

TISCO FINANCE PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2003

Report of Independent Auditor

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

I have audited the accompanying consolidated balance sheet of TISCO Finance Public Company Limited and its subsidiaries as at 31 December 2003, the related consolidated statements of earnings, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of TISCO Finance Public Company Limited for the same period. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements of TISCO Finance Public Company Limited and its subsidiaries and the separate financial statements of TISCO Finance Public Company Limited as at 31 December 2002 and for the year then ended, presented herein for comparative purposes, were audited by another auditor of my firm who, under his report dated 6 February 2003, expressed an unqualified audit opinion on those statements based on his audit and the report of the other auditor.

I did not audit the financial statements for the year ended 31 December 2003 of one subsidiary company, Thai Permsub Finance Company Limited, which statements reflect total assets as at 31 December 2003 of approximately Baht 72 million, total revenues and net losses for the year ended 31 December 2003 of approximately Baht 0.9 million and Baht 0.7 million respectively. Those amounts were included in the consolidated financial statements. I have however received an audit report from the subsidiary's auditor, who expressed an unqualified audit opinion on those financial statements. My opinion, insofar as it relates to the amounts pertaining to this subsidiary which are included in the consolidated financial statements for the years ended 31 December 2003, is based solely on the report of that other auditor.

I conducted my audit 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 audit and the report of another auditor referred to in the second paragraph provide a reasonable basis for my opinion.

In my opinion, based on my audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Finance Public Company Limited and its subsidiaries and of TISCO Finance Public Company Limited as at 31 December 2003, and the results of their operations, and cash flows for the year then ended in accordance with generally accepted accounting principles.

Without effect to my opinion above, I draw attention to the fact that, during this year, the Company has written-off goodwill arising from the acquisition of business amounting to Baht 791 million, as discussed in Note 8 to the financial statements. In addition, the Company and its subsidiaries have recorded deferred tax assets and deferred tax liabilities, with an effect to the earnings statements of Baht 798 million (the Company only : Baht 673 million), as discussed in Note 24 to the financial statements.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok : 23 January 2004

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

AS AT 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2003	2002	2003	2002
ASSETS					
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	4	1,193,449,580	832,613,406	234,741,704	283,654,851
LOANS TO FINANCIAL INSTITUTIONS	5	601,124,746	735,205,697	-	-
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	6	37,000,000	-	37,000,000	-
INVESTMENT IN SECURITIES	7,8,11				
Current investment - net		3,609,638,817	2,598,948,561	2,968,620,467	2,235,283,775
Long-term investment - net		4,456,098,003	3,557,198,956	4,238,265,167	3,442,903,548
Investment in subsidiaries and associated companies - net		29,845,846	24,981,601	4,356,447,228	4,759,602,598
Net investments		8,095,582,666	6,181,129,118	11,563,332,862	10,437,789,921
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		730,192,296	85,901,326	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	9,11				
Finance business loans and receivable		45,564,175,944	39,726,588,045	40,258,728,320	34,778,196,219
Securities business receivable		3,428,002,051	1,099,602,791	-	-
Total loans and receivable		48,992,177,995	40,826,190,836	40,258,728,320	34,778,196,219
Accrued interest receivable		106,291,259	112,133,972	80,123,473	83,757,276
Total loans, receivable and accrued interest receivable		49,098,469,254	40,938,324,808	40,338,851,793	34,861,953,495
Less : Allowance for doubtful accounts	10	(4,267,841,247)	(4,240,268,089)	(3,549,845,263)	(3,401,650,049)
Less : Allowance for loss on debt restructuring	10	(331,789,594)	(462,267,957)	(331,789,594)	(462,267,957)
Net loans, receivable and accrued interest receivable		44,498,838,413	36,235,788,762	36,457,216,936	30,998,035,489
PROPERTY FORECLOSED - net	12	1,414,206,927	1,316,814,782	1,408,720,212	1,307,961,405
LAND, PREMISES AND EQUIPMENT - net	13	1,291,037,925	1,344,448,550	815,333,149	827,988,049
DEFERRED TAX ASSETS	24	623,152,945	260,697,463	494,544,206	254,485,565
GOODWILL	8	-	833,475,770	-	-
OTHER ASSETS	14	1,778,668,610	1,386,111,305	2,126,166,611	1,045,626,415
TOTAL ASSETS		60,263,254,108	49,212,186,179	53,137,055,680	45,155,541,695

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 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2003	2002	2003	2002
LIABILITIES AND SHAREHOLDERS' EQUITY					
BORROWINGS AND DEPOSITS					
	15				
From public		33,911,944,411	30,943,746,418	33,235,112,965	30,492,497,798
From banks		2,316,529,825	2,259,109,462	842,055,444	289,018,870
From financial institutions		1,785,987,834	1,005,111,315	2,686,987,834	913,786,079
From foreign countries		99,434,806	53,384,018	99,434,806	53,384,018
Total borrowings and deposits		38,113,896,876	34,261,351,213	36,863,591,049	31,748,686,765
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		864,587,451	426,888,698	-	-
SECURITIES BUSINESS PAYABLE		3,299,166,871	431,448,657	-	-
LIABILITIES UNDER COMMERCIAL PAPERS SOLD		211,000,000	357,000,000	211,000,000	357,000,000
ACCRUED INTEREST PAYABLE		185,536,386	186,886,572	177,816,489	181,045,360
DEBENTURES	16	5,941,000,000	5,131,000,000	5,131,000,000	5,131,000,000
OTHER LIABILITIES	17	926,960,353	605,381,294	476,282,127	358,395,635
TOTAL LIABILITIES		49,542,147,937	41,399,956,434	42,859,689,665	37,776,127,760
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					
181,127,680 preference shares of Baht 10 each					
(2002 : 215,836,680 preference shares of Baht 10 each)		1,811,276,800	2,158,366,800	1,811,276,800	2,158,366,800
530,591,820 ordinary shares of Baht 10 each					
(2002 : 490,697,820 ordinary shares of Baht 10 each)		5,305,918,200	4,906,978,200	5,305,918,200	4,906,978,200
		7,117,195,000	7,065,345,000	7,117,195,000	7,065,345,000
Share premium					
Share premium of preference shares		7,811,540	1,184,895	7,811,540	1,184,895
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	1,032,910,120	58,797,600	1,032,910,120	58,797,600
Translation adjustments		102,400,755	127,318,922	102,400,755	127,318,922
Retained earnings					
Appropriated - statutory reserve	20	143,300,000	48,700,000	143,300,000	48,700,000
Unappropriated		1,837,248,600	41,567,518	1,837,248,600	41,567,518
Equity attributable to Company's shareholders		10,277,366,015	7,379,413,935	10,277,366,015	7,379,413,935
Minority interest - equity attributable to minority shareholders of subsidiaries		443,740,156	432,815,810	-	-
TOTAL SHAREHOLDERS' EQUITY		10,721,106,171	7,812,229,745	10,277,366,015	7,379,413,935
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		60,263,254,108	49,212,186,179	53,137,055,680	45,155,541,695
		0	0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES					
	31				
Aval to bills		190,000,000	771,762,686	190,000,000	771,762,686
Guarantees of loans and others		516,957,183	521,879,371	516,957,183	521,879,371

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

.....
 Mr. Phu Wongsomkarn
 (Chairman of the executive board and chief executive officer)

.....
 Mr. Pichai Chanvachart
 (President)

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF EARNINGS

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2003	2002	2003	2002
INTEREST AND DIVIDEND INCOME					
Loans and deposits		837,151,783	1,036,470,747	821,462,874	1,030,310,764
Hire purchase and financial lease		2,410,065,484	1,849,728,024	1,684,702,388	1,240,366,889
Investments in securities		318,115,339	482,873,228	318,245,960	507,329,413
Total interest and dividend income		3,565,332,606	3,369,071,999	2,824,411,222	2,778,007,066
EXPENSES ON BORROWINGS					
Interest and discounts		1,211,613,217	1,259,748,447	1,101,021,745	1,199,609,050
Fees and charges		4,551,250	7,282,756	-	931,074
Total expenses on borrowings		1,216,164,467	1,267,031,203	1,101,021,745	1,200,540,124
Net interest and dividend income		2,349,168,139	2,102,040,796	1,723,389,477	1,577,466,942
BAD DEBT AND DOUBTFUL ACCOUNTS					
		(263,084,804)	(465,571,909)	(198,623,699)	(432,288,802)
LOSS ON DEBT RESTRUCTURING					
		(2,682,388)	(52,168,345)	(2,682,388)	(32,636,038)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring					
		2,083,400,947	1,584,300,542	1,522,083,390	1,112,542,102
NON-INTEREST INCOME					
Brokerage fees		824,863,318	353,341,171	-	-
Gain on investments	22	496,269,948	624,760,511	336,205,441	508,390,150
Fees and charges		1,046,123,995	549,936,048	414,614,498	232,617,850
Fees and gain (loss) on forward exchange		7,449,645	6,986,384	(377,452)	(150,359)
Share of profit (loss) of subsidiary and associated companies					
Share of profit from operating results		2,433,011	1,515,874	919,609,715	519,543,881
Goodwill written-off	8	-	-	(791,354,526)	-
Other income		135,426,290	224,784,780	123,552,770	195,141,411
Total non-interest income		2,512,566,207	1,761,324,768	1,002,250,446	1,455,542,933
Total net income		4,595,967,154	3,345,625,310	2,524,333,836	2,568,085,035
OPERATING EXPENSES					
Personnel expenses		1,189,024,976	810,582,819	540,075,539	309,371,353
Premises and equipment expenses		313,574,662	350,420,085	199,157,155	215,469,330
Taxes and duties		71,418,894	82,639,834	64,306,533	75,699,729
Directors' remuneration	23	6,620,000	6,710,000	5,680,000	5,770,000
Goodwill					
Amortisation		42,121,244	48,175,512	-	-
Written-off	8	791,354,526	-	-	-
Other expenses		764,063,166	665,175,333	497,555,962	807,596,114
Total operating expenses		3,178,177,468	1,963,703,583	1,306,775,189	1,413,906,526
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST					
		1,417,789,686	1,381,921,727	1,217,558,647	1,154,178,509
CORPORATE INCOME TAX / INCOME TAX BENEFITS					
	24	515,982,731	(190,127,343)	672,722,435	(128,808)
EARNINGS BEFORE MINORITY INTEREST					
		1,933,772,417	1,191,794,384	1,890,281,082	1,154,049,701
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES					
		(43,491,335)	(37,744,683)	-	-
NET EARNINGS FOR THE YEAR					
		1,890,281,082	1,154,049,701	1,890,281,082	1,154,049,701
EARNINGS PER SHARE					
	27				
Basic earnings per share		3.59	3.35	3.59	3.35
Diluted earnings per share		2.60	1.60	2.60	1.60

