

TISCO FINANCE PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2004

Review Report of Independent Auditor

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

I have reviewed the accompanying consolidated balance sheet of TISCO Finance Public Company Limited and its subsidiaries as at 31 March 2004, the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for the three-month periods ended 31 March 2004 and 2003, and the separate financial statements of TISCO Finance Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

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

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of TISCO Finance Public Company Limited and its subsidiaries, and the separate financial statements of TISCO Finance Public Company Limited, for the year ended 31 December 2003 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements, and drew attention to certain matters, based on my audit and other auditors' reports, under my report dated 23 January 2004. The balance sheet as at 31 December 2003, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok : 28 April 2004

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		31 March 2004	31 December 2003	31 March 2004	31 December 2003
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	2	1,347,719	1,193,449	382,309	234,742
LOANS TO FINANCIAL INSTITUTIONS		1,304,785	601,125	-	-
SECURITIES PURCHASED UNDER RESALE AGREEMENTS		80,000	37,000	80,000	37,000
INVESTMENT IN SECURITIES	3,4,7				
Current investment - net		2,725,605	3,609,639	2,494,495	2,968,621
Long-term investment - net		4,123,022	4,456,098	3,925,162	4,238,265
Investment in subsidiaries and associated companies - net		30,834	29,846	4,551,786	4,356,447
Net investments		6,879,461	8,095,583	10,971,443	11,563,333
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		450,888	730,192	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	5,7				
Finance business loans and receivable		49,416,331	45,564,176	44,199,452	40,258,728
Securities business receivable		1,671,885	3,428,002	-	-
Total loans and receivable		51,088,216	48,992,178	44,199,452	40,258,728
Accrued interest receivable		110,705	106,291	86,772	80,124
Total loans, receivable and accrued interest receivable		51,198,921	49,098,469	44,286,224	40,338,852
Less : Allowance for doubtful accounts	6	(4,291,877)	(4,267,841)	(3,571,713)	(3,549,845)
Less : Allowance for loss on debt restructuring	6	(375,654)	(331,790)	(375,654)	(331,790)
Net loans, receivable and accrued interest receivable		46,531,390	44,498,838	40,338,857	36,457,217
PROPERTY FORECLOSED - net	8	1,388,114	1,414,207	1,380,107	1,408,720
LAND, PREMISES AND EQUIPMENT - net		1,377,492	1,291,038	822,278	815,333
DEFERRED TAX ASSETS	18	711,685	623,153	575,111	494,544
OTHER ASSETS	9	1,152,461	1,778,669	1,055,459	2,126,167
TOTAL ASSETS		61,223,995	60,263,254	55,605,564	53,137,056

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		31 March 2004	31 December 2003	31 March 2004	31 December 2003
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
BORROWINGS AND DEPOSITS					
From public		37,500,006	33,911,944	36,834,663	33,235,113
From banks		1,444,237	2,316,530	169,679	842,055
From financial institutions		1,498,305	1,785,988	1,638,505	2,686,988
From foreign countries		124,339	99,435	124,339	99,435
Total borrowings and deposits		40,566,887	38,113,897	38,767,186	36,863,591
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		452,687	864,588	-	-
SECURITIES BUSINESS PAYABLE		1,537,618	3,299,167	-	-
LIABILITIES UNDER COMMERCIAL PAPERS SOLD		378,600	211,000	378,600	211,000
ACCRUED INTEREST PAYABLE		144,217	185,536	138,211	177,817
DEBENTURES	10	5,941,000	5,941,000	5,131,000	5,131,000
OTHER LIABILITIES	11	1,148,104	926,960	565,114	476,282
TOTAL LIABILITIES		50,169,113	49,542,148	44,980,111	42,859,690
SHAREHOLDERS' EQUITY					
Share capital					
Registered	12	11,002,000	11,002,000	11,002,000	11,002,000
Issued and paid up					
183,998,980 preference shares of Baht 10 each					
(31 December 2003 : 181,127,680 preference shares of Baht 10 each)		1,839,990	1,811,277	1,839,990	1,811,277
530,673,020 ordinary shares of Baht 10 each					
(31 December 2003 : 530,591,820 ordinary shares of Baht 10 each)		5,306,730	5,305,918	5,306,730	5,305,918
		7,146,720	7,117,195	7,146,720	7,117,195
Share premium					
Share premium of preference shares		11,340	7,811	11,340	7,811
Share premium of ordinary shares		36,500	36,500	36,500	36,500
Revaluation surplus on changes in the value of investment	15	748,241	1,032,910	748,241	1,032,910
Translation adjustments		99,862	102,401	99,862	102,401
Retained earnings					
Appropriated - statutory reserve	14	143,300	143,300	143,300	143,300
Unappropriated		2,439,490	1,837,249	2,439,490	1,837,249
Equity attributable to Company's shareholders		10,625,453	10,277,366	10,625,453	10,277,366
Minority interest - equity attributable to minority shareholders of subsidiaries		429,429	443,740	-	-
TOTAL SHAREHOLDERS' EQUITY		11,054,882	10,721,106	10,625,453	10,277,366
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		61,223,995	60,263,254	55,605,564	53,137,056
		0	0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES					
Aval to bills		160,000	190,000	160,000	190,000
Guarantees of loans and others		522,812	516,957	522,812	516,957

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

Mr. Yukio Matsunaga
(Executive Director)

Mr. Pichai Chanvirachart
(President)

