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TISCO

Annual Report 2001
TISCO Finance Public Co.,Ltd.



Content

Financial Highlights	2
Message from the Board	3
Audit Committee's Report	5
Corporate Governance	6
Company Structure	7
Board of Directors	
Management	
Major Events	14
Revenue Structure	15
Overview of TISCO Business	16
Group Structure	
TISCO Business	
Social Responsibilities	19
Industry & Competition	21
Selected Financial Data	22
Management Discussion & Analysis	23
Results of Operation	
Statement of Income Analysis	
Financial Position	
Risk Management	
General Direction in 2002	
Auditor's Report & Financial Statements	32
Supplementary Information	74
TISCO Shares	
Major Shareholders	
References	
Material Equity Investment	
Organization Chart	77
Officers	78
Offices	79

Financial Highlights

Company and Subsidiaries

	2001		2000		1999		1998		1997
	MM baht	Change (%)	MM baht	Change (%)	MM baht	Change (%)	MM baht	Change (%)	MM baht
Total Assets	47,059	15	40,802	7	43,727	5	41,844	-21	52,918
Loans and Receivables*	32,689	18	27,598	2	27,439	-19	33,300	22	42,959
Public Borrowings	35,458	14	31,219	1	30,896	1	30,530	1	30,239
Total Liabilities	40,371	15	35,256	-10	39,324	1	38,869	-18	47,502
Shareholders' Equity	6,689	21	5,546	26	4,403	48	2,975	-45	5,415
Total Revenues	4,569	4	4,383	3	4,275	5	4,062	-26	5,459
Total Expenses	3,559	4	3,438	-8	3,756	-41	6,396	36	4,692
Profit (Loss) before Bad debt and Doubtful Accounts	1,010	7	945	82	519	122	(2,334)	-404	767
Bad debt and Doubtful Accounts	(171)	188	(59)	-99	(4,993)	229	(1,516)	-8	(1,652)
Net Profit (Loss)	839	-5	885	n a	(4,474)	n a	(3,850)	n a	(885)
Net Profit (Loss) per Share **	1.17	-7	1.26	n a	(42.72)	n a	(38.43)	n a	(8.82)
Return on Average Assets (%)	1.91	-9	2.17	n a	-10.50	n a	-8.10	n a	-1.70
Return on Average Shareholders' Equity (%)	13.71	-2.3	17.80	n a	-121.29	n a	-91.78	n a	-13.99
	1,198	19	1,179	72	1,107	475	632	-35	667
Capital to Risk-Weighted Assets (BIS) (%)	17	5	16	11	14	81	8	-43	14
Net Capital - Securities Business (NCR) (%)	273	53	178	152	71	-73	262	2,083	12

* Including Loans to Financial Institutions

** Net Profit (Loss) per Share calculated on fully diluted basis

*** Number of staff in 1997-1998 did not include Tru-Way Group

TISCO began to reap the benefits of internal corporate restructuring and implementing well focused business strategies in 2001. The operating environment remained difficult with the continuing fragility of the Thai economic recovery, intense competition in the financial sector and the shock to the global political and economic climate following the September 11th attacks on the US. Nonetheless, TISCO Finance Public Company Limited and its subsidiaries recorded a net profit of 839 million baht for 2001. While this was below the net profit of 885 million baht in the previous year, it exceeded our target and came from a well-diversified and more sustainable earnings base. This gives us confidence that we have focused on the right business direction and would be able to sustain this stream of earnings going forward.

Having survived the regional economic crisis of the late 1990s, TISCO has consolidated and has built the foundation for a more sustained growth as Thailand's recovery gains momentum. The business direction of the Group, based on the most critical success factor, the customer, was clarified and strategies for achieving the goals of the various business units were put in place. The validity of this strategic approach was later confirmed by an external management consultant. It can be summed up by the TISCO Vision Statement "To be Customers' First Choice."

With this blueprint in hand, the focus turned to refining internal operating structures and developing new ways of doing business that could best meet our customers' needs. Two business models were identified as being most appropriate. For the retail business the "efficiency model" was chosen, that is delivering high quality financial services at the lowest cost to achieve a critical mass of clients. For corporate clients a "relationship model" was considered most suitable. This requires detailed knowledge of the industry concerned and the customers' requirements, and understanding how best to serve our clients.

A further refinement of TISCO's senior management structure intended to enhance operating efficiency took place during the year. The Board of Directors decided to create two new executive positions, the Chief Executive Officer (CEO) and the Chief Operating Officer (COO). The two chief officers have well designated roles and responsibilities with the

former being responsible for long-term strategy and planning while the latter managing TISCO's day-to-day business operations.

The Company was recognized for the excellence of its corporate governance in the Banks and Financial Institutions category and for its auditing standards in 2001. TISCO won two awards at the 3rd Best Practices Award Contest for Best Corporate Governance and the Best Audit Committee. The Institute of Internal Auditors of Thailand organized this annual contest in collaboration with the Stock Exchange of Thailand and the Thai Institute of Directors Association. It was also endorsed by the Ministry of Finance, the Bank of Thailand and the Asian Corporate Governance Association. The contest was intended to help promote best practices in line with internationally accepted norms and helping enterprises achieve long-term sustainable growth. Six principles were used by the Judging Committee in determining best corporate governance practices: accountability, responsibilities, equitable treatment, transparent disclosure, promotion of best practices, and the creation of long-term value to all stakeholders.

TISCO was selected from the finalists of each category as winner of the Best Audit Committee Award for 2001. This award recognized the crucial role played by the Audit Committee in establishing and implementing these practices which not only protect the interests of investors and improve transparency, but also assist the Board and management team in achieving sustainable growth and profitability. Receiving both awards was a great honor that was proudly welcomed by all at TISCO. Besides recognizing the high standards of internal control exercised by the Company, these awards support management's long-standing conservative and risk-averse approach to policy making.

Going forward, changes in our business practices will continue to be implemented in a systematic way. Starting in 2002, a proactive system of strategic and performance audits will be implemented to ensure that decisions made by the Board of Directors are carried out in a timely and efficient manner. Strategic audits will provide an orderly way for the Board to review strategy. Effective strategic oversight can anticipate problems and show shareholders that the Board and management have a joint commitment to ensure effective and orderly governance.

Our emphasis on human resources and organizational development remains as strong as ever. In 2002, TISCO will adopt the "Balanced Scorecard" as a management tool for aligning the organization and translating business strategies to operational terms. In recognition of the importance of the human capital factor, human resource development remains an ongoing priority and we are continually looking at ways to maximize the productivity of our 1,300 staff, whilst providing a stimulating work environment in which they can best utilize their abilities. The Board wishes to thank all members of staff who have worked so hard to realize the ambitious targets that we have set.

All at TISCO strongly adhere to the highest standards of professionalism and ethical corporate practices. TISCO is also committed to maximizing the value of returns to shareholders and strengthening risk management. We are confident that with the business models now in place, and with a clear focus on meeting our customers' needs and high corporate governance standards, we can deliver sustained earnings growth going forward.

In closing we wish to thank all of TISCO's customers, shareholders, management and staff for their commitment, support and dedication.

Board of Directors

The Audit Committee of TISCO Finance Public Company Limited is comprised of 3 independent directors who are

- 1 Dr Phisit Pakkasem
Chairman of the Audit Committee
- 2 Mrs Krisna Theravuthi
Director
- 3 Mr Vudhiphol Suriyabhivadh
Director

The Audit Committee has been assigned by the Board of Directors to perform the duties and responsibilities prescribed by the charter of Audit Committee. The Committee supports the Company's good corporate governance in accountability, transparency, integrity, and check & balance which will serve the best interests of shareholders and stakeholders.

The Audit Committee carries out its duties independently of the management of the Company. There are no restrictions on the Committee's access to information. Management provides complete resources and co-operation as requested by the Committee. The Audit Committee's meetings are formally structured with Management being occasionally invited to participate and provide additional information as deemed appropriate. The secretary of the Committee takes minutes of the meetings. Reports on activities of Audit Committee are attached and presented to the Board of Directors on a regular basis.

In the year 2001, the Audit Committee held six meetings. The Committee together with the management and internal auditors reviewed quarterly, semi-annual and annual financial statements for 2001 as reported by certified public accountant. The Committee also exchanged ideas on the accounting standard of impaired asset and concurred that the financial statements are fair in accordance with generally accepted accounting principles and the information disclosed is adequate.

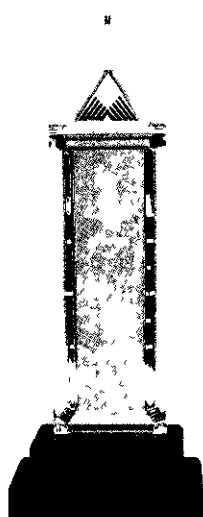
During the year 2001, the Committee held meetings with the management, compliance officers and internal auditors to consider and review internal control system and audit reports of the Bank of Thailand, the Office of the Securities and Exchange Commission, Certified Public Accountant, Compliance Department and Internal Audit Department. In

addition, the Committee reviewed audit scope of Internal Audit Department to ensure it conformed with the Guideline prescribed by the Bank of Thailand dated October 15, 2001. The Committee recommended the Company improve its operating system by updating each business area's operating procedures and suggested the Internal Audit Department evaluate information systems covering all computerized data processing, and conduct management audit in addition to operation audit. Management audit will focus on the effectiveness of the organization including value-added services to determine efficient and economical utilization of organizational resources as well as to evaluate conflict of interest. All these will further ensure that the Company's operation complies with laws and regulations, has adequate and efficient management and internal control system, and is in keeping with the new organizational structure.

The Audit Committee selected auditors from Ernst & Young Office Limited to be the Company's auditor. The appointment and its remuneration were proposed to the Board of Directors and shareholders for approval.



Dr Phisit Pakkasem
Chairman of the Audit Committee



The Board of Directors has carried out its responsibilities according to the code of best practices prescribed by the Stock Exchange of Thailand. In corporate governance, TISCO upholds all the key principles of good corporate governance which has been the Company's strong point. These principles are:

- protecting the rights and interests of stakeholders,
- defining the corporate vision, supported by sound business strategies and action plans,
- developing framework of controls in order to address the issues of risk management and to monitor and maintain effective control over management's activities and performance

Optimizing risk and return to stakeholders is therefore at the core of our management philosophy and business conduct to ensure the best governing of our business operation.

Control of Internal Information. Integrity is one of TISCO's values. The Company's Business Code of Conduct indicates that all staff perform their duty fairly and honestly, comply with applicable laws and regulations, avoid conflict of interest, and not seek benefits from inside information. According to the Company's regulation regarding employees' securities trading, the Company has prescribed management to open trading accounts with TISCO Securities Co., Ltd., its subsidiary. Moreover, trading transactions must receive the approval of supervisors and the Compliance Unit before execution. The Company has also prohibited management from trading TISCO shares during the 21 days before its monthly financial statements are published and prescribed penalties for any breaches.

Internal Control On February 28, 2002, the Board of Directors' Meeting No. 1/2002 was held and attended by all 3 members of the Audit Committee. The Board assessed 5 areas of the Company's internal control system: i.e. 1) organizational and environment control, 2) risk management measures, 3) management control activities, 4) information and communication measures, 5) monitoring by acknowledging and reviewing the information proposed by the Audit Committee. The Board found that the Company implemented adequate internal control system in accordance with applicable laws and regulations. In addition, the annual audit report of the Company from the Bank of Thailand proposed to the Board at the Meeting No. 9/2001 held on December 20, 2001 stated that the Company had sufficiently maintained its internal control system and this was suitable for its size and business risk.



Related Party Transaction The Company and its subsidiaries have no policy to encourage transactions between related parties. Should any such transaction occur, the conditions would be the same as for other normal business transactions and would not be approved by related persons. In the Year 2001, related party transactions of the Company and its subsidiaries were disclosed in the Notes to Financial Statements No. 28 which were audited by an external auditor.

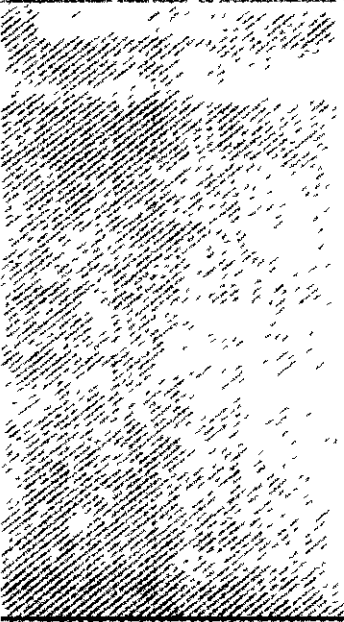

The twelve members of the Board of Directors consist of representatives from major shareholders, independent directors, and management as follows

	Number of Director
1. Ministry of Finance	2
2. CDIB & Partners Investment Holding Corporation*	3
3. Thai Farmers Bank Plc.	1
4. The Dai-ichi Kangyo Bank, Ltd.	1
6. Independent Directors	3
7. Management	2

* Formerly named Southeast Asia Investment Holding (Caymans) Ltd. The Company informed the SET of the change on March 21, 2001

The structure of the Company comprises the Board of Directors, the Executive Board, the Audit Committee, and the Management Committee with the following authority and responsibilities

Board of Directors	<ul style="list-style-type: none"> ● Prescribes policy and performs duties in accordance with the objectives and Articles of Association of the Company as well as the resolution of the meeting of shareholders ● Assigns a director or directors to conduct business on behalf of the Board of Directors ● Considers and changes the name(s) of authorized director(s) ● Appoints Executive Board members ● Appoints Audit Committee members
Executive Board	<ul style="list-style-type: none"> ● Oversees and supervises the day-to-day operation and provides directional control of the following activities <ul style="list-style-type: none"> - business strategies, mergers & acquisition activities, new business ventures, and new products, - remuneration and compensation, - appointment of senior management, - annual budgeting, - extension of credit line of substantial amount or involving high degree of risk, - supervision of Risk Management Committee, Credit Committee and Problem Loan Committee, - business transactions within the scope and policy framework of the Company

	<ul style="list-style-type: none"> • Reviews the Company's financial reporting process and disclosure of financial information to ensure it is correct and sufficient. The Committee reviews drafted auditors' reports and financial statements quarterly and annually before filing them with the regulators or releasing them to public. • Reviews to ensure that the Company has adequate and effective internal control systems and internal audit systems. • Reviews to ensure that the Company follows relevant SEC, SET and BOT regulations as well as other related laws. • Considers and makes recommendations on the appointment and fees of the external auditors. • Reviews the disclosure of connected transactions or those which may lead to conflict of interest to ensure it is correct and complete. • Produces an Audit Committee report at the end of each fiscal year and discloses it in the annual report. The Audit Committee report is signed by the Chairman of the Committee. • Performs other activities defined by the Board of Directors as agreed with the Audit Committee.
	<ul style="list-style-type: none"> • Formulates corporate strategies • Oversees human resources management including employee compensation, reward and punishment, recruitment and retention • Directs, controls, and monitors day-to-day operations of TISCO Group

Directors and Management Nomination: The Company has specified the nomination process of directors and management as follows

- 1 For a position at the director level, the Board of Directors selects and proposes qualified candidate to the shareholders' meeting. The qualified candidate is selected to strengthen the Board's quality and maintain the Board's integrity in order to smoothly run the Group's business. In addition, the director shall be elected by at least a majority of the votes cast at a meeting of shareholders by the holders present and entitled to vote in the election.
- 2 For a position at the management level, the Board gives the authority to the "Selection Committee" comprising 5 members of the Board to select qualified senior management and propose to the Executive Board for appointment. Qualified senior management is selected for competency and ability to add to the Company's competitiveness.

Aside from the top echelon of the Company mentioned above, the "Corporate Secretary" plays an important role in TISCO's secretariat including processing legal documents, filing papers to the regulatory authorities, and undertaking other tasks as assigned by the Board.

Dr. Prasit Pakkasem
 Chairman of the Board
 and Chairman of the
 Audit Committee

- | | |
|-------------------|---|
| Education | <ul style="list-style-type: none"> ● Ph.D. Development Economics, University of Pittsburg, U.S.A ● M.A. Development Economics, Harvard University, U.S.A ● B.A. Economics, Claremont Men's College, U.S.A |
| Experience | <ul style="list-style-type: none"> ● Secretary-General, National Economic and Social Development Board (NESDB) ● Senator ● Chairman, The State Railway of Thailand ● Member of the Court of Directors, Bank of Thailand ● Member of the Board of Directors, Thai Airways International Plc |
| Present Positions | <ul style="list-style-type: none"> ● Executive Advisor, CP Group ● Chairman, Vinythai Plc ● Chairman, Thai Sugar Millers Corporation Ltd |

Mr. Piu Mangkornkanok
 Vice Chairman,
 Chairman of the Executive Board,
 and Member of the
 Selection Committee

- | | |
|-------------------|---|
| Education | <ul style="list-style-type: none"> ● M.B.A. (Finance), University of California at Los Angeles, U.S.A ● M.S. (Industrial Engineering), Stanford University, U.S.A ● B.Eng. (Industrial Engineering), Chulalongkorn University |
| Special Program | <ul style="list-style-type: none"> ● Chairman 2000 Program, Thai Institute of Directors Association ● Directors Certification Program, Thai Institute of Directors Association |
| Experience | <ul style="list-style-type: none"> ● President, TISCO Finance Plc ● Assistant Governor – Finance, Petroleum Authority of Thailand |
| Present Positions | <ul style="list-style-type: none"> ● Chief Executive Officer, TISCO Finance Plc ● Vice Chairman, Association of Finance Companies ● Director, Phelps Dodge Thailand Co., Ltd ● Director, Thai Oil Co., Ltd ● Director and Member of the Audit Committee, Singer (Thailand) Plc |

Mr. Visut Montrivat
 Director and Member of the
 Selection Committee

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| Education | <ul style="list-style-type: none"> ● M.B.A., Northern Illinois University, U.S.A ● B.A. (Accounting), Chulalongkorn University ● The National Defense College |
| Experience | <ul style="list-style-type: none"> ● Deputy Comptroller General, Comptroller General Department, Ministry of Finance ● Deputy Director-General, Treasury Department, Ministry of Finance ● Deputy Director-General, The Excise Department, Ministry of Finance ● Inspector General, Ministry of Finance ● Deputy Permanent Secretary, Ministry of Finance |
| Present Positions | <ul style="list-style-type: none"> ● Director-General, The Treasury Department, Ministry of Finance ● Director, Thailand Tobacco Monopoly ● Director, N.C.C. Management & Development Co., Ltd ● Director, Bangpra Golf International Co., Ltd |

Mr. Rapee Asumpinpong
 Director and Member of the
 Executive Board

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| Education | <ul style="list-style-type: none"> ● M.A. (Economics), Central Missouri State University, U.S.A ● B.A. (Economics), Thammasat University ● The National Defense College Crest |
| Experience | <ul style="list-style-type: none"> ● Deputy Director-General, Customs Department, Ministry of Finance ● Director, Bangkok International Airport Customs Office, Ministry of Finance ● Director, Policy and Planning Division, Customs Department, Ministry of Finance ● Minister Counsellor, Office of Customs Affairs, Royal Thai Embassy, Brussels, Belgium |
| Present Positions | <ul style="list-style-type: none"> ● Counsellor-General on Fiscal Policy, Ministry of Finance ● Head of Fiscal Operation Centre, Ministry of Finance ● Director, Industrial Estate Authority of Thailand |

Dr Tze-Kang Yang Director and Member of the Selection Committee	Education	<ul style="list-style-type: none"> ● Ph D , Graduate School of Business Administration, National Chengchi University, Taiwan ● M B A University of Illinois at Urbana-Champaign, U S A ● B B A , National Chengchi University, Taiwan
	Experience	<ul style="list-style-type: none"> ● Senior Vice President & General Manager, Direct Investment, China Development Industrial Bank (CDIB), Taiwan
	Present Positions	<ul style="list-style-type: none"> ● Vice Chairman, China United Trust and Investment Corporation, Taiwan ● Executive Vice President, CDIB, Taiwan

Dr Joung-Yol Lin Director and Member of the Executive Board	Education	<ul style="list-style-type: none"> ● Ph D (Finance), University of Iowa, U S A ● M B A , National Chengchi University, Taiwan ● B A , Fu-Jen Catholic University, Taiwan
	Experience	<ul style="list-style-type: none"> ● Chairman, Service Corporation Masterlink Securities, Taiwan ● Chairman, Investment Advisory Corporation, Taiwan ● Director, Securities & Futures Institute Policy Research, Taiwan
	Present Positions	<ul style="list-style-type: none"> ● President, CDIB & Partners Grand Cathay Investment, Taiwan

Mr Chungmin Lu (resigned on March 7, 2002) Director	Education	<ul style="list-style-type: none"> ● M S (Industrial Administration), Carnegie-Mellon University, U S A
	Experience	<ul style="list-style-type: none"> ● Head of Credit & Research, China Development Industrial Bank (CDIB), Taiwan
	Present Position	<ul style="list-style-type: none"> ● Senior Vice President, Overseas Business, CDIB, Taiwan

Mr Takatsugu Murai Director and Member of the Executive Board	Education	<ul style="list-style-type: none"> ● M B A , University of Pennsylvania, U S A ● B A (Economics), Hitotsubashi University, Japan
	Experience	<ul style="list-style-type: none"> ● Director & General Manager, The Dai-Ichi Kangyo Bank Ltd , London Branch, U K ● General Manager, Strategic Business Advisory Division, The Dai-Ichi Kangyo Bank Ltd , Japan ● General Manager, Americas Division, The Dai-Ichi Kangyo Bank Ltd , Japan ● Joint General Manager, The Dai-Ichi Kangyo Bank Ltd , New York Branch, U S A
	Present Position	<ul style="list-style-type: none"> ● Senior Managing Director, The Dai-Ichi Kangyo Bank Ltd , Japan

Mr Dhongchai Lamsam Director	Education	<ul style="list-style-type: none"> ● M Sc (Industrial Engineering), Illinois Institute of Technology, U S A ● B Sc (Chemical Technology), Chulalongkorn University ● Advanced Management Program, Harvard Business School, U S A
	Experience	<ul style="list-style-type: none"> ● President, Loxley Plc
	Present Positions	<ul style="list-style-type: none"> ● President, Loxley Plc ● Chairman, Loxley Broadcast and Media Co , Ltd ● Chairman, Thai Telephone & Telecommunication Plc ● Director, Loxley Property Development, Co , Ltd

Mrs Krisna Theravuthi Director, Member of the Audit Committee, and Member of the Selection Committee	Education	<ul style="list-style-type: none"> ● M B A , University of Wisconsin Madison, U S A ● B A (Accounting), Chulalongkorn University
	Special Program	<ul style="list-style-type: none"> ● Audit Committee Certification Program, Thai Institute of Directors Association
	Experience Present Positions	<ul style="list-style-type: none"> ● Vice President, Corporate Lending, Thai Investment and Securities Plc ● Executive Director, Tavornudorn Co , Ltd ● Executive Director, Food Manufacturing Co , Ltd

Mr. Vudhiphol Suriyabhivadh
Director and Member of the
Audit Committee

- | | |
|-------------------|---|
| Education | <ul style="list-style-type: none">● B Com (Accountancy), University of New South Wales, Australia● LL B , Sukothai Thammathiraj University |
| Special Program | <ul style="list-style-type: none">● Directors and Responsibilities According to the Act of Accounting B E 2543 Program, Thai Institute of Directors Association |
| Experience | <ul style="list-style-type: none">● Financial Director, the East Asiatic (Thailand) Plc |
| Present Positions | <ul style="list-style-type: none">● Director, the East Asiatic (Thailand) Plc● Director, Thai Agri Foods Plc● Director, Thai Wah Food Products Plc● Director, Bangkok Ranch Plc● Director, L P N Development Plc● Director, Listed Companies Association |