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 YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
Cash flows from operating activities				
Net earnings	1,890,281,082	1,154,049,701	1,890,281,082	1,154,049,701
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary companies	43,491,335	37,744,683	-	-
Share of profit from operating results of subsidiary and associated companies	(2,433,011)	(1,515,874)	(199,609,715)	(519,543,881)
Goodwill written off	791,354,526	-	791,354,526	-
Depreciation and amortisation	189,737,722	218,507,922	82,763,953	90,262,382
Bad debt and doubtful accounts	276,785,793	507,555,705	210,486,198	466,347,855
Unrealised gain (loss) on revaluation of investment	163,879,434	(16,755,822)	163,879,434	(14,940,861)
Provision for revaluation of property foreclosed	6,815,840	8,702,351	7,820,231	7,732,634
Loss from troubled debt restructuring	2,682,388	52,168,345	2,682,388	32,636,038
Gain on disposal of investments	(500,084,874)	(540,115,940)	(500,084,874)	(500,263,182)
Gain on disposal of fixed assets	(1,043,993)	(10,091,239)	(721,844)	(1,514,255)
Unrealised loss (gain) on decrease (increase) of securities held for trading	(21,199,090)	136,891,963	-	-
Gain from disposal of property foreclosed	(18,379,580)	(99,369,285)	(18,379,580)	(99,369,285)
Decrease (increase) in deferred tax assets	(797,724,332)	(4,011,952)	(672,722,435)	128,808
Decrease (increase) in accrued interest and dividend receivable	6,500,515	200,182,740	(714,170,554)	209,584,381
Increase in accrued income	(124,335,413)	(29,150,338)	(38,235,532)	(31,498,203)
Increase (decrease) in accrued interest payable	(1,350,186)	46,918,136	(3,228,871)	46,678,551
Increase (decrease) in accrued expenses	21,052,119	(1,348,865)	2,690,690	876,083
Earnings from operating activities before changes in operating assets and liabilities	1,926,030,275	1,660,362,231	1,004,805,097	841,166,766
Decrease (increase) in operating assets				
Loans to financial institutions	134,080,951	(599,315,277)	-	-
Negotiable certificates of deposit	35,684,404	14,667,332	-	-
Securities purchased under resale agreements	(37,000,000)	-	(37,000,000)	-
Investment in securities - held for trading	(485,716,950)	219,811,658	-	-
Trading transactions with securities companies	(644,290,970)	(49,870,247)	-	-
Finance business loans and receivable	(6,554,962,860)	(5,543,122,186)	(6,010,985,411)	(3,778,652,904)
Securities business receivable	(2,328,399,260)	(203,309,542)	-	-
Property foreclosed	134,846,812	618,082,698	130,475,759	619,899,046
Other assets	(314,879,726)	(102,419,099)	(367,287,175)	(207,399,026)
Increase (decrease) in operating liabilities				
Borrowings and deposits from public	2,769,763,305	(4,513,902,082)	2,773,533,160	(4,838,470,287)
Borrowings and deposits from banks and financial institutions	1,067,649,563	608,491,251	2,326,238,329	(553,866,486)
Borrowings and deposits from foreign countries	46,050,788	(3,790,723)	46,050,788	(3,790,723)
Securities sold under repurchase agreements	-	(100,000,000)	-	(100,000,000)
Trading transactions with securities companies	437,698,753	338,852,701	-	-
Liabilities under commercial paper sold	(146,000,000)	162,000,000	(146,000,000)	162,000,000
Securities business payable	2,867,718,214	(118,658,121)	-	-
Other liabilities	314,551,693	(116,129,961)	129,220,555	60,791,568
Net cash flows used in operating activities	(777,175,008)	(7,728,249,367)	(150,948,898)	(7,798,322,046)

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 YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(17,530,697,348)	(7,822,635,414)	(17,423,416,602)	(7,422,716,546)
Cash received from disposal of investment in securities held for investment	17,944,574,438	10,935,364,738	17,715,002,884	10,572,952,831
Cash paid for purchase of equipment	(50,308,360)	(71,475,740)	(29,329,368)	(24,258,053)
Cash received from disposal of equipment	1,568,378	19,806,354	1,150,873	1,911,592
Cash paid for purchase of a subsidiary company	-	-	(219,848,681)	-
Net cash flows from investing activities	365,137,108	3,061,059,938	43,559,106	3,127,889,824
Cash flows from financing activities				
Cash received from issuance of debentures	810,000,000	4,800,000,000	-	4,800,000,000
Cash received from issuance of preference shares	58,476,645	47,529,895	58,476,645	47,529,895
Dividend paid	(35,000,000)	(40,000,000)	-	-
Net cash flows from financing activities	833,476,645	4,807,529,895	58,476,645	4,847,529,895
Translation adjustment				
Net increase (decrease) in cash and cash equivalents	396,520,578	131,196,164	(48,913,147)	177,097,673
Cash and cash equivalents at beginning of the year	796,929,002	665,732,838	283,654,851	106,557,178
Cash and cash equivalents at end of the year (Note 28)	1,193,449,580	796,929,002	234,741,704	283,654,851
	-	-	-	-
Supplemental cash flows information :-				
Cash paid during the year for				
Interest	1,210,803,511	1,210,565,816	1,104,250,616	1,152,930,499
Corporate income tax	213,175,985	238,652,241	21,202,703	11,865,821
Non-cash transactions				
Conversion of preference shares to ordinary shares	398,940,000	2,975,240,200	398,940,000	2,975,240,200
Transfer of assets from troubled debt restructuring	220,100,000	-	220,100,000	-

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 YEARS ENDED 31 DECEMBER 2003 AND 2002
 (Unit : Baht)

	THE COMPANY ONLY									
	Issued and paid-up share capital		Share premium		Preference shares	Surplus (deficit)	Translation	Statutory	Unappropriated	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	subscription received in advance	from changes in the value of investment	adjustments	reserve	retained earnings (deficit)	
Balance as at 31 December 2001	5,086,912,000	1,931,738,000	-	36,500,000	350,000	126,793,564	136,463,224	48,700,000	(1,112,482,183)	
Decrease in fair value of investments	-	-	-	-	-	(67,995,964)	-	-	-	(67,995,964)
Decrease in translation adjustments	-	-	-	-	-	-	(9,144,302)	-	-	(9,144,302)
Net earnings for the year	-	-	-	-	-	-	-	-	1,154,049,701	1,154,049,701
Warrants converted to preference shares	46,695,000	-	1,184,895	-	(350,000)	-	-	-	-	47,529,895
Preference shares converted to ordinary shares	(2,975,240,200)	2,975,240,200	-	-	-	-	-	-	-	-
Balance as at 31 December 2002	2,158,366,800	4,906,978,200	1,184,895	36,500,000	-	58,797,600	127,318,922	48,700,000	41,567,518	7,379,413,935
Increase in fair value of investments	-	-	-	-	-	974,112,520	-	-	-	974,112,520
Decrease in translation adjustments	-	-	-	-	-	-	(24,918,167)	-	-	(24,918,167)
Net earnings for the year	-	-	-	-	-	-	-	-	1,890,281,082	1,890,281,082
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	-	94,600,000	(94,600,000)	-
Warrants converted to preference shares	51,850,000	-	6,626,645	-	-	-	-	-	-	58,476,645
Preference shares converted to ordinary shares	(398,940,000)	398,940,000	-	-	-	-	-	-	-	-
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	10,277,366,015

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 YEARS ENDED 31 DECEMBER 2003 AND 2002
 (Unit : Baht)

CONSOLIDATED

	Issued and paid-up share capital		Share premium		Preference shares	Surplus (deficit)	Translation adjustments	Statutory reserve	Unappropriated retained earnings (deficit)	Minority interest-equity attributable to minority shareholders	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	subscription received in advance	from changes in the value of investment					
Balance as at 31 December 2001	5,086,912,000	1,931,738,000	-	36,500,000	350,000	126,793,564	136,463,224	48,700,000	(1,112,482,183)	433,555,253	6,688,529,858
Decrease in fair value of investments	-	-	-	-	-	(67,995,964)	-	-	-	-	(67,995,964)
Decrease in translation adjustments	-	-	-	-	-	-	(9,144,302)	-	-	-	(9,144,302)
Net earnings for the year	-	-	-	-	-	-	-	-	1,154,049,701	-	1,154,049,701
Warrants converted to preference shares	46,695,000	-	1,184,895	-	(350,000)	-	-	-	-	-	47,529,895
Preference shares converted to ordinary shares	(2,975,240,200)	2,975,240,200	-	-	-	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	-	(739,443)	(739,443)
Balance as at 31 December 2002	2,158,366,800	4,906,978,200	1,184,895	36,500,000	-	58,797,600	127,318,922	48,700,000	41,567,518	432,815,810	7,812,229,745
Increase in fair value of investments	-	-	-	-	-	974,112,520	-	-	-	-	974,112,520
Decrease in translation adjustments	-	-	-	-	-	-	(24,918,167)	-	-	-	(24,918,167)
Net earnings for the year	-	-	-	-	-	-	-	-	1,890,281,082	-	1,890,281,082
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	-	94,600,000	(94,600,000)	-	-
Warrants converted to preference shares	51,850,000	-	6,626,645	-	-	-	-	-	-	-	58,476,645
Preference shares converted to ordinary shares	(398,940,000)	398,940,000	-	-	-	-	-	-	-	-	-
Increase in minority interest	-	-	-	-	-	-	-	-	-	10,924,346	10,924,346
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

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

TISCO FINANCE PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO 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 10 provincial offices in Thailand.

1.2 Assumption of preparation of the financial statements

Although Thailand's economic crisis has eased to a certain extent, 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.

1.3 Financial Sector Master Plan

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.

The Company has looked into the details of this, and studied its potential impact, concluding that it provides an opportunity to increase the competitiveness of the Company. The Company is therefore in the process of preparing a plan to upgrade its status to that of a commercial bank in the future, to be proposed to the Bank of Thailand and the Ministry of Finance.

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)							
	Percentage of shares held by the Company		Subsidiaries' total assets as a percentage to the consolidated total		Subsidiaries' total revenues as a percentage to the consolidated total for the years ended 31 December		Subsidiaries' net earnings (loss) as a percentage to the consolidated total for the years ended 31 December	
					2003	2002	2003	2002
	2003	2002	2003	2002	2003	2002	2003	2002
<u>Subsidiaries directly owned by the Company</u>								
TISCO Securities Hong Kong Limited	100.00	100.00	2.78	1.85	1.29	1.15	(0.59)	(2.31)
TISCO Securities Co., Ltd.	99.99	99.99	6.94	2.92	18.81	9.37	32.46	11.66
TISCO Asset Management Co., Ltd. ⁽¹⁾	99.99	99.99	0.61	0.67	6.85	4.39	11.39	9.48
Tru-Way Co., Ltd.	-	99.99	-	0.82	-	0.77	-	0.89
TISCO Leasing Co., Ltd. ⁽¹⁾	99.99	99.99	2.83	1.90	2.19	2.05	5.97	3.69
Hi-Way Co., Ltd. ⁽¹⁾	99.99	99.99	2.04	2.31	7.46	6.95	6.99	9.34
Thai Information Technology Co., Ltd. ⁽¹⁾	99.99	99.99	0.03	0.28	0.31	0.22	(4.97)	(9.58)
Thai Commercial Auto Co., Ltd.	50.00	50.00	4.90	5.66	3.91	4.21	5.01	7.54
Thai Permsub Finance Co., Ltd.	99.99	99.99	0.12	0.15	-	0.11	(0.04)	0.45
<u>Subsidiaries indirectly owned by the Company</u>								
TISCO Global Investment Holdings Limited	100.00	100.00	-	0.12	0.22	0.19	0.71	0.80
TISCO Securities UK Limited	100.00	100.00	-	0.16	0.04	0.18	(0.63)	(1.74)
GIH & CO Pte. Ltd.	100.00	-	-	-	0.01	-	0.02	-

⁽¹⁾In 2002, indirectly held by the Company

- 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 GIH & CO Pte. Ltd., which was incorporated and operates in Singapore.

