

THANACHART CAPITAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
REPORT AND INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2007

Review Report of Independent Auditor

To the Shareholders of Thanachart Capital Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Thanachart Capital Public Company Limited and its subsidiaries as at 30 September 2007, the related consolidated statements of income for the three-month and nine-month periods ended 30 September 2007 and 2006, the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month periods then ended, and the separate financial statements of Thanachart Capital Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

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

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

I have previously audited the consolidated financial statements of Thanachart Capital Public Company Limited and its subsidiaries and the separate financial statements of Thanachart Capital Company Limited for the year ended 31 December 2006 in accordance with generally accepted auditing standards and expresses an unqualified opinion on those financial statements under my report dated 28 February 2007. The consolidated and the separate balance sheets as at 31 December 2006, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. The Company has restated the separate financial statements to reflect the change in accounting policy for recording investments in subsidiaries from the equity method to the cost method as described in Note 1.6 a) to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok : 12 November 2007

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

(Unit : Thousand Baht)

| | Note | CONSOLIDATED | | SEPARATE | |
|---|---------|--|---|--|---|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 30 September 2007 (Unaudited but reviewed) | 31 December 2006 (Audited - restated) | 30 September 2007 (Unaudited but reviewed) | 31 December 2006 (Audited - restated) |
| ASSETS | | | | | |
| CASH | | 2,537,074 | 2,466,126 | 40 | 40 |
| INTERBANK AND MONEY MARKET ITEMS | 2 | | | | |
| Domestic | | | | | |
| Interest bearing | | 1,856,278 | 2,559,775 | 2,113,234 | 9,309 |
| Non-interest bearing | | 3,273,034 | 2,979,958 | 219,810 | 265,738 |
| Foreign | | | | | |
| Interest bearing | | 27,170,533 | 21,420,642 | - | - |
| Non-interest bearing | | 155,208 | 104,083 | - | - |
| Total interbank and money market items - Net | | 32,455,053 | 27,064,458 | 2,333,044 | 275,047 |
| SECURITIES PURCHASED UNDER RESALE AGREEMENTS | | - | 6,300,000 | - | - |
| INVESTMENTS | | | | | |
| Current investments - Net | 3 | 14,362,433 | 7,338,916 | 499,838 | 8,465 |
| Long-term investments - Net | 3 | 21,033,401 | 26,201,195 | 5,376,528 | 5,835,794 |
| Investments in subsidiaries - Net | 1, 6, 4 | - | - | 16,714,460 | 21,465,781 |
| Investments in associated companies - Net | 5 | 1,327,651 | 1,226,111 | 657,994 | 311,098 |
| Net investments | | 36,723,485 | 34,766,222 | 23,248,820 | 27,621,138 |
| RECEIVABLES FROM CLEARING HOUSE | | 696,285 | 786 | - | - |
| LOANS AND ACCRUED INTEREST RECEIVABLE | 6 | | | | |
| Loans | | 226,286,708 | 207,471,746 | 30,210,945 | 50,093,527 |
| Securities business receivables | | 3,334,448 | 1,815,873 | - | - |
| Total loans and receivables | | 229,621,156 | 209,287,619 | 30,210,945 | 50,093,527 |
| Accrued interest receivable | | 258,104 | 277,313 | 3,534 | 17,332 |
| Total loans and accrued interest receivable | | 229,879,260 | 209,564,932 | 30,214,479 | 50,110,859 |
| Less : Allowance for doubtful accounts | 7 | (8,218,127) | (8,095,956) | (2,009,819) | (3,110,413) |
| Less : Revaluation allowance for debt restructuring | 8 | (86,572) | (150,135) | (423) | (514) |
| Net loans and accrued interest receivable | | 221,574,561 | 201,318,841 | 28,204,237 | 46,999,932 |
| PROPERTY FORECLOSED - Net | 10 | 8,159,631 | 8,420,481 | 2,837,580 | 3,198,672 |
| LAND, PREMISES AND EQUIPMENT - Net | | 2,095,093 | 1,758,010 | 216,986 | 344,342 |
| INTANGIBLE ASSETS - SOFTWARE - Net | | 213,352 | 156,136 | 4,072 | 96,070 |
| LEASEHOLD RIGHT | | 365,137 | 379,125 | 155,766 | 171,689 |
| GOODWILL | | 13,366 | 10,215 | - | - |
| AMOUNT BY WHICH VALUE OF INVESTMENTS IS | | | | | |
| LOWER THAN BOOK VALUE | | (8,254) | (18,111) | - | - |
| VALUE ADDED TAX REFUNDABLE | | 1,266,935 | 1,475,296 | - | - |
| OTHER ASSETS | | 2,243,926 | 2,131,374 | 223,637 | 216,176 |
| TOTAL ASSETS | | 308,335,644 | 286,228,959 | 57,224,182 | 78,923,106 |

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 SEPTEMBER 2007 AND 31 DECEMBER 2006

(Unit : Thousand Baht)

| | CONSOLIDATED | | SEPARATE | | |
|---|-----------------------------|-------------------------|-----------------------------|-------------------------|-------------------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | | |
| | Note | 30 September 2007 | 31 December 2006 | 30 September 2007 | 31 December 2006 |
| | (Unaudited but reviewed) | (Audited - restated) | (Unaudited but reviewed) | (Audited - restated) | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| DEPOSITS | | | | | |
| Deposits in Baht | | 200,957,007 | 198,526,849 | - | - |
| Deposits in foreign currencies | | 706,845 | 75 | - | - |
| Total deposits | | 201,663,852 | 198,526,924 | - | - |
| INTERBANK AND MONEY MARKET ITEMS | | | | | |
| | 11 | | | | |
| Domestic | | | | | |
| Interest bearing | | 4,203,340 | 4,338,927 | 15,500,571 | 39,600,429 |
| Non-interest bearing | | 521,389 | 168,431 | - | - |
| Foreign | | | | | |
| Non-interest bearing | | 7,101 | - | - | - |
| Net interbank and money market items | | 4,731,830 | 4,507,358 | 15,500,571 | 39,600,429 |
| PAYABLE TO CLEARING HOUSE | | 534,313 | 609,007 | - | - |
| SECURITIES BUSINESS PAYABLE | | 2,701,015 | 645,425 | - | - |
| BORROWINGS | | | | | |
| | 12 | | | | |
| Short-term borrowings | | 36,007,150 | 18,459,807 | 7,909,800 | 2,935,000 |
| Long-term borrowings | | 16,258,814 | 26,574,862 | 7,755,500 | 12,730,300 |
| Total borrowings | | 52,265,964 | 45,034,669 | 15,665,300 | 15,665,300 |
| ACCRUED INTEREST PAYABLE | | 1,980,869 | 1,883,847 | 253,575 | 122,343 |
| LIABILITIES PAYABLE ON DEMAND | | 1,131,793 | 1,461,623 | - | - |
| CORPORATE INCOME TAX PAYABLE | | 927,986 | 373,672 | 665,844 | 89,201 |
| UNEARNED PREMIUM RESERVE | | 1,102,034 | 923,333 | - | - |
| LIFE PREMIUM RESERVE | | 4,553,182 | 3,550,308 | - | - |
| OTHER LIABILITIES | | 5,050,639 | 5,281,967 | 710,600 | 889,076 |
| TOTAL LIABILITIES | | 276,643,477 | 262,798,133 | 32,795,890 | 56,366,349 |

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 SEPTEMBER 2007 AND 31 DECEMBER 2006

(Unit : Thousand Baht)

| | Note | CONSOLIDATED | | SEPARATE | |
|---|------|-----------------------------|-------------------------|-----------------------------|-------------------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 30 September 2007 | 31 December 2006 | 30 September 2007 | 31 December 2006 |
| | | (Unaudited but reviewed) | (Audited - restated) | (Unaudited but reviewed) | (Audited - restated) |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital | 13 | | | | |
| Registered, issued and paid-up | | | | | |
| 19,396 preference shares of Baht 10 each | | | | | |
| (31 December 2006 : 19,546 preference shares of Baht 10 each) | | 194 | 195 | 194 | 195 |
| 1,333,134,607 ordinary shares of Baht 10 each | | | | | |
| (31 December 2006 : 1,333,134,457 ordinary shares of Baht 10 each) | | 13,331,346 | 13,331,345 | 13,331,346 | 13,331,345 |
| | | 13,331,540 | 13,331,540 | 13,331,540 | 13,331,540 |
| Share premium | | 2,065,645 | 2,065,645 | 2,065,645 | 2,065,645 |
| Share premium of a subsidiary company | 1.4 | 1,141,664 | - | - | - |
| Revaluation surplus on investments | 14 | 254,863 | 159,424 | 123,829 | 63,950 |
| Revaluation deficit on investments | 14 | (458,363) | (925,583) | (398) | (130,467) |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | | 597,369 | 597,369 | 597,369 | 597,369 |
| Unappropriated | | 8,705,986 | 7,336,945 | 8,310,307 | 6,628,720 |
| Equity attributable to the Company's shareholders | | 25,638,704 | 22,565,340 | 24,428,292 | 22,556,757 |
| Minority interest - equity attributable to minority shareholders of subsidiaries | | 6,053,463 | 865,486 | - | - |
| TOTAL SHAREHOLDERS' EQUITY | | 31,692,167 | 23,430,826 | 24,428,292 | 22,556,757 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 308,335,644 | 286,228,959 | 57,224,182 | 78,923,106 |
| | | - | - | - | - |
| OFF-BALANCE SHEET ITEMS - CONTINGENCIES | | | | | |
| Avals to bills and guarantees of loans | 22.1 | 53,092 | 63,669 | 10,000 | 10,000 |
| Liability under unmatured import bills | | 39,833 | 18,911 | - | - |
| Letter of credits | | 346,315 | 94,147 | - | - |
| Other contingencies | | 94,217,659 | 73,567,149 | 19,986,967 | 19,986,967 |

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

DIRECTORS

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

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

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

| | CONSOLIDATED | | SEPARATE | | |
|---|----------------------|------------|----------------------|------------|-----------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | | |
| | Note | 2007 | 2006 | 2007 | 2006 |
| | | (Restated) | | (Restated) | |
| INTEREST AND DIVIDEND INCOME | | | | | |
| Loans | | 781,445 | 774,543 | 36,007 | 29,277 |
| Interbank and money market items | | 365,212 | 590,675 | 4,379 | 2,653 |
| Hire purchase and financial lease | | 3,349,145 | 2,741,168 | 514,769 | 1,005,905 |
| Investments | | 314,513 | 351,167 | 59,420 | 25,244 |
| Total interest and dividend income | | 4,810,315 | 4,457,553 | 614,575 | 1,063,079 |
| INTEREST EXPENSES | | | | | |
| Deposits | | 1,704,624 | 2,271,663 | - | - |
| Interbank and money market items | | 41,365 | 27,565 | 221,327 | 843,776 |
| Short-term borrowings | | 385,783 | 27,682 | 71,753 | - |
| Long-term borrowings | | 211,387 | 427,711 | 76,367 | 154,248 |
| Total interest expenses | | 2,343,159 | 2,754,621 | 369,447 | 998,024 |
| Net interest and dividend income | | 2,467,156 | 1,702,932 | 245,128 | 65,055 |
| REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS | | | | | |
| (BAD DEBT AND DOUBTFUL ACCOUNTS) | | (667,255) | (270,696) | 50,362 | 152,977 |
| LOSS ON DEBT RESTRUCTURING | | | | | |
| | | (4) | (85,313) | (4) | (957) |
| Net interest and dividend income after | | | | | |
| bad debt and doubtful accounts and loss on debt restructuring | | 1,799,897 | 1,346,923 | 295,486 | 217,075 |
| NON-INTEREST INCOME | | | | | |
| Brokerage fees | | 237,366 | 137,099 | - | - |
| Gain on investments | 1.4 | 692,631 | 246,616 | 1,767,552 | 14,424 |
| Share of income from investments in associated companies accounted for under equity method - net | | 79,718 | 66,427 | - | - |
| Fees and service income | | | | | |
| Acceptances, aval and guarantees | | 5,868 | 4,724 | - | - |
| Discounted income on insurance premium | | 155,004 | 169,018 | 43 | 13,263 |
| Others | | 390,279 | 239,197 | 123,111 | 88,230 |
| Gain on exchange and financial derivatives contracts | | 19,239 | 11,553 | - | - |
| Gain on debt settlement/disposals | | 57,932 | 326,581 | 4,196 | 7,795 |
| Insurance premium/Life insurance premium income | | 1,394,146 | 815,398 | - | - |
| Gain (loss) on property foreclosed and other assets | | 104,463 | 47,366 | (1,783) | 7,647 |
| Other income | | 122,309 | 63,158 | 70,191 | 82,042 |
| Total non-interest income | | 3,258,955 | 2,127,137 | 1,963,310 | 213,401 |

