

Thanachart Capital Public Company Limited
and its subsidiaries
Report and interim financial statements
30 June 2010

Report of Independent Auditor

To the Shareholders of Thanachart Capital Public Company Limited

I have audited the accompanying consolidated balance sheets of Thanachart Capital Public Company Limited and its subsidiaries as at 30 June 2010 and 31 December 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2010 and 2009, and the separate financial statements of Thanachart Capital Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanachart Capital Public Company Limited and its subsidiaries and of Thanachart Capital Public Company Limited as at 30 June 2010 and 31 December 2009, the results of their operations and cash flows for the six-month periods ended 30 June 2010 and 2009, in accordance with generally accepted accounting principles.

I have also reviewed the consolidated and the separate income statements for the three-month periods ended 30 June 2010 and 2009 in accordance with the auditing standard applicable to review engagements which provide less assurance than an audit conducted in accordance with generally accepted auditing standards. Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Ratana Jala
Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited
Bangkok: 26 August 2010

Thanachart Capital Public Company Limited and its subsidiaries

Balance sheets

As at 30 June 2010 and 31 December 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2010	31 December 2009	30 June 2010	31 December 2009
Assets					
Cash		12,487,497,891	3,720,273,462	40,000	40,000
Interbank and money market items	7				
Domestic					
Interest bearing		48,507,833,793	53,198,935,262	1,456,107,620	6,671,661,369
Non-interest bearing		6,308,482,410	3,765,768,198	48,164,285	68,094,045
Foreign					
Interest bearing		3,176,012,083	7,571,684,915	-	-
Non-interest bearing		961,276,211	331,088,960	-	-
Total interbank and money market items - net		58,953,604,497	64,867,477,335	1,504,271,905	6,739,755,414
Investments					
Current investments - net	8	55,388,726,563	34,927,223,547	880,130,229	10,765,759,094
Long-term investments - net	8	108,095,499,547	60,484,334,073	5,116,805,924	8,464,436,663
Investments in subsidiaries - net	9	-	-	31,109,068,889	13,243,048,879
Investments in an associated companies - net	10	2,421,075,681	1,701,081,590	657,994,071	657,994,072
Total investments - net		165,905,301,791	97,112,639,210	37,763,999,113	33,131,238,708
Receivables from clearing house		535,850,125	429,219,703	-	-
Loans and accrued interest receivables	11				
Loans		576,077,380,254	289,112,832,433	2,072,153,955	4,057,199,651
Accrued interest receivables		945,205,656	310,757,162	9,300,808	57,533
Total loans and accrued interest receivables		577,022,585,910	289,423,589,595	2,081,454,763	4,057,257,184
Less: Allowance for doubtful accounts	12	(28,237,631,553)	(10,435,922,132)	(541,299,785)	(588,013,363)
Less: Revaluation allowance for debt restructuring	13	(546,566,500)	(98,252,571)	(90,704)	(151,174)
Total loans and accrued interest receivables - net		548,238,387,857	278,889,414,892	1,540,064,274	3,469,092,647
Property foreclosed - net	15	12,076,560,834	6,524,474,610	2,030,304,101	2,161,600,774
Customers' liability under acceptance		83,841,147	-	-	-
Property, premises and equipment - net	16	9,342,999,771	2,423,022,732	191,244,604	209,667,425
Intangible assets - net	17	4,847,720,016	475,285,188	823,498	1,286,527
Leasehold right - net		497,504,520	476,491,249	84,294,706	212,270,335
Goodwill		16,468,815,357	44,274,108	-	-
Financial derivative assets		1,609,744,111	956,688,110	-	-
Receivables from purchase and sale securities and derivatives		2,917,299,955	1,031,719,762	-	-
Accrued interest receivables		1,169,503,143	541,842,312	52,956,384	20,588,296
Other assets - net	18	3,640,499,973	2,472,437,603	60,591,582	65,263,906
Total assets		838,775,130,988	459,965,260,276	43,228,590,167	46,010,804,032

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

Thanachart Capital Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 30 June 2010 and 31 December 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2010	31 December 2009	30 June 2010	31 December 2009
Liabilities and shareholders' equity					
Deposits	19				
Deposits in Baht		541,275,895,804	265,780,765,438	-	-
Deposits in foreign currencies		590,339,871	89,953,995	-	-
Total deposits		541,866,235,675	265,870,719,433	-	-
Interbank and money market items	20				
Domestic					
Interest bearing		49,750,235,542	15,305,723,563	1,311,840	540,375
Non-interest bearing		1,352,570,812	430,964,353	-	-
Foreign					
Interest bearing		5,151,955,818	5,193,820,752	-	-
Non-interest bearing		6,300,541	8,822,437	-	-
Total interbank and money market items		56,261,062,713	20,939,331,105	1,311,840	540,375
Liabilities payable on demand		3,348,533,831	2,111,811,444	-	-
Bank's liability under acceptance		83,841,147	-	-	-
Borrowings	21				
Short-term borrowings		76,473,741,815	74,928,699,414	-	6,500,000,000
Long-term borrowings		48,210,105,192	22,376,700,000	13,500,000,000	10,500,000,000
Total borrowings		124,683,847,007	97,305,399,414	13,500,000,000	17,000,000,000
Accrued interest payable		1,606,801,288	1,109,756,961	89,178,083	117,342,465
Corporate income tax payable		3,102,044,183	1,348,105,322	750,090,411	-
Payables to clearing house		327,849,905	95,690,201	-	-
Payables from purchase and sale securities and derivatives		2,977,780,232	1,345,843,382	-	-
Accrued expenses		2,873,693,416	1,471,549,736	46,217,759	28,267,776
Unearned premium reserve		1,667,426,785	1,354,934,243	-	-
Life premium reserve		24,219,884,680	15,286,244,129	-	-
Other liabilities	22	8,498,006,016	4,319,258,950	324,583,809	342,302,299
Total liabilities		771,517,006,878	412,558,644,320	14,711,381,902	17,488,452,915

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

Thanachart Capital Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 30 June 2010 and 31 December 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2010	31 December 2009	30 June 2010	31 December 2009
Shareholders' equity					
Share capital	23				
Registered, issued and paid-up					
15,856 preference shares of Baht 10 each		158,560	158,560	158,560	158,560
1,333,138,147 ordinary shares of Baht 10 each		13,331,381,470	13,331,381,470	13,331,381,470	13,331,381,470
		<u>13,331,540,030</u>	<u>13,331,540,030</u>	<u>13,331,540,030</u>	<u>13,331,540,030</u>
Share premium		2,065,644,888	2,065,644,888	2,065,644,888	2,065,644,888
Share premium of a subsidiary company		775,814,226	775,814,226	-	-
Amount by which the value of investment in subsidiary is lower than attributable net book value		226,460,173	226,460,173	-	-
Revaluation surplus on investments	24	862,620,158	2,657,959,695	208,104,994	2,126,587,108
Revaluation deficit on investments	24	(427,563,296)	(499,108,900)	-	(5,767,831)
Retained earnings					
Appropriated - statutory reserve	25	979,538,466	979,538,466	979,538,466	979,538,466
- treasury stock reserve	23	387,500,975	387,500,975	387,500,975	387,500,975
Unappropriated		15,730,116,630	13,784,814,953	11,932,379,887	10,024,808,456
Total shareholders' equity before treasury stock and minority interest		<u>33,931,672,250</u>	<u>33,710,164,506</u>	<u>28,904,709,240</u>	<u>28,909,852,092</u>
Less: Treasury stock	23	(387,500,975)	(387,500,975)	(387,500,975)	(387,500,975)
Equity attributable to the Company's shareholders		<u>33,544,171,275</u>	<u>33,322,663,531</u>	<u>28,517,208,265</u>	<u>28,522,351,117</u>
Minority interest - equity attributable to minority shareholders of subsidiaries		33,713,952,835	14,083,952,425	-	-
Total shareholders' equity		<u>67,258,124,110</u>	<u>47,406,615,956</u>	<u>28,517,208,265</u>	<u>28,522,351,117</u>
Total liabilities and shareholders' equity		<u>838,775,130,988</u>	<u>459,965,260,276</u>	<u>43,228,590,167</u>	<u>46,010,804,032</u>
Off-balance sheet items - commitments 36.1					
Avals to bills and guarantees of loans		1,091,813,457	306,250,634	10,000,000	10,000,000
Obligation under unmatured import bills		1,554,132,893	87,557,302	-	-
Letter of credit		3,343,351,993	1,009,878,320	-	-
Other commitments		221,211,300,805	99,881,319,942	560,088	8,000,560,088

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

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Directors
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Thanachart Capital Public Company Limited and its subsidiaries

Income statements

For the three-month periods ended 30 June 2010 and 2009

(Unit: Baht)

Note	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
	(Unaudited but reviewed)	(Unaudited but reviewed)	(Unaudited but reviewed)	(Unaudited but reviewed)
Interest and dividend income				
Loans	4,426,112,207	969,599,911	11,592,576	21,355,616
Interbank and money market items	302,049,614	238,865,163	10,198,699	14,517,544
Hire purchase and financial leases	3,787,390,546	3,809,036,853	8,053,431	72,908,521
Investments	1,170,542,377	451,042,112	662,489,051	784,885,421
Total interest and dividend income	9,686,094,744	5,468,544,039	692,333,757	893,667,102
Interest expenses				
Deposits	1,682,404,463	1,212,886,685	-	-
Interbank and money market items	148,321,055	17,715,173	-	-
Short-term borrowings	263,440,232	296,219,152	25,792,286	72,275,744
Long-term borrowings	587,695,557	139,457,973	154,637,673	19,633,562
Total interest expenses	2,681,861,307	1,666,278,983	180,429,959	91,909,306
Net interest and dividend income	7,004,233,437	3,802,265,056	511,903,798	801,757,796
Reversal of bad debt and doubtful accounts				
(Bad debt and doubtful accounts)	(622,253,437)	(1,345,491,279)	18,178,895	52,654,710
Loss on debt restructuring	(5,366,280)	(16,613,037)	(14,040)	(81,951)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	6,376,613,720	2,440,160,740	530,068,653	854,330,555
Non-interest income				
Brokerage fees	335,156,599	244,873,612	-	-
Gain on investments	273,918,200	4,878,667	2,258,725,677	16,046,640
Share of income from investments in associated companies accounted for under equity method	192,705,878	65,249,169	-	-
Fees and service income				
Acceptances, aval and guarantees	73,828,848	9,638,051	49,457	49,457
Others	879,318,578	501,956,831	15,967,976	37,742,981
Gain on exchange and financial derivatives	120,413,425	14,156,659	-	-
Gain on property foreclosed and other assets	187,770,797	37,206,481	91,783,439	3,290,978
Insurance premium/Life insurance premium income	2,178,354,426	2,775,502,207	-	-
Other income	448,178,723	454,576,867	135,198,263	136,359,123
Total non-interest income	4,689,645,474	4,108,038,544	2,501,724,812	193,489,179

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

Thanachart Capital Public Company Limited and its subsidiaries

Income statements (continued)

For the three-month periods ended 30 June 2010 and 2009

(Unit: Baht)

Note	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
	(Unaudited but reviewed)	(Unaudited but reviewed)	(Unaudited but reviewed)	(Unaudited but reviewed)
Non-interest expenses				
Personnel expenses	2,384,360,396	1,075,539,923	26,646,827	18,625,020
Premises and equipment expenses	954,516,611	442,396,200	32,637,670	34,741,801
Taxes and duties	194,080,300	69,941,942	1,388,004	997,221
Fees and service expenses	(49,688,455)	112,553,378	603,851	1,459,063
Directors' remuneration	39,646,532	26,906,234	14,309,382	13,536,440
Fund contributed to the Deposits				
Protection Agency	578,713,647	254,370,238	-	-
Insurance/Life insurance expenses	1,715,155,353	2,200,955,381	-	-
Other expenses	1,065,574,834	842,056,672	43,102,205	64,513,404
Total non-interest expenses	6,882,359,218	5,024,719,968	118,687,939	133,872,949
Income before corporate income tax	4,183,899,976	1,523,479,316	2,913,105,526	913,946,785
Corporate income tax	(1,410,860,764)	(438,390,024)	(685,833,851)	(49,539,798)
Net income for the period	2,773,039,212	1,085,089,292	2,227,271,675	864,406,987
Net income attributable to				
The Company	1,368,528,810	743,796,896	2,227,271,675	864,406,987
Minority interests of the subsidiaries	1,404,510,402	341,292,396	-	-
	2,773,039,212	1,085,089,292	2,227,271,675	864,406,987
Earnings per share				
33				
Basic earnings per share				
Net income attributable to the Company	1.07	0.58	1.74	0.68
Diluted earnings per share				
Net income attributable to the Company	1.07	0.58	1.74	0.68

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

Thanachart Capital Public Company Limited and its subsidiaries

Income statements

For the six-month periods ended 30 June 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Interest and dividend income					
Loans		5,493,813,858	1,922,116,970	23,631,069	38,236,132
Interbank and money market items		386,818,827	657,548,604	29,626,286	34,409,377
Hire purchase and financial leases		7,617,916,025	7,631,701,605	24,593,139	178,712,335
Investments		1,898,939,206	788,608,419	1,023,917,128	844,800,207
Total interest and dividend income		15,397,487,916	10,999,975,598	1,101,767,622	1,096,158,051
Interest expenses					
Deposits		2,606,564,601	2,959,255,542	-	-
Interbank and money market items		199,398,580	45,236,205	-	15,438,082
Short-term borrowings		542,664,615	603,035,476	87,010,424	96,053,150
Long-term borrowings		900,519,687	334,080,322	301,793,835	100,030,823
Total interest expenses		4,249,147,483	3,941,607,545	388,804,259	211,522,055
Net interest and dividend income		11,148,340,433	7,058,368,053	712,963,363	884,635,996
Reversal of bad debt and doubtful accounts					
(Bad debt and doubtful accounts)	26	(861,267,014)	(2,602,872,268)	62,852,149	81,420,501
Loss on debt restructuring	27	(41,734,840)	(17,625,608)	(24,219)	(198,021)
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		10,245,338,579	4,437,870,177	775,791,293	965,858,476
Non-interest income					
Brokerage fees		530,318,056	355,312,141	-	-
Gain on investments	28	569,298,442	2,722,847,183	2,305,578,650	3,036,407,517
Share of income from investments in associated companies accounted for under equity method	10	248,669,533	145,742,940	-	-
Fees and service income					
Acceptances, aval and guarantees		85,279,217	18,940,716	99,143	99,143
Others		1,372,743,548	1,072,241,784	37,379,953	82,888,957
Gain on exchange and financial derivatives		157,095,901	60,796,581	-	-
Gain on property foreclosed and other assets	29	411,979,713	208,610,911	296,993,255	39,180,796
Insurance premium/Life insurance premium income		4,874,454,181	5,056,103,240	-	-
Other income		770,926,929	685,100,001	244,725,962	263,759,811
Total non-interest income		9,020,765,520	10,325,695,497	2,884,776,963	3,422,336,224

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

Thanachart Capital Public Company Limited and its subsidiaries

Income statements (continued)

For the six-month periods ended 30 June 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Non-interest expenses					
Personnel expenses		3,569,021,046	2,118,136,490	50,072,098	37,105,242
Premises and equipment expenses		1,404,451,814	858,175,605	62,437,897	68,276,736
Taxes and duties		246,239,299	132,725,571	3,782,137	9,368,448
Fees and service expenses		141,399,969	172,342,573	1,209,715	3,099,601
Directors' remuneration	30	47,028,332	31,532,034	16,354,382	15,341,440
Fund contributed to the Deposits					
Protection Agency		848,432,161	508,740,475	-	-
Insurance/Life insurance expenses		3,789,179,936	4,150,848,952	-	-
Other expenses		1,861,102,458	1,662,608,289	93,258,821	145,092,644
Total non-interest expenses		11,906,855,015	9,635,109,989	227,115,050	278,284,111
Income before corporate income tax		7,359,249,084	5,128,455,685	3,433,453,206	4,109,910,589
Corporate income tax	31	(2,353,004,800)	(1,641,340,691)	(759,271,758)	(983,708,285)
Net income for the period		5,006,244,284	3,487,114,994	2,674,181,448	3,126,202,304
Net income attributable to					
The Company		2,711,911,694	2,934,236,298	2,674,181,448	3,126,202,304
Minority interests of the subsidiaries		2,294,332,590	552,878,696	-	-
		5,006,244,284	3,487,114,994	2,674,181,448	3,126,202,304
Earnings per share					
33					
Basic earnings per share					
Net income attributable to the Company		2.12	2.29	2.09	2.44
Diluted earnings per share					
Net income attributable to the Company		2.12	2.29	2.09	2.44

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

Thanachart Capital Public Company Limited and its subsidiaries

Cash flows statements

For the six-month periods ended 30 June 2010 and 2009

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Cash flows from operating activities				
Net income before corporate income tax	7,359,249,084	5,128,455,685	3,433,453,206	4,109,910,589
Adjustments to reconcile net income before corporate income tax to net cash provided by (paid from) operating activities				
Share of income from investments accounted for under equity method	(248,669,533)	(145,742,940)	-	-
Depreciation and amortisation	562,443,658	345,481,161	40,461,325	28,051,163
Bad debt and doubtful accounts and loss on debt restructuring (reversal)	903,001,854	2,620,497,876	(62,827,930)	(81,222,480)
Decrease in provision for impairment of property foreclosed	(12,109,315)	(101,860,132)	(59,056,718)	(7,178,833)
Increase (decrease) in provision for impairment of equipment/other assets	158,752,242	33,521,315	(633,137)	(1,991,540)
Increase (decrease) in provision for impairment/ revaluation of investments	(36,480,868)	(145,443,375)	21,233,994	3,355,971
Amortisation of deferred gain on disposal of property foreclosed	(2,334,036)	(4,365,743)	-	-
Unrealised loss on foreign exchange and financial derivatives	295,978,316	545,503,793	-	-
Increase in unearned premium reserve/ life insurance premium reserve	1,595,680,209	2,438,452,125	-	-
Gain on sales of/capital return from investments in subsidiary and associated companies	(27,351,480)	(2,833,251,176)	(2,135,729,686)	(3,038,370,168)
Gain on transfers of assets for debt repayment	(2,302,619)	(11,242,285)	-	-
Gain on disposal of equipment	(91,812,017)	(1,634,123)	(86,476,530)	(4,810)
Amortisation of deferred income	(1,885,383)	(2,026,912)	-	-
Decrease (increase) in accrued other income receivable	(207,129,000)	160,835,558	4,265,184	2,514,894
	10,245,031,112	8,027,180,827	1,154,689,708	1,015,064,786
Net interest and dividend income	(11,148,340,433)	(7,058,368,053)	(712,963,363)	(884,635,996)
Cash received from interest on operating activities	13,883,011,004	10,343,823,952	86,235,875	240,087,971
Cash paid for interest on operating activities	(3,159,504,490)	(3,375,415,581)	-	(15,438,082)
Cash paid for corporate income tax	(2,133,169,284)	(385,465,744)	(9,189,740)	(73,189,630)
Income from operating activities before changes in operating assets and liabilities	7,687,027,909	7,551,755,401	518,772,480	281,889,049

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

Thanachart Capital Public Company Limited and its subsidiaries

Cash flows statements (continued)

For the six-month periods ended 30 June 2010 and 2009

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Interbank and money market items	68,816,378,157	9,002,608,115	5,223,198,762	(1,084,614,144)
Investments in trading securities	(271,420,628)	(1,302,175,564)	(70,081,370)	-
Receivables from clearing house	29,002,391	(639,927,346)	-	-
Loans	(11,087,817,609)	(6,630,662,068)	2,016,024,559	1,922,468,800
Receivables from purchase and sale securities and derivatives	(1,619,236,177)	447,152,260	-	-
Property foreclosed	3,016,615,466	4,009,763,974	196,832,363	78,814,999
Other assets	545,546,795	(164,362,372)	(10,519,276)	(9,996,464)
Operating liabilities increase (decrease)				
Deposits	(32,308,261,729)	(16,384,408,171)	-	-
Interbank and money market items	(6,286,305,285)	17,450,704,352	771,465	(4,499,384,350)
Payable to clearing house	149,086,056	(294,804,300)	-	-
Payable from purchase and sales securities and derivatives	1,222,102,962	1,206,060,710	-	-
Liability payable on demand	341,714,340	45,831,171	-	-
Other liabilities	806,280,381	(340,049,774)	(28,584,756)	468,186
Net cash provided from (used in)				
operating activities	31,040,713,029	13,957,486,388	7,846,414,227	(3,310,353,924)
Cash flows from investing activities				
Decrease (increase) in long-term investments	13,492,531,813	(5,183,386,780)	10,117,149,907	(889,381,877)
Cash received from disposal of investments in subsidiary and associated companies	212,765,721	7,740,066,401	3,402,204,692	7,655,761,426
Capital returned from subsidiary companies	-	-	379,470,671	50,029,980
Cash paid for purchase of investments in subsidiary companies	(55,396,315,582)	-	(18,245,490,680)	(1,018,902,990)
Cash received from interest and dividend	3,032,852,623	844,646,621	946,695,096	836,096,527
Cash paid for purchase of land and equipment/ intangible assets	(228,730,381)	(445,006,079)	(3,376,563)	(10,650,647)
Cash received from disposal of equipment/ intangible assets	267,357,672	6,321,367	209,731,308	13,990
Net cash provided from (used in)				
investing activities	(38,619,538,134)	2,962,641,530	(3,193,615,569)	6,622,966,409

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

Thanachart Capital Public Company Limited and its subsidiaries

Cash flows statements (continued)

For the six-month periods ended 30 June 2010 and 2009

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Cash flows from financing activities				
Cash received from borrowings	189,014,412,503	2,980,797,106	5,989,260,139	980,797,105
Cash paid for borrowings	(186,437,831,369)	(19,515,208,085)	(9,500,000,000)	(3,108,336,627)
Cash paid for interest expenses on borrowings	(2,457,127,606)	(1,233,913,608)	(406,228,780)	(172,010,277)
Cash received from minority interest for shares capital issuance of a subsidiary company	17,542,017,428	981,096,810	-	-
Cash paid to minority interest for decrease shares capital of a subsidiary company	6,833,126	-	-	-
Dividend payment	(735,830,017)	(735,822,036)	(735,830,017)	(735,822,036)
Cash paid for treasury stocks	-	(277,240,650)	-	(277,240,650)
Dividend paid to minority interest	(586,424,531)	(539,913,048)	-	-
Net cash provided from (used in) financing activities	16,346,049,534	(18,340,203,511)	(4,652,798,658)	(3,312,612,485)
Net increase (decrease) in cash	8,767,224,429	(1,420,075,593)	-	-
Cash at beginning of the period	3,720,273,462	4,017,994,398	40,000	40,000
Cash at ending of the period	12,487,497,891	2,597,918,805	40,000	40,000

