

TISCO Financial Group Public Company Limited  
and its subsidiary companies  
Report and financial statements  
For the years ended 31 December 2009 and 2008

## **Report of Independent Auditor**

To the Shareholders of TISCO Financial Group Public Company Limited

I have audited the accompanying consolidated balance sheet of TISCO Financial Group Public Company Limited and its subsidiaries as at 31 December 2009, the related consolidated statements of income, changes in shareholders' equity, and cash flow for the year ended 31 December 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 express an opinion on these financial statements based on my audit. The consolidated financial statements of TISCO Financial Group Public Company Limited and its subsidiaries as at 31 December 2008 and for the year then ended and the separate financial statements of TISCO Financial Group Public Company Limited as at 31 December 2008 and for the period as from 22 August 2008 (the Company's incorporation date) to 31 December 2008, as presented herein for comparative purposes, were audited 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.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Financial Group Public Company Limited and its subsidiaries and of TISCO Financial Group Public Company Limited as at 31 December 2009, and the results of their operation, and cash flows for the year then ended in accordance with generally accepted accounting principles.

Supachai Phanyawattano  
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited  
Bangkok: 8 February 2010

TISCO Financial Group Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Assets</b>					
Cash		826,526,233	595,570,347	50,000	-
Interbank and money market items	3.2				
Domestic					
Interest bearing		10,452,308,437	13,469,082,429	426,404,500	27,992,087
Non-interest bearing		2,191,309,753	44,195,931	-	-
Foreign					
Interest bearing		64,626,083	77,693,216	-	-
Non-interest bearing		-	26	-	-
Total interbank and money market items - net		12,708,244,273	13,590,971,602	426,404,500	27,992,087
Investments	3.3,3.4,3.7				
Current investment - net		2,628,124,929	2,706,174,952	-	-
Long-term investment - net		6,809,821,841	2,649,306,996	-	-
Investment in subsidiaries - net		-	-	15,369,421,314	15,297,196,349
Net investments		9,437,946,770	5,355,481,948	15,369,421,314	15,297,196,349
Receivable from clearing house		139,724,828	700	-	-
Loans, receivables and accrued interest receivable	3.5,3.7				
Loans and receivables		113,232,976,867	103,109,705,688	1,475,000,000	-
Securities and derivatives business receivables		1,016,338,987	667,372,933	-	-
Total loans and receivables		114,249,315,854	103,777,078,621	1,475,000,000	-
Accrued interest receivable		116,856,703	136,704,347	-	-
Total loans, receivables and accrued interest receivable		114,366,172,557	103,913,782,968	1,475,000,000	-
Less: Allowance for doubtful accounts	3.6.1, 3.6.2	(2,425,265,350)	(1,854,509,254)	-	-
Less: Allowance for loss on debt restructuring	3.6.4	(18,258)	(18,258)	-	-
Net loans, receivables and accrued interest receivable		111,940,888,949	102,059,255,456	1,475,000,000	-
Property foreclosed - net	3.8	49,170,844	1,005,709,117	-	-
Land, premises and equipment - net	3.9	1,558,671,038	1,658,578,523	727,931,989	772,831,040
Deferred tax assets	3.21	696,617,396	417,081,532	86,136,513	-
Other assets	3.10	1,446,564,262	1,490,488,212	725,656,254	14,125,187
<b>Total assets</b>		<b>138,804,354,593</b>	<b>126,173,137,437</b>	<b>18,810,600,570</b>	<b>16,112,144,663</b>

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

TISCO Financial Group Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Liabilities and shareholders' equity</b>					
Deposits in baht	3.11	56,808,482,590	58,822,617,507	-	-
Interbank and money market items					
Domestic - Interest bearing	3.12	6,380,215,568	5,727,882,862	210,000,000	2,600,000,000
Liability payable on demand		345,170,135	496,740,597	-	-
Borrowings	3.13				
Short-term borrowings		53,698,938,646	41,768,420,409	3,989,392,156	-
Long-term borrowings		5,429,750,030	4,899,301,740	-	-
Total borrowings		59,128,688,676	46,667,722,149	3,989,392,156	-
Payable to clearing house		192,815,085	339,141,179	-	-
Securities and derivative business payables		958,531,546	292,190,840	-	-
Accrued interest payable		263,481,507	878,535,993	9,062,415	-
Other liabilities	3.14	2,208,252,790	1,412,268,512	296,597,200	272,179,993
<b>Total liabilities</b>		<b>126,285,637,897</b>	<b>114,637,099,639</b>	<b>4,505,051,771</b>	<b>2,872,179,993</b>

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

TISCO Financial Group Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Registered	2.2	11,002,000,000	11,002,010,000	11,002,000,000	11,002,010,000
Issued and fully paid-up - registered					
698,558 Preference shares of Baht 10 each		6,985,580	-	6,985,580	-
726,165,221 Ordinary shares of Baht 10 each (2008: 1,000 ordinary shares of Baht 10 each)		7,261,652,210	10,000	7,261,652,210	10,000
		7,268,637,790	10,000	7,268,637,790	10,000
Issued and fully paid-up - awaiting to register	4.1				
2008: 183,427,226 Preference shares of Baht 10 each		-	1,834,272,260	-	1,834,272,260
9,208 Ordinary shares of Baht 10 each (2008: 541,179,179 ordinary shares of Baht 10 each)		92,080	5,411,791,790	92,080	5,411,791,790
		92,080	7,246,064,050	92,080	7,246,064,050
Share premium					
Share premium of preference shares		-	-	6,147,310	1,614,159,589
Share premium of ordinary shares		-	-	6,002,125,900	4,383,551,350
		-	-	6,008,273,210	5,997,710,939
		7,268,729,870	7,246,074,050	13,277,003,080	13,243,784,989
Adjustment from business combination of entities					
under common control under holding restructuring plan	1.2, 4.1	672,294,885	656,755,136	-	-
Revaluation deficit on investments	1.2, 3.16	(37,792,840)	(398,991,796)	-	-
Unrealised losses on cash flow hedges		(21,924,048)	-	-	-
Translation adjustment	1.2	86,441,426	78,101,573	-	-
Retained earnings					
Appropriated-statutory reserve	2.3	119,800,000	-	119,800,000	-
Unappropriated (deficit)	1.2	4,342,447,016	3,835,778,528	908,745,719	(3,820,319)
Equity attributable to the Company's shareholders		12,429,996,309	11,417,717,491	14,305,548,799	13,239,964,670
Non-controlling interest - equity attributable to minority shareholders of subsidiaries		88,720,387	118,320,307	-	-
<b>Total shareholders' equity</b>		<b>12,518,716,696</b>	<b>11,536,037,798</b>	<b>14,305,548,799</b>	<b>13,239,964,670</b>
<b>Total liabilities and shareholders' equity</b>		<b>138,804,354,593</b>	<b>126,173,137,437</b>	<b>18,810,600,570</b>	<b>16,112,144,663</b>
		-	-	-	-
<b>Off-balance sheet items - contingencies</b>					
	3.26				
Aval to bills and guarantees of loans		21,651,000	70,696,967	-	-
Other commitments		2,482,668,465	7,477,492,093	-	-

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

Mr. Pliu Mangkornkanok  
(Group Chief Executive Officer)

Mrs. Oranuch Apisaksirikul  
(President)

TISCO Financial Group Public Company Limited and its subsidiaries

Income statements

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended	For the year ended	For the year ended	For the period as from
		31 December 2009	31 December 2008	31 December 2009	22 August 2008 to 31 December 2008
<b>Interest and dividend income</b>					
Loans		1,262,275,128	1,214,895,743	8,519,952	-
Interbank and money market items		150,391,904	333,885,837	4,345,915	8,957
Hire purchase and financial lease income		6,426,676,655	5,679,673,468	-	-
Investments		633,313,336	357,367,145	2,076,681,067	-
<b>Total interest and dividend income</b>		<b>8,472,657,023</b>	<b>7,585,822,193</b>	<b>2,089,546,934</b>	<b>8,957</b>
<b>Interest expenses</b>					
Deposits		1,098,196,246	1,789,712,880	-	-
Interbank and money market items		198,309,461	153,626,516	69,165,493	712,329
Short-term borrowings		915,794,785	1,286,199,736	24,652,083	-
Long-term borrowings		279,455,206	194,655,549	-	-
<b>Total interest expenses</b>		<b>2,491,755,698</b>	<b>3,424,194,681</b>	<b>93,817,576</b>	<b>712,329</b>
<b>Net interest and dividend income</b>		<b>5,980,901,325</b>	<b>4,161,627,512</b>	<b>1,995,729,358</b>	<b>(703,372)</b>
<b>Bad debts and doubtful accounts</b>		<b>(1,547,877,882)</b>	<b>(980,498,975)</b>	<b>-</b>	<b>-</b>
<b>Net interest and dividend income after bad debts and doubtful accounts</b>		<b>4,433,023,443</b>	<b>3,181,128,537</b>	<b>1,995,729,358</b>	<b>(703,372)</b>
<b>Non-interest income</b>					
Brokerage fees		546,735,454	521,211,961	-	-
Gain (loss) on investments	3.17	9,718,435	(218,389,416)	(104,292,703)	-
Loss on derivatives	3.18	(177,400)	(4,219,300)	-	-
Fees and service income					
Acceptances, aval and guarantees		9,850,231	10,201,047	-	-
Insurance services		613,151,980	673,440,258	-	-
Fund management		574,047,897	418,677,637	-	-
Others		334,011,369	336,916,262	1,091,949,773	-
Gain (loss) on exchange		9,197,728	(11,057,779)	-	-
Other income	3.19	776,519,888	407,546,947	60,441,395	-
<b>Total non-interest income</b>		<b>2,873,055,582</b>	<b>2,134,327,617</b>	<b>1,048,098,465</b>	<b>-</b>
<b>Total net income</b>		<b>7,306,079,025</b>	<b>5,315,456,154</b>	<b>3,043,827,823</b>	<b>(703,372)</b>

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

TISCO Financial Group Public Company Limited and its subsidiaries

Income statements (continued)

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended	For the year ended	For the year ended	For the period as from
		31 December 2009	31 December 2008	31 December 2009	22 August 2008 to 31 December 2008
<b>Non-interest expenses</b>					
Personnel expenses		2,054,827,100	1,662,418,691	394,470,934	-
Premises and equipment expenses		698,959,730	590,715,874	105,106,051	-
Taxes and duties		117,550,903	113,370,452	1,792,547	1,006,701
Fees and service expenses		334,492,576	317,017,056	10,649,114	1,860,086
Directors' remuneration	2.4	7,985,000	7,550,000	7,985,000	-
Other expenses	3.20	1,247,073,728	542,733,523	25,854,912	250,160
<b>Total non-interest expenses</b>		<b>4,460,889,037</b>	<b>3,233,805,596</b>	<b>545,858,558</b>	<b>3,116,947</b>
<b>Income (loss) before income tax</b>		<b>2,845,189,988</b>	<b>2,081,650,558</b>	<b>2,497,969,265</b>	<b>(3,820,319)</b>
Corporate income tax	3.21	(840,440,709)	(361,039,168)	(103,679,905)	-
<b>Net income (loss) for the year</b>		<b>2,004,749,279</b>	<b>1,720,611,390</b>	<b>2,394,289,360</b>	<b>(3,820,319)</b>
<b>Net income attributable to</b>					
Equity holders of the parent		1,988,393,387	1,714,138,180	2,394,289,360	(3,820,319)
Non-controlling interests of the subsidiaries		16,355,892	6,473,210		
		<u>2,004,749,279</u>	<u>1,720,611,390</u>		
<b>Earnings (loss) per share</b>					
3.23					
Basic earnings (loss) per share					
Net income (loss) attributable to equity holders of the parent		2.62	2.11	3.18	(0.26)
Diluted earnings (loss) per share					
Net income (loss) attributable to equity holders of the parent		2.62	2.11	3.18	(0.26)

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



TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statements

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended	For the year ended	For the year ended	For the period as from
	31 December 2009	31 December 2008	31 December 2009	22 August 2008 to 31 December 2008
<b>Cash flows from operating activities</b>				
Income (loss) before corporate income tax	2,845,189,988	2,081,650,558	2,497,969,265	(3,820,319)
Adjustments to reconcile net income (loss) before corporate income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	316,762,346	251,295,706	65,426,354	-
Bad debts and doubtful accounts	2,083,500,371	1,513,482,986	-	-
Allowance for impairment of investments (reversal)	6,265,109	11,585,602	104,292,703	-
Allowance for impairment of property foreclosed	494,780,383	14,953,680	-	-
Loss (gain) on disposal of investments	(4,771,246)	115,517,328	-	-
Unrealised loss on exchange (reversal)	(9,197,728)	11,057,779	-	-
Loss (gain) on sales of equipment	(11,424,816)	866,719	-	-
Loss from written-off of equipment	7,736,445	-	-	-
Unrealised loss from trading securities	15,649,920	122,595,714	-	-
Gain from disposal of property foreclosed	(179,206,965)	(34,371,263)	-	-
Decrease (increase) in other accrued income	(35,650,627)	24,098,766	(276,003)	-
Increase in accrued expenses	254,937,107	81,405,233	139,314,363	-
Income from operating activities before changes in operating assets and liabilities	5,784,570,287	4,194,138,808	2,806,726,682	(3,820,319)
Decrease (increase) in operating assets				
Interbank and money market items	1,896,213,615	(12,529,908,932)	(398,412,413)	(27,992,087)
Securities purchased under resale agreements	-	2,400,000,000	-	-
Investment in trading securities	17,699,396	27,719,550	-	-
Receivable from clearing house	(139,724,128)	29,422,182	-	-
Loans and receivables	(12,598,373,351)	(19,280,238,280)	(1,475,000,000)	-
Securities and derivatives business receivables	(348,966,054)	738,283,852	-	-
Property foreclosed	2,443,709,501	1,703,167,228	-	-
Other assets	(94,501,332)	(288,448,554)	(95,016,004)	(14,125,187)

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

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statements (continued)

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended	For the year ended	For the year ended	For the period as from
	31 December 2009	31 December 2008	31 December 2009	22 August 2008 to 31 December 2008
Increase (decrease) in operating liabilities				
Deposits	(2,014,134,917)	23,108,443,554	-	-
Interbank and money market items	659,457,449	(1,943,571,386)	(2,390,000,000)	2,600,000,000
Liability payable on demand	(151,570,462)	21,672,981	-	-
Borrowings	2,581,171,325	5,930,854,194	3,989,392,156	-
Payable to clearing house	(146,326,094)	(237,382,858)	-	-
Securities and derivative business payables	666,340,706	(573,998,276)	-	-
Other liabilities	(192,582,354)	21,865,822	(183,569,638)	1,716,111
	(1,637,016,413)	3,322,019,885	2,254,120,783	2,555,778,518
Net interest and dividend income	(5,980,901,325)	(4,161,627,512)	(1,995,729,358)	703,372
Cash received from interest income	8,839,187,778	7,779,649,681	12,844,497	8,957
Cash paid for interest expense	(3,450,104,868)	(3,341,445,163)	(84,755,161)	(712,329)
Cash paid for corporate income tax	(574,730,003)	(538,866,696)	(121,182,360)	-
<b>Net cash flows from (used in) operating activities</b>	<b>(2,803,564,831)</b>	<b>3,059,730,195</b>	<b>65,298,401</b>	<b>2,555,778,518</b>
<b>Cash flows from investing activities</b>				
Cash paid for purchase of investment in securities held for investment	(6,767,589,910)	(11,503,235,200)	-	-
Cash received from disposal of investment in securities held for investment	8,249,823,586	9,568,282,118	-	-
Cash paid for purchase of property, plant and equipment	(179,768,206)	(261,215,672)	(13,049,750)	(502,367,158)
Cash received from disposal of equipment	31,189,922	6,694,651	-	-
Cash received from dividend	77,593,225	138,835,219	1,452,985,822	-
Cash received from capital returned from subsidiaries (Note 4.7.1)	217,185,990	667,370,466	-	-
Cash paid for decrease in ordinary shares	-	-	(10,000)	-
Cash paid for acquisition of a subsidiary (Note 4.3, 4.6 d))	(890,321,287)	(51,871,200)	(890,321,287)	(2,053,421,360)
Cash paid for acquisition of the remaining shares in accordance with the Group shareholding restructuring plan (Note 4.1)	(1,768,289)	-	(1,768,289)	-
Cash received from share capital reduction of a subsidiary (Note 4.7.2)	-	-	748,800,000	-
<b>Net cash flows from (used in) investing activities</b>	<b>736,345,031</b>	<b>(1,435,139,618)</b>	<b>1,296,636,496</b>	<b>(2,555,788,518)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(1,367,827,404)	(1,489,771,452)	(1,361,884,897)	-
Cash paid for the redemption of long-term debentures and debt instruments	(331,000,000)	-	-	-
Cash received from issue long-term debentures and debt instruments	4,000,000,000	-	-	-
Cash received from issue ordinary shares	-	-	-	10,000
Cash received from exchange of warrants to purchase preference shares	-	16,623,330	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>2,301,172,596</b>	<b>(1,473,148,122)</b>	<b>(1,361,884,897)</b>	<b>10,000</b>
<b>Translation adjustment</b>	<b>(2,996,910)</b>	<b>4,228,755</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash</b>	<b>230,955,886</b>	<b>155,671,210</b>	<b>50,000</b>	<b>-</b>
Cash at beginning of year	595,570,347	439,899,137	-	-
<b>Cash at end of year</b>	<b>826,526,233</b>	<b>595,570,347</b>	<b>50,000</b>	<b>-</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Conversion of preference shares to ordinary shares	1,827,286,680	347,000	1,827,286,680	-
Issuance securities for swap ordinary shares and preference shares under holding restructuring under common control (Note 1.2, 4.1)	33,228,091	-	33,228,091	13,243,774,989

