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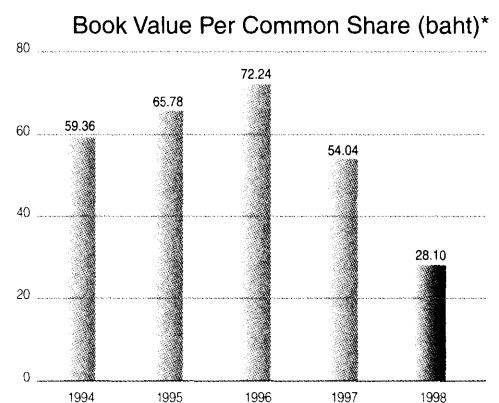
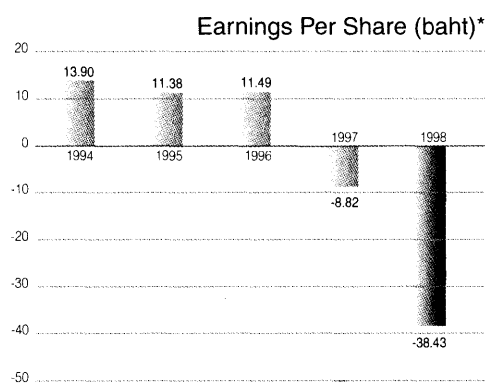
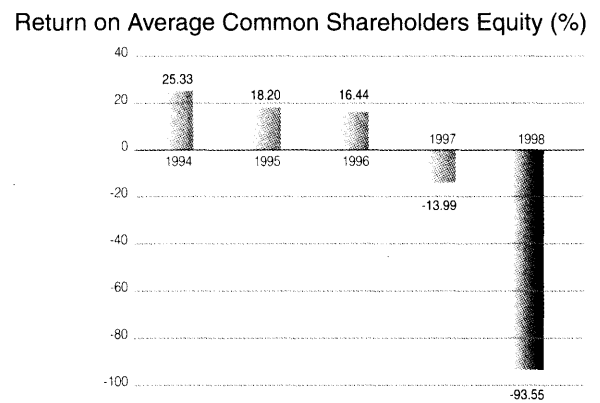
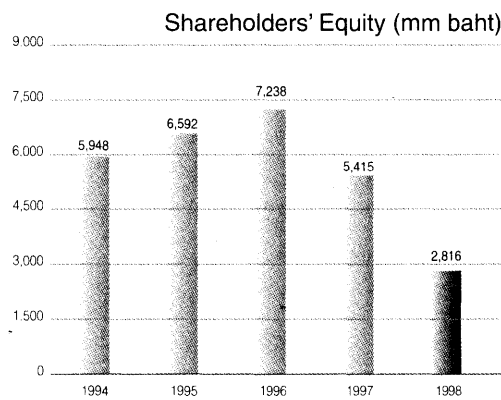
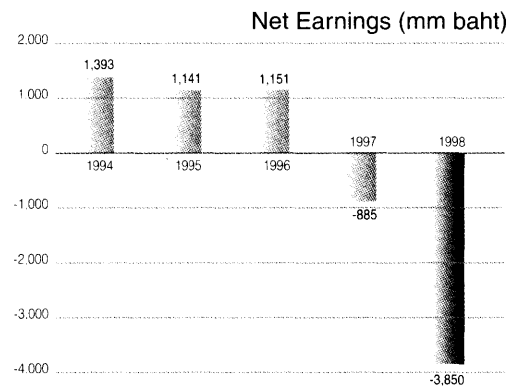
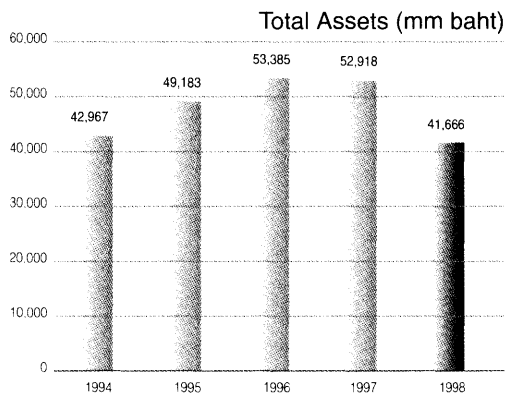
ENGLISH
12/31/98

TISCO

รายงานประจำปี 2541

บริษัทเงินทุน ทิสโก้ จำกัด (มหาชน)

Financial Highlights



* For 1994-1995, the number of shares is adjusted to make them comparable with the number of shares after the mergers of TISCO and TSC in 1996 in which the

number of shares increased from 16.7 million to 100.2 million.

(Baht in Million, Except Per Share Amounts)

	1998	1997	1996	1995	1994
Operating Results					
Total Revenues (a)	3,984	5,459	5,511	5,575	4,752
Net Revenues before Operating Expenses (b)	48	2,323	2,552	2,549	2,811
Net Earnings	(3,850)	(885)	1,151	1,141	1,393
Pretax Margin (c)	-	58%	62%	62%	68%
Profit Margin (d)	-	-	45%	45%	50%
Return on Average Common Shareholders' Equity	(93.55%)	(13.99%)	16.64%	18.20%	25.33%
Consolidated Financial Position					
Total Assets	41,666	52,918	53,385	49,183	42,967
Net Loans and Receivables	29,857	41,249	45,022	42,855	37,464
Securities	6,205	4,551	5,741	5,245	4,345
Public Borrowings	30,530	30,239	16,432	13,414	15,162
Money Market Deposits and Borrowings from Financial Institutions	3,565	4,381	7,926	9,254	8,151
Offshore Borrowings	2,989	8,509	8,628	6,284	3,930
Shareholders' Equity	2,816	5,415	7,238	6,592	5,948
Aval and Guarantee (e)	3,639	3,796	3,223	7,242	5,734
Per Common Share (f)					
Earnings	(38.43)	(8.82)	11.49	11.38	13.90
Dividends Paid (g)	-	3	55	30	30
Book Value	28.10	54.04	72.24	65.78	59.36
Full-Time Employees	594	629	753	792	884
Paid-up Capital	1,002	1,002	1,002	167	167
Capital Adequacy					
Risk-Based Capital Ratio (100% tier 1)	8.01%	11.17%	15.25%	11.30%	11.95%
Net Capital Rule (Securities Business)	261.59%	11.81%			

(a) Total interest and dividend income and total non-interest income

(b) Taking off the effect of financial crisis, net revenues before provision and securities loss are used for the year 1997 and 1998.

(c) (Net Revenues - Operating Expenses) / Net Revenues

(d) Ratio of earnings before cumulative effect of changes in accounting principles to net revenues

(e) TISCO's contingent liabilities in terms of aval and guarantee

(f) Adjustment is made to reflect the increase in the number of shares from 16.7 million shares to 100.2 million shares.

(g) In 1996, TISCO paid out dividend as high as 55 baht per share, in order to compensate shareholders for the expenses in acquiring TSC shares in the mergers process.

Message from the Board of Directors

To Our Shareholders and Clients

A continuation of the economic recession which Thailand succumbed to in 1997, resulted in 1998 being another very testing year for TISCO. Chief among the challenges for the financial sector, in what was a particularly difficult operating climate, was dealing with the liquidity crisis. Yet, TISCO's solid public standing was reaffirmed as total public deposits almost doubled to 30,530 million baht at the end of 1998 compared with two years earlier. This helped the company to sustain funding costs that were amongst the lowest in the finance industry.

TISCO has taken steps to restructure operations and develop its niche business strengths to ensure that it remains a viable competitor in the long term. It focused on developing fee-based businesses through highly selective corporate lending and cross-selling of other TISCO services. Higher fee income is also being generated through the promotion of financial advisory services, such as corporate restructuring, merger and acquisitions, and derivative products.

Every effort is being made to turn non-performing loans (NPL) into performing ones. TISCO has always applied rigorous credit controls to monitor the quality of its loan portfolio. In fact, the NPL level for the hire purchase loans began to decline in July 1998, although industry wide the level was still rising. A special task force has been set up to facilitate debt recovery which includes working groups responsible for business restructuring, assets valuation and disposal, and legal enforcement. This will ensure that the NPL to total loans ratio stays within manageable proportions.

TISCO has strengthened its risk management capability in order to quantify and monitor risks more accurately. The lines of accountability and responsibility have been clarified and tightened, with the Risk Management Committee overseeing the company's overall risk position. At another level, business line

committees manage risks of their individual assets. All risk exposure and market risk factors have been consolidated to permit rapid response times and flexibility in dealing with fast-changing markets.

In recognition of the potential for the Year 2000 computer problem to disrupt business activities, a Y2K Steering Committee and a Y2K Project Team were set up in early 1998 to be responsible for the issue. Management is confident that TISCO's own information technology division will ensure that the company is prepared for the new millenium. It is anticipated that all of TISCO's computer systems will be certified as Year 2000 compliant by April 30, 1999.

Some adjustments were made at both the corporate policy and operational levels in 1998, to adjust to the continuing economic difficulties. These included a scaling down of assets and the promotion of cost control measures. The latter included downsizing and the temporary suspension in June of the operation of six Provincial Loan Offices at Chiang Mai, Nakhon Ratchasima, Khon Kaen, Nakhon Sawan, Phitsanulok and Songkhla. In all cases where adjustments were made, the maintenance of operational efficiency remained a priority.

On August 24, 1998 the Ministry of Finance approved the separation of the finance and securities businesses of TISCO and the establishment of a new company to operate the securities businesses. "TISCO Securities Company Limited" was registered as a wholly-owned subsidiary of TISCO by the Ministry of Commerce on September 2, 1998.

With effect from October 1, 1998, TISCO changed its name from Thai Investment and Securities Public Company Limited to "TISCO Finance Public Company Limited", operating with a complete set of finance business licenses. It remains a listed company on the Stock Exchange of Thailand. TISCO Securities Company

Limited, which transferred its brokerage seat from TISCO, has the full set of securities business licenses. The provident fund management business was transferred to it on January 8, 1999.

Looking ahead, TISCO intends to build upon its well-established strengths in the areas of consumer financing, particularly auto hire purchase and leasing. TISCO will continue to participate actively in the bond and fixed income market. As Thailand's capital market becomes deeper and more mature in coming years, greater opportunities will arise for TISCO to utilize its expertise in treasury operations.

On the investment banking side, TISCO Securities has built close relations with several state-owned enterprises over many years through providing financial advisory services to them. TISCO is an acknowledged industry leader in arranging privatization programs in the fields of energy, transportation, utilities and telecommunications. As privatization proceeds in Thailand, management is confident of securing more such projects, which can generate substantial fee income. Brokerage services are also a high potential area. TISCO Securities boosted its brokerage market share considerably for retail and institutional clients in 1998.

TISCO also aims to maintain its leading position in the expanding provident funds management industry. It will continue to leverage off its extensive client base, strong franchise and outstanding reputation with public depositors. With these factors, coupled with the professionalism of its staff, TISCO has an excellent platform from which to compete at the highest levels in future.

Finally, we wish to express our gratitude to TISCO's shareholders for their support through an extremely challenging year. We must also emphasize our deep appreciation to all the staff and management of TISCO

for their unstinting efforts and dedication. This gives us much encouragement for the future.

TISCO was the first full-service finance and securities company to be established in Thailand, and 1999 marks our 30th anniversary. We are proud to have been able to serve our many clients during this time and remain committed as ever to providing high quality financial services, and to facing the challenges of tomorrow.

Board of Directors
TISCO Finance Public Company Limited

Statement of the Board of Directors' Responsibilities for the Financial Statements

TISCO has prepared the financial statements in accordance with the announcement of the Bank of Thailand, dated January 23, 1997 regarding the format of the balance sheet and profit and loss statement for finance companies, finance and securities companies and credit fonciers.

The Board of Directors was responsible for ensuring that the financial statements of the company were fairly and reasonably presented and represented the financial position and results of its operations, which conformed to generally accepted accounting principles. In preparing the financial statements, appropriate accounting policies were selected and applied consistently, to ensure that the accounting records were accurate, complete and adequate for safeguarding assets and preventing any irregularities. Additional significant and supplementary information was disclosed in the Notes to the Financial Statements in the Auditors' Report.



Dr. Phisit Pakkasem
Chairman



Pliu Mangkornkanok
President

Corporate Governance

The Board of Directors and management have recognised the importance of the company's responsibilities to our shareholders, business colleagues, as well as TISCO's staff. Since 1989, TISCO's "Business Code of Conduct" was implemented as the company's guideline for all staff to adhere to professionalism and ethics in doing business.

The "Compliance and Audit Committee" was set up in 1997. Its members comprise the President, the management in charge of finance business and the Chief Financial Officer as core members to advise and set guidelines for compliance procedures. The Committee has also developed an integrated framework of controls over the organization to address the issues of risk management, and to monitor and maintain an effective level of control over the company's performance.

The company is setting up the "Audit Committee" in 1999 to increase the effectiveness of these procedures in accordance with the good corporate governance practices as required by the Stock Exchange of Thailand.

Economic Review

Thailand experienced its worst recession for more than 30 years in 1998 as real gross domestic product contracted by 7.8%. The sharp slowdown was a result of the high interest rate policy implemented to stabilize the economy and support the Thai baht. Unemployment soared to 8% as corporate bankruptcies increased, leading to a collapse in private consumer spending. The capacity utilization rate for industry also fell to just above 50%, due to weaker demand in the domestic and export markets.

Stiff competition curbs exports

Despite a depreciation of the baht, exports dropped by 6.6% y-o-y in dollar terms in 1998. Lower demand and stiff competition were behind this, as other emerging economies tried to export their way out of crisis. A domestic credit crunch was also responsible for the slowdown as banks cut back on lending. On the other hand the economic slump also caused a sharp drop in imports, so Thailand recorded its first trade and current account surpluses since 1986.

Inflation kept under control

The inflation rate was held down to an average of 8.1% in 1998, after peaking at 10.7%, although the baht depreciated against the US dollar by an average of more than 20%. Inflationary pressure was contained in part by lower consumer purchasing power due to the recession and rising unemployment. A decline in the world price of oil also assisted this trend.

More financial institutions nationalized

During the year 18 more banks and finance companies were taken over by the government, bringing the total number of financial institutions nationalized or shut down since the economic crisis began to 74.

Through a series of austerity measures the government has put a priority on rebuilding investor confidence, curbing capital outflows, restoring the external balance and financial system reform. One example of this was the "August 14 Capital Support Scheme" to assist in the rebuilding the capital bases of banks and finance companies.

The bright side of stability policy

Considerable progress has undoubtedly been made by the government in stabilizing the economy and in restoring the confidence of investors. Thailand's current account has been in surplus for 16 consecutive months and the country's international reserves have been substantially replenished. Short-term external debt has declined to a more manageable level, interest rates have fallen and inflation is under control. With the baht being relatively stable, the environment is more conducive for debt restructuring.

Economic Outlook for 1999

Private consumption to remain sluggish

Although the economy experienced a sharp contraction last year, there is little likelihood of a substantial improvement in 1999. Several indicators point to the economy having bottomed out but a rapid recovery is not anticipated. On the domestic side consumers' confidence as to their job security and future earnings remains low due to the uncertain economic outlook. This is not least because a rise in corporate bankruptcies would push the unemployment level even higher. Without a strong rebound in consumer spending, it would be difficult for the economy to bounce back.

No export-led economy

The outlook for exports this year is also far from encouraging. Apart from an expected strengthening of the baht, a slowdown in the US and EU economies would mean lower demand for Thailand's merchandise. Furthermore, exports to the rest of Asia will continue to fall in line with a still weak regional economy. Agricultural exports will decline on weaker foreign demand and lower world commodity prices, plus drought in the north and northeast. For manufactured goods, competition in overseas markets is intensifying as more countries try to export their way out of trouble.

Higher public spending intended to spur growth

In a bid to spur domestic demand, the government has raised its budget deficit for the 1999 fiscal year to 5% of GDP from 3%. In absolute terms, the wider deficit would mean a rise of approximately Bt100 billion in additional public expenditure. But with gloomy prospects for exports and consumer confidence low, government spending alone will not be enough to pull the economy out of crisis. Generally speaking this accounts for only 15-20% of Thailand's GDP.

Interest rates to fall by 150bp from end-1998

With inflation low and domestic economic activity still declining, the BoT is likely to maintain a loose monetary policy. Money supply growth will be kept at a faster rate than bank credit to avoid a reversal in the interest rate trend. A low interest rate environment is seen as necessary for dealing with the recession and banking crisis. Deposit rates at the top five banks are likely to fall to an average of 4.5% at the end of 1999, giving scope for cuts in lending rates. The minimum lending rate should drop to around 9.5% at year-end. Loan growth will be limited this year as banks are reluctant to extend new

loans due to their thin capital bases and the uncertain economic outlook, while private sector credit demand remains weak.

Baht to strengthen in 2H99

The baht is projected to weaken in the first half of 1999 and to recover slightly in the latter half. For the period through to June, the baht should trade in the range of Bt36-40 : US\$1. Potential factors that could lead to its depreciation include a lower current account surplus, more rapid foreign debt repayment as domestic interest rates fall, faster growth in the money supply and the possibility of renewed instability in world financial markets. Subsequently an improved domestic economic outlook and progress in implementing economic reforms should support the baht as it strengthens to around Bt34-36 : US\$1 by year-end. While the current account surplus is likely to shrink on the path to recovery, this should be offset by higher foreign capital inflows.

Business of TISCO Finance

Major Changes in 1998

To cope with the continued economic difficulties in 1998, TISCO made some adjustments to corporate policy and at the operating level, such as scaling down assets, promoting fee-based business and taking cost control measures, while maintaining operational efficiency. The measures included downsizing and temporary suspension of the operations of six Provincial Loan Offices at Chiangmai, Nakhon Ratchasima, Khon Kaen, Nakhon Sawan, Phitsanulok, and Songkhla in June.

The Ministry of Finance approved the separation of the finance and securities businesses of TISCO and the setting up of a new company to operate its securities businesses on August 24, 1998. The registration of "TISCO Securities Company Limited", a wholly-owned subsidiary of TISCO, took place at the Ministry of Commerce on September 2, 1998.

Effective from October 1, 1998, TISCO changed its name from Thai Investment and Securities Public Company Limited to "TISCO Finance Public Company Limited". The company operates under a full set of finance business licenses and continues to be listed on the Stock Exchange of Thailand. TISCO Securities Company Limited, transferred a brokerage seat from TISCO and operates with a full range of securities business licenses. The Fiduciary Services operation was later transferred to TISCO Securities on January 8, 1999.

Description of Business

Utilizing the full set of finance business licenses, TISCO continues to offer an extensive range of financial services to the customers. Our financing, advice, and transaction execution across a broad range of financial instruments is made available to various sized corporations, fund managers, governments, financial institutions, and individual customers.

Corporate Finance: TISCO provides financial advisory services to corporate clients as follows: loan syndication, project finance, mergers and acquisitions, corporate restructuring, loan restructuring, debt underwriting, and derivative advisory services.

Corporate Lending: TISCO fulfills our customers' borrowing requirements for commerce and for development through various types and terms of our lending services which are: working capital loans, project loans, term loans, loan arrangement, and guarantee and aval.

Fiduciary Services: TISCO has provided fiduciary services for over 20 years and ranks among the biggest fund managers in Thailand in terms of the market value of assets under the company's management. Our clients include government agencies, state-enterprises, and large corporations. We also manage a pool fund for small funds to achieve a high yield at lower cost to our clients.

Funding: Various types of instruments are available for saving purposes which are: promissory notes repaid on demand or at the end of a fixed period and bill of exchange.

Hire Purchase: TISCO offers the loans for disposition and consumption in the form of hire purchasing and leasing for automobiles and commercial products such as printing machine, computer, forklift, etc.). Our services also include automobile insurance premium financing.

Provincial Loan Offices: We render our lending services to upcountry clients through four provincial loan offices in Chanthaburi, Chonburi, Phuket, and Udon Thani.

Retail Mortgage Finance: TISCO serves the customers' need for housing-related loans. We provide loans to home buyers, home developers and medium sized businesses. Our services include: housing loan, revolving mortgage line and developing project finance.

Treasury: Besides the responsibilities of managing funds and offshore borrowing, we act as a dealer in the secondary debt markets for corporate debenture, corporate bill of exchange, government and state-enterprise bond. In addition, we underwrite government and state enterprise bonds, while acting as market maker for corporate debentures arranged by us.

Securities Business: Since the Ministry of Finance approved the separation of TISCO's finance and securities businesses on August 24, 1998, all securities businesses of TISCO have been operated under the new, wholly-owned subsidiary, "TISCO Securities Company Limited" effective October 1, 1998. TISCO Securities provides institutional and retail clients with a comprehensive range of securities services as follows:

Investment Banking: Mergers and acquisitions and divestment, valuation and feasibility studies, public takeover bids, privatization, equity and debt capital raising, corporate restructuring, infrastructure and resource finance, syndication and distribution which includes arrangement and placement roles for debt programs, fundamental and technical advice on debt instruments, underwriting and distribution of public floats, private placements, and right issues.

Brokerage: Securities brokerage and private fund management for both institutional clients and retail clients

at TISCO Securities head office in Bangkok, its upcountry offices in Chiang Mai, Nakhon Pathom, Nakhon Ratchasima and Udon Thani, and TISCO Securities Hong Kong.

Research: Economic analysis, fundamental research and analysis of a wide range of stocks, technical analysis, market review, bond/exchange rates/interest rates analysis.

Securities Investment & Trading: Both listed and non-listed securities are invested in to consistently generate returns using well-calculated and acceptable risk criteria.

Social Responsibilities

In 1998, the social contribution activities of TISCO's staff were carried as in the past years, i.e. blood donations were made to the Thai Red Cross society four times in March, June, October and December; a reforestation project in Kanchanaburi Province in May; hosting special meals for needy students on the occasion of the company's 29th anniversary in March.