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2004 AND 2003

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

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2004	2003	2004	2003
INTEREST AND DIVIDEND INCOME					
Loans and deposits		252,941	233,729	249,039	229,475
Hire purchase and financial lease		680,141	555,979	500,229	377,132
Investments in securities		75,909	87,893	69,196	101,634
Total interest and dividend income		1,008,991	877,601	818,464	708,241
EXPENSES ON BORROWINGS					
Interest and discounts		263,247	305,859	243,654	284,114
Fees and charges		-	1,728	-	-
Total expenses on borrowings		263,247	307,587	243,654	284,114
Net interest and dividend income		745,744	570,014	574,810	424,127
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS					
(BAD DEBT AND DOUBTFUL ACCOUNTS)		(68,409)	16,152	(61,054)	31,480
LOSS ON DEBT RESTRUCTURING					
Net interest and dividend income after		-	(8)	-	(8)
bad debt and doubtful accounts and loss on debt restructuring		677,335	586,158	513,756	455,599
NON-INTEREST INCOME					
Brokerage fees		316,984	84,299	-	-
Gain (loss) on investments	16	(29,958)	51,252	(14,217)	19,525
Fees and charges		401,025	189,299	116,733	68,057
Fees and gain (loss) on forward exchange		1,519	241	(577)	(71)
Share of profit of subsidiary and associated companies		494	485	337,120	83,732
Other income		35,151	27,899	37,190	24,527
Total non-interest income		725,215	353,475	476,249	195,770
Total net income		1,402,550	939,633	990,005	651,369
OPERATING EXPENSES					
Personnel expenses		299,185	218,678	146,742	96,002
Premises and equipment expenses		75,800	78,455	50,720	50,113
Taxes and duties		23,640	18,409	22,192	16,438
Directors' remuneration	17	1,585	1,665	1,405	1,425
Other expenses		203,568	196,594	131,375	123,245
Total operating expenses		603,778	513,801	352,434	287,223
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST					
		798,772	425,832	637,571	364,146
CORPORATE INCOME TAX / INCOME TAX BENEFITS					
	18	(186,336)	(53,568)	(35,330)	-
EARNINGS BEFORE MINORITY INTEREST					
		612,436	372,264	602,241	364,146
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES					
		(10,195)	(8,118)	-	-
NET EARNINGS FOR THE PERIOD					
		602,241	364,146	602,241	364,146
EARNINGS PER SHARE					
	19				
Basic earnings per share		1.13	0.70	1.13	0.70
Diluted earnings per share		0.83	0.51	0.83	0.51

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2004 AND 2003

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Cash flows from operating activities				
Net earnings	602,241	364,146	602,241	364,146
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary companies	10,195	8,118	-	-
Share of profit from operating results of subsidiary and associated companies	(494)	(485)	(337,120)	(83,732)
Depreciation and amortisation	34,549	47,349	20,256	19,395
Bad debt and doubtful accounts	76,487	(8,727)	68,540	(29,428)
Unrealised loss on revaluation of investment	17,204	-	17,204	-
Provision for revaluation of property foreclosed	1,005	172	160	706
Loss from troubled debt restructuring	-	8	-	8
Gain on disposal of investments	(2,979)	(8,148)	(2,979)	(8,148)
Gain on disposal of fixed assets	(183)	(794)	-	(719)
Unrealised loss (gain) on decrease (increase) of securities held for trading	22,905	(16,924)	-	-
Gain from disposal of property foreclosed	(1,050)	-	(13,187)	-
Decrease (increase) in deferred tax assets	29,142	(4,136)	35,330	-
Decrease (increase) in accrued interest and dividend receivable	(5,679)	(9,650)	605,099	(6,807)
Decrease (increase) in accrued income	123,967	25,936	13,239	(6,125)
Decrease in accrued interest payable	(41,319)	(14,774)	(39,605)	(12,996)
Increase in accrued expenses	161,111	87,946	96,745	63,744
Earnings from operating activities before changes in operating assets and liabilities	1,027,102	470,037	1,065,923	300,044
Decrease (increase) in operating assets				
Loans to financial institutions	(703,660)	(53,960)	-	-
Negotiable certificates of deposit	-	35,684	-	-
Securities purchased under resale agreements	(43,000)	-	(43,000)	-
Investment in securities - held for trading	338,047	21,159	-	-
Trading transactions with securities companies	279,304	(193,376)	-	-
Finance business loans and receivable	(3,914,111)	(1,693,956)	(3,996,901)	(1,320,042)
Securities business receivable	1,756,117	100,662	-	-
Property foreclosed	(2,566)	26,104	91,810	22,855
Other assets	495,604	(198,754)	444,670	(135,189)
Increase (decrease) in operating liabilities				
Borrowings and deposits from public	3,588,062	2,889,453	3,599,550	2,771,755
Borrowings and deposits from banks and financial institutions	(1,159,975)	238,569	(1,720,859)	85,519
Borrowings and deposits from foreign countries	24,903	1,408	24,904	1,408
Securities sold under repurchase agreements	-	220,000	-	220,000
Trading transactions with securities companies	(411,900)	(224,199)	-	-
Liabilities under commercial paper sold	167,600	68,000	167,600	68,000
Securities business payable	(1,761,550)	318,321	-	-
Other liabilities	42,990	86,730	(24,955)	(137)
Net cash flows from (used in) operating activities	(277,033)	2,111,882	(391,258)	2,014,213

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

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2004 AND 2003

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2004	2003	2004	2003
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(1,576,708)	(5,711,489)	(1,506,395)	(5,620,395)
Cash received from disposal of investment in securities held for investment	2,035,118	3,612,963	2,035,117	3,553,108
Cash paid for purchase of equipment	(33,263)	(14,320)	(22,951)	(9,528)
Cash received from disposal of equipment	641	2,444	-	1,113
Net cash flows from (used in) investing activities	425,788	(2,110,402)	505,771	(2,075,702)
Cash flows from financing activities				
Cash received from issuance of preference shares	33,054	9,312	33,054	9,312
Dividend paid	(25,000)	(18,000)	-	-
Net cash flows from (used in) financing activities	8,054	(8,688)	33,054	9,312
Translation adjustment	(2,539)	(2,191)	-	-
Net increase (decrease) in cash and cash equivalents	154,270	(9,399)	147,567	(52,177)
Cash and cash equivalents at beginning of the period	1,193,449	796,929	234,742	283,655
Cash and cash equivalents at end of the period (Note 20)	1,347,719	787,530	382,309	231,478
	-		-	
Supplemental cash flows information :-				
Cash paid during the period for				
Interest	304,592	320,459	283,258	297,110
Corporate income tax	21,305	10,729	6,110	3,870
Non-cash transactions				
Conversion of preference shares to ordinary shares	812	302,256	812	302,256
Transfer of assets from troubled debt restructuring	53,370	2,950	53,370	2,950

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

(UNAUDITED BUT REVIEWED)

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2004 AND 2003
 (Unit : Thousand Baht)