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 SEPTEMBER 2007 AND 2006

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

| | CONSOLIDATED | | SEPARATE | |
|---|----------------------|------------|----------------------|------------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2007 | 2006 | 2007 | 2006 |
| | | (Restated) | | (Restated) |
| OPERATING EXPENSES | | | | |
| Personnel expenses | 715,071 | 660,211 | 17,066 | 93,492 |
| Premises and equipment expenses | 326,931 | 294,905 | 20,859 | 80,746 |
| Taxes and duties | 95,331 | 135,198 | 7,780 | 4,856 |
| Fees and service expenses | 78,833 | 70,662 | 3,531 | 9,266 |
| Directors' remuneration | 4,200 | 4,906 | 2,095 | 2,340 |
| Fund contributed to the Financial Institutions Development Fund | 207,208 | 210,252 | - | - |
| Commission charged on hire-purchase | - | 333,703 | - | - |
| Insurance/Life insurance expenses | 1,120,133 | 617,773 | - | - |
| Other expenses | 776,199 | 450,287 | 141,188 | 209,022 |
| Total operating expenses | 3,323,906 | 2,777,897 | 192,519 | 399,722 |
| INCOME BEFORE INCOME TAX AND MINORITY INTEREST | 1,734,946 | 696,163 | 2,066,277 | 30,754 |
| CORPORATE INCOME TAX | (709,165) | (159,190) | (658,122) | (51,099) |
| INCOME (LOSS) BEFORE MINORITY INTEREST | 1,025,781 | 536,973 | 1,408,155 | (20,345) |
| MINORITY INTEREST IN NET INCOME IN SUBSIDIARIES | (201,784) | (60,641) | - | - |
| NET INCOME (LOSS) FOR THE PERIODS | 823,997 | 476,332 | 1,408,155 | (20,345) |
| EARNINGS PER SHARE | | | | |
| Basic earnings per share | 0.62 | 0.36 | 1.06 | (0.02) |
| Diluted earnings per share | 0.62 | 0.36 | 1.06 | (0.02) |

19

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

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

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

| | Note | CONSOLIDATED | | SEPARATE | |
|---|---------|----------------------|------------|----------------------|-----------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2007 | 2006 | 2007 | 2006 |
| | | (Restated) | | (Restated) | |
| INTEREST AND DIVIDEND INCOME | | | | | |
| Loans | | 2,271,080 | 2,141,449 | 124,083 | 116,554 |
| Interbank and money market items | | 1,054,237 | 1,537,247 | 8,918 | 88,553 |
| Hire purchase and financial lease | | 9,687,095 | 7,471,543 | 1,854,179 | 3,457,599 |
| Investments | | 1,075,998 | 998,439 | 418,480 | 360,326 |
| Total interest and dividend income | | 14,088,410 | 12,148,678 | 2,405,660 | 4,023,032 |
| INTEREST EXPENSES | | | | | |
| Deposits | | 5,825,690 | 5,636,974 | - | - |
| Interbank and money market items | | 122,259 | 70,477 | 1,114,327 | 2,806,922 |
| Short-term borrowings | | 1,045,225 | 39,634 | 167,386 | 8,205 |
| Long-term borrowings | | 729,172 | 1,237,176 | 290,211 | 416,760 |
| Total interest expenses | | 7,722,346 | 6,984,261 | 1,571,924 | 3,231,887 |
| Net interest and dividend income | | 6,366,064 | 5,164,417 | 833,736 | 791,145 |
| REVERSAL OF BAD DEBT AND DOUBTFUL ACCOUNTS | | | | | |
| (BAD DEBT AND DOUBTFUL ACCOUNTS) | 1.6, 15 | (1,049,888) | (471,871) | 881,596 | 420,115 |
| LOSS ON DEBT RESTRUCTURING | | | | | |
| | 16 | (339) | (133,893) | (4) | (1,205) |
| Net interest and dividend income after | | | | | |
| bad debt and doubtful accounts and loss on debt restructuring | | 5,315,837 | 4,558,653 | 1,715,328 | 1,210,055 |
| NON-INTEREST INCOME | | | | | |
| Brokerage fees | | 511,299 | 474,331 | - | - |
| Gain on investments | 1.4 | 773,321 | 499,382 | 1,750,277 | 179,408 |
| Share of income from investments in associated companies accounted for under equity method - net | | 214,114 | 186,294 | - | - |
| Fees and service income | | | | | |
| Acceptances, aval and guarantees | | 15,702 | 12,007 | - | - |
| Discounted income on insurance premium | | 529,729 | 552,562 | 392 | 64,888 |
| Others | | 992,474 | 636,378 | 335,300 | 256,415 |
| Gain on exchange and financial derivatives contracts | | 16,056 | 23,178 | - | - |
| Gain on debt settlement/disposals | | 321,881 | 653,088 | 4,648 | 29,601 |
| Insurance premium/Life insurance premium income | | 3,418,935 | 2,031,033 | - | - |
| Gain (loss) on property foreclosed and other assets | | 153,105 | 493,301 | 34,680 | (31,118) |
| Other income | | 373,381 | 212,372 | 269,870 | 217,019 |
| Total non-interest income | | 7,319,997 | 5,773,926 | 2,395,167 | 716,213 |

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

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

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

| | Note | CONSOLIDATED | | SEPARATE | |
|---|------|----------------------|-----------|----------------------|-----------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2007 | 2006 | 2007 | 2006 |
| | | (Restated) | | (Restated) | |
| OPERATING EXPENSES | | | | | |
| Personnel expenses | | 2,075,772 | 1,848,380 | 66,891 | 262,480 |
| Premises and equipment expenses | | 942,624 | 840,637 | 88,784 | 257,744 |
| Taxes and duties | | 289,138 | 404,306 | 17,780 | 14,242 |
| Fees and service expenses | | 179,413 | 202,091 | 12,065 | 31,781 |
| Directors' remuneration | 17 | 26,416 | 29,025 | 17,410 | 17,805 |
| Fund contributed to the Financial Institutions Development Fund | | 607,383 | 530,144 | - | 22,043 |
| Commission charged on hire-purchase | | - | 1,062,894 | - | - |
| Insurance/Life insurance expenses | | 2,723,088 | 1,640,835 | - | - |
| Other expenses | | 1,910,819 | 1,305,844 | 457,797 | 613,794 |
| Total operating expenses | | 8,754,653 | 7,864,156 | 660,727 | 1,219,889 |
| INCOME BEFORE INCOME TAX AND MINORITY INTEREST | | 3,881,181 | 2,468,423 | 3,449,768 | 706,379 |
| CORPORATE INCOME TAX | 18 | (1,625,892) | (762,881) | (1,101,696) | (267,496) |
| INCOME BEFORE MINORITY INTEREST | | 2,255,289 | 1,705,542 | 2,348,072 | 438,883 |
| MINORITY INTEREST IN NET INCOME IN SUBSIDIARIES | | (219,763) | (120,407) | - | - |
| NET INCOME FOR THE PERIODS | | 2,035,526 | 1,585,135 | 2,348,072 | 438,883 |
| EARNINGS PER SHARE | | | | | |
| Basic earnings per share | 19 | 1.53 | 1.19 | 1.76 | 0.33 |
| Diluted earnings per share | | 1.53 | 1.19 | 1.76 | 0.33 |

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

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

| | CONSOLIDATED | | SEPARATE | |
|---|----------------------|--------------------|----------------------|--------------------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2007 | 2006 (Restated) | 2007 | 2006 (Restated) |
| (Unit : Thousand Baht) | | | | |
| Cash flows from operating activities | | | | |
| Net income | 2,035,526 | 1,585,135 | 2,348,072 | 438,883 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities :- | | | | |
| Minority interest in income of subsidiaries | 219,763 | 120,407 | - | - |
| Share of income from investments accounted for under equity method | (214,114) | (186,294) | - | - |
| Depreciation and amortisation | 322,519 | 263,453 | 39,105 | 86,013 |
| Bad debt and doubtful accounts and loss on debt restructuring (Reversal of bad debt and doubtful accounts) | 1,050,227 | 605,764 | (881,592) | (419,009) |
| Increase in provision for impairment of property foreclosed | 53,296 | 69,433 | 27,526 | 75,783 |
| Increase in provision for impairment of equipment/other assets | 37,809 | 21,676 | 10,133 | 11,776 |
| Increase in provision for impairment of investments | 263,949 | 11,170 | 213,328 | 19,723 |
| Amortisation of deferred gain on disposal of property foreclosed | (61,131) | (61,377) | - | (8,588) |
| Amortisation of surplus/discounts on investments in debt securities | (241,788) | (125,743) | - | - |
| Amortisation of discounts on borrowings | 22,318 | 21,440 | - | - |
| Amortisation of goodwill/amount by which value of investments is lower than book value | (2,892) | (8,928) | - | - |
| Gain on foreign exchange and financial derivatives | (79,899) | (21,795) | - | - |
| Increase in unearned premium reserve/life insurance premium reserve | 1,115,174 | 458,213 | - | - |
| Gain on debt settlement/disposal debts | (22,461) | (10,206) | - | - |
| Gain on sales of investments in subsidiaries | (885,275) | - | (1,981,315) | - |
| Loss (gain) on disposal of equipment | 1,286 | (12,778) | (3,744) | (8,104) |
| Decrease (increase) in accrued interest and dividend receivable | 80,764 | (142,097) | (51,975) | 27,876 |
| Amortisation of deferred income | (138,144) | (111,889) | (28,855) | (47,244) |
| Decrease (increase) in other accrued income receivable | (53,663) | 63,410 | 33,149 | 3,201 |
| Increase in accrued interest payable | 97,022 | 755,940 | 131,232 | 153,809 |
| Income (loss) from operating activities before changes in operating assets and liabilities | 3,600,286 | 3,294,934 | (144,936) | 334,119 |

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

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

| | CONSOLIDATED | | SEPARATE | |
|--|----------------------|--------------|----------------------|--------------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2007 | 2006 | 2007 | 2006 |
| | | | (Restated) | |
| (Unit : Thousand Baht) | | | | |
| Operating assets (increase) decrease | | | | |
| Interbank and money market items | (5,432,256) | (9,640,286) | (2,053,152) | 354,313 |
| Securities purchased under resale agreements | 6,300,000 | (28,200,000) | - | 7,200,000 |
| Investment in trading securities | (36,587) | (264,272) | - | - |
| Receivable from clearing house | (695,499) | (59,490) | - | - |
| Loans | (25,258,961) | (34,728,410) | 19,173,088 | 25,399,957 |
| Property foreclosed | 4,264,295 | 2,114,254 | 856,997 | 993,392 |
| Other assets | 65,460 | 583,538 | 9,089 | 8,925 |
| Operating liabilities increase (decrease) | | | | |
| Deposits | 3,136,928 | 71,554,358 | - | - |
| Interbank and money market items | 224,472 | 675,927 | (24,099,858) | (31,849,535) |
| Securities sold under repurchase agreements | - | (200,000) | - | - |
| Payable to clearing house | (74,694) | 438,837 | - | - |
| Securities business payable | 2,055,590 | (139,402) | - | - |
| Liability payable on demand | (329,830) | (332,924) | - | - |
| Other liabilities | 439,901 | (35,679) | 427,022 | (405,771) |
| Net cash flows from (used in) operating activities | (11,740,895) | 5,061,385 | (5,831,750) | 2,035,400 |
| Cash flows from investing activities | | | | |
| Increase in long-term investments | (1,188,168) | (830,915) | (88,930) | (184,264) |
| Cash received from sale investment in subsidiaries | 2,572,222 | - | 6,730,459 | - |
| Cash paid for purchase investment in subsidiary and associated companies | (78,120) | - | (346,895) | - |
| Cash received from dividend payment of subsidiary and associated companies | 68,524 | 68,614 | 2,189 | 161,953 |
| Cash paid for purchase of land and equipment/intangible assets | (633,949) | (831,677) | (31,114) | (123,394) |
| Cash received from disposal of land and equipment/intangible assets | 7,811 | 231,485 | 232,526 | 218,477 |
| Net cash flows from (used in) investing activities | 748,320 | (1,362,493) | 6,498,235 | 72,772 |

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

THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

| | CONSOLIDATED | | (Unit : Thousand Baht) | |
|---|----------------------|--------------------|------------------------|--------------------|
| | FINANCIAL STATEMENTS | | SEPARATE | |
| | 2007 | 2006 (Restated) | 2007 | 2006 (Restated) |
| Cash flows from financing activities | | | | |
| Borrowings increase (decrease) | 7,208,977 | -1,664,692 | - | -1,441,700 |
| Cash received from new issuance shares of a subsidiary sold to minority shareholder | 4,522,428 | - | - | - |
| Dividend paid | (666,485) | (666,472) | (666,485) | (666,472) |
| Dividend paid to minority shareholder | (1,397) | (14,828) | - | - |
| Net cash flows from (used in) financing activities | 11,063,523 | (2,345,992) | (666,485) | (2,108,172) |
| Net increase in cash | 70,948 | 1,352,900 | - | - |
| Cash at beginning of the period | 2,466,126 | 800,954 | 40 | 40 |
| Cash at ending of the period | 2,537,074 | 2,153,854 | 40 | 40 |
| | - | - | - | - |
| Supplemental cash flows information :- | | | | |
| Cash paid during the period for | | | | |
| Interest | 7,611,240 | 6,214,271 | 1,441,355 | 3,078,855 |
| Corporate income tax | 1,089,949 | 1,036,922 | 525,053 | 511,937 |
| Non-cash transactions | | | | |
| Conversion of preference shares to ordinary shares | 1 | - | 1 | - |
| Property foreclosed transferred from loans, other receivable and investments in receivables purchased | 4,097,955 | 2,148,006 | 616,587 | 984,404 |
| Accounts payable for purchase of fixed assets | 51,112 | 28,473 | - | - |