TISCO Foundation

Since it was established in 1982 with considerable support from TISCO's staff, the "TISCO Foundation" has strived to serve the Thai society by helping the underprivileged people with educational scholarships, medical funds and start-up funds for needy projects.

In 1998, the TISCO Foundation contributed a total of 3,246 scholarships to students at all levels of educational institutions both in provincial and metropolitan areas, valued at 9,535,360 baht. The foundation donated 514,710 baht to 190 charity ward patients for health care treatments such as organ transplant and prosthetics. As for the start-up funds, 43 needy persons received seed capital from the TISCO Foundation to make their own living by starting up small businesses. The total amount of start-up funds donated in 1998 was 333,719 baht.

TISCO has two subsidiaries operating securities businesses, namely TISCO Securities Company Limited and TISCO Securities Hong Kong Limited. We also have a 25% investment in a mutual fund management company, Thai Capital Management Company Limited.

TISCO Securities Company Limited (TISCO Sec)

TISCO Sec was established with a registered capital of 1,500 million baht to operate the securities business after the separation of TISCO’s finance and securities businesses on October 1, 1998. TISCO Sec offers a range of securities-related services to clients including investment banking, brokerage, research, besides conducting securities trading for the company’s own account. TISCO Sec possesses all four licenses required to conduct securities and underwriting. A Fiduciary license was also obtained in January, 1999.

TISCO Sec business is summarized in the “Securities Business” part of the “Description of Business” section described on Page 98. Its performance was consolidated and discussed in the “Management Discussion & Analysis” part on Page 107.

Address : TISCO Securities Company Limited
4th Floor, TISCO Tower,
48/8 North Sathorn Road,
Bangkok 10500

Tel. : (662) 633-6999

Fax. : (662) 633-6900

Management : Mrs. Asvini Tailanga
Managing Director

Mr. Norachet Sangruji
Assistant Managing Director

Mr. Suthas Ruangmanamongkol
Assistant Managing Director

TISCO Securities Hong Kong Limited (TISHK)

With the permission of the Bank of Thailand, TISCO acquired 99% of the issued share capital of BT Brokerage (Hong Kong) Co., Ltd. in November 1991 and later changed its name to TISCO Securities Hong Kong Limited. TISHK is a registered securities dealer and registered investment adviser under the Hong Kong Securities Ordinance and a member of the Stock Exchange of Hong Kong Limited. It provides brokerage services mainly for shares listed on the stock exchanges of Hong Kong and Thailand.

In 1998, the trading volume of TISHK represented approximately 4.2% of the total volume of transactions of TISCO Securities. The day-to-day operations of TISHK are managed by its Managing Director following the policies and guidelines set by TISCO. TISHK is committed to the Hong Kong market and intends to expand its operations there at the appropriate time. In view of the current Asian economic crisis, TISHK plans to maintain the existing size while improving its operating efficiency and strengthening its risk management.

Address : TISCO Securities Hong Kong Limited
Rooms 1221-22,
12th Floor, Two Pacific Place
88 Queensway,
Hong Kong

Tel. : (852) 2868-9023, 2868-9097

Fax. : (852) 2868-9221

Managing Director : Mr. Wilson H.C. Lam

Thai Capital Management Company Limited (TCM)

In 1992, TISCO, together with Krung Thai Bank Public Company Limited, Krungthai Thanakit Finance and Securities Public Company Limited, and BT International (Delaware) Inc. established Thai Capital Management Company Limited (TCM) to engage in mutual fund management. Since its inception, TCM has built up considerable experience in both equity and bond markets. Currently, TCM manages four equity funds, four fixed income funds, and two balanced funds (fixed income/equity). Assets under its management are now in excess of 4.5 billion baht, and around 80,000 unitholders have invested in the TCM Family of Funds.

Address : Thai Capital Management Co., Ltd.
Kamolsukosol Bldg., 15th Floor,
317 Silom Road, Bangkok 10500

Tel. : (662) 631-1000

Fax. : (662) 238-1224

Homepage : www.tcm.co.th

E-mail : theerana@loxinfo.co.th

Managing Director : Mr. Teera Phutrakul

Selected Financial Data

(Baht in Million, Except Per Share Amounts)

	1998	1997	1996	1995	1994
Operating Results					
Interest & Dividend Revenues	4,795	5,799	4,530	4,373	3,315
Borrowing Expenses	5,002	4,182	2,903	3,026	1,942
Net Interest & Dividend Revenues	(206)	1,617	1,628	1,347	1,373
Provision for Possible Loan Losses	1,516	1,652	57	41	17
Provision for Possible Losses on Investment (Reverse Provision)	(95)	572	-	-	-
Non-interest Income - Excluding Provision	(906)	232	981	1,202	1,437
Brokerage Fees	331	326	259	401	421
Fees and Services Income	402	418	335	306	384
Gain (Loss) on Trading in Securities	(1,162)	(473)	379	458	593
Others	(487)	(39)	8	37	39
Operating Expenses	1,203	955	966	935	875
Personnel Expenses	310	307	439	436	460
Non-personnel Expenses	893	648	527	499	415
Earnings before Taxes and Cumulative Effect of Changes in Accounting Principles	(3,737)	(1,330)	1,586	1,574	1,918
Net Earnings	(3,850)	(885)	1,151	1,141	1,393
Financial Position					
Total Assets	41,666	52,918	53,385	49,183	42,967
Net Loans and Receivables	29,857	41,249	45,022	42,855	37,464
Securities	6,205	4,551	5,741	5,245	4,345
Public Borrowings	30,530	30,239	16,432	13,414	15,162
Money Market Deposits and Borrowings from Financial Institutions	3,565	4,381	7,926	9,254	8,151
Offshore Borrowings	2,989	8,509	8,628	6,284	3,930
Shareholders' Equity	2,933	5,415	7,238	6,592	5,948
Non-Performing Loan and Allowance					
Non-Performing Loan	14,144	5,652	838	105	45
Allowance for Possible Loan Losses	3,427	1,914	259	208	168
Allowance for Possible Securities Losses	477	572	-	-	-
Allowance for Diminution in Value of Securities	-	1,399	561	-	-

(Baht in Million, Except Per Share Amounts)

	1998	1997	1996	1995	1994
Off-Balance Sheet					
Aval and Guarantee	3,639	3,796	3,223	7,242	5,734
Securities Brokerage Trading Volume	71,461	44,329	56,326	95,633	92,507
Provident Fund Size	29,929	31,275	22,563	17,760	8,644
Per Common Share					
Earnings	(38.43)	(8.82)	11.49	68.32	83.40
Dividends Paid	-	3	55	30	30
Book Value	28.10	54.04	72.24	394.73	356.14
Market Price (a)					
High	46.50	126	228	147	258
Low	3.50	14.50	109	97	127
Year End	14.25	15	126	128	137
Profitability Ratios					
Pretax Margin (b)	-	58%	61%	62%	68%
Profit Margin (c)	-	-	44%	45%	50%
Return on Average Common Shareholders' Equity					
Shareholders' Equity	(93.55%)	(13.99%)	16.64%	18.20%	25.33%
Return on Average Assets	(8.14%)	(1.67%)	2.24%	2.48%	3.59%
Capital Ratios					
Shareholders' Equity to Assets (ending)	6.76%	10.23%	13.56%	14.31%	13.84%
Average Shareholders' Equity to Assets	9.88%	11.90%	13.48%	13.61%	14.15%
Capital Ratio (BIS - 100% Tier 1)	8.01%	11.17%	15.25%	11.30%	11.95%
Net Capital Rule (Securities Business)	261.59%	11.81%			
Employees	594	629	753		

(a) Market prices before the mergers of TISCO and TSC in 1996 are adjusted to make them comparable with those after the mergers.

(b) $(\text{Net Revenues} - \text{Operation Expenses}) / \text{net revenues}$

(c) Ratio of earnings before cumulative effect of changes in accounting principles to net revenues

Management's Discussion and Analysis

The financial statements of the company for the periods January to December 1997 and 1998 are presented on pages 115 to 173. To obtain an overall picture of TISCO's operations for 1998, we have provided an analysis of the performance on a consolidated basis. A set of selected figures dated back to 1994 are also presented on page 90-91.

Separation of the Finance and Securities Businesses

The approval of the Ministry of Finance to separate the company's finance and securities businesses was received on August 24, 1998. Subsequently, the company's name was changed from Thai Investment and Securities Public Company Limited to TISCO Finance Public Company Limited (hereafter called "TISCO Finance") with effect from October 1, 1998. TISCO Securities Company Limited was established to operate the securities business with a paid-up capital of 1,500 million baht. The brokerage seat was transferred and TISCO Securities opened for business on October 1, 1998.

TISCO Finance operates under a full set of finance business licenses, and continues to be listed on the Stock Exchange of Thailand. TISCO Securities provides securities brokerage, underwriting, investment banking, and securities investment and trading services, as well as a fiduciary services business (the latter commenced on January 8, 1999).

Results of Operations

The economic crisis continued to exert extreme pressure on Thailand's financial services industry in 1998. TISCO was not immune, although it was not as badly affected as some of its peers. The company's NPL level rose to an unprecedented height of 43.7%, yet this was still below the average for the finance industry of 69.8%

as of December 1998. In overall terms, the TISCO recorded a loss of 3,850.4 million baht, or 38.43 baht per share. Consolidated assets declined by 21.3% to 41,666.1 million baht at the end of 1998. Shareholders' equity also decreased by 48.0% from 5,415.1 million baht to 2,815.7 million baht.

The company's conservative management style and impeccable public reputation were essential in enabling it to survive the difficult past year. The former led to a smaller rise in NPL than for the industry as a whole, while the latter underlay TISCO's continued ability to attract public borrowings. To a lesser extent, the company's focus on fee-based services also helped to cushion the sharp reduction in interest income. TISCO is known for its expertise in the following areas: corporate finance, mergers and acquisitions, advisory services on privatization and derivative products, debt restructuring, and retail finance collection.

As the economy slid into recession in 1998, the company decided to reduce business risk exposure by scaling down lending assets and liquidating its investments in listed securities. On the cost side, TISCO maintained a strict expenses control policy. However, due to incremental costs associated with the new TISCO Tower Building, upgrading the computer system and other equipments for Y2K compliance, making contributions to rehabilitation funds and provision for assured-yield provident funds, plus the inflation effect, operating expenses increased by 26%.

Business Performance

In the following section we have provided a breakdown of the core business activities of TISCO Finance and TISCO Securities.

Finance Business

Corporate Finance

Fee income increased 22% from last year to 161 million baht, derived from project financing, risk management advisory and mergers and acquisitions (M&A). Despite the difficulties faced by most Thai corporations in 1998, TISCO was able to successfully conclude all of its major project financing deals. These included raising the amounts of 7,725 million baht and US\$ 210 million for the COCO Group Phase III Project, the country's largest co-generation power plant. M&A was the upcoming area in 1998 and is expected to continue

to be so in 1999. The main M&A deal concluded in 1998 was the private placement of COCO shares to a strategic partner, namely Sithe Pacific Holding. This transaction amounted to US\$ 100 million.

In line with the economic situation, in 1999 our emphasis will be on advisory services for debt restructuring and on M&A. TISCO has long-held relationships with other local financial institutions and well-established credentials in the debt market, which should assist in securing more such business. At present the department is working on one M&A and three debt restructuring deals.

Lending Business

TISCO Finance's Loan Portfolio Classification 1998 vs 1997

	(in million baht)			
	1998		1997	
	Amount	% ⁽¹⁾	Amount	% ⁽¹⁾
Agricultural, Fishery, Forestry	48	0.15	40	0.09
Mining, Petroleum	53	0.16	65	0.15
Manufacturing	4,224	13.04	5,983	13.82
Wholesale & Retail Trade	1,558	4.81	2,122	4.90
Imports	232	0.72	156	0.36
Exports	30	0.09	38	0.09
Financial Institutions / Holding Companies	10,160	31.37	12,094	27.95
Construction	388	1.20	557	1.29
Real Estate	5,071	15.66	6,017	13.90
Personal Consumption	8,642	26.69	12,855	29.70
Transportation & Utilities	399	1.23	443	1.02
Services	996	3.08	1,480	3.42
Hire Purchase Business	583	1.80	1,427	3.30
Total	32,383	100.00	43,277	100.00

Source: Report to the BoT (BoT 3/4 for the year 1997 and BoT 3/1.1 for the year 1998).

Note: (1) Percentages may not add up to 100% because of rounding.

The finance loans portfolio was reduced by 25.2% from 43,277.7 million baht to 32,383.1 million baht as the company sought to reduce its risk exposure on lending assets. The composition of the loans portfolio did not change significantly, apart from the proportion of personal consumption lending and hire purchase lending to business, both of which decreased. Reduced personal consumption underlined the slowdown in the domestic economy.

TISCO's corporate clients come from a wide range of sectors. Amongst our main clients are Thai Oil Co.,Ltd., Thai Cogeneration Co.,Ltd., MTP Cogeneration Co.,Ltd., Independent Power (Thailand) Co.,Ltd., Nong Khae Cogeneration Co.,Ltd., Major Cineplex Co.,Ltd. and Union Mosaic Industry Plc.

In the past, hire purchase finance was provided mainly to buyers of luxury cars and to high-income clients with good credit ratings. But as the luxury car market slumped, TISCO entered the lower end market in 1998, providing finance to buyers of regular cars and pick-up trucks. Most of the hire-purchase business is conducted by head office in Bangkok with some business coming from the four provincial lending offices. Total hire purchase financing as of yearend 1998 was 2,393 million baht or 7.4% of total loans.

The retail mortgage finance business provides funding mainly for the purchase of new houses and, to a lesser extent, for new condominium units. Revolving credit lines are also provided to small businesses secured by mortgages over properties. As of December 31, 1998 more than 90% of the outstanding mortgage loans were for properties located in the Greater Bangkok area.

The provincial loan office business was downsized during 1998 in response to the economic crisis. The operation of six out of 10 offices were temporary suspended.

NPLs Recovery

The company is focused on improving the quality of existing loans in all areas and in accelerating debt recovery. Task forces have been set up to facilitate debt recovery. A Legal Committee was formed and more lawyers recruited to speed up legal enforcement. Also an Assets Disposal and an Assets Appraisal team were established to support sales of property used as collateral for loans, besides sales of other non-earning assets.

Provident Fund Management

TISCO manages or co-manages the provident funds of 952 companies, which are grouped into 88 funds. The main clients of the fund management department are provident funds of state enterprises, Thai companies and Thai subsidiaries of multinational corporations.

Among the organizations whose employee provident funds are managed by TISCO are the Bank for Agriculture and Agricultural Co-operatives, Thai Danu Bank Plc, The Transport Company, and the Shell Companies in Thailand. TISCO also co-manages provident funds for organizations including the Bank of Thailand, the Stock Exchange of Thailand (beginning in 1999), the Electricity Generating Authority of Thailand, and Thai Airways International Plc. At yearend the size of fund under TISCO's management was 29.9 billion baht.

Since the regional economic crisis erupted in 1997, very few new provident funds have been set up. The company has therefore focused on preserving existing clients. It is also planned to expand fee-based administrative services for provident funds, such as data processing, clerical assistance and bookkeeping.

The Ministry of Finance approved the transferral of provident fund business from TISCO Finance Public Company Limited to TISCO Securities Company Limited on January 8, 1999.

Resources Management

Funding costs were very high during the first half of 1998, but the situation recovered as the government policy to lower interest rates resulted in a dramatic liquidity improvement in the second half. The market for commercial paper was inactive while the relatively high FX swap cost made the all-in cost of foreign borrowing too high.

After scaling down risk assets, the company decided to maintain its deposit base as the main source of funds and to repay foreign borrowings as they fell due. The average cost of funds was in the 9-10% range by December 1998, compared with 17-18% during the first half of the year.

Securities Business

Investment Banking

The main focus of investment banking activities continued to be the energy sector, public utilities and telecommunication projects, in particular privatization advisory services. TISCO is currently involved in projects with various state enterprises including the Petroleum Authority of Thailand (PTT), the Communications Authority of Thailand (CAT) and the Airports Authority of Thailand (AAT). In 1998, TISCO acted as a joint global coordinator for an 11.2 billion baht private placement of shares by PTT Exploration and Production Plc (PTTEP).

We anticipate another active year in 1999 with several projects in hand. Additional business opportunities should arise from debt restructuring, mergers and acquisitions, and underwriting of debt instruments.

Securities Brokerage

Bearish sentiment prevailed on the stock market for most of 1998. Daily turnover on the SET declined by 8% to 3,490 million baht, however, TISCO's brokerage trading

volume increased by 61.2% as new clients were recruited. The value of shares traded was 71,461 million baht which lifted the company's brokerage market share from 2.4% to 4.2%, and ranked TISCO among the top 10 in terms of trading volume. It is believed that the quality of securities research, execution and settlement services provided by TISCO Securities contributed to this.

Year	Market Share	Trading Volume (million baht)
1994	2.2%	92,507
1995	3.1%	95,633
1996	2.2%	56,326
1997	2.4%	44,329
1998	4.2%	71,461

TISCO maintains four upcountry brokerage offices in addition to headquarters in Bangkok. The client list consists of institutions (60%) and individuals (40%). Brokerage services are also provided for shares traded on the Stock Exchange of Hong Kong and other markets in the region through TISCO Securities Hong Kong (TISHK), a wholly-owned subsidiary that the company acquired from Bankers Trust in 1991.

Securities Investment & Trading

To reduce risk exposure, the company continued to reduce its investments in listed securities and corporate debentures. On the other hand, TISCO increased its investments in government bonds and state-enterprise bonds.

All listed securities were transferred from TISCO Finance to TISCO Securities after the two businesses were separated. In the process, the value of securities were marked to market, which resulted in realized losses of 492 million baht.

Statement of Income Analysis

Interest and Dividend Income

Interest and dividend income fell by 17.3% from 5,799.4 million baht in 1997 to 4,795.3 million baht, due to the surge in non-performing loans. Expenses on borrowing increased by 19.6% from 4,181.6 million baht to 5,001.5 million baht, since market interest rates in 1998 were relatively higher. Overall, net interest and dividend income fell from 1,617.8 million baht in 1997 to a loss of 206.2 million baht in 1998.

Provision for Possible Loan Losses

Non-performing loans increased sharply across-the-board for the financial sector in 1998. But in keeping with its conservative practice, TISCO provided a reserves cushion which exceeded the minimum requirement set down by the Bank of Thailand in its June 30, 1998 announcement on Worthless or Irrecoverable and Doubtful Assets. In 1998, the company set aside additional reserves for bad and doubtful debts totaling 1,516.1 million baht. In the previous year 1,652.3 million baht was allocated for this purpose.

Non-Interest Income

Non-interest income was minus 811.6 million baht in 1998, which compared with minus 340.1 million baht in the previous year. This was mainly caused by losses on trading in securities and the high cost of forward exchange premiums.

Brokerage fees from the domestic market improved by 48.4%, but the decline in regional stock markets caused a 57.7% drop in brokerage income for TISCO Securities Hong Kong. Overall, brokerage fees increased by 1.6 % from 325.9 million baht in 1997 to 331 million baht.

The slowdown in business activities caused a decrease in fee income for all areas apart from corporate finance, which recorded a 22% growth in fee income. Overall, fees and services income declined by 3.8% to 401.6 million baht.

With sentiment on the SET remaining negative, it was decided to reduce the company's securities portfolio. Also, as mentioned, the value of listed securities transferred to TISCO Securities was marked to market after the two businesses were separated. The overall result was a total realized loss of 1,160.9 million baht, compared with a 473.3 million baht loss in 1997.

Volatility in the foreign exchange market pushed up the company's FX hedging costs to 735.2 million baht from 179.7 million baht in 1997.

Operating Expenses

Tight control continued to be exercised on operating expenses. However, incremental expenses for the computer system, including the Y2K upgrade, and costs associated with the new TISCO Tower Building, produced a 13% increase in premises and equipment expenses to 258.8 million baht.

Obligatory contributions by financial institutions to the Financial Institutions Development Fund were raised from 0.15% of deposits and borrowings in 1997 to 0.4% in 1998. Thus contributions by the company to the fund increased by 95 million baht from the previous year to 163 million baht. An additional expense of approximately 134 million baht was the provision for assured yield provident funds. Overall, operating expenses rose by 26% from 955.1 million baht to 1,203.1 million baht.

Net Income

Operating revenue (excluding provisions and the effect of securities losses) amounted to 47.9 million baht,

compared with 2,322.6 million baht in 1997. But after deducting provisions and securities losses, the company made a loss before operating expenses of 2,533.8 million baht in 1998. After deducting operating expenses and taxes, the result was a net loss of 3,850.4 million baht, compared with a net loss of 884.6 million baht in 1997.

Financial Position

TISCO's assets consisted mainly of loans and receivables, followed by securities investment. The proportion of loans and receivables declined from 77.9% of total assets to 71.6%, while the proportion of securities investment increased from 8.6% of total assets to 14.9%, mainly due to an increase in the holdings of government bonds. This reflected the strategic policy to reduce risk exposure on lending assets and listed securities. On the other hand, investment in securities under resale agreement (repo bonds) dropped sharply from 3,465 million baht to 350 million baht, as investments were switched into government bonds and excess funds were used to repay debts.

On the liabilities side, public borrowings were the main component (78.6%), followed by borrowings from banks and financial institutions (9.2%), in the form of money market deposits, local borrowings, and borrowings from the Bangkok International Banking Facilities. Liabilities represented 93.2% and shareholders' equity 6.8% of total liabilities and shareholders' equity.

More reliance was placed on local sources for funding. The amount of deposits increased by just 1%, but the proportion of deposits to total liabilities and shareholders' equity rose from 57.1% to 73.2%. The market for commercial paper remained inactive, thus liabilities in the form of commercial paper sold declined from 4.5% of total liabilities and shareholders' equity to just 0.9%. Shareholder's equity decreased from 10.2% to

6.8% due to a decline in retained earnings during 1998.

