

NATIONAL FINANCE PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2005

Report of Independent Auditor

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

I have reviewed the accompanying consolidated balance sheet of National Finance Public Company Limited and its subsidiary companies as at 30 September 2005, the related consolidated statements of earnings for the three-month and nine-month periods ended 30 September 2005 and 2004, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month periods then ended and the separate financial statements of National Finance Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to report on these financial statements based on my reviews.

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

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

I draw attention to the financial business restructuring plan of the Thanachart Group, as described in Note 1.1 to the financial statements, which is approved by the Ministry of Finance and currently being implemented.

I have previously audited the consolidated financial statements of National Finance Public Company Limited and its subsidiary companies and the separate financial statements of National Finance Public Company Limited for the year ended 31 December 2004, in accordance with generally accepted auditing standards and expressed an unqualified audit opinion on those financial statements under my report dated 28 January 2005, and drew attention to the plan for a financial business restructuring of the Thanachart Group. The balance sheet as at 31 December 2004, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on.

Ruth Chaowanagawi

Certified Public Accountant (Thailand) No. 3247

Ernst & Young Office Limited

Bangkok : 9 November 2005

NATIONAL FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

AS AT 30 SEPTEMBER 2005 AND 31 DECEMBER 2004

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 September 2005	31 December 2004	30 September 2005	31 December 2004
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
ASSETS					
CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS		3,097,829	2,016,744	1,069,349	817,512
LOANS TO FINANCIAL INSTITUTIONS - Net	2	171,559	315,495	19,400	19,400
SECURITIES PURCHASED UNDER RESALE AGREEMENTS		16,300,000	10,600,000	10,400,000	3,200,000
INVESTMENTS					
Current investments - Net	3	5,627,183	7,185,730	935,497	114,199
Long-term investments - Net	3	27,691,116	31,329,017	5,291,546	9,845,753
Investments in subsidiary and associated companies	4	1,684,460	1,759,443	14,729,660	13,998,780
Net investments		35,002,759	40,274,190	20,956,703	23,958,732
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		546,009	-	-	-
LOANS, RECEIVABLE AND ACCRUED INTEREST					
RECEIVABLE					
Finance business loans and receivable	5	147,992,480	127,960,620	104,406,350	106,714,645
Securities business receivable		1,935,114	1,830,634	-	-
Total loans and receivable		149,927,594	129,791,254	104,406,350	106,714,645
Accrued interest receivable		263,530	152,561	19,219	52,306
Total loans, receivable and accrued interest receivable		150,191,124	129,943,815	104,425,569	106,766,951
Less : Allowance for doubtful accounts	6	(7,387,548)	(7,562,098)	(3,695,242)	(3,588,825)
Less : Revaluation allowance for debt restructuring	7	(393,132)	(254,403)	(6)	(6)
Net loans, receivable and accrued interest receivable		142,410,444	122,127,314	100,730,321	103,178,120
PROPERTY FORECLOSED - Net	9	7,535,042	7,289,001	3,140,529	3,161,307
LAND, PREMISES AND EQUIPMENT - Net		1,070,419	690,176	669,501	417,920
INTANGIBLE ASSETS - Net		373,820	186,854	267,705	177,245
GOODWILL		3,716	4,645	-	-
AMOUNT BY WHICH VALUE OF INVESTMENTS IS					
LOWER THAN BOOK VALUE		(31,895)	(11,965)	-	-
ACCRUED INTEREST RECEIVABLE		225,114	201,414	58,286	68,173
VALUE ADDED TAX RECEIVABLE		1,148,789	486,918	7,480	440,058
OTHER ASSETS		1,112,773	862,735	175,581	290,584
TOTAL ASSETS		208,966,378	185,043,521	137,494,855	135,729,051

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

NATIONAL FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

AS AT 30 SEPTEMBER 2005 AND 31 DECEMBER 2004

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 September 2005	31 December 2004	30 September 2005	31 December 2004
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY					
BORROWINGS AND DEPOSITS					
From public		141,643,560	133,194,658	40,684,267	90,963,087
From financial institutions	20	25,696,464	17,371,928	67,214,101	16,615,392
From foreign countries		56,142	86,953	56,007	86,818
Total borrowings and deposits		167,396,166	150,653,539	107,954,375	107,665,297
TRADING TRANSACTIONS WITH SECURITIES COMPANIES		240,555	239,628	-	-
SECURITIES BUSINESS PAYABLE		988,682	341,975	-	-
LIABILITIES UNDER COMMERCIAL PAPERS SOLD		372,686	261,926	-	-
DEBENTURES	10	7,521,520	7,555,520	5,473,000	5,473,000
ACCRUED INTEREST PAYABLE		1,134,756	929,184	309,992	435,119
INSURANCE PREMIUM PAYABLE		460,310	368,593	102,677	362,595
LIABILITIES PAYABLE ON DEMAND		631,817	37,496	-	-
CORPORATE INCOME TAX PAYABLE		283,298	439,691	200,868	217,450
UNEARNED PREMIUM RESERVE		642,432	436,502	-	-
LIFE PREMIUM RESERVE		3,063,370	-	-	-
OTHER LIABILITIES		3,275,520	2,285,738	1,242,424	681,197
PROVISION FOR LOSS ON INVESTMENTS IN					
A SUBSIDIARY COMPANY	4	-	-	-	150,154
TOTAL LIABILITIES		186,011,112	163,549,792	115,283,336	114,984,812

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

NATIONAL FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

AS AT 30 SEPTEMBER 2005 AND 31 DECEMBER 2004

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		30 September 2005	31 December 2004	30 September 2005	31 December 2004
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
SHAREHOLDERS' EQUITY					
Share capital	11				
Registered					
19,576 preference shares of Baht 10 each and 2,333,134,427 ordinary shares of Baht 10 each		23,331,540	23,331,540	23,331,540	23,331,540
Issued and paid up					
19,576 preference shares of Baht 10 each 1,333,134,427 ordinary shares of Baht 10 each		196	196	196	196
		13,331,344	13,331,344	13,331,344	13,331,344
		13,331,540	13,331,540	13,331,540	13,331,540
Share premium		2,065,645	2,065,645	2,065,645	2,065,645
Surplus from revaluation of assets of an associated company		553,345	559,035	553,345	559,035
Revaluation surplus on investments	12	330,155	516,529	330,155	516,529
Revaluation deficit on investments	12	(1,062,321)	(1,087,819)	(1,062,321)	(1,087,819)
Retained earnings					
Appropriated - statutory reserve		368,771	368,771	368,771	368,771
Unappropriated		6,624,384	4,990,538	6,624,384	4,990,538
Equity attributable to Company's shareholders		22,211,519	20,744,239	22,211,519	20,744,239
Minority interest - equity attributable to minority shareholders of subsidiaries		743,747	749,490	-	-
TOTAL SHAREHOLDERS' EQUITY		22,955,266	21,493,729	22,211,519	20,744,239
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		208,966,378	185,043,521	137,494,855	135,729,051
		0	0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES					
Avals to bills and guarantees of loans	22.1	248,400	698,172	10,000	10,000
Other guarantees		858,401	659,427	967	967
Letter of Credit		473,317	-	-	-
Other contingencies		51,367,863	14,828,796	21,723,400	6,861,700

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

DIRECTORS

NATIONAL FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

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

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2005	2004	2005	2004
INTEREST AND DIVIDEND INCOME					
Loans and deposits		727,391	587,973	267,584	187,875
Hire purchase and financial lease		1,815,301	1,371,456	1,631,961	1,366,040
Investments		225,505	394,658	35,425	122,796
Total interest and dividend income		2,768,197	2,354,087	1,934,970	1,676,711
EXPENSES ON BORROWINGS					
Interest and discounts	20	1,156,058	845,593	1,066,387	545,103
Fees and charges		239	258	-	-
Total expenses on borrowings		1,156,297	845,851	1,066,387	545,103
Net interest and dividend income		1,611,900	1,508,236	868,583	1,131,608
REVERSAL BAD DEBT AND DOUBTFUL ACCOUNTS					
(BAD DEBT AND DOUBTFUL ACCOUNTS)		78,630	(221,437)	225,361	(230,086)
REVERSAL LOSS ON DEBT RESTRUCTURING					
(LOSS ON DEBT RESTRUCTURING)		(7,419)	1,151	-	1,772
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		1,683,111	1,287,950	1,093,944	903,294
NON-INTEREST INCOME					
Brokerage fees		127,076	156,818	-	-
Gains on investments		114,077	92,638	20,736	36,535
Share of profit from investments in subsidiary and associated companies accounted for under equity method - net		61,097	23,067	191,393	362,588
Fees and charges		115,700	92,614	7,374	5,157
Discounted income on insurance premium		116,050	86,162	22,361	85,216
Gains on debt settlement/property transferred of debts		143,192	164,381	6,084	4,386
Insurance premium / Life insurance premium income		516,129	186,899	-	-
Gains on property foreclosed		32,770	53,562	26,325	14,916
Other income		137,411	156,825	112,036	101,450
Total non-interest income		1,363,502	1,012,966	386,309	610,248

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

NATIONAL FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF EARNINGS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

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

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2005	2004	2005	2004
OPERATING EXPENSES					
Personnel expenses		490,913	366,414	86,114	132,559
Premises and equipment expenses		219,618	152,613	104,860	88,915
Taxes and duties		87,738	58,719	10,412	26,091
Directors' remuneration		4,891	5,519	2,074	2,200
Fund contributed to the Financial Institutions Development Fund		141,785	139,506	89,388	91,192
Commission and expenses charged on hire-purchase		301,025	191,730	37,717	191,730
Insurance / Life insurance expenses		402,391	131,297	-	-
Other expenses		386,351	240,992	252,134	168,408
Total operating expenses		2,034,712	1,286,790	582,699	701,095
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		1,011,901	1,014,126	897,554	812,447
CORPORATE INCOME TAX	18	(301,510)	(303,236)	(200,041)	(147,634)
EARNINGS BEFORE MINORITY INTEREST		710,391	710,890	697,513	664,813
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES					
		(12,878)	(46,077)	-	-
NET EARNINGS FOR THE PERIOD		697,513	664,813	697,513	664,813
EARNINGS PER SHARE (Baht)					
	19	0.52	0.50	0.52	0.50
Basic earnings per share		0.52	0.50	0.52	0.50
Diluted earnings per share		0.52	0.50	0.52	0.50

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

NATIONAL FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF EARNINGS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

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

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2005	2004	2005	2004
INTEREST AND DIVIDEND INCOME					
Loans and deposits		1,954,968	1,624,915	709,922	563,115
Hire purchase and financial lease		5,079,826	3,807,813	4,844,211	3,795,257
Investments		761,557	1,086,046	176,078	390,899
Total interest and dividend income		7,796,351	6,518,774	5,730,211	4,749,271
EXPENSES ON BORROWINGS					
Interest and discounts		3,095,049	2,475,941	2,585,855	1,605,364
Fees and charges		734	798	-	-
Total expenses on borrowings		3,095,783	2,476,739	2,585,855	1,605,364
Net interest and dividend income		4,700,568	4,042,035	3,144,356	3,143,907
REVERSAL BAD DEBT AND DOUBTFUL ACCOUNTS					
(BAD DEBT AND DOUBTFUL ACCOUNTS)	14	224,638	(817,813)	(104,732)	(867,403)
REVERSAL LOSS ON DEBT RESTRUCTURING					
(LOSS ON DEBT RESTRUCTURING)	15	(290,890)	(78,412)	-	1,772
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		4,634,316	3,145,810	3,039,624	2,278,276
NON-INTEREST INCOME					
Brokerage fees		406,290	531,322	-	-
Gains (Loss) on investments	16	222,105	428,030	(25,130)	174,161
Share of profits from investments in subsidiary and associated companies accounted for under equity method - net		145,533	116,937	1,105,914	1,341,558
Fees and charges		267,800	321,537	19,551	14,686
Discounted income on insurance premium		364,117	276,950	233,597	274,747
Gains on debt settlement/property transferred of debts		380,792	659,220	14,692	4,386
Insurance premium / Life insurance premium income		1,240,401	498,423	-	-
Gains on property foreclosed		160,579	110,928	82,353	53,634
Other income		601,063	432,520	346,259	273,344
Total non-interest income		3,788,680	3,375,867	1,777,236	2,136,516