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2008

(Unit: Baht)

Consolidated financial statements															
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		Revaluation surplus (deficit) on investments		Translation adjustment		Statutory reserve		Unappropriated retained earnings	Total equity attributable to the parent's shareholders	Non-controlling interest equity attributable to minority shareholders of subsidiaries	Total
Preference shares	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares				
<b>Balance as at 31 December 2007</b>	1,827,753,800	5,446,171,200	84,925,420	36,500,000	-	751,139,152	73,872,818	486,800,000	3,666,442,608	12,373,604,998	-	12,373,604,998			
<b>Incomes (expenses) recognised in equity</b>															
Decrease in fair value of investments	-	-	-	-	-	(1,643,044,211)	-	-	-	(1,643,044,211)	-	(1,643,044,211)	-	(1,643,044,211)	
Increase in translation adjustment	-	-	-	-	-	-	4,228,755	-	-	4,228,755	-	4,228,755	-	4,228,755	
Deferred tax transferred out from shareholder equity	-	-	-	-	-	492,913,263	-	-	-	492,913,263	-	492,913,263	-	492,913,263	
<b>Incomes (expenses) recognised in equity</b>	-	-	-	-	-	(1,150,130,948)	4,228,755	-	-	(1,145,902,193)	-	(1,145,902,193)	-	(1,145,902,193)	
Net income for the year	-	-	-	-	-	-	-	-	1,714,138,180	1,714,138,180	6,473,210	1,720,611,390	6,473,210	1,720,611,390	
<b>Total incomes (expenses) for the year</b>	-	-	-	-	-	(1,150,130,948)	4,228,755	-	1,714,138,180	568,235,987	6,473,210	574,709,197	6,473,210	574,709,197	
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	-	(1,489,771,452)	(1,489,771,452)	-	(1,489,771,452)	-	(1,489,771,452)	
Income tax from unpaid dividend	-	-	-	-	-	-	-	-	(1,304,019)	(1,304,019)	-	(1,304,019)	-	(1,304,019)	
Issuance of ordinary shares	-	10,000	-	-	-	-	-	-	-	10,000	-	10,000	-	10,000	
Warrants converted to preference shares	7,597,500	-	9,025,830	-	-	-	-	-	-	16,623,330	-	16,623,330	-	16,623,330	
Preference shares converted to ordinary shares	(347,000)	347,000	-	-	-	-	-	-	-	-	-	-	-	-	
Adjustment from business combination of entities under common control under holding restructuring plan (Note 1.2, 4.1)	(732,040)	(34,726,410)	(93,951,250)	(36,500,000)	656,755,136	-	-	(486,800,000)	(53,726,789)	(49,681,353)	-	(49,681,353)	-	(49,681,353)	
Increase in non-controlling interest in subsidiary company	-	-	-	-	-	-	-	-	-	-	111,847,097	111,847,097	111,847,097	111,847,097	
<b>Balance as at 31 December 2008</b>	<u>1,834,272,260</u>	<u>5,411,801,790</u>	<u>-</u>	<u>-</u>	<u>656,755,136</u>	<u>(398,991,796)</u>	<u>78,101,573</u>	<u>-</u>	<u>3,835,778,528</u>	<u>11,417,717,491</u>	<u>118,320,307</u>	<u>11,536,037,798</u>	<u>118,320,307</u>	<u>11,536,037,798</u>	

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2009

(Unit: Baht)

	Consolidated financial statements										
	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 surplus (deficit) on investments	Unrealised losses on cash flow hedges	Translation adjustment	Statutory reserve	Unappropriated retained earnings	Total equity attributable to the parent's shareholders	Non-controlling interest equity attributable to minority shareholders of subsidiaries	Total
	Preference shares	Ordinary shares									
<b>Balance as at 31 December 2008</b>	1,834,272,260	5,411,801,790	656,755,136	(398,991,796)	-	78,101,573	-	3,835,778,528	11,417,717,491	118,320,307	11,536,037,798
<b>Incomes (expenses) recognised in equity</b>											
Increase in fair value of investments	-	-	-	479,726,695	-	-	-	-	479,726,695	-	479,726,695
Unrealised losses on cash flow hedges	-	-	-	-	(31,320,069)	-	-	-	(31,320,069)	-	(31,320,069)
Increase in translation adjustment	-	-	-	-	-	8,339,853	-	-	8,339,853	-	8,339,853
Deferred tax recognised in/transferred out from shareholder's equity	-	-	-	(118,527,739)	9,396,021	-	-	-	(109,131,718)	-	(109,131,718)
<b>Incomes (expenses) recognised in equity</b>	-	-	-	361,198,956	(21,924,048)	8,339,853	-	-	347,614,761	-	347,614,761
Net income for the year	-	-	-	-	-	-	-	1,988,393,387	1,988,393,387	16,355,892	2,004,749,279
<b>Total incomes (expenses) for the year</b>	-	-	-	361,198,956	(21,924,048)	8,339,853	-	1,988,393,387	2,336,008,148	16,355,892	2,352,364,040
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	(1,361,884,897)	(1,361,884,897)	(5,942,507)	(1,367,827,404)
Income tax from unpaid dividend	-	-	-	-	-	-	-	(40,002)	(40,002)	-	(40,002)
Transfer unappropriated retain earning to statutory reserve	-	-	-	-	-	-	119,800,000	(119,800,000)	-	-	-
Decrease ordinary shares	-	(10,000)	-	-	-	-	-	-	(10,000)	-	(10,000)
Preference shares converted to ordinary shares	(1,827,286,680)	1,827,286,680	-	-	-	-	-	-	-	-	-
Adjustment from business combination of entities under common control under holding restructuring plan (Note 1.2, 4.1)	-	22,665,820	15,539,749	-	-	-	-	-	38,205,569	(38,205,569)	-
Decrease in non-controlling interest in subsidiary companies	-	-	-	-	-	-	-	-	-	(1,807,736)	(1,807,736)
<b>Balance as at 31 December 2009</b>	<u>6,985,580</u>	<u>7,261,744,290</u>	<u>672,294,885</u>	<u>(37,792,840)</u>	<u>(21,924,048)</u>	<u>86,441,426</u>	<u>119,800,000</u>	<u>4,342,447,016</u>	<u>12,429,996,309</u>	<u>88,720,387</u>	<u>12,518,716,696</u>

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the period as from 22 August 2008 to 31 December 2008

(Unit: Baht)

	Issued and fully paid-up share capital					Unappropriated retained earnings (deficit)	Total
	awaiting for registered		Share premium				
	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares		
<b>Balance as at 22 August 2008</b>	-	-	-	-	-	-	-
Issuance of ordinary shares	10,000	-	-	-	-	-	10,000
Net loss for the period	-	-	-	-	-	(3,820,319)	(3,820,319)
Issuance of preference shares to the shareholders							
under common control under holding restructuring plan (Note 1.2, 4.1)	-	1,834,272,260	-	1,614,159,589	-	-	3,448,431,849
Issuance of ordinary shares to the shareholders							
under common control under holding restructuring plan (Note 1.2, 4.1)	-	-	5,411,791,790	-	4,383,551,350	-	9,795,343,140
<b>Balance as at 31 December 2008</b>	<u>10,000</u>	<u>1,834,272,260</u>	<u>5,411,791,790</u>	<u>1,614,159,589</u>	<u>4,383,551,350</u>	<u>(3,820,319)</u>	<u>13,239,964,670</u>

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2009

(Unit: Baht)

	Separate financial statements								
	Issued and fully paid-up share capital - consist of registered		Issued and fully paid-up share capital awaiting for registered		Share premium		Statutory reserve	Unappropriated retained earnings	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares		(deficit)	
<b>Balance as at 31 December 2008</b>	-	10,000	1,834,272,260	5,411,791,790	1,614,159,589	4,383,551,350	-	(3,820,319)	13,239,964,670
Decrease ordinary shares	-	(10,000)	-	-	-	-	-	-	(10,000)
Net income for the year	-	-	-	-	-	-	-	2,394,289,360	2,394,289,360
Dividend paid (Note 4.2)	-	-	-	-	-	-	-	(1,361,884,897)	(1,361,884,897)
Income tax from unpaid dividend	-	-	-	-	-	-	-	(38,425)	(38,425)
Transfer unappropriated retain earnings to statutory reserve	-	-	-	-	-	-	119,800,000	(119,800,000)	-
Issuance of ordinary shares to the shareholders under common control under holding restructuring plan (Note 1.2, 4.1)	-	22,573,740	-	92,080	-	10,562,271	-	-	33,228,091
Registered the issuance of preference shares and ordinary shares to the shareholders under common control under holding restructuring plan	1,834,272,260	5,411,791,790	(1,834,272,260)	(5,411,791,790)	-	-	-	-	-
Preference shares converted to ordinary shares	(1,827,286,680)	1,827,286,680	-	-	(1,608,012,279)	1,608,012,279	-	-	-
<b>Balance as at 31 December 2009</b>	<b>6,985,580</b>	<b>7,261,652,210</b>	<b>-</b>	<b>92,080</b>	<b>6,147,310</b>	<b>6,002,125,900</b>	<b>119,800,000</b>	<b>908,745,719</b>	<b>14,305,548,799</b>

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

**TISCO Financial Group Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the years ended 31 December 2009 and 2008**

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

**1.1 Basis of preparation**

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, except for the early adoption of the accounting policy regarding “Accounting for income taxes”, which is in line with International Accounting Standard (IAS) No. 12 “Income Taxes” (revised 1996). These financial statements have been prepared in accordance with the principles stipulated by the Office of the Securities and Exchange Commission and the Bank of Thailand (“BOT”) since the Company is the holding company which was approved by BOT to be a parent of a financial business group.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Bank of Thailand dated 3 August 2009 “Preparation and presentation of a commercial bank and a holding company which is the parent company of the financial business group”.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

## 1.2 Basis of consolidation

- a) As mentioned in Note 4.1 to the financial statements, the Company has implemented the holding restructuring plan and, as of 9 January 2009, had been able to acquire 99.51% of securities of TISCO Bank Public Company Limited (“TISCO Bank”), consisting of ordinary shares, preference shares and warrants to purchase preference shares of TISCO Bank in exchange for its newly issued shares. This holding restructuring plan was completed in compliance with the criteria approved by regulators and so, as at 31 December 2009, the Company had recognised investment in TISCO Bank amounting to Baht 13,244 million, proportionate to the 99.51% shareholding acquired under the plan. The Company prepared consolidated financial statements that include the financial statements of TISCO Bank and its subsidiaries in TISCO Group under the business combination of entities under common control under holding restructuring plan, as if the implementation of the holding restructuring plan had been completed in compliance with the criteria approved by regulators in 2008, to reflect in substance the holding restructuring of the group and to facilitate understanding of the financial statement users.
- b) The consolidated financial statements of TISCO Group after holding restructuring include the financial statements of TISCO Financial Group Public Company Limited (“the Company”) and its subsidiary companies (“the subsidiaries”) as mentioned in Note 3.1 to the financial statements.
- c) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) As mentioned in Note 4.1 to the financial statements, the Company made a tender offer to acquire all securities of TISCO Bank (ordinary shares, preference shares and warrants to purchase preference shares) by means of a share swap with interested shareholders of TISCO Bank in a ratio of 1:1. The swap price was set based on the weighted average market price of TISCO Bank securities, whereby the swap prices for the ordinary shares and preference shares were equal to Baht 18.10 and Baht 18.80 per share, respectively. The Company acquired capital of TISCO Bank totaling Baht 13,244 million, consisting of 541,179,179 ordinary shares of TISCO Bank amounting to Baht 9,795 million, and 183,427,226 preference shares of TISCO Bank amounting to Baht 3,449 million. This represented 99.51% of the total outstanding paid-up shares of TISCO Bank, and TISCO Bank therefore became a subsidiary of the Company under holding restructuring plan.



Because the holding restructuring is considered to be a business combination of entities under common control, the Company has combined all financial statements of its subsidiaries in the consolidated financial statements. In preparing the consolidated financial statements, the Company included the operating results of the subsidiaries, presenting the transaction through shareholders' equity, as if the business combination had taken place at the beginning of the year 2008. The Company presented the net amount between share premium and the excess of the purchase price over the net book value of the consolidated financial statements of TISCO Bank and its subsidiaries ("TISCO Group") after adjusted equity transactions as if the business combination had taken place at the beginning of the year as "Adjustment from business combination of entities under common control under holding restructuring plan" in shareholders' equity of the consolidated financial statements.

- e) The financial statements of TISCO Tokyo Leasing Company Limited are included in the consolidated financial statements, even though the Company holds 49% of equity, because the Company has management control of this company by virtue of having more than half of the votes of the Board of Directors.
- f) The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent significant accounting policies.
- g) The financial statements of overseas subsidiary companies are translated into Thai Baht at the closing average exchange rates as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences are shown under the caption of "Translation adjustment" in shareholders' equity.
- h) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- i) Non-controlling interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

### 1.3 Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

#### 1.3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for the Preparation and Presentation of Financial Statements  
(revised 2007)

TAS 36 (revised 2007)      Impairment of Assets

TFRS 5 (revised 2007)      Non-current Assets Held for Sale and  
Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common  
Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management of the Company and its subsidiaries has assessed the effect of these standards and believes that the new accounting standards, financial reporting standards and accounting treatment guidance do not have any significant impact on the financial statements for the current year.

#### 1.3.2 Accounting standards which are not effective for the current year

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date. The management of the Company and its subsidiaries has assessed the effect of these standards and believes that the new accounting standards will not have any significant impact on the financial statements for the year in which they are initially applied. TAS 20 is not relevant to the business of the Company and its subsidiaries.

## 1.4 Significant accounting policies

### 1.4.1 Income recognition

a) Interest and discounts on loans

Interest on loans is recognised as income on an accrual basis and is based on principal outstanding. Hire purchase and financial lease income are recognised over the installment period, using the effective interest rate.

The subsidiaries have policies for loans on which interest payments have been defaulted for more than one month, it is the policy of its subsidiaries to cease accruing income. For hire purchase and financial lease accounts which are overdue for more than three months, the recognition of interest income is ceased, already recorded accrued interest is reversed from accounts and interest then recognised as income on a cash basis.

Accrual of interest is ceased for margin loans on which interest is overdue by more than two months and interest is then recognised on a cash basis.

The accounts will be reinstated to an “accrual basis” when the overdue amounts are received.

Interest or discounts already included in the face value of notes receivable or loans are recorded as deferred interest and taken up as income evenly throughout the term of the notes or loans.

b) Interest and dividends on investment in securities

Interest on investment is recognised as income on an accrual basis. Dividends from securities are recognised as income when the right to receive the dividend is established.

c) Brokerage fee

Brokerage on securities and derivative trading is recognised as income on the transaction dates.

d) Gain (loss) on trading in securities and derivatives

Gains (losses) on trading of investments in securities and derivatives are recognised as income/expenses on the transaction dates.

e) Fees and service income

Fees and service income are recognised as income on an accrual basis.

#### **1.4.2 Expense recognition**

a) Interest expenses

Interest expenses are charged to expense on an accrual basis. Interest included in the face value of the notes payable is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

b) Commissions and direct expenses of the hire purchase business

The subsidiaries recorded the initial commissions and direct expenses arising in respect of hire purchase contracts origination from 1 January 2007, by the effective interest rate method, and deducting them from unearned income over the installment period to reflect the effective rate of return of hire purchase agreements, and recorded as expenses when occurred for hire purchase contract originated before 1 January 2007.

Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of the hire purchase contract.

#### **1.4.3 Investments in securities**

a) Investments in securities held for trading purposes are determined at fair value. Gains or losses arising from changes in the value of securities are included in determining income.

b) Investments in available-for-sale securities, both held for short-term and long-term investment, are determined at fair value. Changes in the value of the securities are shown as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.

c) Investments in debt securities, both due within one year and expected to be held to maturity, are stated at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.

d) Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for impairment (if any).

e) Investments in subsidiaries which present in the separate financial statements are determined at cost net of allowance for impairment (if any).

- f) The subsidiary company does not record investments which the subsidiary company holds not less than 20% of the equity in associated companies under the equity method in the consolidated financial statements, if the investment was transferred as a result of debt restructuring. The subsidiary company is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations.
- g) The subsidiary company does not consider the investments in mutual funds to be investments in associated companies by the equity method in the consolidated financial statements, even if the company holds not less than 20% of the equity, because the company does not have influence over the financial and operating policies of these funds, which are independently managed by the fund manager accorded to mutual fund management policy and operate under the supervision of the Office of Securities and Exchange Commission.
- h) The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt securities is determined by using the formula quoted by the Bank of Thailand, which is based on the yield rate quoted by the Thai Bond Market Association or other financial institutions. The fair value of unit trusts is determined based on their net asset value.
- i) The subsidiary company will record losses on impairment (if any) of the investments in available-for-sale securities, debt securities due within one year or expected to be held to maturity and other investments are included in determining income.
- j) The moving average method is used for computation of the cost of investments.
- k) In the event the subsidiaries reclassify their investments in securities, the investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining income or recorded as a surplus (deficit) from change in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

#### **1.4.4 Investments in receivable purchased or transferred in**

Investments in receivable purchased or transferred in, which are classified as other investments, are valued at acquisition cost net of allowance for impairment (if any). Losses on impairment of investments are included in determining income.

If the receivable enters into a troubled debt restructuring process, the investment will be transferred to loans and receivables and presented at fair value, net of allowance for doubtful debt. The fair value is based on the outstanding balance of the receivable as at the transfer date or the date of restructuring. Allowance for doubtful debt is based on the same Bank of Thailand's guideline as allowance for loans and receivables.

