

TISCO FINANCE PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARY COMPANIES  
REPORT AND INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2002

**Report of Independent Auditor**

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

I have reviewed the accompanying consolidated balance sheet of TISCO Finance Public Company Limited and its subsidiaries as at 31 March 2002, the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for the three-month periods ended 31 March 2002 and 2001, 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 report on these financial statements based on my reviews.

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

Based on my 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.

I have previously audited the consolidated financial statements of TISCO Finance Public Company Limited and its subsidiaries, and the separate financial statements of TISCO Finance Public Company Limited, for the year ended 31 December 2001 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements, based on my audit and other auditors' reports, under my report dated 7 February 2002. The balance sheet as at 31 December 2001, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok : 30 April 2002

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## BALANCE SHEETS

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		31 March 2002	31 December 2001	31 March 2002	31 December 2001
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	2	866,300	716,085	224,153	106,557
LOANS TO FINANCIAL INSTITUTIONS		95,415	135,890	-	-
INVESTMENT IN SECURITIES	3,4,7				
Current investment - net		2,349,284	3,331,411	2,074,252	2,691,379
Long-term investment - net		6,610,366	6,008,022	6,450,585	5,876,564
Investment in subsidiaries and associated companies - net		21,546	21,898	4,413,993	4,246,551
Net investments		8,981,196	9,361,331	12,938,830	12,814,494
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		797,411	36,031	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	5,7				
Finance business loans and receivable		32,545,387	31,647,358	29,195,126	28,426,060
Securities business receivable		1,271,135	905,717	-	-
Total loans and receivable		33,816,522	32,553,075	29,195,126	28,426,060
Accrued interest receivable		172,350	201,559	154,702	184,536
Total loans, receivable and accrued interest receivable		33,988,872	32,754,634	29,349,828	28,610,596
Less : Allowance for doubtful accounts	6	(2,006,898)	(1,817,393)	(1,164,813)	(973,183)
Less : Allowance for loss on debt restructuring	6	(330,133)	(333,862)	(330,133)	(333,862)
Net loans, receivable and accrued interest receivable		31,651,841	30,603,379	27,854,882	27,303,551
PROPERTY FORECLOSED - Net	8	1,843,497	2,236,959	1,835,513	2,228,952
LAND, PREMISES AND EQUIPMENT - Net		1,405,890	1,435,564	803,846	819,404
DEFERRED TAX ASSETS		256,191	256,685	254,614	254,614
GOODWILL		869,606	881,650	-	-
OTHER ASSETS	9	1,785,450	1,395,594	1,436,288	944,851
TOTAL ASSETS		48,552,797	47,059,168	45,348,126	44,472,423

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

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		31 March 2002 (Unaudited but reviewed)	31 December 2001 (Audited)	31 March 2002 (Unaudited but reviewed)	31 December 2001 (Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>BORROWINGS AND DEPOSITS</b>					
From public		35,939,271	35,457,648	35,807,218	35,330,968
From banks		1,244,343	1,159,268	155,756	173,462
From financial institutions		1,054,802	1,535,437	1,674,020	1,583,209
From foreign countries		50,893	57,175	50,893	57,175
Total borrowings and deposits		38,289,309	38,209,528	37,687,887	37,144,814
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS		100,000	100,000	100,000	100,000
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		319,948	88,036	-	-
SECURITIES BUSINESS PAYABLE		1,534,912	568,707	-	-
LIABILITIES UNDER COMMERCIAL PAPERS SOLD		185,000	195,000	185,000	195,000
ACCRUED INTEREST PAYABLE		125,397	139,968	119,398	134,367
SUBORDINATED DEBENTURES		331,000	331,000	331,000	331,000
OTHER LIABILITIES	10	693,152	738,399	374,130	312,267
<b>TOTAL LIABILITIES</b>		<b>41,578,718</b>	<b>40,370,638</b>	<b>38,797,415</b>	<b>38,217,448</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	11				
Registered					
1,000,000,000 preference shares of Baht 10 each and 100,200,000 ordinary shares of Baht 10 each		11,002,000	11,002,000	11,002,000	11,002,000
Issued and paid up					
505,687,500 preference shares of Baht 10 each (31 December 2001 : 508,691,200 preference shares of Baht 10 each)		5,056,875	5,086,912	5,056,875	5,086,912
196,872,500 ordinary shares of Baht 10 each (31 December 2001 : 193,173,800 ordinary shares of Baht 10 each)		1,968,725	1,931,738	1,968,725	1,931,738
		7,025,600	7,018,650	7,025,600	7,018,650
Share premium		36,500	36,500	36,500	36,500
Preference shares subscription received in advance		-	350	-	350
Surplus from changes in the value of investment	14	120,465	126,794	120,465	126,794
Translation adjustments		129,469	136,463	129,469	136,463
Retained earnings					
Appropriated - statutory reserve	13	48,700	48,700	48,700	48,700
Unappropriated (deficit)		(810,023)	(1,112,482)	(810,023)	(1,112,482)
Equity attributable to Company's shareholders		6,550,711	6,254,975	6,550,711	6,254,975
Minority interest (equity attributable to minority shareholders of subsidiaries)		423,368	433,555	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>6,974,079</b>	<b>6,688,530</b>	<b>6,550,711</b>	<b>6,254,975</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>48,552,797</b>	<b>47,059,168</b>	<b>45,348,126</b>	<b>44,472,423</b>
		-	-	-	-
<b>OFF-BALANCE SHEET ITEMS - CONTINGENCIES</b>					
Aval to bills	22	1,295,326	1,445,234	1,295,326	1,445,234
Guarantees of loans and others		435,305	409,381	435,305	409,381

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

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Mr. Pichai Chanvirachart  
(President)

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2002 AND 2001

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

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2002	2001	2002	2001
<b>INTEREST AND DIVIDEND INCOME</b>					
Loans and deposits		236,719	278,322	239,661	293,483
Hire purchase and financial lease income		404,703	309,072	268,414	190,572
Securities		156,167	131,481	171,696	124,307
Total interest and dividend income		797,589	718,875	679,771	608,362
<b>EXPENSES ON BORROWINGS</b>					
Interest and discounts		315,894	334,976	305,673	328,175
Fees and charges		2,050	676	399	676
Total expenses on borrowings		317,944	335,652	306,072	328,851
Net interest and dividend income		479,645	383,223	373,699	279,511
<b>REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS</b>					
(BAD DEBT AND DOUBTFUL ACCOUNTS)		(187,933)	68,465	(182,683)	63,231
<b>LOSS ON DEBT RESTRUCTURING</b>					
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		290,102	399,945	189,406	290,999
<b>NON-INTEREST INCOME</b>					
Brokerage fees		109,397	50,753	-	-
Gain on trading securities	15	215,964	86,785	96,562	7,527
Fees and charges		130,791	95,497	50,828	26,280
Fees and gain (loss) on forward exchange		801	(4)	(47)	-
Share of profit of subsidiary and associated companies		213	96	205,743	155,122
Other income		69,565	50,874	55,962	28,526
Total non-interest income		526,731	284,001	409,048	217,455
Total net income		816,833	683,946	598,454	508,454
<b>OPERATING EXPENSES</b>					
Personnel expenses		165,709	147,817	59,202	47,964
Premises and equipment expenses		88,211	76,559	51,471	44,634
Taxes and duties		20,368	19,619	18,858	18,909
Directors' remuneration	16	1,480	1,660	1,260	1,660
Other expenses		137,251	166,128	165,204	156,593
Total operating expenses		413,019	411,783	295,995	269,760
<b>EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST</b>					
		403,814	272,163	302,459	238,694
<b>CORPORATE INCOME TAX</b>					
	17	(91,755)	(38,159)	-	(15,048)
<b>EARNINGS BEFORE MINORITY INTEREST</b>					
		312,059	234,004	302,459	223,646
<b>MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES</b>					
		(9,600)	(10,358)	-	-
<b>NET EARNINGS FOR THE PERIOD</b>					
		302,459	223,646	302,459	223,646
<b>EARNINGS PER SHARE</b>					
	18				
Basic earnings per share		1.54	1.41	1.54	1.41
Diluted earnings per share		0.42	0.32	0.42	0.32