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

NATIONAL FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF EARNINGS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

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

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2005	2004	2005	2004
OPERATING EXPENSES					
Personnel expenses		1,411,717	1,053,179	372,089	381,654
Premises and equipment expenses		610,854	413,719	323,912	235,032
Taxes and duties		218,909	171,764	67,611	89,278
Directors' remuneration	17	26,469	23,927	15,748	14,547
Fund contributed to the Financial Institutions Development Fund		415,406	390,947	270,929	257,765
Commission and expenses charged on hire-purchase		822,826	593,777	498,437	593,777
Insurance / Life insurance expenses		981,295	348,761	-	-
Other expenses		977,960	572,221	659,923	394,055
Total operating expenses		5,465,436	3,568,295	2,208,649	1,966,108
EARNINGS BEFORE INCOME TAX AND MINORITY INTEREST		2,957,560	2,953,382	2,608,211	2,448,684
CORPORATE INCOME TAX	18	(771,806)	(831,931)	(442,238)	(393,491)
EARNINGS BEFORE MINORITY INTEREST		2,185,754	2,121,451	2,165,973	2,055,193
MINORITY INTEREST IN NET EARNINGS IN SUBSIDIARY COMPANIES					
		(19,781)	(66,258)	-	-
NET EARNINGS FOR THE PERIOD		2,165,973	2,055,193	2,165,973	2,055,193
EARNINGS PER SHARE (Baht)					
	19				
Basic earnings per share		1.62	1.54	1.62	1.54
Diluted earnings per share		1.62	1.54	1.62	1.54

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

NATIONAL FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Cash flows from operating activities				
Net earnings	2,165,973	2,055,193	2,165,973	2,055,193
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities :-				
Minority interest in earnings of subsidiary companies	19,781	66,258	-	-
Share of profits from investments in subsidiary and associated companies accounted for under equity method	(145,533)	(116,937)	(1,105,914)	(1,341,558)
Depreciation and amortisation	185,696	115,078	97,174	53,621
Bad debt and doubtful accounts and loss on debt restructuring	66,252	896,225	104,732	865,631
Increase in provision for impairment of property foreclosed	43,425	104,496	36,324	39,312
Increase in provision for diminution in value of equipment/other assets	176,470	62,277	175,284	47,043
Increase in provision for impairment/reevaluation of investment	37,383	25,351	1,265	35,319
Amortisation of deferred gain on disposal of property foreclosed	(104,958)	(99,207)	(4,379)	(58,482)
Amortisation of premiums on investments in debt securities and negotiable certificates of deposit	95,534	77,439	7,044	39,375
Amortisation of deferred interest on borrowings	21,106	-	-	-
Amortisation of goodwill (amortisation of amount by which value of investments is lower than book value)	(6,990)	(1,576)	-	-
Increase in unearned premium reserve / life insurance premium reserve	215,082	79,945	-	-
Gain on debt settlement / property transferred in settlement of debt	(54,463)	(205,027)	(782)	-
Loss (gain) on disposal of equipment	1,245	(883)	1,083	74
Decrease (increase) in accrued interest and dividend receivable	(147,249)	154,514	42,974	124,771
Amortisation of deferred interest on hire-purchase and deferred income	(5,086,845)	(3,835,850)	(4,844,211)	(3,795,674)
Decrease (increase) in other accrued income	(39,737)	(114,580)	53,752	(4,979)
Increase (decrease) in accrued interest payable	205,572	280,884	(125,127)	80,762
Loss from operating activities before changes in operating assets and liabilities	(2,352,256)	(456,400)	(3,394,808)	(1,859,592)

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

NATIONAL FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Decrease (increase) in operating assets				
Loans to financial institutions	253,111	53,994	-	-
Securities purchased under resale agreements	(5,700,000)	(6,950,000)	(7,200,000)	(550,000)
Investment in trading securities	(39,677)	278,874	-	-
Trading transactions with securities companies	(546,009)	(142,561)	-	-
Loans and receivable	(16,169,120)	(13,867,657)	6,274,946	(15,294,133)
Property foreclosed	1,143,181	671,710	881,606	484,038
Other assets	(1,019,146)	144,302	315,000	360,163
Increase (decrease) in operating liabilities				
Borrowings and deposits from public	8,448,902	11,070,200	(50,278,820)	11,557,936
Borrowings and deposits from banks and financial institutions	8,303,430	5,917,235	50,598,709	(1,498,333)
Borrowings and deposits from foreign	(30,811)	(6,547)	(30,811)	(6,547)
Securities sold under repurchase agreements	-	(3,050,000)	-	(2,550,000)
Trading transactions with securities companies	927	(23,314)	-	-
Securities business payable	646,707	(567,816)	-	-
Liabilities under commercial papers sold	110,760	(75,000)	-	-
Liabilities payable on demand	594,321	1,242	-	-
Other liabilities	872,757	672,568	147,421	417,291
Net cash flows used in operating activities	<u>(5,482,923)</u>	<u>(6,329,170)</u>	<u>(2,686,757)</u>	<u>(8,939,177)</u>
Cash flows from investing activities				
Decrease in long-term investments	7,668,906	7,834,216	3,712,045	9,073,669
Net cash paid for purchase of investment in subsidiary companies	(132,165)	-	(249,997)	-
Cash received from dividend payment of subsidiary and associated companies	58,735	55,497	263,905	998,905
Cash paid for purchase of land and equipment	(479,387)	(269,129)	(256,042)	(164,601)
Cash received from disposal of equipment	31,288	972	810	377
Net cash flows from investing activities	<u>7,147,377</u>	<u>7,621,556</u>	<u>3,470,721</u>	<u>9,908,350</u>

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

NATIONAL FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Cash flows from financing activities				
Cash paid for redemption of matured debentures	(34,000)	-	-	-
Dividend paid	(532,127)	(799,332)	(532,127)	(799,332)
Dividend paid to minority interest	(17,242)	(14,742)	-	-
Net cash flows used in financing activities	<u>(583,369)</u>	<u>(814,074)</u>	<u>(532,127)</u>	<u>(799,332)</u>
Net increase in cash and cash equivalents	1,081,085	478,312	251,837	169,841
Cash and cash equivalents at beginning of the period	<u>2,016,744</u>	<u>1,518,694</u>	<u>817,512</u>	<u>426,603</u>
Cash and cash equivalents at end of the period	<u><u>3,097,829</u></u>	<u><u>1,997,006</u></u>	<u><u>1,069,349</u></u>	<u><u>596,444</u></u>
Supplemental cash flows information :-				
Cash paid during the period for				
Interest	2,868,370	2,195,057	2,710,982	1,524,602
Corporate income tax	947,131	808,359	459,230	244,669
Non-cash transactions				
Property foreclosed and investment in securities transferred from loans and receivable and investment in purchased loans	1,406,661	1,185,780	931,113	368,352
Investment in promissory notes transferred from TAMC	-	189,606	-	60
Transferring amount of investments portfolio	-	7,131,164	-	2,202,778
Increase in assets from financial leases	132,299	-	132,299	-

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

(UNAUDITED BUT REVIEWED)

NATIONAL FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit : Thousand Baht)

THE COMPANY ONLY

	Issued and paid up		Share premium	Surplus from revaluation of assets of an associated company	Revaluation surplus (deficit) on investments	Retained earnings		Total
	Preference shares	Ordinary shares				Appropriated statutory reserve	Unappropriated	
Balance - as at 1 January 2004	198	13,331,342	2,065,645	428,266	(152,134)	219,631	3,354,339	19,247,287
Appropriated earnings of 2003 - dividend paid	-	-	-	-	-	-	(799,892)	(799,892)
Reversal of dividend on shares held by foreign shareholders (not right to receive dividend)	-	-	-	-	-	-	560	560
Increase in surplus from revaluation of assets	-	-	-	133,666	-	-	-	133,666
Increase in revaluation deficit investments	-	-	-	-	(357,618)	-	-	(357,618)
Net earnings for the period	-	-	-	-	-	-	2,055,193	2,055,193
Balance - as at 30 September 2004	<u>198</u>	<u>13,331,342</u>	<u>2,065,645</u>	<u>561,932</u>	<u>(509,752)</u>	<u>219,631</u>	<u>4,610,200</u>	<u>20,279,196</u>
Balance - as at 1 January 2005	196	13,331,344	2,065,645	559,035	(571,290)	368,771	4,990,538	20,744,239
Appropriated earnings of 2004 - dividend paid (Note 11)	-	-	-	-	-	-	(533,262)	(533,262)
Reversal of dividend on shares held by foreign shareholders (not right to receive dividend)	-	-	-	-	-	-	1,135	1,135
Decrease in surplus from revaluation of assets	-	-	-	(5,690)	-	-	-	(5,690)
Increase in revaluation deficit investments	-	-	-	-	(160,876)	-	-	(160,876)
Net earnings for the period	-	-	-	-	-	-	2,165,973	2,165,973
Balance - as at 30 September 2005	<u>196</u>	<u>13,331,344</u>	<u>2,065,645</u>	<u>553,345</u>	<u>(732,166)</u>	<u>368,771</u>	<u>6,624,384</u>	<u>22,211,519</u>

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

(UNAUDITED BUT REVIEWED)

NATIONAL FINANCE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED								
	Issued and paid up		Share premium	Surplus from revaluation of assets of an associated company	Revaluation surplus (deficit) on investments	Retained earnings		Minority interest	Total
	Preference shares	Ordinary shares				Appropriated statutory reserve	Unappropriated		
Balance - as at 1 January 2004	198	13,331,342	2,065,645	428,266	(152,134)	219,631	3,354,339	528,688	19,775,975
Appropriated earnings of 2003 - dividend paid	-	-	-	-	-	-	(799,892)	-	(799,892)
Reversal of dividend on shares held by foreign shareholders (not right to receive dividend)	-	-	-	-	-	-	560	-	560
Increase in surplus from revaluation of assets	-	-	-	133,666	-	-	-	-	133,666
Increase in revaluation deficit investments	-	-	-	-	(357,618)	-	-	-	(357,618)
Decrease in minority interest in subsidiary companies	-	-	-	-	-	-	-	(18,390)	(18,390)
Net earnings for the period	-	-	-	-	-	-	2,055,193	66,258	2,121,451
Balance - as at 30 September 2004	<u>198</u>	<u>13,331,342</u>	<u>2,065,645</u>	<u>561,932</u>	<u>(509,752)</u>	<u>219,631</u>	<u>4,610,200</u>	<u>576,556</u>	<u>20,855,752</u>
Balance - as at 1 January 2005	196	13,331,344	2,065,645	559,035	(571,290)	368,771	4,990,538	749,490	21,493,729
Appropriated earnings of 2004 - dividend paid (Note 11)	-	-	-	-	-	-	(533,262)	-	(533,262)
Reversal of dividend on shares held by shareholders (not right to receive dividend)	-	-	-	-	-	-	1,135	-	1,135
Decrease in surplus from revaluation of assets	-	-	-	(5,690)	-	-	-	-	(5,690)
Increase in revaluation deficit investments	-	-	-	-	(160,876)	-	-	-	(160,876)
Decrease in minority interest in subsidiary companies	-	-	-	-	-	-	-	(25,524)	(25,524)
Net earnings for the period	-	-	-	-	-	-	2,165,973	19,781	2,185,754
Balance - as at 30 September 2005	<u>196</u>	<u>13,331,344</u>	<u>2,065,645</u>	<u>553,345</u>	<u>(732,166)</u>	<u>368,771</u>	<u>6,624,384</u>	<u>743,747</u>	<u>22,955,266</u>

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

(UNAUDITED BUT REVIEWED)

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

1. GENERAL INFORMATION

**1.1 A PLAN FOR A FINANCIAL BUSINESS RESTRUCTURING WITHIN THE
THANACHART GROUP**

During the year 2004, the Annual General Meeting of Shareholders of the Company approved the financial business restructuring plan of the Thanachart Group, whereby the businesses of the Company and Thanachart Bank Public Company Limited are to form One-Presence, in accordance with the Financial-Sector Master Plan. The principal means of restructuring will be through the transfer of the finance business operations to Thanachart Bank, a subsidiary company, and the Company will return its finance business license to the Ministry of Finance within one year of the approval of the financial restructuring plan. The Company will maintain its status as the holding company and remain the parent company of the Thanachart Group (holding not less than 50% of the registered and paid-up share capital of each of the group companies).