#### **1.4.5 Securities purchased under resale agreements according to private repurchase transactions**

The subsidiary company operating banking business has purchased securities under resale agreements according to private repurchase transactions, which stipulate definite dates, terms and prices. Amounts paid for the securities purchased under resale agreements are presented under the caption of "Interbank and money market items" in the balance sheet and the securities purchased are used as collateral.

Under securities purchase under resale agreements according to private repurchase transactions, the subsidiary company obtains securities under resale agreements as collateral securities on terms which permit it to repledge or resell the securities to others.

Differences between the acquisition price and the selling price are recognised on an accrual basis over the term of the transaction by the effective interest method, and are presented as interest income.

#### **1.4.6 Receivable from Clearing House/ Payable to Clearing House**

Receivable from Clearing House comprises the net balance receivable from Thailand Securities Depository (TSD) in respect of securities trades settled through the Clearing House of TSD, and the net balance receivable from Thailand Clearing House (TCH), including amounts pledged with TCH as security for derivatives trading.

Payable to Clearing House comprises the net balance payable to Thailand Securities Depository in relation to securities trading settlements made through the Clearing House of TSD, and the net balance payable to Thailand Clearing House.

#### **1.4.7 Loans and receivables**

Loans are stated at the principal balances, excluding accrued interest receivables. Unrecognised deferred income/discounts on loans are deducted from loans.

Hire purchase and financial lease receivables are stated at outstanding balance, net of unearned interest income. Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of hire purchase contract.

Securities and derivative business receivables are the net balances of securities and derivative business receivables. Securities business receivables include customer cash accounts, customers' securities borrowing and lending accounts, and other receivables such as securities receivable that are being enforced by courts, and being compromised, or being settled in installments.

#### **1.4.8 Allowance for doubtful accounts and losses from troubled debt restructuring**

- a) The subsidiary company operating banking business provides allowance for doubtful accounts and losses arising from troubled debt restructuring in accordance with the Notifications of the Bank of Thailand ("BOT") and adjusts these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral.

For all loans and receivables classified as pass and special mentioned, except for hire purchase receivables that are classified as pass and special mentioned, the subsidiary company records provision at a rate of not less than 1% and not less than 2% of the debt balance net of collateral value excluding accrued interest receivable, respectively.

For non-performing loans and receivables which are classified as substandard, doubtful and doubtful of loss (except for non-performing hire purchase receivables), the subsidiary company records allowance for doubtful accounts at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to BOT's Notifications.

For hire purchase receivables that are classified as pass, special mention and non-performing hire purchase receivables, the subsidiary company uses a collective approach, based on historical loss and behavioral grading of the hire purchase receivables.

The subsidiary company has already set provision for all loans and receivables in accordance with the BOT's guidelines issued on 3 August 2008.

- b) For the securities business of a subsidiary, an allowance for doubtful accounts is based on a review of debtors' ability to make repayment, taking into consideration of recovery risk and the value of the collateral. An allowance is set aside for doubtful debts that their collaterals are not fully covered and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notification of the Office of the Securities and Exchange Commission and consideration of other relevant factors.
- c) For the subsidiary companies operating hire purchase business, allowance for doubtful accounts is made using a collective approach, based on historical loss and behavioral grading of the hire purchase receivables.
- d) For the subsidiary company operating leasing business, allowance for doubtful receivables is estimated based on a review of all outstanding amounts at the end of the period. The amount of the allowance is the difference between the carrying amount of the leasing agreement receivable and the recoverable amount. Bad debts written off during the year are recorded as expenses when the write off occurs.
- e) Allowance for doubtful accounts for other receivables is provided for the estimated losses that may be incurred in the collection of receivables and based on the review of current status of receivables outstanding at the balance sheet date.
- f) Increase (decrease) in allowance for doubtful accounts is recorded as expense during the year. Amounts written off as bad debts are deducted from the allowance for doubtful accounts. Bad debt recovery amounts are recorded as income in the period of recovery.



#### **1.4.9 Troubled debt restructuring**

The subsidiary company operating banking business records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Thai Accounting Standard regarding "Accounting for Troubled Debts Restructuring". The subsidiary records the assets or equities transferred to the subsidiary for debt settlement at the fair values of the assets less estimated selling expenses (if any), providing that this does not exceed the legally claimable amount of outstanding debt.

In case where the debt restructuring involves modifications of terms of receivables, the fair value of receivables after restructuring represents the net present value of the expected future cash flows, discounted using the cost of fund rates prevailing at the restructuring date. In case where the cost of fund rates are lower than the interest rates specified in the term of modifications, the subsidiary will use the interest rates specified in the term of modifications as the discount rates. The subsidiary recorded differences between the fair value of receivables, and the balance of net book value of receivables as of restructuring date as expenses in the income statements. Losses arising from restructuring by waiver of part of principal or recorded accrued interest receivable, less recorded allowance, are recognised in the income statement when incurred.

#### **1.4.10 Recognition and derecognition of customer deposits**

Cash which customers have placed with a subsidiary company for securities trading through cash accounts and derivative trading is recorded as assets of the subsidiary company for the customers' position for internal control purposes. At the balance sheet date, the subsidiary company writes the amounts which are unsecured off from both assets and liabilities and presents only those assets which belong to the subsidiary company.

#### **1.4.11 Borrowing and lending of securities**

A subsidiary company operating securities business conducts both securities borrowing and securities lending transactions through agreements made with borrowers and lenders of securities, which are the subsidiary company's customers.

A subsidiary company records its obligations to return borrowed securities which it has lent as "Securities borrowing payables" and securities lent to customers are recorded as "Securities borrowing receivables" in the balance sheet. At the end of the year, the balances of Securities borrowing payables and Securities borrowing receivables are adjusted based on the latest offer price quoted on the Stock Exchange on Thailand on the last working day of the year. Gains or losses arising from such adjustments are included in determining income. The subsidiary company records cash paid or received as collateral for securities borrowing and lending as "Guarantee deposit receivables" or "Guarantee deposit payables". Fees for borrowing and lending are recognised on an accrual basis over the term of the lending.

#### **1.4.12 Property foreclosed**

Property foreclosed represents assets transferred in respect of loans and hire purchase receivables on which the debtors had defaulted or restructured receivables. The values of the repossessed assets are stated at the lower of cost (fair value of assets at the transferred date, not exceed the legally claimable amount of outstanding debt) and net realisable value. Net realisable value is determined at the market value or the appraisal value of repossessed assets less estimated selling expenses. The subsidiary company operating banking business is required to record the additional general reserve for declining in value of property foreclosed in accordance with the notification of the Bank of Thailand and the management's estimates.

Loss on impairment is recognised in the income statement. Gains or losses from disposal of property foreclosed are recognised upon disposal.

#### 1.4.13 Depreciation and amortisation

- a) Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation.

Depreciation of buildings and equipment is calculated by reference to their cost on the straight-line basis (except for the depreciation of computer and communications equipment, which is calculated using the sum-of-the-year-digits method over estimated useful lives of 3 years) over the following estimated useful lives:

Buildings and office condominium units	-	20	years
Office improvements	-	5,10	years
Furniture, fixtures and equipment	-	3, 5	years
Motor vehicles	-	5	years
Leased assets under operating lease agreements	-	according to the period of lease agreement	

No depreciation is provided on land.

Depreciation is included in determining income.

- b) Software license fees are deferred and amortised over the following estimated useful lives:

The license agreements specified number of year of usage	-	according to the period of license agreement by the straight-line basis	
The license agreements not specified number of year of usage	-	5 years by the straight-line basis	
No license agreements	-	3 years by the sum-of-the-year-digits method	

#### **1.4.14 Income tax**

a) Current tax

The Company and its subsidiaries calculate corporate income tax in accordance with tax legislation.

b) Deferred tax

Deferred tax assets/liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the balance sheet date. These will be realised in future periods when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognised for deductible temporary differences if it is highly probable that the Company and its subsidiaries will generate sufficient taxable profits from its future operations to utilise these assets. Deferred tax liabilities are recognised for all payable temporary differences.

Deferred tax assets and liabilities are calculated based on the tax rate that is expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax legislation) that have been enacted at the balance sheet date.

The Company and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

At each balance sheet date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

#### **1.4.15 Impairment of assets**

The Company and its subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company and its subsidiaries estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

Impairment losses are recognised in the income statement.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company and its subsidiaries estimate the asset's recoverable amount. An impairment loss recognised in prior periods for an asset other than goodwill shall be reversed.

#### **1.4.16 Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company and its subsidiaries have transferred substantially all risks and rewards of ownership. If the Company and its subsidiaries neither transfer nor retain substantially all risks and rewards of ownership of such financial assets, and retains control of such financial assets, the Company and its subsidiaries continue to recognise the financial assets to the extent of its continuing involvement. Financial liabilities are derecognised when they are extinguished - i.e. when the obligation specified in the contract is discharged or cancelled or expired.

#### **1.4.17 Foreign currencies**

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies outstanding at the balance sheet date and off-balance sheets transactions are translated into Baht at the average exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

#### **1.4.18 Employee benefits**

The Company and its subsidiaries record salaries, wages, bonuses and contributions to the social security fund and provident fund as expenses on an accrual basis.

#### **1.4.19 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **1.4.20 Derivatives and hedge accounting**

The recording of derivatives and hedge accounting are in accordance with the principles for recording derivatives and hedge accounting under IAS 39 “Financial Instruments: Recognition and Measurement”.

- a) A subsidiary operating banking business has recorded derivatives in fair value method. The subsidiary records gains (losses) from changes in the fair value of derivatives which is stated net of interest income or expense in the income statement. The fair value of derivatives is based on the market price, or a formula which is generally accepted in cases where there is no market price.
- b) A subsidiary operating securities business recognises gains (losses) from changes in the fair value of the future contracts held for trading in the income statements, with fair value determined based on the daily settlement prices quoted by Thailand Futures Exchange Public Company Limited.

- c) A subsidiary operating leasing business has recorded derivatives for cash flow hedged by using hedge accounting, as follow:

The subsidiary documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The subsidiary also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recognised in the income statement.

#### **1.4.21 Financial instruments**

- a) Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash, interbank and money market items (assets), investments, receivable from clearing house, loans and receivables and accrued interest receivable, deposits, interbank and money market items (liabilities), liability payable on demand, borrowings, payable to clearing house, and securities and derivative business payables. The financial risks associated with these financial instruments and how they are managed is described in Note 3.27 to the financial statements.

- b) Fair value of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

In determining the fair value of financial instruments, the estimate fair value will be adjusted by reserve with respective risk. For financial instruments with duration of one year or less, the book value represents a reasonable estimate of fair value. For financial instruments with duration greater than one year, fair value was determined based on the quoted market prices, where available, or otherwise based on present values of contractual cash flows, discounted using rates at which financial instruments with similar features and maturities could be issued as of the balance sheet date.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturities or carry interest at rates approximating the market rate, including cash, interbank and money market items (assets), securities and derivatives business receivables, receivable from clearing house, deposits, interbank and money market items (liabilities), liabilities payable on demand, payable to clearing house, and securities and derivative business payables, the carrying amounts in the balance sheet approximate their fair value.
- The fair value of debts and equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- Loans and accrued interest, except for hire purchase receivables and other retail loans, are presented at fair value which is the book value less allowance for doubtful accounts, since most loans carry interest at floating rates. Hire purchase receivable and other retail loans are presented at fair value, which is the present value of future cash inflows, discounted by the current interest rate for new loans.
- The fair value of debentures and borrowings is estimated by discounting expected future cash flow by the current market interest rates of the borrowings with similar terms and conditions.
- The fair value of derivatives is based on the market price, or a formula which is generally accepted in cases where there is no market price.

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



#### **1.4.22 Earnings per share**

Basis of computation of earnings per share is summarised below.

##### Basic earnings per share

Basic earnings per share is calculated by dividing net income for the year, after deducting the portion of dividends which the preference shareholders receive before the ordinary shareholders, by the sum of the weighted average number of ordinary shares and preference shares in issue during the year.

##### Diluted earnings per share

Diluted earnings per share is calculated by dividing net income for the year, after deducting the portion of dividends which the preference shareholders receive before the ordinary shareholders, by the sum of the weighted average number of ordinary shares and preference shares in issue during the year plus the weighted average number of ordinary shares to be issued upon conversion of warrants into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the warrants were issued.

In determining earnings per share for the year, the amount of preferential dividends as referred to above was arrived at on a time proportion basis.

#### **1.4.23 Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **1.4.24 Significant accounting judgments and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

### ***Allowance for doubtful accounts for loans and receivables***

Allowances for loan losses are intended to adjust the value of loans and receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, consideration of the probability of defaults, statistical modeling and estimates, taking into account change in the value of collateral and current economic conditions, in compliance with the principles stipulated by the Bank of Thailand. However, the use of different estimates and assumptions could affect the amounts of allowances for loan losses and adjustments to the allowances may therefore be required in the future.

### ***Fair value of financial instruments***

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and long-term volatility of financial instruments.

### ***Impairment of investments***

The Company and its subsidiaries treat available-for-sale securities and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment.

### ***Deferred tax assets***

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

**Leases**

In determining whether a lease is to be classified as an operating lease or financial lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

***Recognition and derecognition of assets and liabilities***

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

***Consolidation and deconsolidation of subsidiaries***

In preparation of the consolidated financial statements, the management is required to make judgment whether the Company has control over the subsidiaries that are included in the consolidated financial statements or not.

In addition, as mentioned in Note 1.2 to the financial statements, the management exercise judgment to prepare consolidated financial statements as at 31 December 2008 that included the financial statements of TISCO Bank and its subsidiaries, according to the holding company restructuring plan.

## **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 Share capital**

The Company has a registered capital of Baht 11,002 million which consists of 544,651,820 ordinary shares and 555,548,180 preference shares both with a par value of Baht 10 each. The preference shares can be converted to ordinary shares in accordance with the Memorandum and Articles of Association.

The preference shares have the same rights and benefits as ordinary shares, with added rights and benefits that entitle the holders of preference shares to receive preferential dividend of 1 Baht per share every year that the Company pays dividend to the holders of the ordinary shares. Additionally, the preference shares are entitled to share any leftover dividend with the holders of the ordinary shares. In years that the Company does not declare dividend payment to the ordinary shareholders, the Company may still choose to declare dividend payment at the above-mentioned rate to the preference shareholders. However, the preference shareholders are entitled to receive dividend only in those years in which the Company has declared dividend payment, and the shares are non-cumulative. From 30 June 2009 onwards, the rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

### **2.3 Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until such reserve reaches 10 percent of its registered share capital. The statutory reserve is not available for dividend distribution.

## **2.4 Directors' remuneration**

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

## **2.5 Provident fund**

The Company, its seven subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiaries and the employees contribute to the fund monthly at the rates of 5 to 10 percent of the employees' salaries, depending on the number of years of service. The provident funds of the Company and its six subsidiaries are managed by TISCO Asset Management Company Limited, and the fund of another subsidiary is managed by Bangkok Bank Public Company Limited. The funds will be paid to the employees upon termination in accordance with the fund rules.

## **2.6 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 3.24 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 Consolidated financial statements

A list of subsidiaries included in the consolidated financial statements as at 31 December 2009 and 2008 is provided below.

