

THANACHART CAPITAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND INTERIM FINANCIAL STATEMENTS
30 JUNE 2007

Report of Independent Auditor

To the Shareholders of Thanachart Capital Public Company Limited

I have audited the accompanying consolidated balance sheets of Thanachart Capital Public Company Limited and its subsidiary companies as at 30 June 2007 and 31 December 2006, the related consolidated statements of income, changes in shareholders' equity, and cash flows for the six-month periods ended 30 June 2007 and 2006, and the separate financial statements of Thanachart Capital Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanachart Capital Public Company Limited and its subsidiary companies and of Thanachart Capital Public Company Limited as at 30 June 2007 and 31 December 2006, and the results of their operations and cash flows for the six-month periods ended 30 June 2007 and 2006 in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to the following matters :-

a) As discussed in Note 3 a) to the financial statements, during the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method. In this regard, the Company has restated the separate income statements for the three-month and six-month periods ended 30 June 2006 and the separate balance sheet as at 31 December 2006 to reflect the change in accounting policy. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied.

b) As discussed in Note 4.10 a) to the financial statements, the Company and its subsidiary companies had recorded the allowances for doubtful accounts in financial statements as at 31 December 2006 in accordance with the Bank of Thailand's guidelines on determining provisions for non-performing loans, which are effective in three phases in the years 2006 and 2007. The Company and its subsidiary companies set provisions against those loans which fall under 2006 criteria and had subsequently set full provision in year 2007 in accordance with the new guidelines in the current period.

I have also reviewed the consolidated and the separate income statements for the three-month periods ended 30 June 2007 and 2006. I conducted my reviews in accordance with the auditing standard applicable to review engagements which provide less assurance than an audit conducted in accordance with generally accepted auditing standards. 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.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok : 23 August 2007

BALANCE SHEETS

AS AT 30 JUNE 2007 AND 31 DECEMBER 2006

(Unit : Baht)

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		30 June 2007	31 December 2006 (Restated)	30 June 2007	31 December 2006 (Restated)
ASSETS					
CASH		2,201,544,355	2,466,125,940	40,000	40,000
INTERBANK AND MONEY MARKET ITEMS	5				
Domestic					
Interest bearing		2,013,556,511	2,559,774,515	22,004,210	9,309,020
Non-interest bearing		4,408,784,789	2,979,958,425	251,389,375	265,737,748
Foreign					
Interest bearing		15,567,678,925	21,420,641,997	-	-
Non-interest bearing		206,744,588	104,083,340	-	-
Total interbank and money market items - Net		22,196,764,813	27,064,458,277	273,393,585	275,046,768
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	6	21,500,000,000	6,300,000,000	-	-
INVESTMENTS					
Current investments - Net	7	11,578,994,666	7,338,916,150	9,766,587	8,464,722
Long-term investments - Net	7	21,205,943,448	26,201,194,502	5,490,546,055	5,835,793,998
Investments in subsidiary companies - Net	8	-	-	21,463,604,038	21,465,780,870
Investments in associated companies - Net	9	1,241,952,955	1,226,111,101	311,098,381	311,098,381
Net investments		34,026,891,069	34,766,221,753	27,275,015,061	27,621,137,971
RECEIVABLES FROM CLEARING HOUSE		229,255,323	786,300	-	-
LOANS AND ACCRUED INTEREST RECEIVABLE	10				
Loans		220,454,920,343	207,471,746,186	37,678,159,042	50,093,526,829
Securities business receivables		1,761,499,543	1,815,873,590	-	-
Total loans and receivables		222,216,419,886	209,287,619,776	37,678,159,042	50,093,526,829
Accrued interest receivable		250,740,284	277,312,650	14,337,382	17,332,543
Total loans and accrued interest receivable		222,467,160,170	209,564,932,426	37,692,496,424	50,110,859,372
Less : Allowance for doubtful accounts	11	(7,806,911,027)	(8,095,956,105)	(2,060,617,437)	(3,110,412,890)
Less : Revaluation allowance for debt restructuring	12	(90,563,826)	(150,134,868)	(453,522)	(513,991)
Net loans and accrued interest receivable		214,569,685,317	201,318,841,453	35,631,425,465	46,999,932,491
PROPERTY FORECLOSED - Net	14	8,079,670,175	8,420,480,978	2,852,433,345	3,198,671,684
LAND, PREMISES AND EQUIPMENT - Net	15	2,025,731,815	1,758,009,632	216,410,015	344,342,339
INTANGIBLE ASSETS - SOFTWARE - Net	16	212,377,881	156,135,419	4,439,289	96,070,347
LEASEHOLD RIGHT		375,709,952	379,125,195	161,434,790	171,688,982
GOODWILL		5,572,182	10,215,267	-	-
AMOUNT BY WHICH VALUE OF INVESTMENTS IS					
LOWER THAN BOOK VALUE		(11,539,924)	(18,111,127)	-	-
VALUE ADDED TAX REFUNDABLE		1,441,276,973	1,475,295,586	-	-
OTHER ASSETS	17	2,214,095,422	2,131,374,156	176,709,190	216,175,736
TOTAL ASSETS		309,067,035,353	286,228,958,829	66,591,300,740	78,923,106,318

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

BALANCE SHEETS (Continued)

AS AT 30 JUNE 2007 AND 31 DECEMBER 2006

(Unit : Baht)

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		30 June 2007	31 December 2006 (Restated)	30 June 2007	31 December 2006 (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS					
	18				
Deposits in Baht		203,924,321,778	198,526,848,577	-	-
Deposits in foreign currencies		188,462	75,568	-	-
Total deposits		203,924,510,240	198,526,924,145	-	-
INTERBANK AND MONEY MARKET ITEMS					
	19				
Domestic					
Interest bearing		4,541,643,395	4,338,927,141	26,900,412,732	39,600,428,747
Non-interest bearing		332,668,082	168,430,791	-	-
Net interbank and money market items		4,874,311,477	4,507,357,932	26,900,412,732	39,600,428,747
PAYABLE TO CLEARING HOUSE		287,742,048	609,006,654	-	-
SECURITIES BUSINESS PAYABLE		1,085,520,676	645,425,567	-	-
BORROWINGS					
	20				
Short-term borrowings		45,214,338,525	18,459,806,407	7,759,800,000	2,935,000,000
Long-term borrowings		16,417,094,400	26,574,862,400	7,905,500,000	12,730,300,000
Total borrowings		61,631,432,925	45,034,668,807	15,665,300,000	15,665,300,000
ACCRUED INTEREST PAYABLE		1,603,651,103	1,883,846,932	115,589,324	122,343,224
LIABILITIES PAYABLE ON DEMAND		871,649,846	1,461,622,782	-	-
CORPORATE INCOME TAX PAYABLE		853,416,465	373,672,153	432,181,935	89,201,602
UNEARNED PREMIUM RESERVE		1,096,284,343	923,333,476	-	-
LIFE PREMIUM RESERVE		4,049,420,770	3,550,307,646	-	-
OTHER LIABILITIES	21	4,582,097,537	5,281,967,455	715,525,469	889,075,796
TOTAL LIABILITIES		284,860,037,430	262,798,133,549	43,829,009,460	56,366,349,369

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

BALANCE SHEETS (Continued)

AS AT 30 JUNE 2007 AND 31 DECEMBER 2006

(Unit : Baht)

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		30 June 2007	31 December 2006 (Restated)	30 June 2007	31 December 2006 (Restated)
SHAREHOLDERS' EQUITY					
Share capital	22				
Registered, issued and paid-up					
19,396 preference shares of Baht 10 each					
(31 December 2006 : 19,546 preference shares of Baht 10 each)		193,960	195,460	193,960	195,460
1,333,134,607 ordinary shares of Baht 10 each					
(31 December 2006 : 1,333,134,457 ordinary shares of Baht 10 each)		13,331,346,070	13,331,344,570	13,331,346,070	13,331,344,570
		13,331,540,030	13,331,540,030	13,331,540,030	13,331,540,030
Share premium		2,065,644,888	2,065,644,888	2,065,644,888	2,065,644,888
Revaluation surplus on investments	23	247,531,201	159,423,516	87,543,359	63,949,974
Revaluation deficit on investments	23	(801,507,880)	(925,583,445)	(221,958,600)	(130,466,921)
Retained earnings					
Appropriated - statutory reserve	24	597,369,267	597,369,267	597,369,267	597,369,267
Unappropriated		7,881,989,182	7,336,945,260	6,902,152,336	6,628,719,711
Equity attributable to the Company's shareholders		23,322,566,688	22,565,339,516	22,762,291,280	22,556,756,949
Minority interest - equity attributable to minority shareholders of subsidiaries		884,431,235	865,485,764	-	-
TOTAL SHAREHOLDERS' EQUITY		24,206,997,923	23,430,825,280	22,762,291,280	22,556,756,949
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		309,067,035,353	286,228,958,829	66,591,300,740	78,923,106,318
		0	0	0	0
OFF-BALANCE SHEET ITEMS - CONTINGENCIES					
Avals to bills and guarantees of loans	36.1	21,046,620	63,669,300	10,000,000	10,000,000
Liability under unmatured import bills		34,015,808	18,911,350	-	-
Letter of credits		57,310,482	94,146,696	-	-
Other contingencies		85,495,730,375	73,567,149,018	19,986,966,747	19,986,966,747

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

DIRECTORS

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Baht)

Note	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2007	2006	2007	2006
	(Unaudited/ but reviewed)	(Unaudited/ but reviewed)	(Unaudited/ but reviewed)	(Unaudited/ but reviewed - Restated)
INTEREST AND DIVIDEND INCOME				
Loans	741,761,835	751,122,751	45,828,217	35,713,424
Interbank and money market items	360,081,326	686,803,243	2,141,220	2,958,102
Hire-purchase and financial lease	3,257,704,203	2,524,008,925	615,535,538	1,148,302,098
Investments	399,193,493	322,990,603	300,617,265	285,444,991
Total interest and dividend income	4,758,740,857	4,284,925,522	964,122,240	1,472,418,615
INTEREST EXPENSES				
Deposits	1,973,180,211	2,104,400,493	-	-
Interbank and money market items	33,799,666	23,113,166	349,553,139	944,819,520
Short-term borrowings	399,805,661	4,395,334	66,386,018	2,511,452
Long-term borrowings	225,514,915	430,597,160	86,974,954	143,660,449
Total interest expenses	2,632,300,453	2,562,506,153	502,914,111	1,090,991,421
Net interest and dividend income	2,126,440,404	1,722,419,369	461,208,129	381,427,194
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS				
(BAD DEBT AND DOUBTFUL ACCOUNTS)	(630,617,411)	(61,026,982)	5,719,138	122,813,258
LOSS ON DEBT RESTRUCTURING				
	(296)	(34,505,435)	-	(193,170)
Net interest and dividend income after				
bad debt and doubtful accounts and loss on debt restructuring	1,495,822,697	1,626,886,952	466,927,267	504,047,282
NON-INTEREST INCOME				
Brokerage fees	143,840,773	131,973,604	-	-
Gain (loss) on investments	113,577,946	81,637,020	(2,812,445)	37,042,208
Share of income from investments in associated companies accounted for under equity method - net	64,113,796	63,412,153	-	-
Fees and service income				
Acceptances, aval and guarantees	5,237,028	3,833,987	-	-
Discounted income on insurance premium	175,086,710	180,133,410	62,809	21,781,815
Others	332,093,801	205,003,488	110,951,604	81,352,878
Gain (loss) on exchange	(16,420,368)	7,562,756	-	-
Gain (loss) on property foreclosed	(33,198,409)	91,492,540	(4,028,351)	(7,742,758)
Gain on debt settlement/disposals	230,189,351	57,620,089	49,999	120,656
Insurance premium/Life insurance premium income	1,020,993,005	636,717,212	-	-
Other income	132,256,415	67,407,433	90,458,090	73,163,532
Total non-interest income	2,167,770,048	1,526,793,692	194,681,706	205,718,331

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

INCOME STATEMENTS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Baht)

	CONSOLIDATED		SEPARATE		
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
	Note	2007	2006	2007	2006
		(Unaudited/ but reviewed)	(Unaudited/ but reviewed)	(Unaudited/ but reviewed)	(Unaudited/ but reviewed - Restated)
OPERATING EXPENSES					
Personnel expenses		695,712,402	591,870,370	16,706,697	79,437,966
Premises and equipment expenses		298,211,870	273,486,484	21,118,744	78,685,419
Taxes and duties		85,930,588	139,378,592	3,956,046	3,359,214
Fees and service expenses		48,666,640	67,894,397	3,554,384	10,540,364
Directors' remuneration		17,029,266	19,317,872	12,685,232	13,258,982
Fund contributed to the Financial Institutions Development Fund		200,087,609	148,924,563	-	-
Commission charged on hire-purchase		-	350,459,099	-	-
Insurance/Life insurance expenses		773,462,721	510,926,862	-	-
Other expenses		633,350,967	436,624,090	162,683,502	215,235,049
Total operating expenses		2,752,452,063	2,538,882,329	220,704,605	400,516,994
INCOME BEFORE INCOME TAX AND MINORITY INTEREST		911,140,682	614,798,315	440,904,368	309,248,619
CORPORATE INCOME TAX		(257,015,673)	(213,146,873)	(18,514,271)	(76,036,405)
INCOME BEFORE MINORITY INTEREST		654,125,009	401,651,442	422,390,097	233,212,214
MINORITY INTEREST IN NET INCOME IN					
SUBSIDIARY COMPANIES - NET		(19,405,990)	(40,895,808)	-	-
NET INCOME FOR THE PERIOD		634,719,019	360,755,634	422,390,097	233,212,214
EARNINGS PER SHARE					
	33				
Basic earnings per share		0.48	0.27	0.32	0.17
Diluted earnings per share		0.48	0.27	0.32	0.17

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

INCOME STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Baht)

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2007	2006	2007	2006
					(Restated)
INTEREST AND DIVIDEND INCOME					
Loans		1,489,635,075	1,366,905,614	88,075,231	87,276,340
Interbank and money market items		689,024,659	946,572,908	4,539,251	85,899,660
Hire-purchase and financial lease		6,337,949,902	4,730,375,061	1,339,410,101	2,451,694,926
Investments		761,485,111	647,271,573	359,060,560	335,082,370
Total interest and dividend income		9,278,094,747	7,691,125,156	1,791,085,143	2,959,953,296
INTEREST EXPENSES					
Deposits		4,121,065,356	3,365,311,323	-	-
Interbank and money market items		80,894,357	42,911,476	893,000,000	1,963,146,075
Short-term borrowings		659,441,443	11,952,516	95,633,059	8,205,075
Long-term borrowings		517,785,633	809,464,449	213,843,588	262,511,839
Total interest expenses		5,379,186,789	4,229,639,764	1,202,476,647	2,233,862,989
Net interest and dividend income		3,898,907,958	3,461,485,392	588,608,496	726,090,307
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS					
(BAD DEBT AND DOUBTFUL ACCOUNTS)	4.10, 25	(382,633,033)	(201,174,663)	831,233,550	267,138,449
LOSS ON DEBT RESTRUCTURING	26	(334,730)	(48,580,491)	-	(247,820)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		3,515,940,195	3,211,730,238	1,419,842,046	992,980,936
NON-INTEREST INCOME					
Brokerage fees		273,932,674	337,231,347	-	-
Gain (loss) on investments	27	80,689,474	252,765,553	(17,274,939)	164,983,492
Share of income from investments in associated companies accounted for under equity method - net		134,396,104	119,867,572	-	-
Fees and service income					
Acceptances, aval and guarantees		9,834,502	7,282,312	-	-
Discounted income on insurance premium		374,724,674	383,543,982	349,080	51,625,067
Others		602,142,249	397,180,874	212,189,127	168,184,385
Gain (loss) on exchange		(3,183,637)	11,625,276	-	-
Gain (loss) on property foreclosed	28	45,273,379	432,572,889	32,802,972	(47,831,279)
Gain on debt settlement/disposals		263,948,443	326,507,665	452,043	21,805,745
Insurance premium/Life insurance premium income		2,024,789,000	1,215,636,012	-	-
Other income		254,954,797	161,372,075	203,339,415	144,044,391
Total non-interest income		4,061,501,659	3,645,585,557	431,857,698	502,811,801

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

INCOME STATEMENTS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Baht)

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2007	2006	2007	2006
					(Restated)
OPERATING EXPENSES					
Personnel expenses	29	1,360,700,348	1,188,168,616	49,824,631	168,988,549
Premises and equipment expenses		615,693,192	545,732,311	67,925,135	176,998,052
Taxes and duties		193,807,666	269,107,540	10,000,222	9,385,980
Fees and service expenses		92,985,352	124,454,568	7,885,649	21,332,423
Directors' remuneration	30	22,216,266	24,118,622	15,315,232	15,465,232
Fund contributed to the Financial Institutions Development Fund		400,175,217	319,892,496	-	22,043,370
Commission charged on hire-purchase		-	729,190,756	-	-
Insurance/Life insurance expenses		1,602,954,965	1,023,062,424	-	-
Other expenses		1,142,674,721	861,328,565	317,257,660	405,954,493
Total operating expenses		5,431,207,727	5,085,055,898	468,208,529	820,168,099
INCOME BEFORE INCOME TAX AND MINORITY INTEREST		2,146,234,127	1,772,259,897	1,383,491,215	675,624,638
CORPORATE INCOME TAX	31	(916,726,403)	(603,690,645)	(443,574,034)	(216,397,211)
INCOME BEFORE MINORITY INTEREST		1,229,507,724	1,168,569,252	939,917,181	459,227,427
MINORITY INTEREST IN NET INCOME IN					
SUBSIDIARY COMPANIES - NET		(17,979,247)	(59,766,493)	-	-
NET INCOME FOR THE PERIOD		1,211,528,477	1,108,802,759	939,917,181	459,227,427
EARNINGS PER SHARE					
Basic earnings per share	33	0.91	0.83	0.71	0.34
Diluted earnings per share		0.91	0.83	0.71	0.34

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

CASH FLOWS STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Baht)

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2007	2006	2007	2006
				(Restated)
Cash flows from operating activities				
Net income	1,211,528,477	1,108,802,759	939,917,181	459,227,427
Adjustments to reconcile net income to net cash provided by (paid for) operating activities :-				
Minority interest in income of subsidiary companies	17,979,247	59,766,493	-	-
Share of income from investments accounted for under equity method	(134,396,104)	(119,867,572)	-	-
Depreciation and amortisation	200,726,288	171,949,493	26,162,878	62,395,793
Bad debt and doubtful accounts and loss on debt restructuring (reversal of bad debt and doubtful accounts and loss on debt restructuring)	382,967,763	249,755,155	(831,233,550)	(266,890,629)
Increase in provision for impairment of property foreclosed	83,090,801	67,803,321	22,620,702	71,891,308
Increase in provision for impairment of equipment/other assets	76,891,103	12,778,476	11,578,035	9,873,704
Increase (decrease) in provision for impairment/revaluation of investments	78,783,240	(3,790,708)	32,554,377	10,707,350
Amortisation of deferred gain on disposal of property foreclosed	(42,917,812)	(49,485,748)	-	(8,587,930)
Amortisation of premium/discounts on investments in debt securities and negotiable certificates of deposit	(152,451,605)	237,732,269	-	-
Amortisation of discounts on borrowings	14,722,004	14,142,540	-	-
Amortisation of goodwill/amount by which value of investments is lower than book value - net	(1,928,118)	(5,951,805)	-	-
Gain on foreign exchange and financial derivatives	(144,454,820)	(21,589,380)	-	-
Increase in unearned premium reserve/life insurance premium reserve	601,984,271	312,326,273	-	-
Gain on debt settlement/disposals	(21,228,690)	(9,623,017)	-	-
Gain on disposal of equipment	(65,593)	(13,409,117)	(2,674,284)	(9,065,304)
Decrease (increase) in accrued interest and dividend receivable	179,327,535	(89,266,680)	(1,950,016)	17,789,596
Amortisation of deferred income	(74,791,443)	(63,755,123)	(20,184,763)	(33,139,689)
Decrease (increase) in accrued other income receivable	(106,927,929)	21,175,744	23,098,108	8,549,603
Increase (decrease) in accrued interest payable	(280,195,829)	624,320,142	(6,753,900)	21,636,237
Income from operating activities before changes in operating assets and liabilities	1,888,642,786	2,503,813,515	193,134,768	344,387,466