On 22 April 2005, the Ministry of Finance approved the One-Presence restructuring plan proposed by the Thanachart Group, and the Company is currently implementing the plan. Since May 2005, the Company has been transferred its hire-purchase business operations to Thanachart Bank, with the Company maintaining existing hire-purchase agreements and receiving installments from customers until the agreements mature, while Thanachart Bank lends to new customers. On 1 July 2005, the Company transferred all Baht 47,524 million of its deposits of individual customers in the form of promissory notes to the Bank and on 1 October 2005, it transferred rights in performing lending agreements or loans agreements, excluded hire-purchases receivable, welfare loans and consumer loans, at the amount of the principal and outstanding interest, totaling Baht 535 million. Moreover, on 1 November 2005, the Company transferred additional deposits in the form of promissory notes amounting to Baht 32,279 million to Thanachart Bank. The Company is to transfer the remaining rights in loans and receivable to Thanachart Bank in the future.

1.2 Basis of preparation of the interim financial statements

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

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

1.3 Basis of preparation of the interim consolidated financial statements

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2004, and there were no changes in shareholding structure during the period, except that the shareholding in Thanachart Life Assurance Co., Ltd. (formerly know as Zurich National Life Assurance Co., Ltd.) from 50 percent holdings to 100 percent by payment of Baht 250 million to the prior shareholders and the financial statements of such company is included in the consolidated financial statements since the Company has controlled over that company. As a result, the consolidated balance sheet as at 30 September 2005 included that company’s balance sheet and the consolidated statements of earnings for the three-month and nine-month periods then ended included the operating results of such company since 1 March 2005.

Total assets and total income of the subsidiary companies that have significant impact to and are included in the consolidated financial statements as at 30 September 2005 and 31 December 2004 and for the nine-month periods ended 30 September 2005 and 2004 are as follows :-

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Total assets		Total income for the nine-month	
	30 September	31 December	periods ended 30 September	
	2005	2004	2005	2004
Thanachart Bank Plc.	73,495	55,922	2,200	1,787
N.F.S. Asset Management Co., Ltd.	12,431	14,231	811	1,025
Thanachart Life Assurance Co., Ltd.	3,323	-	616	-
Max Asset Management Co., Ltd.	2,076	2,358	153	267
Thanachart Securities Plc.	3,187	2,535	484	678

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2004.

2. LOANS TO FINANCIAL INSTITUTIONS

(Unit : Million Baht)

	Consolidated		The Company Only	
	30 September	31 December	30 September	31 December
	2005	2004	2005	2004
Call loans	108	89	-	-
Term loans	106	307	20	20
Total loans to financial institutions	214	396	20	20
Add : Accrued interest receivable	-	1	-	-
Less : Allowances for doubtful accounts	(42)	(82)	(1)	(1)
Loans to financial institutions - net	172	315	19	19

As at 30 September 2005, a subsidiary company had loans to defunct financial institutions amounting to approximately Baht 42 million for which interest recognition has been ceased and full allowance for doubtful accounts has been provided (31 December 2004 : Baht 81 million).

In addition, as at 30 September 2005 and 31 December 2004, loans to financial institutions of a subsidiary company amounting to approximately Baht 14 million used as collateral with the Insurance Registrar.

(UNAUDITED BUT REVIEWED)

3. INVESTMENTS**3.1 Classified by type of investments**

(Unit : Million Baht)

	Consolidated				The Company Only			
	30 September 2005		31 December 2004		30 September 2005		31 December 2004	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Current investments :								
Trading securities								
Government and state enterprise securities	234	234	201	201	-	-	-	-
Domestic marketable equity securities	15	16	8	8	-	-	-	-
	249	250	209	209	-	-	-	-
Add : Allowance for change in value	1		-		-		-	
	250		209		-		-	
Available-for-sale securities								
Government and state enterprise securities	1,222	1,215	2,031	2,028	933	926	3	3
Private debt securities	177	178	15	15	-	-	-	-
Domestic marketable equity securities	10	12	58	81	7	9	58	81
	1,409	1,405	2,104	2,124	940	935	61	84
Add (less) : Allowance for change in value	(4)		20		(5)		23	
	1,405		2,124		935		84	
Held-to-maturity debt securities - due within 1 year								
Government and state enterprise securities	3,972		4,853		-		30	
	3,972		4,853		-		30	
Total current investments - net	5,627		7,186		935		114	

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Consolidated				The Company Only			
	30 September 2005		31 December 2004		30 September 2005		31 December 2004	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Long-term investments :								
Available-for-sale securities								
Government and state enterprise securities	1,858	1,759	974	970	-	-	933	927
Private debt securities	1,033	1,010	695	690	-	-	-	-
Domestic marketable equity securities	6,598	6,653	6,748	7,040	1,069	1,115	766	870
	9,489	9,422	8,417	8,700	1,069	1,115	1,699	1,797
Add (Less): Allowance for change in value	(67)		283		46		98	
	9,422		8,700		1,115		1,797	
Held-to-maturity debt securities								
Government and state enterprise securities	14,590		18,765		3,637		7,563	
Private debt securities	40		55		-		1	
Foreign debt securities	579		388		-		-	
	15,209		19,208		3,637		7,564	
Less : Allowance for impairment	(318)		(322)		(93)		(93)	
	14,891		18,886		3,544		7,471	
Other investments								
Investments in receivables purchased	2,030		2,286		509		452	
Investments in property fund	1,286		1,371		-		-	
Domestic non-marketable equity securities	412		393		235		235	
	3,728		4,050		744		687	
Less : Allowance for impairment	(350)		(307)		(112)		(109)	
	3,378		3,743		632		578	
Total long-term investments - net	27,691		31,329		5,291		9,846	

As at 30 September 2005, the Company and its subsidiary companies have a revaluation surplus and deficit amounting to Baht 38 million and Baht 697 million, respectively, as a result of the recategorisation of debt securities, and these are presented in shareholders' equity (the Company Only : Baht 25 million and Baht 166 million, respectively).

- 3.2** As at 30 September 2005 and 31 December 2004, the Company and a subsidiary company have investments of Baht 578 million in government bonds under the conditions of the Ministry of Finance's Tier II capital support scheme. These debt instruments are 10 year government bonds which carrying interest at rates of 2.5 – 4.0 percent per annum (the Company Only : Baht 473 million).
- 3.3** As at 30 September 2005, long-term investments in held-to-maturity debt securities include Baht 2,771 million of non-transferable, 10 year promissory notes received in relation to the transfer of non-performing loans to Thai Asset Management Corporation (“TAMC”) (the Company Only : Baht 545 million) (31 December 2004 : Baht 3,001 million in the consolidated financial statements and Baht 567 million in the Company's financial statements). However, the amounts paid in the form of promissory notes may still be increased or reduced after TAMC reviews the prices, appraises the collateral values, or adjusts the prices. The Company and its subsidiary companies have estimated their share of losses which may arise from the management of non-performing assets at approximately Baht 318 million. Such losses have been shown as allowance for impairment under the caption of investments in held-to-maturity debt securities, classified by the type of promissory note (the Company Only : Baht 93 million) (31 December 2004 : Baht 318 million and Baht 93 million, respectively).

Additionally, the Company and its subsidiary companies share joint responsibility with TAMC for profits and losses arising from TAMC's management of non-performing assets as described in Note 22.2 to the financial statements.

- 3.4** As at 30 September 2005, investments in government and state enterprise bonds of approximately Baht 770 million have been placed as collateral for loans from commercial banks and as security with the Insurance Registrar (31 December 2004 : Baht 6 million).

(UNAUDITED BUT REVIEWED)

3.5 As at 30 September 2005, investments in other equity securities amounting to approximately Baht 80 million, at cost, were received as a result of debt restructuring. The Company and its subsidiary companies are prohibited from selling Baht 66 million of such investments for a period as specified in the agreements. For Baht 14 million of the remaining balance, the debtors have first right to purchase the investments (the Company Only : Baht 10 million which the Company is prohibited from selling for a period as specified in the agreements) (31 December 2004 : investments of Baht 66 million were prohibited from being sold for a period as specified in the agreements, and the debtors had first right to purchase the investments of Baht 4 million in the consolidated financial statements, and Baht 10 million in the Company's financial statements was prohibited from being sold for a period as specified in the agreements).

3.6 Investments in receivables purchased

Investments in receivables purchased, are loans receivable purchased through bids from local financial institutions. The outstanding balances of loans receivable as at 30 September 2005 and 31 December 2004 can be summarised as follow :-

(Unit : Million Baht)

	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
Investments in receivables	2,030	2,286	509	452
Less : Allowance for impairment	(233)	(190)	(21)	(18)
Investments in receivables - net	<u>1,797</u>	<u>2,096</u>	<u>488</u>	<u>434</u>

(UNAUDITED BUT REVIEWED)

	30 September 2005				31 December 2004			
	Number of debtors	Balance		Yield	Number of debtors	Balance		Yield
		per agreement	Purchase price			per agreement	Purchase price	
		Million Baht	Million Baht			Million Baht	Million Baht	
Consolidated								
Total accumulated investments in receivables	1,490	28,904	6,205	6.50 - 18.97	1,368	28,554	6,091	6.50 - 18.97
Outstanding investments in receivables as at the balance sheet date	1,006	12,175	2,030		928	12,250	2,286	
The Company Only								
Total accumulated investments in receivables	534	4,059	616	12.43 - 18.97	412	3,709	501	13.85 - 18.97
Outstanding investments in receivables as at the balance sheet date	472	3,724	509		365	3,436	452	

During the nine-month period ended 30 September 2005, the Company and its subsidiary companies have restructured loans with a total of 29 troubled receivables with book balances before restructuring totaling approximately Baht 69 million (the Company Only : 17 debtors with book balances before restructuring of Baht 24 million), by means of various types of restructuring, without any loss on debt restructuring, as summarised below :-

Type of restructuring	Number of receivables	Outstanding loan balance before restructuring	Outstanding loan balance after restructuring	Type of assets to be transferred	Value of assets to be transferred per agreements
		Million Baht	Million Baht		Million Baht
Consolidated					
Transfer of assets	3	8	8	Land and premises thereon	25
Modification of terms	24	49	49		
Transfer of assets and/or securities and/or modification of terms	2	12	12	Land and premises thereon	17
Total	29	69	69		
The Company Only					
Modification of terms	16	24	24		
Transfer of assets and/or securities and/or modification of terms	1	-	-	Land and premises thereon	1
Total	17	24	24		

(UNAUDITED BUT REVIEWED)

Counting from the balance sheet date, the remaining periods to maturity of the restructuring agreements for receivables which entered into debt restructuring during the current period are summarised below :-

Periods	Consolidated		The Company Only	
	Number of receivables	Outstanding loan balances after restructuring Million Baht	Number of receivables	Outstanding loan balances after restructuring Million Baht
Past due after debt restructuring	1	2	-	-
Dued within 2005	26	62	17	24
Less than 5 years	2	5	-	-
Total	29	69	17	24

Investments in receivables which are restructured, are transferred to the loans and receivable account on the debt restructuring agreement executed day, in accordance with the BOT regulations. They are transferred at their book value, which is held to be fair value. Therefore, as at 30 September 2005, there were no restructured receivables outstanding in the balance of investments in receivables.