(Unit: Percentage)									
Company's name	Country of incorporation	Percentage of shares held by the Company as at 31 December		Subsidiaries' total assets as a percentage to the consolidated total as at 31 December		Subsidiaries' total revenues as a percentage to the consolidated total for the year ended 31 December		Subsidiaries' net income (loss) as a percentage to the consolidated total for the year ended 31 December	
		2009	2008	2009	2008	2009	2008	2009	2008
<b><u>Subsidiaries directly owned by the Company</u></b>									
TISCO Bank Public Company Limited	Thailand	99.84	99.51	94.04	93.98	76.94	70.25	110.18	85.50
TISCO Securities Co., Ltd.	Thailand	99.99	99.99	1.96	1.62	10.08	12.06	15.61	11.42
TISCO Asset Management Co., Ltd.	Thailand	99.99	99.99	0.23	0.24	8.88	9.33	19.35	10.92
Hi-Way Co., Ltd.	Thailand	99.99	99.99	1.36	1.83	2.90	6.65	1.26	5.48
TISCO Information Technology Co., Ltd.	Thailand	99.99	99.99	0.05	0.03	-	0.01	(11.78)	(11.32)
TISCO Tokyo Leasing Co., Ltd.	Thailand	49.00	49.00	1.62	1.57	1.16	-	0.98	-
Primus Leasing Co.,Ltd. (in the process of liquidation)	Thailand	99.99	99.99	0.01	-	0.07	-	(2.33)	-
<b><u>Subsidiaries indirectly owned by the Company</u></b>									
TISCO Leasing Co., Ltd.	Thailand	99.99	99.99	0.03	0.05	0.03	1.56	(0.77)	(0.82)
TISCO Securities Hong Kong Ltd. (in the process of liquidation)	China-Hong Kong	100.00	100.00	0.05	0.06	-	0.02	(0.31)	(0.18)
TISCO Global Securities Ltd. (already liquidated on 12 November 2009)	China-Hong Kong	100.00	100.00	-	0.01	-	0.01	-	(1.17)

### 3.2 Interbank and money market items (assets)

(Unit: Baht)

Consolidated financial statements as at						
	31 December 2009			31 December 2008		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial						
Institutions Development Fund	1,911,616,680	700,000,000	2,611,616,680	6,408,371	13,110,000,000	13,116,408,371
Commercial banks	483,283,837	9,547,645,163	10,030,929,000	127,745,632	263,496,602	391,242,234
Total	2,394,900,517	10,247,645,163	12,642,545,680	134,154,003	13,373,496,602	13,507,650,605
Add: Accrued interest	319,904	752,606	1,072,510	1,629,916	3,997,839	5,627,755
Total domestic	2,395,220,421	10,248,397,769	12,643,618,190	135,783,919	13,377,494,441	13,513,278,360
<u>Foreign</u>						
Hong Kong dollar	21,698,252	-	21,698,252	9,865,944	22,589,419	32,455,363
US dollar	42,927,831	-	42,927,831	251,503	44,986,376	45,237,879
Total	64,626,083	-	64,626,083	10,117,447	67,575,795	77,693,242
Add: Accrued interest	-	-	-	-	-	-
Total foreign	64,626,083	-	64,626,083	10,117,447	67,575,795	77,693,242
Total domestic and foreign	2,459,846,504	10,248,397,769	12,708,244,273	145,901,366	13,445,070,236	13,590,971,602

(Unit: Baht)

Separate financial statements as at						
	31 December 2009			31 December 2008		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	426,383,130	-	426,383,130	27,992,087	-	27,992,087
Total	426,383,130	-	426,383,130	27,992,087	-	27,992,087
Add: Accrued interest	21,370	-	21,370	-	-	-
Total domestic	426,404,500	-	426,404,500	27,992,087	-	27,992,087

3.2.1 The subsidiary company operating banking business entered into securities purchase under resale agreements according to private repurchase transactions. Securities received under resale agreements are as collateral. Details of transactions are as follows:

(Unit: Million Baht)

	Securities purchase under resale agreements according to private repurchase transactions as at	
	31 December 2009	31 December 2008
	Commercial Bank	9,200

Fair value of securities received as collateral is as follow:

(Unit: Million Baht)

	As at	
	31 December 2009	31 December 2008
	Fair value of securities received as collateral	9,325

3.2.2 Interbank and money market - items (assets) subject to restriction

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements as at		Type of pledge
	31 December 2009	31 December 2008	
	Cash at banks of local subsidiary	10	



### 3.3 Investments

(Unit: Baht)

	Consolidated financial statements as at			
	31 December 2009		31 December 2008	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b><u>Current investments</u></b>				
<b>Trading securities</b>				
Equity securities:				
Domestic marketable equity securities	3,752,320	19,951,360	35,392,608	37,650,756
Add (less): Allowance for changes in value	16,199,040		2,258,148	
Net equity securities	19,951,360		37,650,756	
<b>Total trading securities</b>	<b>19,951,360</b>		<b>37,650,756</b>	
<b>Available-for-sales securities</b>				
Debt securities:				
Government and state enterprise securities	849,831,531	850,762,275	416,952,466	418,305,147
Debt securities of private sector	1,678,119,515	1,687,053,131	201,616,916	200,108,860
Foreign debt securities	-	-	1,869,822,358	1,668,501,090
Total	2,527,951,046	2,537,815,406	2,488,391,740	2,286,915,097
Add (less): Allowance for changes in value	11,324,360		8,174,225	
Exchange difference	-		(208,190,868)	
Less: Allowance for impairment	(1,460,000)		(1,460,000)	
Debt securities - net	2,537,815,406		2,286,915,097	
Equity securities:				
Domestic marketable equity securities	30,015	30,015	-	-
Unit trust	70,000,000	70,326,148	60,000,000	45,746,975
Total	70,030,015	70,356,163	60,000,000	45,746,975
Add (less): Allowance for changes in value	326,148		(14,253,025)	
Net equity securities	70,356,163		45,746,975	
<b>Total available-for-sales securities</b>	<b>2,608,171,569</b>		<b>2,332,662,072</b>	
<b>Held-to-maturity debt securities - due within 1 year</b>				
Debt securities:				
Government and state enterprise securities	-		335,860,124	
Debt securities of private sector	2,000		2,000	
<b>Total held-to-maturity debt securities - due within 1 year</b>	<b>2,000</b>		<b>335,862,124</b>	
<b>Net current investments</b>	<b>2,628,124,929</b>		<b>2,706,174,952</b>	

(Unit: Baht)

## Consolidated financial statements as at

	31 December 2009		31 December 2008	
	Cost /	Fair value	Cost /	Fair value
	Book value		Book value	
<b>Long-term investments</b>				
<b>Available-for-sales securities</b>				
Debt securities:				
Debt securities of private sector	-		100,000,000	99,895,030
Add (less): Allowance for changes in value	-		(104,970)	
Debt securities - net	-		99,895,030	
Equity securities:				
Domestic marketable equity securities	908,724,417	963,867,257	1,086,032,360	767,562,880
Other securities - unit trusts	-	-	9,156,787	5,510,922
Total	908,724,417	963,867,257	1,095,189,147	773,073,802
Add (less): Allowance for changes in value	55,142,840		(322,115,345)	
Net equity securities	963,867,257		773,073,802	
<b>Total available-for-sales securities</b>	<b>963,867,257</b>		<b>872,968,832</b>	
<b>Held-to-maturity debt securities</b>				
Debt securities:				
Government and state enterprise securities	698,561,388		-	
<b>Total held-to-maturity debt securities</b>	<b>698,561,388</b>		<b>-</b>	
<b>Other investments</b>				
Equity securities:				
Domestic non-marketable equity securities	706,832,346		712,984,649	
Investments in receivables	4,517,004,230		1,133,545,787	
Total	5,223,836,576		1,846,530,436	
Less: Allowance for impairment	(76,443,380)		(70,192,272)	
<b>Total other investments</b>	<b>5,147,393,196</b>		<b>1,776,338,164</b>	
<b>Net long-term investments</b>	<b>6,809,821,841</b>		<b>2,649,306,996</b>	
<b>Net investments</b>	<b>9,437,946,770</b>		<b>5,355,481,948</b>	

(Unit: Baht)

	Separate financial statements as at			
	31 December 2009		31 December 2008	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b><u>Investment in subsidiaries</u></b>				
Investments in subsidiaries (cost method)	15,473,714,017		15,297,196,349	
Less: Allowance for impairment	(104,292,703)		-	
<b>Total Investments in subsidiaries</b>	<u>15,369,421,314</u>		<u>15,297,196,349</u>	
<b>Net investments</b>	<u>15,369,421,314</u>		<u>15,297,196,349</u>	

### 3.3.1 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 December 2009	31 December 2008	
Government bonds	-	331	These bonds are redeemable within a 10-year period, maturing in February 2009 and May 2009, and carry interest at rates of 4% and 5% per annum.

### 3.3.2 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements		Type of restriction
	as at		
	31 December 2009	31 December 2008	
Government debt securities	1	6	Pledged for electricity usage

### 3.3.3 Investments in debt securities classified by remaining periods of contracts

(Unit: Baht)

	Consolidated financial statements as at 31 December 2009			
	Maturity			Total
	Less than 1 year	1 - 5 years	Over 5 years	
<b>Available-for-sale securities</b>				
Government and state enterprise securities	848,750,995	1,080,536	-	849,831,531
Debt securities of private sector	228,856,056	1,184,142,421	265,121,038	1,678,119,515
Total	1,077,607,051	1,185,222,957	265,121,038	2,527,951,046
Add (less): Allowance for changes in value	1,577,410	3,279,988	6,466,962	11,324,360
Less: Allowance for impairment	(1,460,000)	-	-	(1,460,000)
Total	1,077,724,461	1,188,502,945	271,588,000	2,537,815,406
<b>Held-to-maturities debt securities</b>				
Government and state enterprise securities	-	-	698,561,388	698,561,388
Debt securities of private sector	2,000	-	-	2,000
Total	2,000	-	698,561,388	698,563,388
<b>Total debt securities</b>	1,077,726,461	1,188,502,945	970,149,388	3,236,378,794

(Unit: Baht)

	Consolidated financial statements as at 31 December 2008			
	Maturity			Total
	Less than 1 year	1 - 5 years	Over 5 years	
<b>Available-for-sale securities</b>				
Government and state enterprise securities	415,854,970	-	1,097,496	416,952,466
Debt securities of private sector	31,552,768	270,064,148	-	301,616,916
Foreign debt securities	1,869,822,358	-	-	1,869,822,358
Total	2,317,230,096	270,064,148	1,097,496	2,588,391,740
Add (less): Allowance for changes in value	8,156,052	(141,237)	54,440	8,069,255
Exchange difference	(208,190,868)	-	-	(208,190,868)
Less: Allowance for impairment	(1,460,000)	-	-	(1,460,000)
Total	2,115,735,280	269,922,911	1,151,936	2,386,810,127
<b>Held-to-maturities debt securities</b>				
Government and state enterprise securities	335,860,124	-	-	335,860,124
Debt securities of private sector	2,000	-	-	2,000
Total	335,862,124	-	-	335,862,124
<b>Total debt securities</b>	2,451,597,404	269,922,911	1,151,936	2,722,672,251

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

(Unit: Baht)

	Consolidated financial statements		
	as at 31 December 2009		
	Cost	Fair value	Allowance for changes in value <sup>(1)</sup>
Companies having problems with debt repayment or in default	7,060,000	-	7,060,000

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

3.3.5 Investments in mutual fund which the subsidiary company holds not less than 20% of equity, but which are not recorded as investments in associated companies under the equity method in the consolidated financial statements, since the company does not have influence over the financial and operating policies of these funds, which are independently managed by the fund manager accorded to mutual fund management policy and operate under the supervision of the Office of Securities and Exchange Commission.

(Unit: Thousand Baht)

Security's name	As at					
	31 December 2009			31 December 2008		
	Book Value	Cost	Percentage of Holding	Book Value	Cost	Percentage of Holding
			%			%
The Krung Thai Capital Protection Fixed 6 months Fund 4	20,187	20,000	46.84	-	-	-

### 3.3.6 Investments where the Company and its subsidiary hold not less than 10 percent of the equity of the investees

(Unit: Baht)

Security's name	Consolidated financial statements as at					
	31 December 2009			31 December 2008		
	Book value	Unpaid amounts	Percentage of holding	Book value	Unpaid amounts	Percentage of holding
		%			%	
<b>Insurance:</b>						
AXA Insurance Plc.	53,168,806	-	10	53,168,806	-	10
<b>Services:</b>						
Jiji Press (Thailand) Co., Ltd.	813,823	300,000	10	813,823	300,000	10
K. Line (Thailand) Co., Ltd.	37,334,990	-	10	37,334,990	-	10
<b>Trading import and export:</b>						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	9,269,807	-	10	9,269,807	-	10
Wattana Inter-Trade Co., Ltd.	3,796,500	-	10	4,291,200	-	10
<b>Real estate:</b>						
Prosperity Industrial Estate Co., Ltd.	45,156,456	-	10	45,227,553	-	10
UMI Property Co., Ltd.	8,085,000	-	10	10,156,500	-	10
<b>Industrial:</b>						
Siam Art Ceramic Co., Ltd.	16,753,000	-	10	16,555,000	-	10

(Unit: Baht)

Security's name	Separate financial statements as at					
	31 December 2009			31 December 2008		
	Book value	Unpaid amounts	Percentage of holding	Book value	Unpaid amounts	Percentage of holding
	(Cost method)		%	(Cost method)		%
<b>Services:</b>						
TISCO Bank Public Company Limited	13,278,771,370	-	99.84	13,243,774,989	-	99.51
TISCO Securities Co., Ltd.	1,575,065,134	-	99.99	1,575,065,134	-	99.99
TISCO Asset Management Co., Ltd.	110,075,340	-	99.99	110,075,340	-	99.99
TISCO Information Technology Co., Ltd.	22,117,205	-	99.99	22,117,205	-	99.99
<b>Leasing and hire purchase:</b>						
Hi-Way Co., Ltd. (ordinary shares and preference shares)	272,918,665	-	99.99	272,918,665	-	99.99
TISCO Tokyo Leasing Co., Ltd.	73,245,016	-	49.00	73,245,016	-	49.00
Primus Leasing Co., Ltd. (in the process of liquidation)	37,228,584	-	99.99	-	-	-

### 3.4 Investments in subsidiaries

(Unit: Million Baht)

		Separate financial statements						
Company's name	Nature of Business	Paid-up share capital		Percentage of shares held by the Company		Cost		Dividend
		as at		as at		as at		received for the year ended
		31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009
<b>Subsidiaries directly held by the Company</b>				%	%			
TISCO Bank Public Company Limited	Banking	7,282	7,282	99.84	99.51	13,279	13,244	1,458
TISCO Securities Co., Ltd.	Securities business	1,500	1,500	99.99	99.99	1,575	1,575	156
TISCO Asset Management Co., Ltd.	Asset management	100	100	99.99	99.99	110	110	345
Hi-Way Co., Ltd.	Hire purchase	100	100	99.99	99.99	273	273	55
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. (in the process of liquidation)	Hire purchase	3	-	99.99	-	37	-	62
						<u>15,369</u>	<u>15,297</u>	<u>2,077</u>

During the year 2009, the changes in investments in subsidiary companies are presented as follows:

- a) The Company acquired a holding in Primus Leasing Company Limited and received a return of capital from this company, as mentioned in Note 4.3 to the financial statements and Note 4.7.2 to the financial statements, respectively.

Details of the cost of the investment in Primus Leasing Company Limited, as presented in the separate financial statement, are as follows:

	(Unit: Million Baht)	
	Paid-up share capital	Cost
Acquisition of investment (Note 4.3)	752	890
Capital returns from the reduction of a subsidiary's share capital (Note 4.7.2)	(749)	(749)
Cost	<u>3</u>	<u>141</u>
Less: Allowance for investment		(104)
Net investment		<u>37</u>

- b) The Company increased the investments in TISCO Bank by purchasing the remaining 120,620 ordinary shares and undertaking to issue the Company's ordinary shares in exchange of the remaining 2,266,582 ordinary shares of TISCO Bank at a price of Baht 14.66 per share totaling Baht 35 million, from the minority shareholders, as mentioned in Note 4.1 to the financial statements.

### 3.5 Loans, receivables and accrued interest receivable

#### 3.5.1 Classified by type of loan and receivable

	(Unit: Baht)	
	Consolidated financial statements	
	As at	
	31 December 2009	31 December 2008
<b><u>Loans and receivables</u></b>		
Loans	18,337,648,847	18,200,353,365
Hire purchase and financial lease receivables		
Hire purchase and financial lease receivables	108,171,428,910	97,436,863,199
Add (less): Unearned income	(14,048,916,060)	(13,200,245,468)
: Deferred commissions and direct expenses incurred at the initiation of hire purchase	824,828,829	698,790,471
: Advances received from financial lease receivables	(52,013,659)	(26,055,879)
Net hire purchase and financial lease receivables	94,895,328,020	84,909,352,323
Total loans and receivables	113,232,976,867	103,109,705,688
Add: Accrued interest receivable	116,856,703	136,704,347
Less: Allowance for doubtful accounts	(2,423,833,008)	(1,852,875,157)
Less: Allowance for loss on debt restructuring	(18,258)	(18,258)
Net loans, receivables and accrued interest receivable	110,925,982,304	101,393,516,620
<b><u>Securities and derivatives business receivables</u></b>		
Securities business receivable		
Customers' cash accounts	1,014,638,736	665,835,392
Other receivables		
Installment receivables	1,432,342	1,537,541
Total securities business receivables	1,016,071,078	667,372,933
Derivatives business receivables	267,909	-
Total securities and derivatives business receivables	1,016,338,987	667,372,933
Less: Allowance for doubtful accounts	(1,432,342)	(1,634,097)
Securities and derivatives business receivables - net	1,014,906,645	665,738,836
Net loans, receivables and accrued interest receivable	111,940,888,949	102,059,255,456

	(Unit: Baht)	
	Separate financial statements	
	as at	
	31 December 2009	31 December 2008
<b><u>Loans and receivables</u></b>		
Loans	1,475,000,000	-
Add: Accrued interest receivable	-	-
Net loans and accrued interest receivable	1,475,000,000	-



### 3.5.2 Classified by remaining periods of contracts

(Unit: Baht)

Consolidated financial statements  
as at

	31 December 2009	31 December 2008
Loans and receivables		
Not over 1 year (included contract which are due)	10,173,405,590	10,116,664,282
Over 1 year	103,059,571,277	92,993,041,406
Total loans and receivables	113,232,976,867	103,109,705,688
Add: Accrued interest receivable	116,856,703	136,704,347
Total loans, receivables and accrued interest receivable	<u>113,349,833,570</u>	<u>103,246,410,035</u>

### 3.5.3 Classified by type of business

(Unit: Baht)

Consolidated financial statements as at 31 December 2009

	Subsidiary company operating banking business						Other subsidiaries	Total
	Special- mentioned		Sub-standard	Doubtful	Doubtful of loss	Total		
	Pass							
Agricultural and mining	128,555,081	3,414,844	1,448,917	1,106,412	549,595	135,074,849	-	135,074,849
Manufacturing and commerce	9,931,122,109	114,860,479	22,438,973	40,336,878	77,028,736	10,185,787,175	-	10,185,787,175
Real estate and construction	5,678,583,780	112,068,418	40,469,174	11,655,378	394,867,319	6,237,644,069	-	6,237,644,069
Public utilities and services	2,521,037,258	229,168,643	22,700,325	35,896,574	24,353,920	2,833,156,720	-	2,833,156,720
Personal use								
Hire purchase	75,355,889,115	5,977,623,129	648,963,840	235,929,306	268,361,588	82,486,766,978	4,145,410,166	86,632,177,144
Housing loans	1,269,250,322	36,073,885	22,448,055	20,627,110	127,428,441	1,475,827,813	-	1,475,827,813
Securities	-	-	-	-	-	-	1,016,338,987	1,016,338,987
Others	5,126,978,159	141,861,245	15,557,997	8,131,865	440,779,831	5,733,309,097	-	5,733,309,097
Total loans, receivables and securities business receivables	100,011,415,824	6,615,070,643	774,027,281	353,683,523	1,333,369,430	109,087,566,701	5,161,749,153	114,249,315,854
Add: Accrued interest receivable	14,922,739	82,548,467	-	-	-	97,471,206	19,385,497	116,856,703
Total loans, receivables and securities business receivables and accrued interest receivable	<u>100,026,338,563</u>	<u>6,697,619,110</u>	<u>774,027,281</u>	<u>353,683,523</u>	<u>1,333,369,430</u>	<u>109,185,037,907</u>	<u>5,181,134,650</u>	<u>114,366,172,557</u>

