

TISCO Financial Group Public Company Limited  
and its subsidiaries  
Report and interim financial statements  
For the three-month period ended 31 March 2010

## **Review Report of Independent Auditor**

To the Shareholders of TISCO Financial Group Public Company Limited

I have reviewed the accompanying consolidated balance sheet of TISCO Financial Group Public Company Limited and its subsidiaries as at 31 March 2010, the related consolidated statements of income, the consolidated statements of changes in shareholders' equity and cash flows for the three-month period ended 31 March 2010, and the separate financial statements of TISCO Financial Group Public Company Limited for the same period. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review.

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

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

The consolidated financial statements of TISCO Financial Group Public Company Limited and its subsidiaries, and the separate financial statements of TISCO Financial Group Public Company Limited for the year ended 31 December 2009 were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under his report dated 8 February 2010, expressed an unqualified audit opinion on those statements. The balance sheet as at 31 December 2009, as presented herein for comparative purposes, formed an integral part of the financial statements which have been audited and reported on by that auditor and reported on.

The consolidated statements of income, changes in shareholders' equity and cash flows of TISCO Financial Group Public Company Limited and its subsidiaries, and the separate financial statements of TISCO Financial Group Public Company Limited for the three-month period ended 31 March 2009, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor who reported, under his report those dated 12 May 2009, that nothing had come to his attention that caused him to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Rungnapa Lertsuwankul  
Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited  
Bangkok: 10 May 2010

**TISCO Financial Group Public Company Limited and its subsidiaries**

**Balance sheets**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2010	31 December 2009	31 March 2010	31 December 2009
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
Cash		664,396	826,526	50	50
Interbank and money market items					
Domestic					
Interest bearing		8,896,870	10,452,308	799,747	426,405
Non-interest bearing		873,998	2,191,310	-	-
Foreign					
Interest bearing		62,403	64,626	-	-
Non-interest bearing		-	-	-	-
Total interbank and money market items - net		9,833,271	12,708,244	799,747	426,405
Investments	3.2,3.3,3.6				
Current investment - net		2,884,372	2,628,125	-	-
Long-term investment - net		6,052,856	6,809,822	-	-
Investment in subsidiaries - net		-	-	14,869,784	15,369,421
Net investments		8,937,228	9,437,947	14,869,784	15,369,421
Receivable from clearing house		383,040	139,725	-	-
Loans, receivables and accrued interest receivable	3.4,3.6				
Loans and receivables		117,830,755	113,232,977	1,420,000	1,475,000
Securities and derivatives business receivables		1,013,777	1,016,339	-	-
Total loans and receivables		118,844,532	114,249,316	1,420,000	1,475,000
Accrued interest receivable		98,624	116,857	-	-
Total loans, receivables and accrued interest receivable		118,943,156	114,366,173	1,420,000	1,475,000
Less: Allowance for doubtful accounts	3.5.1, 3.5.2	(2,834,838)	(2,425,265)	-	-
Less: Allowance for loss on debt restructuring		(18)	(18)	-	-
Net loans, receivables and accrued interest receivable		116,108,300	111,940,890	1,420,000	1,475,000
Property foreclosed - net		17,406	49,171	-	-
Land, premises and equipment - net		1,522,753	1,558,671	718,341	727,932
Deferred tax assets	3.16	824,999	696,617	124,423	86,137
Other assets	3.7	1,515,068	1,446,564	298,180	725,656
<b>Total assets</b>		<b>139,806,461</b>	<b>138,804,355</b>	<b>18,230,525</b>	<b>18,810,601</b>

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

**TISCO Financial Group Public Company Limited and its subsidiaries**

**Balance sheets (continued)**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2010 (Unaudited but reviewed)	31 December 2009 (Audited)	31 March 2010 (Unaudited but reviewed)	31 December 2009 (Audited)
<b>Liabilities and shareholders' equity</b>					
Deposits in Baht		64,951,173	56,808,483	-	-
Interbank and money market items					
Domestic - Interest bearing		6,896,366	6,380,216	10,000	210,000
Liability payable on demand		465,970	345,170	-	-
Borrowings	3.8				
Short-term borrowings		44,178,441	53,698,939	3,427,202	3,989,392
Long-term borrowings		5,407,088	5,429,750	-	-
Total borrowings		49,585,529	59,128,689	3,427,202	3,989,392
Payable to clearing house		-	192,815	-	-
Securities and derivative business payables		1,390,689	958,532	-	-
Accrued interest payable		376,504	263,482	9,382	9,062
Other liabilities	3.9	2,844,543	2,208,252	405,301	296,598
<b>Total liabilities</b>		<b>126,510,774</b>	<b>126,285,639</b>	<b>3,851,885</b>	<b>4,505,052</b>

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

**TISCO Financial Group Public Company Limited and its subsidiaries**

**Balance sheets (continued)**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2010 (Unaudited but reviewed)	31 December 2009 (Audited)	31 March 2010 (Unaudited but reviewed)	31 December 2009 (Audited)
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Registered		11,002,000	11,002,000	11,002,000	11,002,000
Issued and fully paid-up - registered	4.1				
134,658 preference shares of Baht 10 each (31 December 2009: 698,558 preference shares of Baht 10 each)		1,347	6,986	1,347	6,986
726,764,676 ordinary shares of Baht 10 each (31 December 2009: 726,165,221 ordinary shares of Baht 10 each)		7,267,647	7,261,652	7,267,647	7,261,652
		7,268,994	7,268,638	7,268,994	7,268,638
Issued and fully paid-up - awaiting to register					
31 December 2009: 9,208 ordinary shares of Baht 10 each		-	92	-	92
Share premium					
Share premium of preference shares		-	-	1,185	6,147
Share premium of ordinary shares		-	-	6,007,211	6,002,126
		-	-	6,008,396	6,008,273
		7,268,994	7,268,730	13,277,390	13,277,003
Adjustment from business combination of entities					
under common control under holding restructuring plan	4.1	672,418	672,295	-	-
Revaluation surplus (deficit) on investments	3.11	21,650	(37,793)	-	-
Unrealised losses on cash flow hedges		(17,309)	(21,924)	-	-
Translation adjustment		84,604	86,441	-	-
Retained earnings					
Appropriated-statutory reserve		119,800	119,800	119,800	119,800
Unappropriated		5,054,726	4,342,447	981,450	908,746
Equity attributable to the Company's shareholders		13,204,883	12,429,996	14,378,640	14,305,549
Non-controlling interest - equity attributable to minority shareholders of subsidiaries		90,804	88,720	-	-
<b>Total shareholders' equity</b>		<b>13,295,687</b>	<b>12,518,716</b>	<b>14,378,640</b>	<b>14,305,549</b>
<b>Total liabilities and shareholders' equity</b>		<b>139,806,461</b>	<b>138,804,355</b>	<b>18,230,525</b>	<b>18,810,601</b>
<b>Off-balance sheet items - contingencies</b>	3.20				
Aval to bills and guarantees of loans		95,420	21,651	-	-
Other commitments		2,017,598	2,482,668	-	-

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

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 Mrs. Oranuch Apisaksirikul  
 (Group Chief Executive Officer)

.....  
 Mr. Suthas Ruangmanamongkol  
 (Director)

(Unaudited but reviewed)

