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Annual Report 1999 TISCO Finance Public Company Limited

Thai Investment and Securities Company (TISCO)

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ANL 12/31/99

บริษัทเงินทุน ทิสโก้ จำกัด (มหาชน)

TISCO Finance Public Company Limited



รายงานประจำปี 2542

Annual Report 1999

Financial Highlights

	1999		1998		1997
	MM baht	Changes	MM baht	Changes	MM baht
Financial Position					
Loans and Receivables	27,439	-18%	33,300	-22%	42,959
Total Assets	43,727	4%	41,844	-21%	52,918
Public Borrowings	30,896	1%	30,530	1%	30,239
Total Liabilities	39,324	1%	38,869	-18%	47,502
Shareholders' Equity	4,403	56%	2,816	-48%	5,415
Operating Results					
Total Revenues	4,275	5%	4,062	-26%	5,459
Total Expenses	(3,562)	43%	(6,265)	- 22%	(5,137)
Profit (Loss) before Bad Debt and Doubtful Accounts	388	117%	(2,334)	- 404%	767
Bad Debt and Doubtful Accounts	(4,862)	-221%	(1,516)	8%	(1,652)
Net Profit (Loss)	(4,474)	-16%	(3,850)	- 335%	(885)
Net Profit (Loss) per Fully Diluted Share	(6.39)	n.a.	(38.43)	n.a.	(8.82)
Return on Average Assets	-	-	-	-	-
Return on Average Shareholders' Equity	-	-	-	-	-
Number of Staffs	599	-33	632	-35	667
Capital Adequacy					
Capital to Risk-Weighted Assets (BIS)	14%		8%		14%
Net Capital Rule (NCR) - TISCO Securities	71%		262%		12%

Message from the Board

To Our Shareholders and Clients:

The ongoing impact of Thailand's severe economic crisis meant that 1999 was the most challenging year TISCO has ever faced in its 30-year history. To facilitate a comprehensive long-term recovery, the company successfully undertook a recapitalization and business reorganization. These measures were instrumental in pulling TISCO out of the crisis and have set the stage for a full turnaround in 2000.

In order to adjust ourselves to the severe operating environment in 1999, it was decided to establish two strategic business restructuring teams. One team was assigned to ensure that TISCO would survive the crisis that so many finance companies had succumbed to, while the other focused on generating enough income and maintaining the integrity of existing business lines. The survival team focused on three key issues: the management of non-performing loans (NPL); the management of liquidity risks; and the recapitalization plan. The income generation team was responsible for looking at new ways of enhancing growth and of ensuring that the company was in a position to respond to opportunities once financial health had been fully restored. To do so it set out to identify profit-making possibilities arising from Thailand's changing economic and financial circumstances. For example, the company participated in an auction of loans by the Financial Sector Restructuring Authority (FRA).

TISCO's balance sheet was restored to a healthy state by successfully arranging a six billion baht recapitalization. The Ministry of Finance provided a large portion of the funds via its Tier-1 capital support program and our major investors, Southeast Asia Investment Holding Corporation (SAI), Thai Farmers Bank and Daichi Kangyo Bank, also contributed. The money raised was used to deal with the NPL problem and to ensure that the company's capital base was sufficiently strong to exceed the Bank of International Settlement's (BIS) capital adequacy ratio.

Among the significant steps undertaken in 1999 to put the company on the recovery path, three stand out. Firstly, losses on listed securities were fully realized. Secondly, NPL were reduced from 43% of the total lending portfolio to 19% through loan restructuring and bad debt write-offs. With this lower NPL level and our conservative method of income realization, net interest income turned positive. And thirdly, TISCO accelerated the setting aside of provisions to comfortably exceed the Bank of Thailand's reserve requirement as of the end of 1999.

An Executive Board was established in 1999 to supervise and support management on strategic business expansion and growth opportunities, as well as on key operating issues. The Executive Board also oversees the overall risk management of TISCO's business portfolios. Major credit line approval and NPL issues were placed under the Board's supervision and an audit committee was formed to enforce good corporate governance. The committee ensures that the Board of Directors receives timely and accurate financial reports, that internal audit and control procedures work efficiently, and that all relevant regulations are complied with.

TISCO acquired 100% of Thai Capital Management Co., Ltd. in 1999 and renamed it TISCO Asset Management Co., Ltd. This was to expand our presence in the assets management business, an area with high growth potential that will yield a broader range of value-added product lines for our customers. A notable achievement during the year was the naming of TISCO's Investment Banking Department as the Best Domestic Investment Bank of 1998 by *Finance Asia* magazine. The magazine cited TISCO as having been able "to meet the challenges that come in a volatile market," a gratifying endorsement of our high standing in this challenging and highly competitive field.

The action plan to deal with the Y2K bug was successful and no glitches were reported in any of our computer systems. We are sure that the time and expense invested in upgrading the network will also yield benefits in terms of higher operating efficiency.

In the rapidly changing business environment we now face, TISCO must deal with increasingly complex and competitive financial markets. To that end, more sophisticated and innovative financial tools are needed. TISCO will continue to put great emphasis on training, retooling and upgrading management skills of our staff. We will strive to develop new products, services and markets to gear up for increased foreign competition, and reinforce and expand our core businesses. The major business restructuring implemented during the milestone year of 1999 provides a solid foundation for this in our view. The Board is cautiously optimistic about the prospects for 2000 and beyond. We are confident that TISCO is on the right track for continued success.

Finally, we would like to thank all the stakeholders in TISCO - - customers, shareholders, management and staff — for their commitment, support and dedication.

Board of Directors

TISCO Finance Public Company Limited

Statement of the Board of Directors' Responsibility for the Company's Financial Statements

According to the Public Company Act, the Act on the Undertaking of Finance Business, Securities Business and Credit Foncier Business, and the Securities and Exchange Act, the Board of Directors of TISCO Finance Public Company Limited and subsidiaries are responsible for preparing the consolidated financial statements which give a true and fair presentation of the financial position and results of operation of the Company and subsidiaries.

The Board of Directors is responsible to maintain adequate accounting records for safeguarding the assets of the Company and subsidiaries and, therefore, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles, and include amounts based on management's reasonable estimates and judgments. Suitable accounting policies have been adopted and consistently applied. The material information has been adequately disclosed and explained in the notes to financial statements.



Mr. Pliu Mangkornkanok
President



Dr. Phisit Pakkasem
Chairman of the Board

Statement of the Audit Committee

TISCO's Board of Directors appointed the Audit Committee on August 30, 1999. The committee comprises three independent directors as follows:

- | | |
|--------------------------------|----------------------------------|
| 1. Dr. Phisit Pakkasem | Chairman of the Audit Committee |
| 2. Mrs. Krisna Theravuthi | Member |
| 3. Mr. Vudhiphol Suriyabhivadh | Member |
| Mrs. Chirapa Pasawongse | Secretary of the Audit Committee |

The Audit Committee held three meetings during the period of August 30, 1999 to December 31, 1999. The Committee's functions and responsibilities include review of sufficiency and credibility of the financial statements, review of adequacy and effectiveness of the internal control systems, and review of compliance with relevant laws and regulations.

In fulfilling the duties and the responsibilities, the Committee reviewed and discussed the certified public accountant's report, the Bank of Thailand's audit report and internal auditors' reports. The Committee also monitored corrective actions taken according to internal auditors' recommendation and laid down the foundation leading to good corporate governance.

The Audit Committee carried out the functions independently of the executive directors and management of the Company. There is no restriction for the Committee to access the information. The management fully provides resources and co-operation as requested by the Committee.



Dr. Phisit Pakkasem
Chairman of the Audit Committee

Corporate Governance

The Board of Directors and management of TISCO Finance Public Company have consistently improved corporate governance over the past few years by increasing transparency and accountability to shareholders, improving the supervision of the company's policies and activities, and adopting the best practice of the Stock Exchange of Thailand's guidelines.

The company maintains an internal control structure and monitors that structure to ensure that the company's operations comply with established policies and procedures. The objectives of the internal control structure are to provide reasonable, but not absolute, assurance as to the integrity and reliability of financial statements, protect assets from unauthorized use or disposition, and ensure that transactions are executed in accordance with the authorization of management.

The company maintains an Internal Audit Department that independently monitors and assesses the effectiveness of internal controls and recommends improvements. The company also maintains a Risk Management Department that develops and administers procedures to measure, monitor and control risks across all businesses and recommends to management measures to reduce risk.

In addition, management recognizes its responsibility to ensure that the company's business affairs are conducted with the highest ethical standards. This responsibility is characterized and reflected in the company's codes of conduct. As part of the monitoring system, the company maintains a Compliance & Internal Control Department to monitor and coordinate the application of this standard of conduct.

In August 1999, the Board of Directors appointed an Audit Committee composed solely of independent directors. The function of the Audit Committee is to oversee the accounting, reporting, audit and internal control policies and procedures established by the Company's management. The Committee meets regularly with management and internal auditors and reports regularly to the Board of Directors.

TISCO Board of Directors



Dr. Phisit Pakkasem

Chairman of the Board

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



Mr. Sommai Phasee

Director

Masters of Planning and Development from Vanderbilt University, U.S.A.; former positions include Deputy Governor of the Expressway and Transit Authority of Thailand and Director of Office of Fiscal Policy; presently a Deputy Permanent Secretary of the Finance Ministry and Board member of a number of state enterprises; joined TISCO Board in 1999.



Dr. Charnchai Musignisakorn

Director

Masters and Ph.D. of Agricultural Economics from University of Wisconsin, U.S.A., and Kyoto University, Japan respectively; former Minister Counsellor of the Thai Embassy in Tokyo during 1992-1996; presently a Deputy Director of Office of Fiscal Policy, Assistant Spokesman of the Finance Ministry and Chairman of Secondary Mortgage Corporation; joined TISCO Board in 1999.



Mr. Joti Bhokavanij

Director

A Member of Chartered Association of Certified Accountants of England and Program for Management Development from Harvard Business School, USA; former positions include expatriate Managing Director of The East Asiatic Singapore, Japan and Thailand from 1984-1994, President & CEO of Thai Wah Group of Companies during 1994-1997; presently Chairman of ABN AMRO Asia Corporate Advisers (Thailand) Ltd.; elected a Director of TISCO since 1993; presently Chairman of TISCO Executive Board.



Dr. Tze-Kaing Yang

Director

Ph.D. from Graduate School of Business Administration National Chengchi University, Taiwan; joined China Development Industrial Bank (CDIB - formerly known as China Development Corporation) since 1988; presently Senior Executive Vice President of Southeast Asia Investment Holding Corporation and Executive Vice President of CDIB in Taiwan; joined TISCO Board in 1999.



Mr. Shigeru Koga

Director

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



Mr. Chungmin Lu

Director

Masters of Industrial Administration from Carnegie-Mellon University, U.S.A.; experienced in a number of investment companies before joining China Development Industrial Bank (CDIB); presently First Vice President, Head of Credit & Research of CDIB in Taiwan; joined TISCO Board in 1999.



Mr. Yu-Nan Wang

Director

Masters of Business Administration from National Taiwan University; joined CDIB since 1989; presently Senior Vice President of Southeast Asia Investment Holding Corporation in Taiwan; joined TISCO Board in 1999.



Mr. Dhongchai Lamsam

Director

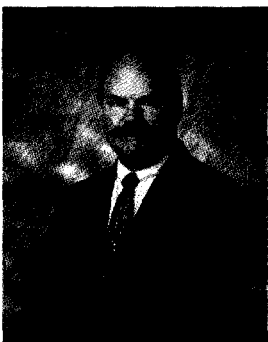
Masters of Science from Illinois Institute of Technology, USA; presently President of Loxley Public Company Limited; other positions include Chairman of Hutchison Telecommunications (Thailand), Professional Computer Company, etc.; elected a Director of TISCO since 1995.



Mr. Jose Isidro N. Camacho

Director

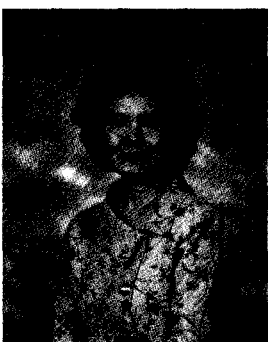
MBA from Harvard University, USA; formerly Chairman of Bankers Trust International (Asia) Limited; presently Managing Director in charge of Global Investment Banking of Deutsche Bank Singapore; joined TISCO Board since 1992.



Mr. Eugene S. Davis

Director

MBA (Finance and International Business) from New York University, U.S.A.; 5-year experience as Director of Fixed Income Trading of First Boston Corporation in Japan and Managing Director of Chase Manhattan Bank (Thailand) during 1989-1991; presently Managing Director of Finansia Ltd. (since 1991); joined TISCO Board in 1999.



Mrs. Krisna Theravuthi

Director

MBA from University of Wisconsin Madison, USA; former Vice President of TISCO during 1974 - 1986 before leaving for family business; current positions include Executive Director of Tavornudom Co., Ltd. and Food Processing Co., Ltd.; joined TISCO Board since 1996.



Mr. Vudhiphol Suriyabhivadh

Director

BA (Accounting) from New South Wales University, Australia, and BA (Law) from Sukothai Thammathiraj University; 16-year experience as Finance Director of East Asiatic (Thailand) where he is currently a member of the Board; other position includes Director of Listed Company Association; joined TISCO Board in 1999.



Mr. Pliu Mangkornkanok

President & Director

MS (Industrial Engineering) from Stanford University and MBA (Finance) from University of California at Los Angeles, USA; joined TISCO during 1976-1981 in Investment Banking; spent six years with Petroleum Authority of Thailand as Director of Finance and later promoted to Assistant Governor - Finance; returned to TISCO in the position of Director & Senior Executive Vice President in charge of Wholesale Banking in 1989 and promoted to President since 1994, presently Vice Chairman of the Association of Finance Companies and Advisor of the Thai Bond Dealing Center.



Mrs. Vannee Uboldejpracharak

Director & Senior Executive Vice President

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



Mr. Sathit Aungmanee

Director

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

Audit Committee

Dr. Phisit Pakkasem Chairman of the Audit Committee
Mrs. Krisna Theravuthi
Mr. Vudhiphol Suriyabhivadh

Executive Board

Mr. Joti Bhokavanij Executive Chairman
Dr. T. K. Yang
Mr. Shigeru Koga
Mr. Pliu Mangkornkanok
Mrs. Vanee Uboldejpracharak

Senior Officers

Mr. Pliu Mangkornkanok

President & Director

Mrs. Vanee Uboldejpracharak

Director & Senior Executive Vice President



Mr. Pichai Chanvirachart

Executive Vice President, Retail Business

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



Mr. Pitada Vatcharasiritham

Executive Vice President, Wholesale Business

MBA (Finance) from Indiana University of Pennsylvania, USA; joined TISCO's Lending Department in 1988; from 1994 led Investment Banking team and later Corporate Finance Department in financial advisory, equity underwriting, project financing, debt financing, derivatives advisory; in charge of wholesale business overseeing Corporate Lending and Corporate Finance since 1997.



Mrs. Chirapa Pasawongse

Executive Vice President, Credit and Compliance

BS (Finance) from University of California at Hayward, USA; joined Credit Department of TISCO in 1973; headed Corporate Lending Administration Department from 1983 to 1994; in charge of Credit and Compliance since 1997; presently a secretary to the Board of Directors and Audit Committee.



Mrs. Oranuch Apisaksirikul

Executive Vice President, Financial Control

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



Mr. Panya Wotticharoenvong

Executive Vice President, Retail Finance Collection & Services

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



Mrs. Janejira Chuvanichanon

Executive Vice President, Information Technology

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



Ms. Nattamon Issaradharm

Senior Vice President, Chief Credit Officer

BA (Accounting) from Chulalongkorn University, a member of CPA (Thailand); joined TISCO in 1979, headed Office of the Credit Committee in 1987; spent five years with the Underwriting Department before heading Investment Banking - Execution Department in 1992; presently Chief Credit Officer of TISCO, and a core member of the subcommittee of the Corporate Debt Restructuring Advisory Committee (CDRAC).



Mrs. Phavadee Chadavadh

Senior Vice President – Funding

Diploma from Kitti Commercial College; joined Funding Department of TISCO in 1970; experienced in funding business for almost 30 years; headed Funding Department since 1993; presently Senior Vice President in charge of Funding.



Mrs. Suthinee Muangman

Senior Vice President – Corporate Lending

BA (Finance & Banking) from Thammasat University; joined Corporate Lending Department of TISCO in 1974; headed Loan Administration in 1989; oversaw Corporate Lending Administration in 1990; became head of Corporate Lending since 1993; presently Senior Vice President in charge of Corporate Lending.



Mrs. Sabaithip Soontaros

Senior Vice President – Processing & Settlement

BA from Chulalongkorn University; joined Accounting Department of TISCO in 1969; transferred to Thai Securities Co., Ltd. (currently named TISCO Securities) to be in charge of Processing & Settlement; was a director of Thai Securities and head of Securities Operation for 7 years before moving back to be responsible for Processing & Settlement of TISCO since 1997.



Mrs. Thanya Chittikuladilok

Senior Vice President – Internal Audit

BA from Chulalongkorn University; a member of CPA (Thailand); joined TISCO in 1975; had 13 years' experience in Internal Audit before moving to be head of Processing & Settlement in 1988; returned to be in charge of Internal Audit since 1997; presently Senior Vice President of Internal Audit Department.

TISCO Business

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

Corporate Finance: TISCO provides the following financial advisory services to corporate clients: loan syndication, project finance, mergers and acquisitions, corporate restructuring, loan restructuring, and derivative advisory services.

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

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

Hire Purchase: TISCO offers loans for disposition and consumption in the form of hire purchasing and leasing for automobiles and commercial products such as printing machines, and computers.

Provincial Loan Offices: We render our lending services to upcountry clients through 10 provincial loan offices in Chanthaburi, Chiangmai, Chonburi, Khon Kaen, Nakhon Ratchasima, Nakhon Sawan, Phitsanulok, Phuket, Songkhla, and Udon Thani.

Retail Mortgage Finance: TISCO serves customers' need for housing-related loans. We provide loans to home buyers, home developers, and medium-sized businesses.

Treasury: Besides the responsibilities of managing funds and offshore borrowing, TISCO invests in both primary and secondary debt markets for corporate debenture, corporate bill of exchange, government and state-enterprise bonds.

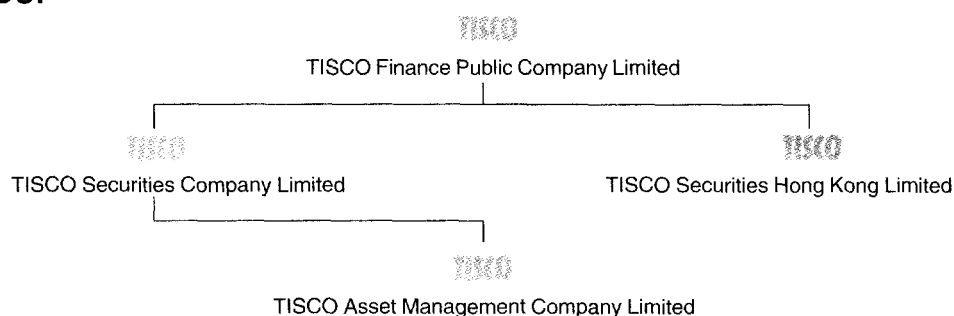
Major Changes in 1999

In April, a "Loan Restructuring Department", which is staffed by experienced officers, was set up to focus on improving and restructuring non-performing loans.

In June, the company completed its 6,000 million baht recapitalization by participating in the Ministry of Finance's Tier 1 capital support program. The capital increase was designed to cover not only the capital needs non-performing loans have forced on all financial institutions, but also crafted for the future growth of TISCO.

In September 1999, TISCO acquired a 100% stake of a mutual fund management company, Thai Capital Management Co. Ltd. Its name was then changed to "TISCO Asset Management Co., Ltd.", and its operations were moved to our headquarters at TISCO Tower. We are now having broader range of value-added products and services to offer our customers.

TISCO GROUP



TISCO has two subsidiaries that engage in the securities business which are TISCO Securities Company Limited and TISCO Securities Hong Kong Limited. TISCO Securities also holds 100% shares of TISCO Asset Management Company Limited.

TISCO Securities Company Limited

TISCO Securities was established with a registered capital of 1,500 million baht to engage in the securities business after the separation of TISCO's finance and securities businesses on October 1, 1998. TISCO Securities offers a complete range of securities-related services to clients including brokerage, investment banking, research, provident fund management, private fund management, securities lending and borrowing.

Brokerage: Securities brokerage services are offered for both institutional clients and retail clients at TISCO Securities' head office in Bangkok, its upcountry offices in Chiang Mai, Nakhon Pathom, Nakhon Ratchasima and Udon Thani. Internet trading is also provided to our clients at www.tiscosec.com.

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

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

Private Fund Management: Provided for individuals, groups of individuals, and corporations both local and foreign that require alternative investments designed to meet their objectives and managed by licensed professional fund managers with long-term industry experience.

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

TISCO plans to transfer private fund management and provident fund management divisions to be operated under TISCO Asset Management Co., Ltd. in 2000.

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

Address	:	TISCO Securities Company Limited		
	:	4/FI., TISCO Tower, 48/8 North Sathorn Road Bangkok 10500		
Tel.	:	(662) 633-6999	Fax.	: (662) 633-6900
Homepage	:	www.tiscosec.com	E-mail	: TISCO@mail.tisco.co.th

Managing Director : Mr. Sathit Aungmanee (March 1, 2000 - Present)
Mrs. Asvini Tailanga (Until February 29, 2000)
Assistant Managing Directors : Mr. Norachet Sangruji, Mr. Suthas Ruangmanamongkol

TISCO Securities Hong Kong Limited

TISCO acquired 99% of the issued share capital of BT Brokerage (Hong Kong) Co., Ltd. in November 1991 and later changed its name to TISCO Securities Hong Kong Limited (TISCOHK). TISCOHK is a registered securities dealer and registered investment adviser under the Hong Kong Securities Ordinance and a member of the Stock Exchange of Hong Kong Limited. It provides brokerage services in various markets in Asia, Australia, the United States, the United Kingdom and other European markets.

