

TISCO FINANCE PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2005

Report of Independent Auditor

To The Board of Directors and Shareholders of
TISCO Finance Public Company Limited

I have audited the accompanying consolidated balance sheets of TISCO Finance Public Company Limited and its subsidiaries as at 30 June 2005 and 31 December 2004, the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for the six-month periods ended 30 June 2005 and 2004, and the separate financial statements of TISCO Finance Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of TISCO Finance Public Company Limited as at 30 June 2005 and 31 December 2004, and the results of its operations and cash flows for the six-month periods ended 30 June 2005 and 2004 in accordance with generally accepted accounting principles.

I have also reviewed the earnings statements for the three-month periods ended 30 June 2005 and 2004. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. I conducted my reviews in accordance with the auditing standard applicable to review engagements which provide less assurance than an audit conducted in accordance with generally accepted auditing standards. I accordingly do not express an audit opinion on the financial statements which I have reviewed. Based on my reviews, 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.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok : 19 August 2005

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

AS AT 30 JUNE 2005 AND 31 DECEMBER 2004

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 June 2005	31 December 2004	30 June 2005	31 December 2004
ASSETS					
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	4	1,512,867,794	1,485,237,724	679,548,229	395,252,369
LOANS TO FINANCIAL INSTITUTIONS	5	1,269,783,364	37,837,980	-	-
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	6	641,000,000	2,105,000,000	641,000,000	2,105,000,000
INVESTMENT IN SECURITIES	7,8,11				
Current investment - net		2,994,198,149	647,498,882	2,873,843,013	561,924,228
Long-term investment - net		4,689,061,982	4,564,668,591	4,440,535,787	2,867,786,440
Investment in subsidiaries and associated companies - net		-	-	4,199,846,784	4,625,683,969
Net investments		7,683,260,131	5,212,167,473	11,514,225,584	8,055,394,637
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		848,745,705	159,025,845	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	9,11				
Finance business loans and receivable		59,735,080,938	55,759,842,707	53,591,815,704	49,808,256,279
Securities business receivable		1,412,821,354	1,224,893,843	-	-
Total loans and receivable		61,147,902,292	56,984,736,550	53,591,815,704	49,808,256,279
Accrued interest receivable		116,016,777	117,390,139	79,793,999	81,287,821
Total loans, receivable and accrued interest receivable		61,263,919,069	57,102,126,689	53,671,609,703	49,889,544,100
Less : Allowance for doubtful accounts	10	(3,820,365,372)	(3,928,871,936)	(3,160,289,171)	(3,231,048,656)
Less : Allowance for loss on debt restructuring	10	(317,580,408)	(359,502,073)	(317,580,408)	(359,502,073)
Net loans, receivable and accrued interest receivable		57,125,973,289	52,813,752,680	50,193,740,124	46,298,993,371
PROPERTY FORECLOSED - net	12	1,209,922,097	1,230,358,055	1,215,927,766	1,238,019,799
LAND, PREMISES AND EQUIPMENT - net	13	1,541,053,098	1,440,706,920	1,005,488,889	899,983,914
DEFERRED TAX ASSETS	24	766,750,161	831,145,923	592,925,733	683,855,879
RECEIVABLES FROM SALES OF SECURITIES	30	-	-	-	1,485,465,721
OTHER ASSETS	14	936,204,098	980,807,526	760,856,083	784,723,682
TOTAL ASSETS		73,535,559,737	66,296,040,126	66,603,712,408	61,946,689,372

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

AS AT 30 JUNE 2005 AND 31 DECEMBER 2004

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 June 2005	31 December 2004	30 June 2005	31 December 2004
LIABILITIES AND SHAREHOLDERS' EQUITY					
BORROWINGS AND DEPOSITS					
From public	15	46,236,042,302	40,219,472,961	45,261,465,482	39,205,137,225
From banks		2,271,463,917	2,196,406,920	283,028,142	582,132,808
From financial institutions		2,216,281,877	2,110,860,000	2,265,500,000	3,569,860,000
From foreign countries		101,654,772	113,612,829	101,654,772	113,612,829
Total borrowings and deposits		50,825,442,868	44,640,352,710	47,911,648,396	43,470,742,862
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		157,247,060	130,994,931	-	-
SECURITIES BUSINESS PAYABLE		2,204,438,071	1,382,248,514	-	-
LIABILITIES UNDER COMMERCIAL PAPERS SOLD		857,000,000	510,000,000	857,000,000	510,000,000
ACCRUED INTEREST PAYABLE		197,046,008	189,973,464	189,096,016	180,307,848
DEBENTURES	16	5,941,000,000	5,941,000,000	5,131,000,000	5,131,000,000
OTHER LIABILITIES	17	997,118,935	920,574,408	593,983,887	504,643,898
TOTAL LIABILITIES		61,179,292,942	53,715,144,027	54,682,728,299	49,796,694,608
SHAREHOLDERS' EQUITY					
Share capital					
Registered	18	11,002,000,000	11,002,000,000	11,002,000,000	11,002,000,000
Issued and paid up					
185,569,780 preference shares of Baht 10 each					
(31 December 2004 : 184,123,480 preference shares of Baht 10 each)		1,855,697,800	1,841,234,800	1,855,697,800	1,841,234,800
534,976,220 ordinary shares of Baht 10 each					
(31 December 2004 : 533,907,520 ordinary shares of Baht 10 each)		5,349,762,200	5,339,075,200	5,349,762,200	5,339,075,200
		7,205,460,000	7,180,310,000	7,205,460,000	7,180,310,000
Share premium					
Share premium of preference shares		32,480,070	23,206,450	32,480,070	23,206,450
Share premium of ordinary shares		36,500,000	36,500,000	36,500,000	36,500,000
Revaluation surplus on changes in the value of investment	21	1,179,427,319	1,255,383,557	1,179,427,319	1,255,383,557
Translation adjustments		113,749,890	98,315,392	113,749,890	98,315,392
Retained earnings					
Appropriated - statutory reserve	20	254,600,000	254,600,000	254,600,000	254,600,000
Unappropriated		3,098,766,830	3,301,679,365	3,098,766,830	3,301,679,365
Equity attributable to Company's shareholders		11,920,984,109	12,149,994,764	11,920,984,109	12,149,994,764
Minority interest - equity attributable to minority shareholders of subsidiaries		435,282,686	430,901,335	-	-
TOTAL SHAREHOLDERS' EQUITY		12,356,266,795	12,580,896,099	11,920,984,109	12,149,994,764
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		73,535,559,737	66,296,040,126	66,603,712,408	61,946,689,372
		0	0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES					
Aval to bills	32	-	232,669,751	-	232,669,751
Guarantees of loans and others		262,268,415	501,692,945	262,268,415	501,692,945

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

(Chairman of the Executive Board and Chief Executive Officer)

(President)

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2005	2004	2005	2004
INTEREST AND DIVIDEND INCOME					
Loans and deposits		168,260,238	146,296,435	156,374,998	141,976,514
Hire purchase and financial lease income		868,319,047	723,970,933	622,691,212	524,219,880
Investment in securities		104,519,788	71,159,388	103,093,370	66,157,855
Total interest and dividend income		1,141,099,073	941,426,756	882,159,580	732,354,249
EXPENSES ON BORROWINGS					
Interest and discounts		334,418,972	261,812,774	306,073,725	239,933,566
Total expenses on borrowings		334,418,972	261,812,774	306,073,725	239,933,566
Net interest and dividend income		806,680,101	679,613,982	576,085,855	492,420,683
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS					
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		820,365,486	778,609,894	631,869,166	607,581,259
NON-INTEREST INCOME					
Brokerage fees		128,951,486	194,745,882	-	-
Gain (loss) on investments		6,374,305	(25,838,385)	(1,284,830)	(26,446,088)
Fees and charges		197,620,043	187,368,683	128,299,530	112,205,462
Fees and loss on forward exchange		(426,470)	(2,330,821)	-	-
Share of profit (loss) of subsidiary and associated companies		-	(494,288)	89,020,546	101,036,200
Other income		57,527,749	35,480,954	47,254,307	25,953,866
Total non-interest income		390,047,113	388,932,025	263,289,553	212,749,440
Total net income		1,210,412,599	1,167,541,919	895,158,719	820,330,699
OPERATING EXPENSES					
Personnel expenses		235,223,598	320,995,059	115,610,958	153,503,197
Premises and equipment expenses		103,478,641	76,743,078	78,305,067	52,103,879
Taxes and duties		17,994,874	12,813,228	15,854,949	11,040,988
Directors' remuneration	23	1,880,000	1,965,000	1,820,000	1,725,000
Other expenses		294,056,465	219,998,677	174,187,888	133,787,882
Total operating expenses		652,633,578	632,515,042	385,778,862	352,160,946
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		557,779,021	535,026,877	509,379,857	468,169,753
CORPORATE INCOME TAX		(151,549,155)	(133,399,288)	(109,332,440)	(78,467,832)
EARNINGS BEFORE MINORITY INTEREST		406,229,866	401,627,589	400,047,417	389,701,921
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANY		(6,182,449)	(11,925,668)	-	-
NET EARNINGS FOR THE PERIOD		400,047,417	389,701,921	400,047,417	389,701,921
EARNINGS PER SHARE					
Basic earnings per share	28	0.75	0.73	0.75	0.73
Diluted earnings per share		0.55	0.54	0.55	0.54

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF EARNINGS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2005	2004	2005	2004
INTEREST AND DIVIDEND INCOME					
Loans and deposits		324,982,823	399,237,431	306,032,845	391,015,413
Hire purchase and financial lease income		1,698,775,021	1,404,111,977	1,218,406,627	1,024,448,816
Investment in securities		190,014,849	147,068,516	186,380,167	135,354,439
Total interest and dividend income		2,213,772,693	1,950,417,924	1,710,819,639	1,550,818,668
EXPENSES ON BORROWINGS					
Interest and discounts		631,319,500	525,059,303	577,996,055	483,587,214
Total expenses on borrowings		631,319,500	525,059,303	577,996,055	483,587,214
Net interest and dividend income		1,582,453,193	1,425,358,621	1,132,823,584	1,067,231,454
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS					
(BAD DEBT AND DOUBTFUL ACCOUNTS)		(52,864,635)	30,586,507	11,675,002	54,106,164
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		1,529,588,558	1,455,945,128	1,144,498,586	1,121,337,618
NON-INTEREST INCOME					
Brokerage fees		338,282,526	511,729,862	-	-
Gain (loss) on investments	22	129,117,922	(55,796,475)	(206,851)	(40,663,281)
Fees and charges		418,317,388	588,393,675	253,296,547	228,938,526
Fees and gain (loss) on forward exchange		198,910	(811,582)	-	(577,308)
Share of profit of subsidiary and associated companies		-	-	361,344,037	438,156,364
Other income		96,067,140	70,631,926	75,674,323	63,144,466
Total non-interest income		981,983,886	1,114,147,406	690,108,056	688,998,767
Total net income		2,511,572,444	2,570,092,534	1,834,606,642	1,810,336,385
OPERATING EXPENSES					
Personnel expenses		478,221,461	620,180,413	228,104,425	300,245,329
Premises and equipment expenses		203,113,816	152,542,582	150,108,832	102,822,950
Taxes and duties		35,370,325	36,453,509	31,126,297	33,233,900
Directors' remuneration	23	3,680,000	3,550,000	3,500,000	3,130,000
Other expenses		557,551,276	423,566,423	325,403,283	265,163,049
Total operating expenses		1,277,936,878	1,236,292,927	738,242,837	704,595,228
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		1,233,635,566	1,333,799,607	1,096,363,805	1,105,741,157
CORPORATE INCOME TAX	24	(302,339,420)	(319,735,977)	(179,199,010)	(113,797,915)
EARNINGS BEFORE MINORITY INTEREST		931,296,146	1,014,063,630	917,164,795	991,943,242
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANY		(14,131,351)	(22,120,388)	-	-
NET EARNINGS FOR THE PERIOD		917,164,795	991,943,242	917,164,795	991,943,242
EARNINGS PER SHARE					
Basic earnings per share	28	1.72	1.87	1.72	1.87
Diluted earnings per share		1.26	1.37	1.26	1.37

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
Cash flows from operating activities				
Net earnings	917,164,795	991,943,242	917,164,795	991,943,242
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary companies	14,131,351	22,120,388	-	-
Share of net gain of subsidiary and associated companies	-	-	(361,344,037)	(438,156,364)
Depreciation and amortisation	80,256,611	72,301,498	50,173,526	42,332,040
Bad debt and doubtful accounts (reversal of bad debt and doubtful accounts)	91,151,768	(16,631,174)	23,222,595	(41,102,257)
Unrealised loss on revaluation of investments	5,257,554	11,869,302	5,257,554	11,869,302
Allowance for impairment of property foreclosed	2,260,458	749,673	277,108	44,194
Loss (gain) on disposal of investments	(134,287,750)	34,591,389	(5,050,707)	28,801,310
Gain on disposal of fixed assets	(2,179,337)	(3,645,566)	(2,063,966)	(1,450,983)
Unrealised loss on valuation of securities held for trading	-	18,531,236	-	-
Loss (gain) from disposal of property foreclosed	58,647,539	19,045,898	5,011,868	(9,071,394)
Decrease in deferred tax assets	52,619,310	109,095,982	79,332,535	113,797,915
Decrease in accrued interest and dividend receivable	8,310,238	33,715,411	8,430,698	746,667,019
Decrease in other receivable	22,089,204	119,081,030	8,027,171	17,680,604
Increase (decrease) in accrued interest payable	7,072,544	(40,105,320)	8,788,168	(31,377,030)
Increase in accrued expenses	67,137,699	169,349,938	10,522,372	104,349,542
Earnings from operating activities before changes in operating assets and liabilities	1,189,631,984	1,542,012,927	747,749,680	1,536,327,140
Decrease (increase) in operating assets				
Loans to financial institutions	(1,231,945,384)	437,098,553	-	-
Securities purchased under resale agreements	1,464,000,000	(579,000,000)	1,464,000,000	(579,000,000)
Investment in securities - held for trading	-	466,987,398	-	-
Trading transactions with securities companies	(689,719,860)	585,311,293	-	-
Finance business loans and receivable	(4,602,509,223)	(5,871,745,960)	(4,110,273,974)	(5,834,921,889)
Securities business loans and receivable	(187,927,511)	864,041,486	-	-
Property foreclosed	409,295,077	93,989,527	271,689,982	115,009,980
Other assets	(59,262,936)	497,356,223	1,423,695,663	438,629,830