Loans and Receivables

Consolidated loans and receivables fell by 22.8% from 43,162.9 million baht to 33,285.5 million baht as the company sought to reduce risk from lending assets. In response to the weakening economy and the rise in non-performing loans, loan loss reserves were increased. This caused net loans and receivables to decline by 27.6% from 41,249.9 million baht to 29,858.2 million baht.

Accrued interest receivable decreased from 203.8 million baht to 73.9 million baht, causing the ratio of accrued interest to total loans to fall from 0.5% to 0.2%. The ratio of accrued interest receivable to total loans for TISCO was the lowest in the industry. This was a result of our conservative income recognition policy, under which we stopped accruing interest income, reversed them off the book, and recognized interest income on a cash basis for corporate loans, which were overdue by one month. In the case of customers' retail accounts, the same procedure was followed when accounts were three months overdue.

Non-Performing Loans (NPL)

During 1998 the Bank of Thailand tightened its criteria for classifying NPL to loans which were overdue for three months and more. Coupled with the economic crisis this meant that NPL figures for the financial sector skyrocketed. For TISCO Finance, the NPL figure jumped from 5,652 million baht in 1997 to 14,144.3 million baht. Corresponding with a 24.5% decline in total loans and receivables of TISCO Finance, the percentage of NPL to total loans jumped to 43.7%. Nevertheless, this NPL ratio was still relatively low compared with the industry's average (69.8% as of December 1998), due to the company's conservative credit policy.

We estimate that the company's NPL should peak within the first quarter of 1999. The NPL ratio for corporate and housing loans have increased at a declining rate for the past few months, while NPL for hire purchase finance have decreased since the third quarter of 1998.

A task force has been set up to deal with the NPL problem. This includes a Legal Committee which is examining legal procedures with the goal of minimizing the loan recovery period and maximizing the amount recovered. An Asset Appraisal and Valuation Unit was formed to value assets and collateral. Also an Asset Disposal Unit was set up to liquidate assets.

Allowance for Possible Loan Losses

The company has provided allowances for possible loan losses which exceeds the minimum requirement laid down by the Bank of Thailand in its Announcement on Worthless or Irrecoverable and Doubtful Assets (dated June 30, 1998). The allowance was increased from 1,913.6 million baht in 1997 to 3,427.2 million baht in

1998. In our opinion this allowance should be adequate to fully absorb reasonably estimated credit losses inherent in TISCO's portfolio at this time.

Investment in Securities

Taking market conditions into account, the company reduced its listed securities portfolio to a level considered appropriate to the risk adjusted return on capital. Listed securities were transferred to TISCO Sec after the finance and securities businesses were separated. At that time the value of the listed securities was marked to market and losses were realized.

Illiquid trading debentures were treated as long-term loans and credit control guidelines were applied, while reserves for losses in value were provided. Reserves for possible losses on the value of debenture totaled 476.5 million baht. On the other hand, investment in risk-free government bonds was increased. The overall value of the company's securities portfolio rose by 36.3% to 6,205 million baht.

Sources of Funds: Deposits and Borrowing

	TISCO's Liabilities Structure			
	1998	%	1997	%
Deposits	30,530	79	30,239	64
Money Market Deposits and Local Borrowings	3,565	9	4,381	9
Foreign borrowing	2,989	8	8,509	18
Liabilities under commercial paper sold	382	1	2,391	5
Others	1,267	3	1,983	4
Total liabilities	38,733	100	47,503	100

Due to the high cost and difficulty in securing offshore funding, the company focused on raising funds through local sources. In line with the reduction in lending assets, funds were used to repay foreign borrowings. By the end of 1998, outstanding offshore borrowing had declined to 2,988.8 million baht.

Total borrowings in foreign currency amounted to 5,858 million baht and were fully denominated in Yen. Borrowings from offshore banks totaled 2,988.8 million baht, while borrowings from the Bangkok International Banking Facilities amounted to 2,869.2 million baht (recognized as local borrowings). The principal for offshore borrowings was fully covered into Thai baht through swaps and forward contracts.

In the first half of 1998, the company's average cost of funds ranged from 17%-18%. This began to decline in the third quarter, after the government eased its monetary policy to bring down interest rates. By the end of the year, the average cost of funds had been reduced to 9%-10%. It is expected that interest rates will stay low and the cost of funds will further decline in 1999.

Liabilities under Commercial Papers Sold

Liabilities under commercial papers sold were used as a fund matching tool. Lending clients issued short-term commercial paper, which was traded on the secondary market, but the market became illiquid and almost shut down in 1997 due to the economic crisis. Weak corporate earnings caused a rise in the default rate, while foreign investors who were the key players in the market lacked confidence and pulled out. The market remained inactive in 1998. Total liabilities under commercial papers sold decreased from 2,390.8 million baht in 1997 to 381.7 million baht in 1998.

Shareholders' Equity

Shareholders' equity declined by 48% to 2,815.7 million baht. The net loss for 1998 caused a drop in retained earnings of 3,850.4 million baht. Losses on securities for investment of 1,316.4 million baht were realized and were reversed from the account, as these securities were sold or transferred to TISCO Sec.

Risk Management and Control

A high priority has been given to managing risks on the market, credit and operational sides. The company has strengthened its risk management capability by quantifying and monitoring risks more accurately. The lines of accountability and responsibility have also been tightened and clarified. A Compliance Unit was assigned to focus on regulatory issues and the position of Chief Credit Officer (CCO) was established in 1997 to improve efficiency in credit control. Also the position of Chief Financial Officer (CFO) was established that year together with a risk management team.

Credit Control and Monitoring

TISCO actively reviews and monitors its loan portfolio and applies more stringent tests than are required by the Bank of Thailand. For example, accrual of interest on loans is stopped once the borrower fails to pay interest and / or principal for one month (in the case of corporate loans) or three months (for consumption loans). The norm in the finance industry is to stop accruing interest once a loan is past due for three months. Furthermore, interest income on non-accrual loans is recognized only on a cash basis.

TISCO's Risk Management and Control

Risk Type	Committee	Support Function
Portfolio Risk <ul style="list-style-type: none"> • Credit Risk • Market Risk • Funding Risk • Operational Risk • Business Continuity Risk <ul style="list-style-type: none"> - Compliance - Strategic - Reputation 	<ul style="list-style-type: none"> • Risk Management Committee 	<ul style="list-style-type: none"> • Risk Management
Individual Credit Risk	<ul style="list-style-type: none"> • Credit Committee/CCO • Problem Loan Committee • Legal Committee 	<ul style="list-style-type: none"> • Office of the Credit Committee • Appraisal & Valuation • Asset Disposal Unit
Individual Equity Risk	<ul style="list-style-type: none"> • Equity Investment Committee 	<ul style="list-style-type: none"> • Securities Trading & Investment
Individual Fixed-Income Risk	<ul style="list-style-type: none"> • Debenture Investment Committee 	<ul style="list-style-type: none"> • Treasury
Individual Operational and Compliant Risk	<ul style="list-style-type: none"> • Compliance & Audit Committee • Technology Committee • Y2K Steering Committee 	<ul style="list-style-type: none"> • Compliance & Internal Control • Internal Audit • Information Technology • Y2K Project Team
Business Continuity Risk	<ul style="list-style-type: none"> • Business Committee 	<ul style="list-style-type: none"> • Strategic Planning

Risk Management

The Risk Management Committee oversees the company's risk positions. It measures, monitors and manages risks of the combined business portfolio. At another level, the business committees oversee and manage risks of their individual assets. They are responsible for complying with the guidelines set by the Risk Management Committee, but have full freedom in determining the assets mix.

While the company's business lines are decentralized, the risk management infrastructure supporting them is centralized. We believe that decentralized decision making serves our clients best, because it allows us to be flexible and provide quick response times, which are

essential for dealing with fast-changing markets. All of our businesses operate under the same stringent risk controls, however.

With co-operation from a major shareholder, in early 1997 the company set up the Risk Management Team to monitor and measure market risk exposure using the Risk Adjusted Return on Capital (RAROC) approach. The model developed by the team enabled it to identify, quantify and manage such factors as interest rate risk, foreign exchange risk, equity risk and derivative risk. Risk exposure and market risk factors can thereby be analyzed in a timely manner.

This information has assisted management in making strategic decisions such as planning capital reserves to

ensure TISCO'S financial strength in the event of unforeseen circumstances.

In Readiness for the Year 2000

In recognition of the threat to computer systems posed by the year 2000 problem, TISCO commenced a Y2K Project in December 1997. A management in charge of the Y2K problem and a Y2K working team was set up as "Y2K Project Team". All efforts have been made to resolve the issue.

A budget of approximately nine million baht was allocated for equipments, computer hardware and software. Reports have been periodically made to the Y2K Steering Committee concerning the current status of Y2K activities.

TISCO completed its assessment of the impact of the Y2K problem on vital operating systems such as Funding, Lending, Hire Purchase and Securities Trading systems in July 1998. The assessment of the impact on computer system, its peripherals and all computerized facilities at head office and provincial offices was completed in August 1998.

TISCO's hardware, operating systems and database were Y2K compliant in December, 1998. Computerized applications already performed unit test, system test and integrated test. The Y2K compliant version was moved to production library for actual operation since December 1998. For external connections, TISCO has actively participated in connection tests conducted by the Bank of Thailand and the Stock Exchange of Thailand. These tests are projected to be completed by the end of June 1999.

Business contingency plan is being developed to ensure a rapid response to any possible system failures, internal or external. Sufficient tests are being executed to prepare for the year 2000. Contingency plan is

scheduled to be completed by the end of April 1999.

General Direction in 1999

The unprecedented economic difficulties of the past 18 months have had extremely severe consequences for the finance industry in Thailand. The number of finance firms has been reduced from 91 to 23 and this is expected to fall further, most likely through mergers and consolidation. TISCO too has not been insulated from the problems facing the industry. However, given the steps taken to restructure operations and our niche business strengths, it is management's strong belief that the company can remain a viable competitor in the long run.

TISCO has a well-defined and high potential niche in the area of consumer financing, in particular auto hire purchase and leasing. Hire purchase financing provides a stable and low-risk income stream. The sharp fall in the number of competitors means that this area should provide attractive business opportunities as the economy begins to recover.

TISCO is an active participant in the bond and fixed income market since its inception. The Thai capital market is forecasted to become deeper and more mature in coming years, a process hastened by this economic crisis. With banks being less able to satisfy the private sector's capital requirements, more companies and public sector authorities will need to issue commercial paper, debentures and bonds. This will provide more opportunities on the Treasury side, a specialist area in which we have developed considerable expertise.

We shall continue to extend corporate loans in highly selective business areas to enhance fee income and promote cross-selling of other TISCO services. With our sophisticated risk management and control systems, we can quantify and closely monitor loan quality. We have developed long-standing relationships with many leading

Thai companies which offers good potential for extending other value added products, including provident and mutual fund advisory services. A related priority is to generate more fee income in the financial services area e.g. for collection services, corporate restructuring, mergers and acquisitions, and derivative products.

In addition, we shall continue to leverage off our extensive client list and large deposit base, which ensures that we have a low funding cost. This provides us with an excellent platform from which we can continue to compete effectively in future.

For the securities businesses operated under TISCO Sec, TISCO's investment banking team is an acknowledged industry leader in arranging privatization deals in the fields of energy, transportation, utilities and telecommunications. TISCO has developed close relations with several state-owned enterprises and provided financial advisory services to them over a number of years. With the Thai Government's intention to fully privatize or increase private sector participation in more state-owned enterprises, more opportunities will arise for investment banking activities, which can generate substantial fee income.

TISCO Sec is confident of remaining a top-ten broker in terms of market share in the equity brokerage business, based on its extensive research capability, experienced sales staff, and strong back-office. It has a well-diversified client base comprising both institutional and retail brokerage customers.

TISCO also consistently been ranked as the number one player in provident fund management, both in terms of fund size and performance. Upside potential is seen for fee income as the provident and mutual funds industry consolidates. TISCO aims to maintain its leadership position in this expanding market segment.

Auditor's Report

To The Shareholders of TISCO Finance Public Company Limited

(Formerly Thai Investment and Securities Public Company Limited)

I have audited the balance sheets of TISCO Finance Public Company Limited and the consolidated balance sheets of TISCO Finance Public Company Limited and subsidiaries as at December 31, 1998 and 1997, and the related statements of income, changes in shareholders' equity, retained earnings and cash flows and the consolidated statements of income, changes in shareholders' equity, retained earnings and cash flows for the years then ended. The financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

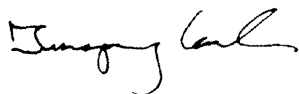
As discussed in Notes 6 and 8 to the financial statements, the financial statements have been prepared in accordance with generally accepted accounting principles, except for the provisions for possible loan losses and for possible losses on investments in securities. These provisions are made in conformity with the criteria in the Announcement of the Bank of Thailand (BOT). As at December 31, 1998, the Company is required by the BOT to provide an allowance for possible loan losses and for possible losses on investments totalling approximately Baht 5,337 million. The BOT,

however, gave permission to the financial institutions to gradually provide the full allowance required by the BOT until the year ended December 31, 2000. In case of the Company, the minimum amount of the allowance as at December 31, 1998 as required by the BOT amounted to approximately Baht 1,341 million. As at December 31, 1998, the Company had already provided allowance for possible loan losses and for possible losses on investments in securities totalling approximately Baht 3,379 million. The allowance, however, was separately presented in the balance sheet as the allowance for possible losses on its loans and receivables amounting to Baht 2,902 million and as an allowance for possible losses on investments in securities amounting to Baht 477 million. The eventual losses that may be incurred in the collection of all loans and receivables and the recovery of all investments in securities of the Company cannot presently be determined.

As discussed in Notes 7 and 8 to the financial statements, the Company's allowance for possible loan losses as at December 31, 1997, amounted to approximately Baht 1,909 million. Doubtful receivables on which the recognition of income had been suspended in accordance with the Announcement of the Bank of Thailand (BOT) totalled Baht 5,652 million, and loans and receivables with related parties at December 31, 1997 amounted to Baht 10,417 million. These related loans and receivables mainly are not collateralized, and the companies engage in investment holding activities with minimal authorized share capital. In addition, some of these were classified as doubtful receivables under the criteria of the BOT during the year 1997 amounting to Baht 2,226 million. The eventual losses that may be incurred in the collection of such loans and receivables cannot be determined.

In my opinion, except for the effects on the 1998 and 1997 financial statements of the matter discussed in the third and the fourth paragraphs, the financial statements referred to above present fairly, in all material respects, the financial positions of TISCO Finance Public Company Limited and of TISCO Finance Public Company Limited and subsidiaries as at December 31, 1998 and 1997, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the operations of the Company and its subsidiaries have been significantly affected by the country's economic crisis and will continue to be affected for the foreseeable future. The significant uncertainties related to the ultimate collection of loans and receivables and the recovery of investments as described in the third paragraph and the ability of the Company to maintain capital adequacy ratio in accordance with the regulation of the Bank of Thailand as described in Note 28 to the financial statements, raise a doubt that the Company will be able to continue in operation as a going concern. Management's plans in regard to these matters are also described in Note 1. The accompanying financial statements do not include any adjustment relating to the realization of recorded assets and the amount of liabilities that might be necessary should the Company not continue in operation as a going concern.



TEERAPONG KAEWRATTANAPATMA
C.P.A. (THAILAND)
Registration No. 2501

Bangkok

February 10, 1999 (except for Note 28.2 as to which the date is
February 11, 1999)

The accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Thailand. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Thailand.

TISCO FINANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

A S S E T S

	1998	Consolidated In Baht 1997
Cash and deposits at financial institutions (Notes 4, 21 and 27)	2,280,003,859	853,050,933
Loans to financial institutions (Note 5)	408,473,916	191,282,926
Securities purchased under resale agreements	350,000,000	3,465,000,000
Investments in securities (Notes 6, 8, 20 and 27)		
Securities for trading	883,568,707	273,479,090
Securities for investment	5,797,922,171	6,249,093,388
Total investments in securities	6,681,490,878	6,522,572,478
Less allowance for diminution in value of securities	-	(1,399,280,429)
allowance for possible losses on securities for investment (Notes 8 and 20)	(476,525,000)	(571,695,074)
Investments in securities - net	6,204,965,878	4,551,596,975
Accounts with securities companies - net (Note 27)	265,895,827	34,079,851
Loans, receivables and accrued interest receivables (Notes 7, 8, 19, 20, 22 and 27)		
Finance business loans and receivables	31,981,808,906	41,494,806,050
Securities business receivables	821,333,142	1,273,003,518
Total loans and receivables	32,803,142,048	42,767,809,568
Accrued interest receivables	73,882,011	203,834,963
Total loans, receivables and accrued interest receivables	32,877,024,059	42,971,644,531
Less allowance for doubtful accounts (Notes 7 and 8)	(3,427,249,856)	(1,913,585,292)
Loans, receivables and accrued interest receivables - net	29,449,774,203	41,058,059,239
Properties foreclosed (Note 9)	274,813,754	85,605,634
Property and equipment - net (Notes 10 and 27)	1,301,535,733	1,370,553,364
Deferred income tax (Note 15)	526,494,877	639,978,417
Other assets (Notes 11 and 27)	604,130,467	668,823,061
TOTAL ASSETS	41,666,088,514	52,918,030,400

See accompanying Notes to Financial Statements.

(With Mr. Teerapong Kaewrattanaputra's report dated February 10, 1999)



Mr. Pliu Mangkornkanok
President

TISCO FINANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

LIABILITIES AND SHAREHOLDERS' EQUITY

	Consolidated	
	In Baht	
	1998	1997
LIABILITIES		
Borrowings and deposits (Note 12)		
From public	30,530,229,150	30,238,622,219
From banks (Note 27)	3,102,806,869	3,798,374,515
From financial institutions	462,231,443	583,162,557
From foreign countries	2,988,791,663	8,508,541,036
Total borrowings and deposits	37,084,059,125	43,128,700,327
Accounts with securities companies - net		
(Note 27)	20,514,446	136,919,624
Customers' accounts (Note 27)	374,020,168	391,396,635
Liabilities under commercial paper sold	381,714,266	2,390,759,240
Accrued interest payable	481,831,262	611,892,438
Payable for purchase of office		
condominium unit	-	298,360,594
Other liabilities (Notes 13, 27 and 28)	508,044,890	544,403,927
Minority interest in consolidated subsidiaries	216,645	521,547
Total Liabilities	38,850,400,802	47,502,954,332
SHAREHOLDERS' EQUITY		
Share capital - common share, Baht 10 par value		
Authorized share capital 300,200,000		
shares in 1998 and 100,200,000 shares		
in 1997 (Notes 14 and 28)		
Authorized, issued and fully paid-up		
share capital 100,200,000 shares (Note 16)	1,002,000,000	1,002,000,000
Premium on share capital (Note 16)	36,500,000	36,500,000
Retained earnings		
Appropriated for legal reserve		
(Notes 16 and 17)	48,700,000	48,700,000
Unappropriated (Note 18)	1,637,981,945	5,488,382,545

	Consolidated	
	In Baht	
	1998	1997
Unrealized loss on securities for investment (Note 6)	-	(1,316,448,616)
Cumulative translation adjustments on foreign currency financial statements of subsidiary in the proportion of the Company	90,505,767	155,942,139
Shareholders' Equity - Net	2,815,687,712	5,415,076,068
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	41,666,088,514	52,918,030,400
 COMMITMENTS AND CONTINGENT LIABILITIES		
Avals to bills of exchange and promissory notes	2,855,182,652	244,897,012
Guarantees on loans and others (Note 22)	783,698,030	3,551,437,224

See accompanying Notes to Financial Statements.

(With Mr. Teerapong Kaewrattanapatma's report dated February 10, 1999)



Mr. Pliu Mangkornkanok
President

TISCO FINANCE PUBLIC COMPANY LIMITED

BALANCE SHEETS

DECEMBER 31, 1998 AND 1997

A S S E T S

	The Company Only	
	1998	In Baht 1997
Cash and deposits at financial institutions (Notes 4 and 27)	1,861,217,239	347,149,607
Loans to financial institutions (Note 5)	328,011,177	191,282,926
Securities purchased under resale agreements	350,000,000	3,465,000,000
Investments in securities (Notes 6, 8, 20 and 27)		
Securities for trading	883,468,553	273,479,090
Securities for investment	6,905,748,280	6,613,133,063
Total investments in securities	7,789,216,833	6,886,612,153
Less allowance for diminution in value of securities allowance for possible losses on securities for investment (Notes 8 and 20)	- (476,525,000)	(1,399,280,429) (571,695,074)
Investments in securities - net	7,312,691,833	4,915,636,650
Accounts with securities companies - net (Note 27)	-	26,401,267
Loans, receivables and accrued interest receivables (Notes 7, 8, 19, 20, 22 and 27)		
Finance business loans and receivables	31,981,808,906	41,494,806,050
Securities business receivables	-	1,026,060,735
Total Loans and receivables	31,981,808,906	42,520,866,785
Accrued interest receivables	73,263,728	203,834,963
Total Loans, receivables and accrued interest receivables	32,055,072,634	42,724,701,748
Less allowance for doubtful accounts (Notes 7 and 8)	(2,901,630,572)	(1,908,998,975)
Loans, receivables and accrued interest receivables - net	29,153,442,062	40,815,702,773
Properties foreclosed (Note 9)	274,813,754	85,605,634
Property and equipment - net (Notes 10 and 27)	900,645,098	1,364,470,057
Deferred income tax (Note 15)	526,494,877	639,978,417
Other assets (Notes 11 and 27)	506,999,695	642,993,806
TOTAL ASSETS	41,214,315,735	52,494,221,137

See accompanying Notes to Financial Statements.