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

(UNAUDITED BUT REVIEWED)

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2002 AND 2001

(Unit : Thousand Baht)

	CONSOLIDATED									
	Issued and paid-up share capital		Share premium	Preference shares subscription received in advance	Surplus (deficit) from changes in the value of investment	Translation adjustments	Statutory reserve	Unappropriated retained earnings (deficit)	Minority interest-equity attributable to minority shareholders	Total
	Ordinary shares	Preference shares								
<b>Balance as at 31 December 2000</b>	1,526,818	5,475,182	36,500	-	(155,559)	130,956	48,700	(1,951,068)	434,743	5,546,272
Decrease in fair value of investments	-	-	-	-	(17,498)	-	-	-	-	(17,498)
Increase in translation adjustments	-	-	-	-	-	10,662	-	-	-	10,662
Net earnings for the period	-	-	-	-	-	-	-	223,646	-	223,646
Preference shares converted to ordinary shares	60,006	(60,006)	-	-	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	(10,106)	(10,106)
<b>Balance as at 31 March 2001</b>	<b>1,586,824</b>	<b>5,415,176</b>	<b>36,500</b>	<b>-</b>	<b>(173,057)</b>	<b>141,618</b>	<b>48,700</b>	<b>(1,727,422)</b>	<b>424,637</b>	<b>5,752,976</b>
<b>Balance as at 31 December 2001</b>	<b>1,931,738</b>	<b>5,086,912</b>	<b>36,500</b>	<b>350</b>	<b>126,794</b>	<b>136,463</b>	<b>48,700</b>	<b>(1,112,482)</b>	<b>433,555</b>	<b>6,688,530</b>
Decrease in fair value of investments	-	-	-	-	(6,329)	-	-	-	-	(6,329)
Decrease in translation adjustments	-	-	-	-	-	(6,994)	-	-	-	(6,994)
Net earnings for the period	-	-	-	-	-	-	-	302,459	-	302,459
Warrants converted to preference shares	-	6,950	-	-	-	-	-	-	-	6,950
Preference shares converted to ordinary shares	36,987	(36,987)	-	-	-	-	-	-	-	-
Decrease in preference shares subscription received in advance	-	-	-	(350)	-	-	-	-	-	(350)
Decrease in minority interest	-	-	-	-	-	-	-	-	(10,187)	(10,187)
<b>Balance as at 31 March 2002</b>	<b>1,968,725</b>	<b>5,056,875</b>	<b>36,500</b>	<b>-</b>	<b>120,465</b>	<b>129,469</b>	<b>48,700</b>	<b>(810,023)</b>	<b>423,368</b>	<b>6,974,079</b>

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

(UNAUDITED BUT REVIEWED)

## TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2002 AND 2001

(Unit : Thousand Baht)

	THE COMPANY ONLY								
	Issued and paid-up share capital		Share premium	Preference shares subscription received in advance	Surplus (deficit) from changes in the value of investment	Translation adjustments	Statutory reserve	Unappropriated retained earnings (deficit)	Total
	Ordinary shares	Preference shares							
<b>Balance as at 31 December 2000</b>	1,526,818	5,475,182	36,500	-	(155,559)	130,956	48,700	(1,951,068)	5,111,529
Decrease in fair value of investments	-	-	-	-	(17,498)	-	-	-	(17,498)
Increase in translation adjustments	-	-	-	-	-	10,662	-	-	10,662
Net earnings for the period	-	-	-	-	-	-	-	223,646	223,646
Preference shares converted to ordinary shares	60,006	(60,006)	-	-	-	-	-	-	-
<b>Balance as at 31 March 2001</b>	1,586,824	5,415,176	36,500	-	(173,057)	141,618	48,700	(1,727,422)	5,328,339
<b>Balance as at 31 December 2001</b>	1,931,738	5,086,912	36,500	350	126,794	136,463	48,700	(1,112,482)	6,254,975
Decrease in fair value of investments	-	-	-	-	(6,329)	-	-	-	(6,329)
Decrease in translation adjustments	-	-	-	-	-	(6,994)	-	-	(6,994)
Net earnings for the period	-	-	-	-	-	-	-	302,459	302,459
Warrants converted to preference shares	-	6,950	-	-	-	-	-	-	6,950
Preference shares converted to ordinary shares	36,987	(36,987)	-	-	-	-	-	-	-
Decrease in preference shares subscription received in advance	-	-	-	(350)	-	-	-	-	(350)
<b>Balance as at 31 March 2002</b>	1,968,725	5,056,875	36,500	-	120,465	129,469	48,700	(810,023)	6,550,711

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 THREE-MONTH PERIODS ENDED 31 MARCH 2002 AND 2001