## Consolidated financial statements as at 31 December 2008

	Subsidiary company operating banking business						Other	Total
	Pass	Special-mentioned	Sub-standard	Doubtful	Doubtful of loss	Total	Subsidiaries	
Agricultural and mining	121,834,907	3,269,345	-	245,991	-	125,350,243	-	125,350,243
Manufacturing and commerce	7,074,285,218	165,700,977	33,375,457	17,300,664	51,547,354	7,342,209,670	-	7,342,209,670
Real estate and construction	8,265,099,280	107,521,231	19,458,732	27,785,108	387,851,106	8,807,715,457	-	8,807,715,457
Public utilities and services	3,031,153,439	112,714,616	44,193,625	12,350,173	12,384,335	3,212,796,188	-	3,212,796,188
Personal use								
Hire purchase	65,794,611,089	6,010,762,700	837,776,039	284,162,006	181,876,230	73,109,188,064	4,178,778,785	77,287,966,849
Housing loans	1,479,727,790	38,356,878	25,644,460	24,382,016	137,914,535	1,706,025,679	-	1,706,025,679
Securities	-	-	-	-	-	-	667,372,933	667,372,933
Others	4,035,184,664	124,621,782	17,229,940	12,236,841	438,368,375	4,627,641,602	-	4,627,641,602
Total loans, receivables and securities business receivables	89,801,896,387	6,562,947,529	977,678,253	378,462,799	1,209,941,935	98,930,926,903	4,846,151,718	103,777,078,621
Add: Accrued interest receivable	26,633,480	84,121,100	-	-	-	110,754,580	25,949,767	136,704,347
Total loans, receivables and securities business receivables and accrued interest receivable	89,828,529,867	6,647,068,629	977,678,253	378,462,799	1,209,941,935	99,041,681,483	4,872,101,485	103,913,782,968

## 3.5.4 Hire purchase and financial lease receivables

As at 31 December 2009, net receivables of the subsidiaries under hire purchase agreements and financial leases amount to Baht 94,895 million (2008: Baht 84,909 million) and mostly comprise hire purchase agreements and financial leases for cars, motorcycles, machine and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2009

## Amounts of installments due under the long-term lease agreements

				Non performing	Total
	Less than 1 year	1 - 5 years	Over 5 years	loans	
Hire purchase and financial lease receivables	35,646	68,434	1,364	2,727	108,171
Unearned income*	(5,646)	(6,549)	(33)	(996)	(13,224)
Advances received from financial lease receivables	(13)	(39)	-	-	(52)
Hire purchase and financial lease receivables - net	29,987	61,846	1,331	1,731	94,895
Allowance for doubtful accounts					1,188

\* Net of commissions and direct expenses incurred at the initiation of hire purchase

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2008

## Amounts of installments due under the long-term lease agreements

	Less than 1 year	1 - 5 years	Over 5 years	Non	Total
				performing loans	
Hire purchase and financial lease receivables	31,928	61,303	1,505	2,701	97,437
Unearned income*	(5,323)	(6,331)	(46)	(802)	(12,502)
Advances received from financial lease receivables	(7)	(19)	-	-	(26)
Hire purchase and financial lease receivables - net	<u>26,598</u>	<u>54,953</u>	<u>1,459</u>	<u>1,899</u>	<u>84,909</u>
Allowance for doubtful accounts					<u>1,070</u>

\* Net of commissions and direct expenses incurred at the initiation of hire purchase

### 3.5.5 Loans and receivables for which the recognition of interest income has ceased of a subsidiary company operating banking business

(Unit: Million Baht)

TISCO Bank	Amounts calculated under BOT's guidelines <sup>(2)</sup>		Amounts calculated under TISCO Bank's policy	
	as at		as at	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Loans and receivables for which the recognition of interest income has ceased <sup>(1)</sup>	4,084	3,241	4,262 <sup>(3)</sup>	3,405 <sup>(3)</sup>

<sup>(1)</sup> These amounts are calculated on an account by account basis.<sup>(2)</sup> Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.<sup>(3)</sup> Loans and receivables totaling Baht 1,103 million (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 December 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	345 <sup>(1)</sup>	411 <sup>(1)</sup>

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

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

(Unit: Million Baht)

	Consolidated financial statements	
	as at	
	31 December 2009	31 December 2008
Unearned interest income <sup>(1)</sup>	13,472	12,751

<sup>(1)</sup> 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.

3.5.7 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 December 2009
Restructured loans and receivables <sup>(1)</sup>	330
Loans and receivables which are being restructured	-

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

3.5.8 Troubled debt restructuring of a subsidiary company operating banking business

- Debt restructuring during the year

	For the year ended 31 December	
	2009	2008
Debtors restructured during the year		
Number of debtors restructured by modification of terms (number)	949	109
Loan balances before restructuring (million Baht)	1,082	639
Loss on troubled debt restructuring (million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	4
Mortgage loan receivables	10	6
Corporate loan receivables	2	1
Interest income on restructured receivables (million Baht)	48	82
Receipt of principal and interest (million Baht)	256	768

- The balance of the restructured debts

(Unit: Million Baht)

	As at	
	31 December	31 December
	2009	2008
The balance of the restructured debts	1,733	1,203

### 3.6 Allowance for doubtful accounts / allowance for loss on debt restructuring

#### 3.6.1 Allowance for doubtful accounts - classified by the receivables classification

(Unit: Baht)

Consolidated financial statements as at 31 December 2009							
	Pass	Special- mentioned	Sub- Standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of year	411,506,161	37,822,448	245,648,382	195,791,492	697,002,061	266,738,710	1,854,509,254
Increase (decrease) in allowance for doubtful accounts during the year	321,834,878	101,099,535	519,683,819	649,254,284	29,891,486	503,178,832	2,124,942,834
Bad debt written-off	(604,849)	(41,800,359)	(535,780,334)	(731,241,913)	(202,689,291)	(42,069,992)	(1,554,186,738)
Balance - end of year	<u>732,736,190</u>	<u>97,121,624</u>	<u>229,551,867</u>	<u>113,803,863</u>	<u>524,204,256</u>	<u>727,847,550</u>	<u>2,425,265,350</u>

(Unit: Baht)

Consolidated financial statements as at 31 December 2008							
	Pass	Special- mentioned	Sub- Standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of year	212,466,334	107,864,920	340,528,650	182,654,912	1,749,593,975	212,309,217	2,805,418,008
Increase (decrease) in allowance for doubtful accounts during the year	204,398,559	(18,821,406)	333,485,968	540,389,853	280,810,230	54,429,493	1,394,692,697
Bad debt written-off	(5,358,732)	(51,221,066)	(428,366,236)	(527,253,273)	(1,333,402,144)	-	(2,345,601,451)
Balance - end of year	<u>411,506,161</u>	<u>37,822,448</u>	<u>245,648,382</u>	<u>195,791,492</u>	<u>697,002,061</u>	<u>266,738,710</u>	<u>1,854,509,254</u>

#### 3.6.2 Allowance for doubtful accounts - classified by loan loss provisioning method

(Unit: Baht)

Consolidated financial statements as at 31 December 2009				
	Individual impairment	Collective impairment	General reserve	Total
Balance - beginning of year	554,750,574	1,033,019,970	266,738,710	1,854,509,254
Transfer classified by loan loss provisioning	(23,081,921)	23,081,921	-	-
Increase (decrease) in allowance for doubtful accounts during the year	21,824,159	1,599,939,843	503,178,832	2,124,942,834
Bad debt written-off	(32,821,200)	(1,479,295,546)	(42,069,992)	(1,554,186,738)
Balance - end of year	<u>520,671,612</u>	<u>1,176,746,188</u>	<u>727,847,550</u>	<u>2,425,265,350</u>

(Unit: Baht)

Consolidated financial statements  
as at 31 December 2008

	Individual	Collective	General reserve	Total
	impairment	impairment		
Balance - beginning of year	1,891,985,606	701,123,185	212,309,217	2,805,418,008
Increase (decrease) in allowance for doubtful accounts during the year	(235,977,246)	1,576,240,450	54,429,493	1,394,692,697
Bad debt written - off	(1,101,257,786)	(1,244,343,665)	-	(2,345,001,451)
Balance - end of year	<u>554,750,574</u>	<u>1,033,019,970</u>	<u>266,738,710</u>	<u>1,854,509,254</u>

**3.6.3 Allowance for doubtful accounts / allowance for loss on debt restructuring of a subsidiary company operating banking business**

(Unit: Million Baht)

Allowance for doubtful accounts / allowance for loss on debt restructuring	As at	
	31 December 2009	31 December 2008
Amount to be provided under BOT's guidelines	1,327	1,270
Amount already recorded by TISCO Bank	2,088 <sup>(1)</sup>	1,604 <sup>(1)</sup>
Amount in excess of the required amount under BOT's guidelines	761	334

<sup>(1)</sup> The allowance for doubtful debts consists of allowance for doubtful debts of Baht 432 million (2008: Baht 758 million) set aside for the unsecured portion of loans amounting to Baht 1,103 million (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 1,656 million (2008: Baht 846 million) set up for the other loans and receivables.

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

(Unit: Baht)

	As at	
	31 December 2009	31 December 2008
Balance - beginning of year	18,258	538,175
Increase during the year	-	18,258
Write off/transfer to general reserve	-	(538,175)
Balance - end of year	<u>18,258</u>	<u>18,258</u>

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

(Unit: Million Baht)

	as at	
	31 December 2009	31 December 2008
Non-performing loans and receivables	2,461	2,566
Allowance for doubtful accounts	704	911

### 3.7 Classification of assets

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

(Unit: Million Baht)

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

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

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

<sup>(3)</sup> 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.

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

(Unit: Million Baht)

	Allowance for doubtful accounts							
	Debt balance		Debt balance after		Amounts to be provided under		Amounts already set up	
	as at		net of collateral		BOT's guidelines		by TISCO Bank	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
2009	2008	2009	2008	2009	2008	2009	2008	
<b>Loans and receivables</b> <sup>(1)(2)(3)</sup>								
Pass	109,926	105,512	89,825	92,419	594	380	595	396
Special mentioned	6,615	6,563	6,560	6,489	59	30	61	30
Substandard	774	978	745	954	162	147	162	147
Doubtful	354	378	309	337	71	139	71	139
Doubtful of loss	1,333	1,210	736	588	441	575	471	625
Total	119,002	114,641	98,175	100,787	1,327	1,271	1,360	1,337
Loss on receivables under troubled debt restructuring	-	-	-	-	-	-	-	-
Total	119,002	114,641	98,175	100,787	1,327	1,271	1,360	1,337
General reserve							728	267
Total							2,088	1,604
<b>Investments in securities</b>								
Doubtful of loss								
Debt instruments	2	203	2	203	2	203	2	203
Equity instruments	67	67	67	67	67	67	67	67
Total	69	270	69	270	69	270	69	270
<b>Investments in receivables</b>								
Doubtful of loss	12	36	12	36	12	36	12	36
<b>Properties foreclosed</b>								
Doubtful of loss	61	43	61	43	61	43	537	43
Total classified assets	119,144	114,990	98,317	101,136	1,469	1,620	2,706	1,953

<sup>(1)</sup> 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).

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

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



### 3.7.3 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		Allowance for doubtful accounts	
	as at		after net of collateral value		doubtful account set up <sup>(2)</sup>		as at	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
<b>Hire purchase receivables<sup>(1)</sup></b>								
Pass	82,924	72,859	82,924	72,859	0.65	0.43	525	316
Special mentioned	6,440	6,375	6,440	6,375	0.65	0.43	57	27
Substandard	730	937	730	937	19.57	32.00	147	130
Doubtful	294	324	294	324	19.57	32.00	57	126
Doubtful of loss	362	236	362	236	19.57	32.00	67	223
<b>Total</b>	<b>90,750</b>	<b>80,731</b>	<b>90,750</b>	<b>80,731</b>			<b>853</b>	<b>822</b>

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

<sup>(2)</sup> These percentages off allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts.

### 3.7.4 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 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
				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	2	3	274	279	156	182	144	147
3. Listed companies whose shares have been suspended from trading	-	-	-	-	-	-	-	-
4. Listed companies under rehabilitation	1	2	78	92	10	12	72	81
5. Companies which have loan settlement problems or have defaulted on payment of debts	1	2	3	339	-	276	3	63
6. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4</b>	<b>7</b>	<b>355</b>	<b>710</b>	<b>166</b>	<b>470</b>	<b>219</b>	<b>291</b>

3.7.5 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 receivables and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	as at		as at		as at	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Doubtful	2	2	2	2	2	2

3.7.6 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 doubtful account		Debt balance - net	
	as at		as at		as at	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Current	3,182	3,026	110	11	3,072	3,015
Overdue						
1 month	276	325	28	3	248	322
2 - 3 months	344	411	37	8	307	403
4 - 6 months	157	197	67	99	90	98
7 - 12 months	99	114	42	57	57	57
Over 12 months	63	70	27	35	36	35
Debtors under litigation	24	35	24	35	-	-
Total	4,145	4,178	335	248	3,810	3,930

### 3.8 Property foreclosed

	(Unit: Baht)	
	Consolidated financial statements	
	as at	
	31 December 2009	31 December 2008
Foreclosed assets		
Immovable assets		
Balance - beginning of year	986,728,283	1,017,130,703
Additions	-	1,502,192
Disposals	(473,727,908)	(17,214,600)
Related transactions	-	(14,690,012)
Balance - end of year	<u>513,000,375</u>	<u>986,728,283</u>
Movable assets		
Balance - beginning of year	62,480,207	54,247,684
Additions	3,097,969,629	2,598,928,757
Disposals	(3,087,002,861)	(2,590,696,234)
Balance - end of year	<u>73,446,975</u>	<u>62,480,207</u>
Less: Allowance for impairment		
Balance - beginning of year	14,550,557	14,585,454
Increase	18,136,609	5,823,399
Decrease	(1,003,260)	(5,858,296)
Balance - end of year	<u>31,683,906</u>	<u>14,550,557</u>
Property foreclosed - net	<u>554,763,444</u>	<u>1,034,657,933</u>
Less: Reserve for declining in value of property foreclosed in accordance with the notification of the Bank of Thailand and the management's estimates	<u>(505,592,600)</u>	<u>(28,948,816)</u>
Property foreclosed - net, after reserve for declining in value in accordance with the notification of the Bank of Thailand and the management's estimates	<u>49,170,844</u>	<u>1,005,709,117</u>

### 3.9 Land, premises and equipment

(Unit: Baht)

#### Consolidated financial statements

	Operating assets					Assets for operating lease agreements				Total
	Land	Buildings and office condominium units	Furniture, fixtures and equipment	Office improvements	Motor vehicles	Land	Buildings and office condominium units	Computers and equipment	Motor vehicles	
<b>Cost:</b>										
31 December 2008	411,393,034	865,031,871	739,481,739	573,840,234	109,766,636	116,079,485	196,784,522	51,341,899	45,780,656	3,109,500,076
Additions	-	-	100,256,944	60,316,637	3,711,175	-	-	15,483,450	-	179,768,206
Additions from acquisition of a subsidiary company	-	-	38,337,274	15,935,042	27,776,810	-	-	-	-	82,049,126
Disposals/written-off	-	-	(99,827,682)	(20,589,301)	(30,989,734)	-	-	(24,582,078)	(35,117,834)	(211,106,629)
31 December 2009	411,393,034	865,031,871	778,248,275	629,502,612	110,264,887	116,079,485	196,784,522	42,243,271	10,662,822	3,160,210,779
<b>Accumulated depreciation:</b>										
31 December 2008	-	455,537,082	559,025,239	309,013,086	79,874,887	-	-	26,340,555	21,130,704	1,450,921,553
Depreciation for the year	-	35,761,601	99,036,430	69,855,716	16,514,152	-	23,541,405	15,298,395	8,555,270	268,562,969
Additions from acquisition of a subsidiary company	-	-	31,014,571	12,878,372	9,695,233	-	-	-	-	53,588,176
Depreciation on disposals/written-off	-	-	(90,937,782)	(18,533,355)	(15,368,967)	-	-	(23,185,542)	(23,507,311)	(171,532,957)
31 December 2009	-	491,298,683	598,138,458	373,213,819	90,715,305	-	23,541,405	18,453,408	6,178,663	1,601,539,741
<b>Net book value:</b>										
31 December 2008	411,393,034	409,494,789	180,456,500	264,827,148	29,891,749	116,079,485	196,784,522	25,001,344	24,649,952	1,658,578,523
31 December 2009	411,393,034	373,733,188	180,109,817	256,288,793	19,549,582	116,079,485	173,243,117	23,789,863	4,484,159	1,558,671,038
<b>Depreciation for the years ended 31 December:</b>										
2008										218,717,153
2009										268,562,969

(Unit: Baht)

	Separate financial statements							Total
	Operating assets				Asset for operating lease agreements			
	Land	Buildings and office condominium units	Furniture, fixtures and equipment	Office improvements	Vehicle	Land	Buildings and office condominium units	
<b>Cost:</b>								
31 December 2008	149,772,496	266,168,885	3,473,932	40,551,720	-	116,079,485	196,784,522	772,831,040
Additions	-	-	8,068,098	2,291,652	2,690,000	-	-	13,049,750
Disposals	-	-	-	-	-	-	-	-
31 December 2009	149,772,496	266,168,885	11,542,030	42,843,372	2,690,000	116,079,485	196,784,522	785,880,790
<b>Accumulated depreciation:</b>								
31 December 2008	-	-	-	-	-	-	-	-
Depreciation for the year	-	23,502,153	3,853,677	6,914,484	137,082	-	23,541,405	57,948,801
Depreciation on disposals	-	-	-	-	-	-	-	-
31 December 2009	-	23,502,153	3,853,677	6,914,484	137,082	-	23,541,405	57,948,801
<b>Net book value:</b>								
31 December 2008	149,772,496	266,168,885	3,473,932	40,551,720	-	116,079,485	196,784,522	772,831,040
31 December 2009	149,772,496	242,666,732	7,688,353	35,928,888	2,552,918	116,079,485	173,243,117	727,931,989
<b>Depreciation:</b>								
For the period as from 22 August 2008 to 31 December 2008								-
For the year ended 31 December 2009								57,948,801

As mentioned in Note 4.6 to the financial statements, the Company purchased its land, office condominium units and equipment from its subsidiary companies on 30 December 2008, in accordance with the holding restructuring plan of TISCO Group. Therefore, no depreciation for the period 2008 recorded in the separate financial statements.