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS

| | Issued and paid-up share capital | | Share premium | Share premium of a subsidiary company | Surplus from revaluation of assets of an associated company | Revaluation surplus (deficit) on investments | Retained earnings | | Minority interest | Total | |
|---|----------------------------------|-----------------|---------------|---------------------------------------|---|--|-------------------|-------------------|-------------------|-------------|----------------|
| | Preference shares | Ordinary shares | | | | | Share premium | Appropriated - | | | |
| | | | | | | | | statutory reserve | | | Unappropriated |
| Balance as at 1 January 2006 - as previously reported | 195 | 13,331,345 | 2,065,645 | - | 540,420 | (830,178) | 523,976 | 7,007,426 | 746,762 | 23,385,591 | |
| Cumulative effect of the change in accounting policy of an associated company to the same as the Company and its subsidiaries (Note 1.6 a)) | - | - | - | - | (540,420) | - | - | - | - | (540,420) | |
| Balance as at 1 January 2006 - as restated | 195 | 13,331,345 | 2,065,645 | - | - | (830,178) | 523,976 | 7,007,426 | 746,762 | 22,845,171 | |
| Dividend paid | - | - | - | - | - | - | - | (1,066,523) | - | (1,066,523) | |
| Reversal of dividend on shares held by foreign shareholders (not right to receive dividend) | - | - | - | - | - | - | - | 105 | - | 105 | |
| Decrease in revaluation deficit on investments | - | - | - | - | - | 103,256 | - | - | - | 103,256 | |
| Decrease in minority interest in subsidiaries | - | - | - | - | - | - | - | - | (11,883) | (11,883) | |
| Net income for the period | - | - | - | - | - | - | - | 1,585,135 | 120,407 | 1,705,542 | |
| Balance as at 30 September 2006 | 195 | 13,331,345 | 2,065,645 | - | - | (726,922) | 523,976 | 7,526,143 | 855,286 | 23,575,668 | |
| Balance as at 1 January 2007 - as previously reported | 195 | 13,331,345 | 2,065,645 | - | 539,051 | (766,159) | 597,369 | 7,336,945 | 865,486 | 23,969,877 | |
| Cumulative effect of the change in accounting policy of an associated company to the same as the Company and its subsidiaries (Note 1.6 a)) | - | - | - | - | (539,051) | - | - | - | - | (539,051) | |
| Balance as at 1 January 2007 - as restated | 195 | 13,331,345 | 2,065,645 | - | - | (766,159) | 597,369 | 7,336,945 | 865,486 | 23,430,826 | |
| Dividend paid (Note 13) | - | - | - | - | - | - | - | (666,577) | - | (666,577) | |
| Reversal of dividend on shares held by shareholders (not right to receive dividend) | - | - | - | - | - | - | - | 92 | - | 92 | |
| Increase in share premium of a subsidiary company | - | - | - | 1,141,664 | - | - | - | - | - | 1,141,664 | |
| Decrease in revaluation deficit on investments | - | - | - | - | - | 562,659 | - | - | - | 562,659 | |
| Conversion of preference shares to ordinary shares (Note 13) | (1) | 1 | - | - | - | - | - | - | - | - | |
| Increase in minority interest in subsidiaries | - | - | - | - | - | - | - | - | 4,968,214 | 4,968,214 | |
| Net income for the period | - | - | - | - | - | - | - | 2,035,526 | 219,763 | 2,255,289 | |
| Balance as at 30 September 2007 | 194 | 13,331,346 | 2,065,645 | 1,141,664 | - | (203,500) | 597,369 | 8,705,986 | 6,053,463 | 31,692,167 | |

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Thousand Baht)

| | SEPARATE FINANCIAL STATEMENTS | | | | | | | |
|---|----------------------------------|------------|--------------------|----------------|-------------------|-------------------|----------------|-------------|
| | Issued and paid-up share capital | | Share premium | Surplus from | Revaluation | Retained earnings | | Total |
| | Preference | Ordinary | | revaluation of | surplus (deficit) | Appropriated - | | |
| | shares | shares | associated company | assets of an | on investments | statutory | Unappropriated | |
| | | | | | reserve | | | |
| Balance as at 1 January 2006 - as previously reported | 195 | 13,331,345 | 2,065,645 | 540,420 | (830,178) | 523,976 | 7,007,426 | 22,638,829 |
| Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies (Note 1.6 a)) | - | - | - | - | 865,313 | - | (426,250) | 439,063 |
| Cumulative effect of the change in accounting policy of an associated company to the same as the Company and its subsidiaries (Note 1.6 a)) | - | - | - | (540,420) | - | - | - | (540,420) |
| Balance as at 1 January 2006 - as restated | 195 | 13,331,345 | 2,065,645 | - | 35,135 | 523,976 | 6,581,176 | 22,537,472 |
| Dividend paid | - | - | - | - | - | - | (1,066,523) | (1,066,523) |
| Reversal of dividend on shares held by foreign shareholders (no right to receive dividend) | - | - | - | - | - | - | 105 | 105 |
| Increase in revaluation surplus on investments | - | - | - | - | 747 | - | - | 747 |
| Net income for the period | - | - | - | - | - | - | 438,883 | 438,883 |
| Balance as at 30 September 2006 | 195 | 13,331,345 | 2,065,645 | - | 35,882 | 523,976 | 5,953,641 | 21,910,684 |
| Balance as at 1 January 2007 - as previously reported | 195 | 13,331,345 | 2,065,645 | 539,051 | (766,159) | 597,369 | 7,336,945 | 23,104,391 |
| Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies (Note 1.6 a)) | - | - | - | - | 699,642 | - | (708,225) | (8,583) |
| Cumulative effect of the change in accounting policy of an associated company to the same as the Company and its subsidiaries (Note 1.6 a)) | - | - | - | (539,051) | - | - | - | (539,051) |
| Balance as at 1 January 2007 - as restated | 195 | 13,331,345 | 2,065,645 | - | (66,517) | 597,369 | 6,628,720 | 22,556,757 |
| Dividend paid (Note 13) | - | - | - | - | - | - | (666,577) | (666,577) |
| Reversal of dividend on shares held by shareholders (no right to receive dividend) | - | - | - | - | - | - | 92 | 92 |
| Decrease in revaluation deficit on investments | - | - | - | - | 189,948 | - | - | 189,948 |
| Conversion of preference shares to ordinary shares (Note 13) | (1) | 1 | - | - | - | - | - | - |
| Net income for the period | - | - | - | - | - | - | 2,348,072 | 2,348,072 |
| Balance as at 30 September 2007 | 194 | 13,331,346 | 2,065,645 | - | 123,431 | 597,369 | 8,310,307 | 24,428,292 |

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

(UNAUDITED BUT REVIEWED)

THANACHART CAPITAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

1. GENERAL INFORMATION

1.1 The Company's information

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

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

1.2 Restructuring of financial institution operations

- a) On 5 July 2007, the Bank of Thailand (“the BOT”) approved a proposal for the Company and Thanachart Bank Public Company Limited (a subsidiary company) (“the Bank”) to change the structure of the financial business group in accordance with the principle of consolidated supervision. In this regard, in accordance with a resolution of the Annual General Meeting of the Shareholders of the Company and the Bank held on 30 April 2007, the Company sold investments in 8 subsidiaries to the Bank. These subsidiaries are Thanachart Securities Public Company Limited, Thanachart Insurance Company Limited, Thanachart Life Assurance Company Limited, Thanachart Fund Management Company Limited, Thanachart Broker Company Limited, Thanachart Group Leasing Company Limited, Thanachart Management and Service Company Limited and Thanachart Legal and Appraisal Company Limited.

Moreover, the BOT granted permission for the Company to be shareholder of the three companies in the financial business group, comprising the Bank and two asset management companies together with one of the companies outside the financial business group that carries on financial business (in this respect, the existing conditions of permission are to be complied with and the investment in this company does not need to be deducted from the capital fund of the financial group). In this permission, the Company can invest in other four companies outside the financial business group that do not operate financial business and another three companies acquired as a result of debt restructuring, but shareholding is to be reduced to not more than 10% within 20 December 2009 (except for the investments in Prosperity Industrial Estate Co., Ltd. and Siam V.M.C. Safety Glass Co., Ltd. are to be reduced to not more than 10% within 31 December 2007). In calculating capital funds under the consolidated supervision level, the Company must apply full consolidation, such that investments where direct and indirect shareholdings in companies in the financial business group amount to less than 50% of the issued and paid-up capital, investments in companies in which the Company is not permitted to hold more than 10% of paid-up share capital and investment in insurance company and life-assurance company are to be deducted from the capital funds of the financial business group. The Bank is also to prepare financial statements on a solo consolidation basis, consolidating the financial information of the Bank and Thanachart Group Leasing Company Limited, with the Bank's direct and indirect shareholdings being deducted in the same way as those of the Company.

On 12 July 2007, the Company sold the above 8 subsidiaries to the Bank for a total of Baht 4,158 million, with the price being referenced to the book value of the subsidiaries as of the end of June 2007.

- b) On 11 July 2007, the BOT announced that the minister of the Ministry of Finance had agreed to a relaxation of the rule whereby the Bank of Nova Scotia Asia Limited ("BNSAL") can hold the Bank's shares but not to exceed 24.99% of the total paid-up capital, permitting the Bank to have non-Thai shareholding of up to 49% of its total issued capital and to have non-Thai nationals directors more than one fourth, but no more than one half and no more than the proportion of non-Thai shareholding, of the total number of directorships.

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On 19 July 2007, the Bank proposed the sale of 276,263,200 additionally issued shares to BNSAL at a price of Baht 16.37 per share, and BNSAL's purchase of 157,130,216 existing ordinary shares of the Bank from the Company at a price of Baht 16.37 per share. As a result, BNSAL's shareholding in the Bank would total 433,393,416 shares, or 24.98% of its total issued capital, and the Company would hold 1,291,912,593 of the Bank's shares, or 74.48%.

Under the Shareholders' Agreement made between the Company and BNSAL on 29 April 2007, BNSAL had indicated its intention to purchase up to 49% of the issued and outstanding ordinary shares of the Bank as a strategic partner, in terms of both investment and management, with all additional shares to be purchased from the Company, under conditions whereby the shares are to be purchased in 2 periods. However, the purchase of additional shares of the Bank depends on the receipt of regulatory approval.

- The initial obligation period ends in 2007 which was extended to the end of 2008, BNSAL will purchase the shares at a price of 1.6 times the net book value per share, calculated after deducting the amount and the number of shares in which BNSAL has already invested.
- The subsequent call period is for a period of 4 years from the end of the obligation period, BNSAL will purchase the shares at a price of 1.7 times the net book value per share, calculated after deducting the amount and the number of shares in which BNSAL has already invested.

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In addition, the Company, the Bank and BNSAL agreed on other matters under the agreements, whereby each company had rights and performance obligations as per the conditions outlined in the agreements, such as stipulations on dividend payment, the sale of the Bank's shares, the issuance of additional securities or convertible securities by the Bank, the right of first refusal to purchase the Bank's share, obligation to purchase the Bank's share, call and put right to purchase the Bank's share, the appointment of directors of the Bank and its subsidiaries, and the assignment of experts to work at the Bank.

Furthermore, under the conditions of the agreements among the Company, the Bank and BNSAL, the Company and the Bank must disclose information relating to the business performance, operations, and legal compliance of the Bank and its subsidiaries and certify the disclosed information, to assist BNSAL in deciding whether to purchase shares in the Bank. In the event that the Bank or the subsidiaries have to pay any damages, compensation or penalties to any other party, as a result of events or information that the Company and the Bank failed to disclose to BNSAL before BNSAL purchased the shares of the Bank, the Company and the Bank will compensate BNSAL for any losses in accordance with the conditions and timeframe stipulated in the agreements.

- c) On 19 July 2007, the Bank accepted the transfer of assets and liabilities of the Bank of Nova Scotia – Bangkok Branch in accordance with the One Presence Policy, in line with the Financial Sector Master Plan. Under this policy, when BNSAL became a shareholder of the Bank, it had to return the commercial bank operation license of the Bank of Nova Scotia - Bangkok Branch to the Ministry of Finance and transfer its assets, liabilities and commitments denominated in Thai Baht and foreign currencies to the Bank at their net book values, which are summarised below :-

| Transactions | | (Unit : million) Amount |
|-----------------|---|----------------------------|
| Assets | - Loans | 824 |
| | - Equipment | 4 |
| Liabilities | - Deposits | 53 |
| Net amount paid | | 775 |
| | Letter of guarantee and letters of credit | 1,754 |
| | Other commitment – foreign exchange contracts | 10 |

- d) During 2007, the Company transferred 520 employees of the Company to the bank for support the operations of the Bank and its subsidiaries, effective from 1 February 2007. All transferred staff will receive identical compensation and benefits. Moreover, the Company transferred assets totalling Baht 221 million used by those staff in carrying out their duties, including intellectual property, which comprising all related rights, obligations and benefits in IT-related intellectual property relevant to the business of the Bank and its subsidiaries.