Mr. Pichai Chanvirachart
Director, Member of the
Executive Board,
and Member of the
Selection Committee

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|-------------------|---|
| Education | <ul style="list-style-type: none">● B B A (Finance), Marshall University, West Virginia, U S A |
| Experience | <ul style="list-style-type: none">● Executive Vice President, Retail Business, TISCO Finance Plc● Senior Vice President, Head of Hire Purchase and Retail Mortgage Finance Business, Thai Investment and Securities Plc |
| Present Positions | <ul style="list-style-type: none">● President Et Chief Operating Officer, TISCO Finance Plc● Director, Mizuho Corporate Leasing (Thailand) Co , Ltd● Director, AXA Insurance Plc● Director, American Appraisal Plc |

Mrs. Oranuch Apisaksirikul
Secretary to the Board
and Secretary to the
Executive Board

Directors who resigned or completed their term during the year

Mr. Jose Isidro N. Camacho	March 2, 2001
Mr. Joti Bhokavanij	April 24, 2001
Mrs. Vannee Uboldejpracharak	April 27, 2001
Mr. Sathit Aungmanee	April 27, 2001
Mr. Shigeru Koga	August 29, 2001
Mr. Jerry L. Lu	October 25, 2001

Management Committee

Mr. Piu Mangkornkanok
Chief Executive Officer

- | | |
|-----------------|---|
| Education | <ul style="list-style-type: none"> • M B A (Finance), University of California at Los Angeles, U S A • M S (Industrial Engineering), Stanford University, U S A • B Eng (Industrial Engineering), Chulalongkorn University |
| Special Program | <ul style="list-style-type: none"> • Chairman 2000 Program, Thai Institute of Directors Association • Directors Certification Program, Thai Institute of Directors Association |
| Experience | <ul style="list-style-type: none"> • President, TISCO Finance Plc • Assistant Governor – Finance, Petroleum Authority of Thailand |
| Other Positions | <ul style="list-style-type: none"> • Vice Chairman and Chairman of the Executive Board, TISCO Finance Plc • Vice Chairman, Association of Finance Companies • Director, Phelps Dodge Thailand Co , Ltd • Director, Thai Oil Co , Ltd • Director and Member of the Audit Committee, Singer (Thailand) Plc |

Mr. Pichai Chanvirachart
President & Chief Operating Officer

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|-----------------|---|
| Education | <ul style="list-style-type: none"> • B B A (Finance), Marshall University, West Virginia, U S A |
| Experience | <ul style="list-style-type: none"> • Executive Vice President, Retail Business, TISCO Finance Plc • Senior Vice President, Head of Hire Purchase and Retail Mortgage Finance Business, Thai Investment and Securities Plc |
| Other Positions | <ul style="list-style-type: none"> • Director, TISCO Finance Plc • Director, Mizuho Corporate Leasing (Thailand) Co , Ltd • Director, AXA Insurance Plc • Director, American Appraisal Co , Ltd |

Mrs. Oranuch Apisaksirikul
Chief Financial Officer
and Corporate Secretary

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|-----------------|---|
| Education | <ul style="list-style-type: none"> • M B A (Finance), Thammasat University • LL B , Thammasat University • B A (Accounting & Commerce), Thammasat University |
| Experience | <ul style="list-style-type: none"> • Executive Vice President & Chief Financial Officer, TISCO Finance Plc • First Vice President, Strategic Planning, TISCO Finance Plc • Vice President, Corporate Lending Administration, Thai Investment and Securities Plc |
| Other Positions | <ul style="list-style-type: none"> • Secretary to the Board of Directors, TISCO Finance Plc • Secretary to the Executive Board, TISCO Finance Plc • Director, TISCO Asset Management Co , Ltd • Director, TISCO Securities Hong Kong Ltd • Director, TISCO Global Investment Holdings Ltd • Director, TISCO Securities UK Ltd • Risk Management Committee Member, The Stock Exchange of Thailand |

Mr. Suthas Ruangmanamongkol
Head of Commercial Finance,
Treasury & Funding

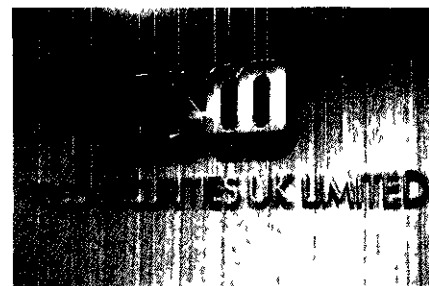
- | | |
|-----------------|---|
| Education | <ul style="list-style-type: none"> • M S (Finance & Banking), University of Wisconsin, U S A • M B A (Finance), Western Illinois University, U S A • B Eng (Computer), Chulalongkorn University |
| Experience | <ul style="list-style-type: none"> • Assistant Managing Director, TISCO Securities Co , Ltd • Senior Vice President, Underwriting and Securities Investment & Trading, Thai Investment and Securities Plc |
| Other Positions | <ul style="list-style-type: none"> • Director, Jones Lang Lasalle (Thailand) Ltd • Director, The Thai Bond Dealing Centre |

Mr. Panya Wotticharoenvong Head of Retail Business	Education	<ul style="list-style-type: none"> • M S (Accounting), Thammasat University • LL B, Thammasat University • B A (Accounting), Thammasat University • Certified Public Accountants (Thailand)
	Experience	<ul style="list-style-type: none"> • Managing Director, TISCO Leasing Co., Ltd • Senior Vice President, Retail Finance Collection & Services, TISCO Finance Plc • Head of Corporate Planning & Research, MCC Finance and Securities Plc
	Other Position	-
<hr/>		
Mrs. Janejira Chuvanichanon Chief Information Officer	Education	<ul style="list-style-type: none"> • M B A, Thammasat University • B S (Statistics), Chulalongkorn University
	Experience	<ul style="list-style-type: none"> • Managing Director, Thai Information Technology Co., Ltd • Executive Vice President, Information Technology, TISCO Finance Plc • Head of Computer & Technology Department, Thai Investment and Securities Plc
	Other Positions	<ul style="list-style-type: none"> • IT Club Committee Member, Association of Securities Companies • IT Sub-Steering Committee Member, Stock Exchange of Thailand
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Ms. Nattamon Issaradharm Chief Governance Officer	Education	<ul style="list-style-type: none"> • B A (Accounting), Chulalongkorn University • Certified Public Accountants (Thailand)
	Experience	<ul style="list-style-type: none"> • Senior Vice President, Chief Credit Officer, TISCO Finance Plc • Head of Investment Banking, Execution, TISCO Securities Co., Ltd • Vice President, Underwriting and Securities Investment & Trading, Thai Investment and Securities Plc • Head of Office of the Credit Committee, Thai Investment and Securities Plc
	Other Positions	<ul style="list-style-type: none"> • Director, TISCO Asset Management Co., Ltd • Sub-Committee Member of the Corporate Debt Restructuring Advisory Committee (CDRAC), Bank of Thailand • Representative, Association of Finance Companies
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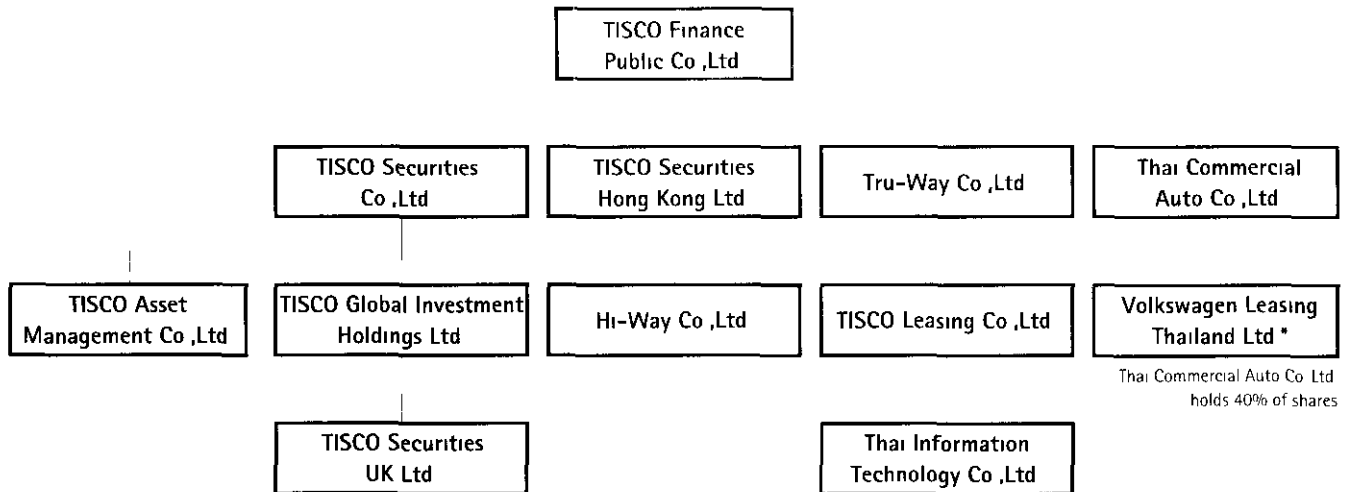
- On July 26, 2001, TISCO Securities Co., Ltd., a subsidiary of TISCO, established a new securities company in London named "TISCO Securities UK Limited" ("TISCOUK") with an initial capital of GBP 700,000 (approximately one million U.S. dollars or 45 million baht). All TISCOUK's shares are held by TISCO Global Investment Holdings Limited ("TISCOGIH" is a holding company established in Hong Kong in 2000, wholly-owned by TISCO Securities Co., Ltd.)

TISCOUK provides securities brokerage services to institutional clients in many countries both in Europe and Asia. The main business purpose of TISCOUK is to bridge the gap between Asian investors and European markets and vice versa.

- As a result of debt restructuring between TISCO and Tru-Way Group on September 10, 2001, TISCO accepted debt payment from Tru-Way in the form of 49.9% investment in Thai Commercial Auto Co., Ltd. valued at 434 million baht. Thai Commercial Auto, a joint venture of Yontrakij Group and Itochu Group, provides automobile hire purchase service focusing on Yontrakij's clients. Its paid-in capital is 800 million baht, net profits reported in 2000 and 2001 were 82 million baht and 81 million baht respectively.
- On November 20, 2001, TISCO acquired a 100% stake in Thai Sakura Finance Co., Ltd. and changed its name to "Thai Permsap Finance Co., Ltd." The transaction is in keeping with TISCO's plan to apply for a restricted bank status, which was preliminarily approved by the Bank of Thailand on October 26, 2001.



Services/Company	Revenue Structure	2001		2000		1999	
		MM Baht	%	MM Baht	%	MM Baht	%
TSCC Finance	Net Interest Et Dividend Income	1,042	79	1,193	63	(3,782)	96
	Fee and Service Income	117	9	120	6	(119)	3
	Gain on Trading Securities	(13)	-1	506	27	(112)	3
	Others	168	13	79	4	61	-2
	Total Net Revenue	1,314	100	1,898	100	(3,953)	100
TSCC Securities	Net Interest Et Dividend Income	39	6	25	9	108	10
	Fee and Service Income	333	55	434	159	826	78
	Gain on Trading Securities	225	37	(190)	-70	109	10
	Others	6	1	4	1	19	2
	Total Net Revenue	602	100	273	100	1,062	100
TSCC Asset Management	Net Interest Et Dividend Income	6	3	7	9	7	18
	Fee and Service Income	226	97	59	82	31	80
	Gain on Trading Securities	-	0	6	9	-	0
	Others	0	0	0	0	1	2
	Total Net Revenue	233	100	73	100	39	100
TSCC Hire Purchase	Net Interest Et Dividend Income	509	62	372	75	-	0
	Fee and Service Income	84	10	-	0	-	0
	Gain on Trading Securities	(10)	-1	37	7	-	0
	Others	243	29	89	18	-	0
	Total Net Revenue	826	100	497	100	-	0
TSCC Insurance Technology	Net Interest Et Dividend Income	0	0	-	0	-	0
	Fee and Service Income	8	11	2	48	-	0
	Gain on Trading Securities	(1)	-2	-	0	-	0
	Others	69	90	2	52	-	0
	Total Net Revenue	76	100	3	100	-	0
TSCC Others	Net Interest Et Dividend Income	1,596	52	1,596	58	(3,668)	129
	Fee and Service Income	769	25	616	22	737	-26
	Gain on Trading Securities	201	7	359	13	(2)	0
	Others	487	16	174	6	81	-3
	Total Net Revenue	3,053	100	2,745	100	(2,852)	100
TSCC Total	Finance	1,314	43	1,898	69	(3,953)	139
	Securities	602	20	273	10	1,062	-37
	Fund Management	233	8	73	3	39	-1
	Hire Purchase	826	27	497	18	-	0
	Others	76	3	3	0	-	0
	Total Net Revenue	3,053	100	2,745	100	(2,852)	100



Businesses of TISCO and its subsidiaries are consolidated into 4 groups as follows

Finance Business

Utilizing its full set of finance business licenses, TISCO Finance Plc offers an extensive range of financial services to customers. Our financing, advice, and transaction execution encompassing a broad range of financial instruments is made available to various-sized corporations, fund managers, governments, financial institutions and individual customers.

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

Mortgage Loan: TISCO provides loans to home buyers, home developers including housing loans and revolving mortgage loans.

All Finance Loan: The services cover micro financing needs of customers including personal loans, loans against automobile license and insurance premium finance.

Provincial Loan Offices: We offer lending services to upcountry clients through ten provincial loan offices in Chanthaburi, Chiangmai, Chonburi, Khon Kaen, Nakhon Ratchasima, Nakhon Sawan, Phitsanulok, Phuket, Songkhla and Udon Thani.

Treasury: Besides managing funds and offshore borrowing, TISCO also invests in both primary and secondary markets for corporate debentures, corporate bills of exchange and government and state-enterprise bonds.

Funding: Various types of savings instruments are available for customers including promissory notes repaid on demand or at the end of a fixed period.

Custodian Service: TISCO provides custodian service to investment funds including local mutual funds, provident funds, private funds and offshore funds which have portfolio investments in Thailand.

Hire Purchase Business

TISCO has been conducting hire purchase business in Thailand for almost 30 years. At TISCO Finance, we currently serve customers' hire purchasing needs for both new cars and used cars.

Aside from TISCO Finance, hire purchase businesses operated under TISCO's subsidiaries include

TISCO Leasing Co., Ltd offering automobile, machine leasing, and also insurance arrangement,

Thai Commercial Auto Co., Ltd offering automobile hire purchase,

Volkswagen Leasing Thailand Ltd offering automobile hire purchase,

and Hi-Way Co., Ltd offering motorcycle hire purchase service.

Securities Business

A complete range of securities-related services are offered through our wholly-owned subsidiary, TISCO Securities Co., Ltd., as follows

Brokerage TISCO Securities provides a full range of brokerage services to a substantial and diversified client base that includes corporations, financial institutions, government, high net worth individuals and retail customers. Besides its head office in Bangkok, TISCO Securities has four upcountry branches in Chiang Mai, Nakhon Pathom, Nakhon Ratchasima and Udon Thani.

TISCO Securities offers more than a dozen quality research products ranging from daily to quarterly reports to its customers. Besides "Daily Digest" which is the most widely read, other fundamental research and analysis include "Economic Monthly", "Market Strategy" which offers an in-depth look at fluctuations in the stock market and makes projections to help longer-term decision making, "Forex/Bonds" which reviews and forecasts interest and exchange rate trends and transactions in the bond market, etc. The technical and timing aspects of equities investment are featured in technical analysis "Daily Signal" and "Globalscape".

Internet Trading TISCO Securities offers internet trading service to clients who wish to make their own investment decisions and conduct their own transactions. Via www.tiscotrade.com web site, clients are provided with a package of real-time information on stock prices, market trend, chart analysis, including its online premium quality research products which are often recommended as a valuable source of data, news, stock tips and information. TISCOtrade service has a strong position in internet stock trading in Thailand.

Securities Lending and Borrowing TISCO Securities attained securities lending and borrowing license from the SEC in July 1999 to facilitate lending and borrowing business on principal and agency basis. It offers services to retail and institutional clients as an investment option and settlement risk protection, i.e. short selling and cover short delivery.

Investment Banking. A long-established reputation and an enviable record maintained over a decade, TISCO Securities' outstanding Investment

Banking services have won recognition from clients and financial institutions as one of the most experienced specialists especially in the areas of privatization and corporatization of State-Owned Enterprises, project finance and equity offerings. The full range of financial advisory services includes mergers & acquisitions and divestment, valuation and feasibility studies, public takeover bids, 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 rights issues.

Regional Brokerage Services TISCO Securities Hong Kong Ltd. (TISCOHK), based in Hong Kong, TISCOHK is a member of the Stock Exchange of Hong Kong and a registered securities dealer and investment advisor under the Hong Kong Securities Ordinance. TISCOHK offers brokerage and financial advisory services to clients covering various Asian markets including Hong Kong and Thailand and also European markets and Australia.

Another securities business subsidiary of TISCO Group, TISCO Securities UK Ltd. (TISCOUK) was set up to help institutional investors bridge the gap between Asian and European markets. TISCOUK was authorized by the Securities and Futures Authority to carry out investment business in the United Kingdom on 16 November 2001. The principal activity of TISCOUK is the provision of stock brokerage services, mainly in the Asian and European markets.

Fund Management Business

Fund management business of TISCO is operated under TISCO Asset Management Co., Ltd (TISCOASSET). It has both mutual fund and private fund licenses from the Ministry of Finance. Currently, TISCOASSET is one of the biggest asset management companies in Thailand providing a full range of investment management services as follows,

Mutual Funds TISCOASSET aims to help clients build wealth over the long-term by implementing a risk-averse investment policy with a disciplined investment approach. To provide suitable funds for different investment needs, TISCOASSET has a variety of

mutual funds including equity funds, flexible funds, fixed income funds and specific funds. Starting in 2001, TISCOASSET launched a Retirement Mutual Fund to promote long term retirement savings. Investors are entitled to claim tax allowance for investing in the fund at the maximum amount of 300,000 baht.

Private Funds: This service is provided to individuals, groups of individuals and corporations - both local and foreign. To serve specific investment needs of individuals, the fund manager will design a suitable investment policy taking into account the client's risk-return profile, investment objective, and constraints. TISCOASSET's regular portfolio report will keep clients informed about the fund's activities as well as the portfolio performance.

Provident Funds: TISCO's provident fund management has consistently been ranked among the best performers in the industry in terms of performance and the size of funds under management for more than 10 consecutive years. Currently the provident funds assets under management of TISCOASSET total over 36,000 million baht. Its 1,060 corporate clients include government agencies, state-enterprises, and several local and multi-national corporations. TISCOASSET also manages a pooled fund for small funds to achieve a high yield at a lower cost for clients.



TISCO takes its social responsibilities seriously and implements several projects to help the less fortunate every year. On the Company's 32nd anniversary, which fell on March 28, 2001, TISCO staff hosted lunch for underprivileged children of Baan Kru Noi in Bangkok and also distributed educational material. The Company's staff also donated blood to the Thai Red Cross every three months. TISCO organized a Kathin ceremony at Wat Thakorong in Ayutthaya province and donated money towards the construction of a prayer hall there.

TISCO focuses on improving the environment and last year, aside from taking care of trees at Wat Wang Wiwegaram in Kanchanaburi province which TISCO has been doing for nine years, the Company also grew trees at Chulachomklao Military Academy in Nakhon Nayok province.

A charity tournament, TISCO Invitational Golf for Charity 2001, was held last December with funds donated to the TISCO Foundation without any expenses being deducted to enable the foundation to continue its activities.

TISCO Foundation for Charity

TISCO Foundation for Charity was established on the Company's 10th anniversary in 1982 with the aim of helping society's underprivileged people. The foundation's assets have increased continuously through donations by TISCO group, its staff, its customers, and the general public with the principal invested and accrued interest used to meet each year's objectives.

Donated funds by TISCO Foundation over The last 5 years

(million baht)

	2001	2000	1999	1998	1997
Educational Fund	7,016,124	7,020,834	7,114,230	9,535,630	6,341,976
Medical Fund	207,608	336,975	116,207	514,710	207,050
Start-Up Fund	195,340	110,235	258,561	333,719	59,900

However, the current low interest rate environment led to the foundation obtaining low returns which were inadequate to meet the expenses of helping needy children and underprivileged people. A major effort was made to raise funds to meet the expenses of the foundation's key charitable activities, especially giving scholarships to needy children, so that their education is not affected. TISCO and its customers were the largest contributors of the foundation.

Last year the TISCO Foundation gave 3,368 scholarships worth 7,016,124 baht to children throughout the country to help them continue their education. Funds given to charity ward patients totaled 207,608 baht, and funds to help underprivileged people start small businesses totaled 195,340 baht.

TISCO Foundation's other activities last year included giving funds, consumer goods and blankets to victims of natural disasters in Udonthani and Petchabun provinces plus the Central region's center for disaster victims. Clothes, books and consumer goods were also donated to various schools and orphanages in the north and northeast.

Since its establishment in 1982, funds that TISCO Foundation donated to needy students throughout the country totaled 62,840,341 million baht, medical funds for needy patients totaled 3,665,126 million baht, and start-up funds for underprivileged people totaled 1,544,996 million baht. Serving its chartered objectives in both good and bad times for 20 years, in 2001 the Foundation was allowed by the Ministry of Finance to be listed as a "Public Charity Organization No. 379". Donations to the foundation are now tax deductible.

The Year 2001 in review

Even though Thailand continued to be affected by the economic downswing last year, finance companies were able to restructure loans totaling 109,828 million baht compared to 93,536 million baht in 2000. Most finance companies succeeded in setting aside 100% of loan loss reserves last year.

However, several finance firms posted better earnings with the main contributing factor being lower provision for bad debts. On the other hand, new credit extensions was virtually non-existent because economic growth was only 1.4% of GDP. Most firms saw their interest income from loans decline as their loan portfolio continued to shrink. However, firms operating hire purchase operations were able to offset the contraction to a certain degree because auto sales jumped 13% in 2001 with record low interest rates helping boost sales.

It was a difficult year for securities industry as brokers struggled to survive in the liberalized commission rate environment. Even though the SET index climbed 17% and reached 315 points and average daily turnover increased to 6.4 billion baht from 3.8 billion baht in 2000, most brokerages still suffered losses.

The commission rate competition became so intense that most brokers ended the year in the red despite trading volumes increasing and drastic cost cuts being made. Average commission rate fell to approximately 0.14% from around 0.38% in 2000.

The Outlook for the Year 2002

As the economic environment is still not conducive to credit expansion, TISCO foresees continued decrease of loan portfolios and a drop of interest income this year. The bright spot for the industry is the hire purchase segment as auto sales are expected to grow by another 15% in 2002. Lower interest rates will help the hire purchase industry do well this year even though the outlook of the overall economy is still uncertain.

Although NPL levels fell drastically in 2001 to only 9.5% of total loans, the industry is still affected by fundamental and structural problems. As companies start tackling difficult NPLs in their portfolios, the pace of resolving problem loans should slow down while relapse should accelerate as concession terms of superficially restructured loans begin to expire. Although the expected recovery of US economy should help revive exports, the recovery will be gradual, with GDP growth expected to be 3% in 2002.

