

TISCO Financial Group Public Company Limited
and its subsidiary companies
Report and interim financial statements
For the three-month and six-month periods ended
30 June 2012 and 2011

Independent Auditor's Report on Review of Interim Financial Information

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 30 June 2012, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011, changes in shareholders' equity, and cash flows for the six-month periods ended 30 June 2012 and 2011, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separate financial information of TISCO Financial Group Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of review

I conducted my reviews in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Statements of financial position as at 31 December 2011 for comparative purposes

I have previously audited 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 2011 in accordance with Thai Standards of Auditing, and expressed an unqualified opinion on those statements under my report dated 6 February 2012. The consolidated and separate statements of financial position as at 31 December 2011, as presented herein for comparative purposes, formed an integral part of those financial statements. I have not performed any other audit procedures subsequent to the date of the above report.



Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok: 10 August 2012

TISCO Financial Group Public Company Limited and its subsidiaries

Statements of financial position

As at 30 June 2012 and 31 December 2011

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2012 (Unaudited but reviewed)	31 December 2011 (Audited)	30 June 2012 (Unaudited but reviewed)	31 December 2011 (Audited)
Assets					
Cash		792,779	903,450	50	50
Interbank and money market items - net	3.1	14,520,281	30,722,345	927,897	169,447
Derivatives assets	3.2	25,391	45,374	-	-
Investments - net	3.3, 3.7	4,353,608	3,706,257	-	-
Investments in subsidiaries - net	3.4	-	-	15,021,895	15,021,902
Loans to customers and accrued interest receivables	3.5, 3.7				
Loans to customers		230,809,893	203,429,925	1,033,000	944,000
Accrued interest receivable		242,990	258,374	-	-
Total loans to customers and accrued interest receivables		231,052,883	203,688,299	1,033,000	944,000
Less: Deferred revenue		(20,840,244)	(18,416,303)	-	-
Less: Allowance for doubtful accounts	3.6	(4,716,458)	(4,420,351)	-	-
Less: Allowance for loss on debt restructuring		(3)	(3)	-	-
Loans to customers and accrued interest receivables - net		205,496,178	180,851,642	1,033,000	944,000
Property foreclosed - net	3.7	298,681	257,869	-	-
Investment property		630	952	369,851	376,439
Premises and equipment - net		1,410,691	1,450,901	399,712	395,255
Intangible assets - net		159,253	182,317	53,376	62,427
Deferred tax assets		296,192	355,401	152,810	154,406
Securities and derivatives business receivables - net		1,216,698	724,650	-	-
Dividend receivable from subsidiaries	3.25	-	-	-	735,317
Other assets	3.8	2,316,077	1,516,412	116,879	39,256
Total assets		230,886,459	220,717,570	18,075,470	17,898,499

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 30 June 2012 and 31 December 2011

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2012	31 December 2011	30 June 2012	31 December 2011
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Liabilities					
Deposits		81,427,750	37,978,994	-	-
Interbank and money market items - net		12,773,531	14,478,653	-	-
Liability payable on demand		756,116	448,049	-	-
Derivatives liabilities	3.2	143,383	276,056	-	-
Debts issued and borrowings	3.9	111,895,018	145,396,598	3,506,946	1,808,832
Provision for long-term employee benefits	3.10	241,875	205,141	55,736	49,069
Deferred tax liabilities		65,401	61,339	-	-
Securities and derivatives business payables		1,235,516	469,540	-	-
Accrued interest payable		1,459,123	1,396,455	18,559	8,465
Income tax payable		322,211	137,821	28,883	50,348
Other liabilities	3.11	4,325,550	3,557,332	704,278	676,258
Total liabilities		214,645,474	204,405,978	4,314,402	2,592,972

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 30 June 2012 and 31 December 2011

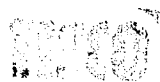
(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	30 June 2012 (Unaudited but reviewed)	31 December 2011 (Audited)	30 June 2012 (Unaudited but reviewed)	31 December 2011 (Audited)
Shareholders' equity				
Share capital				
Registered				
	372,287,914 preference shares of Baht 10 each	3,722,879	3,722,879	3,722,879
	727,912,086 ordinary shares of Baht 10 each	7,279,121	7,279,121	7,279,121
		<u>11,002,000</u>	<u>11,002,000</u>	<u>11,002,000</u>
Issued and fully paid-up				
	33,858 preference shares of Baht 10 each	339	339	339
	727,878,228 ordinary shares of Baht 10 each	7,278,782	7,278,782	7,278,782
		7,279,121	7,279,121	7,279,121
Share premium				
	Share premium on preference shares	-	298	298
	Share premium on ordinary shares	-	6,012,817	6,012,817
		-	6,013,115	6,013,115
	Other components of shareholders' equity	905,521	999,037	-
Retained earnings				
	Appropriated-statutory reserve	297,900	297,900	297,900
	Unappropriated	7,663,836	7,634,389	170,932
	Equity attributable to owners of the Company	<u>16,146,378</u>	<u>16,210,447</u>	<u>13,761,068</u>
	Non-controlling interest of the subsidiaries	94,607	101,145	-
	Total shareholders' equity	<u>16,240,985</u>	<u>16,311,592</u>	<u>13,761,068</u>
	Total liabilities and shareholders' equity	<u>230,886,459</u>	<u>220,717,570</u>	<u>18,075,470</u>

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



Mrs. Oranuch Apisaksirikul
(Group Chief Executive, TISCO Group)



TISCO Financial Group Public Company Limited (TISCO)
TISCO Financial Group Public Company Limited

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Statements of comprehensive income****For the three-month periods ended 30 June 2012 and 2011**

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

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Interest income	3.13	3,616,814	3,010,230	18,616	17,119
Interest expenses	3.14	-1,888,220	-1,134,739	-26,690	-22,948
Net interest income		1,728,594	1,875,491	(8,074)	(5,829)
Fees and service income		974,066	766,225	-	-
Fees and service expenses		-50,363	-52,642	(1,946)	(2,561)
Net fees and service income	3.15	923,703	713,583	(1,946)	(2,561)
Gains on tradings and foreign exchange transactions	3.16	146,271	9,140	-	-
Gains (losses) on investments	3.17	13,935	54,086	(1)	(13)
Dividend income		29,201	32,472	-	-
Penalty fee income from loans		64,347	63,429	-	-
Income from business promotion relating to the business		257,878	120,140	-	-
Intercompany supporting fee income	3.25	-	-	367,733	390,327
Other operating incomes	3.19, 3.25	32,091	30,633	16,865	15,994
Total operating incomes		3,196,020	2,898,974	374,577	397,918
Other operating expenses					
Employee's expenses		777,527	793,868	160,168	197,902
Directors' remuneration		3,185	3,295	2,945	2,935
Premises and equipment expenses		209,484	182,002	81,383	64,841
Taxes and duties		18,180	56,756	(4)	65
Expenses to business promotion relating to the business		241,071	144,321	-	-
Others	3.20	170,532	165,424	20,230	26,390
Total other operating expenses		1,419,979	1,345,666	264,722	292,133
Bad debt and doubtful accounts and impairment loss of debt securities	3.18	591,333	328,136	-	-
Profit before income tax expense		1,184,708	1,225,172	109,855	105,785
Income tax expense	3.21	258,517	358,139	26,792	26,239
Profit for the periods		926,191	867,033	83,063	79,546

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 comprehensive income (continued)

For the three-month periods ended 30 June 2012 and 2011

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

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Other comprehensive income	3.22				
Gains arising from translating the financial statements					
of a foreign operation		1,452	726	-	-
Investment in available-for-sale securities		(59,713)	(143,033)	-	-
Actuarial gains or losses arising from post-employment benefit		(20,034)	-	(3,761)	-
Cash flow hedges		(123,022)	3,867	-	-
Income tax (charge)/credit relating to components of					
other comprehensive income	3.22, 3.23	40,494	40,134	752	-
Other comprehensive income for the period -net		<u>(160,823)</u>	<u>(98,306)</u>	<u>(3,009)</u>	<u>-</u>
Total comprehensive income for the period		<u>765,368</u>	<u>768,727</u>	<u>80,054</u>	<u>79,546</u>
Profit attributable to:	3.24	919,734	863,197	83,063	79,546
Equity holders of the Company		<u>6,457</u>	<u>3,836</u>		
Non-controlling interests of the subsidiaries		<u>926,191</u>	<u>867,033</u>		
Total comprehensive income attributable to:		<u>765,025</u>	<u>763,510</u>	<u>80,054</u>	<u>79,546</u>
Equity holders of the Company		<u>343</u>	<u>5,217</u>		
Non-controlling interests of the subsidiaries		<u>765,368</u>	<u>768,727</u>		
Earnings per share - equity holders of the Company	3.24				
Basic earnings per share		<u>1.26</u>	<u>1.19</u>	<u>0.11</u>	<u>0.11</u>