	CONSOLIDATED									
	Issued and paid-up share capital		Share premium		Surplus (deficit) from changes in the value of investment	Translation adjustments	Statutory reserve	Unappropriated retained earnings	Minority interest- equity attributable to minority shareholders	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares						
Balance as at 31 December 2002	2,158,367	4,906,978	1,185	36,500	58,798	127,319	48,700	41,567	432,816	7,812,230
Increase in fair value of investments	-	-	-	-	22,729	-	-	-	-	22,729
Decrease in translation adjustments	-	-	-	-	-	(2,191)	-	-	-	(2,191)
Net earnings for the period	-	-	-	-	-	-	-	364,146	-	364,146
Warrants converted to preference shares	9,125	-	187	-	-	-	-	-	-	9,312
Preference shares converted to ordinary shares	(302,256)	302,256	-	-	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	(9,397)	(9,397)
Balance as at 31 March 2003	<u>1,865,236</u>	<u>5,209,234</u>	<u>1,372</u>	<u>36,500</u>	<u>81,527</u>	<u>125,128</u>	<u>48,700</u>	<u>405,713</u>	<u>423,419</u>	<u>8,196,829</u>
Balance as at 31 December 2003	1,811,277	5,305,918	7,811	36,500	1,032,910	102,401	143,300	1,837,249	443,740	10,721,106
Decrease in fair value of investments	-	-	-	-	(284,669)	-	-	-	-	(284,669)
Decrease in translation adjustments	-	-	-	-	-	(2,539)	-	-	-	(2,539)
Net earnings for the period	-	-	-	-	-	-	-	602,241	-	602,241
Warrants converted to preference shares	29,525	-	3,529	-	-	-	-	-	-	33,054
Preference shares converted to ordinary shares	(812)	812	-	-	-	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	(14,311)	(14,311)
Balance as at 31 March 2004	<u>1,839,990</u>	<u>5,306,730</u>	<u>11,340</u>	<u>36,500</u>	<u>748,241</u>	<u>99,862</u>	<u>143,300</u>	<u>2,439,490</u>	<u>429,429</u>	<u>11,054,882</u>

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

(UNAUDITED BUT REVIEWED)

TISCO FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
 FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2004 AND 2003
 (Unit : Thousand Baht)

THE COMPANY ONLY

	Issued and paid-up share capital		Share premium		Surplus (deficit) from changes in the value of investment	Translation adjustments	Statutory reserve	Unappropriated retained earnings	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares					
Balance as at 31 December 2002	2,158,367	4,906,978	1,185	36,500	58,798	127,319	48,700	41,567	7,379,414
Increase in fair value of investments	-	-	-	-	22,729	-	-	-	22,729
Decrease in translation adjustments	-	-	-	-	-	(2,191)	-	-	(2,191)
Net earnings for the period	-	-	-	-	-	-	-	364,146	364,146
Warrants converted to preference shares	9,125	-	187	-	-	-	-	-	9,312
Preference shares converted to ordinary shares	(302,256)	302,256	-	-	-	-	-	-	-
Balance as at 31 March 2003	<u>1,865,236</u>	<u>5,209,234</u>	<u>1,372</u>	<u>36,500</u>	<u>81,527</u>	<u>125,128</u>	<u>48,700</u>	<u>405,713</u>	<u>7,773,410</u>
Balance as at 31 December 2003	1,811,277	5,305,918	7,811	36,500	1,032,910	102,401	143,300	1,837,249	10,277,366
Decrease in fair value of investments	-	-	-	-	(284,669)	-	-	-	(284,669)
Decrease in translation adjustments	-	-	-	-	-	(2,539)	-	-	(2,539)
Net earnings for the period	-	-	-	-	-	-	-	602,241	602,241
Warrants converted to preference shares	29,525	-	3,529	-	-	-	-	-	33,054
Preference shares converted to ordinary shares	(812)	812	-	-	-	-	-	-	-
Balance as at 31 March 2004	<u>1,839,990</u>	<u>5,306,730</u>	<u>11,340</u>	<u>36,500</u>	<u>748,241</u>	<u>99,862</u>	<u>143,300</u>	<u>2,439,490</u>	<u>10,625,453</u>

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

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

1. GENERAL INFORMATION

1.1 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.

1.2 Basis for the preparation of interim financial statements

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

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

1.3 Basis of interim consolidation

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2003. There have been no changes in the shareholding structure during the period.

The financial statements of 3 subsidiary companies, which are included in the consolidated interim financial statements, TISCO Global Investment Holdings Limited, TISCO Securities UK Limited and GIH&CO Pte. Ltd., were prepared by the managements of these subsidiary companies and not reviewed by their auditors. As at 31 March 2004, these 3 subsidiary companies have aggregate assets included in the consolidated interim financial statements of approximately Baht 2.6 million and aggregate revenues and net losses for the three-month periods then ended of approximately Baht 0.1 million and Baht 0.1 million, respectively. These amounts are immaterial to the consolidated financial statements and the management believes that such amounts will not significantly differ if the financial statements were to be reviewed by auditors.

1.4 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.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2003.

2. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

As at 31 March 2004, cash deposits at banks of the Company and its local subsidiaries of approximately Baht 10 million (the Company Only : Nil) (as at 31 December 2003 : Baht 10 million and Nil, respectively) were pledged with the banks to secure facilities provided for use as working capital.

As at 31 March 2004, approximately Baht 91 million (as at 31 December 2003 : Baht 92 million) of the foreign subsidiary's cash deposits at banks were pledged with the bank to secure the credit facility.

3. INVESTMENTS IN SECURITIES

3.1 As at 31 March 2004, held-to-maturity debt securities amounting to Baht 335 million (as at 31 December 2003 : 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.

3.2 As at 31 March 2004, the Company has a commitment not to sell marketable equity securities totaling Baht 104 million (as at 31 December 2003 : Baht 222 million) for the period, as a condition of troubled debt restructuring agreement made with restructured receivables.

3.3 As at 31 March 2004, the Company has pledged other investment of approximately Baht 13 million (as at 31 December 2003 : Baht 13 million) as a security against short-term loan from a company.