On the other hand the securities industry should be able to perform exceptionally well as it has been granted a reprieve from liberalization of commission rates and a minimum rate of 0.25% has now been imposed. The new level should enable all brokers to return to profitability in 2002 as long as average volume stays above 5 billion baht a day. Nevertheless, as with the overall financial industry, there still exists deep-rooted structural problems within the securities industry which have to be resolved to ensure that both industries will survive in the long-term after the impending full liberalization takes hold.

Selected Financial Data

Company and Subsidiaries

(Baht in million except per share amounts)

	2001	2000	1999	1998	1997
Interest and Dividend Income	3,112	3,234	3,459	4,820	5,799
Expenses on Borrowings	1,345	1,579	2,134	5,002	4,182
Net Interest and Dividend Income	1,767	1,656	1,325	(181)	1,618
Bad Debt and Doubtful Accounts	171	59	4,993	1,516	1,652
Non-interest Income	1,457	1,148	816	(759)	(340)
Brokerage Fees and Other Fees Income	764	642	982	795	741
Gain (Loss) on Trading Securities	201	359	(2)	(1,066)	(1,045)
Forward Exchange Premium Cost	4	(25)	(244)	(506)	(80)
Other Non-interest Income	487	172	81	18	41
Operating Expenses (exclude minority interest)	2,038	1,682	1,294	1,264	955
Personnel Expenses	752	676	418	322	307
Non-personnel Expenses	1,287	1,006	876	941	649
Income (Loss) before Tax and Extraordinary Items	1,015	1,063	(4,146)	(3,720)	(1,330)
Net Income (Loss)	839	885	(4,474)	(3,850)	(885)
Total Assets	47,059	40,802	43,727	41,844	52,918
Loans and Receivables	32,689	27,598	27,058	33,300	42,959
Accrued Interest Receivables	202	206	259	74	204
Investment in Securities-Net	9,361	8,302	12,446	6,153	4,552
Public Borrowings	35,458	31,219	30,896	30,530	30,239
Money Market Deposits and					
Borrowings from Financial Institutions	2,695	2,215	1,623	3,565	4,382
Offshore Borrowings	57	89	716	2,989	8,509
Shareholders' Equity	6,689	5,546	4,403	2,975	5,416
Non-performing Loan*	2,507	3,831	5,004	14,144	5,652
Allowance for Doubtful Accounts*	2,151	2,108	1,071	2,902	1,909
Securities Brokerage Trading Volume	90,405	65,782	138,223	71,461	44,329
Provident Fund Size under Management	36,613	42,469	39,443	29,960	30,967
Earnings	1.17	1.26	(6.39)	(38.43)	(8.83)
Book Value	9.53	7.92	6.29	29.69	54.05
Market Price (Common Share)					
High	22.00	31.75	52.00	44.00	119.00
Low	9.85	10.25	9.90	3.70	14.50
Year End	16.20	15.50	30.50	14.25	15.00
Profit (Loss) before Bad Debt and Doubtful Accounts	1,010	945	519	(2,334)	767
Net Income (Loss)	839	885	(4,474)	(3,850)	(885)
Return on Average Assets	1.9%	2.1%	-10.5%	-8.1%	-1.7%
Capital Funds (TISCO Finance)					
Tier 1 Capital	5,911	4,962	3,940	2,873	6,463
Tier 2 Capital	492	463	577	-	-
Capital to Risk-weighted Assets	17%	16%	14%	8%	14%
Net Capital Rule (TISCO Securities)	273%	178%	71%	262%	12%
	1,198	1,179	1,107	632	667

* NPL and Allowance for Doubtful Accounts in 1997-1999 were for TISCO Finance only

** Number of staff in 1997-1998 did not include Tru-Way Group

TISCO Group continued to focus on expansion of its core business which comprise of hire purchase, investment banking, and asset management. This helped TISCO achieve its profit target in 2001. In order to effectively respond to market changes and achieve customer satisfaction, TISCO Group managed to improve its operational efficiency and business competitiveness by adjusting and streamlining its organization structure in 2001.

The consolidated financial statements of the Company for the years ended December 31, 2001 and 2000 are presented on Pages 32 to 39.

To expand its securities brokerage business in European markets, TISCO Group established a brokerage subsidiary in London, TISCO Securities UK Limited. TISCO Global Investment Holdings Ltd was set up as its holding vehicle. In November 2001, TISCO acquired Thai Sakura Finance Co., Ltd and changed its name to Thai Permsap Finance Co., Ltd. The financial results of Thai Permsap was consolidated. However, the net effect on the Group's consolidated profit was cancelled out in Minority Interest item. Overall, the number of TISCO Group's subsidiaries increased to 11. The accompanying consolidated financial statements therefore include the accounts of the Company and its six subsidiaries include: 1) TISCO Securities Co., Ltd 2) TISCO Securities Hong Kong Ltd 3) TISCO Asset Management Co., Ltd 4) TISCO Securities UK Ltd 5) TISCO Global Investment Holdings Ltd 6) Thai Permsap Finance Co., Ltd as well as the five subsidiaries of Tru-Way Group. These are 1) Tru-Way Co.,Ltd 2) TISCO Leasing Co., Ltd 3) Thai Commercial Auto Co., Ltd 4) Hi-Way Co., Ltd 5) Thai Information Technology Co., Ltd. To obtain an overall picture of the TISCO Group's operations in 2001, we have provided an analysis of the performance in the following part. Selected figures dating back to 1997 are also presented on Page 22.

Results of Operations

With cost method, net profit of TISCO Finance, excluding its subsidiaries and related party transaction between subsidiaries, was of 487.5 million baht, compared with 864.4 million baht in 2000. Profit of the year 2000 mainly came from the realization of Treasury products portfolio whereas the major components of profit in 2001 came from a more diversified and sustainable business lines. The level of

NPL dropped from 2,696.9 million baht to 1,795.4 million baht, 6.3% of loan portfolio. While its trading gain in 2001 was not significant, TISCO Finance's interest in hire purchase business rose 42% from 629.4 million baht to 891.7 million baht. This increase reflected the expansion of its hire purchase business which is TISCO Group's strong point.

The expansion of TISCO Group's hire purchase business contributed to TISCO Group's operating results of 838.6 million baht in 2001. The Group's hire purchase loan outstanding rose 61% from 9,752.4 million baht to 15,682.4 million baht. Interest income on hire purchase business rose 25% from 1,111 million baht to 1,393 million baht.

Asset management fee increased significantly following the improvement of fund performance. TISCO's financial advisory fee also improved as TISCO participated as one of the lead underwriters for the Petroleum Authority of Thailand Plc's IPO shares. This resulted in a 68% improvement in fees and service income from 353.3 million baht to 591.9 million baht.

Overall, TISCO Group's total assets rose from 40,802.3 million baht in 2000 to 47,059.2 million baht. TISCO Group's shareholders' equity rose from 5,546.3 million baht to 6,688.5 million baht, thanks to an increase of TISCO Group's net profit.

Business Performance

We have broken down TISCO business on the basis of functions which represent 4 core business activities of the TISCO Group. The details are presented below.

1 Finance Business

The main business of TISCO Finance Plc is lending business which includes hire purchase, corporate lending, and housing loans. In 2001, finance business reported net revenue of 1,314 million baht, a decrease from 1,898 million baht in 2000. (See Revenue Structure on Page 15.) While net interest revenue from hire purchase business rose 42% from 629.4 million baht to 891.7 million baht, interest income from restructured loan dropped significantly due to the decline in non-performing loans. This resulted in a decline in net interest revenue from 1,193 million baht to 1,042 million baht.

Fee income stood at 117 million baht, remaining at the same level as in 2000. This accounted for 9% of net revenue. Finance business reported trading loss of 13 million baht, compared with trading gain of 506 million baht in 2000, which resulted from gain on sale of bonds. Other income rose from 79 million baht to 168 million baht due mainly to the sale of assets settled from loan restructuring.

Lending Business In 2001, private consumption, especially sale of automobiles rose significantly. With our skills and business expertise, we expanded business and increased our market share, resulting in TISCO Finance seeing 71% expansion of hire purchase business from last year. With our expertise in providing personal loans and developing the hire purchase market, we will continue to focus strongly on expanding the consumer finance niche.

For corporate and housing loans, we continued our loan restructuring efforts. New loans were granted strictly on a selective basis, mainly to the real economy sectors. Among our major corporate clients are Tractebel and Land and Houses Group.

In overall terms, the gross loan portfolio of TISCO Finance rose by 11% from 25,551 million baht to 28,426 million baht. Details of loan portfolio, classified by type of business are illustrated in 8.1 and 8.3 of the Note to Financial Statements on page 51 and 52.

NPL Recovery TISCO focused on improving the quality of existing loans in all areas and put great effort into accelerating debt recovery during 2001. We succeeded in restructuring loans totaling 5,358.5 million baht, of which 3,269.6 million baht was proactive restructuring, 1,254.3 million baht was restructuring of non-performing loans, and 834.6 million baht was the restructuring of written-off loans. Total non-performing loans outstanding for TISCO Finance fell to 1,795.4 million baht, or 6.3% of total loans. While the level of NPLs continued to decline, TISCO maintained its prudent provisioning policy by not reversing its provision for loan losses. TISCO also maintained provision for restructured loans until cash was received. Therefore, TISCO Finance's reserves remained as high as 1,307 million baht, approximately 196% of the Bot's reserves requirement. TISCO Group's reserves amounted to 2,151.2 million baht.

In 2002, we will continue to expand our customer base and scope of our consumer finance business and step up efforts to restructure under-performing corporate and housing loans. In addition, we intend to utilize our corporate customer base to generate more fee income.

Resource Management As market interest rates declined and liquidity was abundant throughout 2001, we continued to utilize public deposits as our main source of funding. The Company also took steps to diversify its deposit base and terms, which helped reduce the cost of funds. At the same time, TISCO has a policy to expand retail depositor base to reduce concentration risk.

2 Hire Purchase Business

Apart from TISCO Finance, hire purchase businesses operate under TISCO's subsidiaries, i.e. Tru-Way Co., Ltd., TISCO Leasing Co., Ltd., Hi-Way Co., Ltd. and Thai Commercial Auto Co., Ltd. Hire purchase net revenues of 826 million baht from the four subsidiaries accounted for 27% of total net revenue of TISCO Group. Major income came from hire purchase interest at 509 million baht, fee and service income at 84 million baht, loss from sale of foreclosed cars 10 million baht. This income was a result of growth in the hire purchase area which is a core business of TISCO. The acquisition of Tru-Way Group of companies and the joint investment in Volkswagen Leasing Thailand in 2001 expanded the hire purchase customer base as well as business channels. Market share of automobile hire purchase of the four subsidiaries increased as did their loan portfolios from 2,701 million baht in the previous year to 3,618 million baht, or a rise of 34%.

3 Securities Business

TISCO Group's securities business covers securities brokerage, investment banking, and proprietary trading. TISCO Group operates securities business under TISCO Securities Co., Ltd., TISCO Securities Hong Kong Ltd., and expanding to TISCO Securities UK Ltd. Securities business revenue of 602 million baht accounted for 20% of TISCO Group's revenue in 2001, compared with 10% in 2000. Major revenue contribution was trading gain of 225 million baht, compared with trading loss of 190 million baht in 2000. Revenue from investment banking business rose 8% from 127 million baht to 137 million baht. However, due mainly to the impact of brokerage fee liberalization in the fourth

quarter of 2000, brokerage fee income dropped significantly from 434 million baht to 333 million baht

Since TISCO Securities' contribution to net revenue of securities business was significant at 82% of securities business revenue (493.6 million baht), this analysis is, therefore, made based on operation of TISCO Securities

Securities Brokerage The SET daily turnover improved 72% from 3,740 million baht in 2000 to 6,439 million baht. Unhealthy competition led to drastic reductions of brokerage commissions and unsustainable incentive schemes for marketing staff. TISCO Securities adhered to its professional and ethical standards despite the unfavorable market climate, which unfortunately resulted in a decline in its market share from 3.6% to 2.9%.

TISCO Securities' policy is to provide full services to institutional investors, and at the same time, utilize internet trading to expand distribution channel to retail investors. Meanwhile, it focuses on improving efficiency, minimizing operating cost, as well as good corporate governance.

The outlook of brokerage business in 2002 should be brighter. The establishment of minimum brokerage commission (0.25% on general trading and 0.20% on internet trading) is a factor improving the securities industry in 2002. And while TISCO Securities did not participate in the commission rate competition last year, its position as a premium broker should help the firm keep its current clients and draw new ones to the fold.

Market share and trading volume of TISCO Securities

Year	Market Share (%)	Trading Volume (million baht)
1997	2.4	44,329
1998	4.2	71,461
1999	4.3	138,223
2000	3.6	65,782
2001	2.9	90,405

Internet Trading Business TISCO Securities launched Internet trading service, "TISCO e-Trade", in July 2000 to expand its channels for servicing retail clients and to increase cost effectiveness. Business volumes and the customer base for this service have

since grown encouragingly. By the end of 2001, there were 13 brokers offering Internet trading service. TISCO Securities' market share was 18%. Since commission on Internet trading is cheaper, it believes that more investors will switch to Internet trading. TISCO Securities expect trading volumes through Internet services to continue to grow dramatically over the next few years.

Investment Banking With deep business knowledge and experience, TISCO Securities continued to maintain the highest quality of financial advisory services to satisfy the needs of valued clients. The activities consisted mainly of advisory services on privatization, equity underwriting, mergers and acquisitions, debt restructuring, debt capital market deals and advising on Employee Stock Option Plan (ESOP).

In 2001, TISCO Securities was appointed a joint global co-ordinator & lead underwriter for the Petroleum Authority of Thailand Plc's initial public offering shares. During the year, TISCO Securities was appointed an underwriter for many initial public offering deals including, Nava Leasing Plc, Internet Thailand Plc, AEON Thanasinap (Thailand) Plc, and Home Product Center Plc.

In addition, TISCO Securities acted as a loan arranger in loan syndication for TIPCO Asphalt Plc. In debt capital market, it was appointed as an adviser and lead underwriter to Saha Pathana Inter-Holding Plc in issuing five-year unsecured debenture.

TISCO Securities also acted as a financial advisor and a tender offer agent for the delisting of Thai Asahi Glass Plc.

With the government implementing a policy to privatize state enterprises, TISCO Securities will utilize its experience and skills in this business to provide quality services.

Securities Investment & Trading TISCO Securities maintained prudent risk management controls over investment in securities. Its total net investment increased slightly from 708 million baht in 2000 to 717 million baht.

4 Fund Management

Fund management services of the TISCO Group consist of mutual funds, private funds, and provident

funds, which were transferred from TISCO Securities on January 2001 to operate under TISCO Asset Management Co., Ltd (TISCOASSET). The consolidation was made to avoid conflict of interest, promote the independence of fund management, and benefit from the economy of scale.

Fee and service income from our fund management business in 2001 was 226 million baht, a 283% increase, compared to 59 million baht the previous year. This was due to our capable fund management team increasing return on investment of assets under TISCOASSET's management.

TISCO has been providing provident fund management services in Thailand for more than 30 years. TISCOASSET is a market leader, with funds under management totaling 36,696 million baht, and a market share of 16%. It manages or co-manages the provident funds of 1,060 companies, which are grouped into 62 funds. Its main clients are provident funds for state enterprises such as Thai Airways International Plc and the Bank of Thailand. Thai companies and local subsidiaries of multinational clients include DBS Thai Dhanu Bank Plc, Diethelm Co., Ltd and the Transport Company.

The Private Fund unit continued to build its client base. By yearend 2001, private funds under management totaled 2,357 million baht.

The low interest rate environment during the year caused investors to consider investing in mutual funds instead of saving deposits. TISCOASSET launched three fixed income funds and one equity fund in 2001. Besides, it was one of the first four fund managers which offered a retirement fund to promote long term retirement savings. Investors also gain tax allowance from investing in the fund. Overall, TISCOASSET was managing 13 funds with a combined net asset value of 2,986 million baht.

Because of the excess liquidity in the market, interest rate remains at low level, and as the equity market begins to recover, TISCOASSET plans to expand its business by launching more funds and increasing the number of marketing officers to provide service to more customers.

Other Business

TISCO acquired Thai Permsap Finance Co., Ltd in November 2001 as part of its plan to upgrade to become a restricted bank in future. The Company has no plans to operate any business under Thai Permsap. As for Thai Information Technology Co., Ltd, it mainly provides technology service to TISCO Group. Its small revenue from outside clients in payroll processing service was not significant to TISCO business.

Statement of Income Analysis

Interest and Dividend Income. The fall in market interest rates coupled with a policy to recognize interest income from restructured loans on a cash basis resulted in a 4% decrease in total interest and dividend income from 3,234.4 million baht in 2000 to 3,112.2 million baht in 2001. However, costs of borrowings increased by 7% from 1,655.8 million baht in 2000 to 1,767.3 million baht in 2001. Interest income from hire purchase business increased 25% from 1,111 million baht in 2000 to 1,393 million baht.

Bad Debt and Doubtful Accounts. In line with our conservative provisioning policy, we continued to provide full reserves for bad debt and doubtful accounts. Debt payments were received as a result of the progress of debt restructuring during the year. In all, expenses on bad and doubtful debts slightly increased from 59.3 million baht to 171.1 million baht in 2001.

Non-Interest Income. Although brokerage fee and gain from securities trading decreased from 288.3 million baht to 172.5 million baht and 359.1 million baht to 200.8 million baht respectively due to the sluggish market, the Company was able to increase its fee and service income from 353.3 million baht to 591.9 million baht in 2001. Non-interest income (excluding other non-interest income) therefore stood at 969.9 million baht, the same level of the previous year which was 974.8 million baht. This was due to the increase in fee income of our fund management business and our financial advisory's underwriting fee for the initial public offerings of the Petroleum Authority of Thailand Plc's shares.

Operating Expenses: These operating expenses increased 11% from 1,076.2 million baht to 1,192.6 million baht in 2001. This was due to the 11% increase in personnel expense and 20% increase in premises and equipment expenses while other operating expenses decreased.

Other income and Other Expense. The acquisition of Thai Permsap Finance in 2001 was registered in consolidated other income and other expense. Other increases of this category was due to revenue from sale and acquisition cost of the same assets. Thus, an analysis would be made on the net amount of other income and other expense. In 2001, the Company's other income net of other expense increased 73.6 million baht as a result of the sale of foreclosed assets.

Net Income. The Company and its subsidiaries posted a consolidated net profit of 838.6 million baht, a slight decrease from 885.3 million baht in 2000.

TISCO's performance in 2001 came from a well-diversified base of our core businesses, i.e. the hire purchase, fund management, and investment banking while the major source of profit in the previous year was from the realization of fixed income portfolio.

Financial Position

TISCO Finance's assets increased 13% to 44,472 million baht compared with 39,206 million baht in 2000. Net loans amount was at the same level as last year at 65% of total asset. The total loans in 2001 was 28,426 million baht, which was an increase of 11% from the previous year. Despite the fact that corporate and mortgage loans declined as a result of loan restructuring and write-off, hire purchase loans increased considerably reaching 71% compared to the previous year following increased demand in the market.

Consolidated loans and receivables increased from 67.4% to 69%. Compared to the previous year, the total loans increased 18%, while securities investment increased 13% resulting from investment in government bonds when interest rates in the market dropped. In addition, the real estate market improved, contributing to the disposal of the foreclosed

properties. As a result, the value of the assets foreclosed decreased from 2,353.6 million baht in 2000 to 2,236.9 million baht.

On the liabilities side, borrowings represented 95% of total liabilities, or still remaining at the same level as the previous year. The main source of funds was local public borrowings. Public borrowings increased 13.6% from 31,218.7 million baht in 2000 to 35,457.6 million baht.

Overall, the consolidated group's liabilities declined from 86.4% in 2000 to 85.8%. The shareholders' equity increased from 13.6% to 14.2% of total liabilities, reflecting net profit for year 2001.

Assets

Loans and Receivables: The consolidated loans and receivables increased 18% from 27,485.5 million baht to 32,553.1 million baht. Accrued interest receivables was 201.5 million baht, or 0.7% of net loans. Following a conservative interest income policy, we stop accruing interest income, reversed it off the books and recognized interest income on a cash basis for corporate loans, stock borrowing and lending accounts, and consumer loans that were overdue by one, two, and three months respectively.

Non-Performing Loans: The Company and its subsidiaries saw their NPLs decrease with the total in 2001 being 2,907 million baht. After deducting reserves for bad debts of subsidiaries, NPL level totaled 198 million baht, or 6% of total loans, a decrease from 13.6% the previous year. This is the result of debt restructuring and clearing of bad debts from the account. TISCO Finance succeeded in restructuring a total of 5,358.5 million baht with performing loans totaling 3,269.6 million baht, non-performing loans totaling 1,254.3 million baht and loans written off 834.6 million baht.

Allowance for Possible Loan Losses. In line with our prudent provisioning policy, the Group set aside an excess of provisions over general reserves totaling 1,480.8 million baht. After writing off bad debts, the total allowance for doubtful accounts of the Group stood at 2,151.2 million baht by year-end.

Investment in Securities The consolidated investment in securities rose by 13% to 9,361.3 million baht from 8,301.9 million baht in 2000 as a result of increased investment in the government bonds due to low interest rate in the market

Property Foreclosures The recovery of real estate market resulted in successful sale of our foreclosed assets. The Group's property foreclosures decreased from 2,353.6 million baht to 2,236.9 million baht in 2001. Our asset disposal team managed to sell and generate rental income on 30% of foreclosed properties. We anticipate a further sale of 10% of the remaining foreclosed property assets in 2002.

Liabilities and Shareholders' Equity

Sources of Fund

	2001	%	1999	%
Public Borrowings	35,458	87.8	31,219	88.6
Money Market Deposits and Local Borrowings	2,695	6.7	2,215	6.3
Foreign Borrowings	57	0.1	89	0.2
Liabilities under Commercial Paper Sold	195	0.5	300	0.9
Others	1,966	4.9	1,433	4.0
Total Liabilities	40,371	100	35,256	100

Borrowings: With interest rates falling and the excess market liquidity, we mobilized funds from local and public borrowings. The proportion of deposits increased 13.6% from the previous year to 35,457.6 million baht.

Shareholders' Equity. Consolidated shareholders' equity increased by 26% from 5,546.3 million baht in 2000 to 6,688.5 million baht, as a result of a net profit of 838.6 million baht for the year 2001. The BIS capital adequacy ratio of TISCO Finance remained solid at 17% while the net capital adequacy ratio of TISCO Securities was 273%.

Risk Management

There are 5 major groups of risks against TISCO's profitability and solvency - credit risk, market risk, funding risk, operational risk, and business continuity risk. To manage and control these risks, TISCO has formulated and implemented a comprehensive set of risk management policies, guidelines and limits. Currently,

TISCO's integrated risks from all areas, as measured by best-practice risk measurement methodologies, are well covered by the available capital base, in accordance with a moderately conservative policy of risk taking. The potential amount of risk taking at any given time is also contained through the ongoing implementation of risk limits which fully takes into account the current business strategies. The following philosophies are central to TISCO risk management:

1 Senior Management's Involvement The senior management of key business lines and control functions, along with the president, are actively involved in the risk management process through the Risk Management Committee. This is centralized to facilitate comprehensive control, uniform standard, and optimal benefits. Meanwhile, the business lines are decentralized for full flexibility in their operations within the mandated guidelines and limits given by the Risk Management Committee.