(With Mr. Teerapong Kaewrattanapatma's report dated February 10, 1999)


Mr. Pliu Mangkornkanok
President

TISCO FINANCE PUBLIC COMPANY LIMITED
 BALANCE SHEETS
 DECEMBER 31, 1998 AND 1997

LIABILITIES AND SHAREHOLDERS' EQUITY

	The Company Only	
	In Baht	
	1998	1997
LIABILITIES		
Borrowings and deposits (Note 12)		
From public	30,530,229,150	30,238,622,219
From banks (Note 27)	3,097,161,252	3,798,374,515
From financial institutions (Note 22)	690,231,443	583,162,557
From foreign countries	2,988,791,663	8,508,541,036
Total borrowings and deposits	37,306,413,508	43,128,700,327
Customers' accounts (Note 27)	-	140,460,113
Liabilities under commercial paper sold	381,714,266	2,390,759,240
Accrued interest payable	484,598,413	611,892,438
Payable for purchase of office condominium unit	-	298,360,594
Other liabilities (Notes 13 and 27)	225,901,836	508,972,357
Total Liabilities	38,398,628,023	47,079,145,069
SHAREHOLDERS' EQUITY		
Share capital - common share, Baht 10 par value		
Authorized share capital 300,200,000 shares		
in 1998 and 100,200,000 shares in 1997		
(Notes 14 and 28)		
Authorized, issued and fully paid-up		
share capital 100,200,000 shares (Note 16)	1,002,000,000	1,002,000,000
Premium on share capital (Note 16)	36,500,000	36,500,000
Retained earnings		
Appropriated for legal reserve		
(Notes 16 and 17)	48,700,000	48,700,000
Unappropriated (Note 18)	1,637,981,945	5,488,382,545

	The Company Only	
	In Baht	
	1998	1997
Unrealized loss on securities for investment (Note 6)	-	(1,316,448,616)
Cumulative translation adjustments on foreign currency financial statements of subsidiary in the proportion of the Company	90,505,767	155,942,139
Shareholders' Equity - Net	2,815,687,712	5,415,076,068
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	41,214,315,735	52,494,221,137
COMMITMENTS AND CONTINGENT LIABILITIES		
Avals to bills of exchange and promissory notes	2,855,182,652	244,897,012
Guarantees on loans and others (Note 22)	783,698,030	3,551,437,224

See accompanying Notes to Financial Statements.

(With Mr. Teerapong Kaewrattanapatma's report dated February 10, 1999)



Mr. Pliu Mangkornkanok
President

TISCO FINANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	Consolidated	
	In Baht	
	1998	1997
INTEREST AND DIVIDEND INCOME		
Loans and deposits	3,985,597,243	4,784,639,499
Hire purchase	421,592,318	540,666,290
Securities	388,143,358	474,098,724
Total Interest and Dividend Income	4,795,332,919	5,799,404,513
EXPENSES ON BORROWINGS		
Interest and discounts	4,982,359,055	4,174,013,762
Fees and charges	19,143,116	7,637,311
Total Expenses on Borrowings	5,001,502,171	4,181,651,073
Interest and Dividend Income - Net	(206,169,252)	1,617,753,440
BAD DEBTS AND DOUBTFUL ACCOUNTS		
(Notes 6, 7 and 8)	(1,516,124,980)	(1,652,344,019)
Interest and Dividend Income - Net of Bad Debts and Doubtful Accounts	(1,722,294,232)	(34,590,579)
NON-INTEREST INCOME (EXPENSES)		
Brokerage fees	331,046,328	325,971,808
Loss on trading in securities - net (Note 6)	(1,160,862,156)	(473,287,868)
Reversal of provision (provision) for possible losses on securities for investment (Note 6)	95,170,074	(571,695,074)
Fees and service income (Note 22)	401,550,493	417,544,173
Equity in net income of associated company (Note 2)	9,497,953	13,703,069
Gain (loss) on exchanges		
Forward exchange premium cost	(735,176,601)	(179,708,877)
Gains on exchange rate	229,573,865	99,901,711
Other income	17,619,588	27,504,318
Non-Interest Expenses - Net	(811,580,456)	(340,066,740)

	Consolidated	
	In Baht	
	1998	1997
OPERATING EXPENSES		
Personnel expenses	309,900,399	306,567,371
Premises and equipment expenses	258,818,933	229,089,126
Taxes and duties	161,341,364	204,282,148
Directors' remuneration	4,080,000	4,380,000
Compensation for assured yield fiduciary funds (Note 28)	133,881,226	-
Other expenses (Note 22)	335,142,186	210,578,926
Minority interest in income (loss) of subsidiaries	(35,079)	188,196
Total Operating Expenses	1,203,129,029	955,085,767
LOSS BEFORE INCOME TAX AND BEFORE EXTRAORDINARY ITEM		
Income Tax (Note 15)	(3,737,003,717)	(1,329,743,086)
Income Tax (Note 15)	(113,396,883)	(13,636,235)
LOSS BEFORE EXTRAORDINARY ITEM		
Extraordinary item - Tax benefit from loss carried forward (Note 15)	(3,850,400,600)	(1,343,379,321)
	-	458,695,962
NET LOSS		
	(3,850,400,600)	(884,683,359)
Loss per Share		
Loss before extraordinary item	(38.43)	(13.40)
Extraordinary item (Note 15)	-	4.58
Net loss	(38.43)	(8.82)

See accompanying Notes to Financial Statements.

(With Mr. Teerapong Kaewrattanapatma's report dated February 10, 1999)



Mr. Pliu Mangkornkanok
President

TISCO FINANCE PUBLIC COMPANY LIMITED
 STATEMENTS OF INCOME
 FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	The Company Only	
	In Baht	
	1998	1997
INTEREST AND DIVIDEND INCOME		
Loans and deposits	3,966,752,954	4,776,281,880
Hire purchase	421,592,318	540,666,290
Securities	385,565,179	474,098,724
Total Interest and Dividend Income	4,773,910,451	5,791,046,894
EXPENSES ON BORROWINGS		
Interest and discounts	4,992,947,775	4,172,589,615
Fees and charges	19,143,116	7,637,311
Total Expenses on Borrowings	5,012,090,891	4,180,226,926
Interest and Dividend Income - Net	(238,180,440)	1,610,819,968
BAD DEBTS AND DOUBTFUL ACCOUNTS		
(Notes 6, 7 and 8)	(1,314,883,740)	(1,649,206,187)
Interest and Dividend Income - Net of Bad Debts and Doubtful Accounts	(1,553,064,180)	(38,386,219)
NON-INTEREST INCOME (EXPENSES)		
Brokerage fees	164,006,569	182,153,106
Loss on trading in securities - net (Note 6)	(1,221,714,436)	(470,599,747)
Reversal of provision (provision) for possible losses on securities for investment (Note 6)	95,170,074	(571,695,074)
Fees and service income (Note 22)	391,399,650	408,408,854
Equity in net income (loss) of subsidiaries and associated company (Note 2)	(201,127,776)	88,793,383
Gain (loss) on exchanges		
Forward exchange premium costs	(735,176,601)	(179,708,877)
Gains on exchange rate	225,383,242	95,768,250
Other income	12,103,912	24,999,364
Non-Interest Expenses - Net	(1,269,955,366)	(421,880,741)

	The Company Only	
	In Baht	
	1998	1997
OPERATING EXPENSES		
Personnel expenses	239,958,558	260,346,094
Premises and equipment expenses	221,117,554	222,362,640
Taxes and duties	160,968,216	204,282,148
Directors' remuneration	4,080,000	4,380,000
Other expenses (Note 22)	287,859,843	191,741,479
Total Operating Expenses	913,984,171	883,112,361
LOSS BEFORE INCOME TAX AND BEFORE EXTRAORDINARY ITEM	(3,737,003,717)	(1,343,379,321)
Income Tax (Note 15)	(113,396,883)	-
LOSS BEFORE EXTRAORDINARY ITEM	(3,850,400,600)	(1,343,379,321)
Extraordinary item - Tax benefit from loss carried forward (Note 15)	-	458,695,962
NET LOSS	(3,850,400,600)	(884,683,359)
Loss per Share		
Loss before extraordinary item	(38.43)	(13.40)
Extraordinary item (Note 15)	-	4.58
Net loss	(38.43)	(8.82)

See accompanying Notes to Financial Statements.

(With Mr. Teerapong Kaewrattanapatma's report dated February 10, 1999)



Mr. Pliu Mangkornkanok
President

TISCO FINANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	Consolidated	
	In Baht	
	1998	1997
SHARE CAPITAL (Notes 14, 16 and 28)		
Ending balance	1,002,000,000	1,002,000,000
PREMIUM ON SHARE CAPITAL (Note 16)		
Ending balance	36,500,000	36,500,000
RETAINED EARNINGS		
Appropriated for legal reserve (Notes 16 and 17)		
Ending balance	48,700,000	48,700,000
Unappropriated		
Beginning balance	5,488,382,545	6,665,762,704
Addition - reversal of dividend payables (Note 18)	-	7,903,200
Deduction - net loss	(3,850,400,600)	(884,683,359)
- dividends paid (Baht 3 per share for 100.2 million shares in 1997)	-	(300,600,000)
Ending balance	1,637,981,945	5,488,382,545
UNREALIZED LOSS ON SECURITIES FOR INVESTMENT (Note 6)		
Beginning balance	(1,316,448,616)	(516,592,531)
Deduction (Addition) during the years	1,316,448,616	(799,856,085)
Ending balance	-	(1,316,448,616)
CUMULATIVE TRANSLATION ADJUSTMENTS ON FOREIGN CURRENCY FINANCIAL STATEMENTS OF SUBSIDIARY IN THE PROPORTION OF THE COMPANY		
Beginning balance	155,942,139	1,651,934
Addition (Deduction) during the years	(65,436,372)	154,290,205
Ending balance	90,505,767	155,942,139
SHAREHOLDERS' EQUITY - NET	2,815,687,712	5,415,076,068

See accompanying Notes to Financial Statements.

(With Mr. Teerapong Kaewrattanapatma's report dated February 10, 1999)

TISCO FINANCE PUBLIC COMPANY LIMITED
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	The Company Only	
	In Baht	
	1998	1997
SHARE CAPITAL (Notes 14, 16 and 28)		
Ending balance	1,002,000,000	1,002,000,000
PREMIUM ON SHARE CAPITAL (Note 16)		
Ending balance	36,500,000	36,500,000
RETAINED EARNINGS		
Appropriated for legal reserve (Notes 16 and 17)		
Ending balance	48,700,000	48,700,00
Unappropriated		
Beginning balance	5,488,382,545	6,665,762,704
Addition - reversal of dividend payables (Note 18)	-	7,903,200
Deduction - net loss	(3,850,400,600)	(884,683,359)
- dividends paid (Baht 3 per share for 100.2 million shares in 1997)	-	(300,600,000)
Ending balance	1,637,981,945	5,488,382,545
UNREALIZED LOSS ON SECURITIES FOR INVESTMENT (Note 6)		
Beginning balance	(1,316,448,616)	(516,592,531)
Deduction (Addition) during the years	1,316,448,616	(799,856,085)
Ending balance	-	(1,316,448,616)
CUMULATIVE TRANSLATION ADJUSTMENTS ON FOREIGN CURRENCY FINANCIAL STATEMENTS OF SUBSIDIARY IN THE PROPORTION OF THE COMPANY		
Beginning balance	155,942,139	1,651,934
Addition (Deduction) during the years	(65,436,372)	154,290,205
Ending balance	90,505,767	155,942,139
SHAREHOLDERS' EQUITY - NET	2,815,687,712	5,415,076,068

See accompanying Notes to Financial Statements.

(With Mr. Teerapong Kaewrattanapatma's report dated February 10, 1999)

TISCO FINANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
 FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	Consolidated	
	In Baht	
	1998	1997
Unappropriated Retained Earnings		
Balance, beginning of years	5,488,382,545	6,665,762,704
Addition - reversal of dividend payables (Note 18)	-	7,903,200
Deduction - appropriated from prior years' earnings for dividends (Baht 3 per share for 100.2 million shares in 1997)	-	(300,600,000)
Net loss for the years	(3,850,400,600)	(884,683,359)
Unappropriated Retained Earnings - Net		
	1,637,981,945	5,488,382,545
Appropriated Retained Earnings for:		
Legal reserve (Notes 16 and 17)	48,700,000	48,700,000
TOTAL RETAINED EARNINGS	1,686,681,945	5,537,082,545

See accompanying Notes to Financial Statements.

(With Mr. Teerapong Kaewrattanapatma's report dated February 10, 1999)



Mr. Pliu Mangkornkanok
 President

TISCO FINANCE PUBLIC COMPANY LIMITED
 STATEMENTS OF RETAINED EARNINGS
 FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	The Company Only	
	In Baht	
	1998	1997
Unappropriated Retained Earnings		
Balance, beginning of years	5,488,382,545	6,665,762,704
Addition - reversal of dividend payables (Note 18)	-	7,903,200
Deduction - appropriated from prior years' earnings for dividends (Baht 3 per share for 100.2 million shares in 1997)	-	(300,600,000)
Net loss for the years	(3,850,400,600)	(884,683,359)
Unappropriated Retained Earnings - Net	1,637,981,945	5,488,382,545
Appropriated Retained Earnings for:		
Legal reserve (Notes 16 and 17)	48,700,000	48,700,000
TOTAL RETAINED EARNINGS	1,686,681,945	5,537,082,545

See accompanying Notes to Financial Statements.

(With Mr. Teerapong Kaewrattapanatma's report dated February 10, 1999)



Mr. Pliu Mangkornkanok
 President

TISCO FINANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	Consolidated	
	In Baht	
	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(3,850,400,600)	(884,683,359)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	105,167,267	50,570,968
Bad debt and doubtful accounts	1,516,124,980	1,652,344,019
Provision (reversal of provision) for loss on decline in value of investments in securities for trading and securities for investment	(157,486,886)	610,022,334
Compensation for assured yield fiduciary funds	117,000,000	-
Minority interest in income (loss) of subsidiaries	(35,079)	188,196
Equity in net income of associated company	(9,497,953)	(13,703,069)
Unrealized loss on transfer of investments	391,107,802	27,056,055
Loss on disposal of securities for investment - net	757,931,320	324,778,141
Loss (gain) on disposal of property and equipment - net	294,646	(228,552)
Deferred income tax	113,483,540	(446,200,019)
Unrealized gain on foreign exchange translation - net	(247,939,047)	(207,681,208)
Decrease (increase) in accrued interest receivable and accrued dividend income	89,861,418	(85,012,542)
Decrease in other accrued income	3,641,647	11,325,237
Increase (decrease) in accrued interest expenses	(130,061,176)	221,176,587
Decrease in other accrued expenses	(5,446,507)	(278,981,432)
Income (Loss) from Operating Activities before Changes in Operating Assets and Liabilities	(1,306,254,628)	980,971,356

	Consolidated	
	In Baht	
	1998	1997
Decrease (Increase) in Operating Assets		
Loans to financial institutions	(222,819,177)	1,399,853,000
Securities purchased under resale agreements	3,115,000,000	(3,104,000,000)
Investments in securities for trading - net	(577,750,087)	408,083,112
Accounts with securities companies (asset)	(231,815,976)	(13,706,453)
Finance business loans and receivables	9,326,766,419	(1,298,462,375)
Securities business receivables	450,600,868	1,864,348,639
Properties foreclosed	(38,176,634)	-
Other assets	98,378,563	(284,262,784)
Increase (Decrease) in Operating Liabilities		
Borrowings and deposits from public	1,393,364,619	12,705,135,533
Negotiable certificates of deposit	(1,101,757,688)	1,101,757,688
Borrowings and deposits from banks and financial institutions	(816,498,690)	(4,053,146,952)
Borrowings and deposits from foreign countries	(5,271,810,326)	548,104,593
Securities sold under repurchase agreements	-	(20,000,000)
Accounts with securities companies (liability)	(116,405,178)	(1,085,581,010)
Liabilities under commercial paper sold	(2,009,044,974)	(8,327,174,919)
Customers' account	(17,376,467)	44,576,755
Other liabilities	(65,519,317)	299,564,558
Net Cash Provided by Operating Activities	2,608,881,327	1,166,060,741
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of securities for investment	(20,125,956,002)	(6,931,303,838)
Proceeds from sales of securities for investment	19,418,539,850	5,944,357,859
Payments for purchase of leasehold improvements and equipment	(413,432,242)	(373,353,327)
Proceeds from sales of property and equipment	4,626,258	1,120,579
Dividends received from associated company	-	20,000,000
Net Cash Used in Investing Activities	(1,116,222,136)	(1,339,178,727)

	Consolidated	
	In Baht	
	1998	1997
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(269,893)	(292,696,800)
Net Cash Usec in Financing Activities	(269,893)	(292,696,800)
CUMULATIVE TRANSLATION ADJUSTMENTS ON FOREIGN CURRENCY FINANCIAL STATEMENTS OF SUBSIDIARY	(65,436,372)	154,290,205
INCREASE (DECREASE) IN CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS - NET	1,426,952,926	(311,524,581)
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS, JANUARY 1,	853,050,933	1,164,575,514
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS , DECEMBER 31	2,280,003,859	853,050,933

Supplemental Disclosures of Cash Flows Information:

Cash paid during the years for

Interest	5,119,098,859	3,952,837,174
Income tax	16,920,555	384,600,916

See accompanying Notes to Financial Statements.

(With Mr. Teerapong Kaewrattanapatma's report dated February 10, 1999)

TISCO FINANCE PUBLIC COMPANY LIMITED
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	The Company Only	
	1998	In Baht 1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(3,850,400,600)	(884,683,359)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities :		
Depreciation and amortization	93,030,459	48,754,613
Bad debt and doubtful accounts	1,314,883,740	1,649,206,187
Provision (reversal of provision) for loss on decline in value of investments in securities for trading and securities for investment	(57,509,628)	610,022,334
Equity in net loss (income) of subsidiaries and associated company - net	201,127,776	(88,793,383)
Unrealized loss on transfer of investments	391,107,802	27,056,055
Loss on disposal of securities for investment - net	820,213,600	324,778,141
Loss (gain) on disposal of property and equipment	294,646	(228,552)
Deferred income tax	113,483,540	(446,200,019)
Unrealized gain on foreign exchange translation - net	(247,939,047)	(207,681,208)
Decrease (increase) in accrued interest receivable and accrued dividend income	93,231,570	(85,012,542)
Decrease in other accrued income	6,125,010	11,325,237
Increase (decrease) in accrued interest expenses	(127,290,223)	221,176,587
Increase (decrease) in other accrued expenses	(12,101,054)	(278,981,432)

The Company Only

	In Baht	
	1998	1997
Income (Loss) from Operating Activities before		
Changes in Operating Assets and Liabilities	(1,261,742,409)	900,738,659
Decrease (Increase) in Operating Assets		
Loans to financial institutions	(142,819,177)	1,399,853,000
Securities purchased under resale agreements	3,115,000,000	(3,104,000,000)
Investments in securities for trading - net	(791,682,308)	408,083,112
Accounts with securities companies (asset)	(8,896,435)	(26,401,267)
Finance business loans and receivables	9,332,955,549	(1,298,462,375)
Securities business receivables	201,562,987	1,334,890,482
Properties foreclosed	(38,176,634)	-
Other assets	94,557,369	(289,118,000)
Increase (Decrease) in Operating Liabilities		
Borrowings and deposits from public	1,393,364,619	12,705,135,533
Negotiable certificates of deposit	(1,101,757,688)	1,101,757,688
Borrowings and deposits from banks and financial institutions (See Supplemental Disclosures of Cash Flows Information No. 2)	(2,093,292,879)	(4,053,146,952)
Borrowings and deposits from foreign countries	(5,271,810,326)	548,104,593
Securities sold under repurchase agreements	-	(20,000,000)
Accounts with securities companies (liability)	63,872,348	(230,891,147)
Liabilities under commercial paper sold	(2,009,044,974)	(8,327,174,919)
Customers' account	(59,156,369)	65,131,946
Other liabilities	(188,148,578)	269,138,286
Net Cash Provided by		
Operating Activities	1,234,785,095	1,383,638,639

	The Company Only	
	In Baht	
	1998	1997
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of securities for investment	(19,935,282,625)	(6,931,303,838)
Proceeds from sales of securities for investment	19,228,098,354	5,944,357,859
Disposal of securities business operations - net of cash transferred (See Supplemental Disclosures of Cash Flows Information No. 2)	1,282,796,385	-
Payments for purchase of property and equipment	(408,643,339)	(367,708,096)
Proceeds from sales of property and equipment	4,626,258	1,120,579
Dividend received from subsidiary and associated company	107,687,504	20,000,000
Net Cash Provided by (Used in) Investing Activities	279,282,537	(1,333,533,496)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(292,696,800)
Net Cash Used in Financing Activities	-	(292,696,800)
INCREASE (DECREASE) IN CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS - NET		
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS, JANUARY 1,	1,514,067,632	(242,591,657)
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS, DECEMBER 31	347,149,607	589,741,264
	1,861,217,239	347,149,607

Supplemental Disclosures of Cash Flows Information:

1. Cash paid during the years for

Interest	5,120,241,800	3,951,413,027
Income tax	16,719,992	383,123,494

2. On October 1, 1998, the Company has disposed its net assets of the securities business operations amounting to approximately Baht 1,283 million (net of cash transferred of Baht 120,000) to TISCO Securities

Company Limited as shown in Note 27 to the financial statements. In consideration thereof, TISCO Securities Company Limited has redeemed a promissory note from the Company in the same amount to pay for such net assets.

See accompanying Notes to Financial Statements.

(With Mr. Teerapong Kaewrattanapatma's report dated February 10, 1999)

1. ECONOMIC CRISIS

As shown in the financial statements, the Company and subsidiaries suffered losses from operations during the years 1998 and 1997. The operations of the Company and subsidiaries have been affected significantly by the economic crisis caused by the general deterioration of the economies in Thailand and the countries in Asia Pacific region, the volatility of Baht currency and other currencies volatility, the risk of the investments in listed securities in the Stock Exchange of Thailand, high interest rates and restriction of credit. Since the beginning of the year 1997, the Company has entered into forward exchange contracts in order to hedge the currency volatility, has disposed of many investments in securities and increased measurements of risk management for all activities of the Company. These can significantly reduce the direct effect to the operations of the Company. The indirect effect, however, remains since the crisis will continue and might affect the Company and subsidiaries, as to ultimate collections of loans and receivables, the recovery of investments, and the ability to maintain capital adequacy ratio in accordance with the regulation of the Bank of Thailand as described in Note 28 to the financial statements. However, the Company is in the process to raise share capital.

