doubtful accounts.

3.22.3 Liquidity risk

Counting from the balance sheet date, as at 31 March 2009, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 March 2009

<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non performing loans	Total
<u>Financial assets</u>								
Cash	491	-	-	-	-	-	-	491
Interbank and money market items	817	9,277	-	-	-	-	-	10,094
Investments - net	676	749	1,038	5,339	296	797	-	8,895
Receivable from clearing house	-	196	-	-	-	-	-	196
Loans and receivables	18	12,130	23,789	65,090	2,915	-	3,910	107,852
	<u>2,002</u>	<u>22,352</u>	<u>24,827</u>	<u>70,429</u>	<u>3,211</u>	<u>797</u>	<u>3,910</u>	<u>127,528</u>
<u>Financial liabilities</u>								
Deposits	18,363	26,091	17,880	1,480	-	-	-	63,814
Interbank and money market items	816	1,657	1,968	1,276	-	-	-	5,717
Liabilities payable on demand	375	-	-	-	-	-	-	375
Borrowings	3,668	22,435	12,380	4,897	2,000	-	-	45,380
Payable to clearing house	-	20	-	-	-	-	-	20
Securities and derivative business payables	3	562	-	-	-	-	-	565
	<u>23,225</u>	<u>50,765</u>	<u>32,228</u>	<u>7,653</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>115,871</u>
<u>Off-balance sheet items</u>								
Aval to bills and guarantees of loans	-	30	52	12	-	-	-	94
Other commitments	-	211	1,449	1,014	-	434	-	3,108

(Unit: Million Baht)

Separate financial statements as at 31 March 2009

<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non performing loans	Total
<u>Financial assets</u>								
Interbank and money market items	253	-	-	-	-	-	-	253
Investments - net	-	-	-	-	-	16,154	-	16,154
	<u>253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,154</u>	<u>-</u>	<u>16,407</u>
<u>Financial liabilities</u>								
Interbank and money market items	3,170	-	-	-	-	-	-	3,170
Borrowings	-	-	300	-	-	-	-	300
	<u>3,170</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,470</u>

3.22.4 Foreign exchange risk

As at 31 March 2009, the Company and its subsidiaries had the following significant financial instruments in foreign currencies.

- a) Investment in the subsidiaries indirectly owned by the Company amounting to HKD 35 million (under the cost method equivalent to Baht 133 million).
- b) Cash at bank of the subsidiaries indirectly owned by the Company amounting to HKD 17 million (equivalent to Baht 78 million).

3.22.5 Derivatives

The subsidiaries have a policy to enter into transactions involving financial derivative instruments, for trading and hedging risks.

As at 31 March 2009, the subsidiaries have the following financial derivative instruments.

- a) Financial derivative instruments classified as derivatives held for trading

- a.1) The subsidiary operating banking business entered into interest rate swap agreements to manage the risk associated with its interest-bearing financial liabilities. The subsidiary has signed contracts to pay interest at a fixed rate and receive interest at a floating rate, as follows:

(Unit: Million Baht)

Maturity	Notional amount	Fair value gain (loss)
2010	380	(9)
2012	300	8

- a.2) The subsidiary operating banking business entered into a call option contract, under which returns are linked to the SET50 Index, and the option can only be exercised at the maturity date (European-style). The contract is intended to hedge the risk associated with the promissory note mentioned in Note 3.8.4 to the financial statements.

(Unit: Million Baht)

Maturity	Notional amount	Fair value gain (loss)
2009	16	(1)

b) Financial derivative instruments classified as derivatives for cash flow hedges

The subsidiary operating leasing business entered into interest rate swap agreements to manage the risk associated with its interest-bearing financial liabilities. Such subsidiary has signed contracts to pay interest at a fixed rate and receive interest at a floating rate, as follows:

(Unit: Million Baht)		
Maturity	Notional amount	Fair value gain (loss)
2013	1,446	(50)

The hedged cash flows are expected to occur and when they are expected to affect income statements are in the periods as follows:

(Unit: Million Baht)		
	Less than 1 year	1 - 4 years
Interest expenses	26	17

The net loss on cash flow hedges transferred from shareholders' equity to the income statement for the three-month period ended 31 March 2009, and arose from interest payment under interest rate swap contracts used to hedge cash flows as follows:

(Unit: Million Baht)	
For the three-month period ended 31 March 2009	
Interest expenses	6

3.22.6 Fair value of financial instruments

The fair value of significant financial instruments of the Company and its subsidiaries are presented below.