2 Centralized Management Risk management operation at TISCO is centralized to maximize the benefit of standardized and comprehensive risk control, while the business lines are decentralized for flexibility. Centralized risk management implies managing risk on a consolidated basis by aggregating risk exposures from all business units and affiliated companies into a single management at the parent company.

3. Accountability In addition to centralized risk management, all business lines are also accountable for the risk management of the activities in their day-to-day operation. The business lines are emphasized to have risk awareness and accountability in conducting their businesses, which are also an integral part of their business performance.

4 Capital Adequacy Management and Capital Allocation Risk exposures are measured and integrated into an overall risk position, which is compared to the firm's available capital to determine the level of capital adequacy and utilization. Risk limits imposed on different product lines are the tool for allocation of capital, taking into account the overall capital adequacy, strategic business targets, and risk profiles, with the key aim of minimizing risks and optimizing returns.

5 Diversification Diversification of all assets and liabilities portfolios is emphasized to minimize concentration risks. The diversification strategy, through

the use of concentration limits, ranges from the corporate level, where business portfolios are diversified, to the level of specific risk types and individual portfolios

Credit Risk Management

Credit Risk is the risk arising from a borrower's failure to meet the terms of any contract with TISCO. It arises any time funds are extended, committed, invested, or exposed through contractual agreements. TISCO divides the management of credit risks into 2 levels namely individual transaction level and portfolio level. At the individual transaction level, the Credit Committee will oversee the transactional credit approvals by considering all aspects of financial soundness of the borrowers and the feasibility of the projects to be financed. The transparency and quality of each credit transaction is emphasized. Additionally, the Company also has established an internal credit rating system for wholesale finance, and a credit scoring system for retail finance, to assist in the analysis of credit quality of each lending transaction. Furthermore, the Problem Loan Committee has been set up to oversee and manage non-performing loans as well as to determine the appropriate level of provisional reserve required for these loans.

At the portfolio level, TISCO has adopted a portfolio credit modeling to estimate the amount of credit risk in terms of the maximum possible credit loss over a period of time given a degree of confidence. Capital is then allocated to adequately cover the measured risk. The Company also has a measure to control risk arising from loan concentration, both in terms of large single exposure and industry exposure, in order to lower the risk at the portfolio level.

As at the end of year 2001, TISCO's credit risk is estimated to account for more than half of the total integrated risk. This unexpected risk is fully covered by our capital base. Meanwhile the past problem of poor credit quality from non-performing loans has been completely tackled with the setting up of loan loss provision well above the minimum requirement of the Bank of Thailand.

Market Risk Management

Market risk mainly involves interest rate risk and price risk of investment portfolios and foreign exchange positions. Interest rate risk occurs when movements

in interest rates may negatively affect the firms' profitability, due to mismatch between the terms of interest payments of assets and liabilities. Price risk is the risk to earnings or capital arising from changes in the value of portfolios of financial instruments or foreign exchange exposure. This risk arises from position-taking activities in fixed-income, foreign exchange and equity markets.

Value at Risk (VaR) methodology has been adopted in measuring all types of market risks. Limits are imposed on these risks and based on allocation of capital. Interest rate and fixed-income positions are additionally managed in terms of interest rate sensitivity. TISCO is currently exposed to a moderate level of market risks. When combined with other risks, the firm has a strong capital position when compared to the total risks being assumed. The market risk is diversified into different classes of risk positions including equity and fixed-income investment risk, price risk from foreclosure assets, and net interest rate risks.

Funding Risk Management

Funding Risk is the risk of inability to service any borrowing obligations when they come due without incurring unacceptable losses. TISCO has adopted a set of principles and tools for managing funding risks as follows:

- The Company has a policy to appropriately perform matching of the cash flows from assets and liabilities.
- Maturity mismatch tool has been adopted to measure liquidity gap to indicate the net cash flows positions that are expected to occur in the future. Cash flows positions are divided into appropriate time bucket and forecasted into the future.
- The Company emphasizes diversifications in both assets and the liabilities by introducing concentration limits in most major portfolios. For funding portfolio in particular, a guideline has been established to maintain an appropriate level of retail depositors.
- Reserving sufficient short-term liquidity consistent with the funding risk profile of the firm is implemented. A liquidity analysis report has been implemented to monitor the overall funding risk profile and the level of short-term liquidity.

Additionally the Company emphasizes the maintaining of liquidity reserve above the Bank of Thailand's requirement, in order to ensure prudent risk control

- The Company has a committed contingency line for credit from other financial institution as a precaution for emergency situation
- A contingency plan for liquidity management is developed to outline the steps, roles and responsibilities for the management of liquidity in times of crisis

With ample liquidity surplus in the financial markets, the systematic funding risk is small. Together with our strong internal system of funding risk management, the current funding risk of TISCO is considered small and manageable.

Operational Risk Management

Operational risk is divided into risk of loss arising from failure of the internal systems and operations and strategic risk arising from environmental factors, such as competition, client's behavior, political and regulatory regime, and other factors that are outside our control.

TISCO manages internal operational risk through the establishment of stringent internal control procedures to minimize the risk. The control procedures are themselves evaluated, tested, and reviewed, by a rigorous internal audit process, which is ultimately overseen by the Audit Committee. Operational risks in some key areas have been quantitatively measured and incorporated into the capital allocation process. Meanwhile, investigation into new areas for operational risk measurement is progressing steadily. Additionally, certain risk mitigation programs have been initiated including a cash guarantee for any cash in transit to bank account, and various insurance programs covering director and officer liability, professional indemnity, and fraudulence. For technology risk, TISCO is in the process of establishing an independent reviewer of its IT strategies.

Strategic risk is the risk of loss resulting from adoption and implementation of business strategies that are not well-aligned and adaptable with the ever-changing uncontrollable environmental factors. Strategic risk is more qualitative in nature and is managed through forward-looking strategic planning,

supported by Corporate Planning and Budgeting function.

Business Continuity Risk

Business continuity risk is the risk that a business may be interrupted in many ways through unexpected circumstances, such as losing critical resources, i.e., key staff or equipment etc. Business continuity risks have been managed through capital allocation, business diversification, and establishment of various contingency plans to tackle different aspects of risks. TISCO's business infrastructures for production and development activities are also separated. The production activity has a 100% back-up site at a remote location, which is supported by a regularly updated contingency plan. TISCO also has an insurance program for key fixed-assets to minimize the business continuity risk in the case some unexpected event occurs.

General Direction in 2002

We expect Thailand's economic growth rate to be around 3% in 2002. Abundant liquidity will cause the interest rates to remain at low level. Fixed income market is expected to be active as the government will supply new bonds to the market resulting from government deficit plan. Private consumption will continue to expand although at a slower growth rate than in 2001. Meanwhile, NPLs will continue to constrain commercial banks and finance companies from extending their corporate loan portfolios.

Our direction in 2002 is towards becoming a specialist financial institution with strength in consumer finance and fee-based income areas, while promoting good governance and prudent risk management. We devise our strategies based on type of business: core business strategies and opportunistic business strategies.

The core business category encompasses businesses that have longer-term growth potential and stable nature of income and profitability, which are consumer finance business and asset management business. Our plan is to aggressively expand these businesses, which will serve as a strong business foothold. In supporting core business strategies, we aim to expand our business platform to better provide reach and accessibility as well as develop new products, and reduce operating

cost. This can be proceeded through applying to be a restricted bank. Nonetheless, the recent regulatory changes towards universal bank may allow a finance company to gain crucial business platform including the membership status of clearing system, without upgrading to a restricted bank. However, since the outcome will largely depend on government policy and decision, we will pursue both alternatives to acquire the business platform.

The opportunistic business category encompasses businesses that are more volatile and generate irregular, but unlimited, returns when opportunities arise and are captured. This includes wholesale finance and investment banking, brokerage business, and proprietary investment and trading business. Investment banking and wholesale finance business shall be more closely integrated for optimal opportunity management through a relationship model. Concerning wholesale lending, the small to medium-sized enterprises (SMEs) market segment shall be further explored and developed through supply chain and franchises. The direction of the brokerage business is to maintain our status as a leading full-service broker. We also aim to create increased awareness of our on-line trading services to secure more business.

Report of Independent Auditor


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

I have audited the accompanying consolidated balance sheet of TISCO Finance Public Company Limited and its subsidiaries as at 31 December 2001, the related consolidated statements of earnings, changes in shareholders' equity and cash flows for the year then ended and the separate financial statements of TISCO Finance Public Company Limited for the same period. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements of TISCO Finance Public Company Limited and its subsidiaries and the financial statements of TISCO Finance Public Company Limited as at 31 December 2000 and for the year then ended, presented herein for comparative purposes, were audited by another auditor of our firm who, under her report dated 9 February 2001, expressed an unqualified audit opinion on those statements.

I did not audit the 2001 financial statements of one subsidiary company, Thai Permsub Finance Company Limited (formerly known as "Thai Sakura Finance Company Limited") with total assets as at 31 December 2001 of approximately Baht 113 million, and total revenues and net losses for the year then ended of approximately Baht 69 million and Baht 0.09 million, respectively, which were included in the consolidated financial statements. I have however received an audit report from the subsidiary's auditor, who expressed an unqualified audit opinion on those financial statements and drew attention to the uncertainty of the economic situation. My opinion, insofar as it relates to the amounts included for this subsidiary, is based solely on the report of the other auditor.

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

In my opinion, based on my audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Finance Public Company Limited and its subsidiaries and of TISCO Finance Public Company Limited as at 31 December 2001, and the results of their operations, and cash flows for the year then ended in accordance with generally accepted accounting principles.



Narong Puntawong
Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited
Bangkok 7 February 2002

Balance Sheets : TISCO Finance Public Company Limited and its Subsidiary Companies
As at 31 December 2001 and 2000

(Unit Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2001	2000	2001	2000
CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS	4	716,084,574	735,654,549	106,557,178	159,332,360
LOANS TO FINANCIAL INSTITUTIONS	5	135,890,420	112,475,128	-	-
INVESTMENT IN SECURITIES	6,7,10				
Current investment - net		3,331,411,437	1,950,063,397	2,691,379,002	1,325,671,751
Long-term investment - net		6,008,021,727	6,329,063,934	5,876,564,011	6,128,141,808
Investment in subsidiaries and associated companies - net		21,898,081	22,732,971	4,246,551,297	3,015,053,320
Net investments		9,361,331,245	8,301,860,302	12,814,494,310	10,468,866,879
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		36,031,079	85,342,777	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE	8,10				
Finance business loans and receivable		31,647,358,254	26,784,478,877	28,426,059,855	25,550,562,672
Securities business receivable		905,717,370	701,035,225	-	-
Total loans and receivable		32,553,075,624	27,485,514,102	28,426,059,855	25,550,562,672
Accrued interest receivable		201,559,077	205,978,737	184,535,690	205,852,786
Total loans, receivable and accrued interest receivable		32,754,634,701	27,691,492,839	28,610,595,545	25,756,415,458
Less : Allowance for doubtful accounts	9	(1,817,393,315)	(1,690,208,881)	(973,183,152)	(784,071,926)
Less : Allowance for loss on debt restructuring	9	(333,862,492)	(417,385,934)	(333,862,492)	(417,385,934)
Net loans, receivable and accrued interest receivable		30,603,378,894	25,583,898,024	27,303,549,901	24,554,957,598
PROPERTY FORECLOSED - Net	11	2,236,958,660	2,353,643,115	2,228,951,914	2,353,351,196
LAND, PREMISES AND EQUIPMENT - Net	12	1,435,563,733	1,509,669,366	819,404,196	847,713,987
DEFERRED TAX ASSETS		256,685,511	274,581,865	254,614,373	271,390,161
GOODWILL	2	881,650,314	934,169,629	-	-
OTHER ASSETS	13	1,395,594,056	911,047,041	944,850,773	550,438,644
TOTAL ASSETS		47,059,168,486	40,802,341,796	44,472,422,645	39,206,050,825

The accompanying notes are an integral part of the financial statements

Balance Sheets (Continued) : TISCO Finance Public Company Limited and its Subsidiary Companies
As at 31 December 2001 and 2000

(Unit Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2001	2000	2001	2000
BORROWINGS AND DEPOSITS	14				
From public		35,457,648,500	31,218,748,961	35,330,968,085	31,113,798,478
From banks		1,159,268,038	629,540,382	173,461,730	179,584,926
From financial institutions		1,535,437,031	1,585,439,999	1,583,209,705	1,601,894,408
From foreign countries		57,174,741	89,167,193	57,174,741	89,167,193
Total borrowings and deposits		38,209,528,310	33,522,896,535	37,144,814,261	32,984,445,005
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS		100,000,000	-	100,000,000	-
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		88,035,997	33,592,016	-	-
SECURITIES BUSINESS PAYABLE		568,706,778	378,783,561	-	-
LIABILITIES UNDER COMMERCIAL PAPERS SOLD		195,000,000	300,000,000	195,000,000	300,000,000
ACCRUED INTEREST PAYABLE		139,968,436	191,097,753	134,366,809	190,412,819
SUBORDINATED DEBENTURES	15	331,000,000	331,000,000	331,000,000	331,000,000
OTHER LIABILITIES	16	738,399,107	498,699,674	312,266,970	288,663,847
TOTAL LIABILITIES		40,370,638,628	35,256,069,539	38,217,448,040	34,094,521,671
SHAREHOLDERS' EQUITY					
Share capital	17				
Registered					
1,000,000,000 preference shares of Baht 10 each and 100,200,000 ordinary shares of Baht 10 each		11,002,000,000	11,002,000,000	11,002,000,000	11,002,000,000
Issued and paid up					
508,691,200 preference shares of Baht 10 each (2000 : 547,518,200 preference shares of Baht 10 each)		5,086,912,000	5,475,182,000	5,086,912,000	5,475,182,000
193,173,800 ordinary shares of Baht 10 each (2000 : 152,681,800 ordinary shares of Baht 10 each)		1,931,738,000	1,526,818,000	1,931,738,000	1,526,818,000
		7,018,650,000	7,002,000,000	7,018,650,000	7,002,000,000
Share premium		36,500,000	36,500,000	36,500,000	36,500,000
Preference shares subscription received in advance		350,000	-	350,000	-
Surplus (deficit) from changes in the value of investment	20	126,793,564	(155,558,483)	126,793,564	(155,558,483)
Translation adjustments		136,463,224	130,955,792	136,463,224	130,955,792
Retained earnings					
Appropriated - statutory reserve	19	48,700,000	48,700,000	48,700,000	48,700,000
Unappropriated (deficit)		(1,112,482,183)	(1,951,068,155)	(1,112,482,183)	(1,951,068,155)
Equity attributable to Company's shareholders		6,254,974,605	5,111,529,154	6,254,974,605	5,111,529,154
Minority interest (equity attributable to minority shareholders of subsidiaries)		433,555,253	434,743,103	-	-
TOTAL SHAREHOLDERS' EQUITY		6,688,529,858	5,546,272,257	6,254,974,605	5,111,529,154
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		47,059,168,486	40,802,341,796	44,472,422,645	39,206,050,825
OFF-BALANCE SHEET ITEMS - CONTINGENCIES	30				
Aval to bills		1,445,234,274	1,263,673,475	1,445,234,274	1,263,673,475
Guarantees of loans and others		409,381,026	367,169,585	409,381,026	367,169,585

The accompanying notes are an integral part of the financial statements

Statements of Earnings : TISCO Finance Public Company Limited and its Subsidiary Companies
For the years ended 31 December 2001 and 2000

(Unit: Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2001	2000	2001	2000
INTEREST AND DIVIDEND INCOME					
Loans and deposits		1,155,963,549	1,461,013,769	1,202,125,019	1,526,908,534
Hire purchase and financial lease income		1,393,027,077	1,111,045,303	891,730,359	629,429,955
Securities		563,220,073	662,430,682	552,925,792	545,858,315
Total interest and dividend income		3,112,210,699	3,234,489,754	2,646,781,170	2,702,196,804
EXPENSES ON BORROWINGS					
Interest and discounts		1,338,463,443	1,573,539,032	1,306,493,959	1,501,603,047
Fees and charges		6,427,841	5,169,576	2,259,247	5,169,576
Total expenses on borrowings		1,344,891,284	1,578,708,608	1,308,753,206	1,506,772,623
Net interest and dividend income		1,767,319,415	1,655,781,146	1,338,027,964	1,195,424,181
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS (BAD DEBT AND DOUBTFUL ACCOUNTS)					
		20,192,153	292,613,681	(6,356,035)	463,125,745
LOSS ON DEBT RESTRUCTURING					
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		(191,297,230)	(351,927,412)	(191,297,230)	(351,927,412)
		1,596,214,338	1,596,467,415	1,140,374,699	1,306,622,514
NON-INTEREST INCOME					
Brokerage fees		172,504,995	288,343,736	-	-
Gain (loss) on trading securities	21	200,833,847	359,147,321	(12,768,003)	503,912,738
Fees and charges		591,937,081	353,337,625	121,782,131	149,017,797
Fees and gain (loss) on forward exchange		4,407,438	(24,772,829)	(55,600)	(27,020,069)
Share of profit (loss) of subsidiary and associated companies		240,706	(1,267,029)	636,171,317	(81,126,483)
Other income		486,903,514	173,539,556	181,534,479	83,854,100
Total non-interest income		1,456,827,581	1,148,328,380	926,664,324	628,638,083
Total net income		3,053,041,919	2,744,795,795	2,067,039,023	1,935,260,597
OPERATING EXPENSES					
Personnel expenses		751,587,026	675,658,611	254,108,779	215,275,740
Premises and equipment expenses		352,629,404	294,868,896	188,108,252	135,822,875
Taxes and duties		78,133,490	99,299,994	72,886,330	96,461,547
Directors' remuneration	22	10,275,365	6,380,000	5,540,000	6,380,000
Other expenses		845,487,539	605,727,923	691,033,902	549,899,763
Total operating expenses		2,038,112,824	1,681,935,424	1,211,677,263	1,003,839,925
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST					
		1,014,929,095	1,062,860,371	855,361,760	931,420,672
CORPORATE INCOME TAX					
	23	(206,272,778)	(62,711,835)	(16,775,788)	(46,159,865)
EARNINGS BEFORE MINORITY INTEREST					
		808,656,317	1,000,148,536	838,585,972	885,260,807
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES					
		(40,328,121)	(114,887,729)	-	-
NET LOSS OF A SUBSIDIARY COMPANY PRIOR TO THE ACQUISITION DATE					
	2(b)	70,257,776	-	-	-
NET EARNINGS FOR THE YEAR					
		838,585,972	885,260,807	838,585,972	885,260,807
EARNINGS PER SHARE					
	26				
Basic earnings per share		4.61	6.11	4.61	6.11
Diluted earnings per share		1.17	1.26	1.17	1.26

The accompanying notes are an integral part of the financial statements

Statements of Changes in Shareholders' Equity . TISCO Finance Public Company Limited and its Subsidiary Companies
For the years ended 31 December 2001 and 2000

	Issued and paid-up share capital			Preference shares subscription received in advance
	Ordinary shares	Preference shares	Share premium	
Decrease in fair value of investments	1,196,608,000	5,805,392,000	36,500,000	-
Increase in translation adjustments	-	-	-	-
Net earnings for the year	-	-	-	-
Preference shares converted to ordinary shares	330,210,000	(330,210,000)	-	-
Increase in minority interest	-	-	-	-
	1,526,818,000	5,475,182,000	36,500,000	-
Increase in fair value of investments	-	-	-	-
Increase in translation adjustments	-	-	-	-
Net earnings for the year	-	-	-	-
Warrants converted to preference shares	-	16,650,000	-	-
Preference shares converted to ordinary shares	404,920,000	(404,920,000)	-	-
Preference shares subscription received in advance	-	-	-	350,000
Increase in minority interest	-	-	-	-
	1,931,738,000	5,086,912,000	36,500,000	350,000

	Issued and paid-up share capital			Preference shares subscription received in advance
	Ordinary shares	Preference shares	Share premium	
Decrease in fair value of investments	1,196,608,000	5,805,392,000	36,500,000	-
Increase in translation adjustments	-	-	-	-
Net earnings for the year	-	-	-	-
Preference shares converted to ordinary shares	330,210,000	(330,210,000)	-	-
	1,526,818,000	5,475,182,000	36,500,000	-
Increase in fair value of investments	-	-	-	-
Increase in translation adjustments	-	-	-	-
Net earnings for the year	-	-	-	-
Warrants converted to preference shares	-	16,650,000	-	-
Preference shares converted to ordinary shares	404,920,000	(404,920,000)	-	-
Preference shares subscription received in advance	-	-	-	350,000
	1,931,738,000	5,086,912,000	36,500,000	350,000

The accompanying notes are an integral part of the financial statements

(Unit Baht)

CONSOLIDATED					
Surplus (deficit) from changes in the value of investment	Translation adjustments	Statutory reserve	Unappropriated retained earnings (deficit)	Minority interest-equity attributable to minority shareholders	Total
58,352,290 (213,910,773)	93,456,904 -	48,700,000 -	(2,836,328,962) -	256,621 -	4,402,936,853 (213,910,773)
-	37,498,888	-	-	-	37,498,888
-	-	-	885,260,807	-	885,260,807
-	-	-	-	-	-
-	-	-	-	434,486,482	434,486,482
(155,558,483) 282,352,047	130,955,792 -	48,700,000 -	(1,951,068,155) -	434,743,103 -	5,546,272,257 282,352,047
-	5,507,432	-	-	-	5,507,432
-	-	-	838,585,972	-	838,585,972
-	-	-	-	-	16,650,000
-	-	-	-	-	-
-	-	-	-	-	350,000
-	-	-	-	(1,187,850)	(1,187,850)
126,793,564	136,463,224	48,700,000	(1,112,482,183)	433,555,253	6,688,529,858

(Unit Baht)

THE COMPANY ONLY				
Surplus (deficit) from changes in the value of investment	Translation adjustments	Statutory reserve	Unappropriated retained earnings (deficit)	Total
58,352,290 (213,910,773)	93,456,904 -	48,700,000 -	(2,836,328,962) -	4,402,680,232 (213,910,773)
-	37,498,888	-	-	37,498,888
-	-	-	885,260,807	885,260,807
-	-	-	-	-
(155,558,483) 282,352,047	130,955,792 -	48,700,000 -	(1,951,068,155) -	5,111,529,154 282,352,047
-	5,507,432	-	-	5,507,432
-	-	-	838,585,972	838,585,972
-	-	-	-	16,650,000
-	-	-	-	-
-	-	-	-	350,000
126,793,564	136,463,224	48,700,000	(1,112,482,183)	6,254,974,605

Statement of Cash Flows : TISCO Finance Public Company Limited and its Subsidiary Companies
For the years ended 31 December 2001 and 2000

