

THANACHART CAPITAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND INTERIM FINANCIAL STATEMENTS
31 MARCH 2007

Report of Independent Auditor

To the Shareholders of Thanachart Capital Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Thanachart Capital Public Company Limited and its subsidiaries as at 31 March 2007, the related consolidated statements of income, changes in shareholders' equity, and cash flows for the three-month periods ended 31 March 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 Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

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

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

I have previously audited the consolidated financial statements of Thanachart Capital Public Company Limited and its subsidiaries and the separate financial statements of Thanachart Capital Public Company Limited for the year ended 31 December 2006 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements under my report dated 28 February 2007, but drew attention to the allowances for doubtful accounts made in accordance with the new Bank of Thailand guidelines on determining provisions for non-performing loans, which are effective in three phases in the years 2006 and 2007. The Company and its subsidiaries set provisions against those loans which fall under 2006 criteria. The effect to the 2007 financial statements of the remaining revised criteria could not be determined. (However, the Company and its subsidiaries had subsequently set full provision in accordance with the new guidelines in the current period). The consolidated and separate balance sheets as at 31 December 2006, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. (The Company has restated the separate financial statements to reflect the change in accounting policy for recording investments in subsidiary and associated companies from the equity method to the cost method, as described in Note 1.4 to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied). I have not performed any other audit procedures subsequent to the date of that report.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok : 10 May 2007

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

AS AT 31 MARCH 2007 AND 31 DECEMBER 2006

(Unit : Thousand Baht)

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited - restated)
ASSETS					
CASH		2,097,709	2,466,126	40	40
INTERBANK AND MONEY MARKET ITEMS	2				
Domestic					
Interest bearing		2,381,315	2,559,775	558,894	9,309
Non-interest bearing		3,112,642	2,979,958	334,312	265,738
Foreign					
Interest bearing		13,493,200	21,420,642	-	-
Non-interest bearing		204,564	104,083	-	-
Total interbank and money market items - Net		19,191,721	27,064,458	893,206	275,047
SECURITIES PURCHASED UNDER RESALE AGREEMENTS		14,000,000	6,300,000	-	-
INVESTMENTS					
Current investments - Net	3	17,635,551	7,338,916	8,583	8,465
Long-term investments - Net	3	23,560,537	26,245,186	5,539,067	5,835,794
Investments in subsidiary companies	1,1, 4	-	-	21,465,878	21,465,781
Investments in associated companies	5	1,833,389	1,765,162	311,098	311,098
Net investments		43,029,477	35,349,264	27,324,626	27,621,138
RECEIVABLES FROM CLEARING HOUSE		500	786	-	-
LOANS AND ACCRUED INTEREST RECEIVABLE	6				
Loans		214,927,257	206,362,384	43,837,245	49,499,798
Securities business receivable		1,521,917	1,815,873	-	-
Total loans		216,449,174	208,178,257	43,837,245	49,499,798
Accrued interest receivable		267,782	277,313	4,303	17,332
Total loans and accrued interest receivable		216,716,956	208,455,570	43,841,548	49,517,130
Less : Allowance for doubtful accounts	7	(6,510,427)	(6,977,314)	(1,660,305)	(2,516,684)
Less : Revaluation allowance for debt restructuring	8	(199,360)	(203,406)	(484)	(514)
Net loans and accrued interest receivable		210,007,169	201,274,850	42,180,759	46,999,932
PROPERTY FORECLOSED - Net	10	7,835,733	8,420,481	2,756,127	3,198,672
LAND, PREMISES AND EQUIPMENT - Net		1,910,810	1,758,010	219,228	344,342
INTANGIBLE ASSETS - SOFTWARE - Net		169,125	156,136	4,753	96,070
LEASEHOLD RIGHT		378,097	379,125	167,043	171,689
GOODWILL		7,894	10,215	-	-
AMOUNT BY WHICH VALUE OF INVESTMENTS IS					
LOWER THAN BOOK VALUE		(14,826)	(18,111)	-	-
VALUE ADDED TAX RECEIVABLE		1,849,400	1,475,296	-	-
OTHER ASSETS		2,101,424	2,131,374	388,426	216,176
TOTAL ASSETS		302,564,233	286,768,010	73,934,208	78,923,106

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

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

AS AT 31 MARCH 2007 AND 31 DECEMBER 2006

(Unit : Thousand Baht)

Note	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited - restated)
LIABILITIES AND SHAREHOLDERS' EQUITY				
DEPOSITS				
Deposits in Baht	203,339,077	198,526,849	-	-
Deposits in foreign currencies	4	75	-	-
Total deposits	203,339,081	198,526,924	-	-
INTERBANK AND MONEY MARKET ITEMS				
Domestic				
Interest bearing	4,290,382	4,338,927	33,700,599	39,600,429
Non-interest bearing	961,402	168,431	-	-
Net interbank and money market items	5,251,784	4,507,358	33,700,599	39,600,429
PAYABLE TO CLEARING HOUSE	428,325	609,007	-	-
SECURITIES BUSINESS PAYABLE	719,396	645,425	-	-
BORROWINGS				
Short-term borrowings	32,142,387	18,459,807	3,935,000	2,935,000
Long-term borrowings	22,246,862	26,574,862	11,730,300	12,730,300
Total borrowings	54,389,249	45,034,669	15,665,300	15,665,300
ACCRUED INTEREST PAYABLE	2,068,590	1,883,847	268,629	122,343
LIABILITIES PAYABLE ON DEMAND	1,077,704	1,461,623	-	-
CORPORATE INCOME TAX PAYABLE	1,008,068	373,672	509,424	89,201
UNEARNED PREMIUM RESERVE	1,016,994	923,333	-	-
LIFE PREMIUM RESERVE	3,784,105	3,550,308	-	-
OTHER LIABILITIES	4,838,083	5,281,967	811,975	889,076
TOTAL LIABILITIES	277,921,379	262,798,133	50,955,927	56,366,349

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

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS (Continued)

AS AT 31 MARCH 2007 AND 31 DECEMBER 2006

(Unit : Thousand Baht)

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited - restated)
SHAREHOLDERS' EQUITY					
Share capital	12				
Registered, issued and paid up					
19,546 preference shares of Baht 10 each		195	195	195	195
1,333,134,457 ordinary shares of Baht 10 each		13,331,345	13,331,345	13,331,345	13,331,345
		13,331,540	13,331,540	13,331,540	13,331,540
Share premium		2,065,645	2,065,645	2,065,645	2,065,645
Surplus from revaluation of assets of an associated company		534,837	539,051	-	-
Revaluation surplus on investments	13	222,631	159,424	43,424	63,950
Revaluation deficit on investments	13	(888,451)	(925,583)	(205,944)	(130,467)
Retained earnings					
Appropriated - statutory reserve		597,369	597,369	597,369	597,369
Unappropriated		7,913,755	7,336,945	7,146,247	6,628,720
Equity attributable to Company's shareholders		23,777,326	23,104,391	22,978,281	22,556,757
Minority interest - equity attributable to minority shareholders of subsidiaries		865,528	865,486	-	-
TOTAL SHAREHOLDERS' EQUITY		24,642,854	23,969,877	22,978,281	22,556,757
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		302,564,233	286,768,010	73,934,208	78,923,106
		-	-	-	-
OFF-BALANCE SHEET ITEMS - CONTINGENCIES					
	20.1				
Avals to bills and guarantees of loans		21,763	63,669	10,000	10,000
Liability under unmatured import bills		3,490	18,911	-	-
Letter of credits		177,068	94,147	-	-
Other contingencies		94,032,800	73,567,149	19,986,967	19,986,967

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

DIRECTORS

(UNAUDITED BUT REVIEWED)

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
Note	2007	2006	2007	2006
				(Restated)
INTEREST AND DIVIDEND INCOME				
Loans	747,873	615,283	42,247	51,563
Interbank and money market items	328,943	259,770	2,398	82,941
Hire purchase and financial lease	3,080,246	2,206,366	723,875	1,303,393
Investments	362,292	324,781	58,443	49,637
Total interest and dividend income	4,519,354	3,406,200	826,963	1,487,534
INTEREST EXPENSES				
Deposits	2,147,885	1,260,911	-	-
Interbank and money market items	47,094	19,799	543,447	1,018,326
Short-term borrowings	259,636	7,557	29,247	5,694
Long-term borrowings	292,271	378,867	126,869	118,851
Total interest expenses	2,746,886	1,667,134	699,563	1,142,871
Net interest and dividend income	1,772,468	1,739,066	127,400	344,663
REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS				
(BAD DEBT AND DOUBTFUL ACCOUNTS)	14	461,407	(49,082)	850,588
LOSS ON DEBT RESTRUCTURING	(335)	(14,075)	-	(55)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	2,233,540	1,675,909	977,988	547,068
NON-INTEREST INCOME				
Brokerage fees	130,092	205,258	-	-
Gain (loss) on investments	(32,888)	170,467	(14,462)	127,941
Share of income from investments in associated companies accounted for under equity method - net	70,282	56,455	-	-
Fees and service income				
Acceptances, aval and guarantees	4,598	3,448	-	-
Discounted income on insurance premium	169,356	169,407	286	29,843
Others	270,048	192,177	101,238	86,832
Gain on exchange	13,237	4,063	-	-
Gains on debt settlement/disposals	33,759	268,888	402	21,685
Insurance premium/Life insurance premium income	1,003,796	578,919	-	-
Gains (loss) on property foreclosed	88,635	324,127	43,729	(36,455)
Other income	152,980	127,968	112,881	70,881
Total non-interest income	1,903,895	2,101,177	244,074	300,727