The financial statements of a subsidiary company, which are included in the consolidated financial statements, GIH & CO Pte. Ltd., was prepared by the managements of the subsidiary company and not audited by its auditor. As at 31 December 2003, this subsidiary company has aggregate assets included in the consolidated financial statements of approximately Baht 1 million, and aggregate revenues and aggregate net profits for the year then ended of approximately Baht 0.7 million and Baht 0.4 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 audited by auditor.

- b) On 1 December 2003, the Company purchased investment in TISCO Asset Management Company Limited, from TISCO securities Company Limited, at the price of Baht 220 million as approved by a meeting of the Company's Executive Board on 27 August 2003 and was ratified by a meeting of Board of Director on 29 October 2003. As a result, the status of TISCO Asset Management Company Limited changed from an indirectly held subsidiary to a directly held subsidiary.
- c) On 28 November 2003, the Company was approved by the Bank of Thailand to accept the transfer of business from Tru-Way Company Limited, in accordance with the resolutions of the annual general meeting of the Company's shareholders held on 24 April 2003. As part of the business transfer, Tru-Way Company Limited transferred its investments in ordinary shares of TISCO Leasing Company Limited, Hi-Way Company Limited and Thai Information Technology Company Limited to the Company. As a result, the status of such companies changed from indirectly held subsidiaries to directly held subsidiaries.

Tru-Way Company Limited was deregistered with the Ministry of Commerce on 29 December 2003. The company is currently in the process of liquidation.

- d) 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.

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 the 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, 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 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 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, with the excess of the cost of the investment over the net book value at the acquisition date are amortised over a period of twenty years. 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 presents 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 avaled 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 year 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 year by the weighted average number of ordinary shares issuing during the year.

Diluted earnings per share is calculated by dividing net earnings for the year by the total sum of the weighted average number of ordinary shares outstanding during the year 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	
	2003	2002	2003	2002
Cash	3,628,258	3,927,680	1,819,690	1,546,536
Cash at banks	1,189,821,322	793,001,322	232,922,014	282,108,315
Negotiable certificates of deposit	-	35,684,404	-	-
Total	<u>1,193,449,580</u>	<u>832,613,406</u>	<u>234,741,704</u>	<u>283,654,851</u>

As at 31 December 2003, cash deposits at banks of the Company and its local subsidiaries of approximately Baht 10 million (the Company only : Nil) (2002 : Baht 26 million and Baht 16 million, respectively) were pledged with the banks to secure facilities provided for use as working capital.

As at 31 December 2003, approximately Baht 92 million (2002 : Baht 100 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	
	2003	2002	2003	2002
Call loans	540,645,737	381,852,764	-	-
Term loans	60,002,876	352,000,000	-	-
Total loans	600,648,613	733,852,764	-	-
Add : Accrued interest receivable	476,133	1,352,933	-	-
Net loans to financial institutions	601,124,746	735,205,697	-	-

6. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

As at 31 December 2003, the balance of securities purchased under resale agreements comprises Baht 37 million of government and Bank of Thailand securities.

7. INVESTMENTS IN SECURITIES

(Unit : Baht)

	Consolidated			
	2003		2002	
	Cost / Book value	Fair value	Cost / Book value	Fair value
<u>Current investment</u>				
Trading securities				
Equity securities :				
Domestic marketable equity securities	55,712,569	78,346,750	277,993,507	261,591,554
Add (less) : Allowance for changes in value	22,634,181		(16,401,953)	
Net equity securities	78,346,750		261,591,554	
Total trading securities	78,346,750		261,591,554	

(Unit : Baht)

	Consolidated			
	2003		2002	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	2,187,093,075	2,193,294,514	1,807,660,714	1,808,765,008
Debt securities of private sector	709,686,747	653,231,170	328,126,811	279,610,295
Total	2,896,779,822	2,846,525,684	2,135,787,525	2,088,375,303
Add (less) : Allowance for changes in value	10,159,862		13,001,778	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	2,846,525,684		2,088,375,303	
Equity securities :				
Domestic marketable equity securities	274,720,209	185,361,957	243,250,428	217,098,489
Other securities - unit trusts	429,453,930	429,453,930	33,392,099	31,883,215
Total	704,174,139	614,815,887	276,642,527	248,981,704
Add (less) : Allowance for changes in value	114,852,918		(27,660,823)	
Less : Allowance for impairment	(204,211,170)		-	
Net equity securities	614,815,887		248,981,704	
Total available-for-sales securities	3,461,341,571		2,337,357,007	
Held-to-maturity debt securities-due within 1 year				
Government and state enterprise securities	69,950,496		-	
Total held-to-maturity debt securities-due within 1 year	69,950,496		-	
Net current investments	3,609,638,817		2,598,948,561	
<u>Long-term investment</u>				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	202,037,254	203,313,593	678,629,130	723,999,113
Add (less) : Allowance for changes in value	1,276,339		45,369,983	
Debt securities - net	203,313,593		723,999,113	

(Unit : Baht)

	Consolidated			
	2003		2002	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Equity securities :				
Domestic marketable equity securities	1,246,676,948	2,702,031,612	801,883,409	808,492,073
Other securities - unit trusts	131,392,608	17,392,069	293,587,177	289,530,703
Total	1,378,069,556	2,719,423,681	1,095,470,586	1,098,022,776
Add (less) : Allowance for changes in value	1,341,354,125		2,552,190	
Net equity securities	2,719,423,681		1,098,022,776	
Total available-for-sales securities	2,922,737,274		1,822,021,889	
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	338,728,051		338,820,128	
Debt securities of private sector	6,485,340		380,437,272	
Total held-to-maturity debt securities	345,213,391		719,257,400	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	1,453,605,925		1,289,378,652	
Investment in receivables	6,529,247		6,529,247	
Less : Allowance for impairment	(271,987,834)		(279,988,232)	
Total other investment	1,188,147,338		1,015,919,667	
Net long-term investments	4,456,098,003		3,557,198,956	
Investment in subsidiaries and associated companies				
Investment in associated companies	29,845,846		24,981,601	
Net investments	8,095,582,666		6,181,129,118	

(Unit : Baht)

	The Company Only			
	2003		2002	
	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	2,122,410,424	2,128,589,386	1,743,821,123	1,744,908,777
Debt securities of private sector	709,686,747	655,080,724	291,326,811	241,393,294
Total	2,832,097,171	2,783,670,110	2,035,147,934	1,986,302,071
Add (less) : Allowance for changes in value	11,986,939		11,568,137	
Less : Allowance for impairment	(60,414,000)		(60,414,000)	
Debt securities - net	2,783,670,110		1,986,302,071	
Equity securities :				
Domestic marketable equity securities	272,838,609	184,950,357	243,250,428	217,098,489
Other securities - unit trusts	-	-	33,392,099	31,883,215
Total	272,838,609	184,950,357	276,642,527	248,981,704
Add (less) : Allowance for changes in value	116,322,918		(27,660,823)	
Less : Allowance for impairment	(204,211,170)		-	
Net equity securities	184,950,357		248,981,704	
Net available-for-sales securities	2,968,620,467		2,235,283,775	
Net current investments	2,968,620,467		2,235,283,775	
<u>Long-term investment</u>				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	203,129,040	204,405,379	678,629,130	723,999,113
Add (less) : Allowance for changes in value	1,276,339		45,369,983	
Debt securities - net	204,405,379		723,999,113	
Equity securities :				
Domestic marketable equity securities	1,250,426,171	2,566,977,020	802,072,451	810,254,690
Other securities - unit trusts	17,302,442	17,392,069	293,587,177	289,530,703
Total	1,267,728,613	2,584,369,089	1,095,659,628	1,099,785,393
Add (less) : Allowance for changes in value	1,316,640,476		4,125,765	
Net equity securities	2,584,369,089		1,099,785,393	
Total available-for-sales securities	2,788,774,468		1,823,784,506	

(Unit : Baht)

	The Company Only			
	2003		2002	
	Cost / <u>Book value</u>	<u>Fair value</u>	Cost / <u>Book value</u>	<u>Fair value</u>
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		380,432,467	
Total held-to-maturity debt securities	<u>341,481,340</u>		<u>715,432,467</u>	
Other investment				
Equity securities :				
At cost	1,370,067,946		990,828,360	
Investment in receivables	6,529,247		6,529,247	
Less : Allowance for impairment	<u>(268,587,834)</u>		<u>(93,671,032)</u>	
Total other investment	<u>1,108,009,359</u>		<u>903,686,575</u>	
Net long-term investments	<u>4,238,265,167</u>		<u>3,442,903,548</u>	
<u>Investment in subsidiaries and associated companies</u>				
Investment in subsidiaries	<u>4,356,447,228</u>		<u>4,759,602,598</u>	
Net investments	<u>11,563,332,862</u>		<u>10,437,789,921</u>	

- 7.1 As at 31 December 2003, held-to-maturity debt securities amounting to Baht 335 million (2002 : 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 31 December 2003, the Company has a commitment not to sell marketable equity securities totaling Baht 222 million (2002 : Baht 52 million) for the period, as a condition of troubled debt restructuring agreement made with restructured receivables.
- 7.3 As at 31 December 2003, the Company has pledged other investment of approximately Baht 13 million as a security against short-term loan from a company.

7.4 As at 31 December 2003, the Company and its subsidiaries have invested Baht 4 million (the Company only : Baht 3 million) in government debt securities, which were pledged as security for electricity usage. In addition, investments in government bonds amounting to 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 32.2.

7.5 Investment in debt securities of the Company and its subsidiaries as at 31 December 2003, classified by due date are summarised below.