(Unit Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2001	2000	2001	2000
Net earnings	838,585,972	885,260,807	838,585,972	885,260,807
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary companies	40,328,121	114,887,729	-	-
Net loss of a subsidiary company prior to the acquisition date	(70,257,776)	-	-	-
Share of net loss (gain) of subsidiary and associated companies	(240,706)	1,267,029	(636,171,317)	81,126,483
Depreciation and amortisation	124,796,243	324,884,631	77,240,054	65,296,935
Bad debt and doubtful accounts (reversal of bad debt and doubtful accounts)	88,929,504	(245,001,856)	277,602,450	(287,766,378)
Unrealised loss (gain) on revaluation of investment	(330,515,204)	(297,880,839)	(299,551,829)	(345,642,689)
Provision for revaluation of property foreclosed	34,732,105	20,357,589	34,975,401	20,357,589
Unrealised gain from transfer of investment	(2,109)	-	-	-
Loss from troubled debt restructuring	191,297,229	351,927,412	191,297,229	351,927,412
Gain on disposal of investment	(60,977,115)	(184,049,313)	(18,459,649)	(155,966,436)
Loss (gain) on disposal of fixed assets	(4,152,652)	1,194,755	(1,948,980)	1,022,863
Unrealised loss (gain) on valuation of securities held for trading	(210,867,486)	159,641,631	-	-
Gain from disposal of property foreclosed	(45,252,239)	(1,527,616)	(45,252,239)	(1,527,616)
Decrease in deferred tax assets	17,896,354	44,994,794	16,775,788	46,159,865
Decrease (increase) in accrued interest and dividend receivable	(14,798,931)	84,926,634	(3,927,561)	98,217,092
Decrease (increase) in other receivable	(5,885,931)	(14,058,009)	(2,506,071)	8,557,656
Decrease in accrued interest payable	(51,129,317)	(104,937,605)	(56,046,010)	(105,027,162)
Increase (decrease) in accrued expenses	(33,182,284)	13,365,658	(34,531,520)	12,978,100
Earnings from operating activities before changes in operating assets and liabilities	509,303,778	1,155,253,431	338,081,718	674,974,521
Decrease (increase) in operating assets				
Loans to financial institutions	(23,415,292)	12,871,887	-	-
Negotiable certificates of deposit	(19,046,411)	815,338,463	-	846,643,788
Investment in securities - held for trading	195,935,128	(82,933,697)	-	-
Trading transactions with securities companies	49,311,698	525,031,810	-	-
Finance business loans and receivable	(5,754,714,675)	(2,781,210,687)	(3,805,830,716)	(2,296,756,111)
Securities business loans and receivable	(204,682,145)	389,423,475	-	-
Property foreclosed	153,156,365	49,219,094	131,863,096	47,044,173
Other assets	(350,788,447)	(174,695,049)	(226,089,269)	(172,881,085)
Increase (decrease) in operating liabilities				
Borrowings and deposits from public	4,238,899,539	465,429,021	4,217,169,607	218,059,628
Borrowings and deposits from banks and financial institutions	479,724,688	197,892,786	(24,807,899)	99,928,770
Borrowings and deposits from foreign countries	(31,992,452)	(627,262,314)	(31,992,452)	(627,262,314)
Securities sold under repurchase agreements	100,000,000	(2,925,000,000)	100,000,000	(2,925,000,000)
Trading transactions with securities companies	54,443,981	(34,800,218)	-	-
Liabilities under commercial paper sold	(105,000,000)	(580,000,000)	(105,000,000)	(580,000,000)
Securities business payable	171,323,217	(805,491,151)	-	-
Other liabilities	265,816,154	(99,770,792)	51,208,339	42,407,503
Net cash flows from (used in) operating activities	(271,724,874)	(4,500,703,941)	644,602,424	(4,672,841,127)

The accompanying notes are an integral part of the financial statements

Statement of Cash Flows (Continued) . TISCO Finance Public Company Limited and its Subsidiary Companies
For the years ended 31 December 2001 and 2000

(Unit Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2001	2000	2001	2000
Cash paid for purchase of investment in securities held for investment	(15,760,281,206)	(32,076,400,051)	(16,097,901,156)	(31,889,520,312)
Cash received from disposal of investment in securities held for investment	16,164,433,498	36,621,514,892	15,571,824,699	36,538,392,425
Cash paid for purchase of equipment	(92,111,338)	(40,075,537)	(43,010,262)	(35,555,347)
Cash received from disposal of equipment	29,357,913	2,399,522	4,519,348	370,857
Cash paid for purchase of a subsidiary company	(149,810,235)	-	(149,810,235)	-
Net cash flows from (used in) investing activities	191,588,632	4,507,438,826	(714,377,606)	4,613,687,623
Cash received from issuance of preference shares	17,000,000	-	17,000,000	-
Dividend paid	(40,000,000)	-	-	-
Net cash flows from (used in) financing activities	(23,000,000)	-	17,000,000	-
	5,507,432	37,498,888	-	-
Net increase (decrease) in cash and cash equivalents	(97,628,810)	44,233,773	(52,775,182)	(59,153,504)
Cash and cash equivalents at beginning of the year	704,349,224	593,750,586	159,332,360	218,485,864
Add : Cash and cash equivalents at the purchase date of the new acquired subsidiary company	59,012,424	66,364,865	-	-
Cash and cash equivalents at end of the year (Note 27)	665,732,838	704,349,224	106,557,178	159,332,360
Supplemental cash flows information :-				
Cash paid during the year for Interest	1,461,000,792	1,718,887,123	1,362,539,969	1,606,630,209
Corporate income tax	82,735,281	154,343,623	6,521,759	6,608,986
Non-cash transactions				
Conversion of preference shares to ordinary shares	404,920,000	330,210,000	404,920,000	330,210,000
Transfer of assets from troubled debt restructuring	115,734,642	1,358,947,718	115,734,642	1,358,947,718

The accompanying notes are an integral part of the financial statements

Notes to Financial Statements

TISCO Finance Public Company Limited and its Subsidiary Companies

1 General Information

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

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

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

The Company decided not to join the scheme and expected that this will not have any significant impact on the Company since it has collateral values reappraised every year in accordance with the Bank of Thailand's guidelines. As a result the collateral values are generally current. Also, as of 31 December 2001, the allowance for doubtful debts set aside by the Company was Baht 750 million in excess of the amount that would be required in accordance with the Bank of Thailand's guidelines, as discussed in Note 9.

2 Basis of Consolidation

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

	(Unit: Percentage)							
	Percentage of shares held by the Company		Subsidiaries' total assets as a percentage to the consolidated total		Subsidiaries' total revenues as a percentage to the consolidated total for the years ended 31 December		Subsidiaries' net earnings (loss) as a percentage to the consolidated total for the years ended 31 December	
	2001	2000	2001	2000	2001	2000	2001	2000
Subsidiaries directly owned by the Company								
TISCO Securities Hong Kong Limited	100.00	100.00	1.51	1.61	2.07	3.76	(0.45)	8.83
TISCO Securities Co., Ltd.	99.99	99.99	4.19	4.25	11.72	4.13	26.47	(18.09)
Tru-Way Co., Ltd.	99.99	99.99	1.33	3.14	1.70	5.94	11.69	8.42
Thai Commercial Auto Co., Ltd. (2000: indirectly owned by the Company)	50.00	50.00	3.84	3.12	4.44	4.17	10.17	10.01
Thai Permsub Finance Co., Ltd.	99.99	-	0.14	-	1.65	-	(8.39)	-
Subsidiaries indirectly owned by the Company								
TISCO Asset Management Co., Ltd.	99.99	99.99	0.55	0.39	5.54	0.84	14.50	0.74
TISCO Global Investment Holdings Limited	100.00	-	0.13	-	0.52	-	2.15	-
TISCO Securities UK Limited	100.00	-	0.10	-	0.01	-	(0.58)	-
TISCO Leasing Co., Ltd.	99.99	99.99	1.59	1.12	2.14	1.81	0.31	1.79
Hi-Way Co., Ltd.	99.99	99.99	1.54	1.30	11.46	4.20	13.80	8.26
Thai Information Technology Co., Ltd.	99.99	99.99	0.37	0.45	0.21	0.08	(14.10)	(12.91)
Tru-Lease Co., Ltd.	-	99.99	-	-	-	-	-	-
TW Auto Co., Ltd.	99.99	99.99	-	-	-	-	-	-

The Company and its subsidiaries were all incorporated and operate in Thailand, except TISCO Securities Hong Kong Limited and TISCO Global Investment Holdings Limited, which were incorporated and operate in Hong Kong, and TISCO Securities UK Limited, which was incorporated and operates in the United Kingdom

a) During the third quarter of 2001, Tru-Way Company Limited (a subsidiary company) transferred its investment in the ordinary shares of Thai Commercial Auto Company Limited, another subsidiary company, to the Company in settlement of debt. As a result, the status of Thai Commercial Auto Company Limited changed from an indirectly held subsidiary to a directly held subsidiary.

b) On 20 November 2001, the Company acquired all ordinary shares of Thai Permsub Finance Company Limited (formerly known as "Thai Sakura Finance Company Limited") for a consideration of Baht 149.8 million. As of the acquisition date, the cost of this investment was Baht 82 million higher than the fair value of the subsidiary's net assets value. The excess was recorded as "Goodwill" in the consolidated balance sheets.

In preparing the consolidated earnings statement for the year, the Company incorporated the revenues and expenses of this subsidiary for the entire year in the consolidated totals. However, in order for the earnings statement to reflect only the post-acquisition earnings, the subsidiary's operating results prior to the acquisition date (a net loss of approximately Baht 70.2 million) were excluded and presented as a separate item in the consolidated earnings statement.

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

3 Significant Accounting Policies

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

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

3.1 Revenue recognition

a) Interest and discounts on loans

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

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

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

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

b) Interest and dividends on investment in securities

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

c) Commissions and brokerage

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

d) Gain (loss) on trading in securities

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

e) Fees and service income

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

3.2 Interest expenses

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

3.3 Investments in securities

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

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

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

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

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

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

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

In the event the Company and its subsidiaries reclassify their investments in securities, the investments are valued at the fair value prevailing on the transfer date. Differences between the carrying amount of the investments and their fair value on that date are included in determining earnings.

3.4 Investment in subsidiary and associated companies

Investments in subsidiary and associated companies are accounted for by the equity method. Under this method investment are initially recorded at cost, with the excess of the cost of the investment over the net book value at the acquisition date are amortised over a period of twenty years (after the change of estimate

as discussed in the second paragraph) In each period after the purchase, investments are adjusted for the share of earnings from the operations of the subsidiary, these amounts are in proportion to the investment

During the third quarter of 2001, the Company changed an estimate of the useful life of goodwill arising from its investment in Tru-Way Company Limited and TISCO Asset Management Company Limited from 5 years to 20 years Based on the projection of future benefits to be derived from these investments, the Company believes that the investments will generate benefits to the Company over a period longer than the 5 years originally estimated The Company has therefore changed the period of amortisation of the goodwill from 5 years to 20 years, effective from the third quarter of 2001 onwards This change in accounting estimate has the effect of increasing net earnings for the year ended 31 December 2001 by Baht 90.8 million (basic earnings per share of Baht 0.5 per share and diluted earnings per share of Baht 0.13 per share)

3.5 Allowance for doubtful accounts and losses from troubled debt restructuring

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

An allowance for doubtful accounts for the hire-purchase and financial lease receivable of the subsidiaries is based on a percentage of the outstanding balance, net of unearned interest income At the balance sheet date, the adequacy of the allowance for doubtful accounts is reviewed taking into consideration the current status of debtors Accounts considered as uncollectible are written off as bad debts

3.6 Troubled debt restructuring

The Company records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Accounting Standard No. 34 "Accounting for Troubled Debts Restructuring" as pronounced by the Institute of Certified Accountants and Auditors of Thailand Such accounting standard has not yet become effective under the Accounting Act B.E. 2543 The assets and equities was transferred to the Company for debt settlement at lower of fair values of the assets, less estimated selling expenses, or the amount of investment in receivables (excluding non-accrued interest income at the restructuring date)

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

3.7 Property foreclosed

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

3.8 Depreciation and amortisation

a) Land, premises and equipment are stated at cost less accumulated depreciation Depreciation is calculated by reference to their cost on the straight-line method over the following estimated useful lives

(with the exception of the depreciation of computer and communication equipment acquired since 2000, which is calculated using the sum-of-the-years-digits method over estimated useful lives of 3 years) -

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

No depreciation is provided for land

b) Leasehold rights are amortised to expenses on a straight-line basis over the lease period of 12, 13.5 and 15 years

c) Software license fees are deferred and amortised over the period of the license agreements, which are for periods of 5 and 10 years (with the exception of the amortisation of software licenses acquired since 2000, which is calculated using the sum-of-the-years-digits method over estimated useful lives of 3 years)

d) Licenses to trade securities on the Hong Kong Exchange and Clearing Limited ("HKEC") are stated at cost less amortisation on a straight-line basis over 10 years

3.9 Deferred tax assets/liabilities

The Company and its subsidiaries provide for deferred income tax resulting from temporary differences in reporting income and expenses for financial reporting compared to income tax reporting. Accordingly, the *income tax applicable to income which is not currently recognised, or to expenses which are not currently deductible for income tax purposes* are set up as "Deferred income taxes" in the balance sheets. This will be allocated to future periods when the income is realised, or the expenses provided for, are actually incurred and considered deductible for income tax purposes.

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

(The above accounting policy accords with the relevant International Accounting Standards, since this has not yet been addressed by any Thai Accounting Standard)

3.10 Sales of commercial paper

The Company records sales of commercial paper purchased at a discount in the manner prescribed by the Bank of Thailand Announcement dated 17 May 1990, which is as follows -

a) Commercial paper with an aval or acceptance by a bank or another finance company and which was sold at a discount and without recourse, is credited to the debtors account at the face value of the commercial paper purchased. For commercial paper sold at a discount with aval or acceptance of the type described above, and sold with recourse, the outstanding balance from the sale is disclosed as part of "Contingent liabilities"

b) Commercial paper without an aval or acceptance and with a value of Baht 10 million or more per paper and sold without recourse, is credited to the debtor accounts. If a commercial paper is sold with recourse and has a value of less than Baht 10 million, the transaction is recorded as a liability, under the caption of "Liabilities from commercial paper sold"

3.11 Foreign currencies

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

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

3.12 Basic earnings per share

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

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

4 Cash and Deposits at Financial Institutions

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

	(Unit: Baht)			
	Consolidated		The Company Only	
	2001	2000	2001	2000
Cash	6,560,203	2,392,868	1,348,472	982,943
Cash at banks	659,172,635	701,956,356	105,208,706	158,349,417
Negotiable certificates of deposit	50,351,736	31,305,325	-	-
Total	716,084,574	735,654,549	106,557,178	159,332,360

As at 31 December 2001, a Baht 33 million (2000: Baht 31 million) of the subsidiary's negotiable certificate of deposit of the subsidiary company is stated at its face value less unearned interest income amounting to Baht 3 million (2000: Baht 5 million). During the year, the subsidiary recognized interest income of approximately Baht 2 million (2000: Baht 1 million) in its accounts.

As at 31 December 2001, cash deposits at banks of the Company and its local subsidiaries of approximately Baht 39 million (the Company only: Baht 28 million) were pledged with the banks to secure facilities provided for use as working capital and/or placed as a bond in lawsuits.

As at 31 December 2001, approximately Baht 102 million (2000: Baht 100 million) of the foreign subsidiary's cash deposits at banks were pledged with the bank to secure the credit facility.

5 Loans to Financial Institutions

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

	(Unit: Baht)			
	Consolidated		The Company Only	
	2001	2000	2001	2000
Call loans	58,811,387	12,008,786	-	-
Term loans	75,698,726	100,000,000	-	-
Total loans	134,510,113	112,008,786	-	-
Add: Accrued interest receivable	1,380,307	466,342	-	-
Net loans to financial institutions	135,890,420	112,475,128	-	-

6 Investments in Securities

(Unit Baht)

	Consolidated			
	2001		2000	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Current investment				
Trading securities				
Equity securities :				
Domestic marketable equity securities	474,335,784	594,271,350	650,270,912	560,738,992
Add (less) : Allowance for changes in value	119,935,566		(89,531,920)	
Net trading securities	594,271,350		560,738,992	
Available-for-sales securities				
Debt securities :				
Government and state enterprise securities	1,660,075,995	1,807,041,487	248,413,427	253,403,061
Debt securities of private sector	499,676,213	520,896,556	843,780,853	853,731,862
Total	2,159,752,208	2,327,938,043	1,092,194,280	1,107,134,923
Add (less) : Allowance for changes in value	168,185,835		14,940,643	
Debt securities - net	2,327,938,043		1,107,134,923	
Equity securities :				
Domestic marketable equity securities	468,750,082	397,894,044	381,641,931	214,548,358
Other securities - unit trusts	11,997,490	11,308,000	67,036,300	67,641,124
Total	480,747,572	409,202,044	448,678,231	282,189,482
Add (less) : Allowance for changes in value	(71,545,528)		(166,488,749)	
Net equity securities	409,202,044		282,189,482	
Total available-for-sales securities	2,737,140,087		1,389,324,405	
Net current investments	3,331,411,437		1,950,063,397	
Long-term investment				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	749,620,093	685,699,860	1,001,038,849	628,701,713
Add (less) : Allowance for changes in value	15,532,167		(13,422,906)	
Less : Allowance for impairment	(79,452,400)		(358,914,230)	
Debt securities - net	685,699,860		628,701,713	
Equity securities :				
Domestic marketable equity securities	56,262,159	75,228,188	55,374,065	69,022,425
Other securities - unit trusts	349,697,210	345,109,388	361,341,281	357,136,152
Total	405,959,369	420,337,576	416,715,346	426,158,577
Add (less) : Allowance for changes in value	16,700,481		12,192,006	
Less : Allowance for impairment	(2,322,274)		(2,748,775)	
Net equity securities	420,337,576		426,158,577	
Total available-for-sales securities	1,106,037,436		1,054,860,290	
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	3,343,254,996		3,333,293,081	
Debt securities of private sector	405,529,610		593,753,691	
Total held-to-maturity debt securities	3,748,784,606		3,927,046,772	
Other investment				
Equity securities :				
Domestic non-marketable equity securities	1,286,710,499		1,421,806,262	
Investment in receivables	235,623,807		314,055,412	
Add (less) : Allowance for changes in value	(3,722,263)		(2,658,769)	
Less : Allowance for impairment	(365,412,358)		(386,046,033)	
Total other investment	1,153,199,685		1,347,156,872	
Net long-term investments	6,008,021,727		6,329,063,934	
Investment in subsidiaries and associated companies				
Investment in associated companies	21,898,081		22,732,971	
Net investments	9,361,331,245		8,301,860,302	

(Unit Baht)

	The Company Only			
	2001		2000	
	Cost / Book value	Fair value	Cost / Book value	Fair value
Current investment				
Available-sales securities				
Debt securities :				
Government and state enterprise securities	1,659,970,910	1,806,936,402	248,413,427	253,403,061
Debt securities of private sector	453,676,213	475,240,556	843,767,587	853,716,332
Total	2,113,647,123	2,282,176,958	1,092,180,014	1,107,119,393
Add (less) : Allowance for changes in value	168,529,835		14,938,379	
Debt securities - net	2,282,176,958		1,107,119,393	
Equity securities :				
Domestic marketable equity securities	468,750,082	397,894,044	381,641,931	214,548,358
Other securities - unit trusts	11,997,490	11,308,000	4,009,530	4,004,000
Total	480,747,572	409,202,044	385,651,461	218,552,358
Add (less) : Allowance for changes in value	(71,545,528)		(167,099,103)	
Net equity securities	409,202,044		218,552,358	
Net available-for-sales securities	2,691,379,002		1,325,671,751	
Net current investments	2,691,379,002		1,325,671,751	
Long-term investment				
Available-for-sales securities				
Debt securities :				
Debt securities of private sector	749,620,093	685,699,859	1,001,038,849	628,701,713
Add (less) : Allowance for changes in value	15,532,166		(13,422,906)	
Less : Allowance for impairment	(79,452,400)		(358,914,230)	
Debt securities - net	685,699,859		628,701,713	
Equity securities :				
Domestic marketable equity securities	10,753,689	10,350,000	-	-
Other securities - unit trusts	349,417,436	345,109,388	361,341,281	357,136,152
Total	360,171,125	355,459,388	316,341,281	357,136,152
Add (less) : Allowance for changes in value	(4,711,737)		(4,205,129)	
Net equity securities	355,459,388		357,136,152	
Total available-for-sales securities	1,041,159,247		985,837,865	
Held-to-maturity debt securities				
Debt securities :				
Government and state enterprise securities	3,331,000,000		3,331,000,000	
Debt securities of private sector	396,159,171		569,753,394	
Total held-to-maturity debt securities	3,727,159,171		3,900,753,394	
Other investment				
Non-marketable equity securities :				
At cost	1,056,041,956		1,131,811,139	
Investment in receivables	235,623,807		314,055,412	
Less : Allowance for changes in value	(3,722,263)		(2,658,767)	
Less : Allowance for impairment	(179,697,970)		(201,657,235)	
Total other investment	1,108,245,593		1,241,550,549	
Net long-term investments	5,876,564,011		6,128,141,808	
Investment in subsidiaries and associated companies				
Investment in associated companies	4,246,551,297		3,015,053,320	
Net investments	12,814,494,310		10,468,866,879	

- 6.1 As at 31 December 2001, held-to-maturity debt securities amounting to Baht 3,331 million (2000 Baht 3,331 million) are debt instruments which the Company has invested under the conditions of the Ministry of Finance under the Tier I and Tier II capital support scheme. These debt instruments are ten-year non-negotiable government bonds which bear interest at rates of 4% and 5% per annum.
- 6.2 As at 31 December 2001, the Company has a commitment not to sell marketable equity securities totalling Baht 168 million (2000 Baht 87 million) for the period, as a condition of troubled debt restructuring agreement made with restructured receivables.
- 6.3 As at 31 December 2001, there are investments in government and state enterprise securities amounting to Baht 150 million which the Company has, with assignation of power of attorney, pledged with a foreign bank as security under the interest rate swap agreement to exchange a floating interest rate for a fixed interest rate as described in Note 31.2.
- 6.4 Investment in debt securities of the Company and its subsidiaries as at 31 December 2001, classified by due date are summarised below.