## TISCO Financial Group Public Company Limited and its subsidiaries

## Income statements

For the three-month periods ended 31 March 2010 and 2009

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

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Interest and dividend income</b>					
Loans		317,836	317,215	9,636	-
Interbank and money market items		45,310	68,679	923	214
Hire purchase and financial lease income		1,706,482	1,555,656	-	-
Investments		185,803	133,487	1,470	1,470
<b>Total interest and dividend income</b>		<b>2,255,431</b>	<b>2,075,037</b>	<b>12,029</b>	<b>1,684</b>
<b>Interest expenses</b>					
Deposits		194,628	406,951	-	-
Interbank and money market items		48,480	52,030	111	31,241
Short-term borrowings		200,933	302,011	15,366	986
Long-term borrowings		64,077	68,948	-	-
<b>Total interest expenses</b>		<b>508,118</b>	<b>829,940</b>	<b>15,477</b>	<b>32,227</b>
<b>Net interest and dividend income</b>		<b>1,747,313</b>	<b>1,245,097</b>	<b>(3,448)</b>	<b>(30,543)</b>
<b>Bad debts and doubtful accounts</b>		<b>(312,174)</b>	<b>(292,939)</b>	<b>-</b>	<b>-</b>
<b>Net interest and dividend income after bad debts and doubtful accounts</b>		<b>1,435,139</b>	<b>952,158</b>	<b>(3,448)</b>	<b>(30,543)</b>
<b>Non-interest income</b>					
Brokerage fees		130,229	67,376	-	-
Gain (loss) on investments	3.12	19,656	(5,158)	(24)	-
Loss on derivatives	3.13	(15)	(75)	-	-
Fees and service income					
Acceptances, aval and guarantees		1,990	1,313	-	-
Insurance services		194,669	158,414	-	-
Fund management		145,415	97,006	-	-
Supporting services		-	-	339,000	301,500
Others		152,192	116,116	146	171
Gain on exchange		-	8,436	-	-
Other income	3.14	147,963	84,252	17,292	13,376
<b>Total non-interest income</b>		<b>792,099</b>	<b>527,680</b>	<b>356,414</b>	<b>315,047</b>
<b>Total net income</b>		<b>2,227,238</b>	<b>1,479,838</b>	<b>352,966</b>	<b>284,504</b>

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

(Unaudited but reviewed)

**TISCO Financial Group Public Company Limited and its subsidiaries****Income statements (continued)****For the three-month periods ended 31 March 2010 and 2009**

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

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Non-interest expenses</b>					
Personnel expenses		708,395	407,420	183,961	46,923
Premises and equipment expenses		173,402	166,203	61,875	25,170
Taxes and duties		35,450	29,153	1,391	521
Fees and service expenses		96,829	78,201	1,928	4,968
Directors' remuneration		2,220	2,095	2,220	2,095
Other expenses	3.15	214,052	156,444	13,582	3,628
<b>Total non-interest expenses</b>		<b>1,230,348</b>	<b>839,516</b>	<b>264,957</b>	<b>83,305</b>
<b>Income before income tax</b>		<b>996,890</b>	<b>640,322</b>	<b>88,009</b>	<b>201,199</b>
Corporate income tax	3.16	(280,611)	(182,420)	(15,305)	(49,060)
<b>Net income for the period</b>		<b>716,279</b>	<b>457,902</b>	<b>72,704</b>	<b>152,139</b>
<b>Net income attributable to</b>					
Equity holders of the parent		712,279	453,968	72,704	152,139
Non-controlling interests of the subsidiaries		4,000	3,934		
		<b>716,279</b>	<b>457,902</b>		
<b>Earnings per share</b>					
3.17					
Basic earnings per share					
Net income attributable to equity holders of the parent		0.98	0.56	0.10	0.15

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

(Unaudited but reviewed)

**TISCO Financial Group Public Company Limited and its subsidiaries****Cash flow statements****For the three-month periods ended 31 March 2010 and 2009**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities</b>				
Income before corporate income tax	996,890	640,322	88,009	201,199
Adjustments to reconcile net income before corporate income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	84,650	72,503	25,146	13,979
Bad debts and doubtful accounts	487,741	374,459	-	-
Allowance for impairment of investments	2,394	11,405	24	-
Allowance for impairment of property foreclosed	-	3,263	-	-
Gain on sale of investments	(23,766)	(8,041)	-	-
Reversal of unrealised loss on exchange	-	(8,436)	-	-
Loss (gain) on sales of equipment	(348)	1,682	-	-
Loss from written-off of equipment	2	-	-	-
Unrealised loss from trading securities	732	1,794	-	-
Gain on sale of property foreclosed	(35,110)	(6,991)	-	-
Decrease (increase) in other accrued income	(3,320)	23,859	74	(23,973)
Increase in accrued expenses	231,829	563,633	119,640	40,751
Income from operating activities before changes in operating assets and liabilities	1,741,694	1,669,452	232,893	231,956
Decrease (increase) in operating assets				
Interbank and money market items	2,874,973	4,510,292	(373,343)	(224,984)
Receivable from clearing house	(243,315)	(195,803)	-	-
Loans and receivables	(5,338,898)	(4,054,902)	55,000	-
Securities and derivatives business receivables	2,562	276,577	-	-
Property foreclosed	603,898	527,463	-	-
Other assets	102,949	(202,204)	(17,621)	(25,581)

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

(Unaudited but reviewed)

**TISCO Financial Group Public Company Limited and its subsidiaries****Cash flow statements (continued)****For the three-month periods ended 31 March 2010 and 2009**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Increase (decrease) in operating liabilities				
Deposits	8,142,690	4,990,988	-	-
Interbank and money market items	516,788	(10,759)	(200,000)	570,000
Liability payable on demand	120,800	(121,353)	-	-
Borrowings	(9,544,627)	(9,327,274)	(562,190)	300,000
Payable to clearing house	(192,815)	(318,779)	-	-
Securities and derivative business payables	432,157	272,874	-	-
Other liabilities	5,955	(477,736)	(53,570)	24,535
	(775,189)	(2,461,164)	(918,831)	875,926
Net interest and dividend income	(1,747,313)	(1,245,097)	3,448	30,543
Cash received from interest income	2,204,745	2,064,208	10,286	13
Cash paid for interest expense	(398,793)	(1,084,001)	(15,157)	(31,241)
Cash paid for corporate income tax	(29,250)	(40,823)	(10,958)	(17,364)
<b>Net cash flows from (used in) operating activities</b>	<b>(745,800)</b>	<b>(2,766,877)</b>	<b>(931,212)</b>	<b>857,877</b>
<b>Cash flows from investing activities</b>				
Cash paid for purchase of investment in securities held for investment	(1,013,062)	(1,751,154)	-	-
Cash received from sale of investment in securities held for investment	1,617,747	3,479,154	-	-
Cash paid for purchase of equipment	(31,904)	(60,301)	(4,984)	(844)
Cash received from sale of equipment	945	1,642	-	-
Cash received from dividend	11,781	9,170	436,196	-
Cash paid for decrease in ordinary shares	-	-	-	(10)
Cash paid for acquisition of a subsidiary	-	(856,973)	-	(856,973)
Cash received from share capital reduction of a subsidiary (Note 4.2)	-	-	500,000	-
<b>Net cash flows from (used in) investing activities</b>	<b>585,507</b>	<b>821,538</b>	<b>931,212</b>	<b>(857,827)</b>
<b>Cash flows from financing activities</b>				
Cash received from issue long-term debentures and debt instruments	-	2,000,000	-	-
Cash paid for the redemption of long-term debentures and debt instruments	-	(161,000)	-	-
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>1,839,000</b>	<b>-</b>	<b>-</b>
<b>Translation adjustment</b>	<b>(1,837)</b>	<b>1,798</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash</b>	<b>(162,130)</b>	<b>(104,541)</b>	<b>-</b>	<b>50</b>
Cash at beginning of period	826,526	595,570	50	-
<b>Cash at end of period</b>	<b>664,396</b>	<b>491,029</b>	<b>50</b>	<b>50</b>
	-			
<b>Supplemental cash flows information</b>				
Conversion of preference shares to ordinary shares	10,601	-	10,601	-
Issuance securities for swap ordinary shares of TISCO Bank under holding restructuring under common control (Note 4.1)	387	-	387	-

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

(Unaudited but reviewed)