Leased assets of the Company and its subsidiaries are mostly operating leases for building and office condominium units, cars, computers and office equipment with terms of 1 to 5 years. Payment conditions are monthly and quarterly.

These assets will generate the following minimum amounts of lease income in future.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	as at	as at
	31 December 2009	31 December 2009
Not over 1 year	27,384	52,798
1 - 5 years	11,845	-
<b>Total</b>	<b>39,229</b>	<b>52,798</b>

### 3.10 Other assets

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Value added tax - net	314,499,397	248,020,663	5,134,232	3,895,116
Accrued interest receivable	44,178,360	25,675,989	-	-
Fee and charges receivable	153,494,777	192,009,872	276,003	-
Prepaid income tax	47,501,285	31,097,336	-	-
Deferred computer system development cost - net	249,103,344	143,643,730	87,188,813	10,228,781
Deposits	31,426,399	25,865,183	4,065,000	-
Other receivables	421,599,168	368,939,756	-	-
Dividend receivable from subsidiaries	-	-	623,695,245	-
Financial derivatives assets	1,143,509	197,909,233	-	-
Other assets	183,618,023	257,326,450	5,296,961	1,290
<b>Total other assets</b>	<b>1,446,564,262</b>	<b>1,490,488,212</b>	<b>725,656,254</b>	<b>14,125,187</b>

### 3.11 Deposits

#### 3.11.1 Classified by type of deposits

(Unit: Baht)

Consolidated financial statements  
as at

	31 December 2009	31 December 2008
Promissory notes	2,375,650	2,399,539
Deposits		
Current accounts	7,430,525,926	6,414,670,683
Saving accounts	17,920,363,064	5,140,190,158
Fixed accounts		
- not over 6 months	619,774,357	727,196,529
- over 6 months and less than 1 year	671,524,768	2,297,400,375
- over 1 year	648,494,664	1,019,142,113
Certificates of deposit/negotiable certificates of deposit	29,515,424,161	43,221,618,110
Total	<u>56,808,482,590</u>	<u>58,822,617,507</u>

#### 3.11.2 Classified by the remaining period of contract

(Unit: Baht)

Consolidated financial statements  
as at

	31 December 2009	31 December 2008
Not over 1 year*	56,311,847,968	56,919,256,162
Over 1 year	496,634,622	1,903,361,345
Total deposits	<u>56,808,482,590</u>	<u>58,822,617,507</u>

\*Including fully-mature deposit contract

### 3.12 Interbank and money market items (liabilities)

(Unit: Baht)

	Consolidated financial statements as at					
	31 December 2009			31 December 2008		
	At call	Term	Total	At call	Term	Total
Commercial banks	10,205,163	2,093,607,161	2,103,812,324	29,728,657	1,815,717,271	1,845,445,928
Other banks and financial institutions	608,389,735	3,668,013,509	4,276,403,244	697,799,064	3,184,637,870	3,882,436,934
<b>Total</b>	<b>618,594,898</b>	<b>5,761,620,670</b>	<b>6,380,215,568</b>	<b>727,527,721</b>	<b>5,000,355,141</b>	<b>5,727,882,862</b>

(Unit: Baht)

	Separate financial statements as at					
	31 December 2009			31 December 2008		
	At call	Term	Total	At call	Term	Total
Commercial banks	-	210,000,000	210,000,000	2,600,000,000	-	2,600,000,000
<b>Total</b>	<b>-</b>	<b>210,000,000</b>	<b>210,000,000</b>	<b>2,600,000,000</b>	<b>-</b>	<b>2,600,000,000</b>

The subsidiary company operating banking business has entered into an interest rate swap agreement to swap the floating interest rate on Baht 300 million of bill of exchange with a local financial institution for a fixed interest rate, as mentioned in Note 3.27.5 to the financial statements.

The subsidiary company operating leasing business has entered into interest rate swap agreements to pay interest at a fixed rate and receive interest at a floating rate, associated with its interest-bearing financial liabilities, amounting to Baht 866 million, as mentioned in Note 3.27.5 to the financial statements.



### 3.13 Borrowings

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
<u>Domestic borrowings</u>				
Subordinated unsecured debentures				
issued by the Ministry of Finance under				
the Tier II capital support scheme	-	331,000,000	-	-
Subordinated unsecured debentures	4,000,000,000	-	-	-
Unsubordinated unsecured debentures	4,000,000,000	4,000,000,000	-	-
Bills of exchange	51,128,688,676	42,299,118,264	3,989,392,156	-
Promissory note	-	37,603,885	-	-
Total	<u>59,128,688,676</u>	<u>46,667,722,149</u>	<u>3,989,392,156</u>	<u>-</u>

#### 3.13.1 Subordinated unsecured debentures issued by the Ministry of Finance under the Tier II capital support scheme

In 1999, the subsidiary company operating banking business 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 subsidiary company by purchasing its newly issued subordinated debentures in order to increase its Tier II capital funds 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 subsidiary 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.

During the current year, the subsidiary company operating banking business redeemed all amount of such debentures.

### 3.13.2 Subordinated unsecured debentures

Year	Issuer	Type of debenture	Units		Face value per unit (Baht)	Balance in consolidated financial statements as at (Million Baht)		Maturity in the year	Interest rate
			31 December 2009	31 December 2008		31 December 2009	31 December 2008		
			2009	TISCO Bank		Subordinated and unsecured long-term debentures	2 million		
2009	TISCO Bank	Subordinated and unsecured long-term debentures	2 million	-	1,000	2,000	-	2019	5.0 percent per annum in the first to third years, 5.5 percent per annum in the forth to seventh years and 6.0 percent per annum in the eighth to tenth years.
Total							<u>4,000</u>	<u>-</u>	

### 3.13.3 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 December 2009	31 December 2008		31 December 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							<u>4,000</u>	<u>4,000</u>	

### 3.13.4 Bills of exchange

Bills of exchange comprised of the fixed interest rates bearing and float interest rate bearing, which will gradually mature in 2010 to 2011. The interest rates of the fixed interest rates bearing bills of exchange are between 0.75 and 4.96 percent per annum.

The subsidiary company operating banking business has entered into interest rate swap agreements to swap the floating interest rate on Baht 380 million of bills of exchange for a fixed interest rate, as mentioned in Note 3.27.5 to the financial statements.

### 3.13.5 Promissory note

As of 31 December 2008, 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 matured in 2009.

That subsidiary company entered into a call option agreement, under which rewards were reference to SET50 Index. Therefore, the net return was equal to the issue of fixed effective return rate promissory note. The call option agreement reached maturity in 2009.

## 3.14 Other liabilities

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Corporate income tax payable	704,302,092	42,246,528	68,672,484	-
Withholding income tax and other tax payable	229,031,260	166,999,229	30,018,983	600
Accrued insurance premium	290,294,266	634,126,924	-	-
Deferred tax liabilities	15,724,002	1,749,370	-	-
Deferred income	175,261,311	131,321,976	-	-
Accrued expenses	395,167,797	142,756,794	182,971,224	700,160
Dividend payable	671,533	-	-	-
Other liabilities	397,800,529	293,067,691	14,934,509	271,479,233
Total other liabilities	<u>2,208,252,790</u>	<u>1,412,268,512</u>	<u>296,597,200</u>	<u>272,179,993</u>

### 3.15 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.

TISCO Bank maintains capital adequacy ratio in comply with Basel II principles which is implementing capital requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, equity exposure and other assets, at the end of 2009.

As at 31 December 2009 and 2008, Capital funds of TISCO Bank are as follows:

	(Unit: Thousand Baht)	
	As at	
	31 December 2009	31 December 2008
	(Internal Ratings- Based Approach)	(Standardised Approach)
<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	547,000	486,800
Retained earnings - unappropriated	3,050,225	2,676,060
Less: Deferred tax assets	(482,797)	(184,924)
Shortage provision according to IRB	(420,199)	-
Total Tier I	<u>10,106,203</u>	<u>10,389,910</u>
<u>Tier II</u>		
Subordinated debentures	4,000,000	66,200
Reserve for loans classified as pass	71,892	380,640
Less: Shortage provision according to IRB	(420,199)	-
Total Tier II	<u>3,651,693</u>	<u>446,840</u>
Total capital fund	<u><u>13,757,896</u></u>	<u><u>10,836,750</u></u>

Capital ratios	As at			
	31 December 2009		31 December 2008	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Tier I capital to risk assets	12.46%	4.25%	11.23%	4.25%
Total capital to risk assets	16.96%	8.50%	11.71%	8.50%

In addition, TISCO Bank disclosed capital maintenance information under the Notification of the Bank of Thailand No. SorNorSor. 25/2552 regarding “Public Disclosure of Capital Maintenance for Commercial Banks” dated 14 December 2009 as follows:

Location of disclosure:	TISCO Bank’s website
Date of disclosure:	Within 30 April 2010
Information as of:	31 December 2009

### 3.16 Revaluation surplus (deficit) on investments

	(Unit: Baht)	
	Consolidated financial statements	
	As at 31 December	
	2009	2008
Balance - beginning of year	(496,328,805)	756,633,812
Increase (decrease) from changes in the value of securities during the year	479,726,695	(1,252,962,617)
	(16,602,110)	(496,328,805)
Add (less): The effect of deferred tax assets / liabilities	(21,190,730)	97,337,009
Balance - end of year	(37,792,840)	(398,991,796)

### 3.17 Gain (loss) on investments

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	For the year ended	For the year ended	For the year ended	For the period as from 22 August 2008 to
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Allowance for impairment of investments	(6,265,108)	(11,585,602)	(104,292,703)	-
Unrealised gain (loss) on investments	15,649,920	(122,595,714)	-	-
Realised gain (loss) on investments	333,623	(84,208,100)	-	-
Total	9,718,435	(218,389,416)	(104,292,703)	-

### 3.18 Gain (loss) from trading derivatives

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December 2009	For the year ended 31 December 2008	For the year ended 31 December 2009	For the period
				as from 22 August
				2008 to 31 December 2008
Reversal unrealised gain on derivatives	-	(12,000,000)	-	-
Realised gain (loss) on derivatives trading	(177,400)	7,780,700	-	-
<b>Total</b>	<b>(177,400)</b>	<b>(4,219,300)</b>	<b>-</b>	<b>-</b>

### 3.19 Other income

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December 2009	For the year ended 31 December 2008	For the year ended 31 December 2009	For the period
				as from 22 August
				2008 to 31 December 2008
Penalty fee income from loans	193,955,728	142,119,030	-	-
Gains on disposal of property foreclosed	190,182,964	34,371,263	-	-
Rental income	47,343,508	21,617,538	60,342,869	-
Others	345,037,688	209,439,116	98,526	-
<b>Total</b>	<b>776,519,888</b>	<b>407,546,947</b>	<b>60,441,395</b>	<b>-</b>

### 3.20 Other expenses

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December 2009	For the year ended 31 December 2008	For the year ended 31 December 2009	For the period
				as from 22 August
				2008 to 31 December 2008
Contributions to the Financial Institutions Development Fund/Deposit Protection Agency	228,752,550	170,932,163	-	-
Allowance for impairment of property foreclosed	505,756,383	14,953,680	-	-
Mailing expenses	42,052,589	36,766,901	208,154	-
Loan losses from court - ordered executions	36,132,016	29,288,877	-	-
Transportation expenses	73,028,860	71,294,286	5,742,649	-
Advertising and promotion expenses	146,776,990	38,066,651	1,469,546	-
Others	214,574,340	181,430,965	18,434,563	250,160
<b>Total</b>	<b>1,247,073,728</b>	<b>542,733,523</b>	<b>25,854,912</b>	<b>250,160</b>

### 3.21 Corporate income tax

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year	For the year	For the year	For the period
	ended	ended	ended	as from 22 August
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Income tax payable on taxable profit for the year	1,222,407,309	237,271,794	189,854,843	-
Add (less): Net decrease (increase) in deferred tax on temporary differences	(381,987,123)	114,273,032	(86,136,513)	-
Adjustment in respect of current income tax of prior year	20,523	9,494,342	(38,425)	-
Income tax expenses - net	<u>840,440,709</u>	<u>361,039,168</u>	<u>103,679,905</u>	<u>-</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements
	as at		as at
	31 December 2009	31 December 2008	31 December 2009
Allowance for doubtful accounts (general reserve)	1,051,927	509,268	-
Allowance for doubtful accounts for VAT receivables	-	4,047	-
Allowance for impairment of investments	239,893	182,137	104,293
Allowance for impairment of property foreclosed	537,276	43,499	-
Non-accrual of interest income	675,482	689,976	-
Depreciation of assets	104,046	117,636	28,317
Financial leases	65,195	41,274	-
Revaluation deficit (surplus) on changes in the value of investments	(11,324)	325,994	-
Unrealised gain on derivatives	(68)	(866)	-
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(818,006)	(692,248)	-
Loss on disposal of property foreclosed	76,098	112,613	-
Deferred subsidized income	140,479	52,273	-
Reduction of a subsidiary's share capital	107,174	-	107,174
Accrued expenses	205,317	-	99,533
Others	402	4,669	(361)
	<u>2,373,891</u>	<u>1,390,272</u>	<u>338,956</u>
<b>Deferred tax assets</b>	<u>696,617</u>	<u>417,082</u>	<u>86,137</u>

	Consolidated financial statements		(Unit: Thousand Baht)
	as at		Separate financial statements
	31 December 2009	31 December 2008	as at 31 December 2009
Financial leases	157,194	91,183	-
Allowance for doubtful accounts	(1,708)	(3,060)	-
Loss carried forwards	(116,159)	(81,390)	-
Allowance for impairment of other assets	(900)	(900)	-
Allowance for impairment of investments	13,941	-	-
Non-accrual of interest income	(23)	-	-
Deprecation of assets	(7,628)	-	-
Revaluation surplus on investments	59,311	-	-
Unrealised losses on cash flow hedges	(31,320)	-	-
Accrued expenses	(13,744)	-	-
Other	(6,551)	-	-
	<u>52,413</u>	<u>5,833</u>	<u>-</u>
<b>Deferred tax Liabilities</b>	<u>15,724</u>	<u>1,750</u>	<u>-</u>

### 3.22 Provident fund

	Consolidated financial statements		Separate financial statements	
	For the year ended	For the year ended	For the year ended	For the period as from 22 August 2008 to
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Amounts contributed to the provident fund (million Baht)	81	67	11	-



### 3.23 Earnings per share

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

	Consolidated financial statements					
	For the years ended 31 December					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2009	2008	2009	2008	2009	2008
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the parent	1,988,393	1,714,138				
Less: Dividend paid to preference shares in preference to the ordinary shares for the year	(91,704)	(183,401)				
	1,896,689	1,530,737	724,792	724,490	2.62	2.11
<b>Effect of dilutive potential ordinary shares</b>						
Warrants to purchase preferences shares	-	-	-	-		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion to ordinary shares	1,896,689	1,530,737	724,792	724,490	2.62	2.11
<b>Separate financial statements</b>						
For the year ended 31 December 2009 and for the period as from 22 August 2008 to 31 December 2008						
	Net income (loss)		Weighted average number of ordinary shares		Earnings (loss) per share	
	2009	2008	2009	2008	2009	2008
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings ( loss) per share</b>						
Net income (loss) attributable to equity holders of the parent	2,394,289	(3,820)				
Less: Dividend paid to preference shares in preference to the ordinary shares for the year	(91,704)	(183,401)				
	2,302,585	(187,221)	724,792	724,490	3.18	(0.26)
<b>Effect of dilutive potential ordinary shares</b>						
Warrants to purchase preferences shares	-	-	-	-		
<b>Diluted earnings (loss) per share</b>						
Net income (loss) of ordinary shareholders assuming the conversion to ordinary shares	2,302,585	(187,221)	724,792	724,490	3.18	(0.26)

Dividend paid to preference shares in preference to the ordinary shares for the years is 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 have been equal to the holders of ordinary shares (as mentioned in Note 2.2 to the financial statements).

In calculating diluted earnings per share for the year ended 31 December 2009, the number of potential ordinary shares that the Company may have to issue in respect of preference share warrants had not been taken into account, because the exercise period of the warrants ended in August 2009.