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
<b>Cash flows from operating activities</b>				
Net earnings	302,459	223,646	302,459	223,646
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary companies	9,600	10,358	-	-
Share of net gain of subsidiary and associated companies	(213)	(97)	(205,743)	(155,122)
Depreciation and amortisation	52,467	37,720	21,339	17,564
Bad debt and doubtful accounts (reversal of bad debt and doubtful accounts)	210,689	(49,852)	203,271	(37,461)
Unrealised gain on revaluation of investment	(281)	(20,023)	(42)	(19,768)
Provision for revaluation of property foreclosed	3,978	7,625	3,776	7,625
Provision for bonus	20,037	9,750	8,700	6,000
Loss from troubled debt restructuring	1,610	51,743	1,610	51,743
Unrealised gain from transfer of investment	-	(2)	-	-
Loss (gain) on disposal of investment	(126,972)	1,154	(96,562)	3,799
Loss on disposal of fixed assets	813	327	-	21
Unrealised loss (gain) on valuation of securities held for trading	121,100	(116,393)	-	-
Gain from disposal of property foreclosed	(38,464)	(2,397)	(38,464)	(2,397)
Decrease in deferred tax assets	494	14,704	-	15,048
Decrease in accrued interest and dividend receivable	17,761	23,327	18,833	27,371
Decrease (increase) in other receivable	10,111	(16,289)	(18,711)	(6,791)
Decrease in accrued interest payable	(14,571)	(47,800)	(14,969)	(48,057)
Increase in accrued expenses	36,556	37,455	33,470	36,948
Earnings from operating activities before changes in operating assets and liabilities	607,174	164,956	218,967	120,169
Decrease (increase) in operating assets				
Loans to financial institutions	40,475	35,395	-	-
Negotiable certificates of deposit	(546)	(481)	-	-
Investment in securities - held for trading	243,433	210,624	-	-
Trading transactions with securities companies	(761,380)	65,918	-	-
Finance business loans and receivable	(949,447)	(1,192,044)	(810,941)	(806,596)
Securities business loans and receivable	(365,418)	(124,706)	-	-
Property foreclosed	3,798	25,500	3,977	25,445
Other assets	52,765	(48,688)	(22,763)	(108,134)
Increase (decrease) in operating liabilities				
Borrowings and deposits from public	481,623	724,859	476,250	739,683
Borrowings and deposits from banks and financial institutions	(395,560)	123,487	73,105	166,545
Borrowings and deposits from foreign countries	(6,282)	3,683	(6,282)	3,683
Trading transactions with securities companies	231,913	62,884	-	-
Liabilities under commercial paper sold	(10,000)	(40,000)	(10,000)	(40,000)
Securities business payable	966,205	5,674	-	-
Other liabilities	(95,171)	3,502	26,362	(319)
Net cash flows from (used in) operating activities	43,582	20,563	(51,325)	100,476

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 THREE-MONTH PERIODS ENDED 31 MARCH 2002 AND 2001  
 (Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
<b>Cash flows from investing activities</b>				
Cash paid for purchase of investment in securities held for investment	(1,879,815)	(11,182,831)	(1,755,248)	(11,203,208)
Cash received from disposal of investment in securities held for investment	2,016,937	11,108,673	1,920,107	11,107,150
Cash paid for purchase of equipment	(11,205)	(26,656)	(2,538)	(4,602)
Cash paid for purchase of a subsidiary company	564	20,258	-	233
Net cash flows from (used in) investing activities	126,481	(80,556)	162,321	(100,427)
<b>Cash flows from financing activities</b>				
Cash received from issuance of preference shares	6,600	-	6,600	-
Dividend paid	(20,000)	-	-	-
Net cash flows from (used in) financing activities	(13,400)	-	6,600	-
<b>Translation adjustment</b>	(6,994)	10,660	-	-
Net increase (decrease) in cash and cash equivalents	149,669	(49,333)	117,596	49
Cash and cash equivalents at beginning of the period	665,733	704,349	106,557	159,332
Cash and cash equivalents at end of the period (Note 19)	815,402	655,016	224,153	159,381
<b>Supplemental cash flows information :-</b>				
Cash paid during the period for				
Interest	343,207	405,741	320,642	376,232
Corporate income tax	9,800	3,891	2,223	628
Non-cash transactions :-				
Conversion of preference shares to ordinary shares	3,699	60,006	3,699	60,006
Transfer of assets from troubled debt restructuring	-	106,535	-	106,535

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

(UNAUDITED BUT REVIEWED)

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

**1. GENERAL INFORMATION**

**1.1 Assumption of preparation of the financial statements**

Although Thailand's economic crisis has eased to a certain extent in the current year, financial restructuring within the business community is still prevalent and subject to readjustment. The residual effects of the crisis could affect the recoverable value of assets and the collection of loans and receivables. The accompanying financial statements reflect management's current assessment of the impact to date of the economic situation on the financial positions of the Company and its subsidiaries. Actual results could differ from management's current assessments.

**1.2 The Emergency Decree establishing Thai asset Management Corporation**

In June 2001 the Government issued an Emergency Decree establishing Thai Asset Management Corporation (TAMC). Under this Emergency Decree financial institutions may choose whether to join the scheme and transfer those of their non-performing assets which meet the stipulated conditions to TAMC, within the specified timeframe. The assets are to be transferred at a price equal to the value of the collateral or a price stipulated by the Board of TAMC and any future profits and losses from the non-performing assets are to be shared.

The Emergency Decree stipulates that financial institutions which do not enter the scheme must have the value of collateral reappraised and, within a stipulated period, set up a provision for all types of non-performing assets at 100% of their book value after deducting collateral values.

The Company decided not to join the scheme and expected that this will not have any significant impact on the Company since it has collateral values reappraised every year in accordance with the Bank of Thailand's guidelines. As a result the collateral values are generally current. Also, as of 31 March 2002, the allowance for doubtful debts set aside by the Company was Baht 891 million in excess of the amount that would be required in accordance with the Bank of Thailand's guidelines, as discussed in Note 6.

### **1.3 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, and the statements of earnings, changes in shareholders’ equity and cash flows, as in the annual financial statements.

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

### **1.4 Basis of interim consolidation**

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2001. There have been no changes in the shareholding structure during the period.

The financial statements of 3 subsidiary companies, which are included in the consolidated interim financial statements, TISCO Global Investment Holdings Limited, TISCO Securities UK Limited and Thai Permsub Finance Company Limited, were prepared by the managements of these subsidiary companies and not reviewed by their auditors. As at 31 March 2002, these 3 subsidiary companies have aggregate assets included in the consolidated interim financial statements of approximately Baht 621 million, and aggregate revenues and aggregate net losses for the three-month periods then ended of approximately Baht 0.6 million and Baht 2 million, respectively. 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 reviewed by auditors.

### **1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2001.

## **2. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS**

As at 31 March 2002, a Baht 33.9 million (as at 31 December 2001 : Baht 33.4 million) of the subsidiary's negotiable certificate deposit is stated at its face value less unearned interest income amounting to Baht 2.1 million (as at 31 December 2001 : Baht 2.6 million). During the period, the subsidiary recognized interest income of approximately Baht 0.5 million.

As at 31 March 2002, cash deposits at banks of the Company and its local subsidiaries of approximately Baht 30 million (the Company only : Baht 18 million) were pledged with the banks to secure credit facilities provided for use as working capital and/or placed as a bond in lawsuits.

As at 31 March 2002, approximately Baht 100 million (as at 31 December 2001 : Baht 102 million) of the foreign subsidiary's cash deposits at banks were pledged with the bank to secure the credit facility.

## **3. INVESTMENTS IN SECURITIES**

3.1 As at 31 March 2002, held-to-maturity debt securities amounting to Baht 3,331 million (as at 31 December 2001 : Baht 3,331 million) are debt instruments which the Company has invested under the conditions of the Ministry of Finance under the Tier I and Tier II capital support scheme. These debt instruments are ten-year non-negotiable government bonds which bear interest at rates of 4% and 5% per annum.

3.2 As at 31 March 2002, the Company has a commitment not to sell marketable equity securities totalling Baht 234 million (as at 31 December 2001 : Baht 168 million) for the period, as a condition of troubled debt restructuring agreement made with restructured receivables.