Supplemental cash flows information

Non-cash transactions

Property foreclosed transferred from loans,

other receivable and investments in

receivables purchased

Bad debt written off

Accounts payable for purchase of assets

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

Thanachart Capital Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2010 and 2009

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the Company's shareholders												
	Issued and paid-up share capital		Share premium of a subsidiary company	Amount by which the value of investment in subsidiary is lower than attributable net book value			Retained earnings			Minority interest - equity attributable to minority shareholders	Total	
	Preference shares	Ordinary shares		Share premium	Revaluation surplus (deficit) on investments	Appropriated		Treasury stock	Unappropriated			Treasury stock
						Statutory reserve	Treasury stock reserve					
Balance as at 1 January 2009	158,560	13,331,381,470	2,065,644,888	1,141,663,553	226,460,173	(1,318,718,563)	803,178,954	110,260,325	10,342,356,392	(110,260,325)	5,769,043,040	32,361,168,467
Decrease in share premium of a subsidiary company from disposal of investments	-	-	-	(365,849,327)	-	-	-	-	-	-	-	(365,849,327)
Decrease in revaluation deficit on investments	-	-	-	-	-	1,299,500,181	-	-	-	-	-	1,299,500,181
Income (expenses) recognised directly in equity	-	-	-	(365,849,327)	-	1,299,500,181	-	-	-	-	-	933,650,854
Net income for the period	-	-	-	-	-	-	-	-	2,934,236,298	-	552,878,696	3,487,114,994
Total income (expenses) for the period	-	-	-	(365,849,327)	-	1,299,500,181	-	-	2,934,236,298	-	552,878,696	4,420,765,848
Cash payment for treasury stock	-	-	-	-	-	-	-	-	-	(277,240,650)	-	(277,240,650)
Dividend paid (Note 23)	-	-	-	-	-	-	-	-	(766,697,822)	-	-	(766,697,822)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	95,786	-	-	95,786
Transfer of retained earnings to treasury stock reserve	-	-	-	-	-	-	-	277,240,650	(277,240,650)	-	-	-
Increase in minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	5,796,993,857	5,796,993,857
Balance as at 30 June 2009	158,560	13,331,381,470	2,065,644,888	775,814,226	226,460,173	(19,218,382)	803,178,954	387,500,975	12,232,750,004	(387,500,975)	12,118,915,593	41,535,085,486
Balance as at 1 January 2010	158,560	13,331,381,470	2,065,644,888	775,814,226	226,460,173	2,158,850,795	979,538,466	387,500,975	13,784,814,953	(387,500,975)	14,083,952,425	47,406,615,956
Decrease in revaluation surplus on investments	-	-	-	-	-	(1,723,793,933)	-	-	-	-	-	(1,723,793,933)
Expenses recognised directly in equity	-	-	-	-	-	(1,723,793,933)	-	-	-	-	-	(1,723,793,933)
Net income for the period	-	-	-	-	-	-	-	-	2,711,911,694	-	2,294,332,590	5,006,244,284
Total income (expenses) for the period	-	-	-	-	-	(1,723,793,933)	-	-	2,711,911,694	-	2,294,332,590	3,282,450,351
Dividend paid (Note 23)	-	-	-	-	-	-	-	-	(766,697,822)	-	-	(766,697,822)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	87,805	-	-	87,805
Increase in minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	17,335,667,820	17,335,667,820
Balance as at 30 June 2010	158,560	13,331,381,470	2,065,644,888	775,814,226	226,460,173	435,056,862	979,538,466	387,500,975	15,730,116,630	(387,500,975)	33,713,952,835	67,258,124,110

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

Thanachart Capital Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2010 and 2009

(Unit: Baht)

Separate financial statements

	Issued and paid-up share capital		Revaluation surplus (deficit) on investments	Retained earnings				Total	
	Preference shares	Ordinary shares		Share premium	Appropriated		Unappropriated		Treasury stock
					Statutory reserve	Treasury stock reserve			
Balance as at 1 January 2009	158,560	13,331,381,470	2,065,644,888	(444,187,288)	803,178,954	110,260,325	8,164,165,206	(110,260,325)	23,920,341,790
Increase in revaluation surplus on investments	-	-	-	1,072,785,691	-	-	-	-	1,072,785,691
Income recognised directly in equity	-	-	-	1,072,785,691	-	-	-	-	1,072,785,691
Net income for the period	-	-	-	-	-	-	3,126,202,304	-	3,126,202,304
Total income for the period	-	-	-	1,072,785,691	-	-	3,126,202,304	-	4,198,987,995
Cash payment for treasury stock	-	-	-	-	-	-	-	(277,240,650)	(277,240,650)
Dividend paid (Note 23)	-	-	-	-	-	-	(766,697,822)	-	(766,697,822)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	95,786	-	95,786
Transfer of retained earnings to treasury stock reserve	-	-	-	-	-	277,240,650	(277,240,650)	-	-
Balance as at 30 June 2009	158,560	13,331,381,470	2,065,644,888	628,598,403	803,178,954	387,500,975	10,246,524,824	(387,500,975)	27,075,487,099
Balance as at 1 January 2010	158,560	13,331,381,470	2,065,644,888	2,120,819,277	979,538,466	387,500,975	10,024,808,456	(387,500,975)	28,522,351,117
Decrease in revaluation surplus on investments	-	-	-	(1,912,714,283)	-	-	-	-	(1,912,714,283)
Expenses recognised directly in equity	-	-	-	(1,912,714,283)	-	-	-	-	(1,912,714,283)
Net income for the period	-	-	-	-	-	-	2,674,181,448	-	2,674,181,448
Total income (expenses) for the period	-	-	-	(1,912,714,283)	-	-	2,674,181,448	-	761,467,165
Dividend paid (Note 23)	-	-	-	-	-	-	(766,697,822)	-	(766,697,822)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	87,805	-	87,805
Balance as at 30 June 2010	158,560	13,331,381,470	2,065,644,888	208,104,994	979,538,466	387,500,975	11,932,379,887	(387,500,975)	28,517,208,265

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

Thanachart Capital Public Company Limited and its subsidiaries
Notes to interim financial statements
For the six-month periods ended 30 June 2010 and 2009

1. General information

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

All subsidiaries are registered as limited or public limited companies under Thai laws and operate their businesses in Thailand. The subsidiaries’ business include commercial banking business, securities business, non-performing assets management business, leasing and hire-purchase business, non-life insurance business, life insurance business, fund management business, and others.

2. Thanachart Bank Plc.’s project to purchase Siam City Bank Plc.’s common shares with the purpose of transferring Siam City Bank’s entire business to Thanachart Bank Plc.

2.1 The purchase of the common shares of Siam City Bank Plc. from the Financial Institutions Development Fund

On 24 February 2010, the Board of Directors of the Company passed a resolution to approve Thanachart Bank Plc. (“Thanachart Bank”), a subsidiary company, enter into a share purchase agreement with the Financial Institutions Development Fund (“FIDF”) to purchase shares of Siam City Bank Plc. (“SCIB”). On 11 March 2010, Thanachart Bank signed such agreement to purchase 1,005,330,950 SCIB’s shares, or 47.58% of the total issued and paid-up shares capital, at a price of Baht 32.50 per share, or for total of Baht 32,673 million.

On 1 April 2010, the Bank of Thailand (“BOT”) approved Thanachart Bank’s holding shares of SCIB in accordance with certain specified conditions, i.e. SCIB is to continue operating as a commercial bank but has to return its license within 31 December 2011, mandated certain requirements such as capital fund calculation, inclusion in the financial business group, and holding in companies in the financial business group, among others.

On 7 April 2010, the Annual General Meeting of the Shareholders of the Company and Thanachart Bank for the year 2010 passed a resolution to (a) approve Thanachart Bank to purchase of SCIB's shares from FIDF, make a tender offer for all shares of SCIB, and accept the transfer of the entire business of SCIB, including SCIB's employees, and to propose SCIB to delist its shares from the Stock Exchange of Thailand and Thanachart Bank then to submit a tender offer for SCIB's shares. On 9 April 2010, Thanachart Bank paid FIDF for SCIB's shares, in accordance with conditions in an agreement and, as a result, Thanachart Bank is now a major shareholder of SCIB; and (b) approve a tender offer for all shares of Ratchthani Leasing Plc, an associated company of SCIB, because indirect control over this listed company is held as a result of the acquisition of SCIB's shares (according to the Chain Principle).

As a result of Thanachart Bank purchased SCIB's shares from FIDF and combining with 104,964,000 SCIB's shares held by the Company, total shareholding in SCIB is 52.55%.

2.2 Significant procedures after acquiring of SCIB's ordinary shares from FIDF

Rights offering of additional paid-up share capital to shareholders of Thanachart Bank

During 8 - 19 April 2010, Thanachart Bank called up 3,579,045,631 additional shares with a par value of Baht 10, or a total of Baht 35,790 million, from existing shareholders, in proportion to their holdings, and as a result Thanachart Bank's issued and paid-up share capital totals Baht 55,136,649,030. The Company exercised both its own entitlement and the unexercised entitlements of minority shareholders to purchase such shares for a total of Baht 18,245,490,680 and as a consequence the Company's shareholding in Thanachart Bank increased from 50.92% to 50.96%.

Offering of subordinate debentures of Thanachart Bank

In April 2010, Thanachart Bank issued 6,000,000 units of subordinated, unsecured debentures (Lower Tier II), with a face value of Baht 1,000 each, to the public offering. BOT granted permission for these debentures to be counted as Tier II Capital. In addition, Thanachart Bank issued 7,130,000 units of perpetual non-cumulative subordinated hybrid bonds (Hybrid Tier I), with a face value of Baht 1,000 each, by private placement to the Company and another major shareholder of Thanachart Bank (BNS) which the Company invested Baht 3,636 million in these debentures. BOT granted permission for these debentures to be counted as Tier I Capital. The objective of these issues is to provide funds for the acquisition of the SCIB's shares and to increase Thanachart Bank's capital funds to support future operations.

2.3 Tender offer for ordinary shares of SCIB

On 29 April 2010, Thanachart Bank submitted a tender offer for all shares of SCIB of Baht 32.50 per share (the same price as Thanachart Bank paid at auction from FIDF). This comprised 1,107,479,726 shares, with a value not exceeding Baht 35,993 million and the tender offer period ran from 29 April 2010 to 9 June 2010. During the tender offer period, other shareholders sold totaling 1,091,439,949 shares of common stock, amounting to Baht 35,472 million, or 51.66% of the issued and paid-up shares of SCIB. Combined with Thanachart Bank's existing holding, Thanachart Bank's shareholding in SCIB totals 99.24%. Such additional purchase of SCIB's shares included 104,964,000 shares purchased from the Company, the Company therefore recorded a gain on sale of Baht 2,136 million and related income tax expenses of Baht 629 million in the separate income statement. The total gain on sale has been eliminated from the consolidated financial statements and the related income tax has been presented as "suspense account - deferred tax from business combination".

On 9 June 2010, the Board of Directors of Thanachart Bank passed resolutions to approve (a) SCIB's delisting of its shares from the Stock Exchange of Thailand; (b) Thanachart Bank's submission a tender offer for SCIB's shares at a price of Baht 32.50 per share, legally effective when the delisting was approved by a shareholders of SCIB and the Stock Exchange of Thailand. On 5 August 2010, the extraordinary of SCIB's shareholders meeting approved the delisting and SCIB submitted an application to delist its shares to the Stock Exchange of Thailand in the same day. The next step is for Thanachart Bank to submit a general tender offer for ordinary shares and other convertible securities of SCIB, and this is currently being considered by the Stock Exchange of Thailand; and (c) the appointment of Thanachart Securities Plc. (a subsidiary company) as financial advisor and to prepare the tender offer for delisting of SCIB's shares.

2.4 Making a tender offer of the common shares in Ratchthani Leasing Plc. from other shareholders

SCIB holds 48.32% of the issued and paid-up share capital of Ratchthani Leasing Plc., and so Thanachart Bank had to make a tender offer for all shares of Ratchthani Leasing Plc. held by other shareholders. Thanachart Bank was made tender offer for 822,593,906 shares at a price of Baht 1.10 per share (the price that financial advisor opines that is a reasonable price) and ran from 29 April 2010 to 9 June 2010. During the tender offer period, other shareholders of Ratchthani Leasing Plc. sold 215,000 shares of common stock, or 0.03 percent of the issued and paid-up shares. As a result, Thanachart Bank's shareholding in Ratchthani Leasing Plc. is 0.03% of the issued and paid-up shares, and as a result, Thanachart Bank and SCIB hold 48.35% shares in Ratchthani Leasing, and also treated as associated company of Thanachart Bank and the Company.

In addition, on 30 June 2010, the Board of Directors of Thanachart Bank passed a resolution approving a decision not make a second tender offer for the remaining shares of Ratchthani Leasing Plc.

2.5 Key operational plans after the tender offer for SCIB's shares

Thanachart Bank and SCIB together set plans, in preparation for the entire business transfer of SCIB's business, including a business plan for the period after the transfer, to be acted on after BOT approval. Once BOT approves the plan, both Thanachart Bank and SCIB are to hold extraordinary general meetings of their shareholders in order to propose the plan for approval. Thanachart Bank expects to be able to complete the entire business transfer in 2011, and upon completion, Thanachart Bank will return SCIB's banking licenses to BOT and proceed with the liquidation process of SCIB.

2.6 Allocating the cost of a business combination

The Company and Thanachart Bank have considered the investments in SCIB's shares as investments in subsidiary company since 9 April 2010 because Thanachart has control over shareholding and management. On that date, Thanachart Bank acquired 47.58% in SCIB's shares and combined with the Company's existing holding at 4.97%, total shareholding is 52.55%. In addition, at the same day, the Thanachart's management are assigned to be the SCIB's directors at the portion that Thanachart will have control over voting right of SCIB. Moreover, in June 2010, Thanachart Bank purchased additional ordinary shares of SCIB, increase its shareholding to 99.24%. The Company and Thanachart Bank paid a total cost of Baht 66,001 million, with direct expenses related to business combination amounting to Baht 206 million, including expenses of Baht 34 million that were paid to a subsidiary company. Total cost of investments thus total Baht 66,173 million in the consolidated financial statements. For the purpose of allocating the cost of a business combination, the management of the Company and Thanachart Bank estimated the initial fair value of each assets and liabilities as at 9 April 2010, as follows:

1. Assets and liabilities in SCIB's accounts were valued and noted that the fair value of assets and liabilities of SCIB as at investment payment date were totaled of Baht 45,685 million, which was Baht 1,314 million higher than book value.
2. Intangible assets are assets that will generate future economic benefits. The Company and Thanachart Bank estimated the fair value of the intangible assets of SCIB at Baht 4,100 million, comprised of (a) Core Deposit Intangibles which were evaluated using the incremental cash-flows from low cost deposit, and considering the cost saving for current and savings deposits; (b) Customer Relationships, which were valued on the base of future revenues that will be earned from SCIB's existing customers.
3. For specific and contingent liabilities, the Company and Thanachart Bank estimated these and concluded that no contingent liabilities need to be recognised.

The acquisition of ordinary shares of SCIB on 10 June 2010 is a transaction under the Securities and Commission Act. Hence, these two share purchase transactions are considered as a single transaction. The Company and Thanachart Bank therefore used the fair value of assets, liabilities and intangible assets estimated at the first transaction date in computing goodwill from the second purchase transaction. Differences between the cost of business combination and the fair value of assets, liabilities, contingent liabilities and intangible assets in proportion to the shareholding, amounting to Baht 16,425 million, are recognised as goodwill from business combination in the consolidated financial statements.

The initial estimated fair value of assets and liabilities of SCIB and its subsidiaries and the carrying value of each significant account as at the date the Company and Thanachart Bank have control over SCIB are as follow:

	(Unit: Million Baht)	
	<u>Book value</u>	<u>Fair value</u>
Assets		
Cash and Interbank and money market items	72,528	72,528
Investments	83,019	84,333
Loans and receivables	262,154	262,154
Intangible assets	293	4,393
Other assets	18,001	18,001
	<u>435,995</u>	<u>441,409</u>
Liabilities		
Deposits and Borrowings	375,255	375,255
Other liabilities	16,369	16,369
	<u>391,624</u>	<u>391,624</u>
Net asset value	<u>44,371</u>	<u>49,785</u>
Proportion of fair value of net asset value		49,748
Goodwill from business combination		<u>16,425</u>
Cost of business combination		<u><u>66,173</u></u>
 Cash flows used in purchase of investments in subsidiaries		
Total cash payment		66,173
Cash payment before the year 2010		(1,266)
Net cash of subsidiaries at purchase date		<u>(9,510)</u>
Net cash paid for the year 2010		<u><u>55,397</u></u>

In allocating the cost of a business combination, the Company and Thanachart Bank did not recognised deferred tax liabilities of Baht 1,624 million, arising from adjustment of assets to fair value, and did not recognised the employee benefits payable under the labour law due to retirement benefit of SCIB's employees amounting to Baht 1,300 million, since the two relevant accounting standards are not yet effective.

However, the Company and Thanachart Bank have 12 months from the purchase date, or until 8 April 2011, to adjust the estimated fair value of the above transactions and the allocation of the cost of a business combination.

2.7 Obligations of FIDF under the share purchase agreement

The Share Purchase Agreement between Thanachart Bank as “the Purchaser” and FIDF as “the Seller”, dated 11 March 2010, states that the obligations, guarantees, liabilities or indemnities of the Seller to SCIB under any arrangements, agreements or documents in connection with the merger between SCIB and Bangkok Metropolitan Bank Public Company Limited (“BMB”) (the “Seller’s Obligations”), including funds deposited in accounts opened and maintained with SCIB to compensate for any losses or damages suffered or incurred by SCIB arising out of or in connection with the merger between SCIB and BMB will continue in full force and effect after completion of the sale and purchase of SCIB’s shares. Rights and obligations of SCIB related to the Seller’s Obligation, including funds deposited in the accounts opened and maintained with SCIB, will be transferred to and/or assumed by Thanachart Bank, with effect from the completion date of the merger and/or consolidation between SCIB and Thanachart Bank. In addition, in case of the liquidation of the Seller, the Seller’s Obligations will be transferred and/or assumed by another government agency.

3. Basis of preparation of interim financial statements

3.1 These interim financial statements have been prepared in accordance with Thai Accounting Standards No. 34 (revised 2007) “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.

The interim financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547, including accounting practice of Transferring/Transferred of financial assets; and with reference to the guidelines stipulated by the BOT. The presentation of the financial statements has been made in compliance with the Notification of the BOT relating to the preparation and format of the financial statements of commercial banks and holding company of financial business group, dated 3 August 2008.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

3.2 Basis of preparation of the interim consolidated financial statements

- a) These interim consolidated financial statements include the financial statements of the Company and its subsidiaries (hereinafter referred to as “the subsidiaries”) as follows:

	Percentage of shares held by the Company		Percentage of shares held by the subsidiaries	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
<u>Subsidiaries directly held by the Company</u>				
Thanachart Bank Plc.	50.96	50.92	-	-
NFS Asset Management Co., Ltd.	100.00	100.00	-	-
MAX Asset Management Co., Ltd.	83.44	83.44	-	-
NASSET Property Fund 6	99.80	99.80	0.06	0.06
Thiravanit Co., Ltd.	99.90	99.90	-	-
Thanachart SPV 01 Co., Ltd.	100.00	100.00	-	-
<u>Subsidiaries indirectly held</u>				
Thanachart Securities Plc.	-	-	100.00	100.00
Thanachart Insurance Co., Ltd.	-	-	100.00	100.00
Thanachart Life Assurance Co., Ltd.	-	-	100.00	100.00
Thanachart Fund Management Co., Ltd.	-	-	75.00	75.00
Thanachart Broker Co., Ltd.	-	-	100.00	100.00
Thanachart Group Leasing Co., Ltd.	-	-	100.00	100.00
Thanachart Management & Services Co., Ltd.	-	-	100.00	100.00
Thanachart Legal and Appraisal Co., Ltd.	-	-	100.00	100.00
National Leasing Co., Ltd.	-	-	100.00	100.00
Thanachart Training & Development Co., Ltd.	-	-	100.00	100.00
Siam City Bank Plc.	-	-	99.24	-
SCIB Services Co., Ltd.	-	-	99.24	-
Siam City Life Assurance Co., Ltd.	-	-	99.24	-
Siam City Securities Co., Ltd.	-	-	99.03	-
Siam City Asset Management Co., Ltd.	-	-	59.54	-
T Leasing Co., Ltd.	-	-	-	100.00

Total assets and total income of the subsidiaries that have a significant impact to and are included in the consolidated financial statements as at 30 June 2010 and 31 December 2009 and for the six-month periods ended 30 June 2010 and 2009, after eliminating significant intercompany transactions, are as follows:

	Total assets		Total income for the six-month periods ended 30 June	
	30 June	31 December		
	2010	2009	2010	2009
Thanachart Bank Plc.	363,988	406,426	11,847	11,199
Siam City Bank Plc.	407,405	-	4,677	-
Thanachart Life Assurance Co., Ltd.	17,863	15,936	2,972	3,727
Siam City Life Assurance Co., Ltd.	9,248	-	940	-
Thanachart Securities Plc.	4,511	3,079	586	491
Thanachart Insurance Co., Ltd.	3,904	3,095	1,458	1,406
NFS Asset Management Co., Ltd.	3,320	4,167	227	229
MAX Asset Management Co., Ltd.	1,517	1,594	114	115

In April 2010, Thanachart Bank purchased ordinary shares of SCIB from FIDF and purchased additional shares from the minority shareholders in June 2010, as discussed under Note 2 to the financial statements. As a result, Thanachart Bank has a 99.24% shareholding in SCIB. The consolidated financial statements include the balance sheets of SCIB and its subsidiaries as at 30 June 2010 and the income statements from 9 April 2010 (the date on which the Company and Thanachart Bank assumed control over SCIB) to 30 June 2010.