In calculating diluted earnings per share for the year ended 31 December 2008 the number of potential ordinary shares that the Company may have to issue for warrants to purchase preference share had not been taken into account, because exercise price of the warrants was higher than the fair value of the Company's preference shares.

The holding restructuring plan of TISCO Group is considered to be a business combination of entities under common control, treated as if it had been taken place at the beginning of the year 2008. Therefore, the weighted average number of ordinary shares used in determining earning per share for the year ended 31 December 2008 in the consolidated financial statements and separate financial statements is calculated from the weighted average number of ordinary shares and preference shares of TISCO Bank in issue during the year, less the number of TISCO Bank shares that minority shareholders did not swap under the holding restructuring plan.

### 3.24 Related party transactions

(Unit: Thousand Baht)

	Balance - beginning of year	Increase	Decrease	Balance - end of year
<b><u>Outstanding balance as at 31 December 2009</u></b>				
(Eliminated in consolidated financial statements)				
<b>Subsidiary companies</b>				
Interbank and money market items (assets)				
TISCO Bank Public Company Limited	27,992	455,491	(57,078)	426,405
Interbank and money market items (liabilities)				
TISCO Bank Public Company Limited	2,600,000	570,000	(3,170,000)	-
TISCO Securities Co., Ltd.	-	300,000	(100,000)	200,000
Loans				
Hi-Way Co., Ltd.	-	1,475,000	-	1,475,000
Dividend receivable				
TISCO Bank Public Company Limited	-	1,457,681	(1,021,485)	436,196
TISCO Securities Co., Ltd.	-	156,000	(121,500)	34,500
TISCO Asset Management Co., Ltd.	-	344,618	(191,619)	152,999
Hi-Way Co., Ltd.	-	54,930	(54,930)	-
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.	-	15,992	(15,992)	-
Borrowings				
Primus Leasing Co., Ltd.	-	300,000	(300,000)	-
TISCO Information Technology Co., Ltd.	-	60,000	(60,000)	-
Interest payable				
Primus Leasing Co., Ltd.	-	1,326	(1,326)	-
TISCO Securities Co., Ltd.	-	48	-	48
Other liabilities				
TISCO Bank Public Company Limited	-	250,125	(250,125)	-
TISCO Securities Co., Ltd.	-	35,681	(27,839)	7,842
TISCO Asset Management Co., Ltd.	-	4,500	(4,500)	-
TISCO Information Technology Co., Ltd.	-	3,768	-	3,768
TISCO Leasing Co., Ltd.	270,464	-	(270,464)	-

(Unit: Thousand Baht)

	Separate financial statements		Terms and pricing policy
	For the year ended	For the period as from 22 August 2008 to	(For the year 2009)
	31 December 2009	31 December 2008	
<b>Transactions occurred during the period</b>			
(Eliminated in consolidated financial statements)			
<b>Subsidiary companies</b>			
Risk and financial management fee income, human resources management fee income and office administration fee income	1,091,000	-	In accordance with the centralised policy for supporting activities of the Company and related companies, which was approved by the Bank of Thailand
Interest income	12,587	-	With reference to the terms and prices as offered to other customers
Rental income	45,278	-	In accordance with the centralised policy for supporting activities of the Company and related companies, which was approved by the Bank of Thailand
Computer system advisory services expenses	15,000	-	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	73,271	712	With reference to the terms and prices as offered to other customers (carrying interest at rate between 1.25 and 4.00 percent per annum)
Other expenses	3,125	-	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 December 2009	31 December 2008
Loans	1,949	2,939

Besides the above transactions, the Company has additional related party transactions with its subsidiaries, which are presented in Note 4.6 to the financial statements.

Directors and management's remuneration

In 2009, the Company and its subsidiaries paid monthly remuneration, meeting allowances, salaries, provident fund contributions and bonuses to their directors and key managements totaling Baht 401 million (The Company only: Baht 239 million).

**3.25 Financial information by segment**

3.25.1 Financial information by business segment

(Unit: Million Baht)

For the years ended 31 December										
	Bank		Securities				Elimination		Total	
	business/financial		business		Other business					
	service	business	2009	2008	2009	2008	2009	2008	2009	2008
Net interest and dividend										
income after bad debt										
and doubtful accounts	4,366	3,889	40	62	1,996	-	(1,969)	(770)	4,433	3,181
Non-interest income	1,739	302	1,364	1,050	1,352	221	(1,582)	561	2,873	2,134
Non-interest expenses	(4,194)	(2,506)	(936)	(820)	(833)	(213)	1,502	305	(4,461)	(3,234)
Corporate income tax	(596)	(268)	(141)	(93)	(104)	-	-	-	(841)	(361)
Non-controlling interest of										
the subsidiaries	-	-	-	-	-	-	(16)	(6)	(16)	(6)
Net income for the year	1,315	1,417	327	199	2,411	8	(2,065)	90	1,988	1,714

(Unit: Million Baht)

As at 31 December										
	Bank									
	business/financial									
	service business		Securities business		Other business		Elimination		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Investments	8,438	4,506	1,063	1,002	15,369	15,298	(15,432)	(15,451)	9,438	5,355
Loans, receivables and accrued										
interest receivable - net	110,941	103,997	1,015	666	1,475	-	(1,490)	(2,604)	111,941	102,059
Other assets	15,523	17,683	1,312	1,003	2,041	857	(1,451)	(784)	17,425	18,759
Total assets	134,902	126,186	3,390	2,671	18,885	16,155	(18,373)	(18,839)	138,804	126,173

### 3.25.2 Significant financial positions and operating results by domestic and foreign activities

#### 3.25.2.1 Financial position by activities

(Unit: Million Baht)

As at								
	31 December 2009				31 December 2008			
	Domestic	Foreign	Elimination	Total	Domestic	Foreign	Elimination	Total
Total assets	157,112	65	(18,373)	138,804	144,898	114	(18,839)	126,173
Interbank and money								
market items (assets)	13,431	65	(788)	12,708	13,747	78	(234)	13,591
Investments	24,870	-	(15,432)	9,438	20,806	-	(15,451)	5,355
Loans, receivables and accrued interest								
receivable - net	113,431	-	(1,490)	111,941	104,663	-	(2,604)	102,059
Deposits in Baht	56,930	-	(122)	56,808	58,876	-	(53)	58,823
Interbank and money								
market items (liabilities)	6,652	-	(272)	6,380	8,484	-	(2,756)	5,728
Borrowings	61,012	-	(1,883)	59,129	46,696	-	(28)	46,668
Commitments	2,504	-	-	2,504	7,548	-	-	7,548

### 3.25.2.2 Operating results by activities

(Unit: Million Baht)

	For the years ended 31 December							
	2009				2008			
	Domestic	Foreign	Elimination	Total	Domestic	Foreign	Elimination	Total
Net interest and dividend income after bad debt and doubtful accounts	6,402	-	(1,969)	4,433	3,950	1	(770)	3,181
Non - interest income	4,455	-	(1,582)	2,873	1,572	1	561	2,134
Non - interest expenses	(5,957)	(6)	1,502	(4,461)	(3,514)	(25)	305	(3,234)
Corporate income tax	(841)	-	-	(841)	(361)	-	-	(361)
Non-controlling interest of the subsidiaries	-	-	(16)	(16)	-	-	(6)	(6)
Net income for the year	<u>4,059</u>	<u>(6)</u>	<u>(2,065)</u>	<u>1,988</u>	<u>1,647</u>	<u>(23)</u>	<u>90</u>	<u>1,714</u>

### 3.26 Commitments and contingent liabilities

#### 3.26.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at	
	31 December 2009	31 December 2008
Avals	21,651	70,697
Other guarantees	928,884	984,125
Undrawn client overdrafts facilities	8,052	-
Obligations covering principal under interest rate swap agreements (Note 3.27.5)	1,545,732	2,297,717
Obligations covering principal under call option agreements	-	15,960
Obligations for cross currency swap agreements	-	4,179,690
	<u>2,504,319</u>	<u>7,548,189</u>

### 3.26.2 Litigation

As at 31 December 2009, the subsidiary company operating banking business has 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 201 million as at 31 December 2009). During the year, the case is currently under consideration of the court.

The management of the Company and its subsidiaries believe that no material loss to the consolidated financial statements will be incurred as a result of the above mentioned lawsuits and damage claims.

### 3.26.3 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 December 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	60
1 to 5 years	61
More than 5 years	10



## 3.27 Financial instruments

### 3.27.1 Credit risk

Credit risk is risk that a counterparty or borrower will be unable to meet their financial commitments under an agreement, causing them to be unable to make settlement of indebtedness to the Company and its subsidiaries on the due date or to intentionally fail to make payments to the Company and its subsidiaries in accordance with the agreement.

TISCO Group is exposed to credit risk primarily with respect to loans and receivables and guarantees of loans and others.

TISCO Group has centralised its risk management function under the regulatory guidelines for consolidated supervision issued by the Bank of Thailand. The Company and its subsidiaries (“the Group”) manage credit risk by adopting appropriate credit control policies and procedures in the credit approval process, and by analysis of risk factors and the ability of customers to service debt. For hire purchase receivables, the Group has implemented a credit scoring system, in order to enhance efficiency in the credit approval process and better reflect the credit risk. They have also adopted a credit review process that examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future. The Group therefore does not expect to incur material financial losses from loans and guarantees of loans. In addition, the Group is not exposed to concentrations of credit risk because they have a varied customer base and a large number of customers. 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 company 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 follow:

(Unit: Million Baht)

	As at	
	31 December	31 December
	2009	2008
Neither past due nor impaired		
Very high grade	57,448	53,755
High grade	22,443	16,642
Medium grade	3,033	2,462
Sub total	82,924	72,859
Hire purchase receivable - overdue 31 - 90 days	6,440	6,375
Hire purchase receivable - overdue more than 90 days	1,386	1,497
Total	<u>90,750</u>	<u>80,731</u>

### 3.27.2 Market risk

Market risk is defined as the degree of vulnerability to movements in securities market prices or interest rates, which may affect income or the capital funds of the Group.

In order to effectively manage market risk, a suitable risk treatment framework is to be implemented. TISCO Group uses a combination of risk sensitivities, value-at-risk and stress testing to manage market risks and establish limits. The Value-at-Risk (VaR) concept has employed methodologies and internal techniques appropriate to the nature of risks involved. On-going Back-testing is also performed to validate the internal Value-at-Risk model, and stress testing is performed under various extreme scenarios as a supplement to VaR. The risk assessment and corresponding risk treatment takes into account the transaction intent as well as the market liquidity of the securities.

### 3.27.2.1 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 December	
	2009	2008
Marketable financial assets		
Equity securities	573	581
Debts securities	95	6
Foreign currencies	10	18

### 3.27.2.2 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 December	
	2009	2008
Change in interest rate		
Increase 1 percent	(305.10)	(241.15)
Decrease 1 percent	305.10	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 net interest rate sensitivity incurred would be less than those effected in net interest income as illustrated in the analysis. 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.

### 3.27.2.3 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 December 2009				
Outstanding balances of financial instruments				
<u>Transactions</u>	<u>Floating</u>	<u>Fixed</u>	<u>Without</u>	<u>Total</u>
	<u>Interest rate</u>	<u>Interest rate</u>	<u>Interest</u>	
<b><u>Financial assets</u></b>				
Cash	-	-	827	827
Interbank and money market items	106	10,411	2,191	12,708
Investment - net	101	7,639	1,698	9,438
Receivable from clearing house	-	-	140	140
Loans and receivables	8,342	104,429	1,595	114,366
	<u>8,549</u>	<u>122,479</u>	<u>6,451</u>	<u>137,479</u>
<b><u>Financial liabilities</u></b>				
Deposits	25,105	31,458	246	56,809
Interbank and money market items	840	5,540	-	6,380
Liabilities payable on demand	-	-	345	345
Borrowings	-	59,129	-	59,129
Payable to clearing house	-	-	193	193
Securities and derivative business payables	3	-	956	959
	<u>25,948</u>	<u>96,127</u>	<u>1,740</u>	<u>123,815</u>

(Unit: Million Baht)

## Consolidated financial statements

as at 31 December 2008

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating Interest rate	Fixed Interest rate	Without Interest	Total
<b><u>Financial assets</u></b>				
Cash	-	-	596	596
Interbank and money market items	65	13,482	44	13,591
Investment - net	200	3,665	1,490	5,355
Loans and receivables	10,382	92,471	1,061	103,914
	<u>10,647</u>	<u>109,618</u>	<u>3,191</u>	<u>123,456</u>
<b><u>Financial liabilities</u></b>				
Deposits	11,466	47,268	89	58,823
Interbank and money market items	1,282	4,446	-	5,728
Liabilities payable on demand	-	-	497	497
Borrowings	-	46,668	-	46,668
Payable to clearing house	-	-	339	339
Securities and derivative business payables	3	-	289	292
	<u>12,751</u>	<u>98,382</u>	<u>1,214</u>	<u>112,347</u>

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2009

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating Interest rate	Fixed Interest rate	Without Interest	Total
<b><u>Financial assets</u></b>				
Interbank and money market items	66	360	-	426
Investment - net	-	-	15,369	15,369
Loans and receivables	-	1,475	-	1,475
	<u>66</u>	<u>1,835</u>	<u>15,369</u>	<u>17,270</u>
<b><u>Financial liabilities</u></b>				
Interbank and money market items	-	210	-	210
Borrowings	-	3,989	-	3,989
	<u>-</u>	<u>4,199</u>	<u>-</u>	<u>4,199</u>

(Unit: Million Baht)

Separate financial statements  
as at 31 December 2008

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<b><u>Financial assets</u></b>				
Interbank and money market items	28	-	-	28
Investment - net	-	-	15,297	15,297
	<u>28</u>	<u>-</u>	<u>15,297</u>	<u>15,325</u>
<b><u>Financial liabilities</u></b>				
Interbank and money market items	-	2,600	-	2,600
	<u>-</u>	<u>2,600</u>	<u>-</u>	<u>2,600</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 December 2009						
	At call	Repricing or maturity date				Total	Interest rates (%)
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b><u>Financial assets</u></b>							
Interbank and money market items	36	10,375	-	-	-	10,411	1.2088
Investment - net	60	527	1,499	4,577	976	7,639	4.2709
Loans and receivables	1,250	9,972	25,108	66,634	1,465	104,429	7.6872
	<u>1,346</u>	<u>20,874</u>	<u>26,607</u>	<u>71,211</u>	<u>2,441</u>	<u>122,479</u>	
<b><u>Financial liabilities</u></b>							
Deposits	3,497	21,244	6,220	497	-	31,458	1.4297
Interbank and money market items	595	4,060	127	758	-	5,540	2.6696
Borrowings	2,463	38,313	12,923	1,430	4,000	59,129	1.9436
	<u>6,555</u>	<u>63,617</u>	<u>19,270</u>	<u>2,685</u>	<u>4,000</u>	<u>96,127</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2008							
<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items	37	13,445	-	-	-	13,482	2.7120
Investment - net	39	2,120	813	692	1	3,665	5.8187
Loans and receivables	1,354	9,741	21,143	58,665	1,568	92,471	8.1340
	<u>1,430</u>	<u>25,306</u>	<u>21,956</u>	<u>59,357</u>	<u>1,569</u>	<u>109,618</u>	
<b>Financial liabilities</b>							
Deposits	2,485	30,060	12,820	1,825	78	47,268	3.3823
Interbank and money market items	698	1,169	1,269	1,310	-	4,446	4.0707
Borrowings	3,358	31,232	7,103	4,974	1	46,668	3.7834
	<u>6,541</u>	<u>62,461</u>	<u>21,192</u>	<u>8,109</u>	<u>79</u>	<u>98,382</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2009							
<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items	360	-	-	-	-	360	1.0000
Loans and receivables	1,475	-	-	-	-	1,475	2.7500
	<u>1,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,835</u>	
<b>Financial liabilities</b>							
Interbank and money market items	-	210	-	-	-	210	1.2667
Borrowings	-	3,549	440	-	-	3,989	1.6210
	<u>-</u>	<u>3,759</u>	<u>440</u>	<u>-</u>	<u>-</u>	<u>4,199</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2008							
<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial liabilities</b>							
Interbank and money market items	2,600	-	-	-	-	2,600	5.0000
	<u>2,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,600</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.