In 1999, the trading volume of TISCOHK represented approximately 3.1% of the total volume of transactions of TISCO Securities.

Address : TISCO Securities Hong Kong Limited
Rooms 1221-22, 12/F., Two Pacific Place, 88 Queensway, Hong Kong
Tel. : (852) 2868-9023, 2868-9097 Fax. : (852) 2868-9221
Homepage : www.tiscosec.com E-mail : Wilsonlam@tiscohk.com.hk
Managing Director : Mr. Wilson H.C. Lam
Deputy Managing Director : Mr. Praphant Eurwongpravit

TISCO Asset Management Company Limited

TISCO acquired a 100% stake of a mutual fund management company (of which we formerly owned a 25% stake), Thai Capital Management Company Limited, in September 1999 and changed its name to "TISCO Asset Management Company Limited" (TISCOAM).

Currently, TISCOAM manages three equity funds and two balanced funds (fixed income/equity). Assets under its management are now in excess of 2.5 billion baht, and approximately 40,000 unitholders have invested in the TISCOAM Family of Funds.

Address : TISCO Asset Management Co., Ltd.
9/FI., TISCO Tower, 48/16-17 North Sathorn Road, Bangkok 10500
Tel. : (662) 633-7777 Fax. : (662) 633-7300
Homepage : www.tiscoam.com E-mail : trujimet@mail.tisco.co.th
Managing Director : Ms. Anchalee Bunnag

Revenue Structure of TISCO Finance and Subsidiaries

Products/ Services	Company	Holding (%)	Revenue Structure	1999 Revenue		1998 Revenue	
				MM Baht	%	MM Baht	%
1. Finance Business	TISCO Finance	-	Net Interest	1,174	91	(197)	20
			Advisory and Other Fee	131	10	312	-32
			Securities and Dividend	(82)	-6	(1,101)	113
			Others	61	5	12	-1
			Total	1,284	100	(973)	100
2. Securities Business	TISCO Securities	100	Net Interest	83	8	40	8
			Brokerage Fee	518	53	270	56
			Advisory and Other Fee	236	24	85	18
			Securities and Dividend	132	13	70	15
			Others	17	2	13	3
Total	986	100	478	100			
3. Foreign Brokerage	TISCO Securities Hong Kong	100	Brokerage Fee	64	76	61	71
			Others	20	24	24	29
			Total	84	100	85	100
4. Mutual Fund Management	TISCO Asset Management	100	Management Fee	31	80	62	71
			Others	8	20	25	29
			Total	39	100	87	100
Consolidated	4 companies		Net Interest	1,257	53	(156)	49
			Brokerage Fee	582	24	331	-103
			Advisory and Other Fee	367	16	397	-123
			Management Fee	31	1	62	-19
			Securities and Dividend	50	2	(1,031)	320
			Others	106	4	74	-23
			Total	2,393	100	(322)	100

Social Responsibilities

With strong and regular support of TISCO's staff, we are consistently able to make contributions, although small on our part, to the betterment of Thai society. In 1999, the company arranged blood donations for the Thai Red Cross Society in March, June, October and December. On the occasion of the company's 30th anniversary in March, we hosted special meals for needy children at the Observation and Protection Center of the Remand Home of Ayudhaya. In November, when Chantaburi was hit by devastating floods, the company donated rice, dry food, and basic necessities to the Female Offenders Prison as well as distributed books and stationery to the municipal school in the province. While in December, we arranged a trip to Chiangmai, Tak, and Udon Thani provinces in order to make a donation of clothes and blankets to the poor who were fiercely affected by the cold weather.

As for environmental conservation activity, we engaged in the TISCO reforestation project in Kanchanaburi Province in May. This is a project that TISCO Earth Group has undertaken for the seventh consecutive year.

TISCO Foundation

TISCO Foundation was established in 1982 on the occasion of the 10th anniversary of the company with an aim to provide help to underprivileged people through various grants and donation programs, including scholarships, medical funding, start-up funding and charitable events.

In 1999, TISCO Foundation provided 2,953 scholarships, valued at 7,114,230 baht, to students of all levels of educational institutions in various localities of Thailand. The foundation also donated 116,207 baht to charity ward patients for health care treatment, and worked in cooperation with the Lions Club of Thailand to support the Eye Foundation of Chaiyapoom Hospital, Siriraj Hospital, as well as the Eyes Ears & Throat Foundation of Thailand in providing artificial lenses to needy patients.

With regard to start-up funding, the foundation provided start-up funds to 34 underprivileged persons who wished to start their own small businesses. The total amount of start-up funds donated in 1999 was 258,561 baht.

Industry and Competition

The Year 1999 in Review

Tangible signs of an economic recovery and an acceleration of debt restructuring programs contributed to a better year for Thailand's financial sector in 1999. Encouraged by the government and assisted by more stable economic conditions and low interest rates, finance companies were able to make significant reductions in the amount of delinquent loans. During the year, finance companies managed to restructure loans totaling Bt234 billion bringing the level of non-performing loans (NPL) down to 49.2% of total loans from 70.2% at the start of 1999. Moreover, capital adequacy levels continued to strengthen with additional equity of 43 billion baht having been injected into the sector. Nevertheless, two finance companies became insolvent and subsequently shut down during the year.

Although interest rates fell to record low levels in 1999, the number of new loans created was limited because of tight controls over lending as finance companies grappled with their NPL problem. Apart from the need to set aside considerable provisions for bad loans, loan extension to businesses was restrained by widespread excess capacity in the manufacturing sector. The highest growth rates were seen in mortgage lending and hire purchase financing, as home and car buyers were attracted by low-cost, fixed rate loans. In terms of funding, finance companies generally did not have any difficulty in attracting deposits as the money market was awash with liquidity.

The securities industry also enjoyed a solid year in 1999, thanks to stronger macroeconomic environment, improved investor confidence, low interest rates and ample liquidity in the financial system. Turnover on the Stock Exchange of Thailand (SET) almost doubled to an average of 6.5 billion baht per day from 3.5 billion baht in 1998, while the SET Index rose by 35% over the previous year to close at 482 points. For investment banking, higher fees were recorded during the year driven by a surge in debt underwriting and corporate restructuring businesses.

Competition intensified in the brokerage business, particularly in the retail sector as more foreign houses entered the market. Expansion of branch networks and offering competitive incentive schemes to marketing staff were the main growth strategies used in the securities industry. Brokerage houses focused mainly on the retail market, often using rebates and lower commission rates to gain market share.

Outlook for the Year 2000

Looking forward, competition in the financial services industry will almost certainly increase due to the entry of more foreign players and changing technology. Operating efficiency, product innovation and niche marketing are among the key factors needed to ensure long-term sustainability and growth for finance companies. In line with the global trend, greater use of electronic services should enable cost savings and give access to a wider range of clients in the future. Risk management would become even more important, to ensure that capital adequacy levels are sufficient to compete with foreign players. Lending activity should stay concentrated mostly in the retail sector, with housing and car loans providing the bulk of new business. The low interest rate environment is likely to persist, and this should make it less difficult for finance companies to further reduce their NPL levels and extend new loans.

For the securities business, competition is certain to become stiffer, particularly in the latter part of the year, when a more flexible commission rate structure is expected to take effect. The commission charged to non-institutional investors is currently fixed at 0.5%, but the Securities Exchange Commission has plans to introduce a freely negotiable structure with a floor rate of between 0.25-0.3%. However, offsetting the potential negative impact from the new commission rates is the prospect of increased turnover on the SET and higher share prices.

Selected Financial Data

(Baht in million, except per share amounts)

	1999	1998	1997	1996	1995
Operating Results					
Interest and Dividend Income	3,459	4,820	5,799	4,531	4,373
Expenses on Borrowings	(2,134)	(5,002)	(4,182)	(2,903)	(2,982)
Net Interest and Dividend Income	1,325	(181)	1,618	1,628	1,391
Bad Debt and Doubtful Accounts	(4,862)	(1,516)	(1,652)	(57)	(41)
Non-interest Income	816	(759)	(340)	981	1,159
Brokerage Fees and Other Fees Income	982	795	744	595	707
Gain (Loss) on Trading Securities	427	(1,161)	(473)	379	458
Provision (Reversal) or Impairment in Value of Securities	429	(95)	572	-	-
Forward Exchange Premium Cost	(248)	(735)	(80)	(50)	(44)
Other Non-interest income	84	247	41	57	38
Operating Expenses	1,428	1,264	955	966	935
Personnel Expenses	418	322	307	439	436
Non-personnel Expenses	1,010	941	649	527	499
Income (Loss) before Tax and Extraordinary Items	(4,149)	(3,720)	(1,330)	1,586	1,574
Net Income (Loss)	(4,474)	(3,850)	(885)	1,151	1,141
Financial Position					
Total Assets	43,727	41,844	52,918	53,385	49,183
Loans and Receivables	27,439	33,300	42,959	45,007	42,851
Accrued Interest Receivables	259	74	204	156	212
Investment in Securities - Net	12,079	6,153	4,552	5,741	5,245
Public Borrowings	30,896	30,530	30,239	16,432	13,414
Money Market Deposits and Borrowings from Financial Institutions	1,623	3,565	4,382	7,926	9,254
Offshore Borrowings	716	2,989	8,509	8,628	6,284
Shareholders' Equity	4,403	2,816	5,415	7,238	6,592
Non-performing Loan and Allowance					
NPL	5,004	14,144	5,652	838	105
Allowance for Doubtful Accounts	1,071	2,902	1,909	206	164
Allowance for Possible Securities Loss	903	477	572	-	-
Allowance for Diminution in Value of Securities	(58)	-	1,399	-	-

(Baht in million, except per share amounts)

	1999	1998	1997	1996	1995
Off-balance Sheet					
Securities Brokerage Trading Volume	138,223	71,461	44,329	56,326	95,633
Provident Fund Size under Management	39,443	29,960	30,967	26,450	17,761
Per Share (Fully Diluted)					
Earnings	(6.39)	(38.43)	(8.82)	11.49	68.32
Book Value	6.29	28.10	54.04	72.24	394.73
Market Price					
High	52.00	44.00	119.00	228.00	144.24
Low	9.90	3.70	14.50	109.00	103.08
Year End	30.50	14.25	15.00	126.00	128.06
Profitability					
Profit (Loss) before Bad Debt and Doubtful Accounts	388	(2,334)	767	1,209	1,182
Net Income (Loss)	(4,474)	(3,850)	(885)	1,151	1,141
Return on Average Assets	n.a.	n.a.	n.a.	2%	2%
Return on Average Shareholder's Equity	n.a.	n.a.	n.a.	17%	18%
Capital Ratios					
Capital Funds					
Tier 1 Capital	3,940	2,873	6,463	7,253	5,499
Tier 2 Capital	577	-	-	-	-
Capital to Risk-weighted Assets	14%	8%	14%	15%	11%
Net Capital Rule (TISCO Securities)	71%	262%	12%		
Number of Staffs	599	632	667	790	832

Management Discussion & Analysis

The consolidated financial statements of the company for the years ended December 31, 1999 and 1998 are presented on Pages 108 to 149. The accompanying consolidated financial statements include the accounts of the company, TISCO Securities Company Limited, TISCO Securities Hong Kong Limited, and TISCO Asset Management Company Limited (TISCOAM). After TISCO took a 100% stake of TISCOAM in September 1999, we consolidate TISCOAM in the 1999 financial statement, and restated the 1998 financial statements in order to make them comparable. (Please note that the financial statements before 1998 do not consolidate TISCOAM. It was presented as an associated company based on the equity method with a 25% holding.) To obtain an overall picture of TISCO Group's operations in 1999, we have provided performance analysis and a set of selected figures dating back to 1995 on Page 96-97.

Results of Operations

Despite having experienced the negative effects of the economic crisis, TISCO managed to generate an operating profit before provisioning in the fourth quarter of 1998. Generally, three major factors have traditionally had an adverse impact on TISCO's results. These were the reversal of accrued interest from rising non-performing loans, trading losses in the listed securities portfolio, and provisions for possible loan loss. However, NPLs have been continuously declining, and all losses in the listed securities portfolio have been completely realized. To deal with the provisioning factor, we decided to set aside full provisioning for possible loan loss of TISCO Finance by the end of 1999. Full provisioning as required by the BOT of 4,847 million baht was set aside, while bad loans amounting to 6,754 million baht were written off. Moreover, following our prudent provisioning policy, we set aside excess provisions for general reserves of 314 million baht. After writing off bad loans, TISCO Finance's total reserves stood at 1,785.5 million baht, or approximately 123.5% of the BoT's required reserves.

Overall, TISCO Group's assets stood at 43,727.1 million baht. Shareholders' equity rose from 2,815.7 million baht to 4,402.7 million baht. TISCO posted a net income before bad debt and doubtful accounts of 387.8 million baht. However, due to the effect of provisioning and bad debt write-off, TISCO ended up with a net loss of 4,474.3 million baht.

Business Performance

We have broken down our business on the basis of those functions, that represent core business activities of TISCO Group. Details are presented below:

Finance Business

Corporate Finance

The main activities of corporate finance services in 1999 involved debt restructuring and mergers and acquisitions (M&A). We cooperated with Chase Manhattan (S.E.A.) Limited in managing the financial restructuring program of Thai Oil Company Limited (Thaioil), which had a total debt of approximately 2.2 billion US dollars financed by over 124 institutions. We also advised four subsidiaries of Thaioil in their financial restructuring schemes.

Other clients included the Union Mosaic Industry Public Company Limited, which had a debt obligation of more than 1 billion baht, and Supalai Public Company Limited, which had an outstanding debt of more than 6.0 billion baht. Moreover, we acted as an independent financial advisor in the financial restructuring of Phatra Real Estate Plc (Phatra), which was completed successfully.

We plan to keep abreast of changing fiscal and monetary policies during the continuing economic recovery in 2000. The company will focus on advisory services for debt restructuring and arranging capital market products. At present, we are working on two debenture issues and four debt restructuring deals.

Lending Business

While focusing on loan restructuring, we maintained our lending activities in the real sector. Among our major corporate clients are Thai Cogeneration Co., Ltd., MTP Cogeneration Co., Ltd., Independent Power (Thailand) Co., Ltd., and Nong Khae Cogeneration Co., Ltd. New loans were granted on a selective basis. However, due to the fact that demand for corporate loan remained low and that we restructured and wrote off bad debt, the size of our corporate loan portfolio shrank in 1999. In the future we intend to utilize our corporate customer base to generate more fee income. To maintain our customer base, corporate loan will be granted on a selective basis.

In the area of mortgage finance, market demand picked up slightly in 1999. Our total portfolio declined due to a decline in new loan customers.

Meanwhile, demand for automobile loans picked up strongly in the second half of 1999 following an increase in consumption. Hire purchase loans expanded to 3,799 million baht. Due to the bright prospects in the hire purchase market and our strong retail finance business, we plan to continue to focus on this business line.

Overall, TISCO Finance's gross loan portfolio declined by 18.8% from 32,310 million baht to 26,232 million baht.

TISCO's Loan Portfolio Classification

	MM baht			
	1999		1998	
	Amount	%	Amount	%
Agricultural, Fishery, Forestry	63	0.24	48	0.16
Mining, Petroleum	42	0.16	53	0.17
Manufacturing	3,584	13.66	4,182	12.94
Wholesale & Retail Trade	1,324	5.05	1,558	4.82
Imports	263	1.00	232	0.72
Exports	25	0.09	30	0.09
Financial Institutions / Holding Companies	5,298	20.20	10,160	31.45
Construction	348	1.33	388	1.20
Real Estate	3,648	13.91	5,070	15.69
Personal Consumption	8,475	32.31	8,611	26.65
For Housing	2,839	10.83	3,211	9.94
For Hire Purchase	3,799	14.48	2,030	6.28
Others	1,837	7.00	3,370	10.43
Transportation & Utilities	1,247	4.75	399	1.23
Services	1,415	5.39	996	3.08
Hire Purchase Companies	500	1.91	583	1.80
Total	<u>26,232</u>	<u>100.00</u>	<u>32,310</u>	<u>100.00</u>

NPLs Recovery

TISCO has focused on improving the quality of existing loans in every area and has put great effort into accelerating debt recovery. We set up a Loan Restructuring Function in 1999, apart from a Legal Committee, Problem Loan Committee, Appraisal & Valuation Function, and Asset Disposal Function, which were set up in 1998. We successfully restructured loans of 9,381 million baht, of which 3,320 million baht was proactive restructuring and 6,061 million baht restructuring of non-performing loans. The remaining amount of non-performing loans of TISCO Finance was 5,004.2 million baht, or 19.2% of total loans.

Resources Management

Domestic interest rates continued to decline in 1999. With excess market liquidity, we were able to fix long-term funding, which provided us a cost advantage. Our deposits with terms of more than one year expanded from 5.5% of total deposits by the end of 1998 to 12.1% of total deposits by the end of 1999. Meanwhile, offshore interest rates rose and forward premium cost remained high. As a result, we prepaid offshore loan and switched to use more domestic funding.

We anticipated the decline in market interest rates and maintained a sizable fixed income portfolio in 1998. As market demand for securities surged in 1999, we were able to grasp the opportunity to increase trading volume substantially and enjoyed trading gains from high market demand.

The market for commercial paper picked up slightly as the domestic economy showed signs of a recovery.

Securities Business

Securities Brokerage

Our brokerage market share expanded gradually before 1997 when the financial crisis caused a significant decline in market players. Due to this effect, our market share increased dramatically to 4.2% in 1998.

In 1999, The brokerage industry benefited from a stock market recovery. The average SET daily turnover increased by 88.2%, from 3,490.4 million baht in 1998 to 6,570.6 million baht in 1999 with a huge expansion in the retail sector. While competition was very rigid, we were able to maintain our market share of 4.3%. We believe that our reputation for integrity and professionalism, quality of research, as well as execution and settlement were factors responsible for the company being able to retain clients.

Year	Market Share	Trading Volume (million baht)
1996	2.2%	56,326
1997	2.4%	44,329
1998	4.2%	71,461
1999	4.3%	138,223

Following market trend, we intends to balance our institutional-retail client mix, which is currently 60% to 40%, by expanding distribution channel and customer base in the retail market. Competition in 2000 is going to stiffen even more when the commission rate is liberalized. Under this business environment, cost management is going to be crucial, and we foresee that internet trading will help bringing down cost significantly and help expand distribution channel in both institutional and retail markets. We will launch internet trading in the second quarter of 2000.

New Business

The SET granted TISCO permission to provide stock lending and borrowing services and to engage in the short-selling business. We have already set up operations for these, and we expect active business transactions when the stock market enters the bullish stage.

Investment Banking

Last year was an active year for the debt market but was a quiet year for the equity market. Nevertheless, TISCO successfully advised on both debt and equity issues.

As for debt issues, we assisted PTT Exploration and Production Plc by successfully raising 4 billion baht by issuing debentures in January, which was more than 30% the amount initially planned, and at extremely competitive pricing. In February, we brought TIPCO Asphalt Plc to the market and raised 1.1 billion baht with overwhelming demand from investors. Later in April, we solely managed the debt issue of Saha Pathana Inter-Holding Plc in the amount of 0.5 billion baht. In July, we successfully advised Eastern Water Resources Development and Management Plc in issuing debentures in the amount of 2.5 billion baht, which was 25% more than the amount originally planned, and at very attractive pricing.

As for equity issues, we successfully lead-managed the equity placement of Bank of Ayudhya Plc in the total amount of 17 billion baht in June. We also lead-arranged an equity issue in July of Industrial Finance Corporation of Thailand with the total deal size of 6.5 billion baht.

Due to our good track record in business expertise and leadership, in July 1999, Finance Asia named TISCO the best domestic securities house/investment bank of 1998.

In 2000, we will continue our role as financial advisor to the Petroleum Authority of Thailand in its upcoming landmark privatization transaction, to the Communication Authority of Thailand in its trade sales, and to the Mass Communication Organization of Thailand in its preparation for privatization. Additional business opportunities should arise from debt restructuring, M&A, and underwriting.

Securities Investment & Trading

We gradually increased investment in listed securities with prudent risk management control when there were signs of a stock market recovery. In addition, investment in government securities increased which resulted mainly from our entry into the tier-1 capital support program in 1999. Our investment in tier-1 government bonds and tier-2 government bonds totaled 3,331 million baht; with total net investment increasing from 6,152.6 million baht in 1998 to 12,078.7 million baht in 1999.

Fund Management

We have been providing provident fund management services in Thailand for over 20 years. We are a market leader with total fund size under management of 39.4 billion baht, and a market share of 21.5%. We manage or co-manage provident funds of 971 companies, which are grouped into 86 funds. Our main clients are provident funds of state enterprises, Thai companies and Thai subsidiaries of multinational corporations.

Among the organizations for which we co-manage employee provident funds are the Electricity Generating Authority of Thailand (fund size 7.5 billion baht), the Provincial Electricity Authority (fund size 5.9 billion baht), the Bank of Thailand (fund size 5 billion baht), and Thai Airways International Plc (fund size 2.8 billion baht). In addition, we manage provident funds for The Transport Company (fund size 710.5 million baht), DBS Thai Danu Bank Plc. (fund size 668 million baht), the Shell Companies Thailand (fund size 491.8 million baht) and the Stock Exchange of Thailand (fund size 172 million baht).

In 1999, we commenced engaging in the private fund business. Although the Securities Exchange Commission (SEC) granted TISCO a private fund business license in September 1997, we did not immediately begin operation due to the sluggishness of the Thai stock market at the time, which continued until last years. Currently, the Private Fund Unit is soliciting potential clients, some of whom are expected to become active when market conditions improve further.

The mutual fund market remained slow in 1999, and the total fund size managed by Tisco Asset Management Co. (TISCOAM) declined to 2,521 million baht by year-end. In September, we acquired a 100% stake in TISCOAM in order to be able to provide a full range of fund management services. We plan to consolidate fund

management services by transferring the provident fund and private fund businesses to TISCOAM, in order to benefit from economies of scale and business synergy.