The consolidated financial statements recognised net income of SCIB and its subsidiaries from the date that the Company and Thanachart Bank assumed control, based on its shareholding interest at each period. The Company recognised net income of SCIB and its subsidiaries totaling Baht 186 million in the consolidated income statements for the current period.

For additional information to facilitate evaluation of the financial impact of the business combination, proforma consolidated total income and net income of the Company and its subsidiaries for the period are presented below, inclusive of income and net income of SCIB and its subsidiaries as if business combination had occurred since the beginning of the period.

	(Unit: Million Baht)
	For the six-month period ended
	30 June 2010
Total income as if business combination occurred on 1 January 2010	30,517
Net income as if business combination occurred on 1 January 2010	3,426

Moreover, during the period, Thanachart Bank disposed all investments in common shares of T Leasing Co., Ltd. to MBK Plc. for a total of Baht 213 million. The gain on disposal of Baht 27 million was recognised in the consolidated income statement.

On 3 February 2009, the Company sold an additional 416,526,737 ordinary shares of Thanachart Bank to The Bank of Nova Scotia (“BNS”) at a price of Baht 18.38 per share or a total of Baht 7,656 million. The Company recognised a gain on the sale of Baht 3,038 million in the separate income statement for the six-month period ended 30 June 2009, calculated under the cost method, while a gain of Baht 2,805 million was recognised in the consolidated income statement under the equity method.

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. However, the consolidated financial statements for the six-month period ended 30 June 2010 did not include the financial statements of Chada Thong Properties Co., Ltd., a subsidiary indirectly held by SCIB at 70 percent, because that subsidiary has ceased its operation and is in the process of being liquidated. SCIB has already made a full allowance for impairment in value of its investment in this subsidiary.
- c) The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent significant accounting policies. In case where there are different in accounting policies, the Company has adjusted the effect of these in the consolidated financial statements.
- d) The outstanding balances and significant intercompany transactions between the Company and its subsidiaries have been eliminated in the consolidated financial statements. The investments in subsidiaries as recorded in the Company’s and its subsidiaries’ books of accounts have been eliminated against the shareholders’ equity of the subsidiaries.
- e) Minority interests represent the portion of net income or loss and net assets value of the subsidiaries that are not held by the Group, and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

3.3 The separate financial statements, which present investments in subsidiaries and associated company under the cost method, have been prepared solely for the benefit of the public.

4. Adoption of new accounting standards

In current period, the Federation of Accounting Professions has issued new and revised accounting standards as specified below. These are not effective for the current year, except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective.

	<u>Effective date</u>
Framework for the Preparation and Presentation of Financial Statements (revised 2009)	Immediate
TAS 1 (revised 2009) Presentation of Financial Statements	1 January 2011
TAS 2 (revised 2009) Inventories	1 January 2011
TAS 7 (revised 2009) Statement of Cash Flows	1 January 2011
TAS 8 (revised 2009) Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2011
TAS 10 (revised 2009) Events after the Reporting Period	1 January 2011
TAS 11 (revised 2009) Construction Contracts	1 January 2011
TAS 12 Income Taxes	1 January 2013
TAS 17 (revised 2009) Leases	1 January 2011
TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of Government Assistance	1 January 2013
TAS 23 (revised 2009) Borrowing Costs	1 January 2011
TAS 24 (revised 2009) Related Party Disclosures	1 January 2011
TAS 27 (revised 2009) Consolidated and Separate Financial Statements	1 January 2011
TAS 28 (revised 2009) Investments in Associates	1 January 2011
TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2011
TAS 31 (revised 2009) Interests in Joint Ventures	1 January 2011
TAS 33 (revised 2009) Earnings per Share	1 January 2011
TAS 34 (revised 2009) Interim Financial Reporting	1 January 2011
TAS 36 (revised 2009) Impairment of Assets	1 January 2011
TAS 37 (revised 2009) Provisions, Contingent Liabilities and Contingent Assets	1 January 2011
TAS 38 (revised 2009) Intangible Assets	1 January 2011
TAS 40 (revised 2009) Investment Property	1 January 2011
TFRS 5 (revised 2009) Non-current Assets Held for Sale and Discontinued Operations	1 January 2011
TFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2011

The management of the Company and its subsidiaries has assessed the effect of these accounting standards and financial reporting standards and believes that these standards will not have any significant impact on the financial statements for the years in which they are initially applied. This excludes TAS 12 for which management is still evaluating the first-year impact to the financial statements, and has yet to reach a conclusion.

5. Significant accounting policies

5.1 Revenue recognition

a) Interest and discounts on loans

Interest on loans is recognised as income on an accrual basis, based on the amount of principal outstanding. Interest on hire purchase and financial lease agreements is recognised on the effective interest method.

The Company and its subsidiaries cease accruing interest income for loans on which principal or interest payments have been defaulted for more than three months past the due date. The Company and its subsidiaries reverse accrued interest formerly recognised for such defaulted loans from the accounts. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received.

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

The Company and its subsidiaries recognise interest income on investments in purchased/transferred loans for which loan repayment is received during the period based on the effective yield rate of the portfolio by the new book value (acquisition cost) of the outstanding balances of receivables. After the restructuring, interest income is recognised by the effective interest rate method for those receivables from which collection is made during the period.

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

Deferred interest income on hire purchase, represents discounts on interest granted to debtors by dealers, is recognised as income based on the effective interest rate method, in the same manner as interest income recognised on hire purchases receivable.

b) Interest and dividends from investments

Interest income is recognised on an accrual basis based on the effective interest rate. Dividend income is recognised when the right to receive the dividend is established.

c) Brokerage fees income

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

d) Interest on loans for purchases of securities

Interest on loans for purchases of securities is recognised as income over the term of the loans based on the amount of principal outstanding. The subsidiary companies cease accruing interest for certain loans that fall under conditions stipulated by the Securities and Exchange Commission ("SEC").

e) Gain (loss) on investments and financial derivatives.

Gain (loss) on investments and financial derivatives are recognised as income/ expenses at the transaction dates.

f) Fees and services income

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

g) Insurance/life insurance premium income

Non-life insurance business

Insurance premium income on insurance policies is recognised on the date the insurance policy comes into effect, after deducting premium ceded and refunded, for insurance policies with coverage periods of up to 1 year. For long-term insurance policies with coverage periods of longer than 1 year, related revenues and expenses are recorded as unearned and prepaid items, and amortised to income and expenses over the coverage period.

Insurance premium income in the income statement is presented at the net amount from unearned premium reserve.

Reinsurance premium income is recognised when the reinsurer places the reinsurance application or statement of accounts.

Life insurance business

Life insurance premium income is recognised when underwriting of the insurance is approved and insurance policy is effective, after deducting premium ceded and refunded. Premium due and uncollected at the end of period is recognised as revenue only if the policy is still in force, and is calculated based on the average persistency rate.

5.2 Expense recognition

a) Interest expenses

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

b) Commission and expenses charged on hire purchase/financial leases

For hire purchase/financial lease contracts originating on or after 1 January 2007, initial direct expenses at the inception of a hire purchase/financial lease contract (i.e. commission expenses and stamp duty expenses) are to be deferred and amortised using the effective interest method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts.

Unearned income on hire purchase/financial leases is presented net of commission expenses and initial direct costs at the inception of the contracts.

5.3 Unearned premium/life insurance premium reserve

Non-life insurance business

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

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

Life insurance business

Life assurance policy reserve represents the accumulated total liability for policies in force on the balance sheet date. Life assurance policy reserve is calculated according to the procedures prescribed by the Regulation on Life Assurance Policy Reserve as promulgated by the Ministry of Commerce on 23 November 2001. The liability is based on assumptions established at inception of the contract.

Subsidiary companies base mortality and morbidity tables announced by the Office of Insurance Commission which reflect historical experiences.

- a) Reserve for life insurance policies with terms of over 1 year is determined using the actuarial method
- b) Reserve for accident and group insurance of 1 year or less, unearned premium reserve is set aside at the full amount of unearned premium and the period of coverage

5.4 Investments

Investments in securities held for trading are determined at fair value. The Company and its subsidiaries recognise changes in the carrying amounts of such securities as income or losses in the income statements.

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

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

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

The Company and its subsidiaries do not treat the investments in mutual funds in which they hold more than 20 percent of the units issued as being investments in subsidiary or associated companies because the Company and its subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by the fund manager in accordance with the details of each fund project and are under the supervision of the Securities and Exchange Commission.

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

Subsidiary company measures the value of investments with embedded derivatives using the fair value as estimated by the seller, with gain/losses arising from revaluation recognised in the income statements. This method of measurement is in compliance with the principles stipulated by the BOT's notification

The Company and its subsidiaries recognise loss on impairment (if any) of available-for-sale securities, held-to-maturity debt securities and other investments in the income statements.

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

In the event of the recategorisation of investments, the Company and its subsidiaries value such investments at their fair values prevailing at the transfer date. Differences between the carrying amounts of the investments and their fair values on that date are recorded as gains (losses) in determining income or surplus (deficit) from revaluation of investments, which is presented as a separate item in shareholders' equity and amortised over the remaining period to maturity of the debt securities, depending on the type of investments which is reclassified.

5.5 Investments in receivables purchased and allowance for impairment

Investments in receivables purchased, which are classified as other investments, are presented at their acquisition cost net of allowance for impairment (if any). Loss on impairment is recognised as an expense in the income statement.

In case that the receivables purchased enter into troubled debt restructuring agreements, they are transferred to loans and presented at fair value. The fair value is based on the outstanding balance of investments in receivables purchased as at the transfer date or as at the date of restructuring.

Allowance for impairment of investments in receivables purchased is determined based on the fair value, with reference to the collateral value.

5.6 Investments in subsidiary and associated companies

Investments in subsidiary and associated companies in the separate financial statements are accounted for under the cost method, net of allowance for impairment (if any). Loss on impairment is recognised as expenses in the income statement.

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

5.7 Securities purchased under resale agreements/Securities sold under repurchase agreements

Subsidiary companies enter into agreements to purchase/sell securities on the private repurchase market with agreements to sell back/buy back the securities at certain dates and at a fixed price. Amounts paid for the securities purchased are presented as assets under the caption of “Interbank and money market items” or “Loans”, depending on the counterparty and the underlying securities are treated as collateral to such receivables. Amounts received for securities sold, the amount received is presented as liabilities under the caption of “Interbank and money market items” and the underlying securities are treated as collateral.

5.8 Receivables from/Payable to clearing House

Receivables from/Payable to clearing house comprises the net balance receivable/payable in respect of securities trades settled and derivatives business including amounts pledged with the derivative clearing house as security for derivatives trading.

5.9 Loans

Loans are presented at the principal amounts, excluding accrued interest receivables, except for overdrafts which are presented at the principal amount plus accrued interest receivables. Unrecognised deferred income/discounts on loans are deducted from the loan balances.

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

Securities and derivatives business receivables comprise the net securities business receivables and derivatives business receivables. Securities business receivable comprise the receivable of credit balance accounts for which the securities purchased are used as collateral, and other receivables such as overdue amounts in cash accounts and securities receivables which are under legal proceedings, are undergoing restructuring, or are being settled in installments. The receivable balances of cash accounts are presented under the caption of “Receivables from purchase and sale of securities and derivatives”.

5.10 Allowance for doubtful accounts

- a) The Company and its subsidiaries that operate in banking and asset management business, provide allowance for doubtful accounts in accordance with the Notifications of the BOT and adjust these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral. Increase (decrease) in an allowance for doubtful accounts is recognised as expenses during the period.

The Company and its subsidiaries set provision for normal loans (including restructured receivables) and special mention loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivables) after net of collateral value. Collateral values include vehicles under hire purchase/financial lease contracts. For non-performing loans, the Company and the subsidiaries provide provision at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, based on the use of a discount rate and assumptions as to the time needed to dispose of the collateral, in accordance with the BOT's guideline. However, non-performing hire purchase or financial lease receivables are treated as uncollateralised.

- b) Securities subsidiaries provide an allowance for doubtful accounts based on a review of the debtors' repayment capability, taking into consideration the risk of recovery and the value of collaterals. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classification and provisions are made in accordance with the Notifications of the SEC.
- c) Subsidiaries engaged in hire purchase and leasing businesses have provided allowance for doubtful accounts at percentages of the amount of principal outstanding net of unearned income, based on the number of months overdue (with reference to the classification of loans under the BOT's guidelines). Allowance for doubtful accounts is provided based on the loan balances after net of collateral value for receivables overdue no more than 3 months, while provided without deducting collateral value for receivables overdue more than 3 months.

- d) Allowance for doubtful accounts of other receivables is based on the amount of debts that may not be collectible, determined from a review of the current status of the receivables as at the balance sheet date.
- e) The Company and its subsidiaries write off debtors when the relevant criteria under tax law are met, except for hire purchase receivables of a subsidiary company which is engaged in commercial bank business will be written off when full allowance for doubtful accounts has been made for such receivables. Amounts written off as bad debts or bad debt recovery are deducted from or added to the allowance for doubtful accounts.

5.11 Troubled debt restructuring

In cases where the debt restructuring involves modifications of the terms of repayment, the fair value of the receivables after restructuring is based on the net present values of expected future cash flows, discounted by the market minimum loan rate for credit to large customers prevailing at the restructuring date. The differences between the fair value of receivables as of the restructuring date and their previous book value is recorded as "Revaluation allowance for debt restructuring", and recognised as an expense in the income statements in the restructuring period. Such allowance is reviewed based on the present value of future cash flows over the remaining period to maturity, recognising adjustments against bad debt and doubtful accounts.

In case where the troubled debt restructuring involves the transfer of assets or equity, the Company and its subsidiaries record the assets or equity interest received as a result of debt restructuring at their fair value (based on the value appraised by internal appraisers or external independent appraisers) providing this does not exceed the amount of principal legally claimable from the debtors (including interest of which recognition has ceased until the restructuring date). Any excess of the fair value of the assets over the book value is recognised as a gain from debt restructuring or an interest income, as the case may be.

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

5.12 Recognition and amortisation of customers' assets

Assets which customers have placed with subsidiary companies for securities trading, in term of cash accounts and credit balance accounts, including amounts which customers have placed as security for derivative trading, are recorded as assets and liabilities of subsidiary companies for internal control purpose. As at the balance sheet date, subsidiary companies write off those amounts which there are no guarantee obligations for both assets and liabilities, and present only those assets which belong to subsidiary companies.

5.13 Property foreclosed

Property foreclosed is stated at the lower of cost (fair value with reference to appraisal value less estimated selling expenses, providing this does not exceed the legally claimable amount of debt) or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses, adjust these in accordance with the BOT's guideline and taking into consideration the type and the nature of the assets.

Gains on disposal of property foreclosed are recognised in the income statement on the disposal date, unless the purchase is made with a loan. In such cases, gains are recognised in accordance with the BOT's guideline. Losses on disposal and impairment are recognised as expenses in the income statement.

5.14 Property, premises and equipment and depreciation

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

Buildings	-	20 - 30 years
Building improvements	-	5 - 10 years
Furniture, fixtures and equipment	-	3 - 10 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

5.15 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Leasehold rights are amortised on a straight-line basis over the lease period and the amortisation amounts are recognised as expenses in the income statement.

5.16 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Costs of intangible assets arising from business combination are determined with reference to the fair value on the business combination date.

The Company and its subsidiaries amortised intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense and impairment of losses are charged to the income statement.

The intangible assets with finite useful lives have useful lives of approximately 3 - 10 years.

No amortisation for computer software under development.

5.17 Business combination and goodwill

Business combination accounted for under purchase method.

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill is carried at cost less any accumulated impairment losses, and is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

5.18 Long-term leases

Leases that transfer substantially all the risks and rewards of ownership to the Company and its subsidiaries are classified as financial lease. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other payables, while the interest element is charged to the income statement over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. The Company and its subsidiaries record advance payments made under operating leases as leasehold rights, and amortise them as expenses in the income statement over the term of the leases on the straight-line basis. Moreover, payments made under operating leases are recognised as expenses in the income statement over the term of the leases on the straight-line basis.

5.19 Premium due and uncollected, and allowance for doubtful accounts

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

5.20 Sales of commercial paper

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

5.21 Loss reserves and outstanding claims/Benefit payments to life policies

Non-life insurance business

Outstanding claims are recorded at the amount to be actually paid. Loss reserve is provided upon the receipt of the claims advice from the insured based on the claims notified by the insured and estimates made by subsidiary companies' management. The estimated value of losses is limited to not more than the sum insured of the related insurance policies.

In addition, starting from the second quarter of the year 2009, a subsidiary company set up additional provision for losses incurred but not yet reported (IBNR) at the higher of the reserve calculated using standard actual claims techniques and 2.5 percent of total net written premiums in the previous twelve months, in compliance with the Notification of the Ministry of Commerce governing the appropriation of unearned premium reserves and loss reserve by non-life insurance companies.

Life insurance business

Benefits paid under life policies are provided for upon receipt of the claims advices from the insured or in accordance with the conditions of the policy.

5.22 Related party transactions

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

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

5.23 Impairment of assets

The Company and its subsidiaries assess at each balance sheet date whether there are indications that an asset may be impaired. If any such indication exists or when annual impairment testing of an asset is required, the Company and its subsidiaries recognise impairment of loss when the asset's recoverable amount is less than the carrying amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An asset's fair value less costs to sell reflects the amount that could be obtained from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company and its subsidiaries recognise impairment loss in the income statement.

At the balance sheet date, for assets other than goodwill, the Company and its subsidiaries assess whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company and its subsidiaries estimate the asset's recoverable amount and impairment loss recognised in prior periods for assets other than goodwill is reversed.

5.24 Employee benefits

The Company and its subsidiaries recognise salaries, wages, bonuses and contributions to the social security fund and provident fund as expenses when incurred.

5.25 Foreign currencies

Transactions in foreign currency occurring during the period are translated into Baht at the exchange rate ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and off-balance sheets transactions, which were outstanding on the balance sheet date, are translated into Baht at the exchange rate ruling at the balance sheet date.

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

5.26 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.27 Income tax

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

5.28 Financial derivatives

The Company and its subsidiaries have entered into off-balance sheet transactions involving derivative financial instruments in order to manage foreign exchange and interest rate risk and in response to customer needs.

Forward foreign currency contracts which originated for trading purposes are recorded as off-balance sheet items. Gains or losses arising from changes in the fair value of the contracts are recognised in the income statement.

Forward foreign currency contracts, interest rate swap contracts and cross currency and interest rate swap contracts which are not originated for trading purposes are recorded as off-balance sheet items, and presented on an accrual basis. Foreign currency components are translated at the period-end exchange rate, in the same manner as the hedged items, with unrealised gains or losses on translation recognised in the income statement. Interest rate components are presented on an accrual basis, in the same manner as the hedged assets or liabilities, with gains or losses recorded to interest income and interest expense over the terms of the contracts. Receivables and payables under forward exchange contracts and interest rate swap contracts are presented at the net amount in the balance sheet.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

6.1 Recognition and derecognition of assets and liabilities

In considering whether to recognise and derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

6.2 Allowance for doubtful accounts for loans and allowance for impairment of investments in receivables purchased

Allowance for doubtful accounts for loans and allowance for impairment of investments in receivables purchased are intended to adjust the value of loans and receivables for probable credit losses. The management uses the BOT's and SEC's regulations regarding the provision of allowance for doubtful accounts, and judgments to estimate losses on outstanding loans when there is any doubt about the borrower's capability to repay the principal and/or the interest. The allowances are determined through a combination of specific reviews, probability of default, value of collateral and current economic conditions.

6.3 Allowance for impairment of investments

The Company and its subsidiaries review an impairment of investments when indication of impairment exists. The determination of what is indication of impairment requires judgment of management.

6.4 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

6.5 Allowance for impairment of property foreclosed

The Company and its subsidiaries assess allowance for impairment of property foreclosed when net realisable value falls below the book value. The management uses the BOT's, and judgment to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets.

6.6 Property, premises and equipment and depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and salvage values of premises and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, premises and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amounts are lower than the carrying amounts. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

6.7 Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets requires the management to exercise judgment as to the recoverable amount to be generated by the asset, using the discounted cash flows method. That will be generated by the assets or the cash generating units, and to select a suitable discount rate in order to determine the present value of that cash flow. The estimated cash flows may differ as a result of competitive forces, or changes in revenue trends, cost structures, and the discount rate, industry circumstances or related market conditions. In addition, the management estimates the useful lives of those assets that have finite useful lives and reviews these estimates whenever circumstance's change.

6.8 Financial leases/Operating leases

When entering into leases agreement, management is required to access and consider the scope of significant risk and rewards of ownership of the leased assets. Leases that transfer substantially all the risks and rewards of ownership to the lessee are classified as financial leases. In the other hand, leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating lease.

6.9 Loss sharing from the transfer of non-performing loans to TAMC

In estimating loss sharing from the transfer of non-performing loans to the Thai Asset Management Corporation (“TAMC”), the Company and its subsidiaries use the latest information received from TAMC and projections of the amounts expected to be received from the debtors or from collateral. The management use judgment in determining the assumptions as to the percentage on the amount expected to be recovered from the receivable under the debt restructuring agreement, or as to collateral value. The management considers these assumptions to appropriate given the currently available information and current situation.

6.10 Life insurance premium reserve

Life insurance premium reserve is calculated under the actuarial method, based on the assumptions established at inception of the contract which reflect the best estimate at the time, increased with a margin for risk and adverse deviation. The main assumptions used relate to mortality, morbidity, longevity, expenses and discount rates.

6.11 Loss reserves and outstanding claims

Part of the loss reserve for claims of the subsidiary company is estimated by the subsidiary’s management on the basis of claims advices received from insured parties. Another part is for losses incurred but not yet reported (IBNR), which is estimated using a range of standard actuarial claims techniques. The main assumption underlying these techniques relate to historical claims experience, including development of estimates of paid and incurred losses, average costs per claim, claim numbers and insurance type.

6.12 Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management has used judgment to assess of the results of the litigation cases, and in case where they believe that there will be no losses, they will not provide contingent liabilities at the balance sheet date.