## TISCO Financial Group Public Company Limited and its subsidiaries

## Statements of changes in shareholders' equity

For the three-month periods ended 31 March 2010 and 2009

(Unit: Thousand 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	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	5,411,802	656,755	(398,992)	-	78,102	3,835,779	11,417,718	118,320	11,536,038
<b>Incomes (expenses) recognised in equity</b>										
Decrease in fair value of investments	-	-	-	(88,287)	-	-	-	(88,287)	-	(88,287)
Unrealised losses on cash flow hedges	-	-	-	-	(50,250)	-	-	(50,250)	-	(50,250)
Increase in translation adjustment	-	-	-	-	-	1,798	-	1,798	-	1,798
Deferred tax recognised in/transferred out from shareholder's equity	-	-	-	26,486	15,075	-	-	41,561	-	41,561
<b>Incomes (expenses) recognised in equity</b>	-	-	-	(61,801)	(35,175)	1,798	-	(95,178)	-	(95,178)
Net income for the period	-	-	-	-	-	-	453,968	453,968	3,934	457,902
<b>Total incomes (expenses) for the period</b>	-	-	-	(61,801)	(35,175)	1,798	453,968	358,790	3,934	362,724
Decrease ordinary shares	-	(10)	-	-	-	-	-	(10)	-	(10)
Decrease in non-controlling interest in subsidiary companies	-	-	-	-	-	-	-	-	(1,530)	(1,530)
<b>Balance as at 31 March 2009</b>	<b>1,834,272</b>	<b>5,411,792</b>	<b>656,755</b>	<b>(460,793)</b>	<b>(35,175)</b>	<b>79,900</b>	<b>4,289,747</b>	<b>11,776,498</b>	<b>120,724</b>	<b>11,897,222</b>

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

(Unaudited but reviewed)

## TISCO Financial Group Public Company Limited and its subsidiaries

## Statements of changes in shareholders' equity (continued)

For the three-month periods ended 31 March 2010 and 2009

(Unit: Thousand 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 2009</b>	6,986	7,261,744	672,295	(37,793)	(21,924)	86,441	119,800	4,342,447	12,429,996	88,720	12,518,716
<b>Incomes (expenses) recognised in equity</b>											
Increase in fair value of investments	-	-	-	84,918	-	-	-	-	84,918	-	84,918
Unrealised gain on cash flow hedges	-	-	-	-	6,593	-	-	-	6,593	-	6,593
Decrease in translation adjustment	-	-	-	-	-	(1,837)	-	-	(1,837)	-	(1,837)
Deferred tax recognised in/transferred out from shareholder's equity	-	-	-	(25,475)	(1,978)	-	-	-	(27,453)	-	(27,453)
<b>Incomes (expenses) recognised in equity</b>	-	-	-	59,443	4,615	(1,837)	-	-	62,221	-	62,221
Net income for the period	-	-	-	-	-	-	-	712,279	712,279	4,000	716,279
<b>Total incomes (expenses) for the period</b>	-	-	-	59,443	4,615	(1,837)	-	712,279	774,500	4,000	778,500
Preference shares converted to ordinary shares	(5,639)	5,639	-	-	-	-	-	-	-	-	-
Adjustment from business combination of entities under common control under holding restructuring plan (Note 4.1)	-	264	123	-	-	-	-	-	387	(387)	-
Decrease in non-controlling interest in subsidiary company	-	-	-	-	-	-	-	-	-	(1,529)	(1,529)
<b>Balance as at 31 March 2010</b>	<u>1,347</u>	<u>7,267,647</u>	<u>672,418</u>	<u>21,650</u>	<u>(17,309)</u>	<u>84,604</u>	<u>119,800</u>	<u>5,054,726</u>	<u>13,204,883</u>	<u>90,804</u>	<u>13,295,687</u>

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

(Unaudited but reviewed)

## TISCO Financial Group Public Company Limited and its subsidiaries

## Statements of changes in shareholders' equity (continued)

For the three-month periods ended 31 March 2010 and 2009

(Unit: Thousand Baht)

	Separate financial statements								Total
	Issued and fully paid-up share capital - registered		Issued and fully paid-up share capital awaiting for registered		Share premium		Statutory reserve	Unappropriated retained earnings (deficit)	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares			
<b>Balance as at 31 December 2008</b>	-	10	1,834,272	5,411,792	1,614,160	4,383,551	-	(3,820)	13,239,965
Decrease ordinary shares	-	(10)	-	-	-	-	-	-	(10)
Net income for the period	-	-	-	-	-	-	-	152,139	152,139
Registered the issuance of preference shares and ordinary shares to the shareholders under common control under holding restructuring plan	1,834,272	5,411,792	(1,834,272)	(5,411,792)	-	-	-	-	-
<b>Balance as at 31 March 2009</b>	<u>1,834,272</u>	<u>5,411,792</u>	<u>-</u>	<u>-</u>	<u>1,614,160</u>	<u>4,383,551</u>	<u>-</u>	<u>148,319</u>	<u>13,392,094</u>
<b>Balance as at 31 December 2009</b>	6,986	7,261,652	-	92	6,147	6,002,126	119,800	908,746	14,305,549
Net income for the period	-	-	-	-	-	-	-	72,704	72,704
Preference shares converted to ordinary shares	(5,639)	5,639	-	-	(4,962)	4,962	-	-	-
Issuance of ordinary shares to the shareholders under common control under holding restructuring plan (Note 4.1)	-	264	-	-	-	123	-	-	387
Registered the issuance of ordinary shares to the shareholders under common control under holding restructuring plan	-	92	-	(92)	-	-	-	-	-
<b>Balance as at 31 March 2010</b>	<u>1,347</u>	<u>7,267,647</u>	<u>-</u>	<u>-</u>	<u>1,185</u>	<u>6,007,211</u>	<u>119,800</u>	<u>981,450</u>	<u>14,378,640</u>

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

**TISCO Financial Group Public Company Limited and its subsidiaries**

**Notes to interim financial statements**

**For the three-month periods ended 31 March 2010 and 2009**

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

**1.1 Basis of preparation of interim financial statements**

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2007) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, the statements of income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

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

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

**1.2 Basis of preparation of consolidated financial statements**

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2009. There is no change in the shareholding structure during the period.

**1.3 Significant accounting policies**

These interim financial statements are prepared by using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2009.

## **2. General information**

### **2.1 The Company's information**

TISCO Financial Group Public Company Limited ("the Company") was incorporated as a holding company. Upon completion of the holding company restructuring plan on 9 January 2009, the Company became the parent company of TISCO Group in place of TISCO Bank Public Company Limited ("TISCO Bank"). On 15 January 2009, the securities of the Company were listed on the Stock Exchange of Thailand in place of those of TISCO Bank.

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

### **2.2 Related party transactions**

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

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

The Company and its subsidiaries have neither granted credit, nor made any commitments to management-level employees (departmental managers upward), and have not granted credit to companies of which at least 10 percent of the common shares of paid up capital are held by the Company, the Company's directors or management-level employees, with the exception of loans to related party and loans to employees under the employee welfare scheme, as mentioned in Note 3.18 to the financial statements.

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

The Company and its subsidiaries have no investments in related companies which are related by way of members of the management of the Company or of its subsidiaries being shareholders and/or authorised directors.