(Unit : Baht)

	Consolidated			
	Maturity			Total
	1 year	Over 1-5 years	Over 5 years	
Available-for-sale securities				
Government and state				
enterprise securities	2,075,029,493	107,644,085	4,419,497	2,187,093,075
Debt securities of private sector	631,083,305	100,520,816	180,119,880	911,724,001
Total	2,706,112,798	208,164,901	184,539,377	3,098,817,076
Add (less) : Allowance for changes				
in value	9,319,369	5,403,226	(3,286,394)	11,436,201
Less : Impairment of securities	(60,414,000)	-	-	(60,414,000)
Total	2,655,018,167	213,568,127	181,252,983	3,049,839,277
Held-to-maturities debt securities				
Government and state				
enterprise securities	69,950,496	-	338,728,051	408,678,547
Debt securities of private sector	-	4,000	6,481,340	6,485,340
Total	69,950,496	4,000	345,209,391	415,163,887
Total debt securities	2,724,968,663	213,572,127	526,462,374	3,465,003,164

(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	2,010,346,842	107,644,085	4,419,497	2,122,410,424
Debt securities of private sector	632,175,091	100,520,816	180,119,880	912,815,787
Total	2,642,521,933	208,164,901	184,539,377	3,035,226,211
Add (less) : Allowance for				
changes in value	9,296,892	7,252,780	(3,286,394)	13,263,278
Less : Impairment of securities	(60,414,000)	-	-	(60,414,000)
Total	2,591,404,825	215,417,681	181,252,983	2,988,075,489
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	-	-	341,481,340	341,481,340
Total debt securities	2,591,404,825	215,417,681	522,734,323	3,329,556,829

7.6 As at 31 December 2003, the Company have the following investment in companies which have weak financial standing or operating results :-

	Consolidated / The Company Only		
	Allowance for ⁽¹⁾		
	Cost	Fair value	changes in value
Companies having problems			
with debt repayment or in default	264,625,170	-	264,625,170

⁽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					
	2003			2002		
	Book value	Unpaid amount	Percentage of holding	Book value	Unpaid amount	Percentage of holding
			%			%
<u>Insurance :</u>						
GITC Co., Ltd.	13,453,200	-	40	13,905,600	-	40
AXA Insurance Plc.	58,887,015	-	11	58,887,015	-	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.	35,334,990	-	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
Volkswagen Leasing Thailand Limited	29,845,846	40,000,000	20	24,981,601	40,000,000	20
<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	3,203,400	-	10
<u>Real estate :</u>						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	12,844,500	-	10	12,403,500	-	10
Sathorn Sombat Co., Ltd.	-	-	22	-	-	22
Huay Kaew Real Estate Co., Ltd.	-	-	-	-	-	100
<u>Industrial :</u>						
Siam Art Ceramic Co., Ltd.	13,222,000	-	10	12,452,000	-	10
<u>Holding :</u>						
Interthai Holdings Ltd. (Preference shares)	250,000	750,000	10	250,000	750,000	10

(Unit : Baht)

Name	The Company Only					
	2003			2002		
	Book value	Unpaid	Percentag	Book value	Unpaid	Percentag
		amount	e		amount	e
		of holding			of holding	
		%			%	
<u>Insurance :</u>						
GITC Co., Ltd.	13,453,200	-	40	-	-	-
AXA Insurance Plc.	58,887,015	-	11	45,687,045	-	9
<u>Services :</u>						
TISCO Securities Hong Kong Ltd.	260,007,052	-	100	279,424,434	-	100
TISCO Securities Co., Ltd.	1,544,352,350	-	99.99	1,795,059,081	-	99.99
TISCO Asset Management Co., Ltd.	300,695,932	-	99.99	-	-	-
Thai Information Technology Co., Ltd.	42,092,503	-	99.99	4,684,871	-	10
Jiji Press (Thailand) Co., Ltd.	1,627,646	600,000	20	1,627,646	600,000	20
K. Line (Thailand) Co., Ltd.	35,334,990	-	10	35,334,990	-	10
<u>Leasing and hire purchase :</u>						
Tru-Way Co., Ltd.	-	-	-	1,994,631,506	-	99.99
Thai Commercial Auto Co., Ltd.	443,617,224	100,000,000	50	410,176,775	100,000,000	50
Hi-Way Co., Ltd.						
(ordinary shares and preference shares)	469,875,601	-	99.99	125,150,777	-	10
TISCO Leasing Co., Ltd.	1,224,156,306	-	99.99	-	-	-
Mizuho Corporate Leasing (Thailand) Co., Ltd.	1,849,050	-	21	176,100	-	2
<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	3,203,400	-	10
<u>Real estate :</u>						
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	12,844,500	-	10	12,403,500	-	10
Huay Kaew Real Estate Co., Ltd.	-	-	-	-	-	100
Sathorn Sombat Co., Ltd.	-	-	22	-	-	2
<u>Industrial :</u>						
Siam Art Ceramic Co., Ltd.	13,222,000	-	10	12,452,000	-	10
<u>Holding :</u>						
Interthai Holdings Ltd. (Preference shares)	250,000	750,000	10	250,000	750,000	10

Thai Permsub Finance Co., Ltd.	71,650,260	-	99.99	150,475,174	-	99.99
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7.8 The Company did not record investments in Jiji Press (Thailand) Co., Ltd., GITC Company Limited, Mizuho Corporate Leasing (Thailand) Co., Ltd. and Sathorn Sombat 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.

7.9 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. The Company disposed such investment in December 2003.

8. INVESTMENT IN SUBSIDIARY COMPANIES

The Company's investment in its subsidiaries as at 31 December 2003 and 2002 are summarised below.

Company's name	Nature of business	Paid-up share capital		Cost method		Equity method ⁽¹⁾		Dividend income ⁽²⁾ received for the year ended 31 December	
		2003	2002	2003	2002	2003	2002	2003	2002
		(Unit : Million Baht)							
Subsidiary companies directly held by the Company									
TISCO Securities Hong Kong Limited	Services	HKD 20 million	HKD 20 million	66	66	260	279	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	1,544	1,795	720	-
TISCO Asset Management Co., Ltd. ⁽³⁾	Services	100	-	220	-	301	-	200	-
Tru-Way Co., Ltd.	Hire purchase and holdings	-	1,200	-	1,078	-	2,125	-	-
TISCO Leasing Co., Ltd. ⁽³⁾	Leasing	890	-	864	-	1,224	-	-	-
Hi-Way Co., Ltd. ⁽³⁾	Hire purchase	100	-	273	-	470	-	-	-
Thai Information Technology Co., Ltd. ⁽³⁾	Services	20	-	44	-	42	-	-	-
Thai Commercial Auto Co., Ltd.	Hire purchase	800	800	434	434	444	410	35	20
Thai Permsub Finance Co., Ltd.	Finance	150	150	150	150	71	151	-	-
						4,356	4,760	955	20

⁽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.

⁽³⁾ In 2002, indirectly held by the Company.

During the year, the Company has requested approval from the Bank of Thailand to restructure the group shareholding of the Company and its subsidiary companies since, in order to reduce the complexity of the shareholding structure, the Company has a policy to hold all shares in its subsidiary companies directly. Part of this restructuring plan is the acquisition of TISCO Asset Management Company Limited from TISCO Securities Company Limited and the transfer of the business of Tru-way Company Limited to the Company, in accordance with the resolutions of the annual general meeting of the Company's shareholder held on 24 April 2003. The plan was approved by the Bank of Thailand on 28 November 2003. For reasons of prudence, the Company has decided to write off the goodwill amounting to Baht 791 million arising from acquisitions, and presented this as a separate item in the earnings statements of the current year.

This write-off of goodwill was approved by a meeting of the Company's Executive Board on 25 September 2003 and was ratified by a meeting of the Company's Board of Directors on 29 October 2003.

9. LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE

9.1 Classified by loan type

	(Unit : Baht)			
	Consolidated		The Company Only	
	2003	2002	2003	2002
<u>Finance business loans and receivable :</u>				
Loans	11,313,582,14	13,661,895,57	11,283,631,4	13,492,290,03
Notes receivable	1,123,699,50	2,224,721,96	1,123,699,5	2,274,905,70
Hire-purchase and financial lease receivable	33,126,894,29	23,839,970,50	27,851,397,3	19,011,000,47
Total finance business loans and receivable	45,564,175,94	39,726,588,04	40,258,728,3	34,778,196,21
Add : Accrued interest receivable	106,291,00	112,131,70	80,123,4	83,757,27
Less : Allowance for doubtful accounts	(3,733,295,90)	(3,705,201,78)	(3,549,845,2)	(3,401,650,04)
Less : Allowance for loss on debt restructuring	(331,789,59)	(462,267,95)	(331,789,5)	(462,267,95)
Net finance business loans and receivable and accrued interest receivable	41,605,381,44	35,671,250,00	36,457,216,5	30,998,035,48

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Securities business receivable :				
Customer's accounts	2,897,091,89	560,183,89	-	-
Other receivable :-				
Overdue customers' accounts	994,29	343,36	-	-
Receivables under litigation	118,348,72	189,156,53	-	-
Receivables which are enforced by courts	306,805,62	236,400,28	-	-
Installment receivable	104,761,51	113,518,72	-	-
Total securities business receivable	3,428,002,05	1,099,602,79	-	-
Add : Accrued interest receivable	25	2,26	-	-
Less : Allowance for doubtful accounts	(534,545,34)	(535,066,30)	-	-
Net securities business receivable and accrued interest receivable	2,893,456,96	564,538,75	-	-
Net loans, receivable and accrued interest receivable	44,498,838,41	36,235,788,76	36,457,216,936	30,998,035,48

9.2 Classified by remaining periods of contracts

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Finance business loans and receivable				
At call (included contracts which are due)	2,057,230,558	3,310,855,657	2,150,902,053	3,108,508,281
Not over 1 year	4,519,382,004	5,117,530,094	3,399,381,981	2,863,604,354
Over 1 year	38,987,563,382	31,298,202,294	34,708,444,286	28,806,083,584
Total finance business loans and receivable	45,564,175,944	39,726,588,045	40,258,728,320	34,778,196,219
Add : Accrued interest receivable	106,291,001	112,131,704	80,123,473	83,757,276
Total finance business loans and receivable and accrued interest receivable	45,670,466,945	39,838,719,749	40,338,851,793	34,861,953,495

9.3 Classified by type of business

(Unit : Baht)

Consolidated as at 31 December 2003								
	The Company Only						Subsidiaries	Total
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad Debts	Total		
Agricultural and mining	-	-	-	-	14,857,023	14,857,023	-	14,857,023
Manufacturing and commerce	2,385,092,182	119,458,597	1,490,177	39,200,000	715,876,986	3,261,117,942	21,590,728	3,282,708,670
Real estate and construction	1,389,670,995	1,112,992	-	35,962	274,461,771	1,665,281,720	-	1,665,281,720
Public utilities and services	1,487,841,670	16,875,963	-	-	52,633,474	1,557,351,107	-	1,557,351,107
Personal use								
Hire-purchase	26,174,467,743	809,523,902	171,185,722	77,142,667	33,587,251	27,265,907,285	5,275,496,946	32,541,404,231
Housing loans	1,959,522,102	59,059,178	7,959,370	17,875,139	386,248,698	2,430,664,487	-	2,430,664,487
Securities	-	-	-	-	-	-	3,428,002,051	3,428,002,051
Others	3,130,386,500	35,844,763	63,527,449	12,363,113	821,426,931	4,063,548,756	8,359,950	4,071,908,706
Total finance and securities								
business loans and receivable	36,526,981,192	1,041,875,395	244,162,718	146,616,881	2,299,092,134	40,258,728,320	8,733,449,675	48,992,177,995
Add : Accrued interest receivable	62,696,350	17,427,123	-	-	-	80,123,473	26,167,786	106,291,259
Total finance and securities								
business loans and receivable								
and accrued interest receivable	36,589,677,542	1,059,302,518	244,162,718	146,616,881	2,299,092,134	40,338,851,793	8,759,617,461	49,098,469,254