3.4 As at 31 March 2004, the Company and its subsidiaries have invested Baht 5 million (the Company Only : Baht 3 million) in government debt securities, which were pledged as security for electricity usage (as at 31 December 2003 : Baht 4 million and Baht 3 million, respectively). In addition, investments in government bonds amounting to Baht 73 million (as at 31 December 2003 : 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 24.2

- 3.5 As at 31 March 2004, the Company have the following investment in companies which have weak financial standing or operating results :-

	(Unit : Thousand Baht)		
	Consolidated / The Company Only		
	Cost	Fair value	Allowance for changes in value ⁽¹⁾
Companies having problems with debt repayment or in default	276,978	-	276,978

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

- 3.6 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 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.

4. INVESTMENT IN SUBSIDIARY COMPANIES

The Company's investment in its subsidiaries as at 31 March 2004 and 31 December 2003 are summarised below.

Company's name	Nature of business	Paid-up share capital		Cost method		Equity method ⁽¹⁾		Dividend income ⁽²⁾ received for the three-month periods ended 31 March	
		31 March 2004	31 December 2003	31 March 2004	31 December 2003	31 March 2004	31 December 2003	2004	2003
<u>Subsidiary companies directly held by the Company</u>									
TISCO Securities Hong Kong Limited	Services	HKD 20 million	HKD 20 million	66	66	260	260	-	-
TISCO Securities Co., Ltd.	Services	1,500	1,500	1,500	1,500	1,814	1,544	-	-
TISCO Asset Management Co., Ltd.	Services	100	100	220	220	198	301	100	-
TISCO Leasing Co., Ltd.	Leasing	890	890	864	864	1,237	1,224	-	-
Hi-Way Co., Ltd.	Hire purchase	100	100	273	273	501	470	-	-
Thai Information Technology Co., Ltd.	Services	20	20	44	44	41	42	-	-
Thai Commercial Auto Co., Ltd.	Hire purchase	800	800	434	434	429	444	25	18
Thai Permsub Finance Co., Ltd.	Finance	150	150	150	150	72	71	-	-
						<u>4,552</u>	<u>4,356</u>	<u>125</u>	<u>18</u>

⁽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.

5. LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE

5.1 As at 31 March 2004, the Company had loans and receivable of approximately Baht 2,734 million (as at 31 December 2003 : Baht 2,587 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 amounted to approximately Baht 5,738 million (as at 31 December 2003 : Baht 5,686 million), with Baht 4,159 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 March 2004, the local subsidiaries had securities business loans and receivable, hire-purchase receivable, financial lease receivable and other loans and receivables totaling Baht 726 million, on which the recognition of income had been suspended (as at 31 December 2003 : Baht 720 million), with Baht 576 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 4,411 million (the Company Only : Baht 3,598 million) is presented as a deduction against finance business loans and receivable (as at 31 December 2003 : Baht 4,170 million and the Company Only : Baht 3,375 million).

5.2 As at 31 March 2004, the Company's loans and receivable include restructured loans and receivables amounting to approximately Baht 1,831 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 517 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 499 million has been provided for.

5.3 Troubled Debt Restructuring

During the period, the Company entered into troubled debt restructuring agreements with 25 debtors, with aggregate loan balance (before restructuring) of approximately Baht 436 million.

As at 31 March 2004, the number of debtors which were subjected to debt restructuring amounted to 1,025 as summarised below.

Type of restructuring	Number of receivables	Outstanding loan	Type of assets transferred	Fair value
		balance before restructuring		of transferred assets
		Million Baht	Million Baht	
Transfer of assets	22	2,540	Land and premises	2,466
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	3,652	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	942	19,533		
Total	1,025	29,584		5,006

The balance of the restructured debts as at 31 March 2004 amounted to approximately Baht 3,834 million (as at 31 December 2003 : Baht 3,748 million).

During the three-month period ended 31 March 2004, the Company recognised interest income on restructured receivables totaling Baht 10 million, received repayments of principal and interest from the restructured receivables totaling Baht 286 million and there was no loss from restructuring. (During the three-month period ended 31 March 2003 : Baht 37 million, Baht 844 million, respectively and there was no loss from restructuring).

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

6.1 Allowance for doubtful accounts

(Unit : Thousand Baht)

Consolidated as at 31 March 2004

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	547,176	28,657	74,831	122,248	2,440,577	1,054,352	4,267,841
Increase (decrease) in allowance for doubtful accounts during the period	6,662	8,310	1,398	16,826	7,735	(11,116)	29,815
Bad debt written - off	-	-	-	-	(5,779)	-	(5,779)
Balance - end of period	553,838	36,967	76,229	139,074	2,442,533	1,043,236	4,291,877

(Unit : Thousand Baht)

The Company Only as at 31 March 2004

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of period	498,421	23,953	60,091	94,401	1,890,798	982,181	3,549,845
Increase (decrease) in allowance for doubtful accounts during the period	7,314	8,485	2,682	21,725	(25,155)	6,817	21,868
Balance - end of period	505,735	32,438	62,773	116,126	1,865,643	988,998	3,571,713

(Unit : Thousand Baht)

Consolidated as at 31 December 2003

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of year	720,113	22,934	50,431	297,950	2,060,421	1,088,419	4,240,268
Increase (decrease) in allowance for doubtful accounts during the period	(172,567)	5,723	24,400	(175,702)	410,206	(34,067)	57,993
Bad debt written - off	(370)	-	-	-	(30,050)	-	(30,420)
Balance - end of year	547,176	28,657	74,831	122,248	2,440,577	1,054,352	4,267,841

(Unit : Thousand Baht)

The Company Only as at 31 December 2003

	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of year	675,607	18,256	37,545	279,207	1,327,464	1,063,571	3,401,650
Increase (decrease) in allowance for doubtful accounts during the period	(177,186)	5,697	22,546	(184,806)	563,334	(81,390)	148,195
Balance - end of year	498,421	23,953	60,091	94,401	1,890,798	982,181	3,549,845

6.2 Allowance for loss on debt restructuring

(Unit : Thousand Baht)

	The Company Only	
	31 March 2004	31 December 2003
Balance - beginning of period	331,790	462,268
Increase during period	55,695	141,417
Written-off	(11,831)	(271,895)
Balance - end of period	375,654	331,790

Under the Bank of Thailand's guidelines concerning the loan loss provisioning, the Company would have been required to provide an allowance for doubtful debts as at 31 March 2004 of approximately Baht 2,715 million (as at 31 December 2003 : Baht 2,639 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 3,947 million (as at 31 December 2003 : Baht 3,882 million), or Baht 1,232 million (as at 31 December 2003 : Baht 1,243 million) more than the required amount.