3.7 As at 30 September 2005 and 31 December 2004, investments in securities of the Company and its subsidiary companies, which are financial institutions (bank business and asset management business) include investments in securities of companies with weak financial positions and poor operating results as summarised below :-

(UNAUDITED BUT REVIEWED)

Consolidated								
Number of transactions		Cost		Fair value		Allowance for possible loss/impairment provided in the accounts		
30 September 2005	31 December 2004	30 September 2005	31 December 2004	30 September 2005	31 December 2004	30 September 2005	31 December 2004	
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
<u>Debt instruments – debentures/ bills of exchange</u>								
1. Companies which have loan settlement problems or have defaulted the repayment of debts	-	1	-	9	-	5	-	4
<u>Equity securities – common shares</u>								
1. Listed companies vulnerable to delisting from the SET	3	6	-	6	-	2	-	4
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	4	4	-	-	-	-	-	-
3. Companies which have loan settlement problems or have defaulted the repayment of debts	2	2	1	1	1	1	-	-
4. Companies whose auditors' reports cited going concern issues	15	13	144	144	45	45	99	99
<u>Investments in receivables</u>								
1. Closed financial institutions	10	9	-	-	-	-	-	-
2. Listed companies vulnerable to delisting from the SET	3	4	38	49	38	38	-	11
3. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	1	1	7	7	7	7	-	-
4. Companies which have loan settlement problems or have defaulted the repayment of debts	344	345	1,209	1,337	1,657	1,271	157	119
5. Companies whose auditors' reports cited going concern issues	4	2	6	12	5	12	1	-

(UNAUDITED BUT REVIEWED)

The Company Only

	Number of transactions		Cost		Fair value		Allowance for possible loss/impairment provided in the accounts	
	30	31	30	31	30	31	30	31
	September 2005	December 2004	September 2005	December 2004	September 2005	December 2004	September 2005	December 2004
				Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<u>Debts instruments – debentures/</u>								
<u>bills of exchange</u>								
1. Companies which have loan settlement problems or have defaulted the repayment of debts	-	1	-	1	-	-	-	1
<u>Equity securities – common shares</u>								
1. Listed companies vulnerable to delisting from the SET	1	1	-	-	-	-	-	-
2. Companies which have loans settlement problems or have defaulted the repayment of debts	1	1	1	1	1	1	-	-
3. Companies whose auditors' reports cited going concern issues	7	7	113	113	35	35	78	78
<u>Investments in receivables</u>								
1. Closed financial institutions	7	7	-	-	-	-	-	-
2. Companies which have loan settlement problems or have defaulted the repayment of debts	137		294	289	291	285	3	4
3. Companies whose auditors' reports cited going concern issues	1	-	-	-	-	-	-	-

(UNAUDITED BUT REVIEWED)

4. INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES

4.1 As at 30 September 2005 and 31 December 2004, the Company and its subsidiary companies have the following investments in subsidiary and associated companies :-

Company's name	Nature of business	Paid-up		Percentage		Investment value				Dividend income	
		share capital		of holding (%)		Cost method		Equity method ⁽¹⁾		for the nine-month	
		30	31	30	31	30	31	30	31	periods ended	
		September	December	September	December	September	December	September	December	30 September	
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Subsidiary companies directly held by the Company											
Thanachart Bank Plc.	Bank business	8,102	8,102	98.89	98.89	9,703	9,703	8,441	8,355	200	200
N.F.S. Asset Management Co., Ltd.	Non-performing assets management	1,000	1,000	100.00	100.00	1,000	1,000	299	(150)	-	-
Max Asset Management Co., Ltd.	Non-performing assets management	572	572	58.45	58.45	334	334	754	736	-	-
Thanachart Securities Plc.	Securities business	1,500	1,500	100.00	100.00	1,500	1,500	2,291	2,233	-	743
Thanachart Insurance Co., Ltd.	Non-life insurance	300	300	70.00	70.00	210	210	241	268	-	-
Pasara Co., Ltd.	Cease operation	30	30	100.00	100.00	181	181	140	136	-	-
Thanachart Fund Management Co., Ltd.	Assets management	100	100	75.00	75.00	113	113	118	149	45	37
N.F.S. Capital Co., Ltd.	Cease operation	100	100	100.00	100.00	100	100	109	107	-	-
Thiravanit Co., Ltd.	Cease operation	6	6	99.90	99.90	34	34	11	17	-	-
Sinkahakarn Co., Ltd.	Cease operation	25	25	95.12	95.12	20	20	42	40	-	-
Bangkok Home Co., Ltd.	Cease operation	15	15	99.87	99.87	46	46	15	15	-	-
Thanachart Group Leasing Co., Ltd.	Leasing and hire purchase	360	360	100.00	100.00	360	360	445	431	-	-
Thanachart Management and Services Co., Ltd.	Services	6	6	100.00	100.00	8	8	16	14	-	-
Thanachart Legal and Appraisal Co., Ltd.	Legal services	10	10	100.00	100.00	10	10	12	10	-	-
Nasset Property Fund 6	Non-performing assets management	900	900	99.80	99.80	898	898	875	902	-	-
Thanachart SPV 01	Not yet operate	2	2	100.00	100.00	2	2	2	2	-	-
Thanachart Life Assurance Co., Ltd.	Life - insurance	500	-	100.00	-	500	-	499	-	-	-
Subsidiary companies directly held by the Company - exclude from consolidation											
Glas Haus Building Co., Ltd.	Office building rental	195	195	100.00	100.00	-	-	-	-	-	-
Less : Investment in an associated company (MBK Plc.) held by subsidiary companies						(681)	(629)	(1,264)	(1,175)	-	-
						14,338	13,890	13,046	12,090	245	980

(1) Calculated including shares of profits of the subsidiary and associated companies in which the Company has indirect holdings.

(UNAUDITED BUT REVIEWED)

Company's name	Nature of business	(Unit : Million Baht)								Dividend income	
		Paid-up share capital		Percentage of holding (%)		Investment value				for the nine-month periods ended	
		30 September 2005	31 December 2004	30 September 2005	31 December 2004	Cost method		Equity method ⁽¹⁾		30 September	
						September 2005	December 2004	September 2005	December 2004	2005	2004
<u>Associated companies directly and indirectly held by the Company</u>											
Thanachart Life Assurance Co., Ltd.	Life-insurance	-	500	-	50.00	-	250	-	232	-	-
MBK Plc.	Property rental, hotel and services	2,000	2,000	19.36	18.28	992	940	1,683	1,526	59	55
Puen Pob Paet Co., Ltd.	Clinic	1	1	28.50	28.50	-	-	1	1	-	-
						992	1,190	1,684	1,759	59	55
						15,330	15,080	14,730	13,849	304	1,035
Add : Provision for loss on investment in subsidiary companies presented as liabilities						-	-	-	150		
Total						15,330	15,080	14,730	13,999		

(1) Calculated including shares of profits of the subsidiary and associated companies in which the Company has indirect holdings.

4.2 The consolidated financial statements as at 30 September 2005 and 31 December 2004 did not include the financial statements of Glas Haus Building Co., Ltd., as the Company intends to hold such subsidiary company as a temporary investment. The Company has no outstanding guarantees or commitments to give financial support to such company and the investment is therefore recorded at cost, with a full provision (of approximately Baht 0.2 million). As at 30 September 2005, based on financial statements prepared by management, such subsidiary company has total assets of approximately Baht 168 million, total liabilities of Baht 492 million and a capital deficit of Baht 324 million (31 December 2004 : total assets of Baht 167 million, total liabilities of Baht 500 million and a capital deficit of Baht 333 million).

- 4.3** The share of profit of an associated company recognised in the current period (MBK Plc.) is determined based on financial statements of that associated company prepared for a different period, as a result of limitations on the availability of information. Share of profit amounting to Baht 150 million (or at 6.9 percent of consolidated and the Company's net earnings) is determined based on the financial statements of such company for the nine-month period ended 30 June 2005, which have been reviewed by another auditor (2004 : share of profit of Baht 137 million or at 6.7 percent).
- 4.4** The consolidated balance sheet as at 30 September 2005 included assets of a subsidiary company (Thanachart Life Assurance Co., Ltd.) amounting to Baht 3,682 million and the consolidated statement of earnings for the nine-month period ended 30 September 2005 included income of Baht 624 million and net earnings of Baht 77 million of such subsidiary for the period as from 1 March 2005, the date that holding structure has been changed to be 100 percent. The auditor of the subsidiary company issued a report on its financial statements with regard to the effect to the financial statements of any adjustments which might be required as a result of a scope limitation imposed on the audit of insurance income and related expenses. However, the Company's management believes that there is no material impact to the Company's financial statements as a whole.

(UNAUDITED BUT REVIEWED)

5. LOANS, RECEIVABLE AND ACCRUED INTEREST RECEIVABLE**5.1 Classified by loan types**

	(Unit : Million Baht)			
	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
<u>Finance business loans and receivable</u>				
Loans	35,142	35,526	2,502	2,849
Notes receivable	3,075	2,832	12,990	15,075
Hire-purchases receivable	109,042	88,874	88,910	88,699
Financial leases receivable	733	729	4	92
Total finance business loans and receivable	147,992	127,961	104,406	106,715
Add : Accrued interest receivable	255	144	19	52
Less : Allowance for doubtful accounts	(6,953)	(7,128)	(3,695)	(3,589)
Less : Revaluation allowance for debt restructuring	(393)	(254)	-	-
Finance business loans and receivable and accrued interest receivable – net	140,901	120,723	100,730	103,178
<u>Securities business receivable</u>				
Customer's accounts	761	598	-	-
Margin loans	746	795	-	-
Other receivables	428	437	-	-
Total securities business receivable	1,935	1,830	-	-
Add : Accrued interest receivable	8	8	-	-
Less : Allowance for doubtful accounts	(434)	(434)	-	-
Securities business receivable and accrued interest receivable – net	1,509	1,404	-	-
Loans, receivable and accrued interest receivable – net	142,410	122,127	100,730	103,178

(UNAUDITED BUT REVIEWED)

During the nine-month period ended 30 September 2005, the Company and its subsidiary companies transferred 29 investments in purchased receivables, which had been restructured, totaling Baht 69 million (the Company Only : transferred 17 investments in purchased receivables amounting to Baht 24 million) and 1 investments in purchased receivable, which is negotiating to extend the repayment schedule, totaling of Baht 2 million to loans and receivable, in accordance with the BOT's guidelines.

5.2 Non-performing loans

As at 30 September 2005 and 31 December 2004, the Company and its subsidiary companies engaging in financial businesses (bank and asset management) have non-performing loans and receivable, classified in accordance with the BOT's regulations (debtors classified as substandard, doubtful, doubtful of loss and loss) as follow :-

(Unit : Million Baht)

	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
Non-performing loans and receivable (excluding accrued interest receivable)				
Finance business	1,749	1,409	1,749	1,409
Banking business	3,802	2,622	-	-
Asset management business	5,958	6,602	-	-

The above mentioned non-performing loans do not include receivables for which the Company and its subsidiary companies had already been restructured and meet the conditions for classification as normal debts or special mentioned debts.

(UNAUDITED BUT REVIEWED)

Additionally, the Company and the subsidiary companies which are financial institutions (bank and securities business) have loans and receivable for which income recognition under an accrual basis has been discontinued, as follow :-

(Unit : Million Baht)

	Consolidated		The Company Only	
	30 September	31 December	30 September	31 December
	2005	2004	2005	2004
Finance business	2,151	1,349	2,151	1,349
Bank business	2,121	1,827	-	-
Securities business	426	435	-	-

For subsidiary companies engaging in asset management business, income from loans and receivable is recognised under a cash basis.

5.3 Unearned income

As at 30 September 2005 and 31 December 2004, unearned income are summarised as follows :-

(Unit : Million Baht)

	Consolidated		The Company Only	
	30 September	31 December	30 September	31 December
	2005	2004	2005	2004
Unearned interest income	218	485	-	-
Unearned income from hire purchase/leasing	13,223	10,724	9,956	10,635

5.4 Troubled Debt Restructuring

During the nine-month period ended 30 September 2005, the Company and its subsidiary companies which are financial institutions (a bank and asset management companies) have entered into debt restructuring agreements with a total of 181 debtors, with total outstanding balances before restructuring amounting to approximately Baht 1,947 million, (of these 75 debtors, representing a total outstanding balances before restructuring amounting to approximately Baht 1,449 million, had previously entered into debt restructuring agreements but were unable to make repayment, and therefore entered into new debt restructuring agreements during the period). In the course of such restructuring, losses on debt restructuring totaling Baht 251 million were incurred (Baht 64 million were incurred from hair-cuts granted at the restructuring date) (the Company Only : 1 debtor, with an balance before debt restructuring of Baht 13 million but without loss on debt restructuring).