3.3 As at 31 March 2002, there are investments in government and state enterprise securities amounting to Baht 150 million which the Company has, with assignation of power of attorney, pledged with a foreign bank as security under the interest rate swap agreement to exchange a floating interest rate for a fixed interest rate as described in Note 23.2.

(UNAUDITED BUT REVIEWED)

- 3.4 As at 31 March 2002, the Company and its subsidiaries have the following investment in companies which have weak financial standing or operating results :-

(Unit : Thousand Baht)

	Consolidated			The Company Only		
	Cost	Fair value	Allowance for <sup>(1)</sup> changes in value	Cost	Fair value	Allowance for <sup>(1)</sup> Changes in Value
Listed companies under Rehabilitation	1,577	-	1,577	-	-	-
Companies having problems with debt repayment or in default	68,625	2,276	66,349	68,625	2,276	66,349
	<u>70,202</u>	<u>2,276</u>	<u>67,926</u>	<u>68,625</u>	<u>2,276</u>	<u>66,349</u>

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

- 3.5 The Company did not record investments in Jiji Press (Thailand) Co., Ltd., Guardian Insurance (Thailand) Co., Ltd., DKB Leasing (Thailand) Co., Ltd., Sathorn Sombat Co., Ltd., and American Appraisal (Thailand) Co., Ltd., in which the Company and its subsidiaries hold 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.
- 3.6 On 28 February 2002, 16,884,994 shares of Huay Kaew Real Estate Company Limited were transferred to the Company at a price of Baht 0.01 each, a total of Baht 168,850. As a result, the Company's shareholdings in such Company is 100%. The Company has not included the financial statements of such company in the consolidated financial statements and has not recorded its investment in such company under the equity method since the Company holds shares in such company for the purpose of debt restructuring and plans to dispose of such investment when it has received full repayment of debt in accordance with the conditions stipulated in the debt restructuring agreement.

(UNAUDITED BUT REVIEWED)

#### 4. INVESTMENT IN SUBSIDIARY COMPANIES

The Company's investment in its subsidiaries as at 31 March 2002 and 31 December 2001 are summarised below.

Company's name	Nature of business	Nature of relationship	Paid-up share capital		Percentage of holding (%)		Cost method		Equity method <sup>(1)</sup>		(Unit : Million Baht) Dividend income <sup>(2)</sup> received for the three-month periods ended	
			31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	
			2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
<b>Subsidiary companies directly held by the Company</b>												
TISCO Securities Hong Kong Limited	Services	Shareholders	HKD 20 million	HKD 20 million	100	100	66	66	303	314	-	-
TISCO Securities Co., Ltd.	Services	Shareholders	1,500	1,500	99.99	99.99	1,500	1,500	1,737	1,641	-	-
Tru-Way Co., Ltd.	Hire purchase and holdings	Shareholders	1,200	1,200	99.99	99.99	1,078	1,078	1,827	1,731	-	20
Thai Commercial Auto Co., Ltd.	Hire purchase	Shareholders	800	800	50	50	434	434	401	411	20	-
Thai Permsub Finance Co., Ltd.	Finance	Shareholders	150	150	99.99	99.99	150	150	146	150	-	-
									4,414	4,247	20	20

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

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

#### 5. LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE

5.1 As at 31 March 2002, loans and receivable include debts of approximately Baht 336 million receivable from the subsidiary companies as a result of restructuring of debts owed by certain related companies (as at 31 December 2001 : Baht 431 million). All these debts are classified as normal loans due to regular servicing of interest and loan principals. Most of these receivables are not collateralised.

5.2 As at 31 March 2002, the Company had loans and receivable of approximately Baht 1,721 million, on which the recognition of interest income were to cease in accordance with 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 which the Company has actually ceased accruing their interest, in accordance with its accounting policy amounted to approximately Baht 4,682 million. The above amounts are calculated on an account-by-account basis (as at 31 December 2001 : Baht 1,707 million and Baht 4,640 million, respectively)

As at 31 March 2002, the local subsidiaries had securities business receivable, hire-purchase receivable, financial lease receivable and other loans and receivables totalling Baht 705 million, on which the recognition of income had been suspended (as at 31 December 2001 : Baht 693 million).

Unearned interest income totalling Baht 2,620 million (the Company only : Baht 1,695 million) is presented as a deduction against finance business loans and receivable (as at 31 December 2001 : Baht 2,595 million and the Company only : Baht 1,534 million).

5.3 As at 31 March 2002, the Company's loans and receivable include restructured loans and receivables amounting to approximately Baht 1,816 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 306 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 59 million has been provided for.

(UNAUDITED BUT REVIEWED)

#### 5.4 Troubled Debt Restructuring

During the period, the Company entered into troubled debt restructuring agreements with 40 debtors, with aggregate loan balance (before restructuring) of approximately Baht 546 million.

As at 31 March 2002, the number of debtors which were subjected to debt restructuring amounted to 673 as summarised below.

Type of restructuring	Number of receivables	Outstanding loan balance before restructuring Million Baht	Type of assets transferred	Fair value of transferred assets Million Baht
Transfer of assets	19	2,166	Land and premises	2,139
Transfer of equity securities	4	770	Equity securities	409
Transfer of assets and equity securities and modification of terms	3	898	Land	198
			Equity securities	14
			Machinery	22
Transfer of equity securities and modification of terms	32	3,180	Equity securities	1,193
Transfer of assets and modification of terms	12	2,191	Debt securities	6
			Land and premises	465
			Equity securities	190
			Air conditioners	2
Modification of terms	603	13,710		
Total	<u>673</u>	<u>22,915</u>		<u>4,638</u>

The balance of the restructured debts as at 31 March 2002 amounted to approximately Baht 6,733 million (as at 31 December 2001 : Baht 6,867 million).

During the three-month period ended 31 March 2002, the Company recognized interest income on restructured receivables totaling Baht 59 million, received repayments of principal and interest from the restructured receivables totaling Baht 555 million and recorded losses from restructuring totaling Baht 2 million (for the year ended 31 December 2001 : Baht 448 million 3,851 million and 191 million, respectively).