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
Increase (decrease) in operating liabilities				
Borrowings and deposits from public	6,016,569,341	4,232,376,386	6,056,328,257	4,015,253,427
Borrowings and deposits from banks and financial institutions	180,478,874	(706,125,082)	(1,603,464,666)	37,715,088
Borrowings and deposits from foreign countries	(11,958,057)	18,616,517	(11,958,057)	18,616,517
Trading transactions with securities companies	26,252,129	113,564,378	-	-
Liabilities under commercial paper sold	347,000,000	(2,400,000)	347,000,000	(2,400,000)
Securities business payable	822,189,557	(1,606,955,494)	-	-
Other liabilities	9,368,073	11,696,064	78,817,617	(19,429,419)
Net cash flows from (used in) operating activities	3,681,462,064	96,824,216	4,663,584,502	(274,199,326)
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(6,773,689,133)	(3,516,801,528)	(7,158,460,145)	(3,130,774,877)
Cash received from disposal of investment in securities held for investment	4,369,546,741	4,133,920,161	4,011,842,258	4,068,920,161
Cash paid for purchase of equipment	(178,028,373)	(70,445,703)	(154,082,367)	(45,626,346)
Cash received from disposal of equipment	8,307,983	7,198,996	7,065,322	2,534,709
Cash paid for purchase of a subsidiary (Note 2b)	-	(42,000,000)	-	-
Net cash flows from (used in) investing activities	(2,573,862,782)	511,871,926	(3,293,634,932)	895,053,647
Cash flows from financing activities				
Cash received from exchange of warrants to purchase preference shares	34,423,620	51,775,610	34,423,620	51,775,610
Dividend paid	(1,129,827,330)	(673,534,780)	(1,120,077,330)	(648,534,780)
Net cash flows used in financing activities	(1,095,403,710)	(621,759,170)	(1,085,653,710)	(596,759,170)
Translation adjustments	15,434,498	7,802,194	-	-
Net increase (decrease) in cash and cash equivalents	27,630,070	(5,260,834)	284,295,860	24,095,151
Cash and cash equivalents at beginning of the period	1,485,237,724	1,193,449,580	395,252,369	234,741,704
Cash and cash equivalents at end of the period (Note 29)	1,512,867,794	1,188,188,746	679,548,229	258,836,855
	-	-	-	-
Supplemental cash flows information :-				
Cash paid during the period for				
Interest	624,472,456	563,196,726	569,207,887	514,964,244
Corporate income tax	161,863,734	185,401,912	11,577,792	12,115,749
Non-cash transactions :-				
Conversion of preference shares to ordinary shares	10,687,000	822,000	10,687,000	822,000
Transfer of property foreclosed to land, premises and equipment	-	152,183,652	-	73,311,066
Transfer of assets from troubled debt restructuring	-	53,369,700	-	53,369,700

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit : Baht)

	CONSOLIDATED									
	Issued and paid-up share capital		Share premium		Surplus from changes in the value of investment	Translation adjustments	Statutory reserve	Unappropriated retained earnings	Minority interest- equity attributable to minority shareholders	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares						
Balance as at 31 December 2003	1,811,276,800	5,305,918,200	7,811,540	36,500,000	1,032,910,120	102,400,755	143,300,000	1,837,248,600	443,740,156	10,721,106,171
Decrease in fair value of investments	-	-	-	-	(305,625,186)	-	-	-	-	(305,625,186)
Increase in translation adjustments	-	-	-	-	-	7,802,194	-	-	-	7,802,194
Net earnings for the period	-	-	-	-	-	-	-	991,943,242	-	991,943,242
Dividend paid (Note 25)	-	-	-	-	-	-	-	(648,534,780)	-	(648,534,780)
Warrants converted to preference shares	43,085,000	-	8,690,610	-	-	-	-	-	-	51,775,610
Preference shares converted to ordinary shares	(822,000)	822,000	-	-	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	(2,237,267)	(2,237,267)
Balance as at 30 June 2004	<u>1,853,539,800</u>	<u>5,306,740,200</u>	<u>16,502,150</u>	<u>36,500,000</u>	<u>727,284,934</u>	<u>110,202,949</u>	<u>143,300,000</u>	<u>2,180,657,062</u>	<u>441,502,889</u>	<u>10,816,229,984</u>
Balance as at 31 December 2004	1,841,234,800	5,339,075,200	23,206,450	36,500,000	1,255,383,557	98,315,392	254,600,000	3,301,679,365	430,901,335	12,580,896,099
Decrease in fair value of investments	-	-	-	-	(75,956,238)	-	-	-	-	(75,956,238)
Increase in translation adjustments	-	-	-	-	-	15,434,498	-	-	-	15,434,498
Net earnings for the period	-	-	-	-	-	-	-	917,164,795	-	917,164,795
Dividend paid (Note 25)	-	-	-	-	-	-	-	(1,120,077,330)	-	(1,120,077,330)
Warrants converted to preference shares	25,150,000	-	9,273,620	-	-	-	-	-	-	34,423,620
Preference shares converted to ordinary shares	(10,687,000)	10,687,000	-	-	-	-	-	-	-	-
Increase in minority interest	-	-	-	-	-	-	-	-	4,381,351	4,381,351
Balance as at 30 June 2005	<u>1,855,697,800</u>	<u>5,349,762,200</u>	<u>32,480,070</u>	<u>36,500,000</u>	<u>1,179,427,319</u>	<u>113,749,890</u>	<u>254,600,000</u>	<u>3,098,766,830</u>	<u>435,282,686</u>	<u>12,356,266,795</u>

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2005 AND 2004

(Unit : Baht)

THE COMPANY ONLY

	Issued and paid-up share capital		Share premium		Surplus from changes in the value of investment	Translation adjustments	Statutory reserve	Unappropriated retained earnings	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares					
	Balance as at 31 December 2003	1,811,276,800	5,305,918,200	7,811,540					
Decrease in fair value of investments	-	-	-	-	(305,625,186)	-	-	-	(305,625,186)
Increase in translation adjustments	-	-	-	-	-	7,802,194	-	-	7,802,194
Net earnings for the period	-	-	-	-	-	-	-	991,943,242	991,943,242
Dividend paid (Note 25)	-	-	-	-	-	-	-	(648,534,780)	(648,534,780)
Warrants converted to preference shares	43,085,000	-	8,690,610	-	-	-	-	-	51,775,610
Preference shares converted to ordinary shares	(822,000)	822,000	-	-	-	-	-	-	-
Balance as at 30 June 2004	<u>1,853,539,800</u>	<u>5,306,740,200</u>	<u>16,502,150</u>	<u>36,500,000</u>	<u>727,284,934</u>	<u>110,202,949</u>	<u>143,300,000</u>	<u>2,180,657,062</u>	<u>10,374,727,095</u>
Balance as at 31 December 2004	1,841,234,800	5,339,075,200	23,206,450	36,500,000	1,255,383,557	98,315,392	254,600,000	3,301,679,365	12,149,994,764
Decrease in fair value of investments	-	-	-	-	(75,956,238)	-	-	-	(75,956,238)
Increase in translation adjustments	-	-	-	-	-	15,434,498	-	-	15,434,498
Net earnings for the period	-	-	-	-	-	-	-	917,164,795	917,164,795
Dividend paid (Note 25)	-	-	-	-	-	-	-	(1,120,077,330)	(1,120,077,330)
Warrants converted to preference shares	25,150,000	-	9,273,620	-	-	-	-	-	34,423,620
Preference shares converted to ordinary shares	(10,687,000)	10,687,000	-	-	-	-	-	-	-
Balance as at 30 June 2005	<u>1,855,697,800</u>	<u>5,349,762,200</u>	<u>32,480,070</u>	<u>36,500,000</u>	<u>1,179,427,319</u>	<u>113,749,890</u>	<u>254,600,000</u>	<u>3,098,766,830</u>	<u>11,920,984,109</u>

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

TISCO FINANCE PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Company's information

TISCO Finance Public Company Limited was incorporated as a public limited company under Thai laws. The Company operates its business in Thailand and has been licensed by the Ministry of Finance to operate a finance business. The Company's registered office is located at 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. The Company has 14 provincial offices in Thailand.

1.2 Plan to upgrade status to commercial bank

In January 2004, the Ministry of Finance and the Bank of Thailand announced Financial Sector Master Plan. Among other things, the Plan stipulates guidelines for improving the efficiency of the financial sector and calls for finance companies, finance and securities companies and credit foncier companies with the stipulated qualifications, to submit applications to upgrade their status to commercial banks. A subsequent announcement of the Ministry of Finance, dated 23 January 2004, stipulated the terms, methods and conditions under which such an application for a commercial bank license can be made.

On 22 October 2004, the Ministry of Finance gave consent for the Company to upgrade its status to commercial bank. The Company was informed by the letter from the Bank of Thailand dated 29 June 2005 that the Ministry of Finance issued the Commercial Banking business license dated 23 June 2005 for the Company to operate banking business in the name of "TISCO Bank Public Company Limited". The Company can operate commercial banking business and foreign exchange business and have to comply with the conditions under the letter from the Bank of Thailand and the attached conditions of license. The significant conditions are related to the return of finance business licenses of TISCO Finance Public Company Limited and Thai Permsap Finance Company Limited (a subsidiary) to the Ministry of Finance and the minimum requirement of total Tier 1 capital of Baht 5,000 million, as of the commenced date of banking operations.

Subsequent events

The Company and Thai Permsap Finance Company Limited (a subsidiary) returned their finance business licenses to the Ministry of Finance, effective on 1 July 2005.

The Company registered the change of its name from “TISCO Finance Public Company Limited” to “TISCO Bank Public Company Limited” with the Ministry of Commerce on 1 July 2005, and commenced its banking operations on 4 July 2005.

2. BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the accounts of TISCO Finance Public Company Limited (the “Company”) and its subsidiary companies (the “subsidiaries”) after eliminating material intercompany balances and transactions. Those subsidiaries are set out below.

	(Unit : Percentage)							
					Subsidiaries' total revenues		Subsidiaries' net earnings	
	Percentage of shares held by the Company				as a percentage to the consolidated total for the six-month periods ended		(loss) as a percentage to the consolidated total for the six-month periods ended	
			Subsidiaries' total assets as a percentage to the consolidated total		30 June		30 June	
30 June	31 December	30 June	31 December					
2005	2004	2005	2004	2005	2004	2005	2004	
<u>Subsidiaries directly owned by the Company</u>								
TISCO Securities Hong Kong Limited	100.00	100.00	1.82	1.66	1.05	1.00	(0.96)	(0.87)
TISCO Securities Co., Ltd.	99.99	99.99	3.93	3.75	14.10	23.86	12.35	36.43
TISCO Asset Management Co., Ltd.	99.99	99.99	0.22	0.41	5.00	3.59	5.90	3.53
TISCO Leasing Co., Ltd.	99.99	99.99	2.59	2.81	2.22	2.25	2.02	1.97
Hi-Way Co., Ltd.	99.99	99.99	3.31	3.21	12.52	8.05	8.08	5.78
TISCO Information Technology Co., Ltd. (Formerly known as “Thai Information Technology Co., Ltd.”)	99.99	99.99	0.03	0.03	0.08	0.31	(3.80)	(3.82)
Thai Commercial Auto Co., Ltd.	50.00	50.00	3.12	3.63	2.27	3.17	3.91	4.85
Thai Permsap Finance Co., Ltd. (Changed its name to “TISCO Group Co., Ltd.” on 1 July 2005)	99.99	99.99	0.11	0.12	-	0.01	(0.15)	0.02
<u>Subsidiaries indirectly owned by the Company</u>								
TISCO Global Investment Holdings Limited	100.00	100.00	-	-	0.04	0.02	0.11	0.05
TISCO Securities UK Limited (In the process of liquidation)	100.00	100.00	-	-	-	-	0.01	(0.01)
TISCO Securities Singapore Pte. Ltd.	100.00	100.00	-	-	-	-	(0.04)	(0.03)
VLT Leasing Co., Ltd.	50.00	50.00	0.04	0.18	0.35	0.52	0.77	0.94

- a) The Company and its subsidiaries were all incorporated and operate in Thailand, except TISCO Securities Hong Kong Limited and TISCO Global Investment Holdings Limited, which were incorporated and operate in Hong Kong; TISCO Securities UK Limited, which was incorporated and operates in the United Kingdom; and TISCO Securities Singapore Pte. Ltd., which was incorporated and operates in Singapore.

The financial statements of a subsidiary company, which are included in the consolidated financial statements, TISCO Securities Singapore Pte. Ltd., was prepared by the management of the subsidiary company and not audited by its auditor. As at 30 June 2005, this subsidiary company has assets included in the consolidated financial statements of approximately Baht 1 million, and net loss for the six-month period then ended of approximately Baht 0.4 million. These amounts are immaterial to the consolidated financial statements and the management believes that such amounts will not significantly differ if the financial statements were to be audited by auditor.

- b) On 1 April 2004, a subsidiary company (Thai Commercial Auto Company Limited) entered into an agreement to acquire 960,000 ordinary shares of VLT Leasing Company Limited from the existing shareholders for a total of Baht 42 million, payable on 30 April 2004. The share acquisition resulted in a change in the status of VLT Leasing Company Limited from an associated company to a subsidiary company.

The acquisition was approved by the annual general meeting of the subsidiary company's shareholders on 18 March 2004.

- c) The financial statements of overseas subsidiaries are translated to Thai Baht at the average closing exchange rate as to assets and liabilities, and at the average exchange rate at transaction dates as to revenues and expenses. The resultant difference has been shown under the caption of "Translation adjustments" within shareholders' equity.