The allowance for doubtful debts of Baht 3,947 million, as mentioned above, consists of allowance for doubtful debts of Baht 2,262 million set aside for the unsecured portion of loans amounting Baht 4,159 million at the rate of 100 percent (the difference is the secured portion) and other allowances for doubtful debts amounting to Baht 1,685 million set up for the other loans and receivables.

As at 31 March 2004, the Company had outstanding non-performing loans and receivables of approximately Baht 2,830 million, against which an allowance for doubtful debts of Baht 2,004 million has been provided (as at 31 December 2003, Baht 2,690 million and Baht 1,891 million, respectively).

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

7. CLASSIFICATION OF ASSETS

7.1 Investment in securities

As at 31 March 2004 and 31 December 2003, the investment in securities of the Company included the following :-

- a) With respect to investment of approximately Baht 60 million in subordinated debentures issued by a financial institution which the Bank of Thailand ordered closed on 8 December 1997, the Company has made full provision for loss on these securities.
- b) Investments in securities of the companies which are vulnerable to delisting, of the companies of which the auditors have expressed their opinion with the going concern issue, or of the companies which have defaulted on their interest payments (including investments in sub debentures, as discussed in Note 7.1 a) are summarised below.

(Unit : Million Baht)						
						Allowance for possible loss provided in the accounts ⁽¹⁾
Cost		Fair Value				
31 March 2004	31 December 2003	31 March 2004	31 December 2003	31 March 2004	31 December 2003	
Debt instruments -						
debentures	60	60	-	-	60	60
Equity instruments -						
ordinary shares	217	205	-	-	217	205

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

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

As at 31 March 2004 and 31 December 2003, the Company classified its assets and made allowances against those assets in accordance with the Bank of Thailand's guidelines. They are summarised below.

	(Unit : Million Baht)								
					Percentage required by BOT ⁽³⁾	Allowance for doubtful accounts			
	Debt balance		Debt balance after net off collateral			Amounts to be provided under BOT's guidelines		Amounts already set up by the Company	
	31 March 2004	31 December 2003	31 March 2004	31 December 2003	31 March 2004	31 December 2003	31 March 2004	31 December 2003	
Loans and receivable⁽¹⁾⁽²⁾									
Pass	40,117	36,527	31,379	28,639	1	313	285	506	499
Special mention	1,253	1,042	983	954	2	20	17	32	24
Substandard	357	244	345	184	20	56	54	63	60
Doubtful	225	147	179	128	50	110	85	116	94
Bad debts	2,248	2,299	1,708	1,734	100	1,841	1,866	1,866	1,891
Total	44,200	40,259	34,594	31,639		2,340	2,307	2,583	2,568
Loss on receivable under troubled debt restructuring	-	-	-	-		375	332	375	332
Total	44,200	40,259	34,594	31,639		2,715	2,639	2,958	2,900
General reserve								989	982
Total								3,947	3,882
Investment in securities									
Bad debts									
Debt instruments	63	64	63	64	100	63	64	63	64
Equity instruments	530	497	530	497	100	530	497	530	497
Total	593	561	593	561		593	561	593	561
Investment in receivables									
Bad debts	7	7	-	-	100	-	-	-	-
Properties foreclosed									
Land	86	86	86	86	100	86	86	86	86
Total classified assets	44,886	40,913	35,273	32,286		3,394	3,286	4,626	4,529

⁽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 March 2004 and 31 December 2003, in accordance with the BOT's guidelines, the Company has provided an allowance amounting to Baht 4,626 million and Baht 4,529 million, respectively against its loans and receivable, investment in securities and properties foreclosed.

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

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

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2004	2003	2004	2003	2004	2003	2004	2003
				(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Companies vulnerable to delisting	3	3	97	97	36	33	97	97
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	20	23	992	988	262	317	716	605
3. Listed companies of which shares have been suspended for trading	2	2	16	14	-	-	16	14
4. Listed companies under rehabilitation	12	14	587	584	150	153	312	339
5. Companies having loan default problem	34	30	2,190	2,111	1,161	1,228	851	854
6. Companies having going concern issue as cited in auditors' report	4	5	237	351	149	158	58	139
Total	75	77	4,119	4,145	1,758	1,889	2,050	2,048

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

As at 31 March 2004 and 31 December 2003, a local subsidiary operating in the securities business in Thailand classified its securities business receivable and accrued interest receivable, and provided related allowances for doubtful accounts, in accordance with the notification of the Office of the Securities and Exchange Commission (SEC) as follows:-

	(Unit : Million Baht)					
	Securities business receivable and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	31 March 2004	31 December 2003	31 March 2004	31 December 2003	31 March 2004	31 December 2003
Substandard	49	69	-	-	-	-
Doubtful	480	462	480	462	480	462
Total	<u>529</u>	<u>531</u>	<u>480</u>	<u>462</u>	480	462
General reserve					55	73
Total					<u>535</u>	<u>535</u>

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

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

As at 31 March 2004 and 31 December 2003, hire-purchase receivable, financial lease receivable and other loan receivable of the subsidiaries are classified by the due date of the contracts as follows :-

	(Unit : Million Baht)	
	31 March 2004	31 December 2003
Current or overdue less than 90 days	5,080	5,250
Overdue		
91 - 365 days	137	141
More than 1 year	53	44
Debtors under litigation	45	44
Total	<u>5,315</u>	<u>5,479</u>

8. PROPERTY FORECLOSED

As at 31 March 2004 and 31 December 2003, the Company had obligations with regard to properties foreclosed which were received in repayment of debts amounting to Baht 710 million. (as at 31 December 2003 : Baht 710 million). The debtors may repurchase these properties at prices and within periods specified in the agreements.