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

(UNAUDITED BUT REVIEWED)

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

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

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2007	2006	2007	2006
					(Restated)
OPERATING EXPENSES					
Personnel expenses		664,988	596,298	33,118	89,550
Premises and equipment expenses		317,481	272,246	46,807	98,313
Taxes and duties		107,877	129,729	6,044	6,027
Fees and service expenses		44,319	56,560	4,331	10,792
Directors' remuneration	15	5,187	4,801	2,630	2,206
Fund contributed to the Financial Institutions Development Fund		200,088	170,968	-	22,043
Commission charged on hire-purchase		-	378,732	-	-
Insurance/Life insurance expenses		829,492	512,135	-	-
Other expenses		732,909	498,155	186,545	252,488
Total operating expenses		2,902,341	2,619,624	279,475	481,419
INCOME BEFORE INCOME TAX AND MINORITY INTEREST		1,235,094	1,157,462	942,587	366,376
CORPORATE INCOME TAX	16	(659,711)	(390,544)	(425,060)	(140,361)
INCOME BEFORE MINORITY INTEREST		575,383	766,918	517,527	226,015
MINORITY INTEREST IN NET LOSS (INCOME) IN					
SUBSIDIARY COMPANIES		1,427	(18,871)	-	-
NET INCOME FOR THE PERIODS		576,810	748,047	517,527	226,015
EARNINGS PER SHARE					
Basic earnings per share	17	0.43	0.56	0.39	0.17
Diluted earnings per share		0.43	0.56	0.39	0.17

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

(UNAUDITED BUT REVIEWED)

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2007	2006	2007	2006
				(Restated)
Cash flows from operating activities				
Net income	576,810	748,047	517,527	226,015
Adjustments to reconcile net income to net cash provided by (used in) operating activities :-				
Minority interest in loss (income) of subsidiary companies	(1,427)	18,871	-	-
Share of income from investments accounted for under equity method	(70,282)	(56,455)	-	-
Depreciation and amortisation	91,613	80,555	11,119	33,651
Bad debt and doubtful accounts and loss on debt restructuring				
(Reversal of bad debt and doubtful accounts)	(461,073)	63,157	(850,588)	(202,405)
Increase (decrease) in provision for impairment of property foreclosed	(8,785)	84,591	11,724	59,960
Increase in provision for impairment of equipment/other assets	276,650	81,283	38,714	68,899
Increase in provision for impairment/valuation adjustments of investments	94,348	6,673	39,513	1,928
Amortisation of deferred gain on disposal of property foreclosed	(12,028)	(18,827)	-	(8,588)
Amortisation of surplus/discounts on investments in debt securities	(50,289)	(73,465)	-	-
Amortisation of discounts on borrowings	7,284	6,997	-	-
Amortisation of goodwill/amount by which value of investments is lower than book value	(964)	(2,976)	-	-
Gain on foreign exchange and financial derivatives	(35,274)	(2,388)	-	-
Increase in unearned premium reserve/life insurance premium reserve	255,152	268,259	-	-
Gain on debt settlement/property transferred in settlement of debts	(4,763)	-	(2,385)	-
Loss (gain) on disposal of equipment	2,021	(11,098)	(2,053)	(8,312)
Decrease (increase) in accrued interest and dividend receivable	91,611	(110,765)	(46,549)	17,573
Amortisation of deferred interest on hire-purchase	(28,946)	(34,493)	(10,491)	(17,480)
Increase in other accrued income receivable	(126,861)	(89,037)	(15,797)	(7,507)
Increase in accrued interest payable	184,744	293,685	146,286	44,913
Income (loss) from operating activities before changes in operating assets and liabilities	779,541	1,252,614	(162,980)	208,647

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

(UNAUDITED BUT REVIEWED)

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2007	2006	2007	2006
				(Restated)
Operating assets (increase) decrease				
Interbank and money market items	7,761,881	1,435,197	(615,361)	(171,152)
Securities purchased under resale agreements	(7,700,000)	(14,800,000)	-	7,200,000
Investment in trading securities	(2,510)	10,695	-	-
Receivable from clearing house	286	(44,845)	-	-
Loans	(9,292,645)	(14,109,773)	5,494,724	9,548,773
Property foreclosed	1,687,757	599,849	608,039	389,719
Intangible assets	(17,682)	(292,018)	-	-
Other assets	(436,132)	(1,172,986)	(134,155)	(65,933)
Operating liabilities increase (decrease)				
Deposits	4,812,157	31,685,649	-	-
Interbank and money market items	744,426	(297,614)	(5,899,830)	(13,199,670)
Securities sold under repurchase agreements	-	(100,000)	-	-
Payable to clearing house	(180,682)	279,271	-	-
Securities business payable	73,971	(88,461)	-	-
Liability payable on demand	(383,918)	(236,562)	-	-
Other liabilities	274,130	735,272	349,531	120,388
Net cash flows from (used in) operating activities	(1,879,420)	4,856,288	(360,032)	4,030,772
Cash flows from investing activities				
Decrease (increase) in long-term investments	(7,594,871)	(4,180,073)	151,852	(3,694,859)
Cash received from dividend payment of subsidiary and associated companies	-	57	-	20
Cash paid for purchase of land and equipment/intangible assets	(242,843)	(209,466)	(23,641)	(56,774)
Cash received from disposal of equipment/intangible assets	1,420	24,958	231,821	19,541
Net cash flows from (used in) investing activities	(7,836,294)	(4,364,524)	360,032	(3,732,072)

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

(UNAUDITED BUT REVIEWED)

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2007	2006	2007	2006
				(Restated)
Cash flows from financing activities				
Cash received (paid) for long-term borrowings - net	9,347,297	(315,260)	-	(298,700)
Net cash flows used in financing activities	9,347,297	(315,260)	-	(298,700)
Net increase (decrease) in cash	(368,417)	176,504	-	-
Cash at beginning of the period	2,466,126	800,954	40	40
Cash at ending of the period	2,097,709	977,458	40	40
	-	-	-	-
Supplemental cash flows information :-				
Cash paid during the period for				
Interest	2,557,134	26,896	553,628	1,098,211
Corporate income tax	31,808	1,368,775	4,837	4,296
Non-cash transactions				
Property foreclosed transferred from loans, other receivable and investment in receivables purchased	1,043,478	524,537	162,128	353,654
Loans transferred from investment in receivables purchased	5,000	12,007	519	3,435

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

(UNAUDITED BUT REVIEWED)

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

SEPARATE FINANCIAL STATEMENTS

	Issued and paid up		Share premium	Surplus from	Revaluation	Retained earnings		Total
	Preference shares	Ordinary shares		of assets of an associated company	(deficit) on investments	Appropriated		
						statutory reserve	Unappropriated	
Balance - as at 1 January 2006 - as previously reported	195	13,331,345	2,065,645	540,420	(830,178)	523,976	7,007,426	22,638,829
Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies	-	-	-	(540,420)	865,313	-	(426,250)	(101,357)
Balance - as at 1 January 2006 - as restated	195	13,331,345	2,065,645	-	35,135	523,976	6,581,176	22,537,472
Increase in revaluation surplus on investments	-	-	-	-	34,959	-	-	34,959
Net income for the period (restated)	-	-	-	-	-	-	226,015	226,015
Balance - as at 31 March 2006 - as restated	195	13,331,345	2,065,645	-	70,094	523,976	6,807,191	22,798,446
Balance - as at 1 January 2007 - as previously reported	195	13,331,345	2,065,645	539,051	(766,159)	597,369	7,336,945	23,104,391
Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies	-	-	-	(539,051)	699,642	-	(708,225)	(547,634)
Balance - as at 1 January 2007 - as restated	195	13,331,345	2,065,645	-	(66,517)	597,369	6,628,720	22,556,757
Increase in revaluation deficit on investments	-	-	-	-	(96,003)	-	-	(96,003)
Net income for the period	-	-	-	-	-	-	517,527	517,527
Balance - as at 31 March 2007	195	13,331,345	2,065,645	-	(162,520)	597,369	7,146,247	22,978,281

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

(UNAUDITED BUT REVIEWED)

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS									
Issued and paid up			Surplus from	Revaluation	Retained earnings		Minority	Total	
Preference	Ordinary	Share premium	of assets of	surplus	Appropriated				
shares	shares		company	an associated	(deficit) on	statutory	Unappropriated	interest	
				investments	reserve				
Balance - as at 1 January 2006	195	13,331,345	2,065,645	540,420	(830,178)	523,976	7,007,426	746,762	23,385,591
Decrease in surplus from revaluation of assets	-	-	-	(7,791)	-	-	-	-	(7,791)
Decrease in revaluation deficit on investments	-	-	-	-	44,448	-	-	-	44,448
Decrease in minority interest in subsidiary companies	-	-	-	-	-	-	-	(2,807)	(2,807)
Net income for the period	-	-	-	-	-	-	748,047	18,871	766,918
Balance - as at 31 March 2006	195	13,331,345	2,065,645	532,629	(785,730)	523,976	7,755,473	762,826	24,186,359
Balance - as at 1 January 2007	195	13,331,345	2,065,645	539,051	(766,159)	597,369	7,336,945	865,486	23,969,877
Decrease in surplus from revaluation of assets	-	-	-	(4,214)	-	-	-	-	(4,214)
Decrease in revaluation deficit on investments	-	-	-	-	100,339	-	-	-	100,339
Increase in minority interest in subsidiary companies	-	-	-	-	-	-	-	1,469	1,469
Net income (loss) for the period	-	-	-	-	-	-	576,810	(1,427)	575,383
Balance - as at 31 March 2007	195	13,331,345	2,065,645	534,837	(665,820)	597,369	7,913,755	865,528	24,642,854

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

THANACHART CAPITAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 The Company's information

Thanachart Capital Public Company Limited (“the Company”) was incorporated as a public company limited under Thai laws and operates its business in Thailand. On 31 March 2006, the Company returned its finance business license to the Ministry of Finance, effective from 1 April 2006. The Company's status was therefore changed from a finance company to 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.