### 3. Details of financial statements

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

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements as at		Type of pledge
	31 March 2010	31 December 2009	
	Cash at banks of local subsidiary	10	

#### 3.2 Investments

(Unit: Thousand Baht)

	Consolidated financial statements as at			
	31 March 2010		31 December 2009	
	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	19,219	3,752	19,951
Add (less): Allowance for changes in value	15,467		16,199	
Net equity securities	19,219		19,951	
<b>Total trading securities</b>	19,219		19,951	
<b>Available-for-sales securities</b>				
Debt securities:				
Government and state enterprise securities	901,931	902,511	849,832	850,763
Debt securities of private sector	1,890,651	1,922,137	1,678,120	1,687,053
Total	2,792,582	2,824,648	2,527,952	2,537,816
Add (less): Allowance for changes in value	33,526		11,324	
Less: Allowance for impairment	(1,460)		(1,460)	
Debt securities - net	2,824,648		2,537,816	
Equity securities:				
Domestic marketable equity securities	30	36	30	30
Unit trust	40,133	40,467	70,000	70,326
Total	40,163	40,503	70,030	70,356
Add (less): Allowance for changes in value	340		326	
Net equity securities	40,503		70,356	
<b>Total available-for-sales securities</b>	2,865,151		2,608,172	
<b>Held-to-maturity debt securities - due within 1 year</b>				
Debt securities:				
Debt securities of private sector	2		2	
<b>Total held-to-maturity debt securities - due within 1 year</b>	2		2	
<b>Net current investments</b>	2,884,372		2,628,125	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements as at			
	31 March 2010		31 December 2009	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<b><u>Long-term investments</u></b>				
<b>Available-for-sales securities</b>				
Equity securities:				
Domestic marketable equity securities	908,725	1,026,570	908,725	963,868
Total	908,725	1,026,570	908,725	963,868
Add (less): Allowance for changes in value	117,845		55,143	
Net equity securities	1,026,570		963,868	
<b>Total available-for-sales securities</b>	<b>1,026,570</b>		<b>963,868</b>	
<b>Held-to-maturity debt securities</b>				
Debt securities:				
Government and state enterprise securities	697,362		698,561	
<b>Total held-to-maturity debt securities</b>	<b>697,362</b>		<b>698,561</b>	
<b>Other investments</b>				
Equity securities:				
Domestic non-marketable equity securities	704,261		706,832	
Investments in receivables	3,703,501		4,517,004	
Total	4,407,762		5,223,836	
Less: Allowance for impairment	(78,838)		(76,443)	
<b>Total other investments</b>	<b>4,328,924</b>		<b>5,147,393</b>	
<b>Net long-term investments</b>	<b>6,052,856</b>		<b>6,809,822</b>	
<b>Net investments</b>	<b>8,937,228</b>		<b>9,437,947</b>	

(Unit: Thousand Baht)

	Separate financial statements as at	
	31 March 2010	31 December 2009
<b><u>Investment in subsidiaries</u></b>		
Investments in subsidiaries (cost method)	14,974,100	15,473,714
Less: Allowance for impairment	(104,316)	(104,293)
<b>Total Investments in subsidiaries</b>	<b>14,869,784</b>	<b>15,369,421</b>
<b>Net investments</b>	<b>14,869,784</b>	<b>15,369,421</b>

## 3.2.1 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements		Type of restriction
	as at		
	31 March 2010	31 December 2009	
Government debt securities	1	1	Pledged for electricity usage

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

(Unit: Thousand Baht)

	Consolidated financial statements		
	as at 31 March 2010		
	Cost	Fair value	Allowance for changes in Value <sup>(1)</sup>
Companies having problems with debt repayment or in default	7,060	-	7,060

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

3.2.3 Investments 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 March 2010			31 December 2009		
	Book Value	Cost	Percentage of Holding	Book Value	Cost	Percentage of Holding
			%			%
The Krung Thai Capital Protection Fixed 6 months Fund 4	20,241	20,000	29.18	20,187	20,000	46.84

### 3.3 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 received for the three-month periods ended	
		as at		as at		as at		31 March	31 March
		31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009	2010	2009
<b>Subsidiaries directly held by the Company</b>				%	%				
TISCO Bank Public Company Limited	Banking	7,282	7,282	99.84	99.84	13,279	13,279	-	-
TISCO Securities Co., Ltd.	Securities business	1,000	1,500	99.99	99.99	1,075	1,575	-	-
TISCO Asset Management Co., Ltd.	Asset management	100	100	99.99	99.99	110	110	-	-
Hi-Way Co., Ltd.	Hire purchase	100	100	99.99	99.99	273	273	-	-
TISCO Information Technology Co., Ltd.	Services	20	20	99.99	99.99	22	22	-	-
TISCO Tokyo Leasing Co., Ltd.	Leasing	60	60	49.00	49.00	73	73	1	1
Primus Leasing Co., Ltd. (in the process of liquidation)	Hire purchase	3	3	99.99	99.99	37	37	-	-
						14,869	15,369	1	1

3.3.1 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	752	890
Capital returns from the reduction of a subsidiary's share capital	(749)	(749)
Cost	3	141
Less: Allowance for investment		(104)
Investment - net		37

3.3.2 During the current period, the Company received the return of capital from the reduction of registered share capital of TISCO Securities Company Limited amounting to Baht 500 million as mentioned in the note 4.2 to financial statements.

### 3.4 Loans, receivables and accrued interest receivable

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

(Unit: Thousand Baht)		
Consolidated financial statements		
as at		
	31 March 2010	31 December 2009
<b><u>Loans and receivables</u></b>		
Loans	17,871,873	18,337,649
Hire purchase and financial lease receivables		
Hire purchase and financial lease receivables	113,665,330	108,171,429
Add (less): Unearned income	(14,528,567)	(14,048,916)
: Deferred commissions and direct expenses incurred at the initiation of hire purchase	878,716	824,829
: Advances received from financial lease receivables	(56,597)	(52,014)
Net hire purchase and financial lease receivables	99,958,882	94,895,328
Total loans and receivables	117,830,755	113,232,977
Add: Accrued interest receivable	98,624	116,857
Less: Allowance for doubtful accounts	(2,833,406)	(2,423,833)
Less: Allowance for loss on debt restructuring	(18)	(18)
Net loans, receivables and accrued interest receivable	115,095,955	110,925,983
<b><u>Securities and derivatives business receivables</u></b>		
Securities business receivable:		
Customers' cash accounts	1,012,198	1,014,639
Other receivables - installment receivables	1,432	1,432
Total securities business receivables	1,013,630	1,016,071
Derivatives business receivables	147	268
Total securities and derivatives business receivables	1,013,777	1,016,339
Less: Allowance for doubtful accounts	(1,432)	(1,432)
Securities and derivatives business receivables - net	1,012,345	1,014,907
Net loans, receivables and accrued interest receivable	116,108,300	111,940,890

(Unit: Thousand Baht)		
Separate financial statements		
as at		
	31 March 2010	31 December 2009
<b>Loans and receivables</b>		
Loans	1,420,000	1,475,000
Add: Accrued interest receivable	-	-
Net loans and accrued interest receivable	1,420,000	1,475,000

(Unaudited but reviewed)

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

(Unit: Million Baht)

TISCO Bank	Amounts calculated under BOT's guidelines <sup>(2)</sup>		Amounts calculated under TISCO Bank's policy	
	as at		as at	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Loans and receivables for which the recognition of interest income has ceased <sup>(1)</sup>	3,519	4,084	3,950	4,262

<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.

(Unit: Million Baht)

Other subsidiaries	As at	
	31 March 2010	31 December 2009
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	313	345

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

(Unit: Million Baht)

	Consolidated financial statements as at	
	31 March 2010	31 December 2009
	Unearned interest income <sup>(1)</sup>	13,834

<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.

(Unaudited but reviewed)

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

(Unit: Million Baht)

As at 31 March 2010

Restructured loans and receivables <sup>(1)</sup>	279
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.

3.4.5 Troubled debt restructuring of a subsidiary company operating banking business

- Debt restructuring during the period

For the three-month periods  
ended 31 March

	2010	2009
Debtors restructured during the period		
Number of debtors restructured by modification of terms (number)	150	106
Loan balances before restructuring (million Baht)	53	326
Loss on troubled debt restructuring (million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	4
Mortgage loan receivables	4	10
Corporate loan receivables	-	9
Interest income on restructured receivables (million Baht)	16	9
Receipt of principal and interest (million Baht)	121	43

- The balance of the restructured debts

(Unit: Million Baht)

As at

	31 March 2010	31 December 2009
The balance of the restructured debts	1,660	1,733

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

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

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 March 2010						Total
	Pass	Special- mentioned	Sub-Standard	Doubtful	Doubtful of loss	General reserve	
Balance - beginning of period	732,736	97,122	229,552	113,804	524,204	727,847	2,425,265
Increase (decrease) in allowance for doubtful accounts during the period	(6,535)	(9,278)	64,684	131,195	16,418	291,541	488,025
Transfer from allowance for declining in value of property foreclosed	-	-	-	-	-	211,125	211,125
Bad debt written-off	-	(3,720)	(82,870)	(143,798)	(59,189)	-	(289,577)
Balance - end of period	726,201	84,124	211,366	101,201	481,433	1,230,513	2,834,838

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

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 March 2010			
	Individual	Collective	General reserve	Total
	impairment	impairment		
Balance - beginning of period	520,672	1,176,746	727,847	2,425,265
Increase (decrease) in allowance for doubtful accounts during the period	(21,936)	218,420	291,541	488,025
Transfer from allowance for declining in value of property foreclosed	-	-	211,125	211,125
Bad debt written-off	(23,206)	(266,371)	-	(289,577)
Balance - end of period	475,530	1,128,795	1,230,513	2,834,838

(Unaudited but reviewed)

3.5.3 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 March	31 December
	2010	2009
Amount to be provided under BOT's guidelines	1,257	1,327
Amount already recorded by TISCO Bank	2,522	2,088
Amount in excess of the required amount under BOT's guidelines	1,265	761

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

(Unit: Million Baht)

	As at	
	31 March	31 December
	2010	2009
Non-performing loans and receivables	2,319	2,461
Allowance for doubtful accounts	655	704

**3.6 Classification of assets**

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

(Unit: Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts <sup>(1)</sup>	
	as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2010	2009	2010	2009	2010	2009
Debt instruments - debentures <sup>(2)</sup>	1	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.

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

(Unit: Million Baht)

	Debt balance		Debt balance after		Allowance for doubtful accounts			
	as at		net of collateral		Amounts to be provided under		Amounts already set up	
			as at		BOT's guidelines		by TISCO Bank	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2010	2009	2010	2009	2010	2009	2010	2009
<b><u>Loans and receivables</u></b> <sup>(1)(2)(3)</sup>								
Pass	114,011	109,926	95,276	89,825	585	594	586	595
Special mentioned	5,912	6,615	5,844	6,560	50	59	50	61
Substandard	704	774	683	745	152	162	153	162
Doubtful	312	354	284	309	64	71	64	71
Doubtful of loss	1,303	1,333	724	736	406	441	438	471
Total	122,242	119,002	102,811	98,175	1,257	1,327	1,291	1,360
General reserve							1,231	728
Total							2,522	2,088
<b><u>Investments in securities</u></b>								
Doubtful of loss								
Debt instruments	2	2	2	2	2	2	2	2
Equity instruments	66	67	66	67	66	67	66	67
Total	68	69	68	69	68	69	68	69
<b><u>Investments in receivables</u></b>								
Doubtful of loss	13	12	13	12	13	12	13	12
<b><u>Properties foreclosed</u></b>								
Doubtful of loss	61	61	61	61	61	61	326	537
Total classified assets	122,384	119,144	102,953	98,317	1,399	1,469	2,929	2,706

<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).

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

(Unit: Million Baht)

	Debt balance		Debt balance		Percentage of allowance for		Allowance for doubtful accounts	
	as at		after net of collateral value		doubtful account set up <sup>(2)</sup>		as at	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009
<b>Hire purchase receivables<sup>(1)</sup></b>								
Pass	88,596	82,924	88,596	82,924	0.60	0.65	518	525
Special mentioned	5,740	6,440	5,740	6,440	0.60	0.65	48	57
Substandard	666	730	666	730	19.72	19.57	135	147
Doubtful	273	294	273	294	19.72	19.57	53	57
Doubtful of loss	393	362	393	362	19.72	19.57	75	67
<b>Total</b>	<b>95,668</b>	<b>90,750</b>	<b>95,668</b>	<b>90,750</b>			<b>829</b>	<b>853</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 of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts.

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

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	as at		as at		as at		as at	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	2	2	274	274	156	156	144	144
3. Listed companies whose shares have been suspended from trading	-	-	-	-	-	-	-	-
4. Listed companies under rehabilitation	1	1	78	78	11	10	72	72
5. Companies which have loan settlement problems or have defaulted on payment of debts	-	1	-	3	-	-	-	3
6. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>4</b>	<b>352</b>	<b>355</b>	<b>167</b>	<b>166</b>	<b>216</b>	<b>219</b>

(Unaudited but reviewed)

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

(Unit: Million Baht)

	Securities business		Allowance		Allowance for doubtful	
	receivables and		for doubtful accounts		accounts provided	
	accrued interest		as required by SEC		in the accounts	
	as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2010	2009	2010	2009	2010	2009
Doubtful	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

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

(Unit: Million Baht)

	Debt balance		Allowance for		Debt balance - net	
	as at		doubtful account		as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2010	2009	2010	2009	2010	2009
Current	3,375	3,182	112	110	3,263	3,072
Overdue						
1 month	274	276	28	28	246	248
2 - 3 months	327	344	34	37	293	307
4 - 6 months	140	157	59	67	81	90
7 - 12 months	88	99	37	42	51	57
Over 12 months	61	63	25	27	36	36
Debtors under litigation	<u>23</u>	<u>24</u>	<u>16</u>	<u>24</u>	<u>7</u>	<u>-</u>
Total	<u>4,288</u>	<u>4,145</u>	<u>311</u>	<u>335</u>	<u>3,977</u>	<u>3,810</u>

(Unaudited but reviewed)

**3.7 Other assets**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Value added tax - net	395,026	314,499	2,029	5,134
Accrued interest receivable	35,633	44,178	-	-
Fee and charges receivable	158,746	153,495	202	276
Prepaid income tax	49,977	47,501	-	-
Deferred computer system development cost - net	240,485	249,103	85,092	87,189
Deposits	32,369	31,427	4,075	4,065
Other receivables	365,828	421,599	-	-
Dividend receivable from subsidiaries	-	-	188,969	623,695
Financial derivatives assets	2,118	1,144	-	-
Other assets	234,886	183,618	17,813	5,297
<b>Total other assets</b>	<b>1,515,068</b>	<b>1,446,564</b>	<b>298,180</b>	<b>725,656</b>

**3.8 Borrowings**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	4,000,000	4,000,000	-	-
Unsubordinated unsecured debentures	4,000,000	4,000,000	-	-
Bills of exchange	41,585,529	51,128,689	3,427,202	3,989,392
<b>Total</b>	<b>49,585,529</b>	<b>59,128,689</b>	<b>3,427,202</b>	<b>3,989,392</b>

### 3.8.1 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 March 2010	31 December 2009		31 March 2010	31 December 2009		
			2009	TISCO Bank		Subordinated and unsecured long-term debentures	2 million		
2009	TISCO Bank	Subordinated and unsecured long-term debentures	2 million	2 million	1,000	2,000	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>4,000</u>		

### 3.8.2 Unsubordinated unsecured debentures

Year	Issuer	Type of debenture	Units		Face value per unit (Baht)	Balance as at (Million Baht)		Maturity in the year	Interest rate
			31 March 2010	31 December 2009		31 March 2010	31 December 2009		
			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>		

### 3.8.3 Bills of exchange

Bills of exchange bear fixed interest rates and float interest rates between 2.50 and 5.44 percent per annum and mature between 2010 and 2012.

**3.9 Other liabilities**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Corporate income tax payable	1,090,390	704,302	111,306	68,672
Withholding income tax and other tax payable	66,394	229,031	20,721	30,019
Accrued insurance premium	269,745	290,294	-	-
Deferred tax liabilities	38,975	15,724	-	-
Deferred income	195,436	175,261	-	-
Accrued expenses	746,455	395,168	256,813	182,971
Other liabilities	437,148	398,472	16,461	14,936
<b>Total other liabilities</b>	<b>2,844,543</b>	<b>2,208,252</b>	<b>405,301</b>	<b>296,598</b>

**3.10 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.

Regarding to Capital fund as of 31 March 2010 under Basel II framework, the Bank has allocated total general reserve as part of regulatory capital fund. Total general reserve has been classified to Tier 1 capital and Tier 2 capital based on pro rata method under BOT's regulation.

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

(Unit: Thousand Baht)

	As at	
	31 March 2010	31 December 2009
<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	547,000
Retained earnings - unappropriated	3,050,225	3,050,225
Less: Deferred tax assets	(482,797)	(482,797)
Shortage provision according to IRB	-	(420,199)
<b>Total Tier I</b>	<b>10,526,402</b>	<b>10,106,203</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	As at	
	31 March 2010	31 December 2009
<b>Tier II</b>		
Subordinated debentures	4,000,000	4,000,000
Reserve for loans classified as pass	379,135	71,892
Add (less): Surplus (shortage) provision according to IRB	3,181	(420,199)
<b>Total Tier II</b>	<b>4,382,316</b>	<b>3,651,693</b>
<b>Total capital fund</b>	<b>14,908,718</b>	<b>13,757,896</b>

Capital ratios	As at			
	31 March 2010		31 December 2009	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Tier I capital to risk assets	14.82% <sup>(1)</sup>	4.25%	14.46% <sup>(1)</sup>	4.25%
Total capital to risk assets	16.74% <sup>(2)</sup>	8.50%	16.96% <sup>(2)</sup>	8.50%

<sup>(1)</sup> Before Capital Floor<sup>(2)</sup> After Capital Floor**3.11 Surplus (deficit) on changes in the value of investments**

(Unit: Thousand Baht)

Consolidated financial statements

as at

	31 March 2010	31 December 2009
	Balance - beginning of period	(16,602)
Increase from changes in the value of securities during the period	84,918	479,727
	68,316	(16,602)
Less: The effect of deferred tax assets / liabilities	(46,666)	(21,191)
<b>Balance - end of period</b>	<b>21,650</b>	<b>(37,793)</b>

**3.12 Gain (loss) on investments**

(Unit: Thousand Baht)

	Consolidated financial statements for the three-month periods ended 31 March		Separate financial statements for the three-month period ended 31 March
	2010	2009	2010
	Loss on impairment of investments	(2,394)	(11,405)
Unrealised loss on investments	(732)	(1,794)	-
Realised gain on investments	22,782	8,041	-
<b>Total</b>	<b>19,656</b>	<b>(5,158)</b>	<b>(24)</b>

(Unaudited but reviewed)

### 3.13 Loss from trading derivatives

(Unit: Thousand Baht)

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

	2010	2009
Realised loss on derivatives trading	(15)	(75)
Total	(15)	(75)

### 3.14 Other income

(Unit: Thousand Baht)

	Consolidated financial statements for the three-month periods ended 31 March		Separate financial statements for the three-month periods ended 31 March	
	2010	2009	2010	2009
Penalty fee income from loans	47,190	41,304	-	-
Gain on sale of property foreclosed	35,110	6,991	-	-
Rental income	8,733	12,279	17,234	13,318
Others	56,930	23,678	58	58
Total	147,963	84,252	17,292	13,376

During the current period, a subsidiary company operating banking business disposed of some property foreclosed. The bank had gain on the sales of property foreclosed totaling approximately Baht 129 million and recognised approximately Baht 14 million of the gain in the income statements for the three-month period ended 31 March 2010 on a cash proportion basis, based on the selling price. This recognition complies with the notification of the Bank of Thailand regarding “Guidelines on Accounting of Financial Institutions”.

(Unaudited but reviewed)

### 3.15 Other expenses

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	for the three-month		for the three-month	
	periods ended 31 March		periods ended 31 March	
	2010	2009	2010	2009
Contributions to Deposit Protection Agency	63,552	49,389	-	-
Allowance for impairment of property foreclosed	-	3,263	-	-
Mailing expenses	11,427	11,068	9	-
Loan losses from court - ordered executions	6,968	12,390	-	-
Transportation expenses	20,936	14,531	1,466	1,077
Advertising and promotion expenses	63,246	20,063	2	200
Others	47,923	45,740	12,105	2,351
Total	<u>214,052</u>	<u>156,444</u>	<u>13,582</u>	<u>3,628</u>

### 3.16 Corporate income tax

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	for the three-month		for the three-month	
	periods ended 31 March		periods ended 31 March	
	2010	2009	2010	2009
Income tax payable on taxable profit for the period	415,847	162,590	53,591	51,085
Add (less): Net decrease (increase) in deferred tax on temporary differences	(132,583)	19,928	(38,286)	(2,025)
Adjustment in respect of current income tax of prior year	(2,653)	(98)	-	-
Income tax expenses - net	<u>280,611</u>	<u>182,420</u>	<u>15,305</u>	<u>49,060</u>

(Unaudited but reviewed)

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 March	31 December	31 March	31 December
	2010	2009	2010	2009
Allowance for doubtful accounts (general reserve)	1,530,135	1,051,927	-	-
Allowance for impairment of investments	243,915	239,893	104,316	104,293
Allowance for impairment of property foreclosed	326,152	537,276	-	-
Non-accrual of interest income	662,491	675,482	-	-
Depreciation of assets	110,203	104,046	34,745	28,317
Financial leases	65,671	65,195	-	-
Revaluation surplus on changes in the value of investments	(33,532)	(11,324)	-	-
Unrealised gain on derivatives	(213)	(68)	-	-
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(876,988)	(818,006)	-	-
Unrealised gain on sale of property foreclosed	114,865	-	-	-
Loss on disposal of property foreclosed	57,495	76,098	-	-
Deferred subsidized income	168,056	140,479	-	-
Reduction of a subsidiary's share capital	228,710	107,174	228,710	107,174
Accrued expenses	205,317	205,317	99,533	99,533
Others	(444)	402	(724)	(361)
	<u>2,801,833</u>	<u>2,373,891</u>	<u>466,580</u>	<u>338,956</u>
<b>Deferred tax assets (25% and 30%)</b>	<u>824,999</u>	<u>696,617</u>	<u>124,423</u>	<u>86,137</u>
Financial leases	204,624	157,194	-	-
Allowance for doubtful accounts	(1,688)	(1,708)	-	-
Loss carried forwards	(155,102)	(116,159)	-	-
Allowance for impairment of other assets	(900)	(900)	-	-
Allowance for impairment of investments	13,209	13,941	-	-
Non-accrual of interest income	(23)	(23)	-	-
Deprecation of assets	(7,060)	(7,628)	-	-
Revaluation surplus on investments	122,022	59,311	-	-
Unrealised losses on cash flow hedges	(24,727)	(31,320)	-	-
Accrued expenses	(13,744)	(13,744)	-	-
Other	(6,694)	(6,551)	-	-
	<u>129,917</u>	<u>52,413</u>	<u>-</u>	<u>-</u>
<b>Deferred tax Liabilities (30%)</b>	<u>38,975</u>	<u>15,724</u>	<u>-</u>	<u>-</u>

### 3.17 Earnings per share

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

Consolidated financial statements					
For the three-month periods ended 31 March					
Net income		Weighted average number of ordinary shares		Earnings per share	
2010	2009	2010	2009	2010 <sup>(1)</sup>	2009 <sup>(2)</sup>
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					
712,279	453,968				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period <sup>(3)</sup>					
-	(45,875)				
<u>712,279</u>	<u>408,093</u>	<u>726,883</u>	<u>724,606</u>	<u>0.98</u>	<u>0.56</u>
<b>Effect of dilutive potential ordinary shares</b>					
Warrants to purchase preference shares					
-	-	-	-		
<b>Diluted earnings per share</b>					
Net income of ordinary shareholders assuming the conversion to ordinary shares					
<u>712,279</u>	<u>408,093</u>	<u>726,883</u>	<u>724,606</u>	<u>0.98</u>	<u>0.56</u>

Separate financial statements					
For the three-month periods ended 31 March					
Net income		Weighted average number of ordinary shares		Earnings per share	
2010	2009	2010	2009	2010 <sup>(1)</sup>	2009 <sup>(2)</sup>
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					
72,704	152,139				
Less: Dividend paid to preference shares in preference to the ordinary shares for the period <sup>(3)</sup>					
-	(45,875)				
<u>72,704</u>	<u>106,264</u>	<u>726,883</u>	<u>724,606</u>	<u>0.10</u>	<u>0.15</u>
<b>Effect of dilutive potential ordinary shares</b>					
Warrants to purchase preference shares					
-	-	-	-		
<b>Diluted earnings per share</b>					
Net income of ordinary shareholders assuming the conversion to ordinary shares					
<u>72,704</u>	<u>106,264</u>	<u>726,883</u>	<u>724,606</u>	<u>0.10</u>	<u>0.15</u>

<sup>(1)</sup> 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 the exercise period of the warrants ended in August 2009.

<sup>(2)</sup> The number of potential original shares that the Company may have to issue for warrants to purchase preference share had not been taken into account because the exercise price of the warrants was higher than the fair value of the Company's preference shares.

<sup>(3)</sup> Dividend paid to preference shares in preference to the ordinary shares for the period 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 those of the ordinary shareholders.

**3.18 Related party transactions**

(Unit: Thousand Baht)

	Balance - beginning of period	Increase	Decrease	Balance - end of period
<b>Outstanding balance as at 31 March 2010</b>				
(Eliminated in consolidated financial statements)				
<b>Subsidiary companies</b>				
Interbank and money market items (assets)				
TISCO Bank Public Company Limited	426,405	373,342	-	799,747
Loans				
Hi-Way Co., Ltd.	1,475,000	-	(55,000)	1,420,000
Dividend receivable				
TISCO Bank Public Company Limited	436,196	-	(436,196)	-
TISCO Securities Co., Ltd.	34,500	-	-	34,500
TISCO Asset Management Co., Ltd.	152,999	-	-	152,999
TISCO Tokyo Leasing Co., Ltd.	-	1,470	-	1,470
Interbank and money market items (liabilities)				
TISCO Securities Co., Ltd.	200,000	-	(200,000)	-
Borrowings				
TISCO Information Technology Co., Ltd.	-	10,000	-	10,000
Interest payable				
TISCO Securities Co., Ltd.	48	-	(48)	-
Other liabilities				
TISCO Bank Public Company Limited	-	1,527	-	1,527
TISCO Securities Co., Ltd.	7,842	75	-	7,917
TISCO Information Technology Co., Ltd.	3,768	-	-	3,768

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements		Terms and pricing policy
	<u>2010</u>	<u>2009</u>	(For the year 2010)
<b><u>Transactions occurred during the three-month periods ended 31 March</u></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	339,000	301,500	In accordance with the centralised policy for supporting activities of the Company and related companies, which was approved by the Bank of Thailand
Interest income	10,531	119	With reference to the terms and prices as offered to other customers
Rental income	13,067	10,786	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	33,500	3,750	In accordance with the centralised policy for supporting activities of the Company and related companies, which was approved by the Bank of Thailand
Interest expenses	21	32,227	With reference to the terms and prices as offered to other customers
Other expenses	75	3,000	With reference to the terms and prices as offered to other customers

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at	
	<u>31 March 2010</u>	<u>31 December 2009</u>
Loans	489	1,949

### 3.19 Financial information by segment

#### 3.19.1 Financial information by business segment

(Unit: Million Baht)

	For the three-month periods ended 31 March									
	Bank		Securities				Elimination		Total	
	business/financial		business		Other business					
	service business		business		Other business		Elimination		Total	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	
Net interest and dividend										
income after bad debt and										
doubtful accounts	1,423	979	16	18	(4)	(30)	-	(15)	1,435	952
Non-interest income	479	403	308	202	443	385	(438)	(462)	792	528
Non-interest expenses	(1,074)	(879)	(256)	(196)	(343)	(151)	443	387	(1,230)	(839)
Corporate income tax	(244)	(125)	(22)	(8)	(15)	(50)	-	-	(281)	(183)
Non-controlling interests of										
the subsidiaries	-	-	-	-	-	-	(4)	(4)	(4)	(4)
Net income for the period	<u>584</u>	<u>378</u>	<u>46</u>	<u>16</u>	<u>81</u>	<u>154</u>	<u>1</u>	<u>(94)</u>	<u>712</u>	<u>454</u>

(Unit: Million Baht)

	As at									
	Bank business/financial		Securities business				Elimination		Total	
	service business		business		Other business					
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	
Investments	7,901	8,438	1,095	1,063	14,870	15,369	(14,929)	(15,432)	8,937	9,438
Loans, receivables										
and accrued interest										
receivable - net	115,146	110,941	1,012	1,015	1,430	1,475	(1,480)	(1,490)	116,108	111,941
Other assets	12,847	15,523	1,140	1,312	2,012	2,041	(1,238)	(1,451)	14,761	17,425
Total assets	<u>135,894</u>	<u>134,902</u>	<u>3,247</u>	<u>3,390</u>	<u>18,312</u>	<u>18,885</u>	<u>(17,647)</u>	<u>(18,373)</u>	<u>139,806</u>	<u>138,804</u>

## 3.19.2 Significant operating results by domestic and foreign activities

(Unit: Million Baht)

	For the three-month periods ended 31 March							
	2010				2009			
	Domestic	Foreign	Elimination	Total	Domestic	Foreign	Elimination	Total
Net interest and dividend income after bad debt and doubtful accounts	1,435	-	-	1,435	967	-	(15)	952
Non-interest income	1,230	-	(438)	792	990	-	(462)	528
Non-interest expenses	(1,672)	(1)	443	(1,230)	(1,225)	(1)	387	(839)
Corporate income tax	(281)	-	-	(281)	(183)	-	-	(183)
Non-controlling interests of the subsidiaries	-	-	(4)	(4)	-	-	(4)	(4)
Net income for the period	712	(1)	1	712	549	(1)	(94)	454

**3.20 Commitments and contingent liabilities**

## 3.20.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at	
	31 March 2010	31 December 2009
Avals	95,420	21,651
Other guarantees	995,833	928,884
Undrawn client overdraft facilities	7,613	8,052
Obligations covering principal under interest rate swap agreements (Note 3.21.5)	1,014,152	1,545,732
	<u>2,113,018</u>	<u>2,504,319</u>

### 3.20.2 Litigation

As at 31 March 2010, the subsidiary has been sued for compensation totaling approximately Baht 150 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 194 million as at 31 March 2010). During the current period, this case is currently under consideration of the court.

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

### 3.20.3 Other commitments

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

As at 31 March 2010, 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	67
1 to 5 years	69
More than 5 years	8

### 3.21 Financial instruments

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

#### 3.21.1 Credit risk

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

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

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

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

	(Unit: Million Baht)	
	As at	
	31 March 2010	31 December 2009
Neither past due nor impaired		
Very high grade	60,820	57,448
High grade	24,673	22,443
Medium grade	3,103	3,033
Sub total	88,596	82,924
Hire purchase receivables - overdue 31 - 90 days	5,740	6,440
Hire purchase receivables - overdue more than 90 days	1,332	1,386
Total	95,668	90,750

## 3.21.2 Market risk

## 3.21.2.1 Market risk - Marketable portfolio

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

(Unit: Million Baht)

	Market risk	
	as at	
	31 March 2010	31 December 2009
Marketable financial assets		
Equity securities	507	573
Debts securities	68	95
Foreign currencies	6	10

## 3.21.2.2 Market risk sensitivity - Interest bearing assets and liabilities

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

(Unit: Million Baht)

	Increase (decrease) in sensitivity	
	of net interest income	
	as at	
	31 March 2010	31 December 2009
Change in interest rate		
Increase 1 percent	(193.67)	(305.10)
Decrease 1 percent	193.67	305.10

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.