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Statements of comprehensive income****For the six-month periods ended 30 June 2012 and 2011**

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

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Interest income	3.13	7,030,200	5,722,403	31,864	28,148
Interest expenses	3.14	-3,735,994	-2,015,419	-45,206	-38,292
Net interest income		3,294,206	3,706,984	(13,342)	(10,144)
Fees and service income		1,944,844	1,559,343	-	-
Fees and service expenses		-110,206	-107,731	(3,966)	(5,006)
Net fees and service income	3.15	1,834,638	1,451,612	(3,966)	(5,006)
Gains (losses) on tradings and foreign exchange transactions	3.16	121,419	(18,976)	-	-
Gains (losses) on investments	3.17	24,502	69,944	(7)	(22)
Dividend income		61,232	58,100	2,205	2,205
Penalty fee income from loans		129,654	118,139	-	-
Income from business promotion relating to the business		469,041	216,089	-	-
Intercompany supporting fee income	3.25	-	-	745,240	742,737
Other operating incomes	3.19, 3.25	60,422	70,182	31,871	31,567
Total operating incomes		5,995,114	5,672,074	762,001	761,337
Other operating expenses					
Employee's expenses		1,473,617	1,519,384	317,488	358,786
Directors' remuneration		6,760	6,441	6,280	5,961
Premises and equipment expenses		416,604	365,925	159,052	130,897
Taxes and duties		81,282	113,205	1,437	1,443
Expenses to business promotion relating to the business		537,332	247,757	-	-
Others	3.20	352,521	328,140	56,176	51,982
Total other operating expenses		2,868,116	2,580,852	540,433	549,069
Bad debt and doubtful accounts and impairment loss					
of debt securities	3.18	851,140	679,694	-	-
Profit before income tax expense		2,275,858	2,411,528	221,568	212,268
Income tax expense	3.21	506,683	711,007	52,445	52,149
Profit for the periods		1,769,175	1,700,521	169,123	160,119

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 comprehensive income (continued)**

For the six-month periods ended 30 June 2012 and 2011

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

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Other comprehensive income	3.22				
Gains arising from translating the financial statements					
of a foreign operation		223	974	-	-
Investment in available-for-sale securities		33,549	(213,873)	-	-
Actuarial gains or losses arising from post-employment benefit		(20,034)	-	(3,761)	
Cash flow hedges		(174,085)	7,733	-	-
Income tax (charge)/credit relating to components of					
other comprehensive income	3.22, 3.23	32,055	60,226	752	-
Other comprehensive income for the period -net		<u>(128,292)</u>	<u>(144,940)</u>	<u>(3,009)</u>	<u>-</u>
Total comprehensive income for the period		<u>1,640,883</u>	<u>1,555,581</u>	<u>166,114</u>	<u>160,119</u>
Profit attributable to:	3.24	1,756,394	1,691,795	169,123	160,119
Equity holders of the Company		<u>12,781</u>	<u>8,726</u>		
Non-controlling interests of the subsidiaries		<u>1,769,175</u>	<u>1,700,521</u>		
Total comprehensive income attributable to:		1,646,505	1,544,094	166,114	160,119
Equity holders of the Company		<u>(5,622)</u>	<u>11,487</u>		
Non-controlling interests of the subsidiaries		<u>1,640,883</u>	<u>1,555,581</u>		
Earnings per share - equity holders of the Company	3.24				
Basic earnings per share		<u>2.41</u>	<u>2.32</u>	<u>0.23</u>	<u>0.22</u>

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Statements of cash flows**

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before income tax	2,275,858	2,411,528	221,568	212,268
Adjustments to reconcile profit before income tax to net cash provided by (paid for) operating activities:				
Depreciation and amortisation	159,406	175,099	52,400	69,737
Bad debts and doubtful accounts	1,207,981	1,045,647	-	-
Allowance for impairment of investments	194	6,670	7	22
Allowance for impairment of property foreclosed	21	445	-	-
Gain on sale of investments	(24,056)	(70,561)	-	-
Unrealised (gain) loss on trading and foreign exchange transactions	(9,496)	19,500	-	-
Gain on disposal of equipment	(2,064)	(5,181)	-	(21)
Losses from written-off of equipment	1,888	118	-	-
Unrealised loss from trading securities	(3,295)	4,759	-	-
Gain on disposal of property foreclosed	(30,364)	(37,450)	-	-
Gain on cash flow hedge	(100,761)	-	-	-
Provision for long-term employee benefits	16,700	11,469	2,906	1,412
Decrease (increase) in other accrued income	(2,303)	8,297	(73,627)	(29,438)
Increase in accrued expenses	334,524	522,950	40,401	189,343
Net interest income	(3,294,206)	(3,706,984)	13,342	10,144
Dividend income	(61,232)	(58,100)	(2,205)	(2,205)
Cash received on interest income	7,020,185	5,578,869	30,536	28,223
Cash paid on interest expenses	(3,368,992)	(1,672,168)	(35,112)	(36,442)
Cash received on dividend income	58,695	43,488	737,522	1,591,448
Cash paid on income tax expense	(219,326)	(1,019,158)	-71,562	-131,574
Profit from operating activities before changes in operating assets and liabilities	3,959,357	3,259,237	916,176	1,902,917
Decrease (increase) in operating assets				
Interbank and money market items	16,046,590	(4,260,117)	(758,450)	90,281
Loans to customers	(26,745,903)	(26,354,563)	(89,000)	(143,000)
Securities and derivative business receivables	(492,048)	(142,299)	-	-
Property foreclosed	834,305	579,124	-	-
Intangible assets	(15,362)	(26,880)	(3,274)	(7,879)
Other assets	(775,098)	258,099	(1,071)	1,040

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 six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Increase (decrease) in operating liabilities				
Deposits	43,448,756	(13,515,393)	-	-
Interbank and money market items	(1,705,122)	2,535,515	-	-
Liability payable on demand	308,067	57,951	-	-
Payable to clearing house	-	563,428	-	-
Securities and derivative business payables	765,976	(724,945)	-	-
Other liabilities	140,542	47,744	(13,977)	(2,120)
Net cash flows from (used in) operating activities	35,770,060	(37,723,099)	50,404	1,841,239
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(1,623,359)	(1,415,831)	-	-
Cash received from disposal of investment in securities held for investment	1,036,346	3,324,686	-	-
Cash paid for purchase of equipment	(85,431)	(104,052)	(37,945)	(53,768)
Cash received from disposal of equipment	3,643	5,960	-	131
Cash paid for acquisition of a subsidiary	-	-	-	(141,655)
Net cash flows from (used in) investing activities	(668,801)	1,810,763	(37,945)	(195,292)
Cash flows from financing activities				
Borrowings	(39,329,780)	37,495,145	1,698,114	(8,211)
Cash received from issuance of long-term debentures	6,828,200	-	-	-
Cash paid for the redemption of long-term debentures	(1,000,000)	-	-	-
Dividend paid	(1,710,573)	(1,637,736)	(1,710,573)	(1,637,736)
Net cash flows from (used in) financing activities	(35,212,153)	35,857,409	(12,459)	(1,645,947)
Translation adjustment	223	974	-	-
Net decrease in cash	(110,671)	(53,953)	-	-
Cash at beginning of the periods	903,450	903,306	50	50
Cash at end of the periods	792,779	849,353	50	50
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Conversion of preference shares to ordinary shares	-	28	-	28
Transfer of properties foreclosed from receivables for debt settlement	-	3,382	-	-
Transfer investment property to premises and equipment	-	84,841	-	-

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

TISCO Financial Group Public Company Limited and its subsidiaries
 Statements of changes in shareholders' equity
 For the six-month periods ended 30 June 2012 and 2011

(Unaudited but reviewed)

(Unit: Thousand Baht)