7. Interbank and money market items (assets)

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institution Development Fund	5,939	31,400	37,339	3,442	6,600	10,042
Commercial banks	653	2,100	2,753	494	45,300	45,794
Other banks	57	2,267	2,324	50	50	100
Other financial institutions	227	12,300	12,527	350	667	1,017
Total	6,876	48,067	54,943	4,336	52,617	56,953
Add: Accrued interest receivables	1	15	16	-	11	11
Less: Allowance for doubtful accounts	(10)	(133)	(143)	-	-	-
Total domestic items	6,867	47,949	54,816	4,336	52,628	56,964
Foreign						
US Dollar	461	3,004	3,465	200	7,546	7,746
Euro	160	-	160	55	-	55
Others	406	91	497	76	-	76
Total	1,027	3,095	4,122	331	7,546	7,877
Add: Accrued interest receivables	-	16	16	-	26	26
Total foreign items	1,027	3,111	4,138	331	7,572	7,903
Total - net	7,894	51,060	58,954	4,667	60,200	64,867

(Unit: Million Baht)

	Separate financial statements					
	30 June 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	482	1,000	1,482	152	6,550	6,702
Other banks	2	-	2	5	-	5
Other financial institutions	-	20	20	-	20	20
Total	484	1,020	1,504	157	6,570	6,727
Add: Accrued interest receivables	-	-	-	-	13	13
Total - net	484	1,020	1,504	157	6,583	6,740

As at 30 June 2010, the Company has deposits of Baht 1,000 million with Thanachart Bank Plc., in the form of bills of exchange. The amount will mature in October 2010 and bearing interest at rates of 1.40 percent per annum (31 December 2009: Baht 6,550 million).

8. Investments

8.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 June 2010		31 December 2009		30 June 2010		31 December 2009	
	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	2,504	2,503	917	917	-	-	-	-
Private debt securities	90	91	754	759	70	70	-	-
Foreign debt securities	3,893	3,906	-	-	-	-	-	-
Domestic marketable equity								
securities	721	854	5	6	-	-	-	-
	7,208	7,354	1,676	1,682	70	70	-	-
Add: Allowance for change in value	146		6		-		-	
	7,354		1,682		70		-	
Available-for-sale securities								
Government and state enterprise								
securities	35,716	35,743	24,545	24,553	-	-	10,077	10,083
Private debt securities	4,732	4,802	1,379	1,387	-	-	-	-
Foreign debt securities	1,322	1,333	334	336	-	-	-	-
Domestic marketable equity								
securities	221	233	128	132	-	-	-	-
	41,991	42,111	26,386	26,408	-	-	10,077	10,083
Add: Allowance for change in value	120		22		-		6	
	42,111		26,408		-		10,083	
Held-to-maturity debt securities								
- due within 1 year								
Government and state enterprise								
securities	2,181		2,252		800		648	
Private debt securities	1,318		35		10		35	
Foreign debt securities	2,325		4,450		-		-	
	5,824		6,737		810		683	
Other investments								
Investment in property fund	100		100		-		-	
	100		100		-		-	
Total current investments - net	55,389		34,927		880		10,766	

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 June 2010		31 December 2009		30 June 2010		31 December 2009	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Long-term investments								
Available-for-sale securities								
Government and state enterprise securities								
	29,767	30,024	20,844	20,864	-	-	-	-
Private debt securities	7,812	8,047	7,060	7,222	-	-	578	575
Foreign debt securities	13,827	13,957	5,406	5,667	-	-	-	-
Domestic marketable equity securities								
	8,632	9,056	3,668	5,775	127	335	1,476	3,594
	60,038	61,084	36,978	39,528	127	335	2,054	4,169
Add: Allowance for change in value								
	1,052		2,556		208		2,115	
Less: Allowance for impairment								
	(6)		(6)		-		-	
	61,084		39,528		335		4,169	
Held-to-maturity debt securities								
Government and state enterprise securities								
	33,589		17,839		321		331	
Private debt securities	5,574		1,372		3,636		3,010	
Foreign debt securities	3,516		-		-		-	
	42,679		19,211		3,957		3,341	
Less: Allowance for impairment								
	(383)		(557)		(183)		(183)	
	42,296		18,654		3,774		3,158	
Other investments								
Investments in receivables								
purchased	1,925		2,062		1,011		1,118	
Investments in property fund	986		367		-		-	
Domestic non-marketable equity securities								
	2,169		338		209		230	
Foreign non-marketable equity securities								
	88		3		-		-	
	5,168		2,770		1,220		1,348	
Less: Allowance for impairment								
	(453)		(468)		(212)		(211)	
	4,715		2,302		1,008		1,137	
Total long-term investments - net	108,095		60,484		5,117		8,464	

8.2 Classified by due date of debt securities

(Unit: Million Baht)

		Consolidated financial statements							
		30 June 2010				31 December 2009			
		Maturity				Maturity			
		Not over 1 year	1 - 5 years	Over 5 years	Total	Not over 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities									
Government and state									
enterprise securities		35,706	27,745	2,032	65,483	24,525	20,186	678	45,389
Private debt securities		4,732	7,702	110	12,544	1,379	6,972	88	8,439
Foreign debt securities		1,322	13,827	-	15,149	334	5,406	-	5,740
Total		41,760	49,274	2,142	93,176	26,238	32,564	766	59,568
Add : Allowance for									
change in value		108	556	66	730	18	432	11	461
Total		41,868	49,830	2,208	93,906	26,256	32,996	777	60,029
Held-to-maturity debt securities									
Government and state									
enterprise securities		2,181	12,649	20,940	35,770	2,252	9,788	8,051	20,091
Private debt securities		1,318	4,145	1,429	6,892	35	899	473	1,407
Foreign debt securities		2,325	3,516	-	5,841	4,450	-	-	4,450
Total		5,824	20,310	22,369	48,503	6,737	10,687	8,524	25,948
Less: Allowance for									
impairment		-	(383)	-	(383)	-	(557)	-	(557)
Total		5,824	19,927	22,369	48,120	6,737	10,130	8,524	25,391
Total debt securities		47,692	69,757	24,577	142,026	32,993	43,126	9,301	85,420

(Unit: Million Baht)

	Separate financial statements							
	30 June 2010				31 December 2009			
	Maturity				Maturity			
	Not over 1 year	1 - 5 years	Over 5 years	Total	Not over 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities								
Government and state enterprise securities	-	-	-	-	10,077	-	-	10,077
Private debt securities	-	-	-	-	-	500	78	578
Total	-	-	-	-	10,077	500	78	10,655
Add (less): Allowance for change in value	-	-	-	-	6	3	(6)	3
Total	-	-	-	-	10,083	503	72	10,658
Held-to-maturity debt securities								
Government and state enterprise securities	800	321	-	1,121	648	331	-	979
Private debt securities	10	-	3,636	3,646	35	3,010	-	3,045
Total	810	321	3,636	4,767	683	3,341	-	4,024
Less: Allowance for impairment	-	(183)	-	(183)	-	(183)	-	(183)
Total	810	138	3,636	4,584	683	3,158	-	3,841
Total debt securities	810	138	3,636	4,584	10,766	3,661	72	14,499

8.3 As at 30 June 2010, a revaluation surplus and a revaluation deficit in the consolidated shareholders' equity amounting to Baht 20 million and Baht 157 million, respectively, are as a result of the recategorisation of debt securities (31 December 2009: outstanding revaluation surplus amounting to Baht 22 million and outstanding revaluation deficit amounting to Baht 193 million in the consolidated financial statements).

8.4 As at 30 June 2010, long-term investments in held-to-maturity debt securities include Baht 715 million of non-transferable, 10-year promissory notes received from Thai Asset Management Corporation ("TAMC") as a result of the transfer of non-performing loans to TAMC (separate financial statements: Baht 321 million) (31 December 2009: Baht 933 million in the consolidated financial statements and Baht 331 million in the separate financial statements). However, the agreed transfer price received in the form of promissory notes could be revised up or down after TAMC reviews the prices, or assesses the collateral or adjusts the prices.

As at 30 June 2010, the Company and its subsidiaries are still unable to assess the exact amount of such losses. However, the Company and its subsidiaries have estimated their share of losses which may arise from the management of non-performing assets at approximately Baht 383 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 (separate financial statements: Baht 183 million) (31 December 2009: Baht 557 million in the consolidated financial statements and Baht 183 million in the separate financial statements).

During the six-month period ended 30 June 2010, the Company and its subsidiaries recognised interest on TAMC's promissory notes amounting to Baht 3 million and received payment under promissory notes and interest amounting to Baht 220 million (separate financial statements: Baht 1 million and Baht 10 million, respectively).

Moreover, the Company and its subsidiaries remain jointly liable with TAMC for their share of gains or losses arising from management of non-performing assets, as described in Note 36.2 to the financial statements.

- 8.5** As at 30 June 2010, the Company has investments of Baht 3,636 million in perpetual non-cumulative subordinated hybrid bonds (Hybrid Tier I). These debentures are unsecured and non-convertible and will be redeemed only when the liquidation date of Thanachart Bank or condition specified are met. The debentures bear interest at a rate equal to the highest rate for a six-month fixed deposit plus 6 percent per annum, payable semi-annually.

As at 31 December 2009, the Company had investments of Baht 3,000 million in subordinated debentures issued by Thanachart Bank, and classified as held-to-maturity debt securities since the debentures will be matured in 2013. On 30 March 2010, Thanachart Bank, subordinate debentures' issuer, early redeemed all debentures at par value.

8.6 Investments subject to restrictions

As at 30 June 2010 and 31 December 2009, subsidiary companies have the following government and state enterprise securities (presented at amortised cost) subject to restrictions as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Placed for securities sold under repurchase agreements	14,688	-	-	-
Placed at insurance registrar	5,742	1,718	-	-
Placed at government agencies	20	20	-	-
Placed at court	110	-	-	-
Placed for derivative agreement	59	-	-	-
Placed for utilities usage	12	-	-	-
	<u>20,631</u>	<u>1,738</u>	<u>-</u>	<u>-</u>

8.7 Investments in securities in which the Company and its subsidiaries hold more than 10 percent

As at 30 June 2010 and 31 December 2009, investments in securities in which the Company and its subsidiaries hold more than 10 percent of the equity of the investees, but which are not treated as investments in subsidiaries or associated companies, classified by type of business as follow:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Manufacturing and commerce	670	664	335	332
Banking and Finance sector	2,311	417	-	-
Real estate and construction	21	21	20	20

The investments mentioned above include investments in unit trusts in which subsidiary companies hold not less than 20 percent of the unit issued. The subsidiary companies do not treat these investments as investments in subsidiaries or associated companies because the subsidiary companies do not have control or influence over the financial and operating policies of these funds, which are independently managed by the fund manager in accordance with the details of each fund project and are under the supervision of the Securities and Exchange Commission. The subsidiary companies therefore record these investments in unit trusts as long-term available-for-sale or other investments, based on their investment objectives.

Name	Consolidated financial statements			
	30 June 2010		31 December 2009	
	Net	Percentage	Net	Percentage
	book value	of holding	book value	of holding
	Million Baht	Percent	Million Baht	Percent
The Thai Opportunity Fund 2	595	25.21	-	-
The Thai Business Fund 3	472	60.00	252	26.67
Business Strategic Fund	278	67.33	-	-
MAX Equity Fund	263	96.46	-	-
Thai Real Estate Restructuring Fund 1	140	21.43	-	-
Sub Thawee Property Fund	96	56.00	116	56.00
Thanachart Fixed Long Term	62	27.79	-	-
Thanachart Fixed Income FIF51	50	22.63	-	-
MAX Equity Retirement Mutual Fund	30	36.02	-	-
MAX Balance Retirement Mutual Fund	25	25.57	-	-

8.8 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable as at 30 June 2010 and 31 December 2009 can be summarised as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
Investments in receivables	1,925	2,062	1,011	1,118
Less: Allowance for impairment	(369)	(349)	(135)	(113)
Investments in receivables - net	1,556	1,713	876	1,005

	30 June 2010				31 December 2009			
	Number	Balance	Purchase	Yield	Number	Balance	Purchase	Yield
	of	per	price		of	per	price	
	debtors	agreement	price	Percent	debtors	agreement	price	Percent
	Million Baht	Million Baht			Million Baht	Million Baht		
<u>Consolidated financial statements</u>								
Total accumulated investments in receivables	4,191	33,699	7,933	1.75 - 18.97	1,662	33,559	7,793	6.50 - 18.97
Outstanding investments in receivables as at the balance sheet date	1,804	13,960	1,925		775	13,997	2,062	
<u>Separate financial statements</u>								
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	344	6,225	1,011		346	6,290	1,118	

During the six-month periods ended 30 June 2010 and 2009, the Company and its subsidiaries have entered into debt restructuring agreements with its investments in receivable purchased, by means of various types of restructuring, as summarised below.

Type of restructuring	For the six-month period ended 30 June 2010				
	Number of	Outstanding	Outstanding	Type of assets	Value of assets
	debtors	loan balance	loan balance	to be transferred	to be transferred per
		before	after		agreements
	Million Baht	Million Baht		Million Baht	
<u>Consolidated financial statements</u>					
Modification of terms	3	32	32	-	-
Total	3	32	32		
<u>Separate financial statements</u>					
Modification of terms	1	31	31	-	-
Total	1	31	31		

For the six-month period ended 30 June 2009					
Type of restructuring	Number of debtors	Outstanding loan balance	Outstanding loan balance	Type of assets to be transferred	Value of assets to be transferred per agreements
		before restructuring	after restructuring		
		Million Baht	Million Baht		
Consolidated financial statements					
Modification of terms	4	21	21		
Transfer of assets and/or equity securities and/or modification of terms	2	7	7	Land and ordinary shares	14
Total	6	28	28		
Separate financial statements					
Modification of terms	2	7	7		
Transfer of assets and/or equity securities and/or modification of terms	1	7	7	Land	10
Total	3	14	14		

The remaining periods to maturity of the restructured debts of the Company and its subsidiaries, counting from the end of the periods are as follow:

For the six-month period ended 30 June 2010				
Periods	Consolidated financial statements		Separate financial statements	
	Number of receivables	Outstanding loan balances after restructuring	Number of receivables	Outstanding loan balances after restructuring
		Million Baht		Million Baht
Due within 2010	3	32	1	31
Total	3	32	1	31

For the six-month period ended 30 June 2009				
Periods	Consolidated financial statements		Separate financial statements	
	Number of receivables	Outstanding loan balances after restructuring	Number of receivables	Outstanding loan balances after restructuring
		Million Baht		Million Baht
Due within 2009	3	7	2	7
Less than 5 years	3	21	1	7
Total	6	28	3	14

Restructured receivables are transferred to the loans account on the debt restructuring agreement date, in accordance with the BOT's regulations. They are transferred at their book value, which is considered to be fair value. Therefore, as at 30 June 2010 and 2009, there were no outstanding restructured receivables in the investments in receivables account.

8.9 Investments in companies having problems relating to financial position and operating results.

As at 30 June 2010 and 31 December 2009, investments in securities of the Company and its subsidiaries included investments in securities of companies with having problems relating to financial position and operating results, summarised below.

Consolidated financial statements								
Number of transactions		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts		
				30 June 2010	31 December 2009	30 June 2010	31 December 2009	
30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009	
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
<u>Equity securities - common shares</u>								
1. Companies which have loan settlement problems or have defaulted the repayment of debts	2	1	-	-	-	-	-	-
2. Companies which auditors' reports cited going concern issues	10	8	3	18	-	-	3	18
<u>Investments in receivables purchased</u>								
1. Closed financial institutions	9	-	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	1	1	3	3	-	-	3	3
3. Companies which have loan settlement problems or have defaulted the repayment of debts	292	296	1,338	1,487	1,885	2,013	243	231
Separate financial statements								
Number of transactions		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts		
				30 June 2010	31 December 2009	30 June 2010	31 December 2009	
30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009	
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
<u>Equity securities - common shares</u>								
1. Companies which have loans settlement problems or have defaulted the repayment of debts	1	-	-	-	-	-	-	-
2. Companies which auditors' reports cited going concern issues	3	1	-	-	-	-	-	-
<u>Investments in receivables purchased</u>								
1. Companies which have loan settlement problems or have	109	111	753	845	1,140	1,188	80	70

defaulted the repayment of
debts

9. Investments in subsidiaries

9.1 As at 30 June 2010 and 31 December 2009, investments in subsidiaries in the separate financial statements which are recorded under the cost method comprise of investments in ordinary shares of the following subsidiaries:

(Unit: Million Baht)

Company's name	Nature of business	Separate financial statements							
		Paid-up share capital		Percentage of holding (%)		Value of investment under the cost method		Dividend income for the six-month periods ended	
		30 June	31 December	30 June	31 December	30 June	31 December	30 June	
		2010	2009	2010	2009	2010	2009	2010	2009
Thanachart Bank Plc.	Commercial bank	55,137	19,346	50.96	50.92	29,056	10,811	552	495
NFS 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	83.44	83.44	494	514	99	117
NASSET Property Fund 6	Investment in non-performing assets and collection rights	540	900	99.80	99.80	539	898	145	-
Thiravanit Co., Ltd.	Liquidating	6	6	99.90	99.90	34	34	-	-
Thanachart SPV 01 Co., Ltd.	Not yet operation	2	2	100.00	100.00	2	2	-	-
						31,125	13,259	796	612
	Less: Allowance for impairment					(16)	(16)		
	Investments in subsidiaries - net					31,109	13,243		

9.2 During April 2010, Thanachart Bank issued 35,790,456,310 new ordinary shares for offering to the existing shareholders. The Company exercised its own entitlement and unexercised entitlements of minority shareholders, and as a result, the Company's shareholding increased to 50.96%.

9.3 In June 2010, NASSET Property Fund 6 decreased its registered units and returned to the unitholders at Baht 10 per unit, totalling Baht 360 million. Therefore, the remaining cost of investment in NASSET Property Fund 6 is Baht 539 million.

9.4 The consolidated balance sheet as at 30 June 2010 included Baht 6 million of assets and Baht 0.1 million of liabilities of Thiravanit Co., Ltd. which registered its dissolution and is currently in the liquidation process. The financial statements of this subsidiary was prepared by its management and was not audited by its auditor.

9.5 Cash flows information of asset management companies which are subsidiaries

Cash flows information of asset management companies which are subsidiaries for the six-month periods ended 30 June 2010 and 2009 are as follows:

	(Unit: Million Baht)			
	NFS Asset		Max Asset	
	Management Co., Ltd.		Management Co., Ltd.	
	2010	2009	2010	2009
Cash flows from operating activities				
Net income before corporate income tax	206	190	99	92
Adjustments to reconcile net income before corporate income tax to net cash provided by (paid for) operating activities				
Gain on assets transferred from receivables	(3)	(7)	(16)	(15)
Loss on impairment of investments in receivables (reversal)	(173)	1	-	(9)
Loss on impairment of property foreclosed	89	2	1	3
Loss on debt restructuring and bad debts and doubtful accounts (reversal)	(36)	(66)	-	7
Others	(4)	(5)	(2)	-
	79	115	82	78
Interest expenses	20	47	-	-
Interest income	(20)	(31)	(3)	(16)
Cash received from interest income	19	29	3	18
Cash paid for corporate income tax	(55)	(75)	(40)	(33)
Income from operating activities before changes in operating assets and liabilities	43	85	42	47
Operating assets (increase) decrease				
Current investments	650	1,292	-	-
Investments in receivables	50	2	20	37
Loans	73	412	8	6
Property foreclosed	102	52	68	63
Other assets	(2)	(3)	4	(3)
Operating liabilities increase (decrease)				
Other liabilities	(31)	(168)	(19)	(10)
Net cash flows from operating activities	885	1,672	123	140
Cash flows from investing activities				
Proceeds from sales of long-term investments	210	56	-	-
Cash received from interest of long-term investments	2	1	-	-
Net cash flows from investing activities	212	57	-	-

(Unit: Million Baht)

	NFS Asset		Max Asset	
	Management Co., Ltd.		Management Co., Ltd.	
	2010	2009	2010	2009
Cash flows from financing activities				
Cash paid for borrowings	(1,110)	(1,639)	-	-
Cash paid for interest expenses on borrowings	(20)	(47)	-	-
Cash paid for dividend	-	-	(143)	(200)
Net cash flows used in financing activities	(1,130)	(1,686)	(143)	(200)
Net increase (decrease) in cash and cash equivalents	(33)	43	(20)	(60)
Cash and cash equivalents at beginning of the period	130	31	215	237
Cash and cash equivalents at end of the period	97	74	195	177

10. Investments in associated companies

10.1 As at 30 June 2010 and 31 December 2009, the Company and its subsidiaries have investments in ordinary shares of the associated companies, which operate business in Thailand, are as follow:

Company's name	Paid-up capital		Percentage of holding (%)				Investment value				Dividend income	Share of income (loss)	
					Cost method		Equity method		for the six-month	for the six-month			
	30	31	30	31	30	31	30	31	periods ended	periods ended			
	June	December	June	December	June	December	June	December	30 June	30 June			
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	
Consolidated financial statements													
MBK Plc.	1,886	1,886	19.90	19.90	948	948	1,813	1,701	84	78	240	146	
Siam Samsung Life Insurance Co., Ltd.	500	-	25.00	-	104	-	99	-	-	-	(5)	-	
Siam City Insurance Co., Ltd.	40	-	45.50	-	92	-	96	-	-	-	4	-	
Ratchthani Leasing Plc.	823	-	48.35	-	403	-	413	-	-	-	10	-	
Total investment in associated companies					1,547	948	2,421	1,701	84	78	249	146	
Separate financial statements in which the cost method is applied													
MBK Plc.	1,886	1,886	10.00	10.00	658	658			42	38			

10.2 The Company and its subsidiaries classify investments in MBK Public Company Limited, which engages in property rental, hotel and services as investments in an associated company because the Company and its subsidiaries have significant influence over that associated company.

10.3 Summarised financial information of associated companies

- a) Summarised financial information of MBK Plc. as at 31 March 2010 and 30 September 2009 and for the six-month periods ended 31 March 2010 and 2009 is as follow:

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total income for the six-month periods ended		Net income for the six-month periods ended	
	31	30	31	30	31	30				
	September		September		September					
	March	r	March	r	March	r	31 March		31 March	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
MBK Plc.	1,886	1,886	25,325	23,514	13,308	13,021	4,272	3,286	1,206	702

The share of income of that MBK Plc. is determined based on financial statements of that associated company prepared for a different period, as a result of limitations on the availability of information. The financial information used was based on the balance sheet as at 31 March 2010 and 30 September 2009 and the income statements for the six-month periods ended 31 March 2010 and 2009 prepared by the Company's management, with reference to the financial statements as reviewed by its auditor and adjusted for the effect of the differences in accounting policies. The Company's management believes that the net income for the six-month period ended 31 March 2010 is not material different from that income for the six-month period ended 30 June 2010.