Statement of Income Analysis

Interest and Dividend Income

A sharp drop in market interest rates caused a reduction in total interest and dividend income by 28.3% from 4,820.4 million baht in 1998 to 3,459.4 million baht. However, total expense on borrowings dropped by 57.3% from 5,001.5 million baht to 2,134.4 million baht. Overall, net interest and dividend income increased to 1,325 million baht compared with a loss of 181.1 million baht in 1998.

Bad Debt and Doubtful Accounts

Expenses on bad debt and doubtful accounts increased to 4,862.1 million baht in 1999 compared with 1,516.1 million baht in 1998. This resulted from our decision not to gradually phase in provisioning for doubtful and doubtful-to-loss loans but rather accelerate full provisioning at the end of 1999. After this, we also wrote off bad debts for which we had provided full provisioning. Therefore, we expect to report a net profit in 2000.

Non-interest Income

Non-interest income increased to 815.7 million baht in 1999 compared with a loss of 758.8 million baht in 1998. The improvement resulted from an increase in brokerage fee income, a gain on trading in securities, and a decline in forward exchange premium costs.

Brokerage fees rose by 75.5%, from 331 million baht to 581.2 million baht, as improved market sentiment led to an increase in stock trading volume.

The gain on trading in securities increased to 426.8 million baht thanks to the recovery of the stock market, which is in contrast to a loss of 1,160.8 million baht incurred when we liquidated our listed securities in 1998.

Foreign exchange premium costs, which were part of foreign borrowing expenses, declined significantly as we prepaid the majority of our offshore loans and turned to domestic funding sources.

On the other hand, a proportion of financial advisory fees, which was expected to be booked in 1999 was delayed to 2000. This caused a decline in fees and service income.

Operating Expenses

Operating expenses rose by 13%, from 1,263.6 million baht to 1,428 million baht. This was due to losses from troubled debt restructuring of 130.8 million baht, a 29.6% increase in personnel expenses, and a 43.5% increase in other expenses.

The poor business environment in recent years forced us to cancel staff bonuses. However, we put serious efforts into assisting staff by providing special financial packages in 1998 and 1999. This was reflected in an increase in personnel expenses from 322.2 million baht to 417.7 million baht.

Provisioning expense for assets for sale and expenses in the hire purchase business resulted in an increase in other expenses from 338.1 million baht to 485.1 million baht.

Net Income

We posted a net loss of 4,474.3 million baht in 1999 compared with 3,850.4 million baht in 1998. However, not including bad debt and doubtful accounts, we would have had an operating profit of 387.8 million baht in 1999. This indicates that our normal business operations remain profitable. In addition, without extraordinary expenses in 2000, we would report a net profit, as we did during the period before the economic crisis.

Financial Position

The Group's assets consisted mainly of loans and receivables followed by securities investment. The proportion of loans and receivables declined from 71.6% of total assets to 59.7% due to slow loan growth and the writing off of bad debts after full provisioning. In contrast, the proportion of securities investment increased from 14.7% of total assets to 27.6%, resulting from an increase in government securities and MoF bonds under the tier-1 capital support scheme. Following progress in loan restructuring, the value of properties foreclosed increased from 274.8 million baht in 1998 to 1,029.1 million baht.

On the liabilities side, the proportion of total borrowings declined from 95.4% to 84.5% of total liabilities. The major component of liabilities was deposits, which constituted 78.6% of total liabilities. Liquidity management appeared in the form of securities under repurchase agreements, which accounted for 7.4% of liabilities. Meanwhile, excess funds were also repaid to financial institutions and foreign borrowings. Improved stock market trading volume resulted in a rise in customers' accounts from 1% to 3% of liabilities. The market for commercial paper remained inactive, and the proportion of liabilities under commercial paper sold was 2.2%.

Total liabilities represented 89.9% of total assets and shareholders' equity represented 10.1%. The proportion of shareholder's equity rose from 6.8% to 10.1% due to the effects of recapitalization.

Assets

Loans and Receivables

Net loans and receivables decreased by 12.9%, from 29,946.7 million baht to 26,092.8 million baht, after we set aside full provisioning for doubtful and doubtful-to-loss loans and wrote off bad loans. The accrued interest receivables amounted to 259.3 million baht, or 1% of net loans. According to our conservative income recognition policy, we stopped accruing interest income, reversed it off the book, and recognized interest income on a cash basis for corporate loans that were overdue by one month. In the case of customer retail accounts, we followed the same procedure when accounts were three months overdue.

Non-performing loans (NPL)

TISCO Finance's NPLs declined substantially, from 14,144.3 million baht in 1998 to 5,004.2 million baht, or 19.2% of net loans, which was a result of two major driving forces: loan restructuring and bad debt write-offs. We successfully restructured loans of 9,381 million baht, of which 3,320 million baht was proactive restructuring and 6,061 million baht restructuring of non-performing loans. Meanwhile, we set aside full provisioning for possible loan loss and wrote off loans amounting to 6,754 million baht in 1999.

Allowance for Possible Loan Losses

Following our prudent provisioning policy, we set aside excess provisions for general reserves of 314 million baht in TISCO Finance. After writing off bad loans in TISCO Finance, total allowance for doubtful accounts of the Group by year-end remained at 1,605.4 million baht.

Investment in Securities

Investment in securities rose by almost 100% from 1998, which was due mainly to an increase in government securities and bonds under the tier-1 capital support scheme. Investment in listed securities increased only slightly.

Fixed Assets

Premises and equipment changed only slightly in 1999 since there was no significant capital investment during the year. Following progress in loan restructuring, the value of properties foreclosed increased from 274.8 million baht in 1998 to 1,029.1 million baht.

Liabilities and Shareholders' Equity

TISCO's Liabilities Structure

	1999	%	1998	%
Public Borrowings	30,896	78.6	30,530	78.5
Money Market Deposits and Local Borrowings	1,623	4.2	3,565	9.2
Foreign Borrowings	716	1.8	2,989	7.7
Liabilities under commercial paper sold	880	2.2	382	1.0
Others	5,208	13.2	1,403	3.6
Total liabilities	39,324	100	38,869	100

Deposits

Financing needs declined in 1999. With declining interest rates and excess market liquidity, we chose to reduce the portion of money market deposits and local borrowings as well as high-cost foreign borrowings. We gained a cost advantage by fixing long-term deposits at a low interest rate. This resulted in an increase in deposits with a term of over one year from 5.5% of total deposits to 12.1% of total deposits.

Liabilities under commercial papers sold

Liabilities under commercial paper sold were used as a fund matching tool. Lending clients issued short-term commercial paper, which was traded in the secondary market, but the market became illiquid and was almost shut down in 1997 due to the economic crisis. Poor corporate earnings caused a rise in the default rate, while foreign investors who were the key players in this market lacked confidence and pulled out. The market in 1999 recovered slightly from 1998 as local institutions became more active. Total liabilities under commercial paper sold increased from 381.7 million baht to 880 million baht.

Shareholders' Equity

TISCO Finance completed recapitalization of 6 billion baht under the tier-1 capital support scheme in June 1999. However, we accelerated full provisioning for loan losses according to the Bank of Thailand's requirement and wrote off doubtful and doubtful-to-loss loans, for which we set up full provisioning. TISCO Finance's total provisioning for loan losses for 1999 amounted to 5,247 million baht, and the total amount of loans written-off amounted to 6,754 million baht. The BIS capital adequacy after full provisioning and loan loss write-off remained solid at 14%.

Overall, consolidated shareholders' equity increased by 56.4%, from 2,815.7 million baht in 1998 to 4,402.7 million baht.

Risk Management

There are five 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 risk management policy and risk management guidelines and limits. Currently, TISCO's risk is moderate to low due the recent NPL write-off and full provisioning, and an effective capital allocation process. It is also well covered by the firm's capital. The available capital is in excess of the integrated risks from position taking and business activities, as measured by advanced risk measurement methodologies by as much as 30%, reflecting a high level of capital adequacy. The central risk management strategies of TISCO comprise three components:

1. Diversification in all assets and liabilities portfolios is emphasized to minimize concentration risks. The diversification strategy, through the use of concentration limits, covers the corporate level, where business portfolios are diversified, to the level of specific risk types and individual portfolios.

2. Capital Adequacy Management and Capital Allocation Risk exposures are measured and integrated into an overall risk position, which is compared against 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.

3. Liquidity Management To maintain enough liquidity to service all maturing obligations while ensuring that the cost of carrying liquidity is minimal and does not adversely affect TISCO's profitability, an Asset & Liability Management (ALM) framework has been implemented to manage liquidity to optimize risk and return.

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. In managing credit risk, portfolio credit modeling has been adopted to measure risk in terms of possible credit loss over a period of time. Capital is then allocated to adequately cover the measured risk. An internal rating system will be developed in 2000 to better improve the quality of portfolio credit modeling. As of the end of 1999, TISCO's credit risk can be considered minimal, as full provisions have been made and a large portion of non-performing loan have been written off. Despite the minimal risk, TISCO has allocated a substantial portion of capital to support potential credit risk.

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 firm's profitability, due to mismatch between the term of interest payment 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.

The 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 market risk mainly from investment in government bonds. This risk, however, is well monitored and taken care of by various risk limits and adequate capital reserve.

Funding Risk Management

Funding Risk is the risk of the inability to service any borrowing obligations when they come due without incurring unacceptable losses. TISCO manages funding risk through the diversification of funding sources, maintaining a minimum level of excess liquidity in safe assets, formulating assets and liabilities strategies by taking into account cash flow maturity mismatch, and development of a funding emergency plan. Currently, TISCO's funding risk is small with a relatively large amount of excess liquidity. The average term of deposit funding has also been significantly extended while diversification in the funding source has been improved over the year.

Operational Risk Management

Operational risk is the risk of loss arising from the failure of the internal systems and operations. TISCO manages 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. To be more conservative, TISCO has reserved capital of 100 MM as a cushion against any possible loss as a result of operational risk and incorporated this into capital allocation.

Business Continuity Risk

Business continuity risk is the risk that a business may be interrupted due to unexpected circumstances in many ways, 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.

General Direction in 2000

The competitive environment in Thailand's financial services industry has intensified with the arrival of new foreign players, who have brought with them new products and aggressive marketing approaches. New technology and applications such as e-commerce are bringing fundamental changes to the industry. Customer expectations are higher and as they are more liable to deal with firms that can provide better services at a lower cost, the onus is on TISCO to be innovative and recognize our clients' needs.

On the finance side TISCO will focus on business development by cross-selling services, and making full use of our broad customer base. With the encouraging signs of a recovery in the real sector, we aim to expand hire-purchase financing, particularly for car buyers, and leasing. We plan to recruit more marketing officers, re-activate six provincial loan offices, and expand our distribution channel through e-commerce. In the area of mortgage finance, we plan to focus on loan restructuring and accelerate the disposal of foreclosed property. On

the corporate lending side, we will continue to focus mainly on loan restructuring and further reduce the level of non-performing loans (NPLs). We will be highly selective in new corporate lending to maintain a quality customer base for our other fee-based businesses.

On the securities side, we will expand our brokerage business with the aim of increasing our market share. To widen our distribution channels and reach more potential retail clients, we plan to introduce Internet stock trading in the second quarter of 2000. We will maintain a well-balanced customer base for our brokerage business with a mix of retail and institutional clients. In addition, we aim to maintain our leadership in the financial advisory field and increase our focus on M&A, debt restructuring, and facilitating the issuance of debt instruments.

We plan to consolidate our various asset management businesses under the umbrella of TISCO Asset Management Company, to create synergy and maximize the performance of our various provident, private and mutual funds. To maintain our leading position in these niche markets, we plan to take steps to strengthen our investment team and upgrade operating systems, while ensuring full compliance. While our business lines are becoming more decentralized, the risk management infrastructure is becoming more centralized. All of TISCO's subsidiaries and businesses now operate under the same risk controls, policies and guidelines. We continue to put a high priority on human resource development through staff training and continuous development of job-related skills and efficiency.

Financial Statements

Report of Certified Public Accountant

To The Shareholders of TISCO Finance Public Company Limited

I have audited the balance sheet of TISCO Finance Public Company Limited and the consolidated balance sheet of TISCO Finance Public Company Limited and subsidiaries as at December 31, 1999, and the related statements of income, changes in shareholders' equity, retained earnings (deficit) and cash flows and the related consolidated statements of income, changes in shareholders' equity, retained earnings (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of TISCO Finance Public Company Limited and the consolidated financial statements of TISCO Finance Public Company Limited and subsidiaries for the year ended December 31, 1998, which are presented for comparative purposes, were audited by Mr. Teerapong Kaewrattanapatma, an auditor in my firm whose report thereon dated February 10, 1999 reflected exceptions in the opinion paragraph with respect to the adequacy of the allowance for possible losses on uncollectible loans and receivables and on unrecoverable investments in securities as discussed in the third paragraph.

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

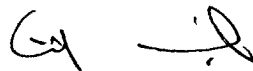
As discussed in Notes 7 and 9 to the financial statements, the 1998 financial statements have been prepared in accordance with generally accepted accounting principles, except for the provisions for possible loan losses and for possible losses on investments in securities. These provisions are made in conformity with the criteria promulgated in the Announcement of the Bank of Thailand (BOT). As at December 31, 1998, the Company was required by the BOT to provide an allowance for possible loan losses and for possible losses on investments totalling approximately Baht 5,337 million. The BOT, however, gave permission to the financial institutions to gradually provide the full allowance as required by the BOT up until the year ended December 31, 2000. In case of the Company, the minimum amount of the allowance as at December 31, 1998 as required by the BOT amounted to approximately Baht 1,341 million. As at December 31, 1998, the Company provided allowance for possible loan losses and for possible losses on investments in securities totalling approximately Baht 3,379 million. The allowance, however, was separately presented in the balance sheet as the allowance for possible losses on its loans and receivables amounting to Baht 2,902 million and as an allowance for possible losses on investments in securities amounting to Baht 477 million. The eventual losses that may be incurred in the collection of all loans and receivables and the recovery of all investments in securities of the Company could not be determined in 1998.

In my opinion, except for the effects on the 1998 financial statements of the matters discussed in the third paragraph, the financial statements referred to above present fairly, in all material respects, the financial positions of TISCO Finance Public Company Limited and of TISCO Finance Public Company Limited and subsidiaries as at December 31, 1999 and 1998, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles in Thailand.

As explained in Note 3 to the financial statements, effective January 1, 1999, the Company changed its method of accounting for investments in securities.

As explained in Note 4 to the financial statements, the 1998 consolidated financial statements have been restated to include the accounts of TISCO Assets Management Company Limited, an associated company that become a new subsidiary in 1999.

As more fully discussed in Notes 1 and 8 to the financial statements, as at December 31, 1999, the Company's loans and receivables included corporate restructured loans and receivables of Baht 1,863 million (net of collateral values). As a result of restructuring, the rescheduled repayments of these restructured loans and receivables will be first due in late 2000 and thereafter. In addition, the Company has certain loans and receivables classified based on the BOT criteria as substandard and doubtful loans and receivables totalling Baht 802 million (net of collateral values). Most of these loans and receivables are in the process of debt restructurings. The Company provided allowances for possible loan losses on these restructured, substandard and doubtful loans and receivables totalling Baht 368 million. These allowances were made in conformity with the full provision based on the criteria of the BOT. In addition, the Company has provided a general reserve of Baht 432 million for possible losses on all loans and receivables. This amount exceeds the allowance for possible losses on all loans and receivables provided in accordance with the criteria of the BOT. However, the remaining residual effects of the economic crisis, which began in mid 1997 and have begun to moderate in 1999, could affect the recoverability of the assets of the Company and its subsidiaries including the ultimate collection of loans and receivables and the recovery of investments in securities. The ultimate outcome of these matters cannot presently be determined. 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. The accompanying financial statements do not include any adjustment that might result from these uncertainties.



WINID SILAMONGKOL
C.P.A. (THAILAND)
Registration No. 3378

February 4, 2000

TISCO FINANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

A S S E T S

	In Baht			
	Consolidated		The Company Only	
	1999	1998 (As Restated)	1999	1998
Cash and deposits at financial institutions (Note 5)	1,440,394,374	2,406,098,520	1,065,129,652	1,861,217,239
Loans to financial institutions (Note 6)	125,354,741	496,932,576	-	328,011,177
Securities purchased under resale agreements	-	350,000,000	-	350,000,000
Investments in securities (Notes 3, 7 21 and 22)				
Securities for trading	4,289,066,335	883,568,707	3,718,769,104	883,468,553
Securities for investment	<u>8,552,307,585</u>	<u>5,745,613,950</u>	<u>10,321,009,881</u>	<u>6,905,748,280</u>
Total investments in securities	12,841,373,920	6,629,182,657	14,039,778,985	7,789,216,833
Add valuation adjustment	143,164,796	-	58,352,290	-
Less allowance for possible losses on impairment in value	<u>(905,811,394)</u>	<u>(476,525,000)</u>	<u>(902,974,469)</u>	<u>(476,525,000)</u>
Investments in securities - net	<u>12,078,727,322</u>	<u>6,152,657,657</u>	<u>13,195,156,806</u>	<u>7,312,691,833</u>
Accounts with securities companies - net	610,374,587	265,895,827	-	-
Loans and receivables and accrued interest receivables (Notes 8, 20, 21 and 22)				
Finance business loans and receivables	26,224,227,596	31,981,808,906	26,224,227,596	31,981,808,906
Securities business receivables	<u>1,089,363,839</u>	<u>821,333,142</u>	-	-
Total loans and receivables	27,313,591,435	32,803,142,048	26,224,227,596	31,981,808,906
Accrued interest receivables	<u>259,319,177</u>	<u>73,882,011</u>	<u>259,107,246</u>	<u>73,263,728</u>
Total loans and receivables and accrued interest receivables	27,572,910,612	32,877,024,059	26,483,334,842	32,055,072,634
Less allowance for doubtful accounts (Note 9)	<u>(1,605,449,942)</u>	<u>(3,427,249,856)</u>	<u>(1,070,875,389)</u>	<u>(2,901,630,572)</u>
Loans and receivables and accrued interest receivables - net	<u>25,967,460,670</u>	<u>29,449,774,203</u>	<u>25,412,459,453</u>	<u>29,153,442,062</u>
Properties foreclosed - net of allowance for losses on impairment in value of Baht 54 million in 1999 (Note 10)	1,029,087,185	274,813,754	1,029,087,185	274,813,754
Property and equipment - net (Note 11)	1,307,995,448	1,304,505,284	874,773,659	900,645,098
Deferred income tax	296,515,158	526,494,877	317,550,027	526,494,877
Excess of cost over equity in net assets of subsidiary (Note 4)	237,824,999	-	-	-
Other assets (Note 12)	<u>633,335,379</u>	<u>616,998,062</u>	<u>465,680,582</u>	<u>506,999,695</u>
TOTAL ASSETS	<u>43,727,069,863</u>	<u>41,844,170,760</u>	<u>42,359,837,364</u>	<u>41,214,315,735</u>

See accompanying Notes to Financial Statements.