		Consolidated financial statements													
		Equity attributable to owner of the Company													
		Other components of shareholders equity					Adjustment from business combination of entities under common control under holding restructuring plan								
		Surplus (deficit) on change in value of available-for-sale investments		Cash flow hedge		Translation adjustment	Total other components of shareholders' equity		Retained earnings		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	Preference shares	Ordinary shares	Other comprehensive income	Surplus (deficit) on change in value of available-for-sale investments	Cash flow hedge	Translation adjustment	Adjustment from business combination of entities under common control under holding restructuring plan	Total other components of shareholders' equity	Appropriated	Unappropriated	Total equity attributable to owner of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total
Balance as at 1 January 2011		354		7,278,782	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		-	-	-	-	-	-	-	-	-	(110,039)	(110,039)	(1,053)	(111,092)	
Dividend paid (Note 4)		-	-	-	-	-	-	-	-	-	(1,637,752)	(1,637,752)	-	(1,637,752)	
Total comprehensive income for the period		-	-	-	(151,327)	2,662	974	-	(147,701)	-	1,691,795	1,544,094	11,487	1,555,581	
Preference shares converted to ordinary shares		(15)		15	-	-	-	-	-	-	-	-	-	-	
Decrease in non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(2,294)	(2,294)	
Balance as at 30 June 2011		339		7,278,782	141,329	(559)	81,809	679,266	901,845	212,600	6,179,421	14,572,987	88,683	14,661,670	
Balance as at 1 January 2012		339		7,278,782	139,135	97,374	83,262	679,266	999,037	297,900	7,634,389	16,210,447	101,145	16,311,592	
Dividend paid (Note 4)		-	-	-	-	-	-	-	-	-	(1,710,574)	(1,710,574)	-	(1,710,574)	
Total comprehensive income for the period		-	-	-	26,839	(120,578)	223	-	(93,516)	-	1,740,021	1,646,505	(5,622)	1,640,883	
Decrease in non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(916)	(916)	
Balance as at 30 June 2012		339		7,278,782	165,974	(23,204)	83,485	679,266	905,521	297,900	7,663,836	16,146,378	94,607	16,240,985	

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 six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

	Separate financial statements									
	Issued and fully paid-up share capital					Retained earnings				
	Preference shares	Ordinary shares	Share premium	Preference shares	Ordinary shares	Appropriated	Unappropriated	Total	Preference shares	Ordinary shares
Balance as at 1 January 2011	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	-	-	-	-	-	(27,756)	(27,756)			
Dividend paid (Note 4)	-	-	-	-	-	(1,637,752)	(1,637,752)			
Total comprehensive income for the period	-	-	-	-	-	160,119	160,119			
Preference shares converted to ordinary shares	(15)	15	(13)	13	-	-	-			
Balance as at 30 June 2011	339	7,278,762	298	6,012,817	212,600	263,538	13,768,374			
Balance as at 1 January 2012	339	7,278,762	298	6,012,817	297,900	1,715,391	15,305,527			
Dividend paid (Note 4)	-	-	-	-	-	(1,710,573)	(1,710,573)			
Total comprehensive income for the period	-	-	-	-	-	166,114	166,114			
Balance as at 30 June 2012	339	7,278,762	298	6,012,817	297,900	170,932	13,761,068			

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

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TISCO Financial Group Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 2012 and 2011

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 Thai 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.

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

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

1.2 Basis of preparation of consolidated financial statements

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2011. There is no change in the shareholding structure during the period.

1.3 New accounting standards issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the financial reporting standard TFRS 8: Operating segments, which is effective for fiscal years beginning on or after 1 January 2013.

The Company's management believes that this financial reporting standard will not have any significant impact on the financial statements when it is initially applied.

1.4 Significant accounting policies

These interim financial statements are prepared by using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2011.

2. General information

2.1 The Company's information

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

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

2.2 Related party transactions

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

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

The Company and its subsidiaries have neither granted credit, nor made any commitments to management-level employees (departmental managers upward), and have not granted credit to companies of which at least 10 percent of the common shares of paid up capital are held by the Company, the Company's directors or management-level employees, with the exception of loans to related party and loans to employees under the employee welfare scheme, as mentioned in Note 3.25 to the financial statements.

(Unaudited but reviewed)

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

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

3. Supplemental information

3.1 Interbank and money market items - net (assets)

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements as at		Type of pledge
	30 June 2012	31 December 2011	
Cash at banks of local subsidiary	10	10	To secure facilities provided for bank overdraft

3.2 Derivatives

3.2.1 Trading derivative

The subsidiary operating banking business entered into interest rate swap agreements and cross currency swap agreements to manage the risk associated with its loan to customers, as follow:

(Unit: Thousand Baht)

Type of risk	Consolidated financial statements as at					
	30 June 2012			31 December 2011		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	-	111,220	3,182,610	-	127,628	3,169,120
Interest rate	25,391	1,643	3,532,000	21,907	14,715	5,682,000
Total	25,391	112,863	6,714,610	21,907	142,343	8,851,120

All counter parties of these derivative transactions are financial institutions.

3.2.2 Hedging derivatives

The subsidiary operating banking business and the subsidiary operating leasing business entered into interest rate swap agreements and cross currency swap agreements to manage the risk associated with their foreign currency certificates of deposit investment in foreign debt securities and borrowings, as follow:

(Unit: Thousand Baht)

Type of risk	Consolidated financial statements as at					
	30 June 2012			31 December 2011		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	-	30,488	787,574	22,924	133,119	4,982,220
Interest rate	-	32	6,250	543	594	372,500
Total	-	30,520	793,824	23,467	133,713	5,354,720

All counter parties of these derivative transactions are financial institutions.

3.3 Investments

3.3.1 Classified by types of investment

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 June 2012	31 December 2011
Trading securities - fair value		
Domestic marketable equity securities	3,752	3,752
Add: Allowance for changes in value	24,985	21,691
Total trading securities	28,737	25,443
Available-for-sale securities - fair value		
Government and state enterprise securities	1,627,867	605,918
Debt securities of private sector	751,460	837,593
Domestic marketable equity securities	809,401	809,401
Other securities - unit trusts	25,681	30,281
Add: Allowance for changes in value	273,287	239,738
Less: Allowance for impairment	(1,460)	(1,460)
Total available-for-sales securities	3,486,236	2,521,471
Held-to-maturity debt securities - cost/amortised cost		
Investment in receivables	366,042	686,519
Less: Allowance for impairment	(18,698)	(18,057)
Total held-to-maturity debt securities	347,344	668,462
Other investments - cost		
Domestic non-marketable equity securities	608,227	608,263
Less: Allowance for impairment	(116,936)	(117,382)
Total other investments	491,291	490,881
Investments - net	4,353,608	3,706,257

(Unaudited but reviewed)

3.3.2 Classified by the remaining period to maturity of debt securities

(Unit: Thousand Baht)

	Consolidated financial statements							
	30 June 2012				31 December 2011			
	Due within				Due within			
	Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities								
Government and state enterprise securities	1,327	301	-	1,628	405	201	-	606
Debt securities of private sector	681	70	-	751	601	236	-	837
Total	2,008	371	-	2,379	1,006	437	-	1,443
Add: Allowance for changes in value	2	-	-	2	3	2	-	5
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	2,009	371	-	2,380	1,008	439	-	1,447
Held-to-maturity debt securities								
Investment in receivables	183	183	-	366	297	388	1	686
Less: Allowance for impairment	(15)	(4)	-	(19)	(18)	-	-	(18)
Total	168	179	-	347	279	388	1	668
Total debt securities	2,177	550	-	2,727	1,287	827	1	2,115

3.3.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements		Type of restriction
	as at		
	30 June 2012	31 December 2011	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	-	577	Pledged for the use of credit balance on clearing position

(Unaudited but reviewed)

3.3.4 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 30 June 2012

	Allowance for changes in value ⁽¹⁾		
	Cost	Fair value	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 2011

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

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

3.3.5 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	30 June 2012			31 December 2011		
	Book value	Unpaid amounts	Percentage of holding	Book value	Unpaid amounts	Percentage of holding
			%			%
Insurance:						
AXA Insurance Plc.	-	-	10	-	-	10
Services:						
TISCO Securities Hong Kong Limited (In the process of liquidation)	45,866	-	100	46,911	-	100
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K. Line (Thailand) Co., Ltd.	37,335	-	10	37,335	-	10
Trading import and export:						
Shin Thai Enterprises Co., Ltd.	5,377	-	10	4,019	-	10
PDTL Trading Co., Ltd.	8,316	-	10	8,703	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
Real estate:						
Prosperity Industrial Estate Co., Ltd.	44,773	-	10	45,095	-	10
UMI Property Co., Ltd.	6,843	-	10	6,843	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	16,940	-	10	17,028	-	10

3.4 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Separate financial statements							
		Type of shares as at		Percentage of holding as at		Investment value - cost method as at		Dividend received for the six-month periods ended	
		30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	30 June 2011
				%	%				
Subsidiaries directly held by the Company									
TISCO Bank Public Company Limited	Banking	Ordinary shares	Ordinary shares	99.98	99.98	13,294	13,294	-	-
TISCO Securities Co., Ltd.	Securities business	Ordinary shares	Ordinary shares	99.99	99.99	1,075	1,075	-	-
TISCO Asset Management Co., Ltd.	Asset management	Ordinary shares	Ordinary shares	99.99	99.99	110	110	-	-
Hi-Way Co., Ltd.	Hire purchase	Preference shares	Preference shares	99.99	99.99	3	3	-	-
		Ordinary shares	Ordinary shares	99.99	99.99	270	270	-	-
TISCO Information Technology Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	22	22	-	-
TISCO Leasing Co., Ltd.	Retail loan	Ordinary shares	Ordinary shares	99.99	99.99	137	137	-	-
TISCO Tokyo Leasing Co., Ltd.	Leasing	Ordinary shares	Ordinary shares	49.00	49.00	73	73	2	2
Primus Leasing Co., Ltd. (in the process of liquidation)	Hire purchase	Ordinary shares	Ordinary shares	99.99	99.99	142	142	-	-
TISCO Learning Center Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	5	5	-	-
						15,131	15,131	2	2
Less: Allowance for impairment						(109)	(109)		
Investment in subsidiaries - net						15,022	15,022		

3.5 Loans to customers and accrued interest receivable

3.5.1 Classified by loans to customers type

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at	
	30 June 2012	31 December 2011
Loans to customers		
Loans	55,853,970	45,069,972
Hire purchase receivables	170,411,294	154,533,482
Financial lease receivables	4,966,725	4,046,616
Less: Deferred revenue	(20,840,244)	(18,416,303)
Advances received from financial lease receivables	(422,096)	(220,145)
Total loans to customers	209,969,649	185,013,622
Add: Accrued interest receivable	242,990	258,374
Less: Allowance for doubtful accounts	(4,716,458)	(4,420,351)
Less: Allowance for loss on debt restructuring	(3)	(3)
Loans to customers and accrued interest receivable - net	205,496,178	180,851,642

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial statements

as at

	30 June 2012	31 December 2011
Loans to customers		
Loans	1,033,000	944,000
Add: Accrued interest receivable	-	-
Loans to customers and accrued interest receivable - net	<u>1,033,000</u>	<u>944,000</u>

3.5.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

Consolidated financial statements as at

	30 June 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	206,787,039	-	206,787,039	181,844,502	-	181,844,502
US Dollars	-	3,182,610	3,182,610	-	3,169,120	3,169,120
Total loans to customers net						
of deferred revenue	<u>206,787,039</u>	<u>3,182,610</u>	<u>209,969,649</u>	<u>181,844,502</u>	<u>3,169,120</u>	<u>185,013,622</u>

(Unit: Thousand Baht)

Separate financial statements as at

	30 June 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,033,000	-	1,033,000	944,000	-	944,000
Total loans to customers net						
of deferred revenue	<u>1,033,000</u>	<u>-</u>	<u>1,033,000</u>	<u>944,000</u>	<u>-</u>	<u>944,000</u>

3.5.3 Classified by loan classification of a subsidiary company operating banking business

(Unit: Million Baht)

	As at 30 June 2012			As at 31 December 2011		
	Loans to customers and accrued interest receivable	Net amount used for set the allowance for doubtful accounts	Allowance for doubtful accounts ^{(1) (2)}	Loans to customers and accrued interest receivable	Net amount used for set the allowance for doubtful accounts	Allowance for doubtful accounts ^{(1) (2)}
Provision under BOT's guideline						
Pass	191,372	171,584	3,145	166,607	151,582	3,280
Special mention	9,979	9,808	423	11,015	10,790	188
Sub-standard	1,547	1,534	457	1,517	1,510	378
Doubtful	408	391	126	254	227	54
Doubtful of loss	450	217	220	443	212	195
Allowance established in excess	-	-	6	-	-	4
Total	203,756	183,534	4,377	179,836	164,321	4,099

⁽¹⁾ Allowance for doubtful accounts for loans to customers 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⁾ As at 30 June 2012, the provisions set aside by TISCO Bank exceeded the BOT's minimum requirement by a total of Baht 2,159 million (As at 31 December 2011: total of Baht 2,057 million). TISCO Bank allocated Baht 2,153 million (As at 31 December 2011: total of Baht 2,053 million) of the excess provision to a specific provision for an individual debtors and so combined with the minimum provision requirement of Baht 2,218 million (As at 31 December 2011: total of Baht 2,042 million), the total provision set aside in accordance with BOT requirements is Baht 4,371 million (As at 31 December 2011: total of Baht 4,095 million).

	Percentage of allowance for doubtful accounts set up			
	Hire purchase receivables ⁽¹⁾		Other loans ⁽²⁾	
	As at		As at	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Pass	1.21	1.42	1	1
Special mention	1.21	1.42	2	2
Sub-standard	24.59	20.88	100	100
Doubtful	24.59	20.88	100	100
Doubtful of loss	24.59	20.88	100	100

⁽¹⁾ These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

⁽²⁾ These percentages are the rates used to set aside up allowance for doubtful accounts in accordance with the BOT's minimum requirement.

3.5.4 Hire purchase and financial lease receivables

As at 30 June 2012, net receivables of the subsidiaries under hire purchase and financial lease agreements amount to Baht 154,308 million (31 December 2011: Baht 140,132 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)

Consolidated financial statements as at 30 June 2012					
Amounts of installments due under the long-term lease agreements					
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	Total
Gross investment in the agreements	54,187	113,250	4,387	3,554	175,378
Less: Deferred revenue*	(8,266)	(11,008)	(16)	(1,358)	(20,648)
Advances received from financial lease receivables	(23)	(396)	(2)	(1)	(422)
Present value of minimum lease pay from agreements	45,898	101,846	4,369	2,195	154,308
Allowance for doubtful accounts**					(1,872)
Net hire purchase and financial lease receivables					152,436

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

** Allowance for doubtful account combined with the allocated of the provisions exceeded the BOT's minimum requirement for an individual debtor.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2011					
Amounts of installments due under the long-term lease agreements					
	Less than 1 year	1 - 5 years	Over 5 years	Non performing loans	Total
Gross investment in the agreements	49,809	101,960	3,386	3,425	158,580
Less: Deferred revenue*	(7,375)	(9,416)	(106)	(1,331)	(18,228)
Advances received from financial lease receivables	(17)	(197)	(6)	-	(220)
Present value of minimum lease pay from agreements	42,417	92,347	3,274	2,094	140,132
Allowance for doubtful accounts**					(2,564)
Net hire purchase and financial lease receivables					137,568

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

** Allowance for doubtful account combined with the allocated of the provisions exceeded the BOT's minimum requirement for an individual debtor.

(Unaudited but reviewed)

3.5.5 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	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Loans to customers for which the recognition of interest income has ceased ⁽¹⁾	3,252	2,949	3,265	3,209

⁽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	
	30 June 2012	31 December 2011
Hire purchase receivables, financial lease receivables and other loans and receivables for which the recognition of interest income has ceased	356	397

3.5.6 Deferred revenue which is presented as a deduction against loans to customers of subsidiaries

(Unit: Million Baht)

	Consolidated financial statements	
	as at	
	30 June 2012	31 December 2011
Deferred revenue ⁽¹⁾	20,840	18,416

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

(Unaudited but reviewed)

3.5.7 Troubled debt restructuring of a subsidiary company operating banking business

	For the six-month periods ended 30 June	
	2012	2011
Debtors restructured during the periods		
Number of debtors restructured by modification of terms (number)	83	131
Loan balances before restructuring (Million Baht)	75	85
Loan balances after restructuring (Million Baht)	75	85
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	4
Mortgage loan receivables	5	3
Corporate loan receivables	5	-

Supplemental information for the six-month periods ended 30 June 2012 and 2011 relating to the restructured debts is as follows:

(Unit: Million Baht)

	For the six-month periods ended 30 June	
	2012	2011
Interest income on restructured receivables	28	32
Receipt of principal and interest	159	178

As at 30 June 2012 and 31 December 2011, a subsidiary company operating banking business has the outstanding balance with troubled debt restructuring debtors, as follows:

(Unit: Million Baht)

	As at			
	30 June 2012		31 December 2011	
	Number of debts	Outstanding balance	Number of debts	Outstanding balance
The balance of the restructured debts	1,887	1,496	1,404	1,201

3.6 Allowance for doubtful accounts / allowance for loss on debt restructuring**3.6.1 Allowance for doubtful accounts - classified by the receivables classification**

(Unit: Thousand Baht)

Consolidated financial statements as at 30 June 2012

	Pass	Special mentioned	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of period	3,393,569	237,316	469,683	95,954	219,966	3,863	4,420,351
Increase (decrease) in allowance for doubtful accounts during the period	(93,321)	225,386	291,155	732,770	69,242	(7,250)	1,217,982
Transfer from allowance for declining in value of property foreclosed	-	-	-	-	-	9,635	9,635
Bad debt written-off	(272)	(7,018)	(231,333)	(648,387)	(44,500)	-	(931,510)
Balance - end of period	<u>3,299,976</u>	<u>455,684</u>	<u>529,505</u>	<u>180,337</u>	<u>244,708</u>	<u>6,248</u>	<u>4,716,458</u>

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2011

	Pass	Special mentioned	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	934,963	92,619	237,767	88,718	457,130	2,350,825	4,162,022
Increase (decrease) in allowance for doubtful accounts during the year	2,461,032	162,942	655,523	699,660	346,657	(2,360,249)	1,965,565
Transfer from allowance for declining in value of property foreclosed	-	-	-	-	-	13,287	13,287
Bad debt written-off	(2,426)	(18,245)	(423,607)	(692,424)	(583,821)	-	(1,720,523)
Balance - end of year	<u>3,393,569</u>	<u>237,316</u>	<u>469,683</u>	<u>95,954</u>	<u>219,966</u>	<u>3,863</u>	<u>4,420,351</u>

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements as at 30 June 2012			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of period	1,874,151	2,542,337	3,863	4,420,351
Increase (decrease) in allowance for doubtful accounts during the period	335,042	890,190	(7,250)	1,217,982
Transfer from allowance for declining in value of property foreclosed	-	-	9,635	9,635
Bad debt written-off	(31,566)	(899,944)	-	(931,510)
Balance - end of period	<u>2,177,627</u>	<u>2,532,583</u>	<u>6,248</u>	<u>4,716,458</u>

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2011			
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	565,586	1,245,611	2,350,825	4,162,022
Increase (decrease) in allowance for doubtful accounts during the year	1,418,943	2,906,871	(2,360,249)	1,965,565
Transfer from allowance for declining in value of property foreclosed	-	-	13,287	13,287
Bad debt written-off	(110,378)	(1,610,145)	-	(1,720,523)
Balance - end of year	<u>1,874,151</u>	<u>2,542,337</u>	<u>3,863</u>	<u>4,420,351</u>

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

(Unit: Million Baht)

	As at	
	30 June 2012	31 December 2011
Non-performing loans to customers	2,405	2,214
Allowance for doubtful accounts	726	627

3.7 Classification of assets

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

(Unit: Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	as at		as at		as at	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
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.

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

As at 30 June 2012 and 31 December 2011, the quality of assets of a subsidiary company operating banking business classified in accordance with the Bank of Thailand's guidelines is as follows:

(Unit: Million Baht)

	Loans to customer ⁽¹⁾		Investments in securities		Investments in receivables		Property foreclosed		Total	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	Pass	204,667	191,868	-	-	-	-	-	-	204,667
Special mentioned	9,861	10,880	-	-	-	-	-	-	9,861	10,880
Sub-standard	1,547	1,517	-	-	-	-	-	-	1,547	1,517
Doubtful	408	254	-	-	-	-	-	-	408	254
Doubtful of loss	450	443	139	138	19	18	21	50	629	649
Total	216,933	204,962	139	138	19	18	21	50	217,112	205,168

⁽¹⁾ Loans to customer include investment in debt securities under resale agreements of other commercial banks and loan to financial institutions (which presented as part of interbank and money market items-asset in the statement of financial position).

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

	(Unit: Million Baht)							
	Debt balance		Net amount used for set the		Percentage of allowance for doubtful		Allowance for doubtful accounts ⁽³⁾	
	as at		allowance for doubtful account ⁽¹⁾ as at		account set up ⁽²⁾ as at		as at	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
				(%)	(%)			
Pass	137,060	122,851	137,060	122,851	1.21	1.42	1,482	1,723
Special mentioned	9,171	10,066	9,171	10,066	1.21	1.42	292	165
Sub-standard	1,425	1,429	1,425	1,429	24.59	20.88	346	296
Doubtful	358	220	358	220	24.59	20.88	93	48
Doubtful of loss	58	50	58	50	24.59	20.88	14	11
Total	148,072	134,616	148,072	134,616			2,227	2,243

⁽¹⁾ The Subsidiary company operating banking business 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, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

⁽³⁾ These allowance for doubtful accounts include the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

3.7.4 Loans to customers 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	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	1	1	244	247	142	145	121	123
3. Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4. Companies which have loan settlement problems or have defaulted on payment of debts	1	1	13	13	-	-	13	13
5. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	2	2	257	260	142	145	134	136

(Unaudited but reviewed)

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

(Unit: Million Baht)

	Securities business		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	
	30 June	31 December	30 June	31 December	30 June	31 December
	2012	2011	2012	2011	2012	2011
Doubtful	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

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

(Unit: Million Baht)

	Debt balance		Allowance for		Debt balance - net	
	as at		doubtful account		as at	
	30 June	31 December	30 June	31 December	30 June	31 December
	2012	2011	2012	2011	2012	2011
Current	5,421	4,202	128	85	5,293	4,117
Overdue						
1 month	301	298	27	29	274	269
2 - 3 months	359	504	33	49	326	455
4 - 6 months	179	241	73	91	106	150
7 - 12 months	137	111	55	42	82	69
Over 12 months	21	25	8	10	13	15
Debtors under litigation	<u>17</u>	<u>18</u>	<u>14</u>	<u>14</u>	<u>3</u>	<u>4</u>
Total	<u>6,435</u>	<u>5,399</u>	<u>338</u>	<u>320</u>	<u>6,097</u>	<u>5,079</u>

(Unaudited but reviewed)

3.8 Other assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Receivable from clearing house	409,305	30,682	-	-
Value added tax - net	554,903	250,723	6,466	5,867
Accrued interest receivable	9,900	12,147	-	-
Fee and charges receivable	184,132	181,829	74,417	790
Refundable income tax	356,713	360,300	-	-
Deposits	40,306	38,324	4,080	4,080
Other receivables	419,987	294,965	-	54
Dividend receivable	2,537	-	-	-
Other assets	338,294	347,442	31,916	28,465
Total other assets	2,316,077	1,516,412	116,879	39,256

3.9 Debt issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	7,000,000	6,000,000	-	-
Unsubordinated unsecured debentures	5,904,200	1,076,000	-	-
Bills of exchange	98,990,021	138,319,564	3,506,946	1,808,832
Promissory notes	797	1,034	-	-
Total	111,895,018	145,396,598	3,506,946	1,808,832

3.9.1 Subordinated unsecured debentures

Year	Issuer	Type of debenture	Units as at		Face value per unit (Baht)	Balance in consolidated financial statements as at (Million Baht)		Maturity in the year	Interest rate	
			30 June 2012	31 December 2011		30 June 2012	31 December 2011			
			2009	TISCO Bank		Subordinated and unsecured long-term debentures	2 million			2 million
2009	TISCO Bank	Subordinated and unsecured long-term debentures	2 million	2 million	1,000	2,000	2,000	2019	5.00 percent per annum in the first to third years, 5.50 percent per annum in the fourth to seventh years and 6.00 percent per annum in the eighth to tenth years.	
2010	TISCO Bank	Subordinated and unsecured long-term debentures	1 million	1 million	1,000	1,000	1,000	2020	5.00 percent per annum	
2010	TISCO Bank	Subordinated and unsecured long-term debentures	1 million	1 million	1,000	1,000	1,000	2020	4.80 percent per annum	
2012	TISCO Bank	Subordinated and unsecured long-term debentures	1 million	-	1,000	1,000	-	2022	4.85 percent per annum	
Total							<u>7,000</u>	<u>6,000</u>		

3.9.2 Unsubordinated unsecured debentures

Year	Issuer	Type of debenture	Units as at		Face value per unit (Baht)	Balance in consolidated financial statements as at (Million Baht)		Maturity in the year	Interest rate	
			30 June 2012	31 December 2011		30 June 2012	31 December 2011			
			2007	TISCO Bank		Unsubordinated and unsecured long-term debentures	-			1 million
2011	TISCO Bank	Unsubordinated and unsecured long-term debentures	76,000 units	76,000 units	1,000	76	76	2012	3.40 percent per annum.	
2012	TISCO Bank	Unsubordinated and unsecured short-term debentures	4,324,300 units	-	1,000	4,324	-	2013	3.50 percent per annum.	
2012	TISCO Bank	Unsubordinated and unsecured short-term debentures	1 million	-	1,000	1,000	-	2013	3.50 percent per annum.	
2012	TISCO Bank	Unsubordinated and unsecured short-term debentures	503,900 units	-	1,000	504	-	2013	3.50 percent per annum.	
Total							<u>5,904</u>	<u>1,076</u>		

3.9.3 Bills of exchange

Bills of exchange comprised of the fixed interest rates bearing and float interest rate bearing, which will gradually mature in 2012 to 2015. The interest rates of the fixed interest rates bearing bills of exchange are between 0.25 and 4.25 percent per annum.

3.10 Provision for long-term employee benefits

Provision for long-term employee benefits for the six-month period ended 30 June 2012, which is compensation on employee's retirement, was as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance - Beginning of period	205,141	49,069
Current service cost	12,579	2,033
Interest cost	4,121	873
Adjustment on actuarial gains or losses	20,034	3,761
Balance - end of period	<u>241,875</u>	<u>55,736</u>

Long-term employee benefits expenses included in profit or losses for the six-month period ended 30 June 2012 totaling Baht 17 million and 11 million, respectively (separate financial statement: Baht 3 million and 1 million, respectively).

3.11 Other liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Payable to clearing housing	382,490	284,430	-	-
Withholding income tax and other tax payable	110,417	349,513	9,528	44,278
Accrued insurance premium	515,998	400,555	-	-
Deferred income	534,736	497,524	-	-
Accrued expenses	2,025,499	1,449,528	694,692	619,541
Other liabilities	756,410	525,782	58	12,439
Total other liabilities	<u>4,325,550</u>	<u>3,557,332</u>	<u>704,278</u>	<u>676,258</u>

The above accrued expenses included accrued bonus expenses which are remuneration paid to the management and employees based on annual performance. These accrued bonus expenses include costs of annual bonus that are determined with reference to the Company's share price, paid to employees whose performance impacts on the Company's operation results, as an incentive to work effectively and to build loyalty to the Company. This vested bonus is set aside for payment five years later. It is paid in cash and determined based on the average daily price of the Company's shares over the period of five years from grant date to settlement date. As of 30 June 2012, the Company and its subsidiaries have accrued of vested bonus under this scheme amounting to Baht 195 million (separate financial statement: Baht 120 million).

3.12 Capital funds

3.12.1 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.

3.12.2 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.

Regarding to Capital fund as of 30 June 2012 and 31 December 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 method under BOT's regulation.

(Unaudited but reviewed)

Capital funds of TISCO Bank are as follows:

(Unit: Thousand Baht)

	As at	
	30 June 2012	31 December 2011
<u>Tier I</u>		
Issued and fully paid up share capital	7,281,522	7,281,522
Premium on share capital	130,451	130,451
Statutory reserve	846,100	714,600
Retained earnings - unappropriated	5,439,582	4,684,261
Less: Deferred tax assets	(41,655)	(106,451)
Deficit provision according to IRB	(580,888)	(442,265)
Total Tier I	<u>13,075,112</u>	<u>12,262,118</u>
<u>Tier II</u>		
Subordinated long-term debentures	5,873,988	5,873,988
Reserve for loans classified as pass	904,804	798,731
Less: Deficit provision according to IRB	(580,888)	(442,265)
Total Tier II	<u>6,197,904</u>	<u>6,230,454</u>
Total capital fund	<u><u>19,273,016</u></u>	<u><u>18,492,572</u></u>

Capital ratios	As at			
	30 June 2012		31 December 2011	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Tier I capital to risk assets	9.40 ⁽¹⁾	4.25%	9.88% ⁽¹⁾	4.25%
Total capital to risk assets	14.34 ⁽²⁾	8.50%	14.91% ⁽²⁾	8.50%

⁽¹⁾ Before Capital Floor

⁽²⁾ After Capital Floor

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 2011 on its website on 30 April 2012.

3.13 Interest incomes

Interest income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Interbank and money market items	154,575	92,829	341,857	190,551
Investments in debt securities	40,708	58,952	81,768	127,940
Loans to customers	1,049,041	803,978	1,981,843	1,396,532
Hire purchase and financial lease income	2,372,490	2,054,471	4,624,732	4,007,380
Total interest income	3,616,814	3,010,230	7,030,200	5,722,403

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Interbank and money market items	7,640	6,261	10,210	8,931
Investments in debt securities	10,976	10,858	21,654	19,217
Total interest income	18,616	17,119	31,864	28,148

3.14 Interest expenses

Interest expenses in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Deposits	424,508	178,092	702,460	343,401
Interbank and money market items	127,407	71,175	270,112	130,718
Contribution fee to the Deposit Protection Agency and Bank of Thailand	161,581 ⁽¹⁾	40,797 ⁽²⁾	236,921 ⁽¹⁾	86,525 ⁽²⁾
Issued debt instruments				
- Subordinated debentures	92,388	76,789	173,438	152,734
- Unsubordinated debentures	56,578	10,073	79,697	20,034
Borrowings	1,025,758	757,813	2,273,366	1,282,007
Total interest expenses	1,888,220	1,134,739	3,735,994	2,015,419

⁽¹⁾ Record at a rate of 0.40% per year based on outstanding average deposits amount up to 26 January 2012 and after that record at a rate of 0.01% per year based on outstanding average deposits amount and 0.46% per year based on outstanding average public funding base including deposits, bill of exchange, and other securities issuing by the commercial bank which were issued starting from 27 January 2012 onwards, excluding outstanding subordinated debentures.

⁽²⁾ Record at a rate of 0.40% per year based on outstanding average deposits amount.

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Borrowings	26,690	22,948	45,206	38,292
Total interest expenses	26,690	22,948	45,206	38,292

3.15 Fees and services income - net

Fees and service income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Fees and service income				
- Acceptance, aval and guarantees	2,854	6,240	6,539	8,941
- Insurance service	444,730	300,899	872,896	565,629
- Brokerage fees	172,011	155,739	349,918	355,467
- Fund management	148,245	134,359	312,214	275,719
- Financial advisory fees	16,800	9,800	22,400	18,166
- Others	189,426	159,188	380,877	335,421
Total fees and service income	974,066	766,225	1,944,844	1,559,343
Fees and service expenses				
- Information service expense	(15,644)	(15,175)	(37,610)	(29,945)
- Others	(34,719)	(37,467)	(72,596)	(77,786)
Total fees and service expense	(50,363)	(52,642)	(110,206)	(107,731)
Fees and service income - net	923,703	713,583	1,834,638	1,451,612

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Fees and service income	-	-	-	-
Fees and service expenses				
- Others	(1,946)	(2,561)	(3,966)	(5,006)
Total fees and service expense	(1,946)	(2,561)	(3,966)	(5,006)
Fees and service income - net	(1,946)	(2,561)	(3,966)	(5,006)

3.16 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 and six-month periods ended 30 June 2012 and 2011 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and derivatives on foreign exchange	86	9,555	(17,110)	13,459
- Derivatives on interest rates	38,704	(809)	26,606	(32,960)
- Debt securities	4,707	1,923	7,866	5,291
- Equity securities	2,013	(1,526)	3,295	(4,759)
- Others	-	(3)	1	(7)
Gain on cash flow hedges	100,761	-	100,761	-
Total	<u>146,271</u>	<u>9,140</u>	<u>121,419</u>	<u>(18,976)</u>

3.17 Gains (losses) on investments

Gains (losses) on investments in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Gains (losses) on disposal				
- Available-for-sale securities	(79)	55,191	1,172	55,559
- Held-to-maturity debt securities	289	119	368	125
- General investments	14,596	(605)	22,516	14,877
Total	<u>14,806</u>	<u>54,705</u>	<u>24,056</u>	<u>70,561</u>
Reversal from (losses) on impairment				
- General investments	(871)	(619)	446	(617)
Total	<u>(871)</u>	<u>(619)</u>	<u>446</u>	<u>(617)</u>
Gains on investments	<u>13,935</u>	<u>54,086</u>	<u>24,502</u>	<u>69,944</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Losses on impairment				
- Investments in subsidiaries	(1)	(13)	(7)	(22)
Losses on investments	(1)	(13)	(7)	(22)

3.18 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 and six-month periods ended 30 June 2012 and 2011 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Interbank and money market items	(10,000)	(16,000)	-	-
Held-to-maturity debt securities	1,833	2,010	640	6,053
Loans to customers	599,500	342,126	850,500	673,641
Total	591,333	328,136	851,140	679,694

3.19 Other operating incomes

Other operating income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Gain on sale of property foreclosed	16,890	16,445	30,364	37,450
Rental income	5,469	171	10,939	389
Others	9,732	14,017	19,119	32,343
Total	32,091	30,633	60,422	70,182

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Retal income	16,677	15,637	31,305	30,877
Others	188	357	566	690
Total	16,865	15,994	31,871	31,567

3.20 Other operating expenses

Other operating expenses in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Mailing expenses	12,411	10,942	26,401	24,749
Software amortisation expenses	19,274	26,983	38,426	51,537
Legal expenses	34,634	33,355	68,007	65,793
Transportation expenses	20,211	22,595	41,793	46,321
Others	84,002	71,549	177,894	139,740
Total	170,532	165,424	352,521	328,140

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2012	2011	2012	2011
Mailing expenses	23	72	257	273
Software amortisation expenses	6,006	14,285	12,325	27,142
Transportation expenses	1,819	1,459	3,867	2,978
Others	12,382	10,574	39,727	21,589
Total	20,230	26,390	56,176	51,982

3.21 Income tax expense

Income tax expense of the Company and its subsidiaries for the three-month and six-month periods ended 30 June 2012 and 2011 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011
Current income tax:				
Income tax expenses for the periods	182,505	388,959	408,927	798,497
Adjustment in respect of current income tax of previous year	1,397	1,813	1,397	1,813
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	74,615	(32,633)	96,359	(89,303)
Income tax expense reported in statements of comprehensive income	258,517	358,139	506,683	711,007

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011
Current income tax:				
Income tax expenses for the periods	24,893	28,099	50,581	56,119
Adjustment in respect of current income tax of previous year	1,171	108	1,171	108
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	728	(1,968)	693	(4,078)
Income tax expense reported in statements of comprehensive income	26,792	26,239	52,445	52,149

3.22 Components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2012	2011	2012	2011
Other comprehensive income				
Gains on translation adjustment in foreign operations	1,452	726	223	974
Available-for-sale securities:				
Gains (losses) during the periods	(59,792)	(87,842)	34,721	(158,314)
Less: Reclassification adjustments for (gains) losses included in profit or loss	79	(55,191)	(1,172)	(55,559)
	(59,713)	(143,033)	33,549	(213,873)
Actuarial gain or losses arising from post-employment benefits	(20,034)	-	(20,034)	-
Cash flow hedges:				
Gains (losses) during the periods	(22,407)	1,121	(82,688)	1,418
Add: Reclassification adjustments for (gains) losses included in profit or losses	(100,615)	2,746	(91,397)	6,315
	(123,022)	3,867	(174,085)	7,733
Other comprehensive income	(201,317)	(138,440)	(160,347)	(205,166)
Income tax relating to components of other comprehensive income	40,494	40,134	32,055	60,226
Other comprehensive income for the periods - net	<u>(160,823)</u>	<u>(98,306)</u>	<u>(128,292)</u>	<u>(144,940)</u>

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2012	2011	2012	2011
Other comprehensive income				
Actuarial gain or losses arising from post-employment benefits	(3,761)	-	(3,761)	-
Other comprehensive income	(3,761)	-	(3,761)	-
Income tax relating to components of other comprehensive income	752	-	752	-
Other comprehensive income for the periods - net	<u>(3,009)</u>	<u>-</u>	<u>(3,009)</u>	<u>-</u>

3.23 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the three-month periods ended 30 June					
	2012			2011		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Increase (decrease) in surplus on change in value of investments	(59,713)	11,943	(47,770)	(143,033)	41,294	(101,739)
Actuarial gains or losses arising from post - employment benefits	(20,034)	3,947	(16,087)	-	-	-
Cash flow hedges	(123,022)	24,604	(98,418)	3,867	(1,160)	2,707
	<u>(202,769)</u>	<u>40,494</u>	<u>(162,275)</u>	<u>(139,166)</u>	<u>40,134</u>	<u>(99,032)</u>

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the six-month periods ended 30 June					
	2012			2011		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Increase (decrease) in surplus on change in value of investments	33,549	(6,710)	26,839	(213,873)	62,546	(151,327)
Actuarial gains or losses arising from post - employment benefits	(20,034)	3,947	(16,087)	-	-	-
Cash flow hedges	(174,085)	34,818	(139,267)	7,733	(2,320)	5,413
	<u>(160,570)</u>	<u>32,055</u>	<u>(128,515)</u>	<u>(206,140)</u>	<u>60,226</u>	<u>(145,914)</u>

(Unit: Thousand Baht)

	Separate financial statements					
	For the three-month periods ended 30 June					
	2012			2011		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Actuarial gains or losses arising from post - employment benefits	(3,761)	752	(3,009)	-	-	-
	<u>(3,761)</u>	<u>752</u>	<u>(3,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Unit: Thousand Baht)

	Separate financial statements					
	For the six-month periods ended 30 June					
	2012			2011		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Actuarial gains or losses arising from post - employment benefits	(3,761)	752	(3,009)	-	-	-
	<u>(3,761)</u>	<u>752</u>	<u>(3,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>

3.24 Earnings per share

Basic earnings per share is calculated by dividing profit for the year 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 year. The rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

	Consolidated financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011
	Profit attributable to equity holders of the Company (Thousand Baht)	919,734	863,197	1,756,394
Weighted average number of shares (Thousand shares)	727,912	727,912	727,912	727,912
Earnings per share (Baht/share)	1.26	1.19	2.41	2.32

	Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011
	Profit attributable to equity holders of the Company (Thousand Baht)	83,063	79,546	169,123
Weighted average number of shares (Thousand shares)	727,912	727,912	727,912	727,912
Earnings per share (Baht/share)	0.11	0.11	0.23	0.22

3.25 Related party transactions

(Unit: Thousand Baht)

	As at 31 December 2011	Increase	Decrease	As at 30 June 2012
<u>Outstanding balance</u>				
(Eliminated in consolidated financial statements)				
Subsidiary companies				
Interbank and money market items (assets):				
TISCO Bank Public Company Limited	169,446	776,924	(18,473)	927,897
Loans:				
Hi-Way Co., Ltd.	839,000	23,000	(263,000)	599,000
TISCO Leasing Co., Ltd.	105,000	329,000	-	434,000
Dividend receivable:				
TISCO Bank Public Company Limited	400,418	-	(400,418)	-
TISCO Securities Co., Ltd.	150,000	-	(150,000)	-
TISCO Asset Management Co., Ltd.	184,899	-	(184,899)	-
TISCO Tokyo Leasing Co., Ltd.	-	2,205	(2,205)	-
Other assets:				
TISCO Bank Public Company Limited	-	99,236	(25,980)	73,256
TISCO Securities Company Limited	-	7,297	(7,297)	-
TISCO Information Technology Co., Ltd.	-	4,412	(4,412)	-
TISCO Learning Center Co., Ltd.	771	1,292	(1,038)	1,025
Borrowings:				
TISCO Information Technology Co., Ltd.	-	80,000	-	80,000
Interest payable:				
TISCO Information Technology Co., Ltd.	-	476	-	476
Other liabilities:				
TISCO Bank Public Company Limited	54,955	-	(54,955)	-
TISCO Securities Co., Ltd.	7,036	-	(7,036)	-
TISCO Information Technology Co., Ltd.	23,823	-	(23,823)	-
TISCO Learning Center Co., Ltd.	178	828	(150)	856

(Unaudited but reviewed)

	Separate financial statements				(Unit: Thousand Baht)
	For the three-month periods ended 30 June		For the six-month periods ended 30 June		Terms and pricing policy (For the period 2012)
	2012	2011	2012	2011	
Transactions occurred during the periods					
(Eliminated in consolidated financial statements)					
Subsidiary companies					
Risk and financial management fee income, human resources management fee income and office administration fee income	367,733	390,327	745,240	742,737	Determined on the basis of market price and/or in compliance with the criteria specified by the Bank of Thailand
Interest income	18,556	17,084	31,761	28,083	With reference to the terms and prices as offered to other customers
Rental income	16,443	15,412	30,842	28,615	With reference to the terms and prices as offered to other customers
Computer system advisory services expenses	40,000	34,250	80,000	68,500	Determined on the basis of market price and/or in compliance with the criteria specified by the Bank of Thailand
Interest expenses	476	3,298	476	4,396	With reference to the terms and prices as offered to other customers
Training expenses	902	1,378	1,149	1,418	With reference to the prices as offered from other service provider

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 June 2012	31 December 2011
Loans	60	111

Liabilities payable to directors and management

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 June 2012	31 December 2011
Deposits	118,858	115,178
Debt issued and borrowings	31,012	66,930

Directors and management's remuneration

During the three-month and six-month periods ended 30 June 2012 and 2011, the Company and its subsidiaries paid benefit remuneration to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2012	2011	2012	2011
Short-term benefit	49	49	130	94
Post-employment benefit	1	1	3	2
Total	50	50	133	96

(Unit: Million Baht)

	Separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2012	2011	2012	2011
Short-term benefit	32	32	95	61
Post-employment benefit	1	1	2	1
Total	33	33	97	62

3.26 Financial information by segment

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

(Unit: Million Baht)

	Consolidated financial statements			
	As at 30 June 2012			
	Domestic operations	Foreign operations	Elimination	Total
Total assets	248,597	57	(17,768)	230,886
Interbank and money market items (assets)	15,949	56	(1,485)	14,520
Investments - net	4,354	-	-	4,354
Loans to customers and accrued interest receivables - net	206,609	-	(1,113)	205,496
Deposits	81,537	-	(109)	81,428
Interbank and money market items (liabilities)	13,215	-	(441)	12,774
Debt issued and borrowings	113,940	-	(2,045)	111,895

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2011				
	Domestic operations	Foreign operations	Elimination	Total
Total assets	237,814	57	(17,153)	220,718
Interbank and money market items (assets)	30,957	56	(291)	30,722
Investments - net	3,706	-	-	3,706
Loans to customers and accrued interest receivables - net	181,796	-	(944)	180,852
Deposits	38,060	-	(81)	37,979
Interbank and money market items (liabilities)	14,490	-	(11)	14,479
Debt issued and borrowings	146,540	-	(1,143)	145,397

(Unit: Million Baht)

Consolidated financial statements				
For the three-month period ended 30 June 2012				
	Domestic operations	Foreign operations	Elimination	Total
Interest income	3,638	-	(21)	3,617
Interest expenses	(1,909)	-	21	(1,888)
Interest income - net	1,729	-	-	1,729
Net fee and service income	1,036	-	(112)	924
Other operating income	930	-	(387)	543
Total operating income	3,695	-	(499)	3,196
Other operating expenses	(1,919)	-	499	(1,420)
Bad debt, doubtful accounts and impairment loss of debt securities	(591)	-	-	(591)
Income tax expense	(259)	-	-	(259)
Non-controlling interest	-	-	(6)	(6)
Profit equity holders of the Company	926	-	(6)	920

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements				
For the six-month period ended 30 June 2012				
	Domestic	Foreign		
	operations	operations	Elimination	Total
Interest income	7,064	-	(34)	7,030
Interest expenses	(3,770)	-	34	(3,736)
Interest income - net	3,294	-	-	3,294
Net fee and service income	2,052	-	(217)	1,835
Other operating income	1,644	-	(778)	866
Total operating income	6,990	-	(995)	5,995
Other operating expenses	(3,864)	(1)	997	(2,868)
Bad debt, doubtful accounts and impairment				
loss of debt securities	(851)	-	-	(851)
Income tax expense	(507)	-	-	(507)
Non-controlling interest	-	-	(13)	(13)
Profit equity holders of the Company	1,768	(1)	(11)	1,756

(Unit: Million Baht)

Consolidated financial statements				
For the three-month period ended				
30 June 2011				
	Domestic	Foreign		
	operations	operations	Elimination	Total
Interest income	3,033	-	(23)	3,010
Interest expenses	(1,157)	-	22	(1,135)
Interest income - net	1,876	-	(1)	1,875
Net fee and service income	818	-	(104)	714
Other operating income	761	-	(451)	310
Total operating income	3,455	-	(556)	2,899
Other operating expenses	(1,857)	(2)	513	(1,346)
Bad debt, doubtful accounts and impairment				
loss of debt securities	(328)	-	-	(328)
Income tax expense	(358)	-	-	(358)
Non-controlling interest	-	-	(4)	(4)
Profit equity holders of the Company	912	(2)	(47)	863

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements				
For the six-month period ended				
30 June 2011				
	Domestic operations	Foreign operations	Elimination	Total
Interest income	5,758	-	(36)	5,722
Interest expenses	(2,051)	-	36	(2,015)
Interest income - net	3,707	-	-	3,707
Net fee and service income	1,646	-	(194)	1,452
Other operating income	1,352	-	(839)	513
Total operating income	6,705	-	(1,033)	5,672
Other operating expenses	(3,551)	(2)	972	(2,581)
Bad debt, doubtful accounts and impairment				
loss of debt securities	(680)	-	-	(680)
Income tax expense	(711)	-	-	(711)
Non-controlling interest	-	-	(8)	(8)
Profit equity holders of the Company	1,763	(2)	(69)	1,692

3.26.2 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	
	30	31	30	31	30	31	30	31	30	31
	June 2012	December 2011	June 2012	December 2011	June 2012	December 2011	June 2012	December 2011	June 2012	December 2011
Total assets	226,693	216,947	3,732	2,900	18,229	18,024	(17,768)	(17,153)	230,886	220,718
Interbank and money										
market items (assets)	14,426	30,080	630	705	949	228	(1,485)	(291)	14,520	30,722
Investment - net	3,210	2,596	1,144	1,109	-	1	-	-	4,354	3,706
Loans to customers and										
accrued interest										
receivable - net	205,496	180,852	-	-	1,113	944	(1,113)	(944)	205,496	180,852
Deposits	81,537	38,060	-	-	-	-	(109)	(81)	81,428	37,979
Interbank and money										
market items										
(liabilities)	13,215	14,490	-	-	-	-	(441)	(11)	12,774	14,479
Debt issued and										
borrowings	110,433	144,731	-	-	3,507	1,809	(2,045)	(1,143)	111,895	145,397

(Unit: Million Baht)

For the three-month periods ended 30 June

	Bank business/financial									
	service business		Securities business		Other business		Elimination		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Interest income	3,601	3,002	17	13	20	18	(21)	(23)	3,617	3,010
Interest expenses	(1,873)	(1,128)	(9)	(6)	(27)	(23)	21	22	(1,888)	(1,135)
Interest income - net	1,728	1,874	8	7	(7)	(5)	-	(1)	1,729	1,875
Net fee and service expense	593	412	339	305	104	101	(112)	(104)	924	714
Other operating income	540	303	6	52	384	406	(387)	(451)	543	310
Total operating income	2,861	2,589	353	364	481	502	(499)	(556)	3,196	2,899
Other operating expenses	(1,316)	(1,211)	(242)	(260)	(361)	(388)	499	513	(1,420)	(1,346)
Bad debt, doubtful accounts and impairment loss of										
debt securities	(591)	(328)	-	-	-	-	-	-	(591)	(328)
Income tax expense	(205)	(299)	(25)	(32)	(29)	(27)	-	-	(259)	(358)
Non-controlling interest	-	-	-	-	-	-	(6)	(4)	(6)	(4)
Profit equity holders of the Company	749	751	86	72	91	87	(6)	(47)	920	863

(Unit: Million Baht)

For the six-month periods ended 30 June

	Bank business/financial									
	service business		Securities business		Other business		Elimination		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Interest income	6,996	5,705	35	24	33	29	(34)	(36)	7,030	5,722
Interest expenses	(3,707)	(2,003)	(18)	(10)	(45)	(38)	34	36	(3,736)	(2,015)
Interest income - net	3,289	3,702	17	14	(12)	(9)	-	-	3,294	3,707
Net fee and service expense	1,159	787	687	670	206	189	(217)	(194)	1,835	1,452
Other operating income	841	508	24	67	779	777	(778)	(839)	866	513
Total operating income	5,289	4,997	728	751	973	957	(995)	(1,033)	5,995	5,672
Other operating expenses	(2,659)	(2,322)	(473)	(504)	(733)	(727)	997	972	(2,868)	(2,581)
Bad debt, doubtful accounts and impairment loss of										
debt securities	(851)	(680)	-	-	-	-	-	-	(851)	(680)
Income tax expense	(393)	(582)	(57)	(73)	(57)	(56)	-	-	(507)	(711)
Non-controlling interest	-	-	-	-	-	-	(13)	(8)	(13)	(8)
Profit equity holders of the Company	1,386	1,413	198	174	183	174	(11)	(69)	1,756	1,692

3.27 Commitments and contingent liabilities

3.27.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

Consolidated financial statements
as at

	30 June 2012	31 December 2011
Avals	-	5,280
Other guarantees	766,257	4,447,136
Undrawn client overdraft facilities	30,000	30,976
Interest rate swap agreements	3,538,250	6,054,500
Cross currency swap agreements	3,970,184	8,151,340
	<u>8,304,691</u>	<u>18,689,232</u>

3.27.2 Litigation

As at 30 June 2012, the subsidiary has been sued for compensation totaling approximately Baht 141 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 191 million as at 30 June 2012). Through a court process, the litigant consented to end the litigation on 25 July 2012.

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

3.27.3 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.

(Unaudited but reviewed)

As at 30 June 2012, 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	99
1 to 5 years	116

4. Dividend payment

	Approved by	Dividend per share		Amounts of dividend paid (Million Baht)	Dividend payment period
		Preference share (Baht per share)	Ordinary share (Baht per share)		
Annual dividends for 2010	The 2011 Annual General Meeting of the Shareholders on 21 April 2011	2.25	2.25	1,638	May 2011
Total dividend payment in year 2011				<u>1,638</u>	
Annual dividends for 2011	The 2012 Annual General Meeting of the Shareholders on 26 April 2012	2.35	2.35	1,711	May 2012
Total dividend payment in year 2012				<u>1,711</u>	

5. Subsequent event

Change in the subsidiary's par value of share

A resolution passed by the Extraordinary Meeting of Shareholders of TISCO Investment Advisory Company Limited No.1/2012, on 4 July 2012, approved a change in the par value of that company's ordinary shares from Baht 100 each to Baht 10 each, with the number of ordinary shares therefore to increase from 10,000 shares to 100,000 shares. In addition, the meeting approved the amendment of item No.5 (capital) in the company's memorandum of association, to state that the company's issued and fully paid-up registered capital is Baht 1 million, which consists of 100,000 ordinary shares of Baht 10 each. On 5 July 2012, the subsidiary company registered the amendment with the Ministry of Commerce.

6. Approval of interim financial statements

These interim financial statements were approved by the Company's Audit Committee on 10 August 2012.