(Unit : Baht)

The Company only as at 31 December 2003						
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad Debts	Total
Agricultural and mining	-	-	-	-	14,857,023	14,857,023
Manufacturing and commerce	2,385,092,182	119,458,597	1,490,177	39,200,000	715,876,986	3,261,117,942
Real estate and construction	1,389,670,995	1,112,992	-	35,962	274,461,771	1,665,281,720
Public utilities and services	1,487,841,670	16,875,963	-	-	52,633,474	1,557,351,107
Personal use						
Hire-purchase	26,174,467,743	809,523,902	171,185,722	77,142,667	33,587,251	27,265,907,285
Housing loans	1,959,522,102	59,059,178	7,959,370	17,875,139	386,248,698	2,430,664,487
Securities	-	-	-	-	-	-
Others	3,130,386,500	35,844,763	63,527,449	12,363,113	821,426,931	4,063,548,756
Total finance and securities						
business loans and receivable	36,526,981,192	1,041,875,395	244,162,718	146,616,881	2,299,092,134	40,258,728,320
Add : Accrued interest receivable	62,696,350	17,427,123	-	-	-	80,123,473
Total finance and securities						
business loans and receivable						
and accrued interest receivable	36,589,677,542	1,059,302,518	244,162,718	146,616,881	2,299,092,134	40,338,851,793

(Unit : Baht)

Consolidated as at 31 December 2002

	The Company Only					Subsidiaries	Total	
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad Debts			Total
	Agricultural and mining	-	-	-	-			14,857,022
Manufacturing and commerce	2,894,331,754	17,813,076	11,534,682	294,205,116	557,296,691	3,775,181,319	30,943,185	3,806,124,504
Real estate and construction	2,530,861,395	15,075,363	18,794,336	-	515,345,637	3,080,076,731	-	3,080,076,731
Public utilities and services	2,602,750,826	-	-	-	52,636,731	2,655,387,557	-	2,655,387,557
Personal use								
Hire-purchase	17,919,044,321	607,052,136	68,490,591	45,429,603	31,426,579	18,671,443,230	4,802,527,575	23,473,970,805
Housing loans	2,058,434,636	64,851,137	26,546,988	9,737,718	505,938,401	2,665,508,880	-	2,665,508,880
Securities	-	-	-	-	-	-	1,099,602,791	1,099,602,791
Others	2,876,457,174	37,731,907	14,837,994	209,368,854	727,161,812	3,865,557,741	165,104,805	4,030,662,546
Total finance and securities								
business loans and receivable	30,881,880,106	742,523,619	140,204,591	558,741,291	2,404,662,873	34,728,012,480	6,098,178,356	40,826,190,836
Add : Accrued interest receivable	68,411,713	15,345,563	-	-	-	83,757,276	28,376,696	112,133,972
Total finance and securities business loans and receivable and accrued interest receivable	<u>30,950,291,819</u>	<u>757,869,182</u>	<u>140,204,591</u>	<u>558,741,291</u>	<u>2,404,662,873</u>	<u>34,811,769,756</u>	<u>6,126,555,052</u>	<u>40,938,324,808</u>

(Unit : Baht)

The Company only as at 31 December 2002

	Pass	Special-mentioned	Sub-standard	Doubtful	Bad Debts	Total
	Agricultural and mining	-	-	-	-	14,857,022
Manufacturing and commerce	2,894,331,754	17,813,076	11,534,682	294,205,116	557,296,691	3,775,181,319
Real estate and construction	2,530,861,395	15,075,363	18,794,336	-	515,345,637	3,080,076,731
Public utilities and services	2,652,934,565	-	-	-	52,636,731	2,705,571,296
Personal use						
Hire-purchase	17,919,044,321	607,052,136	68,490,591	45,429,603	31,426,579	18,671,443,230
Housing loans	2,058,434,636	64,851,137	26,546,988	9,737,718	505,938,401	2,665,508,880
Securities	-	-	-	-	-	-
Others	2,876,457,174	37,731,907	14,837,994	209,368,854	727,161,812	3,865,557,741
Total finance and securities						
business loans and receivable	30,932,063,845	742,523,619	140,204,591	558,741,291	2,404,662,873	34,778,196,219
Add : Accrued interest receivable	68,411,713	15,345,563	-	-	-	83,757,276
Total finance and securities business loans and receivable and accrued interest receivable	<u>31,000,475,558</u>	<u>757,869,182</u>	<u>140,204,591</u>	<u>558,741,291</u>	<u>2,404,662,873</u>	<u>34,861,953,495</u>

9.4 As at 31 December 2002, loans and receivable included debts owned by a subsidiary company of approximately Baht 50 million. Such loans were repaid during the current year.

9.5 As at 31 December 2003, the Company had loans and receivable of approximately Baht 2,587 million (2002 : Baht 3,247 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 5,686 million (2002 : Baht 7,231 million), with Baht 4,636 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 31 December 2003, the local subsidiaries had securities business loans and receivable, hire-purchase receivable, financial lease receivable and other loans and receivables totaling Baht 720 million, on which the recognition of income had been suspended (2002 : Baht 708 million), with Baht 548 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 4,170 million (the Company only : Baht 3,375 million) is presented as a deduction against finance business loans and receivable (2002 : Baht 3,263 million and the Company only : Baht 2,192 million).

9.6 As at 31 December 2003, the Company's loans and receivable include restructured loans and receivables amounting to approximately Baht 1,583 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 553 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 552 million has been provided for.

9.7 Troubled Debt Restructuring

During the year, the Company entered into troubled debt restructuring agreements with 148 debtors, with aggregate loan balance (before restructuring) of approximately Baht 2,233 million.

As at 31 December 2003, the number of debtors which were subjected to debt restructuring amounted to 1,000 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	21	2,487	Land and premises	2,413
Transfer of equity securities	4	770	Equity securities	410
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	42	3,651	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	918	19,151		
Total	1,000	29,148		4,953

The balance of the restructured debts as at 31 December 2003 amounted to approximately Baht 3,748 million (2002 : Baht 6,337 million).

During the year ended 31 December 2003, the Company recognised interest income on restructured receivables totaling Baht 104 million, received repayments of principal and interest from the restructured receivables totaling Baht 3,097 million and recorded losses from restructuring totaling Baht 3 million (2002 : Baht 164 million, Baht 3,672 million and Baht 33 million, respectively).

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

10.1 Allowance for doubtful accounts

(Unit : Baht)

Consolidated as at 31 December 2003							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of year	720,112,453	22,934,385	50,431,351	297,950,230	2,060,420,621	1,088,419,049	4,240,268,089
Increase (decrease) in allowance for doubtful accounts during the year	(172,566,687)	5,723,011	24,399,412	(175,701,903)	410,206,370	(34,066,619)	57,993,584
Bad debt written - off	(370,000)	-	-	-	(30,050,426)	-	(30,420,426)
Balance - end of year ⁽¹⁾	<u>547,175,766</u>	<u>28,657,396</u>	<u>74,830,763</u>	<u>122,248,327</u>	<u>2,440,576,565</u>	<u>1,054,352,430</u>	<u>4,267,841,247</u>

(Unit : Baht)

The Company only as at 31 December 2003							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of year	675,606,972	18,255,727	37,545,147	279,207,063	1,327,464,510	1,063,570,630	3,401,650,049
Increase (decrease) in allowance for doubtful accounts during the year	(177,185,808)	5,697,291	22,545,582	(184,806,339)	563,334,031	(81,389,543)	148,195,214
Balance - end of year ⁽¹⁾	<u>498,421,164</u>	<u>23,953,018</u>	<u>60,090,729</u>	<u>94,400,724</u>	<u>1,890,798,541</u>	<u>982,181,087</u>	<u>3,549,845,263</u>

⁽¹⁾ The allowance for doubtful accounts included allowance for doubtful accounts of Baht 1,556 million for written-off accounts receivable which have been written back in the second quarter of 2002, in accordance with the Bank of Thailand's guidelines.

(Unit : Baht)

Consolidated as at 31 December 2002							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
<i>Allowance for doubtful accounts⁽²⁾ :</i>							
Balance-beginning of year ⁽²⁾	191,138,080	13,846,927	29,549,848	72,886,048	773,641,970	737,700,798	1,818,763,671
Increase (decrease) in allowance for doubtful accounts during the year	67,621,019	8,033,165	12,183,995	29,793,666	198,195,811	350,718,251	666,545,911
Bad debts written-off	-	-	-	-	(49,913,571)	-	(49,913,572)
	<u>258,759,099</u>	<u>21,880,092</u>	<u>41,733,843</u>	<u>102,679,714</u>	<u>921,924,210</u>	<u>1,088,419,049</u>	<u>2,435,396,010</u>
Allowance for doubtful accounts for written-off account receivables which have been written back in the second quarter of 2002, in accordance with the Bank of Thailand's guidelines	461,353,354	1,054,293	8,697,508	195,270,516	1,138,496,401	-	1,804,872,079
Balance-end of year	<u>720,112,453</u>	<u>22,934,385</u>	<u>50,431,351</u>	<u>297,950,230</u>	<u>2,060,420,621</u>	<u>1,088,419,049</u>	<u>4,240,268,089</u>

⁽²⁾ *The allowance for doubtful accounts include that made by the subsidiary companies, which as from the third quarter of 2002, has been reflected in the above table according to the classification of those subsidiaries' loans instead of being shown as the general reserve, as was previously the case. The reclassification did not affect the previously reported consolidated balance.*

(Unit : Baht)

The Company only as at 31 December 2002

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General Reserve	Total
<i>Allowance for doubtful accounts :</i>							
Balance-beginning of year	160,692,113	9,213,691	13,830,553	64,832,501	-	725,984,650	974,553,508
Increase (decrease) in allowance for doubtful accounts during the year	53,561,505	7,987,743	15,017,086	19,104,046	205,948,447	337,585,980	639,204,807
Bad debts written-off	-	-	-	-	(16,980,347)	-	(16,980,345)
	<u>214,253,618</u>	<u>17,201,434</u>	<u>28,847,639</u>	<u>83,936,547</u>	<u>188,968,100</u>	<u>1,063,570,630</u>	<u>1,596,777,970</u>
Allowance for doubtful accounts for written-off account receivables which have been written back in the second quarter of 2002, in accordance with the Bank of Thailand's guidelines	<u>461,353,354</u>	<u>1,054,293</u>	<u>8,697,508</u>	<u>195,270,516</u>	<u>1,138,496,408</u>	<u>-</u>	<u>1,804,872,079</u>
Balance-end of year	<u>675,606,972</u>	<u>18,255,727</u>	<u>37,545,147</u>	<u>279,207,063</u>	<u>1,327,464,510</u>	<u>1,063,570,630</u>	<u>3,401,650,049</u>

During the first quarter of 2002, 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 in the first quarter of 2002 has ceased writing off the portion of loans classified as bad debt for which full provision has been made. From the second quarter of 2002, the Company has recorded 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.