(With Mr. Winid Silamongkol's report dated February 4, 2000)

TISCO FINANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

LIABILITIES AND SHAREHOLDERS' EQUITY

	In Baht			
	Consolidated		The Company Only	
	1999	1998 (As Restated)	1999	1998
LIABILITIES				
Borrowings and deposits (Note 13)				
From public	30,895,738,850	30,530,229,150	30,895,738,850	30,530,229,150
From banks	135,383,126	3,102,806,869	131,550,564	3,097,161,252
From financial institutions	1,488,000,000	462,231,443	1,550,000,000	690,231,443
From foreign countries	<u>716,429,507</u>	<u>2,988,791,663</u>	<u>716,429,507</u>	<u>2,988,791,663</u>
Total borrowings and deposits	33,235,551,483	37,084,059,125	33,293,718,921	37,306,413,508
Securities sold under repurchase agreements	2,925,000,000	-	2,925,000,000	-
Accounts with securities companies - net	68,392,234	20,514,446	-	-
Customers' accounts	1,184,274,712	374,020,168	-	-
Liabilities under commercial papers sold	880,000,000	381,714,266	880,000,000	381,714,266
Accrued interest payable	295,429,337	481,831,262	295,439,981	484,598,413
Subordinated debentures (Notes 14 and 18)	331,000,000	-	331,000,000	-
Other liabilities (Note 15)	<u>404,485,244</u>	<u>526,818,157</u>	<u>231,998,230</u>	<u>225,901,836</u>
Total Liabilities	<u>39,324,133,010</u>	<u>38,868,957,424</u>	<u>37,957,157,132</u>	<u>38,398,628,023</u>
Minority Interest in Consolidated Subsidiaries	<u>256,621</u>	<u>159,525,624</u>	-	-
SHAREHOLDERS' EQUITY				
Share capital (Notes 16 and 18)				
Preferred share, Baht 10 par value				
Authorized share capital -				
1,000,000,000 shares				
Issued and fully paid-up share capital - 580,539,200 shares	5,805,392,000	-	5,805,392,000	-
Common share, Baht 10 par value				
Authorized, issued and fully paid-up share capital -				
119,660,800 shares in 1999				
and 100,200,000 shares in 1998	1,196,608,000	1,002,000,000	1,196,608,000	1,002,000,000
Premium on share capital (Note 18)	36,500,000	36,500,000	36,500,000	36,500,000
Retained earnings (Deficit)				
Appropriated for legal reserve (Notes 18 and 19)	48,700,000	48,700,000	48,700,000	48,700,000
Unappropriated (Deficit)	(2,836,328,962)	1,637,981,945	(2,836,328,962)	1,637,981,945
Unrealized gain on securities for investment (Notes 3 and 7)	58,352,290	-	58,352,290	-
Cumulative translation adjustments on foreign currency financial statements of subsidiary in the proportion of the Company	<u>93,456,904</u>	<u>90,505,767</u>	<u>93,456,904</u>	<u>90,505,767</u>
Shareholders' Equity - Net	<u>4,402,680,232</u>	<u>2,815,687,712</u>	<u>4,402,680,232</u>	<u>2,815,687,712</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>43,727,069,863</u>	<u>41,844,170,760</u>	<u>42,359,837,364</u>	<u>41,214,315,735</u>

TISCO FINANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998
COMMITMENTS AND CONTINGENT LIABILITIES

	In Baht			
	Consolidated		The Company Only	
	1999	1998 (As Restated)	1999	1998
Avals to bills of exchange and promissory notes (Note 23)	1,220,019,156	2,855,182,652	1,220,019,156	2,855,182,652
Guarantees on loans and others (Notes 22 and 23)	447,572,583	783,698,030	447,572,583	783,698,030

See accompanying Notes to Financial Statements.
 (With Mr. Winid Silamongkol's report dated February 4, 2000)

TISCO FINANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	In Baht			
	Consolidated		The Company Only	
	1999	1998 (As Restated)	1999	1998
INTEREST AND DIVIDEND INCOME				
Loans and deposits	2,343,587,918	4,010,618,700	2,289,778,291	3,966,752,954
Hire purchase	399,997,206	421,592,318	399,997,206	421,592,318
Securities	<u>715,780,136</u>	<u>388,143,358</u>	<u>655,177,696</u>	<u>385,565,179</u>
Total Interest and Dividend Income	<u>3,459,365,260</u>	<u>4,820,354,376</u>	<u>3,344,953,193</u>	<u>4,773,910,451</u>
EXPENSES ON BORROWINGS				
Interest and discounts (Note 22)	2,117,015,876	4,982,359,055	2,116,837,947	4,992,947,775
Fees and charges	<u>17,374,808</u>	<u>19,143,116</u>	<u>17,374,808</u>	<u>19,143,116</u>
Total Expenses on Borrowings	<u>2,134,390,684</u>	<u>5,001,502,171</u>	<u>2,134,212,755</u>	<u>5,012,090,891</u>
Interest and Dividend Income - Net	1,324,974,576	(181,147,795)	1,210,740,438	(238,180,440)
BAD DEBTS AND DOUBTFUL ACCOUNTS				
(Notes 8 and 9)	<u>(4,862,127,837)</u>	<u>(1,516,124,980)</u>	<u>(4,853,273,608)</u>	<u>(1,314,883,740)</u>
Interest and Dividend Income - Net of Bad Debts and Doubtful Accounts	<u>(3,537,153,261)</u>	<u>(1,697,272,775)</u>	<u>(3,642,533,170)</u>	<u>(1,553,064,180)</u>
NON-INTEREST INCOME (EXPENSES)				
Brokerage fees	581,296,853	331,046,328	-	164,006,569
Gain (loss) on trading in securities - net (Notes 7 and 22)	426,817,767	(1,160,862,156)	317,475,474	(1,221,714,436)
Reversal of provision (provision) for possible losses on impairment in value of securities	(429,286,394)	95,170,074	(426,449,469)	95,170,074
Fees and service income (Note 22)	400,682,925	463,622,511	135,126,264	391,399,650
Equity in net income (loss) of subsidiaries	-	-	457,301,364	(201,127,776)
Gain (loss) on exchanges				
Forward exchange premium cost	(247,599,022)	(735,176,601)	(247,599,022)	(735,176,601)
Gain (loss) on exchange rate	3,101,538	229,573,865	(2,568,001)	225,383,242
Other income	<u>80,655,079</u>	<u>17,792,315</u>	<u>60,595,123</u>	<u>12,103,912</u>
Non-Interest Income (Expenses) - Net	<u>815,668,746</u>	<u>(758,833,664)</u>	<u>293,881,733</u>	<u>(1,269,955,366)</u>
OPERATING EXPENSES				
Personnel expenses	417,717,505	322,219,592	174,566,204	239,958,558
Premises and equipment expenses	271,680,695	272,200,499	125,997,100	221,117,554
Taxes and duties	113,791,405	161,347,714	110,687,795	160,968,216
Directors' remuneration	5,302,500	5,160,000	4,690,000	4,080,000
Compensation for assured yield				
fiduciary funds (Note 22)	-	133,881,226	-	-
Loss on troubled debt restructuring (Note 8)	130,791,480	-	130,791,480	-
Other expenses (Note 22)	485,068,797	338,134,203	369,982,041	287,859,843
Minority interest in income of subsidiaries	<u>3,638,894</u>	<u>30,694,989</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>1,427,991,276</u>	<u>1,263,638,223</u>	<u>916,714,620</u>	<u>913,984,171</u>
LOSS BEFORE INCOME TAX EXPENSE	4,149,475,791	3,719,744,662	4,265,366,057	3,737,003,717
Income Tax Expense (Note 17)	<u>324,835,116</u>	<u>130,655,938</u>	<u>208,944,850</u>	<u>113,396,883</u>
NET LOSS	<u>4,474,310,907</u>	<u>3,850,400,600</u>	<u>4,474,310,907</u>	<u>3,850,400,600</u>
Number of Shares (Share)	<u>104,731,967</u>	<u>100,200,000</u>	<u>104,731,967</u>	<u>100,200,000</u>
Loss per Share	<u>42.72</u>	<u>38.43</u>	<u>42.72</u>	<u>38.43</u>

See accompanying Notes to Financial Statements.
(With Mr. Winid Silamongkol's report dated February 4, 2000)

TISCO FINANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	In Baht			
	Consolidated		The Company Only	
	1999	1998 (As Restated)	1999	1998
SHARE CAPITAL - Preferred Share				
Beginning balance	-	-	-	-
Addition during the years	6,000,000,000	-	6,000,000,000	-
Deduction during the years	(194,608,000)	-	(194,608,000)	-
Ending balance	<u>5,805,392,000</u>	-	<u>5,805,392,000</u>	-
SHARE CAPITAL - Common Share				
Beginning balance	1,002,000,000	1,002,000,000	1,002,000,000	1,002,000,000
Addition during the years	<u>194,608,000</u>	-	<u>194,608,000</u>	-
Ending balance	<u>1,196,608,000</u>	<u>1,002,000,000</u>	<u>1,196,608,000</u>	<u>1,002,000,000</u>
PREMIUM ON SHARE CAPITAL				
Ending balance	<u>36,500,000</u>	<u>36,500,000</u>	<u>36,500,000</u>	<u>36,500,000</u>
RETAINED EARNINGS (DEFICIT)				
Appropriated for legal reserve				
Ending balance	<u>48,700,000</u>	<u>48,700,000</u>	<u>48,700,000</u>	<u>48,700,000</u>
Unappropriated				
Beginning balance	1,637,981,945	5,488,382,545	1,637,981,945	5,488,382,545
Deduction during the years	<u>(4,474,310,907)</u>	<u>(3,850,400,600)</u>	<u>(4,474,310,907)</u>	<u>(3,850,400,600)</u>
Ending balance	<u>(2,836,328,962)</u>	<u>1,637,981,945</u>	<u>(2,836,328,962)</u>	<u>1,637,981,945</u>
UNREALIZED GAIN (LOSS)				
ON SECURITIES FOR INVESTMENT				
Beginning balance	-	(1,316,448,616)	-	(1,316,448,616)
Addition during the years	<u>58,352,290</u>	<u>1,316,448,616</u>	<u>58,352,290</u>	<u>1,316,448,616</u>
Ending balance	<u>58,352,290</u>	-	<u>58,352,290</u>	-
CUMULATIVE TRANSLATION				
ADJUSTMENTS ON FOREIGN CURRENCY				
FINANCIAL STATEMENTS OF SUBSIDIARY				
IN THE PROPORTION OF THE COMPANY				
Beginning balance	90,505,767	155,942,139	90,505,767	155,942,139
Addition (Deduction) during the years	<u>2,951,137</u>	<u>(65,436,372)</u>	<u>2,951,137</u>	<u>(65,436,372)</u>
Ending balance	<u>93,456,904</u>	<u>90,505,767</u>	<u>93,456,904</u>	<u>90,505,767</u>
SHAREHOLDERS' EQUITY - NET	<u>4,402,680,232</u>	<u>2,815,687,712</u>	<u>4,402,680,232</u>	<u>2,815,687,712</u>

See accompanying Notes to Financial Statements.
(With Mr. Winid Silamongkol's report dated February 4, 2000)

TISCO FINANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF RETAINED EARNINGS (DEFICIT)
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	In Baht			
	Consolidated		The Company Only	
	1999	1998 (As Restated)	1999	1998
Unappropriated Retained Earnings (Deficit)				
Balance, beginning of years	1,637,981,945	5,488,382,545	1,637,981,945	5,488,382,545
Net loss for the years	(4,474,310,907)	(3,850,400,600)	(4,474,310,907)	(3,850,400,600)
Unappropriated Retained Earnings (Deficit) - Net	(2,836,328,962)	1,637,981,945	(2,836,328,962)	1,637,981,945
Appropriated Retained Earnings for:				
Legal reserve	<u>48,700,000</u>	<u>48,700,000</u>	<u>48,700,000</u>	<u>48,700,000</u>
RETAINED EARNINGS (DEFICIT) - NET	<u>(2,787,628,962)</u>	<u>1,686,681,945</u>	<u>(2,787,628,962)</u>	<u>1,686,681,945</u>

See accompanying Notes to Financial Statements.
 (With Mr. Winid Silamongkol's report dated February 4, 2000)

TISCO FINANCE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	In Baht			
	Consolidated		The Company Only	
	1999	1998 (As Restated)	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	(4,474,310,907)	(3,850,400,600)	(4,474,310,907)	(3,850,400,600)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	114,848,568	105,167,267	59,843,289	93,030,459
Loss from troubled debt restructuring	130,791,480	-	130,791,480	-
Provision for bad debt and doubtful accounts	4,908,010,794	1,516,124,980	4,899,156,565	1,314,883,740
Interest income from transferred assets to settle loans	(100,224,658)	-	(100,224,658)	-
Provision for possible losses on decline in value of properties foreclosed	53,681,500	-	53,681,500	-
Provision (reversal of provision) for possible losses on impairment in value of investments in securities	429,286,394	(157,486,886)	426,449,469	(57,509,628)
Reversal of provision for losses on valuation adjustment of securities for trading	(84,812,505)	-	-	-
Increase (decrease) in accrued compensation from the assured yield fiduciary funds	(133,881,226)	117,000,000	-	-
Income from refund of member fee of Bangkok Stock Dealing Center as gradually amortized in prior periods	(4,089,676)	-	-	-
Minority interest in income of subsidiaries	3,638,894	30,694,989	-	-
Equity in net loss (income) of subsidiaries	-	-	(457,301,364)	201,127,776
Unrealized loss on transfer of investments	-	391,107,802	-	391,107,802
Loss (gain) on disposal of securities for investment - net	(299,356,305)	757,931,320	(289,029,265)	820,213,600
Loss (gain) on disposal of property and equipment - net	(2,570,924)	294,646	(244,058)	294,646
Deferred income tax	229,979,719	113,483,540	208,944,850	113,483,540
Income tax payable	91,720,403	-	-	-
Unrealized gain on foreign exchange translation - net	-	(247,939,047)	-	(247,939,047)
Decrease (increase) in accrued interest receivable and accrued dividend income	(269,850,617)	89,861,418	(275,061,489)	93,231,570
Decrease (increase) in other accrued income	(2,621,077)	3,641,647	20,611,472	6,125,010
Decrease in accrued interest expense	(186,401,925)	(130,061,176)	(189,158,432)	(127,290,223)
Increase (decrease) in other accrued expenses	<u>9,911,048</u>	<u>(5,446,507)</u>	<u>9,911,048</u>	<u>(12,101,054)</u>
Income (loss) from Operating Activities before changes in Operating Assets and Liabilities	413,748,980	(1,266,026,607)	24,059,500	(1,261,742,409)

	In Baht			
	Consolidated		The Company Only	
	1999	1998 (As Restated)	1999	1998
Decrease (Increase) in Operating Assets				
Negotiable certificates of deposit	(649,876,322)	(196,767,467)	(649,876,322)	(196,767,467)
Loans to financial institutions	371,566,658	(311,277,837)	328,000,000	(142,819,177)
Securities purchased under resale agreements	350,000,000	3,115,000,000	350,000,000	3,115,000,000
Investments in securities for trading- net	(570,197,075)	(577,750,087)	-	(791,682,308)
Accounts with securities companies (asset)	(344,478,760)	(231,815,976)	-	(8,896,435)
Finance business loans and receivables	(2,060,927,886)	9,326,766,419	(2,060,927,886)	9,332,955,549
Securities business receivables	(267,929,657)	450,600,868	-	201,562,987
Properties foreclosed	2,215,734	(38,176,634)	2,215,734	(38,176,634)
Other assets	57,939,444	98,573,389	107,323,318	94,557,369
Increase (Decrease) in Operating Liabilities				
Borrowings and deposits from public	365,509,700	1,393,364,619	365,509,700	1,393,364,619
Negotiable certificates of deposit	-	(1,101,757,688)	-	(1,101,757,688)
Borrowings and deposits from banks and financial institutions	(1,941,655,186)	(816,498,690)	(2,105,842,131)	(2,093,292,879)
Borrowings and deposits from foreign countries	(2,272,362,156)	(5,271,810,326)	(2,272,362,156)	(5,271,810,326)
Securities sold under repurchase agreements	2,925,000,000	-	2,925,000,000	-
Accounts with securities companies (liability)	47,877,788	(116,405,178)	-	63,872,348
Liabilities under commercial papers sold	498,285,734	(2,009,044,974)	498,285,734	(2,009,044,974)
Customers' accounts	810,254,544	(17,376,467)	-	(59,156,369)
Other liabilities	(61,978,641)	(60,245,006)	<u>24,289,844</u>	(188,148,578)
Net Cash Provided by (Used in)				
Operating Activities	<u>(2,327,007,103)</u>	<u>2,369,352,358</u>	<u>(2,464,324,665)</u>	<u>1,038,017,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of securities for investment	(30,781,833,542)	(20,191,392,374)	(30,763,566,027)	(19,935,282,625)
Proceeds from sales of securities for investment	25,669,006,760	19,418,539,850	25,351,395,603	19,228,098,354
Disposal of securities business operations - net of cash transferred (See Supplemental Disclosures of Cash Flows Information No. 4)	-	-	-	1,282,796,385
Payments for leasehold improvements and for purchase of property and equipment	(96,328,897)	(413,432,242)	(38,719,257)	(408,643,339)
Proceeds from sales of property and equipment	2,832,315	6,297,225	500,438	4,626,258
Dividends received from subsidiaries	-	-	15,000,000	107,687,504
Payment for purchase of a subsidiary (See Supplemental Disclosure of Cash Flows Information No. 3)	(368,250,000)	-	(368,250,000)	-

	In Baht			
	Consolidated		The Company Only	
	1999	1998 (As Restated)	1999	1998
Proceed from sales of investments in subsidiary	-	-	491,000,000	-
Net Cash Provided by (Used in) Investing Activities	(5,574,573,364)	(1,179,987,541)	(5,312,639,243)	279,282,537
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to minority interest prior to acquisition of new subsidiary	(45,000,000)	(269,893)	-	-
Proceeds from preferred share issuance	6,000,000,000	-	6,000,000,000	-
Proceeds from subordinated debenture issuance	331,000,000	-	331,000,000	-
Net Cash Provided by (Used in) Financing Activities	6,286,000,000	(269,893)	6,331,000,000	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS - NET	(1,615,580,467)	1,189,094,924	(1,445,963,908)	1,317,300,165
CASH AND CASH EQUIVALENTS, JANUARY 1,	2,209,331,053	1,020,236,129	1,664,449,772	347,149,607
CASH AND CASH EQUIVALENTS, DECEMBER 31,	593,750,586	2,209,331,053	218,485,864	1,664,449,772

Supplemental Disclosures of Cash Flows Information:

1. Cash paid during the years for				
Interest	2,307,064,925	5,119,098,859	2,305,996,379	5,120,241,800
Income tax	8,158,688	16,920,555	5,799,317	16,719,992
2. Cash and cash equivalents at December 31 consisted of:				
Cash	618,624	571,371	459,149	372,902
Cash in banks	593,131,962	2,208,759,682	218,026,715	1,664,076,870
Total	593,750,586	2,209,331,053	218,485,864	1,664,449,772

3. In August 1999, the Company purchased additional investments in shares of TISCO Asset Management Company Limited and sold the purchased shares, together with the existing shares to TISCO Securities Company Limited. As a result, such company changed the status from an associated company to be a new indirect subsidiary. The following summarizes the details of net assets of this new subsidiary as of the acquisition date.

	In Thousand Baht
Cash on hand and in bank	2,551
Promissory notes and accrued interest receivables	108,396
Other current assets	1,946
Investments in common shares	586
Property and equipment	2,235
Other assets	3,461
Total liabilities	(1,267)
Add excess of cost over equity in net assets of subsidiary	250,342
Payment for purchase of investments in subsidiary	368,250

4. On October 1, 1998, the Company has disposed its net assets of the securities business amounting to approximately Baht 1,283 million (net of cash transferred of Baht 120,000) to TISCO Securities Company Limited. The details of transferred net assets are as follows:

Assets and Liabilities	In Thousand Baht
<u>Assets</u>	
Cash on hand	120
Investment in securities – net	424,005
Accounts with securities companies – net	35,298
Securities business receivables and interest receivables – net	498,285
Property and equipment – net	400,459
Other assets	<u>71,241</u>
Total Assets	<u>1,429,408</u>
<u>Liabilities</u>	
Borrowing from bank	851
Accounts with securities companies – net	63,872
Customers' accounts	81,304
Other liabilities	<u>465</u>
Total Liabilities	<u>146,492</u>
Net	1,282,916
Less cash on hand of securities business	(120)
Net Assets of Disposed Securities Business	<u>1,282,796</u>

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

See accompanying Notes to Financial Statements.
(With Mr. Winid Silamongkol's report dated February 4, 2000)

1. THE ECONOMIC CRISIS

As shown in the financial statements, the Company and subsidiaries suffered losses from operations during the years 1999 and 1998. The economic and liquidity crisis which began in mid 1997 in Thailand and other countries in the Asia Pacific region brought about such adverse effects as significant depreciation in the value of the Thai Baht, reduced opportunity for refinancing or refunding of maturing debts, and a general reduction in spending throughout the region. These conditions have had a material adverse effect on the operations of the Company and its subsidiaries. Recently, however, many of these economic difficulties have begun to moderate as evidenced by the increasing trade surplus, renewed interest by foreign investors, economic growth, lower inflation and interest rates and a stabilized foreign exchange rate. During the year 1999, the Company and its subsidiaries generated a profit before provision for loan losses.

The Company completed its Baht 6,000 million recapitalization on June 1, 1999 after the Ministry of Finance approved the Tier I capital support scheme as described in Note 16. The successful recapitalization process guarantees the Company's ability to maintain its capital adequacy ratio in accordance with the Regulation of the Bank of Thailand.

Nevertheless, it would be premature to be complacent about the economic recovery given, among other factors, the remaining residual effects of the economic crisis, which could affect the recoverability of the assets of the Company and its subsidiaries including the ultimate collection of loans and receivables and the recovery of investments in securities. The ultimate outcome of these matters cannot presently be determined. The accompanying financial statements reflect management's current assessment of the impact to date of the economic situation on the financial position of the Company and its subsidiaries. Actual results could differ from management's current assessments. The accompanying financial statements do not include any adjustment that might result from these uncertainties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) General

The accompanying consolidated financial statements and individual financial statements have been prepared in accordance with the accounting standards formulated by The Institute of Certified Accountants and Auditors of Thailand coupled with the Announcement of the Bank of Thailand and the Stock Exchange of Thailand governing the accounting treatments.

The Company maintains its official accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with financial accounting standards in Thailand. The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Thailand and may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are not designed for those who are not informed about Thai accounting principles and practices.

For the convenience of the reader, an English translation of financial statements has been prepared from the statutory Thai language financial statements which are issued for domestic reporting purposes.

b) Basis of preparation

The accompanying financial statements have been prepared under the historical cost convention, except for investments in marketable securities are carried at fair value and those in non-marketable securities (General Investment) are carried at cost adjusted to state of the latest net book value of the investee companies in compliance with the notification of the Bank of Thailand.

c) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and the following subsidiaries of which more than 50% of capital shares are directly and indirectly owned by the Company:

	Percentage of Shareholdings	
	1999	1998
TISCO Securities Hong Kong Limited	99.75	99.75
TISCO Securities Company Limited	99.99	99.99
TISCO Assets Management Company Limited (Formerly Thai Capital Management Company Limited)	99.99	25.00

The above subsidiaries are incorporated in Thailand, except for TISCO Securities Hong Kong Limited, which is incorporated in Hong Kong. All significant intercompany transactions with subsidiaries have been eliminated in the consolidated financial statements.

The accompanying individual financial statements present only the accounts of TISCO Finance Public Company Limited. The equity in net income (loss) of subsidiaries has been recorded in the individual financial statements.

The purchase method of accounting is used for acquired businesses. A company acquired during the year is included in the consolidated financial statements from the date of acquisition.

The excess of the investment cost over equity in net assets of a newly acquired subsidiary as at the acquisition date is recorded as "Excess of cost over equity in net assets of subsidiary" in the consolidated balance sheet which is being amortized as expense by the straight-line method over a period of five (5) years.

d) Income and Expense Recognition

Interest income is accrued as earned and is based on principal outstanding. On the delinquent loans and receivables with overdue interest for over one month and on margin loans with overdue interest for over two months, it is the policy of the Company and its subsidiary to stop accruing income and to place the recognition of interest income on a cash basis. On hire purchase accounts which are overdue for more than four months starting from the last installment date, the recognition of income is stopped and the accounts are placed on a non-accrual basis. The accounts will be reinstated to "accrual basis" when installments are received.

Security brokerage fee, service fees and other service income are recorded on the accrual basis.

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

e) Investments in Securities

Starting January 1, 1999, the investments in marketable equity securities held as securities for trading and available-for-sale securities, are carried at fair value. Fair value represents the last bidding price quoted in the Stock Exchange of Thailand at the balance sheet date.

Starting January 1, 1999, the investments in government bond and state enterprise, private debt instruments - debentures and other securities - unit trust held for available-for-sale securities are carried at fair value. The fair value is computed as follows:

Government bond and state enterprise securities	- using the formula quoted by the Bank of Thailand at the yield rate of average bidding price of typical investments in government securities and state enterprise securities.
Private debt instruments	- using the formula quoted by the Bank of Thailand at the yield rate quoted in the Bond Dealers' Club at the balance sheet date.
Unit trust	- using the value of unit trust declared by the asset management company at the balance sheet date.