(UNAUDITED BUT REVIEWED)

## 6. ALLOWANCE FOR DOUBTFUL ACCOUNTS / ALLOWANCE FOR LOSS ON DEBT RESTRUCTURING

### 6.1 Allowance for doubtful accounts

(Unit : Thousand Baht)

Consolidated as at 31 March 2002

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	159,322	9,214	13,831	64,832	-	1,570,194	1,817,393
Increase (decrease) in allowance for doubtful accounts during the period	4,083	6,023	4,518	4,497	52,979	145,158	217,258
Bad debt written - off	-	-	-	-	(16,980)	(10,773)	(27,753)
Balance - end of period	<u>163,405</u>	<u>15,237</u>	<u>18,349</u>	<u>69,329</u>	<u>35,999</u>	<u>1,704,579</u>	<u>2,006,898</u>

(Unit : Thousand Baht)

The Company only as at 31 March 2002

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	159,322	9,214	13,831	64,832	-	725,984	973,183
Increase (decrease) in allowance for doubtful accounts during the period	4,083	6,023	4,518	4,497	52,979	136,510	208,610
Bad debt written - off	-	-	-	-	(16,980)	-	(16,980)
Balance - end of period	<u>163,405</u>	<u>15,237</u>	<u>18,349</u>	<u>69,329</u>	<u>35,999</u>	<u>862,494</u>	<u>1,164,813</u>

(Unit : Thousand Baht)

Consolidated as at 31 December 2001

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	129,651	5,319	39,094	55,614	-	1,460,531	1,690,209
Increase (decrease) in allowance for doubtful accounts during the period	59,671	3,895	(25,263)	9,218	249,689	110,272	407,482
Bad debt written - off	(30,000)	-	-	-	(249,689)	(609)	(280,298)
Balance - end of period	<u>159,322</u>	<u>9,214</u>	<u>13,831</u>	<u>64,832</u>	<u>-</u>	<u>1,570,194</u>	<u>1,817,393</u>

(Unit : Thousand Baht)

The Company only as at 31 December 2001

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	129,651	5,319	39,094	55,614	-	554,394	784,072
Increase (decrease) in allowance for doubtful accounts during the period	59,671	3,895	(25,263)	9,218	249,689	171,590	468,800
Bad debt written - off	(30,000)	-	-	-	(249,689)	-	(279,689)
Balance - end of period	<u>159,322</u>	<u>9,214</u>	<u>13,831</u>	<u>64,832</u>	<u>-</u>	<u>725,984</u>	<u>973,183</u>

(UNAUDITED BUT REVIEWED)

During the current period, the Bank of Thailand announced new guidelines for the classification of debtors and provisioning for doubtful debt according to the class of debtor. These included no longer writing off the portion of receivables classified as bad debt for which 100 percent provision has been set up. For the purpose of efficient control and management of non-performing loans, the Company still makes provision for doubtful debt based on the previous rates and during the current quarter has ceased writing off the portion of loans classified as bad debt for which full provision has been made. From the second quarter of this year, the Company will record all loans which were previously written off as bad debts, together with a 100 percent provision. This is being done for the purpose of control efficiency and has no impact on the operations of the Company.

## 6.2 Allowance for loss on debt restructuring

(Unit : Thousand Baht)

	The Company Only	
	31 March 2002	31 December 2001
Balance - beginning of period	333,862	417,386
Increase during period	1,610	42,999
Written-off	(5,339)	(126,523)
Balance - end of period	<u>330,133</u>	<u>333,862</u>

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 31 March 2002 of approximately Baht 604 million (as at 31 December 2001 : Baht 557 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 1,495 million (as at 31 December 2001 : Baht 1,307 million), or Baht 891 million (as at 31 December 2001 : Baht 750 million) more than the required amount. The Company's management believes that this allowance is sufficient to cover possible losses on debt collection.

## 7. CLASSIFICATION OF ASSETS

The quality of assets is classified in accordance with the announcements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

### 7.1 Investment in securities

As at 31 March 2002 and 31 December 2001, the investment in securities of the Company and a subsidiary company include the following :-

- a) With respect to investment of approximately Baht 59 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 debentures, as discussed in Note 7.1.a) are summarised below.

(Unit : Million Baht)						
				Allowance for possible loss <sup>(i)</sup>		
Cost		Fair Value		provided in the accounts		
31 March	31 December	31 March	31 December	31 March	31 December	
2002	2001	2002	2001	2002	2001	
Debt instruments - debentures	69	69	2	2	66	66

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

(UNAUDITED BUT REVIEWED)

**7.2 Classification of assets under the Bank of Thailand's guidelines.**

As at 31 March 2002 and 31 December 2001, 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 <sup>(1)</sup>	Allowance for doubtful accounts			
						Amount to be provided under BOT's guidelines		Amounts already set up by the Company	
	31 March 2002	31 December 2001	31 March 2002	31 December 2001		31 March 2002	31 December 2001	31 March 2002	31 December 2001
<b>Loans and receivable<sup>(1)(2)</sup></b>									
Pass	26,591	26,134	16,341	15,933	1	163	159	163	159
Special mention	784	502	629	351	2	13	7	15	9
Substandard	183	106	72	59	20	14	12	19	14
Doubtful	115	116	96	89	50	48	45	69	65
Bad debts	1,534	1,578			100			36	-
Total	29,207	28,436	17,174	16,432		274	223	302	247
Loss on receivable under troubled debt restructuring					100	330	334	330	334
Total	29,207	28,436	17,174	16,432		604	557	632	581
General reserve								863	726
Total								1,495	1,307
<b>Investment in securities</b>									
Bad debts									
Debt instruments	102	88	102	88	100	102	88	102	88
Equity instruments	141	198	141	198	100	141	198	141	198
Total	243	286	243	286		243	286	243	286
General reserve								88	88
Total								331	374
<b>Investment in receivables</b>									
Pass	217	229	134	137	1	1	1	1	1
Special mention	-	-	-	-	2	-	-	-	-
Substandard	-	-	-	-	20	-	-	-	-
Doubtful	-	-	-	-	50	-	-	-	-
Bad debts	7	7	-	-	100	-	-	-	-
Total	224	236	134	137		1	1	1	1
<b>Properties foreclosed</b>									
Land	90	109	90	109	100	90	109	90	109
Total classified assets	29,764	29,067	17,641	16,964		938	953	1,917	1,791

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

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

<sup>(3)</sup> In the year 2002, BOT issued new guidelines on provisioning rates for normal debt and special mention debt, whereby provision is to be made for normal debt and special mention debt 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 such debt at rates of 1 or 2 percent, in accordance with the previous guidelines.

(UNAUDITED BUT REVIEWED)

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 31 March 2002 and 31 December 2001, in accordance with the BOT's guidelines, the Company has provided an allowance amounting to Baht 1,917 million and Baht 1,791 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	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2002	2001	2002	2001	2002	2001	2002	2001
				(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Companies vulnerable to delisting	2	2	708	708	572	525	136	137
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	18	16	1,261	1,234	1,018	1,011	142	136
3. Listed companies of which shares have been suspended for trading	2	2	62	83	42	56	22	21
4. Listed companies under rehabilitation	4	3	160	178	130	134	23	11
5. Companies having loan default problem	9	10	509	593	429	478	16	21
6. Companies having going concern issue as cited in auditors' report	4	3	753	669	268	124	26	24
<b>Total</b>	<b>39</b>	<b>36</b>	<b>3,453</b>	<b>3,465</b>	<b>2,459</b>	<b>2,328</b>	<b>365</b>	<b>350</b>

(UNAUDITED BUT REVIEWED)

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

As at 31 March 2002 and 31 December 2001, a local subsidiary operating in the securities business in Thailand classified its securities business receivable and accrued interest receivable as follows, and provided related allowances for doubtful accounts, in accordance with the notification of the Office of the Securities and Exchange Commission (SEC).