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

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

1. Approved the sale of the ordinary shares of eight subsidiary companies to Thanachart Bank, a subsidiary company, 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

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

- a) If Scotiabank is permitted by the Ministry of Finance to hold no more than 24.99 percent of the paid-up share capital of the Bank, Scotiabank will purchase 276,263,200 shares at Baht 16.37 per share from the Bank, and 157,130,216 shares at Baht 16.37 per share from the Company.

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- b) If Scotiabank is permitted by the Ministry of Finance to hold no more than 49.00 percent of the paid-up share capital of the Bank, Scotiabank 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), Scotiabank 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 Scotiabank has previously invested.
 - The subsequent call period is for a period of 4 years from the end of the obligation period, Scotiabank 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 Scotiabank has previously invested.

In this respect, the transactions in 1 and 2 described above are in the process of being approved by the BOT and the Ministry of Finance.

1.2 Basis of preparation of the interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standards No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity and cash flows in the same format as that used for the annual financial statements.

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

1.3 Basis of preparation of the interim consolidated financial statements

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2006, and there were no changes in shareholding structure during the period.

Total assets and total income of the subsidiary companies that have significant impact to and are included in the consolidated financial statements as at 31 March 2007 and 31 December 2006 and for the three-month periods ended 31 March 2007 and 2006 after eliminating significant intercompany transactions, are as follows :-

	Total assets as at		Total income for the three-month	
	31 March	31 December	periods ended 31 March	
	2007	2006	2007	2006
Thanachart Bank Plc.	231,259	207,781	3,829	1,904
N.F.S. Asset Management Co., Ltd.	9,721	9,720	133	718
Thanachart Life Assurance Co., Ltd.	3,674	3,974	542	282
Thanachart Securities Plc.	2,347	2,615	151	236
Max Asset Management Co., Ltd.	2,045	2,262	39	108

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2006, except for :-

- a) Recording investments in subsidiary and associated companies in the separate financial statements

During the current period, 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 compliance with Notification No. 26/2549 regarding Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (Amendment No. 1), issued by the Federation of Accounting Professions, under which 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.

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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 periods ended 31 March 2007 and 2006 by Baht 59 million (Baht 0.04 per share) and Baht 522 million (Baht 0.39 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.

b) Interest on hire purchases

From 1 January 2007, the Company and Thanachart Bank 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
- 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.

c) Commissions and initial direct expenses on hire purchase contracts

For hire purchase contracts originating on or after 1 January 2007, Thanachart Bank 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.

d) Allowances for doubtful accounts

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 to the remaining loan balance (excluding accrued interest receivable) after deducting the values of vehicles placed as collateral.

In addition, the Company and its subsidiary companies changed the rates used in determining allowance for doubtful accounts for substandard, doubtful and doubtful of loss loans from 20%, 50% and 100% of the debt balance net of collateral value, respectively, in accordance with the prior BOT guideline to 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 time needed to dispose of collateral, in accordance with the new BOT guideline dated 21 December 2006.

The changes in income recognition described in b) and commissions and initial direct expenses on hire purchase contracts described in c) are in line with draft Accounting Standard No. 29 “Leasing” (Revised), which is not yet effective at present.

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2. INTERBANK AND MONEY MARKET ITEMS (ASSETS)

(Unit : Million Baht)

	Consolidated financial statements					
	31 March 2007			31 December 2006		
	At call	Term	Total	At call	Term	Total
Domestic :						
Bank of Thailand and Financial Institution Development Fund	2,396	-	2,396	2,331	-	2,331
Commercial banks	903	1,883	2,786	1,044	2,001	3,045
Other banks	45	220	265	39	70	109
Other financial institutions	53	20	73	42	40	82
Total	3,397	2,123	5,520	3,456	2,111	5,567
Add : Accrued interest receivables	1	15	16	1	15	16
Less : Allowance for doubtful accounts	(42)	-	(42)	(42)	(1)	(43)
Total interbank and money market - domestic	3,356	2,138	5,494	3,415	2,125	5,540
Foreign :						
US Dollar	125	13,483	13,608	101	21,230	21,331
Others	80	-	80	57	-	57
Total	205	13,483	13,688	158	21,230	21,388
Add : Accrued interest receivables	-	10	10	-	136	136
Total interbank and money market - foreign	205	13,493	13,698	158	21,366	21,524
Total interbank and money market – net	3,561	15,631	19,192	3,573	23,491	27,064

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(Unit : Million Baht)

	Separate financial statements					
	31 March 2007			31 December 2006		
	At call	Term	Total	At call	Term	Total
Domestic :						
Commercial banks	864	-	864	241	-	241
Other banks	7	-	7	15	-	15
Other financial institutions	-	20	20	-	20	20
Total	871	20	891	256	20	276
Add : Accrued Interest receivable	3	-	3	-	-	-
Less : Allowance for doubtful accounts	-	(1)	(1)	-	(1)	(1)
Total interbank and money market – domestic net	874	19	893	256	19	275

3. INVESTMENTS

3.1 Classified by type of investments

(Unit : Million Baht)

	Consolidated financial statements				Separate financial statements			
	31 March 2007		31 December 2006		31 March 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	409	410	396	396	-	-	-	-
Private debt securities	7	7	2	2	-	-	-	-
Domestic marketable equity securities	-	-	15	15	-	-	-	-
	416	417	413	413	-	-	-	-
Add : Allowance for change in valu	1		-		-		-	
	417		413		-		-	

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(Unit : Million Baht)

	Consolidated financial statements				Separate financial statements			
	31 March 2007		31 December 2006		31 March 2007		31 December 2006	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale securities								
Government and state enterprise securities	1,884	1,894	2,318	2,318	-	-	-	-
Private debt securities	180	177	459	457	-	-	-	-
Domestic marketable equity securities	16	19	17	18	7	9	7	8
	2,080	2,090	2,794	2,793	7	9	7	8
Add (less) : Allowance for change in value	10		(1)		2		1	
	2,090		2,793		9		8	
Held-to-maturity debt securities - due within 1 year								
Government and state enterprise securities	4,184		3,641		-		-	
Private debt securities	743		63		-		-	
Foreign debt securities	10,202		429		-		-	
	15,129		4,133		-		-	
Total current investments – net	17,636		7,339		9		8	
Long-term investments :								
Available-for-sale securities								
Government and state enterprise securities	3,335	3,377	5,018	5,003	-	-	-	-
Private debt securities	865	881	905	899	-	-	-	-
Domestic marketable equity securities	2,541	2,340	2,842	2,659	794	630	894	826
	6,741	6,598	8,765	8,561	794	630	894	826
Less : Allowance for change in value	(143)		(204)		(164)		(68)	
	6,598		8,561		630		826	

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(Unit : Million Baht)

	Consolidated financial statements				Separated financial statements			
	31 March 2007		31 December 2006		31 March 2007		31 December 2006	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Held-to-maturity debt securities								
Government and state enterprise securities	12,285		12,736		481		504	
Private debt securities	236		236		3,000		3,000	
Foreign debt securities	1,401		1,441		-		-	
	<u>13,922</u>		<u>14,413</u>		<u>3,481</u>		<u>3,504</u>	
Less : Allowance for impairment	(547)		(443)		(183)		(137)	
	<u>13,375</u>		<u>13,970</u>		<u>3,298</u>		<u>3,367</u>	
Other investments								
Investments in receivables purchase	2,595		2,686		1,538		1,576	
Investments in property fund	1,063		1,106		-		-	
Domestic non-marketable equity securities	357		356		241		242	
	<u>4,015</u>		<u>4,148</u>		<u>1,779</u>		<u>1,818</u>	
Less : Allowance for impairment	(427)		(434)		(168)		(175)	
	<u>3,588</u>		<u>3,714</u>		<u>1,611</u>		<u>1,643</u>	
Total long-term investments – net	<u>23,561</u>		<u>26,245</u>		<u>5,539</u>		<u>5,836</u>	

3.2 As at 31 March 2007, the Company and its subsidiary companies have a revaluation surplus and deficit amounting to Baht 43 million and Baht 588 million, respectively, as a result of the recategorisation of debt securities, and these are presented in 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).

3.3 As at 31 March 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 31 March 2007, 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 547 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). The allowances for impairment provided by the Company and its subsidiaries is in excess of the losses notified by TAMC, which are stipulated only for receivables which have entered debt restructuring agreements/negotiated compromises with TAMC and which made actual payment until the end of the fifth year.