2. BASIS AND PRESENTATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements and individual financial statements have been prepared in accordance with the Announcement of the Bank of Thailand dated January 23, 1997 governing the format of the balance sheet and profit and loss accounts of Finance, Finance and Securities and Credit Foncier Companies.

The accompanying consolidated financial statements include the accounts of TISCO Securities Hong Kong Limited, a subsidiary incorporated in Hong Kong, which is 99.75% owned by the Company and those of TISCO Securities Company Limited, a subsidiary incorporated in Thailand on September 2, 1998, which is 99.99% owned by the Company. All significant intercompany transactions with subsidiaries have been eliminated. The accompanying individual financial statements present the accounts of TISCO Finance Public Company Limited. The equity in net income (loss) of subsidiaries and associated company has been taken into the individual financial statements.

The equity in net income of associated company for the years ended December 31, 1998 and 1997, as presented separately in the consolidated statements of income and presented as part of "Equity in net income (loss) of subsidiaries and associated company" in the statements of income, was computed based on the unaudited financial statements of the associated company. The equity in net income of the associated company for the years ended December 31, 1998 and 1997 represented 0.3% and 1.6%, respectively, of net loss of the Company and subsidiaries. However, net income of the unaudited financial statements of the associated company for the year 1997 was not significantly different from that of the audited financial statements.

The accompanying consolidated and individual financial statements reflect all transactions with all related companies. These companies are related to the Company through common shareholdings and/or directorships and their operating policies are significantly influenced by the Company.

3. SUMMARY OF SIGNIFICANT

ACCOUNTING POLICIES

a. Income and Expense Recognition

Interest income is accrued as earned and is based on principal outstanding. On the delinquent loans and receivables on which the interest has not been collected within one month and for the margin loans with overdue interest for over two months, it is the policy of the Company and subsidiary to stop accruing income and to place the recognition of interest income on cash basis. On hire purchase accounts which are overdue for more than 120 days, the accounts are placed on a non-accrual basis and the recognition of income is stopped. These will be reinstated to "accrual basis" when installments are received.

Service income is recorded on the accrual basis.

Interest expense is recorded based on principal outstanding on an accrual basis.

b. Investments in Securities

The Company values its investments in government and state enterprise securities and private debt instruments, held for trading and for long-term investment purposes, at the lower of aggregate cost or aggregate market value. Market value of government and state enterprise securities is computed by using the formula quoted by the Bank of Thailand at the yield rate of average bidding price of typical investments in government and state enterprise securities. Market value of private debt instruments, which are debentures, is computed by using the formula quoted by the Bank of Thailand at the yield rate quoted in the Bond Dealers' club as at the balance sheet date.

The investments in common shares which are listed securities as at December 31, 1997, held for trading and for long-term investment purposes, are carried at the lower of aggregate cost or aggregate market value.

Market value represents the closing price quoted in the Stock Exchange of Thailand as at balance sheet date.

Investments in common shares (which are other securities but excludes investments in shares of subsidiaries and associated company), held for long-term purposes, are valued at cost. Losses on the decline in value of other securities are taken up in the accounts when the decline in value is deemed to be permanent. Investments in common shares of subsidiaries and associated company are recorded by the equity method.

In the event when the Company reclassifies the investments in securities held for trading to securities held for investment purposes, the Company will adjust the cost of investment to the lower of cost or market value at the date of the reclassification. The difference arising from the cost and market value at that date is charged to current operations.

The decline in value of investments is presented in the balance sheet as a deduction of the related investment account. The contra-account of the decline in value of investments held for long-term investment purposes, is presented in "Unrealized loss on securities for investment" which is shown under "Shareholders' Equity" in the consolidated balance sheets and the balance sheets while the contra-account of the decline in value of investments held for trading purposes, is presented as part of "Loss on trading in securities-net" in the consolidated statements of income and the statements of income.

In the event that the decline in value of investments held for long-term investment purposes is considered as a permanent decline, the contra-account of the decline in value of investments is presented as part of "Loss on trading in securities - net" in the consolidated statements of income and the statements of income.

c. Amortization of Premium (Discount) on Government and State Enterprise Bonds and Debentures

The premium (discount) on bonds and debentures is amortized by the effective rate method. The amortized amount is presented as an adjustment of the interest income.

d. Allowance for Doubtful Accounts

The Company and subsidiaries provide allowance for doubtful accounts equal to the estimated losses that may be incurred in the collection of the loans and receivables. Judgement on the adequacy of the amount of allowance for doubtful accounts is based on reviews and evaluations of the current status of the loans and receivables supplemented by the notification of the Bank of Thailand relative to allowance for doubtful account.

e. Depreciation and Amortization

The Company and subsidiary depreciate property and equipment by the straight-line method over the estimated useful lives of the assets of five (5) and twenty (20) years.

Leasehold right is amortized over the period of lease agreement of twelve (12) years.

Deferred expenses are amortized over the period of five (5) and ten (10) years.

f. Capitalization of Interest

The Company capitalizes interest on fund borrowed to acquire certain office condominium units of a building as part of cost of premises. The capitalization of interest will be ceased when the construction is completed or if the cost of premises after capitalization would be higher than market value. During the year 1997, the interest capitalized to the premises acquired amounted to approximately Baht 56 million. The construction of condominium units was completed within December 31, 1997.

g. Deferred Income Taxes

The Company and subsidiaries provide for deferred income tax (liability method) resulting from timing differences in reporting income and expenses for financial reporting purposes compared to income tax reporting purposes. Accordingly, the income tax applicable to income which is not currently recognized, and to expenses which are not currently deductible for income tax purposes, and to loss carryforwards which will be deducted with future income are set up as "Deferred income taxes" in the balance sheets and consolidated balance sheets. This will be allocated to future periods when the income is realized, or the expenses provided for, are actually incurred and considered deductible for income tax purposes or there is utilization of tax benefit from those loss carryforwards.

h. Sales of Commercial Paper

The Company records the sales of commercial paper previously purchased at a discount as prescribed by the Bank of Thailand Announcement dated May 17, 1990 as follows:

a) Commercial paper with aval or acceptance by a bank or another finance company sold without recourse should be treated as outright sales and the face value of the commercial paper purchased should be credited from accounts receivable. Commercial paper with aval or acceptance as described above sold with recourse should be disclosed as part of contingent liabilities.

b) Commercial paper without an aval or acceptance sold without recourse with the amount of Baht 10 million or more should be credited from accounts receivable. Commercial paper less than Baht 10 million sold with recourse should be recorded as a liability under the caption "Liabilities under commercial paper sold".

i. **Translation of Foreign Currency Financial**

Statements and Foreign Currency Transactions

The financial statements of TISCO Securities Hong Kong Limited have been prepared in HK. Dollars, the currency of the country in which the subsidiary operates. For consolidated and for equity accounting in subsidiary purposes, these financial statements have been translated into Thai Baht as follows:

a) All assets and liabilities at the average rates of the Bank of Thailand at the balance sheet dates.

b) Revenues and expenses in 1998 at average exchange rates announced by the Bank of Thailand and those in 1997 at average exchange rates announced by the Revenue Department. Net exchange gain and loss from the translation is presented as "Cumulative Translation Adjustment on Foreign Currency Financial Statements of Subsidiary in the Proportion of the Company" under the caption "Shareholders' Equity" of the balance sheets and consolidated balance sheets.

Foreign currency transactions are translated at the rates prevailing on the transaction dates. Assets and liabilities in foreign currencies at balance sheet dates, except those covered by forward exchange contracts, are translated at the rates prevailing at the balance sheet dates. Gains or losses from translation are credited or charged to operations.

Liabilities denominated in foreign currencies covered by forward exchange contracts at the balance sheet date, are translated into Baht at the spot rate on forward exchange contract date adjusted by the related forward contract premium for the period up to the balance sheet date. Gains or losses on forward contracts covering the recorded liabilities are offset with the related gains or losses on exchange on the liabilities being hedged. Gains or losses on forward contracts covering the commitments are deferred and accounted for as part of the underlying

commitments being hedged. The deferred gains are recorded and included in "Other liabilities" until the related commitments being hedged are recognized. As at December 31, 1998 and 1997, the balance of deferred gains amounted to approximately Baht 74 million and Baht 267 million, respectively.

j. **Loss per Share**

Loss per share is determined by dividing the net loss by the number of paid-up shares outstanding at the balance sheet dates.

4. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

	Consolidated	
	In Baht	
	1998	1997
Cash	571,371	955,723
Cash in banks (Note 21)	2,082,665,021	852,095,210
Negotiable certificates of deposit (net of unearned interest of Baht 16,532,533)	196,767,467	-
Total Cash and Deposits at Financial Institutions	2,280,003,859	853,050,933

	The Company Only	
	In Baht	
	1998	1997
Cash	372,902	919,117
Cash in banks	1,664,076,870	346,230,490
Negotiable certificates of deposit (net of unearned interest of Baht 16,532,533)	196,767,467	-
Total Cash and Deposits at Financial Institutions	1,861,217,239	347,149,607

The above negotiable certificates of deposit are issued by a local bank under the guarantee of bills of finance companies which are ordered to cease the operations. The deposits, bearing interest at the rate of

2% p.a., are due in the year 2003. The management of the Company intends to hold the negotiable certificates of deposit until the maturity date.

5. LOANS TO FINANCIAL INSTITUTIONS

	Consolidated	
	In Baht	
	1998	1997
Call loans	-	100,000,000
Term loans	412,000,000	85,192,000
Total Loans	412,000,000	185,192,000
Add accrued interest receivable	462,739	6,090,926
Less unearned interest	(3,988,823)	-
Total Loans to Financial Institutions	408,473,916	191,282,926

	The Company only	
	In Baht	
	1998	1997
Call loans	-	100,000,000
Term loans	332,000,000	85,192,000
Total Loans	332,000,000	185,192,000
Add accrued interest receivable	-	6,090,926
Less unearned interest	(3,988,823)	-
Total Loans to Financial Institutions	328,011,177	191,282,926

6. INVESTMENTS IN SECURITIES

	Consolidated			
	In Baht			
	1998		1997	
	Cost	Market	Cost	Market
Securities for Trading				
Debt instruments				
Government and State Enterprise securities	785,233,064	798,032,063	-	-
Private debt instruments	98,235,489	99,222,929	-	-
Debt instrument - net	883,468,553	897,254,992	-	-
Common share securities				
Listed securities	100,154	172,612	273,479,090	190,647,277
Less allowance for diminution in value	-	-	(82,831,813)	-
Common share securities - net	100,154	172,612	190,647,277	190,647,277
Securities for Trading - Net	883,568,707	897,427,604	190,647,277	190,647,277
Securities for Investment				
Debt instruments				
Government and State				
Enterprise securities	2,464,811,476	2,529,086,649	1,189,974,145	1,062,670,801
Private debt instruments	1,995,726,325	2,035,033,583	2,105,205,559	2,093,031,721
Total	4,460,537,801	4,564,120,232	3,295,179,704	3,155,702,522
Less allowance for diminution in value	-	-	(139,477,182)	-
Debt instrument after allowance for diminution in value - net	4,460,537,801	4,564,120,232	3,155,702,522	3,155,702,522
Less allowance for possible losses	(476,525,000)	-	(400,095,074)	-
Debt instrument - net	3,984,012,801	4,564,120,232	2,755,607,448	3,155,702,522

	Consolidated			
	In Baht			
	1998		1997	
	Cost	Market	Cost	Market
Common share securities				
Listed securities	304,442,642	442,949,983	1,897,098,509	720,192,060
Other securities				
- at cost	979,877,407	851,386,166	1,013,223,607	1,039,809,513
- at equity	53,064,321	53,064,321	43,591,568	43,591,568
Total	1,337,384,370	1,347,400,470	2,953,913,684	1,803,593,141
Less allowance for diminution in value	-	-	(1,176,971,434)	-
Common share securities after allowance for diminution in value -net	1,337,384,370	1,347,400,470	1,776,942,250	1,803,593,141
Less allowance for possible losses	-	-	(171,600,000)	-
Common share securities - net	1,337,384,370	1,347,400,470	1,605,342,250	1,803,593,141
Securities for Investment - Net	5,321,397,171	5,911,520,702	4,360,949,698	4,959,295,663
Investment in Securities - Net	6,204,965,878	6,808,948,306	4,551,596,975	5,149,942,940

	The Company Only			
	In Baht			
	1998		1997	
	Cost	Market	Cost	Market
Securities for Trading				
Debt instruments				
Government and State				
Enterprise securities	785,233,064	798,032,063	-	-
Private debt instruments	98,235,489	99,222,929	-	-
Debt instrument - net	883,468,553	897,254,992	-	-
Common share securities				
Listed securities	-	-	273,479,090	190,647,277
Less allowance for diminution in value	-	-	(82,831,813)	-
Common share securities - net	-	-	190,647,277	190,647,277
Securities for Trading - Net	883,468,553	897,254,992	190,647,277	190,647,277

The Company Only				
In Baht				
1998				
1997				
	Cost	Market	Cost	Market
Securities for Investment				
Debt instruments				
Government and State				
Enterprise securities	2,464,811,476	2,529,086,649	1,189,974,145	1,062,670,801
Private debt instruments	1,927,705,076	1,961,322,166	2,105,205,559	2,093,031,721
Total	4,392,516,552	4,490,408,815	3,295,179,704	3,155,702,522
Less allowance for diminution in value	-	-	(139,477,182)	-
Debt instrument after allowance				
for diminution in value - net	4,392,516,552	4,490,408,815	3,155,702,522	3,155,702,522
Less allowance for possible losses	(476,525,000)	-	(400,095,074)	-
Debt instrument - net	3,915,991,552	4,490,408,815	2,755,607,448	3,155,702,522
Common share securities				
Listed securities	-	-	1,897,098,509	720,192,060
Other securities				
- at cost	979,877,407	851,386,166	1,013,248,807	1,039,834,713
- at equity	1,533,354,321	1,533,354,321	407,606,043	407,606,043
Total	2,513,231,728	2,384,740,487	3,317,953,359	2,167,632,816
Less allowance for diminution in value	-	-	(1,176,971,434)	-
Common share securities after				
allowance for diminution in value -net	2,513,231,728	2,384,740,487	2,140,981,925	2,167,632,816
Less allowance for possible losses	-	-	(171,600,000)	-
Common share securities - net	2,513,231,728	2,384,740,487	1,969,381,925	2,167,632,816
Securities for Investment - Net	6,429,223,280	6,875,149,302	4,724,989,373	5,323,335,338
Investment in Securities - Net	7,312,691,833	7,772,404,294	4,915,636,650	5,513,982,615

As at December 31, 1998, the allowance for possible losses on investments in securities which should be made in accordance with the criteria of the Bank of Thailand (BOT) amounted to approximately Baht 817 million (See Note 20.2). During the year 1998, the BOT, however, gave permission to the financial institutions to gradually provide the full allowance required by the BOT until the year ended December 31, 2000. The minimum amount of the allowance which the Company should provide for its possible losses on investments in securities as at December 31, 1998 as required by the BOT amounted to approximately Baht 437 million (See Note 20.2). As at December 31, 1998, the Company had already provided allowance for possible losses on investments in securities totalling approximately Baht 817 million, of which a portion of Baht 477 million was recorded in "Allowance for possible losses on securities for investments" as a deduction item of the related investment account in the balance sheet. The remaining Baht 340 million was included as part of "Allowance for possible loan losses" as a deduction item of the loans and receivables account in the balance sheet as described in Note 8 to the financial statements.

During the year 1998, the Company obtained certain securities and warrants from three debtors, which are related parties as discussed in Note 7 to the financial statements, in order to settle their debts amounting to Baht 33.8 million. The valuation of those securities was at the rate of 90% of their market price/net book value on the transferred date, except for the valuation of marketable securities which were considered to have no value, since there was no comparable market price at that time. However, the Company already transferred the above securities (amounting to Baht 32.3 million) to TISCO Securities Company Limited as discussed in Note 27 to the financial statements.

During the year 1997, the Company had disposed of certain debentures, issued by the finance and securities companies which the Bank of Thailand announced to permanently cease their operations on December 8, 1997, of Baht 84.8 million with a selling price of Baht 55 million. The buyers, according to the conditions in the sales agreements, have the right to resale those debentures back to the Company within the dates as specified in the sales agreements and the Company has the right to repurchase those debentures, also, at the same prices. In addition, the buyers agreed to pay to the Company the additional amount equivalent to the amount of interest income which the buyers probably received from the debenture issuer during the debenture holding period. In consideration thereof, the buyers had to pay to the Company Baht 20.6 million, within February 26, 1998 and Baht 34.4 million within March 3, 1998. During the three-month period ended March 31, 1998, the Company had repurchased certain debentures from the buyer at the price of Baht 34.4 million according to the sales agreement and agreed to extend the repayment schedule of the remaining debentures of Baht 20.6 million coupled with the effectiveness of the related conditions to be within June 29, 1998. However, on June 15, 1998, the Company has entered into a memorandum with the former buyer to change the conditions in the former sales agreement and to dispose such debentures at the newly agreed price of Baht 5.7 million without the buyer's right to sell back and without the Company's right to repurchase. During the year 1998, the Company has recorded the loss on disposal of such debentures and collected the money of Baht 5.7 million from the buyer.

As at December 31 1998, the securities held by the Company equal to 10% or more of the investees' capital consist of:

Consolidated

Name	Business	In Baht		Investment Portion (%)
		Amount of Investment in Shares	Amount of Unpaid Shares	
Thai Capital Management Co., Ltd.	Assets			
- At equity	management	53,064,321	-	25
Interthai Holdings Ltd.				
(Preferred shares)	Trading	250,000	750,000	10
American Appraisal (Thailand) Ltd.	Service	1,545,410	-	10
Hirota International (Thailand) Co., Ltd.	Import and export	75,000	225,000	10
Hi-Way Co., Ltd.				
(Common and preferred shares)	Hire purchase	104,628,910	-	10
Itochu (Thailand) Ltd.	Import and export	31,175,000	-	10
JLW (Thailand) Ltd.	Service	400,000	-	10
K. Line (Thailand) Co., Ltd.	Service	35,334,990	-	10
PDTL Trading Co., Ltd.	Import	8,462,830	-	10
PNC (Thailand) Co., Ltd.	Real Estate	15,000	-	10
Prosperity Industrial Estate Co., Ltd.	Real Estate	38,924,000	-	10
Sathorn Sombat Co., Ltd.	Real Estate	6,000,000	-	10
SEIKO (Thailand) Co., Ltd.	Trading	200,000	-	10
Siam Art Ceramic Co., Ltd.	Industrial	19,800,000	-	10
Thai Information Technology Co., Ltd.	Service	1,999,800	-	10
UMI Property Co., Ltd.	Real estate	22,635,000	-	10
Wattana Inter - Trade Co., Ltd.	Import and Export	5,382,300	-	10
Total		329,892,561	975,000	

The Company Only

Name	Business	In Baht		Investment Portion (%)
		Amount of Investment in Shares	Amount of Unpaid Shares	
TISCO Securities Co., Ltd.				
- At equity	Service	1,303,369,341	-	100
TISCO Securities Hong Kong Ltd.				
- At equity	Service	176,895,459	-	100
Thai Capital Management Co., Ltd.	Assets			
- At equity	management	53,089,521	-	25
Interthai Holdings Ltd.				
(Preferred shares)	Trading	250,000	750,000	10
American Appraisal (Thailand) Ltd.	Service	1,545,410	-	10
Hirota International (Thailand) Co., Ltd.	Import and export	75,000	225,000	10
Hi-Way Co., Ltd.				
(Common and preferred shares)	Hire purchase	104,628,910	-	10
Itochu (Thailand) Ltd.	Import and export	31,175,000	-	10
JLW (Thailand) Ltd.	Service	400,000	-	10
K. Line (Thailand) Co., Ltd.	Service	35,334,990	-	10
PDTL Trading Co., Ltd.	Import	8,462,830	-	10
PNC (Thailand) Co., Ltd.	Real Estate	15,000	-	10
Prosperity Industrial Estate Co., Ltd.	Real Estate	38,924,000	-	10
Sathorn Sombat Co., Ltd.	Real Estate	6,000,000	-	10
SEIKO (Thailand) Co., Ltd.	Trading	200,000	-	10
Siam Art Ceramic Co., Ltd.	Industrial	19,800,000	-	10
Thai Information Technology Co., Ltd.	Service	1,999,800	-	10
UMI Property Co., Ltd.	Real estate	22,635,000	-	10
Wattana Inter - Trade Co., Ltd.	Import and Export	5,382,300	-	10
Total		1,810,182,561	975,000	

7. LOANS, RECEIVABLES AND ACCRUED INTEREST RECEIVABLES

7.1 Loans, Receivables and Accrued interest receivables - Classified by Type of Contracts

	Consolidated	
	In Baht	
	1998	1997
Finance Business Loans and Receivables		
Loans	12,990,940,870	13,708,907,548
Promissory notes	16,607,552,453	24,290,931,597
Hire purchase receivables	2,383,315,583	3,494,966,905
Total Finance Business		
Loans and Receivables	31,981,808,906	41,494,806,050
Add accrued interest receivables	73,263,728	196,916,383
Less allowance for doubtful accounts	(2,901,630,572)	(1,724,598,975)
Finance Business Loans, Receivables		
and Accrued Interest Receivables - Net	29,153,442,062	39,967,123,458
Securities Business Receivables		
Loans on margin transactions	684,021,739	911,489,605
Customers' accounts	137,311,403	361,513,913
Total Securities Business Receivables	821,333,142	1,273,003,518
Add accrued interest receivables	618,283	6,918,580
Less allowance for doubtful accounts	(525,619,284)	(188,986,317)
Securities Business Receivables		
and Accrued Interest Receivables - Net	296,332,141	1,090,935,781
Loans, Receivables and Accrued		
Interest Receivables - Net	29,449,774,203	41,058,059,239

	The Company Only	
	In Baht	
	1998	1997
Finance Business Loans and Receivables		
Loans	12,990,940,871	13,708,907,548
Promissory notes	16,607,552,453	24,290,931,597
Hire purchase receivables	2,383,315,583	3,494,966,905
Total Finance Business		
Loans and Receivables	31,981,808,906	41,494,806,050
Add accrued interest receivables	73,263,728	196,916,383
Less allowance for doubtful accounts	(2,901,630,572)	(1,724,598,975)
Finance Business Loans, Receivables and Accrued Interest Receivables - Net	29,153,442,062	39,967,123,458
Securities Business Receivables		
Loans on margin transactions	-	911,489,605
Customers' accounts	-	114,571,130
Total Securities Business Receivables	-	1,026,060,735
Add accrued interest receivables	-	6,918,580
Less allowance for doubtful accounts	-	(184,400,000)
Securities Business Receivables and Accrued Interest Receivables - Net	-	848,579,315
Loans, Receivables and Accrued Interest Receivables - Net	29,153,442,062	40,815,702,773

7.2 Finance Business Loans and Receivables - Classified by Remaining Periods of Contracts

	Consolidated and The Company Only	
	In Baht	
	1998	1997
At call	17,902,941,790	20,900,034,018
Not over one year	3,193,909,962	7,014,806,016
Over one year	10,884,957,154	13,579,966,016
Total Finance Business Loans and Receivables	31,981,808,906	41,494,806,050

7.3 Finance and Securities Business Loans and Receivables - Classified by Type of Business

	Consolidated	
	In Baht	
	1998	1997
Agricultural and mining	101,033,728	104,658,728
Manufacturing and commercial	6,002,503,010	8,288,156,527
Real estate and construction	5,458,631,687	6,573,048,874
Utilities and service	1,394,717,731	1,919,679,544
Individual consumption		
For hire-purchase	2,383,315,584	3,494,966,905
For housing	3,210,493,396	3,726,558,638
For securities business	821,333,142	1,273,003,518
Others	13,431,113,770	17,387,736,834
Total Finance and Securities Business Loans and Receivables	32,803,142,048	42,767,809,568

	The Company Only	
	In Baht	
	1998	1997
Agricultural and mining	101,033,728	104,658,728
Manufacturing and commercial	6,002,503,010	8,288,156,527
Real estate and construction	5,458,631,687	6,573,048,874
Utilities and service	1,394,717,731	1,919,679,544
Individual consumption		
For hire-purchase	2,383,315,584	3,494,966,905
For housing	3,210,493,396	3,726,558,638
For securities business	-	1,026,060,735
Others	13,431,113,770	17,387,736,834
Total Finance and Securities		
Business Loans and Receivables	31,981,808,906	42,520,866,785

As at December 31, 1998 and 1997, the balance of unearned interest amounting to Baht 488 million and Baht 687 million, respectively, were presented as a deduction from principal amount of outstanding receivables in the above loans and receivables.