Debts held to maturity are valued at cost.

The investments in non-marketable equity securities which are general investments (excluding investments in common shares of subsidiaries and associated company) are valued at cost, which are adjusted to state at the latest net book value of the investee companies in compliance with the notification of the Bank of Thailand. In consideration thereof, the provisions for valuation adjustment are presented as parts of "Shareholders' Equity" in the balance sheet. Losses on the decline in value of general investments are taken up in the statement of income when the losses on impairment of securities occurred. Investments in common shares of subsidiaries and associated company are recorded by the equity method.

The change in value of investments as referred to above is presented in the balance sheet as a valuation adjustment of the related investment account. Starting January 1, 1999, the change in value of investments held as securities for trading is charged to current operations in the statement of income. The change in value of investments held as available-for-sale securities is presented as "Unrealized gain (loss) on securities for investment" shown under "Shareholders' Equity" in the balance sheet. However, in case that there is a loss on impairment of the securities held as available-for-sale securities, the decline in value of investment is recorded as expense in the statement of income.

Prior to January 1, 1999, the Company and a subsidiary valued investments in debt instruments (government and state enterprise bonds, and private debt instruments) and marketable equity securities, held as available-for-sale securities at the lower of aggregate cost or aggregate market value and recognized only unrealized losses in a separate component of "Shareholders' Equity". The Company and a subsidiary realized gains and losses in the statement of income upon the disposal of such investments. In addition, prior to the change, the subsidiary valued investments in marketable securities held for trading purposes at the lower of aggregate cost or aggregate market value and recognized only the unrealized losses in the statement of income.

In the event of disposal of an investment in securities, the Company and its subsidiaries use the moving average method to value its cost of disposed securities.

In the event that the Company and its subsidiaries transfer the investments in securities held for trading to be available-for-sale securities, the Company and its subsidiaries will adjust the cost of investments to be at fair value at the transfer date. The difference arising from the carrying amount and fair value at that date is charged to current operations.

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

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

g) Allowance for Doubtful Accounts

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

h) Depreciation and Amortization

The Company and subsidiaries depreciate their property and equipment by the straight-line method over the following estimated useful lives:

	Years
Building and office condominium units	20
Furniture, fixtures and office equipment	5
Office improvements	5

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

Expenditures for computer system license fees are deferred and are being amortized over the period of contracts for five (5) and ten (10) years.

Trading right on the Hong Kong Exchanges and Clearing Limited ("HKEC") is stated at cost less amortization on a straight-line basis over 25 years. Any provision for diminution in value, if considered necessary, is charged to the profit and loss account.

i) Deferred Income Taxes

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

j) Sales of Commercial Paper

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

- (a) Commercial paper with aval or acceptance by a bank or another finance company sold without recourse should be treated as outright sales and the face value of the commercial paper purchased should be credited from accounts receivable. Commercial paper with aval or acceptance as described above sold with recourse should be disclosed as part of "Contingent Liabilities".
- (b) Commercial paper without an aval or acceptance sold without recourse with the amount of Baht 10 million or more should be credited from accounts receivable. Commercial paper less than Baht 10 million sold with recourse should be recorded as a liability under the caption "Liabilities under commercial paper sold".

k) Translation of Foreign Currency Financial Statements and Foreign Currency Transactions

The financial statements of TISCO Securities Hong Kong Limited, a subsidiary company, have been prepared in HK Dollars, the currency of the country in which the subsidiary operates. For consolidated

and for equity accounting in subsidiary purposes, these financial statements have been translated into Thai Baht at average exchange rates announced by the Bank of Thailand.

- (a) Assets and liabilities have been translated into Thai Baht at average exchange rates announced by the Bank of Thailand at the balance sheet date.
- b) Revenues and expenses have been translated into Thai Baht at average exchange rates at the transaction dates announced by the Bank of Thailand. Net exchange gain and loss from the translation is presented as "Cumulative Translation Adjustment on Foreign Currency Financial Statements of Subsidiary in the Proportion of the Company" under the caption "Shareholders' Equity" of the consolidated balance sheets and the individual balance sheets.

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

Liabilities denominated in foreign currencies covered by forward exchange contracts at the balance sheet date, are translated into Baht at the spot rate on forward exchange contract date adjusted by the related forward contract premium for the period up to the balance sheet date. Gains or losses on forward contracts covering the recorded liabilities are offset with the related gains or losses on exchange on the liabilities being hedged. Gains or losses on forward contracts covering the commitments are deferred and accounted for as part of the underlying commitments being hedged. The deferred gains are recorded and included in "Other liabilities" until the related commitments being hedged are recognized. As at December 31, 1999 and 1998, the balance of deferred gains amounted to approximately Baht 10 million and Baht 74 million, respectively.

l) Registered Provident Fund Plan

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

m) Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand and deposits at financial institutions, excluding the negotiable certificates of deposit.

n) Loss per Share

Loss per share is determined based on the net loss, after deduction of the dividends on preferred share, if any, divided by the weighted-average number of common shares outstanding during the years. Since the inclusion of additional shares assuming the exercise of all convertible preferred shares would have been antidilutive, the diluted loss per share is not shown in the financial statements.

3. ACCOUNTING CHANGE

Starting January 1, 1999, the Company and a subsidiary changed the valuation method of their investments in debt instruments (government and state enterprise bonds, private debt instruments) and marketable equity securities held as available-for-sale securities. The subsidiary has also changed the valuation method of its investments in marketable securities held for trading purposes. The changes are described in Note 2 e.

The Company and its subsidiary adopted such accounting changes on a prospective basis and did not restate prior year financial statements. This practice was made in accordance with the Accounting Standard No. 40. The change resulted in the decrease in net loss for the year ended December 31, 1999 of Baht 85 million (Baht 0.81 per share) and the increases in both total assets and total shareholders' equity as at December 31, 1999 of Baht 252 million.

4. CHANGE IN REPORTING UNITS

During the third quarter of 1999, the Company acquired additional shares of TISCO Assets Management Company Limited (formerly Thai Capital Management Company Limited) at 74.99% holding and sold those shares together with the 25% existing shares to TISCO Securities Company Limited as described in Note 22. As a result, TISCO Assets Management Company Limited changed the status from an associated company to be a subsidiary of the Company. The excess of investment cost over equity in net assets of the newly acquired subsidiary was approximately Baht 250 million. This has been recorded as "Excess of cost over equity in net assets of subsidiary" in the consolidated balance sheet which is being amortized as expense by the straight-line method over a period of five (5) years. The amortization as expense for the period of 1999 was Baht 12 million.

The Company has recorded the investments in such subsidiary by the equity method in the Company's financial statements and the financial statements of this subsidiary have been consolidated to the accompanying consolidated financial statements for the year ended December 31, 1999 by the purchase method. The consolidated financial statements for the year ended December 31, 1998, presented herein for comparative purposes, have been restated by including the financial statements of TISCO Assets Management Company Limited. The Company previously recorded the investments in such company (previously with 25% shareholding) by the equity method in the Company's financial statements and the consolidated financial statements for the year 1998. This is in accordance with the accounting practice of Statement No. 39 issued by The Institute of Certified Accountants and Auditors of Thailand for the change in reporting units. The restatement in the 1998 consolidated financial statements resulted in significant increases of balances previously reported as follows:

	In Thousand Baht
Total assets	178,082
Total liabilities	18,773
Minority interest in consolidated subsidiaries	159,309
Interest and dividend income	25,021
Non-interest income - net	52,747
Operating expenses	60,509
Income tax expense	17,259
Minority interest in income of subsidiary	30,730

The financial statements for the years ended December 31, 1999 and 1998, of the subsidiary, TISCO Assets Management Company Limited, included in the accompanying consolidated financial statements, was not audited by the auditors. In addition, the equity in net income for the years then ended of such subsidiary, as presented separately as part of "Equity in net income (loss) of subsidiaries" in the statements of income of the Company, was computed based on the unaudited financial statements of such subsidiary. Total assets of the subsidiary as at December 31, 1999 and 1998 represented 0.3% and 0.6%, respectively, of consolidated total assets in the accompanying financial statements. Total net income for the years then ended of such subsidiary computed in the proportion of the Company, represented 0.1% and 0.3%, respectively, of consolidated net loss in the accompanying financial statements. However, net income of the unaudited financial statements of the subsidiary for the year 1998 was not significantly different from that of the audited financial statements.

5. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

	In Baht			
	Consolidated		The Company Only	
	1999	1998	1999	1998
Cash	618,624	571,371	459,149	372,902
Cash in banks	593,131,962	2,208,759,682	218,026,715	1,664,076,870
Negotiable certificates of deposit (net of unearned interest of Baht 170 million in 1999 and Baht 17 million in 1998)	<u>846,643,788</u>	<u>196,767,467</u>	<u>846,643,788</u>	<u>196,767,467</u>
Total Cash and Deposits at Financial Institutions	<u>1,440,394,374</u>	<u>2,406,098,520</u>	<u>1,065,129,652</u>	<u>1,861,217,239</u>

The above major negotiable certificates of deposit are issued by a local bank under the guarantee of bills of finance companies which are ordered to cease the operations. The negotiable certificates of deposit bear interest at the rate of 2% per annum (which might be changed) and mature in the year 2003.

As at December 31, 1999, cash deposited at banks of a foreign subsidiary equivalent to approximately Baht 97 million, which is included as part of "Cash in banks", is pledged as collateral for overdraft line facility and forward contract granted to the subsidiary.

6. LOANS TO FINANCIAL INSTITUTIONS

	In Baht			
	Consolidated		The Company Only	
	1999	1998	1999	1998
Call loans	19,000,000	4,000,000	-	-
Term loans	<u>106,328,029</u>	<u>496,458,660</u>	-	<u>332,000,000</u>
Total Loans	125,328,029	500,458,660	-	332,000,000
Add accrued interest receivable	26,712	462,739	-	-
Less unearned interest	-	(3,988,823)	-	(3,988,823)
Loans to Financial Institutions - Net	<u>125,354,741</u>	<u>496,932,576</u>	-	<u>328,011,177</u>

7. INVESTMENTS IN SECURITIES

Consolidated

As at December 31, 1999, the investments in securities of the Company and its subsidiaries consisted of:

	In Baht				
	Consolidated				
	For Trading	Available - for - Sale	Debts Held to Maturity	General Investment	Total
Securities for Trading					
<u>Marketable debt instruments</u>					
Government and State					
Enterprise securities	-	2,720,434,415	-	-	2,720,434,415
Private debt instruments	-	<u>6 39,463,259</u>	-	-	<u>639,463,259</u>
Total	-	3,359,897,674	-	-	3,359,897,674
Add valuation adjustment	-	<u>28,913,024</u>	-	-	<u>28,913,024</u>
Total marketable debt instruments	-	<u>3,388,810,698</u>	-	-	<u>3,388,810,698</u>

In Baht					
Consolidated					
	For Trading	Available - for - Sale	Debts Held to Maturity	General Investment	Total
Marketable equity securities					
Listed securities	563,453,773	349,409,767	-	-	912,863,540
Unit trust	-	16,305,121	-	-	16,305,121
Total	563,453,773	365,714,888	-	-	929,168,661
Add valuation adjustment	84,812,505	96,426,043	-	-	181,238,548
Total marketable equity securities	648,266,278	462,140,931	-	-	1,110,407,209
Securities for Trading - Net	648,266,278	3,850,951,629	-	-	4,499,217,907
Securities for Investment					
Marketable debt instruments					
Government and State					
Enterprise securities	-	1,922,190,990	3,351,020,652	-	5,273,211,642
Private debt instruments	-	1,741,227,486	-	-	1,741,227,486
Total	-	3,663,418,476	3,351,020,652	-	7,014,439,128
Add valuation adjustment	-	15,075,544	-	-	15,075,544
Less allowance for possible losses on impairment in value	-	(660,370,110)	-	-	(660,370,110)
Marketable debt instruments-net	-	3,018,123,910	3,351,020,652	-	6,369,144,562
Equity Securities					
Marketable securities					
Listed securities	-	104,216,045	-	-	104,216,045
Unit trust	-	326,282,600	-	-	326,282,600
Non - marketable securities					
Equity shares - at cost	-	-	-	1,107,369,812	1,107,369,812
Total	-	430,498,645	-	1,107,369,812	1,537,868,457
Add (Less) valuation adjustment	-	26,416,744	-	(108,479,064)	(82,062,320)
Less allowance for possible losses on impairment in value	-	(2,836,925)	-	(242,604,359)	(245,441,284)
Equity Securities - net	-	454,078,464	-	756,286,389	1,210,364,853
Securities for Investment - Net	-	3,472,202,374	3,351,020,652	756,286,389	7,579,509,415
Investments in Securities - Net	648,266,278	7,323,154,003	3,351,020,652	756,286,389	12,078,727,322

The Company Only

As at December 31, 1999, the investments in securities of the Company consisted of:

In Baht					
Consolidated					
	For Trading	Available - for - Sale	Debts Held to Maturity	General Investment	Total
Securities for Trading					
Marketable debt instruments					
Government and State					
Enterprise securities		2,720,434,415	-	-	2,720,434,415
Private debt instruments		632,619,801	-	-	632,619,801
Total		3,353,054,216	-	-	3,353,054,216
Add valuation adjustment		27,549,052	-	-	27,549,052
Total marketable debt instruments		3,380,603,268	-	-	3,380,603,268

	In Baht				
	Consolidated				
	For Trading	Available - for - Sale	Debts Held to Maturity	General Investment	Total
Marketable equity securities					
Listed securities		349,409,767	-	-	349,409,767
Unit trust		16,305,121	-	-	16,305,121
Total		365,714,888	-	-	365,714,888
Add valuation adjustment		96,426,043	-	-	96,426,043
Total marketable equity securities		462,140,931	-	-	462,140,931
Securities for Trading - Net		3,842,744,199	-	-	3,842,744,199
Securities for Investment					
Marketable debt instruments					
Government and State					
Enterprise securities		1,922,190,990	3,331,000,000	-	5,253,190,990
Private debt instruments		1,741,227,486	-	-	1,741,227,486
Total		3,663,418,476	3,331,000,000	-	6,994,418,476
Add valuation adjustment		15,075,544	-	-	15,075,544
Less allowance for possible losses on impairment in value		(660,370,110)	-	-	(660,370,110)
Marketable debt instruments-net		3,018,123,910	3,331,000,000	-	6,349,123,910
Equity securities					
Marketable securities					
Unit trust		326,282,600	-	-	326,282,600
Equity Shares		37,838,270	-	-	37,838,270
Non - marketable securities					
Equity shares					
- at cost		-	-	1,105,855,704	1,105,855,704
- at equity		-	-	1,856,614,831	1,856,614,831
Total		364,120,870	-	2,962,470,535	3,326,591,405
Less valuation adjustment allowance for possible losses on impairment in value		(3,632,206)	-	(77,066,143)	(80,698,349)
Equity securities - net		360,488,664	-	2,642,800,033	3,003,288,697
Securities for Investment - Net		3,378,612,574	3,331,000,000	2,642,800,033	9,352,412,607
Investments in Securities - Net		7,221,356,773	3,331,000,000	2,642,800,033	13,195,156,806

As at December 31, 1999, investments in securities as referred to above are categorized as "For Trading", "Available-for-Sale", "Debts Held to Maturity" and "General Investment" in accordance with the Accounting Standard No. 40 of The Institute of Certified Accountants and Auditors of Thailand, which is effective as of January 1, 1999.

Debts held to maturity of Baht 3,331 million, as referred to above, represent debt instruments in which the Company has invested under the conditions of the Ministry of Finance Tier I and Tier II capital support scheme described in Notes 14 and 16. These debt instruments are ten year non-negotiable government bonds which bear interest at the rates of 4% and 5% per annum and are redeemable before maturity.

The Company's marketable equity securities of Baht 141 million at December 31, 1999 has been committed for a one year silent period under the condition set forth in a trouble debt restructuring agreement enter into a restructured receivable.

As at December 31, 1999, the Company is required by the Bank of Thailand (BOT) to provide an allowance for possible losses on investments in securities of approximately Baht 956 million (See Note 21.2).

As at December 31, 1999, the Company had already provided allowance for possible losses on investments in securities amounting to Baht 1,044 million. The allowance was presented as a deduction from the related investment account in the balance sheets. Approximately Baht 903 million within the contra - account was recorded as an expense in the statement of income since it represents a loss from the impairment of securities. The remaining amount of Baht 141 million was shown, as an offset amount, as "Unrealized gain on securities for investment" under the caption of "Shareholders' Equity" in the balance sheets since the management believes that there is no possible loss on the impairment of these investments and the Company will recover its value as the future operations of the investees are improved.

As at December 31, 1998, the investments in securities consisted of:

	In Baht			
	Consolidated		The Company Only	
	Cost	Market	Cost	Market
Securities for Trading				
Debt instruments				
Government and State Enterprise securities	785,233,064	798,032,063	785,233,064	798,032,063
Private debt instruments	<u>98,235,489</u>	<u>99,222,929</u>	<u>98,235,489</u>	<u>99,222,929</u>
Total	883,468,553	897,254,992	883,468,553	897,254,992
Equity securities				
Listed securities	<u>100,154</u>	<u>172,612</u>	-	-
Securities for Trading - Net	<u>883,568,707</u>	<u>897,427,604</u>	<u>883,468,553</u>	<u>897,254,992</u>
Securities for Investment				
Debt instruments				
Government and State Enterprise securities	2,464,811,476	2,529,086,649	2,464,811,476	2,529,086,649
Private debt instruments	<u>1,995,726,325</u>	<u>2,035,033,583</u>	<u>1,927,705,076</u>	<u>1,961,322,166</u>
Total	4,460,537,801	4,564,120,232	4,392,516,552	4,490,408,815
Less allowance for possible losses	(476,525,000)	-	(476,525,000)	-
Debt instruments - net	<u>3,984,012,801</u>	<u>4,564,120,232</u>	<u>3,915,991,552</u>	<u>4,490,408,815</u>
Equity securities				
Listed securities	304,442,642	442,949,983	-	-
Other securities				
- at cost	980,633,507	852,142,266	979,877,407	851,386,166
- at equity	-	-	<u>1,533,354,321</u>	<u>1,533,354,321</u>
Total	<u>1,285,076,149</u>	<u>1,295,092,249</u>	<u>2,513,231,728</u>	<u>2,384,740,487</u>
Securities for Investment - Net	<u>5,269,088,950</u>	<u>5,859,212,481</u>	<u>6,429,223,280</u>	<u>6,875,149,302</u>
Investment in Securities - Net	<u>6,152,657,657</u>	<u>6,756,640,085</u>	<u>7,312,691,833</u>	<u>7,772,404,294</u>

As at December 31, 1998, the allowance for possible losses on investments in securities which should be made in accordance with the criteria of the Bank of Thailand (BOT) amounted to approximately Baht 817 million (See Note 21.2). During the year 1998, the BOT, however, gave the permission to the financial institutions to gradually provide the full allowance required by the BOT until the year ended December 31, 2000. The minimum amount of the allowance which the Company should provide for its possible losses on investments in securities as at December 31, 1998 as required by the BOT amounted to approximately Baht 437 million (See Note 21.2). As at December 31, 1998, the Company had already provided allowance for possible losses on investments in securities totalling approximately Baht 817 million, of which a portion of Baht 477 million was recorded in "Allowance for possible losses on securities for investments" as a deduction item of the related investment account in the balance sheet. The remaining Baht 340 million was included as part of "Allowance for possible loan losses" as a deduction item of the loans and receivables account in the balance sheet as described in Note 9 to the financial statements.

During the year 1998, the Company obtained certain securities and warrants from three debtors, which are related parties, in order to settle their debts amounting to Baht 34 million. The valuation of those securities

was at the rate of 90% of their market price/net book value on the transferred date, except for the valuation of marketable securities which were considered to have no value, since there was no comparable market price at that time. However, the Company already transferred the above securities amounting to Baht 32 million to TISCO Securities Company Limited in connection with the separation of the securities business from the finance business.