10.2 Allowance for loss on debt restructuring

(Unit : Baht)

	The Company Only	
	2003	2002
Balance - beginning of year	462,267,957	333,862,492
Increase during year	141,416,567	207,906,927
Written-off	(271,894,930)	(79,501,462)
Balance - end of year	331,789,594	462,267,957

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 December 2003 of approximately Baht 2,639 million (2002 : Baht 2,187 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 3,882 million (2002 : Baht 3,864 million), or Baht 1,243 million (2002 : Baht 1,677 million) more than the required amount.

The allowance for doubtful debts of Baht 3,882 million, as mentioned above, consists of allowance for doubtful debts of Baht 2,282 million set aside for the unsecured portion of loans amounting Baht 4,636 million at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,600 million set up for the other loans and receivables.

As at 31 December 2003, the Company had outstanding non-performing loans and receivables of approximately Baht 2,690 million, against which an allowance for doubtful debts of Baht 1,891 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 31 December 2003 and 2002, the investment in securities of the Company included 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 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⁾	
	2003	2002	2003	2002	2003	2002
Debt instruments -						
debentures	265	60	-	-	265	60

⁽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 31 December 2003 and 2002, the Company classified its assets and made allowances against those assets in accordance with the Bank of Thailand's guidelines. They are summarised below.

	Debt balance		Debt balance		Percentage required by BOT ⁽³⁾	(Unit : Million Baht)			
			after net off collateral			Allowance for doubtful accounts			
						Amounts to be provided under BOT's guidelines		Amounts already set up by the Company	
	2003	2002	2003	2002		2003	2002	2003	2002
Loans and receivable⁽¹⁾⁽²⁾									
Pass	36,527	30,932	28,639	21,331	1	285	213	499	676
Special mention	1,042	743	954	632	2	17	13	24	18
Substandard	244	140	184	104	20	54	21	60	38
Doubtful	147	558	128	331	50	85	165	94	279
Bad debts	2,299	2,405	1,734	1,313	100	1,866	1,313	1,891	1,327
Total	40,259	34,778	31,639	23,711		2,307	1,725	2,568	2,338
Loss on receivable under troubled debt restructuring	-	-	-	-		332	462	332	462
Total	40,259	34,778	31,639	23,711		2,639	2,187	2,900	2,800
General reserve								982	1,064
Total								3,882	3,864
Investment in securities									
Bad debts									
Debt instruments	64	61	64	61	100	64	61	64	61
Equity instruments	497	202	497	202	100	497	202	497	202
Total	561	263	561	263		561	263	561	263
Investment in receivables									
Bad debts	7	7	-	-	100	-	-	-	-
Properties foreclosed									
Land	86	93	86	93	100	86	93	86	93
Total classified assets	40,913	35,141	32,286	24,067		3,286	2,543	4,529	4,220

⁽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 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 at least 1 or 2 percent, in accordance with the previous guidelines.

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 December 2003 and 2002, in accordance with the BOT's guidelines, the Company has provided an allowance amounting to Baht 4,529 million and Baht 4,220 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	
	2003	2002	2003	2002	2003	2002	2003	2002
			(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Companies vulnerable to delisting	3	4	97	685	33	544	97	99
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	23	24	988	1,797	317	1,064	605	701
3. Listed companies of which shares have been suspended for trading	2	3	14	69	-	33	14	30
4. Listed companies under rehabilitation	14	11	584	462	153	123	339	303
5. Companies having loan default problem	30	31	2,111	1,203	1,228	354	854	800
6. Companies having going concern issue as cited in auditors' report	5	5	351	880	158	307	139	115
Total	77	78	4,145	5,096	1,889	2,425	2,048	2,048

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

As at 31 December 2003 and 2002, 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	
	2003	2002	2003	2002	2003	2002
Substandard	69	27	-	-	-	-
Doubtful	462	510	462	510	462	510
Total	<u>531</u>	<u>537</u>	<u>462</u>	<u>510</u>	462	510
General reserve					73	25
Total					<u>535</u>	<u>535</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 31 December 2003 and 2002, 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)	
	2003	2002
Current or overdue less than 90 days	5,250	5,354
Overdue		
91 - 365 days	141	104
More than 1 year	44	163
Debtors under litigation	44	61
Total	<u>5,479</u>	<u>5,682</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 31 December 2003 and 2002 are as follows :-

	(Unit : Baht)			
	Consolidated		The Company Only	
	2003	2002	2003	2002
Foreclosed assets :				
Immovable assets				
Balance - beginning of the year	1,428,938,261	2,387,406,968	1,378,246,436	2,335,815,144
Addition	220,100,000	-	220,100,000	-
Disposal	(104,281,919)	(958,468,707)	(104,281,919)	(957,568,708)
Balance - end of the year	1,544,756,342	1,428,938,261	1,494,064,517	1,378,246,436
Movable assets				
Balance - beginning of the year	27,331,922	4,378,084	22,451,670	2,151,180
Addition	337,638,240	201,550,086	116,526,396	68,701,821
Disposal	(363,908,559)	(178,596,248)	(138,405,744)	(48,401,331)
Balance - end of the year	1,061,603	27,331,922	572,322	22,451,670
Allowance for impairment :				
Balance - beginning of the year	139,455,401	154,826,392	92,736,701	109,014,410
Increase	11,605,440	20,390,493	11,605,440	19,420,776
Decrease	(19,449,823)	(35,761,484)	(18,425,514)	(35,698,485)
Balance - end of the year	131,611,018	139,455,401	85,916,627	92,736,701
Property foreclosed - net	1,414,206,927	1,316,814,782	1,408,720,212	1,307,961,405

As at 31 December 2003, the Company had obligations with regard to properties foreclosed which were received in repayment of debts amounting to Baht 710 million. (2002 : Baht 731 million). The debtors may repurchase these properties at prices and within periods specified in the agreements.

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 2002	414,975,384	829,637,565	449,176,422	347,003,702	73,366,348	2,114,159,421
Translation adjustment	-	-	(1,817,356)	-	-	(1,817,356)
Addition/Transfer in	147,995,983	260,930,064	51,474,244	1,105,569	809,492	462,315,352
Disposal/Transfer out	(137,693,743)	(277,456,215)	(30,383,436)	(79,052,094)	(953,398)	(525,538,886)
31 December 2003	425,277,624	813,111,414	468,449,874	269,057,177	73,222,442	2,049,118,531
Accumulated depreciation :						
31 December 2002	-	206,212,518	370,864,485	166,752,531	25,881,337	769,710,871
Translation adjustment	-	-	(1,426,554)	-	-	(1,426,554)
Depreciation charge for the year	-	42,939,644	43,045,857	23,149,203	14,455,697	123,590,401
Disposal	-	(84,207,502)	(25,553,928)	(23,449,318)	(583,364)	(133,794,112)
31 December 2003	-	164,944,660	386,929,860	166,452,416	39,753,670	758,080,606
Net book value :						
31 December 2002	414,975,384	623,425,047	78,311,937	180,251,171	47,485,011	1,344,448,550
31 December 2003	425,277,624	648,166,754	81,520,014	102,604,761	33,468,772	1,291,037,925
Depreciation charge included in earnings statements for the years ended 31 December:						
2002						146,741,044
2003						123,590,401

(Unit : Baht)

	The Company Only					Total
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Vehicles	
	Cost :					
31 December 2002	270,789,447	535,457,210	152,880,684	191,096,523	39,739,482	1,189,963,346
Addition/Transfer in	10,302,240	12,151,228	27,621,602	923,279	1,147,545	52,145,894
Disposal/Transfer out	-	-	(2,963,979)	(60,733)	(616,525)	(3,641,237)
31 December 2003	281,091,687	547,608,438	177,538,307	191,959,069	40,270,502	1,238,468,003
Accumulated depreciation :						
31 December 2002	-	127,454,360	131,462,186	88,337,898	14,720,853	361,975,297
Depreciation charge for the year	-	28,178,437	15,046,470	13,019,531	8,061,251	64,305,689
Disposal	-	-	(2,899,640)	-	(246,492)	(3,146,132)
31 December 2003	-	155,632,797	143,609,016	101,357,429	22,535,612	423,134,854
Net book value :						
31 December 2002	270,789,447	408,002,850	21,418,498	102,758,625	25,018,629	827,988,049
31 December 2003	281,091,687	391,975,641	33,929,291	90,601,640	17,734,890	815,333,149
Depreciation charge included in earnings statements for the years ended 31 December :						
2002						73,784,712
2003						64,305,689

14. OTHER ASSETS

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Value added tax - net	988,544,860	724,226,365	916,502,171	639,815,777
Accrued interest receivable	55,475,241	52,497,778	48,031,850	49,914,753
Fee receivable	355,497,040	213,039,079	198,639,836	139,110,923
Dividend receivable	-	-	720,000,000	-
Prepaid income tax	107,578,226	99,062,571	68,718,577	47,515,874
Deferred computer system development cost - net	35,548,301	45,108,876	32,291,903	40,984,180
Deposits	8,335,558	10,183,398	3,774,216	3,170,993
Other receivables	79,038,005	81,973,001	71,165,683	75,730,495
Other assets	148,651,379	160,020,237	67,042,375	49,383,420
Total other assets	<u>1,778,668,610</u>	<u>1,386,111,305</u>	<u>2,126,166,611</u>	<u>1,045,626,415</u>

15. BORROWINGS AND DEPOSITS

15.1 Classified by source of borrowings and deposits

(Unit : Baht)

	Consolidated					
	2003			2002		
	Promissory notes	Others	Total	Promissory notes	Others	Total
From public	31,534,505,116	2,377,439,295	33,911,944,411	29,956,478,590	987,267,828	30,943,746,418
From banks	632,000,000	1,684,529,825	2,316,529,825	243,000,000	2,016,109,462	2,259,109,462
From financial institutions	1,785,987,834	-	1,785,987,834	1,005,111,315	-	1,005,111,315
From foreign countries	99,434,806	-	99,434,806	53,384,018	-	53,384,018
Total borrowings and deposits	<u>34,051,927,756</u>	<u>4,061,969,120</u>	<u>38,113,896,876</u>	<u>31,257,973,923</u>	<u>3,003,377,290</u>	<u>34,261,351,213</u>

(Unit : Baht)