As of December 31, 1998 and 1997, the loans and receivables included receivables from two companies (of which 10% of the shares are held by the Company) and from other companies which are related with those two companies totalling approximately Baht 8,342 million and Baht 10,417 million, respectively. These loans and receivables are from companies that are related through common shareholdings and/or directorships. They are mainly not collateralized. The companies engage in investment holding activities with the minimal authorized share capital. Certain of these companies, representing loans and receivables with the outstanding balance of Baht 3,634 million as at December 31, 1998 and Baht 2,226 million as at December 31, 1997, incurred significant deficits and three years of continuous losses.

These loans and receivables had been classified as doubtful loss receivables in accordance with the criteria of the Announcement of the Bank of Thailand since these loans and receivables have not paid interest for thirteen months as at December 31, 1998. The remaining loans and receivables of Baht 4,708 million as at December 31, 1998, however, are not classified as doubtful loss, doubtful or substandard receivables since the companies have settled their principal amounting to Baht 1,370 million during the year 1998 and have regularly paid interest. The Company has provided an allowance for losses on such receivables as of December 31, 1998 and 1997, amounting to approximately Baht 828 million and 445 million, respectively. The management believes that the allowance for doubtful accounts adequately provided for possible losses on such non-collectable receivables.

As at December 31, 1998 and 1997, the Company's loans and receivables on which the recognition of income is suspended amounted to approximately Baht 12,166 million and Baht 5,652 million, respectively (including

loans and receivables of Baht 3,634 million in 1998 and Baht 2,226 million in 1997 as referred to in the preceding paragraph). The suspension of income recognition is in accordance with the Announcement of the Bank of Thailand dated December 15, 1997 governing the notification of accounting for Finance, Securities and Credit Foncier Companies. Most of these loans and receivables (except for the receivables as referred to in the preceding paragraph) are collateralized by the assets which are appraised by the independent appraiser and the internal appraiser of the Company and were taken into account in setting up the allowance for possible loan losses.

As at December 31, 1998, the subsidiary's receivables on which the recognition of income is suspended amounted to approximately Baht 615 million. The suspension of income recognition is in accordance with the Announcement of the Office of the Securities and Exchange Commission at Kor. Tor. 45/2540 dated December 31, 1997 governing the accounting for doubtful receivables of securities companies. These receivables were taken into account in setting up the allowance for possible loan losses considering the collateral value.

8. ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Consolidated	
	In Baht	
	1998	1997
Beginning balance	1,913,585,292	259,371,363
Add provision for doubtful accounts		
during the period (Note 7)	1,515,055,473	1,652,344,019
bad debt recovery	395,000	2,423,223
Less bad debt written-off	(1,785,909)	(553,313)
Ending balance	3,427,249,856	1,913,585,292
	The Company Only	
	In Baht	
	1998	1997
Beginning balance	1,908,998,975	259,371,363
Add provision for doubtful accounts		
during the period (Note 7)	1,314,883,740	1,649,206,187
bad debt recovery	395,000	974,738
Less bad debt written-off	(1,785,909)	(553,313)
reversal of provision for receivables		
which was transferred to TISCO		
Securities Co., Ltd. (Note 27)	(320,861,234)	-
Ending balance	2,901,630,572	1,908,998,975

As at December 31, 1998, the Company is required by The Bank of Thailand (BOT) to provide an allowance for possible loan losses totalling approximately Baht 4,520 million (See Note 20.2). The BOT, however, gave permission to the financial institutions to gradually provide the full allowance required by the BOT until the year ended December 31, 2000. In case of the Company, the minimum amount of the allowance for possible loan losses as at December 31, 1998 as required by the BOT amounted to approximately Baht 904 million (See Note 20.2). As at December 31, 1998, the Company had already provided allowance for possible loan losses totalling approximately Baht 2,902 million, which included

the allowance for possible loss on investments in securities of Baht 340 million as discussed in Note 6 to the financial statements. The eventual losses that may be incurred in the collection of all loans and receivables and the recovery of investments in securities cannot presently be determined.

As at December 31, 1997 the Company's allowance for doubtful accounts of Baht 1,909 million represented the allowance for doubtful receivables on which the recognition of income is suspended in accordance with the Announcement of the Bank of Thailand totalling Baht 5,652 million and on loans and receivables which are related as discussed in Note 7 to the financial statements..

9. PROPERTIES FORECLOSED

Properties foreclosed represent assets foreclosed from loans, receivables and hire purchase receivables which are long past-due. These foreclosed assets are

valued at the lower of net balance of related loan or market value of foreclosed assets. As of December 31, details are as follows:

	Consolidated and The Company Only	
	In Baht	
	1998	1997
Land	60,000,000	60,000,000
Office condominium unit	212,598,021	-
Machines	896,990	20,857,445
Vehicles	1,435,959	4,907,422
Total	274,930,970	85,764,867
Less allowance for diminution in value	(117,216)	(159,233)
Properties Foreclosed - Net	274,813,754	85,605,634

10. PROPERTY AND EQUIPMENT - At Cost

	Consolidated	
	In Baht	
	1998	1997
Land	339,266,046	536,298,377
Building and office condominium units	715,748,634	514,745,805
Furniture, fixtures and office equipment	163,388,110	246,498,385
Office improvements	218,536,552	146,496,411
Leasehold right	2,620,438	3,135,934
Transportation equipment	-	10
Total	1,439,559,780	1,447,174,922
Less accumulated depreciation and amortization	(138,024,047)	(76,621,558)
Property and Equipment - Net	1,301,535,733	1,370,553,364

Depreciation expenses for the years ended December 31, 1998 and 1997 in the consolidated financial statements

amounted to approximately Baht 94 million and Baht 42 million, respectively.

	The Company Only	
	In Baht	
	1998	1997
Land	234,611,526	536,298,377
Building and office condominium units	497,221,319	514,745,805
Furniture, fixtures and office equipment	97,548,351	237,271,060
Office improvements	152,988,579	146,496,411
Leasehold right	-	3,135,934
Transportation equipment	-	10
Total	982,369,775	1,437,947,597
Less accumulated depreciation and amortization	(81,724,677)	(73,477,540)
Property and Equipment - Net	900,645,098	1,364,470,057

Depreciation expenses for the years ended December 31, 1998 and 1997 in the financial statements

of the Company amounted to approximately Baht 84 million and Baht 40 million, respectively.

11. OTHER ASSETS

	Consolidated	
	In Baht	
	1998	1997
Prepaid income tax	168,473,250	141,835,428
Loans to employees	136,829,528	134,704,132
Accrued interest receivables	123,027,395	77,449,814
Receivables from disposal of investments		
in securities (Note 6)	-	55,032,295
Receivables from guarantees on loans	-	50,817,500
Professional fee receivables	37,963,430	41,605,076
Value added tax - net	41,595,291	32,550,419
Deferred computer system		
development cost - net	18,409,069	23,233,505
Deposits	18,325,333	37,916,455
Others	59,507,171	73,678,437
Total Other Assets	604,130,467	668,823,061

	The Company Only	
	In Baht	
	1998	1997
Prepaid income tax	168,473,250	141,835,428
Loans to employess	91,421,568	134,704,132
Accrued interest receivables	120,042,496	77,449,814
Receivables from disposal of investments		
in securities (Note 7)	-	55,032,295
Receivables from guarantees on loans	-	50,817,500
Professional fee receivables	35,387,255	41,605,076
Value added tax - net	41,595,291	32,550,419
Deferred computer system		
development cost - net	4,897,994	23,233,505
Deposits	3,539,679	19,743,772
Others	41,642,162	66,021,865
Total Other Assets	506,999,695	642,993,806

12. BORROWINGS AND DEPOSITS

12.1 Classified by Source of Borrowings and Deposits

					Consolidated
					In Baht
					1998
	Promissory	Negotiated			
	Note	Certificate	Others	Total	
		of Deposits			
From public	30,530,229,150	-	-	30,530,229,150	
From banks	-	-	3,102,806,869	3,102,806,869	
From financial institutions	462,231,443	-	-	462,231,443	
From foreign countries	136,242,780	-	2,852,548,883	2,988,791,663	
Total	31,128,703,373	-	5,955,355,752	37,084,059,125	

					The Company Only
					In Baht
					1998
	Promissory	Negotiable			
	Note	Certificates	Others	Total	
		of Deposit			
From public	30,530,229,150	-	-	30,530,229,150	
From banks	-	-	3,097,161,252	3,097,161,252	
From financial institutions	690,231,443	-	-	690,231,443	
From foreign countries	136,242,780	-	2,852,548,883	2,988,791,663	
Total	31,356,703,373	-	5,949,710,135	37,306,413,508	

Consolidated and The Company Only				
In Baht				
1997				
	Promissory Note	Negotiable Certificates of Deposit	Others	Total
From public	29,136,864,531	1,101,757,688	-	30,238,622,219
From banks	100,000,000	-	3,698,374,515	3,798,374,515
From financial institutions	583,162,557	-	-	583,162,557
From foreign countries	105,301,628	-	8,403,239,408	8,508,541,036
Total	29,925,328,716	1,101,757,688	12,101,613,923	43,128,700,327

The above borrowings and deposits included the following foreign currency borrowings and deposits:

In Million			
Foreign Currencies			Amount
Currency	Amount	(In Million Baht)	
1998	Japanese Yen	23,118	5,905
1997	US. Dollar	135	4,546
	Japanese Yen	16,336	3,857
	Total		8,403

The above borrowings and deposits in foreign currencies are translated into Baht at the rate prevailing at the balance sheet date. In case of those covered by forward exchange contract, they are translated into Baht

at the spot rate on forward exchange contract date adjusted by the related forward contract premium for the period up to the balance sheet date.

12.2 Classified by Remaining Periods of Contracts

	Consolidated	
	In Baht	
	1998	1997
At call	520,265,000	4,682,900,473
Not over one year	34,873,751,836	34,835,973,244
Over one year	1,690,042,289	3,609,826,610
Total Borrowings and Deposits	37,084,059,125	43,128,700,327

	The Company Only	
	In Baht	
	1998	1997
At call	514,619,383	4,682,900,473
Not over one year	35,101,751,836	34,835,973,244
Over one year	1,690,042,289	3,609,826,610
Total Borrowings and Deposits	37,306,413,508	43,128,700,327

13. OTHER LIABILITIES

	Consolidated	
	In Baht	
	1998	1997
Accrued compensation expenses for assured yield fiduciary funds	117,000,000	-
Deferred gains on forward exchange contracts covering commitments (Note 3 i)	73,682,829	267,230,418
Payable for decoration of office condominium units	30,127,263	109,359,778
Withholding income taxes and other taxes payable	60,536,935	65,451,931
Others	226,697,863	102,361,800
Total Other Liabilities	508,044,890	544,403,927

	The Company only	
	In Baht	
	1998	1997
Deferred gains on forward exchange		
contracts covering commitments (Note 3 i)	73,682,829	267,230,418
Payable for decoration of office		
condominium units	30,127,263	109,359,778
Withholding income taxes and other		
taxes payable	56,936,762	65,451,931
Others	65,154,982	66,930,230
Total Other Liabilities	225,901,836	508,972,357

14. SHARE CAPITAL

At the extraordinary shareholders' meeting held on May 28, 1998, the shareholders resolved to increase the Company's authorized share capital from Baht 1,002 million (divided into 100,200,000 shares at Baht 10 par value) to Baht 3,002 million (divided into 300,200,000 shares at Baht 10 par value). The newly issued 200,000,000 shares will be offered to the specified investors in accordance with the relevant Announcement of the Office of the Securities and Exchange Commission.

The change in authorized share capital was registered with the Ministry of Commerce on August 3, 1998. However, the Board of Directors has resolved to increase the Company's authorized share capital by issuing new preferred share and to reduce the Company's authorized share capital by eliminating the authorized common shares which have not been offered to sell. This made in order to be in accordance with the Public Company Limited Act B.E. 2535. (See Note 28.1).

15. INCOME TAX AND EXTRAORDINARY ITEM

15.1 Income Tax

This account consisted of:

	Consolidated	
	Baht	
	1998	1997
Income tax benefit resulting		
from timing differences -net	94,262,794	251,036,285
Income tax benefit (Reversal of		
income tax benefit) on tax loss		
carried forward (See Note 15.2)	(207,659,677)	207,659,677
Income tax benefit (Income tax		
expense) - net	(113,396,883)	458,695,962
Income tax expense of subsidiary	-	(13,636,235)
Net	(113,396,883)	445,059,727

	The Company Only	
	Baht	
	1998	1997
Income tax benefit resulting		
from timing differences -net	94,262,794	251,036,285
Income tax benefit (Reversal of		
income tax benefit) on tax loss		
carried forward (See Note 15.2)	(207,659,677)	207,659,677
Net	(113,396,883)	458,695,962

During the years 1998 and 1997, Company has recorded the income tax benefit amounting to approximately Baht 94 million and Baht 251 million, respectively, mainly arising from timing differences in reporting interest income for financial reporting purposes compared to that for income tax reporting purposes. Under the criteria of the Revenue Code, the Company recognizes interest income for income tax reporting purposes for a specified period on the loans and

receivables of which the recognition of income are suspended in accordance with the accounting policy of the Company. Accordingly, the income tax applicable to income which is not currently recognized as income for financial reporting purposes is set up as "Deferred income tax" in the balance sheets with a corresponding credit to expense under "Income Tax" in the statement of income for the year 1998, and with a corresponding credit to the item shown as "Extraordinary Item" in the statement of

income for the year 1997. This deferred income tax will be realized as income tax expense when the income is realizable in the books of accounts in accordance with the accounting policy of the Company, or there is utilization of tax benefit from taxable losses, resulting from the write-off of the uncollectable accrued interest income receivable against future taxable income.

15.2 Extraordinary Item

Under the existing income tax laws, losses of any one year can be carried forward and offset against taxable income in the succeeding five-year period. As at December 31, 1997, the management was of the opinion that based on the Company's past performance and its projection of the results of operation in the future, the total taxable loss for the year 1997 amounting to approximately Baht 208 million would be fully utilized against taxable

income under the criteria of the Revenue Code. Accordingly, the income tax on future taxable income pertaining to the loss carried forward was presented in the financial statements as part of "Deferred income tax" as at December 31, 1997 while the contra-account of deferred income tax, is presented in "Extraordinary Item" in the statement of income in 1997 as discussed in the Note 15.1.

However, in 1998, the Company has fully reversed the income tax benefit from the losses carried forward as referred to in the preceding paragraph amounting to approximately Baht 208 million. The reversal of income tax benefit is included as part of "Income Tax" for the year 1998 as discussed in Note 15.1 since the Company presently determines that it is much uncertain in the utilization of the income tax benefit from the future profit.

16. CAPITAL FUNDS AS REQUIRED BY LAW

As at December 31, 1998 and 1997, the capital funds maintained under Section 4 of the Act on Undertaking of

Finance Business, Securities Business and Credit Foncier Business B.E. 2522 are as follows:

	In Baht	
	1998	1997
Authorized and fully paid-up share capital	1,002,000,000	1,002,000,000
Premium on share capital	36,500,000	36,500,000
Legal reserve	48,700,000	48,700,000
Net income after appropriation	1,786,045,721	5,375,967,425

17. LEGAL RESERVE

Under the provision of the Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income (after deduction of

the deficit brought forward, if any) as reserve fund until the reserve reaches 10% of the authorized capital. This reserve is not available for dividend distribution.

18. UNAPPROPRIATED RETAINED EARNINGS

During the year ended December 31, 1997, the Company reversed the dividends payable to certain shareholders as of December 31, 1996, totalling approximately Baht 7.9 million, since those shareholders

are not entitled to receive such dividends at the declaration date. The adjustment was made to transfer the previously recognized liability to unappropriated retained earnings.

19. TRANSACTIONS UNDER THE BANK OF THAILAND'S REGULATIONS

The Announcement of the Bank of Thailand (BOT) dated March 4, 1987 prescribed that collateral is to be obtained from the companies which have common directors with the Company to secure the credit facilities granted. In the event that there is no collateral or those

obtained do not cover the loans, the approval must be obtained from the BOT.

As at December 31, the Company has the following accounts with the companies covered by the BOT Announcement referred to above:

	In Baht	
	1998	1997
Finance business loans and receivables	110,000,000	80,000,000
Accrued interest receivables	10,043,425	1,333,425
Guarantees on loans	200,000,000	200,000,000

20. CLASSIFICATIONS OF ASSETS UNDER THE ANNOUNCEMENT OF THE STOCK EXCHANGE OF THAILAND AND THE OFFICE OF THE SECURITIES AND EXCHANGE COMMISSION

20.1 Investments in Securities

As at December 31, 1998, the investments in securities of the Company include the following:

a. Investments in subordinated debentures of Baht 55 million issued by a financial institution which the Bank of Thailand announced to cease its operations on December 8, 1997. The Company has fully provided the

provision for loss on such securities.

b. Investments in debentures issued by the companies which are to be delisted from the Stock Exchange of Thailand, or by the companies of which the auditors have expressed their opinion with the going concern issue, or that have defaulted on their interest payments. Details are as follows:

	In Million Baht		
	Cost	Market Value	Allowance for Possible Loss Recorded by the Company
Debentures	667	674	422

20.2 Classifications of Assets under the
Announcement of the Bank of Thailand

As at December 31, 1998, the Company had assets and the allowance classified and provided in accordance

with the criteria in the Announcement of the Bank of Thailand (BOT) dated June 30, 1998, as follows:

	Outstanding Loan Balance	In Million Baht		
		Percentage According to BOT Criteria	Amount as Required by BOT	Minimum Amount allowed by BOT
Loans and Receivables				
Pass Receivables	17,635	1	168	33
Special Mentioned Receivables	919	2	18	4
Substandard Receivables	1,897	20	175	35
Doubtful Receivables	6,867	50	2,351	470
Doubtful Loss Receivables	5,380	100	1,808	362
Total	32,698		4,520	904
Investments in Securities				
Doubtful Loss				
Debt instruments	718	100	541	161
Common shares securities				
for investment	276	100	276	276
Total	994		817	437
Total Asset Classifications	33,692		5,337	1,341

The amount of the allowance as required by BOT of approximately Baht 5,337 million was calculated with the consideration of the collateral value in accordance with the criteria in the Announcement of BOT. As at December 31, 1998, the Company has provided an allowance for all loans and receivables and investments in securities totalling approximately Baht 3,379 million, which was recorded in the "Allowance for possible losses on securities for investment" of Baht 477 million and in the "Allowance for doubtful accounts" of Baht 2,902 million

in the balance sheet. (See Notes 6 and 8)

A portion of the above classified loans and receivables are due from companies that have problems in their financial positions and operations. These amounts and allowances for doubtful accounts are as follows:

		In Million Baht			
		Allowance for Doubtful Accounts			
	No. of Receivables	Outstanding Loan Balance	Collateral	Recorded by the Company	
1.	The companies to be delisted from the Stock Exchange of Thailand	41	4,875	1,288	1,053
2.	The Companies have going concern issue in auditors' report and have loan default problem	15	1,871	1,005	398
	Total	56	6,746	2,293	1,451

20.3. Classifications of Assets under the Notification of the Office of the Securities and Exchange Commission

As at December 31, 1998, the subsidiary had loans and accrued interest receivables and the related allowance for doubtful accounts classified and provided in accordance with the notification of the Office of the

Securities and Exchange Commission (SEC) at Kor Tor. 45/2540 governing the accounting of doubtful receivables of securities companies dated December 31, 1997, as follows:

		Amount (In Million Baht)		
	Loans and Accrued Interest Receivables Balance	Allowance for Doubtful Accounts Required by SEC	Allowance for Doubtful Accounts Recorded by the Company	
Sub-standard Receivables	106	-	-	
Doubtful Receivables	522	522	522	
Total	628	522	522	

The subsidiary did not provide an allowance for possible loan losses for the sub-standard accounts since the receivable companies are collateralized and the

collateral value, considered in accordance with the notification of SEC, covers the amount of receivables.