(Unit: Baht)

	Consolidated			
	Maturity			
	1 year	Exceed 1-5 years	Exceed 5 years	Total
Available-for-sale securities				
Government and state enterprise securities	-	122,522,257	1,537,553,738	1,660,075,995
Debt securities of private sector	88,414,077	1,160,882,229	-	1,249,296,306
Total	88,414,077	1,283,404,486	1,537,553,738	2,909,372,301
Add (less) : Allowance for changes in value	529,125	46,800,743	136,388,134	183,718,002
Less : Impairment of securities	(72,577,471)	(6,874,929)	-	(79,452,400)
Total	16,365,731	1,323,330,300	1,673,941,872	3,013,637,903
Held-to-maturities debt securities				
Government and state enterprise securities	9,998,835	-	3,333,256,161	3,343,254,996
Debt securities of private sector	9,333,938	382,833,069	13,362,603	405,529,610
Total	19,332,773	382,833,069	3,346,618,764	3,748,784,606
Total debt securities	35,698,504	1,706,163,369	5,020,560,636	6,762,422,509

(Unit: Baht)

	The Company Only			
	Maturity			
	1 year	Exceed 1-5 years	Exceed 5 years	Total
Available-for-sale securities				
Government and state enterprise securities	-	122,522,257	1,537,448,653	1,659,970,910
Debt securities of private sector	88,414,077	1,114,882,229	-	1,203,296,306
Total	88,414,077	1,237,404,486	1,537,448,653	2,863,267,216
Add (less) : Allowance for changes in value	529,125	47,144,743	136,388,133	184,062,001
Less : Impairment of securities	(72,577,471)	(6,874,929)	-	(79,452,400)
Total	16,365,731	1,277,674,300	1,673,836,786	2,967,876,817
Held-to-maturities debt securities				
Government and state enterprise securities	-	-	3,331,000,000	3,331,000,000
Debt securities of private sector	-	382,833,069	13,326,102	396,159,171
Total	-	382,833,069	3,344,326,102	3,727,159,171
Total debt securities	16,365,731	1,660,507,369	5,018,162,888	6,695,035,988

6.5 As at 31 December 2001, the Company and its subsidiaries have the following investment in companies which have weak financial standing or operating results -

(Unit Baht)

	Consolidated			The Company Only		
	Cost	Fair value	Allowance for changes in value	Cost	Fair value	Allowance for changes in value
Listed companies under rehabilitation	2,042,500	-	2,042,500	-	-	-
Companies having problems with debt repayment or in default	68,625,064	2,276,135	66,348,929 ⁽¹⁾	68,625,064	2,276,135	66,348,929 ⁽¹⁾
	70,667,564	2,276,135	68,391,429	68,625,064	2,276,135	66,348,929

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

6.6 The following are investments whereby the Company and its subsidiaries hold not less than 10 percent of the equity of the investees -

(Unit Baht)

Name	Consolidated					
	2001			2000		
	Book value	Unpaid amount	Percentage of holding %	Book value	Unpaid amount	Percentage of holding %
Insurance :						
Guardian Insurance (Thailand) Co., Ltd.	192,000,000	-	40	192,000,000	-	40
AXA Insurance Plc.	58,887,015	-	11	71,458,117	-	11
Services :						
Dentsu (Thailand) Co., Ltd.	-	-	-	92,416,064	-	20
American Appraisal (Thailand) Co., Ltd.	3,212,578	-	20	3,212,578	-	20
Jiji Press (Thailand) Co., Ltd.	1,627,646	600,000	20	1,627,646	600,000	20
K. Line (Thailand) Co., Ltd.	35,334,990	-	10	35,334,990	-	10
Leasing and hire purchase :						
DKB Leasing (Thailand) Limited	1,849,050	-	21	1,849,050	-	21
Volkswagen Leasing Thailand Limited	21,898,081	40,000,000	20	22,732,971	40,000,000	20
Trading import and export :						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	11,414,088	-	20
Itochu (Thailand) Ltd.	-	-	-	31,175,000	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	12,931,770	-	15
Wattana Inter - Trade Co., Ltd.	5,382,300	-	10	5,382,300	-	10
Real estate :						
JLW (Thailand) Ltd.	400,000	-	10	400,000	-	10
PNC (Thailand) Co., Ltd.	15,000	-	10	15,000	-	10
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	22,635,000	-	10	22,635,000	-	10
Sathorn Sombat Co., Ltd.	6,040,000	-	20	6,040,000	-	20
Industrial :						
Siam Art Ceramic Co., Ltd.	19,800,000	-	10	19,800,000	-	10
Holding :						
Interthai Holdings Ltd. (Preference shares)	250,000	750,000	10	250,000	750,000	10

(Unit Baht)

Name	The Company Only					
	2001			2000		
	Book value	Unpaid amount	Percentage of holding %	Book value	Unpaid amount	Percentage of holding %
Services :						
TISCO Securities Hong Kong Ltd.	313,859,912	-	100	310,695,776	-	100
TISCO Securities Co., Ltd.	1,641,599,323	-	99.99	1,386,147,196	-	99.99
Thai Information Technology Co., Ltd. (another 90% held by subsidiary companies)	3,015,548	-	10	2,792,159	-	10
Jiji Press (Thailand) Co., Ltd.	1,627,646	600,000	20	1,627,646	600,000	20
Dentsu (Thailand) Co., Ltd.	-	-	-	92,416,064	-	20
American Appraisal (Thailand) Co., Ltd.	1,645,410	-	10	1,645,410	-	10
K. Line (Thailand) Co., Ltd.	35,334,990	-	10	35,334,990	-	10
Leasing and hire purchase :						
Tru-Way Co., Ltd.	1,610,851,052	-	99.99	1,208,268,561	-	99.99
Thai Commercial Auto Co., Ltd. Hi-Way Co., Ltd. (ordinary shares and preference shares) (another 90% held by subsidiary company)	410,977,491	-	50	-	-	-
DKB Leasing (Thailand) Limited (another 19% held by subsidiary company)	116,576,943	-	10	107,149,628	-	10
DKB Leasing (Thailand) Limited (another 19% held by subsidiary company)	176,100	-	2	176,100	-	2
Trading import and export :						
Shin Thai Enterprises Co., Ltd.	5,707,044	-	10	11,414,088	-	20
Itochu (Thailand) Ltd.	-	-	-	31,175,000	-	10
PDTL Trading Co., Ltd.	13,904,710	-	15	8,462,830	-	10
Wattana Inter - Trade Co., Ltd.	5,382,300	-	10	5,382,300	-	10
Real estate :						
JLW (Thailand) Ltd.	400,000	-	10	400,000	-	10
PNC (Thailand) Co., Ltd.	15,000	-	10	15,000	-	10
Prosperity Industrial Estate Co., Ltd.	45,342,186	-	10	45,342,186	-	10
UMI Property Co., Ltd.	22,635,000	-	10	22,635,000	-	10
Industrial :						
Siam Art Ceramic Co., Ltd.	19,800,000	-	10	19,800,000	-	10
Holding :						
Interthai Holdings Ltd. (Preference shares)	250,000	750,000	10	250,000	750,000	10
Thai Permsub Finance Co., Ltd.	149,732,301	-	99.99	-	-	-

The Company did not record investments in Jiji Press (Thailand) Co., Ltd., Guardian Insurance (Thailand) Co., Ltd., DKB Leasing (Thailand) Co., Ltd., Sathorn Sombat Co., Ltd., and American Appraisal (Thailand) Co., Ltd., in which the Company and its subsidiaries hold not less than 20% of the equity, by the equity method since these investments had been transferred as the result of debt restructuring. The Company is obliged to dispose of these investments within a period stipulated in the Bank of Thailand's regulations.

7. Investment in Subsidiary Companies

The Company's investment in its subsidiaries as at 31 December 2001 and 2000 are summarised below

(Unit Million Baht)

Company's name	Nature of business	Nature of relationship	Paid-up share capital		Percentage of holding (%)		Cost method		Equity method ⁽¹⁾		Dividend income ⁽²⁾ received For the year ended 31 December	
			2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Subsidiary companies directly held by the Company												
TISCO Securities Hong Kong Limited	Services	Shareholders	HKD 20	HKD 20	100	100	66	66	314	311	-	-
TISCO Securities Co., Ltd.	Services	Shareholders	1,500	1,500	99.99	99.99	1,500	1,500	1,641	1,386	-	-
Tru-Way Co., Ltd.	Hire purchase	Shareholders	1,200	1,200	99.99	99.99	1,078	1,078	1,731	1,318	20	-
Thai Commercial Auto Co., Ltd. (2000 : indirectly held by the Company)	Hire purchase	Shareholders	800	800	50	-	434	-	411	-	40	-
Thai Permsub Finance Co., Ltd.	Finance	Shareholders	150	-	99.99	-	150	-	150	-	-	-
									4,247	3,015	60	-

⁽¹⁾ Calculated by including share of profit in subsidiaries in which the Company has indirect holdings⁽²⁾ Including dividend received from subsidiary companies which indirectly held by the Company

8. Loans, Receivable and Accrued Interest Receivable

8.1 Classified by loan type

(Unit Baht)

	Consolidated		The Company Only	
	2001	2000	2001	2000
Finance business loans and receivable :				
Loans	13,460,431,336	16,251,299,902	14,003,139,762	16,251,299,902
Notes receivable	2,504,441,050	780,719,029	2,358,441,050	2,247,706,858
Hire-purchase and financial lease receivable	15,682,485,868	9,752,459,946	12,064,479,043	7,051,555,912
Total finance business loans and receivable	31,647,358,254	26,784,478,877	28,426,059,855	25,550,562,672
Add : Accrued interest receivable	201,527,318	205,852,786	184,535,690	205,852,786
Less : Allowance for doubtful accounts	(1,261,937,450)	(1,134,850,120)	(973,183,152)	(784,071,926)
Less : Allowance for loss on debt restructuring	(333,862,492)	(417,385,934)	(333,862,492)	(417,385,934)
Net finance business loans and receivable and accrued interest receivable	30,253,085,630	25,438,095,609	27,303,549,901	24,554,957,598
Securities business receivable :				
Customer's accounts	337,134,121	113,842,058	-	-
Other receivable :-				
Overdue customers' accounts	-	30,263	-	-
Receivables under litigation	358,039,859	404,869,302	-	-
Receivables which are enforced by courts	71,056,768	22,420,922	-	-
Installment receivable	139,486,622	159,872,680	-	-
Total securities business receivable	905,717,370	701,035,225	-	-
Add : Accrued interest receivable	31,759	125,951	-	-
Less : Allowance for doubtful accounts	(555,455,865)	(555,358,761)	-	-
Net securities business receivable and accrued interest receivable	350,293,264	145,802,415	-	-
Net loans, receivable and accrued interest receivable	30,603,378,894	25,583,898,024	27,303,549,901	24,554,957,598

8.2 Classified by remaining periods of contracts

(Unit Baht)

	Consolidated		The Company Only	
	2001	2000	2001	2000
Finance business loans and receivable				
At call (included contracts which are due)				
Not over 1 year	2,624,648,783	2,689,135,168	2,476,797,830	2,689,135,168
Over 1 year	5,089,903,436	5,343,385,174	3,435,610,011	3,414,304,863
Total finance business loans and receivable	23,932,806,035	18,751,958,535	22,513,652,014	19,447,122,641
Total finance business loans and receivable	31,647,358,254	26,784,478,877	28,426,059,855	25,550,562,672
Add : Accrued interest receivable	201,527,318	205,852,786	184,535,690	205,852,786
Total finance business loans and receivable and accrued interest receivable	31,848,885,572	26,990,331,663	28,610,595,545	25,756,415,458

8.3 Classified by type of business

(Unit Baht)

	Consolidated as at 31 December 2001								
	The Company Only							Subsidiaries	Total
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad Debts	Total			
Agricultural and mining	28,770,686	-	-	-	8,100,000	36,870,686	-	36,870,686	
Manufacturing and commerce	3,853,671,658	35,608,041	-	62,538,644	298,022,674	4,249,841,017	33,822,195	4,283,663,212	
Real estate and construction	2,125,218,699	27,916,910	9,217,808	-	591,549,433	2,753,902,850	-	2,753,902,850	
Public utilities and services	3,008,207,987	-	-	-	7,770,057	3,015,978,044	-	3,015,978,044	
Personal use									
Hire-purchase	11,461,725,277	339,683,496	55,249,748	24,019,970	-	11,880,678,491	3,199,143,109	15,079,821,600	
Housing loans	2,262,738,875	77,513,820	32,243,748	16,605,066	485,847,111	2,874,948,620	-	2,874,948,620	
Securities	-	-	-	-	-	-	905,717,370	905,717,370	
Others	2,804,069,161	20,816,908	8,951,287	12,755,506	186,832,164	3,033,425,026	568,348,216	3,602,173,242	
Total finance and securities business loans and receivable	25,544,402,343	501,539,175	105,662,591	115,919,186	1,578,121,439	27,845,644,734	4,707,430,890	32,553,075,624	
Add : Accrued interest receivable	161,499,269	23,022,303	10,119	4,001	-	184,535,692	17,023,385	201,559,077	
Total finance and securities business loans and receivable and accrued interest receivable	25,705,901,612	524,561,478	105,672,710	115,923,187	1,578,121,439	28,030,180,426	4,724,454,275	32,754,634,701	

(Unit Baht)

	The Company Only as at 31 December 2001					
	Pass	Special-mentioned	Sub-standard	Doubtful	Bad Debts	Total
Agricultural and mining	28,770,686	-	-	-	8,100,000	36,870,686
Manufacturing and commerce	3,853,671,658	35,608,041	-	62,538,644	298,022,674	4,249,841,017
Real estate and construction	2,125,218,699	27,916,910	9,217,808	-	591,549,433	2,753,902,850
Public utilities and services	3,008,207,987	-	-	-	7,770,057	3,015,978,044
Personal use						
Hire-purchase	11,461,725,277	339,683,496	55,249,748	24,019,970	-	11,880,678,491
Housing loans	2,262,738,875	77,513,820	32,243,748	16,605,066	485,847,111	2,874,948,620
Securities	-	-	-	-	-	-
Others	3,296,720,903	20,816,908	8,951,287	12,755,506	186,832,164	3,526,076,768
Total finance business loans and receivable	26,124,817,464	501,539,175	105,662,591	115,919,186	1,578,121,439	28,426,059,855
Add : Accrued interest receivable	161,499,269	23,022,303	10,118	4,000	-	184,535,690
Total finance business loans and receivable and accrued interest receivable	26,286,316,733	524,561,478	105,672,709	115,923,186	1,578,121,439	28,610,595,545

8.4 As at 31 December 2001, loans and receivable include debts of approximately Baht 431 million receivable from the subsidiary companies as a result of restructuring of debts owed by certain related companies (2000 Baht 1,514 million receivable from related companies) All these debts are classified as normal loans due to regular servicing of interest and loan principals Most of these receivables are not collateralised

8.5 As at 31 December 2001, the Company had loans and receivable of approximately Baht 1,707 million (2000 Baht 2,744 million), on which the recognition of interest income were to cease in accordance with the Bank of Thailand's guidelines (i.e. accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date) However, the total loans and receivables which the Company has actually ceased accruing their interest, in accordance with its accounting policy discussed in Note 3.1 (a), amounted to approximately Baht 4,640 million The above amounts are calculated on an account-by-account basis

As at 31 December 2001, the local subsidiaries had securities business receivable, hire-purchase receivable and financial lease receivable totalling Baht 693 million, on which the recognition of income had been suspended

Unearned interest income totalling Baht 2,595 million (the Company only Baht 1,534 million) is presented as a deduction against finance business loans and receivable (2000 Baht 1,117 million)

8.6 As at 31 December 2001, the Company's loans and receivable include restructured loans and receivables amounting to approximately Baht 2,247 million (net of collateral values) As a result of restructuring, the due date for the first repayment of these restructured loans and receivable has been rescheduled In addition, the Company has another approximately Baht 218 million of loans and receivable (net of collateral values) which are in the process of being restructured, against which an allowance for possible loan loss of approximately Baht 145 million has been provided for

8.7 Troubled Debt Restructuring

During the year, the Company entered into troubled debt restructuring agreements with 151 debtors, with aggregate loan balance (before restructuring) of approximately Baht 4,458 million

As at 31 December 2001, the number of debtors which were subjected to debt restructuring amounted to 633 as summarised below

Type of restructuring	Number or receivables	Outstanding loan balance before restructuring	Type of assets transferred	Fair value of transferred assets
		Million Baht		Million Baht
Transfer of assets	19	2,166	Land and premises	2,139
Transfer of equity securities	4	770	Equity securities	409
Transfer of assets and equity securities and modification of terms	2	874	Land	198
			Equity securities	14
Transfer of equity securities and modification of terms	28	3,125	Equity securities	1,193
Transfer of assets and modification of terms	12	2,191	Debt securities	6
			Land and premises	465
			Equity securities	190
			Air conditioners	2
Modification of terms	568	13,243		
Total	633	22,369		4,616

The balance of the restructured debts as at 31 December 2001 amounted to approximately Baht 6,867 million (2000 Baht 9,638 million)

During the year ended 31 December 2001, the Company recognised interest income on restructured receivables totaling Baht 448 million, received repayments of principal and interest from the restructured receivables totaling Baht 3,851 million and recorded losses from restructuring totaling Baht 191 million (2000 Baht 688 million, Baht 5,139 million and Baht 352 million, respectively)

9 Allowance for Doubtful Accounts / Allowance for Loss on Debt Restructuring

9.1 Allowance for doubtful accounts

(Unit Baht)							
Consolidated as at 31 December 2001							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of year	129,650,663	5,318,712	39,093,836	55,613,903	-	1,460,531,767	1,690,208,881
Increase (decrease) in allowance for doubtful accounts during the year	59,671,094	3,894,979	(25,263,283)	9,218,598	249,688,802	110,271,738	407,481,928
Bad debt written - off	(30,000,000)	-	-	-	(249,688,802)	(608,692)	(280,297,494)
Balance - end of year	159,321,757	9,213,691	13,830,553	64,832,501	-	1,570,194,813	1,817,393,315

(Unit Baht)							
The Company Only as at 31 December 2001							
	Pass	Special- mentioned	Sub- standard	Doubtful	Bad debts	General reserve	Total
Balance-beginning of year	129,650,663	5,318,712	39,093,836	55,613,903	-	554,394,812	784,071,926
Increase (decrease) in allowance for doubtful accounts during the year	59,671,094	3,894,979	(25,263,283)	9,218,598	249,688,802	171,589,838	468,800,028
Bad debt written - off	(30,000,000)	-	-	-	(249,688,802)	-	(279,688,802)
Balance - end of year	159,321,757	9,213,691	13,830,553	64,832,501	-	725,984,650	973,183,152

9.2 Allowance for loss on debt restructuring

(Unit Baht)	
The Company Only as at 31 December 2001	
Balance - beginning of year	417,385,934
Increase during year	42,999,246
Written - off	(126,522,688)
Balance - end of year	333,862,492

Under the Bank of Thailand's guidelines concerning the loan loss provisioning, the Company would have been required to provide an allowance for doubtful debts as at 31 December 2001 of approximately Baht 557 million (2000 Baht 646 million) against its loans and receivables, including those undergoing debt restructuring. However, the Company has set up an allowance for doubtful debts and allowance for loss on debt restructuring totaling Baht 1,307 million (2000 Baht 1,201 million), or Baht 750 million (2000 Baht 555 million) more than the required amount. The Company's management believes that this allowance is sufficient to cover possible losses on debt collection.

10. Classification of Assets

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

10.1 Investment in securities

As at 31 December 2001 and 2000, the investment in securities of the Company and a subsidiary company include the following -

- With respect to investment of approximately Baht 57 million in subordinated debentures issued by a financial institution which the Bank of Thailand ordered closed on 8 December 1997, the Company has made full provision for loss on these securities
- Investments in securities of the companies which are vulnerable to delisting, of the companies of which the auditors have expressed their opinion with the going concern issue, or of the companies which have defaulted on their interest payments (including investments in debentures, as discussed in Note 10.1 a) are summarised below

(Unit: Million Baht)

	Cost		Fair Value		Allowance for possible loss provided in the accounts	
	2001	2000	2001	2000	2001	2000
	Debt instruments - debentures	69	418	2	-	66
Equity instruments - common shares	-	3	-	-	-	3

* Allowance for possible losses is determined based on the investment cost less collateral value

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

As at 31 December 2001 and 2000, the Company classified its assets and made allowances against those assets in accordance with the Bank of Thailand's guidelines. They are summarised below

(Unit: Million Baht)

	Debt balance		Debt balance after net off collateral		Percentage required by BOT	Allowance for doubtful accounts			
						Amount to be provided under BOT's guidelines		Amounts already set up by the Company	
	2001	2000	2001	2000		2001	2000	2001	2000
Loans and receivable⁽¹⁾									
Pass	26,134	22,266	15,933	12,965	1	159	129	159	129
Special mention	502	421	351	266	2	7	5	9	5
Substandard	106	398	59	195	20	12	39	14	39
Doubtful	116	296	89	111	50	45	56	65	56
Bad debts	1,578	2,182	-	-	100	-	-	-	-
Total	28,436	25,563	16,432	13,537		223	229	247	229

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

(Unit: Million Baht)

	Debt balance		Debt balance after net off collateral		Percentage required by BOT	Allowance for doubtful accounts Amount to be provided under BOT's guidelines		Amounts already set up by the Company	
	2001	2000	2001	2000		2001	2000	2001	2000
	Loss on receivable under troubled debt restructuring	-	-	-		-	100	334	417
Total	28,436	25,563	16,432	13,537		557	646	581	646
General reserve								726	555
Total								1,307	1,201
Investment in securities									
Special mention									
Debt instruments	-	9	-	9	2	-	-	-	-
Bad debts									
Debt instruments	88	442	88	390	100	88	390	88	390
Equity instruments	198	290	198	290	100	198	290	198	290
Total	286	741	286	689		286	680	286	680
General reserve								88	97
Total								374	777
Investment in receivables									
Pass	229	299	137	151	1	1	2	1	2
Special mention	-	-	-	-	2	-	-	-	-
Substandard	-	9	-	9	20	-	2	-	2
Doubtful	-	-	-	-	50	-	-	-	-
Bad debts	7	7	-	-	100	-	-	-	-
Total	236	315	137	160		1	4	1	4
Properties foreclosed									
Land	109	74	109	74	100	109	74	109	74
Total classified assets	29,067	26,693	16,964	14,460		953	1,404	1,791	2,056

The assets classified above are presented in accordance with the assets classification report which the Company prepared and submitted to the Bank of Thailand, and include loans, receivable and interest accrued on loans, investment in securities and properties foreclosed. As at 31 December 2001 and 2000, in accordance with the BOT's guidelines, the Company has provided an allowance amounting to Baht 1,791 million and Baht 2,056 million, respectively, against its loans and receivable, investment in securities and properties foreclosed.

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

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

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	2001	2000	2001	2000	2001	2000	2001	2000
			(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Companies vulnerable to delisting	2	2	708	533	525	533	137	-
2. Non - listed companies with similar operating results and financial positions to the companies vulnerable to delisting	16	36	1,234	1,803	1,011	991	136	271
3. Listed companies of which shares have been suspended for trading	2	2	83	131	56	23	21	101
4. Listed companies under rehabilitation	3	1	178	165	134	165	11	-
5. Companies having loan default problem	10	14	593	623	478	475	21	39
6. Companies having going concern issue as cited in auditors' report	3	3	669	807	124	191	24	13
Total	36	58	3,465	4,062	2,328	2,378	350	424

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

As at 31 December 2001 and 2000, a local subsidiary operating in the securities business in Thailand classified its securities business receivable and accrued interest receivable as follows, and provided related allowances for doubtful accounts, in accordance with the notification of the Office of the Securities and Exchange Commission (SEC)

(Unit: Million Baht)

	Securities business receivable and accrued interest		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	2001	2000	2001	2000	2001	2000
Pass	8	45	-	-	-	-
Substandard	24	26	-	-	-	-
Doubtful	537	544	537	544	537	544
Total	569	615	537	544	537	544
General reserve					14	7
Total					551	551

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

10.4 Financial lease receivable/hire-purchase receivable

As at 31 December 2001 and 2000, lease receivable and hire-purchase receivable of the subsidiaries are classified by the due date of the contracts as follows -

(Unit: Million Baht)

	Consolidated		The Company Only	
	2001	2000	2001	2000
Current or overdue less than 90 days	3,480	2,335	-	-
Overdue				
91 - 365 days	62	81	-	-
More than 1 year	162	57	-	-
Debtors under litigation	64	240	-	-
	3,768	2,713	-	-

11 Property Foreclosed

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

Details of the property foreclosed as at 31 December 2001 and 2000 are as follows -

(Unit: Baht)

	Consolidated		The Company Only	
	2001	2000	2001	2000
Foreclosed assets :				
Immovable assets				
Balance - beginning of the year	2,425,239,025	1,082,768,685	2,425,239,025	1,082,768,685
Addition	167,326,467	1,358,948,313	115,734,643	1,358,948,313
Disposal	(205,158,524)	(16,477,973)	(205,158,524)	(16,477,973)
Balance - end of the year	2,387,406,968	2,425,239,025	2,335,815,144	2,425,239,025
Movable assets				
Balance - beginning of the year	2,502,100	295,576	2,151,180	-
Addition	104,981,427	86,870,082	21,061,082	33,416,766
Disposal	(103,105,443)	(84,663,558)	(21,061,082)	(31,265,586)
Balance - end of the year	4,378,084	2,502,100	2,151,180	2,151,180
Allowance for impairment :				
Balance - beginning of the year	74,098,010	53,773,988	74,039,009	53,681,500
Addition	88,712,805	20,877,276	42,959,824	20,357,509
Disposal	(7,984,423)	(553,254)	(7,984,423)	-
Balance - end of the year	154,826,392	74,098,010	109,014,410	74,039,009
Property foreclosed - net	2,236,958,660	2,353,643,115	2,228,951,914	2,353,351,196

During the year ended 31 December 2001, debtors and restructured receivables transferred land and buildings thereon to the Company in settlement of loans totalling Baht 116 million. The Company recorded the transferred land and buildings thereon at their fair value, which is equal to the latest appraised value of those assets.