As at December 31, 1999, the securities (at cost/equity) held by the Company equal to 10% or more of the investees' capital consist of:

Consolidated

Name	Business	In Baht		Investment Portion (%)
		Investment in Shares	Unpaid Shares	
Jiji Press (Thailand) Co., Ltd.	Printing and publishing	1,627,646	600,000	20
Dentsu (Thailand) Ltd.	Service	92,416,064	-	20
Shin Thai Enterprises Co., Ltd.	Import and Export	11,414,088	-	20
American Appraisal (Thailand) Ltd.	Service	1,645,410	-	10
HiWay Co., Ltd. (Common and preferred shares)	Hire purchase	104,628,910	-	10
Hirota International (Thailand) Co., Ltd.	Import and Export	75,000	225,000	10
Interthai Holdings Ltd. (Preferred shares)	Trading	250,000	750,000	10
Itochu (Thailand) Ltd.	Import and Export	31,175,000	-	10
JLW (Thailand) Ltd.	Service	400,000	-	10
K. Line (Thailand) Co., Ltd.	Service	35,334,990	-	10
PDTL Trading Co., Ltd.	Import	8,462,830	-	10
PNC (Thailand) Co., Ltd.	Real Estate	15,000	-	10
Prosperity Industrial Estate Co., Ltd.	Real Estate	45,342,186	-	10
Sathorn Sombat Co., Ltd.	Real Estate	6,000,000	-	10
SEIKO (Thailand) Co., Ltd.	Trading	200,000	-	10
Siam Art Ceramic Co., Ltd.	Industrial	19,800,000	-	10
Thai Information Technology Co., Ltd.	Service	1,999,800	-	10
UMI Property Co., Ltd.	Real estate	22,635,000	-	10
Wattana Inter - Trade Co., Ltd.	Import and Export	5,382,300	-	10
Total		<u>388,804,224</u>	<u>1,575,000</u>	

The Company Only

Name	Business	In Baht		Investment Portion (%)
		Investment in Shares	Unpaid Shares	
TISCO Securities Co., Ltd. - At equity	Service	1,660,817,622	-	100
TISCO Securities Hong Kong Ltd. - At equity	Service	195,797,209	-	100
Jiji Press (Thailand) Co., Ltd.	Printing and publishing	1,627,646	600,000	20
Dentsu (Thailand) Ltd.	Service	92,416,064	-	20
Shin Thai Enterprises Co., Ltd.	Import and Export	11,414,088	-	20
American Appraisal (Thailand) Ltd.	Service	1,645,410	-	10
HiWay Co., Ltd. (Common and preferred shares)	Hire purchase	104,628,910	-	10
Hirota International (Thailand) Co., Ltd.	Import and Export	75,000	225,000	10
Interthai Holdings Ltd. (Preferred shares)	Trading	250,000	750,000	10

Name	Business	In Baht		Investment Portion (%)
		Investment in Shares	Unpaid Shares	
Itochu (Thailand) Ltd.	Import and Export	31,175,000	-	10
JLW (Thailand) Ltd.	Service	400,000	-	10
K. Line (Thailand) Co., Ltd.	Service	35,334,990	-	10
PDTL Trading Co., Ltd.	Import	8,462,830	-	10
PNC (Thailand) Co., Ltd.	Real Estate	15,000	-	10
Prosperity Industrial Estate Co., Ltd.	Real Estate	45,342,186	-	10
Sathorn Sombat Co., Ltd.	Real Estate	6,000,000	-	10
SEIKO (Thailand) Co., Ltd.	Trading	200,000	-	10
Siam Art Ceramic Co., Ltd.	Industrial	19,800,000	-	10
Thai Information Technology Co., Ltd.	Service	1,999,800	-	10
UMI Property Co., Ltd.	Real estate	22,635,000	-	10
Wattana Inter - Trade Co., Ltd.	Import and Export	5,382,300	-	10
Total		<u>2,245,419,055</u>	<u>1,575,000</u>	

The Company has not recorded its investments in the shares of Jiji Press (Thailand) Co., Ltd., Dentsu (Thailand) Ltd. and Shin Thai Enterprises Co., Ltd. (each 20% owned) by the equity method since these investments had been transferred from a restructured receivable. The Company is required to dispose of these investments within 3 years under the regulations of the Bank of Thailand.

Gain on trading in securities - net and provision for possible losses on impairment in value of investments shown in the accompanying statements of income for the year ended December 31, 1999 consisted of:

	In Million Baht	
	Consolidated	The Company Only
Net realized gain on trading in securities		
Securities for trading	20	-
Available-for-sale securities	322	317
Unrealized net gain on valuation adjustment of securities for trading	85	-
Total	<u>427</u>	<u>317</u>
Provision for possible losses on impairment in value		
Available-for-sale securities	(184)	(184)
General investment	(245)	(242)
Total	<u>(429)</u>	<u>(426)</u>

8. LOANS AND RECEIVABLES AND ACCRUED INTEREST RECEIVABLES

8.1 Loans, Receivables and Accrued Interest Receivables - Classified by Type of Contracts

	In Baht			
	Consolidated		The Company Only	
	1999	1998	1999	1998
Finance Business Loans and Receivables				
Loans	14,801,853,608	12,990,940,870	14,801,853,608	12,990,940,870
Promissory notes	7,093,241,107	16,607,552,453	7,093,241,107	16,607,552,453
Hire purchase receivables	3,887,508,983	2,383,315,583	3,887,508,983	2,383,315,583
Financial Sector Restructuring Authority Receivables	<u>441,623,898</u>	-	<u>441,623,898</u>	-
Total Finance Business Loans and Receivables				
Loans and Receivables	26,224,227,596	31,981,808,906	26,224,227,596	31,981,808,906
Add accrued interest receivables	259,107,246	73,263,728	259,107,246	73,263,728

	In Baht			
	Consolidated		The Company Only	
	1999	1998	1999	1998
Less allowance for doubtful accounts	(1,070,875,389)	(2,901,630,572)	(1,070,875,389)	(2,901,630,572)
Finance Business Loans, Receivables and Accrued Interest Receivables - Net	25,412,459,453	29,153,442,062	25,412,459,453	29,153,442,062
Securities Business Receivables				
Loans on margin transactions	618,284,824	684,021,739	-	-
Customers' accounts	471,079,015	137,311,403	-	-
Total Securities Business Receivables	1,089,363,839	821,333,142	-	-
Add accrued interest receivables	211,931	618,283	-	-
Less allowance for doubtful accounts	(534,574,553)	(525,619,284)	-	-
Securities Business Receivables and Accrued Interest Receivables - Net	555,001,217	296,332,141	-	-
Loans, Receivables and Accrued Interest Receivables- Net	25,967,460,670	29,449,774,203	25,412,459,453	29,153,442,062

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

	In Baht	
	Consolidated and The Company Only	
	1999	1998
At call	7,114,190,774	17,902,941,790
Not over one year	4,137,931,573	3,193,909,962
Over one year	14,972,105,249	10,884,957,154
Total Finance Business Loans and Receivables	26,224,227,596	31,981,808,906

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

	In Baht			
	Consolidated		The Company Only	
	1999	1998	1999	1998
Agricultural and mining	104,700,840	101,033,728	104,700,840	101,033,728
Manufacturing and commercial	5,189,821,522	6,002,503,010	5,189,821,522	6,002,503,010
Real estate and construction	3,996,453,083	5,458,631,687	3,996,453,083	5,458,631,687
Utilities and service	2,660,648,596	1,394,717,731	2,660,648,596	1,394,717,731
Individual consumption				
For hire-purchase	3,947,859,753	2,383,315,584	3,947,859,753	2,383,315,584
For housing	2,838,928,620	3,210,493,396	2,838,928,620	3,210,493,396
For securities business	1,089,363,839	821,333,142	-	-
Others	7,485,815,182	13,431,113,770	7,485,815,182	13,431,113,770
Total Finance and Securities Business Loans and Receivables	27,313,591,435	32,803,142,048	26,224,227,596	31,981,808,906

As at December 31, 1999 and 1998, unearned interest amounting to Baht 790 million and Baht 488 million, respectively, was presented as a deduction from the principal amount of outstanding receivables in the above loans and receivables.

8.4 Financial Sector Restructuring Authority Receivables

On April 30, 1999, the Company offered a bidding price of approximately Baht 540 million with the expecting yield rate not less than 15% on 42 receivables of the Financial Sector Restructuring Authority (FRA). The outstanding receivable balances under the contracts originally amounted to approximately Baht 1,795 million, of which collateral values totalled approximately Baht 640 million. As at December 31, 1999, the outstanding book values of such receivables amounted to approximately Baht 441 million. The Company classified these receivables in accordance with the criteria in the Announcement of the Bank of Thailand (BOT). In consideration thereof, the Company has provided an allowance for possible losses on such receivables amounting to Baht 74 million in accordance with the criteria set forth by BOT.

8.5 Troubled Debt Restructuring

The Company entered into troubled debt restructuring contracts in connection with its receivables during the year ended December 31, 1999 as follows:

	Number of Receivables	Outstanding Loan Balance before Restructuring (In Million Baht)
- Restructured receivables	221	8,471
- Total receivables	12,370	26,849

As at December 31, 1999, the restructured receivables are detailed as follows:

Type of the Restructuring	Number of Receivables	Outstanding Loan Balance before Restructuring (In Million Baht)	Type of Transferred Assets	Fair Value of Transferred Assets (In Million Baht)
Transfer of Assets	5	454	Land and Structures	474
Transfer of Equity Securities	1	90	Common Shares	90
Transfer of Assets and Equity Securities and Modification of Terms	1	396	Land Common Shares	10
Transfer of Equity Securities and Modification of Terms	3	330	Common Shares	19
Transfer of Assets and Modification of Terms	6	1,496	Land with Structures and Common Shares	163 190
Modification of Terms	<u>260</u>	<u>6,500</u>		-
Total	<u>276</u>	<u>9,266</u>		<u>1,144</u>

As at December 31, 1999, the outstanding balance of receivables restructured by modification of terms after restructuring amounted to approximately Baht 4,856 million.

During the year ended December 31, 1999, the Company recognized interest income on restructured receivables totalling approximately Baht 335 million and received their principal and interest totalling approximately Baht 2,721 million. As at December 31, 1999, the Company has no commitment to grant additional loans to the restructured loan debtors.

As at December 31, 1999, the Company has outstanding restructured loans and receivables totalling approximately Baht 6,353 million, of which Baht 5,765 million are receivables which were restructured during the year. The Company recognized a loss on restructuring of receivables during the year ended December 31, 1999 totalling approximately Baht 131 million in the statement of income.

Loans and receivables as at December 31, 1999 and 1998, included receivables from two companies (of which 10% of the shares are held by the Company) and from other companies which are related with those two companies totalling approximately Baht 3,276 million and Baht 8,342 million, respectively. These loans and receivables are from companies that are related through common shareholdings and/or directorships. A major portion of these are not collateralized. The Companies are engaging in investment holding activities with minimal authorized share capital. Certain of these companies, representing loans and receivables with the outstanding balance of Baht 3,634 million as at December 31, 1998, incurred significant deficits and three years of continuous losses. These loans and receivables had been classified as doubtful loss receivables as at December 31, 1998 and were written-off during the year 1999, in accordance with the criteria in the Announcement of the Bank of Thailand since these loans and receivables have not paid interest for twenty-four months as at December 31, 1999. The remaining loans and receivables of Baht 3,275 million and Baht 4,708 million as at December 31, 1999 and 1998, respectively, however, are not classified as doubtful loss, doubtful or substandard receivables since the receivables regularly paid interest and sometimes paid principal to the Company. These receivables are in the process of troubled debt restructuring. The Company has provided an allowance for losses on such receivables as of December 31, 1999 and 1998, amounting to approximately Baht 31 million and Baht 828 million, respectively. Such allowances were provided in accordance with the criteria set forth in the Announcement of the Bank of Thailand.

As at December 31, 1999 and 1998, the Company's loans and receivables on which the recognition of income is suspended amounted to approximately Baht 4,960 million and Baht 12,166 million, respectively (including the amount of Baht 3,634 million in 1998 as referred in the preceding paragraph). The suspension of income recognition is in accordance with the Announcement of the Bank of Thailand dated December 15, 1997 governing the notification of accounting for Finance, Securities and Credit Foncier Companies. Most of these loans and receivables (except for the receivables as referred in the preceding paragraph) are collateralized by the assets which are appraised by the independent appraiser and the internal appraiser of the Company and were taken into account in setting up the allowance for possible loan losses.

As at December 31, 1999, the Company's loans and receivables included corporate restructured loans and receivables of Baht 1,863 million (net of collateral values). As a result of restructuring, these rescheduled repayments of these restructured loans and receivables will be first due in late 2000 and thereafter. In addition, the Company has certain loans and receivables classified based on the BOT criteria as substandard and doubtful loans and receivables totalling Baht 802 million (net of collateral value). Most of these loans and receivables are in the process of debt restructuring. The Company provided an allowance for possible loan losses on these restructured, substandard and doubtful loans and receivables totalling Baht 368 million. These allowances were made in conformity with the full provision based on the criteria of the BOT. In addition, the Company has provided a general reserve of Baht 432 million for possible losses on all loans and receivables. This amount exceeds the allowance for possible losses on all loans and receivables provided in accordance with the criteria of the BOT.

As at December 31, 1999 and 1998, the subsidiary's receivables on which the recognition of income is suspended amounted to approximately Baht 477 million and Baht 628 million, respectively (Note 21.3). The suspension of income recognition is in accordance with the Announcement of the Office of the Securities and Exchange Commission at Kor. Tor. 45/2540 dated December 31, 1997 governing the accounting for doubtful receivables of securities companies. These receivables were taken into account in setting up the allowance for possible loan losses considering the collateral value.

9. ALLOWANCE FOR DOUBTFUL ACCOUNTS

	In Baht			
	Consolidated		The Company Only	
	1999	1998	1999	1998
Beginning balance	3,427,249,856	1,913,585,292	2,901,630,572	1,908,998,975
Add (Less) provision for				
doubtful accounts during the years (Note 8)	4,908,010,794	1,515,055,473	4,899,156,565	1,314,883,740
Provision for losses on restructured				
receivables	23,823,234	-	23,823,234	-
Bad debt recovery	627,855	395,000	-	395,000
Bad debt written-off	(6,754,261,797)	(1,785,909)	(6,753,734,982)	(1,785,909)
Reversal of provision for receivables which				
was transferred to TISCO Securities				
Co., Ltd. (Note 24)	-	-	-	(320,861,234)
Ending balance	<u>1,605,449,942</u>	<u>3,427,249,856</u>	<u>1,070,875,389</u>	<u>2,901,630,572</u>

As at December 31, 1999, the Company is required by the Bank of Thailand (BOT) to provide an allowance for possible loan losses and for possible losses on receivables under the troubled debt restructuring totalling approximately Baht 639million (See Note 21.2). As at December 31, 1999, the Company had already provided allowance for possible loan losses totalling approximately Baht 1,071 million, which exceeds the allowance required by BOT by Baht 432 million. The management believes that the allowance for doubtful accounts adequately provided for possible losses on uncollectible receivables.

As at December 31, 1998, the Company is required by The Bank of Thailand (BOT) to provide an allowance for possible loan losses totalling approximately Baht 4,520 million (See Note 21.2). The BOT, however, gave the permission to the financial institutions to gradually provide the full allowance required by the BOT until the year ended December 31, 2000. In case of the Company, the minimum amount of the allowance for possible loan losses as at December 31, 1998 as required by the BOT amounted to approximately Baht 904 million (See Note 21.2). As at December 31, 1998, the Company had already provided allowance for possible loan losses totalling approximately Baht 2,902 million, which included the allowance for possible loss on investments in securities of Baht 340 million as discussed in Note 7 to the financial statements. The eventual losses that may be incurred in the collection of all loans and receivables and the recovery of investments in securities cannot be determined in 1998.

10. PROPERTIES FORECLOSED

Properties foreclosed represent assets foreclosed from loans, receivables and hire - purchase receivables which are long past-due. These foreclosed assets are valued at the lower of the net balance of the related loan or the market/appraised value of the foreclosed assets. As of December 31, details are as follows:

	In Baht	
	Consolidated and The Company Only	
	1999	1998
Land	509,714,657	60,000,000
Land and structures	360,456,007	-
Office condominium units	212,598,021	212,598,021
Machines	-	896,990
Vehicles	-	1,435,959
Total	1,082,768,685	274,930,970
Less allowance for decline in value	(53,681,500)	(117,216)
Properties Foreclosed - Net	<u>1,029,087,185</u>	<u>274,813,754</u>

During the year ended December 31, 1998, the Company has reprocessed land and office condominium units from certain debtors for settlement of loans at the amount equal to the latest appraised value of those assets totalling Baht 213 million.

During the year ended December 31, 1999, certain debtors, including restructured receivables as referred in Note 8, transferred the land and structures to the Company to settle the loans of Baht 831 million. The Company recorded the transferred land and structures at fair value, which is equal to the latest appraised value of those assets.

11. PROPERTY AND EQUIPMENT

During the year ended December 31, 1999, the movements of property and equipment are summarized below:

	In Baht			
	Consolidated			
	Beginning Balance at January 1, 1999	Additions and Deductions During the year		Ending Balance at December 31, 1999
		Additions	Deductions	
<u>Cost</u>				
Land	339,266,046	20,017,108	-	359,283,154
Building and office condominium units	715,748,634	8,537,715	-	724,286,349
Furniture, fixtures and office equipment	173,508,169	62,385,077	21,528,240	214,365,006
Office improvements	220,165,905	16,376,787	9,621,972	226,920,720
Leasehold rights	<u>2,620,438</u>	<u>-</u>	<u>515,496</u>	<u>2,104,942</u>
Total	<u>1,451,309,192</u>	<u>107,316,687</u>	<u>31,665,708</u>	<u>1,526,960,171</u>
Accumulated depreciation and amortization				
Building and office condominium units	(43,995,426)	(36,204,167)	(65,896)	(80,133,697)
Furniture, fixtures and office equipment	(75,170,289)	(38,297,362)	(21,649,677)	(91,817,974)
Office improvement	<u>(27,638,193)</u>	<u>(22,945,622)</u>	<u>(3,570,763)</u>	<u>(47,013,052)</u>
Total	<u>(146,803,908)</u>	<u>(97,447,151)</u>	<u>(25,286,336)</u>	<u>(218,964,723)</u>
Property and Equipment-Net	<u>1,304,505,284</u>			<u>1,307,995,448</u>
<u>Cost</u>				
Land	234,611,526	17,509,338	-	252,120,864
Building and office condominium units	497,211,319	3,274,574	-	500,495,893
Furniture, fixtures and office equipment	97,548,351	8,042,588	9,076,059	96,514,880
Office improvements	<u>152,988,579</u>	<u>11,286,477</u>	<u>8,476,069</u>	<u>155,798,987</u>
Total	<u>982,369,775</u>	<u>40,112,977</u>	<u>17,552,128</u>	<u>1,004,930,624</u>
Accumulated depreciation and amortization				
Building and office condominium units	(27,482,127)	(24,925,325)	(65,896)	(52,341,556)
Furniture, fixtures and office equipment	(35,609,378)	(19,511,903)	(9,277,480)	(45,843,831)
Office improvements	<u>(18,633,172)</u>	<u>(15,325,824)</u>	<u>(1,987,418)</u>	<u>(31,971,578)</u>
Total	<u>(81,724,677)</u>	<u>(59,763,052)</u>	<u>(11,330,764)</u>	<u>(130,156,965)</u>
Property and Equipment-Net	900,645,098			874,773,659

The Company and its subsidiaries presented the movements of property and equipment for the year 1999 as referred to above in accordance with the Accounting Standard No. 32 governed by The Institute of Certified Public Accountants and Auditors of Thailand, which is effective on January 1, 1999.

Depreciation expenses for the year ended December 31, 1999 and 1998 in the consolidated financial statements amounted to approximately Baht 95 million and Baht 99 million, respectively, and those in the financial statements of the Company amounted to approximately Baht 57 million and Baht 84 million, respectively.

12. OTHER ASSETS

	In Baht			
	Consolidated		The Company Only	
	1999	1998	1999	1998
Prepaid income tax	22,719,871	168,473,250	22,519,308	168,473,250
Loans to employees	110,450,378	136,829,528	60,350,767	91,421,568
Accrued interest receivables	211,866,756	123,027,395	208,425,386	120,042,496
Value added tax - net	141,104,540	41,595,291	141,104,540	41,595,291
Professional fee receivables	42,918,341	37,963,430	14,775,783	35,387,255
Deferred computer system development cost - net	28,904,483	18,409,069	2,311,194	4,897,994
Deposits	14,497,746	18,325,333	5,003,008	3,539,679
Others	<u>60,873,264</u>	<u>72,374,766</u>	<u>11,190,596</u>	<u>41,642,162</u>
Total Other Assets	<u>633,335,379</u>	<u>616,998,062</u>	<u>465,680,582</u>	<u>506,999,695</u>

13. BORROWINGS AND DEPOSITS

13.1 Classified by Source of Borrowings and Deposits

	In Baht		
	Consolidated		
	1999		
	Promissory Note	Others	Total
From public	30,895,738,850	-	30,895,738,850
From banks	-	135,383,126	135,383,126
From financial institutions	1,488,000,000	-	1,488,000,000
From foreign countries	<u>115,443,919</u>	<u>600,985,588</u>	<u>716,429,507</u>
Total	<u>32,499,182,769</u>	<u>736,368,714</u>	<u>33,235,551,483</u>
	In Baht		
	Company Only		
	1999		
	Promissory Note	Others	Total
From public	30,895,738,850	-	30,895,738,850
From banks	-	135,550,564	135,550,564
From financial institutions	1,550,000,000	-	1,550,000,000
From foreign countries	<u>115,443,919</u>	<u>600,985,588</u>	<u>716,429,507</u>
Total	<u>32,561,182,769</u>	<u>732,536,152</u>	<u>33,293,718,921</u>
	In Baht		
	Consolidated		
	1998		
	Promissory Note	Others	Total
From public	30,530,229,150	-	30,530,229,150
From banks	-	3,102,806,869	3,102,806,869
From financial institutions	462,231,443	-	462,231,443
From foreign countries	<u>136,242,780</u>	<u>2,852,548,883</u>	<u>2,988,791,663</u>
Total	<u>32,128,703,373</u>	<u>5,955,355,752</u>	<u>37,084,059,125</u>

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

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

	In Million		
	Foreign Currencies		In Million
	Currency	Amount	Baht
<u>1999</u>	Japanese Yen	3,300	<u>601</u>
<u>1998</u>	Japanese Yen	23,118	<u>5,905</u>
	Total		

The above borrowings and deposits in foreign currencies are translated into Baht at the rate prevailing at the balance sheet date. In case of those covered by forward exchange and swap contracts, they are translated into Baht at the spot rate on forward exchange and swap contract date adjusted by the related forward and swap contract premium for the period up to the balance sheet date.

13.2 Classified by Remaining Periods of Contracts

	In Baht			
	Consolidated		The Company Only	
	1999	1998	1999	1998
At call	1,637,125,966	520,265,000	1,695,293,404	514,619,383
Not over one year	28,928,522,245	34,873,751,836	28,928,522,245	35,101,751,836
Over one year	<u>2,669,903,272</u>	<u>1,690,042,289</u>	<u>2,669,903,272</u>	<u>1,690,042,289</u>
Total Borrowings and Deposits	<u>33,235,551,483</u>	<u>37,084,059,125</u>	<u>33,293,718,921</u>	<u>37,306,413,508</u>

14. SUBORDINATED DEBENTURES

During the year ended December 31, 1999, the Company issued unsecured subordinated debentures totalling Baht 331 million (331 units at Baht 1,000,000 par value) 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 the Tier II capital fund to be in accordance with the regulations of the Bank of Thailand. The debentures bear interest at the rate of 5% and 6% per annum and mature in 2009. The Company used the money from selling such debentures to promptly invest in government bonds issued by the Ministry of Finance. This was made in accordance with the specified conditions under the Tier II capital support scheme (See Note 7).