21. COLLATERALIZED ASSETS

As at December 31, a subsidiary had the following collateralized assets:

Type of Assets	In Million Baht		Description of Collateral
	1998	1997	
Cash in financial institution	12	16	Guarantee for overdraft line facility and forward contract granted to the subsidiary by a foreign bank

22. RELATED PARTY TRANSACTIONS

As at December 31, 1998, borrowings and deposits from financial institutions in the balance sheet of the Company included the deposits from TISCO Securities Company Limited of Baht 228 million which bear interest at the rate of 6.75% to 7.0% p.a. Interest expense on these deposits for the year 1998 amounted to approximately Baht 11 million.

Furthermore, as at December 31, 1998, the Company has made an advance of approximately Baht 16.8 million for certain expenses of TISCO Securities Company Limited, resulting from the Company's transfer of the Fiduciary Service Function as discussed in Note 28.3 to the financial statements.

The transactions with the subsidiary as referred to above were eliminated in the preparation of consolidated financial statements.

In addition, the Company and a subsidiary had the following transactions with certain related companies. These related companies are the companies of which at least 10% of common shares are held and also include other companies which are related to such related companies through common shareholdings and/or directorships.

a) As at December 31, 1998 and 1997, the Company had loans and receivables from related

companies totalling approximately Baht 8,342 million and Baht 10,417 million as described in Note 7 to the financial statements. In addition, as at December 31, 1998, the Company had contingent liabilities arising from the guarantee on the related companies' loans to staff totalling Baht 57 million.

b) The Company provided financial advisory services to a foreign bank, which is related with a shareholder of the Company, (holding 10% of the Company's shares). The Company had received the advisory fee for the year ended December 31, 1998 and 1997 amounting to approximately Baht 58 million and Baht 75 million, respectively. The above advisory fee was considered by the Company as a normal course of the business.

c) On May 9, 1997, the Company has entered into two agreements with another foreign bank, which is related with the foreign bank and the shareholder as referred to in item b) above, to act as an agent for the management and administration of the bank's receivables, which were assigned in the agreements. As at December 31, 1998, the Company has terminated one of the two agreements referred to above. In consideration thereof, on January 19, 1998 and August 14, 1998, the Company has entered into another two agreements with a leasing

company, a related party with a company, which 10% of the shares are held by the Company, whereby such leasing company will act as the Company's agent for the collection of such foreign bank's receivables on behalf of the Company. However, the Company has terminated the agreement dated January 19, 1998.

Under the terms of such agreements, the service fees income for the year ended December 31, 1998 amounted to Baht 83 million and the service fee expense for such period amounted to Baht 31 million.

d) Certain related companies provided consultancy service to a subsidiary at a fee of approximately Baht 2 million and Baht 28 million for the years ended December 31, 1998 and 1997, respectively. As at December 31, 1998 and 1997, consultancy fee payable, amounting to approximately Baht 1 million and Baht 5 million, respectively, was recorded as part of "Other liabilities" in the consolidated balance sheets.

e) A subsidiary received brokerage fees from

certain related companies amounting to approximately Baht 10 million and Baht 28 million in 1998 and 1997, respectively. As at December 31, 1998 and 1997, the subsidiary had outstanding balance of securities business receivables from such related companies of Baht 15 million and Baht 4 million, respectively.

f) A subsidiary leased its office premises from a related company and paid rental charge amounting to approximately Baht 3 million in 1997. The lease was terminated in August 1997.

g) The Company and a subsidiary had certain computer consultancy service agreements with a local company of which 10% of shares are held by the Company. In consideration thereof, the Company and the subsidiary paid the annual service fee amounting to approximately Baht 60.0 million each year. The above service fee was considered by the Company and the subsidiary as the normal course of business.

23. COMMITMENTS AND CONTINGENT LIABILITIES

	Consolidated and The Company Only	
	1998	1997
Avals to bills of exchange and promissory notes	2,855,182,652	244,897,012
Guarantees - on loans (Notes 19 and 22)	368,962,263	1,290,719,544
- others	414,735,767	2,260,717,680
Total	3,638,880,682	3,796,334,236

In the ordinary course of business, the Company makes certain commitments and contingent liabilities that are not reflected in the financial statements. These commitments include agreements with various companies in which the Company acts as the provident fund manager of the fund of said companies. In these

agreements, the Company undertakes a certain assured rate of yearly earnings. Therefore, any short fall between the assured rate and the actual earnings will be reimbursed to the Company. As at December 31, 1998, the Company expected that the compensation to be paid on such short fall of earnings amounts to approximately

Baht 134 million. However, under the term of a memorandum to transfer the Company's Fiduciary Service Function as described in Note 28.3, the Company would reimburse this compensation amount from TISCO Securities Company Limited.

24. LEASE AGREEMENTS

The Company and subsidiaries have lease agreements covering their office premises and warehouse storage for various periods of 3 to 12 years expiring at various dates up to the year 2004. Annual commitments under these agreements for rental and utility charges are approximately Baht 6.6 million.

In addition, the Company and a subsidiary have lease agreements covering cars and operating equipment with a leasing company for certain periods of 1 to 5 years expiring at various dates up to the year 2003. Annual rental expenses under these agreements are approximately Baht 11.9 million.

25. OTHERS

a. Registered Provident Fund Plan

The Company and a subsidiary established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530. The registered provident fund plan was approved by the Ministry of Finance on June 21, 1990. Under the plan the Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530. Under the plan, the Company and employees are required to contribute equally an amount equivalent to 3% of their basic salaries.

Total contributions of the Company and the subsidiary for the years ended December 31, 1998 and 1997 amounted to approximately Baht 6.0 million and Baht 14.3

million, respectively.

b. Fund for the Rehabilitation and Development of Financial Institutions

By virtue of a regulation issued by the Managing Committee of the Fund for the Rehabilitation and Development of Financial Institutions, banks, finance companies, finance and securities companies and credit foncier companies are required to contribute to the Fund for the Rehabilitation and Development of Financial Institutions as follows:

a) 0.1% of their total outstanding balance of deposits or borrowings (excluding borrowings from both domestic and foreign financial institutions) as of the balance sheet of the preceding year. This rate was applied up to the period ended June 30, 1997.

b) Starting in 1998, the contribution to the fund has been at the rate of 0.2% of their total outstanding balance of deposits, borrowings and liabilities arising from borrowings as of the preceding six - month period ended June 30 and December 31.

Total contributions of the Company, which were charged to operations for the years ended December 31, 1998 and 1997, are approximately Baht 163.4 million and Baht 68.2 million, respectively.

c. Litigation Case

As at December 31, 1998, a local leasing company filed a court case against the Company and other parties for compensation of Baht 1,035 million with regards to the securitization of the leasing company. The legal department of the Company determined that the Company is not responsible for any indemnity resulting from its performing as a Back-up Corporate Manager of the securitization, since under the term of the Administration Agreement, a foreign company agreed to compensate all possible damages of the Company. In addition, this foreign company has issued the "Letter of

Indemnity” to confirm its responsibilities to the Company. As at December 31, 1998, the Company has not determined the ultimate outcome of the case.

26. COMPUTER REMEDY PLAN FOR THE YEAR 2000 (“UNAUDITED”)

The Company and a local subsidiary have assigned its information technology department to study the existing computer system to solve the year 2000 problems since December 1996. As at December 31, 1998, approximately 90% of the remedy project has been completed. The Company and its subsidiary expect to complete the project entirely within the first quarter of 1999. The Company expect that the total cost of the computer remedy project of the Company and its subsidiary amounted to approximately Baht 24 million. The Company’s portion of the cost is approximately Baht 9 million, which will be recorded as expense as incurred. Although the computer remedy project of the Company and its subsidiary is expected to be completed and can be implemented before the year 2000, the Company and its subsidiary still face risks that other companies which whom the Company and its subsidiary do business may be unsuccessful in their computer remedy project within the time limit. However, the Company and its subsidiary expect that the impact, if any, will not be significant to the operations of the Company and its subsidiary.

In addition, another foreign subsidiary also has started the project to solve the year 2000 problem commencing in July 1998. The subsidiary has completed the project in December 1998. The cost of the computer remedy project of this subsidiary was approximately Baht 0.3 million.

27. SEPARATION OF THE FINANCE AND SECURITIES BUSINESSES

At the ordinary shareholders’ meeting held on April 29, 1998, the shareholders resolved to separate the Company’s securities business from its finance business by establishing a new securities company in compliance with the rules, procedures and conditions identified by the relevant agencies for operating the authorized securities business. In consideration thereof, the Company has established a new securities company as at September 2, 1998, under the name of “TISCO Securities Company Limited”. The Company invested in 99.99% of its shares with the cost of approximately Baht 1,500 million. In addition, at the extraordinary shareholders’ meeting held on September 29, 1998, the shareholders resolved to change the Company’s name from “Thai Investment Finance and Securities Public Company Limited” to “TISCO Finance Public Company Limited” after the separation of the finance and securities businesses. The change in the Company’s name was registered with the Ministry of Commerce on October 1, 1998.

In addition, on October 1, 1998, the Company has transferred the following assets and liabilities, which directly related to the securities business operations of the Company, to TISCO Securities Company Limited at the net book value as shown in the books of accounts of securities business operations of the Company as of September 30, 1998 as follows:

Assets and Liabilities	Amount (Baht)
Assets	
Cash on hand	120,000
Investment in securities - net	424,004,847
Accounts with securities companies - net	35,297,702
Securities business receivables and accrued interest receivables - net	498,285,396
Property and equipment - net	400,459,197
Others assets	71,241,642
Total Assets	1,429,408,784
Liabilities	
Borrowing from bank	851,428
Accounts with securities companies - net	63,872,348
Customers' accounts	81,303,744
Other liabilities	464,879
Total Liabilities	146,492,399
Net Assets Value	1,282,916,385

The information of the significant outstanding assets and liabilities as at December 31, 1997 of the discontinued securities business operations, included in

the accompanying 1997 financial statements for comparative purposes, are summarized as follows:

Assets and Liabilities	Amount (Baht)
Assets	
Cash on hand	1,874,974
Investment in securities - net	911,300,651
Accounts with securities companies - net	26,401,267
Securities business receivables and accrued interest receivables - net	848,579,316
Property and equipment - net	376,989,074
Others assets	88,148,040
Total Assets	2,253,293,322
Liabilities	
Borrowing from bank	6,179,592
Customers' accounts	140,460,113
Other liabilities	145,901,759
Total Liabilities	292,541,464
Net Assets Value	1,960,751,858

The items in the statements of income of the Company separated by continued finance business operations and discontinued securities business

operations for the years ended December 31, 1998 and 1997 are summarized below:

In Million Baht

	Continued Finance		Discontinued Securities		Total	
	Business Operations		Business Operations			
	1998	1997	1998	1997	1998	1997
Interest and Dividend Income	4,733	5,544	41	247	4,774	5,791
Expenses on Borrowings	5,012	4,179	-	1	5,012	4,180
Interest and Dividend Income - Net	(279)	1,365	41	246	(238)	1,611
Bad Debts and Doubtful Accounts	(1,177)	(1,475)	(138)	(174)	(1,315)	(1,649)
Interest and dividend						
Income - Net of Bad Debts and						
Doubtful Accounts	(1,456)	(110)	(97)	71	(1,553)	(39)
Non-Interest Income (Expenses) - Net	(1,468)	(381)	198	(41)	(1,270)	(422)
Operating Expenses	(760)	(666)	(154)	(217)	(914)	(883)
Loss before Income Tax and before						
Extraordinary Item	(3,684)	(1,157)	(53)	(187)	(3,737)	(1,344)
Income Tax Expenses	(113)	-	-	-	(113)	-
Loss before Extraordinary Item	(3,797)	(1,157)	(53)	(187)	(3,850)	(1,344)
Extraordinary Item	-	459	-	-	-	459
Net Loss	(3,797)	(698)	(53)	(187)	(3,850)	(885)

The disposal of the securities business operations does not affect the items in the accompanying consolidated statements of income since the Company has disposed the operations to a wholly-owned subsidiary.

28. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

28.1 At the Board of Directors' meeting held on January 20, 1999, the Board of Directors has passed a resolution in respect of the authorized share capital and the Articles of Association of the Company as follows:

a) To reduce its authorized share capital from Baht 3,002 million (divided into 300,200,000 shares at Baht 10 par value) to be Baht 1,002 million (divided into 100,200,000 shares at Baht 10 par value) by eliminating

the authorized common shares of Baht 2,000 million (divided into 200,000,000 shares at Baht 10 par value) which have not been offered to sell (See Note 14). This was made in order to be in accordance with the Public Company Limited Act B.E. 2535.

b) To increase its authorized share capital by Baht 10,000 million (from Baht 1,002 million to be Baht 11,002 million) by issuing 1,000 million new preferred shares at Baht 10 par value. The newly issued preferred shares will be offered at one time or several times in private placement to specific investors not exceeding 35 persons and/or to the 17 types of qualified institutional investors according to the related notification of the Securities and Exchange Commission (SEC). In consideration thereof, the Board of Directors shall subsequently determine, by

unanimous vote, the allotment and conditions of the offering and proceed as appropriate.

c) To add the Articles of Association concerning the dividends in order to address the issuance of new preferred shares. The rights of the holders of preferred shares are identified, such as preferential rights in receiving dividends of Baht 1 per annum before holders of common shares. Other rights and benefits are the same as holders of common shares.

The resolutions of the Board of Directors as referred to above are subject to the approval of the shareholders in the extraordinary shareholders' meeting which will be held on February 25, 1999.

In addition, at the same date, the Board of Directors acknowledged the Memorandum of Understanding (MoU) which the Company has made with the Bank of Thailand (BOT.). The main content of the MoU is that the Company must be well prepared in respect of maintaining the BIS ratio not lower than 8% and maintaining the capital fund to paid-up capital ratio at the rate not less than 75%. In consideration thereof, the Company would recapitalize itself in accordance with the resolutions of the Board of Directors and/or the shareholders. Should the Company fail to increase its capital and to recapitalize itself and the government authorities might become involved in the Company's operations, the Board of Directors have to give the cooperation.

28.2 On January 28, 1999, the Minister of Finance granted the approval of the Company's request to join in the Tier II capital support whereby the Ministry of Finance will assist the Company by purchasing the newly issued subordinated debentures of the Company of Baht 161 million. In return, the Company must use the money from selling such debentures to promptly invest in the government bonds issued by the Ministry of Finance.

On February 11, 1999, the Company has already

issued the subordinated debentures under the Tier II capital support as referred to above.

28.3 On January 8, 1999, the Company and the subsidiary, namely TISCO Securities Company Limited, have entered into a memorandum to transfer the Company's Fiduciary Service Function to the subsidiary (effective on January 8, 1999). In consideration thereof, the Company has agreed to transfer the existing assets, revenues and expenses with regards to the transferred function to the subsidiary. Significant details are summarized below:

a) Fiduciary service income starting from January 1, 1999 is on behalf of the subsidiary.

b) The subsidiary will absorb the compensation of Baht 134 million arising from the assured yield fund which the Company is committed to pay to its customers in April 1999, in case there is any short fall between the assured rate of earnings of the fund and its 1998 actual earnings. The Company has advanced a portion of compensation of Baht 16.8 million as at the contract date, which will be reimbursed from the subsidiary.

As at December 31, 1998, the subsidiary already recorded the compensation of Baht 134 million as referred to above in the books of accounts.

c) The subsidiary will undertake the advances and other expenses relating to the fiduciary service such as audit fee and computer service fee for the year 1997 totalling Baht 387,362 and the 1998 expenses of Baht 1.3 million advanced by the Company.

d) The Company will transfer to the subsidiary the computer system used in the Fiduciary Service Function with the compensation of approximately Baht 8.2 million.

e) The subsidiary will pay to the Company for the amount of loans to the staff working in the Fiduciary Service Function with the related interest totalling approximately Baht 14.9 million, of which the right of

collection is transferred to the subsidiary.

The Company did not separately present the assets, liabilities and the results of operations of the Fiduciary Service Function for the years 1998 and 1997 in the accompanying financial statements due to the inadequacy of necessary information. However, the management believes that the related amounts are not significantly affected to the overall financial statements.

29. BASIS OF FINANCIAL STATEMENT PRESENTATION

The Company maintains its official accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with financial accounting standards in Thailand. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in Thailand may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are not designed for those who are not informed about Thailand accounting principles and practices.

For the convenience of the reader, the accompanying financial statements have been translated into English from the statutory Thai language financial statements which are issued for domestic reporting purposes.

Supplemental Information

Common Shares

Registered Capital : 1,002 million baht (fully paid-in)

Share Type : Common stock 100.2 million shares, par value 10 Baht

Shareholders As of book-closed date, September 11, 1998

	Name	Amount	Percentage
1.	B.T. Foreign Investment Corp.	10,020,000	10.00
2.	Czoni Inc.	10,020,000	10.00
3.	Zebra Finance Company	10,020,000	10.00
4.	Sahathunpaibul Co., Ltd.	10,020,000	10.00
5.	Ruamthunpaibul Co., Ltd	9,514,980	9.50
6.	Thai Farmers Bank Public Co., Ltd	8,668,200	8.65
7.	The Dai-Ichi Kangyo Bank Ltd.	7,489,728	7.47
8.	Miss Sumana Patpanichchot	5,000,000	4.99
9.	Tamba Limited Liability Company	2,500,296	2.50
10.	Others	26,946,796	26.89

Shares Owned by Directors as of December 31, 1998

1.	Mrs. Vannee Uboldejpracharak	19,512	shares
2.	Mr. Shigeru Koga	15,924	shares
3.	Mr. Sathit Aungmanee	14,832	shares
4.	Mr. Pliu Mangkornkanok	14,400	shares
5.	Mr. Joti Bhokavanij	360	shares
6.	Mrs. Krisna Theravuthi	12	shares

Directors' Remuneration for the year 1998

1.	Dr. Phisit Pakkasem	480,000	baht
2.	Mr. Timothy S. Rattray	360,000	baht
3.	Mr. Pliu Mangkornkanok	360,000	baht
4.	Mr. Jose Isidro N. Camacho	360,000	baht
5.	Mr. Shigeru Koga	360,000	baht
6.	Mr. Joti Bhokavanij	360,000	baht
7.	Mr. Dhongchai Lamsam	360,000	baht
8.	Mr. John W.D. Adamson	360,000	baht
9.	Mrs. Krisna Theravuthi	360,000	baht
10.	Mrs. Vannee Uboldejpracharak	360,000	baht
11.	Mr. Sathit Aungmanee	360,000	baht
	Total	4,080,000	baht

Management's Remuneration

- Salary - Total management's remuneration for the year 1998 was 64,886,570 baht. (Two of the management are also the company's directors). The combined remuneration in 1998 for the 15 highest management totalled 41,242,300 baht.
- Other forms of remuneration - None

Material Equity Investment

As of December 31, 1998

Company	Address	Business	No. of Outstanding		No. of Holding	
			Type	No. of Shares	Type	No. Of Shares
TISCO Securities Co., Ltd.	48/8 North Sathorn Road, Bangkok	Securities Brokerage	Common	150,000,000	Common	149,999,993
TISCO Securities Hong Kong Limited	Two Pacific Place, Hong Kong	Securities Brokerage	Common	2,000,000	Common	1,995,000
Thai Capital Management Co., Ltd.	317 Silom Road, Bangkok	Assets Management	Common	1,000,000	Common	250,000
American Appraisal (Thailand) Co.,Ltd.	889 South Sathorn, Yannawa, Bangkok	Valuation Consultants - Real Estate, Machinery, Financial	Common	10,000	Common	1,000
Hirota International (Thailand) Co., Ltd.	438 Soi On-Nuch 17, Suangluang, Bangkok	Importer & Exporter	Common	30,000	Common	3,000
Hi-Way Co., Ltd.	2046/16 New Petchburi Road, Bangkok	Hire Purchase of Motorcycles	Preferred	5,500	Preferred	5,500
Interthai Holdings Ltd.	2 Sukhumvit Road, Klongtoey, Bangkok	Trading Company	Common	994,500	Common	94,500
Itochu (Thailand) Ltd.	54 North Sathorn Road, Bangkok	Importer and Exporter of Machinery, Metal, Food and Etc.	Preferred	55,000	Preferred	10,000
JLW (Thailand) Ltd.	54 North Sathorn Road, Bangkok	Providing Advice, Consultation and Valuation or Real Estate	Common	45,000	Common	100,000
K Line (Thailand) Ltd.	175 South Sathorn Road, Bangkok	Shipping Agent	Common	40,000	Common	4,000
PDTL (Trading) Co.,Ltd.	33/30-31 Surawongse Road, Bangkok	Importer and Distributor of Communication, Electronic and Electrical Equipment	Common	10,000	Common	1,000
PNC (Thailand) Co., Ltd.	518/3 Ploenchit Road, Bangkok	Real Estate Developer	Common	10,000	Common	1,000
Prosperity Industrial Estate Co., Ltd.	90 North Sathorn Road, Bangkok	Real Estate Developer	Common	150,000	Common	15,000
Sathorn Sombat Co., Ltd.	18/8 Sukhumvit 21 Road, Bangkok	Real Estate Developer	Common	4,000,000	Common	400,000
Seiko (Thailand) Ltd.	90 North Sathorn Road, Bangkok	Real Estate Developer	Common	500,000	Common	50,000
Siam Art Ceramic Co., Ltd.	1091/286 New Petchburi Road, Bangkok	Distributor of SEIKO Brand's Watch and Clock	Common	2,000	Common	200
Thai Information Technology Co., Ltd.	116/77-79 Yannawa, Bangkok	Produce Designed Ceramic Tile and Granite Slab and Tile	Common	11,000,000	Common	1,100,000
UMI Property Co., Ltd.	48/2 North Sathorn Road, Bangkok	Information Technology Services	Common	200,000	Common	19,998
Watana Inter-Trade Co., Ltd.	65/233 Rama 9 Road, Bangkok	Real Estate Developer	Common	1,500,000	Common	150,000
	62 Silom Road, Bangkok	Importer, Exporter and General Merchants	Common	300,000	Common	30,000

TISCO Board of Directors

Dr. Phisit Pakkasem

Chairman of the Board

PhD. Dev.Economics,University of Pittsburg, USA; former Secretary-General of National Economic and Social Development Board during 1989-1994; some current positions include Executive Advisor to the CP Group, Chairman of the Thai Sugar Manufacturing Association, Chairman of the Asian Global Transpark Development of the Office of the Prime Minister; elected Chairman of TISCO in 1996.