	The Company Only					
	2003			2002		
	Promissory notes	Others	Total	Promissory notes	Others	Total
From public	31,782,068,044	1,453,044,921	33,235,112,965	29,976,478,590	516,019,208	30,492,497,798
From banks	620,000,000	222,055,444	842,055,444	-	289,018,870	289,018,870
From financial institutions	2,686,987,834	-	2,686,987,834	913,786,079	-	913,786,079
From foreign countries	99,434,806	-	99,434,806	53,384,018	-	53,384,018
Total borrowings and deposits	<u>35,188,490,684</u>	<u>1,675,100,365</u>	<u>36,863,591,049</u>	<u>30,943,648,687</u>	<u>805,038,078</u>	<u>31,748,686,765</u>

15.2 Classified by the remaining period of contract

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
At call	2,053,014,330	853,905,334	2,849,102,877	866,007,045
Not over 1 year (included contracts which are due)	26,567,968,624	22,705,662,253	24,600,125,130	20,224,096,094
Over 1 year	9,492,913,922	10,701,783,626	9,414,363,042	10,658,583,626
Total borrowings and deposits	<u>38,113,896,876</u>	<u>34,261,351,213</u>	<u>36,863,591,049</u>	<u>31,748,686,765</u>

16. DEBENTURES

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Subordinated debentures	331,000	331,000	331,00	331,00
Unsubordinated unsecured debentures	5,610,000	4,800,000	4,800,000,00	4,800,000,00
	<u>5,941,000</u>	<u>5,131,000</u>	<u>5,131,000,00</u>	<u>5,131,000,00</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	
	2003	2002	2003	2002
Corporate income tax payable	146,863,467	53,509,173	-	-
Withholding income tax and other tax payable	110,033,395	88,745,649	30,963,979	64,141,583
Accrued insurance premium	262,386,034	163,551,321	222,837,240	129,768,523
Other liabilities	407,677,457	299,575,151	222,480,908	164,485,529
Total other liabilities	926,960,353	605,381,294	476,282,127	358,395,635

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 31 December 2003, 430,391,820 preference shares had been converted into ordinary shares, and such conversion registered with the authorities.

As at 31 December 2003, there remained a total of 181,127,680 preference shares which are eligible for conversion to ordinary shares.

- b) 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. In addition, the annual general meeting passed a resolution approving the allocation of 1,100,000 warrants to the directors. These conditions were approved by the Office of the Securities and Exchange Commission.

On 24 April 2003, the annual general meeting of the Company's shareholders passed a resolution approving the allocation of 800,000 warrants to the directors. These conditions were approved by the Office of the Securities and Exchange Commission.

Up to 31 December 2003, the Company allocated 25,436,000 warrants, and employees who had been allocated warrants had exercised their rights to purchase a total of 7,440,000 preference shares, at an exercise price of Baht 10 each, amounting to Baht 74,400,000 and 2,774,000 preference shares at an exercise price of Baht 11.31 each, a total of Baht 31,373,940 and 1,305,500 preference shares at an exercise price of Baht 13.20 each, a total of Baht 17,232,600 of which 11,519,500 preference shares registered with the Ministry of Commerce.

As at 31 December 2003, 13,916,500 warrants remained unexercised.

19. CAPITAL FUND

As at 31 December 2003 and 2002, 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	
	2003	2002
<u>Tier I</u>		
Issued and fully paid up share capital	7,117,195	7,065,345
Premium on share capital	44,311	37,685
Statutory reserve	143,300	48,700
Retained earnings - unappropriated	1,837,249	41,567
Total Tier I	9,142,055	7,193,297
<u>Tier II</u>		
Subordinated debentures	331,000	331,000
Reserve for loans classified as pass	498,421	516,667
Reserve for revaluation of equity securities – available for sales	450,119	-
Total Tier II	1,279,540	847,667
Less : Investments in debentures at value of which the banks, who are the debenture issuers, recognize as capital fund	(51,091)	-
Total capital fund	10,370,504	8,040,964

The capital ratios of the Company are as follows :-

	The Company Only			
	2003		2002	
	Company	Requirement	Company	Requirement
Tier I capital to risk assets	18.78%	4.00%	17.40%	4.00%
Total capital to risk assets	21.42%	8.00%	19.45%	8.00%
Total capital to issued and paid-up share capital	145.71%	75.00%	113.81%	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 use for dividend payment.

21. SURPLUS ON CHANGES IN THE VALUE OF INVESTMENTS

	(Unit : Baht)	
	Consolidated / The Company Only	
	2003	2002
Balance - beginning of the year	58,797,600	126,793,564
Increase (decrease) in changes in the value of securities during the year	1,413,635,542	(67,995,964)
	1,472,433,142	58,797,600
Less : The effect of income tax liabilities	(439,523,022)	-
Balance - end of the year	1,032,910,120	58,797,600

22. GAIN ON INVESTMENTS

Gain on investments for the years ended 31 December 2003 and 2002 consist of the following :-

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Unrealised gain (loss) on investments	(142,581,866)	(127,719,451)	(163,879,434)	8,126,968
Realised gain on investments	638,851,814	752,479,962	500,084,875	500,263,182
Total	<u>496,269,948</u>	<u>624,760,511</u>	<u>336,205,441</u>	<u>508,390,150</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 years ended 31 December 2003 and 2002 were arrived at as follows:

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Income tax payable on taxable profit for the year	656,367,656	842,641,965	374,626,055	520,296,298
Add (less) : Net decrease (increase) in deferred tax on temporary differences	(797,724,332)	(4,011,952)	(672,722,435)	128,808
Less : Utilisation of income tax benefits on tax loss carried forward	<u>(374,626,055)</u>	<u>(648,502,670)</u>	<u>(374,626,055)</u>	<u>(520,296,298)</u>
Income tax expenses – net / income tax benefits	<u>(515,982,731)</u>	<u>190,127,343</u>	<u>(672,722,435)</u>	<u>128,808</u>

Since the third quarter of this year, the Company and its subsidiary companies have reviewed the deferred tax benefits resulting from temporary differences occurring in the past, and have recognised deferred tax assets and deferred tax liabilities with an effect to the earnings statements of Baht 798 million (the Company only : Baht 673 million). The decision to recognise deferred tax was made since the Company and its subsidiary companies believe that it is highly probable that the Company and its subsidiaries will be able to utilise such benefits in the foreseeable future.

The recognition of deferred tax benefits was approved by a meeting of the Company's Executive Board on 25 September 2003 and was ratified by a meeting of the Company's Board of Director on 29 October 2003.

As at 31 December 2003, deferred tax assets and deferred tax liabilities arose from the following temporary differences:

	(Unit: Thousand Baht)	
	Consolidated	The Company only
Allowance for doubtful accounts (general reserve)	1,165,632	982,181
Allowance for doubtful accounts for VAT receivables	20,129	-
Allowance for impairment of investments	533,264	533,213
Allowance for impairment of property foreclosed	86,185	85,917
Non - accrual of interest income	1,505,268	1,468,856
Depreciation of assets	19,162	15,035
Financial leases	184,258	-
Revaluation surplus on changes in the value of investment	(1,442,213)	(1,442,213)
Others	5,492	5,492
	<u>2,077,177</u>	<u>1,648,481</u>
Deferred tax assets (30%)	<u>623,153</u>	<u>494,544</u>

	(Unit: Thousand Baht)	
	Consolidated	The Company only
Unrealised gain from trading securities	6,958	-
Non-accrual of interest income	(18,213)	-
Depreciation of assets	(2,362)	-
Revaluation surplus on changes in the value of investment	22,864	-
Others	4,933	-
	14,180	-
	4,254	-

25. 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 year ended 31 December 2003, Baht 40 million has been contributed to the funds by the Company and its subsidiaries (the Company only : Baht 20 million).

26. NUMBER OF EMPLOYEES

	Consolidated		The Company Only	
	2003	2002	2003	2002
Number of employees at the end of year (persons)	1,274	1,292	609	430

27. RECONCILIATION OF DILUTED EARNINGS PER SHARE

	For the years ended 31 December					
	Net earnings		Weighted average		Earnings per share	
	2003	2002	2003	2002	2003	2002
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net earnings	1,890,281	1,154,050	526,276	344,146	3.59	3.35
Effect of dilutive securities						
Preference shares (including 13.9 million warrants to purchase preference shares)	-	-	199,360	375,835		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares	1,890,281	1,154,050	725,636	719,981	2.60	1.60

28. 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 December 2003 and 2002 consist of the following :-

	(Unit : Baht)			
	Consolidated		The Company Only	
	2003	2002	2003	2002
Cash	3,628,258	3,927,680	1,819,690	1,546,536
Cash at banks and financial institutions	1,189,821,322	793,001,322	232,922,014	282,108,315
Cash and cash equivalents	1,193,449,580	796,929,002	234,741,704	283,654,851

29. RELATED PARTY TRANSACTIONS

During the years ended 31 December 2003 and 2002, 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)

	Consolidated			Balance-end of the year
	Balance- beginning of the year	Increase	Decrease	
<u>Outstanding balance as at 31 December 2003</u>				
Associated company				
Borrowing and deposits from public :				
Volkswagen Leasing Thailand Limited	-	80,000	(80,000)	-

(Unit : Thousand Baht)

	The Company Only			Balance-end of the year
	Balance- beginning of the year	Increase	Decrease	
<u>Outstanding balance as at 31 December 2003</u>				
Subsidiary companies				
Loans to wholly owned subsidiary companies :				
Thai Information Technology Co., Ltd.	50,183	-	(50,183)	-
Borrowing and deposits from financial institutions and public :				
TISCO Securities Co., Ltd.	16,000	884,000	-	900,000
Hi-Way Co., Ltd.	-	185,080	(117,540)	67,540
TISCO Leasing Co., Ltd.	-	150,023	-	150,023
Other subsidiary companies	22,000	10,000	(1,000)	31,000
Other liabilities :				
Tru-Way Co., Ltd.	34,112	-	(34,112)	-

					(Unit : Thousand Baht)
	Consolidated		The Company Only		Pricing policy
	2003	2002	2003	2002	(For the year 2003)
<u>Transactions occurred during the years ended 31 December</u>					
Subsidiary companies					
Risk, financial and human resources management fee income	-	-	35,800	37,366	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 income	-	-	7,695	30,322	Reference to the price as charged to other customers
Debt collection service expenses	-	-	-	318,851	Reference to the price as charged to other customers
Computer system advisory services expenses and office administration expenses	-	-	53,630	57,875	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	-	-	1,567	8,206	Reference to the price as charged to other customers
Associated company					
Interest expense	1,106	8,829	-	-	Reference to the rate as charged to other customers
Accounts receivable management fee income and office administration fee income	12,189	21,034	-	-	Reference to the price as charged to other customers

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

- a) The Company acquired investments in debt securities amounting to Baht 34 million from a subsidiary company and sold investments in equity securities amounting to Baht 445 million to this subsidiary company. The Company and this subsidiary company recorded gains from these sales of investments amounting to Baht 2 million and Baht 1 million, respectively.
- b) The Company acquired investment in ordinary shares in TISCO Asset Management Company Limited from TISCO Securities Company Limited, at the price of Baht 220 million.