### 3.27.3 Liquidity risk

Counting from the balance sheet date, as at 31 December 2009 and 2008, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2009								
Transactions	At call	0 - 3 Months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing loans	
<b>Financial assets</b>								
Cash	827	-	-	-	-	-	-	827
Interbank and money market items	2,333	10,375	-	-	-	-	-	12,708
Investments - net	690	527	1,600	4,577	976	1,068	-	9,438
Receivable from clearing house	-	140	-	-	-	-	-	140
Loans and receivables	1,709	9,379	25,678	71,049	2,122	-	4,429	114,366
	<u>5,559</u>	<u>20,421</u>	<u>27,278</u>	<u>75,626</u>	<u>3,098</u>	<u>1,068</u>	<u>4,429</u>	<u>137,479</u>
<b>Financial liabilities</b>								
Deposits	28,848	21,244	6,220	497	-	-	-	56,809
Interbank and money market items	609	4,212	515	1,044	-	-	-	6,380
Liabilities payable on demand	345	-	-	-	-	-	-	345
Borrowings	2,463	38,313	12,923	1,430	4,000	-	-	59,129
Payable to clearing house	-	193	-	-	-	-	-	193
Securities and derivative business payables	3	956	-	-	-	-	-	959
	<u>32,268</u>	<u>64,918</u>	<u>19,658</u>	<u>2,971</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>123,815</u>
<b>Off-balance sheet items</b>								
Aval to bills and guarantees of loans	-	-	22	-	-	-	-	22
Other commitments	31	537	845	626	-	444	-	2,483



(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2008

Transactions	At call	0 - 3 Months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing loans	
<b>Financial assets</b>								
Cash	596	-	-	-	-	-	-	596
Interbank and money market items	146	13,445	-	-	-	-	-	13,591
Investments - net	678	2,120	843	862	1	851	-	5,355
Loans and receivables	263	10,492	23,071	63,306	3,130	-	3,652	103,914
	<u>1,683</u>	<u>26,057</u>	<u>23,914</u>	<u>64,168</u>	<u>3,131</u>	<u>851</u>	<u>3,652</u>	<u>123,456</u>
<b>Financial liabilities</b>								
Deposits	14,040	30,060	12,820	1,825	78	-	-	58,823
Interbank and money market items	728	1,169	1,938	1,893	-	-	-	5,728
Liabilities payable on demand	497	-	-	-	-	-	-	497
Borrowings	3,358	31,232	7,103	4,974	1	-	-	46,668
Payable to clearing house	-	339	-	-	-	-	-	339
Securities and derivative business payables	3	289	-	-	-	-	-	292
	<u>18,626</u>	<u>63,089</u>	<u>21,861</u>	<u>8,692</u>	<u>79</u>	<u>-</u>	<u>-</u>	<u>112,347</u>
<b>Off-balance sheet items</b>								
Aval to bills and guarantees of loans	-	13	46	12	-	-	-	71
Other commitments	28	4,587	1,180	1,263	-	419	-	7,477

(Unit: Million Baht)

## Separate financial statements as at 31 December 2009

Transactions	At call	0 - 3 Months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing Loans	
<b>Financial assets</b>								
Interbank and money market items	426	-	-	-	-	-	-	426
Investments - net	-	-	-	-	-	15,369	-	15,369
Loans and receivables	1,475	-	-	-	-	-	-	1,475
	<u>1,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,369</u>	<u>-</u>	<u>17,270</u>
<b>Financial liabilities</b>								
Interbank and money market items	-	210	-	-	-	-	-	210
Borrowings	-	3,549	440	-	-	-	-	3,989
	<u>-</u>	<u>3,759</u>	<u>440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,199</u>

(Unit: Million Baht)

## Separate financial statements as at 31 December 2008

Transactions	At call	0 - 3 Months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing Loans	
<b>Financial assets</b>								
Interbank and money market items	28	-	-	-	-	-	-	28
Investments - net	-	-	-	-	-	15,297	-	15,297
	<u>28</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,297</u>	<u>-</u>	<u>15,325</u>
<b>Financial liabilities</b>								
Interbank and money market items	2,600	-	-	-	-	-	-	2,600
	<u>2,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,600</u>

### 3.27.4 Foreign exchange risk

As at 31 December 2009, the Company and its subsidiaries had significant financial instruments in foreign currencies, which is investment in a subsidiary company indirectly owned by the Company amounting to HKD 20 million (under the cost method equivalent to Baht 66 million).

### 3.27.5 Derivatives

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

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

a) Financial derivative instruments classified as derivatives held for trading

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 follow:

		(Unit: Million Baht)
Maturity	Notional amount	Fair value gain (loss)
2010	380	(6)
2012	300	7

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 follow:

		(Unit: Million Baht)
Maturity	Notional amount	Fair value gain (loss)
2013	866	(31)

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	12	6

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

	(Unit: Million Baht)
	For the year ended
	31 December 2009
Interest expenses	34

### 3.27.6 Fair value of financial instruments

As at 31 December 2009 and 2008, the fair values of significant financial instruments of the Company and its subsidiaries, as presented below.

	(Unit: Million Baht)			
	As at			
	31 December 2009		31 December 2008	
<u>Transactions</u>	Book Value	Fair Value	Book Value	Fair Value
<b><u>Financial assets</u></b>				
Interbank and money market items	12,708	12,708	13,591	13,591
Investments - net	9,438	9,438	5,355	5,355
Loans and receivables	111,941	115,320	102,059	102,806
<b><u>Financial liabilities</u></b>				
Deposits	56,808	56,808	58,823	58,823
Interbank and money market items	6,380	6,380	5,728	5,728
Liabilities payable on demand	345	345	497	497
Borrowings	59,129	59,070	46,668	46,642
Payable to clearing house	193	193	339	339
Securities and derivative business payables	959	959	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 year 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.

On 24 April 2009, the 2009 Annual General Meeting of Shareholders of the Company passed a resolution to acquire the remaining 0.49% of shares in TISCO Bank from the minority shareholders after the completion of the shareholding restructuring of TISCO Group. The shareholders delegated authority to the Company's Board of Directors to implement the share swap process, as they consider appropriate. However, the swap price or the cash purchase price are not to exceed the book value of TISCO Bank as at the transaction date and are not to exceed the previous swap price.

During the year 2009, the Company acquired the remaining 120,620 ordinary shares of TISCO Bank at a price of Baht 14.66 per share, totaling Baht 1.8 million, from the minority shareholders. In addition, the Company undertook to issue the Company's ordinary shares in exchange of the remaining 2,266,582 ordinary shares of TISCO Bank at a price of Baht 14.66 per share, totaling Baht 33.2 million, from the minority shareholders. This acquiring of the remaining ordinary shares of TISCO Bank from the minority shareholders was amounting to 2,387,202 shares, which was equivalent to 0.33% of TISCO Bank's shares in issue. As a result, the Company's shareholding in TISCO Bank increased to 99.84% of TISCO Bank's paid up shares and there are 1,158,643 shares of TISCO Bank held by minority shareholders (1,126,639 ordinary shares and 32,004 preference shares), which is equivalent to 0.16% of TISCO bank's shares in issue.

According to this acquiring of the remaining ordinary shares of TISCO Bank from the minority shareholders, "Adjustment from business combination of entities under common control under holding restructuring plan" in shareholders' equity of the consolidated financial statements as at 31 December 2009 and 2008 are as follows:

(Unit: Million Baht)

Year 2008

Share premium of preference shares	1,614
Share premium of ordinary shares	4,384
	<hr/>
Total share premium	5,998
The difference of the purchase price and the net book value of the consolidated financial statements of TISCO Group after adjusted equity transactions as if the business combination had taken place at the beginning of the year 2008	(5,341)
	<hr/>
Balance as at 31 December 2008	657

Year 2009

The difference of the ordinary share swap price and the net asset value of the remaining ordinary shares of TISCO Bank from the minority shareholders during the year 2009	15
	<hr/>
Balance as at 31 December 2009	672
	<hr/>

With respect to the Company's ordinary shares which were issued in exchange of the remaining 2,266,582 ordinary shares of TISCO Bank from the minority shareholders, the Company registered the increase in its paid-up share capital of 2,257,374 shares and 9,208 shares on 2 December 2009 and on 5 January 2010, respectively, with the Ministry of Commerce.

## 4.2 Dividend payment

	Approved by	Dividend per share		Amounts of	Dividend
		Preference	Ordinary	dividend paid	payment period
		share	share		
		Baht per	Baht per	Million Baht	
		share	share		
<b>Dividend declared by TISCO Bank Public Company Limited -</b>					
<b>Before holding restructuring</b>					
Final dividends for 2007	The 2008 Annual General Meeting of the Shareholders on 25 April 2008	2.80	1.80	1,490	May 2008
Total				<u>1,490</u>	
<b>Dividend declared by TISCO Financial Group Public Company Limited -</b>					
<b>After holding restructuring</b>					
Final dividends for 2008	The 2009 Annual General Meeting of the Shareholders on 24 April 2009	2.00	1.00	908	May 2009
Interim dividends for 2009	The 2009 Annual General Meeting of the Shareholders on 24 April 2009	1.00	0.50	454	July 2009
Total				<u>1,362</u>	

## 4.3 Acquisition of subsidiary after holding restructuring

On 2 March 2009, the Company acquired a 100% stake in Primus Leasing Company Limited from its former shareholders. As a result, the Company has management control over this company and considers it to be a subsidiary. The 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. In accordance with the conditions in the share purchase agreement, the purchase price depends on the audited financial statements. The Company has received the audited net asset value of Primus Leasing Company Limited as at 28 February 2009. The audited net asset value totals approximately Baht 783 million, while the net fair value of assets and liabilities of Primus Leasing Company Limited totals approximately Baht 861 million. The excess of the fair value and the net asset value is mainly due to hire purchase receivables and financial lease receivables.

The Company paid approximately Baht 890 million for its acquisition of Primus Leasing Company Limited. The difference between the purchase price and the net fair value of assets and liabilities of Primus Leasing Company Limited is considered as goodwill resulted from the acquisition. However, the management of the Company has considered that the amount of goodwill is not materially significant. In addition, the factors used in the assessment of the value of goodwill are uncertain. The Company therefore wrote-off the goodwill and recorded it as other expense in the consolidated income statement.

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

	(Unit: Million Baht)	
	The adjusted net asset value after receipt of the audit results	
	Fair value	Book value
		(Audited)
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	69	86
Total asset	7,477	7,392
Borrowings	6,200	6,200
Other liabilities	416	409
Total liabilities	6,616	6,609
Net assets	861	783

#### **4.4 Preference shares converted to ordinary shares**

During the year 2009, 182,728,668 preference shares have been converted into ordinary shares, and such conversion has been registered with the Ministry of Commerce. There are therefore 698,558 preference shares which are yet to be converted to ordinary shares. However, since 30 June 2009, the rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

#### **4.5 Warrants**

Under the holding restructuring plan of TISCO Group, 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.

The exercise period ended in August 2009.

#### **4.6 Related party transactions**

Besides the related party transactions as described in Note 3.24 to the financial statements, during the year, 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 were eliminated from the consolidated financial statements.

##### Year 2008

- a) On 31 July 2008, TISCO Bank entered into an assignment agreement to claim against hire purchase receivables of TISCO Leasing Company Limited (TISCO Bank's subsidiary), for a total consideration of approximately Baht 926 million. This was paid to the subsidiary on 4 August 2008. The transaction was approved by the Executive Board of Directors' Meeting No.6/2008 on 20 June 2008, gave rise to no profit or loss.
- b) On 30 September 2008, TISCO Bank entered into an assignment agreement to claim against lease receivables of TISCO Leasing Company Limited (TISCO Bank's subsidiary), for a total consideration of approximately Baht 256 million, paid on 7 October 2008. TISCO Leasing Company Limited recorded a gain from the sale of Baht 49 million.
- c) In November 2008, TISCO Bank sold its investments in listed securities to TISCO Securities Company Limited (a subsidiary) for a total of approximately Baht 480 million, and recorded losses from the sale of the investments of approximately Baht 981 million.
- d) To implement the holding restructuring plan of TISCO Group, the Company has the following significant related party transactions.
  - d.1) The Company borrowed Baht 2,600 million from TISCO Bank under a call promissory note carrying interest at a fixed rate of 5% per annum and maturing within 2009. As at 31 December 2008, the Company recorded this borrowing under "Interbank and money market items (liabilities)" in the balance sheet of the separate financial statement.



- d.2) The Company bought investments in group subsidiaries from TISCO Bank in accordance with the holding restructuring plan, and has already paid the purchase price of approximately Baht 1,980 million. TISCO Bank recorded loss on the sale of these investments of approximately Baht 56 million.
- d.3) The Company purchased a 19% holding in TISCO Tokyo Leasing Company Limited from TISCO Bank and has already paid the purchase price of approximately Baht 21 million. TISCO Bank recorded gain from the sale of this investment amounting to approximately Baht 19 million. The Company also bought shares in TISCO Tokyo Leasing Company Limited from other shareholders, amounting to a 30% stake and has already paid the Baht 52 million purchase price of these shares.

Therefore, the Company holds 49% of equity of TISCO Tokyo Leasing Company Limited and has management control by virtue of having more than half of the votes of the Board of Directors. The Company therefore has management control over this company and considers it as a subsidiary.

Fair values of net assets of TISCO Tokyo Leasing Company Limited as at the acquisition date (31 December 2008) are as follows:

	(Unit: Million Baht)
Interbank and money market items (assets) - deposits	12
Investment - net	46
Hire purchase and finance leases receivables - net	1,859
Other assets	62
Total asset	1,979
Interbank and money market items (liabilities) - loans from banks	1,810
Other liabilities	47
Total liabilities	1,857
Net assets	122
Net assets - attributable to the Company's 49% shareholding	60
Less: Acquisition cost paid to former shareholders	(52)
Cost value of TISCO Group's original shares	(2)
Excess of the Company's interest in the fair value of net assets and liabilities acquired over cost (recognised as other income in the consolidated income statement)	6

- d.4) The Company bought office condominium units, furniture and fixtures and office equipment from TISCO Bank, paying a total of approximately Baht 515 million (including VAT). TISCO Bank recorded gain from the sale of these assets amounting to approximately Baht 48 million.
- d.5) The Company bought office condominium units from TISCO Leasing Company Limited, and the agreed purchase price of approximately Baht 271 million is to be paid by the Company on 30 January 2009. TISCO Leasing Company Limited recorded gain from the sale of these assets amounting to approximately Baht 51 million.

#### Year 2009

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. 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.

### **4.7 Significant events of subsidiaries**

#### **4.7.1 Capital returns from subsidiaries**

- In March 2008, TISCO Bank received the return of capital amounting to Baht 1.4 million from TISCO Group Company Limited.
- In October 2008, TISCO Bank received a return of capital from the reduction of registered share capital of TISCO Leasing Company Limited amounting to Baht 666 million as mentioned in Note 4.7.2 a) to the financial statements.
- 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 as mentioned in Note 4.7.2 b) to the financial statements.
- In August 2009, TISCO Securities Company Limited received the return of capital from the dissolution of TISCO Global Securities Limited amounting to Baht 7 million and TISCO Global Securities Limited already completed the liquidation on 12 November 2009.

- In October 2009, TISCO Bank received the return of capital from the reduction of registered share capital of TISCO Leasing Company Limited amounting to Baht 42 million as mentioned in Note 4.7.2 c) to the financial statements.

#### **4.7.2 Reduction of its subsidiaries' registered share capital**

##### TISCO Leasing Company Limited

- a) A special resolution passed by the Extraordinary General Meeting of the Shareholders of TISCO Leasing Company Limited No.5/2008, on 5 September 2008, approved a decrease in that company's registered share capital from Baht 890 million (8,900,000 ordinary shares of Baht 100 each) to Baht 224 million (2,240,000 ordinary shares of Baht 100 each). On 10 October 2008, the company registered the decrease in its registered share capital with the Ministry of Commerce.
- b) A special resolution passed by the Extraordinary General Meeting of the Shareholders of TISCO Leasing Company Limited No.6/2008, on 31 October 2008, approved a decrease in that company's registered share capital from Baht 224 million (2,240,000 ordinary shares of Baht 100 each) to Baht 56 million (560,000 ordinary shares of Baht 100 each). On 24 December 2008, the company registered the decrease in its registered share capital with the Ministry of Commerce.
- c) A resolution passed by the Extraordinary General Meeting of the Shareholders of TISCO Leasing Company Limited No.1/2009, on 23 September 2009, approved a decrease in that company's registered share capital from Baht 56 million (560,000 ordinary shares of Baht 100 each) to Baht 14 million (140,000 ordinary shares of Baht 100 each). On 27 October 2009, the company registered the decrease in its registered share capital with the Ministry of Commerce.

##### Primus Leasing Company Limited

- a) 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 752 million (7,518,000 ordinary shares of Baht 100 each) to Baht 188 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.

- b) A resolution passed by the Extraordinary General Meeting of the Shareholders of Primus Leasing Company Limited No.3/2009, on 21 May 2009, approved a decrease in that company's registered share capital from Baht 188 million (1,879,500 ordinary shares of Baht 100 each) to Baht 47 million (470,000 ordinary shares of Baht 100 each). On 23 June 2009, the company registered the decrease in its registered share capital with the Ministry of Commerce.
- c) A resolution passed by the Extraordinary General Meeting of the Shareholders of Primus Leasing Company Limited No.4/2009, on 17 July 2009, approved a decrease in that company's registered share capital from Baht 47 million (470,000 ordinary shares of Baht 100 each) to Baht 12 million (117,500 ordinary shares of Baht 100 each). On 21 August 2009, the company registered the decrease in its registered share capital with the Ministry of Commerce.
- d) A resolution passed by the Extraordinary General Meeting of the Shareholders of Primus Leasing Company Limited No.5/2009, on 15 September 2009, approved a decrease in that company's registered share capital from Baht 12 million (117,500 ordinary shares of Baht 100 each) to Baht 3 million (30,000 ordinary shares of Baht 100 each). On 19 October 2009, the company registered the decrease in its registered share capital with the Ministry of Commerce.

#### TISCO Securities Company Limited

A resolution passed by the Extraordinary General Meeting of the Shareholders of TISCO Securities Company Limited No.1/2009, on 15 December 2009, approved a decrease in that company's registered share capital from Baht 1,500 million (150,000,000 ordinary shares of Baht 10 each) to Baht 1,000 million (100,000,000 ordinary shares of Baht 10 each). Currently, the company is in the process of registration of the decrease in its registered share capital with the Ministry of Commerce.

#### **4.7.3 Dissolution registration of subsidiary**

On 13 November 2009, the Extraordinary General Meeting of the Shareholders of Primus Leasing Company Limited No.6/2009 passed a special resolution to dissolve the company. The dissolution was registered with the Ministry of Commerce on 13 November 2009 and is currently in the process of liquidation.

### **5. Approval of financial statements**

These financial statements were approved by the Company's Audit Committee on 8 February 2010.