As at 31 December 2001, the Company and certain subsidiaries had obligations with regard to properties foreclosed which were received in repayment of debts amounting to Baht 730 million. The debtors may repurchase these properties at prices and within periods specified in the agreements.

12. Land, Premises and Equipment

(Unit Baht)

	Consolidated					Total
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Vehicles	
Cost :						
31 December 2000	419,567,348	844,341,707	424,839,051	326,894,047	44,729,730	2,060,371,883
Translation adjustment	-	-	(465,855)	-	-	(465,855)
Additions	-	7,983,403	20,562,074	33,047,336	37,018,258	98,611,071
Disposals	-	-	(40,680,020)	(14,836,576)	(19,735,845)	(75,252,441)
31 December 2001	419,567,348	852,325,110	404,255,250	345,104,807	62,012,143	2,083,264,658
Accumulated depreciation :						
31 December 2000	-	135,367,105	298,437,707	109,311,700	7,586,005	550,702,517
Translation adjustment	-	-	(302,412)	-	-	(302,412)
Disposals	-	-	(32,569,504)	(10,407,258)	(3,903,246)	(46,880,008)
Depreciation charge for the year	-	44,438,753	55,992,742	34,570,298	9,179,035	144,180,828
31 December 2001	-	179,805,858	321,558,533	133,474,740	12,861,794	647,700,925
Net book value :						
31 December 2000	419,567,348	708,974,602	126,401,344	217,582,347	37,143,725	1,509,669,366
31 December 2001	419,567,348	672,519,252	82,696,717	211,630,067	49,150,349	1,435,563,733
Depreciation charge included in earnings statements for the year ended 31 December :						
2000						136,644,686
2001						144,180,828

(Unit Baht)

	The Company Only					Total
	Land	Building and office condominium unit	Furniture, fixtures and equipment	Office improvement	Vehicles	
Cost :						
31 December 2000	252,120,864	500,495,893	137,019,960	162,615,515	19,983,800	1,072,236,032
Additions	-	-	5,554,464	21,988,360	13,727,909	41,270,733
Disposals	-	-	(4,776,143)	(170,076)	(512,227)	(5,458,446)
31 December 2001	252,120,864	500,495,893	137,798,281	184,433,799	33,199,482	1,108,048,319
Accumulated depreciation :						
31 December 2000	-	77,366,351	98,629,224	46,292,891	2,233,579	224,522,045
Disposals	-	-	(4,477,011)	(64,935)	(45,662)	(4,587,608)
Depreciation charge for the year	-	25,024,795	19,195,154	18,972,340	5,517,397	68,709,686
31 December 2001	-	102,391,146	113,347,367	65,200,296	7,705,314	288,644,123
Net book value :						
31 December 2000	252,120,864	423,129,542	38,390,736	116,322,624	17,750,221	847,713,987
31 December 2001	252,120,864	398,104,747	24,450,914	119,233,503	25,494,168	819,404,196
Depreciation charge included in earnings statements for the year ended 31 December :						
2000						61,221,299
2001						68,709,686

13 Other Assets

(Unit Baht)

	Consolidated		The Company Only	
	2001	2000	2001	2000
Value added tax - net	640,131,860	314,573,462	584,665,194	279,805,047
Accrued interest receivable	236,400,726	134,447,396	153,747,597	133,032,632
Professional fee receivable	18,504,581	56,093,253	8,724,198	6,218,127
Prepaid income tax	64,863,087	40,167,838	35,650,053	29,128,294
Deferred computer system development cost - net	46,193,816	23,347,195	40,566,441	4,214,105
Deposits	12,023,974	17,553,142	4,546,637	5,344,341
Others	377,476,012	324,864,755	116,950,653	92,696,098
Total other assets	1,395,594,056	911,047,041	944,850,773	550,438,644

14. Borrowings and Deposits

14.1 Classified by source of borrowings and deposits

(Unit Baht)

	Consolidated					
	2001			2000		
	Promissory notes	Others	Total	Promissory notes	Others	Total
From public	34,834,963,810	622,684,690	35,457,648,500	30,655,161,745	563,587,216	31,218,748,961
From banks	101,445,057	1,057,822,981	1,159,268,038	100,000,000	529,540,382	629,540,382
From financial institutions	1,535,209,705	227,326	1,535,437,031	1,585,439,999	-	1,585,439,999
From foreign countries	57,174,741	-	57,174,741	89,167,193	-	89,167,193
Total borrowings and deposits	36,528,793,313	1,680,734,997	38,209,528,310	32,429,768,937	1,093,127,598	33,522,896,535

(Unit Baht)

	The Company Only					
	2001			2000		
	Promissory notes	Others	Total	Promissory notes	Others	Total
From public	34,843,775,366	487,192,719	35,330,968,085	30,655,432,249	458,366,229	31,113,798,478
From banks	-	173,461,730	173,461,730	-	179,584,926	179,584,926
From financial institutions	1,583,209,705	-	1,583,209,705	1,601,894,408	-	1,601,894,408
From foreign countries	57,174,741	-	57,174,741	89,167,193	-	89,167,193
Total borrowings and deposits	36,484,159,812	660,654,449	37,144,814,261	32,346,493,850	637,951,155	32,984,445,005

14.2 Classified by the remaining period of contract

(Unit Baht)

	Consolidated		The Company Only	
	2001	2000	2001	2000
At call	2,748,225,764	2,138,186,011	2,956,299,633	1,989,967,368
Not over 1 year (included contracts which are due)	31,104,396,729	24,992,956,474	29,844,808,811	24,602,723,587
Over 1 year	4,356,905,817	6,391,754,050	4,343,705,817	6,391,754,050
Total borrowings and deposits	38,209,528,310	33,522,896,535	37,144,814,261	32,984,445,005

14.3 Borrowings and deposits as at 31 December 2001 include foreign currency loans of a subsidiary company JPY 90 million (Baht 34 million), all of which are hedged by forward exchange contracts at rates of between Baht 37 to 39 per 100 yen

15 Subordinated Debentures

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

16 Other Liabilities

(Unit Baht)

	Consolidated		The Company Only	
	2001	2000	2001	2000
Corporate income tax payable	73,720,762	17,498,259	-	-
Withholding income tax and other tax payable	91,252,069	73,956,345	63,029,602	57,099,056
Others	573,426,276	407,245,070	249,237,368	231,564,791
Total other liabilities	738,399,107	498,699,674	312,266,970	288,663,847

17. Share Capital and Warrants

a) The Company has registered preference shares totaling 1,000 million shares of Baht 10 each. The rights and benefits of the preference shares are to be equal to the ordinary shares in all respects, except with regard to dividends and other matters specified in the Company's Articles of Association, such as that the preference shareholders are entitled to receive dividends at the rate of 10% per share before the ordinary shareholders in years in which dividends are declared, and the preference shareholders are not entitled to dividends for the year in which dividends are not declared. The preference shareholders have voting rights in a proportion of 1 share per 1 vote, and on 30 June 2009 will have the same rights and benefits as the ordinary shareholders.

On 6 May 1999, the Company applied for Tier I capital support from the Ministry of Finance whereby the Company would offer Baht 3,000 million of newly issued preference shares to each of the Ministry of Finance and new investors, at Baht 10 per share. During 1999, the Company issued all Baht 6,000 million of these preference shares, with Baht 3,000 million received from the Ministry of Finance reinvested in government

bonds, as discussed in Note 6.1 to the financial statements, in accordance with the conditions of the Ministry of Finance support scheme

The preference shares referred to above can be converted into ordinary shares every quarter in a ratio of 1 preference share to 1 ordinary share, with the first conversion date set as 30 September 1999 and the preference shareholders to submit an application for conversion to the Company. In addition, the investors purchasing the preference shares have an option to buy the shares held by the Ministry of Finance, for up to 3 years, in consideration of which the Ministry of Finance issued derivative warrants to the investors, which can be converted into the preference shares held by the Ministry of Finance at the rate of 1 warrant per 1 preference share. In addition, the Ministry of Finance arranged for the warrants to be listed on the Stock Exchange of Thailand, with the Company to absorb all related expenses.

b) On 10 April 2000, the annual general meeting of the Company's shareholders passed a resolution approving the allocation to directors and employees of the Company and its subsidiaries a total of 30 million, 5-year, non-negotiable warrants to purchase the Company's preference shares, exercisable in a ratio of 1 warrant to 1 preference share, and passed a resolution approving the establishment of an Allotment Committee. Such committee resolved that the warrants would not be allocated to the Company's directors, except for those directors who were qualified by virtue of being Company employees. The exercise price of the warrants was stipulated at 75 percent of the ten-trading-days average closing price of the Company's preference shares prior to the effective date of the filing, subject to a minimum price of par value. The warrants are to be offered subsequent to the receipt of approval from the Office of the Securities and Exchange Commission. In addition, the annual general meeting passed a resolution approving the re-allocation of 400 million preference shares (including 300 million preference shares which were to be reserved for the conversion of convertible debentures). Thirty million preference shares with a par value of Baht 10 each are to be reserved for the exercise of the warrants to be issued and offered to directors and employees of the Company and its subsidiaries to purchase the Company's preference shares, leaving 370 million unallocated preference shares.

The Company allocated approximately 10 million warrants in 2000 and has allocated approximately 4 million warrants this year. These may be exercised to purchase preference shares from 20 June 2001 until the warrants' maturity date.

Up to 31 December 2001, employees who had been allocated warrants exercised their rights to purchase a total of 1,700,000 preference shares, at an exercise price of Baht 10 each, a total of Baht 17,000,000, with Baht 16,650,000 registered with the Ministry of Commerce in 2001 and Baht 350,000 in January 2002.

As at 31 December 2001, there remained 12,302,000 warrants unexercised.

c) During the year ended 31 December 2001, the Company registered the conversion of 40,492,000 preference shares to ordinary shares with the Ministry of Commerce.

As at 31 December 2001, there remained a total of 508,691,200 preference shares which are eligible for conversion to ordinary shares.

18 Capital Fund

As at 31 December 2001 and 2000, the capital funds maintained by the Company in accordance with Section 4 of the Act on Undertaking of Finance Business, Finance and Securities Business and Credit Foncier Business B.E. 2522 were as follows -

(Unit: Thousand Baht)

	The Company Only	
	2001	2000
Tier I		
Issued and fully paid up share capital	7,018,650	7,002,000
Premium on share capital	36,500	36,500
Statutory reserve	48,700	48,700
Net loss after appropriation	(1,192,462)	(2,125,031)
Total	5,911,388	4,962,169
Tier II		
Subordinated debentures	331,000	331,000
Reserve for loans classified as pass	160,595	131,682
Total	491,595	462,682
Total capital fund	6,402,983	5,424,851

The capital ratios of the Company are as follows -

	The Company Only			
	2001		2000	
	Company	Requirement	Company	Requirement
Tier I capital to risk assets	15.53%	4.00%	14.74%	4.00%
Total capital to risk assets	16.82%	8.00%	16.12%	8.00%
Total capital to issued and paid up share capital	91.23%	75.00%	77.48%	75.00%

19 Statutory Reserve

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5% of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital.

20 Surplus (Deficit) on Changes in The Value of Investments

(Unit: Baht)

	Consolidated		The Company Only	
	2001	2000	2001	2000
Balance - beginning of the year	(155,558,483)	58,352,290	(155,558,483)	58,352,290
Increase (decrease) in changes in the value of securities during the year	282,352,047	(213,910,773)	282,352,047	(213,910,773)
Balance - end of the year	126,793,564	(155,558,483)	126,793,564	(155,558,483)

21 Gain (Loss) on Investments

This amount consists of the following -

(Unit Baht)

	For the Years ended 31 December			
	Consolidated		The Company Only	
	2001	2000	2001	2000
Unrealised gain (loss) on investment	509,392,864	221,461,789	299,551,829	345,642,689
Realised gain (loss) on investment	(308,559,017)	137,685,532	(312,319,832)	158,270,049
Total	200,833,847	359,147,321	(12,768,003)	503,912,738

22 Directors' Remuneration

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

23 Corporate Income Tax

Corporate income tax expenses for the years ended 31 December 2001 and 2000 were arrived at as follows

(Unit Baht)

	For the Years ended 31 December			
	Consolidated		The Company Only	
	2001	2000	2001	2000
Income tax payable on taxable profit for the year	392,206,769	42,282,993	112,951,181	-
Add (less) : Net decrease (increase) in deferred tax on temporary differences	(57,517,545)	20,428,842	16,775,788	46,159,865
Less : Utilisation of income tax benefits on tax loss carried forward	(128,416,446)	-	(112,951,181)	-
Income tax expenses - net	206,272,778	62,711,835	16,775,788	46,159,865

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

24. Provident Fund

The Company, its seven subsidiaries and their employees have jointly registered provident fund schemes under the Provident Fund Act B E 2530. The funds are contributed to by both the employees and the companies at rates of 5-10 percent of their employees' salaries depending on the number of years of service (prior to March 2000, the fund was contributed to by both the employees and the companies at a rate of 3 percent of the employees' salaries). The funds will be paid to the employees upon termination in accordance with the rules of the funds, and they are managed by the Thai Farmers Asset Management Company Limited (In 2000, managed by Merrill Lynch Phatra Securities Co., Ltd.) During the year ended 31 December 2001, Baht 30 million has been contributed to the funds by the Company and its subsidiaries (the Company only Baht 12 million)

25 Number of Employees

	Consolidated		The Company Only	
	2001	2000	2001	2000
Number of employees at the end of period (persons)	1,198	1,179	380	311

26 Reconciliation of Diluted Earnings Per Share

	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	2001	2000	2001	2000	2001	2000
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Baht	Baht
Basic earnings per share						
Net earnings	838,586	885,261	182,001	144,792	4.61	6.11
Effect of dilutive securities						
Preference shares (including 12 million warrants to purchase preference shares)						
Diluted earnings per share	-	-	532,201	555,408		
Net earnings of ordinary shareholders assuming the conversion of preference shares to ordinary shares	838,586	885,261	714,202	700,200	1.17	1.26

27 Cash and Cash Equivalents

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

Cash and cash equivalents as reflect in the statements of cash flows as at 31 December 2001 and 2000 consist of the following -

(Unit: Baht)

	Consolidated		The Company Only	
	2001	2000	2001	2000
Cash	6,560,203	2,392,868	1,348,472	982,943
Cash at banks	659,172,635	701,956,356	105,208,706	158,349,417
Cash and cash equivalents	665,732,838	704,349,224	106,557,178	159,332,360

b) On 20 November 2001, the Company acquired an investment in a subsidiary company, Thai Permsup Finance Co., Ltd. The fair value of this company's assets and liabilities as of acquisition date are as follows -

(Unit Baht)

Cash and deposit at financial institutions	59,012,424
Long-term investment - net	2,058,677
Property foreclosed - net	51,528,825
Other assets	239,281
Other liabilities	(139,262)
Net book value	112,699,945
Less : Allowance for impairment of property foreclosed	(45,568,825)
Net fair value	67,131,120
Excess of cost of investment over net fair value	82,679,115
Purchase price	149,810,235
Less : Cash of the acquired subsidiary	(59,012,424)
Net cash paid for purchase investment	90,797,811

28 Related Party Transactions

During the year ended 31 December 2001 and 2000, the Company had significant business transactions with its subsidiary and related companies (related by way of common shareholders and/or common directors) Such transactions have been concluded on the terms and basis as determined by the Company and those companies Intercompany outstanding balances and transactions are summarised below -

(Unit Thousand Baht)

	The Company Only			Balance-end of the year
	Balance- beginning of the year	Increase	Decrease	
Outstanding balance as at 31 December 2001				
Subsidiary companies				
Loans to wholly owned subsidiary companies :				
Tru-Way Co., Ltd.	679,000	-	(679,000)	-
TISCO Leasing Co., Ltd.	444,885	-	(273,665)	171,220
Hi-Way Co., Ltd.	271,361	-	(99,814)	171,547
Thai Information Technology Co., Ltd.	118,917	-	(31,154)	87,763
Borrowing and deposits from financial institutions :				
TISCO Securities Co., Ltd.	15,456	22,544	-	38,000
TISCO Asset Management Co., Ltd.	1,000	9,000	-	10,000
Other liabilities :				
TISCO Leasing Co., Ltd.	23,385	-	(23,385)	-
Tru-Way Co., Ltd.	-	20,527	-	20,527
Related companies				
Commitment				
Employees loans from related companies	17,281	-	(17,281)	-

(Unit: Thousand Baht)

	The Company Only		Pricing policy
	2001	2000	(For the year 2001)
Transactions occurred during the years ended 31 December			
Subsidiary companies			
Interest income	76,743	114,436	At rate determined under the contracts of approximately 3, 7.5 and MOR less 1 percent per annum
Fees income	45	445	Fees charged at 1.25 percent of credit line
Custodian fee	4,620	-	Fee charged at 0.046 percent of asset value
Rental income	8,479	-	At rate determined under the contract
Debt collection service expenses	322,256	246,958	Fees charged at 2.5 percent of outstanding balances (Since November 2001, fees charged at 2 percent of outstanding balances)
Computer system advisory services expenses and office administration expenses	65,889	21,296	Fee charged at 12 percent of the price of installed software
Car rental expenses	3,539	-	At rate determined under the contract

As at 31 December 2001, the Company and its subsidiaries have neither granted credit, nor made any commitments to management-level employees (departmental managers upward), and have not granted credit to companies of which at least 10% of the common shares of paid up capital are held by the Company, the Company's directors or management employees, with the exception of the loans to subsidiary and related companies discussed above, and loans to employees under the employee welfare scheme, which are summarised below

(Unit: Thousand Baht)

	Consolidated	The Company Only
Loans	7,952	7,952
Commitments	-	-

As at 31 December 2001, with the exception of loans to subsidiary companies mentioned in Note 8.4, the Company has neither provided any credit nor made any commitments to companies which have directors in common with the Company in cases where such credit is unsecured or not fully collateralised and therefore would require an approval from the Bank of Thailand

As at 31 December 2001, the Company and its subsidiaries have no investments in related companies which are related by way of members of the management of the Company or of its subsidiaries being shareholders and/or directors

29 Financial Information by Segment

Financial information relating to the finance business, securities business and other business segments as of and for the years ended 31 December 2001 and 2000 is summarised below

(Unit Million Baht)

	For the years ended 31 December									
	Finance business		Securities business		Other business		Elimination		Total	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Net interest and dividend income after bad debt and doubtful accounts	1,557	1,599	45	30	(8)	(10)	(60)	(23)	1,534	1,596
Non-interest income	1,167	1,116	791	316	161	140	(600)	(424)	1,519	1,148
Operating expenses	(1,777)	(1,274)	(523)	(535)	(115)	(113)	377	240	(2,038)	(1,682)
Corporate income tax	(158)	(83)	(37)	26	(12)	(5)	-	-	(207)	(62)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	30	(115)	30	(115)
Net earnings (loss)	789	1,358	276	(163)	26	12	(253)	(322)	838	885

(Unit Million Baht)

	As at 31 December									
	Finance business		Securities business		Other business		Elimination		Total	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Investments in securities	12,209	11,009	1,313	1,129	-	-	(4,161)	(3,836)	9,361	8,302
Loans, receivable and accrued interest receivable - net	30,834	27,069	349	146	-	-	(580)	(1,631)	30,603	25,584
Other assets	4,683	4,533	1,435	1,292	173	185	804	906	7,095	6,916
Total assets	47,726	42,611	3,097	2,567	173	185	(3,937)	(4,561)	47,059	40,802

30 Commitments

30.1 Aval to bills and other guarantees

(Unit Baht)

	Consolidated and the Company Only	
	2001	2000
Aval to bills	1,445,234,274	1,263,673,475
Guarantees - others	409,381,026	367,169,585
Total contingent liabilities and obligations	1,854,615,300	1,630,843,060

30.2 Commitment under rental/service contracts

a) The Company has entered into a computer maintenance service and office administration agreement with a subsidiary company, under which it pays annual fees at a rate of 12 percent of the price of installed software. In this regard, the Company pays annual service fees amounting to approximately Baht 20 million

b) The Company has entered into a computer system development agreement with another company, under which the Company is obliged to pay service fees amounting to approximately Baht 0.9 million

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

d) The Company is obliged to make contributions to the Financial Institutions Development Fund, at the rate of 0.2 percent of the total outstanding balance of the Company's deposits, borrowings, and liabilities arising from borrowings, as of the last day of the previous six-month period. Contributions are to be made every 30 June and 31 December.

e) A subsidiary company is required to pay a membership fee to the Stock Exchange of Thailand on a monthly basis, at a rate of 0.005 percent of the trading volume of its stock.

30.3 Litigation

The Company was a defendant in certain lawsuits involving compensation of approximately Baht 255 million. As at 31 December 2001, the cases were not yet final, nevertheless, the Company's management believes that the Company will not suffer material losses (if any) from these suits.

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

31 Financial Instrument

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

As at 31 December 2001, the Company and its subsidiaries have no policy to speculate or trade in any derivative financial instruments.

31.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to discharge an obligation and consequently cause the Company and its subsidiaries to incur a financial loss. The Company and its subsidiaries disclose significant concentrations of credit risk in Note 8.3 to the financial statements. The amount of maximum credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the balance sheet.

The maximum amount that would be incurred from credit extensions as at 31 December 2001 is summarised below.

	(Unit: Million Baht)	
	Consolidated	The Company Only
Loans to financial institutions	135	-
Finance business loans, receivable and accrued interest receivable - net	30,253	27,303
Securities business receivable and accrued interest receivable - net	350	-
Other assets - other receivable	57	57
Total	30,795	27,360

The Company and its subsidiaries have off-balance sheet transactions risk from aval to bills and guarantees of loans and others amounting to approximately Baht 1,854 million.