(Unit: Million Baht)

<u>Transactions</u>	As at			
	31 March 2009		31 December 2008	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
<u>Financial assets</u>				
Interbank and money market items	10,094	10,094	13,591	13,591
Investments - net	8,895	8,895	5,355	5,355
Loans and receivables	106,000	107,095	102,059	102,806
<u>Financial liabilities</u>				
Deposits	63,814	63,814	58,823	58,823
Interbank and money market items	5,717	5,717	5,728	5,728
Liabilities payable on demand	375	375	497	497
Borrowings	45,380	45,380	46,668	46,642
Payable to clearing house	20	20	339	339
Securities and derivative business payables	565	565	292	292

In estimating the fair value of financial instruments, an allowance for doubtful debt is deducted based on the relative risk. The book values of financial instruments are the values net of the full amount of such allowance for doubtful debt.

4. Significant events during the period and other information

4.1 Holding restructuring

The Company has performed in accordance with the shareholding restructuring plan. On 9 January 2009, the Company reported that it held 541,179,179 ordinary shares, 183,427,226 preference shares and 970,250 warrants to purchase preference shares, representing a 99.51% shareholding, in TISCO Bank.

Upon completion of the shareholding restructuring, the Company became the parent company of TISCO Group, holding 99.51% of TISCO Bank's paid up shares, and acquiring shareholdings in other subsidiary companies equal to those previously held by TISCO Bank (except those companies in the process of dissolution or liquidation). In accordance with the holding restructuring plan, the Company has already recorded assets transferred from its subsidiary companies, together with the purchase of a 49% holding in TISCO Tokyo Leasing Company Limited.

On 13 January 2009, the Company registered a paid-up share capital of Baht 7,246,064,050 (541,179,179 ordinary shares and 183,427,226 preference shares, both with a par value of Baht 10 each) with the Ministry of Commerce. In addition, on 16 January 2009 the Company registered the decrease in its initial capital of Baht 10,000 (1,000 ordinary shares with a par value of Baht 10 each) with the Ministry of Commerce in order to prevent crossholding after the completion of the shareholding restructuring of TISCO Group.

On 15 January 2009, TISCO Bank delisted its shares from the Stock Exchange of Thailand in accordance with the Group shareholding restructuring plan, and the shares of TISCO Financial Group Public Company Limited were listed on the Stock Exchange of Thailand in place of those of TISCO Bank.

4.2 Acquisition of subsidiary

On 2 March 2009, the Company acquired a 100% stake in Primus Leasing Company Limited from the former shareholders. As a result, the Company has management control over this company and considers it to be a subsidiary. The Company has paid the purchase price of approximately Baht 857 million. In accordance with the condition in the share purchase agreement, the purchase price will be adjusted to reflect the audited net asset value of Primus Leasing Company Limited as at 28 February 2009 after the audit results are received. The management believes that the audited net asset value will not differ significantly. The above transaction was approved by the Company's Extraordinary General Meeting of the Shareholders No.2/2008 on 23 December 2008 and by the Bank of Thailand on 27 February 2009.