- b) Summarised financial information of Siam Sumsung Life Insurance Co., Ltd., Siam City Insurance Co., Ltd. and Ratchthani Leasing Plc. as at 30 June 2010 and for the period ended 30 June 2010 is as follows:

(Unit: Million Baht)

Company's name	Paid-up	Total assets	Total liabilities	Total income	Net income (loss)
	share capital			for the period ended	for the period ended
	30 June 2010	30 June 2010	30 June 2010	30 June 2010	30 June 2010
Siam Samsung Life Insurance Co., Ltd. (engage in life insurance)	500	2,039	1,662	306	(21)
Siam City Insurance Co., Ltd. (engage in non-life insurance)	40	911	695	201	9
Ratchthani Leasing Plc. (engage in lease of car)	823	8,360	7,203	215	35

Investments in the above 3 associated companies are indirectly held through SCIB, therefore, the share of income (losses) were determined based on the interim financial statements for the period as from Thanachart bank has investment in SCIB as prepared by the management of the Company, and in the interest proportion of the Company.

10.4 As at 30 June 2010 and 31 December 2009, the fair value of investments in associated companies which are listed in the Stock Exchange of Thailand are as follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
MBK Plc.	3,022	2,440	1,518	1,226
Ratchthani Leasing Plc.	457	-	-	-

11. Loans and accrued interest receivables

11.1 Classified by loan types

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
<u>Loans</u>				
Overdrafts	24,662	2,812	-	-
Loans	269,013	52,242	221	227
Notes receivable	54,772	18,919	1,298	2,407
Hire purchase receivables	221,688	211,564	553	1,423
Financial lease receivables	2,315	2,323	-	-
Others	253	-	-	-
Total loans	572,703	287,860	2,072	4,057
Add: Accrued interest receivables	943	311	9	-
Less: Allowance for doubtful accounts	(26,848)	(10,121)	(541)	(588)
Revaluation allowance for debt restructuring	(547)	(98)	-	-
Loans and accrued interest receivables - net	546,251	277,952	1,540	3,469
<u>Securities business receivables</u>				
Credit balances in receivables	1,969	870	-	-
Other receivables	1,406	382	-	-
Total securities business receivables	3,375	1,252	-	-
Add: Accrued interest receivables	2	-	-	-
Less: Allowance for doubtful accounts	(1,390)	(315)	-	-
Securities business receivables and accrued interest receivables - net	1,987	937	-	-
Loans and accrued interest receivables - net	548,238	278,889	1,540	3,469

11.2 Classified by remaining period of contract

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
At call *	38,977	9,410	1,738	2,807
Not over 1 year	106,021	29,443	278	710
Over 1 year	432,232	250,770	65	540
Total loans and accrued interest receivables	577,230	289,623	2,081	4,057
Less: Intercompany profits from loans transferred	(207)	(200)	-	-
Total loans and accrued interest receivables	577,023	289,423	2,081	4,057

* Includes expired contracts

11.3 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2010			31 December 2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	562,988	4,358	567,346	286,979	323	287,302
US Dollar	5,821	3,657	9,478	1,313	1,004	2,317
Other currencies	406	-	406	4	-	4
Total loans and accrued interest receivables	569,215	8,015	577,230	288,296	1,327	289,623
Less: Intercompany profits from loans transferred	(207)	-	(207)	(200)	-	(200)
Total loans and accrued interest receivables	569,008	8,015	577,023	288,096	1,327	289,423

(Unit: Million Baht)

	Separate financial statements					
	30 June 2010			31 December 2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,081	-	2,081	4,057	-	4,057
Total loans and accrued interest receivables	2,081	-	2,081	4,057	-	4,057

11.4 Classified by type of business and loan classification

(Unit: Million Baht)

Consolidated financial statements						
30 June 2010						
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	8,982	1,817	181	33	147	11,160
Manufacturing and commercial	63,341	9,167	2,167	5,124	7,970	87,769
Real estate and construction	43,993	2,411	1,260	890	2,541	51,095
Public utilities and services	51,569	7,786	1,029	613	3,632	64,629
Personal consuming						
Housing loans	70,275	2,096	726	541	1,433	75,071
Securities	1,985	-	5	1,387	-	3,377
Hire purchase	199,440	16,684	1,004	650	3,910	221,688
Others	22,618	948	496	262	1,417	25,741
Others	35,408	187	10	1	1,094	36,700
Total loans and accrued interest receivables	<u>497,611</u>	<u>41,096</u>	<u>6,878</u>	<u>9,501</u>	<u>22,144</u>	<u>577,230</u>
Less: Intercompany profits from loans transferred						(207)
Total loans and accrued interest receivables						<u>577,023</u>

(Unit: Million Baht)

Consolidated financial statements						
31 December 2009						
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	2,598	2	8	8	22	2,638
Manufacturing and commercial	15,297	72	163	301	939	16,772
Real estate and construction	14,369	473	166	457	824	16,289
Public utilities and services	15,209	456	263	7	249	16,184
Personal consuming						
Housing loans	6,079	409	119	269	365	7,241
Securities	936	-	3	313	-	1,252
Hire purchase	189,471	16,880	909	828	3,476	211,564
Others	6,307	506	169	366	858	8,206
Others	8,315	5	1	-	1,156	9,477
Total loans and accrued interest receivables	<u>258,581</u>	<u>18,803</u>	<u>1,801</u>	<u>2,549</u>	<u>7,889</u>	<u>289,623</u>
Less: Intercompany profits from loans transferred						(200)
Total loans and accrued interest receivables						<u>289,423</u>

(Unit: Million Baht)

Separate financial statements						
30 June 2010						
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Subsidiaries	1,290	-	-	-	-	1,290
Manufacturing and commercial	-	-	-	-	2	2
Public utilities and services	-	-	-	-	1	1
Personal consuming						
Housing loans	2	3	1	-	29	35
Hire purchase	267	30	7	5	244	553
Others	4	-	2	1	193	200
Total loans and accrued interest receivables	1,563	33	10	6	469	2,081

(Unit: Million Baht)

Separate financial statements						
31 December 2009						
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Subsidiaries	2,400	-	-	-	-	2,400
Manufacturing and commercial	-	-	-	-	2	2
Public utilities and services	-	-	-	-	1	1
Personal consuming						
Housing loans	6	-	2	-	29	37
Hire purchase	1,005	124	16	21	257	1,423
Others	5	-	2	1	186	194
Total loans and accrued interest receivables	3,416	124	20	22	475	4,057

11.5 Non-performing loans

As at 30 June 2010 and 31 December 2009, the Company and its financial institution subsidiaries (banking, asset management and securities business) have non-performing loans, classified in accordance with the BOT's and SEC's regulations (debtors classified as substandard, doubtful, doubtful of loss and loss), as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Non-performing loans (excluding accrued interest receivables)				
The Company	476	517	476	517
Banking business	33,747	8,359	-	-
Asset management business	2,408	2,561	-	-
Securities business	1,392	316	-	-

The above non-performing loans do not include overdue loans which have been already restructured and are now qualified for classification as normal or special mentioned debts.

Additionally, the Company and its financial institutions subsidiaries (banking and securities business) have the following loans for which income recognition under an accrual basis has been discontinued:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
The Company	370	424	370	424
Banking business	43,582	8,777	-	-
Securities business	1,392	316	-	-

The Company recognises income from loans that were transferred from investments in receivables on a cash basis. Subsidiaries engaged in the asset management business also recognise income from loans on a cash basis.

11.6 Unearned income

As at 30 June 2010 and 31 December 2009, the Company and its subsidiaries have unearned income as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
Unearned interest income	84	68	-	-
Unearned income from hire purchase/ financial lease	30,303	30,423	20	43

11.7 Hire purchase/Financial lease receivables

As at 30 June 2010, the Company and its subsidiaries have net receivables under hire purchase and financial lease agreements amounting to Baht 217,654 million. Most of the hire purchase/financial lease agreements were made for car and motorcycle and they generally have terms of between 3 and 6 years, with interest charged at a fixed rate (separate financial statements: Baht 293 million).

(Unit: Million Baht)

	Consolidated financial statements			
	30 June 2010			
	Amounts due under lease agreements			Total
	Less than 1 year *	1 - 5 years	Over 5 years	
Gross investment in the lease	86,642	162,898	4,766	254,306
Unearned finance income	(13,434)	(16,730)	(139)	(30,303)
Present value of minimum lease payments receivable	73,208	146,168	4,627	224,003
Allowance for doubtful accounts				6,349
<i>* Includes non-performing loans</i>				

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2009			
	Amounts due under lease agreements			Total
	Less than 1 year *	1 - 5 years	Over 5 years	
Gross investment in the lease	84,145	155,860	4,305	244,310
Unearned finance income	(13,528)	(16,759)	(136)	(30,423)
Present value of minimum lease payments receivable	70,617	139,101	4,169	213,887
Allowance for doubtful accounts				5,964
<i>* Includes non-performing loans</i>				

(Unit: Million Baht)

Separate financial statements				
30 June 2010				
Amounts due under lease agreements				
	Less than 1 year *	1 - 5 years	Over 5 years	Total
Gross investment in the lease	571	2	-	573
Unearned finance income	(20)	-	-	(20)
Present value of minimum lease payments receivable	551	2	-	553
Allowance for doubtful accounts				260

* Includes non-performing loans

Unit: Million Baht)

Separate financial statements				
31 December 2009				
Amounts due under lease agreements				
	Less than 1 year *	1 - 5 years	Over 5 years	Total
Gross investment in the lease	1,341	125	-	1,466
Unearned finance income	(42)	(1)	-	(43)
Present value of minimum lease payments receivable	1,299	124	-	1,423
Allowance for doubtful accounts				301

* Includes non-performing loans

11.8 Debt restructuring

During the six-month periods ended 30 June 2010 and 2009, the Company and its subsidiaries entered into debt restructuring agreements with debtors. The details are as follow:

For the six-month period ended 30 June 2010					
Type of restructuring	Number of receivables	Outstanding loan balance before restructuring ⁽¹⁾ Million Baht	Outstanding loan balance after restructuring ⁽¹⁾ Million Baht	Type of assets to be transferred	Value of assets to be transferred per agreements Million Baht
Consolidated financial statements					
Modification of terms	2,174	1,892	1,826		
Transfer of assets and/or equity securities and/or modification of terms	2	7	7	Land	7
Total	2,176	1,899	1,833		
Separate financial statements					
Modification of terms	5	-	-		
Total	5	-	-		

(1) Outstanding balance includes both principal and interest receivables

For the six-month period ended 30 June 2009

Type of restructuring	Number of receivables	Outstanding loan	Outstanding loan	Type of assets to be transferred	Value of
		balance before restructuring ⁽¹⁾	balance after restructuring ⁽¹⁾		assets to be transferred per agreements
		Million Baht	Million Baht		Million Baht
<u>Consolidated financial statements</u>					
Modification of terms	5,724	1,816	1,816		
Transfer of assets and/or equity securities and/or modification of terms	7	14	14	Land and premises	15
Total	<u>5,731</u>	<u>1,830</u>	<u>1,830</u>		
<u>Separate financial statements</u>					
Modification of terms	<u>37</u>	<u>1</u>	<u>1</u>		
Total	<u>37</u>	<u>1</u>	<u>1</u>		

(1) Outstanding balance includes both principal and interest receivables

Counting from the balance sheet date, the remaining periods to maturity of the Company and its subsidiaries' receivables which entered into debt restructuring agreement during the periods ended 30 June 2010 and 2009, are summarised below.

For the six-month period ended 30 June 2010

Periods	Consolidated financial statements		Separate financial statements	
	Number of receivables	Outstanding loan balance after restructuring	Number of receivables	Outstanding loan balance after restructuring
		Million Baht		Million Baht
Defaulted after restructuring	550	248	-	-
Due within 2010	311	419	5	-
Less than 5 years	668	413	-	-
5 - 10 years	586	566	-	-
10 - 15 years	28	108	-	-
More than 15 years	33	79	-	-
Total	<u>2,176</u>	<u>1,833</u>	<u>5</u>	<u>-</u>

For the six-month period ended 30 June 2009

Periods	Consolidated financial statements		Separate financial statements	
	Number of receivables	Outstanding loan	Number of receivables	Outstanding loan
		balance after restructuring		balance after restructuring
	Million Baht		Million Baht	
Defaulted after restructuring	1,566	565	7	-
Due within 2009	220	40	24	1
Less than 5 years	1,414	356	6	-
5 - 10 years	2,520	842	-	-
10 - 15 years	6	13	-	-
More than 15 years	5	14	-	-
Total	5,731	1,830	37	1

Supplemental information for the six-month periods ended 30 June 2010 and 2009 relating to restructured receivables are as follows:

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Interest income recognised in income statements	494	87	3	2
Gain on debt repayment/disposals	60	14	27	1
Gain on transfers of assets for debt repayment	2	7	-	2
Loss on debt restructuring	68	18	-	-
Cash proceeds from collection of debts	1,626	264	62	8
Assets transferred from debtors	142	41	-	10

As at 30 June 2010 and 31 December 2009, the Company and its subsidiaries have the following restructured receivables balances (principal and interest receivables), including restructured receivables who were transferred from investments in receivables. There are summary below.

	Total number of outstanding receivables		Restructured receivables					
			Number of receivables		Outstanding balance		Outstanding balance net of collateral	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009
					Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	10,587	31,232	63	67	135	137	30	32
Thanachart Bank Plc.	917,703	812,480	11,796	10,600	4,967	5,280	2,179	1,963
Siam City Bank Plc.	349,965	-	6,259	-	22,594	-	9,379	-
Thanachart Securities Plc.	395	388	4	6	50	101	50	101
Other subsidiary companies	6,460	6,528	308	335	1,579	1,617	462	483

11.9 As at 30 June 2010, the Company has loans to NFS Asset Management Co., Ltd. (its subsidiary) in term of promissory note amounting to Baht 1,290 million. The loans are due at call and bear interest at a fixed rate of 2.80 percent per annum (31 December 2009: Baht 2,400 million).

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

As at 30 June 2010 and 31 December 2009, the Company and its financial institution subsidiaries (banking and asset management business) classified and made allowances against their loans (including loans to financial institutions which are presented as part of interbank and money market items) in accordance with the BOT's guidelines as summarise below.

(Unit: Million Baht)

	Consolidated financial statements ⁽¹⁾						
	Debt balance/ book value ⁽²⁾		Debt balance after collateral ⁽³⁾		Minimum percentage	Allowance for doubtful accounts	
	30	31	30	31	(Percent)	30	31
	June	December	June	December		June	December
	2010	2009	2010	2009		2010	2009
<u>Loans and accrued interest receivables</u>							
<u>(including interbank and money market items)</u>							
Normal	538,890	307,188	185,714	82,599	1	2,004	909
Special mention	40,475	17,970	17,222	7,484	2	3,008	190
Substandard	6,823	1,713	2,527	1,141	100	2,852	1,237
Doubtful	8,083	2,180	5,478	1,345	100	5,528	1,345
Doubtful of loss	21,978	7,737	12,560	5,624	100	12,657	5,709
Total	616,249	336,788	223,501	98,193		26,049	9,390
Additional allowance for possible uncollectible debts	-	-	-	-		663	387
	616,249	336,788	223,501	98,193		26,712	9,777
Less: Revaluation allowance							
for debt restructuring	(547)	(98)					
Intercompany gain	(207)	(200)					
Total loans and accrued interest receivables	615,495	336,490					

(1) Only the Company and those subsidiaries under control of the BOT.

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

(3) The debt balance after collateral for substandard, doubtful and doubtful of loss loans is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

(Unit: Million Baht)

	Separate financial statements						
	Debt balance/ book value ⁽¹⁾		Debt balance after collateral ⁽²⁾		Minimum percentage	Allowance for doubtful accounts	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009	(Percent)	30 June 2010	31 December 2009
Loans and accrued interest receivables (including interbank and money market items)							
Normal	1,583	3,436	1,576	2,965	1	15	29
Special mention	33	124	30	86	2	1	2
Substandard	10	20	7	17	100	7	17
Doubtful	6	22	6	22	100	6	22
Doubtful of loss	469	475	372	378	100	372	378
Total loans and accrued interest receivables	2,101	4,077	1,991	3,468		401	448
Additional allowance for possible uncollectible debts						140	140
						541	588

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

(2) The debt balance after collateral for substandard, doubtful and doubtful of loss loans 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.

11.11 Loans to companies which have settlement problems

As at 30 June 2010 and 31 December 2009, loans of the Company and its subsidiaries (including loans to financial institutions presented as part of interbank and money market items) in the consolidated and the separate financial statements included the following debtors with weak financial positions and operating results:

	Consolidated financial statements							
	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Closed financial institutions	5	4	10	-	-	-	10	-
2. Listed companies vulnerable to delisting from the SET	8	5	532	343	117	116	454	267
3. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	11	14	757	835	741	815	277	281
4. Companies which have loan settlement problems or have defaulted on the repayment	953	946	2,051	2,340	1,434	1,776	1,076	1,112
5. Companies whose auditors' reports cited going concern issues	2	2	51	51	-	-	51	51

However, the above information does not include SCIB's loans because of inadequate information, so does not disclose loans in respect of non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET, Companies which have loan settlement problems or have defaulted on the repayment of debts and Companies whose auditors' reports cited going concern issues. However, SCIB already set up provision in accordance with the BOT's guidelines.

Separate financial statements								
Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts		
30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009	
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
1. Companies which have loan settlement problems or have defaulted on the repayment	118	135	114	115	107	101	40	41

11.12 Classification of securities business receivables in accordance with the Notification of the Securities and Exchange Commission

As at 30 June 2010 and 31 December 2009, subsidiary companies operating in the securities business classify securities business receivables and accrued interest receivables and provide related allowance for doubtful accounts in accordance with the Notification of the Securities and Exchange Commission ("SEC") as follows:

(Unit: Million Baht)						
	Receivable and accrued interest receivables		Allowance for doubtful accounts as required by SEC		Allowance for doubtful accounts provided in the accounts	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Doubtful	1,387	313	1,387	313	1,387	313
Substandard	5	3	-	-	3	2
Total	1,392	316	1,387	313	1,390	315

The above substandard receivables were the outstanding balance which equal to the pledged securities.

11.13 Hire purchase receivables/financial lease receivables of subsidiaries classified by aging

As at 30 June 2010 and 31 December 2009, hire purchase and financial lease receivables of 2 subsidiaries (31 December 2009: 3 subsidiaries) engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

	(Unit: Million Baht)	
	30 June 2010	31 December 2009
Current or overdue less than 90 days	2,083	3,563
Overdue 91 - 365 days	81	141
Overdue more than 1 year	62	58
Debtors under legal actions	104	93
Total	<u>2,330</u>	<u>3,855</u>
Allowance for doubtful accounts	<u>269</u>	<u>344</u>

12. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the six-month period ended 30 June 2010									
The Company and its financial institution subsidiaries									
(Banking and asset management business)									
	Special	Sub -		Doubtful	General		Other		
	Normal	mention	standard	Doubtful	of loss	reserve	Total	s	Consolidated
Balance - beginning of the period	909	190	1,237	1,345	5,709	387	9,777	659	10,436
Balance brought forward of subsidiary purchased during the period	971	2,854	1,346	4,745	6,244	-	16,160	1,074	17,234
Allowance for doubtful accounts of subsidiary disposed during the period	-	-	-	-	-	-	-	(64)	(64)
Increase (decrease) during the period	(9)	(36)	269	(562)	904	276	842	7	849
Bad debt recovery	-	-	-	-	110	-	110	11	121
Bad debt written-off	-	-	-	-	(310)	-	(310)	(28)	(338)
Balance - end of the period	<u>1,871</u>	<u>3,008</u>	<u>2,852</u>	<u>5,528</u>	<u>12,657</u>	<u>663</u>	<u>26,579</u>	<u>1,659</u>	<u>28,238</u>

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2009									
The Company and its financial institution subsidiaries									
(Banking and asset management business)									
	Special	Sub -		Doubtful	General		Other		
	Normal	mention	standard	Doubtful	of loss	reserve	Total	s	Consolidated
Balance - beginning of the year	912	185	1,466	1,230	5,127	270	9,190	731	9,921
Increase (decrease) during the year	(3)	5	(229)	115	2,558	117	2,563	278	2,841
Bad debt recovery	-	-	-	-	80	-	80	12	92
Bad debt written-off	-	-	-	-	(1,524)	-	(1,524)	(362)	(1,886)
Reversal from the disposals	-	-	-	-	(532)	-	(532)	-	(532)
Balance - end of the year	909	190	1,237	1,345	5,709	387	9,777	659	10,436

(Unit: Million Baht)

Separate financial statements							
For the six-month period ended 30 June 2010							
	Special	Sub -		Doubtful	General		Total
	Normal	mention	standard	Doubtful	of loss	reserve	Total
Balance - beginning of the period	29	2	17	22	378	140	588
Decrease during the period	(14)	(1)	(10)	(16)	(22)	-	(63)
Bad debt recovery	-	-	-	-	16	-	16
Balance - end of the period	15	1	7	6	372	140	541

(Unit: Million Baht)

Separate financial statements							
For the year ended 31 December 2009							
	Special	Sub -		Doubtful	General		Total
	Normal	mention	standard	Doubtful	of loss	reserve	Total
Balance - beginning of the year	17	7	100	73	965	140	1,302
Increase (decrease) during the year	12	(5)	(83)	(51)	(62)	-	(189)
Bad debt recovery	-	-	-	-	28	-	28
Bad debt written-off	-	-	-	-	(21)	-	(21)
Reversal from the disposals	-	-	-	-	(532)	-	(532)
Balance - end of the year	29	2	17	22	378	140	588

13. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month	For the	For the six-month	For the
	period ended	year ended	period ended	year ended
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Balance - beginning of the period	98	87	-	-
Balance brought forward of				
subsidiaries purchased during				
the period	472	-	-	-
Increase during the period	-	31	-	-
Amortised during the period	3	(20)	-	-
Reversal on hair-cut loans	(26)	-	-	-
Balance - end of the period	<u>547</u>	<u>98</u>	<u>-</u>	<u>-</u>

14. Classification of assets

As at 30 June 2010 and 31 December 2009, the quality of assets of the Company and its financial business subsidiaries classified in accordance with the announcements of the BOT are as follows:

(Unit: Million Baht)