31.2 Interest rate risk

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

(Unit: Million Baht)

	Consolidated			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets				
Cash and deposits at financial institutions	491	94	131	716
Loans to financial institutions	-	134	2	136
Investments in securities - net	311	6,730	2,320	9,361
Trading transactions with securities companies - receivable	-	-	36	36
Loans and receivable	8,618	23,782	355	32,755
	9,420	30,740	2,844	43,004
Financial liabilities				
Borrowings and deposits	243	37,819	148	38,210
Securities sold under repurchase agreements	-	100	-	100
Trading transactions with securities companies - liabilities	-	-	88	88
Securities business payable	249	-	320	569
Subordinated debentures	-	331	-	331
	492	38,250	556	39,298

(Unit: Million Baht)

	The Company Only			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets				
Cash and deposits at financial institutions	1	28	78	107
Investments in securities - net	258	6,672	5,884	12,814
Loans and receivable	8,631	19,975	5	28,611
	8,890	26,675	5,967	41,532
Financial liabilities				
Borrowings and deposits	173	36,972	-	37,145
Securities sold under repurchase agreements	-	100	-	100
Subordinated debentures	-	331	-	331
	173	37,403	-	37,576

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

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

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

(Unit: Million Baht)

Transactions	Consolidated							Interest rates %
	Repricing or maturity date						Total	
	At call	0-3 months	3-12 months	1-5 years	Over 5 years	unspecified		
Financial assets								
Cash and deposits at financial institutions	3	29	10	52	-	-	94	0.4199
Loans to financial institutions	54	4	76	-	-	-	134	4.3199
Investments in securities - net	484	10	5	1,211	5,020	-	6,730	6.0122
Loans and receivable	4,564	4,673	5,995	8,065	33	452	23,782	8.0580
	5,105	4,716	6,086	9,328	5,053	452	30,740	
Financial liabilities								
Borrowings and deposits	2,813	20,376	10,498	4,132	-	-	37,819	3.5674
Securities sold under repurchase agreements	-	100	-	-	-	-	100	2.3125
Subordinated debentures	-	-	-	-	331	-	331	4.4864
	2,813	20,476	10,498	4,132	331	-	38,250	

(Unit: Million Baht)

Transactions	Consolidated							Interest rates %
	Repricing or maturity date						Total	
	At call	0-3 months	3-12 months	1-5 years	Over 5 years	unspecified		
Financial assets								
Cash and deposits at financial institutions	-	28	-	-	-	-	28	0.2500
Investments in securities - net	484	-	5	1,165	5,018	-	6,672	6.0085
Loans and receivable	4,476	4,196	4,825	6,445	33	-	19,975	7.6204
	4,960	4,224	4,830	7,610	5,051	-	26,675	
Financial liabilities								
Borrowings and deposits	2,783	20,204	9,641	4,344	-	-	36,972	3.4723
Securities sold under repurchase agreements	-	100	-	-	-	-	100	2.3125
Subordinated debentures	-	-	-	-	331	-	331	4.4864
	2,783	20,304	9,641	4,344	331	-	37,403	

31.3 Liquidity risk

The periods to maturity dates of financial instruments held as of 31 December 2001, counting from the balance sheet date, are as follows -

(Unit: Million Baht)

Transactions	Consolidated							
	Repricing or maturity date							Non performing loans
	At call	0-3 months	3-12 months	1-5 years	Over 5 years	unspecified		
Financial assets								
Cash and deposits at financial institutions	469	185	10	-	52	-	-	716
Loans to financial institutions	56	4	76	-	-	-	-	136
Investments in securities - net	1,944	10	25	1,446	5,032	897	7	9,361
Trading transactions with securities companies - receivable	-	36	-	-	-	-	-	36
Loans and receivable	8,591	6,148	5,318	9,644	653	1	2,400	32,755
	11,060	6,383	5,429	11,090	5,737	898	2,407	43,004

(Unit: Million Baht)

Transactions	Consolidated							Total
	At call	0-3 months	3-12 months	1-5 years	Over 5 years	unspecified	Non performing loans	
Financial liabilities								
Borrowings and deposits	3,191	20,376	10,498	4,132	-	13	-	38,210
Securities sold under repurchase agreements	-	100	-	-	-	-	-	100
Trading transactions with securities companies - liabilities	-	88	-	-	-	-	-	88
Securities business payable	231	338	-	-	-	-	-	569
Subordinated debentures	-	-	-	-	331	-	-	331
	3,422	20,902	10,498	4,132	331	13	-	39,298
Off balance sheet items								
Aval to bills	1,058	382	-	-	-	-	-	1,445
Guarantees of loans and others	126	83	-	200	-	-	-	409

(Unit: Million Baht)

Transactions	The Company Only							Total
	At call	0-3 months	3-12 months	1-5 years	Over 5 years	unspecified	Non performing loans	
Financial assets								
Cash and deposits at financial institutions	79	28	-	-	-	-	-	107
Investments in securities - net	1,242	-	16	1,400	5,030	5,119	7	12,814
Loans and receivable	8,665	4,961	4,397	8,228	653	-	1,707	28,611
	9,986	4,989	4,413	9,628	5,683	5,119	1,714	41,532
<i>* Non performing loans according to the BOT's guidelines</i>								
Financial liabilities								
Borrowings and deposits	2,956	20,204	9,641	4,344	-	-	-	37,145
Securities sold under repurchase agreements	-	100	-	-	-	-	-	100
Subordinated debentures	-	-	-	-	331	-	-	331
	2,956	20,304	9,641	4,344	331	-	-	37,576
Off balance sheet items								
Aval to bills	1,058	382	-	-	-	-	-	1,445
Guarantees of loans and others	126	83	-	200	-	-	-	409

31.4 Foreign exchange risk

As at 31 December 2001, the Company did not have any financial instruments in foreign currencies except investment in a subsidiary company amounting of Baht 314 million and the subsidiary company's foreign currency borrowings amounting to JPY 90 million (Baht 34 million) of which are hedged by forward exchange contracts as discussed in Note 14.3

31.5 Fair value

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

a) Financial assets

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

b) Financial liabilities

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

As at 31 December 2001, there are no material differences between the book value of financial instruments and their fair value.

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

32 Presentation

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

Certain amounts in the financial statements of year 2000 as presented herein for comparative purposes have been reclassified to conform to the current periods classifications, with no effect on previously reported net loss or shareholders' equity.

TISCO Shares

As of December 31, 2001, the Company's paid-up capital, comprising issued and offered shares, according to the shareholder register as follows

- *Total shares* 701,865,000 shares at 10 baht each, totaling 7,018,650,000 baht
- *Preferred shares* 508,691,200 shares at 10 baht each, totaling 5,086,912,000 baht
- *Ordinary shares* 193,173,800 shares at 10 baht each, totaling 1,931,738,000 baht

Major Shareholders as of book-close date (April 3, 2001)

Name	Number of Common Shares	Number of preferred Shares	Total Number of Shares	Percentage
1 Ministry of Finance	-	300,000,000	300,000,000	42.84
2 CDIB & Partners Investment Holding Corporation*	-	109,000,000	109,000,000	15.57
3 Thai Farmers Bank Plc	8,668,200	34,000,000	42,668,200	6.09
4 The Dai-ichi Kangyo Bank, Ltd	7,489,728	34,000,000	41,489,728	5.93
5 The Bank of New York Nominees Ltd	24,065,600	-	24,065,600	3.44
6 Mr Somsak Patapanichchote	12,209,500	2,412,000	14,621,500	2.09
7 B T Foreign Investment Corp	10,020,000	-	10,020,000	1.43
8 Zebra Finance Company	10,020,000	-	10,020,000	1.43
9 Czoni Inc	10,020,000	-	10,020,000	1.43
10 Sahathunpaibul Co., Ltd	10,020,000	-	10,020,000	1.43
11 Ruamthunpaibul Co., Ltd	9,514,980	-	9,514,980	1.36

* Formerly named Southeast Asia Investment Holding (Caymans) Ltd The Company informed the SET of the change on March 21, 2001

References

Transfer Agent and Registrar Thailand Securities Depository Co., Ltd
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193/136-137 Rajadapisek Road, Bangkok 10110
Tel 66-2264-0777 Fax 66-2264-0789-90

Financial Adviser Finansa Ltd
(Warrants to buy preferred shares) 8th Fl, TISCO Tower,
48/14-15 North Sathorn Road, Bangkok 10500
Tel 66-2266-6677 Fax 66-2266-6688

Remuneration for Directors and Management

1 Directors' Remuneration

In the year 2001, directors' fees for 18 members of the Board of Directors (including 6 directors who resigned during the year) totaled 3,380,000 baht

Remuneration for 11 executive directors and management (including 3 executive directors who resigned during the year and one management member who retired at yearend) totaled 56,920,000 baht This was paid in salaries and bonuses conforming to the Company's performance

2 Other Forms of Remuneration

2.1 Employee Stock Option Program The Allotment Committee, authorized by the shareholders, has the power to fix the total number of warrants to purchase TISCO preferred shares allocated each year as well as consider and approve the allocation to the employee by considering the competency and potential of each employee The allocation of warrants to directors shall be approved by the shareholders In the year 2001, warrants given to the Company's management (including management directors) accounted for 33% of total warrants allocated in that year

2.2 Provident fund (Company's contribution) Totalled 2,129,250 baht

Changes in Directors' and Management's TISCO Shareholding as of Yearend

Name	Common Shares		Preferred Shares	
	Increase (Decrease) During 2001	As of Yearend	Increase (Decrease) During 2001	As of Yearend
1 Mrs Krisna Theravuthi	-	12	-	-
2 Mr Vudhiphol Suriyabhidh	-	3,060	-	-
3 Mr Pliu Mangkornkanok	250,000	250,400	(200,000)	300,000
6 Mr Pichai Chanvirachart	-	2,136	(20,000)	80,000
4 Mrs Oranuch Apisaksirikul	-	-	150,000	200,000
5 Mr Suthas Ruangmanamongkol	-	200	250,000	400,000
7 Mr Panya Wotticharoenvong	40,000	40,744	-	-
8 Mrs Janejira Chuvanichanon	-	20,000	50,000	70,000
9 Ms Nattamon Issaradharm	-	6,924	35,000	45,000
10 Mr Vanchai Manosuthi	50,000	55,000	-	-
11 Mrs Vannee Uboldejpracharak	100,000	105,512	(90,000)	424,000
12 Mr Sathit Aungmanee	-	14,832	-	-
13 Ms Chutintorn Vigasi*	-	314	(15,000)	-

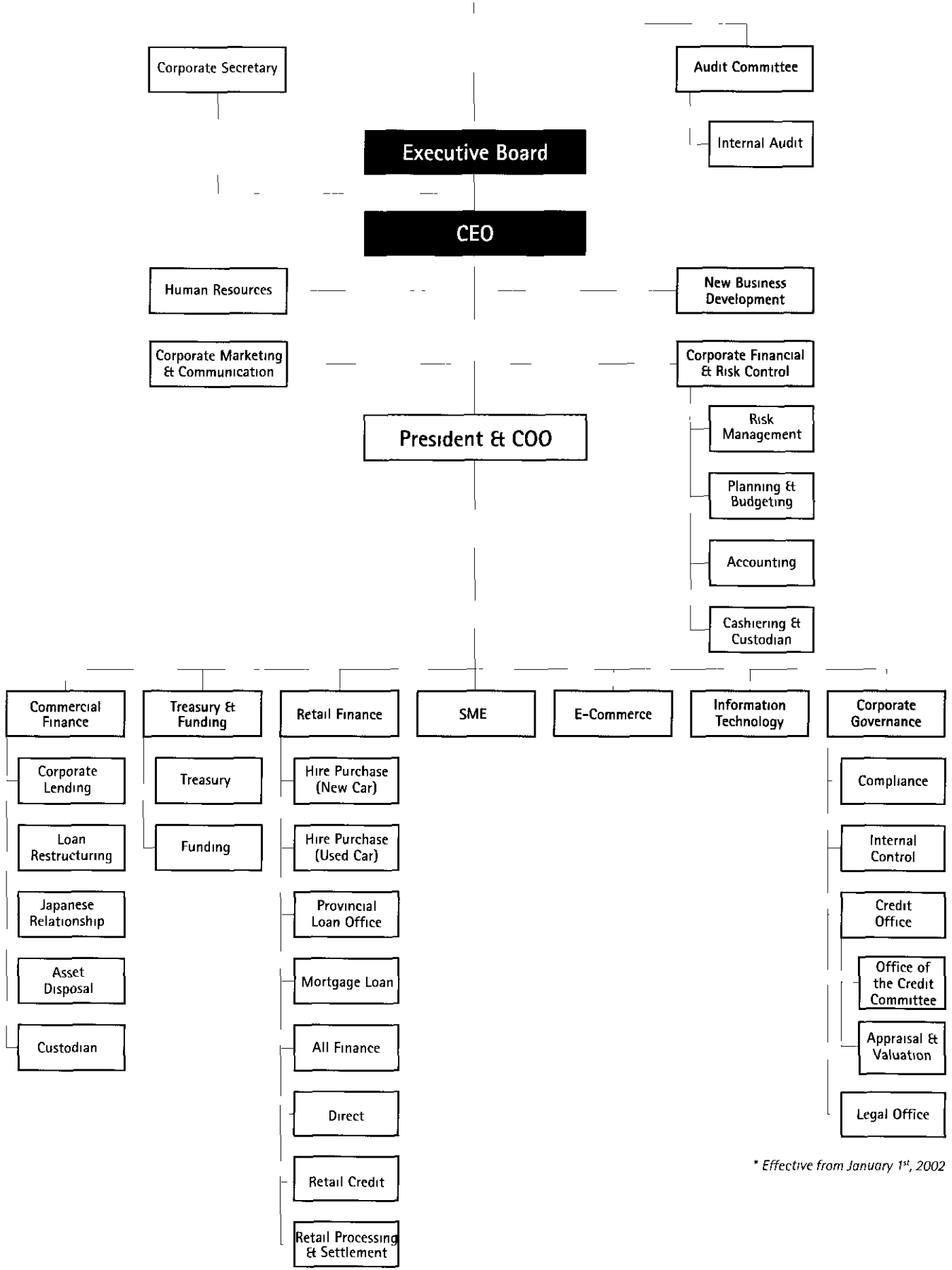
* Head of Accounting

Material Equity Investment

As of December 31 2001

Company	Address	Business	No of Outstanding	No of Holding Type	No of shares	%
TISCO Securities Co., Ltd	48/8 North Sathorn Road, Bangkok	Securities Brokerage	150,000,000	Common	149,999,993	100.00
TISCO Securities Hong Kong Ltd	Two Pacific Place Hong Kong	Securities Brokerage	2,000,000	Common	2,000,000	100.00
Thai Permsap Finance Co., Ltd	48/2 North Sathorn Road, Bangkok	Finance Companies	1,500,000	Common	1,499,964	100.00
American Appraisal (Thailand) Co., Ltd	889 South Sathorn Road, Bangkok	Valuation Consultants - Real Estate, Machinery, Financial	10,000	Common	1,000	10.00
Hi-Way Co., Ltd	2046/16 New Petchburi Road Bangkok	Hire Purchase of Motorcycles	5,500 994,500	Preferred Common	5,500 94,500	10.00
Interthai Holdings Ltd	2 Sukhumvit Road, Bangkok	Trading Company	55,000 45,000	Preferred Common	10,000	10.00
JuJi Press (Thailand) Co., Ltd	138 Silom Road, Bangkok	Supplying of Daily News to Companies in Thailand	5,000	Common	1,000	20.00
Jones Lang Lasalle (Thailand) Ltd	175 South Sathorn Road, Bangkok	Providing Advice, Consultation and Valuation of Real Estate Project	40,000	Common	4,000	10.00
K Line (Thailand) Ltd	33/30-31 Surawongse Road, Bangkok	Shipping Agent	10,000	Common	1,000	10.00
PDTL (Trading) Co., Ltd	518/3 Ploenchit Road, Bangkok	Importer & Distributor of Communication, Electronic and Electrical Equipment	10,000	Common	1,500	15.00
PNC (Thailand) Co., Ltd	90 North Sathorn Road, Bangkok	Real Estate Developer	150,000	Common	15,000	10.00
Prosperity Industrial Estate Co., Ltd	18/8 Sukhumvit Road Bangkok	Real Estate Developer	4,739,840	Common	473,984	10.00
Shin Thai Enterprises Co., Ltd	1168/53-54 Rama IV Road Bangkok	Importer & Exporter of Machinery and etc	30,000	Common	3,000	10.00
Siam Art Ceramic Co., Ltd	116/77-79 Yannawa, Bangkok	Produce Designed Ceramic Tile and Granit Slab and Tile	11,000,000	Common	1,100,000	10.00
Thai Commercial Auto Co., Ltd	48/13 North Sathorn Road Bangkok	Car Hire Purchase	10,000,000	Common	4,999,996	50.00
Thai Information Technology Co., Ltd	48/12 North Sathorn Road, Bangkok	Information Technology Services	200,000	Common	19,998	10.00
Tru-Way Co., Ltd	48/5 North Sathorn Road, Bangkok	Car Hire Purchase	20,000 11,980,000	Preferred Common	20,000 11,979,994	99.83
UMI Property Co., Ltd	65/233 Rama IX Road, Bangkok	Real Estate Developer	1,500,000	Common	150,000	10.00
Watana Inter-Trade Co., Ltd	62 Silom Road, Bangkok	Importer, Exporter and General Merchants	300,000	Common	30,000	10.00

Board of Directors



* Effective from January 1st, 2002

Business

- New Business Development
Head, Mr Pliu Mangkornkanok (Acting)
- Commercial Finance
Head, Mr Suthas Ruangmanamongkol
 - Corporate Lending
Head, Mr Suthas Ruangmanamongkol (Acting)
 - Corporate Lending 1
Head, Mrs Prapatsorn Arthchinta
 - Corporate Lending 2
Head, Mr Surat Leelataviwat
 - Corporate Lending 3
Head, Mr Worapat Sawatronapak
 - Corporate Lending 4
Head, Mr Sammit Sakulwira
 - Loan Documentation & Administration
Head, Ms Rapeeporn Ounchalanon
 - Loan Restructuring
Head, Ms Voranuch Supaibulpipat
 - Japanese Relationship
Head, Mr Eiji Sasaki
 - Asset Disposal
Head, Mr Sommai Sai Ung
 - Custodian
Head, Mrs Sabaithip Soontaros
- Treasury & Funding
Head, Mr Suthas Ruangmanamongkol
 - Treasury
Head, Ms Karantarat Vongsa
 - Funding
Head, Mrs Phavadee Chadavadh
Deputy Head, Mr Thanom Chairoondeekul
- Retail Finance
Head, Mr Panya Wotticharoenvong
Deputy Head, Mr Sakchai Peechapat
 - Hire Purchase (New Car)
Head, Mr Rungroj Jarasvijitkul
 - Hire Purchase (Used Car)
Head, Mr Somsak Wongwachirawanich
 - Provincial Loan Offices
Head, Mr Chalit Silpsrikul
 - Mortgage Loan
Head, Ms Nipa Mekara
 - All Finance
Head, Mr Sukit Sakulwongyai
 - Direct
Head, Mr Sakchai Peechapat (Acting)
 - Retail Credit
Head, Ms Penthip Laoboontharoen
 - Retail Processing & Settlement
Head, Mr Sakchai Peechapat (Acting)
- SME
Head, Mr Panya Wotticharoenvong (Acting)
- E-Commerce
Head, Mr Pichai Chanvirachart (Acting)

Support

- Information Technology
Head, Mrs Janejira Chuvanichanon
- Corporate Governance
Head, Ms Nattamon Issaradharm
 - Compliance
Head, Ms Sumaree Piyatamvuthikul
 - Internal Control
Head, Mrs Dulyarat Taveebhol
 - Credit Office
Head, Mrs Suthinee Muangman
 - Office of the Credit Committee
Head, Mrs Suthinee Muangman
 - Appraisal & Valuation
Head, Ms Chantana Srisuwanvilai
 - Legal Office
Head, Mr Sorasak Thanabordee
- Corporate Financial & Risk Control
Head, Mrs Oranuch Apisaksirikul
 - Planning & Budgeting
Head, Ms Pruittiporn Nakornchai
 - Risk Management
Head, Mr Chatri Chandrangam
 - Accounting
Head, Ms Chutintorn Vigasi
 - Cashiering & Custodian
Head, Mrs Yutiga Sonthayanawin
- Internal Audit
Head, Mrs Thanya Chittikuladilok
- Corporate Secretary
Head, Mrs Oranuch Apisaksirikul
- Human Resources
Head, Mrs Pavilai Buravas
Head, Mrs Potchanart Seebungkerd
- Corporate Marketing & Communication
Head, Ms Nartrudee Siwabut

Head Office

TISCO Finance Public Company Limited
 TISCO Tower, 48/2 North Sathorn Road,
 Bangkok 10500, Thailand
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 Website www.tiscogroup.com
 Email tisco@tisco.co.th
 Registration No Bor Mor Jor 618

Provincial Loan Offices

Chanthaburi

Manager, Mr Thawatchai Chanusorn
 30/40-41 Trirat Road, Muang District 22000
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 Email tfin_plo_cti@tisco.co.th

Chiangmai

Manager, Mr Chalit Silpsrikul (Acting)
 50/130-131 Hillside Plaza & Condotel 4,
 Huaykaew Road, Muang District 50300
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 Email tfin_plo_cmi@tisco.co.th

Chonburi

Manager, Mr Somboon Siriruck
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 Email tfin_plo_cbi@tisco.co.th

Khon Kaen

Manager, Mr Kumpol Suriyakrai
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Nakhon Ratchasima

Manager, Mr Chalit Silpsrikul (Acting)
 751/10-11 Mitrapab Road, Muang District 30000
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 Email tfin_plo_nkr@tisco.co.th

Nakhon Sawan

Manager, Mr Vasin Sivasirikaroon
 1319/20-21 Moo 10, Paholyothin Road, Muang District 60000
 Tel 66-5631-1880 Fax 66-5631-1866
 Email tfin_plo_nsn@tisco.co.th

Phitsanulok

Manager, Mr Suraphong Kovithyanon
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Manager, Mr Thawan Wichitwatee
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Manager, Mr Sathian Leowarin
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Udon Thani

Manager, Mr Peerapong Aungkavattana
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Securities Subsidiaries

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Managing Director, Mr Vanchai Manosuthi
4th Fl, TISCO Tower, 48/8 North Sathorn Road
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Website www.tiscosec.com
Email tisco@mail.tisco.co.th

Upcountry Brokerage Branches

Chiangmai

Manager, Mr Surapol Sriweraskul
50/118-129 Hillside Plaza Et Condotel 4,
Huaykaew Road, Muang District 50300
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Nakhon Pathom

Manager, Mr Thosaphorn Sakhornthanagorn
386, 388 Petchkasem Road, Prapatone, Muang District 73000
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Nakhon Ratchasima

Manager Mrs Fhamui Watcharanont
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Udon Thani

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Fax (852) 2918-0873
Website www.tiscohk.com
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TISCO Securities UK Limited

Managing Director, Mrs Nancy Wong
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(44) 20-7236-6668 (Admin)
Fax (44) 20-7236-6608
Website www.tiscouk.com
Email nancy@tiscouk.co.uk

Fund Management Subsidiary

TISCO Asset Management Company Limited
Managing Director, Mrs Anchalee Bunnag
9th Fl, TISCO Tower,
48/16-17 North Sathorn Road, Bangkok 10500, Thailand
Tel 66-2633-7777 Fax 66-2633-7300
Website www.tiscoasset.com
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Hire Purchase & Leasing Subsidiaries

TISCO Leasing Company Limited
Managing Director, Mrs Oraphan Vanichphat
15th Fl, TISCO Tower,
48/25 North Sathorn Road, Bangkok 10500, Thailand
Tel 66-2633-7799 Fax 66-2633-7989
Website www.tiscomart.com
E-mail tiscomart@tisco.co.th

Thai Commercial Auto Company Limited
Managing Director, Mr Dejphinun Suthadsanasoung
7th Fl, TISCO Tower,
48/13 North Sathorn Road, Bangkok 10500, Thailand
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E-mail dejphinun@tisco.co.th

Tru-Way Company Limited
Managing Director, Mrs Pornthip Boonrawd
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Hi-Way Company Limited
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