9. OTHER ASSETS

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 March 2004	31 December 2003	31 March 2004	31 December 2003
Value added tax - net	458,870	988,545	445,066	916,502
Accrued interest receivable	16,362	55,475	15,537	48,032
Fee receivable	230,395	355,497	185,822	198,640
Dividend receivable	40,746	-	140,746	720,000
Prepaid income tax	107,814	107,578	68,219	68,719
Deferred computer system development cost - net	35,400	35,548	30,293	32,292
Deposits	15,291	8,336	3,732	3,774
Other receivables	99,413	79,038	85,421	71,166
Other assets	148,170	148,652	80,623	67,042
Total other assets	1,152,461	1,778,669	1,055,459	2,126,167

10. DEBENTURES

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 March 2004	31 December 2003	31 March 2004	31 December 2003
Subordinated debentures	331,000	331,000	331,000	331,000
Unsubordinated unsecured debentures	5,610,000	5,610,000	4,800,000	4,800,000
	5,941,000	5,941,000	5,131,000	5,131,000

10.1 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.

10.2 Unsubordinated and unsecured debentures

10.2.1 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.

- 10.2.2 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.

- 10.2.3 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.

11. OTHER LIABILITIES

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	31 March 2004	31 December 2003	31 March 2004	31 December 2003
Corporate income tax payable	289,595	146,863	-	-
Withholding income tax and other tax payable	60,080	182,497	41,630	94,887
Accrued insurance premium	292,136	262,386	247,347	222,837
Other liabilities	506,293	335,214	276,137	158,558
Total other liabilities	<u>1,148,104</u>	<u>926,960</u>	<u>565,114</u>	<u>476,282</u>

12. 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 March 2004, 430,473,020 preference shares had been converted into ordinary shares, and such conversion registered with the authorities.

As at 31 March 2004, there remained a total of 183,998,980 preference shares which are eligible for conversion to ordinary shares.

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

In addition, the annual general meeting passed a resolution approving the un-allocation of 400 million preference shares (including 300 million preference shares which were to be reserved for the conversion of convertible debentures). Thirty million preference shares with a par value of Baht 10 each are to be reserved for the exercise of the warrants to be issued and offered to directors and employees of the Company and its subsidiaries to purchase the Company's preference shares, leaving 370 million unallocated preference shares.

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

Up to 31 March 2004, the Company allocated 25,436,000 warrants, and employees who had been allocated warrants had exercised their rights to purchase a total of 8,680,000 preference shares, at an exercise price of Baht 10 each, amounting to Baht 86,800,000 and 3,806,500 preference shares at an exercise price of Baht 11.31 each, a total of Baht 43,051,515 and 1,985,500 preference shares at an exercise price of Baht 13.20 each, a total of Baht 26,208,600 of which 14,472,000 preference shares registered with the Ministry of Commerce.

As at 31 March 2004, 10,964,000 warrants remained unexercised.

On 28 April 2004, the annual general meeting of the Company's shareholders passed a resolution approving the allocation of 5,317,000 warrants to the directors and employee of the Company and its subsidiaries. These warrants, consist of 753,000 warrants received from resigned employees and 4,564,000 un-allotted warrants. The allotment is to take place once approval has been received from the Office of the Securities and Exchange Commission.

13. CAPITAL FUND

As at 31 March 2004 and 31 December 2003, 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 :-

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	The Company Only	
	31 March 2004	31 December 2003
<u>Tier I</u>		
Issued and fully paid up share capital	7,146,720	7,117,195
Premium on share capital	47,840	44,311
Statutory reserve	143,300	143,300
Retained earnings - unappropriated	1,837,249	1,837,249
Total Tier I	9,175,109	9,142,055
<u>Tier II</u>		
Subordinated debentures	331,000	331,000
Reserve for loans classified as pass	505,734	498,421
Reserve for revaluation of equity securities – available for sales	450,119	450,119
Total Tier II	1,286,853	1,279,540
Less : Investments in debentures at value of which the banks, who are the debenture issuers, recognize as capital fund	-	(51,091)
Total capital fund	10,461,962	10,370,504

The capital ratios of the Company are as follows :-

	The Company Only			
	31 March 2004		31 December 2003	
	Company	Requirement	Company	Requirement
Tier I capital to risk assets	18.36%	4.00%	18.78%	4.00%
Total capital to risk assets	20.94%	8.00%	21.42%	8.00%
Total capital to issued and paid-up share capital	146.39%	75.00%	145.71%	75.00%

14. STATUTORY RESERVE

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

15. SURPLUS ON CHANGES IN THE VALUE OF INVESTMENTS

(Unit : Thousand Baht)

	Consolidated / The Company Only	
	31 March 2004	31 December 2003
Balance - beginning of the period	1,472,433	58,798
Increase (decrease) in changes in the value of securities during the period	(406,597)	1,413,635
	1,065,836	1,472,433
Less : The effect of income tax liabilities	(317,595)	(439,523)
Balance - end of the period	748,241	1,032,910

16. GAIN (LOSS) ON INVESTMENTS

Gain (loss) on investments for the three-month periods ended 31 March 2004 and 2003 consist of the following :-

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	2004	2003	2004	2003
Unrealised gain (loss) on investments	(40,108)	28,105	(17,204)	11,377
Realised gain on investments	10,150	23,147	2,987	8,148
Total	(29,958)	51,252	(14,217)	19,525

17. 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.

18. CORPORATE INCOME TAX

Corporate income tax expenses for the three-month periods ended 31 March 2004 and 2003 were arrived at as follows:

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Income tax payable on taxable				
profit for the period	193,434	366,788	36,240	304,195
Add (less) : Net decrease (increase) in				
deferred tax on temporary differences	29,142	(3,528)	35,330	-
Less : Utilisation of income tax benefits				
on tax loss carried forward	(36,240)	(309,692)	(36,240)	(304,195)
Income tax expenses – net / income tax benefits	<u>186,336</u>	<u>53,568</u>	<u>35,330</u>	<u>-</u>

(UNAUDITED BUT REVIEWED)

As at 31 March 2004 and 31 December 2003, deferred tax assets and deferred tax liabilities arose from the following temporary differences:

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	31 March 2004	31 December 2003	31 March 2004	31 December 2003
Allowance for doubtful accounts (general reserve)	1,174,618	1,165,632	988,999	982,181
Allowance for doubtful accounts for VAT receivables	21,715	20,129	-	-
Unrealised gain from trading securities	(4,261)	-	-	-
Allowance for impairment of investments	557,222	533,264	550,417	533,213
Allowance for impairment of property foreclosed	87,131	86,185	86,077	85,917
Non-accrual of interest income	1,381,428	1,505,268	1,326,968	1,468,856
Depreciation of assets	22,961	19,162	15,798	15,035
Financial leases	190,701	184,258	-	-
Revaluation surplus on changes in the value of investment	(1,058,649)	(1,442,213)	(1,055,888)	(1,442,213)
Others	(584)	5,492	4,667	5,492
	<u>2,372,282</u>	<u>2,077,177</u>	<u>1,917,038</u>	<u>1,648,481</u>
Deferred tax assets (30%)	<u>711,685</u>	<u>623,153</u>	<u>575,111</u>	<u>494,544</u>

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	31 March 2004	31 December 2003	31 March 2004	31 December 2003
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	-	-
	<u>-</u>	<u>14,180</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities (30%)	<u>-</u>	<u>4,254</u>	<u>-</u>	<u>-</u>

19. RECONCILIATION OF DILUTED EARNINGS PER SHARE

	For the three-month periods ended 31 March					
	Net earnings		Weighted average		Earnings per share	
	2004	2003	2004	2003	2004	2003
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net earnings	602,241	364,146	530,663	518,237	1.13	0.70
Effect of dilutive securities						
Preference shares (including 11.0 million warrants to purchase preference shares (2003: 12.5 million warrants))	-	-	194,973	201,744		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares	602,241	364,146	725,636	719,981	0.83	0.51

20. CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents as reflect in the statements of cash flows as at 31 March 2004 and 2003 consist of the following :-

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	2004	2003	2004	2003
Cash	7,619	6,501	5,664	3,495
Cash at banks and financial institutions	1,340,100	781,029	376,645	227,983
Cash and cash equivalents	1,347,719	787,530	382,309	231,478

21. RELATED PARTY TRANSACTIONS

During the three-month periods ended 31 March 2004 and 2003, the Company had significant business transactions with its subsidiary and related companies (related by way of common shareholders and/or common directors). Such transactions have been concluded on the terms and basis as determined by the Company and those companies. Intercompany outstanding balances and transactions are summarised below :-

(Unit : Thousand Baht)

	The Company Only			Balance-end of the period
	Balance- beginning of the period	Increase	Decrease	
<u>Outstanding balance as at 31 March 2004</u>				
Subsidiary companies				
Borrowing and deposits from financial institutions and public :				
TISCO Securities Co., Ltd.	900,000	-	(762,800)	137,200
Hi-Way Co., Ltd.	67,540	-	(45,540)	22,000
TISCO Leasing Co., Ltd.	150,023	-	(70,023)	80,000
Other subsidiary companies	31,000	4,518	-	35,518

(Unit : Thousand Baht)

	Consolidated		The Company Only		Pricing policy
	2004	2003	2004	2003	(For the period 2004)
<u>Transactions occurred during the three-month periods ended 31 March</u>					
Subsidiary companies					
Risk, financial and human resources management fee income	-	-	8,222	9,834	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
Accounts receivable management fee income and office administration fee income	-	-	10,546	-	Reference to the price as charged to other customers
Other income	-	-	2,232	4,239	Reference to the price as charged to other customers
Computer system advisory services expenses and office administration expenses	-	-	10,941	14,625	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	-	-	1,760	410	Reference to the price as charged to other customers
Associated company					
Interest expense	-	185	-	-	Reference to the rate as charged to other customers
Accounts receivable management fee income and office administration fee income	1,876	3,789	-	-	Reference to the price as charged to other customers

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

As at 31 March 2004, 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)	
	Consolidated	The Company Only
Loans	3,745	3,745

As at 31 March 2004 and, the Company has neither provided any credit nor made any commitments to companies which have directors in common with the Company in cases where such credit is unsecured or not fully collateralised and therefore would require an approval from the Bank of Thailand.

As at 31 March 2004, the Company and its subsidiaries have no investment 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.

22. FINANCIAL INFORMATION BY SEGMENT

Financial information relating to the finance business, securities business and other business segments as of 31 March 2004 and 31 December 2003 and for the three-month periods ended 31 March 2004 and 2003 is summarised below.

	(Unit : Million Baht)									
	For the three-month periods ended 31 March									
	Finance business		Securities business		Other business		Elimination		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Net interest and dividend										
income after bad debt										
and doubtful accounts	789	597	13	8	-	(1)	(125)	(18)	677	586
Non-interest income	173	138	587	220	25	30	(60)	(34)	725	354
Operating expenses	(444)	(373)	(182)	(142)	(26)	(29)	48	30	(604)	(514)
Corporate income tax	(63)	(24)	(123)	(30)	-	-	-	-	(186)	(54)
Minority interest in net earnings										
in subsidiary companies	-	-	-	-	-	-	(10)	(8)	(10)	(8)
Net earnings	455	338	295	56	(1)	-	(147)	(30)	602	364

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	As at									
	Finance business		Securities business		Other business		Elimination		Total	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Investments in securities	10,065	10,851	526	969	1	-	(3,712)	(3,725)	6,880	8,095
Loans, receivable and accrued interest receivable - net	45,492	41,779	1,154	2,893	-	-	(115)	(174)	46,531	44,498
Other assets	4,975	5,973	3,134	3,481	51	51	(347)	(1,835)	7,813	7,670
Total assets	60,532	58,603	4,814	7,343	52	51	(4,174)	(5,734)	61,224	60,263

23. COMMITMENTS AND CONTINGENT LIABILITIES**23.1 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.

23.2 Litigation

The Company was a defendant in certain lawsuits involving compensation of approximately Baht 91 million. As at 31 March 2004, 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.

23.3 The Company has commitments under interest rate swap agreements covering nominal principal of Baht 5,600 million (as discussed in Note 24.2 to the financial statements).

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

24. 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 March 2004, the Company and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

24.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill 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.