15. OTHER LIABILITIES

	In Baht			
	Consolidated		The Company Only	
	1999	1998	1999	1998
Income tax payable	92,875,484	-	-	-
Withholding income taxes and other tax payables	51,973,494	60,536,935	44,313,911	56,936,762
Deferred gains on forward exchange contracts covering commitments	9,849,426	73,682,829	9,849,426	73,682,829
Payable for decoration of office condominium units	1,905,765	30,127,263	1,905,765	30,127,263
Accrued compensation expenses for assured yield fiduciary funds	-	117,000,000	-	-
Others	<u>247,881,075</u>	<u>245,471,130</u>	<u>175,929,128</u>	<u>65,154,982</u>
Total Other Liabilities	<u>404,485,244</u>	<u>526,818,157</u>	<u>231,998,230</u>	<u>225,901,836</u>

16. SHARE CAPITAL

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

However, at the extraordinary shareholders' meeting held on February 25, 1999, the shareholders resolved a resolution in respect of the authorized share capital and the Articles of Association of the Company as follows:

- To reduce its authorized share capital from Baht 3,002 million (divided into 300,200,000 shares at Baht 10 par value) to be Baht 1,002 million (divided into 100,200,000 shares at Baht 10 par value) by eliminating the authorized common shares of Baht 2,000 million (divided into 200,000,000 shares at Baht 10 par value) which have not been offered to sell. This was made in order to be in accordance with the Public Company Limited Act B.E. 2535.
- To increase its authorized share capital by Baht 10,000 million (from Baht 1,002 million to be Baht 11,002 million) by issuing 1,000 million new preferred shares at Baht 10 par value. The newly issued preferred shares will be offered at one time or several times in private placement to specific investors not exceeding 35 persons and/or to the 17 types of qualified institutional investors according to the related notification of the Securities and Exchange Commission (SEC). In consideration thereof, the Board of Directors shall subsequently determine, by unanimous vote, the allotment and conditions of the offering and proceed as appropriate.
- The rights and benefits of the preferred share holders are the same as those of common shareholders, except for those concerning the dividends and others specified in the Company's Articles of Association.

In the ordinary shareholders' meetings held on April 29, 1999, the shareholders unanimously approved the allotment of newly issued non-cumulative preferred shares referred to above, of which a maximum of 500 million shares at par value of Baht 10 per share are to be offered to the Ministry of Finance and a maximum of 500 million shares at par value of Baht 10 per share are to be offered to investors. 300 million shares allotted to the investors should be reserved for the conversion of convertible debentures to be issued by the Company in the future. The Board of Directors would subsequently determine the terms and conditions of the offering as appropriate. The maximum allotment of 500 million newly issued preferred shares to the Ministry of Finance complies with the resolution of the Board of Directors' meeting which authorized the Company to apply for the Tier I capital support facility amounting up to Baht 3,000 million with the Ministry of Finance.

In consideration thereof, on May 6, 1999, the Company has applied for the Tier 1 capital support facility from the Ministry of Finance (MOF) whereby the Company would offer newly issued preferred shares of Baht 3,000 million each to the Ministry of Finance and new investors at Baht 10 per share. As at December 31, 1999, the Company had received proceeds from the preferred shares issuance totalling Baht 6,000 million and promptly invested the amount received from the MOF of Baht 3,000 million in government bonds as shown in Note 7. This was made in accordance with the specified conditions under the MOF support scheme.

Preferred shares referred to above can be converted into common shares every quarter-end at the ratio of 1:1. The first conversion could be on September 30, 1999 whereby the holders of preferred shares submitted to the Company an application for conversion. In addition, the investors of such preferred shares have an option to buy the shares from the MOF within the first three years at cost. In consideration thereof, the MOF issued derivative warrants to the investors and arranged for the warrants to be listed in the Stock Exchange of Thailand (SET). The Company has to absorb all such related expenses.

During the fourth quarter of 1999, the holders of preferred shares exercised the rights of convertible preferred shares for 19,460,800 shares. This conversion was registered with the Ministry of Commerce on October 8, 1999. As a result of conversion, as at December 31, 1999, the Company's issued and fully paid-up share capital consisted of common shares of Baht 1,196,608,000 (divided into 119,660,800 shares at Baht 10 par value) and preferred shares of Baht 5,805,392,000 (divided into 580,539,200 shares at baht 10 par value).

On January 4, 2000, the holders of preferred shares exercised the rights of convertible preferred shares for 7,567,700 shares. The unexercised preferred shares are 572,971,500 shares. The conversion of preferred shares to be common shares was registered with the Ministry of Commerce on January 11, 2000. As a result, the Company's issued and fully paid-up share capital consisted of common shares of Baht 1,272,285,000 (divided into 127,228,500 shares at Baht 10 par value) and preferred shares of Baht 5,729,715,000 (divided into 572,971,500 shares at Baht 10 par value). However, the Company has not registered the change of the number of authorized common shares and authorized preferred shares in the Memorandum of Association of the Company.

In addition, at the ordinary shareholders' meeting held on April 29, 1999 referred above, the shareholders unanimously approved the issuance of unsecured, senior mandatory convertible debentures amounting up to Baht 2,000 million. The debentures must be mandatorily converted to preferred shares upon the maturity date. The Board of Directors would subsequently determine the terms and conditions of the debentures to be issued and offered as appropriate. As at December 31, 1999, the Company has not issued such convertible debentures.

17. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 1999 and 1998 consisted of:

	In Baht			
	Consolidated		The Company Only	
	1999	1998	1999	1998
Income tax expense on taxable				
income for the year	147,571,176	17,259,055	-	-
Deferred tax assets resulting from				
timing differences - net	228,531,056	(94,262,794)	208,944,850	(94,262,794)
Utilization of tax benefit from				
tax loss carried forward	(51,267,116)	-	-	-
Reversal of income tax benefit				
on tax loss carried forward	-	207,659,677	-	207,659,677
Income tax expense - net	<u>324,835,116</u>	<u>130,658,938</u>	<u>208,944,850</u>	<u>113,396,883</u>

During the year ended December 31, 1999, the Company has recorded the income tax benefit amounting to approximately Baht 209 million mainly arising from timing differences in reporting interest income for financial reporting compared with that for income tax reporting. Under the criteria of the Revenue Code, the Company must recognize interest income for income tax reporting for a specific period on the loans and receivables of which the recognition of income is suspended in accordance with the accounting policy of the Company. Accordingly, the income tax applicable to income which is not currently recognized as income for financial reporting is set up as "Deferred income tax" in the balance sheets with a corresponding credit to "Income Tax Expense" in the statement of income. The deferred income tax will be realized as income tax expense when the income is realized in the books of accounts in accordance with the accounting policy of the Company or there is utilization of tax benefit from taxable losses, resulting from the write-off of the uncollectible interest income receivable, against future taxable income.

Under the existing income tax laws, losses of any one year can be carried forward and offset against taxable income in the succeeding five-year period. As at December 31, 1997, management was of the opinion that based on the Company's past performance and its projection of the results of operations in the future, the total taxable loss for the year 1997 amounting to approximately Baht 208 million would be fully utilized against taxable income under the criteria of the Revenue Code. Accordingly, the income tax on future taxable income pertaining to the loss carried forward was presented in the financial statements as a deferred item as at December 31, 1997. However, in 1998, the Company fully reversed the income tax benefit from the loss carried forward amounting to approximately Baht 208 million since the Company determined that it was uncertain of the utilization of the income tax benefit from the future profit.

18. CAPITAL FUNDS AS REQUIRED BY LAW

As at December 31, 1999 and 1998, the capital funds maintained under Section 4 of the Act on Undertaking of Finance Business, Securities Business and Credit Foncier Business B.E. 2522 are as follows:

	In Baht	
	1999	1998
Authorized and fully paid-up share capital	7,002,000,000	1,002,000,000
Premium on share capital	36,500,000	36,500,000
Legal reserve	48,700,000	48,700,000
Net income (loss) after appropriation	(3,147,662,669)	5,375,967,425
Long-term subordinated debentures	331,000,000	-
Reserve for pass receivable classification	126,795,610	-

19. LEGAL RESERVE

Under the provision of the Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as reserve fund until the reserve reaches 10% of the authorized capital. This reserve is not available for dividend distribution.

20. TRANSACTIONS UNDER BANK OF THAILAND'S REGULATIONS

The Announcement of the Bank of Thailand (BOT) dated March 4, 1987 prescribed that collateral is to be obtained from the companies which have common directors with the Company to secure the credit facilities granted. In the event that there is no collateral, or that collateral obtained does not cover the loans, the approval must be obtained from the BOT.

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

	In Baht	
	1999	1998
Finance business loans and receivables	-	110,000,000
Accrued interest receivables	-	10,043,425

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

21.1 Investments in Securities

As at December 31, 1999 and 1998, the investments in securities of the Company and a subsidiary include the following:

- Investments in subordinated debentures of Baht 57 million issued by a financial institution which the Bank of Thailand announced to cease its operations on December 8, 1997. The Company has fully provided the provision for loss on such securities.
- Investments in securities issued by the companies which are to be delisted from the Stock Exchange of Thailand, or by the companies of which the auditors have expressed their opinion with the going concern issue, or that have defaulted on their interest payments. Details are as follows:

	In Million Baht					
	Cost		Market Value		Allowance for Possible Loss Recorded by the Company	
	1999	1998	1999	1998	1999	1998
Debt instruments						
- debentures	700	667	97	674	603	422
Equity securities						
- common shares	3	4	-	3	3	1

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

As at December 31, 1999 and 1998, the Company had assets and the allowance classified and provided in accordance with the criteria in the Announcement of the Bank of Thailand (BOT) dated December 24, 1999, as follows:

In 1999

	In Million Baht			
	Outstanding Loan Balance	Amount of Allowance		Minimum Amount Allowed by BOT
		Percentage According to BOT Criteria	Amount as Required by BOT	
<u>Loans and Receivables</u>				
Pass Receivables	20,428	1	127	76
Special Mentioned Receivables	637	2	5	3
Substandard Receivables	313	20	35	21
Doubtful Receivables	1,578	50	314	188
Doubtful Loss Receivables	<u>3,279</u>	100	-	-
Total	26,235		481	288
<u>Loss on Receivables under Troubled</u>				
Debt Restructuring	-		158	95
Total	<u>26,235</u>		<u>639</u>	<u>383</u>
<u>Investments in Securities</u>				
Pass				
Debt instruments	5	1	-	-
Doubtful Loss				
Debt instruments	782	100	688	688
Equity securities	<u>268</u>	100	<u>268</u>	<u>268</u>
Total	<u>1,055</u>		<u>956</u>	<u>956</u>
<u>Properties Foreclosed</u>				
Land	<u>54</u>	100	<u>54</u>	<u>54</u>
Total Classified Assets	<u>27,344</u>		<u>1,649</u>	<u>1,393</u>

The amount of the allowance as required by BOT was calculated with the consideration of the collateral value in accordance with the criteria in the Announcement of BOT and included the allowance for possible losses on receivables restructured as described in Note 8. The management believes that such collateral value is not materially different from the new appraised land value notified by the Land Department in early of year 2000. As at December 31, 1999, the Company has provided an allowance for losses on all loans and receivables and investments in securities and properties foreclosed totalling approximately Baht 2,169 million, which was over the minimum amount allowed by BOT.

A portion of the above classified loans and receivables in 1999 include companies that have problems in their financial positions and operations. These amounts and allowances for doubtful accounts are as follows:

In Million Baht				
	No. of Receivables	Outstanding Loan Balance	Collateral	Allowance for Doubtful Accounts Recorded by the Company
1. The companies to be delisted from the Stock Exchange of Thailand	12	1,192	868	195
2. The non - listed companies having operations and financial position as well as those to be delisted from the Stock Exchange in Thailand	34	2,798	1,900	90
3. The companies having loan default problems	31	1,555	968	202
4. The companies having going concern issue in auditors' report	<u>1</u>	<u>23</u>	<u>11</u>	<u>-</u>
Total	<u>78</u>	<u>5,568</u>	<u>3,747</u>	<u>487</u>

In 1998

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

The amount of the allowance as required by BOT of approximately Baht 5,337 million was calculated with the consideration of the collateral value in accordance with the criteria in the Announcement of BOT. As

at December 31, 1998, the Company has provided an allowance for all loans and receivable and investments in securities totalling approximately Baht 3,379 million, which was recorded in the "Allowance for possible losses on securities for investments" of Baht 477 million and in the "Allowance for doubtful accounts" of Baht 2,902 million in the balance sheet. (See Notes 7 and 9).

21.3. Classifications of Assets under the Notification of the Office of the Securities and Exchange

Commission

As at December 31, 1999 and 1998, a subsidiary had loans and the related allowance for doubtful accounts classified and provided in accordance with the notification of the Office of the Securities and Exchange Commission (SEC) at Kor Tor. 45/2540 governing the accounting of doubtful receivables of securities companies dated December 31, 1997, as follows:

In 1999

		In Million Baht	
	Outstanding Loans Balances	Allowance for Doubtful Accounts Required by SEC	Allowance for Doubtful Accounts Recorded by the Company
Sub-standard receivables	1	-	55
Doubtful receivables	<u>476</u>	<u>476</u>	<u>476</u>
Total	<u>477</u>	<u>476</u>	<u>531</u>

Sub-standard receivables represent the receivables balance equivalent to their collateral value. The Company provided an allowance for possible losses on the sub-standard receivables amounted to approximately Baht 55 million which was over the allowance for possible losses in accordance with the criteria of SEC.

In 1998

		In Million Baht	
	Outstanding Loans Balances	Allowance for Doubtful Accounts Required by SEC	Allowance for Doubtful Accounts Recorded by the Company
Sub-standard receivables	106	-	-
Doubtful receivables	<u>522</u>	<u>522</u>	<u>522</u>
Total	<u>628</u>	<u>522</u>	<u>522</u>

The subsidiary did not provide an allowance for possible loan losses for the sub-standard accounts since the receivable companies are collateralized and the collateral value, considered in accordance with the notification of SEC, covers the amount of receivables.

22. RELATED PARTY TRANSACTIONS

The accompanying financial statements reflected all transactions with all related companies. These companies are related to the Company through the major group of shareholders and/or directorships and their operating policies are significantly influenced by the group of the companies.

As at December 31, 1999, the securities business receivables in the balance sheet of a subsidiary included receivable from the subsidiary, TISCO Securities Hong Kong Limited, amounting to approximately Baht 46 million. In addition, as at December 31, borrowings and deposits from financial institutions in the balance sheet of the Company included the deposit from another subsidiary, TISCO Securities Company

Limited, of Baht 62 million in 1999 and Baht 228 million in 1998, bearing interest at the rate of 1.5% per annum in 1999 and 6.75% to 7.0% per annum in 1998. Interest expense on this deposit for the year 1999 and 1998 amounted to approximately Baht 1 million and Baht 11 million, respectively.

Furthermore, as at December 31, 1998, the Company has made an advance of approximately Baht 17 million for certain expenses of TISCO Securities Company Limited, resulting from the Company's transfer of the Fiduciary Service Function.

During the year 1999, the Company purchased back the investments in marketable securities which were previously sold to TISCO Securities Company Limited as a result of the separation of its finance business and securities business. The securities were purchased back at a price close to the previous selling price of the Company. The purchase was made in order to resell such investments to major shareholders of the investee company in accordance with the regulations of the SEC, concerning the delisted securities. In consideration thereof, the Company incurred a gain on resale of Baht 79 million which was included in "Gain (Loss) on trading in securities-net" in the consolidated and individual statements of income. The Company already received approval from the Bank of Thailand on such transaction. In addition, the Company purchased other securities from such subsidiary totalling approximately Baht 706 million. The subsidiary incurred net loss on sales of approximately Baht 4 million.

Moreover, during the year 1999, the Company has sold investments in securities to the subsidiary referred to above totalling Baht 700 million. This included the sale of investments in TISCO Assets Management Company Limited (Formerly Thai Capital Management Company Limited) of Baht 491 million. The Company incurred gain on the investment sales of approximately Baht 97 million.

As at December 31, 1999, the outstanding undrawn balance of credit facilities granted by the Company to a subsidiary amounted to Baht 1,000 million. In consideration thereof, the subsidiary paid the upfront commitment fee of Baht 10 million to the Company.

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

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

- a) Fiduciary service income starting from January 1, 1999 was on behalf of the subsidiary.
- b) The subsidiary absorbed the compensation of Baht 134 million arising from the assured yield fund which the Company was committed to pay to its customers in April 1999, in case there was any short fall between the assured rate of earnings of the fund.

The Company did not separately present the assets, liabilities and the result of operations of the Fiduciary Service Function for the year ended December 31, 1998 in the accompanying financial statements due to the inadequacy of necessary information. However, the management believes that the related amounts do not significantly affect the overall financial statements.

The Company and subsidiaries had the following transactions with certain related companies. These related companies are the companies of which at least 10% of common shares are held, including other companies which are related to such related companies through common shareholdings and/or directorships.

- a) As at December 31, 1999 and 1998, the Company had loans and receivables from related companies totalling approximately Baht 3,276 million and Baht 8,342 million, respectively. In addition, as at December 31, 1999, the Company had contingent liabilities arising from the guarantees on the related companies' loans to staff totalling Baht 55 million. These guarantees are adequately collateralized and the Company receives the guarantee fees in the normal course of business.
- b) Service income and expense for the management and administration of a foreign related bank's receivables for the years ended December 31, 1999 and 1998 are as follows:

	In Million Baht	
	Consolidated and the Company Only	
	1999	1998
Service fee income for the management and administration of the receivables	25	83
Service fee expense	14	31

- c) The Company and a subsidiary had certain computer consultancy service agreements with a local company of which 10% of shares are held by the Company. In consideration thereof, the Company and the subsidiary paid the annual service fee amounting to approximately Baht 68 million each year. The above service fee was considered by the Company and the subsidiary as the normal course of business.
- d) A subsidiary received brokerage fees from certain related companies amounting to approximately Baht 8 million and Baht 10 million for the years 1999 and 1998, respectively. As at December 31, 1999 and 1998, the subsidiary had outstanding balance of securities business receivables from such related companies of Baht 26 million and Baht 15 million, respectively and had outstanding balance of securities business payables from such related companies of Baht 33 million as at December 31, 1999.
- e) During the year, a subsidiary entered into an agreement with a related company in which the subsidiary agreed to purchase a trading right on the Hong Kong Exchanges and Clearing Limited ("HKEC") from the related company for a consideration of approximately Baht 12 million (HK\$ 2.5 million). On November 26, 1999, the subsidiary paid the purchase amount of approximately Baht 12 million (HK\$ 2.5 million) in cash. As at December 31, 1999, the carrying value of the trading right on HKEC was included in other assets.

23. COMMITMENTS AND CONTINGENT LIABILITIES

	In Baht	
	Consolidated and The Company Only	
	1999	1998
Avals to bills of exchange and promissory notes	1,220,019,156	2,855,182,652
Guarantees - on loans (Note 22)	346,556,851	368,962,263
- others	101,015,732	414,735,767
Total	<u>1,667,591,739</u>	<u>3,638,880,682</u>

24. SEPARATION OF THE FINANCE AND SECURITIES BUSINESSES

At the ordinary shareholders' meeting held on April 29, 1998, the shareholders resolved to separate the Company's securities business from its finance business by establishing a new securities company in compliance with the rules, procedures and conditions identified by the relevant agencies for operating the authorized securities business. In consideration thereof, the Company has established a new securities company as at September 2, 1998, under the name of "TISCO Securities Company Limited". The Company invested in 99.99% of its shares with the cost of approximately Baht 1,500 million.

The items in the statements of income of the Company separated by continued finance business and discontinued securities business for the year ended December 31, 1998, are summarized below:

	In Million Baht		
	Continued Finance Business	Discontinued Securities Business	Total
Interest and Dividend Income	4,733	41	4,774
Expenses on Borrowings	<u>5,012</u>	<u>-</u>	<u>5,012</u>
Interest and Dividends Income - Net	(279)	41	(238)
Bad Debts and Doubtful Accounts	<u>(1,177)</u>	<u>(138)</u>	<u>(1,315)</u>
Interest and Dividends			
Income - Net of Bad Debts and Doubtful Accounts	(1,456)	(97)	(1,553)
Non-Interest Income (Expenses) - Net	(1,468)	198	(1,270)
Operating Expenses	<u>(760)</u>	<u>(154)</u>	<u>(914)</u>
Loss before Extraordinary Item	(3,684)	(53)	(3,737)
Extraordinary Item	<u>(113)</u>	<u>-</u>	<u>(113)</u>
Net Loss	<u>(3,797)</u>	<u>(53)</u>	<u>(3,850)</u>

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

25. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company has disclosed the financial instruments information in accordance with the draft of the Accounting Standard issued by The Institute of Certified Accountants and Auditors of Thailand which is referenced by the International Accounting Standard (IAS) No. 32, Presentation and Disclosure of Financial Instruments.

As at December 31, 1999, the Company does not speculate in or engage in the trading of any derivative financial instruments.

Details of significant accounting policies, methods adopted and the criteria for income and expenses recognition in respect of each class of financial assets and financial liabilities are disclosed in Note 2.

Credit Risk

This is defined as the risk that a customer is unable or unwilling to meet a commitment that they have entered into with the Company. The Company has in place policies and procedures for the control and monitoring of all credit risk. Individual credit risk exposure is overseen by the Credit Committee, who has the authority to monitor industry exposure and to review and approve credit. Special attention is paid to the management of problem loan accounts through the Problem Loan Committee. At the portfolio level, the Risk Management Committee monitors and controls credit portfolio risk in terms of portfolio concentration in order to ensure maximum risk diversification.

Maximum credit risk exposures as of December 31, 1999, are presented in the following table:

Financial Assets	In Baht	
	Consolidated	The Company Only
Loans to financial institutions and accrued interest	125,354,741	-
Investments in debt instruments - net	9,757,955,260	9,729,727,178
Loans and receivables and accrued interest receivable - net	25,881,460,670	25,326,459,454
Other assets - other receivables	125,226,161	103,269,108
Total Financial Assets	<u>35,889,996,832</u>	<u>35,159,455,740</u>

Interest Rate Risk

Interest rate risk exposures are managed at the corporate portfolio level, overseen by the Risk Management Committee. All interest rate exposures arising from assets and liabilities are integrated to produce the overall combined net interest exposure of the Company. The exposures are then managed in such a way that the combined risk is within an acceptable level according to the Company's capital adequacy. Excess mismatches of interest rate profiles that cause interest rate risk are monitored and controlled through the use of risk management guidelines and limits.