Subsequent event

- d) Thai Permsap Finance Company Limited registered the change of its name from "Thai Permsap Finance Company Limited" to "TISCO Group Company Limited" with the Ministry of Commerce on 1 July 2005.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand (ICAAT), which are effective under the Accounting Act B.E. 2543, and in accordance with the Notifications of the Bank of Thailand and the Office of the Securities and Exchange Commission.

Significant accounting policies adopted by the Company and its subsidiaries are summarised below :-

3.1 Revenue recognition

a) Interest and discounts on loans

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

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

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

The accounts will be reinstated to "accrual basis" when the overdue amount are received.

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

b) Interest and dividends on investment in securities

Interest on investment is recognised as income on an accrual basis. Dividends from securities are recognised as income when the dividends are declared.

c) Commissions and brokerage

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

d) Gain (loss) on trading in securities

Gain (loss) on trading of investment in securities are recognised as income/expense on the transaction dates.

- e) Fees and service income

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

3.2 Interest expenses

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

3.3 Investments in securities

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

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

Investments in debt securities, both due within one year or expected to be held to maturity, are determined at cost after amortisation.

The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.

The fair value of marketable securities is based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt instruments is determined by using the formula quoted by the Bank of Thailand, which is based on the yield rate quoted by the Thai Bond Dealing Center or other financial institutions. The fair value of unit trusts is determined based on their net asset value.

Losses on impairment (if any) of the investments in available-for-sale securities, debt securities due within one year or expected to be held to maturity and other investments are included in determining earnings.

The moving average method is used for computation of the cost of investment.

In the event the Company and its subsidiaries reclassify their investments in securities, the investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining earnings or recorded as a surplus (deficit) from change in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

3.4 Investments in receivables purchased or transferred in and allowance for impairment of investments

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

For investments in receivable purchased or transferred in, who entered into troubled debt restructuring will be transferred to loans and receivable and valued at fair value, net of allowance for doubtful debt. The fair value is based on the outstanding balance of investments in receivable purchased or transferred in, as at transferred date or as at the date of restructuring. Allowance for doubtful debt is based on the Bank of Thailand's guideline with the same as allowance for loans and receivable.

3.5 Investment in subsidiary and associated companies

Investments in subsidiary and associated companies are accounted for by the equity method. Under this method investment are initially recorded at cost. In each period after the purchase, investments are adjusted for the share of earnings from the operations of the subsidiaries, these amounts are in proportion to the investment.

3.6 Loans and receivables

The Company and its subsidiaries present loans and receivables at principal balances, excluding accrued interest receivables. Unrecognised deferred income/discount on loans are deducted from loans.

3.7 Allowance for doubtful accounts and losses from troubled debt restructuring

The Company and its subsidiaries provide allowances for doubtful accounts and losses from troubled debt restructuring in accordance with the notifications of the Bank of Thailand ("BOT") or the Office of the Securities and Exchange Commission ("SEC") and adjust the additional amount by which they expected not to be collectible. Judgment on the adequacy of the amount of allowance for doubtful accounts is based on the results of an evaluation of the current status of the debtors, in conjunction with the criteria laid down by the BOT or SEC in relation to the classification of loans, provisioning rates, valuation of collateral and reclassification of restructured loans.

An allowance for doubtful accounts for the hire-purchase and financial lease receivable of the subsidiaries is based on a percentage of the outstanding balance, net of unearned interest income. At the balance sheet date, the adequacy of the allowance for doubtful accounts is reviewed taking

into consideration the current status of debtors. Accounts considered as uncollectible are written off as bad debts.

3.8 Troubled debt restructuring

The Company records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Accounting Standard No. 34 "Accounting for Troubled Debts Restructuring" as pronounced by the Institute of Certified Accountants and Auditors of Thailand. The assets and equities was transferred to the Company for debt settlement at lower of fair values of the assets, less estimated selling expenses, or the amount of investment in receivables (excluding non-accrued interest income at the restructuring date).

In case where the debt restructuring involves modifications of terms of receivables, the fair value of investment in receivables after restructuring represents the net present value of the expected future cash flows, using the Minimum Lending Rates (MLR) prevailing at the restructuring date. The Company recorded the difference between the fair value of investment in receivables, and the amount of investments in receivables as of restructuring date as expenses in the earnings statements. Losses arising from restructuring by waiver of part of principal or recorded accrued interest receivable, less recorded allowance, are recognised in the statement of earnings when incurred.

3.9 Property foreclosed

Property foreclosed is stated at the lower of cost or net realisable value.

3.10 Financial lease

The Company and its subsidiaries record assets under financial leases as assets and liabilities at the fair value of leased assets on the commencing date of the lease or at the present value of the minimum payments stipulated in the lease agreement, whichever is lower. The Company and its subsidiaries use the interest rate specified in the lease agreement as the discount rate for calculating the present value of minimum payments. Interest is recorded throughout the lease period based on the outstanding amount payable in each period.

3.11 Depreciation and amortisation

- a) Land, premises and equipment are stated at cost less accumulated depreciation. Depreciation is calculated by reference to their cost on the straight-line method over the following estimated useful lives (with the exception of the depreciation of computer and communication equipment acquired since 2000, which is calculated using the sum-of-the-years-digits method over estimated useful lives of 3 years) :-

Buildings and office condominium units	-	20	years
Office improvements	-	5	years
Furniture, fixtures and equipment	-	5	years
Motor vehicles	-	5	years

No depreciation is provided for land.

- b) Leasehold rights are amortised to expenses on a straight-line basis over the lease period of 12, 13.5 and 15 years.
- c) Software license fees are deferred and amortised over the period of the license agreements, which are for periods of 5 and 10 years. (with the exception of the amortisation of software licenses acquired since 2000, which is calculated using the sum-of-the-years-digits method over estimated useful lives of 3 years).
- d) Licenses to trade securities on the Hong Kong Exchange and Clearing Limited (“HKEC”) are stated at cost less amortisation on a straight-line basis over 10 years.

3.12 Deferred tax assets/liabilities

The Company and its subsidiaries provide for deferred income tax resulting from temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the balance sheet date, and temporary differences in reporting income and expenses for financial reporting compared to income tax reporting. Accordingly, the income tax applicable to income which is not currently recognised, or to expenses which are not currently deductible for income tax purposes are set up as “Deferred income taxes” in the balance sheets. This will be allocated to future periods when the income is realised, or the expenses provided for, are actually incurred and considered deductible for income tax purposes.

However, the Company and its subsidiaries will recognise tax benefits as assets in its books of account if it is highly probable that the Company and its subsidiaries will generate sufficient profits from their future operations to utilise these benefits.

3.13 Sales of commercial paper

Commercial paper, which is sold without recourse, is recorded by crediting the notes receivable account.

Commercial paper without an aval or acceptance, which is sold with recourse, is recorded as a liability under the caption of “Liabilities from sale of commercial paper”. Commercial paper sold at a discount with recourse, which is availed by or has acceptance from a commercial bank or other finance company, is recorded by crediting the notes receivable account, and the obligations disclosed as part of “Contingent liabilities”.

3.14 Foreign currencies

Foreign currency transactions during the period have been translated into Baht at the rates ruling on the transaction dates. Assets and liabilities in foreign currencies outstanding on the balance sheet date have been translated into Baht at the rates ruling on the balance sheet date, except those covered by forward exchange contracts have been translated at the contract rates.

Exchange gains and losses are included in determining earnings. Premium on forward contracts is amortised over the contract period.

3.15 Financial instruments

Financial instruments presented in the balance sheets comprise of cash and deposits at financial institutions, loans to financial institutions, securities purchased under resale agreements, investments, loans, receivables and accrued interest receivables, trading transactions with securities companies, borrowings and deposits, securities sold under repurchase agreements, securities business payables and debentures. The accounting policy for each transaction is separately and individually disclosed.

3.16 Basic earnings per share

Basic earnings per share is calculated by dividing net earnings for the period by the weighted average number of ordinary shares issuing during the period.

Diluted earnings per share is calculated by dividing net earnings for the period by the total sum of the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares to be issued upon conversion of all potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

3.17 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in setting up allowances for impairment of investments and property foreclosed, allowance for doubtful accounts and losses from troubled debt restructuring. Making such estimates and assumptions may affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

4. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

Cash and deposits at financial institutions represent cash and all types of Baht and foreign currency deposits at banks and other financial institutions.

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Cash	7,680,409	3,765,946	4,752,285	1,841,478
Cash at banks	1,505,187,385	1,481,471,778	674,795,944	393,410,891
Total cash and deposits at financial institutions	1,512,867,794	1,485,237,724	679,548,229	395,252,369

As at 30 June 2005, cash deposits at banks of the Company and its local subsidiaries of approximately Baht 11 million (the Company only : Nil) (as at 31 December 2004 : Baht 10 million and the Company only : Nil, respectively) were pledged with the banks to secure facilities provided for use as working capital.

As at 31 December 2004, approximately Baht 91 million of the foreign subsidiary's cash deposits at banks were pledged with the bank to secure the credit facility.

5. LOANS TO FINANCIAL INSTITUTIONS

These include all types of loans to local and foreign financial institutions, but exclude the deposits with financial institutions as referred to in Note 4.

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Call loans	669,519,978	37,587,020	-	-
Term loans	600,000,000	-	-	-
Total loans	1,269,519,978	37,587,020	-	-

Add : Accrued interest receivable	263,386	250,960	-	-
Net loans to financial institutions	1,269,783,364	37,837,980	-	-

6. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

As at 30 June 2005, the balance of securities purchased under resale agreements comprises Baht 641 million of Bank of Thailand securities (as at 31 December 2004 : Baht 2,105 million).

7. INVESTMENTS IN SECURITIES

(Unit : Baht)

	Consolidated			
	30 June 2005		31 December 2004	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Current investment</u>				
Trading securities				
Equity securities :				
Domestic marketable equity securities	712	1,040	712	805
Add : Allowance for changes in value	328		93	
Net equity securities	1,040		805	
Total trading securities	1,040		805	
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	2,589,989,603	2,590,202,132	314,140,564	314,131,446
Debt securities of private sector	246,022,105	184,166,014	196,383,179	133,133,799
Total	2,836,011,708	2,774,368,146	510,523,743	447,265,245
Less : Allowance for changes in value	(1,229,562)		(2,844,498)	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	2,774,368,146		447,265,245	
Equity securities :				
Domestic marketable equity securities	318,518,375	98,823,370	318,518,375	123,566,762
Add (less) : Allowance for changes in value	(15,483,835)		9,259,557	
Less : Allowance for impairment	(204,211,170)		(204,211,170)	
Net equity securities	98,823,370		123,566,762	
Total available-for-sales securities	2,873,191,516		570,832,007	
Held-to-maturity debt securities-due within 1 year				
Government and state enterprise securities	10,770,007		76,666,070	
Foreign debt securities	110,235,586		-	
Total held-to-maturity debt securities-due within 1 year	121,005,593		76,666,070	

Net current investments

2,994,198,149

647,498,882

(Unit : Baht)

	Consolidated			
	30 June 2005		31 December 2004	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Long-term investment				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	100,000,000	101,254,430	125,894,304	125,725,435
Add (less) : Allowance for changes in value	1,254,430		(168,869)	
Debt securities - net	101,254,430		125,725,435	
Equity securities :				
Domestic marketable equity securities	2,769,102,017	3,176,911,482	2,756,406,863	3,112,243,764
Other securities - unit trusts	191,918,948	200,861,338	125,986,445	134,717,219
Total	2,961,020,965	3,377,772,820	2,882,393,308	3,246,960,983
Add : Allowance for changes in value	416,751,855		364,567,675	
Net equity securities	3,377,772,820		3,246,960,983	
Total available-for-sales securities	3,479,027,250		3,372,686,418	
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	337,232,614		337,248,342	
Debt securities of private sector	6,485,340		6,485,340	
Total held-to-maturity debt securities	343,717,954		343,733,682	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	1,099,161,150		1,075,835,309	
Investment in receivables	6,529,247		6,529,247	
Less : Allowance for impairment	(239,373,619)		(234,116,065)	
Total other investment	866,316,778		848,248,491	
Net long-term investments	4,689,061,982		4,564,668,591	
Net investments	7,683,260,131		5,212,167,473	

(Unit : Baht)

	The Company Only			
	30 June 2005		31 December 2004	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Current investment</u>				
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	2,589,320,165	2,589,533,158	303,386,922	303,379,072
Debt securities of private sector	246,022,105	185,486,485	196,383,179	134,978,394
Total	2,835,342,270	2,775,019,643	499,770,101	438,357,466
Add (less) : Allowance for changes in value	91,373		(998,635)	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	2,775,019,643		438,357,466	
Equity securities :				
Domestic marketable equity securities	318,518,375	98,823,370	318,518,375	123,566,762
Add (less) : Allowance for changes in value	(15,483,835)		9,259,557	
Less : Allowance for impairment	(204,211,170)		(204,211,170)	
Net equity securities	98,823,370		123,566,762	
Net available-for-sales securities	2,873,843,013		561,924,228	
Net current investments	2,873,843,013		561,924,228	
<u>Long-term investment</u>				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	100,000,000	101,254,430	126,986,090	126,817,221
Add (less) : Allowance for changes in value	1,254,430		(168,869)	
Debt securities - net	101,254,430		126,817,221	
Equity securities :				
Domestic marketable equity securities	2,759,100,720	3,167,643,155	1,271,834,559	1,619,473,130
Other securities - unit trusts	8,922,682	8,965,778	11,896,279	11,954,452
Total	2,768,023,402	3,176,608,933	1,283,730,838	1,631,427,582
Add : Allowance for changes in value	408,585,531		347,696,744	
Net equity securities	3,176,608,933		1,631,427,582	
Total available-for-sales securities	3,277,863,363		1,758,244,803	

(Unit : Baht)

	The Company Only			
	30 June 2005		31 December 2004	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	335,000,000		335,000,000	
Debt securities of private sector	6,481,340		6,481,340	
Total held-to-maturity debt securities	<u>341,481,340</u>		<u>341,481,340</u>	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	1,054,035,456		995,647,115	
Investment in receivables	6,529,247		6,529,247	
Less : Allowance for impairment	(239,373,619)		(234,116,065)	
Total other investment	<u>821,191,084</u>		<u>768,060,297</u>	
Net long-term investments	<u>4,440,535,787</u>		<u>2,867,786,440</u>	
<u>Investment in subsidiaries</u>				
Investment in subsidiaries	<u>4,199,846,784</u>		<u>4,625,683,969</u>	
Net investments	<u><u>11,514,225,584</u></u>		<u><u>8,055,394,637</u></u>	

- 7.1 As at 30 June 2005, held-to-maturity debt securities amounting to Baht 335 million (as at 31 December 2004 : Baht 335 million) represent government bonds which the Company has invested pursuant to the agreement made with the Ministry of Finance under the Tier I and Tier II capital support scheme. These bonds are redeemable within a 10-year period, non-negotiable and carry interest at rates of 4% and 5% per annum.
- 7.2 As at 30 June 2005, the Company has a commitment not to sell marketable equity securities totaling Baht 207 million (as at 31 December 2004 : Baht 122 million) for the period, as a condition of troubled debt restructuring agreement made with restructured receivables.
- 7.3 As at 30 June 2005, the Company has pledged other investment of approximately Baht 13 million (as at 31 December 2004 : Baht 13 million) as a security against short-term loan from a company.