1.3 Basis of preparation of the interim financial statements

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

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

1.4 Basis of preparation of the interim consolidated financial statements

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2006, and there have been changes in shareholding structure during the current period matters as follows :-

- a) On 12 July 2007, the Company sold such investments in eight subsidiaries to Thanachart Bank Public Company Limited (subsidiary) for a total of Baht 4,158 million. The selling price was based on the net book value of each subsidiary company as at the end of June 2007. The BOT approved the sale of ordinary shares of the said eight subsidiaries on 5 July 2007.

(UNAUDITED BUT REVIEWED)

| Companies | Number of shares | Shareholding (Percent) |
|---|------------------|---------------------------|
| 1. Thanachart Securities Plc. | 1,499,999,930 | 100.00 |
| 2. Thanachart Insurance Co., Ltd. | 38,999,434 | 78.00 |
| 3. Thanachart Life Assurance Co., Ltd. | 49,999,400 | 100.00 |
| 4. Thanachart Fund Management Co., Ltd. | 7,499,993 | 75.00 |
| 5. Thanachart Broker Co., Ltd. | 9,999,000 | 100.00 |
| 6. Thanachart Group Leasing Co., Ltd. | 35,999,994 | 100.00 |
| 7. Thanachart Management and Services Co., Ltd. | 599,993 | 100.00 |
| 8. Thanachart Legal and Appraisal Co., Ltd. | 999,993 | 100.00 |

The Company had gains from its sales of investments in the said subsidiaries totaling Baht 1,146 million. These were presented as gains on investments in the separate income statements and have been eliminated in the consolidated financial statements.

- b) On 19 July 2007, the Company sold 157,130,216 shares of the Bank to BNSAL at a price of Baht 16.37 per share. BNSAL also purchased 276,263,200 shares of additional share issuance from the Bank at Baht 16.37 per share and as a result, BNSAL's holding in the Bank stands at 24.98 percent of the shares in issue, while the Company holds 74.48 percent. Permission for this sale was granted by the BOT on 11 July 2007. There was a realised gain on the sale of Baht 835 million which was calculated from the cost method and presented in separate income statements, while a gain of Baht 885 million was presented in the consolidated income statements under the equity method. In addition, the price of the issued shares sold to BNSAL was higher than the par value and the Bank therefore had share premium from the share capital issuance amounting to Baht 1,760 million, with Baht 1,142 million of such amount presented as share premium of a subsidiary company under shareholders' equity in the consolidated balance sheet.
- c) As of 28 September 2007, the Bank purchased additional 6,000,000 shares of Thanachart Insurance Co., Ltd. which is one of the Bank's subsidiary from third party, at 12.00% of total issued and paid up shares in the total amount of Baht 78.12 million. The price is based on its book value as at the end of July 2007. Thus, the Bank holds 100% of that company's shares while Thanachart Capital indirectly holds 74.48%

(UNAUDITED BUT REVIEWED)

- d) On 27 April 2007, the Bank invested in Thanachart Training and Development Company Limited, represents 100% holding.

After changes in shareholding structure as above discussed can be summarised as follows :-

| | Percentage of shares held by the Company | | Percentage of shares held by the subsidiaries | |
|---|--|------------------|---|------------------|
| | 30 September 2007 | 31 December 2006 | 30 September 2007 | 31 December 2006 |
| | | | | |
| <u>Subsidiaries directly held by the Company</u> | | | | |
| Thanachart Bank Plc. | 74.48 | 99.36 | - | - |
| N.F.S. Asset Management Co., Ltd. | 100.00 | 100.00 | - | - |
| Max Asset Management Co., Ltd. | 58.45 | 58.45 | - | - |
| NASSET Property Fund 6 | 99.80 | 99.80 | 0.06 | 0.06 |
| Pasara Co., Ltd. | 100.00 | 100.00 | - | - |
| Thiravanit Co., Ltd. | 99.90 | 99.90 | - | - |
| Sinkahakarn Co., Ltd. | 95.12 | 95.12 | - | - |
| Bangkok Home Co., Ltd. | 99.87 | 99.87 | - | - |
| Thanachart SPV 01 Co., Ltd. | 100.00 | 100.00 | - | - |
| <u>Subsidiaries indirectly held by the Company</u> | | | | |
| Thanachart Securities Plc. | - | 100.00 | 100.00 | - |
| Thanachart Insurance Co., Ltd. | - | 78.00 | 100.00 | 10.00 |
| 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 and Services Co., Ltd. | - | 100.00 | 100.00 | - |
| Thanachart Legal and Appraisal Co., Ltd. | - | 100.00 | 100.00 | - |
| Thanachart Leasing 2000 Co., Ltd. | - | - | 100.00 | 100.00 |
| National Leasing Co., Ltd. | - | - | 100.00 | 100.00 |
| Thanachart Training and Development Co., Ltd. | - | - | 100.00 | - |

(UNAUDITED BUT REVIEWED)

Total assets and total income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 30 September 2007 and 31 December 2006 and for the nine-month periods ended 30 September 2007 and 2006 after eliminating significant intercompany transactions, are as follows :-

(Unit : Million Baht)

| | Total assets as at | | Total income for the nine-month | |
|-------------------------------------|--------------------|-------------|---------------------------------|-------|
| | 30 September | 31 December | periods ended 30 September | |
| | 2007 | 2006 | 2007 | 2006 |
| Thanachart Bank Plc. | 247,878 | 207,787 | 12,464 | 8,353 |
| N.F.S. Asset Management Co., Ltd. | 5,880 | 9,631 | 523 | 1,217 |
| Max Asset Management Co., Ltd. | 1,980 | 2,262 | 202 | 332 |
| Thanachart Life Assurance Co., Ltd. | 4,984 | 3,974 | 2,016 | 928 |
| Thanachart Insurance Co., Ltd. | 2,080 | 1,903 | 1,563 | 1,257 |
| Thanachart Securities Plc. | 4,942 | 2,615 | 587 | 668 |

1.5 Adoption of new accounting standards during the period

The Federation of Accounting Professions (FAP) has issued Notification No. 9/2550 and 38/2550 regarding Thai Accounting Standards (TAS), and these have been published in the Royal Gazette. The Notifications mandate the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

- a) Thai Accounting Standards (revised version) which are effective for the current year

| | |
|--------|---|
| TAS 44 | Consolidated Financial Statements and Separate Financial Statements |
| TAS 45 | Investments in Associates |
| TAS 46 | Interests in Joint Ventures |

(UNAUDITED BUT REVIEWED)

These three accounting standards become effective for the financial statements for fiscal year beginning on or after 1 January 2007. The change in Thai Accounting Standard No. 46 does not concern the Company and its subsidiaries' business. During the first quarter of the current year, the Company changes its accounting policy for recording investments in its subsidiary and associated companies in order to comply with revised Thai Accounting Standards No. 44 and 45 as discussed in Note 1.6 a).

b) Thai Accounting Standards (revised version) which are not effective for the current year

| | |
|--------|--|
| TAS 25 | Cash Flow Statements |
| TAS 33 | Borrowing Costs |
| TAS 35 | Presentation of Financial Statements |
| TAS 39 | Accounting Policies, Change in Accounting Estimates and Errors |
| TAS 41 | Interim Financial Reporting |
| TAS 49 | Construction Contracts |

These six accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management of the Company and its subsidiaries have assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

1.6 Significant accounting policies

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

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

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

In this regard, the Company has restated the previous period's separate financial statements as though the investments in the subsidiary and associated companies had originally been recorded using the cost method. The change has the effect of increasing net income in the separate income statements for the three-month and nine-month periods ended 30 September 2007 by Baht 584 million (Baht 0.44 per share) and Baht 313 million (Baht 0.23 per share), respectively (2006: decreasing by Baht 497 million (Baht 0.37 per share) and Baht 1,146 million (Baht 0.86 per share), respectively). The cumulative effect of the change in accounting policy has been presented under the heading of "Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies" in the separate statement of changes in shareholders' equity.

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

2) Thai Accounting Standards No. 44 and 45 determined that the Company, its subsidiary and associated companies had to use the same accounting policy. In former, the Company and its subsidiaries presented land, land improvement and premises at cost and such assets of an associated company which is engaged in real estate business are presented at their fair values (market value or replacement cost). Such accounting policy differs from the Company and its subsidiaries' policy because the nature of their business differs. In order to comply with determination of such Accounting Standards, the Company has therefore restated the previous period's consolidated and separate financial statements as though an associated company has used the same accounting policies. The change has the effect of investments in associated companies and shareholders' equity in the consolidated and the separate financial statements as at 30 September 2006 and 31 December 2006 as presented herein for comparative purpose decreased by Baht 516 million and Baht 539 million, respectively, and investments in associated companies and shareholders' equity in the consolidated financial statements as at 30 September 2007 decreased by Baht 451 million.

b) Interest on hire purchases

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

c) Commissions and initial direct expenses on hire purchase contracts

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

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

d) Allowance for doubtful accounts

The Company changed the minimum rate used in determining allowance for doubtful accounts for normal loans from 3% to 1% of the loan balance net of collateral value, and excluding accrued interest receivable.

The Company and its subsidiaries changed the base for determining allowance for doubtful accounts for normal and special mention hire-purchase receivables and finance lease receivables from the loan balance (excluding accrued interest receivable) before netting collateral value to the remaining loan balance (excluding accrued interest receivable) after deducting the values of vehicles placed as collateral.

In addition, the Company and its subsidiaries have changed the basis on which they estimate allowance for doubtful accounts for non-performing loans. Whereas previously allowance for doubtful accounts was set aside at rates of 20% 50% and 100% of the balance of indebtedness remaining after deducting collateral values, in accordance with the BOT's former provisioning guidelines for substandard, doubtful and doubtful of loss debts, respectively, allowance for doubtful account is now set aside 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 taking into account the time needed to dispose of collateral. This is in accordance with the BOT's guideline announced on 21 December 2006, except in cases of hire purchase receivables and finance lease receivables, for which the collateral value is not deducted from the outstanding loan balance.

e) Property foreclosed

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

In this regard, the Company and its subsidiaries have restated the previous periods' financial statements as though the property foreclosed had originally been recorded at fair value on the transfer date. These changes, together with allowance for doubtful accounts, do not effect to income statements of 2006 and 2007 but may have an effect to decrease corporate income tax of year 2006 of one subsidiary company by Baht 102 million. On 19 September 2007, the subsidiary company has requested the refund of this corporate income tax from the Revenue Department but there is uncertainty as to the amount that would be fully refunded, the subsidiary company has therefore not reflected the tax effect in the financial statements.

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2. INTERBANK AND MONEY MARKET ITEMS (ASSETS)

(Unit : Million Baht)

| | Consolidated financial statements | | | | | |
|---|-----------------------------------|---------------|---------------|------------------|---------------|---------------|
| | 30 September 2007 | | | 31 December 2006 | | |
| | At call | Term | Total | At call | Term | Total |
| Domestic : | | | | | | |
| Bank of Thailand and Financial Institution Development Fund | 2,742 | - | 2,742 | 2,331 | - | 2,331 |
| Commercial banks | 1,060 | 920 | 1,980 | 1,044 | 2,001 | 3,045 |
| Other banks | 43 | 220 | 263 | 39 | 70 | 109 |
| Other financial institutions | 42 | 128 | 170 | 42 | 40 | 82 |
| Total | 3,887 | 1,268 | 5,155 | 3,456 | 2,111 | 5,567 |
| Add : Accrued interest receivables | 1 | 15 | 16 | 1 | 15 | 16 |
| Less : Allowance for doubtful accounts | (42) | - | (42) | (42) | (1) | (43) |
| Total interbank and money market items - domestic | 3,846 | 1,283 | 5,129 | 3,415 | 2,125 | 5,540 |
| Foreign : | | | | | | |
| US Dollar | 9 | 27,109 | 27,118 | 101 | 21,230 | 21,331 |
| Others | 146 | - | 146 | 57 | - | 57 |
| Total | 155 | 27,109 | 27,264 | 158 | 21,230 | 21,388 |
| Add : Accrued interest receivables | - | 71 | 71 | - | 136 | 136 |
| Less : Allowance for doubtful accounts | - | (9) | (9) | - | - | - |
| Total interbank and money market items - foreign | 155 | 27,171 | 27,326 | 158 | 21,366 | 21,524 |
| Total interbank and money market items - net | 4,001 | 28,454 | 32,455 | 3,573 | 23,491 | 27,064 |