Additionally, the Company and its subsidiary companies also share joint responsibility with TAMC for future profits and losses arising from TAMC’s management of the non-performing assets as described in Note 20.2 to the financial statements.

3.4 As at 31 March 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).

3.5 As at 31 March 2007, investments in government and state enterprise bonds in the consolidated financial statement of Baht 836 million have been placed as collateral for loans from commercial banks and as security with the Insurance Registrar (31 December 2006 : Baht 788 million).

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3.6 As at 31 March 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).

3.7 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 31 March 2007 and 31 December 2006 can be summarised as follow :-

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
	Investments in receivables	2,595	2,686	1,538
Less : Allowance for impairment	(328)	(336)	(90)	(97)
Investments in receivables - net	2,267	2,350	1,448	1,479

	31 March 2007				31 December 2006			
	Number of debtors	Balance per agreement	Purchase price	Yield	Number of debtors	Balance per agreement	Purchase price	Yield
		Million Baht	Million Baht	Percent		Million Baht	Million Baht	Percent
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	1,026	15,372	2,595		1,033	15,506	2,686	
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	544	7,500	1,538		549	7,587	1,576	

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During the three-month period ended 31 March 2007, the Company has restructured loans with a total of five troubled receivables, with book balances before restructuring totaling approximately Baht 1 million, by modification of terms. There were no losses on debt restructuring and the receivables are due within 2007.

Restructured investments in receivables are transferred to the loans account on the debt restructuring agreement executed day, in accordance with the BOT regulations. They are transferred at their book value, which is held to be fair value. Therefore, as at 31 March 2007, there were no restructured receivables outstanding in the balance of investments in receivables.

3.8 As at 31 March 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								
							Allowance for possible loss/impairment provided in the accounts	
Number of transactions		Cost		Fair value/collateral value				
31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	
		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

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Consolidated financial statements

	Number of transactions		Cost		Fair value/collateral value		Allowance for possible loss/impairment provided in the accounts	
	31	31 December	31	31 December	31	31 December	31	31 December
	March 2007	2006	March 2007	2006	March 2007	2006	March 2007	2006
				Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Investments in receivables								
1. Closed financial institutions	10	10	-	-	-	-	-	-
2. Listed companies vulnerable to delisting from the SET	2	2	34	38	138	138	-	-
3. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	1	1	3	7	-	7	3	3
4. Companies which have loan settlement problems or have defaulted the repayment of debts	346	352	1,480	1,566	2,147	2,226	219	220
5. Companies whose auditors' reports cited going concern issues	21	19	289	290	525	543	8	9

Separate financial statements

	Number of transactions		Cost		Fair value/collateral value		Allowance for possible loss/impairment provided in the accounts	
	31	31 December	31	31 December	31	31 December	31	31 December
	March 2007	2006	March 2007	2006	March 2007	2006	March 2007	2006
				Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Equity securities - common 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	164	170	837	873	1,174	1,207	56	61
3. Companies whose auditors' reports cited going concern issues	10	6	287	286	506	487	-	-

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4. INVESTMENTS IN SUBSIDIARY COMPANIES

4.1 Investments in subsidiary companies in the separate financial statements as at 31 March 2007 and 31 December 2006, stated under the cost method, consist of investments in ordinary shares of the following subsidiary companies :-

(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	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
<u>Subsidiary companies directly held by the Company</u>							
Thanachart Bank Plc.	Bank business	14,584	14,584	99.36	99.36	16,019	16,019
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
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
<u>Subsidiary companies directly held by the Company - exclude from consolidation</u>							
Glas Haus Building Co., Ltd.	Office building rental	195	195	100.00	100.00	-	-
						21,547	21,547
Less : Allowance for impairment in investments in subsidiary companies						(81)	(81)
Investments in subsidiary companies - net						21,466	21,466

During the three-month period ended 31 March 2007 and 2006, the Company did not receive dividend income from the subsidiary companies.

- 4.2** The consolidated balance sheet as at 31 March 2007, and consolidated income statement for the three-month period then ended included assets of a subsidiary company (Thanachart Life Assurance Co., Ltd.) amounting to Baht 3,674 million, income of Baht 542 million and net income of Baht 70 million (assets of Baht 3,974 million in the consolidated balance sheet as at 31 December 2006, income of Baht 282 million and net profit of Baht 28 million in the consolidated income statement for the three-month period ended 31 March 2006). The auditor of the subsidiary company issued a qualified report on these 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.
- 4.3** The consolidated balance sheet as at 31 March 2007 included Baht 194 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 reviewed by their auditors.
- 4.4** The consolidated financial statements as at 31 March 2007 and 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 March 2007, based on financial statements prepared by management of such subsidiary, such subsidiary company has total assets of approximately Baht 143 million, total liabilities of Baht 448 million and a capital deficit of Baht 305 million (31 December 2006 : total assets of Baht 142 million, total liabilities of Baht 449 million and a capital deficit of Baht 307 million).

5. INVESTMENTS IN ASSOCIATED COMPANIES

5.1 As at 31 March 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		Percentage of		(Unit : Million Baht)			
		share capital		holding (%)		Investment value		Equity method ⁽¹⁾	
		31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Consolidated financial statements									
MBK Plc.	Property rental, hotel and services	1,886	1,886	20.54	20.54	992	992	1,833	1,764
Puen Pob Paet Co., Ltd.	Clinic	1	1	19.94	28.58	-	-	-	1
						<u>992</u>	<u>992</u>	<u>1,833</u>	<u>1,765</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	-	-
Puen Pob Paet Co., Ltd.	Clinic	1	1	10.00	10.00	-	-	-	-
						<u>311</u>	<u>311</u>	<u>-</u>	<u>-</u>

⁽¹⁾ Calculated by including shares of profits of the subsidiary in which the Company has indirect holding.

During the three-month period ended 31 March 2007, the Company and its subsidiary companies did not receive dividend income from the associated companies (2006 : dividend income from Puen Pob Paet Co., Ltd. of Baht 57,408 in consolidated financial statements and Baht 19,998 in the separate financial statements).

5.2 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 70 million (or at 12.1 percent of consolidated net income) is determined based on the financial statements of such company for the three-month period ended 31 December 2006, prepared by the Company's management with reference to the financial statements as reviewed by its auditor (2006 : share of income of Baht 56 million or at 7.5 percent).

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6. LOANS AND ACCRUED INTEREST RECEIVABLE**6.1 Classified by loan types**

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
<u>Finance business loans</u>				
Overdrafts	962	988	-	-
Loans	35,370	36,236	647	695
Notes receivable	3,291	4,950	2,460	1,103
Hire-purchases receivable	174,374	163,259	40,730	47,702
Financial leases receivable	930	929	-	-
Total loans	214,927	206,362	43,837	49,500
Add : Accrued interest receivable	267	276	4	17
Less : Allowance for doubtful accounts	(6,203)	(6,670)	(1,660)	(2,517)
Less : Revaluation allowance for debt restructuring	(200)	(203)	-	-
Finance business loans and accrued interest receivable - net	208,791	199,765	42,181	47,000
<u>Securities business receivable</u>				
Customer's accounts	733	955	-	-
Margin loans	481	552	-	-
Other receivables	308	309	-	-
Total securities business receivable	1,522	1,816	-	-
Add : Accrued interest receivable	1	1	-	-
Less : Allowance for doubtful accounts	(307)	(307)	-	-
Securities business receivable and accrued interest receivable - net	1,216	1,510	-	-
Loans and accrued interest receivable - net	210,007	201,275	42,181	47,000

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During the three-month period ended 31 March 2007, the Company transferred 5 investments in purchased receivables, which had been restructured, totaling Baht 1 million and its subsidiary company transferred 1 investment in purchased receivable, which is negotiating to extend the repayment schedule, totaling Baht 4 million to loans, in accordance with the BOT's guidelines.

6.2 Non-performing loans

As at 31 March 2007 and 31 December 2006, the Company and its subsidiary companies engaging in financial business (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, and doubtful of loss) as follow :-

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Non-performing loans (excluding accrued interest receivable)				
The Company	1,530	1,500	1,530	1,500
Banking business	3,589	3,281	-	-
Asset management business	4,554	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.

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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 financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
The Company	1,868	1,888	1,868	1,888
Banking business	2,758	2,657	-	-
Securities business	307	307	-	-

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

6.3 Unearned income

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

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Unearned interest income	116	119	-	-
Unearned income from hire purchase/ financial lease	26,318	24,202	3,041	3,810

6.4 Troubled Debt Restructuring

During the three-month period ended 31 March 2007, the subsidiary companies which are financial institutions (bank, securities and asset management companies) have entered into debt restructuring agreements with a total of 34 debtors, with total outstanding balances before restructuring amounting to approximately Baht 575 million without any loss on debt restructuring (of these 17 debtors, representing a total outstanding balances before restructuring amounting to approximately Baht 39 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 details of restructuring were summarised below :-

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					
Modification of terms	31	62	62		
Transfer of assets and/or equity securities and/or modification of terms	3	513	513	Equity securities, land and premises thereon	373
Total	34	575	575		

(1) Outstanding balance includes both principal and interest receivable

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

Periods	Consolidated financial statements	
	Number of receivables	Outstanding loan balances after restructuring
		Million Baht
Past due after debt restructuring	15	527
Due within 2007	5	12
Less than 5 years	4	11
5 - 10 years	5	21
10 - 15 years	3	2
More than 15 years	2	2
Total	34	575

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 statements of income	84	1
Gain on debt repayment recognised in statements of income	5	-
Gain on transfers of assets for debt repayment recognised in statements of income	5	-
Cash proceeds from collection	177	3
Assets transferred from debtors	7	-

The gain or loss of receivables, which are to be transferred under debt restructuring agreement, cannot be reliably estimated by the Company and its subsidiary companies at this stage.

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As at 31 March 2007, the Company and its subsidiary companies have the following restructured receivables balance (principal and accrued 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	Outstanding loans
				balance, net of Collateral
		Million Baht	Million Baht	
Thanachart Capital Plc.	234,283	22	72	35
Thanachart Bank Plc.	365,222	289	2,935	830
N.F.S. Asset Management Co., Ltd.	1,492	345	2,104	527
Max Asset Management Co., Ltd.	79	79	420	91
Thanachart Securities Plc.	1,457	1	1	1

6.5 As at 31 March 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	
				31 March 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	358	358
National Leasing Co., Ltd.	Promissory note	5 years (maturing August 2008)	fixed at 3.50% per annum	452	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
Total				2,810	1,452

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

As at 31 March 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 Bank of Thailand's guidelines as summarised below :-

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Consolidated financial statements ⁽¹⁾						
	Debt balance/ book value		Debt balance after collateral ⁽³⁾		Minimum percentage	Allowance for doubtful accounts	
	31	31	31	31		31	31
	March 2007	December 2006	March 2007	December 2006	March 2007	December 2006	
Loans and accrued interest receivable							
(including interbank and money market items) ⁽²⁾							
Normal	182,838	176,921	34,604	66,527	1	346	1,468
Special mention	18,627	16,649	5,484	9,364	2	110	187
Substandard							
- Unadopted the new BOT's guidelines	-	307	-	306	20	-	61
- Adopted the new BOT's guidelines	1,238	864	928	518	100	928	518
Doubtful							
- Unadopted the new BOT's guidelines	-	266	-	258	50	-	129
- Adopted the new BOT's guidelines	1,570	1,185	920	615	100	920	615
Doubtful of loss							
- Unadopted the new BOT's guidelines	-	856	-	827	100	-	827
- Adopted the new BOT's guidelines	2,341	1,328	1,494	557	100	1,494	557
Total	206,614	198,376	43,430	78,972		3,798	4,362
Additional allowance for possible uncollectable debts	-	-	-	-		411	453
	206,614	198,376	43,430	78,972		4,209	4,815

⁽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 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.

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Consolidated financial statements ⁽¹⁾						
	Debt balance/ book value		Debt balance after collateral ⁽²⁾		Minimum percentage	Allowance for doubtful accounts	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006		31 March 2007	31 December 2006
Loans of N.F.S. Asset Management Co., Ltd., which transferred from Thanachart Group							
Normal	356	350	218	221	1	84	86
Special mention	46	47	7	7	2	-	-
Substandard							
- Unadopted the new BOT's guidelines	-	352	-	119	20	-	120
- Adopted the new BOT's guidelines	830	968	171	204	100	155	188
Doubtful							
- Unadopted the new BOT's guidelines	-	4	-	-	50	-	-
- Adopted the new BOT's guidelines	745	483	243	30	100	243	30
Doubtful of loss							
- Unadopted the new BOT's guidelines	-	11	-	-	100	-	-
- Adopted the new BOT's guidelines	2,580	2,396	868	806	100	1,255	1,206
Total	4,557	4,611	1,507	1,387		1,737	1,630
Additional allowance for possible uncollectable debts	-	-	-	-		33	33
	<u>4,557</u>	<u>4,611</u>	<u>1,507</u>	<u>1,387</u>		<u>1,770</u>	<u>1,663</u>
Total	211,171	202,987					
Revaluation allowance for debt restructuring	(200)	(203)					
Less : Intercompany gain	(268)	(274)					
Total	210,703	202,510					
Investment in receivables transferred to loans							
Normal	12	14	6	6	1	2	2
Special mention	6	66	1	-	2	-	-
Substandard							
- Unadopted the new BOT's guidelines	-	3	-	-	20	-	-
- Adopted the new BOT's guidelines	100	31	12	13	100	12	13
Doubtful							
- Unadopted the new BOT's guidelines	-	3	-	2	50	-	1
- Adopted the new BOT's guidelines	5	2	2	1	100	2	1
Doubtful of loss							
- Unadopted the new BOT's guidelines	-	259	-	71	100	-	71
- Adopted the new BOT's guidelines	331	77	79	5	100	79	5
Total	454	455	100	98		95	93
Total loans and accrued interest receivable	211,157	202,965	45,037	80,457		6,074	6,571

⁽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 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.

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Separate financial statements						
	Debt balance/ book value		Debt balance after collateral ⁽²⁾		Minimum percentage	Allowance for doubtful accounts	
	31	31	31	31		31	31
	March 2007	December 2006	March 2007	December 2006		March 2007	December 2006
Loans and accrued interest receivable							
(including interbank and money market items) ⁽¹⁾							
Normal	36,868	41,609	7,808	41,605	1	78	1,249
Special mention	5,459	6,411	1,521	6,406	2	30	128
Substandard							
- Unadopted the new BOT's guidelines	-	307	-	305	20	-	61
- Adopted the new BOT's guidelines	316	1	315	1	100	315	1
Doubtful							
- Unadopted the new BOT's guidelines	-	265	-	258	50	-	129
- Adopted the new BOT's guidelines	254	19	254	19	100	254	19
Doubtful of loss							
- Unadopted the new BOT's guidelines	-	856	-	827	100	-	827
- Adopted the new BOT's guidelines	950	43	917	38	100	917	38
Total	43,847	49,511	10,815	49,459		1,594	2,452
Additional allowance for possible uncollectable debts	-	-	-	-		66	66
Total	43,847	49,511	10,815	49,459		1,660	2,518
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	43,857	49,520	10,815	49,459		1,660	2,518

⁽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 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 31 March 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 are to be made for hire-purchase receivable of the Company and its subsidiary companies which are overdue by not more than 3 installments, the Company and its subsidiary companies 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.

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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	
	31	31 December	31	31 December	31	31 December	31	31 December
	March 2007	2006	March 2007	2006	March 2007	2006	March 2007	2006
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
1. Closed financial institutions	4	4	-	-	-	-	-	-
2. Listed companies vulnerable to delisting from the SET	4	4	43	45	51	52	4	3
3. Non – listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	22	24	1,169	1,232	2,078	1,375	312	294
4. Companies which have loan settlement problems or have defaulted of the repayment of debts	550	476	3,098	3,107	3,092	3,349	1,033	924
5. Companies whose auditors' reports cited going concern issues	21	23	96	106	23	31	96	106

(UNAUDITED BUT REVIEWED)

Separate financial statements

	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	31	31 December	31	31 December	31	31 December	31	31 December
	March 2007	2006	March 2007	2006	March 2007	2006	March 2007	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	291	247	130	117	-	-	130	93

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

As at 31 March 2007 and 31 December 2006, a subsidiary company operating in the securities business classified its securities business receivable and accrued interest receivable and provided related allowance for doubtful accounts in accordance with the notification of the Office of the Securities and Exchange Commission (SEC) as follows :-

	Receivable and accrued interest receivable		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	31	31 December	31	31 December	31	31 December
	March 2007	2006	March 2007	2006	March 2007	2006
Doubtful	300	299	300	299	300	299
Substandard	8	9	-	-	-	-
Total	308	308	300	299	300	299
General reserve					7	8
Allowance for doubtful accounts					307	307

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

(UNAUDITED BUT REVIEWED)

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

As at 31 March 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)	
	31 March 2007	31 December 2006
Current or overdue less than 90 days	3,588	3,220
Overdue 91 - 365 days	47	51
Overdue more than 1 year	24	12
Debtors under legal actions	26	22
Total	3,685	3,305
Allowance for doubtful accounts provided in the accounts	130	100

7. ALLOWANCE FOR DOUBTFUL ACCOUNTS

(Unit : Million Baht)

	Consolidated financial statements						
	For the three-month period ended 31 March 2007						
	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	General reserve	Total
Balance - beginning of the period	1,584	193	905	803	3,006	486	6,977
Add : Increase (decrease) during the period	(1,126)	(77)	218	381	185	(42)	(461)
Less : Bad debt written-off	-	-	-	-	(6)	-	(6)
Balance - end of the period	458	116	1,123	1,184	3,185	444	6,510

(Unit : Million Baht)

	Consolidated 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	2,880	199	592	218	2,299	726	6,914
Add : Increase (decrease) during the year	(1,296)	(6)	343	585	737	(240)	123
Less : Bad debt recovery	-	-	-	-	(30)	-	(30)
Reversal from disposals	-	-	(30)	-	-	-	(30)
Balance - end of the year	1,584	193	905	803	3,006	486	6,977

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Separate financial statements						Total
	For the three-month period ended 31 March 2007						
	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	General reserve	
Balance - beginning of the period	1,248	128	62	148	865	66	2,517
Add : Increase (decrease) during the period	(1,170)	(98)	253	106	58	-	(851)
Less : Bad debt written-off	-	-	-	-	(6)	-	(6)
Balance - end of the period	78	30	315	254	917	66	1,660

(Unit : Million Baht)

	Separate financial statements						Total
	For the year ended 31 December 2006						
	Normal	Special mention	Sub - standard	Doubtful	Doubtful of loss	General reserve	
Balance - beginning of the year	2,164	173	91	179	620	66	3,293
Add : Increase (decrease) during the year	(916)	(45)	(29)	(31)	275	-	(746)
Less : Bad debt written-off	-	-	-	-	(30)	-	(30)
Balance - end of the year	1,248	128	62	148	865	66	2,517

8. REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month period ended 31 March 2007	For the year ended 31 December 2006	For the three-month period ended 31 March 2007	For the year ended 31 December 2006
	Balance - beginning of the period	203	189	-
Add : Increase during the period	-	40	-	-
Less : Amortised during the period	-	(20)	-	-
Reversal from hair cut	(3)	(6)	-	-
Balance - end of the period	200	203	-	-

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9. CLASSIFICATION OF ASSETS

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

(Unit : Million Baht)

	Consolidated financial statements											
	Loans and accrued interest receivable				Investments		Property foreclosed		Other assets		Total	
	31	31 December	31	31 December	31	31 December	31	31 December	31	31 December		
	March 2007	2006	March 2007	2006	March 2007	2006	March 2007	2006	March 2007	2006		
Normal	183,206	177,285	-	-	-	-	77	78	183,283	177,363		
Special mention	18,679	16,762	-	-	-	-	80	69	18,759	16,831		
Substandard	2,168	2,525	-	-	-	-	6	7	2,174	2,532		
Doubtful	2,320	1,943	-	-	-	-	4	10	2,324	1,953		
Doubtful of loss	5,252	4,927	1,117	1,029	845	854	1,317	1,080	8,531	7,890		
Total	211,625	203,442	1,117	1,029	845	854	1,484	1,244	215,071	206,569		
Less: Revaluation allowance for debt restructuring	(200)	(203)										
Intercompany gain from loans transferred	(268)	(274)										
	211,157	202,965										

(Unit : Million Baht)

	Separate financial statements											
	Loans and accrued interest receivable				Investments		Property foreclosed		Other assets		Total	
	31	31 December	31	31 December	31	31 December	31	31 December	31	31 December		
	March 2007	2006	March 2007	2006	March 2007	2006	March 2007	2006	March 2007	2006		
Normal	36,868	41,609	-	-	-	-	34	35	36,902	41,644		
Special mention	5,459	6,411	-	-	-	-	37	43	5,496	6,454		
Substandard	316	308	-	-	-	-	3	3	319	311		
Doubtful	254	284	-	-	-	-	2	4	256	288		
Doubtful of loss	960	908	638	523	384	372	750	713	2,732	2,516		
Total	43,857	49,520	638	523	384	372	826	798	45,705	51,213		

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10. PROPERTY FORECLOSED

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2007	2006	2007	2006
Cost	8,687	9,280	3,140	3,571
Less : Allowance for impairment	(851)	(860)	(384)	(372)
Property foreclosed - net	7,836	8,420	2,756	3,199

As at 31 March 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 167 million, the debtors have first right of purchase (the Company Only : for Baht 120 million, the debtors have first right of purchase).

As at 31 March 2007, for a further approximately Baht 407 million (at cost) of the property foreclosed of the Company and its subsidiary companies (the Company Only : Baht 232 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.

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11. BORROWINGS

(Unit : Million Baht)

Type of borrowings	Interest rate per annum	Maturity date	Consolidated financial statements		Separate financial statements	
			31 March 2007	31 December 2006	31 March 2007	31 December 2006
Short-term borrowings						
Bill of exchange	Fixed rate of 3.75 - 5.00 percent	2007	23,127	10,366	-	-
Promissory notes	Fixed rate of 3.90 - 4.10 percent	2007	2,777	2,777	2,777	2,777
Promissory notes	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 notes	Three-month fixed deposit rate plus 1.25 percent	2007	5,000	5,000	-	-
Unsubordinated, unsecured and unconvertible debentures	Fixed rate of 4.625 - 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			32,142	18,460	3,935	2,935
Long-term borrowings						
Subordinated debentures issued in accordance with the pla 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	72	72	-	-
Bill of exchange	Fixed rate 4.10 - 4.80 percent	2008 - 2010	5,200	8,445	-	-
Bill of exchange	Floating rate of the average MLR of 4 commercial banks minus 3.55 - 3.60 percent	2008 - 2009	2,650	2,650	-	-
Bill of exchange	Floating rate THB-THBFIX-REUTERS plus 0.45 - 0.47 percent	2010	750	750	-	-
Promissory notes	4.40 percent minus six-month Thai Baht Swap Offer 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	7,580	7,580	7,580	7,580
Total long-term borrowings			22,247	26,575	11,730	12,730
Total borrowings			54,389	45,035	15,665	15,665

(UNAUDITED BUT REVIEWED)

12. SHARE CAPITAL

As at 31 March 2007, 19,546 preference shares, with each preference share convertible to 1 ordinary share, remain unconverted which the conversion rights are unconditional and do not expire.

13. REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Revaluation surplus on investments :-				
Available-for-sale investments				
Debt instruments	91	22	-	-
Equity instruments	70	77	43	64
Held-to-maturity debt securities	43	45	-	-
Surplus recognised for associated companies - under equity method	19	15	-	-
Total	223	159	43	64
Revaluation deficit on investments :-				
Available -for-sale investments				
Debt instruments	(35)	(55)	-	-
Equity instruments	(266)	(254)	(206)	(130)
Held-to-maturity debt securities	(588)	(616)	-	-
Total	(889)	(925)	(206)	(130)
Revaluation deficit on investments	(666)	(766)	(163)	(66)

(UNAUDITED BUT REVIEWED)

14. BAD DEBT AND DOUBTFUL ACCOUNTS

Bad debt and doubtful accounts in the statements of income for the three-month periods ended 31 March 2007 and 2006 consists of :-

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Bad debt and doubtful accounts (reversal of bad debt and doubtful accounts) from loans	(461)	55	(851)	(202)
Amortisation of revaluation allowance for debt restructuring during the period	-	(6)	-	-
Total bad debt and doubtful accounts (reversal of bad debt and doubtful accounts)	(461)	49	(851)	(202)

15. 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.

16. CORPORATE INCOME TAX

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

17. RECONCILIATION OF DILUTED EARNINGS PER SHARE

Consolidated financial statements						
For the three-month periods ended 31 March						
Net income		Weighted average number of ordinary shares		Earnings per share		
2007	2006	2007	2006	2007	2006	
Thousand Baht	Thousand Baht	Thousand share	Thousand share	Baht	Baht	
Basic earnings per share						
Net income	576,810	748,047	1,333,134	1,333,134	0.43	0.56
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	576,810	748,047	1,333,154	1,333,154	0.43	0.56
Separate financial statements						
For the three-month periods ended 31 March						
Net income		Weighted average number of ordinary shares		Earnings per share		
2007	2006	2007	2006	2007	2006	
Thousand Baht	Thousand Baht	Thousand share	Thousand share	Baht	Baht	
	(Restated)				(Restated)	
Basic earnings per share						
Net income	517,527	226,015	1,333,134	1,333,134	0.39	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	517,527	226,015	1,333,154	1,333,154	0.39	0.17

18. RELATED PARTY TRANSACTIONS

During the three-month periods ended 31 March 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 31 March				Pricing Policies (For the period 2007)
	Consolidated financial statements		Separate financial statements		
	2007	2006	2007	2006	
Subsidiary companies :-					
Purchase of investments in debt securities	-	-	-	3,987	
Sales of assets	-	-	221	-	At the rate determined with reference to book value
Sales of loans	-	-	-	888	
Interest income from loans	-	-	37	27	At interest rates of 3.5 - 11.51 percent per annum
Interest income from cash at bank	-	-	2	-	At interest rates of 0.50 - 4.00 percent per annum
Interest income from investments in debentures	-	-	46	-	At interest rates of 6.18 percent per annum
Rental and other service income	-	-	14	16	At the rate determined under the contract between related parties
Fees and other income	3	12	65	26	At the rate determined under the contract between related parties
Interest expenses	-	-	546	1,018	At interest rates of 4.05-6.38 percent per annum

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	For the three-month periods ended 31 March				Pricing Policies (For the period 2007)
	Consolidated financial statements		Separate financial statements		
	2007	2006	2007	2006	
Rental expenses	5	4	-	-	At the rate determined under the contract between related parties
Other service expenses	3	2	56	62	At the rate determined under the contract between related parties
Insurance expenses	-	-	1	-	As insurance policy
Associated companies :-					
Interest expenses	2	4	-	-	At interest rates of 2.80 and 11.51 percent per annum
Other expenses	11	10	7	7	
Related companies:-					
Dividend income	6	20	-	1	As declared
Interest income	26	28	-	2	At interest rates of 0.50-8.50 percent per annum
Other income	1	2	-	1	
Interest expenses	12	10	-	-	At interest rates of 2.75-5.25 and 9.00 percent per annum
Project management expenses	14	14	7	6	At the rate determined under the contract between related parties
Other expenses	16	27	3	8	

During the three-month period ended 31 March 2007, N.F.S. Asset Management Co., Ltd. disposed property foreclosed amounting of Baht 193 million with reference to appraisal value from independent appraiser (2006 : Thanachart Bank Plc. transferred additional non-performing loans amounting of Baht 422 million to N.F.S. Asset Management Co., Ltd).

(UNAUDITED BUT REVIEWED)

The outstanding balances of the above transactions during the three-month periods ended 31 March 2007 and 2006 are below shown at the average month end balance :-

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<u>Subsidiary companies</u>				
Interbank and money market items (Assets)	-	-	320	140
Investments in debt securities	-	-	3,000	-
Loans	-	-	2,156	1,483
Deposits	29	25	-	-
Interbank and money market items (Liabilities)	-	-	36,738	69,875
Borrowings and debentures	-	-	67	-
<u>Associated companies</u>				
Investments in debt securities	11	21	-	-
Loans	-	2	-	-
Deposits	76	24	-	-
Borrowings and debentures	72	132	-	-
<u>Related companies</u>				
Interbank and money market items (Assets)	391	279	46	74
Investments in debt and equity securities	1,255	1,371	274	294
Loans	1,143	1,560	6	216
Deposits	734	944	-	-
Interbank and money market items (Liabilities)	31	110	1	4
Borrowings and debentures	112	112	-	-

(UNAUDITED BUT REVIEWED)

As of 31 March 2007 and 31 December 2006, the outstanding balances of the above transactions are separately shown in balance sheet as follow :-

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
<i>Interbank and money market items (Assets)</i>				
Subsidiary company - Thanachart Bank Plc.	-	-	648	74
Related companies	512	653	35	74
Total	512	653	683	148
<i>Investments in debt securities</i>				
Subsidiary company - Thanachart Bank Plc.	-	-	3,000	3,000
Associated company - MBK Plc.	10	15	-	-
Related companies	661	640	-	-
Total	671	655	3,000	3,000
<i>Loans</i>				
Subsidiary companies :-				
Thanachart Group Leasing Co., Ltd.	-	-	2,000	565
National Leasing Co., Ltd.	-	-	452	529
Max Asset Management Co., Ltd.	-	-	358	358
	-	-	2,810	1,452
Related companies	1,029	1,258	2	11
Total	1,029	1,258	2,812	1,463

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
<u>Accrued interest receivable from investments and loans</u>				
Subsidiary companies :-				
Max Asset Management Co., Ltd.	-	-	3	16
Thanachart Bank Plc.	-	-	60	12
	-	-	63	28
Related companies	14	12	-	-
Total	14	12	63	28
<u>Other assets</u>				
Subsidiary companies :-				
Thanachart Bank Plc.	-	-	155	48
Thanachart Securities Plc.	-	-	1	1
Other subsidiary companies	7	7	4	2
	7	7	160	51
Associated companies	9	9	-	4
Related companies	7	22	1	1
Total	23	38	161	56
<u>Deposits</u>				
Subsidiary companies	30	27	-	-
Associated companies :-				
MBK Plc.	19	14	-	-
Other associated companies	2	2	-	-
	21	16	-	-
Related companies	718	759	-	-
Total	769	802	-	-

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
<i>Interbank and money market items (Liabilities)</i>				
Subsidiary company – Thanachart Bank Plc.	-	-	33,700	39,600
Related companies	64	22	-	-
Total	64	22	33,700	39,600
<i>Borrowings and debentures</i>				
Subsidiary company - Thanachart Insurance Co., Ltd.	-	-	98	15
Associated company - MBK Plc.	72	72	-	-
Related companies	112	112	-	-
Total	184	184	98	15
<i>Accrued interest payable</i>				
Subsidiary companies	-	-	2	-
Associated companies	1	3	-	-
Related companies	15	19	-	-
Total	16	22	2	-
<i>Other liabilities</i>				
Subsidiary companies :-				
Thanachart Group Leasing Co., Ltd.	-	-	-	20
Thanachart Bank Plc.	-	-	48	6
National Leasing Co., Ltd.	-	-	9	22
Thanachart Securities Plc.	-	-	3	-
Thanachart Insurance Co., Ltd.	-	-	2	4
Other subsidiary companies	-	-	2	6
	-	-	64	58
Related companies	56	101	2	2
Total	56	101	66	60

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
<u>Guarantees of loans</u>				
Associated companies - MBK Plc.	23	23	-	-
Related companies	33	32	10	10
Total	56	55	10	10

Other commitments – foreign currency and interest

rate swap contracts

Related companies - The Siam Commercial

Bank Plc.	27,870	16,974	8,316	8,316
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As at 31 March 2007, the Company and its subsidiary companies have investments amounting to approximately Baht 459 million (the Company Only : Baht 181 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 31 March 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 financial statements		Separate financial statements	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Loans	50	54	6	6
Deposits	505	572	-	-

(UNAUDITED BUT REVIEWED)

19. FINANCIAL INFORMATION BY SEGMENT

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

(Unit : Million Baht)

	For the three-month periods ended 31 March												Consolidated financial statements	
	Asset management													
	The Company		business		Bank business		Securities business		Other business		Eliminations		2007	2006
	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	978	547	(157)	(36)	1,351	1,115	14	20	89	70	(42)	(40)	2,233	1,676
Share of income from investments accounted for under equity method	-	-	-	-	-	-	-	-	-	-	70	57	70	57
Non-interest income	244	301	89	684	411	269	208	280	1,123	648	(241)	(137)	1,834	2,045
Operating expenses	(279)	(482)	(49)	(39)	(1,475)	(1,304)	(210)	(241)	(1,143)	(707)	254	153	(2,902)	(2,620)
Corporate income tax	(425)	(140)	(16)	(160)	(158)	(30)	(7)	(21)	(54)	(40)	-	-	(660)	(391)
Minority interest in net income in subsidiary companies	-	-	-	-	-	-	-	-	-	-	2	(19)	2	(19)
Net income	518	226	(133)	449	129	50	5	38	15	(29)	43	14	577	748

(Unit : Million Baht)

	As at												Consolidated financial statements	
	Asset management													
	The Company		business		Bank business		Securities business		Other business		Eliminations		2007	2006
	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Investments - Net	27,325	27,621	4,970	4,619	29,940	21,895	982	1,018	4,395	4,854	(24,582)	(24,658)	43,030	35,349
Loans and accrued interest receivable - Net (including interbank and money market items)	43,074	47,275	3,481	3,678	222,077	221,634	2,216	2,393	7,226	6,039	(48,875)	(52,680)	229,199	228,339
Land, premises and equipment - Net	219	344	1	2	1,489	1,198	141	153	61	61	-	-	1,911	1,758
Other assets	3,316	3,683	3,805	3,992	20,531	12,709	128	105	1,003	978	(359)	(145)	28,424	21,322
Total assets	73,934	78,923	12,257	12,291	274,037	257,436	3,467	3,669	12,685	11,932	(73,816)	(77,483)	302,564	286,768

(UNAUDITED BUT REVIEWED)

20. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2007 and 31 December 2006, significant commitments and contingent liabilities consisted of :-

20.1

(Unit : Million Baht)

	Consolidated financial statements					
	31 March 2007			31 December 2006		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Avals to bills	12	-	12	54	-	54
Guarantees of loans	10	-	10	10	-	10
Liability under unmatured import bills	-	3	3	-	19	19
Letters of credit	3	174	177	2	92	94
Other commitments						
Obligations under interest rate swap agreements	58,636	-	58,636	46,636	-	46,636
Obligations under forward exchange contracts						
Bought contracts	-	2,814	2,814	-	82	82
Sold contracts	-	26,912	26,912	-	21,929	21,929
Obligations under cross currency and interest rate swap contracts - sold contracts	-	1,506	1,506	-	1,868	1,868
Committed (but not drawn) overdraft	2,051	-	2,051	1,663	-	1,663
Other guarantees	2,111	3	2,114	1,385	4	1,389
Total contingencies and commitments	62,823	31,412	94,235	49,750	23,994	73,744

(Unit : Million Baht)

	Separate financial statements					
	31 March 2007			31 December 2006		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
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

- 20.2** 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 31 March 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 547 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).
- 20.3** The Company and a subsidiary company have entered into agreements to sell housing loans/ to transfer rights to claim the housing debts of Baht 276 million and Baht 223 million in the consolidated financial statements and the separate financial statements, respectively, 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 9 million (the Company Only : Baht 6 million).
- 20.4** 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.

(UNAUDITED BUT REVIEWED)

20.5 As at 31 March 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 financial statements	Separate financial statements	
	Other companies	Other companies	Subsidiaries
2007	329	94	2
2008	266	41	-
2009 onward	328	58	-

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 as stated in agreements.

20.6 As at 31 March 2007, a subsidiary company has commitment under a research support and distribution services agreement made with an overseas company, whereby it must pay service charges on a quarterly basis at the rate specified in the agreement. The agreement will expire on 30 September 2008.

21. LITIGATION

As at 31 March 2007, the Company and its subsidiary companies have contingent liabilities amounting to approximately Baht 849 million as a result of litigation (the Company Only : Baht 349 million). The cases were not yet final, however, the Company and its subsidiary companies' managements expect that no losses will result and therefore no liabilities are currently recorded.

In addition, in a case between a subsidiary company and a receivable, the Court of Appeals has found against the subsidiary company and ordered it to pay the plaintiff Baht 10 million plus interest at a rate 7.5 percent calculated from 8 October 1998. The subsidiary company has appealed the verdict of the Court of Appeals, but for conservative purposes, has recorded the award as a liability as at the balance sheet date.

22. BANK GUARANTEE

As at 31 March 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 subsidiary companies to guarantee the use of electricity and the rental of land.

23. 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 31 March 2007, the Company has no policy to speculate or trade in any off-balance sheet derivative financial instruments.

23.1 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, guarantees of loans and other guarantees.

23.2 Market risk

a) Interest rate risk

As at 31 March 2007, financial assets and financial liabilities can be classified as follow by interest type :-

(Unit : Million Baht)

	Consolidated financial statements				Separate financial statements			
	Outstanding balances of financial instruments				Outstanding balances of financial instruments			
	Floating	Fixed	Without	Total	Floating	Fixed	Without	Total
	interest rate	interest rate	interest		interest rate	interest rate	interest	
Financial assets								
Cash	-	-	2,098	2,098	-	-	-	-
Interbank and money market items	243	15,606	3,359	19,208	556	-	335	891
Securities purchased under resale agreements	-	14,000	-	14,000	-	-	-	-
Investments	2,595	36,776	4,764	44,135	1,538	3,481	22,900	27,919
Receivables from clearing house	-	-	1	1	-	-	-	-
Loans (including intercompany gain on loan transferred)	29,495	184,338	2,936	216,769	2,065	40,815	957	43,837
Financial liabilities								
Deposits	44,183	158,746	410	203,339	-	-	-	-
Interbank and money market items	1,219	3,073	960	5,252	33,701	-	-	33,701
Payable to clearing house	-	-	428	428	-	-	-	-
Securities business payable	-	-	719	719	-	-	-	-
Borrowings	5,000	49,389	-	54,389	-	15,665	-	15,665
Liabilities payable on demand	-	-	1,078	1,078	-	-	-	-

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.

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

Transactions	Consolidated financial statements						Weighted average interest rates Percentage
	Remaining period to repricing date or to maturity date					Total	
	At call	0-3 months	3-12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	20	14,463	1,123	-	-	15,606	4.77-5.29
Securities purchased under resale agreements	-	14,000	-	-	-	14,000	4.51
Investments	-	17,747	2,349	11,312	5,368	36,776	3.97-4.46
Loans (including intercompany gain on loan transferred)	466	2,958	8,986	145,682	26,246	184,338	6.72-7.80
Financial liabilities							
Deposits	11	67,589	83,358	7,788	-	158,746	4.55
Interbank and money market items	-	248	1,815	1,010	-	3,073	4.75
Borrowings	-	13,095	26,627	9,667	-	49,389	4.00-4.98

(Unit : Million Baht)

Transactions	Separate financial statements						Weighted average interest rates Percentage
	Remaining period to repricing date or to maturity date					Total	
	At call	0-3 months	3-12 months	1 - 5 years	Over 5 years		
Financial assets							
Investments	-	481	-	-	3,000	3,481	5.68
Loans	192	334	3,864	36,425	-	40,815	6.72
Financial liabilities							
Borrowings	-	8,415	3,250	4,000	-	15,665	4.00

(UNAUDITED BUT REVIEWED)

In addition, the Company and its subsidiary companies have interest bearing financial assets and financial liabilities. The monthly average balance of performing financial assets and financial liabilities of the Company and its subsidiary companies for the three-month period ended 31 March 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 balances	Interest and dividend	Average rate	Average balances	Interest and dividend	Average rate
<u>Interest earnings financial assets</u>						
Interbank and money market items	13,618	165	4.85	227	2	4.22
Securities purchased under resale agreements	14,248	164	4.60	-	-	-
Investments	37,486	362	3.87	27,771	59	0.84
Loans/hire purchase and finance lease	202,877	3,828	7.55	45,188	766	6.78
<u>Interest bearing financial liabilities</u>						
Deposits	201,381	2,148	4.27	-	-	-
Interbank and money market items	4,353	47	4.33	36,740	544	5.92
Borrowings	48,953	552	4.51	15,665	156	3.99

b) Foreign exchange risk

As at 31 March 2007, the Company and its subsidiary companies have foreign currency as follow :-

(Unit : Million Baht)

	Consolidated financial statements			Separate financial statements		
	Outstanding balances			Outstanding balances		
	of financial instruments			of financial instruments		
US dollar	Euro	Others	US dollar	Euro	Others	
<u>In-balance foreign currency</u>						
<u>Financial assets</u>						
Cash	32	24	29	-	-	-
Interbank and money market items	13,618	39	41	-	-	-
Investments	11,603	-	-	-	-	-
Loans	18	1	-	-	-	-
Other assets	24	-	-	-	-	-
Total	25,295	64	70	-	-	-
<u>Off-balance foreign currency</u>						
Liabilities under unmatured import bills	3	-	-	-	-	-
Letters of credit	163	7	4	-	-	-
Forwards exchange contracts						
- Bought contracts	2,705	17	92	-	-	-
- Sold contracts	26,588	131	193	-	-	-
Cross currency and interest rate swap contracts - sold contracts	1,506	-	-	-	-	-
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.

23.3 Liquidity risk

Counting from the balance sheet date, the periods to maturity of financial instruments held as at 31 March 2007 are as follows :-

(Unit : Million Baht)

Transactions	Consolidated financial statements					Separate financial statements				
	At call	Less than	Over	Unspecified	Total	At call	Less than	Over	Unspecified	Total
		1 year	1 year				1 year	1 year		
Financial assets										
Cash	2,098	-	-	-	2,098	-	-	-	-	-
Interbank and money market items	3,602	15,586	20	-	19,208	871	-	20	-	891
Securities purchased under resale agreements	-	14,000	-	-	14,000	-	-	-	-	-
Investments	2,595	17,601	19,211	4,728	44,135	1,538	-	3,481	22,900	27,919
Receivables from clearing house	-	1	-	-	1	-	-	-	-	-
Loans ⁽¹⁾	11,442	12,764	192,563	-	216,769	3,910	3,979	35,948	-	43,837
Financial liabilities										
Deposits	43,353	151,289	8,697	-	203,339	-	-	-	-	-
Interbank and money market items	2,179	2,013	1,060	-	5,252	33,701	-	-	-	33,701
Payable to clearing house	-	428	-	-	428	-	-	-	-	-
Securities business payable	-	719	-	-	719	-	-	-	-	-
Borrowings	-	32,142	22,247	-	54,389	-	3,935	11,730	-	15,665
Liabilities payable on demand	1,078	-	-	-	1,078	-	-	-	-	-
Off-balance sheet items :-										
Avals to bills and guarantee of loans	12	10	-	-	22	10	-	-	-	10
Liability under unmatured import bills	-	3	-	-	3	-	-	-	-	-
Letter of credit	1	176	-	-	177	-	-	-	-	-
Other commitments	2,166	55,405	36,061	401	94,033	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.

23.4 Fair value

As at 31 March 2007, there are no material difference between the book value of financial instruments and their fair value, except for held-to-maturity debt securities and borrowings with a fair value of Baht 44 million and Baht 39 million, respectively, over than their book value and off-balance sheet commitments under interest rate swap contracts with a fair value of Baht 113 million less than their book value (the Company Only : held-to-maturity debt securities with a fair value of Baht 248 million over than its book value, and borrowings and off-balance sheet commitments under interest rate swap contracts with a fair value of Baht 18 million and Baht 2 million, respectively, less than its book value).

23.5 Financial derivatives

As at 31 March 2007, financial derivatives, which the Company and its subsidiary company had engaged, can be classified as follow by period to maturity :

(Unit : Million Baht)

	Consolidated financial statements			Separate financial statements		
	Less than		Total	Less than		Total
	1 year	Over 1 year		1 year	Over 1 year	
Forward and spot contracts						
- Bought	2,814	-	2,814	-	-	-
- Sold	26,912	-	26,912	-	-	-
Cross currency and interest rate swap contracts						
- Sold	105	1,401	1,506	-	-	-
Interest rate swap contracts						
- Fixed interest rate payment	5,388	14,620	20,008	3,358	4,150	7,508
- Floating interest rate payment	6,710	2,600	9,310	2,335	150	2,485
- Fixed interest rate receipt	9,910	4,600	14,510	5,535	150	5,685
- Floating interest rate receipt	2,188	12,620	14,808	158	4,150	4,308

24. RECLASSIFICATION

In addition to the change in accounting policies as mentioned in Note 1.4, which affects the previously reported net income and shareholders' equity, certain other amounts in the consolidated financial statements for the three-month period ended 31 March 2006 have been reclassified to conform to the current period's classification, but with no effect to previously reported net income and shareholders' equity other than from the change in accounting policies.

25. SUBSEQUENT EVENTS

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 income for the second half-year of 2006, a total of Baht 667 million. The Meeting also approved the shareholding restructuring plan of Thanachart Group and passed a resolution approving the disposal of the Company's investments in eight subsidiary companies to Thanachart Bank and the disposal of ordinary shares of Thanachart Bank, as mentioned in note 1.1 to the financial statements.

Moreover, the Annual General Meeting of shareholders of subsidiary company (Thanachart Bank) approved a reduction in the Bank's share capital by retiring 41,643,908 unissued ordinary shares, totaling Baht 416,439,080, and an increase in the Bank's share capital by registering an additional 676,263,200 shares with a par value of Baht 10, of these 276,263,200 shares are to be offered to a investor by private placement and 400,000,000 shares are to be offered to existing shareholders on a single or multiple occasions at the discretion of the Bank's directors. However, an increase in share capital are in the process of being approved by the BOT and the Ministry of Finance.

26. APPROVAL OF FINANCIAL STATEMENTS

These interim financial statements were authorised by the Board of Directors on 10 May 2007.