	Consolidated financial statements											
	Loans and accrued interest receivables				Property foreclosed				Other assets		Total	
	30 June 2010		31 December 2009		30 June 2010		31 December 2009		30 June 2010		31 December 2009	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009		
Normal	538,890	307,188	-	-	-	-	171	131	539,061	307,319		
Special mention	40,475	17,970	-	-	-	-	90	58	40,565	18,028		
Substandard	6,823	1,713	-	-	-	-	11	3	6,834	1,716		
Doubtful	8,083	2,180	-	-	-	-	11	3	8,094	2,183		
Doubtful of loss	21,978	7,737	845	986	3,770	822	417	196	27,010	9,741		
Total	616,249	336,788	845	986	3,770	822	700	391	621,564	338,987		
Less: Revaluation allowance for debt restructuring	(547)	(98)										
Intercompany gain from loans transferred	(207)	(200)										
	<u>615,495</u>	<u>336,490</u>										

(Unit: Million Baht)

	Separate financial statements									
	Loans and accrued				Property					
	interest receivables		Investments		foreclosed		Other assets		Total	
	30	31	30	31	30	31	30	31	30	31
	June	December	June	December	June	December	June	December	June	December
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	
Normal	1,583	3,436	-	-	-	-	1	3	1,584	3,439
Special mention	33	124	-	-	-	-	2	5	35	129
Substandard	10	20	-	-	-	-	2	-	12	20
Doubtful	6	22	-	-	-	-	-	1	6	23
Doubtful of loss	469	475	411	416	472	531	99	101	1,451	1,523
Total	2,101	4,077	411	416	472	531	104	110	3,088	5,134

15. Property foreclosed

(Unit: Million Baht)

	Consolidated financial statements					
	For the six-month period ended 30 June 2010					
	Balance - beginning of the period	Increase from purchase of a subsidiary company	Decrease from disposals of a subsidiary company	Additions	Disposals	Balance - end of the period
Assets acquired from settlement of debts						
Immovable assets						
Appraised by internal appraiser	1,489	16	-	46	(181)	1,370
Appraised by external appraiser	3,580	8,817	-	150	(1,038)	11,509
Movable assets	434	113	(4)	1,934	(1,981)	496
Assets acquired from auction bidding on the open market						
Immovable assets						
Appraised by internal appraiser	1,346	7	-	179	(171)	1,361
Appraised by external appraiser	506	424	-	114	(50)	994
Unused branch appraised by external appraiser	-	123	-	-	-	123
Total property foreclosed	7,355	9,500	(4)	2,423	(3,421)	15,853
Less: Allowance for impairment	(831)	(2,958)	-	(201)	214	(3,776)
Property foreclosed - net	6,524	6,542	(4)	2,222	(3,207)	12,077

(Unit: Million Baht)

	Separate financial statements			
	For the six-month period ended 30 June 2010			
	Balance - beginning of the period	Additions	Disposals	Balance - end of the period
Assets acquired from settlement of debts				
Immovable assets				
Appraised by internal appraiser	249	4	(6)	247
Appraised by external appraiser	1,960	13	(224)	1,749
Movable assets	6	6	(8)	4
Assets acquired from auction bidding on the open market				
Immovable assets				
Appraised by internal appraiser	402	18	(61)	359
Appraised by external appraiser	76	70	(3)	143
Total property foreclosed	2,693	111	(302)	2,502
Less: Allowance for impairment	(531)	(9)	68	(472)
Property foreclosed - net	2,162	102	(234)	2,030

15.1 As at 30 June 2010 and 31 December 2009, property foreclosed acquired from settlement of debt that are subject to restrictions can be summarised follow:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Immovable assets subject to buy back options or first refusal rights	653	28	-	-

15.2 As at 30 June 2010, the Company and its subsidiaries have entered into sales agreements with customers to sell property foreclosed of approximately Baht 2,345 million (at cost) (separate financial statements: Baht 78 million), but the payment of installments or the transfer of ownership rights is still in progress. The Company and its subsidiaries have not recognised any gains in these cases and the assets are still recorded as property foreclosed of the Company and its subsidiaries.

16. Property, premises and equipment

(Unit: Million Baht)

Consolidated financial statements						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Motor vehicles	Work in process	Total
<u>Cost</u>						
31 December 2009	489	540	3,399	216	18	4,662
Increase from purchase of subsidiary companies	4,174	4,770	4,404	363	134	13,845
Decrease from disposals of subsidiary company	-	-	(6)	(1)	-	(7)
Additions	-	3	136	9	30	178
Transfers	-	-	20	-	(20)	-
Disposals	(4)	(1)	(82)	(41)	(2)	(130)
30 June 2010	4,659	5,312	7,871	546	160	18,548
<u>Accumulated depreciation</u>						
31 December 2009	-	92	2,025	121	-	2,238
Increase from purchase of subsidiary companies	-	2,628	3,698	301	-	6,627
Decrease from disposals of subsidiary companies	-	-	(2)	(1)	-	(3)
Disposals	-	(1)	(69)	(40)	-	(110)
Depreciation during the period	-	57	365	29	-	451
30 June 2010	-	2,776	6,017	410	-	9,203
<u>Allowance for impairment</u>						
31 December 2009	1	-	-	-	-	1
Increase from purchase of subsidiary companies	1	-	1	-	-	2
Decrease during the period	(1)	-	-	-	-	(1)
30 June 2010	1	-	1	-	-	2
<u>Net book value</u>						
31 December 2009	488	448	1,374	95	18	2,423
30 June 2010	4,658	2,536	1,853	136	160	9,343
Depreciation charge included in the income statements for the six-month periods ended 30 June						
2009						287
2010						451

(Unit: Million Baht)

	Separate financial statements					Total
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Motor vehicles	Work in process	
<u>Cost</u>						
31 December 2009	63	147	103	35	-	348
Additions	-	-	-	3	-	3
Disposal	-	-	(24)	(5)	-	(29)
30 June 2010	63	147	79	33	-	322
<u>Accumulated depreciation</u>						
31 December 2009	-	46	77	15	-	138
Disposals	-	-	(13)	(5)	-	(18)
Depreciation during the period	-	4	5	2	-	11
30 June 2010	-	50	69	12	-	131
<u>Net book value</u>						
31 December 2009	63	101	26	20	-	210
30 June 2010	63	97	10	21	-	191
Depreciation charge included in the income statements for the six-month periods ended 30 June						
2009						10
2010						11

As at 30 June 2010, the Company and its subsidiaries have motor vehicles acquired under financial leases with net book values amounting to approximately Baht 85 million and have office equipment and motor vehicles which have been fully depreciated but are still in use with original costs, before deducting accumulated depreciation, amounting to approximately Baht 3,313 million (separate financial statements: Baht 21 million and Baht 56 million, respectively).

17. Intangible assets

(Unit: Million Baht)

	Consolidated financial statements					Separate financial statements
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total	Computer software
<u>Cost</u>						
31 December 2009	-	534	-	116	650	8
Increase from purchase of subsidiary companies	-	930	4	40	974	-
Additions/increase due to business combination	4,100	11	-	47	4,158	-
Transfers	-	7	-	(7)	-	-
30 June 2010	4,100	1,482	4	196	5,782	8
<u>Accumulated amortisation</u>						
31 December 2009	-	175	-	-	175	7
Increase from purchase of subsidiary companies	-	647	3	-	650	-
Amortisation during the period	35	44	-	-	79	-
30 June 2010	35	866	3	-	904	7
<u>Allowance for impairment</u>						
31 December 2009	-	-	-	-	-	-
Increase from purchase of subsidiary companies	-	30	-	-	30	-
30 June 2010	-	30	-	-	30	-
<u>Net book value</u>						
31 December 2009	-	359	-	116	475	1
30 June 2010	4,065	586	1	196	4,848	1
Amortised expenses included in the income statements for the six-month periods ended 30 June						
2009					24	-
2010					79	-
Amortisation period	10 years	0 - 10 years	0 - 1 year	-		0 - 2 years

As at 30 June 2010, the Company and its subsidiaries have computer software which have been fully amortised but are still in use with original costs, before deducting accumulated amortisation, amounting to approximately Baht 72 million (separate financial statements: Baht 3 million).

18. Other assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Other receivables	1,191	490	100	105
Premium receivable from direct insurance	358	757	-	-
Value added tax refundable	322	401	-	-
Deposits	279	159	4	5
Prepaid expenses	215	85	8	5
Suspense accounts between head office and branches	186	146	-	-
Other receivable - VAT paid in advance for customers	183	172	3	8
Accrued estimated claims refunded from other parties	156	166	-	-
Differences as a result of asset transferred to Sukhumvit Asset Management Company Limited	83	-	-	-
Suspense amount - Deferred tax arrived from business combination	629	-	-	-
Others	722	329	47	44
Total	4,324	2,705	162	167
Less: Allowance for impairment	(684)	(233)	(101)	(102)
Total other assets - net	3,640	2,472	61	65

19. Deposits

19.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Current	7,324	636	-	-
Savings	195,626	81,338	-	-
Promissory notes	65	66	-	-
Certificates of deposit	5,850	-	-	-
Fixed deposits				
- Less than 6 months	128,950	66,649	-	-
- 6 months and up to 1 year	32,567	17,746	-	-
- Over 1 year	171,484	99,436	-	-
Total deposits	541,866	265,871	-	-

19.2 Classified by the remaining period of contracts

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
Not over 1 year*	489,906	220,579	-	-
Over 1 year	51,960	45,292	-	-
Total deposits	541,866	265,871	-	-

*Include matured contracts

19.3 Classified by currency and location

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2010			31 December 2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	541,173	103	541,276	265,780	1	265,781
US Dollar	381	18	399	44	6	50
Other currencies	77	114	191	40	-	40
Total deposits	541,631	235	541,866	265,864	7	265,871

20. Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and the						
FIDF	1,050	437	1,487	-	-	-
Commercial banks	467	18,484	18,951	7	1,150	1,157
Other banks	601	8,703	9,304	-	534	534
Finance and securities						
companies	5,582	3,222	8,804	4,773	3,545	8,318
Other financial						
institutions	6,332	6,225	12,557	4,298	1,430	5,728
Total domestic	14,032	37,071	51,103	9,078	6,659	15,737
Foreign						
US Dollar	-	4,898	4,898	-	5,037	5,037
Baht	29	231	260	35	130	165
Total foreign	29	5,129	5,158	35	5,167	5,202
Total	14,061	42,200	56,261	9,113	11,826	20,939

(Unit: Million Baht)

	Separate financial statements					
	30 June 2010			31 December 2009		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	1	-	1	1	-	1
Total	1	-	1	1	-	1

21. Borrowings

As at 30 June 2010 and 31 December 2009, domestic borrowings are as follow:

Type of borrowings	Interest rate per annum (as at 30 June 2010)	Maturity year	(Unit: Million Baht)			
			Consolidated financial statements		Separate financial statements	
			30 June 2010	31 December 2009	30 June 2010	31 December 2009
<u>Short-term borrowings</u>						
Unsubordinated and unsecured debentures			-	6,328	-	6,500
Bills of exchange	0.75 - 6.00 percent	2010 - 2011	76,168	68,600	-	-
Bills of exchange	0 - 1.21 percent	Call	306	-	-	-
Total short-term borrowings			76,474	74,928	-	6,500
<u>Long-term borrowings</u>						
Bills of exchange	1.25 - 1.42 percent	2011 - 2013	2,997	-	-	-
Unsubordinated and unsecured debentures (a)	5.25 percent	2011	1,455	1,455	1,500	1,500
Unsubordinated and unsecured debentures (b)	4.90 percent	2014	9,000	9,000	9,000	9,000
Unsubordinated and unsecured debentures (c)	3.35 percent	2013	3,000	-	3,000	-
Subordinated debentures (Tier I) (d)	7.00 percent	Dissolution	3,494	-	-	-
Subordinated debentures (Tier II) (e)	5.10 percent	2015	5,000	5,000	-	-
Subordinated debentures (Tier II) (f)	5.25 percent	2019	2,000	2,000	-	-
Subordinated debentures (Tier II) (g)	5.25 percent	2019 and 2024	5,000	4,922	-	-
Subordinated debentures (Tier II) (h)	5.00 percent	2020	6,000	-	-	-
Subordinated debentures (Tier II) (i)	5.50 percent	2019	10,000	-	-	-
The Department of Alternative Energy Development and Efficiency	0 - 0.50 percent	2013 - 2017	264	-	-	-
Total long-term borrowings			48,210	22,377	13,500	10,500
Total borrowings			124,684	97,305	13,500	17,000

- (a) On 18 November 2008, the Company issued 1,500,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures will mature in 2011 and bear interest at fixed rate of 5.25 percent per annum, payable semi-annually.
- (b) On 12 November 2009, the Company issued 9,000,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures will mature in 2014 and bear interest at fixed rate of 4.90 percent per annum, payable quarterly.
- (c) On 22 January 2010, the Company issued 3,000,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures will mature in 2013 and bear interest at fixed rate of 3.35 percent per annum, payable quarterly.
- (d) On 22 April 2010, Thanachart Bank issued 7,130,000 units of perpetual, non-cumulative, subordinated, hybrid bonds (Hybrid Tier I), with a face value of Baht 1,000 each, and sold them to the Company and BNS. The bonds will mature upon dissolution or liquidation or similar of Thanachart Bank. The bonds are unsecured and non-convertible and bear interest at a rate equal to the highest interest rate for a six-month fixed deposit plus 6.00 percent per annum, payable semi-annually. Thanachart Bank has a call option to early redeem these bonds at par if the conditions as specified are met. The Company has investments in subordinated debentures amounting to Baht 3,636 million.
- (e) On 9 May 2008, Thanachart Bank issued 5,000,000 units of subordinated, unsecured, unconvertible debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2015 and bear interest at fixed rates of 5.10 percent per annum for the first three years and 6.00 percent per annum for the fourth to seventh years, payable quarterly.

- (f) On 3 April 2009, Thanachart Bank issued 2,000,000 units of name registered subordinated, unsecured, unconvertible debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at fixed rates of 5.25 percent per annum for the first three years, 5.75 percent per annum for the fourth to seventh years, and 6.50 percent per annum for the eighth to tenth years, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (g) On 24 July 2009, Thanachart Bank issued 5,000,000 units of name registered subordinated, unsecured, unconvertible debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures amounting to 3.5 million units will mature in 2019 and bear interest at fixed rates of 5.25 percent per annum for the first five years and 5.50 percent per annum for the sixth to tenth years, and the debentures amounting to 1.5 million units will mature in 2024 and bear interest at fixed rates of 5.25 percent per annum for the first five years, 6.00 percent per annum for the sixth to tenth years, and 6.50 percent per annum for the eleventh to fifteenth years. All interest is payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par and postpone principal and/or interest payment if the conditions specified are met.
- (h) On 2 April 2010, Thanachart Bank issued 6,000,000 units of name registered subordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2020 and bear interest at fixed rates of 5.00 percent per annum for the first five years and 5.50 percent per annum for the sixth to tenth years, payable quarterly. Thanachart Bank has call option to early redeem these debentures if the conditions specified are met.
- (i) On 19 June 2009, SCIB issued 10,000,000 units of unsecured subordinated, with a face value of Baht 1,000 each. Total amounting Baht 10,000 million. The debentures will mature in 2019 and bear interest at fixed rates of 5.50 percent per annum for the first three years, 6.00 percent per annum for the fourth to seventh years and 6.50 percent per annum for the eighth to tenth years, payable quarterly. SCIB has call option to early redeem these debentures if the conditions specified are met.

22. Other liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Loss reserves and outstanding claims from insurance/life assurance	937	872	-	-
Suspense cash received from account receivable	1,015	842	42	77
Provision for liabilities	749	44	22	17
Provision for income tax	547	586	-	-
Withholding tax payable	225	115	1	3
Insurance premium receives	294	234	-	-
Dividend payable	158	95	126	95
Financial derivative liabilities	370	24	-	-
Other payable	1,035	400	-	-
Cash guarantee derivatives contract	921	-	-	-
Others	2,247	1,107	134	150
Total	8,498	4,319	325	342

23. Share capital/treasury stocks/dividends

During the six-month period ended 30 June 2010, there were no preference shareholders converted to the Company's ordinary shares. Therefore, as at 30 June 2010, 15,856 preference shares remained unconverted. Each preference share can convert to 1 ordinary share and the conversion right is unconditional and does not expire.

As at 30 June 2010, the Company has totaling 55,324,300 shares of treasury stocks or an amount of Baht 387.50 million. Such treasury stocks were not disposed of during the period and are to be disposed of within 3 years counting from end of the repurchasing period (within June 2012).

Moreover, during the six-month periods ended 30 June 2010 and 2009, the Company has dividend payment as below.

Dividends	Approved by	Dividend payment	Dividend per share	Payment date
		Million Baht	Baht	
Dividend on earnings for the second half-year of 2009	The Annual General Meeting of shareholders on 7 April 2010	767	0.60	6 May 2010
Dividend on earnings for the second half-year of 2008	The Annual General Meeting of shareholders on 29 April 2009	767	0.60	28 May 2009

24. Revaluation surplus (deficit) on investments

As at 30 June 2010 and 31 December 2009, the Company and its subsidiaries have outstanding of revaluation surplus (deficit) on investment as a follow:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
Revaluation surplus on investments				
Available-for-sale investments				
Debt instruments	336	257	-	9
Equity instruments	368	2,227	208	2,118
Held-to-maturity debt securities	20	22	-	-
Surplus recognised for an associated company - under equity method	139	152	-	-
Total	863	2,658	208	2,127
Revaluation deficit on investments				
Available-for-sale investments				
Debt instruments	(30)	(5)	-	(6)
Equity instruments	(241)	(301)	-	-
Held-to-maturity debt securities	(157)	(193)	-	-
Total	(428)	(499)	-	(6)
Total revaluation surplus on investments	435	2,159	208	2,121

25. Statutory reserve

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

26. Bad debt and doubtful accounts

Bad debt and doubtful accounts in the income statements for the six-month periods ended 30 June 2010 and 2009 consists of:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Bad debt and doubtful accounts (reversal of bad debt and doubtful accounts) of loans and interbank and money market items	858	2,614	(63)	(81)
Amortisation of revaluation allowance for debt restructuring during the period	3	(11)	-	-
Total bad debt and doubtful accounts (reversal)	<u>861</u>	<u>2,603</u>	<u>(63)</u>	<u>(81)</u>

27. Loss from debt restructuring

Loss from debt restructuring in the income statements for the six-month periods ended 30 June 2010 and 2009 consists of:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Loss from hair-cut	42	8	-	-
Increase in revaluation allowance for debt restructuring	-	10	-	-
Total loss from debt restructuring	<u>42</u>	<u>18</u>	<u>-</u>	<u>-</u>

28. Gain (loss) on investments

Gain (loss) on investments for the six-month periods ended 30 June 2010 and 2009 consists of the following:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Unrealised loss on valuation adjustment	(4)	(5)	-	-
Reversal of allowance for impairment	188	149	-	11
Allowance for impairment of investment in receivables	(20)	(6)	(22)	(15)
Gain on debt settlement/disposal of debt/assets transferred from investments in receivables purchased	98	49	72	15
Realised gain (loss) on sales of investments				
Trading securities	53	3	-	-
Available-for-sale securities	227	(301)	120	(13)
Subsidiary and associated companies	27	2,834	2,136	3,038
Total	569	2,723	2,306	3,036

29. Gain (loss) on property foreclosed and other assets

Gain (loss) on property foreclosed and other assets for the six-month periods ended 30 June 2010 and 2009 consists of the following:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Gains on sales	400	107	238	32
Reversal of allowance for impairment	12	102	59	7
Total	412	209	297	39

30. Directors' remuneration

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

31. Corporate income tax

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

32. Provident fund

The Company, certain of its subsidiaries and their employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees, at the rate of 3 - 10 percent of their basic salaries, and by the Company and its subsidiaries at the rate of 3 - 10 percent depending on number of years of services of each employee, and will be paid to employees upon termination in accordance with the rules of the funds. During the six-month period ended 30 June 2010, Baht 137 million has been contributed to the funds by the Company and its subsidiaries (separate financial statements: Baht 2 million).

33. Reconciliation of diluted earnings per share

Earnings per share as presented in the income statement is basic earnings per share, which is calculated by dividing net income attributable to the Company for the period by the weighted average number of ordinary shares outstanding during the period, netting of treasury stock held by the Company.

Diluted earnings per share is calculated by dividing net income attributable to the Company for the period by the total sum of the weighted average number of ordinary shares outstanding during the period, netting of treasury stocks held by the Company, plus the weighted average number of ordinary shares that would be required to be issued to convert all potential ordinary shares to ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

Consolidated financial statements

For the three-month periods ended 30 June

	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010	2009	2010	2009	2010	2009
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net income attributable to the Company	1,368,529	743,797	1,277,814	1,277,814	1.07	0.58
Effect of dilutive securities						
Preference shares convertible to ordinary shares	-	-	16	16		
Diluted earnings per share						
Net income of ordinary shareholders assuming conversion of dilutive securities	1,368,529	743,797	1,277,830	1,277,830	1.07	0.58

Consolidated financial statements

For the six-month periods ended 30 June

	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010	2009	2010	2009	2010	2009
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net income attributable to the Company	2,711,912	2,934,236	1,277,814	1,282,022	2.12	2.29
Effect of dilutive securities						
Preference shares convertible to ordinary shares	-	-	16	16		
Diluted earnings per share						
Net income of ordinary shareholders assuming conversion of dilutive securities	2,711,912	2,934,236	1,277,830	1,282,038	2.12	2.29

Separate financial statements						
For the three-month periods ended 30 June						
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010	2009	2010	2009	2010	2009
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net income	2,227,272	864,407	1,277,814	1,277,814	1.74	0.68
Effect of dilutive securities						
Preference shares convertible to ordinary shares	-	-	16	16		
Diluted earnings per share						
Net income of ordinary shareholders assuming conversion of dilutive securities	<u>2,227,272</u>	<u>864,407</u>	<u>1,277,830</u>	<u>1,277,830</u>	<u>1.74</u>	<u>0.68</u>

Separate financial statements						
For the six-month periods ended 30 June						
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010	2009	2010	2009	2010	2009
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net income	2,674,181	3,126,202	1,277,814	1,282,022	2.09	2.44
Effect of dilutive securities						
Preference shares convertible to ordinary shares	-	-	16	16		
Diluted earnings per share						
Net income of ordinary shareholders assuming conversion of dilutive securities	<u>2,674,181</u>	<u>3,126,202</u>	<u>1,277,830</u>	<u>1,282,038</u>	<u>2.09</u>	<u>2.44</u>

34. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with their related parties. These transactions, which have been concluded on the commercial terms and bases specified in the agreements between the Company and those companies, are summarised below.

(Unit: Million Baht)

	For the three-month periods ended 30 June				Pricing policies (For the period 2010)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2010	2009	2010	2009	
Subsidiary companies					
Purchase of investments in debt securities	-	-	11,273	486	At market price
Investments in ordinary shares of a subsidiary company	-	-	18,245	1,019	At par value
Sales of investments in debt securities	-	-	803	-	At market price
Sales of investments in a subsidiary company	-	-	3,402	-	At the same price of FIDF
Interest income from loans	-	-	9	19	At interest rate of 2.80 percent per annum
Interest income from cash at banks	-	-	11	9	At interest rate of 0.65 - 1.40 percent per annum
Interest income from investments in debt securities	-	-	49	46	At interest rate of 5.00 - 7.00 percent per annum
Dividend income	-	-	551	612	As declared
Rental and other service income	-	-	61	47	At the contracted rate
Interest expenses	-	-	1	3	At interest rate of 4.75 and 5.25 percent per annum
Rental and other service expenses	-	-	14	16	At the contracted rate
Insurance expenses	-	-	1	1	At insurance policy
Associated companies					
Purchase of investments in subsidiaries	161	-	-	-	At the same price of FIDF
Purchase of investments in debt securities	350	-	-	-	At market price
Sales of investment in debt securities	4,804	-	-	-	At market price
Sales of investments in a subsidiary company	213	-	-	-	At the contracted rate
Purchases/Sales of forward exchange contract	1,099	-	-	-	At market price
Interest and dividend income	57	-	42	38	At interest rate of 3.00 - 5.00 percent per annum and dividend at declared
Other income	13	-	-	-	
Interest expenses	17	-	-	-	At interest rate of 0.25 - 1.25 and 5.25 percent per annum
Other expenses	13	15	8	8	

(Unit: Million Baht)

	For the three-month periods ended 30 June				Pricing policies (For the period 2010)
	Consolidated		Separate		
	financial statements		financial statements		
	2010	2009	2010	2009	
Related companies					
Purchase of investments in subsidiaries	6,228	-	-	-	At the same price of FIDF
Purchase of investments in debt securities	748	-	-	-	At market price
Sales of investments in debt securities	417	185	-	-	At market price and par value
Sales of land and leasehold rights (2010: with gain by Baht 78 million in the consolidated financial statements and gain by Baht 85 million in the separate financial statements)	266	-	208	-	At auction price
Sales of property foreclosed (2010: gain by Baht 29 million)	373	-	-	-	At auction price
Purchases/Sales of forward exchange contract (2010: loss by Baht 21 million and 2009: loss by Baht 4 million)	29,354	21,230	-	-	At market price
Interest and dividend income	60	49	-	12	At interest rate of 0.05 - 3.00 and 4.00 - 8.50 percent per annum and dividend at declared
Other income	34	4	1	1	
Dividend payment	558	476	-	-	As declared
Interest expenses	92	4	2	-	At interest rate of 0.125 – 5.25 and 7.00 percent per annum
Project management expenses	17	17	7	8	At the contract price, calculated by reference to estimated usage time
Other expenses	53	22	7	-	

(Unit: Million Baht)

	For the six-month periods ended 30 June				Pricing Policies (For the period 2010)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2010	2009	2010	2009	
Subsidiary companies					
Purchase of investments in debt securities	-	-	30,469	11,226	At market price
Purchase of investments in subsidiary company	-	-	18,245	1,019	At par value
Sales of investments in debt securities	-	-	18,334	-	At market price
Sales of investments in a subsidiary company	-	-	3,402	-	At the same price of FIDF
Interest income from loans	-	-	20	35	At interest rate of 2.80 percent per annum
Interest income from cash at banks	-	-	30	25	At interest rate of 0.65 - 1.50 percent per annum
Interest income from investments in debt securities	-	-	95	92	At interest rate of 5.00 - 7.00 percent per annum
Dividend income	-	-	795	612	As declared
Rental and other service income	-	-	113	93	At the contracted rate
Interest expenses	-	-	3	21	At interest rate of 2.41 - 5.25 percent per annum
Rental and other service expenses	-	-	28	50	At the contracted rate
Insurance expenses	-	-	1	1	At insurance policy
Associated companies					
Purchase of investments in subsidiaries	161	-	-	-	At same price of FIDF
Purchase of investments in debt securities	350	-	-	-	At market price
Sales of investment in debt securities	4,804	-	-	-	At market price
Sales of investments in a subsidiary company	213	-	-	-	At the contracted rate
Purchases/Sales of forward exchange contract	1,099	-	-	-	At market price
Interest and dividend income	57	-	42	38	At interest rate of 3.00 - 5.00 percent per annum and dividend as declared
Other income	14	1	-	-	
Interest expenses	33	-	-	-	At interest rate of 0.25 - 1.25 and 5.25 percent per annum
Dividend payment	24	-	-	-	As declared
Other expenses	26	29	15	15	

(Unit: Million Baht)

	For the six-month periods ended 30 June				Pricing Policies (For the period 2010)
	Consolidated		Separate		
	financial statements		financial statements		
	2010	2009	2010	2009	
Related companies					
Purchase of investments in subsidiaries	6,228	-	-	-	At the same price of FIDF
Purchase of investments in debt securities	1,769	10	-	-	At market price
Sales of investments in debt securities	835	545	-	-	At market price and par value
Sales of investments in a subsidiary company (2009: gain by Baht 2,805 million in the consolidated financial statements and gain by Baht 3,038 million in the separate financial statements)	-	7,656	-	7,656	
Sales of land and leasehold rights (2010: with gain by Baht 78 million in the consolidated financial statements and gain by Baht 85 million in the separate financial statements)	266	-	208	-	At auction price
Sales of property foreclosed (2010: gain by Baht 29 million)	373	-	-	-	At auction price
Purchase/Sales of forward exchange contracts (2010: gain by Baht 2 million and 2009: loss by Baht 9 million)	94,193	70,991	-	-	At market price
Interest and dividend income	83	88	-	12	At interest rate of 0.05 - 3.00 and 4.00 - 8.50 percent per annum and dividend as declared
Other income	40	2	1	1	
Dividend payment	558	476	-	-	As declared
Interest expenses	118	10	4	-	At interest rate of 0.125 - 5.25 and 7.00 percent per annum
Project management expenses	34	33	14	15	At the contract price, calculated by reference to estimated usage time
Insurance/Life insurance expenses	32	-	-	-	At the contracted rate
Fee and service expenses	77	-	-	-	At the contracted rate
Other expenses	86	44	8	1	

The significant outstanding balances of the above transactions during the six-month periods ended 30 June 2010 and 2009 are below shown at the average month end balance.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<u>Subsidiary companies</u>				
Interbank and money market items (Assets)	-	-	5,014	3,091
Loans	-	-	1,524	2,167
Interbank and money market items (Liabilities)	-	-	1	1,154
Borrowings	-	-	134	257
<u>Associated companies</u>				
Loans	4,885	238	-	-
Deposits	280	86	-	-
Borrowings	1,203	-	-	-
<u>Related companies</u>				
Interbank and money market items (Assets)	691	5,708	20	20
Loans	8,280	876	-	-
Deposits	3,868	1,209	-	-
Interbank and money market items (Liabilities)	5,836	1,090	-	-
Borrowings	2,709	181	-	-

The significant outstanding balances with subsidiaries, associated companies or related parties as at 30 June 2010 and 31 December 2009 are separately shown as follows:

(Unit: Million Baht)

Consolidated financial statements									
30 June 2010									
Assets					Liabilities				
Interbank and money market items	Investments in debt securities	Loans and accrued interest receivables	Other assets	Deposits	Interbank and money market items	Borrowings	Other liabilities	Commitments	
Associated companies									
Ratchthani Leasing Plc.	-	-	5,094	-	35	-	-	-	-
MBK Plc.	-	-	-	9	164	-	1,200	14	67
Siam Samsung Insurance Co., Ltd.									
Siam City Insurance Co., Ltd.	-	-	-	-	38	-	10	-	-
Related companies									
The Bank of Nova Scotia	285	-	-	3	-	4,873	3,494	57	1,298
TOT Plc.	-	-	-	1	4,672	-	-	19	-
Chaimongkol Refinery Co., Ltd.									
Advanced Info Service Plc.	-	339	40	6	2,519	-	-	6	18
Government Saving Bank	14	-	-	-	-	2,000	650	7	-
Wangkanai Sugar Co., Ltd.									
Seacon Development Plc.	-	-	1,662	-	26	-	-	-	48
The Stock Exchange of Thailand	-	-	-	-	812	-	50	4	-
Srithai Superware Plc.	-	-	694	-	4	-	-	-	14
Synphaet Co., Ltd.	-	-	696	-	7	-	-	-	-
Dhipaya Insurance Plc.	-	-	-	-	6	-	220	-	-
Others	361	225	1,553	116	1,280	70	420	35	447
Total	660	564	13,428	136	9,707	6,943	6,044	142	1,953

(Unit: Million Baht)

Consolidated financial statements

31 December 2009

	Assets				Liabilities				Commitments
	Interbank and money market items	Investments in debt securities	Loans and accrued interest receivables	Other assets	Deposits	Interbank and money market items	Borrowings	Other liabilities	
Associated company									
MBK Plc.	-	-	-	10	19	-	1,200	12	67
Related companies									
The Bank of Nova Scotia	189	-	-	14	-	5,013	-	2	1,407
Advanced Info Service Plc.	-	319	44	7	2,123	-	300	5	17
Government Saving Bank	14	-	-	-	-	-	-	272	-
Seacon Development Plc.	-	-	201	1	-	-	-	-	58
The Stock Exchange of Thailand	-	-	-	-	568	-	50	2	-
Dhipaya Insurance Plc.	-	-	-	500	-	-	-	15	-
Others	197	-	363	16	448	55	400	34	29
Total	400	319	608	548	3,158	5,068	1,950	342	1,578

(Unit: Million Baht)

Separate financial statements

30 June 2010

	Assets				Liabilities				Commitment
	Interbank and money market items	Investments in debt securities	Loans and accrued interest receivables	Other assets	Interbank and money market items	Borrowings	Other liabilities		
Subsidiary companies									
Thanachart Bank Plc.	1,464	3,636	-	59	1	-	43	-	-
Thanachart Securities Plc.	-	-	-	4	-	-	3	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	23	-	-
NFS Asset Management Co., Ltd.	-	-	1,290	2	-	-	-	-	-
MAX Asset Management Co., Ltd.	-	-	-	1	-	-	-	-	-
Thanachart Insurance Co., Ltd.	-	-	-	1	-	-	-	-	-
Thanachart Life Assurance Co., Ltd.	-	-	-	-	-	45	-	-	-
Associated company									
MBK Plc.	-	-	-	2	-	-	5	-	-
Related companies									
Others	20	-	-	-	-	200	4	-	10
Total	1,484	3,636	1,290	69	1	245	78	-	10

(Unit: Million Baht)

Separate financial statements								
31 December 2009								
Assets					Liabilities			
Interbank and money market items	Investments in debt securities	Loans and accrued interest receivables	Other assets	Interbank and money market items	Borrowings	Other liabilities	Commitment	
Subsidiary companies								
Thanachart Bank Plc.	6,689	3,078	-	24	1	-	24	-
Thanachart Securities Plc.	-	-	-	5	-	-	3	-
National Leasing Co., Ltd.	-	-	-	-	-	-	22	-
NFS Asset Management Co., Ltd.	-	-	2,400	-	-	-	1	-
Thanachart Insurance Co., Ltd.	-	-	-	1	-	80	-	-
Thanachart Life Assurance Co., Ltd.	-	-	-	-	-	137	1	-
Associated company								
MBK Plc.	-	-	-	3	-	-	7	-
Related companies								
Others	21	-	-	-	-	50	6	10
Total	6,710	3,078	2,400	33	1	267	64	10

As at 30 June 2010, the Company and its subsidiaries have investments amounting to approximately Baht 961 million (separate financial statements: Baht 366 million) in companies in which they are related by means of members of their management being shareholders and/or directors of those companies (31 December 2009: Baht 728 million in the consolidated financial statements and Baht 363 million in the separate financial statements).

The Company and its subsidiaries have related party transactions with executive employees of the Company and companies in Thanachart Group, including the related persons who together with these employees. The outstanding balances as at 30 June 2010 and 31 December 2009 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Loans	92	30	-	-
Deposits	407	554	-	-

Remunerations to key management personnel

During the six-month period ended 30 June 2010, the Company and its subsidiaries paid salaries, meeting allowance and gratuities to their key management personnel, including directors totaling Baht 227 million (separate financial statements: Baht 42 million) (2009: Baht 140 million in the consolidated financial statements and Baht 32 million in the separate financial statements).

35. Financial information by segment

35.1 Financial positions and operating results classified by business transaction

Financial positions as at 30 June 2010 and operating results for the three-month and six-month periods ended 30 June 2010, classified by domestic and foreign operations, are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	30 June 2010			
	Domestic	Foreign	Eliminations	Total
Total assets	925,919	13,616	(100,648)	838,887
Interbank and money market items (Asset)	69,207	14	(10,267)	58,954
Loans	551,388	-	(3,150)	548,238
Investments	261,114	13,526	(108,623)	166,017
Deposits	542,836	-	(970)	541,866
Interbank and money market items (Liabilities)	65,601	-	(9,340)	56,261
Borrowings	131,241	-	(6,557)	124,684
Commitments	223,307	3,893	-	227,200

(Unit: Million Baht)

	Consolidated financial statements				Consolidated financial statements			
	For the three-month period ended 30 June 2010				For the six-month period ended 30 June 2010			
	Domestic	Foreign	Eliminations	Total	Domestic	Foreign	Eliminations	Total
Interest and dividend								
income	11,182	110	(1,606)	9,686	17,257	110	(1,970)	15,397
Interest expenses	(2,806)	-	124	(2,682)	(4,475)	-	226	(4,249)
Bad debt and doubtful								
accounts and loss on debt								
restructuring	(690)	-	62	(628)	(976)	-	73	(903)
Net interest income	7,686	110	(1,420)	6,376	11,806	110	(1,671)	10,245
Non-interest income	7,467	(18)	(2,759)	4,690	12,122	(18)	(3,083)	9,021
Non-interest expenses	(7,325)	(1)	444	(6,882)	(12,734)	(1)	828	(11,907)
Net income before corporate								
income tax and minority								
interest	7,828	91	(3,735)	4,184	11,194	91	(3,926)	7,359

The financial position as at 31 December 2009 and the operating results for the three-month and six-month periods ended 30 June 2009, presented in the consolidated financial statements and the separate financial statements, are the result of domestic operation only.

35.2 Financial positions and operating results classified by business type

Financial information presented in the consolidated financial statements as at 30 June 2010 and 31 December 2009 and for the three-month and six-month periods ended 30 June 2010 and 2009, is presented below by segment.

(Unit: Million Baht)

	For the three-month period ended 30 June 2010								
	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Total
Net interest and									
dividend income after									
bad debt and doubtful									
accounts									
and loss on debt									
restructuring	530	6,854	5	61	252	25	69	(1,420)	6,376
Share of income from									
investments									
accounted for under									
equity method	-	-	-	-	-	-	-	193	193
Non-interest income	2,502	1,941	60	555	1,496	741	154	(2,952)	4,497
Non-interest expenses	(119)	(4,604)	(25)	(396)	(1,438)	(632)	(112)	444	(6,882)
Corporate income tax	(686)	(1,099)	(19)	(67)	(84)	(56)	(29)	629	(1,411)
Net income before									
minority interest	2,227	3,092	21	153	226	78	82	(3,106)	2,773

(Unit: Million Baht)

For the three-month period ended 30 June 2009

	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Total
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	854	2,441	62	38	99	22	41	(1,117)	2,440
Share of income from investments accounted for under equity method	-	-	-	-	-	-	-	65	65
Non-interest income	193	639	196	421	2,047	691	132	(276)	4,043
Non-interest expenses	(134)	(2,191)	(46)	(262)	(1,990)	(575)	(97)	270	(5,025)
Corporate income tax	(49)	(176)	(71)	(49)	(38)	(30)	(25)	-	(438)
Net income before minority interest	864	713	141	148	118	108	51	(1,058)	1,085

(Unit: Million Baht)

For the six-month period ended 30 June 2010

	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Total
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	776	10,367	39	85	411	47	191	(1,671)	10,245
Share of income from investments accounted for under equity method	-	-	-	-	-	-	-	249	249
Non-interest income	2,884	2,753	321	900	3,519	1,436	291	(3,332)	8,772
Non-interest expenses	(227)	(6,922)	(54)	(655)	(3,423)	(1,239)	(215)	828	(11,907)
Corporate income tax	(759)	(1,709)	(78)	(100)	(144)	(125)	(67)	629	(2,353)
Net income before minority interest	2,674	4,489	228	230	363	119	200	(3,297)	5,006

(Unit: Million Baht)

For the six-month period ended 30 June 2009

	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Total
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring	966	4,287	62	39	180	39	55	(1,190)	4,438
Share of income from investments accounted for under equity method	-	-	-	-	-	-	-	146	146
Non-interest income	3,422	1,368	296	646	3,577	1,392	256	(778)	10,179
Non-interest expenses	(278)	(4,310)	(76)	(486)	(3,515)	(1,313)	(203)	546	(9,635)
Corporate income tax	(984)	(332)	(99)	(59)	(56)	(54)	(57)	-	(1,641)
Net income before minority interest	3,126	1,013	183	140	186	64	51	(1,276)	3,487

(Unit: Million Baht)

As at 30 June 2010

	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Total
Interbank and money									
market items - net	1,504	65,056	293	876	817	460	215	(10,267)	58,954
Investments - net	37,764	204,395	611	1,538	26,428	3,402	502	(108,623)	166,017
Loans and accrued interest									
receivables - net	1,540	544,330	1,286	1,987	45	-	2,200	(3,150)	548,238
Land, premises and equipment - net	191	8,859	1	88	145	23	36	-	9,343
Other assets	2,230	26,060	3,087	2,214	579	512	261	21,392	56,335
Total assets	43,229	848,700	5,278	6,703	28,014	4,397	3,214	(100,648)	838,887

(Unit: Million Baht)

As at 31 December 2009

	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Total
Interbank and money									
market items - net	6,740	64,028	345	768	1,602	410	415	(9,441)	64,867
Investments - net	33,131	64,643	1,256	835	14,827	2,730	856	(21,165)	97,113
Loans and accrued interest									
receivables - net	3,469	275,108	1,330	937	5	-	3,658	(5,618)	278,889
Land, premises and equipment - net	210	1,950	2	68	150	28	15	-	2,423
Other assets	2,461	8,149	3,327	1,255	956	492	281	(248)	16,673
Total assets	46,011	413,878	6,260	3,863	17,540	3,660	5,225	(36,472)	459,965

36. Commitments and contingent liabilities

As at 30 June 2010 and 31 December 2009, the significant commitments and contingent liabilities consisted of the following:

36.1

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2010			31 December 2009		
	Foreign			Foreign		
	Baht	currencies	Total	Baht	currencies	Total
Avals to bills and guarantees of loans	1,069	23	1,092	304	2	306
Liabilities under unmatured import bills	403	1,151	1,554	-	87	87
Letters of credit	113	3,230	3,343	9	1,001	1,010
Other commitments						
Forward foreign exchange contracts						
Bought contracts	-	29,292	29,292	-	9,086	9,086
Sold contracts	-	40,977	40,977	-	20,524	20,524
Cross currency and interest rate swap contracts						
Bought contracts	-	7,775	7,775	-	4,937	4,937
Sold contracts	-	30,593	30,593	-	7,785	7,785
Interest rate swap contracts						
Bought contracts	19,029	1,101	20,130	23,870	334	24,204
Sold contracts	19,029	1,101	20,130	23,870	334	24,204
Committed but not drawn down overdraft	47,701	-	47,701	4,861	-	4,861
Others	19,627	4,986	24,613	4,224	57	4,281
Total	106,971	120,229	227,200	57,138	44,147	101,285

(Unit: Million Baht)

	Separate financial statements					
	30 June 2010			31 December 2009		
	Foreign			Foreign		
	Baht	currencies	Total	Baht	currencies	Total
Guarantees of loans	10	-	10	10	-	10
Other commitments						
Interest rate swap contracts						
Bough contracts	-	-	-	4,000	-	4,000
Sold contracts	-	-	-	4,000	-	4,000
Others	1	-	1	1	-	1
Total	11	-	11	8,011	-	8,011

- 36.2** During the years 2001 to 2003, the Company and its subsidiaries entered into agreements to sell loans with transfer prices totaling approximately Baht 3,409 million to the Thai Asset Management Corporation (“TAMC”) (separate financial statements: Baht 584 million). The Company and its subsidiaries 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 subsidiaries 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 subsidiaries 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 gains or losses cannot be reliably estimated by the Company and its subsidiaries at this stage. However, as at 30 June 2010, the Company and its subsidiaries have estimated their share of the losses which may arise from the management of non-performing assets at approximately Baht 383 million (separate financial statements: Baht 183 million). This is presented as a part of the allowance for impairment of investment in promissory notes (31 December 2009: Baht 557 million and Baht 183 million, respectively).
- 36.3** The Company and a subsidiary company have entered into agreements to sell housing loans/transfer rights of claim in housing debts to the Secondary Mortgage Corporation, under which they are committed to compensate the Corporation for losses from uncollected debts up to a maximum of 20 percent of the selling price of the said receivables. As at 30 June 2010, the maximum commitment is approximately Baht 4 million in the consolidated financial statements and Baht 2 million in the separate financial statements.

36.4 As at 30 June 2010, the Company and its subsidiaries have obligations to pay service fees related to property foreclosed and other services including long-term rental and office services agreements, as follows:

(Unit: Million Baht)

Year	Consolidated		Separate financial statements	
	financial statements		Other companies	
	Other companies		Other companies	Subsidiaries
	Million Baht	Million USD	Million Baht	Million Baht
2010	953	1	18	3
2011	881	1	6	6
2012 onward	1,093	1	26	19

The Company also has commitments under support service agreement with a subsidiary company which the contract at actual cost plus margin based on the period in the agreement.

36.5 Under the agreements among the Company, Thanachart Bank and the Bank of Nova Scotia Asia Limited (“BNSAL”) (on 11 January 2008, BNSAL transferred rights and obligations under the agreements to the Bank of Nova Scotia (“BNS”)), the Company and Thanachart Bank have to disclose information relating to business, business performance, operations and legal compliance of Thanachart Bank and Thanachart Bank’s subsidiaries, and certify the correctness of the disclosed information, to assist in deciding whether to purchase shares in Thanachart Bank. In the event that Thanachart Bank or its subsidiaries have to pay any damages, compensation or penalties to any other parties as a result of events or information which the Company and Thanachart Bank failed to disclose to BNS before it purchases shares, the Company and Thanachart Bank will jointly compensate BNS for its losses in accordance with the principles stipulated in the agreements, but not beyond the prescribed period stipulated by Thai laws for each damages claim.

In addition, under the Shareholders’ Agreement between the Company and BNS, there are mutual agreements whereby the Company and its subsidiaries and BNS have certain stipulated rights and obligations per the conditions therein, with no expiry date on such obligations. However, the management of the Company and Thanachart Bank believe that the Company, Thanachart Bank and the Bank’s subsidiaries as at agreement date operate their businesses under adequate supervision and therefore no material losses will result which would significantly affect the Company, Thanachart Bank and its subsidiaries financial positions.

36.6 Commitments of SCIB from transfer of business from Bangkok Metropolitan Bank Plc. and transfer of non-performing assets to Sukhumvit Asset Management Co., Ltd.

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred of its assets and of BMB to Petchburi Asset Management Co., Ltd. These were then transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). As a result, as at 30 June 2010, SCIB has the outstanding obligations summarised below.

- a) There was an outstanding difference of Baht 94 million, as a result of the transfer of assets to SAM, comprising receivables awaiting collection. These are presented under the caption of “Differences as a result of assets transferred to SAM” in the balance sheet. Such amounts mainly relate to transfers of guarantee claims, for which there are pending issues with regard to proof the rights of claim or the assets transferred being qualified in accordance with the conditions set out in the transfer agreements. Such differences are now being examined and/or negotiated among SCIB, SAM and FIDF for final resolution.

As at 30 June 2010, such differences consist of (i) Baht 11 million of transactions incurred directly by SCIB, of which SCIB has set aside full allowance for doubtful debts, and (ii) Baht 83 million of transactions incurred by BMB. If losses arise on the latter and collection can not be made from SAM, FIDF will consider compensating SCIB for all such losses. SCIB’s management believes that no significant future losses will arise since the transfers of those assets corresponded to the principles of the agreements made among SCIB, BMB and SAM and the agreement given by FIDF.

- b) SAM is re-examining certain previously transferred assets (both of SCIB and BMB) in order to determine whether to transfer the assets back to SCIB, to request price adjustments or to request settlement together with interest from SCIB. The major pending issue relates to the proof of rights of claim over these assets.

As at 30 June 2010, the transferred assets which SAM is re-examining totaling Baht 569 million, consist of (i) Baht 129 million of transactions incurred directly by SCIB, against which SCIB has set aside full allowance for doubtful debts, and (ii) Baht 440 million of transactions incurred by BMB. In relation to the transferred assets of BMB, SCIB's management believes that SCIB will receive compensation for losses from FIDF, and that any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to approximately Baht 503 million. In addition, SAM is now negotiating with SCIB to request interest payment on the assets transferred back, or a price adjustment, and SCIB is unable to determine the potential impact of any interest payment to be made to SAM. However, SCIB's management believes that no significant future losses will be incurred by SCIB.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB, amounting to approximately Baht 10,882 million, as presented as contingent liabilities in Note 37 to the financial statements.
- d) Commitment in respect of guarantees

FIDF deposited amount which is equal to the loss compensation limit with SCIB in FIDF's account. Such deposit account is to fund the payment of compensation to SCIB in accordance with the agreement to compensate for losses incurred by SCIB as a result of the transfer of business from BMB, if such losses are actually incurred by SCIB due to the outstanding issues described in a), b), c) and d) above. As at 30 June 2010, the deposit account of FIDF to fund the payment of compensation for losses incurred by SCIB has an outstanding balance of approximately Baht 1,050 million. In addition, there is a memorandum of agreement concerning conditions for additional loss compensation if SCIB incurs losses in relation to the two lawsuits discussed in c) with claims totaling Baht 9,965 million.

However, SCIB and SAM had a meeting and mutually agreed a resolution to such pending issues. SCIB believes that no significant future losses, other than losses against which SCIB has already set aside full allowance for doubtful debts.

However, because Thanachart Bank purchased SCIB shares from FIDF, the commitments and contingent liabilities of FIDF to SCIB mentioned above, will be transferred to and/or be assumed by Thanachart Bank, effective from the completion date of the merger and/or consolidation between SCIB and Thanachart Bank. The management of the Company and Thanachart Bank believe that no further losses will be incurred.

37. Litigation

As at 30 June 2010, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 22,586 million in respect of litigation (separate financial statements: Baht 846 million). The cases are not yet finalised. However, the Company and its subsidiaries' management have already made provision for contingency losses and for the remaining portion, the management believes that no losses will result and therefore no liabilities are currently recorded.

Contingent liabilities in respect of the litigation mentioned above, amounting to Baht 21,094 million, represents claims filed against SCIB as defendant or co-defendant in lawsuits. These comprise both lawsuits directly involving SCIB and obligations arising as a result of the transfer of business from BMB; (i) Baht 10,212 million relates to the SCIB's own lawsuits, with Baht 8,594 million of this amount relating to a tort case in which the factual loss is only Baht 202 million. The Court of First Instance has already ordered the case be dismissed, and it is in the process of being reviewed by the Supreme Court. The total sum of claims in cases relating directly to SCIB's business, after deducting this tort case, is thus Baht 1,618 million, and (ii) the remaining portion of Baht 10,882 million represents cases in which SCIB is involved as a result of the transfer of business from BMB, and for which SCIB is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF (Baht 9,586 million of this amount relates a single case brought by a debtor that BMB had already transferred to SAM before SCIB received the transfer of business from BMB, and SCIB believes that the lawsuit has been brought against the wrong party, and not SCIB's responsibility, SCIB's management believes that SCIB has no liability in respect of such case). As at 30 June 2010, SCIB had already made provisions for contingent liabilities totaling Baht 59 million, in the balance sheets for lawsuits under (i) above where the Court of First Instance has already judged in favor of the plaintiff. SCIB's management believes that there will be no significant future losses as a result of the remaining cases.

In addition, SCIB was requested to make restitution as a result of a person forging SCIB's documents and using such counterfeit documents. However, SCIB has already filed a complaint against the person who produced and used counterfeit documents so as to proceed with a legal action. SCIB believes that no liability will arise from such restitution claim.

38. Bank guarantee

As at 30 June 2010, there are outstanding bank guarantees of approximately Baht 8 million (separate financial statements: Baht 5 million) issued by banks on behalf of the Company and its subsidiaries as guarantees for the use of electricity and the rental of land.

39. Financial instruments

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

39.1 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company and its subsidiaries. The maximum exposure to credit risk is the carrying amount of financial assets less provision for losses as stated in the balance sheet and the amount of the off-balance sheet transactions i.e. avals, guarantees of loans, other guarantees and derivative contracts.

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

39.2 Market risk

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

a) Interest rate risk

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

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

As at 30 June 2010 and 31 December 2009, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Consolidated financial statements								
Outstanding balances of financial instruments								
	30 June 2010				31 December 2009			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets								
Cash	-	-	12,487	12,487	-	-	3,720	3,720
Interbank and money								
market items	929	50,856	7,280	59,065	239	60,494	4,097	64,830
Investments ⁽¹⁾	1,925	149,227	14,278	165,430	2,062	87,636	5,861	95,559
Loans (include								
intercompany gain on								
loan transferred) ⁽²⁾	252,152	322,527	1,629	576,308	45,975	242,140	1,231	289,346
Receivables from								
clearing house	-	-	536	536	-	-	429	429
Receivables from								
purchase and sale								
securities and								
derivatives	-	-	2,917	2,917	-	-	1,032	1,032
Financial liabilities								
Deposits	201,762	334,065	6,039	541,866	86,110	179,170	591	265,871
Interbank and money								
market items	9,530	45,372	1,359	56,261	7,188	13,311	440	20,939
Liabilities payable on								
demand	-	-	3,349	3,349	-	-	2,112	2,112
Borrowings	-	124,663	21	124,684	-	97,305	-	97,305
Payables to clearing								
house	-	-	328	328	-	-	96	96
Payables from purchase								
and sale securities and								
derivatives	-	-	2,978	2,978	-	-	1,346	1,346

(1) The outstanding balance of investments which have floating interest rate included investment in receivables purchased on which default on repayment and recognise income on a cash basis.

(2) The outstanding balances of loans which have floating interest rates or fixed interest rate included loans on which interest recognition under accrual basis has been discontinued.

(Unit: Million Baht)

		Separate financial statements							
		Outstanding balances of financial instruments							
		30 June 2010				31 December 2009			
		Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets									
Interbank and money									
	market items	456	1,000	48	1,504	109	6,550	68	6,727
	Investments ⁽¹⁾	1,011	4,837	32,119	37,967	1,118	14,679	15,623	31,420
	Loans ⁽²⁾	126	1,890	56	2,072	128	3,871	58	4,057
Financial liabilities									
Interbank and money									
	market items	1	-	-	1	1	-	-	1
	Borrowings	-	13,500	-	13,500	-	17,000	-	17,000

(1) The outstanding balance of investments which have floating interest rate included investment in receivables purchased on which default on repayment and recognise income on a cash basis.

(2) The outstanding balances of loans which have floating interest rates or fixed interest rate included loans on which interest recognition under accrual basis has been discontinued.

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

(Unit: Million Baht)

		Consolidated financial statements							
		30 June 2010							
		Repricing or maturity date					Weighted average		
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	interest rates		
Transactions		At call					Percentage		
Financial assets									
Interbank and money market									
	items	249	50,056	51	500	-	50,856	1.18 - 1.54	
	Investments	-	14,556	51,402	58,812	24,457	149,227	3.16 - 5.03	
Loans (include intercompany gain on loan transferred)									
		5,986	37,880	44,097	194,635	39,929	322,527	5.42 - 7.91	
Financial liabilities									
			163,48						
	Deposits	66	5	122,415	48,099	-	334,065	1.40 - 1.65	
Interbank and money market									
	items	3,515	37,006	3,127	1,724	-	45,372	1.11 - 1.21	
	Borrowings	306	53,300	31,281	39,739	37	124,663	2.45 - 4.59	

(Unit: Million Baht)

Consolidated financial statements							
31 December 2009							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percentage
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market							
items	457	58,562	1,475	-	-	60,494	1.19 - 1.70
Investments	-	9,702	30,878	37,766	9,290	87,636	1.57 - 2.81
Loans (include intercompany gain on loan transferred)							
	1,809	6,629	15,420	183,668	34,614	242,140	7.27 - 9.44
Financial liabilities							
Deposits							
	-	60,744	73,994	44,432	-	179,170	1.76
Interbank and money market							
items	1,485	10,054	1,467	305	-	13,311	0.86
Borrowings	-	58,109	16,819	22,377	-	97,305	2.36 - 4.53

(Unit: Million Baht)

Separate financial statements							
30 June 2010							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates Percentage
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market							
items	-	-	1,000	-	-	1,000	1.40
Investments	-	1,121	3,646	50	20	4,837	5.57
Loans	1,585	10	262	33	-	1,890	4.41
Financial liabilities							
Borrowings							
	-	-	-	13,500	-	13,500	4.59

(Unit: Million Baht)

Separate financial statements							
31 December 2009							
Transactions	At call	Repricing or maturity date				Total	Weighted average interest rates
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
							Percentage
Financial assets							
Interbank and money market items							
	-	4,050	2,500	-	-	6,550	1.36
Investments	-	994	10,097	3,588	-	14,679	2.53
Loans	2,681	22	657	511	-	3,871	4.50
Financial liabilities							
Borrowings	-	4,000	2,500	10,500	-	17,000	4.52

In addition, the Company and its subsidiaries have interest bearing financial assets and financial liabilities. The monthly average balance of performing financial assets and liabilities of the Company and its subsidiaries for the six-month periods ended 30 June 2010 and 2009, and the average rate of interest income and expense, can be summarised as follows:

(Unit: Million Baht)

Consolidated financial statements						
	For the six-month period ended 30 June 2010			For the six-month period ended 30 June 2009		
	Average balances	Interest and dividend	Average rate (%)	Average balances	Interest and dividend	Average rate (%)
Interest bearings financial assets						
Interbank and money market items						
	72,482	387	1.66	64,459	658	2.04
Investments	129,118	1,899	4.04	40,468	789	3.90
Loans/hire purchase and financial lease						
	523,959	13,112	6.27	265,114	9,554	7.21
Interest bearings financial liabilities						
Deposits	557,328	2,607	1.22	270,379	2,959	2.19
Interbank and money market items						
	48,559	199	1.37	11,318	45	0.80
Borrowings	105,544	1,443	3.07	52,477	937	3.57

(Unit: Million Baht)

Separate financial statements						
For the six-month period ended			For the six-month period ended			
30 June 2010			30 June 2009			
Average		Interest	Average		Interest	
balances	and	dividend	balances	and	dividend	rate
		rate				
<u>Interest bearings financial assets</u>						
Interbank and money market						
items	4,988	30	1.19	4,202	34	1.64
Investments	35,390	1,024	5.79	23,846	845	7.09
Loans/hire purchase and finance						
lease	2,193	48	4.40	7,170	217	6.05
<u>Interest bearings financial liabilities</u>						
Interbank and money market						
items	2	-	-	1,154	16	2.67
Borrowings	17,854	389	4.36	9,970	196	3.93

b) Foreign exchange risk

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

Because the subsidiary companies have transactions in foreign currency, it is exposure to foreign exchange risk. However, the subsidiary companies have a policy to mitigate its foreign currency risk by means of managing net foreign currency under the risk management policy which have been approved by the Board of Directors of the subsidiary companies which strictly comply with the BOT's regulation.

The status of the subsidiaries' foreign currency balances in the consolidated financial statements as at 30 June 2010 and 31 December 2009 are as follows:

(Unit: Million Baht)

Consolidated financial statements												
	30 June 2010					31 December 2009						
	US		Euro	Yen	Won	Others	US		Euro	Yen	Won	Others
	dollar						dollar					
Foreign currency - in balance sheets												
Cash	177	92	69	-	123	109	41	4	-	-	48	
Interbank and money market items	5,197	160	110	-	387	7,772	55	15	-	-	61	
Investments	18,150	559	1,358	4,868	36	5,740	-	170	4,283	-	-	
Loans	9,478	268	43	-	95	2,317	4	-	-	-	-	
Other assets	221	2	-	23	7	53	-	-	13	-	-	
Total assets	33,223	1,081	1,580	4,891	648	15,991	100	189	4,296	109		
Deposits	399	39	6	-	146	50	2	-	-	-	38	
Interbank and money market items	5,726	-	-	-	-	6,071	-	-	-	-	-	
Liabilities payable on demand	-	1	1	-	1	-	-	-	-	-	-	
Total liabilities	6,125	40	7	-	147	6,121	2	-	-	-	38	
Net foreign currency in balance sheets	27,098	1,041	1,573	4,891	501	9,870	98	189	4,296	71		
Foreign currency - off balance sheets												
Aval to bills	-	23	-	-	-	-	2	-	-	-	-	
Liabilities under unmatured import bills	877	48	216	-	10	9	-	78	-	-	-	
Letters of credit	2,902	191	121	-	16	807	188	-	-	-	6	
Foreign exchange contracts												
- Bought contracts	24,735	425	2,398	-	1,734	8,356	604	-	-	-	126	
- Sold contracts	34,607	916	2,865	-	2,589	19,185	732	252	-	-	355	
Cross currency and interest rate swap contracts												
swap contracts												
- Bought contracts	7,658	-	-	-	117	4,937	-	-	-	-	-	
- Sold contracts	22,971	1,781	-	4,841	1,000	3,503	-	-	4,282	-	-	
Interest rate swap contracts												
- Bought contracts	1,101	-	-	-	-	334	-	-	-	-	-	
- Sold contracts	1,101	-	-	-	-	334	-	-	-	-	-	
Others	4,947	24	-	-	15	57	-	-	-	-	-	

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.

The Company and its subsidiaries have a policy to manage market risk by setting manageable risk limits on transactions, such as position limit and loss limit. The Risk Control Unit, which is separated from front office and back office functions, is responsible for control of risk and reporting on compliance with the various limits to the Board of Director, related business unit and related management, in order to facilitate responsive risk management. Risk Control Unit is under the supervision of the Investment Committee.

39.3 Liquidity risk

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

The Company and its subsidiaries manage liquidity risk by mean of appropriate structuring of short-term and long-term sources of capital. In addition, subsidiary companies engaged in commercial banking business have a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements. Such management are under the supervision of the Asset and Liabilities Management Committee.

Counting from the balance sheet date, the periods to maturity of financial instruments held as at 30 June 2010 and 31 December 2009 are as follows:

(Unit: Million Baht)

Consolidated financial statements										
Transactions	30 June 2010					31 December 2009				
	At call	Less than 1 year	Over 1 year	Unspecified	Total	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets										
Cash	12,487	-	-	-	12,487	3,720	-	-	-	3,720
Interbank and money market items	7,963	50,602	500	-	59,065	4,773	60,037	20	-	64,830
Investments ⁽¹⁾	1,882	54,144	101,615	7,789	165,430	2,062	34,885	52,907	5,705	95,559
Loans ⁽²⁾	62,884	163,534	349,890	-	576,308	15,032	90,984	183,330	-	289,346
Receivables from clearing house	-	536	-	-	536	-	429	-	-	429
Receivables from purchase and sale securities and derivatives	-	2,917	-	-	2,917	-	1,032	-	-	1,032
Financial liabilities										
Deposits	203,202	286,704	51,960	-	541,866	82,110	138,469	45,292	-	265,871
Interbank and money market items	14,093	40,444	1,724	-	56,261	9,113	11,521	305	-	20,939
Liabilities payable on demand	3,349	-	-	-	3,349	2,112	-	-	-	2,112
Borrowings	306	76,087	44,797	3,494	124,684	-	74,928	22,377	-	97,305
Payables to clearing house	-	328	-	-	328	-	96	-	-	96
Payables from purchase and sale securities and derivatives	-	2,978	-	-	2,978	-	1,346	-	-	1,346
Off-balance sheet items										
Avals to bills and guarantee of loans	372	647	73	-	1,092	18	133	155	-	306
Liability under unmatured import bills	410	1,144	-	-	1,554	-	87	-	-	87
Letters of credit	128	3,194	21	-	3,343	54	887	69	-	1,010
Other commitments	58,191	93,673	67,451	1,896	221,211	5,013	62,885	29,898	2,086	99,882

(1) The outstanding balance of investments at call included investments in receivables purchased on which default on repayment.

(2) The outstanding balance of loans included intercompany gain on loan transferred. Call loans included loans on which interest recognition under accrual basis has been discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements									
	30 June 2010					31 December 2009				
	At call	Less than 1 year	Over 1 year	Unspecified	Total	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets										
Interbank and money										
market items	484	1,020	-	-	1,504	157	6,550	20	-	6,727
Investments ⁽¹⁾	1,011	880	321	35,755	37,967	1,118	10,760	3,919	15,623	31,420
Loans ⁽²⁾	1,769	295	8	-	2,072	2,931	996	130	-	4,057
Financial liabilities										
Interbank and money										
market items	1	-	-	-	1	1	-	-	-	1
Borrowings	-	-	13,500	-	13,500	-	6,500	10,500	-	17,000
Off-balance sheet items										
Avals to bills and										
guarantee of loans	10	-	-	-	10	10	-	-	-	10
Other commitments	1	-	-	-	1	1	8,000	-	-	8,001

(1) The outstanding balance of investments at call included investments in receivables purchased on which default on repayment.

(2) Call loans included loans on which interest recognition under accrual basis has been discontinued.

39.4 Fair value

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

a) Financial assets

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

b) Financial liabilities

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

As at 30 June 2010 and 31 December 2009, there are no material differences between the book values of financial instruments and their fair values.

39.5 Financial derivatives

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

The Company and its subsidiaries have set a policy and limit to mitigate related risk and require risk reporting for the various types of risk, as a control over financial derivative activities. The Company and its subsidiaries manage the credit risk associated with financial derivatives on the basis of the credit limits granted to customers in general. The same credit approval process that is used when granting loans to a customer is adopted for financial derivative customers, and so the Company and its subsidiaries are able to maintain risk at acceptable levels.

As at 30 June 2010 and 31 December 2009, the Company and its subsidiary companies have financial derivatives classified by their maturities as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	30 June 2010			31 December 2009		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought contracts	29,292	-	29,292	9,086	-	9,086
- Sold contracts	40,814	163	40,977	20,524	-	20,524
Cross currency and interest rate swap contracts						
- Bought contracts	4,094	3,681	7,775	4,937	-	4,937
- Sold contracts	9,801	20,792	30,593	4,449	3,336	7,785
Interest rate swap contracts						
- Fixed interest rate payment	325	16,140	16,465	11,070	12,334	23,404
- Floating interest rate payment	-	3,665	3,665	-	800	800
- Fixed interest rate receipt	-	3,665	3,665	-	800	800
- Floating interest rate receipt	325	16,140	16,465	11,070	12,334	23,404

(Unit: Million Baht)

	Separate financial statements					
	30 June 2010			31 December 2009		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Interest rate swap contracts						
- Fixed interest rate payment	-	-	-	4,000	-	4,000
- Floating interest rate receipt	-	-	-	4,000	-	4,000

40. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have an appropriate financial structure and preserve the ability to continue their businesses as going concerns. Moreover, the subsidiaries have legal requirements specific to their areas of business regarding maintenance of capital funds, liquidity and other matters.

41. Reclassification

Subsidiary companies reclassified certain amounts in the financial statements as at 31 December 2009 to conform to the current period's classification, with no effect on previously reported net income and shareholders' equity. Reclassifications are as follows:

(Unit: Million Baht)

	Consolidated financial statements	
	As reclassified	As previously reported
Loans and accrued interest receivables - net	278,889	279,581
Receivables from purchase and sale securities	1,032	-
Other assets	2,472	3,409
Payables from purchase and sale securities	1,346	1,036
Accrued other expenses	1,472	-
Other liabilities	4,319	6,101

42. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 26 August 2010.