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

| | Separate financial statements | | | | | |
|-------------------------------|-------------------------------|------|-------|------------------|------|-------|
| | 30 September 2007 | | | 31 December 2006 | | |
| | At call | Term | Total | At call | Term | Total |
| Domestic : | | | | | | |
| Commercial banks | 2,302 | - | 2,302 | 241 | - | 241 |
| Other banks | 7 | - | 7 | 15 | - | 15 |
| Other financial institutions | - | 20 | 20 | - | 20 | 20 |
| Total | 2,309 | 20 | 2,329 | 256 | 20 | 276 |
| Add : Accrued interest | | | | | | |
| receivable | 4 | - | 4 | - | - | - |
| Less : Allowance for doubtful | | | | | | |
| accounts | - | - | - | - | (1) | (1) |
| Total interbank and money | | | | | | |
| market items - domestic - net | 2,313 | 20 | 2,333 | 256 | 19 | 275 |

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

(Unit : Million Baht)

| | Consolidated financial statements | | | | Separate financial statements | | | |
|---------------------------------|-----------------------------------|------------|--------------------|------------|-------------------------------|------------|--------------------|------------|
| | 30 September 2007 | | 31 December 2006 | | 30 September 2007 | | 31 December 2006 | |
| | Cost/ Amortised | | Cost/ Amortised | | Cost/ Amortised | | Cost/ Amortised | |
| | cost | Fair value | cost | Fair value | cost | Fair value | cost | Fair value |
| Current investments : | | | | | | | | |
| Trading securities | | | | | | | | |
| Government and state enterprise | | | | | | | | |
| securities | 450 | 450 | 396 | 396 | - | - | - | - |
| Private debt securities | - | - | 2 | 2 | - | - | - | - |
| Domestic marketable equity | | | | | | | | |
| securities | - | - | 15 | 15 | - | - | - | - |
| | 450 | 450 | 413 | 413 | - | - | - | - |
| Add : Allowance for change in | | | | | | | | |
| value | - | - | - | - | - | - | - | - |
| | 450 | 450 | 413 | 413 | - | - | - | - |

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(Unit : Million Baht)

| | Consolidated financial statements | | | | Separate financial statements | | | |
|---|-----------------------------------|--------------|--------------------|--------------|-------------------------------|------------|--------------------|------------|
| | 30 September 2007 | | 31 December 2006 | | 30 September 2007 | | 31 December 2006 | |
| | Cost/ Amortised | | Cost/ Amortised | | Cost/ Amortised | | Cost/ Amortised | |
| | cost | Fair value | cost | Fair value | cost | Fair value | cost | Fair value |
| Available-for-sale securities | | | | | | | | |
| Government and state enterprise securities | 3,365 | 3,374 | 2,318 | 2,318 | 500 | 500 | - | - |
| Private debt securities | 225 | 225 | 459 | 457 | - | - | - | - |
| Domestic marketable equity securities | 10 | 10 | 17 | 18 | - | - | 7 | 8 |
| | <u>3,600</u> | <u>3,609</u> | <u>2,794</u> | <u>2,793</u> | <u>500</u> | <u>500</u> | <u>7</u> | <u>8</u> |
| Add (less) : Allowance for change in value | 9 | | (1) | | - | | 1 | |
| | <u>3,609</u> | | <u>2,793</u> | | <u>500</u> | | <u>8</u> | |
| Held-to-maturity debt securities - due within 1 year | | | | | | | | |
| Government and state enterprise securities | 673 | | 3,641 | | - | | - | |
| Private debt securities | 236 | | 63 | | - | | - | |
| Foreign debt securities | 9,394 | | 429 | | - | | - | |
| | <u>10,303</u> | | <u>4,133</u> | | <u>-</u> | | <u>-</u> | |
| Total current investments – net | <u>14,362</u> | | <u>7,339</u> | | <u>500</u> | | <u>8</u> | |
| Long-term investments : | | | | | | | | |
| Available-for-sale securities | | | | | | | | |
| Government and state enterprise securities | 1,035 | 1,037 | 5,018 | 5,003 | - | - | - | - |
| Private debt securities | 1,956 | 1,968 | 905 | 899 | - | - | - | - |
| Domestic marketable equity securities | 2,129 | 2,143 | 2,842 | 2,659 | 631 | 565 | 894 | 826 |
| | <u>5,120</u> | <u>5,148</u> | <u>8,765</u> | <u>8,561</u> | <u>631</u> | <u>565</u> | <u>894</u> | <u>826</u> |
| Add (less) : Allowance for change in value | 217 | | (204) | | 123 | | (68) | |
| Allowance for impairment | (189) | | - | | (189) | | - | |
| | <u>5,148</u> | | <u>8,561</u> | | <u>565</u> | | <u>826</u> | |

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

| | Consolidated financial statements | | | | Separated financial statements | | | |
|--|-----------------------------------|------------|--------------------|------------|--------------------------------|------------|--------------------|------------|
| | 30 September 2007 | | 31 December 2006 | | 30 September 2007 | | 31 December 2006 | |
| | Cost/ Amortised | | Cost/ Amortised | | Cost/ Amortised | | Cost/ Amortised | |
| | cost | Fair value | cost | Fair value | cost | Fair value | cost | Fair value |
| Held-to-maturity debt securities | | | | | | | | |
| Government and state enterprise securities | 12,244 | | 12,736 | | 480 | | 504 | |
| Private debt securities | 128 | | 236 | | 3,000 | | 3,000 | |
| Foreign debt securities | 685 | | 1,441 | | - | | - | |
| | <u>13,057</u> | | <u>14,413</u> | | <u>3,480</u> | | <u>3,504</u> | |
| Less : Allowance for impairment | (554) | | (443) | | (183) | | (137) | |
| | <u>12,503</u> | | <u>13,970</u> | | <u>3,297</u> | | <u>3,367</u> | |
| Other investments | | | | | | | | |
| Investments in receivables purchased | 2,441 | | 2,642 | | 1,428 | | 1,576 | |
| Investments in property fund | 984 | | 1,106 | | - | | - | |
| Domestic non-marketable equity securities | 356 | | 356 | | 240 | | 242 | |
| | <u>3,781</u> | | <u>4,104</u> | | <u>1,668</u> | | <u>1,818</u> | |
| Less : Allowance for impairment | (399) | | (434) | | (153) | | (175) | |
| | <u>3,382</u> | | <u>3,670</u> | | <u>1,515</u> | | <u>1,643</u> | |
| Total long-term investments – net | <u>21,033</u> | | <u>26,201</u> | | <u>5,377</u> | | <u>5,836</u> | |

3.2 As at 30 September 2007, subsidiaries have a revaluation surplus and deficit amounting to Baht 38 million and Baht 439 million, respectively, as a result of the recategorisation of debt securities, and these are presented in the consolidated shareholders' equity (31 December 2006 : outstanding revaluation surplus amounting to Baht 45 million and outstanding revaluation deficit amounting to Baht 616 million in the consolidated financial statements).

3.3 As at 30 September 2007, long-term investments in held-to-maturity debt securities include Baht 1,485 million of non-transferable, 10-year promissory notes received from Thai Asset Management Corporation (“TAMC”) in relation to the transfer of non-performing loans to TAMC (the Company Only : Baht 480 million) (31 December 2006 : Baht 1,769 million in the consolidated financial statements and Baht 504 million in the separate financial statements). However, the transfer price settled in the form of promissory notes may still be increased or reduced after TAMC reviews the prices, appraises the collateral values, or adjusts the prices.

As at 30 September 2007, the Company and its subsidiaries have estimated their share of losses which may arise from the management of non-performing assets at approximately Baht 554 million. Such losses have been shown as allowance for impairment under the caption of investments in held-to-maturity debt securities, classified by the type of promissory note (the Company Only : Baht 183 million) (31 December 2006 : Baht 443 million in the consolidated financial statements and Baht 137 million in the separate financial statements).

Moreover, the Company and its subsidiaries remain jointly liable with TAMC for their share of losses arising from management of non-performing assets, as described in Note 22.2.

3.4 As at 30 September 2007, the Company has investments in 7 years subordinated debentures of Thanachart Bank (a subsidiary company) of Baht 3,000 million with carrying interest at rate of 6.18 percent per annum (31 December 2006 : Baht 3,000 million).

3.5 As at 30 September 2007, investments in government and state enterprise bonds in the consolidated financial statement, at cost after amortization, of Baht 950 million have been placed as collateral for loans from commercial banks and as security with the Insurance Registrar (31 December 2006 : Baht 788 million).

(UNAUDITED BUT REVIEWED)

3.6 As at 30 September 2007 and 31 December 2006, investments in other equity securities amounting to approximately Baht 19 million, at cost, were received as a result of debt restructuring and prohibited from being sold for a period as specified in the agreements (the Company Only : Baht 10 million).

3.7 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bids from local financial institutions. The outstanding balances of loans receivable as at 30 September 2007 and 31 December 2006 can be summarised as follows :-

(Unit : Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2007 | 2006 | 2007 | 2006 |
| Investments in receivables | 2,441 | 2,642 | 1,428 | 1,576 |
| Less : Allowance for impairment | (302) | (336) | (76) | (97) |
| Investments in receivables - net | 2,139 | 2,306 | 1,352 | 1,479 |

| | 30 September 2007 | | | | 31 December 2006 | | | |
|--|-------------------|-----------|----------|-------------|------------------|-----------|----------|---------------|
| | Number | Balance | Purchase | Yield | Number | Balance | Purchase | Yield |
| | of | per | | | of | per | | |
| | debtors | agreement | price | Percent | debtors | agreement | price | Percent |
| | Million | Million | | Million | Million | | | |
| | Baht | Baht | | Baht | Baht | | | |
| Consolidated financial statements | | | | | | | | |
| Total accumulated investments | | | | | | | | |
| in receivables | 1,653 | 33,265 | 7,622 | 6.50-18.97 | 1,647 | 33,035 | 7,526 | 6.50 - 18.97 |
| Outstanding investments in | | | | | | | | |
| receivables as at the | | | | | | | | |
| balance sheet date | 980 | 15,143 | 2,441 | | 1,009 | 15,292 | 2,642 | |
| Separate financial statements | | | | | | | | |
| Total accumulated investments | | | | | | | | |
| in receivables | 691 | 8,190 | 1,937 | 11.94-18.97 | 691 | 8,190 | 1,937 | 11.94 - 18.97 |
| Outstanding investments in | | | | | | | | |
| receivables as at the | | | | | | | | |
| balance sheet date | 532 | 7,405 | 1,428 | | 549 | 7,587 | 1,576 | |

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During the nine-month period ended 30 September 2007, the Company and its subsidiaries have restructured loans with a total of 34 troubled receivables with book balances before restructuring totaling approximately Baht 59 million (the Company Only : 17 debtors, Baht 34 million), by means of various types of restructuring without any loss on debt restructuring, as summarised below :-

| Pattern of restructuring | Number of receivables | Outstanding loan | Outstanding loan | Type of assets to be transferred | Fair value of |
|--|-----------------------|------------------------------|-----------------------------|----------------------------------|--------------------------|
| | | balance before restructuring | balance after restructuring | | assets to be transferred |
| | | Million Baht | Million Baht | | per agreements |
| | | | | | Million Baht |
| <u>Consolidated financial statements</u> | | | | | |
| Modification of terms | 31 | 46 | 46 | | |
| Transfer of assets and/or equity securities and/or modification of terms | 3 | 13 | 13 | Land and Condominium | 20 |
| Total | <u>34</u> | <u>59</u> | <u>59</u> | | |
| <u>Separate financial statements</u> | | | | | |
| Modification of terms | 15 | 30 | 30 | | |
| Transfer of assets and/or equity securities and/or modification of terms | 2 | 4 | 4 | Condominium | 6 |
| Total | <u>17</u> | <u>34</u> | <u>34</u> | | |

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

| Periods | Consolidated financial statements | | Separate financial statements | |
|-------------------|-----------------------------------|------------------------------|-------------------------------|------------------------------|
| | Number of receivables | Outstanding loan | Number of receivables | Outstanding loan |
| | | balances after restructuring | | balances after restructuring |
| | | Million Baht | | Million Baht |
| Due within 2007 | 24 | 30 | 14 | 15 |
| Less than 5 years | 10 | 29 | 3 | 19 |
| Total | <u>34</u> | <u>59</u> | <u>17</u> | <u>34</u> |

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

3.8 As at 30 September 2007 and 31 December 2006, investments in securities of the Company and its subsidiaries, include investments in securities of companies with weak financial positions and poor operating results, are summarised as below :-

| | | Consolidated financial statements | | | | | | | | | |
|---|--|-----------------------------------|----------|--------------|--------------|--------------|--------------|-----------------------------|--------------|---|--------------|
| | | Number of transactions | | | | Cost | | Fair value/collateral value | | Allowance for possible loss/impairment provided in the accounts | |
| | | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 |
| | | September | December | September | December | September | December | September | December | September | December |
| | | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | | | | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht |
| <u>Equity securities - common shares</u> | | | | | | | | | | | |
| 1. | Listed companies vulnerable to delisting from the SET | 1 | 1 | - | - | - | - | - | - | - | - |
| 2. | Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET | 5 | 5 | - | - | - | - | - | - | - | - |
| 3. | Companies which have loan settlement problems or have defaulted the repayment of debts | 2 | 2 | 1 | 1 | 1 | 1 | - | - | - | - |
| 4. | Companies whose auditors' reports cited going concern issues | 13 | 14 | 138 | 139 | 42 | 42 | 96 | 97 | | |