- c) The Company accepted the business transfer from Tru-Way Company Limited, as discussed on Note 2(c) to financial statements. As a result, the Company recorded assets and liabilities, with total net assets value of Baht 1,459 million, details are as follows :-

	<u>Million Baht</u>
Assets	
Other investments	215
Investments in subsidiary companies	1,074
Loan receivables	140
Other assets	44
	<hr/> 1,473 <hr/>
Liabilities	
Notes payable	13
Other liabilities	1
	<hr/> 14 <hr/>
Net asset value	<hr/> <u>1,459</u> <hr/>

As at 31 December 2003, 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	4,563	4,563

As at 31 December 2003, 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 December 2003, 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.

30. FINANCIAL INFORMATION BY SEGMENT

Financial information relating to the finance business, securities business and other business segments as of 31 December 2003 and 2002 and for the years then ended is summarised below.

(Unit : Million Baht)

	For the years ended 31 December									
	Finance business		Securities business		Other business		Elimination		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Net interest and dividend										
income after bad debt										
and doubtful accounts	2,792	1,614	249	39	(3)	(5)	(955)	(63)	2,083	1,585
Non-interest income	968	1,363	1,338	786	116	145	90	(533)	2,512	1,761
Operating expenses	(1,658)	(1,756)	(788)	(573)	(154)	(119)	(578)	485	(3,178)	(1,963)
Corporate income tax	692	(93)	(176)	(91)	-	(7)	-	-	516	(191)
Minority interest in net earnings										
in subsidiary companies	-	-	-	-	-	-	(43)	(38)	(43)	(38)
Net earnings	<u>2,794</u>	<u>1,128</u>	<u>623</u>	<u>161</u>	<u>(41)</u>	<u>14</u>	<u>(1,486)</u>	<u>(149)</u>	<u>1,890</u>	<u>1,154</u>

(Unit : Million Baht)

	As at 31 December									
	Finance business		Securities business		Other business		Elimination		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Investments in securities	10,851	9,381	969	965	-	-	(3,725)	(4,165)	8,095	6,181
Loans, receivable and										
accrued interest										
receivable - net	41,779	36,405	2,893	971	-	-	(174)	(1,140)	44,498	36,236
Other assets	5,973	4,011	3,481	2,132	51	139	(1,835)	513	7,670	6,795
Total assets	<u>58,603</u>	<u>49,797</u>	<u>7,343</u>	<u>4,068</u>	<u>51</u>	<u>139</u>	<u>(5,734)</u>	<u>(4,792)</u>	<u>60,263</u>	<u>49,212</u>

31. COMMITMENTS AND CONTINGENT LIABILITIES

31.1 Aval to bills and other guarantees

(Unit : Baht)

	Consolidated and the Company Only	
	2003	2002
Aval to bills	190,000,000	771,762,686
Guarantees - others	516,957,183	521,879,371
Total contingent liabilities and obligations	<u>706,957,183</u>	<u>1,293,642,057</u>

31.2 Commitments under rental/service contracts

- 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.

31.3 Litigation

The Company was a defendant in certain lawsuits involving compensation of approximately Baht 91 million. As at 31 December 2003, 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.

31.4 The Company has commitments under interest rate swap agreements covering nominal principal of Baht 5,600 million (as discussed in Note 32.2 to the financial statements), commitments under forward foreign exchange sales contracts covering interest income from investments in debentures amounting to USD 15.35 million and commitments under cross currency interest rate swap agreements covering interest income from investments in debentures amounting to USD 2 million (as discussed in Note 32.4 to the financial statements).

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

32. 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 31 December 2003, the Company and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

32.1 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.

32.2 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
Financial assets				
Cash and deposits at financial institutions	630	25	538	1,193
Loans to financial institutions	-	601	-	601
Securities purchased under resale agreements	-	37	-	37
Investments in securities - net	314	3,159	4,623	8,096
Trading transactions with securities companies				
- receivable	-	-	730	730
Loans and receivable	5,942	38,360	4,796	49,098
	<u>6,886</u>	<u>42,182</u>	<u>10,687</u>	<u>59,755</u>
Financial liabilities				
Borrowings and deposits	7	37,816	291	38,114
Trading transactions with securities companies				
- liabilities	-	-	865	865
Securities business payable	474	-	2,825	3,299
Debentures	-	5,941	-	5,941
	<u>481</u>	<u>43,757</u>	<u>3,981</u>	<u>48,219</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	2	-	233	235
Securities purchased under resale agreements	-	37	-	37
Investments in securities - net	314	3,022	8,227	11,563
Loans and receivable	5,836	32,605	1,898	40,339
	<u>6,152</u>	<u>35,664</u>	<u>10,358</u>	<u>52,174</u>
<u>Financial liabilities</u>				
Borrowings and deposits	-	36,628	235	36,863
Debentures	-	5,131	-	5,131
	<u>-</u>	<u>41,759</u>	<u>235</u>	<u>41,994</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 1,300 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)

<u>Transactions</u>	Consolidated							Interest rates %
	Repricing or maturity date						Total	
	At call	0-3 months	3-12 months	1 – 5 years	Over 5 Years	Unspecified		
<u>Financial assets</u>								
Cash and deposits at financial institutions	-	25	-	-	-	-	25	2.108
Loans to financial institutions	401	180	20	-	-	-	601	1.021
Securities purchased under resale agreements	-	37	-	-	-	-	37	1.093
Investments in securities - net	-	1,921	703	111	424	-	3,159	4.000
Loans and receivable	1,314	4,858	11,128	18,611	2,005	444	38,360	8.513
	<u>1,715</u>	<u>7,021</u>	<u>11,851</u>	<u>18,722</u>	<u>2,429</u>	<u>444</u>	<u>42,182</u>	
<u>Financial liabilities</u>								
Borrowings and deposits	1,758	15,323	11,256	9,479	-	-	37,816	2.262
Debentures	-	-	-	5,610	331	-	5,941	4.032
	<u>1,758</u>	<u>15,323</u>	<u>11,256</u>	<u>15,089</u>	<u>331</u>	<u>-</u>	<u>43,757</u>	

(Unit : Million Baht)

<u>Transactions</u>	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		
<u>Financial assets</u>								
Cash and deposits at financial institutions	-	-	-	-	-	-	-	1.250
Securities purchased under resale agreements	-	37	-	-	-	-	37	1.093
Investments in securities - net	-	1,851	638	113	420	-	3,022	3.989
Loans and receivable	1,149	3,900	9,164	16,387	2,005	-	32,605	7.016
	<u>1,149</u>	<u>5,788</u>	<u>9,802</u>	<u>16,500</u>	<u>2,425</u>	<u>-</u>	<u>35,664</u>	
<u>Financial liabilities</u>								
Borrowings and deposits	2,627	14,409	10,191	9,401	-	-	36,628	2.151
Debentures	-	-	-	4,800	331	-	5,131	4.160
	<u>2,627</u>	<u>14,409</u>	<u>10,191</u>	<u>14,201</u>	<u>331</u>	<u>-</u>	<u>41,759</u>	

32.3 Liquidity risk

The periods to maturity dates of financial instruments held as of 31 December 2003, counting from the balance sheet date, are as follows :-

(Unit : Million Baht)

Transactions	Consolidated							Total
	At call	0-3	3-12	1 – 5	Over 5	Non performing		
		months	months	years	years	Unspecified	loans	
Financial assets								
Cash and deposits at financial institutions	1,04	150	-	-	-	-	-	1,193
Loans to financial institutions	40	180	20	-	-	-	-	601
Securities purchased under resale agreements	-	37	-	-	-	-	-	37
Investments in securities – net	2,84	2,195	962	276	53	1,284	-	8,096
Trading transactions with securities companies – receivable	-	730	-	-	-	-	-	730
Loans and receivable	91	7,998	12,451	21,241	3,18	-	3,307	49,098
	<u>5,20</u>	<u>11,290</u>	<u>13,433</u>	<u>21,513</u>	<u>3,72</u>	<u>1,284</u>	<u>3,307</u>	<u>59,755</u>
Financial liabilities								
Borrowings and deposits	2,03	15,323	11,256	9,479	-	20	-	38,114
Trading transactions with securities companies – liabilities	-	865	-	-	-	-	-	865
Securities business payable	57	2,729	-	-	-	-	-	3,299
Debentures	-	-	-	5,610	33	-	-	5,941
	<u>2,60</u>	<u>18,917</u>	<u>11,256</u>	<u>15,089</u>	<u>33</u>	<u>20</u>	<u>-</u>	<u>48,219</u>
Off - balance sheet items								
Aval to bills	-	190	-	-	-	-	-	190
Guarantees of loans and others	28	228	-	-	-	-	-	517

(Unit : Million Baht)

Transactions	The Company Only							Total
	At call	0-3	3-12	1 – 5	Over 5	Non performing		
		months	months	years	years	Unspecified	Loans	
Financial assets								
Cash and deposits at financial institutions	23	-	-	-	-	-	-	235
Securities purchased under resale agreements	-	37	-	-	-	-	-	37
Investments in securities - net	2,76	1,851	741	215	529	5,458	-	11,563
Loans and receivable	85	4,154	10,525	19,026	3,188	-	2,587	40,339
	<u>3,86</u>	<u>6,042</u>	<u>11,266</u>	<u>19,241</u>	<u>3,717</u>	<u>5,458</u>	<u>2,587</u>	<u>52,174</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Borrowings and deposits	2,849	14,409	10,191	9,401	-	13	-	36,863
Debentures	-	-	-	4,800	331	-	-	5,131
	<u>2,84</u>	<u>14,409</u>	<u>10,191</u>	<u>14,201</u>	<u>331</u>	<u>13</u>	<u>-</u>	<u>41,994</u>
Off balance sheet items								
Aval to bills	-	190	-	-	-	-	-	190
Guarantees of loans and others	28	228	-	-	-	-	-	517

32.4 Foreign exchange risk

As at 31 December 2003, the Company did not have any financial instruments in foreign currencies except for its investment in a subsidiary company amounting to Baht 260 million and accrued interest receivable amounting to approximately Baht 29 million.

As at 31 December 2003, the outstanding balances of investments in private sector debt securities included investments in debentures amounting to USD 18.85 million. Payment of principal will be made to the Company applying the forward exchange rate stipulated by the issuers, and will amount to Baht 477 million. The Company has entered into forward sales contracts to hedge the exchange rate risk in relation to the future interest receivable from the investments in debentures of USD 15.35 million. In addition, the Company has entered into a Cross Currency Interest Rate Swap agreement to exchange the interest rate of investments in debentures of USD 2 million, whereby the Company is committed to pay a fixed rate of interest on nominal principal of USD 2 million in exchange for receipt of a fixed rate of interest on nominal principal of Baht 92 million.

32.5 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 December 2003, 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.

33. 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.

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