(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	
	31 March 2002	31 December 2001	31 March 2002	31 December 2001	31 March 2002	31 December 2001
Pass	6	8	-	-	-	-
Substandard	29	24	-	-	-	-
Doubtful	528	537	528	537	528	537
Total	563	569	528	537	528	537
General reserve					23	14
Total					551	551

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

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

As at 31 March 2002 and 31 December 2001, 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)

	31 March 2002	31 December 2001
Current or overdue less than 90 days	3,675	3,480
Overdue		
91 - 365 days	71	62
More than 1 year	159	162
Debtors under litigation	60	64
Total	3,965	3,768

(UNAUDITED BUT REVIEWED)

## 8. PROPERTY FORECLOSED

As at 31 March 2002, the Company and certain subsidiaries had obligations with regard to properties foreclosed which were received in repayment of debts amounting to Baht 752 million. The debtors may repurchase these properties at prices and within periods specified in the agreements.

## 9. OTHER ASSETS

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	31 March 2002	31 December 2001	31 March 2002	31 December 2001
Value added tax - net	715,839	640,132	676,247	584,665
Accrued interest receivable	172,833	236,401	169,969	153,748
Professional fee receivable	69,284	18,504	27,435	8,724
Prepaid income tax	53,809	64,863	37,873	35,650
Deferred computer system development cost - net	42,448	46,194	37,347	40,566
Deposits	10,507	12,024	4,430	4,547
Other receivables	593,285	263,367	447,855	86,522
Others	127,445	114,109	35,132	30,429
Total other assets	<u>1,785,450</u>	<u>1,395,594</u>	<u>1,436,288</u>	<u>944,851</u>

## 10. OTHER LIABILITIES

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	31 March 2002	31 December 2001	31 March 2002	31 December 2001
Corporate income tax payable	145,765	73,721	-	-
Withholding income tax and other tax payable	51,683	91,252	39,989	63,030
Insurance premium payable	196,548	157,403	160,686	116,848
Others	299,156	416,023	173,455	132,389
Total other liabilities	<u>693,152</u>	<u>738,399</u>	<u>374,130</u>	<u>312,267</u>

## 11. SHARE CAPITAL AND WARRANTS

- a) 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 Company employees. The exercise price of the warrants was stipulated at 75 percent of the ten-trading-days 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 extension of the exercise period of the warrants from 5 years to no more than 10 years from the issue date and stipulating their exercise price at 75 percent of the ten-trading-days average closing price of the Company's preference shares prior to the date of warrant allocation, subject to a minimum price of par value. In addition, the annual general meeting passed a resolution approving the allocation of 1,100,000 warrants to the directors. These approved conditions are to be effective following receipt of approval from the Office of the Securities and Exchange Commission.

The Company allocated 14,002,000 million warrants in 2001 and 2000, and up to 31 March 2002, employees who had been allocated warrants had exercised their rights to purchase a total of 2,360,000 preference shares, at an exercise price of Baht 10 each, a total of Baht 23,600,000 of which Baht 16,650,000 was registered with the Ministry of Commerce in 2001 and Baht 6,950,000 in 2002.



As at 31 March 2002, 11,642,000 warrants remained unexercised.

- b) During the three-month period ended 31 March 2002, the Company registered the conversion of 3,698,700 preference shares to ordinary shares with the Ministry of Commerce.

As at 31 March 2002, there remained a total of 505,687,500 preference shares which are eligible for conversion to ordinary shares.

## 12. CAPITAL FUND

As at 31 March 2002 and 31 December 2001, 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	
	31 March 2002	31 December 2001
<u>Tier I</u>		
Issued and fully paid up share capital	7,025,600	7,018,650
Premium on share capital	36,500	36,500
Statutory reserve	48,700	48,700
Net loss after appropriation	(1,192,462)	(1,192,462)
<b>Total</b>	<b>5,918,338</b>	<b>5,911,388</b>
<u>Tier II</u>		
Subordinated debentures	331,000	331,000
Reserve for loans classified as pass	160,595	160,595
<b>Total</b>	<b>491,595</b>	<b>491,595</b>
<b>Total capital fund</b>	<b>6,409,933</b>	<b>6,402,983</b>

The capital ratios of the Company are as follows :-

	The Company Only			
	31 March 2002		31 December 2001	
	Company	Requirement	Company	Requirement
Tier I capital to risk assets	15.11%	4.00%	15.53%	4.00%
Total capital to risk assets	16.36%	8.00%	16.82%	8.00%
Total capital to issued and paid-up share capital	91.24%	75.00%	91.23%	75.00%

(UNAUDITED BUT REVIEWED)

### 13. 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.

### 14. SURPLUS (DEFICIT) ON CHANGES IN THE VALUE OF INVESTMENTS

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 March 2002	31 December 2001	31 March 2002	31 December 2001
Balance - beginning of the period	126,794	(155,558)	126,794	(155,558)
Increase (decrease) in changes in the value of securities during the period	(6,329)	282,352	(6,329)	282,352
Balance - end of the period	<u>120,465</u>	<u>126,794</u>	<u>120,465</u>	<u>126,794</u>

### 15. GAIN (LOSS) ON INVESTMENTS

Gain (loss) on investments for the three-month period ended 31 March 2002 and 2001 consist of the following :-

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	2001	2000	2001	2000
Unrealised gain (loss) on investment	(120,407)	136,416	-	19,768
Realised gain (loss) on investment	<u>336,371</u>	<u>(49,631)</u>	<u>96,562</u>	<u>(12,241)</u>
Total	<u>215,964</u>	<u>86,785</u>	<u>96,562</u>	<u>7,527</u>

### 16. 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.

(UNAUDITED BUT REVIEWED)

## 17. CORPORATE INCOME TAX

Corporate income tax expenses for the three-month periods ended 31 March 2002 and 2001 were arrived at as follows:

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	2002	2001	2002	2001
Income tax payable on taxable profit for the period	165,940	23,455	42,040	-
Add (less) : Net decrease (increase) in deferred tax on temporary differences	494	14,704		15,048
Less : Utilisation of income tax benefits on tax loss carried forward	(74,679)		(42,040)	-
Income tax expenses - net	<u>91,755</u>	<u>38,159</u>	<u></u>	<u>15,048</u>

The Company and its subsidiaries have certain deferred tax assets relating to their tax loss carryforwards, which have not been recognized in the accounts for prudent reasons. They are recognized in the accounts in the year when the loss carryforwards are actually utilized.

## 18. RECONCILIATION OF DILUTED EARNINGS PER SHARE

	For the three-month periods ended 31 March					
	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	<u>2002</u> Thousand Baht	<u>2001</u> Thousand Baht	<u>2002</u> Thousand shares	<u>2001</u> Thousand shares	<u>2002</u> Baht	<u>2001</u> Baht
<b>Basic earnings per share</b>						
Net earnings	302,459	223,646	196,338	158,149	1.54	1.41
<b>Effect of dilutive securities</b>						
Preference shares (including 11.6 million warrants to purchase preference shares)	-	-	517,864	542,051		
<b>Diluted earnings per share</b>						
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares	<u>302,459</u>	<u>223,646</u>	<u>714,202</u>	<u>700,200</u>	<u>0.42</u>	<u>0.32</u>

(UNAUDITED BUT REVIEWED)

## 19. 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 31 March 2002 and 2001 consist of the following :-

	Consolidated		(Unit : Thousand Baht) The Company Only	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Cash	4,162	2,396	1,058	812
Cash at banks and financial institutions	<u>811,240</u>	<u>652,620</u>	<u>223,095</u>	<u>158,569</u>
Cash and cash equivalents	<u><u>815,402</u></u>	<u><u>655,016</u></u>	<u><u>224,153</u></u>	<u><u>159,381</u></u>

## 20. RELATED PARTY TRANSACTIONS

During the three-month periods ended 31 March 2002 and 2001, 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			
	<u>Balance- beginning of the period</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance-end of the period</u>
<b><u>Outstanding balance as at 31 March 2002</u></b>				
<b>Subsidiary companies</b>				
Loans to wholly owned subsidiary companies :				
TISCO Leasing Co., Ltd.	171,220	-	(72,000)	99,220
Hi-Way Co., Ltd.	171,547	-	(14,678)	156,869
Thai Information Technology Co., Ltd.	87,763	-	(8,138)	79,625
Borrowing and deposits from financial institutions :				
TISCO Securities Co., Ltd.	38,000	623,996	-	661,996
TISCO Asset Management Co., Ltd.	10,000	-	(3,000)	7,000
Other liabilities :				
Tru-Way Co., Ltd.	20,527	3,868	-	24,395

## (UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	The Company Only		Pricing policy
	2002	2001	(For the period ended 2002)
<b><u>Transactions occurred during the three-month periods ended 31 March</u></b>			
<b>Subsidiary companies</b>			
Interest income	7,407	25,559	At rate determined under the contracts of approximately 3, 7.5 and MOR less 1 percent per annum.
Fee income	-	45	Fees charged at 1.25 percent of credit line
Custodian fee	-	4,616	Fee charged at 0.046 percent of asset value.
Rental income	2,997	2,853	At rate determined under the contract.
Risk and financial management fee	7,014	-	At rate determined under the contract.
Debt collection service expenses	65,795	74,608	Fees charged at 2.5 percent of outstanding balances. (Since November 2001, fees charged at 2 percent of outstanding balances)
Computer system advisory services expenses and office administration expenses	16,070	16,468	Fee charged at 12 percent of the price of installed software.
Car rental expenses	506	1,087	At rate determined under the contract.

As at 31 March 2002, 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 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)

	Consolidated	The Company Only
Loans	10,127	10,127

As at 31 March 2002, with the exception of loans to subsidiary companies mentioned in Note 5.1, 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 31 March 2002, 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.

(UNAUDITED BUT REVIEWED)

**21. FINANCIAL INFORMATION BY SEGMENT**

Financial information relating to the finance business, securities business and other business segments as of 31 March 2002 and 31 December 2001 and for the three-month periods ended 31 March 2002 and 2001 is summarised below.

(Unit : Million Baht)

	For the three-month periods ended 31 March									
	Finance business		Securities business		Other business		Elimination		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Net interest and dividend income after bad debt and doubtful accounts	305	409	9	13	(2)	(2)	(22)	(20)	290	400
Non-interest income	298	174	302	198	35	43	(108)	(131)	527	284
Operating expenses	(359)	(339)	(126)	(117)	(27)	(26)	99	70	(413)	(412)
Corporate income tax	(26)	(24)	(64)	(10)	(2)	(4)	-	-	(92)	(38)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	(10)	(10)	(10)	(10)
Net earnings ( loss)	<u>218</u>	<u>220</u>	<u>121</u>	<u>84</u>	<u>4</u>	<u>11</u>	<u>(41)</u>	<u>(91)</u>	<u>302</u>	<u>224</u>

(Unit : Million Baht)

	As at									
	Finance business		Securities business		Other business		Elimination		Total	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Investments in securities	12,218	12,209	924	1,313	-	-	(4,161)	(4,161)	8,981	9,361
Loans, receivable and accrued interest receivable - net	31,551	30,834	719	349	-	-	(618)	(580)	31,652	30,603
Other assets	4,795	4,683	3,650	1,435	162	173	(687)	804	7,920	7,095
Total assets	<u>48,564</u>	<u>47,726</u>	<u>5,293</u>	<u>3,097</u>	<u>162</u>	<u>173</u>	<u>(5,466)</u>	<u>(3,937)</u>	<u>48,553</u>	<u>47,059</u>

**22. COMMITMENTS****22.1 Commitment under rental/service contracts**

- a) The Company has entered into a computer maintenance service and office administration agreement with a subsidiary company, under which it pays annual fees at a rate of 12 percent of the price of installed software. In this regard, the Company pays annual service fees amounting to approximately Baht 61 million.
- b) The Company has entered into a computer system development agreement with another company, under which the Company is obliged to pay service fees amounting to approximately Baht 4 million.

(UNAUDITED BUT REVIEWED)

- c) The Company and a subsidiary company have entered into an agreement with an another subsidiary company appointing the latter as their representative to collect debts under hire-purchase receivable agreements, for a period of 5 years. In this regard, fees will be paid at 2% of the outstanding balance of principal, with restrictions as stated in the contract.
- d) 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.
- e) 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.

## **22.2 Litigation**

The Company was a defendant in certain lawsuits involving compensation of approximately Baht 256 million. As at 31 March 2002, the cases were not yet final; nevertheless, the Company's management believes that the Company will not suffer material losses (if any) from these suits.

- 22.3** A subsidiary company has outstanding commitments of approximately Baht 40 million in respect of the uncalled portion of an investment in an associated company.

## **23. FINANCIAL INSTRUMENT**

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 31 March 2002, the Company and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

### **23.1 Credit risk**

Credit risk is the risk that the party to a financial instrument will fail to discharge an obligation and consequently cause the Company and its subsidiaries 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.

(UNAUDITED BUT REVIEWED)

The maximum amount that would be incurred from credit extensions as at 31 March 2002 is summarised below :

	(Unit : Million Baht)	
	Consolidated	The Company Only
Loans to financial institutions	95	-
Finance business loans, receivable and accrued interest receivable - net	32,718	29,350
Securities business receivable and accrued interest receivable – net	1,271	-
Other assets - other receivable	431	431
Total	<u>34,515</u>	<u>29,781</u>

The Company has off-balance sheet transactions risk from aval to bills and guarantees of loans and others amounting to approximately Baht 1,730 million.

## 23.2 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
<b>Financial assets</b>				
Cash and deposits at financial institutions	512	100	254	866
Loans to financial institutions	4	91	-	95
Investments in securities - net	439	5,986	2,556	8,981
Trading transactions with securities companies - receivable	-	-	797	797
Loans and receivable	<u>7,612</u>	<u>24,319</u>	<u>2,058</u>	<u>33,989</u>
	<u>8,567</u>	<u>30,496</u>	<u>5,665</u>	<u>44,728</u>
<b>Financial liabilities</b>				
Borrowings and deposits	170	38,029	90	38,289
Securities sold under repurchase agreements	-	100	-	100
Trading transactions with securities companies - liabilities	-	-	320	320
Securities business payable	330	-	1,205	1,535
Subordinated debentures	<u>-</u>	<u>331</u>	<u>-</u>	<u>331</u>
	<u>500</u>	<u>38,460</u>	<u>1,615</u>	<u>40,575</u>



## (UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Company Only				
Outstanding balances of financial instruments				
	Floating interest rate	Fixed interest rate	Without interest	Total
<b>Financial assets</b>				
Cash and deposits at financial institutions	-	18	206	224
Investments in securities - net	387	5,901	6,651	12,939
Loans and receivable	7,509	20,649	1,192	29,350
	<u>7,896</u>	<u>26,568</u>	<u>8,049</u>	<u>42,513</u>
<b>Financial liabilities</b>				
Borrowings and deposits	156	37,525	7	37,688
Securities sold under repurchase agreements	-	100	-	100
Subordinated debentures	-	331	-	331
	<u>156</u>	<u>37,956</u>	<u>7</u>	<u>38,119</u>

The Company has entered into an interest rate swap agreement to exchange the floating interest rate on a loan principal of Baht 500 million for a fixed interest rate. The agreement expires in December 2002.

The outstanding balances of loans and receivable which have floating interest rates or fixed interest rates include loans and receivable on which interest recognition has been ceased, and are presented before deducting provisions.

With respect to financial instruments that carry fixed interest rates, the period from the balance sheet date to the repricing or maturity date (whichever is the earlier) are presented below.

(Unit : Million Baht)								
Consolidated								
Transactions	Repricing or maturity date					Unspecified	Total	Interest rates %
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years			
<b>Financial assets</b>								
Cash and deposits at financial institutions	3	31	51	1	-	-	100	3.6856
Loans to financial institutions	1	12	64	1	-	-	91	4.5321
Investments in securities - net	470	-	55	882	4,579	-	5,986	6.0573
Loans and receivable	3,469	4,634	6,429	9,090	244	453	24,319	7.4429
	<u>3,943</u>	<u>4,677</u>	<u>6,599</u>	<u>10,001</u>	<u>4,823</u>	<u>453</u>	<u>30,496</u>	
<b>Financial liabilities</b>								
Borrowings and deposits	2,051	18,756	12,258	4,964	-	-	38,029	3.2456
Securities sold under repurchase agreements	-	-	100	-	-	-	100	1.6250
Subordinated debentures	-	-	-	-	331	-	331	4.4864
	<u>2,051</u>	<u>18,756</u>	<u>12,258</u>	<u>5,064</u>	<u>331</u>	<u>-</u>	<u>38,460</u>	

## (UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Transactions	The Company Only						Interest rates %	
	Repricing or maturity date					Unspecified		Total
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years			
<b>Financial assets</b>								
Cash and deposits at financial institutions	-	18	-	-	-	-	18	0.2500
Investments in securities - net	470	-	55	840	4,536	-	5,901	6.0517
Loans and receivable	3,615	3,737	5,424	7,629	244	-	20,649	7.2031
	<u>4,085</u>	<u>3,755</u>	<u>5,479</u>	<u>8,469</u>	<u>4,780</u>	<u>-</u>	<u>26,568</u>	
<b>Financial liabilities</b>								
Borrowings and deposits	2,561	18,758	11,242	4,964	-	-	37,525	3.1749
Securities sold under repurchase agreements	-	-	-	100	-	-	100	1.6250
Subordinated debentures	-	-	-	-	331	-	331	4.4864
	<u>2,561</u>	<u>18,758</u>	<u>11,242</u>	<u>5,064</u>	<u>331</u>	<u>-</u>	<u>37,956</u>	

**23.3 Liquidity risk**

The periods to maturity dates of financial instruments held as of 31 March 2002, counting from the balance sheet date, are as follows :-

Transactions	Consolidated							Total
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 years	Non performing		
						Unspecified	loans	
<b>Financial assets</b>								
Cash and deposits at financial Institutions	61	183	51	15	-	-	-	866
Loans to financial institutions	-	12	64	14	-	-	-	95
Investments in securities - net	2,11	10	65	1,246	4,591	950	7	8,981
Trading transactions with securities companies - receivable	-	797	-	-	-	-	-	797
Loans and receivable	7,36	5,995	6,913	10,515	664	110	2,426	33,989
	<u>10,10</u>	<u>6,997</u>	<u>7,093</u>	<u>11,790</u>	<u>5,255</u>	<u>1,060</u>	<u>2,433</u>	<u>44,728</u>
<b>Financial liabilities</b>								
Borrowings and deposits	2,28	18,756	12,258	4,964	-	24	-	38,289
Securities sold under repurchase agreements	-	-	-	100	-	-	-	100
Trading transactions with securities companies - liabilities	-	320	-	-	-	-	-	320
Securities business payable	30	1,235	-	-	-	-	-	1,535
Subordinated debentures	-	-	-	-	331	-	-	331
	<u>2,58</u>	<u>20,311</u>	<u>12,258</u>	<u>5,064</u>	<u>331</u>	<u>24</u>	<u>-</u>	<u>40,575</u>
<b>Off - balance sheet items</b>								
Aval to bills	1,09	-	205	-	-	-	-	1,295
Guarantees of loans and others	12	-	310	-	-	-	-	435

## (UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

Transactions	The Company Only							Total
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 years	Unspecified	Non performing Loans <sup>(*)</sup>	
<b>Financial assets</b>								
Cash and deposits at financial institutions	206	18	-	-	-	-	-	224
Investments in securities - net	1,826	10	56	1,204	4,548	5,288	7	12,939
Loans and receivable	7,512	4,496	5,903	9,055	663	-	1,721	29,350
	<u>9,544</u>	<u>4,524</u>	<u>5,959</u>	<u>10,259</u>	<u>5,211</u>	<u>5,288</u>	<u>1,728</u>	<u>42,513</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
<b>Financial liabilities</b>								
Borrowings and deposits	2,724	18,758	11,242	4,964	-	-	-	37,688
Securities sold under repurchase agreements			-	100	-	-	-	100
Subordinated debentures			-		331	-	-	331
	<u>2,724</u>	<u>18,758</u>	<u>11,242</u>	<u>5,064</u>	<u>331</u>	<u>-</u>	<u>-</u>	<u>38,119</u>
<b>Off balance sheet items</b>								
Aval to bills	1,090	-	205	-	-	-	-	1,295
Guarantees of loans and others	125	-	310	-	-	-	-	435

**23.4 Foreign exchange risk**

As at 31 March 2002, the Company did not have any financial instruments in foreign currencies except investment in a subsidiary company amounting of Baht 303 million.

**23.5 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 31 March 2002, 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.

## **24. PRESENTATION**

Certain amounts in the financial statements as presented herein for comparative purposes have been reclassified to conform to the current periods classifications, with no effect on previously reported net earnings or shareholders' equity.