(UNAUDITED BUT REVIEWED)

Consolidated financial statements

| | Number of transactions | | Cost | | Fair value/collateral value | | Allowance for possible loss/impairment provided in the accounts | |
|---|------------------------|---------------|----------------|---------------|-----------------------------|---------------|---|---------------|
| | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 |
| | September 2007 | December 2006 | September 2007 | December 2006 | September 2007 | December 2006 | September 2007 | December 2006 |
| | | | | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht |
| Investments in receivables | | | | | | | | |
| 1. Closed financial institutions | 10 | 10 | - | - | - | - | - | - |
| 2. Listed companies vulnerable to delisting from the SET | 1 | 1 | - | - | - | - | - | - |
| 3. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET | 1 | 1 | 3 | 7 | - | 7 | 3 | 3 |
| 4. Companies which have loan settlement problems or have defaulted the repayment of debts | 360 | 352 | 1,693 | 1,566 | 2,657 | 2,226 | 206 | 220 |
| 5. Companies whose auditors' reports cited going concern issues | - | 19 | - | 290 | - | 543 | - | 9 |

Separate financial statements

| | Number of transactions | | Cost | | Fair value/collateral value | | Allowance for possible loss/impairment provided in the accounts | |
|--|------------------------|---------------|----------------|---------------|-----------------------------|---------------|---|---------------|
| | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 |
| | September 2007 | December 2006 | September 2007 | December 2006 | September 2007 | December 2006 | September 2007 | December 2006 |
| | | | | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht |
| Equity securities - common shares | | | | | | | | |
| 1. Companies which have loans settlement problems or have defaulted the repayment of debts | 1 | 1 | 1 | 1 | 1 | 1 | - | - |
| 2. Companies whose auditors' reports cited going concern issues | 5 | 6 | 113 | 113 | 35 | 35 | 77 | 78 |
| Investments in receivables | | | | | | | | |
| 1. Closed financial institutions | 7 | 7 | - | - | - | - | - | - |
| 2. Companies which have loan settlement problems or have defaulted the repayment of debts | 171 | 170 | 1,069 | 873 | 1,672 | 1,207 | 42 | 61 |
| 3. Companies whose auditors' reports cited going concern issues | - | 6 | - | 286 | - | 487 | - | - |

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4. INVESTMENTS IN SUBSIDIARIES

4.1 Investments in subsidiaries in the separate financial statements as at 30 September 2007 and 31 December 2006, stated under the cost method, consist 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 nine-month periods ended | |
| | | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December | 30 September | |
| | | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| <u>Subsidiaries – include in consolidation</u> | | | | | | | | | |
| Thanachart Bank Plc. | Bank business | 17,346 | 14,584 | 74.48 | 99.36 | 14,280 | 16,019 | 215 | 200 |
| N.F.S. Asset Management Co., Ltd. | Non-performing assets management | 1,000 | 1,000 | 100.00 | 100.00 | 1,000 | 1,000 | - | - |
| Max Asset Management Co., Ltd. | Non-performing assets management | 572 | 572 | 58.45 | 58.45 | 334 | 334 | - | - |
| NASSET Property Fund 6 | Invest in non-performing assets and collection right | 900 | 900 | 99.80 | 99.80 | 898 | 898 | - | - |
| Pasara Co., Ltd. | Liquidation | 30 | 30 | 100.00 | 100.00 | 181 | 181 | - | - |
| Thiravanit Co., Ltd. | Liquidation | 6 | 6 | 99.90 | 99.90 | 34 | 34 | - | - |
| Bangkok Home Co., Ltd. | Liquidation | 15 | 15 | 99.87 | 99.87 | 46 | 46 | - | - |
| Sinkahakarn Co., Ltd. | Liquidation | 25 | 25 | 95.12 | 95.12 | 20 | 20 | - | - |
| Thanachart SPV 01 | Not yet operate | 2 | 2 | 100.00 | 100.00 | 2 | 2 | - | - |
| Thanachart Securities Plc. | Securities business | 1,500 | 1,500 | - | 100.00 | - | 1,500 | - | - |
| Thanachart Life Assurance Co., Ltd. | Life - insurance | 500 | 500 | - | 100.00 | - | 500 | - | - |
| Thanachart Insurance Co., Ltd. | Non-life insurance | 500 | 500 | - | 78.00 | - | 422 | - | - |
| Thanachart Fund Management Co., Ltd. | Fund management | 100 | 100 | - | 75.00 | - | 113 | - | 38 |
| Thanachart Group Leasing Co., Ltd. | Leasing and hire-purchase | 360 | 360 | - | 100.00 | - | 360 | - | - |
| Thanachart Broker Co., Ltd. | Non-life insurance broker | 100 | 100 | - | 100.00 | - | 100 | - | - |
| Thanachart Legal and Appraisal Co., Ltd. | Legal services | 10 | 10 | - | 100.00 | - | 10 | - | - |
| Thanachart Management and Services Co., Ltd. | Services | 6 | 6 | - | 100.00 | - | 8 | - | - |
| <u>Subsidiaries - exclude from consolidation</u> | | | | | | | | | |
| Glas Haus Building Co., Ltd. | Office building rental | - | 195 | - | 100.00 | - | - | - | - |
| | | | | | | 16,795 | 21,547 | 215 | 238 |
| Less : Allowance for impairment in investments in subsidiaries | | | | | | (81) | (81) | | |
| Investments in subsidiaries - net | | | | | | 16,714 | 21,466 | | |

- 4.2** The consolidated balance sheet as at 30 September 2007 and the consolidated income statement for the nine-month period then ended included assets of a subsidiary company (Thanachart Life Assurance Co., Ltd.) amounting to Baht 4,984 million, income of Baht 2,016 million and net income of Baht 182 million (assets of Baht 3,974 million in the consolidated balance sheet as at 31 December 2006, income of Baht 928 million and net profit of Baht 90 million in the consolidated income statement for the nine-month period ended 30 September 2006). The auditor of the subsidiary company issued a qualified report on its financial statements with regard to the effect to the financial statements of any adjustments which might be required as a result of a scope limitation imposed on the audit of insurance income and related expenses. However, the Company's management believes that there is no material impact to consolidated financial statements.
- 4.3** The consolidated balance sheet as at 30 September 2007 included Baht 140 million of assets of 4 subsidiaries (Thiravanit Co., Ltd., Sinkahakarn Co., Ltd., Pasara Co., Ltd., and Bangkok Home Co., Ltd.). Such subsidiaries registered their dissolution in December 2006 and are currently liquidating. The financial statements of these subsidiaries were prepared by their management and were not audited by their auditors.
- 4.4** The consolidated financial statements as at 31 December 2006 did not include the financial statements of Glas Haus Building Co., Ltd., as the Company intends to hold such subsidiary company as a temporary investment. The Company has no outstanding guarantees or commitments to give financial support to such company. Based on financial statements prepared by management, such subsidiary company has total assets of approximately Baht 142 million, total liabilities of Baht 449 million and a capital deficit of Baht 307 million. The investment of approximately Baht 0.2 million is therefore written-off.

However, during the nine-month period ended 30 September 2007, the Company sold investment in such company to a group of an associated company and had loss from sales of Baht 0.2 million.

5. INVESTMENTS IN ASSOCIATED COMPANIES

5.1 As at 30 September 2007 and 31 December 2006, the Company and its subsidiaries have the following investments in associated companies :-

| Company's name | Nature of business | Paid-up | | Percentage of | | Investment value | | | | (Unit : Million Baht) | |
|---|--|---------------|----------|---------------|----------|------------------|------------|---------------|--------------|-----------------------|-----------|
| | | share capital | | holding (%) | | Cost method | | Equity method | | Dividend income | |
| | | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 | for the nine- | |
| | | September | December | September | December | September | December | September | December | month | |
| | | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | periods ended | |
| | | | | | | | | | | 30 September | |
| | | | | | | | | | | 2007 | 2006 |
| <u>Consolidated financial statements</u> | | | | | | | | | | | |
| MBK Plc. | Property rental, hotel and services | 1,886 | 1,886 | 18.01 | 20.54 | 992 | 992 | 1,327 | 1,225 | 69 | 69 |
| Puen Pob Paet Co., Ltd. | Clinic | 1 | 1 | 17.45 | 28.58 | - | - | 1 | 1 | - | - |
| | | | | | | <u>992</u> | <u>992</u> | <u>1,328</u> | <u>1,226</u> | <u>69</u> | <u>69</u> |
| <u>Separate financial statements in</u> | | | | | | | | | | | |
| <u>which the cost method is applied</u> | | | | | | | | | | | |
| MBK Plc. | Property rental, hotel and services | 1,886 | 1,886 | 10.00 | 6.57 | 658 | 311 | | | 22 | 22 |
| Puen Pob Paet Co., Ltd. | Clinic | 1 | 1 | 10.00 | 10.00 | - | - | | | - | - |
| | | | | | | <u>658</u> | <u>311</u> | | | <u>22</u> | <u>22</u> |

5.2 The share of income of MBK Plc. recognised in the current period is determined based on financial statements of that associated company prepared for a different period, as a result of limitation on the availability of information. Share of income for the current period amounting to Baht 214 million (or at 11 percent of consolidated net income) is determined based on the financial statements of such company for the nine-month period ended 30 June 2007, prepared by the Company's management with reference to the financial statements as reviewed by its auditor and adjusted with the effect of the different in accounting policy (2006 : share of income of Baht 186 million or at 12 percent).

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

| | (Unit : Million Baht) | | | |
|--|-----------------------|---------------------|----------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 September 2007 | 31 December 2006 | 30 September 2007 | 31 December 2006 |
| <u>Finance business loans</u> | | | | |
| Overdrafts | 1,361 | 988 | - | - |
| Loans | 34,608 | 36,280 | 534 | 695 |
| Notes receivable | 4,768 | 4,950 | 867 | 1,103 |
| Hire-purchases receivables | 184,514 | 164,325 | 28,810 | 48,295 |
| Financial leases receivables | 1,036 | 929 | - | - |
| Total loans | 226,287 | 207,472 | 30,211 | 50,093 |
| Add : Accrued interest receivable | 257 | 276 | 3 | 17 |
| Less : Allowance for doubtful accounts | (7,912) | (7,789) | (2,010) | (3,110) |
| Less : Revaluation allowance for debt restructuring | (86) | (150) | - | - |
| Finance business loans and accrued interest receivable - net | 218,546 | 199,809 | 28,204 | 47,000 |
| <u>Securities business receivables</u> | | | | |
| Customers' accounts | 2,314 | 955 | - | - |
| Credit balances receivables | 713 | 552 | - | - |
| Other receivables | 307 | 309 | - | - |
| Total securities business receivables | 3,334 | 1,816 | - | - |
| Add : Accrued interest receivable | 1 | 1 | - | - |
| Less : Allowance for doubtful accounts | (306) | (307) | - | - |
| Securities business receivables and accrued interest receivable - net | 3,029 | 1,510 | - | - |
| Loans and accrued interest receivable - net | 221,575 | 201,319 | 28,204 | 47,000 |

(UNAUDITED BUT REVIEWED)

During the nine-month period ended 30 September 2007, the Company and its subsidiaries transferred 34 investments in purchased receivables, which had been restructured, totalling Baht 59 million (the Company Only : transferred 17 investments in purchased receivables amounting to Baht 34 million), and a subsidiary company transferred 1 investment in purchased receivable, which is negotiating to extend the repayment schedule, totalling of Baht 4 million, to loans and receivable in accordance with the BOT's guidelines.

6.2 Non-performing loans

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

(Unit : Million Baht)

| | Consolidated | | Separate | |
|---|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2007 | 2006 | 2007 | 2006 |
| Non-performing loans | | | | |
| (excluding accrued interest receivable) | | | | |
| The Company | 1,930 | 2,093 | 1,930 | 2,093 |
| Banking business | 4,793 | 3,753 | - | - |
| Asset management business | 4,320 | 4,553 | - | - |
| Securities business | 307 | 307 | - | - |

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

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

(Unit : Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2007 | 2006 | 2007 | 2006 |
| The Company | 2,154 | 2,481 | 2,154 | 2,481 |
| Banking business | 4,579 | 3,129 | - | - |
| Securities business | 307 | 307 | - | - |

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

6.3 Unearned income

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

(Unit : Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|-------------|-------------------------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2007 | 2006 | 2007 | 2006 |
| Unearned interest income | 89 | 119 | - | - |
| Unearned income from hire-purchase/ financial lease | 27,580 | 24,202 | 1,848 | 3,810 |

6.4 Troubled Debt Restructuring

During the nine-month period ended 30 September 2007, the Company and its subsidiaries which are financial institutions have entered into debt restructuring agreements with a total of 131 debtors, with total outstanding balances before restructuring amounting to approximately Baht 798 million with a loss on debt restructuring of Baht 1 million (of these 58 debtors, representing a total outstanding balances amounting to approximately Baht 134 million, had previously entered into debt restructuring agreements but were unable to make repayment, and therefore re-entered into new debt restructuring agreements during the period) (the Company Only : 5 debtors with total outstanding balances before debt restructuring of Baht 10 million without any loss on debt restructuring). The details are as follows :-

| 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 |
|--|--------------------------|--|---|---|---|
| <u>Consolidated financial statements</u> | | | | | |
| Transfer of assets | 1 | 1 | 1 | Land | 1 |
| Modification of terms | 118 | 236 | 235 | | |
| Transfer of assets and/or equity securities and/or modification of terms | 12 | 561 | 561 | Equity securities, land and premises thereon | 505 |
| Total | 131 | 798 | 797 | | |
| <u>Separate financial statements</u> | | | | | |
| Modification of terms | 3 | 6 | 6 | | |
| Transfer of assets and/or equity securities and/or modification of terms | 2 | 4 | 4 | Land and premises thereon | 5 |
| Total | 5 | 10 | 10 | | |

(1) Outstanding balance includes both principal and interest receivable

(UNAUDITED BUT REVIEWED)

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

| 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 |
| Past due after debt restructuring | 40 | 89 | - | - |
| Due within 2007 | 49 | 110 | 2 | 4 |
| Less than 5 years | 17 | 21 | - | - |
| 5 - 10 years | 14 | 554 | - | - |
| 10 - 15 years | 5 | 10 | 1 | 4 |
| More than 15 years | 6 | 13 | 2 | 2 |
| Total | <u>131</u> | <u>797</u> | <u>5</u> | <u>10</u> |

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

| | (Unit : Million Baht) | |
|---|--------------------------------------|----------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Interest income recognised in income statements | 275 | 7 |
| Gain on debt repayment recognised in income statements | 82 | 5 |
| Gain on transfers of assets for debt repayment recognised in income statements | 21 | - |
| Cash proceeds from collection of debts | 798 | 25 |
| Assets transferred from debtors | 84 | 8 |

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

(UNAUDITED BUT REVIEWED)

As at 30 September 2007, the Company and its subsidiaries have outstanding balance of assets which are to be transferred under debt restructuring agreements totalling Baht 479 million (the Company Only : Baht 3 million).

As at 30 September 2007, the Company and its subsidiaries have the following restructured receivables balance (principal and accrued interest receivable), including the restructuring debtors who transferred from investments in receivables :-

| | Total number of outstanding receivables | Restructured receivables | | |
|-----------------------------------|---|--------------------------|-------------------|-------------------------------|
| | | Number of receivables | Outstanding loans | Outstanding loans |
| | | | balance | balance, net of collateral |
| | | Million Baht | Million Baht | |
| Thanachart Capital Plc. | 201,221 | 34 | 96 | 19 |
| Thanachart Bank Plc. | 493,764 | 292 | 2,770 | 789 |
| N.F.S. Asset Management Co., Ltd. | 1,440 | 324 | 2,040 | 515 |
| Max Asset Management Co., Ltd. | 78 | 78 | 391 | 84 |
| Thanachart Securities Plc. | 2,327 | 1 | - | - |
| Thanachart Property Fund 6 | 30 | 30 | 38 | - |

6.5 As at 30 September 2007 and 31 December 2006, the Company has the following loans to the subsidiaries :-

| Company | Type of credit | Contract period | Interest rate | Outstanding balance | |
|--|-----------------|---------------------------------|---|---------------------|-------------|
| | | | | 30 September | 31 December |
| | | | | 2007 | 2006 |
| Million Baht | Million Baht | | | | |
| Max Asset Management Co., Ltd. | Long-term loan | 5 years (maturing August 2010) | Fixed at 11.51% per annum | 291 | 358 |
| National Leasing Co., Ltd. | Promissory note | 5 years (maturing July 2008) | Fixed at 5.50% per annum | 325 | 529 |
| Thanachart Group Leasing Co., Ltd. | Promissory note | 1 year (maturing December 2007) | Fixed at 5.50% per annum | 500 | 565 |
| N.F.S. Asset Management Co., Ltd. | Promissory note | At call | Fixed at 5.02% per annum | 24 | - |
| Thanachart Legal and Appraisal Co., Ltd. | Promissory note | At call | Floating rate of 1 year fixed deposit plus fixed rate per annum | 10 | - |
| Total | | | | 1,150 | 1,452 |

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

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

(Unit : Million Baht)

| | Consolidated financial statements ⁽¹⁾ | | | | | | |
|--|--|------------------|---|------------------|-----------------------|------------------------------------|-------|
| | Debt balance/ book value | | Debt balance after collateral ⁽³⁾ | | Minimum percentage | Allowance for doubtful accounts | |
| | 30 | 31 | 30 | 31 | | 30 | 31 |
| | September 2007 | December 2006 | September 2007 | December 2006 | September 2007 | December 2006 | |
| Loans and accrued interest receivable | | | | | | | |
| (including interbank and money market items) ⁽²⁾ | | | | | | | |
| Normal | 189,552 | 176,918 | 39,183 | 66,527 | 1 | 392 | 1,468 |
| Special mention | 21,396 | 16,649 | 6,566 | 9,364 | 2 | 131 | 187 |
| Substandard | | | | | | | |
| - Unadopted the new BOT's guidelines | - | 307 | - | 306 | 20 | - | 61 |
| - Adopted the new BOT's guidelines | 1,327 | 864 | 964 | 518 | 100 | 964 | 518 |
| Doubtful | | | | | | | |
| - Unadopted the new BOT's guidelines | - | 266 | - | 258 | 50 | - | 129 |
| - Adopted the new BOT's guidelines | 1,672 | 1,185 | 1,030 | 615 | 100 | 1,030 | 615 |
| Doubtful of loss | | | | | | | |
| - Unadopted the new BOT's guidelines | - | 856 | - | 827 | 100 | - | 827 |
| - Adopted the new BOT's guidelines | 3,728 | 2,394 | 2,934 | 1,623 | 100 | 2,934 | 1,623 |
| Total | 217,675 | 199,439 | 50,677 | 80,038 | | 5,451 | 5,428 |
| Additional allowance for possible uncollectible debts | - | - | - | - | | 387 | 453 |
| | 217,675 | 199,439 | 50,677 | 80,038 | | 5,838 | 5,881 |

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

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

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

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

| | Consolidated financial statements ⁽¹⁾ | | | | | | |
|---|--|------------------|---|------------------|-----------------------|------------------------------------|------------------|
| | Debt balance/ book value | | Debt balance after collateral ⁽²⁾ | | Minimum percentage | Allowance for doubtful accounts | |
| | 30 | 31 | 30 | 31 | | 30 | 31 |
| | September 2007 | December 2006 | September 2007 | December 2006 | | September 2007 | December 2006 |
| Loans of N.F.S. Asset Management Co., Ltd. which transferred from Thanachart Group | | | | | | | |
| Normal | 335 | 350 | 210 | 221 | 1 | 79 | 86 |
| Special mention | 6 | 47 | - | 7 | 2 | - | - |
| Substandard | | | | | | | |
| - Unadopted the new BOT's guidelines | - | 352 | - | 119 | 20 | - | 120 |
| - Adopted the new BOT's guidelines | 908 | 968 | 173 | 204 | 100 | 525 | 241 |
| Doubtful | | | | | | | |
| - Unadopted the new BOT's guidelines | - | 4 | - | - | 50 | - | - |
| - Adopted the new BOT's guidelines | 459 | 483 | 2 | 30 | 100 | 2 | 30 |
| Doubtful of loss | | | | | | | |
| - Unadopted the new BOT's guidelines | - | 11 | - | - | 100 | - | - |
| - Adopted the new BOT's guidelines | 2,598 | 2,396 | 1,087 | 806 | 100 | 1,178 | 1,206 |
| Total | 4,306 | 4,611 | 1,472 | 1,387 | | 1,784 | 1,683 |
| Additional allowance for possible uncollectible debts | - | - | - | - | | 33 | 33 |
| | 4,306 | 4,611 | 1,472 | 1,387 | | 1,817 | 1,716 |
| Total | 221,981 | 204,050 | | | | | |
| Revaluation allowance for debt restructuring | (86) | (150) | | | | | |
| Less : Intercompany gain | (257) | (274) | | | | | |
| Total | 221,638 | 203,626 | | | | | |
| Investment in receivables transferred to loans | | | | | | | |
| Normal | 32 | 14 | 8 | 6 | 1 | 2 | 2 |
| Special mention | - | 66 | - | - | 2 | - | - |
| Substandard | | | | | | | |
| - Unadopted the new BOT's guidelines | - | 3 | - | - | 20 | - | - |
| - Adopted the new BOT's guidelines | 32 | 31 | 10 | 13 | 100 | 10 | 13 |
| Doubtful | | | | | | | |
| - Unadopted the new BOT's guidelines | - | 3 | - | 2 | 50 | - | 1 |
| - Adopted the new BOT's guidelines | 73 | 2 | 3 | 1 | 100 | 3 | 1 |
| Doubtful of loss | | | | | | | |
| - Unadopted the new BOT's guidelines | - | 259 | - | 71 | 100 | - | 71 |
| - Adopted the new BOT's guidelines | 306 | 77 | 72 | 5 | 100 | 72 | 5 |
| Total | 443 | 455 | 93 | 98 | | 87 | 93 |
| Total loans and accrued interest receivable | 222,081 | 204,081 | 52,242 | 81,523 | | 7,742 | 7,690 |

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

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

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

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

| | Separate financial statements | | | | | | |
|--|-------------------------------|------------------------|---|------------------------|-----------------------|------------------------------------|------------------------|
| | Debt balance/ book value | | Debt balance after collateral ⁽²⁾ | | Minimum percentage | Allowance for doubtful accounts | |
| | 30 September 2007 | 31 December 2006 | 30 September 2007 | 31 December 2006 | | 30 September 2007 | 31 December 2006 |
| | | | | | | | |
| Loans and accrued interest receivable | | | | | | | |
| (including interbank and money market items) ⁽¹⁾ | | | | | | | |
| Normal | 24,404 | 41,609 | 4,673 | 41,605 | 1 | 47 | 1,249 |
| Special mention | 3,897 | 6,411 | 1,111 | 6,406 | 2 | 22 | 128 |
| Substandard | | | | | | | |
| - Unadopted the new BOT's guidelines | - | 307 | - | 305 | 20 | - | 61 |
| - Adopted the new BOT's guidelines | 224 | 1 | 224 | 1 | 100 | 224 | 1 |
| Doubtful | | | | | | | |
| - Unadopted the new BOT's guidelines | - | 265 | - | 258 | 50 | - | 129 |
| - Adopted the new BOT's guidelines | 209 | 19 | 208 | 19 | 100 | 208 | 19 |
| Doubtful of loss | | | | | | | |
| - Unadopted the new BOT's guidelines | - | 856 | - | 827 | 100 | - | 827 |
| - Adopted the new BOT's guidelines | 1,467 | 636 | 1,442 | 631 | 100 | 1,442 | 631 |
| Total | 30,201 | 50,104 | 7,658 | 50,052 | | 1,943 | 3,045 |
| Additional allowance for possible uncollectible debts | - | - | - | - | | 66 | 66 |
| Total | 30,201 | 50,104 | 7,658 | 50,052 | | 2,009 | 3,111 |
| Investment in receivables transferred to loans | | | | | | | |
| Substandard | | | | | | | |
| - Unadopted the new BOT's guidelines | - | - | - | - | 20 | - | - |
| - Adopted the new BOT's guidelines | 18 | - | 1 | - | 100 | 1 | - |
| Doubtful of loss | | | | | | | |
| - Unadopted the new BOT's guidelines | - | - | - | - | 100 | - | - |
| - Adopted the new BOT's guidelines | 12 | 9 | - | - | 100 | - | - |
| Total | 30 | 9 | 1 | - | | 1 | - |
| Total loans and accrued interest receivable | 30,231 | 50,113 | 7,659 | 50,052 | | 2,010 | 3,111 |

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

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

(UNAUDITED BUT REVIEWED)

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

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

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

| | Consolidated financial statements | | | | | | | |
|---|-----------------------------------|---------------|----------------|---------------|------------------|---------------|--|---------------|
| | Number of debtors | | Debt balance | | Collateral value | | Allowance for doubtful accounts provided in the accounts | |
| | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 |
| | September 2007 | December 2006 | September 2007 | December 2006 | September 2007 | December 2006 | September 2007 | December 2006 |
| | | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht |
| 1. Closed financial institutions | 5 | 5 | 42 | 42 | - | - | 42 | 42 |
| 2. Listed companies vulnerable to delisting from the SET | 2 | 4 | 31 | 45 | 47 | 52 | - | 3 |
| 3. Non – listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET | 14 | 24 | 908 | 1,232 | 1,532 | 1,375 | 270 | 294 |
| 4. Companies which have loan settlement problems or have defaulted of the repayment of debts | 887 | 656 | 3,185 | 3,132 | 2,760 | 3,349 | 1,228 | 949 |
| 5. Companies whose auditors' reports cited going concern issues | 3 | 23 | 51 | 106 | - | 31 | 51 | 106 |

(UNAUDITED BUT REVIEWED)

Separate financial statements

| | Number of debtors | | Debt balance | | Collateral value | | Allowance for doubtful accounts provided in the accounts | |
|--|-------------------|--------------|--------------|--------------|------------------|--------------|--|----------|
| | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 |
| | September | December | September | December | September | December | September | December |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | Million Baht | |
| 1. Companies which have loan settlement problems or have defaulted of the repayment of debts | 455 | 414 | 152 | 140 | 25 | - | 140 | 116 |

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

As at 30 September 2007 and 31 December 2006, a subsidiary company operating in the securities business classified its securities business receivables and accrued interest receivable and provided related allowance for doubtful accounts in accordance with the notification of the Office of the Securities and Exchange Commission (SEC) as follows :-

| | Receivable and accrued interest receivable | | Allowance for doubtful accounts as required by SEC | | Allowance for doubtful accounts provided in the accounts | |
|---------------------------------|--|----------|--|----------|--|----------|
| | 30 | 31 | 30 | 31 | 30 | 31 |
| | September | December | September | December | September | December |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Doubtful | 300 | 299 | 300 | 299 | 300 | 299 |
| Substandard | 7 | 9 | - | - | - | - |
| Total | 307 | 308 | 300 | 299 | 300 | 299 |
| General reserve | | | | | 6 | 8 |
| Allowance for doubtful accounts | | | | | 306 | 307 |

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

(UNAUDITED BUT REVIEWED)

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

As at 30 September 2007 and 31 December 2006, hire-purchase and financial lease receivable of three subsidiaries engaged in hire-purchase and financial lease businesses are classified by the due date of the contracts as follows :-

| | (Unit : Million Baht) | |
|--|-----------------------|------------------|
| | 30 September 2007 | 31 December 2006 |
| Current or overdue less than 90 days | 4,914 | 3,220 |
| Overdue 91 - 365 days | 78 | 51 |
| Overdue more than 1 year | 16 | 12 |
| Debtors under legal actions | 42 | 22 |
| Total | 5,050 | 3,305 |
| Allowance for doubtful accounts provided in the accounts | 178 | 100 |

7. ALLOWANCE FOR DOUBTFUL ACCOUNTS

(Unit : Million Baht)

| | Consolidated financial statements | | | | | | |
|---|---|--------------------|-------------------|--------------|---------------------|--------------------|--------------|
| | For the nine-month period ended 30 September 2007 | | | | | | |
| | Normal | Special mention | Sub - standard | Doubtful | Doubtful of loss | General reserve | Total |
| Balance – beginning of the period | 1,584 | 193 | 958 | 803 | 4,072 | 486 | 8,096 |
| Add : Increase (decrease) during the period | (1,089) | (50) | 598 | 252 | 1,456 | (116) | 1,051 |
| Reversal from revaluation allowance | | | | | | | |
| debt restructuring | - | - | - | - | - | 50 | 50 |
| Bad debt recovery | - | - | - | - | 4 | - | 4 |
| Less : Bad debt written-off | - | - | - | - | (983) | - | (983) |
| Balance – end of the period | 495 | 143 | 1,556 | 1,055 | 4,549 | 420 | 8,218 |

(Unit : Million Baht)

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

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

| Separate financial statements | | | | | | | |
|---|---------|--------------------|-------------------|----------------------|---------------------|--------------------|-------|
| For the nine-month period ended 30 September 2007 | | | | | | | |
| | Normal | Special mention | Sub - standard | Doubtful Doubtful | Doubtful of loss | General reserve | Total |
| Balance – beginning of the period | 1,248 | 128 | 62 | 148 | 1,458 | 66 | 3,110 |
| Add : Increase (decrease) during the period | (1,201) | (106) | 163 | 60 | 203 | - | (881) |
| Bad debt recovery | - | - | - | - | 2 | - | 2 |
| Less : Bad debt written-off | - | - | - | - | (221) | - | (221) |
| Balance – end of the period | 47 | 22 | 225 | 208 | 1,442 | 66 | 2,010 |

(Unit : Million Baht)

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

8. REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING

(Unit : Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|------------------------------------|-----------------------|------------------------------------|-----------------------|
| | For the nine-month period ended | For the year ended | For the nine-month period ended | For the year ended |
| | 30 September 2007 | 31 December 2006 | 30 September 2007 | 31 December 2006 |
| Balance – beginning of the period | 150 | 136 | - | - |
| Add : Increase during the period | - | 40 | - | - |
| Less : Amortised during the period | (10) | (20) | - | - |
| Transfer to allowance for doubtful accounts | (50) | - | - | - |
| Reversal from hair cut | (4) | (6) | - | - |
| Balance – end of the period | 86 | 150 | - | - |

(UNAUDITED BUT REVIEWED)

9. CLASSIFICATION OF ASSETS

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

(Unit : Million Baht)

| | Consolidated financial statements | | | | | | | | | |
|--|---------------------------------------|----------------|----------------|---------------|---------------------|---------------|----------------|---------------|----------------|----------------|
| | Loans and accrued interest receivable | | Investments | | Property foreclosed | | Other assets | | Total | |
| | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 |
| | September 2007 | December 2006 | September 2007 | December 2006 | September 2007 | December 2006 | September 2007 | December 2006 | September 2007 | December 2006 |
| Normal | 189,919 | 177,282 | - | - | - | - | 89 | 78 | 190,008 | 177,360 |
| Special mention | 21,402 | 16,762 | - | - | - | - | 95 | 69 | 21,497 | 16,831 |
| Substandard | 2,267 | 2,525 | - | - | - | - | 6 | 7 | 2,273 | 2,532 |
| Doubtful | 2,204 | 1,943 | - | - | - | - | 8 | 10 | 2,212 | 1,953 |
| Doubtful of loss | 6,632 | 5,993 | 1,036 | 1,029 | 742 | 692 | 223 | 176 | 8,633 | 7,890 |
| Total | 222,424 | 204,505 | 1,036 | 1,029 | 742 | 692 | 421 | 340 | 224,623 | 206,566 |
| Less: Revaluation allowance for debt restructuring | (86) | (150) | | | | | | | | |
| Intercompany gain from loans transferred | (257) | (274) | | | | | | | | |
| | <u>222,081</u> | <u>204,081</u> | | | | | | | | |

(Unit : Million Baht)

| | Separate financial statements | | | | | | | | | |
|------------------|---------------------------------------|---------------|----------------|---------------|---------------------|---------------|----------------|---------------|----------------|---------------|
| | Loans and accrued interest receivable | | Investments | | Property foreclosed | | Other assets | | Total | |
| | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 |
| | September 2007 | December 2006 | September 2007 | December 2006 | September 2007 | December 2006 | September 2007 | December 2006 | September 2007 | December 2006 |
| Normal | 24,404 | 41,609 | - | - | - | - | 24 | 35 | 24,428 | 41,644 |
| Special mention | 3,897 | 6,411 | - | - | - | - | 34 | 43 | 3,931 | 6,454 |
| Substandard | 242 | 308 | - | - | - | - | 3 | 3 | 245 | 311 |
| Doubtful | 209 | 284 | - | - | - | - | 2 | 4 | 211 | 288 |
| Doubtful of loss | 1,479 | 1,501 | 606 | 523 | 378 | 350 | 152 | 141 | 2,615 | 2,515 |
| Total | 30,231 | 50,113 | 606 | 523 | 378 | 350 | 215 | 226 | 31,430 | 51,212 |

(UNAUDITED BUT REVIEWED)

10. PROPERTY FORECLOSED

(Unit : Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2007 | 2006 | 2007 | 2006 |
| Cost | 8,911 | 9,118 | 3,216 | 3,549 |
| Less : Allowance for impairment | (751) | (698) | (378) | (350) |
| Property foreclosed - net | 8,160 | 8,420 | 2,838 | 3,199 |

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

In addition, as at 30 September 2007, for a further approximately Baht 534 million (at cost) of the property foreclosed of the Company and its subsidiaries (the Company Only : Baht 448 million), sales agreements have been made with customers, but the payment of installments or the transfer of ownership rights is still in progress. The Company and its subsidiaries have not recognised any gain in these cases and these assets are still recorded as property foreclosed.

11. INTERBANK AND MONEY MARKET ITEMS (LIABILITIES)

As at 30 September 2007, Baht 15,500 million of interbank and money market items in the separate financial statements are those of a subsidiary company (Thanachart Bank). The interest rate charged is in accordance with the cost of funds of the Bank plus a fixed percentage per annum, while principal is payable at call but not later than May 2008 (31 December 2006 : Baht 39,600 million).

(UNAUDITED BUT REVIEWED)

12. BORROWINGS

| | | | (Unit : Million Baht) | | | |
|--|--|---------------|-----------------------|---------------|----------------------|--------------|
| | | | Consolidated | | Separate | |
| | | | financial statements | | financial statements | |
| Type of borrowings | Interest rate per annum | Maturity date | 30 September | 31 December | 30 September | 31 December |
| | (As at 30 September 2007) | | 2007 | 2006 | 2007 | 2006 |
| Short-term borrowings | | | | | | |
| Bill of exchange | Fixed rate of 2.50 - 5.00 percent | 2007 – 2008 | 22,097 | 10,366 | - | - |
| Promissory notes | Fixed rate of 3.90 - 4.10 percent | 2007 | 2,777 | 2,777 | 2,777 | 2,777 |
| Promissory notes | Floating rate based on the six-month Thai Baht Swap offer rate but not over 5.00 percent | 2007 | 158 | 158 | 158 | 158 |
| Promissory notes | Three-month fixed deposit rate plus 1.25 percent | 2007 | 5,000 | 5,000 | - | - |
| Promissory notes | Floating rate of the average MLR of 4 commercial banks minus 3.39 - 3.45 percent | 2008 | 3,825 | - | 3,825 | - |
| Bill of exchange | Floating rate of the average MLR of 4 commercial banks minus 3.60 percent | 2008 | 1,000 | - | - | - |
| Promissory notes | 4.40 percent minus six-month Thai Baht Swap offer rate | 2008 | 150 | - | 150 | - |
| Unsubordinated, unsecured and unconvertible debentures | Fixed rate of 5.00 percent | 2007 | - | 159 | - | - |
| Unsubordinated and unsecured debentures | Fixed rate of 2.95 percent | 2008 | 1,000 | - | 1,000 | - |
| Total short-term borrowings | | | 36,007 | 18,460 | 7,910 | 2,935 |

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

| Type of borrowings | Interest rate per annum (As at 30 September 2007) | Maturity date | Consolidated | | Separate | |
|--|--|---------------|----------------------|---------------------|----------------------|---------------------|
| | | | financial statements | | financial statements | |
| | | | 30 September 2007 | 31 December 2006 | 30 September 2007 | 31 December 2006 |
| <u>Long-term borrowings</u> | | | | | | |
| Subordinated debenture issued in accordance with the plan to establish the Restricted Bank | Fixed rate of 9.00 percent | 2008 | 1,943 | 1,943 | - | - |
| Unsubordinated and unsecured debentures | Fixed rate of 2.95 percent | 2008 | - | 1,000 | - | 1,000 |
| Unsubordinated and unsecured debentures | Floating rate of the average MLR of 4 commercial banks minus 3.45 percent | 2010 | 3,902 | 3,985 | 4,000 | 4,000 |
| Long-term loan agreement | Fixed rate of 11.51 percent | 2010 | 59 | 72 | - | - |
| Bill of exchange | Fixed rate of 4.25 - 4.80 percent | 2009 – 2010 | 4,200 | 8,445 | - | - |
| Bill of exchange | Floating rate of the average MLR of 4 commercial banks minus 3.55 percent | 2009 | 1,650 | 2,650 | - | - |
| Bill of exchange | Floating rate THB-THBFIX-REUTERS plus 0.45 - 0.47 percent | 2010 | 750 | 750 | - | - |
| Promissory notes | 4.40 percent minus six-month Thai Baht Swap offer rate | 2008 | - | 150 | - | 150 |
| Promissory notes | Floating rate of the average MLR of 4 commercial banks minus 3.35 - 3.60 percent | 2008 – 2009 | 3,755 | 7,580 | 3,755 | 7,580 |
| Total long term borrowings | | | 16,259 | 26,575 | 7,755 | 12,730 |
| Total borrowings | | | 52,266 | 45,035 | 15,665 | 15,665 |

(UNAUDITED BUT REVIEWED)

13. SHARE CAPITAL/DIVIDENDS

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

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

14. REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS

(Unit : Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|-------------|-------------------------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2007 | 2006 | 2007 | 2006 |
| Revaluation surplus on investments :- | | | | |
| Available-for-sale investments | | | | |
| Debt instruments | 45 | 22 | - | - |
| Equity instruments | 172 | 77 | 124 | 64 |
| Held-to-maturity debt securities | 38 | 45 | - | - |
| Surplus recognised for associated companies - under equity method | - | 15 | - | - |
| Total | 255 | 159 | 124 | 64 |
| Revaluation deficit on investments :- | | | | |
| Available-for-sale investments | | | | |
| Debt instruments | (12) | (55) | - | - |
| Equity instruments | (8) | (254) | (1) | (130) |
| Held-to-maturity debt securities | (439) | (616) | - | - |
| Total | (459) | (925) | (1) | (130) |
| