

TISCO Financial Group Public Company Limited
and its subsidiaries
Report and interim financial statements
For the three-month period ended 31 March 2011

Review Report of Independent Auditor

To the Shareholders of TISCO Financial Group Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of TISCO Financial Group Public Company Limited and its subsidiaries as at 31 March 2011, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2011, 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 2010 were audited in accordance with generally accepted auditing standards by another auditor of our firm who expressed an unqualified opinion on those statements, under her report dated 4 February 2011. The consolidated and separate statements of financial position as at 31 December 2010, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on.

The consolidated statements of income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2010 of TISCO Financial Group Public Company Limited and its subsidiaries, and the separate financial statements of TISCO Financial Group Public Company Limited for the same period, 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 her report dated 10 May 2010, that nothing had come to her attention that caused her to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

As described in Note 1.3 to the financial statements, during the current period, the Company adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of the interim financial statements.

Ratana Jala
Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited
Bangkok: 9 May 2011

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of financial position

As at 31 March 2011 and 31 December 2010

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2011	31 December 2010	31 March 2011	31 December 2010
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Cash		757,140	903,306	50	50
Interbank and money market items - net	5.1	21,044,749	12,545,403	986,000	393,554
Derivatives assets	5.2	16,860	12,800	-	-
Investments - net	5.3, 5.7	6,237,608	6,481,004	-	-
Investments in subsidiaries - net	5.4	-	-	14,884,276	14,879,285
Loans to customers and accrued interest receivables - net	5.5, 5.7				
Loans to customers		182,286,090	164,979,444	1,407,000	1,281,000
Accrued interest receivable		135,018	133,879	-	-
Total loans to customers and accrued interest receivables		182,421,108	165,113,323	1,407,000	1,281,000
Less: Deferred revenue		(16,389,145)	(15,248,648)	-	-
Less: Allowance for doubtful accounts	5.6	(4,386,511)	(4,160,590)	-	-
Less: Allowance for loss on debt restructuring		(3)	(3)	-	-
Loans to customers and accrued interest receivables - net		161,645,449	145,704,082	1,407,000	1,281,000
Property foreclosed - net		28,795	21,397	-	-
Investment property	5.8	1,441	76,999	275,920	357,401
Premises and equipment - net		1,425,946	1,389,875	417,845	348,654
Intangible assets - net		225,541	243,719	91,243	100,354
Deferred tax assets	5.22	1,344,062	1,242,503	181,871	167,865
Securities and derivative business receivable - net		1,658,937	1,292,529	-	-
Dividend receivable	5.26	-	-	572,202	1,589,242
Other assets	5.9	1,287,594	1,493,932	127,921	118,377
Total assets		195,674,122	171,407,549	18,944,328	19,235,782

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

TISCO Financial Group Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 March 2011 and 31 December 2010

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2011	31 December 2010	31 March 2011	31 December 2010
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Liabilities					
Deposits		44,079,354	48,535,599	-	-
Interbank and money market items - net		7,901,094	10,842,765	-	-
Liability payable on demand		658,667	532,448	-	-
Derivatives liabilities	5.2	38,104	9,363	-	-
Debts issued and borrowings	5.10	120,751,604	90,773,847	2,874,660	3,345,075
Provision for long-term employee benefits		164,314	-	40,858	-
Deferred tax liabilities	5.22	133,589	156,347	-	-
Securities and derivative business payables		1,336,505	1,610,686	-	-
Accrued interest payable		713,110	462,130	6,984	8,654
Income tax payable		1,315,820	942,103	125,537	108,574
Other liabilities	5.11	3,051,266	2,685,034	569,708	499,716
Total liabilities		180,143,427	156,550,322	3,617,747	3,962,019
Shareholders' equity					
Share capital					
Registered	8.3	11,002,000	11,002,000	11,002,000	11,002,000
Issued and fully paid-up					
33,858 preference shares of Baht 10 each (31 December 2010: 35,358 preference shares of Baht 10 each)		339	354	339	354
727,878,228 ordinary shares of Baht 10 each (31 December 2010: 727,876,728 ordinary of Baht 10 each)		7,278,782	7,278,767	7,278,782	7,278,767
		7,279,121	7,279,121	7,279,121	7,279,121
Share premium					
Share premium of preference shares		-	-	298	311
Share premium of ordinary shares		-	-	6,012,817	6,012,804
		-	-	6,013,115	6,013,115
Other components of shareholders' equity		1,001,532	1,049,546	-	-
Retained earnings					
Appropriated-statutory reserve		212,600	212,600	212,600	212,600
Unappropriated		6,953,976	6,235,417	1,821,745	1,768,927
Equity attributable to owners of the Company		15,447,229	14,776,684	15,326,581	15,273,763
Non-controlling interest of the subsidiaries		83,466	80,543	-	-
Total shareholders' equity		15,530,695	14,857,227	15,326,581	15,273,763
Total liabilities and shareholders' equity		195,674,122	171,407,549	18,944,328	19,235,782
		-	-	-	-

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

.....
 Mrs. Oranuch Apisaksirikul
 (Group Chief Executive Officer)

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month periods ended 31 March 2011 and 2010

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

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Interest income	5.14	2,712,173	2,206,867	11,029	10,559
Interest expenses	5.15	-880,680	-571,814	-15,344	-15,477
Net interest income		1,831,493	1,635,053	(4,315)	(4,918)
Fees and service income		793,119	624,349	-	-
Fees and service expenses		-52,644	-61,309	-	-
Net fees and service income	5.16	740,475	563,040	-	-
Gains (losses) on tradings and foreign exchange transactions	5.17	(25,488)	1,393	-	-
Gains (losses) on investments	5.18	13,231	21,344	(9)	(24)
Dividend income		25,628	48,564	2,205	1,470
Intercompany supporting fee income		-	-	352,410	339,000
Other operating income	5.20	190,208	148,109	15,573	17,438
Total operating income		2,775,547	2,417,503	365,864	352,966
Other operating expenses					
Employee's expenses		725,516	708,395	160,884	183,961
Directors' remuneration		3,146	2,220	3,026	2,220
Premises and equipment expenses		183,923	172,479	66,056	55,030
Taxes and duties		56,449	35,450	1,378	1,391
Others	5.21	268,598	186,944	28,036	22,355
Total other operating expenses		1,237,632	1,105,488	259,380	264,957
Bad debt and doubtful accounts and impairment loss of debt securities	5.19	351,558	315,125	-	-
Profit before income tax expense		1,186,357	996,890	106,484	88,009
Income tax expense	5.22	352,869	280,611	25,911	15,305
Profit for the period		833,488	716,279	80,573	72,704

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

TISCO Financial Group Public Company Limited and its subsidiaries**Statements of comprehensive income (continued)****For the three-month periods ended 31 March 2011 and 2010**

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

	Note	Consolidated financial statements		Separate financial statements	
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Other comprehensive income	5.23				
Gains (losses) arising from translating the financial statements					
of a foreign operation		248	(1,838)	-	-
Investment in available-for-sale securities		(70,839)	84,918	-	-
Cash flow hedges		3,866	6,593	-	-
Income tax (charge)/credit relating to components of					
other comprehensive income	5.22, 5.24	20,092	(27,453)	-	-
Other comprehensive incomes for the period -net		<u>(46,633)</u>	<u>62,220</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>786,855</u>	<u>778,499</u>	<u>80,573</u>	<u>72,704</u>
Profit attributable to:					
Equity holders of the Company	5.25	828,598	712,279	80,573	72,704
Non-controlling interests of the subsidiaries		4,890	4,000		
		<u>833,488</u>	<u>716,279</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		780,584	772,145	80,573	72,704
Non-controlling interests of the subsidiaries		6,271	6,354		
		<u>786,855</u>	<u>778,499</u>		
Earnings per share - equity shareholds of the Company	5.25				
Basic earning per share		1.14	0.98	0.11	0.10

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 cash flows****For the three-month periods ended 31 March 2011 and 2010**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash flows from operating activities				
Profit before income tax	1,186,357	996,890	106,484	88,009
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	83,906	84,650	31,837	25,146
Bad debts and doubtful accounts	539,648	487,741	-	-
Allowance for impairment of investments	4,041	2,394	9	24
Allowance for impairment of property foreclosed	24	-	-	-
Gain on sale of investments	(13,229)	(23,766)	-	-
Unrealised (gain) loss on trading and foreign exchange transactions	28,247	(145)	-	-
Gain on disposal of equipment	(3,509)	(348)	(21)	-
Loss from written-off of equipment	-	2	-	-
Unrealised loss from trading securities	3,232	732	-	-
Gain on sale of property foreclosed	(21,004)	(35,110)	-	-
Provision for long-term employee benefits	5,735	-	1,207	-
Decrease (increase) in other accrued income	(7,299)	(3,320)	(7,620)	74
Increase in accrued expenses	138,764	231,829	72,117	119,640
Net interest income	(1,831,493)	(1,635,053)	4,315	4,918
Dividend income	(25,628)	(48,564)	(2,205)	(1,470)
Cash received on interest income	2,652,543	2,204,745	10,838	10,286
Cash paid on interest expenses	(595,621)	(398,793)	(17,014)	-15,157
Cash received on dividend income	8,755	11,782	1,019,246	436,196
Cash paid on income tax	(27,094)	(29,250)	-11,058	-10,958
Profit from operating activities before changes in operating assets and liabilities	2,126,375	1,846,416	1,208,135	656,708
Decrease (increase) in operating assets				
Interbank and money market items	(8,499,341)	2,874,973	(592,446)	(373,343)
Investment in trading securities	(6,384)	-	-	-
Loans to customers	(16,766,595)	(5,338,898)	(126,000)	55,000
Securities and derivative business receivables	(366,408)	2,562	-	-
Property foreclosed	306,266	603,898	-	-
Intangible assets	(6,377)	5,598	(3,746)	(8,474)
Other assets	235,693	(145,963)	(1,735)	(9,147)

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 cash flows (continued)****For the three-month periods ended 31 March 2011 and 2010**

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Increase (decrease) in operating liabilities					
Deposits		(4,456,245)	8,142,690	-	-
Interbank and money market items		(2,941,401)	516,788	-	(200,000)
Liability payable on demand		126,219	120,800	-	-
Short-term borrowing		29,932,194	(9,544,627)	(470,415)	(562,190)
Payable to clearing house		313,107	(192,815)	-	-
Securities and derivative business payables		(274,182)	432,157	-	-
Other liabilities		(76,028)	(57,597)	(2,125)	(53,570)
Net cash flows from (used in) operating activities		(353,107)	(734,018)	11,668	(495,016)
Cash flows from investing activities					
Cash paid for purchase of investment in securities held for investment		(1,406,933)	(1,013,062)	-	-
Cash received from sale of investment in securities held for investment		1,592,653	1,617,746	-	-
Cash paid for purchase of equipment		(28,274)	(31,904)	(6,799)	(4,984)
Cash received from disposal of equipment		3,685	945	131	-
Cash paid for acquisition of a subsidiary	1.2	-	-	(5,000)	-
Cash received from share capital reduction of a subsidiary		-	-	-	500,000
Net cash flows from (used in) investing activities		161,131	573,725	(11,668)	495,016
Cash flows from financing activities					
Long-term borrowing		45,562	-	-	-
Net cash flows from financing activities		45,562	-	-	-
Translation adjustment		248	(1,837)		
Net decrease in cash		(146,166)	(162,130)	-	-
Cash at beginning of period		903,306	826,526	50	50
Cash at end of period		757,140	664,396	50	50
		-	-	-	-
Supplemental cash flows information					
Non-cash transactions					
Conversion of preference shares to ordinary shares		28	10,601	28	10,601
Issuance securities for swap ordinary shares of TISCO Bank under holding restructuring under common control	4.1	-	387	-	387
Transfer of properties foreclosed form receivables for debt settlement		3,382	-	-	-
Transfer investment property to premises and equipment	5.8	74,636	-	74,636	-

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 2011 and 2010

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to owner of the Company												
Other components of shareholders equity												
		Other comprehensive income			Adjustment from business combination		Total other components		Total equity attributable to owner of the Company		Equity attributable to non-controlling interests of the subsidiaries	Total
Issued and fully paid-up share capital		Surplus (deficit) on change in value of available-for-sale investments	Unrealised gain (losses) on cash flow hedges	Translation adjustment	of entities under common control under holding restructuring plan	Total other components of shareholders' equity	Retained earnings		owner of the Company	interests of the subsidiaries		
Preference shares	Ordinary shares						Appropriated	Unappropriated				
Balance as at 31 December 2009	6,986	7,261,744	(37,793)	(10,743)	86,441	672,295	710,200	119,800	4,342,447	12,441,177	77,539	12,518,716
Total comprehensive income for the period	-	-	59,443	2,261	(1,838)	-	59,866	-	712,279	772,145	6,354	778,499
Preference shares converted to ordinary shares	(5,639)	5,639	-	-	-	-	-	-	-	-	-	-
Adjustment from business combination of entities under common control under holding restructuring plan	-	264	-	-	-	123	123	-	-	387	(387)	-
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,529)	(1,529)
Balance as at 31 March 2010	1,347	7,267,647	21,650	(8,482)	84,603	672,418	770,189	119,800	5,054,726	13,213,709	81,977	13,295,686
Balance as at 31 December 2010	354	7,278,767	292,656	(3,211)	80,835	679,266	1,049,546	212,600	6,235,417	14,776,684	80,543	14,857,227
Cumulative effect of the change in accounting policy for employee benefit (Note 2)	-	-	-	-	-	-	-	-	(110,039)	(110,039)	(1,053)	(111,092)
Total comprehensive income for the period	-	-	(49,587)	1,325	248	-	(48,014)	-	828,598	780,584	6,271	786,855
Preference shares converted to ordinary shares	(15)	15	-	-	-	-	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,295)	(2,295)
Balance as at 31 March 2011	339	7,278,782	243,069	(1,886)	81,083	679,266	1,001,532	212,600	6,953,976	15,447,229	83,466	15,530,695

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 2011 and 2010

(Unit: Thousand Baht)

	Separate financial statements								Total
	Issued and fully		Issued and fully paid-up share capital				Retained earnings		
	paid-up share capital - registered		awaiting for registered		Share premium		Appropriated	Unappropriated	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares			
Balance as at 31 December 2009	6,986	7,261,652	-	92	6,147	6,002,126	119,800	908,746	14,305,549
Total comprehensive 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	-	264	-	-	-	123	-	-	387
Registered the issuance of ordinary shares to the shareholders under common control under holding restructuring plan	-	92	-	(92)	-	-	-	-	-
Balance as at 31 March 2010	1,347	7,267,647	-	-	1,185	6,007,211	119,800	981,450	14,378,640
Balance as at 31 December 2010	354	7,278,767	-	-	311	6,012,804	212,600	1,768,927	15,273,763
Cumulative effect of the change in accounting policy for employee benefit (Note 2)	-	-	-	-	-	-	-	(27,755)	(27,755)
Total comprehensive income for the period	-	-	-	-	-	-	-	80,573	80,573
Preference shares converted to ordinary shares	(15)	15	-	-	(13)	13	-	-	-
Balance as at 31 March 2011	339	7,278,782	-	-	298	6,012,817	212,600	1,821,745	15,326,581

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 2011 and 2010

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 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity and cash flows in accordance with the Bank of Thailand ("BOT")'s Notification No. Sor Nor Sor. 11/2553 regarding "Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups", dated 3 December 2010, which is effective for fiscal years beginning on or after 1 January 2011.

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 the interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2010. During the period, there were the following changes in the composition of the subsidiaries:

- a) In February 2011, the Company invested in 49,997 ordinary shares of TISCO Learning Center Co., Ltd. at a price of Baht 100 per share, for a total of Baht 5 million. The Company holds 99.99 percent of shares. Such company registered its incorporations with the Ministry of Commerce on 1 February 2011.
- b) In March 2011, TISCO Securities Company, the Company's subsidiary, invested in 9,997 ordinary shares of TISCO Advisory Co., Ltd. at a price of Baht 100 per share, for a total of Baht 1 million. The Company's investment represents 99.99 percent of the registered capital of such company, which registered its incorporation with the Ministry of Commerce on 18 March 2011.

1.3 Application of new accounting standards during the period

During the current period, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 12	Corporate Income Tax
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15 Agreements for the Construction of Real Estate

Accounting Standard Interpretations:

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable
 Assets

SIC 25 Income Taxes - Changes in the Tax Status of an Entity or
 its Shareholders

SIC 31 Revenue-Barter Transactions Involving Advertising Services

These accounting standards will not have any significant impact on the financial statements for the current period. The effect of changes in significant accounting policies has been described in Note 2 to financial statements.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2010, except for the changes in the following accounting policies due to the adoption of revised and new accounting standards.

Employee benefits

Post-employment benefits (Defined contribution plans)

The Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by the Company and its subsidiaries, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current period.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment.

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

2. The effect of changes in accounting policies due to the adoption of new accounting standards

During the current period, the Company and its subsidiaries made the changes to its significant accounting policies described in Note 1.3 and 1.4 to the financial statements, as a result of the adoption of revised and new accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expenses in the period in which service is performed by the employee. In particular, an entity has to evaluate and make provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy since the beginning of the current year and have recognised the liability in the transitional period through an adjustment to the beginning balance of retained earnings in the current period. This resulted in decreases in the balances of retained earnings brought forward as at 1 January 2011 in the consolidated and separate financial statements by Baht 111 million (long-term employee benefit obligations of Baht 159 million net of related deferred tax of Baht 48 million) and Baht 28 million (long-term employee benefit obligations of Baht 40 million net of related deferred tax of Baht 12 million), respectively. The cumulative effect of such change in accounting policy has already been presented as “Cumulative effect of the change in accounting policy for employee benefits” in the statements of changes in shareholders’ equity.

(Unaudited but reviewed)

In addition, the change in such accounting policy has the effect of decreasing the profit of the Company and its subsidiaries for the three-month period ended 31 March 2011 by Baht 6 million, or 0.008 Baht per share (The Company only: decreasing the profit by Baht 1 million, or 0.002 Baht per share).

TAS 40 Investment property

The Company and its subsidiaries record initial value of investment property at cost, including transaction cost, the amounts of adjustments affecting the statement of financial position as at 31 December 2010.

(Unit: Thousand Baht)

	31 December 2010	
	Consolidated financial statements	Separate financial statements
Statements of financial position		
Increase in investment properties	76,999	357,401
Decrease in premises and equipment	(76,999)	(357,401)

3. New accounting standards issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standard Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

4. General information

4.1 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.

4.2 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 5.26 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.

5. Supplemental information

5.1 Interbank and money market items (assets)

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements		Type of pledge
	as at		
	31 March 2011	31 December 2010	
Cash at banks of local subsidiary	10	10	To secure facilities provided for bank overdraft

5.2 Derivatives

5.2.1 Trading derivative

(Unit: Thousand Baht)

Type of risk	Consolidated financial statements					
	31 March 2011			31 December 2010		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	15,796	732	3,701,894	11,190	-	180,908
Interest rate	1,064	31,876	3,332,000	1,610	-	300,000
Total	16,860	32,608	7,033,894	12,800	-	480,908

All counter parties of these derivative transactions are financial institutions.

5.2.2 Derivative for hedging

(Unit: Thousand Baht)

Type of risk	Consolidated financial statements					
	31 March 2011			31 December 2010		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Liabilities	amount	
Interest rate	-	5,496	270,171	-	9,363	326,491
Total	-	5,496	270,171	-	9,363	326,491

All counter parties of these derivative transactions are financial institutions.

(Unaudited but reviewed)

5.3 Investments

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	31 March 2011	31 December 2010
Trading securities - fair value		
Domestic marketable equity securities	10,136	3,752
Add (less): Allowance for changes in value	25,962	29,195
Total trading securities	36,098	32,947
Available-for-sales securities - fair value		
Government and state enterprise securities	1,480,414	1,419,765
Debt securities of private sector	831,460	841,460
Foreign debt securities	196,214	196,430
Domestic marketable equity securities	872,709	872,709
Other securities - unit trusts	30,133	40,133
Add (less): Allowance for changes in value	406,601	476,545
Less: Allowance for impairment	(1,460)	(1,460)
Total available-for-sales securities	3,816,071	3,845,582
Held-to-maturity debt securities - cost/amortised cost		
Government and state enterprise securities	9,996	87,975
Debt securities of private sector	2	2
Investment in receivables	1,862,021	1,906,753
Less: Allowance for impairment	(27,299)	(23,256)
Total held-to-maturity debt securities	1,844,720	1,971,474
Other investments - cost		
Domestic non-marketable equity securities	608,263	698,548
Less: Allowance for impairment	(67,544)	(67,547)
Total other investments	540,719	631,001
Investments - net	6,237,608	6,481,004

5.3.1 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements		Type of restriction
	as at		
	31 March 2011	31 December 2010	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	901	-	Pledged for the use of credit balance on clearing position

(Unaudited but reviewed)

5.3.2 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 2011

	Cost	Fair value	Allowance for
			changes in value ⁽¹⁾
Companies having problems with debt repayment or in default	7,060	-	7,060

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

(Unit: Thousand Baht)

Consolidated financial statements

as at 31 December 2010

	Cost	Fair value	Allowance for
			changes in value ⁽¹⁾
Companies having problems with debt repayment or in default	7,060	-	7,060

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

5.3.3 Investments where a subsidiary company operating banking business hold not less than 10 percent of the equity of the investees

(Unit: Thousand Baht)

Consolidated financial statements as at

Securities' name	Consolidated financial statements as at					
	31 March 2011			31 December 2010		
	Book value	Unpaid amounts	Percentage of holding	Book value	Unpaid amounts	Percentage of holding
			%			%
<u>Insurance:</u>						
AXA Insurance Plc.	53,169	-	10	53,169	-	10
<u>Services:</u>						
TISCO Securities Hong Kong Limited (in the process of liquidation)	48,230	-	100	49,315	-	100
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K. Line (Thailand) Co., Ltd.	37,335	-	10	37,335	-	10
<u>Leasing and hire purchase:</u>						
TISCO Leasing Co., Ltd.	85,998	-	99.99	85,998	-	99.99
<u>Trading import and export:</u>						
Shin Thai Enterprises Co., Ltd.	4,592	-	10	4,592	-	10
PDTL Trading Co., Ltd.	9,270	-	10	9,270	-	10
Wattana Inter-Trade Co., Ltd.	3,957	-	10	3,957	-	10
<u>Real estate:</u>						
Prosperity Industrial Estate Co., Ltd.	45,095	-	10	45,095	-	10
UMI Property Co., Ltd.	7,454	-	10	7,454	-	10
<u>Industrial:</u>						
Siam Art Ceramic Co., Ltd.	16,588	-	10	16,588	-	10

5.4 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Separate financial statements							
		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		three-month periods ended	
		31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 March 2010
Subsidiaries directly held by the Company				%	%				
TISCO Bank Public Company Limited	Banking	7,282	7,282	99.98	99.98	13,294	13,294	-	1,020
TISCO Securities Co., Ltd.	Securities business	1,000	1,000	99.99	99.99	1,075	1,075	-	250
TISCO Asset Management Co., Ltd.	Asset management	100	100	99.99	99.99	110	110	-	220
Hi-Way Co., Ltd.	Hire purchase	100	100	99.99	99.99	273	273	-	100
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	2	1
Primus Leasing Co., Ltd. (in the process of liquidation)	Hire purchase	3	3	99.99	99.99	32	32	-	-
Tisco Learning Center Co., Ltd.	Services	5	-	99.99	-	5	-	-	-
						<u>14,884</u>	<u>14,879</u>	<u>2</u>	<u>1,591</u>

5.5 Loans to customers and accrued interest receivable

5.5.1 Classified by loan type

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at	
	31 March 2011	31 December 2010
Loans to customers		
Loans	38,760,513	32,786,735
Hire purchase receivables	140,451,037	129,188,567
Financial lease receivables	3,215,271	3,112,688
Less: Unearned income	(16,389,145)	(15,248,648)
Advances received from financial lease receivables	(140,731)	(108,546)
Total loans to customers	165,896,945	149,730,796
Add: Accrued interest receivables	135,018	133,879
Less: Allowance for doubtful accounts		
BOT's minimum requirement provision		
- Individual	(624,900)	(680,970)
- Collective	(1,297,273)	(1,128,795)
Excess over minimum requirement provision	(2,464,338)	(2,350,825)
	(4,386,511)	(4,160,590)
Less: Allowance for loss on debt restructuring	(3)	(3)
Loans to customers and accrued interest receivables - net	<u>161,645,449</u>	<u>145,704,082</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial statements
as at

	31 March 2011	31 December 2010
Loans to customers		
Loans	1,407,000	1,281,000
Add: Accrued interest receivable	-	-
Loans and accrued interest receivable - net	<u>1,407,000</u>	<u>1,281,000</u>

5.5.2 Hire purchase and financial lease receivables

As at 31 March 2011, net receivables of the subsidiaries under hire purchase and financial lease agreements amount to Baht 127,326 million (31 December 2010: Baht 117,133 million) and mostly comprise hire purchase agreements for cars, 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)

As at 31 March 2011

	Amounts of installments due under the long-term lease agreements				Total
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	
Gross investment in the agreements	45,368	92,427	2,952	2,919	143,666
Less: Unearned income*	(6,767)	(8,129)	(64)	(1,239)	(16,199)
Advances received from financial lease receivables	(5)	(135)	(1)	-	(141)
Present value of minimum lease pay from agreements	<u>38,596</u>	<u>84,163</u>	<u>2,887</u>	<u>1,680</u>	127,326
Allowance for doubtful accounts					(1,315)
Net hire purchase and financial lease receivables					<u>126,011</u>

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

(Unit: Million Baht)

As at 31 December 2010

	Amounts of installments due under the long-term lease agreements				Total
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	
Gross investment in the agreements	42,534	84,437	2,318	3,012	132,301
Less: Unearned income*	(6,293)	(7,453)	(56)	(1,258)	(15,060)
Advances received from financial lease receivables	(5)	(103)	-	-	(108)
Present value of minimum lease pay from agreements	<u>36,236</u>	<u>76,881</u>	<u>2,262</u>	<u>1,754</u>	117,133
Allowance for doubtful accounts					(1,253)
Net hire purchase and financial lease receivables					<u>115,880</u>

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

(Unaudited but reviewed)

5.5.3 Loans to customers of subsidiary companies for which the recognition of interest income has ceased

(Unit: Million Baht)

TISCO Bank	Amounts calculated under BOT's guidelines ⁽²⁾		Amounts calculated under TISCO Bank's policy	
	as at		as at	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Loans to customers for which the recognition of interest income has ceased ⁽¹⁾	3,545	3,618	3,868	3,941

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

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

(Unit: Million Baht)

Other subsidiaries	As at	
	31 March 2011	31 December 2010
Hire purchase receivables, financial lease receivables and other loans and receivables for which the recognition of interest income has ceased	275	294

5.5.4 Unearned interest income which is presented as a deduction against loans to customers of subsidiaries

(Unit: Million Baht)

	Consolidated financial statements	
	as at	
	31 March 2011	31 December 2010
Unearned interest income ⁽¹⁾	16,384	15,243

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

(Unaudited but reviewed)

5.5.5 Outstanding balances (net of collateral) of restructured loans to customers and loan which are being restructured of a subsidiary company operating banking business

(Unit: Million Baht)

	As at	
	31 March 2011	31 December 2010
Restructured loans to customers ⁽¹⁾	261	267
Loans to customers which are being restructured	-	-

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

5.5.6 Troubled debt restructuring of a subsidiary company operating banking business

- Debt restructuring during the period

	For the three-month periods ended 31 March	
	2011	2010
Debtors restructured during the period		
Number of debtors restructured by modification of terms (number)	71	150
Loan balances before restructuring (million Baht)	59	53
Loss on troubled debt restructuring (million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	4
Mortgage loan receivables	3	4
Corporate loan receivables	-	-
Interest income on restructured receivables (million Baht)	16	16
Receipt of principal and interest (million Baht)	92	121

- The balance of the restructured debts

(Unit: Million Baht)

	As at	
	31 March 2011	31 December 2010
The balance of the restructured debts	1,670	1,711

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

5.6.1 Allowance for doubtful accounts - classified by the receivables classification

(Unit: Thousand Baht)

Consolidated financial statements as at 31 March 2011							
	Pass	Special- mentioned	Sub-Standard	Doubtful	Doubtful of loss	Reserve for counter cyclical business factors*	Total
Balance - beginning of period	934,963	92,618	237,768	88,718	455,698	2,350,825	4,160,590
Increase (decrease) in allowance for doubtful accounts during the period	126,222	(1,732)	111,178	155,308	20,035	113,513	524,524
Bad debt written-off	(366)	(4,179)	(109,130)	(163,417)	(21,511)	-	(298,603)
Balance - end of period	1,060,819	86,707	239,816	80,609	454,222	2,464,338	4,386,511

* Allowance for doubtful accounts is determined based on long-term average value of business risk in order to provide a reserve for counter cyclical business including economic factors, and other risk that may affect the quality of assets.

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

(Unit: Thousand Baht)

Consolidated financial statements as at 31 March 2011				
	Individual impairment	Collective impairment	Reserve for counter cyclical business factors*	Total
Balance - beginning of period	564,154	1,245,611	2,350,825	4,160,590
Increase (decrease) in allowance for doubtful accounts during the period	60,950	350,061	113,513	524,524
Bad debt written-off	(204)	(298,399)	-	(298,603)
Balance - end of period	624,900	1,297,273	2,464,338	4,386,511

* Allowance for doubtful accounts is determined based on long-term average value of business risk in order to provide a reserve for counter cyclical business including economic factors, and other risk that may affect the quality of assets.

5.6.3 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 ⁽¹⁾	As at	
	31 March	31 December
	2011	2010
Amount to be provided under BOT's guidelines	1,614	1,485
Amount already recorded by TISCO Bank	4,104	3,859
Amount in excess of the required amount under BOT's guidelines	2,490	2,374

⁽¹⁾ Include allowance for doubtful accounts for credit granted to financial institutions (which is presented as part of interbank and money market items - assets in the statements of financial position).

5.6.4 Non-performing loans to customers of a subsidiary company operating banking business

(Unit: Million Baht)

	As at	
	31 March	31 December
	2011	2010
Non-performing loans to customers	2,303	2,359
Allowance for doubtful accounts	655	655

5.7 Classification of assets

5.7.1 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 ⁽¹⁾ as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2011	2010	2011	2010	2011	2010
Debt instruments - debentures ⁽²⁾	1	1	-	-	1	1
Equity instruments - ordinary shares ⁽³⁾	6	6	-	-	6	6

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

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

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

5.7.2 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	as at		as at	
	2011	2010	2011	2010	31 March	31 December	31 March	31 December
	2011	2010	2011	2010	2011	2010	2011	2010
<u>Loans and receivables</u> ⁽¹⁾⁽²⁾⁽³⁾								
Pass	155,436	139,279	140,034	122,958	929	794	930	794
Special mentioned	6,206	6,611	6,153	6,547	55	58	55	59
Substandard	781	788	772	768	185	178	185	178
Doubtful	197	267	165	239	44	51	44	51
Doubtful of loss	1,325	1,304	813	789	401	404	426	426
Total	163,945	148,249	147,937	131,301	1,614	1,485	1,640	1,508
Reserve for counter cyclical business factor ⁽⁴⁾							2,464	2,351
Total							4,104	3,859
<u>Investments in securities</u>								
Doubtful of loss								
Debt instruments	2	2	2	2	2	2	2	2
Equity instruments	86	85	86	85	86	85	86	85
Total	88	87	88	87	88	87	88	87
<u>Investments in receivables</u>								
Doubtful of loss	27	23	27	23	27	23	27	23
<u>Properties foreclosed</u>								
Doubtful of loss	70	61	70	61	70	61	326	326
Total classified assets	164,130	148,420	148,122	131,472	1,799	1,656	4,545	4,295

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

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

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

⁽⁴⁾ Allowance for doubtful accounts is determined based on long-term average value of business risk in order to provide a reserve for counter cyclical business including economic factors, and other risk that may affect the quality of assets.

5.7.3 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 ⁽²⁾		as at	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2011	2010	2011	2010	2011	2010	2011	2010
Hire purchase receivables⁽¹⁾								
Pass	115,022	104,568	115,022	104,568	0.60	0.60	679	610
Special mentioned	5,977	6,360	5,977	6,360	0.60	0.60	51	55
Substandard	741	747	741	747	20.33	20.31	154	157
Doubtful	152	234	152	234	20.33	20.31	32	46
Doubtful of loss	512	479	512	479	20.33	20.31	100	94
Total	122,404	112,388	122,404	112,388			1,016	962

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

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

5.7.4 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 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2011	2010	2011	2010	2011	2010	2011	2010
				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	1	1	250	254	148	148	125	127
3. Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4. Companies which have loan settlement problems or have defaulted on payment of debts	2	2	349	349	269	269	80	80
5. Companies whose auditor's report cited going concern issues	3	3	494	506	441	453	53	53
Total	6	6	1,093	1,109	858	870	258	260

(Unaudited but reviewed)

5.7.5 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		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
	2011	2010	2011	2010	2011	2010
Doubtful	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

5.7.6 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		Debt balance - net	
	as at		doubtful account		as at	
	as at		as at		as at	
	31 March	31 December	31 March	31 December	31 March	31 December
	2011	2010	2011	2010	2011	2010
Current	3,805	3,740	119	113	3,686	3,627
Overdue						
1 month	280	274	28	27	252	247
2 - 3 months	322	334	32	33	290	301
4 - 6 months	132	146	55	60	78	86
7 - 12 months	88	92	36	38	52	54
Over 12 months	36	37	15	15	21	22
Debtors under litigation	18	19	14	14	4	5
Total	<u>4,681</u>	<u>4,642</u>	<u>299</u>	<u>300</u>	<u>4,383</u>	<u>4,342</u>

(Unaudited but reviewed)

5.8 Investment property

	(Unit: Thousand Baht)	
	Consolidated	Separate financial
	financial statements	statements
	Building and office	Building and office
	condominium	condominium
Cost:		
31 December 2010	97,699	416,177
Transfer to operating assets	(84,841)	(84,841)
31 March 2011	12,858	331,336
Accumulated depreciation:		
31 December 2010	20,700	58,776
Depreciation for the period	922	6,845
Transfer to operating assets	(10,205)	(10,205)
31 March 2011	11,417	55,416
Net book value:		
31 December 2010	76,999	357,401
31 March 2011	1,441	275,920
Depreciation for the three-month periods ended 31 March		
2010	1,323	7,246
2011	922	6,845

5.9 Other assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 March	31 December	31 March	31 December
	2011	2010	2011	2010
Receivable from clearing house	10,479	342,549	-	-
Value added tax - net	589,353	353,181	1,693	1,410
Accrued interest receivable	22,003	18,370	-	-
Fee and charges receivable	178,558	171,259	82,453	74,834
Prepaid income tax	36,090	34,690	-	-
Deposits	36,524	34,978	4,075	4,075
Other receivables	186,311	228,758	-	8
Other assets	228,276	310,147	39,700	38,050
Total other assets	1,287,594	1,493,932	127,921	118,377

5.10 Debt issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	6,000,000	6,000,000	-	-
Unsubordinated unsecured debentures	1,000,000	1,000,000	-	-
Bills of exchange	113,751,604	83,773,847	2,874,660	3,345,075
Total	120,751,604	90,773,847	2,874,660	3,345,075

5.10.1 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 2011	31 December 2010		31 March 2011	31 December 2010		
2009	TISCO Bank	Subordinated and unsecured long-term debentures	2 million	2 million	1,000	2,000	2,000	2019	5.5 percent per annum in the first to third years, 6.0 percent per annum in the forth to seventh years and 6.5 percent per annum in the eighth to tenth years.
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.
2010	TISCO Bank	Subordinated and unsecured long-term debentures	1million	1million	1,000	1,000	1,000	2020	5.0 percent per annum in the first to tenth years.
2010	TISCO Bank	Subordinated and unsecured long-term debentures	1million	1million	1,000	1,000	1,000	2020	4.8 percent per annum in the first to tenth years.
Total						6,000	6,000		

5.10.2 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 2011	31 December 2010		31 March 2011	31 December 2010		
			2007	TISCO Bank	Unsubordinated and unsecured long-term debentures	1 million	1million	1,000	1,000
Total						1,000	1,000		

5.10.3 Bills of exchange

Bills of exchange comprised of the fixed interest rates bearing and float interest rate bearing, which will gradually mature in 2011 to 2014. The interest rates of the fixed interest rates bearing bills of exchange are between 1.00 and 3.50 percent per annum.

5.11 Other liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Payable to clearing housing	331,721	18,615	-	-
Withholding income tax and other tax payable	73,701	165,152	15,085	47,571
Accrued insurance premium	329,463	373,622	-	-
Deferred income	394,972	235,537	-	-
Accrued expenses	1,378,178	1,148,128	541,369	436,766
Other liabilities	543,231	743,980	13,254	15,379
Total other liabilities	3,051,266	2,685,034	569,708	499,716

5.12 Capital funds

5.12.1 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, cash liquidity and other in accordance with the regulations of Bank of Thailand or relevant regulatory agencies.

5.12.2 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.

(Unaudited but reviewed)

Regarding to Capital fund as of 31 March 2011 under Basel II framework, TISCO Bank has allocated the additional reserve from classification as part of regulatory capital fund. The reserve has been classified to Tier 1 capital and Tier 2 capital based on pro rata method under BOT's regulation.

Capital funds of TISCO Bank are as follows:

(Unit: Thousand Baht)

As at

	31 March 2011	31 December 2010
<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	714,600	614,900
Retained earnings - unappropriated	4,026,712	3,196,595
Less: Deferred tax assets	(960,966)	(960,966)
Total Tier I	11,192,320	10,262,503
<u>Tier II</u>		
Subordinated debentures	5,596,160	5,131,251
Reserve for loans classified as pass	656,240	552,695
Add: Excess provision according to IRB	306,157	280,332
Total Tier II	6,558,557	5,964,278
Total capital fund	17,750,877	16,226,781

As at

Capital ratios	31 March 2011		31 December 2010	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Tier I capital to risk assets	10.81%	4.25%	11.29% ⁽¹⁾	4.25%
Total capital to risk assets	14.87%	8.50%	15.23% ⁽²⁾	8.50%

⁽¹⁾ Before Capital Floor

⁽²⁾ After Capital Floor

5.12.3 To comply with the Notification of the Bank of Thailand No. Sor Nor Sor. 6/2553 regarding "Consolidated Supervision" dated 18 June 2010, the Company has disclosed capital maintenance information of financial business group as at 31 December 2010 on its website on 29 April 2011.

5.13 Surplus (deficit) on changes in the value of investments

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at	
	31 March 2011	31 December 2010
Balance - beginning of period	292,656	(16,602)
Increase from changes in the value of securities during the period	76,160	456,257
	368,816	439,655
Less: The effect of deferred tax assets / liabilities	(125,748)	(146,999)
Balance - end of period	243,068	292,656

5.14 Interest income

Interest income in the statements of comprehensive income for the three-month periods ended 31 March 2011 and 2010 consisted of the following:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Interbank and money market items	97,722	45,310	2,669	923
Investments in debt securities	68,988	137,239	-	-
Loans to customers	592,554	317,836	8,360	9,636
Hire purchase and financial lease income	1,952,909	1,706,482	-	-
Total interest income	2,712,173	2,206,867	11,029	10,559

5.15 Interest expenses

Interest expenses in the statements of comprehensive income for the three-month periods ended 31 March 2011 and 2010 consisted of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Deposits	165,309	194,628	-	-
Interbank and money market items	59,543	43,943	-	111
Contribution fee to the Deposit Protection Agency	45,727	63,552	-	-
Issues debt instruments				
- Subordinated debentures	75,945	51,781	-	-
- Unsubordinated debentures	9,962	37,701	-	-
Borrowings	524,194	180,209	15,344	15,366
Total interest expenses	<u>880,680</u>	<u>571,814</u>	<u>15,344</u>	<u>15,477</u>

5.16 Fees and services income – net

Fees and service income in the statements of comprehensive income for the three-month periods ended 31 March 2011 and 2010 consisted of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Fees and service income				
- Acceptance, aval and guarantees	2,701	1,990	-	-
- Insurance service	264,730	194,669	-	-
- Brokerage fees	193,454	130,229	-	-
- Fund management	141,360	145,415	-	-
- Financial advisory fee	8,366	8,195	-	-
- Others	182,508	143,851	-	-
Total fees and service income	793,119	624,349	-	-
Fees and service expenses				
- Information service expense	14,770	17,501	-	-
- Others	37,874	43,808	-	-
Total fees and service expense	<u>52,644</u>	<u>61,309</u>	<u>-</u>	<u>-</u>
Fees and service income - net	<u>740,475</u>	<u>563,040</u>	<u>-</u>	<u>-</u>

5.17 Gains (losses) on trading and foreign exchange transactions

Gains (losses) on trading and foreign exchange transactions in the statements of comprehensive income for the three-month periods ended 31 March 2011 and 2010 consisted of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and derivatives on foreign exchange	3,904	-	-	-
- Derivatives on interest rates	(32,151)	145	-	-
- Debt securities	5,995	1,995	-	-
- Equity securities	(3,232)	(732)	-	-
- Others	(4)	(15)	-	-
Total	<u>(25,488)</u>	<u>1,393</u>	<u>-</u>	<u>-</u>

5.18 Gains (losses) on investments

Gains (losses) on investments in the statements of comprehensive income for the three-month periods ended 31 March 2011 and 2010 consisted of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Gains (loss) on disposal				
- Available-for-sale securities	368	1,270	-	-
- Held-to-maturity securities	6	(57)	-	-
- General investments	12,855	19,574	-	-
Total	<u>13,229</u>	<u>20,787</u>	<u>-</u>	<u>-</u>
Reversal (loss) on impairment				
- General investments	2	557	-	-
- Investments in subsidiaries	-	-	(9)	(24)
Total	<u>2</u>	<u>557</u>	<u>(9)</u>	<u>(24)</u>
Gains (losses) on investments - net	<u>13,231</u>	<u>21,344</u>	<u>(9)</u>	<u>(24)</u>

5.19 Bad debt, doubtful accounts and impairment loss of debt securities

Bad debt, doubtful accounts and impairment loss of debt securities in the statements of comprehensive income for the three-month periods ended 31 March 2011 and 2010 consisted of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Interbank and money market items	16,000	14,000	-	-
Held-to-maturity debt securities	4,043	2,951	-	-
Loans to customers	331,515	298,174	-	-
Total	351,558	315,125	-	-

5.20 Other operating income

Other operating income in the statements of comprehensive income for the three-month periods ended 31 March 2011 and 2010 consisted of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Gain on sale of property foreclosed	21,004	35,110	-	-
Rental income	217	668	-	-
Penalty fee income from loans	54,711	47,190	-	-
Income from business promotion relating to the business	95,949	50,642	-	-
Others	18,327	14,499	15,573	17,438
Total	190,208	148,109	15,573	17,438

5.21 Other operating expenses

Other operating expenses in the statements of comprehensive income for the three-month periods ended 31 March 2011 and 2010 consisted of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Mailing expenses	13,807	11,427	201	8
Software amortization expenses	24,554	22,636	12,856	10,571
Loan losses from court - ordered executions	32,438	30,673	-	-
Transportation expenses	23,726	20,233	1,519	1,173
Advertising and promotion expenses	103,436	43,947	-	-
Others	70,637	58,028	13,460	10,603
Total	<u>268,598</u>	<u>186,944</u>	<u>28,036</u>	<u>22,355</u>

5.22 Income tax expenses

Income tax expenses of the Company and its subsidiaries for the three-month periods ended 31 March 2011 and 2010 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements for the three-month periods ended 31 March		financial statements for the three-month periods ended 31 March	
	2011	2010	2011	2010
Income tax payable on taxable profit for the period	409,539	415,847	28,021	53,591
Add (less): Net increase in deferred tax on temporary differences	(56,670)	(132,583)	(2,110)	(38,286)
Adjustment in respect of income tax expenses of prior period	-	(2,653)	-	-
Income tax expenses	<u>352,869</u>	<u>280,611</u>	<u>25,911</u>	<u>15,305</u>

Deferred taxes are recorded directly to equity during the three-month periods ended 31 March 2011 and 2010 as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 March 2011	31 March 2010
Surplus (deficit) on change in value of investments	21,252	(25,475)
Loss on changes in fair value of cash flow hedges	(1,160)	(1,978)
Deferred taxes are recorded directly to equity	<u>20,092</u>	<u>(27,453)</u>

(Unaudited but reviewed)

A reconciliation between the income tax expense and the accounting profit multiplied by the applicable tax rate is presented as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 March	31 March	31 March
	2011	2010	2011	2010
Accounting profit before income tax expenses	1,186,357	996,890	106,484	88,009
Income tax rate of 25% and 30%	357,476	293,721	26,621	22,002
Tax effect of net tax-exempt income and net disallowed expenses	(4,256)	(1,724)	(359)	(317)
Utilisation of loss carry forwards	-	(2,353)	-	-
Effect of tax rate used for deferred tax	(351)	(6,380)	(351)	(6,380)
Adjustment in respect of income tax expenses of prior year	-	(2,653)	-	-
Income tax expense	352,869	280,611	25,911	15,305

The following table shows consist of deferred tax assets and deferred tax liabilities.

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	As at		Change in deferred tax assets/deferred tax liabilities reported in the statements of comprehensive income for the three-month periods ended	
	31 March	31 December	31 March	31 March
	2011	2010	2011	2010
Allowance for doubtful accounts	823,754	790,476	33,278	143,462
Allowance for impairment of investments	76,372	74,806	1,566	1,205
Allowance for impairment of property foreclosed	97,930	97,923	7	(63,338)
Non-accrual of interest income	192,702	194,903	(2,201)	(3,897)
Depreciation of assets	40,675	39,194	1,481	1,847
Financial leases	12,740	13,910	(1,170)	143
Revaluation surplus on investments	(6,121)	(6,133)	-	-
Unrealised gain (loss) on derivatives	9,499	(147)	9,646	(43)
Deferred commissions and direct expenses of incurred at the initiation of hire purchase	(338,723)	(306,473)	(32,250)	(17,694)
Unrealised gain on disposal of property foreclosed	-	-	-	34,459
Loss on disposal of property foreclosed	16,709	17,202	(493)	(5,581)
Deferred subsidized income	85,448	67,017	18,431	8,273
Reduction of subsidiaries' share capital	26,794	26,794	-	36,461
Accrued expenses	223,465	223,465	-	-
Employee benefits	43,334	-	1,527	-
Others	39,484	9,566	29,918	(254)
Deferred tax assets	1,344,062	1,242,503	59,740	135,043

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements				
		Change in deferred tax assets/deferred tax liabilities reported in the statements of comprehensive income for the three-month periods ended		
As at				
31 March	31 December	31 March	31 March	
2011	2010	2011	2010	
Financial leases	104,039	97,211	6,828	14,229
Allowance for doubtful accounts	(432)	(457)	25	6
Loss carried forwards	(75,204)	(74,220)	(984)	(11,683)
Allowance for revaluation of other assets	(270)	(270)	-	-
Non-accrual of interest income	(6)	(7)	1	-
Deprecation of assets	(1,405)	(1,593)	188	171
Revaluation surplus on investments	119,625	140,866	-	-
Unrealised losses on cash flow hedges	(1,648)	(2,809)	-	-
Gain from revaluation of investments in trading securities	7,111	8,081	(970)	(220)
Accrued expenses	(8,618)	(8,618)	-	-
Employee benefits	(5,938)	-	(190)	-
Other	(3,665)	(1,837)	(1,828)	(43)
Deferred tax Liabilities	133,589	156,347	3,070	2,460

(Unit: Thousand Baht)

Separate financial statements				
		Change in deferred tax assets/deferred tax liabilities reported in the statements of comprehensive income for the three-month periods ended		
As at				
31 March	31 December	31 March	31 March	
2011	2010	2011	2010	
Allowance for impairment of investments	27,418	27,416	2	6
Depreciation of assets	18,446	16,591	1,855	1,929
Reduction of subsidiaries' share capital	26,794	26,794	-	36,460
Accrued expenses	96,195	96,195	-	-
Employee benefits	12,257	-	361	-
Other	761	869	(108)	(109)
Deferred tax assets	181,871	167,865	2,110	38,286

5.23 Components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods		For the three-month periods	
	ended 31 March		ended 31 March	
	2011	2010	2011	2010
Other comprehensive income				
Gain (loss) on translation adjustment in				
foreign operations	248	(1,838)	-	-
Available-for-sale securities:				
Gain (loss) for the periods	(70,471)	86,188	-	-
Less: Reclassification adjustments for gain				
included in profit or loss	(368)	(1,270)	-	-
	(70,839)	84,918	-	-
Cash flow hedges:				
Gain (loss) for the periods	297	(1,702)	-	-
Add: Reclassification adjustments for loss				
included in profit or loss	3,569	8,295	-	-
	3,866	6,593	-	-
Other comprehensive income	(66,725)	89,673	-	-
Income tax relating to components of other				
comprehensive income	20,092	(27,453)	-	-
Other comprehensive income for				
the periods - net	(46,633)	62,220	-	-

5.24 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the three-month periods ended 31 March					
	2011			2010		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Surplus (deficit) on change in value of investments	(70,839)	21,252	(49,587)	84,918	(25,475)	59,443
Unrealised gain on cash flow hedges	3,866	(1,160)	2,706	6,593	(1,978)	4,615
	(66,973)	20,092	(46,881)	91,511	(27,453)	64,058

5.25 Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares and preference shares in issue during the period. (The rights and benefits of the preference shareholders have been equal to the ordinary shareholders).

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Profit for the period attributable to equity holders of the Company (Thousand Baht)	828,598	712,279	80,573	72,704
Weighted average number of shares (Thousand shares)	727,912	726,883	727,912	726,883
Earnings per share (Baht/share)	1.14	0.98	0.11	0.10

5.26 Related party transactions

	(Unit: Thousand Baht)			
	As at	Increase	Decrease	As at
	31 December			31 March
	2010			2011
Outstanding balance				
(Eliminated in consolidated financial statements)				
Subsidiary companies				
Interbank and money market items (assets)				
TISCO Bank Public Company Limited	393,554	593,161	(745)	985,970
Loans				
Hi-Way Co., Ltd.	1,281,000	126,000	-	1,407,000
Dividend receivable				
TISCO Bank Public Company Limited	1,019,246	-	(1,019,246)	-
TISCO Securities Co., Ltd.	250,000	-	-	250,000
TISCO Asset Management Co., Ltd.	219,999	-	-	219,999
Hi-Way Co., Ltd.	99,998	-	-	99,998
TISCO Tokyo Leasing Co., Ltd.	-	2,205	-	2,205
Other assets				
TISCO Bank Public Company Limited	74,588	7,706	-	82,294
Borrowings				
TISCO Leasing Co., Ltd.	118,000	-	(30,000)	88,000
Interest payable				
TISCO Leasing Co., Ltd.	16	83	-	99
Other liabilities				
TISCO Bank Public Company Limited	2,344	-	-	2,344
TISCO Securities Co., Ltd.	7,036	-	-	7,036
TISCO Information Technology Co., Ltd.	3,823	-	-	3,823
TISCO Learning Center Co., Ltd.	-	26	-	26

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements		Terms and pricing policy
	<u>2011</u>	<u>2010</u>	(For the period 2011)
<u>Transactions occurred during the three-month periods ended 31 March</u>			
(Eliminated in consolidated financial statements)			
Subsidiary companies			
Risk and financial management fee income, human resources management fee income and office administration fee income	352,410	339,000	Determined on the basis of market price and/or in compliance with the criteria specified by the Bank of Thailand
Interest income	10,999	10,531	With reference to the terms and prices as offered to other customers
Rental income	13,203	13,067	With reference to the terms and prices as offered to other customers
Computer system advisory services expenses	34,250	33,500	Determined on the basis of market price and/or in compliance with the criteria specified by the Bank of Thailand
Interest expenses	1,098	21	With reference to the terms and prices as offered to other customers
Training expenses	40	75	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 2011</u>	<u>31 December 2010</u>
Loans	171	196

Directors and management's remuneration

For the three-month period ended 31 March 2011, the Company and its subsidiaries paid directors and management's remuneration composed of monthly remuneration, meeting allowances, salaries, provident fund contribution and long-term benefit totaling Baht 46 million (only the Company: 30 million Baht).

5.27 Financial information by segment

5.27.1 Financial position and results of operations classified by domestic and foreign operations, are as follow:

(Unit: Million Baht)

	Consolidated financial statements			
	31 March 2011			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	214,160	58	(18,544)	195,674
Interbank and money market items (assets)	22,180	58	(1,193)	21,045
Investments - net	6,238	-	-	6,238
Loans to customers and accrued interest receivables - net	163,270	-	(1,625)	161,645
Deposits	44,166	-	(87)	44,079
Interbank and money market items (liabilities)	8,072	-	(171)	7,901
Debt issued and borrowings	123,312	-	(2,560)	120,752

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2010			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	190,630	58	(19,280)	171,408
Interbank and money market items (assets)	13,559	56	(1,070)	12,545
Investments - net	6,484	-	(3)	6,481
Loans to customers and accrued interest receivables - net	147,203	-	(1,499)	145,704
Deposits	48,609	-	(73)	48,536
Interbank and money market items (liabilities)	11,513	-	(670)	10,843
Debt issued and borrowings	92,600	-	(1,826)	90,774

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements				
For the three-month period ended				
31 March 2011				
Domestic operations	Foreign operations	Eliminations	Total	
Interest income	2,725	-	(13)	2,712
Interest expenses	(894)	-	13	(881)
Interest income - net	1,831	-	-	1,831
Net fee and service income	831	-	(91)	740
Other operating income	592	-	(387)	205
Total operating income	3,254	-	(478)	2,776
Other operating expenses	(1,697)	(1)	460	(1,238)
Bad debt, doubtful accounts and impairment loss of debt securities	(351)	-	-	(351)
Income tax expense	(353)	-	-	(353)
Non-controlling interest	-	-	(5)	(5)
Profit for the period - equity holders of the Company	853	(1)	(23)	829

(Unit: Million Baht)

Consolidated financial statements				
For the three-month period ended				
31 March 2010				
Domestic operations	Foreign operations	Eliminations	Total	
Interest income	2,217	-	(10)	2,207
Interest expenses	(583)	-	11	(572)
Interest income - net	1,634	-	1	1,635
Net fee and service income	649	-	(86)	563
Other operating income	571	-	(351)	220
Total operating income	2,854	-	(436)	2,418
Other operating expenses	(1,547)	(1)	442	(1,106)
Bad debt, doubtful accounts and impairment loss of debt securities	(314)	-	(1)	(315)
Income tax expense	(281)	-	-	(281)
Non-controlling interest	-	-	(4)	(4)
Profit for the period - equity holders of the Company	712	(1)	1	712

5.27.2 Financial positions and results of operation classified by business type

(Unit: Million Baht)

	As at									
	Bank business/financial service business		Securities business		Other business		Elimination		Total	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Total assets	190,851	167,177	4,308	4,187	19,059	19,324	(18,544)	(19,280)	195,674	171,408
Interbank and money										
market items (assets)	20,261	12,478	932	706	1,045	431	(1,193)	(1,070)	21,045	12,545
Investment - net	4,881	4,972	1,357	1,512	-	-	-	(3)	6,238	6,481
Loans to customers and										
accrued interest										
receivable - net	161,863	145,922	-	-	1,407	1,281	(1,625)	(1,499)	161,645	145,704
Deposits	44,166	48,609	-	-	-	-	(87)	(73)	44,079	48,536
Interbank and money										
market items										
(liabilities)	8,072	11,513	-	-	-	-	(171)	(670)	7,901	10,843
Debt issued and										
borrowings	120,437	89,255	-	-	2,875	3,345	(2,560)	(1,826)	120,752	90,774

(Unit: Million Baht)

	For the three-month periods ended 31 March									
	Bank business/financial service business		Securities business		Other business		Elimination		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Interest income	2,703	2,200	11	6	11	11	(13)	(10)	2,712	2,207
Interest expenses	(875)	(565)	(4)	(2)	(15)	(16)	13	11	(881)	(572)
Interest income - net	1,828	1,635	7	4	(4)	(5)	-	1	1,831	1,635
Net fee and service										
expense	376	302	365	261	91	86	(92)	(86)	740	563
Other operating income	205	202	16	11	370	358	(386)	(351)	205	220
Total operating income	2,409	2,139	388	276	457	439	(478)	(436)	2,776	2,418
Other operating expense	(1,111)	(997)	(244)	(208)	(343)	(343)	460	442	(1,238)	(1,106)
Bad debt, doubtful										
accounts and										
impairment loss of debt										
securities	(351)	(314)	-	-	-	-	-	(1)	(351)	(315)
Income tax expense	(284)	(244)	(41)	(22)	(28)	(15)	-	-	(353)	(281)
Non-controlling interest	-	-	-	-	-	-	(5)	(4)	(5)	(4)
Profit for the period -										
equity holders of										
the Company	663	584	103	46	86	81	(23)	1	829	712

5.28 Commitments and contingent liabilities

5.28.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

Consolidated financial statements
as at

	31 March 2011	31 December 2010
Avals	134,664	194,136
Other guarantees	955,284	888,386
Undrawn client overdraft facilities	35,645	33,273
Interest rate swap agreements (Note 5.29.5)	3,602,171	626,491
Cross currency swap agreements (Note 5.29.5)	3,701,894	180,908
	<u>8,429,658</u>	<u>1,923,194</u>

5.28.2 Litigation

As at 31 March 2011, the subsidiary has been sued for compensation totaling approximately Baht 172 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 181 million as at 31 March 2011). 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.

5.28.3 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 2011, 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	69
1 to 5 years	58
More than 5 years	2

5.29 Financial instruments

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

5.29.1 Credit risk

TISCO Group is exposed to credit risk primarily with respect to loans to customers 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 statements of financial position.

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	
	<u>31 March 2011</u>	<u>31 December 2010</u>
Neither past due nor impaired		
Very high grade	73,971	70,228
High grade	36,510	30,510
Medium grade	4,541	3,830
Sub total	115,022	104,568
Hire purchase receivables - overdue 31 - 90 days	5,977	6,360
Hire purchase receivables - overdue more than 90 days	1,405	1,460
Total	<u>122,404</u>	<u>112,388</u>

5.29.2 Market risk

5.29.2.1 Market risk - Marketable portfolio

The following table shows the VaR calculation for marketable portfolio position at the financial statements 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 2011	31 December 2010
Marketable financial assets		
Equity securities	481	443
Debts securities	23	24
Foreign currencies	7	7

5.29.2.2 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 financial statements 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 2011	31 December 2010
Change in interest rate		
Increase 1 percent	(398.99)	(268.42)
Decrease 1 percent	398.99	268.42

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.

5.29.2.3 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 2011				
Outstanding balances of financial instruments				
<u>Transactions</u>	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial assets</u>				
Cash	-	-	757	757
Interbank and money market items	113	20,581	351	21,045
Derivatives assets	-	-	17	17
Investments - net	-	4,359	1,879	6,238
Loans to customers ⁽¹⁾	7,790	156,689	1,553	166,032
Securities and derivatives business				
receivables	1	-	1,659	1,660
Receivables to clearing house	-	-	10	10
	<u>7,904</u>	<u>181,629</u>	<u>6,226</u>	<u>195,759</u>
<u>Financial liabilities</u>				
Deposits	27,903	15,816	360	44,079
Interbank and money market items	1,634	6,187	80	7,901
Liabilities payable on demand	-	-	659	659
Derivatives liabilities	-	-	38	38
Debt issued and borrowings	-	120,752	-	120,752
Securities and derivatives business payables	3	-	1,334	1,337
Payable to clearing house	-	-	332	332
	<u>29,540</u>	<u>142,755</u>	<u>2,803</u>	<u>175,098</u>

⁽¹⁾ Loans with floating rates and fixed interest rates include non-performing loans on accrual basis.

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements

as at 31 March 2011

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets				
Interbank and money market items	6	980	-	986
Investments in subsidiaries - net	-	-	14,884	14,884
Loans to customers ⁽¹⁾	-	1,407	-	1,407
	<u>6</u>	<u>2,387</u>	<u>14,884</u>	<u>17,277</u>
Financial liabilities				
Debt issued and borrowings	-	2,875	-	2,875
	<u>-</u>	<u>2,875</u>	<u>-</u>	<u>2,875</u>

⁽¹⁾ Loans with floating rates and fixed interest rates include non-performing loans on accrual basis

Financial instruments which bear interest rate at fixed rates are classified below by the period from the financial statements 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 2011

<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	50	20,531	-	-	-	20,581	2.0464
Investments - net	397	957	400	2,600	5	4,359	5.3773
Loans to customers	12,144	15,169	32,004	94,041	3,331	156,689	6.8440
	<u>12,591</u>	<u>36,657</u>	<u>32,404</u>	<u>96,641</u>	<u>3,336</u>	<u>181,629</u>	
Financial liabilities							
Deposits	936	11,926	2,584	370	-	15,816	2.1510
Interbank and money market items	183	1,791	949	3,264	-	6,187	2.9782
Debt issued and borrowings	1,642	93,599	10,005	9,506	6,000	120,752	2.5148
	<u>2,761</u>	<u>107,316</u>	<u>13,538</u>	<u>13,140</u>	<u>6,000</u>	<u>142,755</u>	

(Unit: Million Baht)

Separate financial statements as at 31 March 2011							
Transactions	Repricing or maturity date				Total	Interest rates (%)	
	At call	0 - 3 months	3 - 12 months	1 - 5 years			Over 5 years
Financial assets							
Interbank and money market items	980	-	-	-	-	980	1.5000
Loans to customers	1,407	-	-	-	-	1,407	2.6000
	<u>2,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,387</u>	
Financial liabilities							
Debt issued and borrowings	-	2,842	33	-	-	2,875	2.4121
	<u>-</u>	<u>2,842</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>2,875</u>	

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

5.29.3 Liquidity risk

Liquidity risk is uncertainty that the subsidiary operating banking business is unable to meet repayment obligations when they fall due. This could arise from a failure in asset conversion or to raise adequate fund for timely fulfillment of obligations. Liquidity risk may result from both internal and external factors. Internal factors hinge on liquidity reserve and a structure of assets and liabilities. Meanwhile, external factors are mainly driven by market liquidity and confidence of depositors.

Liquidity risk management framework

The overall liquidity risk management is overseen by the Risk Management Committee. Treasury function will be responsible for ensuring that daily liquidity position complies with the risk management policy and regulatory requirement. On the other hand, Risk Management function will monitor and control liquidity risk based on the prescribed risk limits.

The key liquidity risk management policies involve the management of cash flow maturity profiles, deposit concentrations, liquidity reserves and emergency contingency plan. Liquidity risk strategies will take into account market liquidity and how unexpected changes would affect the subsidiary company operating banking business' risks. A manageable level of maturity mismatches of cash flows from assets and liabilities will then be consistently maintained and regularly monitored, together with the level of liquidity reserves. The procurement and concentration of funding sources will be well-planned to optimize risk/return. Contingency procedures for liquidity management in the times of unexpected financial crisis must be established and made ready for timely activation. In addition to the liquidity risk measurement, the subsidiary set the limit of loan to total borrowing ratio and liquidity reserve asset level. The position of liquidity risk is monitored daily and reported to the Risk Management Committee and other relevant functions.

Additionally, the subsidiary operating banking business has set stress testing scenarios for liquidity risk where the scenarios are cover the subsidiary's specific scenario and Industry Based scenario which cause unusual cash outflow from the subsidiary.

The main sources of fund came from deposit and bill of exchange. In the past, there is high rollover rate for both matured deposit and bill of exchange. Besides, the subsidiary also issued subordinated debenture as part of source of fund. On the use of fund, the majority of funds are used in lending business while a proportion of fund is maintained as liquidity reserve assets as cushion against liquidity risk. Moreover, the subsidiary provide credit line to other companies under TISCO Financial Group to support liquidity position if required.

5.29.3.1 Remaining contractual maturity of liabilities.

(Unit: Million Baht)

	As at 31 March 2011			
	Remaining days			Total
	Less than 3 months	3 - 12 months	More than 1 year	
Liabilities	140,954	13,355	18,858	173,167

The matured liabilities, both deposit and bill of exchange, are generally rollover with 90% average rollover rate. By taking into account high rollover rate, the cash outflow at maturity will be lower than those presented by contractual maturity. On the other hand, the liabilities with remaining maturity less than three months comprised current deposit and saving deposit at 20% of total liabilities with remaining maturity less than three months. Both current deposit and saving deposit are considered to be more stable than term deposit or bill of exchange in term of cash outflow.

5.29.3.2 Composition of highly liquid assets, and internal ratio.

	(Unit: Million Baht)
	As at
	<u>31 March 2011</u>
Highly liquid assets	
Cash	757
Interbank and money market - net	18,540
Investments - net	<u>2,514</u>
Total liquid assets ⁽¹⁾	<u>21,811</u>
Liquid asset requirement ⁽¹⁾	2,685

⁽¹⁾ Highly liquid assets and liquid asset requirement are based on internal measurement.

The subsidiary operating banking business has a policy in maintaining the highly liquid assets higher than internal liquid asset requirement. As of 31 March 2011, the subsidiary has highly liquid assets at Baht 21,811 million, which higher than internal liquid asset requirement of Baht 2,685 million. In addition of liquid assets, the subsidiary has contingency credit line, operating cash inflow from business, and available credit line from other financial institutions which is available to support uncertain liquidity requirement.

(Unaudited but reviewed)

5.29.3.3 Counting from the financial statement date, as at 31 March 2011, the period to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 March 2011								
Transactions	At call	0 - 3 Months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing Loans*	
Financial assets								
Cash	757	-	-	-	-	-	-	757
Interbank and money market items	513	20,532	-	-	-	-	-	21,045
Derivatives assets	-	-	8	9	-	-	-	17
Investments - net	397	957	400	2,600	5	1,879	-	6,238
Loans to customers	13,419	14,608	32,609	96,316	5,260	-	3,820	166,032
Securities and derivative business								
payables	-	1,659	-	-	-	-	1	1,660
Receivable from clearing house	-	10	-	-	-	-	-	10
	<u>15,086</u>	<u>37,766</u>	<u>33,017</u>	<u>98,925</u>	<u>5,265</u>	<u>1,879</u>	<u>3,821</u>	<u>195,759</u>
Financial liabilities								
Deposits	29,199	11,926	2,584	370	-	-	-	44,079
Interbank and money market items	334	2,035	1,399	4,133	-	-	-	7,901
Liabilities payable on demand	659	-	-	-	-	-	-	659
Derivatives liabilities	-	1	2	35	-	-	-	38
Debt issued and borrowings	1,642	93,599	10,005	9,506	6,000	-	-	120,752
Securities and derivative business								
payables	3	1,334	-	-	-	-	-	1,337
Payable to clearing house	-	332	-	-	-	-	-	332
	<u>31,837</u>	<u>109,227</u>	<u>13,990</u>	<u>14,044</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>175,098</u>
Contingent liabilities								
Aval to bills and guarantees of loans	2	11	408	-	-	669	-	1,090
Other commitments	-	165	3,539	3,600	-	36	-	7,340

* Non performing loan according to the BOT's guidelines.

(Unit: Million Baht)

Seperate financial statements as at 31 March 2011								
Transactions	At call	0 - 3 Months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non	Total
							performing Loans*	
Financial assets								
Interbank and money market items	986	-	-	-	-	-	-	986
Investment in subsidiaries - net	-	-	-	-	-	14,884	-	14,884
Loans to customers	1,407	-	-	-	-	-	-	1,407
	<u>2,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,884</u>	<u>-</u>	<u>17,277</u>
Financial liabilities								
Debt issued and borrowings	-	2,842	33	-	-	-	-	2,875
	<u>-</u>	<u>2,842</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,875</u>

* Non performing loan according to the BOT's guidelines.

5.29.4 Foreign exchange risk

- a) As at 31 March 2011, the subsidiary operating banking business 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 net allowance for impairment equivalent to Baht 49 million).
- b) Investment in foreign debt securities held by the subsidiary operating banking business amounting to USD 6 million (amortised cost amounting to Baht 181 million), of which entered into cross currency swap agreements to hedge risk on the whole amount, as mentioned in Note 5.29.5 to the financial statements.
- c) Loans in foreign currency amounting to USD 100 million (equal to Baht 3,030 million as at 31 March 2011), of which entered into cross currency swap agreements to hedge risk on the whole amount, as mentioned in Note 5.29.5 to the financial statements.
- d) Borrowing in foreign country of the subsidiary operating leasing business amounting to USD 16.14 million (amortised cost amounting to Baht 491.22 million), of which entered into cross currency swap agreements to hedge risk on the whole amount, as mentioned in Note 5.29.5 to the financial statements.

5.29.5 Derivatives

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

As at 31 March 2011, the subsidiaries have the following financial derivative instruments.

- a) Financial derivative instruments classified as derivatives held for trading
 - a.1) Interest rate swap agreement

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	1
2016	3,032	(32)

a.2) Cross currency swap agreement

The subsidiary operating banking business entered into cross currency swap agreements to manage the risk associated with investments in foreign debt securities, as follow:

(Unit: Million Baht)			
Maturity	Number of contracts	Notional amount	Fair value gain (loss)
2012	1	3,030	7
2013	4	181	9

The subsidiary operating leasing business entered into cross currency swap agreements to manage the risk associated with its interest-bearing financial liabilities, as follow:

(Unit: Million Baht)			
Maturity	Number of contracts	Notional amount	Fair value gain (loss)
2016	4	490	(1)

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

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

(Unit: Million Baht)		
Maturity	Notional amount	Fair value gain (loss)
2013	270	(5)

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

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

(Unaudited but reviewed)

The net loss on cash flow hedges transferred from shareholders' equity to the statement of comprehensive income for the three-month period ended 31 March 2011, and arose from interest payment under interest rate swap contracts used to hedge cash flows as follows:

(Unit: Million Baht)

	For the three-month periods ended 31 March	
	2011	2010
Interest expenses	4	8

5.29.6 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 2011		31 December 2010	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
<u>Financial assets</u>				
Cash	757	757	903	903
Interbank and money market items - net	21,045	21,045	12,545	12,545
Investments - net	6,238	6,238	6,481	6,481
Loans to customers and accrued interest receivable - net	161,645	167,512	145,704	149,588
Receivable from clearing house	10	10	343	343
<u>Financial liabilities</u>				
Deposits	44,079	44,079	48,536	48,536
Interbank and money market items - net	7,901	7,901	10,843	10,843
Liabilities payable on demand	659	659	532	532
Debt issued and borrowings	120,752	120,833	90,774	90,861
Securities and derivative business payables	1,337	1,337	1,611	1,611
Payable to clearing house	332	332	19	19

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.

6. Reclassification

The Company has reclassified certain amounts in the financial statements as at 31 December 2010 and for the three-month period ended 31 March 2010 to conform to the current period's classifications, which are in accordance with the format stipulated by the BOT under its Notification No. Sor Nor Sor. 11/2553 regarding "Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups", which is effective for fiscal years beginning on or after 1 January 2011, and comply with new accounting standards, as mentioned in Note 2 to the financial statements. These reclassifications have no effect to previously reported profit and shareholders' equity. Reclassifications are as follows:

(Unit: Million Baht)

	As at 31 December 2010			
	Consolidated		Separate	
	After	As previously	After	As previously
	reclassification	report	reclassification	report
Statements of financial position				
Derivatives assets	13	-	-	-
Investments - net	6,481	6,481	-	14,879
Investments in subsidiaries - net	-	-	14,879	-
Receivable from clearing house	-	343	-	-
Loans to customers and accrued interest				
receivables - net	145,704	146,997	1,281	1,281
Investment property	77	-	357	-
Land, premises and equipment - net	1,390	1,467	349	706
Intangible assets - net	244	-	100	-
Securities and derivative business receivable	1,293	-	-	-
Other assets	1,494	1,408	119	219
Derivatives liabilities	9	-	-	-
Payable to clearing house	-	18	-	-
Deferred tax liabilities	156	-	-	-
Accrued expense	-	1,148	-	437
Other liabilities	2,685	1,684	500	63
Other components of shareholders' equity	1,049	-	-	-
Adjustment from business combination of				
entities under common control under holding				
restructuring plan	-	679	-	-
Revaluation surplus on investments	-	293	-	-
Unrealised losses on cash flow hedges	-	(7)	-	-
Translation adjustment	-	81	-	-
Non-controlling interest	81	-	-	-
Non controlling interest - equity attributable to				
minority shareholders of subsidiaries	-	84	-	-

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 31 March 2010

	Consolidated		Separate	
	financial statements		financial statements	
	After reclassification	As previously report	After reclassification	As previously report
Statements of comprehensive income				
Interest income	2,207	-	11	-
Interest and dividend income	-	2,255	-	12
Interest expense	572	508	15	15
Fee and service income	624	494	-	339
Brokerage fees	-	130	-	-
Fee and service expense	61	-	-	-
Gains on trading and foreign exchange transactions	1	-	-	-
Gain on investments	21	19	-	-
Dividend income	48	-	1	-
Intercompany supporting fee income	-	-	339	-
Other operating income	148	-	17	-
Other income	-	148	-	17
Other operating expense	1,105	-	265	-
Non-interest expense	-	1,230	-	265
Bad debts, doubtful accounts and impairment loss of debt securities	315	-	-	-
Bad debts and doubtful accounts	-	312	-	-

7. Registration of the establishment of a subsidiary company

A resolution passed by the Executive Board of TISCO Financial Group Public Company Limited No.10/2010, on 18 November 2010, approved the incorporation of TISCO Learning Center Company Limited, with a registered share capital of Baht 5 million (50,000 ordinary shares of Baht 100 each) and the Company to hold 100% of shares. On 1 February 2011, the Company registered the establishment of this company with the Ministry of Commerce.

A resolution passed by the Executive Board of TISCO Financial Group Public Company Limited No.2/2011, on 28 November 2010, approved the incorporation of TISCO Advisory Company Limited, with a registered share capital of Baht 1 million (10,000 ordinary shares of Baht 100 each) and the Company to hold 100% of shares. On 18 March 2011, the Company registered the establishment of this company with the Ministry of Commerce.

8. Subsequent event

On 21 April 2011, the 2011 Annual General Meeting of Shareholders of the Company passed the following resolutions:

- 8.1 Approved a dividend payment of Baht 2.25 per share from the operating results of year 2010 to the ordinary and preference shareholders listed in the share register as of 29 April 2011. The dividend is to be paid on 20 May 2011. This dividend payment will be recorded in the accounts in the second quarter of year 2011.
- 8.2 Approved the purchase of TISCO Leasing Company Limited from TISCO Bank Public Company Limited at a price equal to the book value as at 31 December 2010, net of the dividend payments made from the retained earnings of TISCO Leasing Company Limited up to the end of the year 2010.
- 8.3 Approved an amendment item No.4 “registered capital” in the Company’s memorandum of association, to accord with the Company’s fully paid-up registered capital. The Company’s issued and fully paid-up registered capital is Baht 11,002 million, which consists of 727,912,086 ordinary shares of Baht 10 each and 372,287,914 preference shares of Baht 10 each. On 26 June 2011, the Company registered the amendment with the Ministry of Commerce.

9. Approval of interim financial statements

These interim financial statements were approved by the Company’s Audit Committee on 9 May 2011.