24.2 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	810	10	528	1,348
Loans to financial institutions	-	1,305	-	1,305
Securities purchased under resale agreements	-	80	-	80
Investments in securities - net	326	2,582	3,971	6,879
Trading transactions with securities companies				
- receivable	-	-	451	451
Loans and receivable	6,031	41,957	3,211	51,199
	<u>7,167</u>	<u>45,934</u>	<u>8,161</u>	<u>61,262</u>
Financial liabilities				
Borrowings and deposits	28	40,311	228	40,567
Trading transactions with securities companies				
- liabilities	-	-	453	453
Securities business payable	399	-	1,138	1,537
Debentures	-	5,941	-	5,941
	<u>427</u>	<u>46,252</u>	<u>1,819</u>	<u>48,498</u>

(Unit : Million Baht)

The Company Only				
Outstanding balances of financial instruments				
	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets				
Cash and deposits at financial institutions	3	-	379	382
Securities purchased under resale agreements	-	80	-	80
Investments in securities - net	326	2,515	8,130	10,971
Loans and receivable	5,922	36,296	2,068	44,286
	<u>6,251</u>	<u>38,891</u>	<u>10,577</u>	<u>55,719</u>
Financial liabilities				
Borrowings and deposits	15	38,584	168	38,767
Debentures	-	5,131	-	5,131
	<u>15</u>	<u>43,715</u>	<u>168</u>	<u>43,898</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.

(UNAUDITED BUT REVIEWED)

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	3-12	1-5	Over 5	Unspecified		
		months	months	years	Years			
Financial assets								
Cash and deposits at financial institutions	-	-	10	-	-	-	10	0.48
Loans to financial institutions	1,059	226	20	-	-	-	1,305	1.07
Securities purchased under resale agreements	-	80	-	-	-	-	80	0.96
Investments in securities - net	-	951	1,210	161	260	-	2,582	1.69
Loans and receivable	2,598	5,184	12,038	19,887	1,805	445	41,957	8.04
	<u>3,657</u>	<u>6,441</u>	<u>13,278</u>	<u>20,048</u>	<u>2,065</u>	<u>445</u>	<u>45,934</u>	
Financial liabilities								
Borrowings and deposits	5,234	16,504	11,416	7,157	-	-	40,311	1.97
Debentures	-	-	-	5,771	170	-	5,941	4.03
	<u>5,234</u>	<u>16,504</u>	<u>11,416</u>	<u>12,928</u>	<u>170</u>	<u>-</u>	<u>46,252</u>	

(Unit : Million Baht)

<u>Transactions</u>	The Company Only							Interest rates %
	Repricing or maturity date						Total	
	At call	0-3	3-12	1-5	Over 5	Unspecified		
		months	months	years	Years			
Financial assets								
Securities purchased under resale agreements	-	80	-	-	-	-	80	0.96
Investments in securities - net	-	886	1,209	161	259	-	2,515	1.68
Loans and receivable	2,437	4,315	9,975	17,764	1,805	-	36,296	6.65
	<u>2,437</u>	<u>5,281</u>	<u>11,184</u>	<u>17,925</u>	<u>2,064</u>	<u>-</u>	<u>38,891</u>	
Financial liabilities								
Borrowings and deposits	5,284	15,944	10,199	7,157	-	-	38,584	1.92
Debentures	-	-	-	4,961	170	-	5,131	4.16
	<u>5,284</u>	<u>15,944</u>	<u>10,199</u>	<u>12,118</u>	<u>170</u>	<u>-</u>	<u>43,715</u>	

24.3 Liquidity risk

The periods to maturity dates of financial instruments held as of 31 March 2004, counting from the balance sheet date, are as follows :-

(Unit : Million Baht)

Transactions	Consolidated							Total
	At call	0-3 months	3-12 months	1-5 years	Over 5 years	Unspecified	Non performing loans	
Financial assets								
Cash and deposits at financial institutions	1,21	125	10	-	-	-	-	1,348
Loans to financial institutions	1,05	226	20	-	-	-	-	1,305
Securities purchased under resale agreements	-	80	-	-	-	-	-	80
Investments in securities – net	2,48	1,103	1,325	280	41	1,271	-	6,879
Trading transactions with securities companies – receivable	-	451	-	-	-	-	-	451
Loans and receivable	2,09	6,597	13,141	22,428	3,48	-	3,460	51,199
	<u>6,84</u>	<u>8,582</u>	<u>14,500</u>	<u>22,708</u>	<u>3,89</u>	<u>1,271</u>	<u>3,460</u>	<u>61,262</u>
Financial liabilities								
Borrowings and deposits	5,47	16,504	11,416	7,157	-	13	-	40,567
Trading transactions with securities companies – liabilities	-	453	-	-	-	-	-	453
Securities business payable	39	1,145	-	-	-	-	-	1,537
Debentures	-	-	-	5,771	17	-	-	5,941
	<u>5,86</u>	<u>18,102</u>	<u>11,416</u>	<u>12,928</u>	<u>17</u>	<u>13</u>	<u>-</u>	<u>48,498</u>
Off - balance sheet items								
Aval to bills	-	160	-	-	-	-	-	160
Guarantees of loans and others	49	2	29	-	-	-	-	523

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Company Only								
<u>Transactions</u>	At call	0-3 months	3-12 months	1-5 years	Over 5 years	Unspecified	Non	Total
							performing Loans	
Financial assets								
Cash and deposits at financial institutions	38	-	-	-	-	-	-	382
Securities purchased under resale agreements	-	80	-	-	-	-	-	80
Investments in securities - net	2,47	885	1,328	217	411	5,660	-	10,971
Loans and receivable	2,04	4,583	11,131	20,318	3,480	-	2,734	44,286
	<u>4,89</u>	<u>5,548</u>	<u>12,459</u>	<u>20,535</u>	<u>3,891</u>	<u>5,660</u>	<u>2,734</u>	<u>55,719</u>
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Borrowings and deposits	5,45	15,944	10,199	7,157	-	13	-	38,767
Debentures	-	-	-	4,961	170	-	-	5,131
	<u>5,45</u>	<u>15,944</u>	<u>10,199</u>	<u>12,118</u>	<u>170</u>	<u>13</u>	<u>-</u>	<u>43,898</u>
Off balance sheet items								
Aval to bills	-	160	-	-	-	-	-	160
Guarantees of loans and others	49	2	29	-	-	-	-	523

24.4 Foreign exchange risk

As at 31 March 2004, the Company did not have any financial instruments in foreign currencies except for its investment in a subsidiary company amounting to Baht 260 million.

24.5 Fair value

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

a) Financial assets

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

b) Financial liabilities

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

As at 31 March 2004, 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.

25. SUBSEQUENT EVENT

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

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

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

26. PRESENTATION

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