7.4 As at 30 June 2005, the Company and its subsidiaries have invested Baht 4 million (the Company only : Baht 3 million) (as at 31 December 2004 : Baht 4 million and Baht 3 million, respectively) in government debt securities, which were pledged as security for electricity usage. In addition, investments in government debt securities amounting to Baht 63 million (as at 31 December 2004 : Baht 73 million) have been placed with a bank as security for the agreement to swap a floating interest rate for a fixed interest rate, described in Note 33.2.

As at 30 June 2005, a foreign subsidiary's investments in foreign debt securities amounting to Baht 110 million have been pledged with a bank as security for credit facility.

7.5 Investment in debt securities of the Company and its subsidiaries as at 30 June 2005, classified by due date are summarised below.

(Unit : Baht)

	Consolidated			Total
	Maturity			
	1 year	Over 1-5 years	Over 5 years	
Available-for-sale securities				
Government and state enterprise securities	2,589,989,603	-	-	2,589,989,603
Debt securities of private sector	60,414,000	135,572,060	150,036,045	346,022,105
Total	2,650,403,603	135,572,060	150,036,045	2,936,011,708
Add (less) : Allowance for changes in value	212,529	(2,033,261)	1,845,600	24,868
Less : Impairment of securities	(60,414,000)	-	-	(60,414,000)
Total	2,590,202,132	133,538,799	151,881,645	2,875,622,576
Held-to-maturities debt securities				
Government and state enterprise securities	10,770,007	337,232,614	-	348,002,621
Debt securities of private sector	-	4,000	6,481,340	6,485,340
Foreign debt securities	110,235,586	-	-	110,235,586
Total	121,005,593	337,236,614	6,481,340	464,723,547
Total debt securities	2,711,207,725	470,775,413	158,362,985	3,340,346,123

(Unit : Baht)

	The Company Only			Total
	Maturity			
		Over	Over	
	1 year	1-5 years	5 years	
Available-for-sale securities				
Government and state enterprise securities	2,589,320,165	-	-	2,589,320,165
Debt securities of private sector	60,414,000	135,572,060	150,036,045	346,022,105
Total	2,649,734,165	135,572,060	150,036,045	2,935,342,270
Add (less) : Allowance for changes in value	212,993	(712,790)	1,845,600	1,345,803
Less : Impairment of securities	(60,414,000)	-	-	(60,414,000)
Total	2,589,533,158	134,859,270	151,881,645	2,876,274,073
Held-to-maturities debt securities				
Government and state enterprise securities	-	335,000,000	-	335,000,000
Debt securities of private sector	-	-	6,481,340	6,481,340
Total	-	335,000,000	6,481,340	341,481,340
Total debt securities	2,589,533,158	469,859,270	158,362,985	3,217,755,413

- 7.6 As at 30 June 2005, the Company have the following investment in companies which have weak financial standing or operating results :-

	(Unit : Baht)		
	Consolidated / The Company Only		
	Cost	Fair value	Allowance for changes in Value ⁽¹⁾
Companies having problems with debt repayment or in default	272,084,200	-	272,084,200

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

7.7 The followings are book value (net of allowance for impairment) of investments whereby the Company and its subsidiaries hold not less than 10 percent of the equity of the investees:-

(Unit : Baht)

Name	Consolidated					
	30 June 2005			31 December 2004		
	Book value	Unpaid amount	Percentage of holding	Book value	Unpaid amount	Percentage of holding
		%			%	
<u>Insurance :</u>						
GITC Co., Ltd.	13,200,000	-	40	13,200,000	-	40
AXA Insurance Plc.	58,887,016	-	11	58,887,016	-	11
<u>Services :</u>						
Jiji Press (Thailand) Co., Ltd.	1,627,646	600,000	20	1,627,646	600,000	20
K. Line (Thailand) Co., Ltd.	37,334,990	-	10	35,334,990	-	10
<u>Leasing and hire purchase :</u>						
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	1,849,050	-	21
<u>Trading import and export :</u>						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	13,904,710	-	15
Wattana Inter - Trade Co., Ltd.	3,918,000	-	10	3,918,000	-	10
<u>Real estate :</u>						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	10,422,000	-	10	11,400,000	-	10
<u>Industrial :</u>						
Siam Art Ceramic Co., Ltd.	14,762,000	-	10	13,970,000	-	10

(Unit : Baht)

Name	The Company Only					
	30 June 2005			31 December 2004		
	Book value	Unpaid amount	Percentage of holding	Book value	Unpaid amount	Percentage of holding
		%			%	
<u>Insurance :</u>						
GITC Co., Ltd.	13,200,000	-	40	13,200,000	-	40
AXA Insurance Plc.	58,887,016	-	11	58,887,016	-	11
<u>Services :</u>						
TISCO Securities Hong Kong Limited	249,692,146	-	100	244,937,730	-	100
TISCO Securities Co., Ltd.	1,677,353,508	-	99.99	1,732,398,319	-	99.99
TISCO Asset Management Co., Ltd.	152,448,262	-	99.99	249,975,933	-	99.99
TISCO Information Technology Co., Ltd. (Formerly known as “Thai Information Technology Co., Ltd.”)	32,225,844	-	99.99	34,022,388	-	99.99
Jiji Press (Thailand) Co., Ltd.	1,627,646	600,000	20	1,627,646	600,000	20
K. Line (Thailand) Co., Ltd.	37,334,990	-	10	35,334,990	-	10
<u>Leasing and hire purchase :</u>						
Thai Commercial Auto Co., Ltd. Hi-Way Co., Ltd. (ordinary shares and preference shares)	435,159,504	100,000,000	50	430,778,152	100,000,000	50
TISCO Leasing Co., Ltd.	1,030,660,612	-	99.99	1,281,001,700	-	99.99
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	1,849,050	-	21
<u>Trading import and export :</u>						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	5,707,044	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	13,904,710	-	15
Wattana Inter - Trade Co., Ltd.	3,918,000	-	10	3,918,000	-	10
<u>Real estate :</u>						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	10,422,000	-	10	11,400,000	-	10
<u>Industrial :</u>						
Siam Art Ceramic Co., Ltd.	14,762,000	-	10	13,970,000	-	10
<u>Holding :</u>						
Thai Permsap Finance Co., Ltd. (Changed its name to “TISCO Group Co., Ltd.” on 1 July 2005)	70,968,956	-	99.99	70,947,700	-	99.99

7.8 The Company did not record investments in Jiji Press (Thailand) Co., Ltd., GITC Co., Ltd. and Mizuho Corporate Leasing (Thailand) Co., Ltd., in which the Company holds not less than 20% of the equity, by the equity method since these investments had been transferred as the result of debt restructuring. The Company is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations.

8. INVESTMENT IN SUBSIDIARY COMPANIES

The Company's investment in its subsidiaries as at 30 June 2005 and 31 December 2004 are summarised below.

Company's name	Nature of business	Paid-up share capital		Cost method		Equity method ⁽¹⁾		(Unit : Million Baht) Dividend income ⁽²⁾ received for the six-month periods ended 30 June	
		30 June	31 December	30 June	31 December	30 June	31 December	2005	2004
		2005	2004	2005	2004	2005	2004	2005	2004
Subsidiary companies directly held									
by the Company :									
TISCO Securities Hong Kong Limited	Services	HKD 20 million	HKD 20 million	66	66	250	245	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	1,677	1,732	170	300
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	153	250	140	100
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	1,031	1,281	280	-
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	551	581	100	-
TISCO Information Technology Co., Ltd. (Formerly known as "Thai Information Technology Co., Ltd.")	Services	20	20	44	44	32	34	-	-
Thai Commercial Auto Co., Ltd.	Hire purchase	800	800	434	434	435	431	10	25
Thai Permsap Finance Co., Ltd. (Changed its name to "TISCO Group Co., Ltd." on 1 July 2005)	Finance	150	150	150	150	71	71	-	-
						4,200	4,625	700	425

⁽¹⁾ Calculated by including share of profit in subsidiaries in which the Company has indirect holdings.

⁽²⁾ Including dividend received from subsidiary companies which indirectly held by the Company.

On 28 November 2003, the Company received approval from the Bank of Thailand to accept the transfer of business from Tru-Way Company Limited (which is a subsidiary company), in accordance with the resolutions of the annual general meeting of the Company's shareholders held on 24 April 2003. Tru-Way Company Limited was deregistered with the Ministry of Commerce on 29 December 2003 and is currently in the process of liquidation.

9. LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE

9.1 Classified by loan type

	(Unit : Baht)			
	Consolidated		The Company Only	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
<u>Finance business loans and receivable :</u>				
Loans	12,516,573,504	11,150,259,917	12,450,002,955	11,098,904,210
Notes receivable	-	1,674,745,011	-	1,674,745,011
Hire-purchase and financial lease receivable	47,218,507,434	42,934,837,779	41,141,812,749	37,034,607,058
Total finance business loans and receivable	59,735,080,938	55,759,842,707	53,591,815,704	49,808,256,279
Add : Accrued interest receivable	116,016,777	117,390,139	79,793,999	81,287,821
Less : Allowance for doubtful accounts	(3,410,696,658)	(3,440,301,145)	(3,160,289,171)	(3,231,048,656)
Less : Allowance for loss on debt restructuring	(317,580,408)	(359,502,073)	(317,580,408)	(359,502,073)
Net finance business loans and receivable and accrued interest receivable	56,122,820,649	52,077,429,628	50,193,740,124	46,298,993,371
<u>Securities business receivable :</u>				
Customer's accounts	1,028,538,550	753,687,545	-	-
Other receivable :-				
Overdue customers' accounts	-	313,624	-	-
Receivables under litigation	19,569,991	66,159,960	-	-
Receivables which are enforced by courts	277,152,265	309,456,601	-	-
Installment receivable	87,560,548	95,276,113	-	-
Total securities business receivable	1,412,821,354	1,224,893,843	-	-
Less : Allowance for doubtful accounts	(409,668,714)	(488,570,791)	-	-
Net securities business receivable and accrued interest receivable	1,003,152,640	736,323,052	-	-
Net loans, receivable and accrued interest receivable	57,125,973,289	52,813,752,680	50,193,740,124	46,298,993,371

9.2 Classified by remaining periods of contracts

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Finance business loans and receivable				
At call (included contracts which are due)	2,455,134,486	2,428,065,396	2,369,293,434	2,342,294,822
Not over 1 year	4,204,749,628	4,540,748,861	3,285,475,289	3,426,326,179
Over 1 year	53,075,196,824	48,791,028,450	47,937,046,981	44,039,635,278
Total finance business loans and receivable	59,735,080,938	55,759,842,707	53,591,815,704	49,808,256,279
Add : Accrued interest receivable	116,016,777	117,390,139	79,793,999	81,287,821
Total finance business loans and receivable and accrued interest receivable	59,851,097,715	55,877,232,846	53,671,609,703	49,889,544,100

9.3 Classified by type of business

(Unit : Baht)

	Consolidated as at 30 June 2005							Subsidiaries	Total
	The Company Only								
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts	Total			
Agricultural and mining	176,226,734	4,297,849	986,327	-	-	181,510,910	-	181,510,910	
Manufacturing and commerce	5,267,408,570	61,923,082	33,358,683	48,351,227	294,171,195	5,705,212,757	65,556,248	5,770,769,005	
Real estate and construction	2,899,806,737	41,397,834	7,142,537	3,584,701	584,999,065	3,536,930,874	-	3,536,930,874	
Public utilities and services	1,589,104,140	25,005,743	8,937,401	5,584,731	443,925	1,629,075,940	-	1,629,075,940	
Personal use									
Hire-purchase	34,142,604,403	1,609,372,247	339,511,356	185,113,856	79,917,304	36,356,519,166	6,076,218,147	42,432,737,313	
Housing loans	1,877,240,137	47,071,585	16,649,753	15,930,231	326,745,861	2,283,637,567	-	2,283,637,567	
Securities	-	-	-	-	-	-	1,412,821,354	1,412,821,354	
Others	3,160,847,141	21,390,343	15,932,532	9,951,021	690,807,453	3,898,928,490	1,490,839	3,900,419,329	
Total finance and securities business loans and receivable	49,113,237,862	1,810,458,683	422,518,589	268,515,767	1,977,084,803	53,591,815,704	7,556,086,588	61,147,902,292	
Add : Accrued interest receivable	55,693,445	24,100,554	-	-	-	79,793,999	36,222,778	116,016,777	
Total finance and securities business loans and receivable and accrued interest receivable	49,168,931,307	1,834,559,237	422,518,589	268,515,767	1,977,084,803	53,671,609,703	7,592,309,366	61,263,919,069	

(Unit : Baht)

The Company only as at 30 June 2005

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts	Total		
Agricultural and mining	176,226,734	4,297,849	986,327	-	-	181,510,910		
Manufacturing and commerce	5,267,408,570	61,923,082	33,358,683	48,351,227	294,171,195	5,705,212,757		
Real estate and construction	2,899,806,737	41,397,834	7,142,537	3,584,701	584,999,065	3,536,930,874		
Public utilities and services	1,589,104,140	25,005,743	8,937,401	5,584,731	443,925	1,629,075,940		
Personal use								
Hire-purchase	34,142,604,403	1,609,372,247	339,511,356	185,113,856	79,917,304	36,356,519,166		
Housing loans	1,877,240,137	47,071,585	16,649,753	15,930,231	326,745,861	2,283,637,567		
Others	3,160,847,141	21,390,343	15,932,532	9,951,021	690,807,453	3,898,928,490		
Total finance and securities								
business loans and receivable	49,113,237,862	1,810,458,683	422,518,589	268,515,767	1,977,084,803	53,591,815,704		
Add : Accrued interest receivable	55,693,445	24,100,554	-	-	-	79,793,999		
Total finance and securities								
business loans and receivable								
and accrued interest receivable	49,168,931,307	1,834,559,237	422,518,589	268,515,767	1,977,084,803	53,671,609,703		

(Unit : Baht)

Consolidated as at 31 December 2004

	The Company Only						Subsidiaries	Total
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts	Total		
Agricultural and mining	152,753,271	1,184,580	487,300	-	-	154,425,151	-	154,425,151
Manufacturing and commerce	4,974,714,205	85,097,432	98,980,159	8,902,356	309,360,437	5,477,054,589	48,013,852	5,525,068,441
Real estate and construction	2,878,751,505	30,823,031	2,753,958	257,311,392	330,600,399	3,500,240,285	-	3,500,240,285
Public utilities and services	1,731,329,461	11,695,405	241,320	1,183,037	-	1,744,449,223	-	1,744,449,223
Personal use								
Hire-purchase	30,987,603,862	1,252,381,965	292,548,269	172,435,543	53,457,907	32,758,427,546	5,815,362,439	38,573,789,985
Housing loans	1,961,263,171	60,584,342	16,872,122	4,726,599	354,033,914	2,397,480,148	-	2,397,480,148
Securities	-	-	-	-	-	-	1,224,893,843	1,224,893,843
Others	3,029,139,278	22,782,928	8,815,554	17,329,261	698,112,316	3,776,179,337	88,210,137	3,864,389,474
Total finance and securities								
business loans and receivable	45,715,554,753	1,464,549,683	420,698,682	461,888,188	1,745,564,973	49,808,256,279	7,176,480,271	56,984,736,550
Add : Accrued interest receivable	60,533,395	20,754,426	-	-	-	81,287,821	36,102,318	117,390,139
Total finance and securities								
business loans and receivable								
and accrued interest receivable	45,776,088,148	1,485,304,109	420,698,682	461,888,188	1,745,564,973	49,889,544,100	7,212,582,589	57,102,126,689

(Unit : Baht)

The Company only as at 31 December 2004

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad Debts	Total
Agricultural and mining	152,753,271	1,184,580	487,300	-	-	154,425,151
Manufacturing and commerce	4,974,714,205	85,097,432	98,980,159	8,902,356	309,360,437	5,477,054,589
Real estate and construction	2,878,751,505	30,823,031	2,753,958	257,311,392	330,600,399	3,500,240,285
Public utilities and services	1,731,329,461	11,695,405	241,320	1,183,037	-	1,744,449,223
Personal use						
Hire-purchase	30,987,603,862	1,252,381,965	292,548,269	172,435,543	53,457,907	32,758,427,546
Housing loans	1,961,263,171	60,584,342	16,872,122	4,726,599	354,033,914	2,397,480,148
Others	3,029,139,278	22,782,928	8,815,554	17,329,261	698,112,316	3,776,179,337
Total finance and securities						
business loans and receivable	45,715,554,753	1,464,549,683	420,698,682	461,888,188	1,745,564,973	49,808,256,279
Add : Accrued interest receivable	60,533,395	20,754,426	-	-	-	81,287,821
Total finance and securities						
business loans and receivable						
and accrued interest receivable	45,776,088,148	1,485,304,109	420,698,682	461,888,188	1,745,564,973	49,889,544,100

9.4 As at 30 June 2005, the Company had loans and receivable of approximately Baht 2,680 million (as at 31 December 2004 : Baht 2,645 million) on which the recognition of interest income would be ceased under the Bank of Thailand's guidelines (i.e. accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date). However, the total loans and receivables on which the Company has actually ceased accruing interest in accordance with its accounting policy (as described in Note 3.1 (a) to financial statements), amounted to approximately Baht 4,862 million (as at 31 December 2004 : Baht 5,099 million), with Baht 4,068 million of such amount being loans and receivables, for which a 100 percent allowance for doubtful debts has been provided against the unsecured portion. The above amounts are calculated on an account-by-account basis.

As at 30 June 2005, the local subsidiaries had securities business loans and receivable, hire-purchase receivable, financial lease receivable and other loans and receivables totaling Baht 761 million, on which the recognition of income had been suspended (as at 31 December 2004 : Baht 676 million), with Baht 417 million of such amount being loans and receivables, for which a 100 percent allowance for doubtful debts has been provided.

Unearned interest income totaling Baht 5,881 million (the Company only : Baht 4,641 million) is presented as a deduction against finance business loans and receivable (as at 31 December 2004 : Baht 5,321 million and the Company only : Baht 4,196 million).

9.5 As at 30 June 2005, the Company's loans and receivable include restructured loans and receivables amounting to approximately Baht 1,002 million (net of collateral values). As a result of restructuring, the due date for the first repayment of these restructured loans and receivable has been rescheduled. In addition, the Company has another approximately Baht 26 million of loans and receivable (net of collateral values) which are in the process of being restructured, against which an allowance for possible loan loss of approximately Baht 153 million has been provided for.

9.6 Troubled Debt Restructuring

During the period, the Company entered into troubled debt restructuring agreements with 33 debtors, with aggregate loan balance (before restructuring) of approximately Baht 377 million.

As at 30 June 2005, the number of debtors which were subjected to debt restructuring amounted to 1,143 as summarised below.

Type of restructuring	Number of receivables	Outstanding loan	Type of assets transferred	Fair value
		balance before restructuring		of transferred assets
		Million Baht		Million Baht
Transfer of assets	23	2,600	Land	20
			Land and premises	2,468
Transfer of equity securities	5	789	Equity securities	414
Transfer of assets and equity securities and modification	3	898	Land	198
			Equity securities	14
			Machinery	22
Transfer of equity securities and modification of terms	44	3,871	Equity securities	1,218
			Debt securities	21
Transfer of assets and modification of terms	12	2,191	Land and premises	465
			Equity securities	190
			Air conditioners	2
Modification of terms	1,056	21,352		
Total	1,143	31,701		5,032

The balance of the restructured debts as at 30 June 2005 amounted to approximately Baht 3,166 million (as at 31 December 2004 : Baht 3,420 million).

During the six-month period ended 30 June 2005, the Company recognised interest income on restructured receivables totaling Baht 24 million, received repayments of principal and interest from the restructured receivables totaling Baht 510 million and there was no loss from restructuring

(for the six-month period ended 30 June 2004: Baht 18 million, Baht 743 million and there was no losses from restructuring, respectively).

10. ALLOWANCE FOR DOUBTFUL ACCOUNTS / ALLOWANCE FOR LOSS ON DEBT RESTRUCTURING

10.1 Allowance for doubtful accounts

(Unit : Baht)

Consolidated as at 30 June 2005							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of period	763,477,090	38,367,951	104,331,637	295,255,259	1,830,234,568	897,205,431	3,928,871,936
Increase (decrease) in allowance for doubtful accounts during the period	9,379,887	10,035,380	35,189,621	(80,778,705)	265,115,964	(125,894,407)	113,047,740
Bad debt written - off	-	-	(55,413)	(3,220,071)	(218,278,820)	-	(221,554,304)
Balance - end of period	<u>772,856,977</u>	<u>48,403,331</u>	<u>139,465,845</u>	<u>211,256,483</u>	<u>1,877,071,712</u>	<u>771,311,024</u>	<u>3,820,365,372</u>

(Unit : Baht)

The Company only as at 30 June 2005							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of period	704,169,329	29,826,615	80,183,486	271,006,463	1,321,584,128	824,278,635	3,231,048,656
Increase (decrease) in allowance for doubtful accounts during the period	16,136,763	8,371,697	20,702,542	(104,243,619)	242,807,843	(138,616,680)	45,158,546
Bad debt written - off	-	-	(55,413)	(3,125,841)	(112,736,777)	-	(115,918,031)
Balance - end of period	<u>720,306,092</u>	<u>38,198,312</u>	<u>100,830,615</u>	<u>163,637,003</u>	<u>1,451,655,194</u>	<u>685,661,955</u>	<u>3,160,289,171</u>

(Unit : Baht)

Consolidated as at 31 December 2004							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of year	547,175,766	28,657,396	74,830,763	122,248,327	2,440,576,565	1,054,352,430	4,267,841,247
Increase (decrease) in allowance for doubtful accounts during the year	254,546,708	9,710,555	133,025,354	211,869,559	(307,210,754)	(140,794,880)	161,146,542
Bad debt written - off	(38,245,384)	-	(103,524,480)	(38,862,627)	(303,131,243)	(16,352,119)	(500,115,853)
Balance - end of year	<u>763,477,090</u>	<u>38,367,951</u>	<u>104,331,637</u>	<u>295,255,259</u>	<u>1,830,234,568</u>	<u>897,205,431</u>	<u>3,928,871,936</u>

(Unit : Baht)

The Company only as at 31 December 2004							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance - beginning of year	498,421,164	23,953,018	60,090,729	94,400,724	1,890,798,541	982,181,087	3,549,845,263
Increase (decrease) in allowance for doubtful accounts during the year	243,938,691	5,873,597	123,612,168	213,571,145	(344,049,168)	(141,550,333)	101,396,100
Bad debt written - off	(38,190,526)	-	(103,519,411)	(36,965,406)	(225,165,245)	(16,352,119)	(420,192,707)
Balance - end of year	<u>704,169,329</u>	<u>29,826,615</u>	<u>80,183,486</u>	<u>271,006,463</u>	<u>1,321,584,128</u>	<u>824,278,635</u>	<u>3,231,048,656</u>

10.2 Allowance for loss on debt restructuring

(Unit : Baht)

	The Company Only	
	30 June 2005	31 December 2004
Balance - beginning of period	359,502,073	331,789,594
Increase during period	12,647	137,059,163
Written-off	(41,934,312)	(109,346,684)
Balance - end of period	317,580,408	359,502,073

Under the Bank of Thailand's guidelines concerning the loan loss provisioning, the Company would have been required to provide an allowance for doubtful debts as at 30 June 2005 of approximately Baht 2,295 million (as at 31 December 2004 : Baht 2,265 million) against its loans and receivables, including those undergoing debt restructuring. However, the Company has set up an allowance for doubtful debts and allowance for loss on debt restructuring totaling Baht 3,478 million (as at 31 December 2004 : Baht 3,590 million), or Baht 1,183 million (as at 31 December 2004 : Baht 1,325 million) more than the required amount.

The allowance for doubtful debts of Baht 3,478 million, as mentioned above, consists of allowance for doubtful debts of Baht 2,101 million set aside for the unsecured portion of loans amounting Baht 4,068 million at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,377 million set up for the other loans and receivables.

As at 30 June 2005, the Company had outstanding non-performing loans and receivables of approximately Baht 2,668 million, against which an allowance for doubtful debts of Baht 1,682 million has been provided.

The Company's management believes that this allowance is sufficient to cover possible losses on debt collection.

11. CLASSIFICATION OF ASSETS

11.1 Investment in securities

As at 30 June 2005 and 31 December 2004, the investment in securities of the Company included the following :-

- a) With respect to investment of approximately Baht 60 million in subordinated debentures issued by a financial institution which the Bank of Thailand ordered closed on 8 December 1997, the Company has made full provision for loss on these securities.
- b) Investments in securities of the companies which are vulnerable to delisting, of the companies of which the auditors have expressed their opinion with the going concern issue, or of the companies which have defaulted on their interest payments (including investments in sub debentures, as discussed in Note 11.1 a)) are summarised below.

	(Unit : Million Baht)					
	Cost		Fair Value		Allowance for possible loss provided in the accounts ⁽¹⁾	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Debt instruments - debentures	60	60	-	-	60	60
Equity instruments - ordinary shares	210	210	-	-	210	210
Equity instruments - preferred shares	2	2	-	-	2	2

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

11.2 Classification of assets under the Bank of Thailand's guidelines.

As at 30 June 2005 and 31 December 2004, the Company classified its assets and made allowances against those assets in accordance with the Bank of Thailand's guidelines. They are summarised below.

(Unit : Million Baht)

	Debt balance		Debt balance after net off collateral		Percentage required by BOT ⁽³⁾	Allowance for doubtful accounts			
						Amounts to be provided under BOT's guidelines		Amounts already set up by the Company	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004		30 June 2005	31 December 2004	30 June 2005	31 December 2004
Loans and receivable ⁽¹⁾⁽²⁾									
Pass	49,113	45,715	40,454	37,181	1	395	363	720	704
Special mention	1,810	1,464	1,745	1,358	2	35	27	38	30
Substandard	423	421	401	392	20	88	76	101	80
Doubtful	269	462	245	202	50	156	136	164	271
Bad debts	1,977	1,746	1,303	1,304	100	1,303	1,303	1,451	1,321
Total	53,592	49,808	44,148	40,437		1,977	1,905	2,474	2,406
Loss on receivable under troubled									
debt restructuring	-	-	-	-		318	360	318	360
Total	53,592	49,808	44,148	40,437		2,295	2,265	2,792	2,766
General reserve									
Total								686	824
								3,478	3,590
Investment in securities									
Bad debts									
Debt instruments	61	62	61	62	100	61	62	61	62
Equity instruments	620	510	620	510	100	620	510	620	510
Total	681	572	681	572		681	572	681	572
Investment in receivables									
Bad debts	7	7	-	-	100	-	-	-	-
Properties foreclosed									
Land	85	86	85	86	100	85	86	85	86
Total classified assets	54,365	50,473	44,914	41,095		3,061	2,923	4,244	4,248

⁽¹⁾ Allowance for doubtful accounts for loans and receivable is determined based on debt balance less collateral value.