Interest rate of financial assets and liabilities

Average rate of return generated from average financial assets and average financial cost incurred from average financial liabilities for the year ended December 31, 1999 of the Company are presented as follow:

	The Company Only		
	Average	In Baht	
	Balance	Interest	
		Income/Payment	Average Rate
<u>Financial Assets</u>			
Cash and deposits at financial institutions	895,504,449	38,900,122	4.34
Securities purchased under resale agreements	38,179,243	1,648,509	4.32
Loans and receivables	31,735,862,557	2,513,831,666	7.92
Investments in securities - net	11,731,313,296	670,177,696	5.71
<u>Financial Liabilities</u>			
Borrowings and deposits	35,422,519,249	2,077,670,479	5.87
Securities sold under repurchase agreements	1,765,952,919	25,515,852	1.44

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair values of financial assets and financial liabilities are determined as follow:

(a) Financial assets

The methodology 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 bank and loans which are considered to approximate their respective carrying values since the financial instruments are predominantly subject to market interest rates. Financial instruments that have standard terms and conditions and are traded on an active and liquid market, such as investments 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 in (a) above.

26. OTHERS

a) Fund for the Rehabilitation and Development of Financial Institutions

By virtue of a regulation issued by the Managing Committee of the Fund for the Rehabilitation and Development of Financial Institutions, banks, finance companies, finance and securities companies and credit foncier companies are required to contribute to the Fund for the Rehabilitation and Development of Financial Institutions at the rate of 0.2% of their total outstanding balance of deposits, borrowings and liabilities arising from borrowings as of the preceding six-month period ended June 30 and December 31.

Total contributions of the Company, which were charged to operations for the years ended December 31, 1999 and 1998, are approximately Baht 147 million and Baht 163 million, respectively.

b) Litigation Case

As at December 31, 1999, a local leasing company filed a court case against the Company and other parties for compensation of Baht 1,035 million with regard to the securitization of the leasing company. The legal department of the Company determined that the Company is not responsible for any indemnity resulting from its performing as a Back-up Corporate Manager of the securitization, since under the terms of the Administration Agreement, a foreign company agreed to compensate all possible damages of the Company. In addition, this foreign company has issued the "Letter of Indemnity" to confirm its responsibilities to the Company. As at December 31, 1999, the Company has not determined the ultimate outcome of the case

27. COMPUTER REMEDY FOR THE YEAR 2000 (UNAUDITED)

As at December 31, 1999, the year 2000 remediation project of the Company and its subsidiary in Thailand has been completed. Moreover, the Company engaged IBM (Thailand) Co., Ltd. to review the year 2000 remediation program. According to the review, the program had addressed 100% of the standard and optional requirements set forth by the Securities Exchange Commission. Accordingly, the management believes that the year 2000 problem will not impact the operations of the Company and its subsidiary. The total cost of the computer remediation project of the Company and its subsidiary amounted to approximately Baht 24 million. The Company's portion of the cost was approximately Baht 9 million. Although the computer remediation project of the Company and its subsidiary has been completed, the Company and its subsidiary still face risks that other companies with whom the Company and its subsidiary do business may be unsuccessful in completing their computer remediation projects within the time limit. However, the Company and its subsidiary expect that the impact, if any, will not be significant to their operations.

In addition, another foreign subsidiary completed the year 2000 remediation efforts in 1998. The cost of the computer remediation project for this subsidiary was approximately Baht 0.3 million.

Supplemental Information

Registered Capital : 11,002 million baht or 1,100.2 million shares comprise of:

Common : 100,200,000 shares, par value 10 baht

Preferred : 1,000,000,000 shares, par value 10 baht

Paid In Capital : 7,002 million baht or 700.2 million shares. As of January 4, 2000 comprise of:

Common : 119,660,800 shares, par value 10 baht

Preferred : 580,539,200 shares, par value 10 baht

Major Shareholders as of book-closed date, August 10, 1999

	Name	Number of Shares	Percentage
1.	Ministry of Finance	300,000,000	42.84
2.	Southeast Asia Investment Holding (Caymans) Ltd.	109,000,000	15.57
3.	Thai Farmers Bank Plc.	42,668,200	6.09
4.	The Dai-Ichi Kangyo Bank. Ltd.	41,489,728	5.93
5.	The Bank of New York Nominees Ltd.	24,065,600	3.44
6.	Merrill Lynch Pierce Fenner and Smith	10,383,080	1.48
7.	B.T. Foreign investment Corp.	10,020,000	1.43
8.	Czoni Inc.	10,020,000	1.43
9.	Zebra Finance Company	10,020,000	1.43
10.	Sahathunpaibul Co., Ltd.	10,020,000	1.43

Directors' Remuneration for the Year 1999

1.	Dr. Phisit Pakkasem	480,000	baht
2.	Mr. Sommai Phasee	100,000	baht (since Sept.'99)
3.	Dr. Charnchai Musignisarkorn	100,000	baht (since Sept.'99)
4.	Mr. Joti Bhokavanij	360,000	baht
5.	Dr. Tze-Kaing Yang	120,000	baht (since Sept.'99)
6.	Mr. Shigeru Koga	360,000	baht (since Sept.'99)
7.	Mr. Chungmin Lu	100,000	baht (since Sept.'99)
8.	Mr. Yu-Nan Wang	100,000	baht (since Sept.'99)
9.	Mr. Dhongchai Lamsam	340,000	baht
10.	Mr. Jose Isidro N. Camacho	340,000	baht
11.	Mr. Eugene S. Davis	130,000	baht (since Aug.'99)
12.	Mrs. Krisna Theravuthi	340,000	baht
13.	Mr. Vudhiphol Suriyabhivadh	100,000	baht (since Sept.'99)
14.	Mr. Pliu Mangkornkanok	360,000	baht
15.	Mrs. Vannee Uboldejpracharak	360,000	baht
16.	Mr. Sathit Aungmanee	340,000	baht
17.	Mr. Timothy S. Ratray	150,000	baht (Jan.-May.'99)
18.	Mr. John W. D. Adamson	180,000	baht (Jan.-Jun.'99)

Audit Committee's Remuneration for the Year 1999 (since Oct.'99)

1. Dr. Phisit Pakkasem	120,000	baht
2. Mrs. Krisna Theravuthi	105,000	baht
3. Mr. Vudhiphol Suriyabhivadh	105,000	baht

Management Remuneration for the Year 1999

- Salary and bonus - Total management's remuneration for the year 1999 was 60,909,820 baht. (Two of the management are also the company's directors.) The combined remuneration of the 15 highest management remuneration totalled 48,500,900 baht.
- Other form of remuneration - None.

TISCO Shares Owned by Directors and Executives and Changes During the Year

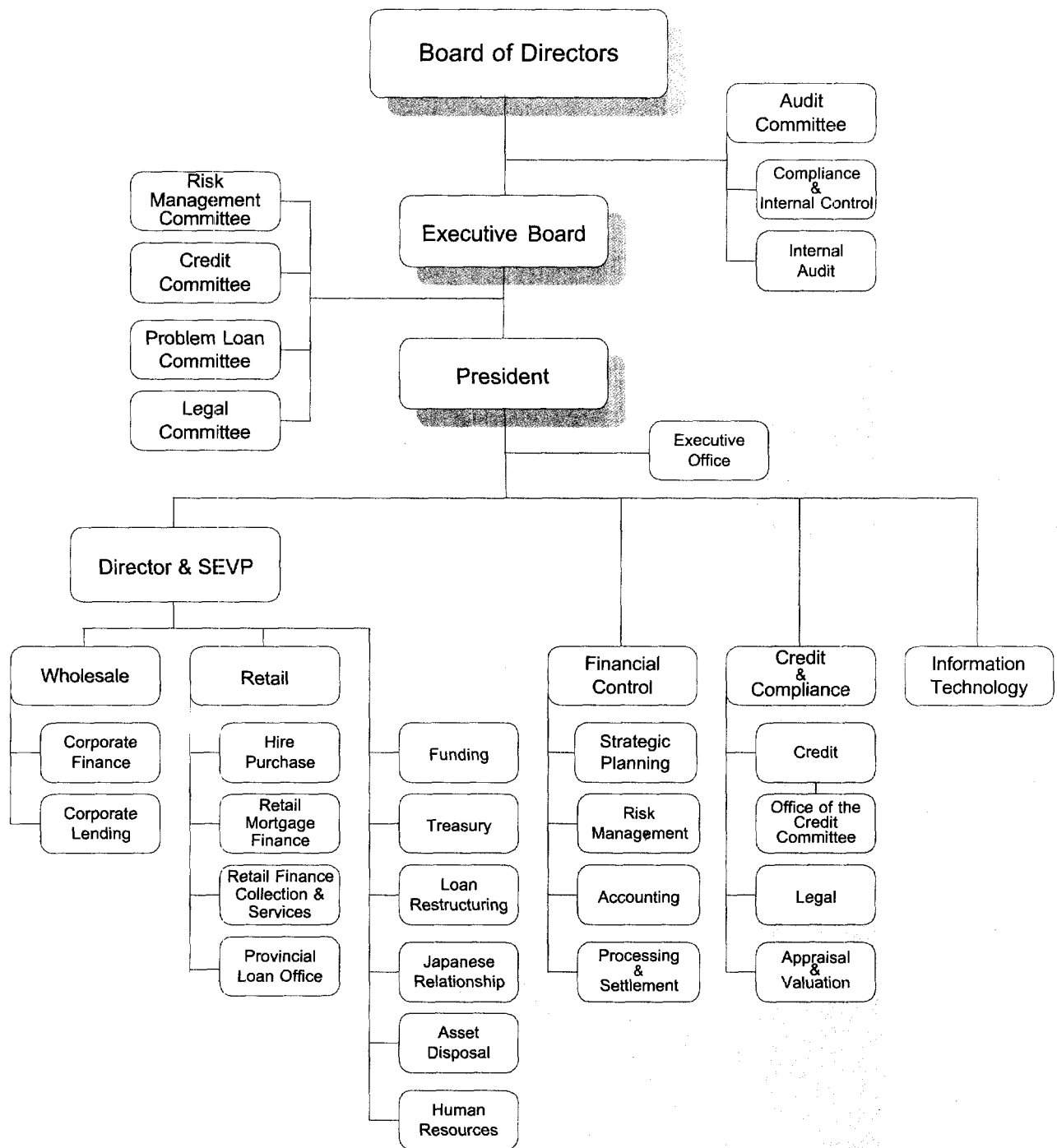
	Common		Preferred	
	Increase(Decrease)	Holding	Increase(Decrease)	Holding
1. Mr. Eugene S. Davis	-	-	(83,900)	956,100
2. Mr. Shigeru Koga	-	15,924	-	-
3. Mr. Vudhiphol Suriyabhivadh	-	3,060	-	-
4. Mr. Charnchai Musignisakorn	-	3,000	-	-
5. Mr. Joti Bhokavanij	-	360	-	-
6. Mrs. Krisna Theravuthi	-	12	-	-
7. Mr. Pliu Mangkornkanok	(14,000)	400	500,000	500,000
8. Mrs. Vannee Uboldejpracharak	(14,000)	5,512	514,000	514,000
9. Mr. Sathit Aungmanee	-	14,832	-	-
10. Mrs. Chirapa Pasawongse	(36,456)	-	1,000,000	1,000,000
11. Mr. Pichai Chanvirachart	-	2,136	100,000	100,000
12. Mrs. Oranuch Apisaksirikul	(1,308)	-	50,000	50,000
13. Mr. Panya Wotticharoenvong	-	744	-	-
14. Mrs. Janejira Chuvanichanon	-	26,127	20,000	20,000
15. Ms. Nattamon Issaradharm	-	6,924	10,000	10,000
16. Mrs. Phavadee Chadavadh	-	68,348	60,000	60,000
17. Mrs. Suthinee Muangman	(8,200)	5,876	9,000	9,000
18. Mrs. Thanya Chittikuladilok	(1,000)	16,840	10,000	10,000
19. Mrs. Sabaithip Soontaros	-	12,000	-	-
20. Mrs. Dulyarat Taveebhol	-	60	10,000	10,000
21. Mr. Suwat Jernsawasdipong	-	180	-	-
22. Ms. Karantar Vongsa	-	12	10,000	10,000
23. Mr. Chalit Silpsirikul	-	72	1,000	1,000
24. Ms. Voranuch Supaibulpipat	-	1,272	-	-
25. Mrs. Pavilai Buravas	-	-	5,000	5,000
26. Mr. Sorasak Thanabordee	-	264	-	-
27. Mrs. Suppata Limpitheap	-	24	-	-
28. Ms. Chantana Srisuwanvilai	-	2,280	-	-
29. Mr. Rungroj Jarasvijitkul	-	-	1,000	1,000
30. Mr. Pairat Srivilairit	-	-	15,000	15,000

Material Equity Investment

As of December 31, 1999

Company	Address	Business	No. of	No. of Holding	
			Outstanding	Type	No. of shares
TISCO Securities Co., Ltd.	48/8 North Sathorn Road, Bangkok	Securities Brokerage	150,000,000	Common	149,999,993
TISCO Securit Hong Kong Limited	Two Pacific Place Hong Kong	Securities Brokerage	2,000,000	Common	1,995,000
American Appraisal (Thailand) Co., Ltd.	889 South Sathorn Road, Yannawa, Bangkok	Valuation Consultants - Real Estate, Machinery, Financial	10,000	Common	1,000
Dentsu (Thailand) Ltd.	138 Silom Road Bangkok	Advertising	2,000	Common	400
Hirota International (Thailand) Co., Ltd.	438 Soi On-Nuch 17 Suanluang, Bangkok	Importer & Exporter	30,000	Common	3,000
Hi-Way Co., Ltd.	2046/16 New Petchburi Road, Bangkok	Hire Purchase of Motorcycles	5,500 994,500	Preferred Common	5,500 94,500
Interthai Holdings Ltd.	2 Sukhumvit Road, Klongtoey, Bangkok	Trading Company	55,500 45,000	Preferred Common	10,000 -
Itochu (Thailand) Ltd.	54 North Sathorn Road, Bangkok	Importer & Exporter of Machinery, Metal, Food, etc	1,000,000	Common	100,000
JiJi Press	138 Silom Road Bangkok	Supplying of Daily News to Companies in Thailand	5,000	Common	1,000
Jones Lang Lasalle (Thailand) Ltd.	175 South Sathorn Road, Bangkok	Providing Advice, Consultation and Valuation of Real Estate Project	40,000	Common	4,000
K Line (Thailand) Ltd.	33/30-31 Surawongse Road, Bangkok	Shipping Agent	10,000	Common	1,000
PDTL (Trading) Co., Ltd.	518/3 Ploenchit Road, Bangkok	Importer & Distributor of Communication, Electronic and Electrical Equipment	10,000	Common	1,000
PNC (Thailand) Co., Ltd.	90 North Sathorn Road, Bangkok	Real Estate Developer	150,000	Common	15,000
Prosperity Industrial Estate Co., Ltd.	18/8 Sukhumvit Road, Bangkok	Real Estate Developer	4,739,840	Common	473,984
Sathorn Sombat Co., Ltd.	90 North Sathorn Road, Bangkok	Real Estate Developer	500,000	Common	50,000
Seiko (Thailand) Ltd.	1091/286 New Petchburi Road, Bangkok	Distributor of Seiko Brands Watch & Clock	2,000	Common	200
Shin Thai Enterprises Co., Ltd.	1168/53-54 Rama IV Road, Bangkok	Importer & Exporter of Machinery, and etc	30,000	Common	6,000
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
Thai Information Technology Co., Ltd.	48/12 North Sathorn Road, Bangkok	Information Technology Services	200,000	Common	19,998
UMI Property Co., Ltd.	65/233 Rama IX Road, Bangkok	Real Estate Developer	1,500,000	Common	150,000
Watana Inter-Trade Co., Ltd.	62 Silom Road, Bangkok	Importer, Exporter and General Merchants	300,000	Common	30,000

Organization



Officers

Corporate Finance:

Vice President Mr. Tasporn Guptarak,
Mr. Bannarong Pichyakorn

Corporate Lending:

Senior Vice President Mrs. Suthinee Muangman
First Vice President Ms. Nipa Mekara
Vice President Ms. Sumaree Piyatamvuthikul

Debt Restructuring:

First Vice President Ms. Voranuch Supaibulpipat
Vice President Ms. Prapatsorn Arthachinta

Funding:

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

Hire Purchase:

Vice President Mr. Rungroj Jarasvijitkul

Japanese Relationship:

First Vice President Mr. Kenji Seki

Provincial Loan Offices:

First Vice President Mr. Chalit Silpsrikul
Manager-Chanthaburi Mr. Thawatchai Chanuson
Manager-Chiangmai Mr. Chalit Silpsrikul (Acting)
Manager-Chonburi Mr. Somboon Siriruck
Manager-Khon Kaen Mr. Kumpol Suriyakrai
Manager-Nakhon
Ratchasima Mr. Phongsakorn
Tangcharusasithorn
Manager-Nakhon Sawan Mr. Vasin Sivasirikaroon
Manager-Phitsanulok Mr. Suraphong Kovithyanon
Manager-Phuket Mr. Thawan Wichitwatee
Manager-Songkhla Mr. Sathian Leowarin
Manager-Udon Thani Mr. Peerapong Aungkavattana

Retail Finance Collection & Services

First Vice President Mrs. Oraphan Vanichphat
Vice President Ms. Charuphee
Chinapongpaisal

Retail Mortgage Finance:

First Vice President Mr. Chalit Silpsrikul
Vice President Ms. Kuankrong Prachakrich

Treasury:

First Vice President Ms. Karantar Vongsa

Support Group

Accounting:

First Vice President Mr. Suwat Jermasawasdipong
Vice President Ms. Chutintorn Vigasi

Appraisal & Valuation:

Vice President Ms. Chantana Srisuwanvilai

Asset Disposal:

Assistant Vice President Mr. Sommai Sae Ung

Compliance & Internal Control:

First Vice President Mrs. Dulyarat Taveebhol

Executive Office:

Assistant Vice President Ms. Nartrudee Siwabut

Human Resources:

First Vice President Mrs. Pavilai Buravas
Vice President Mrs. Pattarin Titaraksa

Information Technology:

Vice President Ms. Siriwan Chotchaisathit

Internal Audit:

Senior Vice President Mrs. Thanya Chittikuldilok

Legal:

First Vice President Mr. Sorasak Thanabordee

Office of the Credit Committee:

First Vice President Mrs. Suppata Limpitheap

Processing & Settlement:

Senior Vice President Mrs. Sabaitip Soontaros
Vice President Ms. Wacharaporn
Kungwannakornchai

Risk Management:

Vice President Mr. Chatri Chandrangam

Strategic Planning:

First Vice President Mr. Pairat Srivilairit

Offices

Head Office TISCO Finance Public Company Limited
TISCO Tower, 48/2 North Sathorn Road
Bangkok 10500, Thailand
Tel. (662) 633-6000 Fax. (662) 633-6800
Email: TISCO@mail.tisco.co.th

Transfer Agent and Registrar

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

Thailand Securities Depository Company Limited is appointed to be a Registrar principal transfer agent for TISCO common stock.

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

Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building,
4, 6-7th Floor, 62 Rajdapisek Road Klongtoey,
Bangkok 10110
Tel. (662) 359-1200-1

Securities Subsidiary

Head Office TISCO Securities Company Limited
48/8 North Sathorn Road
Bangkok 10500, Thailand
Tel. (662) 633-6999 Fax. (662) 633-6900
Email: TISCO@mail.tisco.co.th

Upcountry Brokerage Offices

Chiangmai 50/118-125, Hillside Plaza & Condotel 4,
Huakaew Road, Muang District
Tel. (053)-224 720 Fax (053) 224-711
Email: tscmai@loxinfo.co.th

Nakhon Pathom 386,388 Petchkasem Road, Prapatone
Muang District
Tel. (034) 211-812 Fax (034) 251-676
Email : tscnptom@loxinfo.co.th

Nakhon Ratchasima 40/8 Kudun Road, Muang District
Tel. (044) 257-752 Fax (044) 253-752
Email: tsckorat@loxinfo.co.th

Udon Thani 102, 104 Prajak Road, Muang District
Tel. (042) 246-888 Fax (042) 245-793
Email : tscudon@loxinfo.co

Provincial Loan Offices

Chanthaburi 30/40-41 Tirat Road, Muang District
Tel. (039) 340-220 Fax (039) 340-211
Email : tfincti@loxinfo.co.th

Chiangmai 50/130-131 Hillside Plaza & Condotel 4,
Huaykaew Road, Muang District
Tel. (053) 404-040 Fax (053) 404-242
Email : tfincmi@loxinfo.co.th

Chonburi 116/41 Phrayasadj Road,
Muang District
Tel. (038) 784-522 Fax (038) 784-511
Email : tfincbi@loxinfo.co.th

Khon Kaen 269/59-60 Mitrapab Road,
Muang District
Tel. (043) 324-966 Fax (043) 324-977
Email : tfinkkn@loxinfo.co.th

Nakhon Ratchasima 751/10-11 Mitrapab, Muang District
Tel. (044) 257-752 Fax (044) 262-322
Email : tfinnsm@loxinfo.co.th

Nakhon Sawan 1319/20-21 Moo 10, Paholyothin Road,
Muang District
Tel. (056) 311-880 Fax (056) 311-866
Email : tfinnsn@loxinfo.co.th

Phitsanulok 73/8-9 Pra-ong Dum Road,
Muang District
Tel. (055) 211-388 Fax (055) 211-389
Email : tfinplk@loxinfo.co.th

Phuket 156/5-6 Pang-nga Road,
Muang District
Tel. (076) 232-377 Fax (076) 232-380
Email : tfinpkt@loxinfo.co.th

Songkhla 200/202, 204, 206 Juladis,
Had Yai District
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