Type of restructuring	Number of receivables	Outstanding loan	Outstanding loan	Type of assets to be transferred	Value of
		balance before restructuring ⁽¹⁾	balance after restructuring ⁽¹⁾		assets to be transferred per agreements
		Million Baht	Million Baht		Million Baht
<u>Consolidated</u>					
Transfer of assets	7	116	86	Land and premises thereon	101
Modification of terms	146	1,599	1,565		
Transfer of assets and/or securities and/or modification of terms	28	232	232	Ordinary shares, land and premises thereon	91
Total	181	1,947	1,883		
<u>The Company Only</u>					
Modification of terms	1	13	13		
Total	1	13	13		

(1) Outstanding balance includes both principal and interest receivable

(UNAUDITED BUT REVIEWED)

The remaining period to maturity of the restructured debts of the Company and its subsidiary companies, counting from the balance sheet date are as follow :-

Periods	Consolidated		The Company Only	
	Number of	Outstanding loan	Number of	Outstanding loan
	receivables	balances after restructuring	receivables	balances after restructuring
		Million Baht		Million Baht
Past due after				
debt restructuring	28	135	-	-
Due within 2005	97	1,197	-	-
Less than 5 years	26	179	-	-
5 - 10 years	27	235	1	13
10 - 15 years	2	133	-	-
More than 15 years	1	4	-	-
Total	<u>181</u>	<u>1,883</u>	<u>1</u>	<u>13</u>

Supplemental information for the current period relating to restructured receivables are as follows :-

	(Unit : Million Baht)	
	<u>Consolidated</u>	<u>The Company Only</u>
Interest income recognised in statements of earnings	420	5
Gain on debt repayment recognised in statements of earnings	299	15
Loss on debt restructurings recognised in statements of earnings	291	-
Gain on transfers of assets for debt repayment recognised in statements of earnings	41	-
Cash proceeds from collection of debts	1,397	44
Assets transferred from debtors	272	1

The Company and its subsidiary companies cannot estimate the contingent loss of loans and receivable who are in the process of restructuring.

Additionally, as at 30 September 2005, the subsidiary companies have outstanding balance of assets which are to be transferred under debt restructuring agreements totaling Baht 492 million.

(UNAUDITED BUT REVIEWED)

As at 30 September 2005, the Company and its subsidiary companies have the following restructured receivables balance (principal and interest receivable), including the restructuring debtors who transferred from investments in receivables as follow :-

	Total number of outstanding receivables	Restructured receivables		
		Number of receivables	Outstanding loans balance	Outstanding loans balance, net of collateral
			Million Baht	Million Baht
National Finance Plc.	331,528	8	63	24
Thanachart Bank Plc.	64,143	300	3,600	767
N.F.S. Asset Management Co., Ltd.	1,730	386	2,451	1,267
Max Asset Management Co., Ltd.	102	102	602	123
Thanachart Securities Plc.	2,046	1	2	2

5.5 As at 30 September 2005 and 31 December 2004, the Company has loans to the companies in the Thanachart Group, as follows :-

Company	Type of credit	Contract period	Interest rate	Outstanding Balance	
				30 September 2005	31 December 2004
				Million Baht	Million Baht
N.F.S. Asset Management Co., Ltd.	Promissory note	4 months (due in December 2005) (31 December 2004 : 5 years due in August 2005)	1 year fixed deposit rate plus 1% per annum	11,700	13,824
Max Asset Management Co., Ltd.	Long-term loan	5 years (due in August 2010) (31 December 2004 : 5 years due in August 2005)	fixed at 11.51% per annum	767	1,075
National Leasing Co., Ltd.,	Promissory note	5 years (due in August 2008)	1 year fixed deposit rate plus 1% per annum	762	634
Total				<u>13,229</u>	<u>15,533</u>

5.6 Classification of loans under the Bank of Thailand's guidelines

As at 30 September 2005 and 31 December 2004, the Company and its subsidiary companies, which are financial institutions (bank business and asset management business), classified and made allowances against their loans and receivable in accordance with the Bank of Thailand's guidelines as summarised below :-

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Consolidated ⁽¹⁾								
	Debt balance/				Minimum percentage required by BOT ⁽²⁾	Allowance for doubtful accounts			
	book value		Debt balance after collateral			Minimum amount to be provided under BOT's guidelines		Amount provided in the accounts	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004	30 September 2005	31 December 2004	30 September 2005	31 December 2004	
Loans, receivable and accrued interest receivable (including loans to financial institutions) ⁽³⁾									
Normal	125,107	109,208	104,983	87,801	1	1,050	878	2,647	2,521
Special mention	9,180	7,022	8,904	6,402	2	178	128	178	128
Substandard	1,662	1,141	616	585	20	123	117	123	117
Doubtful	1,393	1,178	424	608	50	212	304	212	304
Doubtful of loss	2,539	1,757	968	516	100	968	516	968	516
Total	139,881	120,306	115,895	95,912		2,531	1,943	4,128	3,586
Additional allowance for possible uncollectable debts	-	-						922	1,106
	139,881	120,306						5,050	4,692
Loans and receivable of N.F.S. Asset Management Co., Ltd., which transferred from Thanachart Group									
Normal	989	967	610	615	1	9	6	298	311
Special mention	20	-	-	-	2	-	-	-	-
Substandard	2,224	1,855	590	300	20	118	60	559	649
Doubtful	175	141	140	22	50	70	11	138	22
Doubtful of loss	2,982	3,947	609	1,136	100	609	1,136	661	1,212
Total	6,390	6,910	1,949	2,073		806	1,213	1,656	2,194
Additional allowance for possible uncollectable debts	-	-						33	33
	6,390	6,910						1,689	2,227
Total	146,271	127,216							
Revaluation allowance for debt restructuring	(393)	(254)							
Less : Intercompany gain	(507)	(704)							
Total	145,371	126,258							
Investments in receivables transferred to loans and receivable									
Normal	52	100	38	40	1	-	-	5	7
Special mention	3	-	-	-	2	-	-	-	-
Substandard	60	89	16	16	20	3	3	21	21
Doubtful	15	19	3	5	50	2	3	3	10
Doubtful of loss	538	568	106	122	100	106	122	157	157
Total	668	776	163	183		111	128	186	195
Total loans, receivable and accrued interest	146,039	127,034						6,925	7,114

(1) Only the Company and those subsidiary companies overseen by the BOT.

(2) The provisioning rates required by the BOT's guidelines for loan balances net of collateral value.

(3) Debt balance/book value of normal and special mention loans excluding accrued interest receivable.

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Company Only									
					Minimum percentage required by BOT ⁽¹⁾	Allowance for doubtful accounts			
Debt balance/ book value		Debt balance after collateral		Minimum amount to be provided under BOT's guidelines		Amount provided in the accounts			
30 September 2005	31 December 2004	30 September 2005	31 December 2004	30 September 2005		31 December 2004	30 September 2005	31 December 2004	
Loans, receivable and accrued interest (including loans to financial institutions) ⁽²⁾									
Normal	93,905	98,614	93,086	97,716	1 ⁽³⁾	799	822	2,395	2,465
Special mention	8,748	6,678	8,721	6,376	2	174	127	174	127
Substandard	559	801	533	536	20	107	107	107	107
Doubtful	369	279	346	278	50	173	139	173	139
Doubtful of loss	813	330	549	314	100	549	314	549	314
Total	104,394	106,702	103,235	105,220		1,802	1,509	3,398	3,152
Additional allowance for possible uncollectable debts	-	-						296	436
Total	104,394	106,702						3,694	3,588
Investments in receivables transferred to loans and receivable									
Normal	24	34	24	25	1	-	-	1	1
Doubtful of loss	9	-	-	-	100	-	-	-	-
Total	33	34	24	25		-	-	1	1
Total loans, receivable and accrued interest	104,427	106,736						3,695	3,589

(1) The provisioning rates required by the BOT's guidelines for loan balances net of collateral value.

(2) Debt balance/book value of normal and special mention loans is excluding accrued interest receivable.

(3) Under the equity method, debt balance/book value is excluding loans to subsidiary companies.

Allowances for doubtful accounts have been determined after taking into account the value of collateral, in accordance with the BOT's guidelines (most collateral comprises land, buildings and premises which are appraised by external independent appraisers or internal appraisers, as per the BOT's guidelines).

(UNAUDITED BUT REVIEWED)

The above classified loans and receivable (including loans to financial institutions) included the following debts with weak financial positions and operating results :-

	Consolidated							
	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December
	2005	2004	2005	2004	2005	2004	2005	2004
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
1. Closed financial institutions	4	4	-	-	-	-	-	-
2. Listed companies vulnerable to delisting from the SET	5	4	208	222	230	197	31	36
3. Non – listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	29	32	932	1,097	1,442	1,837	89	51
4. Companies which have loan settlement problems or have defaulted of the repayment of debts	387	378	4,572	4,780	7,227	5,300	723	1,281
5. Companies whose auditors' reports cited going concern issues	18	17	310	215	25	27	120	73

	The Company Only							
	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December
	2005	2004	2005	2004	2005	2004	2005	2004
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
1. Non – listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	1	1	15	15	23	23	-	-
2. Companies which have loan settlement problems or have defaulted of the repayment of debts	197	174	390	365	309	236	78	62
3. Companies whose auditors' reports cited going concern issues	1	-	49	-	-	-	1	-

(UNAUDITED BUT REVIEWED)

5.7 Classification of securities business receivable in accordance with the Notification of the Office of the Securities and Exchange Commission

As at 30 September 2005 and 31 December 2004, a subsidiary company operating in the securities business classified its securities business receivable and accrued interest receivable and provided related allowance for doubtful accounts in accordance with the notification of the Office of the Securities and Exchange Commission (SEC) as follows :-

(Unit : Million Baht)

	Receivable and accrued interest receivable		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004	30 September 2005	31 December 2004
Doubtful	425	418	425	418	425	418
Substandard	9	25	-	-	-	-
Total	<u>434</u>	<u>443</u>	<u>425</u>	<u>418</u>	425	418
General reserve					9	16
Total allowance for doubtful accounts					<u>434</u>	<u>434</u>

The above substandard debt represents receivable balances with a value equivalent to that of their collateral.

5.8 Hire-purchase receivables/financial lease receivables of subsidiaries separate by aging

As at 30 September 2005 and 31 December 2004, hire-purchase and financial lease receivables of three subsidiary companies engaged in hire-purchase and financial lease businesses are classified by the due date of the contracts as follows :-

(Unit : Million Baht)

	30 September 2005	31 December 2004
Current or overdue less than 90 days	1,712	804
Overdue 91 – 365 days	9	1
Overdue more than 1 year	2	2
Debtors under legal actions	<u>7</u>	<u>4</u>
Total	<u>1,730</u>	<u>811</u>
Allowance for doubtful accounts	<u>28</u>	<u>14</u>

(UNAUDITED BUT REVIEWED)

6. ALLOWANCE FOR DOUBTFUL ACCOUNTS

(Unit : Million Baht)

	Consolidated						
	For the nine-month period ended 30 September 2005						
	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	General reserve	Total
Balance – beginning of the period	2,847	128	786	336	2,326	1,139	7,562
Add : Increase (decrease) during the period	119	52	(82)	17	(99)	(184)	(177)
Bad debt recovery	-	-	-	-	2	-	2
Balance – end of the period	2,966	180	704	353	2,229	955	7,387

(Unit : Million Baht)

	Consolidated						
	For the year ended 31 December 2004						
	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	General reserve	Total
Balance – beginning of the year	2,271	89	64	878	1,383	1,423	6,108
Add : Increase (decrease) during the year	576	39	734	(509)	949	(260)	1,529
Bad debt recovery	-	-	-	-	3	-	3
Transferred from allowance for impairment of investments to loans	-	-	-	-	-	15	15
Less : Loss from hair-cut	-	-	-	-	-	(39)	(39)
Reversal from loans and receivable transferred	-	-	(12)	(14)	-	-	(26)
Transferred to revaluation allowance for debt restructuring	-	-	-	(19)	(9)	-	(28)
Balance – end of the year	2,847	128	786	336	2,326	1,139	7,562

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

The Company Only							
For the nine-month period ended 30 September 2005							
	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	General reserve	Total
Balance – beginning of the period	2,466	127	107	139	314	436	3,589
Add : Increase (decrease) during the period	(70)	47	-	34	234	(140)	105
Bad debt recovery	-	-	-	-	1	-	1
Balance – end of the period	2,396	174	107	173	549	296	3,695

(Unit : Million Baht)

The Company Only							
For the year ended 31 December 2004							
	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	General reserve	Total
Balance – beginning of the year	1,767	73	43	61	118	537	2,599
Add : Increase (decrease) during the year	699	54	64	78	194	(101)	988
Bad debt recovery	-	-	-	-	2	-	2
Balance – end of the year	2,466	127	107	139	314	436	3,589

7. REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING

(Unit : Million Baht)

	Consolidated		The Company Only	
	For the nine-month period ended	For the year ended	For the nine-month period ended	For the year ended
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
Balance - beginning of the period	254	295	-	2
Add : Increase (decrease) during the period	187	6	-	(2)
Allowance for revaluation adjustment for receivable transferred from allowances for doubtful accounts	-	28	-	-
Less : Amortised during the period	(46)	(38)	-	-
	395	291	-	-
Less : Amortised during the period	(2)	(37)	-	-
Balance – end of the period	393	254	-	-

(UNAUDITED BUT REVIEWED)

8. CLASSIFICATION OF ASSETS

The quality of assets of the Company and its subsidiary companies engaging in financial institutions (bank business and asset management business) is classified in accordance with the announcements of the Bank of Thailand. These are as follows :-

(Unit : Million Baht)

	Consolidated									
	Loans, receivable and accrued interest receivable		Investments		Property foreclosed		Other assets		Total	
	30	31	30	31	30	31	30	31	30	31
	September 2005	December 2004	September 2005	December 2004	September 2005	December 2004	September 2005	December 2004	September 2005	December 2004
Normal	126,148	110,275	-	-	-	-	50	48	126,198	110,323
Special mention	9,203	7,022	-	-	-	-	43	31	9,246	7,053
Substandard	3,946	3,085	-	-	-	-	5	4	3,951	3,089
Doubtful	1,583	1,338	-	-	-	-	4	4	1,587	1,342
Doubtful of loss	6,059	6,272	869	738	702	659	465	290	8,095	7,959
Total	146,939	127,992	869	738	702	659	567	377	149,077	129,766
Less: Revaluation allowance for debt restructuring	(393)	(254)								
Intercompany gain from loans and receivable transferred	(507)	(704)								
	<u>146,039</u>	<u>127,034</u>								

(Unit : Million Baht)

	The Company Only									
	Loans, receivable and accrued interest receivable		Investments		Property foreclosed		Other assets		Total	
	30	31	30	31	30	31	30	31	30	31
	September 2005	December 2004	September 2005	December 2004	September 2005	December 2004	September 2005	December 2004	September 2005	December 2004
Normal	93,929	98,648	-	-	-	-	46	47	93,975	98,695
Special mention	8,748	6,678	-	-	-	-	42	31	8,790	6,709
Substandard	559	801	-	-	-	-	3	3	562	804
Doubtful	369	279	-	-	-	-	4	2	373	281
Doubtful of loss	822	330	257	229	380	344	435	261	1,894	1,164
Total	<u>104,427</u>	<u>106,736</u>	<u>257</u>	<u>229</u>	<u>380</u>	<u>344</u>	<u>530</u>	<u>344</u>	<u>105,594</u>	<u>107,653</u>

(UNAUDITED BUT REVIEWED)

9. PROPERTY FORECLOSED

(Unit : Million Baht)

	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
Cost	8,237	7,948	3,520	3,505
Less : Allowance for impairment	(702)	(659)	(380)	(344)
Property foreclosed - net	<u>7,535</u>	<u>7,289</u>	<u>3,140</u>	<u>3,161</u>

As at 30 September 2005, the subsidiary companies have obligations with regard to property foreclosed received in settlement of debts. For Baht 17 million, the debtors have an option to buy back the properties at prices and within periods specified in the agreements. For a further Baht 228 million, the debtors have first right of purchase.

As at 30 September 2005, for a further approximately Baht 194 million (at cost) of the property foreclosed of the Company and its subsidiary companies (the Company Only : Baht 10 million), sales agreements have been made with customers, but the payment of installments or the transfer of ownership rights is still in progress. The Company and its subsidiary companies have not recognised any gain in these cases and these assets are still recorded as property foreclosed.

(UNAUDITED BUT REVIEWED)

10. DEBENTURES

(Unit : Million Baht)

	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
Unsubordinated and unsecured debentures (due in 2010 with interest to be paid twice a year, at an average MLR less 3.45 percent per annum)	4,000	4,000	4,000	4,000
Unsubordinated and unsecured debentures (due in 2008 with interest to be paid twice a year, at a fixed rate of 2.95 percent per annum)	1,000	1,000	1,000	1,000
Subordinated debentures issued under the scheme to establish the Restricted Bank (due in 2008 with interest to be paid twice a year, at a fixed rate of 9 percent per annum)	1,944	1,978	-	-
Subordinated debentures issued under the scheme to increase Tier II capital (due in 2009 with interest to be paid once a year, at a rate equal to the coupon of Tier II government bonds plus 1 percent per annum, or 4.5-5.0 percent per annum)	309	309	258	258
Subordinated debentures issued under the scheme to increase Tier II capital (due in 2010 with interest to be paid once a year, at a rate equal to the coupon of Tier II government bonds plus 1 percent per annum, or 3.5-3.75 percent per annum)	269	269	215	215
Total	<u>7,522</u>	<u>7,556</u>	<u>5,473</u>	<u>5,473</u>

11. SHARE CAPITAL

As at 30 September 2005, 19,576 preference shares remain unconverted, whereby each preference share is convertible to 1 ordinary share. The conversion rights are unconditional and do not expire.

In addition, on 28 April 2005 the Annual General Meeting of the Company's shareholders have approved the payment of the dividend of Baht 0.40 per share to the ordinary shareholder and preference shareholders, a total of Baht 533 million.

12. REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS

(Unit : Million Baht)

	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
Revaluation surplus on investments :-				
Available-for-sale investments				
Debt instruments	43	5	-	-
Equity instruments	249	411	94	148
Held-to-maturity debt securities	38	47	25	31
Surplus recognised for subsidiary and associated companies - under equity method	-	54	211	338
Total	330	517	330	517
Revaluation deficit on investments :-				
Available -for-sale investments				
Debt instruments	(171)	(17)	(7)	(6)
Equity instruments	(194)	(95)	(46)	(21)
Held-to-maturity debt securities	(697)	(887)	(166)	(296)
Deficit recognised for subsidiary and associated companies - under equity method	-	(89)	(843)	(765)
Total	(1,062)	(1,088)	(1,062)	(1,088)
Revaluation surplus (deficit) on investments	(732)	(571)	(732)	(571)

(UNAUDITED BUT REVIEWED)

13. CAPITAL FUNDS

As at 30 September 2005 and 31 December 2004, the capital funds maintained by the Company in accordance with Section 4 of the Act on Undertaking of Finance Business, Finance and Securities Business and Credit Foncier Business B.E. 2522 are as follows :-

	(Unit : Million Baht)	
	The Company Only	
	30 September 2005	31 December 2004
<u>Tier I</u>		
Issued and paid up share capital	13,331	13,331
Share premium	2,066	2,066
Statutory reserve	369	220
Retained earnings	4,458	2,555
Total	20,224	18,172
Less : Investments in ordinary shares of Thanachart Bank Plc.	(8,538)	(8,355)
	11,686	9,817
<u>Tier II</u>		
Subordinated debentures	333	406
Reserve for loans classified as normal	1,415	1,442
Net revaluation surplus on equity securities - available-for-sales		
Total	6	58
Less : Investments in subordinated debentures of Thanachart Bank Plc. (subsidiary company) which held by a former subsidiary company	1,754 (6)	1,906 (6)
	1,748	1,900
Total capital funds	13,434	11,717

The capital funds as stated above are calculated based on the Bank of Thailand's regulations.

The Company received approval from the Ministry of Finance to increase its share capital in order to swap ordinary shares with Thanachart Bank Plc., a subsidiary company, on the condition that the Company is able to include the above issued and paid up share capital and related premiums as its capital funds, but must deduct the value of the Company's investment in the Bank under the equity method from the Company's capital funds.

(UNAUDITED BUT REVIEWED)

The Company's capital ratio, calculated based on the Bank of Thailand's regulation, is as follows :-

	The Company Only			
	30 September 2005		31 December 2004	
	Minimum	Minimum	Minimum	Minimum
Capital ratio of	requirement	Capital ratio of	requirement	requirement
the Company	per BOT	the Company	per BOT	per BOT
Total capital to risk assets (percent)	11.87	8.00	10.16	8.00
Total Tier I to risk assets (percent)	10.32	4.00	8.51	4.00

14. BAD DEBTS AND DOUBTFUL ACCOUNTS

Bad debts and doubtful accounts in the statements of earnings for the nine-month periods ended 30 September 2005 and 2004 consist of :-

(Unit : Million Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Bad debts and doubtful accounts (reversal of bad debt and doubtful accounts) from loans and receivable	(177)	904	105	867
Reversal on hair - cut loans	-	(39)	-	-
Amortisation of revaluation allowance for debt restructuring during the period	(48)	(47)	-	-
Total	(225)	818	105	867

15. LOSS FROM DEBT RESTRUCTURING

Loss from debt restructuring in the statements of earnings for the nine-month periods ended 30 September 2005 and 2004 consist of the following :-

(Unit : Million Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Loss from hair-cut	104	72	-	-
Increase in revaluation allowance for debt restructuring	187	6	-	(2)
Total loss from debt restructuring	291	78	-	(2)

16. GAIN (LOSS) ON INVESTMENTS

Gain (loss) on investments for the nine-month periods ended 30 September 2005 and 2004 consists of the following :-

	(Unit : Million Baht)			
	Consolidated		The Company Only	
	2005	2004	2005	2004
Unrealised gains on valuation adjustment	1	-	-	-
Increase in allowance for impairment on investments	(38)	(25)	(1)	(36)
Gain on debt settlement/assets transferred from investments in receivables	81	28	1	-
Realised gain (loss) on sales of investments				
Trading securities	32	8	-	-
Available-for-sale securities	267	215	112	99
Held-to-maturity securities	(125)	123	(137)	39
Other securities	4	79	-	72
Total	222	428	(25)	174

During the nine-month period ended 30 September 2005, the Company disposed held-to-maturity debt securities with an amortised cost of Baht 3,920 million due to the restructuring of financial business operations. After the restructuring the Company will not be required to hold bonds for the purpose of maintaining its liquid asset ratios and the Company therefore decided to reduce its investments in debt securities (2004 : disposed of held-to-maturity debt securities with an amortised cost of Baht 5,293 million in the consolidated financial statements and Baht 1,764 million in the Company's financial statements).

17. DIRECTORS' REMUNERATION

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

In addition, on 28 April 2005, the Annual General Meeting of shareholders had approved the payment of director's remuneration amounting to approximately Baht 9 million to the Company's directors.

18. CORPORATE INCOME TAX

Corporate income tax has been calculated based on the earnings for the period after adding back disallowable expenses and provisions deducting taxable expenses and tax-exempted income, and tax losses brought forward from prior years (if any), multiplied by estimated whole-year average income tax rate.

19. RECONCILIATION OF DILUTED EARNINGS PER SHARE

Consolidated and the Company Only						
For the three-month periods ended 30 September						
Net earnings		Weighted average number of ordinary shares		Earnings per share		
2005	2004	2005	2004	2005	2004	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net earnings	697,513	664,813	1,333,134	1,333,134	0.52	0.50
Effect of dilutive securities						
Preference shares convertible to ordinary shares	-	-	20	20		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming conversion of dilutive securities	697,513	664,813	1,333,154	1,333,154	0.52	0.50

(UNAUDITED BUT REVIEWED)

Consolidated and the Company Only						
For the nine-month periods ended 30 September						
Net earnings		Weighted average number of ordinary shares		Earnings per share		
2005	2004	2005	2004	2005	2004	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net earnings	2,165,973	2,055,193	1,333,134	1,333,134	1.62	1.54
Effect of dilutive securities						
Preference shares convertible to ordinary shares	-	-	20	20		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming conversion of dilutive securities	<u>2,165,973</u>	<u>2,055,193</u>	<u>1,333,154</u>	<u>1,333,154</u>	<u>1.62</u>	<u>1.54</u>

20. RELATED PARTY TRANSACTIONS

During the three-month and nine-month periods ended 30 September 2005 and 2004, the Company and its subsidiary companies had significant business transactions with its subsidiary, associated and related companies (related by way of common shareholders and/or common directors). Such transactions which have been concluded on the terms and basis as determined by the Company, its subsidiary companies and those companies, are summarised below :-

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	For the three-month periods				For the nine-month periods				Pricing Policies (For the year 2005)
	Consolidated		The Company Only		Consolidated		The Company Only		
	2005	2004	2005	2004	2005	2004	2005	2004	
Subsidiary companies :-									
Sales of investments in debt securities (with loss on sales of Baht 15 million for the three-month and Baht 118 million for the nine-month) (2004 : with loss on sales of Baht 4 million for the three-month and gain on sales of Baht 59 million for the nine-month)	-	-	325	840	-	-	3,331	8,571	At market price
Purchase of investment in debt securities	-	-	-	299	-	-	-	457	
Cash paid for increase investment in subsidiary companies	-	-	-	2	-	-	250	2	At par value
Transfer value of deposits of individual customers in form of promissory notes	-	-	47,726	-	-	-	47,726	-	At the face value of promissory notes plus outstanding interest
Interest income from loans	-	-	133	139	-	-	408	405	At interest rates of 3 - 3.75 and 11.51 percent per annum
Rental and other service income	-	-	34	27	-	-	92	76	At the rate on the agreements
Fees and other income	7	2	7	4	7	6	17	9	At the rate on the agreements
Interest expenses	-	-	765	16	-	-	1,201	43	At interest rates of 1.50 - 3.25 and 4.50 percent per annum
Rental and other service expenses	5	2	60	28	16	7	139	79	At the rate on the agreements

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	For the three-month periods				For the nine-month periods				Pricing Policies (For the year 2005)
	Consolidated		The Company Only		Consolidated		The Company Only		
	2005	2004	2005	2004	2005	2004	2005	2004	
Associated companies :-									
Interest income	1	-	-	-	1	-	-	-	At interest rates of 3.00 percent per annum
Other income	-	-	1	-	1	3	1	1	
Interest expenses	5	7	1	1	15	20	1	2	At interest rates of 0.50 – 3.75 and 11.51 percent per annum
Other expenses	10	11	7	6	31	34	21	22	
Related companies:-									
Dividend income	5	6	-	-	12	30	-	12	As declared
Interest income	20	23	4	2	59	76	13	20	At interest rates of 0.25 – 7.52 percent per annum
Other income	26	40	1	1	79	65	3	2	
Interest expenses	6	14	2	5	31	29	6	13	At interest rates of 0.05 – 4.62 and 9 percent per annum
Project management expenses	13	12	6	5	38	35	19	18	At the rate determined under the contract which based on the estimated time spent and charge-out rate
Other expenses	18	11	11	9	46	30	27	19	

(UNAUDITED BUT REVIEWED)

The outstanding balances of the above transactions during the nine-month periods ended 30 September 2005 and 2004 are below shown at the average month end balance :-

	Consolidated		(Unit : Million Baht) The Company Only	
	2005	2004	2005	2004
<u>Subsidiary companies</u>				
Deposits with financial institutions	-	-	47	77
Loans and receivable	-	-	14,587	15,428
Borrowings and deposits	28	19	37,976	4,794
<u>Associated companies</u>				
Investments in debt securities	24	19	-	-
Loans and receivable	5	2	-	-
Borrowings and deposits	195	294	16	60
<u>Related companies</u>				
Deposits with financial institutions	342	316	97	83
Loans to financial institutions	70	34	20	20
Investments in debt and equity securities	1,202	1,112	286	689
Loans and receivable	2,185	2,540	282	281
Borrowings and deposits	1,239	2,543	487	2,208
Debentures	112	112	-	-

(UNAUDITED BUT REVIEWED)

The outstanding balances of the above transactions are as follow :-

(Unit : Million Baht)

	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
<u>Deposits with financial institutions</u>				
Subsidiary company :-				
Thanachart Bank Plc.	-	-	116	31
Related companies :-				
Siam Commercial Bank Plc.	297	558	124	123
Krung Thai Bank Plc.	-	38	-	15
Siam City Bank Plc.	7	-	-	-
	304	596	124	138
Total	304	596	240	169
<u>Loans to financial institutions</u>				
Related companies	84	34	20	20
<u>Investments in debt securities</u>				
Associated company :-				
MBK Plc.	25	17	-	-
Related companies :-				
Advance Info Service Plc.	135	33	-	-
The Aromatics (Thailand) Plc.	185	167	-	-
	320	200	-	-
Total	345	217	-	-
<u>Loans and receivable</u>				
Subsidiary companies :-				
N.F.S. Asset Management Co., Ltd.	-	-	11,700	13,824
Max Asset Management Co., Ltd.	-	-	767	1,075
National Leasing Co., Ltd.	-	-	762	634
	-	-	13,229	15,533

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
Related companies :-				
Krisda Mahanakorn Plc.	685	685	-	-
Shin Broadband Internet (Thailand) Co., Ltd.	450	451	-	-
NEP Realty and Industry Plc.	232	250	232	250
Lan Bangna Co., Ltd.	206	221	-	-
Thai Orix Leasing Co., Ltd.	174	237	-	-
Fuel Pipeline Transportation Ltd.	164	166	-	-
Burapa Steel Industries Co., Ltd.	62	62	-	-
Thai International Rent A Car Co., Ltd.	49	90	49	90
Advance Info Service Plc.	29	122	3	88
Patum Rice Mill and Granary Plc.	-	100	-	100
Other related companies	23	20	-	-
	<u>2,074</u>	<u>2,404</u>	<u>284</u>	<u>528</u>
Total	<u><u>2,074</u></u>	<u><u>2,404</u></u>	<u><u>13,513</u></u>	<u><u>16,061</u></u>
 <u>Accrued interest receivable from investments,</u>				
<u>loans and loans to financial institutions</u>				
Subsidiary companies	-	-	7	41
Related companies	32	28	1	1
Total	<u><u>32</u></u>	<u><u>28</u></u>	<u><u>8</u></u>	<u><u>42</u></u>
 <u>Other assets</u>				
Subsidiary companies	2	3	1	2
Associated companies	9	6	4	-
Related companies	40	49	13	21
Total	<u><u>51</u></u>	<u><u>58</u></u>	<u><u>18</u></u>	<u><u>23</u></u>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
<u>Borrowings and deposits</u>				
Subsidiary companies :-				
Thanachart Bank Plc.	-	-	65,500	14,634
N.F.S. Asset Management Co., Ltd.	-	-	-	1,865
Max Asset Management Co., Ltd.	-	-	262	474
Thanachart Group Leasing Co., Ltd.	-	-	-	373
N.F.S. Capital Co., Ltd.	-	-	108	106
Thanachart Life Assurance Co., Ltd.	-	-	-	60
Thanachart Securities Plc.	-	-	56	79
Thanachart Insurance Co., Ltd.	-	-	40	30
Other subsidiary companies	30	24	27	11
	<u>30</u>	<u>24</u>	<u>65,993</u>	<u>17,632</u>
Associated companies:-				
MBK Plc.	159	213	-	-
Other associated companies	1	81	-	-
	<u>160</u>	<u>294</u>	<u>-</u>	<u>-</u>
Related companies :-				
Royal Orchid Hotel (Thailand) Plc.	357	365	291	180
Seacon Development Co., Ltd.	150	130	150	130
Siam Commercial Bank Plc.	-	10	-	7
Other related companies	195	156	136	106
	<u>702</u>	<u>661</u>	<u>577</u>	<u>423</u>
Total	<u>892</u>	<u>979</u>	<u>66,570</u>	<u>18,055</u>
<u>Debentures</u>				
Related companies :-				
Thanachart Employee Saving and Credit Cooperatives Ltd.	102	102	-	-
Lan Bangna Co., Ltd.	10	10	-	-
Total	<u>112</u>	<u>112</u>	<u>-</u>	<u>-</u>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
<u>Accrued interest payable</u>				
Subsidiary companies	-	-	1	6
Associated companies	2	9	-	-
Related companies	8	11	3	2
Total	10	20	4	8
<u>Other liabilities</u>				
Subsidiary companies	-	-	80	36
Related companies	33	35	9	20
Total	33	35	89	56
<u>Guarantees of loans</u>				
Related companies	10	10	10	10

As at 30 September 2005, the Company and its subsidiary companies have investments amounting to approximately Baht 822 million (the Company Only : Baht 229 million) in companies to which they are related by means of members of their management being shareholders and/or directors of those companies.

As at 30 September 2005 and 31 December 2004, the Company and its subsidiary companies had the following related parties transactions with executive employees from department manager level up :-

(Unit : Million Baht)

	Consolidated		The Company Only	
	30 September 2005	31 December 2004	30 September 2005	31 December 2004
Loans and receivable	47	29	12	9
Deposits	382	429	-	201

(UNAUDITED BUT REVIEWED)

21. FINANCIAL INFORMATION BY SEGMENT

Financial information relating to the finance business (including asset management business), bank business, securities business and other business segments as at 30 September 2005 and 31 December 2004 and for the three-month and nine-month periods ended 30 September 2005 and 2004 are summarized below :-

(Unit : Million Baht)

	For the three-month periods ended 30 September											
	Finance business		Bank business		Securities business		Other business		Eliminations		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	1,181	952	441	304	14	13	49	16	(2)	3	1,683	1,288
Share of profits from investments accounted for under equity method	191	363	-	-	-	-	-	-	(130)	(340)	61	23
Non-interest income	388	463	216	47	201	245	603	231	(106)	4	1,302	990
Operating expenses	(634)	(743)	(743)	(206)	(192)	(171)	(574)	(219)	109	52	(2,034)	(1,287)
Corporate income tax	(261)	(267)	-	(1)	-	(25)	(40)	(10)	-	-	(301)	(303)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	-	-	(13)	(46)	(13)	(46)
Net earnings	<u>865</u>	<u>768</u>	<u>(86)</u>	<u>144</u>	<u>23</u>	<u>62</u>	<u>38</u>	<u>18</u>	<u>(142)</u>	<u>(327)</u>	<u>698</u>	<u>665</u>

(Unit : Million Baht)

	For the nine-month periods ended 30 September											
	Finance business		Bank business		Securities business		Other business		Eliminations		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	3,404	2,294	1,090	782	63	65	131	35	(54)	(30)	4,634	3,146
Share of profits from investments accounted for under equity method	1,106	1,342	-	-	-	-	-	-	(960)	(1,225)	146	117
Non-interest income	1,171	1,621	438	162	626	833	1,441	633	(33)	10	3,643	3,259
Operating expenses	(2,350)	(2,079)	(1,349)	(544)	(575)	(497)	(1,439)	(597)	248	149	(5,465)	(3,568)
Corporate income tax	(683)	(710)	-	(5)	(17)	(104)	(72)	(14)	-	-	(772)	(833)
Minority interest in net earnings in subsidiary companies	-	-	-	-	-	-	-	-	(20)	(66)	(20)	(66)
Net earnings	<u>2,648</u>	<u>2,468</u>	<u>179</u>	<u>395</u>	<u>97</u>	<u>297</u>	<u>61</u>	<u>57</u>	<u>(819)</u>	<u>(1,162)</u>	<u>2,166</u>	<u>2,055</u>

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	As at											
	Finance business		Bank business		Securities business		Other business		Eliminations		Total	
	30	31	30	31	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December	September	December	September	December
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Investments - Net	27,123	31,909	16,408	19,173	1,189	1,174	4,656	1,496	(14,373)	(13,478)	35,003	40,274
Loans, receivable and accrue interest receivable - Net (including loans to financial institutions)	106,927	111,266	113,190	44,367	1,630	1,631	1,518	1,109	(80,683)	(35,930)	142,582	122,443
Land, premises and equipment - Net	672	421	203	118	142	123	54	28	-	-	1,071	690
Other assets	18,908	12,077	9,913	9,286	813	249	1,036	664	(360)	(639)	30,310	21,637
Total assets	153,630	155,673	139,714	72,944	3,774	3,177	7,264	3,297	(95,416)	(50,047)	208,966	185,044

22. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2005 and 31 December 2004, commitments and contingent liabilities which are significant consisted of :-

22.1

(Unit : Million Baht)

	Consolidated					
	30 September 2005			31 December 2004		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Avals to bills	238	-	238	512	-	512
Guarantees of loans	10	-	10	186	-	186
Other guarantees	858	-	858	659	-	659
Letters of credit	-	473	473	-	-	-
Other commitments						
Obligations under forward exchange contracts						
Bought contracts	-	559	559	-	-	-
Sold contracts	-	590	590	-	-	-
Obligations amounting to USD 34 million under sales of cross currency and interest rate swap contracts (31 December 2004 : USD 32 million)	-	1,387	1,387	-	1,356	1,356
Obligations under interest rate swap agreements	48,374	-	48,374	13,192	-	13,192
Committed (but not drawn) overdraft	459	-	459	281	-	281
Total contingencies and commitments	49,939	3,009	52,948	14,830	1,356	16,186

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	The Company Only					
	30 September 2005			31 December 2004		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Guarantees of loans	10	-	10	10	-	10
Other guarantees	1	-	1	1	-	1
Obligation under interest rate swap agreements	21,724	-	21,724	6,862	-	6,862
Total contingencies and commitments	21,735	-	21,735	6,873	-	6,873

22.2 During the years 2001 to 2003, the Company and its subsidiary companies have entered into agreements to sell loans and receivables with transfer prices totaling of approximately Baht 3,417 million to the Thai Asset Management Corporation (“TAMC”). The Company and its subsidiary companies are still jointly entitled to/liable for a share of the gains or losses arising from TAMC’s management of these non-performing assets, which is to be calculated at the end of fifth and tenth years, counting from 1 July 2001. In case of losses, the Company and its subsidiary companies are liable for all initial losses up to 20 percent of the transfer price, with the next 20 percent of such losses are to be shared equally between the Company or its subsidiary companies and TAMC. TAMC is liable for all remaining losses. Such gains or losses will be determined based on the cumulative value of the collections made on the assets as at the date of determination, minus transfer costs and all operating expenses of TAMC, including interest on the debt instruments issued to purchase the receivables. The gain or loss cannot be reliably estimated by the Company and its subsidiary companies at this stage. However, as at 30 September 2005, the Company and its subsidiary companies have estimated their share of the losses which may arise from the management of non-performing assets at approximately Baht 318 million. This is presented as a part of the allowance for impairment of investment in promissory notes (31 December 2004 : of Baht 318 million).

(UNAUDITED BUT REVIEWED)

- 22.3** The Company and a subsidiary company have entered into agreements to sell housing loans/ to transfer rights to claim the housing debts to the Secondary Mortgage Corporation, under which they are committed to compensate the Corporation for losses from uncollected debts up to a maximum of 20 percent of the sell price of the said receivables, or approximately Baht 16 million (the Company Only : Baht 13 million).
- 22.4** The Company and Thanachart Bank Plc., subsidiary company, are obliged to make contributions to the Financial Institutions Development Fund, at a rate of 0.2 percent of the total outstanding balance of the Company and its subsidiary company's deposits and accrued interest arising from borrowings, as of the last day of the previous six-month period before the contributions are to be made, every 30 June and 31 December of the year.
- 22.5** As at 30 September 2005, the Company and its subsidiary companies have obligations to pay service fees related to property foreclosed and other services including long-term rental and office services agreements which can be presented as follows :-

(Unit : Million Baht)

Year	Consolidated	The Company Only	
	Other companies	Other companies	Subsidiaries
2005	87	42	6
2006	238	100	6
2007 onward	359	223	-

In addition, the Company has an obligation to pay an administrative service fee to a subsidiary company at actual cost plus a margin according to period in agreement.

23. LITIGATION

As at 30 September 2005, the Company and its subsidiary companies have contingent liabilities amounting to approximately Baht 82 million as a result of litigation (the Company Only : Baht 345 million). However, the Company and the subsidiary companies' management expect that no losses will result and therefore no liabilities are currently recorded.

24. BANK GUARANTEE

As at 30 September 2005, there were outstanding bank guarantees of approximately Baht 6 million (the Company Only : Baht 5 million) issued by banks on behalf of the Company and its subsidiaries to guarantee the use of electricity and the rental of land.

25. FINANCIAL INSTRUMENTS

As at 30 September 2005, the Company has no policy to speculate or trade in any off-balance sheet derivative financial instruments.

25.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation causing the Company and its subsidiary companies to incur a financial loss. The maximum exposure to credit risk is the carrying amount of financial assets less provision for losses as stated in the balance sheet and off-balance sheet aval, guarantee of loans and other guarantees.

25.2 Market risk

a) Interest rate risk

As at 30 September 2005, the financial assets and liabilities of the Company and its subsidiaries can be classified by type of interest rate as follows :-

(Unit : Million Baht)

	Consolidated				The Company Only			
	Outstanding balances of financial instruments				Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Without interest	Total	Floating interest rate	Fixed interest rate	Without interest	Total
Financial assets								
Cash and deposits at financial institutions	123	137	2,838	3,098	-	-	1,069	1,069
Loans to financial institutions	-	152	62	214	-	-	20	20
Securities purchased under resale agreements	-	16,300	-	16,300	-	10,400	-	10,400
Investments	2,030	24,979	8,732	35,741	509	4,570	16,041	21,120
Trading transactions with securities companies - receivable	-	-	546	546	-	-	-	-
Loans and receivable (include intercompany gain on loan transferred)	22,139	125,708	2,681	150,528	12,933	90,173	1,300	104,406
Financial liabilities								
Borrowings and deposits	11,391	155,461	544	167,396	67,106	40,848	-	107,954
Trading transactions with securities companies - payable	-	-	241	241	-	-	-	-
Securities business payable	-	-	989	989	-	-	-	-
Liabilities under commercial papers sold	-	373	-	373	-	-	-	-
Debentures	-	7,522	-	7,522	-	5,473	-	5,473
Liabilities payable on demand	-	-	632	632	-	-	-	-

The outstanding balances of loans and receivable which have floating interest rates or fixed interest rates include loans and receivables on which interest recognition has ceased (before deducting provisions).

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

Transactions	Consolidated						Weighted average interest rates Percentage
	Repricing or maturity date					Total	
	At call	0-3 months	3-12 months	1 - 5 years	Over 5 years		
Financial assets							
Cash and deposits at financial institutions	-	25	112	-	-	137	1.50 - 1.51
Loans to financial institutions	66	34	32	20	-	152	2.18 - 2.66
Securities purchased under resale agreements	-	16,300	-	-	-	16,300	2.49 - 3.25
Investments	-	8,275	1,303	6,255	9,146	24,979	2.03 - 3.40
Loans and receivable (include intercompany gain on loan transferred)	144	5,648	9,626	105,791	4,499	125,708	5.93 - 7.77
Financial liabilities							
Borrowings and deposits	151	57,100	56,900	41,310	-	155,461	2.60 - 2.78
Liabilities under commercial papers sold	-	137	-	236	-	373	3.25
Debentures	-	1,000	1,000	5,468	54	7,522	4.18

(Unit : Million Baht)

Transactions	The Company Only						Weighted average interest rates Percentage
	Repricing or maturity date					Total	
	At call	0-3 months	3-12 months	1 - 5 years	Over 5 years		
Financial assets							
Securities purchased under resale agreements	-	10,400	-	-	-	10,400	2.49
Investments	-	545	933	864	2,228	4,570	2.87
Loans and receivable	523	373	3,405	84,039	1,833	90,173	7.77
Financial liabilities							
Borrowings and deposits	-	25,460	10,606	4,782	-	40,848	2.60
Debentures	-	-	1,000	4,419	54	5,473	2.77

(UNAUDITED BUT REVIEWED)

In addition, the Company and its subsidiary companies have interest bearing financial assets and financial liabilities. The monthly average balance of performing financial assets and liabilities of the Company and its subsidiary companies for the nine-month period ended 30 September 2005, and the average rate of interest and dividend income, can be summarised as follow :-

(Unit : Million Baht)

	Consolidated			The Company Only		
	Average balance	Interest and dividend	Average rate	Average balance	Interest and dividend	Average rate
<u>Interest earnings financial assets</u>						
Cash and deposits at financial institutions	474	2	0.54	-	-	-
Securities purchased under resale agreements	17,671	331	2.50	8,500	173	2.71
Investments	35,424	762	2.87	8,028	176	2.92
Loans and receivable (include loans to financial institutions)	131,067	6,702	6.82	108,848	5,381	6.59
<u>Interest bearing financial liabilities</u>						
Borrowings and deposits	162,196	2,854	2.35	113,892	2,482	2.91
Securities sold under repurchase agreements	200	1	2.88	-	-	-
Securities business payable - customer account	473	4	1.15	-	-	-
Liabilities under commercial papers sold	377	9	3.13	-	-	-
Debentures	7,549	228	4.02	5,473	104	2.53

b) Foreign exchange risk

As at 30 September 2005, the Company and its subsidiary companies have no significant balances of financial assets and financial liabilities in foreign currencies except for investments in held-to-maturity debt securities of a subsidiary of approximately Baht 1,387 million (USD 34 million). The subsidiary company has entered into forward exchange contracts to hedge the foreign currency exchange risk associated with these investments in debt securities and the related interest.

25.3 Liquidity risk

Counting from the balance sheet date, the periods to maturity of financial instruments held as at 30 September 2005 are as follows :-

(Unit : Million Baht)

Transactions	Consolidated					The Company Only				
	At call	Less than 1 year	Over 1 year	Unspecified	Total	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets										
Cash and deposits at financial institutions	2,961	137	-	-	3,098	1,069	-	-	-	1,069
Securities purchased under resale agreements	-	16,300	-	-	16,300	-	10,400	-	-	10,400
Investments	2,030	5,658	19,408	8,645	35,741	509	933	3,637	16,041	21,120
Trading transactions with securities companies - receivable	-	546	-	-	546	-	-	-	-	-
Loans to financial institutions and loans and receivable, including intercompany gain on loan transferred ⁽¹⁾	12,648	8,658	129,436	-	150,742	1,764	15,306	87,356	-	104,426
Financial liabilities										
Borrowings and deposits	12,548	92,928	61,920	-	167,396	67,106	26,701	14,147	-	107,954
Trading transactions with securities companies - payable	-	241	-	-	241	-	-	-	-	-
Securities business payable	-	989	-	-	989	-	-	-	-	-
Liabilities under commercial papers sold	-	137	236	-	373	-	-	-	-	-
Debentures	-	-	7,522	-	7,522	-	-	5,473	-	5,473
Liabilities payable on demand	632	-	-	-	632	-	-	-	-	-
Off-balance sheet items :-										
Avals to bills and guarantee of loans	10	215	23	-	248	10	-	-	-	10
Other guarantees	44	535	118	161	858	1	-	-	-	1
Other commitments	-	3,818	48,023	-	51,841	-	1,737	19,986	-	21,723

⁽¹⁾ The outstanding balance of call loans and receivable include loans and receivable on which interest recognition has been ceased.

25.4 Fair value

As at 30 September 2005, there are no material differences between the book values of financial instruments and their fair values, except that the net book value of investments in held-to-maturity debt securities is Baht 571 million higher than the fair value of such investments (the Company Only : Baht 193 million).

The fair value of off-balance sheet items cannot be approximated, and so the Company and its subsidiary companies do not disclose such values.

25.5 Financial derivatives

As at 30 September 2005, financial derivatives, which the Company and its subsidiary company had engaged, can be classified as follow by period to maturity :

(Unit : Million Baht)

	Consolidated			The Company Only		
	Less than	Over 1 year	Total	Less than	Over 1 year	Total
	1 year			1 year		
Forward and spot contracts						
- Bought	559	-	559	-	-	-
- Sold	590	-	590	-	-	-
Cross currency and interest rate swap contracts	-	1,387	1,387	-	-	-
Interest rate swap contracts						
- Fixed interest rate payment	299	14,783	15,082	299	7,508	7,807
- Floating interest rate payment	570	8,535	9,105	570	2,485	3,055
- Fixed interest rate receipt	570	12,185	12,755	570	5,685	6,255
- Floating interest rate receipt	299	11,133	11,432	299	4,308	4,607

26. EVENT AFTER BALANCE SHEET DATE

On 27 October 2005, the Company's Board of Directors approved an interim dividend payment of Baht 0.30 per share to the ordinary shareholders and preference shareholders, from the earnings for the six-month period ended 30 June 2005, a total of Baht 399.9 million. Such dividend is to be paid to shareholders listed in the share register as at its closing date of 14 November 2005.

27. APPROVAL OF FINANCIAL STATEMENTS

These interim financial statements were approved by the Company's board of directors.