Mr. Timothy S. Rattray

Vice Chairman

MS in Management, Massachusetts Institute of Technology, USA; Senior Managing Director - Head of Asia, Bankers Trust Company; prior positions include Head of Emerging Markets managing financial services within Latin America, Eastern Europe, Africa and Middle East; joined TISCO Board in 1993.

Mr. Pliu Mangkornkanok

President & Director

MS (Industrial Engineering) from Stanford University and MBA (Finance) from University of California, USA; joined TISCO during 1975-1982 in Investment Banking; spent six years with Petroleum Authority of Thailand as Director of Finance and later promoted to Assistant Governor - Finance; returned to TISCO in the position of Director & Senior Executive Vice President, in charge of Wholesale Banking in 1989 and promoted to President since 1994, presently Vice Chairman of the Association of Finance Companies and Advisor of the Thai Bond Dealing Center.

Mr. Jose Isidro N. Camacho

Director

MBA from Harvard University, USA; Chairman of Bankers Trust International (Asia) Limited, based in Singapore; joined TISCO Board in 1992.

Mr. Shigeru Koga

Director

MBA from Pennsylvania University, USA; General Manager of the Dai-Ichi Kangyo Bank, Limited, Bangkok; joined Dai-Ichi Kangyo Bank in Japan since 1971; experienced various divisions of the Bank before heading DKB Bangkok Branch and elected a Director of TISCO in 1996; presently the Honorary Treasurer of the Foreign Banks' Association.

Mr. Joti Bhokavanij

Director

Chartered Association of Certified Accountant Program for Management at Harvard Business School, USA; currently Chairman of ABN AMRO Hoare Govett Corporate Advisers (Thailand) Ltd.; former expatriate Managing Director of The East Asiatic Singapore, Japan and Thailand from 1984-1993; elected a Director of TISCO in 1993.

Mr. Dhongchai Lamsam

Director

Master of Science from Illinois Institute of Technology, USA; presently President of Loxley Public Company Limited; other positions include Chairman of Hutchison Telecommunications (Thailand), Professional Computer Company, etc.; elected a Director of TISCO in 1995.

Management

Mr. John W.D. Adamson

Director

General Certificate of Education from Westminster City, USA; presently Managing Director of Bankers Trust Company (Hong Kong) in charge of Credit Control in Asia region; joined TISCO's Board of Directors in 1996.

Mrs. Krisna Theravuthi

Director

MBA from University of Wisconsin Madison, USA; former Vice President of TISCO during 1974 - 1986 before leaving for family business; current positions include General Manager of Tavornudorn Co., Ltd., Export Manager of Food Processing Co., Ltd.; joined TISCO's Board of Directors in 1996.

Mrs. Vannee Uboldejpracharak

Director & Senior Executive Vice President

Diploma from St. Mary College, Philippines; joined TISCO in its establishment year of 1969; headed Funding Department for 14 years; promoted to take responsibilities in Corporate Lending, Resources & Fund Management in 1994; presently Senior Executive Vice President; elected a Director of TISCO in 1996.

Mr. Sathit Aungmanee

Director

MBA (Finance) from Fairleigh Dickinson University, USA; joined TISCO in 1974; experienced various business areas of TISCO including Hire Purchase, Management Consultancy, Investment Banking, etc.; elected a Director of TISCO in 1996; presently a Director of TISCO Securities Co., Ltd. and a Director of the Securities Analysts Association.

Mr. Pliu Mangkornkanok

President & Director

MS (Industrial Engineering) from Stanford University and MBA (Finance) from University of California, USA; joined TISCO during 1975-1982 in Investment Banking; spent six years with the Petroleum Authority of Thailand as Director of Finance and later promoted to Assistant Governor - Finance; returned to TISCO in the position of Director & Senior Executive Vice President in charge of Wholesale Banking in 1989 and became President since 1994; presently Vice Chairman of the Association of Finance Companies and Advisor of the Thai Bond Dealing Center.

Mrs. Vannee Uboldejpracharak

Director & Senior Executive Vice President

Diploma from St. Mary College, Philippines; joined TISCO since its establishment in 1969; headed Funding Department for 14 years and later promoted to take responsibilities in Corporate Lending, Resources & Fund Management in 1994; presently in charge of Finance Division of TISCO.

Mrs. Chirapa Pasawongse

Executive Vice President, Credit and Compliance

BS (Finance) from University of California at Hayward, USA; joined Credit Department of TISCO in 1973; headed Corporate Lending Administration Department from 1983 to 1994; in charge of Credit and Compliance in 1997.

Mrs. Janejira Chuvanichanon

Executive Vice President, Technology & Administration

MBA from Thammasat University; joined TISCO's Computer Department in 1978; headed System Development during 1989-1994 and promoted to be in charge of Computer and Technology Division of TISCO since 1995.

Mrs. Oranuch Apisaksirikul

Executive Vice President, Financial Control

MBA from Thammasat University; joined TISCO in 1981; gained experience in Internal Control, Computer (system designer) and Loan Documentation for Corporate Lending before heading Strategic Planning Department in 1994; promoted to Chief Financial Officer, in charge of Financial Control in 1997.

Mr. Panya Wotticharoenvong

Executive Vice President, Retail Finance Collection & Services

MS (Accounting) from Thammasat University, CPA (Thailand); joined TISCO during 1979-1985 worked as Head of Internal Audit; 1986-1992 moved to a foreign commercial bank and a finance company; returned to TISCO in 1993 as Head of Retail Finance Collection & Services.

Mr. Pichai Chanvirachart

Executive Vice President, Retail Business

BBA (Finance) from Marshall University, West Virginia, USA; joined TISCO's Credit Department in 1977; 15-years' experience in the area of motorcycle & automobile hire purchase before heading Retail Mortgage Finance Department in 1989; promoted to be in charge of TISCO's Retail Business in 1992.

Mr. Pitada Vatcharasiritham

Executive Vice President, Wholesale Business

MBA (Finance) from Indiana University of Pennsylvania, USA; joined TISCO's Lending Department in 1988; from 1994 led Investment Banking team and later Corporate Finance Department in financial advisory, equity underwriting, project financing, debt financing, derivatives advisory; promoted to be in charge of

wholesale business overseeing Corporate Lending and Corporate Finance in 1997.

Mr. Suthep Kunajak

Executive Vice President

MBA from Gonzaga University, Washington, USA; joined TISCO in 1975; in charge of Money Market (Treasury) and Fiduciary Services from 1982-1997; currently advising Fiduciary Services and supervising Asset Disposal Unit of TISCO.

Ms. Nattamon Issaradharm

Senior Vice President, Chief Credit Officer

BA (Accounting) from Chulalongkorn University, CPA (Thailand); joined TISCO in 1979 as a credit officer; headed Office of the Credit Committee in 1987; spent five years with the Underwriting Department before heading Investment Banking - Execution Department in 1992; promoted to Chief Credit Officer in 1997; presently a core member of the sub-committee of the Corporate Debt Restructuring Advisory Committee, a joint force of the Bank of Thailand and the Association of Finance Companies, Thai Banks Association, Foreign Banks Association, Board of Trade and the Federation of Thai Industries.

Ms. Tuangrat Kirtiputra

Senior Vice President, Fiduciary Services

MA (Economics) from Syracuse University, U.S.A.; first joined TISCO in 1978; experienced in Funding, Fiduciary Services, Credit Reporting and Securities Research before heading TISCO's Information Center; left to join foreign securities house as Director of Research and General Manager during 1989-1991; returned to TISCO as Head of Securities Brokerage - Front Office in 1992; in charge of Fiduciary Services Business of TISCO in 1997.

Officers

Corporate Finance

Mr. Pitada Vatcharasiritham, Executive Vice President
Mr. Tasporn Guptarak, Vice President
Mr. Bannarong Pichyakorn, Vice President
Ms. Roslyne Amornvivat, Vice President

Corporate Lending

Mrs. Suthinee Muangman, Senior Vice President
Ms. Nipa Mekara, First Vice President
Ms. Prapatsorn Arthachinta, Vice President
Ms. Sumaree Piyatamvuthikul, Vice President
Ms. Suree Pornpanarat, Vice President
Ms. Voranuch Supaibulpipat, Vice President

Fiduciary Services

Ms. Tuangrat Kirtiputra, Senior Vice President

Fiduciary Services - Investment

Mrs. Duangrat Kittivitayakul, First Vice President

Fiduciary Services - Marketing

Ms. Araya Thirakomen, First Vice President

Funding

Mrs. Phavadee Chadavadh, Senior Vice President
Mr. Thanom Chairoondeekul, First Vice President
Ms. Kannika Paophongngam, Vice President
Mrs. Ladda Kulchatchai, Vice President
Mrs. Mallee Peravanichkul, Vice President
Mr. Sahas Ratanopas, Vice President

Hire Purchase

Mr. Rungroj Jarasvijitkul, Vice President

Japanese Relationship

Mr. Kenji Seki, First Vice President

Provincial Loan Offices

Mr. Chalit Silpsrikul, First Vice President
Mr. Thawatchai Chanusorn, Manager - Chanthaburi
Mr. Somboon Siriruck, Manager - Chonburi
Mr. Thawan Wichitwatee, Manager - Phuket
Mr. Peerapong Aungkavattana, Acting Manager - Udon Thani

Retail Finance Collection & Services

Mrs. Oraphan Vanichphat, First Vice President
Ms. Charupee Chinapongpaisal, Vice President

Retail Mortgage Finance

Mr. Chalit Silpsrikul, First Vice President

Treasury

Ms. Karantararat Vongsa, First Vice President

Support Group

Accounting

Mr. Suwat Jermsawasdipong, First Vice President
Ms. Chutintorn Vigasi, Vice President

Appraisal & Valuation

Ms. Chantana Srisuwanvilai, Vice President

Asset Disposal

Mr. Suthep Kunajak, Executive Vice President

Compliance & Internal Control

Mrs. Dulyarat Taveebhol, First Vice President

Executive Office

Ms. Nartrudee Siwabut, Assistant Vice President

Human Resources

Mrs. Pavilai Buravas, Vice President

Information Technology

Mrs. Janejira Chuvanichanon, Executive Vice President

Internal Audit

Mrs. Thanya Chittikuldilok, Senior Vice President

Legal

Mr. Sorasak Thanabordee, First Vice President

Office of the Credit Committee

Mrs. Suppata Limpitheap, Vice President

Processing & Settlement

Mrs. Sabaithip Soontaros, Senior Vice President
Ms. Wacharaporn Kungwannakornchai, Vice President

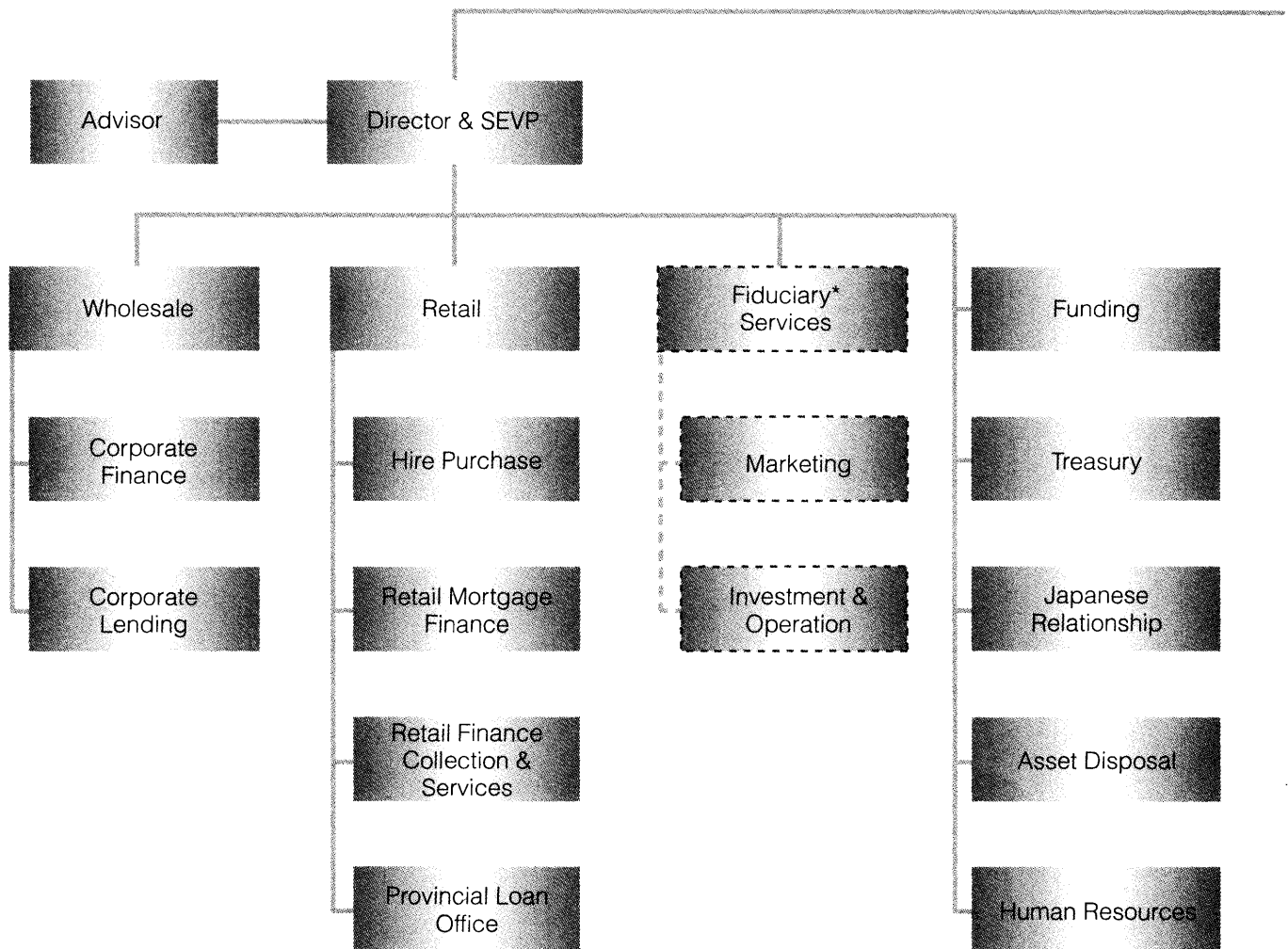
Risk Management

Mrs. Oranuch Apisaksirikul, Executive Vice President

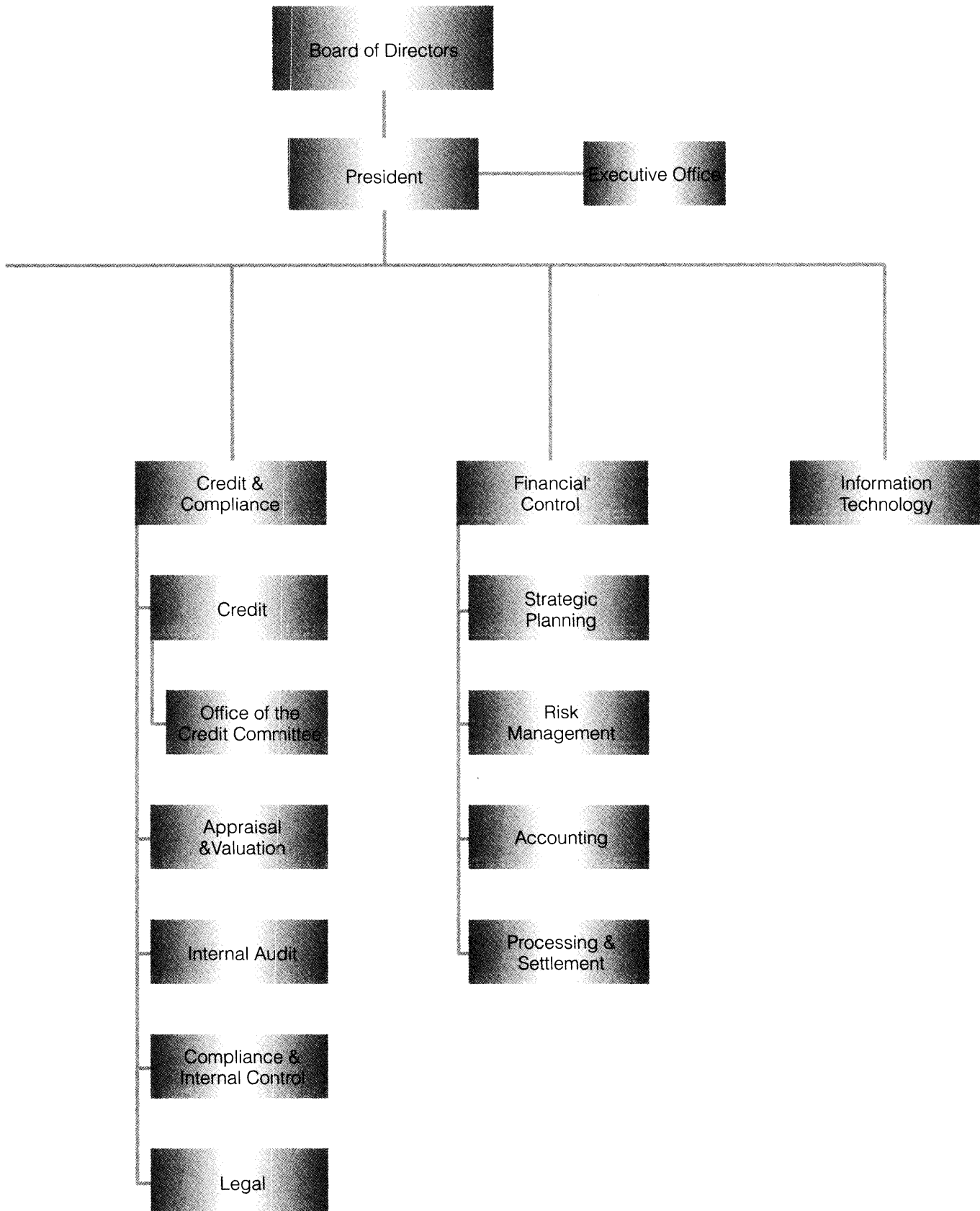
Strategic Planning

Mr. Pairat Srivilairit, Vice President

Organization Chart



* has been transferred to TISCO Securities Company Limited since January 8, 1999



Offices

TISCO Finance Public Company Limited

TISCO Tower, 48/2 North Sathorn Road,

Bangkok 10500, Thailand

Tel. (662) 633-6000 Fax. (662) 633-6800

Transfer Agent and Registrar

The common stock of TISCO Finance Public Company Limited (Trading symbol "TISCO") is listed on the Stock Exchange of Thailand

Thailand Securities Depository Company is appointed

to be a registrar principal transfer agent for TISCO common stock.

Questions from registered shareholders on lost and stolen certificates, changes of legal addresses, and other matters relating to registered shareholder status should be sent to:

Thailand Securities Depository Company

4th, 6-7th Floor, The Stock Exchange of Thailand Building,

62 Rajdapisek Road, Klongtoey, Bangkok 10110

Tel. (662) 359-1200-1

Provincial Loan Offices

Chanthaburi

30/40-41 Trirat Road, Muang District

Tel. (039) 340-220

Fax. (039) 340-211

Chonburi

116/41 Phrayasadja Road, Muang District

Tel. (038) 784-522

Fax. (038) 784-511

Phuket

156/5-6 Pang-nga Road, Muang District

Tel. (076) 232-377

Fax. (076) 232-380

Udon Thani

102, 104 Prajak Road, Muang District

Tel. (042) 343-400

Fax. (042) 343-399

Offices of Securities Brokerage Service

TISCO Securities Company Limited

4th Floor, TISCO Tower, 48/8 North Sathorn Road,

Bangkok 10500 Thailand

Tel. (662) 633-6999

Fax. (662) 633-6900

Chiangmai

50/118-125 Hillside Plaza & Condotel 4,

Huaykaew Road, Muang District

Tel. (053) 224-720

Fax. (053) 224-711

Nakhon Pathom

69/47-50 Petchkasem Road, Muang District

Tel. (034) 211-812

Fax. (034) 251-676

Nakon Ratchasima

40/8-11 Kudun Road, Muang District

Tel. (044) 257-752

Fax. (044) 253-752

Udon Thani

102,104 Prajak Road, Muang District

Tel. (042) 246-888

Fax. (042) 245-793

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