⁽²⁾ Interest receivable are not included in pass and special mention debt balance.

⁽³⁾ In accordance with BOT guidelines, provisioning rates for normal debt and special mention debt are at rates of at least 1 or 2 percent, respectively, or at a lower rate calculated in accordance with guidelines and conditions stipulated by the BOT. However, the Company is still setting aside provision for normal debt and special mention debt at rates of at least 1 or 2 percent, respectively.

The assets classified above are presented in accordance with the assets classification report which the Company prepared and submitted to the Bank of Thailand, and include loans, receivable and interest accrued on loans, investment in securities and properties foreclosed. As at 30 June 2005 and 31 December 2004, in accordance with the BOT's guidelines, the Company has provided an allowance amounting to Baht 4,244 million and Baht 4,248 million, respectively against its loans and receivable, investment in securities and properties foreclosed.

The allowance for possible loan losses has been determined after taking into account the value of collateral in accordance with the Bank of Thailand's guidelines, and includes the allowance required against restructured debts.

A portion of the above classified loans and receivable includes debts due from companies with weak financial position and operating results. These amounts and allowance for doubtful accounts are as follows:-

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2005	2004	2005	2004	2005	2004	2005	2004
				(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Companies vulnerable to delisting	-	3	-	81	-	34	-	81
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	14	14	862	818	304	243	572	575
3. Listed companies of which shares have been suspended for trading	1	-	15	-	-	-	15	-
4. Listed companies under rehabilitation	13	9	771	372	364	36	530	316
5. Companies having loan default problem	26	24	1,110	1,398	502	733	646	800
6. Companies having going concern issue as cited in auditors' report	-	2	-	22	-	2	-	20
Total	54	52	2,758	2,691	1,170	1,048	1,763	1,792

11.3 Classification of assets in accordance with the Notification of the Office of the Securities and Exchange Commission

As at 30 June 2005 and 31 December 2004, a local subsidiary operating in the securities business in Thailand classified its securities business receivable and accrued interest receivable, and provided related allowances for doubtful accounts, in accordance with the notification of the Office of the Securities and Exchange Commission (SEC) as follows.

(Unit : Million Baht)

	Securities business receivable and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Substandard	56	55	-	-	-	-
Doubtful	328	416	328	416	328	416
Total	<u>384</u>	<u>471</u>	<u>328</u>	<u>416</u>	328	416
General reserve					82	73
Total					<u>410</u>	<u>489</u>

Substandard debts represent the receivable balances with a value equivalent to that of their collateral.

11.4 Hire-purchase receivable/financial lease receivable and other loan receivable of the subsidiaries

As at 30 June 2005 and 31 December 2004, hire-purchase receivable, financial lease receivable and other loan receivable of the subsidiaries are classified by the due date of the contracts as follows :-

(Unit : Million Baht)

	Debt balances		Allowance for doubtful accounts provided in the accounts	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Current or overdue less than 90 days	5,961	5,738	62	67
Overdue				
91 - 365 days	288	170	86	48
More than 1 year	50	56	50	56
Debtors under litigation	39	38	39	38
Total	<u>6,338</u>	<u>6,002</u>	237	209
General reserve			13	-
Total			<u>250</u>	<u>209</u>

12. PROPERTY FORECLOSED

Property foreclosed represents assets transferred from loans, hire purchase receivable on which the debtors had defaulted on their repayment obligations under the loan contracts or restructured receivables. The value of the assets are stated at the lower of the loans balance or market/appraisal value.

Details of the property foreclosed as at 30 June 2005 and 31 December 2004 are as follows :-

	Consolidated		The Company Only	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
(Unit : Baht)				
Foreclosed assets :				
Immovable assets				
Balance - beginning of the period	1,311,210,578	1,544,756,342	1,323,020,578	1,494,064,517
Addition	-	76,276,200	-	92,456,200
Disposal	(22,958,715)	(309,821,964)	(22,958,715)	(263,500,139)
Balance - end of the period	1,288,251,863	1,311,210,578	1,300,061,863	1,323,020,578
Movable assets				
Balance - beginning of the period	6,263,944	1,061,603	819,060	572,322
Addition	385,690,995	448,530,208	190,810,804	227,351,758
Disposal	(382,037,483)	(443,327,867)	(190,796,717)	(227,105,020)
Balance - end of the period	9,917,456	6,263,944	833,147	819,060
Allowance for impairment :				
Balance - beginning of the period	87,116,467	131,611,018	85,819,839	85,916,627
Increase	5,653,697	4,887,289	601,272	336,432
Decrease	(4,522,942)	(49,381,840)	(1,453,867)	(433,220)
Balance - end of the period	88,247,222	87,116,467	84,967,244	85,819,839
Property foreclosed - net	1,209,922,097	1,230,358,055	1,215,927,766	1,238,019,799

13. LAND, PREMISES AND EQUIPMENT

(Unit : Baht)

	Consolidated					Total
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Vehicles	
Cost :						
31 December 2004	467,818,877	925,481,091	496,711,072	292,231,305	88,355,584	2,270,597,929
Translation adjustment	-	-	1,308,019	-	-	1,308,019
Addition/Transfer in	12,187,848	35,102,200	49,134,061	74,469,432	28,995,843	199,889,384
Disposal/Transfer out	-	-	(39,763,288)	(21,011,387)	(10,827,040)	(71,601,715)
30 June 2005	480,006,725	960,583,291	507,389,864	345,689,350	106,524,387	2,400,193,617
Accumulated depreciation :						
31 December 2004	-	216,449,423	387,340,033	181,962,360	44,139,193	829,891,009
Translation adjustment	-	-	820,746	-	-	820,746
Depreciation charge for the six-month period	-	27,895,776	25,762,446	7,942,985	8,640,994	70,242,201
Transfer in/out	-	-	19,523,876	(19,523,876)	-	-
Disposal	-	-	(35,540,277)	(1,474,554)	(4,798,606)	(41,813,437)
30 June 2005	-	244,345,199	397,906,824	168,906,915	47,981,581	859,140,519
Net book value :						
31 December 2004	467,818,877	709,031,668	109,371,039	110,268,945	44,216,391	1,440,706,920
30 June 2005	480,006,725	716,238,092	109,483,040	176,782,435	58,542,806	1,541,053,098
Depreciation charge included in earnings statements for the six-month periods ended 30 June:						
2004						62,897,728
2005						70,242,201

(Unit : Baht)

The Company Only

	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Vehicles	Total
Cost :						
31 December 2004	302,494,643	599,516,548	203,920,757	207,884,309	61,380,899	1,375,197,156
Addition/Transfer in	12,187,848	35,102,200	40,744,083	72,259,556	17,315,654	177,609,341
Disposal/Transfer out	-	-	(14,773,482)	(20,805,286)	(7,480,538)	(43,059,306)
30 June 2005	314,682,491	634,618,748	229,891,358	259,338,579	71,216,015	1,509,747,191
Accumulated depreciation :						
31 December 2004	-	185,862,012	148,356,092	112,003,933	28,991,205	475,213,242
Depreciation charge for the six-month period	-	17,106,336	15,414,195	5,182,208	5,873,298	43,576,037
Transfer in/out	-	-	19,523,876	(19,523,876)	-	-
Disposal	-	-	(10,783,318)	(1,268,459)	(2,479,200)	(14,530,977)
30 June 2005	-	202,968,348	172,510,845	96,393,806	32,385,303	504,258,302
Net book value :						
31 December 2004	302,494,643	413,654,536	55,564,665	95,880,376	32,389,694	899,983,914
30 June 2005	314,682,491	431,650,400	57,380,513	162,944,773	38,830,712	1,005,488,889
Depreciation charge included in earnings statements for the six-month periods ended 30 June :						
2004						33,656,115
2005						43,576,037

14. OTHER ASSETS

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Value added tax - net	461,079,826	379,814,340	454,602,658	369,068,999
Accrued interest receivable	10,494,601	20,949,252	10,689,708	20,956,832
Fee and charges receivable	148,459,840	188,058,984	90,226,527	115,884,554
Prepaid income tax	34,410,662	67,949,098	26,846,233	53,848,251
Deferred computer system development cost - net	62,616,043	40,737,595	45,284,146	27,835,864
Deposits	18,725,383	13,503,606	7,773,527	2,591,399
Other receivables	74,011,499	168,500,455	63,428,324	161,853,548
Other assets	126,406,244	101,294,196	62,004,960	32,684,235
Total other assets	936,204,098	980,807,526	760,856,083	784,723,682

15. BORROWINGS AND DEPOSITS

15.1 Classified by source of borrowings and deposits

(Unit : Baht)

	Consolidated					
	30 June 2005			31 December 2004		
	Promissory notes	Others	Total	Promissory notes	Others	Total
From public	32,259,269,818	13,976,772,484	46,236,042,302	31,609,867,745	8,609,605,216	40,219,472,961
From banks	260,000,000	2,011,463,917	2,271,463,917	775,000,000	1,421,406,920	2,196,406,920
From financial institutions	2,147,000,000	69,281,877	2,216,281,877	2,110,860,000	-	2,110,860,000
From foreign countries	101,654,772	-	101,654,772	113,612,829	-	113,612,829
Total borrowings and deposits	<u>34,767,924,590</u>	<u>16,057,518,278</u>	<u>50,825,442,868</u>	<u>34,609,340,574</u>	<u>10,031,012,136</u>	<u>44,640,352,710</u>

(Unit : Baht)

	The Company Only					
	30 June 2005			31 December 2004		
	Promissory notes	Others	Total	Promissory notes	Others	Total
From public	32,304,282,524	12,957,182,958	45,261,465,482	31,627,615,480	7,577,521,745	39,205,137,225
From banks	-	283,028,142	283,028,142	500,000,000	82,132,808	582,132,808
From financial institutions	2,265,500,000	-	2,265,500,000	3,569,860,000	-	3,569,860,000
From foreign countries	101,654,772	-	101,654,772	113,612,829	-	113,612,829
Total borrowings and deposits	<u>34,671,437,296</u>	<u>13,240,211,100</u>	<u>47,911,648,396</u>	<u>35,811,088,309</u>	<u>7,659,654,553</u>	<u>43,470,742,862</u>

15.2 Classified by the remaining period of contract

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
At call	1,527,187,234	2,797,741,573	1,604,548,104	4,151,096,462
Not over 1 year (included contracts which are due)	39,314,705,927	32,052,090,231	36,346,594,511	29,561,234,889
Over 1 year	<u>9,983,549,707</u>	<u>9,790,520,906</u>	<u>9,960,505,781</u>	<u>9,758,411,511</u>

Total borrowings and deposits	<u>50,825,442,868</u>	<u>44,640,352,710</u>	<u>47,911,648,396</u>	<u>43,470,742,862</u>
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16. DEBENTURES

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Subordinated debentures	331,000,000	331,000,000	331,000,000	331,000,000
Unsubordinated unsecured debentures	5,610,000,000	5,610,000,000	4,800,000,000	4,800,000,000
	<u>5,941,000,000</u>	<u>5,941,000,000</u>	<u>5,131,000,000</u>	<u>5,131,000,000</u>

16.1 Subordinated debentures

During 1999 the Company issued Baht 331 million of unsecured subordinated debentures (331 units with a par value of Baht 1,000,000 each) which were sold to the Ministry of Finance under the Tier II capital support scheme. The Ministry of Finance assisted the Company by purchasing the Company's newly issued subordinated debentures in order to increase its Tier II capital fund to a level in accordance with the regulations of the Bank of Thailand. The debentures bear interest at rates of 5% and 6% per annum and mature in 2009. The Company immediately used the money from the sale of these debentures to invest in government bonds issued by the Ministry of Finance, in accordance with the conditions of the Tier II capital support scheme.

16.2 Unsubordinated and unsecured debentures

16.2.1 In 2002 the Company issued Baht 4,800 million of unsubordinated and unsecured debentures, maturing in 2007, consisting of :-

- a) 2 million debentures with a face value of Baht 1,000 each, totaling Baht 2,000 million. These debentures bear interest at a rate of 4.25 percent per annum.
- b) 1 million debentures with a face value of Baht 1,000 each, totaling Baht 1,000 million. These debentures bear interest at a rate of 3.5 percent per annum in the first and second years and thereafter at a floating rate equivalent to the reference rate plus 0.5 percent per annum, which rate shall not be less than 3.75 percent per annum and shall not exceed 5 percent, 5.5 percent and 6 percent per annum in the third, fourth and fifth years, respectively.
- c) 1.8 million debentures with a face value of Baht 1,000 each, totaling Baht 1,800 million. These debentures carry interest at a floating rate equivalent to a rate of 6

percent minus the reference rate per annum in the first, second and third years and thereafter at a rate of 3.8 percent per annum.

In respect of the Baht 2,800 million of debentures discussed in (b) and (c) above, the Company entered into interest rate swap agreements to swap the floating interest rate to a fixed interest rate. The agreement expires in 2007.

- 16.2.2 In September 2003, a subsidiary company issued Baht 400 million of unsubordinated and unsecured debentures, consisting of 400,000 debentures with a face value of Baht 1,000 each. These debentures bear interest at a rate of 3.25 percent per annum, maturing in 2006. The subsidiary company is required to comply with debenture issuance conditions and maintain certain financial ratio.

In addition, an another subsidiary company has invested a total of Baht 90 million in these debentures.