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

CASH FLOWS STATEMENTS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Baht)

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2007	2006	2007	2006
				(Restated)
Operating assets (increase) decrease				
Interbank and money market items	4,765,248,195	684,391,341	2,120,074	477,297,226
Securities purchased under resale agreements	(15,200,000,000)	(36,000,000,000)	-	7,200,000,000
Investments in trading securities	12,611,005	(9,561,690)	-	-
Receivables from clearing house	(228,469,023)	(119,318,332)	-	-
Loans	(15,797,307,345)	(23,649,024,743)	11,805,757,931	17,872,072,730
Property foreclosed	2,546,556,032	1,238,091,733	784,624,219	646,761,504
Other assets	6,291,690	293,524,498	9,035,700	(238,251,460)
Operating liabilities increase (decrease)				
Deposits	5,397,586,095	61,712,500,817	-	-
Interbank and money market items	366,953,545	(646,339,338)	(12,700,016,015)	(25,199,739,468)
Short-term borrowings	16,670,010,114	(316,432,001)	-	-
Securities sold under repurchase agreements	-	(100,000,000)	-	-
Payable to clearing house	(321,264,606)	95,404,822	-	-
Securities business payable	440,095,109	(373,405,533)	-	-
Liability payable on demand	(589,972,936)	(109,512,827)	-	-
Other liabilities	(109,926,598)	308,613,284	189,614,769	(194,073,548)
Net cash flows from (used in) operating activities	(152,945,937)	5,512,745,546	284,271,446	908,454,450
Cash flows from investing activities				
Decrease (increase) in long-term investments	1,013,564,651	(2,917,626,485)	173,062,151	445,966,417
Cash received from dividend payment of subsidiary and associated companies	68,524,451	68,581,859	2,188,990	161,952,563
Cash paid for purchase of land and equipment/ intangible assets	(442,578,696)	(424,366,111)	(25,480,254)	(51,250,594)
Cash received from disposal of equipment/ intangible assets	4,703,476	179,570,277	232,442,222	170,049,269
Net cash flows from (used in) investing activities	644,213,882	(3,093,840,460)	382,213,109	726,717,655

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

CASH FLOWS STATEMENTS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Baht)

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2007	2006	2007	2006
				(Restated)
Cash flows from financing activities				
Cash paid for long-term borrowings	(87,968,000)	(738,700,000)	-	(968,700,000)
Dividend paid	(666,484,555)	(666,472,105)	(666,484,555)	(666,472,105)
Dividend paid to minority interest	(1,396,975)	(14,828,356)	-	-
Net cash flows used in financing activities	(755,849,530)	(1,420,000,461)	(666,484,555)	(1,635,172,105)
Net increase (decrease) in cash	(264,581,585)	998,904,625	-	-
Cash at beginning of the period	2,466,125,940	800,953,623	40,000	40,000
Cash at ending of the period	2,201,544,355	1,799,858,248	40,000	40,000
	-		-	
Supplemental cash flows information :-				
Cash paid during the period for				
Interest	5,644,660,613	3,595,800,671	1,209,769,719	2,212,705,276
Corporate income tax	436,982,091	532,719,332	100,593,701	307,969,017
Non-cash transactions				
Conversion of preference shares to ordinary shares	1,500	-	1,500	-
Property foreclosed transferred from loans, other receivable and investments in receivables purchased	2,267,667,885	1,250,970,915	461,006,581	678,244,853
Accounts payable for purchase of fixed assets	73,907,474	52,919,522	-	-

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

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Baht)

	SEPARATE FINANCIAL STATEMENTS							Total
	Issued and paid-up share capital		Share premium	Surplus from	Revaluation	Retained earnings		
	Preference	Ordinary		revaluation of	surplus (deficit)	Appropriated -		
	shares	shares	assets of an associated	company	on investments	statutory	Unappropriated	
Balance as at 1 January 2006 - as previously reported	195,460	13,331,344,570	2,065,644,888	540,420,162	(830,178,038)	523,975,925	7,007,426,252	22,638,829,219
Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies (Note 3)	-	-	-	-	865,312,926	-	(426,249,818)	439,063,108
Cumulative effect of the change in accounting policy of an associated company to the same as the Company and its subsidiary companies (Note 3)	-	-	-	(540,420,162)	-	-	-	(540,420,162)
Balance as at 1 January 2006 - as restated	195,460	13,331,344,570	2,065,644,888	-	35,134,888	523,975,925	6,581,176,434	22,537,472,165
Dividend paid	-	-	-	-	-	-	(666,577,002)	(666,577,002)
Reversal of dividend on shares held by foreign shareholders (no right to receive dividend)	-	-	-	-	-	-	104,896	104,896
Decrease in revaluation surplus on investments	-	-	-	-	(18,558,425)	-	-	(18,558,425)
Net income for the period	-	-	-	-	-	-	459,227,427	459,227,427
Balance as at 30 June 2006	195,460	13,331,344,570	2,065,644,888	-	16,576,463	523,975,925	6,373,931,755	22,311,669,061
Balance as at 1 January 2007 - as previously reported	195,460	13,331,344,570	2,065,644,888	539,051,342	(766,159,929)	597,369,267	7,336,945,260	23,104,390,858
Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies (Note 3)	-	-	-	-	699,642,983	-	(708,225,550)	(8,582,567)
Cumulative effect of the change in accounting policy of an associated company to the same as the Company and its subsidiary companies (Note 3)	-	-	-	(539,051,342)	-	-	-	(539,051,342)
Balance as at 1 January 2007 - as restated	195,460	13,331,344,570	2,065,644,888	-	(66,516,946)	597,369,267	6,628,719,710	22,556,756,949
Dividend paid (Note 22)	-	-	-	-	-	-	(666,577,002)	(666,577,002)
Reversal of dividend on shares held by shareholders (no right to receive dividend)	-	-	-	-	-	-	92,447	92,447
Increase in revaluation deficit on investments	-	-	-	-	(67,898,295)	-	-	(67,898,295)
Conversion of preference shares to ordinary shares (Note 22)	(1,500)	1,500	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	939,917,181	939,917,181
Balance as at 30 June 2007	193,960	13,331,346,070	2,065,644,888	-	(134,415,241)	597,369,267	6,902,152,336	22,762,291,280

The accompanying notes are an integral part of the financial statements

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS

	Issued and paid-up share capital		Share premium	Surplus from	Revaluation of assets of an associated company	Retained earnings		Minority interest	Total
	Preference shares	Ordinary shares		Revaluation surplus (deficit) on investments		Appropriated - statutory reserve	Unappropriated		
Balance as at 1 January 2006 - as previously reported	195,460	13,331,344,570	2,065,644,888	540,420,162	(830,178,038)	523,975,925	7,007,426,252	746,761,908	23,385,591,127
Cumulative effect of the change in accounting policy of an associated company to the same as the Company and its subsidiary companies (Note 3)	-	-	-	(540,420,162)	-	-	-	-	(540,420,162)
Balance as at 1 January 2006 - as restated	195,460	13,331,344,570	2,065,644,888	-	(830,178,038)	523,975,925	7,007,426,252	746,761,908	22,845,170,965
Dividend paid	-	-	-	-	-	-	(666,577,002)	-	(666,577,002)
Reversal of dividend on shares held by foreign shareholders (not right to receive dividend)	-	-	-	-	-	-	104,896	-	104,896
Decrease in revaluation deficit on investments	-	-	-	-	101,423,591	-	-	-	101,423,591
Decrease in minority interest in subsidiary companies	-	-	-	-	-	-	-	(15,259,511)	(15,259,511)
Net income for the period	-	-	-	-	-	-	1,108,802,759	59,766,493	1,168,569,252
Balance as at 30 June 2006	195,460	13,331,344,570	2,065,644,888	-	(728,754,447)	523,975,925	7,449,756,905	791,268,890	23,433,432,191
Balance as at 1 January 2007 - as previously reported	195,460	13,331,344,570	2,065,644,888	539,051,342	(766,159,929)	597,369,267	7,336,945,260	865,485,764	23,969,876,622
Cumulative effect of the change in accounting policy of an associated company to the same as the Company and its subsidiary companies (Note 3)	-	-	-	(539,051,342)	-	-	-	-	(539,051,342)
Balance as at 1 January 2007 - as restated	195,460	13,331,344,570	2,065,644,888	-	(766,159,929)	597,369,267	7,336,945,260	865,485,764	23,430,825,280
Dividend paid (Note 22)	-	-	-	-	-	-	(666,577,002)	-	(666,577,002)
Reversal of dividend on shares held by shareholders (not right to receive dividend)	-	-	-	-	-	-	92,447	-	92,447
Decrease in revaluation deficit on investments	-	-	-	-	212,183,250	-	-	-	212,183,250
Conversion of preference shares to ordinary shares (Note 22)	(1,500)	1,500	-	-	-	-	-	-	-
Increase in minority interest in subsidiary companies	-	-	-	-	-	-	-	966,224	966,224
Net income for the period	-	-	-	-	-	-	1,211,528,477	17,979,247	1,229,507,724
Balance as at 30 June 2007	193,960	13,331,346,070	2,065,644,888	-	(553,976,679)	597,369,267	7,881,989,182	884,431,235	24,206,997,923

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

THANACHART CAPITAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

1. GENERAL INFORMATION

Thanachart Capital Public Company Limited (“the Company”) was incorporated as a public company limited under Thai laws and operates its business in Thailand. The Company’s status was a holding company, or the parent company of the Thanachart Group. The Company’s registered address is 444 MBK Tower, 10-11 and 15-20 Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok.

All subsidiary companies are registered as company limited or public company limited under Thai laws and operate in Thailand. Their businesses include commercial bank business, securities business, non-performing assets management business, leasing and hire-purchase business, non-life insurance business, life insurance business and fund management business, among others.

In December 2006, the Bank of Thailand (“the BOT”) approved the establishment of the financial business group whereby the Company is a parent company of the financial business group which is controlled by BOT under a consolidated supervision. The BOT allowed the Company to purchase or hold shares in 13 limited companies which are under the financial group (since these were existing subsidiary companies of the Company, the financial business structure of Thanachart Group changed little as a result) and a company engaging in financial business which is under the non-financial business group. For those related companies which are under the non-financial business group and do not engage in financial business, the Company and its subsidiaries are required to reduce its holding to no more than 10 percent within 3 years after the date it received approval for the establishment of the financial business group. In this respect, the calculation of the Company's capital fund under the consolidated supervision guidelines, the Company is required to deduct from the capital funds of the financial business group the amounts directly and indirectly invested by the Company and other subsidiary companies in companies in the financial business group in which the Company and its subsidiary companies hold less than 50% of shares, investments in companies in the non-financial business group, and investments in non-life insurance and life insurance companies.

On 30 April 2007, the Annual General Meeting of the shareholders of the Company considered and passed the following resolutions related to the group reorganisation :-

1. Approved the sale of the ordinary shares of eight subsidiary companies to Thanachart Bank, a subsidiary company (“the Bank”), at a price determined with reference to the book value at the end of the month before the purchase date, but not more than Baht 4,670 million. Details of the eight companies are as follows:

Companies	Number of shares	Shareholding (Percent)
1. Thanachart Securities Plc.	1,499,999,930	99.99
2. Thanachart Fund Management Co., Ltd.	7,499,993	75.00
3. Thanachart Life Assurance Co., Ltd.	49,999,400	99.99
4. Thanachart Insurance Co., Ltd.	38,999,434	78.00
5. Thanachart Management and Services Co., Ltd.	599,993	99.99
6. Thanachart Legal and Appraisal Co., Ltd.	999,993	99.99
7. Thanachart Group Leasing Co., Ltd.	35,999,994	99.99
8. Thanachart Broker Co., Ltd.	9,999,000	99.99

On 5 July 2007, the BOT approved the purchase of ordinary shares of the said eight subsidiary companies to Thanachart Bank Public Company Limited, in accordance with the resolution of the Annual General Meeting of the Shareholders, and on 12 July 2007, the Company sold such investments in subsidiary companies for a total of Baht 4,158 million. The selling price was based on the net book value of each company as at the end of June 2007.

2. On 29 April 2007, the Company entered into an agreement to sell ordinary shares of Thanachart Bank to the Bank of Nova Scotia Asia Limited (“BNSAL”). The main conditions are that BNSAL’s intention is to purchase the ordinary shares of the Bank as a strategic partner, acquiring an interest of not more than 49.00 percent of the paid-up share capital of the Bank. The particulars of which are as follows:-

- a) If BNSAL is permitted by the Ministry of Finance to hold no more than 24.99 percent of the paid-up share capital of the Bank, BNSAL will purchase 276,263,200 shares from the Bank, at Baht 16.37 per share, and 157,130,216 shares from the Company at Baht 16.37 per share.
- b) If BNSAL is permitted by the Ministry of Finance to hold additional shares but no more than 49.00 percent of the paid-up share capital of the Bank, BNSAL will purchase the additional shares from the Company, with the purchase conditions divided into 2 stages as follow :-
- The initial obligation period ends in 2007 (except a notification of extension is issued within September 2007, stipulating an extension to the end of 2008), BNSAL will purchase the shares at a price of 1.6 times the net book value per share, after deducting the amount and the number of shares in which BNSAL has previously invested.
 - The subsequent call period is for a period of 4 years from the end of the obligation period, BNSAL will purchase the shares at a price of 1.7 times the net book value per share after deducting the amount and the number of shares in which BNSAL has previously invested.

On 11 May 2007, the Bank registered the decrease of share capital from Baht 15,000,000,000 to Baht 14,583,560,920 (1,458,356,092 shares with a par value of Baht 10) and on 14 May 2007, the Bank registered the increase of share capital from Baht 14,583,560,920 to Baht 21,346,192,920 (2,134,619,292 shares with a par value of Baht 10). In addition, on 11 July 2007, the BOT approved the Company to sale of 157,130,216 ordinary shares of the Bank to BNSAL, and the BOT informed the indulgence from the minister of the Ministry of Finance to consent BNSAL to hold not more than 24.99 percent of the issued shares of the Bank and indulgent the Bank to have foreign shareholders not more than 49.00 percent of the total issued shares. In addition, the BOT permitted the Bank to have foreign directors more than one quarter but not more than one half of all directors of the Bank and the proportion of foreign directors is not to exceed the shareholding portion of foreign shareholders.

On 19 July 2007, the Company sold 157,130,216 shares of the Bank to BNSAL at a price of Baht 16.37 per share. BNSAL also purchased 276,263,200 shares of additional share capital from the Bank at Baht 16.37 per share and as a result, BNSAL's holding in the Bank equals to 24.98 percent of the Bank's issued shares, while the Company holds equal to 74.48 percent of the Bank's issued shares. Under the conditions in those agreements among the Company, the Bank and BNSAL, BNSAL may claim damages from the Company and the Bank if they are unable to perform in accordance with the conditions specified in the agreement. In addition, the Company, the Bank and BNSAL have certain obligations under the agreement, with respect to matters such as dividend policy, the disposal of the Bank's ordinary shares, the issuance of additional shares or convertible securities of the Bank, the right to purchase the Bank's shares before third party purchaser, the obligations and the right to purchase shares. The details of the rights and the obligations of each entity are specified in the agreement.

In addition, on 19 July 2007, the Bank received the transfer of assets and liabilities of the Bank of Nova Scotia Limited in accordance with the One Presence Policy in line with the Financial Sector Master Plan. Under this policy, when BNSAL became a shareholder of the Bank, it had to return the commercial bank operation license of the Bank of Nova Scotia - Bangkok Branch to the Ministry of Finance and transfer its assets and liabilities which denominated in Thai Baht and foreign currencies to the Bank. Total assets and liabilities the Bank received at their net book values were as follows :-

Transactions	(Unit : million) Amount
Total assets	828
Total liabilities	53
Net amount paid	<u>775</u>
Letter of guarantee and letters of credit	1,754
Other commitment - Foreign exchange contracts	10

2. BASIS OF PREPARATION

2.1 Basis of preparation of the interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standards No. 41 “Interim financial statements”, like an annual financial statements, a full presentation has been selected for an interim financial statements.

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Act B.E. 2547 and with reference to the guidelines stipulated by the BOT. Formerly, the Company was a finance company obligated to follow the BOT’s guidelines. The Company is now the parent company of a financial business group and has a significant subsidiary company engaged in banking business of which is under a consolidated supervision by the BOT. Therefore, the presentation of the financial statements has been made in compliance with the Notification of the BOT relating to the format of the financial statements of commercial banks, dated 10 May 2001.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation financial statements

These consolidated financial statements include the financial statements of Thanachart Capital Public Company Limited (hereinafter referred to as “the Company”) and the following subsidiary companies (herein after referred to as “the subsidiary companies”) as follows :-

	Percentage of shares held by the Company		Percentage of shares held by the subsidiary companies	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	<u>Subsidiary companies directly held by the Company</u>			
Thanachart Bank Plc.	99.36	99.36	-	-
N.F.S. Asset Management Co., Ltd.	100.00	100.00	-	-
Max Asset Management Co., Ltd.	58.45	58.45	-	-
Thanachart Securities Plc.	100.00	100.00	-	-
Thanachart Insurance Co., Ltd.	78.00	78.00	9.94	9.94
Pasara Co., Ltd.	100.00	100.00	-	-
Thanachart Fund Management Co., Ltd.	75.00	75.00	-	-
Thanachart Broker Co., Ltd.	100.00	100.00	-	-
Thiravanit Co., Ltd.	99.90	99.90	-	-
Sinkahakarn Co., Ltd.	95.12	95.12	-	-
Bangkok Home Co., Ltd.	99.87	99.87	-	-
Thanachart Group Leasing Co., Ltd.	100.00	100.00	-	-
Thanachart Management and Services Co., Ltd.	100.00	100.00	-	-
Thanachart Legal and Appraisal Co., Ltd.	100.00	100.00	-	-
NASSET Property Fund 6	99.80	99.80	0.06	0.06
Thanachart SPV 01 Co., Ltd.	100.00	100.00	-	-
Thanachart Life Assurance Co., Ltd.	100.00	100.00	-	-
<u>Subsidiary companies indirectly held by the Company</u>				
Thanachart Leasing 2000 Co., Ltd.	-	-	99.99	99.99
National Leasing Co., Ltd.	-	-	100.00	100.00
Thanachart Training and Development Co., Ltd.	-	-	99.36	-

Total assets and total income of material subsidiary companies included in the consolidated financial statements as at 30 June 2007 and 31 December 2006 and for the six-month periods ended 30 June 2007 and 2006, after eliminating significant intercompany transactions, are as follows :-

(Unit : Million Baht)

	Total assets		Total income for the six-month	
	30 June	31 December	periods ended 30 June	
	2007	2006	2007	2006
Thanachart Bank Plc.	244,734	207,787	8,068	4,897
N.F.S. Asset Management Co., Ltd.	8,249	9,631	378	998
Thanachart Life Assurance Co., Ltd.	4,177	3,974	1,109	531
Thanachart Securities Plc.	2,821	2,615	321	430
Max Asset Management Co., Ltd.	2,018	2,262	123	202

- a) The consolidated financial statements as at 31 December 2006 did not include the financial statements of Glas Haus Building Co., Ltd., which the Company acquired through troubled debt restructuring and intends to hold as a temporary investment. In addition, during six-month period ended 30 June 2007, the Company sold all such investments to a group of associated company with loss of Baht 0.2 million.
- b) Outstanding balances between the Company and its subsidiary companies have been eliminated in the consolidated financial statements. The investments in subsidiary companies as recorded in the Company and its subsidiary companies' books of accounts have been eliminated with the shareholders' equity of the subsidiary companies. The remaining differences will be amortised since the acquisition date in subsidiary companies.

3. ADOPTION OF NEW ACCOUNTING STANDARDS DURING THE PERIOD

The Federation of Accounting Professions (FAP) has issued Notification No. 9/2550 regarding Thai Accounting Standards (TAS), which was announced in the Royal Gazette. This Notification mandates the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

TAS 25	Cash Flow Statements
TAS 33	Borrowing Costs
TAS 44	Consolidated Financial Statements and Separate Financial Statements
TAS 45	Investments in Associates
TAS 46	Interests in Joint Ventures
TAS 49	Construction Contracts

a) Thai Accounting Standards effective for the current year

Thai Accounting Standards No. 44, 45 and 46 become effective for the financial statements for fiscal year beginning on or after 1 January 2007. The change in Thai Accounting Standard No. 46 does not concern the Company and its subsidiary companies' business, but change in Thai Accounting Standards No. 44 and 45 impact on the financial statements as follows :-

- 1) During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 and 45, which determined that investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method.

In this regard, the Company has restated the previous period's separate financial statements as though the investments in the subsidiary and associated companies had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the three-month and six-month periods ended 30 June 2007 by Baht 212 million (Baht 0.16 per share) and Baht 272 million (Baht 0.20 per share), respectively (2006: decreasing by Baht 128 million (Baht 0.10 per share) and Baht 650 million (Baht 0.49 per share), respectively). The cumulative effect of the change in accounting policy has been presented under the heading of "Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies" in the separate statement of changes in shareholders' equity.

Such change in accounting policy affects only the accounts related to investments in subsidiary and associated companies in the Company's separate financial statements, with no effect to the consolidated financial statements.

- 2) Thai Accounting Standards No. 44 and 45 determined that the Company, its subsidiary companies and associated companies had to use the same accounting policy. In former, the Company and its subsidiary companies presented land, land improvement and premises at cost and such assets of an associated company which is engaged in real estate business are presented at their fair values (market value or replacement cost). Such accounting policy differs from the Company's policy because the nature of their business differs. In order to comply with determination of such Accounting Standards, the Company has therefore restated the previous period's consolidated and separate financial statements as though an associated company has used the same accounting policies. The change has the effect of investments in associated companies and shareholders' equity in the consolidated and the separate financial statements as at 30 June 2006 and 31 December 2006 as presented herein for comparative purpose decreased by Baht 525 million and Baht 539 million, respectively, and investments in associated companies and shareholders' equity in the financial statements as at 30 June 2007 decreased by Baht 527 million.

- b) Thai Accounting Standards not effective for the current year

Thai Accounting Standards No. 25, 33 and 49 will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. However, the management of the Company and its subsidiaries have assessed the effect of these revised accounting standards and believes that they will not significantly impact on the financial statements for the year in which they are initially applied.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue recognition

- a) Interest and discounts on loans

Interest on loans is recognised as income on an accrual basis and is based on the amount of principal outstanding. Interest on financial lease agreement is recognised based on the effective rate method.

From 1 January 2007, the Company and its subsidiary companies changed their revenue recognition method for interest on hire-purchases from the sum-of-the-years' digits method to the effective interest method, whereby income from hire-purchase contracts which originated on or after 1 January 2007 is recognised based on the effective interest method, and income from hire-purchase contracts which originated before 1 January 2007 is recognised based on the effective interest method, using the brought forward balances of hire-purchase receivables as of 1 January 2007 as the beginning balance, and recognising interest under the effective interest method over the remaining period of the contract.

The Company and its subsidiary companies cease accruing interest income for loans on which principal or interest payments have been defaulted for more than three months and the Company and its financial institution subsidiaries will also reverse interest income formerly recognised for such defaulted loans. Interest is then recognised as income on a cash basis until the Company and its financial institution subsidiaries collect such overdue loans.

The Company and its subsidiary companies recognise interest income on restructured loans on an accrual basis with reference to interest rate stipulated in the agreements, with the exception of loans that are subject to monitoring for compliance with restructuring conditions which the Company and its subsidiary companies recognise as income on a cash basis until the debtors are able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

The Company and its subsidiary companies recognise interest income on investments in purchased/transferred loans, for which loan repayment is received during the period based on multiplication of the effective yield rate of the portfolio, by the acquisition cost of the outstanding loans. Interest on investments in purchased/transferred loans which have been restructured and where repayment was received during the period is recognised under the effective interest rate method.

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

Deferred interest income on hire-purchase represents discounted on interest given to debtors by dealers, is recognised based on the sum-of-the-year-digits method, in the same manner as interest income recognition on hire-purchase receivables.

b) Interest and dividend on investments in securities

Interest income is recognised as interest accrues based on the effective rate method. Dividend is recognised when the right to receive the dividend is established.

c) Brokerage fees income

Brokerage fees charged on securities trading are recognised as income on the transaction date.

d) Interest on loans for purchase of securities

Interest on loans for purchases of securities is recognised as income over the term of the loans based on the amount of principal outstanding. The subsidiary company ceases accruing interest for certain loans that fall under the conditions set by the Securities Exchange Commission (“SEC”).

e) Gain (loss) on investments

Gain (loss) on investments is recognised as income/expenses at the transaction date.

f) Fees and service income

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

g) Insurance/life insurance premium income

- Insurance premium income on insurance policies is recognised on the date the insurance policy comes into effect, after deducting premium ceded and cancelled for insurance policies with coverage periods of up to 1 year. For long-term insurance policies with coverage periods of longer than 1 year, related revenues and expenses are recorded as unearned and prepaid items, and amortised to income and expenses over the coverage period.
- Life insurance premium income is recognised on the date the insurance policy comes into effect, after deducting premium ceded and cancelled.
- Reinsurance premium income is recognised when the reinsurer places the reinsurance application or statement of accounts.

4.2 Expense recognition

a) Interest expenses

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

b) Commission and expenses charged on hire-purchase

For hire-purchase contracts originating on or after 1 January 2007, the subsidiary companies changed its method of recognition of commissions and direct expenses on hire purchase contracts (initial direct costs on the inception of the contracts i.e. commission expenses and stamp duty expenses) from fully recognising them as expenses at the transaction date to amortising them under the effective interest method, in the same manner as interest income, and deducting the amortisation from interest income throughout the contract period.

Unearned income on hire-purchases is presented after netting commission expenses and initial direct costs on the inception of the contracts.

4.3 Unearned premium/life insurance premium reserve

Unearned premium reserve of a subsidiary company is set aside in compliance with the Notification of the Ministry of Commerce regarding the appropriation of unearned premium reserve as follows :-

Fire, marine (hull), motors and miscellaneous (except for traveling accident with coverage of not more than 6 months)	-	Monthly average basis (the one-twenty fourth basis)
Marine and transportation (cargo)	-	Net premium written for the last ninety days
Traveling accident with coverage of not more than 6 months	-	Net premium written for the last thirty days

Life insurance premium reserve represents the accumulated total reserve for liability up to the balance sheet date, for all life insurance policies in force. The reserve is calculated by the subsidiary company under the actuarial method prescribed by the Regulation on Life Insurance Policy Reserve as promulgated by the Ministry of Commerce.

- (a) Reserve for life insurance policies of over 1 year is determined using the fractional reserve method.
- (b) Reserve for life insurance policies of 1 year or less is determined based on the full unearned premium reserve and the period of coverage.

4.4 Investments

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

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

Investments in debt securities, both due within one year and expected to be held to maturity, are determined at cost after amortisation. Premiums/Discounts on debt securities are amortised by the effective rate method. The amortised amount is presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which are classified as other investments, are valued at cost net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private sector debt securities is determined using the formula quoted by the BOT, which is based on the yield rate quoted by the Thai Bond Market Association, adjusted by an appropriate risk factor. The fair value of unit trusts is determined based on their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event of the transfer of investment portfolio, the Company and its subsidiary companies value such investments at their fair values prevailing at the transferred date. Difference between the carrying amount of the investments and their fair values at that date are recorded as gain (loss) in determining earnings or surplus (deficit) from revaluation of investments, which is presented as a separate item in shareholders' equity and amortised over the remaining period to maturity of the debt securities, depending on the type of investment which is reclassified.

4.5 Investments in receivables purchased and allowance for impairment

Investments in receivables purchased, which are classified as other investments, are valued at acquisition cost net of allowance for impairment (if any).

Investments in receivables purchased which enter into trouble-debt restructuring are transferred to loans and presented at fair value. The fair value is based on the outstanding balance of investments in receivables purchased as at transferred date or as at the date of restructuring.

Allowance for impairment of investments in receivables purchased is set up based on estimated fair value, determined from the value of the collateral.

4.6 Investments in subsidiary and associated companies

Investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method net of allowance for impairment (if any).

Investments in associated companies in consolidated financial statements are accounted for under the equity method. Under this method, investments are initially recorded at acquisition cost and are adjusted to reflect the attributable share of the earnings from the operations of each associated company, in proportion to the investment.

If the Company and its subsidiary companies have no commitments or guarantees to its associated companies, loss is recognised only to the extent that they do not exceed the outstanding balance of investments.

4.7 Securities purchased under resale agreements

The subsidiary company enters into agreements to purchase securities under conditions to resell at certain dates in the future at a fixed price. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of “Securities purchased under resale agreements” in the balance sheets and the underlying securities are treated as collateral to such receivables.

The difference between the sale and purchase considerations is recognised as interest income on an accrual basis over the transaction periods.

4.8 Receivables from/payable to Clearing House

Receivables/payable from Clearing House comprises the net balance receivable/payable from Thailand Securities Depository in respect of securities trades settled through the Clearing House of Thailand Securities Depository and the net receivable/payable from Derivatives Clearing House. These also include amounts pledged with Derivatives Clearing House as security for derivatives trading.

4.9 Loans

Loans are presented at principal balances, excluding accrued interest receivable, except for overdraft loans are presented at principal balance plus accrued interest receivable. Unrecognised deferred income/discount on loans is deducted from loan balances.

Hire-purchase and finance lease receivables are stated at the contract value of the hire-purchase and the finance lease receivables net of unearned hire-purchase and finance lease income, which is presented after netting commission expenses and initial direct cost on the inception of the contracts.

Securities business receivables comprise the net receivable balances of cash accounts and credit balance accounts (for which the securities purchased are used as collateral) as well as other receivables, such as overdue in cash accounts and securities receivables which are under legal proceedings, are undergoing restructuring, or are being settled in installments.

4.10 Allowance for doubtful accounts

- a) The Company and its subsidiary companies provide allowance for doubtful accounts in accordance with the notifications of the BOT and adjust these by the additional amount which is expected not to be collectible, based on the evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral. Increase (decrease) in allowance for doubtful accounts are recognised as expenses in the income statement.

Year 2006

During the year 2006, the Company and its financial institutions subsidiaries revised its guidelines on determining allowance for doubtful accounts and the value of collateral to be deducted against the loan balance when setting provisions for non-performing loans in accordance with the new BOT's guideline which was announced on 21 December 2006. Under the new guidelines, the provision has to be set up at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, based on the use of the stipulated discount rate and the time needed to dispose of collateral. The timeline for implementing these provisioning guidelines is presented below :-

- a) From the second half-year period of 2006 provisions are to be made for receivables for which a court judgment has already been issued, for which a court order is being executed, and against which legal actions have been brought.
- b) From the half-year period ended 30 June 2007 provisions are to be made for receivables that are classified as doubtful of loss and doubtful.
- c) From the year ended 31 December 2007 provisions are to be made for receivables that are classified as substandard.

For normal loans (including restructured receivables) and special mention loans, the provision has to be set up at rates of at least 1% and at least 2%, respectively, of the loan balance (excluding accrued interest receivable) net of collateral value as required by the BOT's guidelines, except for provision for hire-purchase receivables and finance lease receivables of the Company which is determined before netting collateral value.

As at 31 December 2006, the Company and its subsidiary companies set provision at 100% on receivables for which a court judgment has already been issued, for which a court order is being executed, and against which legal actions have been brought, in accordance with the new guidelines of the BOT. For doubtful of loss, doubtful and substandard loans the Company and its subsidiary companies still apply provisioning rates of 100%, at least 50% and at least 20% of the loan balance net of collateral value, respectively, in accordance with the prior guidelines. However, one subsidiary company (Thanachart Bank) set full provision for non-performing loans in accordance with the above mentioned guidelines a), b) and c).

Year 2007

As at 30 June 2007, the Company and its subsidiary companies have completely set up allowance for doubtful accounts for non-performing loans in accordance with the notifications of the BOT.

In addition, the Company changed the minimum rate used in determining allowance for doubtful accounts for normal loans from 3% to 1% of the loan balance net of collateral value, and excluding accrued interest receivable. The base for allowance for doubtful accounts for normal and special mention hire-purchase receivables and finance lease receivables also changed from the loan balance (excluding accrued interest receivable) before netting collateral value to the remaining loan balance (excluding accrued interest receivable) after deducting the values of vehicles placed as collateral.

Therefore, the Company and its subsidiary companies have recorded allowance for doubtful accounts for loans in year 2007 as follows :

- Normal and special mention loans are set allowance for doubtful accounts at minimum rates of 1% and 2%, respectively, of loan balances (excluding accrued interest receivable) after deducting collateral, as required by the BOT's guidelines.
 - Non-performing loans are set allowance for doubtful account at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, based on the use of the discount rate and time needed to dispose of collateral, in accordance with the BOT's guideline which was announced on 21 December 2006 except for in case of hire purchase receivables and finance lease receivables would not used collateral value to deduct from the outstanding loan balance.
- b) A securities subsidiary has provided allowance for doubtful accounts based on a review of debtors' repayment capability, taking into consideration the risk of recovery and the value of collateral, in accordance with the notifications of the SEC.
- c) Amounts written off as bad debts, or bad debt recovery are deducted from or added to the allowance for doubtful accounts.
- d) Allowance for doubtful accounts of other receivables is based on the amount of debt that may not be collectible determined from a review of the current status as at the balance sheet date.

4.11 Troubled debt restructuring

In cases where the debt restructuring involves modifications of the terms of repayment, the fair values of the receivables after restructuring is based on the net present value of expected future cash flows, determined using the minimum loan rate provided to major debtors prevailing at the restructuring date. The differences between the fair value of receivables as of the restructuring date and their previous book value is recorded as “Revaluation allowance for debt restructuring”, and recognised as an expense in the income statement in the restructuring period. Such allowance is amortised over the remaining period and the amortised amount is recognised as an adjustment against bad debt and doubtful accounts.

In case where the troubled debt restructuring involves the transfer of assets or equity, the Company and its subsidiary companies record the assets or equity interest received as a result of debt restructuring at their fair value (based on the value appraised by internal appraisers or external independent appraisers), providing this does not exceed the amount of principal (including interest of which recognition has ceased until the restructuring date) legally claimable by the Company and its subsidiary companies from the debtor. Any excess of the fair value of the assets over the book value is recognised as a gain from debt restructuring or an interest income in the period, as the case may be. In case of the assets transferred with the conditions that the debtor must repurchase or have option to purchase at prices within period specified in the agreements, the Company and its subsidiary companies record such assets at the lower of their fair value or the book value.

Loss arising from debt restructuring through waivers of part of the principal or recorded accrued interest receivable are recognised in the income statements when incurred.

4.12 Property foreclosed

Property foreclosed is stated at the lower of cost or net realisable value with reference to the latest appraisal value less estimated selling expenses.

From 1 January 2007, the Company and its subsidiary companies changed their accounting method of property foreclosed - movable assets from recording the cost of such assets at the book value of the receivables on the transfer date, to recording them at the fair value (with reference to appraisal value less estimated selling expenses), providing this does not exceed the book balance of such receivables.

In this regard, the Company and its subsidiary companies have restated the previous periods' financial statements as though the property foreclosed had originally been recorded at fair value on the transfer date. This changes, together with allowance for doubtful accounts, may have an effect to decrease corporate income tax of year 2006 of one subsidiary company by Baht 102 million. As at 30 June 2007, the subsidiary company has not yet requested the refund of this corporate income tax from the Revenue Department and there is uncertainty as to the amount that would be refunded, the subsidiary company has therefore not reflected the effect in the 2006 financial statements as presented herein for comparative purpose.

Gain on the disposal of property foreclosed is recognised in the income statements on disposal, unless the purchase is made with a loan from the Company or its subsidiary companies. In such cases, gains are recognised in proportion to the amount of payment received. Losses on disposal and impairment are recognised as expenses in the income statements.

4.13 Land, premises and equipment and depreciation

- a) Land and assets in progress are stated at cost and depreciation is not provided.
- b) Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated with reference to cost on a straight-line basis over the following estimated useful lives :-

Buildings	-	20	years
Building improvements	-	5 - 10	years
Furniture, fixtures and equipment	-	5 - 10	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

4.14 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over the estimated useful lives of 5 - 10 years.

Amortisation is included in determining income.

4.15 Goodwill

Goodwill presented as an asset in the consolidated financial statements is the excess of the purchase price over the fair market value of investment in a subsidiary as of the acquisition date and is stated at cost less accumulated amortisation. Goodwill is recognised as expenses in the income statements within 5 – 10 years, by the straight-line basis.

Negative goodwill presented as negative assets in the consolidated financial statements is the discount of the purchase price under the fair market value of investment as of the acquisition date and is stated at cost less accumulated amortisation. Negative goodwill is recognised as income in the income statements by the straight-line basis over the remaining weighted average useful life of the acquired identifiable assets within 3 – 5 years.

4.16 Long-term leases

The Company and its subsidiary companies capitalise vehicles under financial leases, which transfer substantially all the risks and rewards of ownership, at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

4.17 Premium due and uncollected and allowance for doubtful accounts

Premium due and uncollected is carried at its net realisable value. Subsidiary companies provide an allowance for doubtful accounts based on the estimated loss that may be incurred in the collection of the premium due, on the basis of collection experience and a review of current status of the premium due as at the balance sheet date.

4.18 Sales of commercial paper

Commercial paper with an aval by the subsidiary company, or without an aval or acceptance sold with recourse, is recorded as a liability under the caption of “Liabilities under commercial paper sold”. Commercial paper sold at a discount with recourse, which is avaled by or has acceptance from a commercial bank or other finance company, is recorded by crediting the notes receivable account, and the obligations disclosed as part of “Contingent liabilities”.

4.19 Loss reserve and outstanding claims/Benefits payment to life policy

Outstanding claims have been provided for upon the receipt of claims advices from the insured/life insured. Loss reserve has been provided based on estimates made by independent appraiser or the relevant officers of the subsidiary company on a case by case basis. The estimated value of losses is limited to not more than the sum insured of the related insurance policies.

In addition, a subsidiary company engaged in the non-life insurance business, additionally set up provision for losses incurred but not yet reported (IBNR) at the rate of 2.5 percent of net cash inflows from insurance premiums during the previous 12 months. Such reserve is set up in accordance with the Notification of the Ministry of Commerce governing the appropriation of loss reserves of non-life insurance companies.

4.20 Related party transactions

Related parties comprise enterprises and individuals that control or are controlled by the Company and its subsidiary companies, whether directly or indirectly, or which are under common control with the Company and its subsidiary companies.

They also include associated companies and individuals which have significant influence over the Company and its subsidiary companies, key management personnel, directors and officers with authority in the planning and direction of the Company and its subsidiary companies' operations.

4.21 Impairment of assets

The Company and its subsidiary companies assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company and its subsidiary companies make an estimate of the asset's recoverable amount where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statements. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

4.22 Employee benefits

Salary, wages, bonuses and contribution to the social security fund and provident fund are recognised as expenses when incurred.

4.23 Foreign currencies

Foreign currency transactions occurred during the period have been translated into Baht at the rates ruling on the transaction dates. Assets and liabilities in foreign currencies and off-balance sheets transactions, which were outstanding on the balance sheet date, have been translated into Baht at the rates ruling at the balance sheet date.

Exchange gains and losses arising from translation of foreign currencies are included in determining income.

4.24 Income tax

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

4.25 Financial derivatives

The Company and subsidiary companies have entered into off-balance sheet transactions involving derivative financial instrument in order to manage foreign exchange and interest rate risk, and a subsidiary company executes financial derivative transactions to customer needs.

Forward foreign currency contracts which originated for trading purposes are recorded as off-balance sheets items, and presented at fair value. Gains or losses arising from changes in the fair value of the contracts are recognised in the income statements.

Forward foreign currency contracts, interest rate swap contracts, cross currency and interest rate swap contracts which originated for hedging purposes are recorded as off-balance sheet items, and presented on an accrual basis. Foreign currency components are translated at the period-end exchange rate, with unrealised gain or losses on translation recognised in the income statements. Interest rate components are presented on an accrual basis, in the same manner as the hedged assets and liabilities, with gains or losses recorded to interest income and interest expense over the terms of the contracts. Receivables and payables under cross currency and interest rate swap contracts are presented at the net amount in balance sheet.

4.26 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

5. INTERBANK AND MONEY MARKET ITEMS (ASSETS)

(Unit : Million Baht)

	Consolidated financial statements					
	30 June 2007			31 December 2006		
	At call	Term	Total	At call	Term	Total
Domestic :						
Bank of Thailand and Financial Institution Development Fund	3,869	-	3,869	2,331	-	2,331
Commercial banks	768	1,432	2,200	1,044	2,001	3,045
Other banks	45	220	265	39	70	109
Other financial institutions	42	70	112	42	40	82
Total	4,724	1,722	6,446	3,456	2,111	5,567
Add : Accrued interest receivables	-	18	18	1	15	16
Less : Allowance for doubtful accounts	(42)	-	(42)	(42)	(1)	(43)
Total interbank and money market items - domestic	4,682	1,740	6,422	3,415	2,125	5,540
Foreign :						
US Dollar	98	15,543	15,641	101	21,230	21,331
Others	109	-	109	57	-	57
Total	207	15,543	15,750	158	21,230	21,388
Add : Accrued interest receivables	-	25	25	-	136	136
Total interbank and money market items - foreign	207	15,568	15,775	158	21,366	21,524
Total interbank and money market items - net	4,889	17,308	22,197	3,573	23,491	27,064

(Unit : Million Baht)

	Separate financial statements					
	30 June 2007			31 December 2006		
	At call	Term	Total	At call	Term	Total
Domestic :						
Commercial banks	239	-	239	241	-	241
Other banks	14	-	14	15	-	15
Other financial institutions	-	20	20	-	20	20
Total	253	20	273	256	20	276
Less : Allowance for doubtful accounts	-	-	-	-	(1)	(1)
Total interbank and money market items - domestic - net	253	20	273	256	19	275

As at 30 June 2007 and 31 December 2006, 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 for.

6. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

(Unit : Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Government bonds and Bank of Thailand bonds	4,910	3,000	-	-
Financial Institutions Development Fund bonds	16,470	3,300	-	-
State Enterprise Securities	120	-	-	-
Total securities purchased under resale agreements	21,500	6,300	-	-

7. INVESTMENTS

7.1 Classified by type of investments

(Unit : Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 June 2007		31 December 2006		30 June 2007		31 December 2006	
	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	401	402	396	396	-	-	-	-
Private debt securities	-	-	2	2	-	-	-	-
Domestic marketable equity securities	-	-	15	15	-	-	-	-
	401	402	413	413	-	-	-	-
Add : Allowance for change in value	1		-		-		-	
	402		413		-		-	
Available-for-sale securities								
Government and state enterprise securities	1,027	1,033	2,318	2,318	-	-	-	-
Private debt securities	137	137	459	457	-	-	-	-
Domestic marketable equity securities	17	20	17	18	7	10	7	8
	1,181	1,190	2,794	2,793	7	10	7	8
Add (less) : Allowance for change in value	9		(1)		3		1	
	1,190		2,793		10		8	
Held-to-maturity debt securities - due within 1 year								
Government and state enterprise securities	2,928		3,641		-		-	
Private debt securities	505		63		-		-	
Foreign debt securities	6,554		429		-		-	
	9,987		4,133		-		-	
Total current investments – net	11,579		7,339		10		8	

(Unit : Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 June 2007		31 December 2006		30 June 2007		31 December 2006	
	Cost/ Amortised		Cost/ Amortised		Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value	cost	Fair value	cost	Fair value
Long-term investments :								
Available-for-sale securities								
Government and state enterprise securities	1,475	1,489	5,018	5,003	-	-	-	-
Private debt securities	1,245	1,263	905	899	-	-	-	-
Domestic marketable equity securities	2,544	2,443	2,842	2,659	773	636	894	826
	5,264	5,195	8,765	8,561	773	636	894	826
Less : Allowance for change in value	(69)		(204)		(137)		(68)	
	5,195		8,561		636		826	
Held-to-maturity debt securities								
Government and state enterprise securities	12,281		12,736		481		504	
Private debt securities	186		236		3,000		3,000	
Foreign debt securities	690		1,441		-		-	
	13,157		14,413		3,481		3,504	
Less : Allowance for impairment	(551)		(443)		(183)		(137)	
	12,606		13,970		3,298		3,367	
Other investments								
Investments in receivables purchased	2,427		2,642		1,477		1,576	
Investments in property fund	1,028		1,106		-		-	
Domestic non-marketable equity securities	356		356		242		242	
	3,811		4,104		1,719		1,818	
Less : Allowance for impairment	(406)		(434)		(162)		(175)	
	3,405		3,670		1,557		1,643	
Total long-term investments – net	21,206		26,201		5,491		5,836	

7.2 Classified by due date of debt securities

(Unit : Million Baht)

		Consolidated financial statements							
		30 June 2007				31 December 2006			
		Maturity				Maturity			
		Not over 1 year	Over 1-5 years	Over 5 years	Total	Not over 1 year	Over 1-5 years	Over 5 years	Total
Trading securities									
Government and state									
enterprise securities		381	20	-	401	396	-	-	396
Private debt securities		-	-	-	-	2	-	-	2
Total		381	20	-	401	398	-	-	398
Add : Allowance for									
change in value		1	-	-	1	-	-	-	-
Total		382	20	-	402	398	-	-	398
Available-for-sale securities									
Government and state									
enterprise securities		1,027	1,157	318	2,502	2,298	5,038	-	7,336
Private debt securities		137	1,174	71	1,382	459	905	-	1,364
Total		1,164	2,331	389	3,884	2,757	5,943	-	8,700
Add (less) : Allowance for									
change in value		6	32	-	38	(3)	(20)	-	(23)
Total		1,170	2,363	389	3,922	2,754	5,923	-	8,677
Held-to-maturity									
debt securities									
Government and state									
enterprise securities		2,928	7,472	4,809	15,209	3,641	7,230	5,506	16,377
Private debt securities		505	159	27	691	63	209	27	299
Foreign debt securities		6,554	690	-	7,244	429	1,441	-	1,870
Total		9,987	8,321	4,836	23,144	4,133	8,880	5,533	18,546
Less : Allowance for									
impairment		-	(551)	-	(551)	-	(443)	-	(443)
Total		9,987	7,770	4,836	22,593	4,133	8,437	5,533	18,103
Total debt securities		11,539	10,153	5,225	26,917	7,285	14,360	5,533	27,178

(Unit : Million Baht)

	Separate financial statements							
	30 June 2007				31 December 2006			
	Maturity				Maturity			
	Not over 1 year	Over 1-5 years	Over 5 years	Total	Not over 1 year	Over 1-5 years	Over 5 years	Total
Held-to-maturity debt securities								
Government and state enterprise securities	-	481	-	481	-	504	-	504
Private debt securities	-	-	3,000	3,000	-	-	3,000	3,000
Total	-	481	3,000	3,481	-	504	3,000	3,504
Less : Allowance for impairment	-	(183)	-	(183)	-	(137)	-	(137)
Total debt securities	-	298	3,000	3,298	-	367	3,000	3,367

7.3 As at 30 June 2007, subsidiary companies have a revaluation surplus and deficit amounting to Baht 41 million and Baht 559 Million, respectively, as a result of the recategorisation of debt securities, and these are presented in the consolidated shareholders' equity (31 December 2006 : outstanding revaluation surplus amounting to Baht 45 million and outstanding revaluation deficit amounting to Baht 616 million in the consolidated financial statements).

7.4 As at 30 June 2007, long-term investments in held-to-maturity debt securities include Baht 1,518 million of non-transferable, 10-year promissory notes received from Thai Asset Management Corporation ("TAMC") in relation to the transfer of non-performing loans to TAMC (the Company Only : Baht 481 million) (31 December 2006 : Baht 1,769 million in the consolidated financial statements and Baht 504 million in the separate financial statements). However, the transfer price settled 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.

As at 30 June 2007, the Company and its subsidiary companies are still unable to estimate the exact amount of such losses. However, 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 551 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 183 million) (31 December 2006 : Baht 443 million in the consolidated financial statements and Baht 137 million in the separate financial statements).

During the six-month period ended 30 June 2007, the Company and its subsidiary companies have recognised interest on TAMC's promissory notes amounting to Baht 19 million and have received payment under promissory notes and interest amounting to Baht 280 million (the Company Only : Baht 6 million and Baht 24 million, respectively).

- 7.5** As at 30 June 2007, the Company has investments in 7 years subordinated debentures of Thanachart Bank (a subsidiary company) of Baht 3,000 million with carrying interest at rate of 6.18 percent per annum (31 December 2006 : Baht 3,000 million).
- 7.6** As at 30 June 2007, investments in government and state enterprise bonds in the consolidated financial statement at cost after amortisation of Baht 950 million have been placed as collateral for loans from commercial banks and as security with the Insurance Registrar (31 December 2006 : Baht 788 million).
- 7.7** As at 30 June 2007 and 31 December 2006, investments in other equity securities amounting to approximately Baht 19 million, at cost, were received as a result of debt restructuring and prohibited from being sold for a period as specified in the agreements (the Company Only : Baht 10 million).

7.8 As at 30 June 2007 and 31 December 2006, investments in which the Company and its subsidiary companies hold not less than 10 percent of the equity of the investees are as follow :-

Name	Nature of business	Consolidated financial statements			
		30 June 2007		31 December 2006	
		Net book value Million Baht	Percentage of holding %	Net book value Million Baht	Percentage of holding %
<u>Manufacturing and commercial industries</u>					
Patum Rice Mill and Granary Plc.	Production and distribution of packaged rice and rice products	312	19.59	294	19.59
Siam V.M.C. Safety Glass Co., Ltd.	Production and distribution of safety glass	-	10.21	-	10.21
<u>Public utilities and services</u>					
Maxwin Property Co., Ltd.	Service apartment	-	10.00	-	10.00
<u>Property development and construction</u>					
HTR Corporation Limited	Office building for rent and property development	20	19.10	20	19.10
Prosperity Industrial Estate Co., Ltd.	Property development	17	18.49	17	18.49
Preecha Group Plc.	Property development	30	10.00	28	10.00
<u>Others</u>					
The Thai Business Fund 3 ⁽¹⁾	Unit trusts - property fund	463	26.67	502	26.67
Sub Thawee Property Fund ⁽¹⁾	Unit trusts - property fund	217	56.00	237	56.00
Thai Pattana Fund 1 ⁽¹⁾	Unit trusts - property fund	193	20.00	202	20.00
Thanasarn Open-Ended Fund ⁽¹⁾	Unit trusts - debt securities	264	22.98	260	36.59
Thanachart Tuntawee 1 ⁽¹⁾	Unit trusts - equity and debt securities	236	41.94	371	43.21
Thanachart Tuntawee 3 ⁽¹⁾	Unit trusts - debt securities	-	-	160	99.68
Thanachart Tuntawee 4 ⁽¹⁾	Unit trusts - debt securities	-	-	73	99.63
Nasset Big Cap Long Term Equity Fund	Unit trusts - equity securities	70	10.57	59	10.91
Nasset Long Term Equity Dividend Fund	Unit trusts - equity securities	36	12.10	32	12.54
Thanachart Infrastructure and Natural Resource Fund of Fund ⁽¹⁾	Unit trusts - equity securities	123	13.14	279	27.05
I A.M. Global Emerging Market Equity Fund ⁽¹⁾	Foreign Investment Fund	48	22.16	-	-
AYF Star Plus Fund	Unit trusts - debt securities	30	12.13	-	-
ONE Dividend Plus Fund	Unit trusts - debt securities	160	15.95	-	-
Saturn Inc.	Joint venture	-	12.49	-	12.49

⁽¹⁾ The Company and its subsidiary companies do not consider the investments in funds to be investments in associated or subsidiary companies as the Company and its subsidiary companies do not have control or influence over the financial and operating policies of these funds, which are independently managed by the fund manager and are under supervision of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand. Therefore, the Company and its subsidiary companies account for its investment in these funds as long-term available for sales or other investments subject to the investment objectives.

Name	Nature of business	Separate financial statements			
		30 June 2007		31 December 2006	
		Net	Percentage	Net	Percentage
		book value	of holding	book value	of holding
		Million Baht	%	Million Baht	%
<u>Manufacturing and commercial industries</u>					
Patum Rice Mill and Granary Plc.	Production and distribution of packaged rice and rice products	156	9.79	147	9.79
<u>Property development and construction</u>					
HTR Corporation Limited	Office building and property development	20	10.00	20	10.00
Prosperity Industrial Estate Co., Ltd.	Property development	10	8.44	10	8.44
Preecha Group Plc.	Property development	30	10.00	28	10.00
<u>Others</u>					
Thanachart Tuntawee 1	Unit trusts - equity and debt securities	-	-	107	12.43
Nasset Big Cap Long Term Equity Fund	Unit trusts - equity securities	63	9.61	54	9.92
Nasset Long Term Equity Dividend Fund	Unit trusts - equity securities	30	10.08	26	10.45

7.9 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 June 2007 and 31 December 2006 can be summarised as follow :-

	(Unit : Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
Investments in receivables	2,427	2,642	1,477	1,576
Less : Allowance for impairment	(308)	(336)	(83)	(97)
Investments in receivables - net	2,119	2,306	1,394	1,479

	30 June 2007				31 December 2006			
	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 financial statements								
Total accumulated investments in receivables	1,647	33,035	7,526	6.50 - 18.97	1,647	33,035	7,526	6.50 - 18.97
Outstanding investments in receivables as at the balance sheet date	994	15,124	2,427		1,009	15,292	2,642	
Separate financial statements								
Total accumulated investments in receivables	691	8,190	1,937	11.94 - 18.97	691	8,190	1,937	11.94 - 18.97
Outstanding investments in receivables as at the balance sheet date	542	7,498	1,477		549	7,587	1,576	

During the six-month period ended 30 June 2007, the Company and its subsidiary companies have restructured loans with a total of 14 troubled receivables with book balances before restructuring totaling approximately Baht 11 million (the Company Only : 7 debtors with book balances before restructuring of Baht 1 million), by means of various types of restructuring without any loss on debt restructuring, as summarised below :-

Pattern of restructuring	Number of receivables	Outstanding loan	Outstanding loan	Type of assets to be transferred	Fair value of
		balance before restructuring	balance after restructuring		assets to be transferred
		Million Baht	Million Baht		per agreements
Consolidated financial statements					
Modification of terms	13	1	1		
Transfer of assets and/or equity securities and/or modification of terms	1	10	10	Land	14
Total	14	11	11		
Separate financial statements					
Modification of terms	7	1	1		
Total	7	1	1		

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 financial statements		Separate financial statements	
	Number of receivables	Outstanding loan	Number of receivables	Outstanding loan
		balances after restructuring		balances after restructuring
		Million Baht		Million Baht
Due within 2007	10	11	5	1
Less than 5 years	4	-	2	-
Total	14	11	7	1

Restructured investments in receivables are transferred to the loans account on the debt restructuring agreement executed day, in accordance with the BOT's regulations. They are transferred at their book value, which is held to be fair value. Therefore, as at 30 June 2007, there were no restructured receivables outstanding in the balance of investments in receivables.

7.10 As at 30 June 2007 and 31 December 2006, 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, are summarised as below :-

Consolidated financial statements

	Number of transactions		Cost		Fair value/collateral value		Allowance for possible loss/impairment provided in the accounts	
	30	31	30	31	30	31	30	31
	June	December	June	December	June	December	June	December
	2007	2006	2007	2006	2007	2006	2007	2006
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<u>Equity securities - common shares</u>								
1. Listed companies vulnerable to delisting from the SET	1	1	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	5	5	-	-	-	-	-	-
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	14	14	139	139	42	42	97	97
<u>Investments in receivables</u>								
1. Closed financial institutions	9	9	-	-	-	-	-	-
2. Listed companies vulnerable to delisting from the SET	1	1	-	-	-	-	-	-
3. Companies which have loan settlement problems or have defaulted the repayment of debts	287	273	1,448	1,292	2,399	1,961	137	149
4. Companies whose auditors' reports cited going concern issues	-	19	-	290	-	543	-	9

Separate financial statements

	Number of transactions		Cost		Fair value/collateral value		Allowance for possible loss/impairment provided in the accounts	
	30	31	30	31	30	31	30	31
	June	December	June	December	June	December	June	December
	2007	2006	2007	2006	2007	2006	2007	2006
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
Equity securities - ordinary shares								
1. Companies which have loans settlement problems or have defaulted the repayment of debts	1	1	1	1	1	1	-	-
2. Companies whose auditors' reports cited going concern issues	6	6	113	113	35	35	78	78
Investments in receivables								
1. Closed financial institutions	7	7	-	-	-	-	-	-
2. Companies which have loan settlement problems or have defaulted the repayment of debts	174	170	1,085	873	1,710	1,207	49	61
3. Companies whose auditors' reports cited going concern issues	-	6	-	286	-	487	-	-

8. INVESTMENTS IN SUBSIDIARY COMPANIES

8.1 As at 30 June 2007 and 31 December 2006, investments in subsidiary companies in the separate financial statements which recorded under the cost method comprise of investments in ordinary shares in the following subsidiaries :-

(Unit : Million Baht)

Company's name	Nature of business	Separate financial statements							
		Paid-up share capital		Percentage of holding (%)		Value of investment under the cost method		Dividend income for the six-month periods ended	
		30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June	
								2007	2006
Subsidiary companies directly held by the Company									
Thanachart Bank Plc.	Bank business	14,584	14,584	99.36	99.36	16,017	16,019	215	200
N.F.S. Asset Management Co., Ltd.	Non-performing assets management	1,000	1,000	100.00	100.00	1,000	1,000	-	-
Max Asset Management Co., Ltd.	Non-performing assets management	572	572	58.45	58.45	334	334	-	-
Thanachart Securities Plc.	Securities business	1,500	1,500	100.00	100.00	1,500	1,500	-	-
Thanachart Insurance Co., Ltd.	Non-life insurance	500	500	78.00	78.00	422	422	-	-
Thanachart Life Assurance Co., Ltd.	Life - insurance	500	500	100.00	100.00	500	500	-	-
Thanachart Fund Management Co., Ltd.	Fund management	100	100	75.00	75.00	113	113	-	38
Thanachart Broker Co., Ltd.	Non-life insurance broker	100	100	100.00	100.00	100	100	-	-
Thanachart Group Leasing Co., Ltd.	Leasing and hire-purchase	360	360	100.00	100.00	360	360	-	-
Thanachart Management and Services Co., Ltd.	Services	6	6	100.00	100.00	8	8	-	-
Thanachart Legal and Appraisal Co., Ltd.	Legal services	10	10	100.00	100.00	10	10	-	-
NASSET Property Fund 6	Invest in non-performing assets and collection right	900	900	99.80	99.80	898	898	-	-
Thanachart SPV 01	Not yet operate	2	2	100.00	100.00	2	2	-	-
Pasara Co., Ltd.	Liquidation	30	30	100.00	100.00	181	181	-	-
Thiravanit Co., Ltd.	Liquidation	6	6	99.90	99.90	34	34	-	-
Sinkahakarn Co., Ltd.	Liquidation	25	25	95.12	95.12	20	20	-	-
Bangkok Home Co., Ltd.	Liquidation	15	15	99.87	99.87	46	46	-	-
Subsidiary companies directly held by the Company - exclude from consolidation									
Glas Haus Building Co., Ltd.	Office building rental	-	195	-	100.00	-	-	-	-
						21,545	21,547	215	238
Less : Allowance for impairment in investments in subsidiary companies						(81)	(81)		
Investments in subsidiary companies - net						21,464	21,466		

- 8.2** The consolidated balance sheet as at 30 June 2007 and consolidated income statement for the six-month period then ended included assets of a subsidiary company (Thanachart Life Assurance Co., Ltd.) amounting to Baht 4,177 million, income of Baht 1,109 million and net income of Baht 125 million (assets of Baht 3,974 million in the consolidated balance sheet as at 31 December 2006, income of Baht 531 million and net profit of Baht 66 million in the consolidated income statement for the six-month period ended 30 June 2006). The auditor of the subsidiary company issued a qualified 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.
- 8.3** The consolidated balance sheet as at 30 June 2007 included Baht 140 million of assets of 4 subsidiary companies (Thiravanit Co., Ltd., Sinkahakarn Co., Ltd., Pasara Co., Ltd., and Bangkok Home Co., Ltd.). Such subsidiary companies registered their dissolution in December 2006 and are currently liquidating. The financial statements of the subsidiary companies were prepared by their management and were not audited by their auditors.
- 8.4** The consolidated financial statements as at 31 December 2006 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 31 December 2006, based on financial statements prepared by management of such subsidiary, such subsidiary company has total assets of approximately Baht 142 million, total liabilities of Baht 449 million and a capital deficit of Baht 307 million.

In addition, during the six-month period ended 30 June 2007, the Company sold all investment in such company to a group of associated companies and had loss from sales of Baht 0.2 million.

8.5 Cash flow information of asset management companies which are subsidiary companies

Cash flow information of asset management companies which are subsidiary companies for the six-month periods ended 30 June 2007 and 2006 are as follows :-

	(Unit : Million Baht)			
	N.F.S. Asset		Max Asset	
	Management Co., Ltd.		Management Co., Ltd.	
	2007	2006	2007	2006
Cash flows from operating activities :				
Net income (loss)	(14)	446	16	147
Adjustments to reconcile net income (loss) to net cash provided by (paid for) operating activities :-				
Gain on assets transferred from receivables	(29)	(12)	(30)	(4)
Loss on impairment of investments in receivables (reversal)	(1)	2	(19)	(48)
Reversal allowance for impairment of investments in securities	28	-	-	-
Bad debts and doubtful accounts (reversal of bad debts and doubtful accounts)	101	(44)	(5)	(56)
Loss on debt restructuring	-	34	-	-
Interest income on assets transferred from receivables	-	-	-	(9)
Loss on disposal of investments	(1)	(6)	-	(9)
Increase (decrease) in corporate income tax payable	49	100	(30)	20
Others	16	4	(2)	(11)
Income (loss) from operating activities before changes in operating assets and liabilities	149	524	(70)	30
Operating assets (increase) decrease				
Current investments	(65)	(85)	-	-
Investments in receivables	2	12	71	81
Loans	167	425	25	58
Property foreclosed	267	233	18	(66)
Other assets	3	(2)	2	(5)
Operating liabilities increase (decrease)				
Other liabilities	(157)	(82)	(45)	23
Net cash flows from operating activities	366	1,025	1	121
Cash flows from investing activities :				
Proceeds from sales of (paid for) investments	882	(24)	-	10
Net cash flows from (used in) investing activities	882	(24)	-	10

(Unit : Million Baht)

	N.F.S. Asset Management Co., Ltd.		Max Asset Management Co., Ltd.	
	2007	2006	2007	2006
	Cash flows from financing activities :			
Repayment of borrowings	(1,300)	(1,000)	(30)	(220)
Net cash flows used in financing activities	(1,300)	(1,000)	(30)	(220)
Net increase (decrease) in cash and cash equivalents	(52)	1	(29)	(89)
Cash and cash equivalents at beginning of the period	98	94	336	332
Cash and cash equivalents at end of the period	46	95	307	243

9. INVESTMENTS IN ASSOCIATED COMPANIES

9.1 As at 30 June 2007 and 31 December 2006, the Company and its subsidiary companies have the following investments in associated companies :-

Company's name	Nature of business	Paid-up share capital		Percentage of holding (%)		Investment value				Dividend income for the six-month periods ended 30 June	
		30 June 2007	31 December 2006	30 June 2007	31 December 2006	Cost method		Equity method		2007	2006
						30 June 2007	31 December 2006	30 June 2007	31 December 2006		
Consolidated financial statements											
MBK Plc.	Property rental, hotel and services	1,886	1,886	20.54	20.54	992	992	1,241	1,225	69	69
Puen Pob Paet Co., Ltd.	Clinic	1	1	19.94	28.58	-	-	1	1	-	-
						<u>992</u>	<u>992</u>	<u>1,242</u>	<u>1,226</u>	<u>69</u>	<u>69</u>
Separate financial statements in which the cost method is applied											
MBK Plc.	Property rental, hotel and services	1,886	1,886	6.57	6.57	311	311			22	22
Puen Pob Paet Co., Ltd.	Clinic	1	1	10.00	10.00	-	-			-	-
						<u>311</u>	<u>311</u>			<u>22</u>	<u>22</u>

9.2 The share of income of an associated company (MBK Plc.) recognised in the current period is determined based on financial statements of that associated company prepared for a different period, as a result of limitation on the availability of information. Share of income for the current period amounting to Baht 134 million (or at 11 percent of consolidated net income) is determined based on the financial statements of such company for the six-month period ended 31 March 2007, prepared by the Company's management with reference to the financial statements as reviewed by its auditor and adjusted with the effect of the different in accounting policy (2006 : share of income of Baht 120 million or at 11 percent).

10. LOANS AND ACCRUED INTEREST RECEIVABLE

10.1 Classified by loan types

	(Unit : Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
<u>Finance business loans</u>				
Overdrafts	1,199	988	-	-
Loans	34,540	36,280	582	695
Notes receivable	3,950	4,950	2,401	1,103
Hire-purchases receivables	179,810	164,325	34,695	48,295
Financial leases receivables	956	929	-	-
Total loans	220,455	207,472	37,678	50,093
Add : Accrued interest receivable	250	276	14	17
Less : Allowance for doubtful accounts	(7,500)	(7,789)	(2,061)	(3,110)
Less : Revaluation allowance for debt restructuring	(91)	(150)	-	-
Finance business loans and accrued interest receivable - net	213,114	199,809	35,631	47,000
<u>Securities business receivables</u>				
Customers' accounts	955	955	-	-
Credit balances receivables	499	552	-	-
Other receivables	308	309	-	-
Total securities business receivables	1,762	1,816	-	-
Add : Accrued interest receivable	1	1	-	-
Less : Allowance for doubtful accounts	(307)	(307)	-	-
Securities business receivables and accrued interest receivable - net	1,456	1,510	-	-
Loans and accrued interest receivable - net	214,570	201,319	35,631	47,000

During the six-month period ended 30 June 2007, the Company and its subsidiary companies transferred 14 investments in purchased receivables, which had been restructured, totalling Baht 11 million (the Company Only : transferred 7 investments in purchased receivables amounting to Baht 1 million), and 1 investment in purchased receivable, which is negotiating to extend the repayment schedule, totalling of Baht 4 million to loans and receivable, in accordance with the BOT's guidelines.

10.2 Classified by remaining period of contract

(Unit : Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
At call *	7,553	7,275	768	853
Not over 1 year	13,347	15,410	6,406	4,672
Over 1 year	201,832	187,154	30,518	44,585
Total loans and accrued interest receivable	222,732	209,839	37,692	50,110
Less : Intercompany profits from loans transferred	(264)	(274)	-	-
Total loans and accrued interest receivable	222,468	209,565	37,692	50,110

* Include expired contracts

10.3 Classified by currency and country

(Unit : Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Baht				
- Domestic	222,350	209,435	37,692	50,110
- Foreign	361	400	-	-
US Dollar - Domestic	21	4	-	-
Total loans and accrued interest receivable	222,732	209,839	37,692	50,110
Less : Intercompany profits from loans transferred	(264)	(274)	-	-
Total loans and accrued interest receivable	222,468	209,565	37,692	50,110

10.4 Classified by type of business and loan classification

(Unit : Million Baht)

Consolidated financial statements						
30 June 2007						
	Normal	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	785	-	4	11	23	823
Manufacturing and commercial	4,449	176	51	568	696	5,940
Real estate and construction	4,297	44	136	275	1,624	6,376
Public utilities and services	6,500	8	903	47	500	7,958
Hire-purchase business	34	-	-	-	-	34
Personal consuming						
Housing loans	8,068	279	161	105	429	9,042
Securities	1,661	-	7	-	301	1,969
Hire-purchase	156,436	19,807	959	608	2,000	179,810
Others	6,690	360	168	106	341	7,665
Others	1,884	3	436	355	437	3,115
Total loans and accrued interest receivable	190,804	20,677	2,825	2,075	6,351	222,732
Less : Intercompany profits from loans transferred						(264)
Total loans and accrued interest receivable						222,468

(Unit : Million Baht)

Consolidated financial statements						
31 December 2006						
	Normal	Special- Mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	1,313	-	11	-	27	1,351
Manufacturing and commercial	4,525	60	113	473	743	5,914
Real estate and construction	5,479	41	196	405	1,437	7,558
Public utilities and services	6,457	158	372	300	709	7,996
Hire-purchase business	67	-	-	-	-	67
Personal consuming						
Housing loans	8,541	561	143	106	442	9,793
Securities	1,774	-	6	-	302	2,082
Hire-purchase	145,247	15,845	738	556	1,939	164,325
Others	6,796	398	189	126	283	7,792
Others	1,711	3	789	2	456	2,961
Total loans and accrued interest receivable	181,910	17,066	2,557	1,968	6,338	209,839
Less : Intercompany profits from loans transferred						(274)
Total loans and accrued interest receivable						209,565

(Unit : Million Baht)

Separate financial statements						
30 June 2007						
	Normal	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Subsidiaries	2,739	-	-	-	-	2,739
Manufacturing and commercial	1	-	-	-	4	5
Real estate and construction	1	-	-	-	-	1
Public utilities and services	-	-	1	1	10	12
Personal consuming						
Housing loans	10	4	1	1	32	48
Hire-purchase	28,214	4,725	283	202	1,271	34,695
Others	47	16	11	20	98	192
Total loans and accrued interest receivable	<u>31,012</u>	<u>4,745</u>	<u>296</u>	<u>224</u>	<u>1,415</u>	<u>37,692</u>

(Unit : Million Baht)

Separate financial statements						
31 December 2006						
	Normal	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Subsidiaries	1,468	-	-	-	-	1,468
Manufacturing and commercial	1	-	-	-	4	5
Real estate and construction	1	-	-	-	-	1
Public utilities and services	1	1	1	1	9	13
Personal consuming						
Housing loans	12	-	1	7	34	54
Hire-purchase	40,010	6,378	285	242	1,380	48,295
Others	113	32	21	34	74	274
Total loans and accrued interest receivable	<u>41,606</u>	<u>6,411</u>	<u>308</u>	<u>284</u>	<u>1,501</u>	<u>50,110</u>

10.5 Non-performing loans

As at 30 June 2007 and 31 December 2006, the Company and its subsidiary companies which are financial institutions (bank, asset management and securities) have non-performing loans, classified in accordance with the BOT's and SEC's regulations (debtors classified as substandard, doubtful, doubtful of loss and loss) as follow :-

(Unit : Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
Non-performing loans (excluding accrued interest receivable)				
The Company	1,935	2,093	1,935	2,093
Banking business	4,397	3,753	-	-
Asset management business	4,435	4,553	-	-
Securities business	307	307	-	-

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

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

(Unit : Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
The Company	2,221	2,481	2,221	2,481
Banking business	4,131	3,129	-	-
Securities business	307	307	-	-

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

10.6 Unearned income

As at 30 June 2007 and 31 December 2006, unearned income is summarised as follows :-

	(Unit : Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Unearned interest income	114	119	-	-
Unearned income from hire-purchase/ financial lease	26,979	24,202	2,397	3,810

10.7 Troubled Debt Restructuring

During the six-month period ended 30 June 2007, the Company and its subsidiary companies which are financial institutions have entered into debt restructuring agreements with a total of 85 debtors, with total outstanding balances before restructuring amounting to approximately Baht 704 million without any loss on debt restructuring (of these 36 debtors, representing a total outstanding balances before restructuring amounting to approximately Baht 73 million, had previously entered into debt restructuring agreements but were unable to make repayment, and therefore re-entered into new debt restructuring agreements during the period) (the Company Only : 4 debtors with total outstanding balances before debt restructuring of Baht 10 million). The details are as follows :-

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
Consolidated financial statements					
Transfer of assets	1	1	1	Land	1
Modification of terms	79	183	183		
Transfer of assets and/or equity securities and/or modification of terms	5	520	520	Equity securities, land and premises thereon	379
Total	85	704	704		
Separate financial statements					
Modification of terms	2	6	6		
Transfer of assets and/or equity securities and/or modification of terms	2	4	4	Land and premises thereon	5
Total	4	10	10		

(1) Outstanding balance includes both principal and interest receivable

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 financial statements		Separate financial statements	
	Number of receivables	Outstanding loan	Number of receivables	Outstanding loan
		balances after restructuring		balances after restructuring
		Million Baht		Million Baht
Past due after debt restructuring	27	66	-	-
Due within 2007	31	49	2	4
Less than 5 years	11	18	-	-
5 - 10 years	8	538	-	-
10 - 15 years	5	8	2	6
More than 15 years	3	25	-	-
Total	85	704	4	10

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

	(Unit : Million Baht)	
	Consolidated financial statements	Separate financial statements
Interest income recognised in income statements	168	3
Gain on debt repayment recognised in income statements	43	-
Gain on transfers of assets for debt repayment recognised in income statements	17	-
Cash proceeds from collection of debts	516	5
Assets transferred from debtors	36	5

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

As at 30 June 2007, the subsidiary companies have outstanding balance of assets which are to be transferred under debt restructuring agreements totalling Baht 389 million.

As at 30 June 2007, 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 :-

	Total number of outstanding receivables	Restructured receivables		
		Number of receivables	Outstanding loans balance, net of collateral	
			Outstanding loans balance	
			Million Baht	
Thanachart Capital Plc.	220,524	26	77	19
Thanachart Bank Plc.	460,152	295	2,851	801
N.F.S. Asset Management Co., Ltd.	1,470	340	2,073	522
Max Asset Management Co., Ltd.	76	76	400	85
Thanachart Securities Plc.	1,868	1	-	-
Thanachart Property Fund 6	28	28	38	-

10.8 As at 30 June 2007 and 31 December 2006, the Company has the following loans to the subsidiary companies :-

Company	Type of credit	Contract period	Interest rate	Outstanding balance	
				30 June 2007	31 December 2006
				Million Baht	Million Baht
Max Asset Management Co., Ltd.	Long-term loan	5 years (maturing August 2010)	Fixed at 11.51% per annum	333	358
National Leasing Co., Ltd.	Promissory note	5 years (maturing July 2008)	Fixed at 3.50% per annum	383	529
Thanachat Group Leasing Co., Ltd.	Promissory note	1 year (maturing December 2007)	Floating rate of 1 year fixed deposit plus 2.25% per annum	2,000	565
Thanachart Legal and Appraisal Co., Ltd.	Promissory note	At call	Floating rate of 1 year fixed deposit plus 1.75% per annum	10	-
Total				2,726	1,452

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

As at 30 June 2007 and 31 December 2006, the Company and its subsidiary companies, which are financial institutions (bank business and asset management business), classified and made allowances against their loans (including loans to financial institutions which presented as part of interbank and money market items) in accordance with the BOT's guidelines as summarised below :-

(Unit : Million Baht)

	Consolidated financial statements ⁽¹⁾						
	Debt balance/ book value		Debt balance after collateral ⁽³⁾		Minimum percentage	Allowance for doubtful accounts	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006		30 June 2007	31 December 2006
Loans and accrued interest receivable							
(including interbank and money market items) ⁽²⁾							
Normal	185,272	176,918	36,165	66,527	1	362	1,468
Special mention	20,079	16,649	6,158	9,364	2	123	187
Substandard							
- Unadopted the new BOT's guidelines	-	307	-	306	20	-	61
- Adopted the new BOT's guidelines	1,427	864	1,067	518	100	1,067	518
Doubtful							
- Unadopted the new BOT's guidelines	-	266	-	258	50	-	129
- Adopted the new BOT's guidelines	1,543	1,185	938	615	100	938	615
Doubtful of loss							
- Unadopted the new BOT's guidelines	-	856	-	827	100	-	827
- Adopted the new BOT's guidelines	3,385	2,394	2,572	1,623	100	2,572	1,623
Total	211,706	199,439	46,900	80,038		5,062	5,428
Additional allowance for possible uncollectible debts	-	-	-	-		387	453
	211,706	199,439	46,900	80,038		5,449	5,881

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

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

⁽³⁾ For the provision for substandard, doubtful and doubtful of loss loans, which is set up in accordance with the new BOT's guidelines, the debt balance after collateral is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

(Unit : Million Baht)

	Consolidated financial statements ⁽¹⁾						
	Debt balance/ book value		Debt balance after collateral ⁽³⁾		Minimum percentage	Allowance for doubtful accounts	
	30	31	30	31		30	31
	June	December	June	December		June	December
	2007	2006	2007	2006		2007	2006
Loans of N.F.S. Asset Management Co., Ltd., which transferred from Thanachart Group							
Normal	356	350	219	221	1	82	86
Special mention	27	47	-	7	2	-	-
Substandard							
- Unadopted the new BOT's guidelines	-	352	-	119	20	-	120
- Adopted the new BOT's guidelines	1,325	968	174	204	100	526	241
Doubtful							
- Unadopted the new BOT's guidelines	-	4	-	-	50	-	-
- Adopted the new BOT's guidelines	444	483	232	30	100	232	30
Doubtful of loss							
- Unadopted the new BOT's guidelines	-	11	-	-	100	-	-
- Adopted the new BOT's guidelines	2,289	2,396	869	806	100	943	1,206
Total	4,441	4,611	1,494	1,387		1,783	1,683
Additional allowance for possible uncollectible debts	-	-	-	-		33	33
	4,441	4,611	1,494	1,387		1,816	1,716
Total	216,147	204,050					
Revaluation allowance for debt restructuring	(91)	(150)					
Less : Intercompany gain	(264)	(274)					
Total	215,792	203,626					
Investment in receivables transferred to loans							
Normal	15	14	6	6	1	2	2
Special mention	4	66	1	-	2	-	-
Substandard							
- Unadopted the new BOT's guidelines	-	3	-	-	20	-	-
- Adopted the new BOT's guidelines	22	31	13	13	100	13	13
Doubtful							
- Unadopted the new BOT's guidelines	-	3	-	2	50	-	1
- Adopted the new BOT's guidelines	70	2	3	1	100	3	1
Doubtful of loss							
- Unadopted the new BOT's guidelines	-	259	-	71	100	-	71
- Adopted the new BOT's guidelines	322	77	71	5	100	71	5
Total	433	455	94	98		89	93
Total loans and accrued interest receivable	216,225	204,081	48,488	81,523		7,354	7,690

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

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

⁽³⁾ For the provision for substandard, doubtful and doubtful of loss loans, which is set up in accordance with the new BOT's guidelines, the debt balance after collateral is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

(Unit : Million Baht)

	Separate financial statements						
	Debt balance/ book value		Debt balance after collateral ⁽²⁾		Minimum percentage	Allowance for doubtful accounts	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006		30 June 2007	31 December 2006
Loans and accrued interest receivable							
(including interbank and money market items) ⁽¹⁾							
Normal	31,018	41,609	6,941	41,605	1	69	1,249
Special mention	4,745	6,411	1,342	6,406	2	27	128
Substandard							
- Unadopted the new BOT's guidelines	-	307	-	305	20	-	61
- Adopted the new BOT's guidelines	296	1	296	1	100	296	1
Doubtful							
- Unadopted the new BOT's guidelines	-	265	-	258	50	-	129
- Adopted the new BOT's guidelines	224	19	223	19	100	223	19
Doubtful of loss							
- Unadopted the new BOT's guidelines	-	856	-	827	100	-	827
- Adopted the new BOT's guidelines	1,405	636	1,380	631	100	1,380	631
Total	37,688	50,104	10,182	50,052		1,995	3,045
Additional allowance for possible uncollectible debts	-	-	-	-		66	66
Total	37,688	50,104	10,182	50,052		2,061	3,111
Investment in receivables transferred to loans							
Doubtful of loss							
- Unadopted the new BOT's guidelines	-	-	-	-	100	-	-
- Adopted the new BOT's guidelines	10	9	-	-	100	-	-
Total	10	9	-	-		-	-
Total loans and accrued interest receivable	37,698	50,113	10,182	50,052		2,061	3,111

⁽¹⁾ Debt balance/book value of normal and special mention loans excluding accrued interest receivable.

⁽²⁾ For the provision for substandard, doubtful and doubtful of loss loans, which is set up in accordance with the new BOT's guidelines, the debt balance after collateral is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

As at 30 June 2007, the Company and its subsidiary companies set provision at 100% on non-performing debts classified as doubtful of loss, doubtful and substandard, in accordance with the new guidelines. Moreover, provisions made for hire-purchase receivable which are overdue by not more than 3 installments is calculated by deducted the value of vehicles placed as collateral against the hire-purchase receivable, in accordance with the new guidelines. In the past, vehicles are not allowed to be counted as collateral for provision calculation purpose.

As at 31 December 2006, the Company and its subsidiary companies set provision at 100% on receivables for which a court judgment has already been issued, for which a court order is being executed, and against which legal actions have been brought, in accordance with the new guidelines of the BOT. For the remaining non-performing debts classified as doubtful of loss, doubtful and substandard loans the Company and its subsidiary companies still apply provisioning rates of 100%, at least 50% and at least 20%, respectively, in accordance with the prior guidelines (except Thanachart Bank which set full provisions for non-performing loans in accordance with the new BOT's guidelines).

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

Consolidated financial statements								
	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Closed financial institutions	4	4	-	-	-	-	-	-
2. Listed companies vulnerable to delisting from the SET	2	4	32	45	44	52	-	3
3. Non – listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	15	24	915	1,232	1,558	1,375	273	294
4. Companies which have loan settlement problems or have defaulted of the repayment of debts	849	656	3,242	3,132	2,761	3,349	1,192	949
5. Companies whose auditors' reports cited going concern issues	3	23	51	106	-	31	51	106

Separate financial statements

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Companies which have loan settlement problems or have defaulted of the repayment of debts	450	414	124	140	-	-	124	116

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

As at 30 June 2007 and 31 December 2006, a subsidiary company operating in the securities business classified its securities business receivables 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 :-

	Receivable and accrued interest receivable		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Doubtful	301	299	301	299	301	299
Substandard	7	9	-	-	-	-
Total	308	308	301	299	301	299
General reserve					6	8
Allowance for doubtful accounts					307	307

The above substandard debts represent receivable balances with a value equivalent to that of their collaterals.

10.11 Hire-purchase receivable/financial lease receivable of subsidiaries separate by aging

As at 30 June 2007 and 31 December 2006, hire-purchase and financial lease receivable 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 June 2007	31 December 2006
Current or overdue less than 90 days	4,091	3,220
Overdue 91 – 365 days	61	51
Overdue more than 1 year	16	12
Debtors under legal actions	35	22
Total	4,203	3,305
Allowance for doubtful accounts	146	100

11. ALLOWANCE FOR DOUBTFUL ACCOUNTS

(Unit : Million Baht)

Consolidated financial statements							
For the six-month period ended 30 June 2007							
	Normal	Special mention	Sub - standard	Doubtful Doubtful	Doubtful of loss	General reserve	Total
Balance – beginning of the period	1,584	193	958	803	4,072	486	8,096
Add : Increase (decrease) during the period	(1,112)	(62)	691	388	600	(66)	439
Bad debt recovery	-	-	-	-	1	-	1
Less : Bad debt written-off	-	-	-	-	(729)	-	(729)
Balance – end of the period	472	131	1,649	1,191	3,944	420	7,807

(Unit : Million Baht)

Consolidated financial statements							
For the year ended 31 December 2006							
	Normal	Special mention	Sub - standard	Doubtful Doubtful	Doubtful of loss	General reserve	Total
Balance – beginning of the year	2,880	199	645	218	2,754	726	7,422
Add : Increase (decrease) during the year	(1,296)	(6)	343	585	1,392	(240)	778
Less : Bad debt written-off	-	-	-	-	(74)	-	(74)
Reversal from disposals	-	-	(30)	-	-	-	(30)
Balance – end of the year	1,584	193	958	803	4,072	486	8,096

(Unit : Million Baht)

Separate financial statements							
For the six-month period ended 30 June 2007							
	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	General reserve	Total
Balance – beginning of the period	1,248	128	62	148	1,458	66	3,110
Add : Increase (decrease) during the period	(1,179)	(101)	234	75	140	-	(831)
Less : Bad debt written-off	-	-	-	-	(218)	-	(218)
Balance – end of the period	69	27	296	223	1,380	66	2,061

(Unit : Million Baht)

Separate financial statements							
For the year ended 31 December 2006							
	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	General reserve	Total
Balance – beginning of the year	2,164	173	91	179	1,069	66	3,742
Add : Increase (decrease) during the year	(916)	(45)	(29)	(31)	463	-	(558)
Less : Bad debt written-off	-	-	-	-	(74)	-	(74)
Balance – end of the year	1,248	128	62	148	1,458	66	3,110

12. REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month period ended 30 June 2007	For the year ended 31 December 2006	For the six-month period ended 30 June 2007	For the year ended 31 December 2006
Balance – beginning of the period	150	136	-	-
Add : Increase during the period	-	40	-	-
Less : Amortised during the period	(56)	(20)	-	-
Reversal from hair cut	(3)	(6)	-	-
Balance – end of the period	91	150	-	-

13. CLASSIFICATION OF ASSETS

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

(Unit : Million Baht)

	Consolidated financial statements									
	Loans and accrued		Investments		Property		Other assets		Total	
	interest receivable				foreclosed					
	30	31	30	31	30	31	30	31	30	31
June	December	June	December	June	December	June	December	June	December	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	
Normal	185,643	177,282	-	-	-	-	79	78	185,722	177,360
Special mention	20,110	16,762	-	-	-	-	91	69	20,201	16,831
Substandard	2,774	2,525	-	-	-	-	8	7	2,782	2,532
Doubtful	2,057	1,943	-	-	-	-	9	10	2,066	1,953
Doubtful of loss	5,996	5,993	1,077	1,029	776	692	198	176	8,047	7,890
Total	216,580	204,505	1,077	1,029	776	692	385	340	218,818	206,566
Less: Revaluation allowance for debt restructuring	(91)	(150)								
Intercompany gain from loans transferred	(264)	(274)								
	<u>216,225</u>	<u>204,081</u>								

(Unit : Million Baht)

	Separate financial statements									
	Loans and accrued		Investments		Property		Other assets		Total	
	interest receivable				foreclosed					
	30	31	30	31	30	31	30	31	30	31
June	December	June	December	June	December	June	December	June	December	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	
Normal	31,018	41,609	-	-	-	-	25	35	31,043	41,644
Special mention	4,745	6,411	-	-	-	-	37	43	4,782	6,454
Substandard	296	308	-	-	-	-	5	3	301	311
Doubtful	224	284	-	-	-	-	3	4	227	288
Doubtful of loss	1,415	1,501	646	523	373	350	150	141	2,584	2,515
Total	37,698	50,113	646	523	373	350	220	226	38,937	51,212

14. PROPERTY FORECLOSED

(Unit : Million Baht)

	Consolidated financial statements				Separate financial statements			
	For the six-month period ended 30 June 2007				For the six-month period ended 30 June 2007			
	Balance - beginning of the period	Additions	Disposals	Balance - end of the period	Balance - beginning of the period	Additions	Disposals	Balance - end of the period
Assets transferred in settlement of debts								
Immovable assets	6,630	38	(528)	6,140	3,132	18	(413)	2,737
Movable assets	490	2,070	(1,843)	717	142	387	(417)	112
Assets foreclosed from purchase by bid on the open market								
Immovable assets	1,998	280	(274)	2,004	275	111	(10)	376
Total property foreclosed	9,118	2,388	(2,645)	8,861	3,549	516	(840)	3,225
Less : Allowance for impairment	(698)	(169)	86	(781)	(350)	(76)	53	(373)
Property foreclosed – net	8,420	2,219	(2,559)	8,080	3,199	440	(787)	2,852

As at 30 June 2007, the Company and its subsidiary companies have obligations with regard to property foreclosed received in settlement of debts. For Baht 14 million, the debtors have to buy back the properties at prices and within periods specified in the agreements. For a further Baht 157 million, the debtors have first right of purchase (the Company Only : for Baht 121 million, the debtors have first right of purchase).

In addition, as at 30 June 2007, for a further approximately Baht 418 million (at cost) of the property foreclosed of the Company and its subsidiary companies (the Company Only : Baht 317 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.

15. LAND, PREMISES AND EQUIPMENT

(Unit : Million Baht)

Consolidated financial statements						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Motor vehicles	Furniture and fixtures in progress	Total
<u>Cost :</u>						
31 December 2006	241	216	2,073	179	12	2,721
Additions	157	148	116	15	11	447
Transfers	-	-	5	-	(5)	-
Disposals	-	-	(28)	(8)	-	(36)
30 June 2007	398	364	2,166	186	18	3,132
<u>Accumulated depreciation :</u>						
31 December 2006	-	30	832	101	-	963
Disposals	-	-	(25)	(6)	-	(31)
Depreciation during the period	-	5	156	13	-	174
30 June 2007	-	35	963	108	-	1,106
<u>Net book value :</u>						
31 December 2006	241	186	1,241	78	12	1,758
30 June 2007	398	329	1,203	78	18	2,026
Depreciation charge included in the income statements						
for the six-month periods ended 30 June						
2006						143
2007						174

(Unit : Million Baht)

	Separate financial statements					Total
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Motor vehicles	Furniture and fixtures in progress	
<u>Cost :</u>						
31 December 2006	63	147	358	54	5	627
Additions	-	-	13	2	6	21
Transfers	-	-	2	-	(2)	-
Disposals	-	-	(298)	(22)	-	(320)
30 June 2007	63	147	75	34	9	328
<u>Accumulated depreciation :</u>						
31 December 2006	-	24	221	38	-	283
Disposals	-	-	(173)	(12)	-	(185)
Depreciation during the period	-	4	8	2	-	14
30 June 2007	-	28	56	28	-	112
<u>Net book value :</u>						
31 December 2006	63	123	137	16	5	344
30 June 2007	63	119	19	6	9	216
Depreciation charge included in the income statements						
for the six-month periods ended 30 June						
2006						45
2007						14

As at 30 June 2007, the Company and its subsidiary companies have motor vehicles, acquired under financial leases with net book values amounting to approximately Baht 70 million. In addition, the Company and its subsidiary companies have office equipment and motor vehicles which have been fully depreciated but is still in use with original costs, before deducting accumulated depreciation, amounting to approximately Baht 275 million (the Company Only : Baht 6 million and Baht 55 million, respectively).

16. INTANGIBLE ASSETS

(Unit : Million Baht)

		Consolidated financial statements			
		For the six-month period ended 30 June 2007			
	Remaining useful life	Balance – beginning of the period	Additions	Disposals	Balance - end of the period
Computer software	1 – 10 years	258	70	-	328
Less : Amortisation		(97)	(14)	-	(111)
Allowance for impairment		(5)	-	-	(5)
Intangible assets – net		156	56	-	212
Amortised expenses and impairment loss included in the income statements for the period					14

(Unit : Million Baht)

		Separate financial statements			
		For the six-month period ended 30 June 2007			
	Remaining useful life	Balance – beginning of the period	Additions	Disposals	Balance - end of the period
Computer software	1 – 5 years	133	3	(129)	7
Less : Amortisation		(37)	(1)	35	(3)
Intangible assets – net		96	2	(94)	4
Amortised expenses included in the income statements for the period					1

17. OTHER ASSETS

(Unit : Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Premium receivable from direct insurance – net	558	466	-	-
Accrued interest	223	264	29	24
Accrued income	161	172	26	49
Unrealised gain on derivative contracts	281	476	-	-
Other receivable (VAT paid in advance for customers) – net	160	143	55	67
Deferred expenses	68	39	10	10
Withholding tax deducted at source	44	49	-	-
Other receivables	429	203	42	44
Receivable from sales of housing loans to Secondary Mortgage Corporation	5	10	2	7
Deposits	110	106	9	12
Others	175	203	4	3
Total other assets	<u>2,214</u>	<u>2,131</u>	<u>177</u>	<u>216</u>

18. DEPOSITS

18.1 Classified by type of deposits

(Unit : Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
At call	420	366	-	-
Saving	48,937	30,700	-	-
Promissory notes	4,558	8,792	-	-
Fixed				
- Less than 6 months	36,971	38,092	-	-
- 6 months and up to 1 year	74,902	92,470	-	-
- Over 1 year	38,137	28,107	-	-
Total deposits	203,925	198,527	-	-

18.2 Classified by the remaining period of contract

(Unit : Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Not over 1 year*	199,033	187,625	-	-
Over 1 year	4,892	10,902	-	-
Total deposits	203,925	198,527	-	-

*Include matured contracts

18.3 Classified by currency and location

As at 30 June 2007 and 31 December 2006, all of deposits in consolidated financial statements were domestic deposits and most of all deposits were in Baht.

19. INTERBANK AND MONEY MARKET ITEMS (LIABILITIES)

(Unit : Million Baht)

	Consolidated financial statements					
	30 June 2007			31 December 2006		
	At call	Term	Total	At call	Term	Total
Domestic :						
Bank of Thailand and Financial Institutions Development Fund	-	108	108	-	108	108
Commercial banks	2	-	2	1	-	1
Other banks	-	-	-	1,300	-	1,300
Finance and securities companies	594	5	599	212	56	268
Other financial institutions	1,084	3,081	4,165	520	2,310	2,830
Total	1,680	3,194	4,874	2,033	2,474	4,507

(Unit : Million Baht)

	Separate financial statements					
	30 June 2007			31 December 2006		
	At call	Term	Total	At call	Term	Total
Domestic :						
Commercial banks	26,900	-	26,900	39,600	-	39,600
Total	26,900	-	26,900	39,600	-	39,600

As at 30 June 2007, Baht 26,900 million of borrowings from banks in the separate financial statements are from a subsidiary company (Thanachart Bank). The interest rate charged is in accordance with money market rates, and not less than 1 year fixed deposit rate plus a fixed percentage per annum. Principal is payable at call but not more than May 2008 (31 December 2006 : Baht 39,600 million).

20. BORROWINGS

		(Unit : Million Baht)					
		Consolidated				Separate	
		financial statements				financial statements	
Type of borrowings	Interest rate per annum	Maturity date	30 June	31 December	30 June	31 December	
	(As at 30 June 2007)		2007	2006	2007	2006	
Short-term borrowings							
Bill of exchange	Fixed rate of 2.75 - 5.00 percent	2007 – 2008	31,374	10,366	-	-	
Promissory note	Fixed rate of 3.90 - 4.10 percent	2007	2,777	2,777	2,777	2,777	
Promissory note	Floating rate based on the six-month Thai Baht Swap Offer rate but not over 4.5 percent at the fourth year and 5 percent at the fifth year	2007	158	158	158	158	
Promissory note	Three-month fixed deposit rate plus 1.25 percent	2007	5,000	5,000	-	-	
Promissory note	Floating rate of the average MLR of 4 commercial banks minus 3.39 – 3.45 percent	2008	3,825	-	3,825	-	
Bill of exchange	Floating rate of the average MLR of 4 commercial banks minus 3.6 percent	2008	1,000	-	-	-	
Unsubordinated, unsecured and unconvertible debentures	Fixed rate of 5.00 percent	2007	80	159	-	-	
Unsubordinated and unsecured debentures	Fixed rate of 2.95 percent	2008	1,000	-	1,000	-	
Total short-term borrowings			45,214	18,460	7,760	2,935	

(Unit : Million Baht)						
Type of borrowings	Interest rate per annum (As at 30 June 2007)	Maturity date	Consolidated		Separate	
			financial statements		financial statements	
			30 June 2007	31 December 2006	30 June 2007	31 December 2006
Long-term borrowings						
Subordinated debenture issued in accordance with the plan to establish the Restricted Bank	Fixed rate of 9.00 percent	2008	1,943	1,943	-	-
Unsubordinated and unsecured debentures	Fixed rate of 2.95 percent	2008	-	1,000	-	1,000
Unsubordinated and unsecured debentures	Floating rate of the average MLR of 4 commercial banks minus 3.45 percent	2010	3,902	3,985	4,000	4,000
Long-term loan agreement	Fixed rate of 11.51 percent	2010	67	72	-	-
Bill of exchange	Fixed rate 4.25 - 4.80 percent	2009 – 2010	4,200	8,445	-	-
Bill of exchange	Floating rate of the average MLR of 4 commercial banks minus 3.55 - 3.60 percent	2009	1,650	2,650	-	-
Bill of exchange	Floating rate THB-THBFIX-REUTERS plus 0.45 – 0.47 percent	2010	750	750	-	-
Promissory notes	4.4 percent minus six-month Thai Baht Swap Office rate	2008	150	150	150	150
Promissory notes	Floating rate of the average MLR of 4 commercial banks minus 3.35 – 3.60 percent	2008 – 2009	3,755	7,580	3,755	7,580
Total long term borrowings			16,417	26,575	7,905	12,730
Total borrowings			61,631	45,035	15,665	15,665

21. OTHER LIABILITIES

(Unit : Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Insurance premium payable	578	620	5	11
Value added tax payable	178	198	157	181
Deferred gain on disposal of property foreclosed	259	292	1	1
Losses reserve and outstanding claims from insurance/life insurance	544	493	-	-
Cash received from contracted sales on property foreclosed	33	64	6	40
Amounts withheld on reinsurance treaties	68	70	-	-
Unearned income from hire-purchase	270	213	62	81
Accrued personnel expenses	300	270	7	36
Suspense account receivable	1,043	1,673	281	292
Payables for property foreclosed	228	282	74	47
Others	1,081	1,107	123	200
Total	4,582	5,282	716	889

22. SHARE CAPITAL

During the six-month period ended 30 June 2007, preference shareholders converted 150 preference shares to the Company's ordinary shares. Therefore, as at 30 June 2007, 19,396 preference shares, with each preference share convertible to 1 ordinary share, remain unconverted which the conversion rights are unconditional and do not expire.

On 30 April 2007, the Annual General Meeting of the Company's shareholders approved the payment of a dividend of Baht 0.50 per share to the ordinary shareholders and preference shareholders in respect of operating result for the second half-year of 2006, a total of Baht 667 million.

23. REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
Revaluation surplus on investments :-				
Available-for-sale investments				
Debt instruments	63	22	-	-
Equity instruments	135	77	88	64
Held-to-maturity debt securities	41	45	-	-
Surplus recognised for associated companies				
- under equity method	9	15	-	-
Total	248	159	88	64
Revaluation deficit on investments :-				
Available-for-sale investments				
Debt instruments	(10)	(55)	-	-
Equity instruments	(233)	(254)	(222)	(130)
Held-to-maturity debt securities	(559)	(616)	-	-
Total	(802)	(925)	(222)	(130)
Revaluation deficit on investments	(554)	(766)	(134)	(66)

24. STATUTORY RESERVE

Pursuant to Section 116 of the Public Company Limited Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5 percent of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital. The statutory reserve could not be used for dividend payment.

25. BAD DEBTS AND DOUBTFUL ACCOUNTS

Bad debts and doubtful accounts in the income statements for the six-month periods ended 30 June 2007 and 2006 consists of :-

	(Unit : Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
Bad debts and doubtful accounts (reversal of bad debt and doubtful accounts) from loans and interbank and money market items	439	203	(831)	(267)
Amortisation of revaluation allowance for debt restructuring during the period	(56)	(2)	-	-
Total bad debts and doubtful accounts (reversal)	<u>383</u>	<u>201</u>	<u>(831)</u>	<u>(267)</u>

26. LOSS FROM DEBT RESTRUCTURING

Loss from debt restructuring in the income statements for six-month periods ended 30 June 2007 and 2006 consists of :-

	(Unit : Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
Loss from hair-cut	-	40	-	-
Increase in revaluation allowance for debt restructuring	-	9	-	-
Total	<u>-</u>	<u>49</u>	<u>-</u>	<u>-</u>

27. GAIN (LOSS) ON INVESTMENTS

Gain (loss) on investments for six-month periods ended 30 June 2007 and 2006 consists of the following :-

	(Unit : Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
Unrealised gain (loss) on valuation adjustment	1	(5)	-	-
Increase in allowance for impairment	(108)	(2)	(47)	(6)
Reversal of allowance for impairment of investments in receivables (additional set up)	28	7	14	(5)
Gain on debt settlement/assets transferred from investments in receivables	87	22	19	3
Realised gain (loss) on sales of investments				
Trading securities	2	7	-	-
Available-for-sale securities	68	171	(5)	120
Other securities	3	53	2	53
Total	81	253	(17)	165

28. GAIN (LOSS) ON PROPERTY FORECLOSED

Gain (loss) on property foreclosed for six-month periods ended 30 June 2007 and 2006 consists of the following :-

	(Unit : Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
Realised gain on disposal of property foreclosed	128	501	56	24
Allowance for impairment	(83)	(68)	(23)	(72)
Total	45	433	33	(48)

29. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
Number of employees as at 30 June (persons)	6,951	5,356	106	655
Personnel expenses for the six-month periods ended				
30 June (Million Baht)	1,361	1,188	50	169

30. 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, as at 30 April 2007, the Annual General Meeting of shareholders of the Company and a subsidiary company had approved the payment of director's remuneration amounting to approximately Baht 13 million to the directors of the Company and a subsidiary company (the Company Only : Baht 11 million).

31. CORPORATE INCOME TAX

Corporate income tax was calculated on net income for the periods, after adding back expenses and deducting income which are disallowable for tax computation purposes.

32. PROVIDENT FUND

The Company, certain of its subsidiary companies and their employees have jointly registered provident funds scheme under the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees, at the rate of 5 percent of their basic salaries, and by the companies at the same rate, and will be paid to employees upon termination in accordance with the rules of the funds. During the six-month period ended 30 June 2007, Baht 34 million has been contributed to the funds by the Company and its subsidiary companies (the Company Only : Baht 2 million).

33. RECONCILIATION OF DILUTED EARNINGS PER SHARE

Earnings per share as determined in the income statement is basic earnings per share which is calculated by dividing net income for the period by the weighted average number of ordinary shares outstanding during the period.

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

Consolidated financial statements						
For the three-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
2007	2006	2007	2006	2007	2006	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net income	634,719	360,756	1,333,134	1,333,134	0.48	0.27
Effect of dilutive securities						
Preference shares convertible to ordinary shares	-	-	20	20		
Diluted earnings per share						
Net income of ordinary shareholders assuming conversion of dilutive securities	634,719	360,756	1,333,154	1,333,154	0.48	0.27

Consolidated financial statements

For the six-month periods ended 30 June

	Net income		Weighted average number of ordinary shares		Earnings per share	
	2007	2006	2007	2006	2007	2006
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net income	1,211,528	1,108,803	1,333,134	1,333,134	0.91	0.83
Effect of dilutive securities						
Preference shares convertible to ordinary shares	-	-	20	20		
Diluted earnings per share						
Net income of ordinary shareholders assuming conversion of dilutive securities	1,211,528	1,108,803	1,333,154	1,333,154	0.91	0.83

Separate financial statements

For the three-month periods ended 30 June

	Net income		Weighted average number of ordinary shares		Earnings per share	
	2007	2006	2007	2006	2007	2006
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net income	422,390	233,212	1,333,134	1,333,134	0.32	0.17
Effect of dilutive securities						
Preference shares convertible to ordinary shares	-	-	20	20		
Diluted earnings per share						
Net income of ordinary shareholders assuming conversion of dilutive securities	422,390	233,212	1,333,154	1,333,154	0.32	0.17

Separate financial statements						
For the six-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
2007	2006	2007	2006	2007	2006	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
	(Restated)				(Restated)	
Basic earnings per share						
Net income	939,917	459,227	1,333,134	1,333,134	0.71	0.34
Effect of dilutive securities						
Preference shares convertible to ordinary shares	-	-	20	20		
Diluted earnings per share						
Net income of ordinary shareholders assuming conversion of dilutive securities	939,917	459,227	1,333,154	1,333,154	0.71	0.34

34. RELATED PARTY TRANSACTIONS

During the three-month and six-month periods ended 30 June 2007 and 2006, the Company and its subsidiary companies had significant business transactions with their related parties. These transactions, which have been concluded on the commercial terms and based specified in the agreements between the Company, its subsidiary companies and those companies, are summarised below :-

(Unit : Million Baht)

	For the three-month periods ended 30 June				Pricing Policies (For the period 2007)
	Consolidated		Separate		
	financial statements		financial statements		
	2007	2006	2007	2006	
Subsidiary companies :-					
Sales of investments in debt securities	-	-	-	2,416	
Sales of assets	-	-	4	150	At the rate agreed by each party with reference to appraisal value
Interest income from loans	-	-	40	23	At interest rates of 3.50 - 11.51 percent per annum
Interest income from cash at bank	-	-	3	3	At interest rates of 0.50 - 3.30 percent per annum
Interest income from investments in debt securities	-	-	46	-	At interest rates of 6.18 percent per annum
Rental and other service income	-	-	10	22	At the contracted rate mutually agreed by related parties
Fees and other income	3	3	27	25	At the contracted rate mutually agreed by related parties
Dividend income	-	-	215	238	As declared
Interest expenses	-	-	350	945	At interest rates of 4.13 - 5.25 percent per annum
Rental expenses	4	5	-	-	At the contracted rate mutually agreed by related parties
Other service expenses	2	2	48	68	At the contracted rate mutually agreed by related parties
Insurance expenses	-	-	-	3	

(Unit : Million Baht)

	For the three-month periods ended 30 June				Pricing Policies (For the period 2007)
	Consolidated		Separate		
	financial statements		financial statements		
	2007	2006	2007	2006	
Associated companies :-					
Dividend income	-	-	22	22	As declared
Interest expenses	3	3	-	-	At interest rates of 2.25 - 2.30 and 11.51 percent per annum
Other expenses	16	14	12	12	
Related companies:-					
Dividend income	17	13	9	3	As declared
Interest income	27	24	-	-	At interest rates of 0.50 - 8.50 percent per annum
Other income	163	1	-	1	
Interest expenses	10	8	-	-	At interest rates of 2.00 - 5.125 and 9.00 percent per annum
Project management expenses	14	16	8	8	At the rate determined under the contract with reference to time and charged rate
Other expenses	17	13	3	3	
Rental expenses	2	-	-	-	At the contracted rates mutually agreed by related parties
Other service expenses	1	-	-	-	At the contracted rates mutually agreed by related parties

(Unit : Million Baht)

	For the six-month periods ended 30 June				Pricing Policies (For the period 2007)
	Consolidated		Separate		
	financial statements		financial statements		
	2007	2006	2007	2006	
Subsidiary companies :-					
Sales of investments in debt securities	-	-	-	2,416	
Purchase of investments in debt securities	-	-	-	3,987	
Sales of loans	-	-	-	888	
Sales of assets	-	-	225	165	At the rate agreed by each party with reference to appraisal and book value
Interest income from loans	-	-	77	50	At interest rates of 3.50 - 11.51 percent per annum
Interest income from cash at bank	-	-	5	3	At interest rates of 0.50 - 4.00 percent per annum
Interest income from investments in debt securities	-	-	92	-	At interest rates of 6.18 percent per annum
Rental and other service income	-	-	24	38	At the contracted rates mutually agreed by related parties
Fees and other income	6	15	92	51	At the contracted rates mutually agreed by related parties
Dividend income	-	-	215	238	As declared
Interest expenses	-	-	896	1,963	At interest rates 4.13 – 6.38 percent per annum
Rental expenses	9	9	-	-	At the contracted rates mutually agreed by related parties
Other service expenses	5	4	104	130	At the contracted rate mutually agreed by related parties
Insurance expenses	-	-	1	3	As insurance policy

(Unit : Million Baht)

	For the six-month periods ended 30 June				Pricing Policies (For the period 2007)
	Consolidated		Separate		
	financial statements		financial statements		
	2007	2006	2007	2006	
Associated companies :-					
Dividend income	-	-	22	22	As declared
Interest expenses	5	7	-	-	At interest rates of 2.25 - 2.80 and 11.51 percent per annum
Other expenses	27	24	19	19	
Related companies:-					
Dividend income	23	33	9	4	As declared
Interest income	55	52	-	2	At interest rates of 0.50 - 8.50 percent per annum
Other income	164	3	-	2	
Interest expenses	22	18	-	-	At interest rates of 2.00 - 5.25 and 9.00 percent per annum
Project management expenses	28	30	15	14	At the rate determined under the contract with reference to time and charged rate
Other expenses	33	40	6	11	
Rental expenses	2	-	-	-	At the contracted rates mutually agreed by related parties
Other service expenses	1	-	-	-	At the contracted rates mutually agreed by related parties

In addition to the transaction as mentioned above, during the six-month period ended 30 June 2007, N.F.S. Asset Management Co., Ltd. disposed property foreclosed amounting of Baht 258 million with reference to appraisal value from independent appraiser to Thanachart Bank Plc. and Thanachart Life Assurance Co., Ltd. (2006 : Thanachart Bank Plc. transferred non-performing loans amounting of Baht 422 million to N.F.S. Asset Management Co., Ltd).

The outstanding balances of the above transactions during the six-month period ended 30 June 2007 and 2006 are below shown at the average month end balance :-

	(Unit : Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
<u>Subsidiary companies</u>				
Interbank and money market items (Assets)	-	-	335	153
Loans	-	-	2,412	1,392
Deposits	26	23	-	-
Interbank and money market items (Liabilities)	-	-	33,545	62,707
Borrowings and debentures	-	-	80	-
<u>Associated companies</u>				
Loans	-	3	-	-
Deposits	49	40	-	-
Borrowings and debentures	70	126	-	-
<u>Related companies</u>				
Interbank and money market items (Assets)	334	560	48	72
Loans	1,545	1,479	4	133
Deposits	814	962	-	-
Interbank and money market items (Liabilities)	26	39	1	-
Borrowings and debentures	112	112	-	3

The outstanding balances with subsidiary and associated companies or balances with related parties (which amount over Baht 500 million) are separately shown in balance sheets as follows :-

(Unit : Million Baht)

Consolidated financial statements												
30 June 2007												
Assets					Liabilities					Contingencies		
Interbank and money market items	Investment securities	Loans	Accrued interest receivable	Other assets	Deposits	Interbank and money market items	Borrowings and debentures	Accrued interest payable	Other liabilities	Guarantee s of loans	Other commitments	
Associated companies												
MBK Plc.	-	-	-	-	9	7	-	66	3	1	23	30
Related companies												
Advanced Info Service Plc.												
	-	470	32	7	-	121	-	-	-	3	-	-
Siam Commercial Bank Plc.												
	336	173	-	1	-	-	-	-	-	-	-	15,169
Others	50	69	1,021	10	15	739	36	112	10	27	44	32
Total	386	712	1,053	18	24	869	36	178	13	31	67	15,231

(Unit : Million Baht)

Consolidated financial statements												
31 December 2006												
Assets					Liabilities					Contingencies		
Interbank and money market items	Investment securities	Loans	Accrued interest receivable	Other assets	Deposits	Interbank and money market items	Borrowings and debentures	Accrued interest payable	Other liabilities	Guarantee s of loans	Other commitments	
Subsidiary company												
Glas Haus Building Co., Ltd.												
	-	-	-	-	7	27	-	-	-	-	-	-
Associated companies												
MBK Plc.	-	15	-	-	9	14	-	71	3	-	23	-
Related companies												
Advanced Info Service Plc.												
	-	537	27	4	10	10	-	-	-	34	-	-
Siam Commercial Bank Plc.												
	598	180	-	2	-	-	-	-	-	-	-	16,974
Others	55	103	1,231	12	12	749	22	112	19	67	32	-
Total	653	835	1,258	18	38	802	22	183	22	101	55	16,974

(Unit : Million Baht)

Separate financial statements											
30 June 2007											
Assets					Liabilities				Contingencies		
Interbank and money market items	Investment s in debt securities	Loans	Accrued interest receivable	Other assets	Interbank and money market items	Borrowings and debentures	Accrued interest payable	Other liabilities	Guarantee s of loans	Other commitments	
Subsidiary companies											
Thanachart Bank Plc.	119	3,000	-	12	11	26,900	-	-	9	-	-
Thanachart Group Leasing Co., Ltd.	-	-	2,000	-	-	-	-	-	-	-	-
National Leasing Co., Ltd.	-	-	383	-	-	-	-	-	9	-	-
Max Asset Management Co., Ltd.	-	-	333	14	-	-	-	-	-	-	-
Thanachart Legal and Appraisal Co., Ltd.	-	-	10	-	1	-	-	-	3	-	-
Thanachart Insurance Co., Ltd.	-	-	-	-	1	-	98	1	2	-	-
Other subsidiaries	-	-	-	-	1	-	-	-	4	-	-
Associated companies	-	-	-	-	3	-	-	-	-	-	-
Related companies											
Siam Commercial Bank											
Plc.	33	-	-	-	-	-	-	-	-	-	8,316
Others	26	-	-	-	1	-	-	-	1	10	-
Total	178	3,000	2,726	26	18	26,900	98	1	28	10	8,316

(Unit : Million Baht)

Separate financial statements											
31 December 2006											
Assets					Liabilities				Contingencies		
Interbank and money market items	Investment s in debt securities	Loans	Accrued interest receivable	Other assets	Interbank and money market items	Borrowings and debentures	Accrued interest payable	Other liabilities	Guarantee s of loans	Other commitments	
Subsidiary companies											
Thanachart Bank Plc.	74	3,000	-	12	48	39,600	-	-	6	-	-
Thanachart Group Leasing Co., Ltd.	-	-	565	-	-	-	-	-	20	-	-
National Leasing Co., Ltd.	-	-	529	-	-	-	-	-	22	-	-
Max Asset Management Co., Ltd.	-	-	358	16	-	-	-	-	-	-	-
Thanachart Insurance Co., Ltd.	-	-	-	-	1	-	15	-	4	-	-
Other subsidiaries	-	-	-	-	2	-	-	-	6	-	-
Associated companies	-	-	-	-	4	-	-	-	-	-	-
Related companies											
Siam Commercial Bank											
Plc.	45	-	-	-	-	-	-	-	-	-	8,316
Others	29	-	11	-	1	-	-	-	2	10	-
Total	148	3,000	1,463	28	56	39,600	15	-	60	10	8,316

As at 30 June 2007, the Company and its subsidiary companies have investments amounting to approximately Baht 397 million (the Company Only : Baht 208 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 June 2007 and 31 December 2006, the Company and its subsidiary companies had the following related parties transactions with executive employees from department manager level up :-

(Unit : Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Loans	58	54	5	6
Deposits	517	572	-	-

Remunerations to key management personnel

During the six-month period ended 30 June 2007, the Company and its subsidiary companies paid salary, meeting allowance and gratuities to their key management personnel, including directors totaling Baht 135 million (the Company Only : Baht 29 million).

35. FINANCIAL INFORMATION BY SEGMENT

Financial information presented in the consolidated financial statements as at 30 June 2007 and 31 December 2006 and for the three-month and six-month periods ended 30 June 2007 and 2006, is as follows :-

(Unit : Million Baht)

	For the three-month periods ended 30 June													
	The Company		Asset management business		Bank business		Securities business		Other business		Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	467	504	(5)	91	1,160	1,208	46	54	137	96	(309)	(326)	1,496	1,627
Share of income from investments accounted for under equity method	-	-	-	-	-	-	-	-	-	10	64	53	64	63
Non-interest income	195	206	286	150	467	263	239	234	1,171	713	(254)	(102)	2,104	1,464
Non-interest expenses	(221)	(401)	(39)	(33)	(1,437)	(1,314)	(217)	(212)	(1,066)	(719)	227	140	(2,753)	(2,539)
Corporate income tax	(19)	(76)	(108)	(64)	(26)	(14)	(13)	(17)	(91)	(42)	-	-	(257)	(213)
Minority interest in net income in subsidiary companies	-	-	-	-	-	-	-	-	-	-	(19)	(41)	(19)	(41)
Net income	<u>422</u>	<u>233</u>	<u>134</u>	<u>144</u>	<u>164</u>	<u>143</u>	<u>55</u>	<u>59</u>	<u>151</u>	<u>58</u>	<u>(291)</u>	<u>(276)</u>	<u>635</u>	<u>361</u>

(Unit : Million Baht)

	For the six-month periods ended 30 June													
	The Company		Asset management business		Bank business		Securities business		Other business		Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	1,420	993	(162)	54	2,322	2,290	60	75	226	166	(350)	(366)	3,516	3,212
Share of income from investments accounted for under equity method	-	-	-	-	-	-	-	-	-	20	134	100	134	120
Non-interest income	432	502	375	834	874	554	447	514	2,294	1,351	(494)	(229)	3,928	3,526
Non-interest expenses	(468)	(820)	(88)	(71)	(2,719)	(2,607)	(427)	(453)	(2,209)	(1,426)	480	292	(5,431)	(5,085)
Corporate income tax	(444)	(216)	(124)	(224)	(184)	(44)	(20)	(38)	(145)	(82)	-	-	(917)	(604)
Minority interest in net income in subsidiary companies	-	-	-	-	-	-	-	-	-	-	(18)	(60)	(18)	(60)
Net income	<u>940</u>	<u>459</u>	<u>1</u>	<u>593</u>	<u>293</u>	<u>193</u>	<u>60</u>	<u>98</u>	<u>166</u>	<u>29</u>	<u>(248)</u>	<u>(263)</u>	<u>1,212</u>	<u>1,109</u>

(Unit : Million Baht)

	As at													
	Asset management													
	The Company		business		Bank business		Securities business		Other business		Eliminations		Total	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Investments - Net	27,275	27,621	3,717	4,619	22,180	21,895	993	1,018	5,006	4,810	(25,144)	(25,197)	34,027	34,766
Loans and accrued interest receivable - Net (including interbank and money market items)	35,905	47,275	3,313	3,678	228,250	221,634	2,233	2,393	7,457	6,083	(40,392)	(52,680)	236,766	228,383
Land, premises and equipment - Net	216	344	1	2	1,545	1,198	134	153	130	61	-	-	2,026	1,758
Other assets	3,195	3,683	3,745	3,992	27,970	12,709	350	105	1,140	978	(152)	(145)	36,248	21,322
Total assets	66,591	78,923	10,776	12,291	279,945	257,436	3,710	3,669	13,733	11,932	(65,688)	(78,022)	309,067	286,229

36. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2007 and 31 December 2006, the significant commitments and contingent liabilities are consisted of :-

36.1

(Unit : Million Baht)

	Consolidated financial statements					
	30 June 2007			31 December 2006		
	Baht	Foreign currencies	Total	Baht	Foreign currencies	Total
Avals to bills	11	-	11	54	-	54
Guarantees of loans	10	-	10	10	-	10
Liability under unmatured import bills	21	13	34	-	19	19
Letters of credit	-	57	57	2	92	94
Other commitments						
Obligations under interest rate swap agreements	57,516	-	57,516	46,636	-	46,636
Obligations under forward exchange contracts						
Bought contracts	-	234	234	-	82	82
Sold contracts	-	22,144	22,144	-	21,929	21,929
Obligations under cross currency and interest rate swap contracts - sold contracts	-	1,382	1,382	-	1,868	1,868
Committed (but not drawn) overdraft	2,133	-	2,133	1,663	-	1,663
Other guarantees	2,083	4	2,087	1,385	4	1,389
Total contingencies and commitments	61,774	23,834	85,608	49,750	23,994	73,744

(Unit : Million Baht)

	Separate financial statements					
	30 June 2007			31 December 2006		
	Foreign		Total	Foreign		Total
Baht	currencies	Baht		currencies		
Guarantees of loans	10	-	10	10	-	10
Other commitments						
Obligation under interest rate swap agreements	19,986	-	19,986	19,986	-	19,986
Other guarantees	1	-	1	1	-	1
Total contingencies and commitments	19,997	-	19,997	19,997	-	19,997

36.2 During the years 2001 to 2003, the Company and its subsidiary companies have entered into agreements to sell loans with transfer prices totaling of approximately Baht 3,414 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 June 2007, 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 551 million (the Company Only : Baht 183 million). This is presented as a part of the allowance for impairment of investment in TAMC’s notes (31 December 2006 : Baht 443 million and Baht 137 million, respectively).

36.3 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 5 million in consolidated financial statements and Baht 2 million in separate financial statements.

36.4 Thanachart Bank Plc., subsidiary company, is obliged to make contributions to the Financial Institutions Development Fund, at a rate of 0.2 percent of the total outstanding balance of the Bank'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.

36.5 As at 30 June 2007, 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		Separate financial statements	
	financial statements		Other companies	Subsidiaries
2007	202		28	2
2008	295		24	2
2009 onward	491		52	6

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.

36.6 As at 30 June 2007, a subsidiary company has commitments under a research support and distribution services agreement made with an overseas company, whereby it must pay service charges on quarterly basis at the rate specified in the agreement. The agreement will expire on 30 September 2008.

37. LITIGATION

As at 30 June 2007, the Company and its subsidiary companies have contingent liabilities amounting to approximately Baht 1,355 million as a result of litigation (the Company Only : Baht 849 million). The cases were not yet final. However, the subsidiary companies have recorded contingent liabilities from the cases as a liability as at the balance sheet date approximately Baht 17 million. The rest cases, the Company and its subsidiary companies' management expect that no losses will result and therefore no liabilities are currently recorded.

38. BANK GUARANTEE

As at 30 June 2007, 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.

39. FINANCIAL INSTRUMENTS

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

As at 30 June 2007, the Company has no policy to speculate or trade in any off-balance sheet derivative financial instruments.

39.1 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations, resulting in a financial loss to the Company and its subsidiary companies. 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.

The Company and its subsidiary companies manage credit risk by means of careful consideration during the credit approval process, with analysis of risk factors and of the customers' ability to service debt, and a credit review process which examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future.

39.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company and its subsidiary companies' foreign currency position and investment status. As such, market risk consists of interest rate risk, foreign exchange risk and equity position risk.

a) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

The Company and its subsidiary companies manage the changes in interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels. Such management is under the supervision of the Asset and Liability Management Committee.

As at 30 June 2007, financial assets and liabilities classified by types of interest rate are as follows :-

(Unit : Million Baht)

	Consolidated financial statements				Separate financial statements			
	Outstanding balances of financial instruments				Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets								
Cash	-	-	2,202	2,202	-	-	-	-
Interbank and money market items	293	17,246	4,657	22,196	22	-	251	273
Securities purchased under resale agreements	-	21,500	-	21,500	-	-	-	-
Investments	2,425	28,449	4,169	35,043	1,477	3,481	22,878	27,836
Receivables from clearing house	-	-	229	229	-	-	-	-
Loans (include intercompany gain on loan transferred)	30,398	189,329	2,803	222,530	2,071	34,970	637	37,678
Financial liabilities								
Deposits	50,621	152,884	420	203,925	-	-	-	-
Interbank and money market items	1,347	3,194	333	4,874	26,900	-	-	26,900
Payable to clearing house	-	-	288	288	-	-	-	-
Securities business payable	-	-	1,086	1,086	-	-	-	-
Borrowings	5,000	56,631	-	61,631	-	15,665	-	15,665
Liabilities payable on demand	-	-	872	872	-	-	-	-

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

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

(Unit : Million Baht)

Consolidated financial statements							
Transactions	Repricing or maturity date					Total	Weighted Average interest rates Percentage
	At call	0-3 months	3-12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	30	15,833	1,383	-	-	17,246	4.58 - 5.31
Securities purchased under resale agreements	-	21,500	-	-	-	21,500	3.51
Investments	-	11,696	2,304	9,389	5,060	28,449	2.67 - 4.44
Loans (include intercompany gain on loan transferred)	1,767	2,204	8,181	148,548	28,629	189,329	6.69 - 7.88
Financial liabilities							
Deposits	14	66,078	82,907	3,885	-	152,884	3.98
Interbank and money market items	-	705	1,479	1,010	-	3,194	4.45
Borrowings	-	16,305	31,664	8,662	-	56,631	3.77 - 4.76

(Unit : Million Baht)

Separate financial statements							
Transactions	Repricing or maturity date					Total	Weighted average interest rates Percentage
	At call	0-3 months	3-12 months	1 - 5 years	Over 5 years		
Financial assets							
Investments	-	481	-	-	3,000	3,481	5.67
Loans	746	333	4,017	29,874	-	34,970	6.69
Financial liabilities							
Borrowings	-	1,650	10,015	4,000	-	15,665	3.77

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 six-month period ended 30 June 2007, and the average rate of interest and dividend income, can be summarised as follow :-

(Unit : Million Baht)

	Consolidated financial statements			Separate financial statements		
	Average balance	Interest and dividend	Average rate	Average balance	Interest and dividend	Average rate
<u>Interest bearings financial assets</u>						
Interbank and money market items	15,907	375	4.71	262	5	3.82
Securities purchased under resale agreements	15,196	314	4.13	-	-	-
Investments	36,847	761	4.13	27,624	359	2.60
Loans/hire-purchase and finance lease	206,207	7,828	7.59	42,083	1,427	6.78
<u>Interest bearing financial liabilities</u>						
Deposits	203,387	4,121	4.05	-	-	-
Interbank and money market items	4,561	81	3.55	33,549	893	5.32
Borrowings	52,948	1,177	4.45	15,665	309	3.95

b) Foreign exchange risk

Foreign exchange risk is the risk that changes in exchange rate will result in changes in the values of financial instruments or fluctuations in revenues or in the values of financial assets or financial liabilities.

Because the subsidiary company has transactions in foreign currency, it is exposed to foreign exchange risk. The subsidiary company has a policy to hedge its foreign currency risk by means of managing net foreign currency under the risk management approved by the board of directors of the subsidiary company with strictly comply with the Bank of Thailand's regulation.

The status of the Company and its subsidiary companies' foreign currency balances as at 30 June 2007 can be summarised as follows :-

(Unit : Million Baht)

	Consolidated financial statements			Separate financial statements		
	Outstanding balances of financial instruments			Outstanding balances of financial instruments		
	US dollar	Euro	Others	US dollar	Euro	Others
<u>Foreign currency - in balance</u>						
Cash	85	10	26	-	-	-
Interbank and money market items	15,666	53	56	-	-	-
Investments	7,244	-	-	-	-	-
Loans	21	-	-	-	-	-
Other assets - accrued interest receivable	14	-	-	-	-	-
Total	23,030	63	82	-	-	-
<u>Foreign currency - off balance</u>						
Liabilities under unmatured import bills	6	7	-	-	-	-
Letters of credit	52	-	5	-	-	-
Foreign currency forward and spot contracts						
- Bought contracts	99	-	135	-	-	-
- Sold contracts	21,811	84	249	-	-	-
Cross currency and interest rate swap contracts - sold contracts	1,382	-	-	-	-	-
Others	-	-	3	-	-	-

c) Equity position risk

Equity position risk is the risk that changes in the market prices of equity securities will result in fluctuations in revenues and in the values of financial assets.

39.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiary companies will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the incurrence of a financial loss.

The Company and its subsidiary companies managed liquidity risk by mean of appropriate structuring of short-term and long-term sources of capital, under the supervision of an Assets and Liabilities Management Committee.

Counting from the balance sheet date, the periods to maturity of financial instruments held as at 30 June 2007 are as follows :-

(Unit : Million Baht)

Transactions	Consolidated financial statements					Separate financial statements				
	At call	Less than		Unspecified	Total	At call	Less than		Unspecified	Total
		1 year	Over 1 year				1 year	Over		
Financial assets										
Cash	2,202	-	-	-	2,202	-	-	-	-	-
Interbank and money market items	4,930	17,246	20	-	22,196	253	-	20	-	273
Securities purchased under resale agreements	-	21,500	-	-	21,500	-	-	-	-	-
Investments	2,425	11,532	16,946	4,140	35,043	1,477	-	3,481	22,878	27,836
Receivables from clearing house	-	229	-	-	229	-	-	-	-	-
Loans ⁽¹⁾	13,394	12,555	196,581	-	222,530	4,275	4,048	29,355	-	37,678
Financial liabilities										
Deposits	49,439	149,594	4,892	-	203,925	-	-	-	-	-
Interbank and money market items	1,680	2,134	1,060	-	4,874	26,900	-	-	-	26,900
Payable to clearing house	-	288	-	-	288	-	-	-	-	-
Securities business payable	-	1,086	-	-	1,086	-	-	-	-	-
Borrowings	-	45,214	16,417	-	61,631	-	7,760	7,905	-	15,665
Liabilities payable on demand	872	-	-	-	872	-	-	-	-	-
Off-balance sheet items :-										
Avals to bills and guarantee of loans	13	8	-	-	21	10	-	-	-	10
Liability under unmatured import bills	-	34	-	-	34	-	-	-	-	-
Letters of credit	5	52	-	-	57	-	-	-	-	-
Other commitments	2,234	47,365	35,421	476	85,496	1	11,386	8,600	-	19,987

(1) The outstanding balance of loans includes intercompany gain on loan transferred. Call loans include loans on which interest recognition has been ceased.

39.4 Fair value

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

a) Financial assets

The method used for determining the fair value depends upon the characteristics of the financial instruments. The fair values of most financial assets, including cash, interbank and money market items, securities purchased under resale agreements, receivables from clearing house, loans and investments in receivables are considered to approximate their respective carrying values since the financial instruments are predominantly subject to market interest rates. Financial instruments that have standard terms and conditions and which are traded on an active and liquid market, such as investments, have their fair values determined based on the quoted market price.

b) Financial liabilities

The fair values of financial liabilities, including deposits, interbank and money market items, payable to clearing house, securities business payable, borrowings and liabilities payable on demand, are considered to approximate their respective carrying values for the same reasons as described above.

As at 30 June 2007, there are no material difference between the book value of financial instruments and their fair value, except for held-to-maturity debt securities with a fair value of Baht 155 million less than their book value and investment in associated companies with a fair value of Baht 793 million over than their book value (the Company Only : held-to-maturity debt securities and investment in associated companies have fair value of Baht 24 million and Baht 340 million, respectively, over than their book value).

39.5 Financial derivatives

The Company and its subsidiary company engage in financial derivatives activities as required in the normal course of their business to manage the risks. The subsidiary company engages in others financial derivatives activities to meet its clients' needs. These financial derivatives include forward foreign currency contracts, cross currency contracts and interest rate swap contracts, and interest rate swap contracts.

The Company and its subsidiary company have a policy to hedge the risk limits by which it requires risk reporting and control procedures for the various types of risk, as a control over financial derivative activities. The Company and its subsidiary company manage the credit risk associated with financial derivatives on the basis of the credit limits granted to customers in general. The same credit approval process that is used when granting loans to a customer is adopted for financial derivative customers, so that the Company and its subsidiary company are able to maintain risk at acceptable levels.

As at 30 June 2007, financial derivatives, which the Company and its subsidiary company had engaged, can be classified by period to maturity as follow:

(Unit : Million Baht)

	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	Over 1 year	Total	1 year	Over 1 year	Total
Foreign currency forward and spot contracts						
- Bought	234	-	234	-	-	-
- Sold	22,144	-	22,144	-	-	-
Cross currency swap contracts						
- Sold	691	691	1,382	-	-	-
Interest rate swap contracts						
- Fixed interest rate payment	5,108	14,620	19,728	3,358	4,150	7,508
- Floating interest rate payment	6,430	2,600	9,030	2,335	150	2,485
- Fixed interest rate receipt	9,630	2,600	12,230	5,535	150	5,685
- Floating interest rate receipt	1,908	14,620	16,528	158	4,150	4,308

40. RECLASSIFICATION

In addition to the change in accounting policies as mentioned in Note 3 which affects the previously reported net income and shareholders' equity, certain other amounts in the financial statements for the three-month and six-month periods ended 30 June 2006 have been reclassified to conform to the current period's classification, with no effect on previously reported net income and shareholders' equity other than from the change in accounting policies.

41. SUBSEQUENT EVENTS

On 25 July 2007, a meeting of the Bank's Board of Directors approved a resolution to delist the Bank's ordinary shares from the Stock Exchange of Thailand ("SET"), with a resolution to approve the delisting to be proposed an Extraordinary General Shareholders' Meeting to be held on 1 October 2007. After the delisting process is approved by the SET, the Company will make a tender offer to purchase the Bank's ordinary shares from the minority shareholders at a price of Baht 16.37 per share. The Bank's Board of Directors believe that the delisting will have no impact on the Bank's business operations.

42. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Company's Board of Directors on 23 August 2007.