### 3.21.2.3 Interest rate risk

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

(Unit: Million Baht)

Consolidated financial statements				
as at 31 March 2010				
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	-	-	664	664
Interbank and money market items	100	8,859	874	9,833
Investments - net	102	7,107	1,728	8,937
Receivable from clearing house	-	-	383	383
Loans and receivables	7,151	109,824	1,969	118,944
	<u>7,353</u>	<u>125,790</u>	<u>5,618</u>	<u>138,761</u>
<b><u>Financial liabilities</u></b>				
Deposits	39,301	25,479	171	64,951
Interbank and money market items	1,305	5,591	-	6,896
Liabilities payable on demand	-	-	466	466
Borrowings	-	49,586	-	49,586
Securities and derivative business payables	3	-	1,388	1,391
	<u>40,609</u>	<u>80,656</u>	<u>2,025</u>	<u>123,290</u>

(Unaudited but reviewed)

(Unit: Million Baht)

## Separate financial statements

as at 31 March 2010

<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	5	795	-	800
Investments - net	-	-	14,870	14,870
Loans and receivables	-	1,420	-	1,420
	<u>5</u>	<u>2,215</u>	<u>14,870</u>	<u>17,090</u>
<b><u>Financial liabilities</u></b>				
Interbank and money market items	-	10	-	10
Borrowings	-	3,427	-	3,427
	<u>-</u>	<u>3,437</u>	<u>-</u>	<u>3,437</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)

## Consolidated financial statements as at 31 March 2010

<u>Transactions</u>	Repricing or maturity date						Interest rates (%)
	At call	0 - 3	3 - 12	1 - 5	Over 5	Total	
		months	months	years	years		
<b><u>Financial assets</u></b>							
Interbank and money market items	5	8,854	-	-	-	8,859	1.2028
Investments - net	51	639	1,340	4,084	993	7,107	3.5561
Loans and receivables	972	9,020	26,315	71,757	1,760	109,824	7.5727
	<u>1,028</u>	<u>18,513</u>	<u>27,655</u>	<u>75,841</u>	<u>2,753</u>	<u>125,790</u>	
<b><u>Financial liabilities</u></b>							
Deposits	2,880	14,169	8,044	386	-	25,479	3.3823
Interbank and money market items	869	3,133	832	757	-	5,591	2.0924
Borrowings	2,571	31,409	10,199	1,407	4,000	49,586	1.9862
	<u>6,320</u>	<u>48,711</u>	<u>19,075</u>	<u>2,550</u>	<u>4,000</u>	<u>80,656</u>	

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements as at 31 March 2010

Transactions	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	795	-	-	-	-	795	1.0000
Loans and receivables	1,420	-	-	-	-	1,420	2.5000
	<u>2,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,215</u>	
<b>Financial liabilities</b>							
Interbank and money market items	-	-	10	-	-	10	1.7500
Borrowings	-	2,030	1,397	-	-	3,427	1.6883
	<u>-</u>	<u>2,030</u>	<u>1,407</u>	<u>-</u>	<u>-</u>	<u>3,437</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.

### 3.21.3 Liquidity risk

Counting from the balance sheet date, as at 31 March 2010, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 March 2010

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non performing		Total
						Unspecified	loans	
<b>Financial assets</b>								
Cash	664	-	-	-	-	-	-	664
Interbank and money market items	980	8,853	-	-	-	-	-	9,833
Investments - net	51	639	1,441	4,084	994	1,728	-	8,937
Receivable from clearing house	-	383	-	-	-	-	-	383
Loans and receivables	876	8,522	27,580	75,402	2,732	-	3,832	118,944
	<u>2,571</u>	<u>18,397</u>	<u>29,021</u>	<u>79,486</u>	<u>3,726</u>	<u>1,728</u>	<u>3,832</u>	<u>138,761</u>
<b>Financial liabilities</b>								
Deposits	42,352	14,169	8,044	386	-	-	-	64,951
Interbank and money market items	892	3,326	1,239	1,439	-	-	-	6,896
Liabilities payable on demand	466	-	-	-	-	-	-	466
Borrowings	2,571	31,409	10,199	1,407	4,000	-	-	49,586
Securities and derivative business payables	3	1,388	-	-	-	-	-	1,391
	<u>46,284</u>	<u>50,292</u>	<u>19,482</u>	<u>3,232</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>123,290</u>
<b>Off-balance sheet items</b>								
Aval to bills and guarantees of loans	-	58	588	-	-	445	-	1,091
Other commitments	-	153	291	570	-	8	-	1,022

(Unit: Million Baht)

Separate financial statements as at 31 March 2010

<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non performing loans	Total
<b>Financial assets</b>								
Interbank and money market items	800	-	-	-	-	-	-	800
Investments - net	-	-	-	-	-	14,870	-	14,870
Loans and receivables	1,420	-	-	-	-	-	-	1,420
	<u>2,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,870</u>	<u>-</u>	<u>17,090</u>
<b>Financial liabilities</b>								
Interbank and money market items	-	-	10	-	-	-	-	10
Borrowings	-	2,030	1,397	-	-	-	-	3,427
	<u>-</u>	<u>2,030</u>	<u>1,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,437</u>

### 3.21.4 Foreign exchange risk

As at 31 March 2010, the Company and its subsidiaries had the 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).

### 3.21.5 Derivatives

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

As at 31 March 2010, 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)
2012	300	2

## 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	714	(25)

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	11	4

The net loss on cash flow hedges transferred from shareholders' equity to the income statement for the three-month period ended 31 March 2010, and arose from interest payment under interest rate swap contracts used to hedge cash flows as follows:

(Unit: Million Baht)	
For the three-month period ended 31 March 2010	
Interest expenses	8

## 3.21.6 Fair value of financial instruments

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

(Unit: Million Baht)

<u>Transactions</u>	As at			
	31 March 2010		31 December 2009	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
<b><u>Financial assets</u></b>				
Cash	664	664	827	827
Interbank and money market items	9,833	9,833	12,708	12,708
Investments - net	8,937	8,937	9,438	9,438
Receivable from clearing house	383	383	140	140
Loans and receivables	116,108	120,123	111,941	115,320
<b><u>Financial liabilities</u></b>				
Deposits	64,951	64,951	56,808	56,808
Interbank and money market items	6,896	6,896	6,380	6,380
Liabilities payable on demand	466	466	345	345
Borrowings	49,586	49,525	59,129	59,070
Payable to clearing house	-	-	193	193
Securities and derivative business payables	1,391	1,391	959	959

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

#### **4. Significant events during the period of 2010 and other information**

##### **4.1 Holding restructuring**

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 in January 2009. 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 31 December 2008 adjusted with the dividend payment from the operation results of year 2008 and are not to exceed the previous swap price.

During the first quarter of 2010, the Company undertook to issue the Company's ordinary shares in exchange of the remaining 26,347 ordinary shares of TISCO Bank at a price of Baht 14.66 per share, totaling Baht 0.4 million, from the minority shareholders. As a result, the Company's shareholding in TISCO Bank increased to 99.84% of TISCO Bank's paid up shares and there are 1,132,296 shares of TISCO Bank held by minority shareholders (1,100,292 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, the difference of the ordinary share swap price and the net asset value of the remaining ordinary shares of TISCO Bank arising in this period was Baht 0.1 million. The difference amount was recorded in "Adjustment from business combination of entities under common control under holding restructuring plan" as presented in shareholders' equity of the consolidated financial statements.

With respect to the Company's ordinary shares which were issued in exchange of the remaining 26,347 ordinary shares of TISCO Bank from the minority shareholders, the Company already registered the increase in its paid-up share capital with the Ministry of Commerce.

#### **4.2 Significant events of subsidiaries**

##### 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). On 29 March 2010, the company registered the decrease in its registered share capital with the Ministry of Commerce.

In March 2010, the Company received the return of capital from the reduction of registered share capital of TISCO Securities Company Limited amounting to Baht 500 million.

#### **5. Subsequent event**

On 29 April 2010, the 2010 Annual General Meeting of Shareholders of the Company passed the resolutions to approve a final dividend payment from the operation results of year 2009 to ordinary shareholders and preference shareholders listed in the register as of 11 May 2010 at a rate of Baht 1.24 per share. The dividend is to be paid on 27 May 2010.

#### **6. Approval of interim financial statements**

These interim financial statements were approved by the Company's Audit Committee on 10 May 2010.