- 16.2.3 In October 2003, a subsidiary company issued Baht 500 million of 3-year amortising unsecured and unsubordinated debentures (500,000 units with a face value of Baht 1,000 each). These debentures bear interest at a rate of 3.2 percent per annum. The issuer will repay the principal of the debentures in four periods, the first of which will start on 6 January 2006 and interest will be paid quarterly beginning 6 January 2004. Such subsidiary company is required to comply with debenture issuance conditions and maintain certain financial ratio.

17. OTHER LIABILITIES

	(Unit : Baht)			
	Consolidated		The Company Only	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Corporate income tax payable	228,998,381	139,914,245	88,288,683	-
Withholding income tax and other tax payable	47,592,191	168,173,261	31,141,417	82,822,767
Accrued insurance premium	348,372,524	287,484,326	283,973,213	231,121,253
Other liabilities	372,155,839	325,002,576	190,580,574	190,699,878
Total other liabilities	997,118,935	920,574,408	593,983,887	504,643,898

18. SHARE CAPITAL AND WARRANTS

- a) The Company has a registered capital of Baht 11,002 million which, according to the documents filed with the Ministry of Commerce in 1999, comprises 100.2 million ordinary shares and 1,000 million preference shares, both with a par value of Baht 10 each. The preference shares can be, and were from time to time, converted to ordinary shares in accordance with the Memorandum and Articles of Association. Up to 30 June 2005, 434,776,220 preference shares had been converted into ordinary shares, and such conversion registered with the authorities.

As at 30 June 2005, there remained a total of 185,569,780 preference shares which are eligible for conversion to ordinary shares.

- b) The preference shares have the same rights and benefits as ordinary shares, with added rights and benefits that the holders of preference shares receive dividend for each of the year that the Company pays dividend prior to the holders of ordinary shares at the rate of 1 Baht per share. Additionally, the holders of preference shares are entitled to share the leftover dividend with the holders of ordinary shares. In the year that the Company does not declare dividend payment to the holders of ordinary shares, the Company may declare dividend payment at the above-mentioned rate to the holders of preference shares. The holders of preference shares shall be entitled to receive dividend only in the years in which the Company has declared dividend payment. Dividend shall not be made up in subsequent years for the years that the Company did not declare dividend payment. Since 30 June 2009, the rights and benefits of the preference shareholders shall be equal to the holders of ordinary shares.
- c) On 10 April 2000, the annual general meeting of the Company's shareholders passed a resolution approving the allocation to directors and employees of the Company and its subsidiaries a total of 30 million, 5-year, non-negotiable warrants to purchase the Company's preference shares, exercisable in a ratio of 1 warrant to 1 preference share, and passed a resolution approving the establishment an Allotment Committee. Such committee resolved that the warrants would not be allocated to the Company's directors, except for those directors who were qualified by virtue of being the Company employees. The exercise price of the warrants was stipulated at 75 percent of the ten-trading-day average closing price of the Company's preference shares prior to the effective date of the filing, subject to a minimum price of par value. The warrants are to be offered subsequent to the receipt of approval from the Office of the Securities and Exchange Commission. In addition, the annual general meeting passed a resolution approving the un-allocation of 400 million preference shares (including 300 million preference shares which were to be reserved for the conversion of convertible debentures). Thirty million preference shares with a par value of Baht 10 each are to be reserved for the exercise of the warrants to be issued and offered to directors and employees of the Company and its subsidiaries to purchase the Company's preference shares, leaving 370 million unallocated preference shares.

On 24 April 2002, the annual general meeting of the Company's shareholders passed a resolution approving the exercise price of warrants at 75 percent of the ten-trading-day average closing price of the Company's preference shares prior to the date of warrant allocation, subject to a minimum price of par value.

Up to 30 June 2005, the Company allocated 30,000,000 warrants (included 638,000 warrants received from resigned employees), and employees who had been allocated warrants had exercised their rights to purchase a total of 8,820,000 preference shares, at an exercise price of Baht 10 each, amounting to Baht 88,200,000 and 4,652,000 preference shares at an exercise price of Baht 11.31 each, a total of Baht 52,614,120 and 4,351,500 preference shares at an exercise price of Baht 13.20 each, a total of Baht 57,439,800 and 2,522,500 preference shares at an exercise price of Baht 14.94 each, amounting to Baht 37,686,150 of which 20,346,000 preference shares registered with the Ministry of Commerce.

As at 30 June 2005, 9,654,000 warrants remained unexercised.

19. CAPITAL FUND

As at 30 June 2005 and 31 December 2004, the capital funds maintained by the Company in accordance with Section 4 of the Act on Undertaking of Finance Business, Finance and Securities Business and Credit Foncier Business B.E. 2522 were as follows :-

	(Unit : Thousand Baht)	
	The Company Only	
	30 June 2005	31 December 2004
<u>Tier I</u>		
Issued and fully paid up share capital	7,205,460	7,180,310
Premium on share capital	68,980	59,707
Statutory reserve	254,600	254,600
Retained earnings - unappropriated	2,388,715	2,512,295
Total Tier I	9,917,755	10,006,912

(Unit : Thousand Baht)

	The Company Only	
	30 June 2005	31 December 2004
<u>Tier II</u>		
Subordinated debentures	264,800	331,000
Reserve for loans classified as pass	720,306	704,169
Reserve for revaluation of equity securities - available for sales	175,083	158,818
Total Tier II	1,160,189	1,193,987
Total capital fund	11,077,944	11,200,899

The capital ratios of the Company are as follows :-

	The Company Only			
	30 June 2005		31 December 2004	
	Company	Requirement	Company	Requirement
Tier I capital to risk assets	16.44%	4.00%	17.48%	4.00%
Total capital to risk assets	18.36%	8.00%	19.57%	8.00%
Total capital to issued and paid-up share capital	153.74%	75.00%	155.99%	75.00%

20. STATUTORY RESERVE

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5% of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. The statutory reserve could not be used for dividend payment.

21. SURPLUS ON CHANGES IN THE VALUE OF INVESTMENTS

	(Unit : Baht)	
	Consolidated / The Company Only	
	30 June 2005	31 December 2004
Balance - beginning of the period	1,365,419,480	1,472,433,142
Increase (decrease) in changes in the value of securities during the period	(64,141,031)	(107,013,662)
	1,301,278,449	1,365,419,480
Less : The effect of income tax liabilities	(121,851,130)	(110,035,923)
Balance - end of the period	1,179,427,319	1,255,383,557

22. GAIN (LOSS) ON INVESTMENTS

Gain (loss) on investments for the six-month periods ended 30 June 2005 and 2004 consist of the following :-

(Unit : Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Unrealised gain (loss) on investments	(5,169,828)	(30,400,538)	(5,257,554)	(11,869,302)
Realised gain (loss) on investments	134,287,750	(25,395,937)	5,050,703	(28,793,979)
Total	<u>129,117,922</u>	<u>(55,796,475)</u>	<u>(206,851)</u>	<u>(40,663,281)</u>

23. DIRECTORS' REMUNERATION

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

24. CORPORATE INCOME TAX

Corporate income tax expenses for the six-month periods ended 30 June 2005 and 2004 were arrived at as follows:

(Unit : Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Income tax payable on taxable profit for the period	249,720,110	258,708,531	99,866,475	50,908,116
Add (less) : Net decrease (increase) in deferred tax on temporary differences	52,619,310	111,935,562	79,332,535	113,797,915
Less : Utilisation of income tax benefits on tax loss carried forward	-	(50,908,116)	-	(50,908,116)
Income tax expenses - net	<u>302,339,420</u>	<u>319,735,977</u>	<u>179,199,010</u>	<u>113,797,915</u>

As at 30 June 2005 and 31 December 2004, deferred tax assets and deferred tax liabilities arose from the following temporary differences:

(Unit : Thousand Baht)

	Consolidated		The Company only	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Allowance for doubtful accounts (general reserve)	919,309	1,033,531	665,621	824,278
Allowance for doubtful accounts for VAT receivables	32,807	27,305	-	-
Allowance for impairment of investments	553,089	547,832	553,039	547,781
Allowance for impairment of property foreclosed	84,987	87,142	84,967	85,820
Non - accrual of interest income	1,077,859	1,170,652	1,018,549	1,119,418
Depreciation of assets	46,353	52,644	34,865	37,726
Financial leases	219,794	207,421	-	-
Revaluation surplus on changes in the value of investment	(390,419)	(366,786)	(390,419)	(351,760)
Others	12,055	10,745	9,797	16,256
	2,555,834	2,770,486	1,976,419	2,279,519
Deferred tax assets (30%)	766,750	831,146	592,926	683,856
Non-accrual of interest income	(12,835)	-	-	-
Depreciation of assets	(6,058)	-	-	-
Revaluation surplus on changes in the value of investment	15,751	-	-	-
Others	3,271	-	-	-
	129	-	-	-
Deferred tax liabilities (30%)	39	-	-	-

25. DIVIDEND PAYMENT

On 28 April 2004, the annual general meeting of the Company's shareholders passed a resolution approving the payment of a dividend of Baht 1.65 per share for the preference shares and of Baht 0.65 per share for the ordinary shares, a total of Baht 649 million. The dividend was paid on 26 May 2004.

On 26 April 2005, the annual general meeting of the Company's shareholders passed a resolution approving the payment of a dividend of Baht 2.30 per share for the preference shares and of Baht 1.30 per share for the ordinary shares, a total of Baht 1,120 million. The dividend was paid on 24 May 2005.

26. PROVIDENT FUND

The Company, its seven subsidiaries and their employees have jointly registered provident fund schemes under the Provident Fund Act B.E. 2530. The funds are contributed to by both the employees and the companies at rates of 5-10 percent of their employees' salaries depending on the number of years of service. The funds will be paid to the employees upon termination in accordance with the rules of the funds, and they are managed by the Bangkok Bank Public Company Limited. During the six-month period ended 30 June 2005, Baht 22 million has been contributed to the funds by the Company and its subsidiaries (the Company only : Baht 11 million).

27. NUMBER OF EMPLOYEES

	Consolidated		The Company Only	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Number of employees at the end of period (persons)	1,413	1,327	745	667

28. RECONCILIATION OF DILUTED EARNINGS PER SHARE

	For the three-month periods ended 30 June					
	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	2005	2004	2005	2004	2005	2004
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net earnings	400,047	389,702	534,976	530,674	0.75	0.73
Effect of dilutive securities						
Preference shares (including 9.7 million warrants to purchase preference shares (2004: 9.6 million warrants))	-	-	195,224	194,962		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares	400,047	389,702	730,200	725,636	0.55	0.54

For the six-month periods ended 30 June

	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	2005	2004	2005	2004	2005	2004
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net earnings	917,165	991,943	534,458	530,669	1.72	1.87
Effect of dilutive securities						
Preference shares (including 9.7 million warrants to purchase preference shares (2004: 9.6 million warrants))	-	-	195,742	194,967		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares	917,165	991,943	730,200	725,636	1.26	1.37

29. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents represent cash in hand and all types of bank deposits, except certificates of deposit, in accordance with the Notification of the Bank of Thailand regarding the format of the balance sheets and earnings statements of finance companies, finance and securities companies and credit foncier companies, dated 10 May 2001.

Cash and cash equivalents as reflect in the statements of cash flows as at 30 June 2005 and 2004 consist of the following :-

	(Unit : Baht)			
	Consolidated		The Company Only	
	2005	2004	2005	2004
Cash	7,680,409	6,168,504	4,752,285	3,059,763
Cash at banks and financial institutions	1,505,187,385	1,182,020,242	674,795,944	255,777,092
Cash and cash equivalents	1,512,867,794	1,188,188,746	679,548,229	258,836,855

30. RELATED PARTY TRANSACTIONS

During the three-month and six-month periods ended 30 June 2005 and 2004, the Company had significant business transactions with its subsidiary and related companies (related by way of common shareholders and/or common directors). Such transactions have been concluded on the terms and basis as determined by the Company and those companies. Intercompany outstanding balances and transactions are summarised below :-

(Unit : Thousand Baht)

	The Company Only			
	Balance- beginning of the period	Increase	Decrease	Balance-end of the period
Outstanding balance as at 30 June 2005				
Subsidiary companies				
Receivable from sales of securities				
TISCO Securities Co., Ltd.	1,485,466	-	(1,485,466)	-
Borrowing and deposits from financial institutions and public :				
TISCO Securities Co., Ltd.	1,455,000	-	(1,348,000)	107,000
Hi-Way Co., Ltd.	-	26,015	-	26,015
Other subsidiary companies	21,748	8,573	-	30,321

(Unit : Thousand Baht)

	The Company Only		Terms and pricing policy
	2005	2004	(For the period 2005)
Transactions occurred during the three-month periods ended 30 June			
Subsidiary companies			
Risk and financial management fee and human resources management fee	7,972	7,851	In accordance with the centralized policy for supporting activities of the Company and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Account receivable management fee income and office administration fee income	12,227	10,847	Reference to the terms and price as charged to other customers
Other income	1,900	759	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	12,101	11,367	In accordance with the centralized policy for supporting activities of the Company and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Other expenses	1,594	1,246	Reference to the terms and price as charged to other customers

(Unit : Thousand Baht)

	The Company Only		Terms and pricing policy
	2005	2004	(For the period 2005)
<u>Transactions occurred during the six-month periods ended 30 June</u>			
Subsidiary companies			
Risk and financial management fee and human resources management fee	15,945	16,073	In accordance with the centralized policy for supporting activities of the Company and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Account receivable management fee income and office administration fee income	24,724	21,393	Reference to the terms and price as charged to other customers
Other income	3,800	2,991	Reference to the terms and price as charged to other customers
Computer system advisory services expenses and office administration expenses	23,627	22,308	In accordance with the centralized policy for supporting activities of the Company and subsidiary companies, which is in accordance with the Bank of Thailand's announcement
Other expenses	3,498	3,152	Reference to the terms and price as charged to other customers

Besides the above transactions, the Company has additional related party transactions with its subsidiary companies, which presented below :

For the six-month period ended 30 June 2004 :

The Company acquired investments in listed securities amounting to Baht 33 million from a subsidiary company. This subsidiary company recorded gain from this sales of investments amounting to Baht 15 million.

The Company sold property foreclosed, which are office condominium units (net book value amounting to Baht 79 million), to a subsidiary company at a price of Baht 91 million. The Company recorded a gain from disposal of such office condominium units amounting to Baht 12 million.

For the six-month period ended 30 June 2005 :

The Company acquired investments in listed securities amounting to Baht 1,156 million from a subsidiary company. This subsidiary company recorded gain from this sales of investments amounting to Baht 28 million.

Gains or loss from the above mentioned related party transactions between the Company and its subsidiary companies have been eliminated in consolidated financial statements and the financial statements of the Company under equity method.

As at 30 June 2005, 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% 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 the loans to subsidiary and related companies discussed above, and loans to employees under the employee welfare scheme, which are summarised below.

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	<u>The Company Only</u>
Loans	8,416	8,416

As at 30 June 2005, the Company has neither provided any credit nor made any commitments to companies which have directors in common with the Company in cases where such credit is unsecured or not fully collateralised and therefore would require an approval from the Bank of Thailand.

As at 30 June 2005, 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 directors.

31. FINANCIAL INFORMATION BY SEGMENT

Financial information relating to the finance business, securities business and other business segments as of 30 June 2005 and 31 December 2004 and for the three-month and six-month periods ended 30 June 2005 and 2004 is summarised below.

(Unit : Million Baht)

	For the three-month periods ended 30 June									
	Finance business		Securities business		Other business		Elimination		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest and dividend income after bad debt and doubtful accounts	808	1,068	12	11	-	-	-	(300)	820	779
Non-interest income	224	147	197	266	20	25	(51)	(49)	390	389
Operating expenses	(527)	(460)	(156)	(196)	(21)	(28)	51	52	(653)	(632)
Corporate income tax	(134)	(106)	(17)	(28)	-	-	-	-	(151)	(134)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(6)	(12)	(6)	(12)
Net earnings	371	649	36	53	(1)	(3)	(6)	(309)	400	390

(Unit : Million Baht)

	For the six-month periods ended 30 June									
	Finance business		Securities business		Other business		Elimination		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest and dividend income after bad debt and doubtful accounts	2,207	1,857	22	24	-	-	(700)	(425)	1,529	1,456
Non-interest income	423	320	522	853	40	50	(3)	(109)	982	1,114
Operating expenses	(1,011)	(904)	(328)	(378)	(42)	(54)	103	100	(1,278)	(1,236)
Corporate income tax	(234)	(169)	(68)	(151)	-	-	-	-	(302)	(320)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(14)	(22)	(14)	(22)
Net earnings	1,385	1,104	148	348	(2)	(4)	(614)	(456)	917	992

(Unit : Million Baht)

	As at									
	Finance business		Securities business		Other business		Elimination		Total	
	30 June 2005	31 December 2004	30 June 2005	31 December 2004	30 June 2005	31 December 2004	30 June 2005	31 December 2004	30 June 2005	31 December 2004
Investments in securities	10,934	7,050	537	1,947	1	1	(3,789)	(3,786)	7,683	5,212
Loans, receivable and accrued interest receivable - net	56,318	52,127	1,003	736	-	-	(195)	(50)	57,126	52,813
Other assets	5,661	8,334	3,190	2,853	37	39	(161)	(2,955)	8,727	8,271
Total assets	72,913	67,511	4,730	5,536	38	40	(4,145)	(6,791)	73,536	66,296

32. COMMITMENTS AND CONTINGENT LIABILITIES

32.1 Aval to bills and other guarantees

(Unit : Baht)

	Consolidated and the Company Only	
	30 June 2005	31 December 2004
Aval to bills	-	232,669,751
Guarantees of loans and others	262,268,415	501,692,945
Total contingent liabilities and obligations	262,268,415	734,362,696

32.2 Litigation

The Company and its subsidiaries were defendant in certain lawsuits involving compensation of approximately Baht 343 million. As at 30 June 2005, the cases were not yet final; nevertheless, the Company and its subsidiary company's management believe they will not suffer material losses (if any) from these suits.

32.3 Commitments under interest rate swap agreement

As at 30 June 2005, the Company has commitments under interest rate swap agreements covering nominal principal of Baht 5,450 million (as discussed in Note 33.2 to the financial statements).

32.4 Capital commitment

As at 30 June 2005, a subsidiary company has outstanding commitments of approximately Baht 100 million in respect of the uncalled portion of an investment in another subsidiary.

32.5 Other commitments

- a) The Company is obliged to make contributions to the Financial Institutions Development Fund, at the rate of 0.2 percent of the total outstanding balance of the Company's deposits, borrowings, and liabilities arising from borrowings, as of the last day of the previous six-month period. Contributions are to be made every 30 June and 31 December.
- b) A subsidiary company is required to pay a membership fee to the Stock Exchange of Thailand on a monthly basis, at a rate of 0.005 percent of the trading volume of its stock.

- c) The Company has commitments in relation to computer service agreement, whereby it is to pay both fixed fee and service fees which vary according to the quantity and type of service, as stipulated in the agreements.

33. FINANCIAL INSTRUMENTS

Financial instruments are any contracts which gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

As at 30 June 2005, the Company and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

33.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfil an obligation causing the Company and subsidiary companies to incur a financial loss. The amount of maximum credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the balance sheet and the off-balance sheet transactions of aval and other guarantees.

In addition, the Company and its subsidiary companies manage credit risk by the following means, in through careful consideration of credit approval process, analysis of the risk factors and the ability to service debt of customers and credit review process, which examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future.

33.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will change as a result of future changes in interest rates.

(Unit : Million Baht)

	Consolidated			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
<u>Financial assets</u>				
Cash and deposits at financial institutions	759	15	739	1,513
Loans to financial institutions	-	1,270	-	1,270
Securities purchased under resale agreements	-	641	-	641
Investments in securities - net	152	3,193	4,338	7,683
Trading transactions with securities companies - receivable	-	-	849	849
Loans and receivable	5,979	52,649	2,636	61,264
	<u>6,890</u>	<u>57,768</u>	<u>8,562</u>	<u>73,220</u>
<u>Financial liabilities</u>				
Borrowings and deposits	-	50,458	367	50,825
Trading transactions with securities companies - liabilities	-	-	157	157
Securities business payable	523	-	1,681	2,204

Debentures

-	5,941	-	5,941
<u>523</u>	<u>56,399</u>	<u>2,205</u>	<u>59,127</u>

(Unit : Million Baht)

The Company Only				
Outstanding balances of financial instruments				
	Floating	Fixed	Without	
	interest rate	interest rate	interest	Total
<u>Financial assets</u>				
Cash and deposits at financial institutions	20	-	660	680
Securities purchased under resale agreements	-	641	-	641
Investments in securities - net	152	3,072	8,290	11,514
Loans and receivable	5,847	46,217	1,608	53,672
	<u>6,019</u>	<u>49,930</u>	<u>10,558</u>	<u>66,507</u>
<u>Financial liabilities</u>				
Borrowings and deposits	-	47,616	296	47,912
Debentures	-	5,131	-	5,131
	<u>-</u>	<u>52,747</u>	<u>296</u>	<u>53,043</u>

The Company has entered into interest rate swap agreements to pay fixed rate interest in exchange for receipt of floating rate interest on the nominal principal of Baht 1,000 million. These agreements will expire in 2005 and 2008. The Company has entered into interest rate swap agreements to pay float rate interest in exchange for receipt of fixed rate interest on the nominal principal of Baht 500 million. The agreement expires in 2008.

In addition, the Company has entered into interest rate swap agreements to exchange a floating interest rate on the Baht 2,800 million debentures for a fixed interest rate. The agreement expires in 2007. The Company has also entered into interest rate swap agreements to exchange floating interest rates on loans and deposits amounting to Baht 1,150 million for a fixed interest rate. The agreements expire in 2006 and 2008.

The balances of the floating rate and fixed rate loans and receivable shown in the above table include those on which interest recognition has been ceased, and are presented before deducting provisions.

With respect to fixed rate financial instruments, the table show summarises their repricing or maturity date (whichever is the earlier) counting from the balance sheet date.

(Unit : Million Baht)

Transactions	Consolidated							Interest Rates (%)
	Repricing or maturity date						Total	
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years	Unspecified		
Financial assets								
Cash and deposits at financial institutions	4	1	10	-	-	-	15	0.357
Loans to financial institutions	370	900	-	-	-	-	1,270	2.284
Securities purchased under resale agreements	-	641	-	-	-	-	641	0.968
Investments in securities - net	-	2,345	365	470	13	-	3,193	2.699
Loans and receivable	1,785	7,069	15,193	26,697	1,587	318	52,649	7.990
	<u>2,159</u>	<u>10,956</u>	<u>15,568</u>	<u>27,167</u>	<u>1,600</u>	<u>318</u>	<u>57,768</u>	
Financial liabilities								
Borrowings and deposits	6,937	23,235	10,899	9,387	-	-	50,458	2.410
Debentures	-	-	250	5,691	-	-	5,941	4.032
	<u>6,937</u>	<u>23,235</u>	<u>11,149</u>	<u>15,078</u>	<u>-</u>	<u>-</u>	<u>56,399</u>	

(Unit : Million Baht)

Transactions	The Company Only							Interest Rates (%)
	Repricing or maturity date						Total	
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years	Unspecified		
Financial assets								
Securities purchased under resale agreements	-	641	-	-	-	-	641	0.9688
Investments in securities - net	-	2,224	365	470	13	-	3,072	2.6847
Loans and receivable	1,331	6,042	12,787	24,473	1,584	-	46,217	6.3192
	<u>1,331</u>	<u>8,907</u>	<u>13,152</u>	<u>24,943</u>	<u>1,597</u>	<u>-</u>	<u>49,930</u>	
Financial liabilities								
Borrowings and deposits	7,086	21,860	9,306	9,364	-	-	47,616	2.3518
Debentures	-	-	-	5,131	-	-	5,131	4.1610
	<u>7,086</u>	<u>21,860</u>	<u>9,306</u>	<u>14,495</u>	<u>-</u>	<u>-</u>	<u>52,747</u>	

33.3 Liquidity risk

The periods to maturity dates of financial instruments held as of 30 June 2005, counting from the balance sheet date, are as follows :-

(Unit : Million Baht)

<u>Transactions</u>	Consolidated							Total
	At call	0-3	3-12	1 – 5	Over 5	Non performing		
		months	months	years	years	Unspecified	loans	
<u>Financial assets</u>								
Cash and deposits at financial institutions	1,418	85	10	-	-	-	-	1,513
Loans to financial institutions	370	900	-	-	-	-	-	1,270
Securities purchased under resale agreements	-	641	-	-	-	-	-	641
Investments in securities – net	3,275	2,379	367	473	165	1,024	-	7,683
Trading transactions with securities								
companies – receivable	-	849	-	-	-	-	-	849
Loans and receivable	1,406	8,244	15,617	29,939	2,617	-	3,441	61,264
	<u>6,469</u>	<u>13,098</u>	<u>15,994</u>	<u>30,412</u>	<u>2,782</u>	<u>1,024</u>	<u>3,441</u>	<u>73,220</u>
<u>Financial liabilities</u>								
Borrowings and deposits	7,291	23,235	10,899	9,387	-	13	-	50,825
Trading transactions with securities								
companies – liabilities	-	157	-	-	-	-	-	157
Securities business payable	500	1,704	-	-	-	-	-	2,204
Debentures	-	-	250	5,691	-	-	-	5,941
	<u>7,791</u>	<u>25,096</u>	<u>11,149</u>	<u>15,078</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>59,127</u>
<u>Off - balance sheet items</u>								
Guarantees of loans and others	261	1	-	-	-	-	-	262

(Unit : Million Baht)

Transactions	The Company Only							Total
	At call	0-3	3-12	1 – 5	Over 5	Unspecified	Non	
		months	months	years	years		performing	
							Loans*	
Financial assets								
Cash and deposits at financial institutions	680	-	-	-	-	-	-	680
Securities purchased under resale agreements	-	641	-	-	-	-	-	641
Investments in securities - net	3,275	2,224	365	470	165	5,015	-	11,514
Loans and receivable	1,113	6,180	13,315	27,770	2,614	-	2,680	53,672
	<u>5,068</u>	<u>9,045</u>	<u>13,680</u>	<u>28,240</u>	<u>2,779</u>	<u>5,015</u>	<u>2,680</u>	<u>66,507</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Borrowings and deposits	7,369	21,860	9,306	9,364	-	13	-	47,912
Debentures	-	-	-	5,131	-	-	-	5,131
	<u>7,369</u>	<u>21,860</u>	<u>9,306</u>	<u>14,495</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>53,043</u>
Off balance sheet items								
Guarantees of loans and others	261	1	-	-	-	-	-	262

33.4 Foreign exchange risk

As at 30 June 2005, the Company did not have any financial instruments in foreign currencies except for its investment in a subsidiary company amounting to Baht 250 million.

33.5 Fair value

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The Company and its subsidiaries have estimated the fair value of financial instruments as follows :-

a) Financial assets

The method used for determining the fair value is dependent upon the characteristics of the financial instruments. The fair values of financial assets are presented as the amount stated in the balance sheet, including cash, deposits at banks and loans and receivable which are considered to approximate their respective carrying value since the financial instruments are predominantly subject to market interest rates. Financial instruments that have standard terms and conditions which are traded on an active and liquid market, such as investment in securities, have their fair values determined by the quoted market price.

b) Financial liabilities

The fair values of financial liabilities, including borrowings and deposits, are considered to approximate their respective carrying values for the same reasons as described above.

As at 30 June 2005, there are no material differences between the book value of financial instruments and their fair value.

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

34. PRESENTATION

The presentation of the financial statements has been made in compliance with the requirement of the Notification of the Bank of Thailand relating to the format of the financial statements of finance, finance and securities and credit fancier companies dated 10 May 2001.

35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Company's Audit Committee on 19 August 2005.