Fair values of net assets of Primus Leasing Company Limited as at the acquisition date (2 March 2009) are as follows:

	(Unit: Million Baht)	
	Fair value	Book value
Interbank and money market items (assets) - deposits	1,014	1,014
Hire purchase and finance leases receivables - net	5,134	5,032
Property foreclosed	10	10
Other debtors	1,250	1,250
Other assets	65	65
Total asset	<u>7,473</u>	<u>7,371</u>
Borrowings	6,200	6,200
Other liabilities	416	416
Total liabilities	<u>6,616</u>	<u>6,616</u>
Net assets	<u>857</u>	<u>755</u>

On 2 March 2009, TISCO Bank entered into an assignment agreement to acquire rights of claim over hire purchase receivables, lease receivables and property foreclosed of Primus Leasing Company Limited for a total consideration of approximately Baht 5,144 million, which was at fair value. The fair value of receivables was calculated by discounting cash flow projections under the hire purchase and lease contracts. The discount rate applied was the current new business (new car) rate of TISCO Bank. The fair value of property foreclosed was reference from market price. The purchase price was paid to that company on 24 April 2009. Primus Leasing Company Limited recorded a gain from the sale of Baht 102 million.

4.3 Related party transactions

Besides the related party transactions as described in Note 3.19 to the financial statements, during the three-month period ended 31 March 2009, there are related party transactions with its related companies under TISCO Group, as presented below. Gain or loss occurred from the related party transactions of TISCO Group was eliminated from the consolidated financial statements.

As at 31 March 2009, the Company had an outstanding borrowing totaling Baht 300 million from Primus Leasing Company Limited under a loan agreement, subject to interest at a fixed rate of 4% per annum. The loan matures within 2010. The Company recorded this borrowing under "Short-term borrowings" in the balance sheet in the separate financial statements.

As at 31 March 2009, the Company had an outstanding borrowing totaling Baht 3,170 million from TISCO Bank under a call promissory note, carrying interest at a fixed rate of 4% per annum and maturing within 2009. The Company recorded this borrowing under "Interbank and money market items (liabilities)" in the balance sheet in the separate financial statements.

4.4 Significant events of subsidiaries

4.4.1 Capital returns from a subsidiary

In January 2009, TISCO Bank received the return of capital from the reduction of registered share capital of TISCO Leasing Company Limited amounting to Baht 168 million.

4.4.2 Reduction of a subsidiary's registered share capital

A resolution passed by the Annual General Meeting of the Shareholders of Primus Leasing Company Limited, on 27 March 2009, approved a decrease in that company's registered share capital from Baht 751.80 million (7,518,000 ordinary shares of Baht 100 each) to Baht 187.95 million (1,879,500 ordinary shares of Baht 100 each). On 4 May 2009, the company registered the decrease in its registered share capital with the Ministry of Commerce.

4.5 Economic crisis

The financial crisis experienced by the United States over the past year has had far reaching adverse effect on the global economy and may effect economic and operating results of Thailand enterprises. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to its normalcy. These financial statements have been prepared on the bases of facts currently known to the Company and its subsidiaries, and on estimates and assumptions currently considered appropriate, which may change due to future uncertainties.

5. Subsequent event

On 24 April 2009, the 2009 Annual General Meeting of Shareholders of the Company passed the following resolutions.

- a) Approve a dividend payment to shareholders listed in the register as of 6 May 2009 in respect of the 2008 operating results. The dividend is Baht 2.00 per share for the preference shareholders and Baht 1.00 per share for the ordinary shareholders, and is to be paid on 22 May 2009. Moreover, the 2009 Annual General Meeting of shareholders of the Company also passed a delegated authority to the Board of Directors to approve a special dividend payment for the first-half of 2009 operating results. The special dividend payment will be subject to the economic conditions and group performance as appropriate.
- b) Approve the acquisition of the remaining 0.49 percent of shares in TISCO Bank from the minority shareholders after the completion of shareholding restructuring plan of TISCO Group. The shareholders delegated the authority to the Company's Board of Directors to determine the share swap process as appropriate. Nevertheless, the swap price or the cash purchase price shall not exceed the book value of TISCO Bank as at the transaction date and shall not exceed the previous swap price.

6. Approval of interim financial statements

These interim financial statements were approved by the Company's Audit Committee on 12 May 2009.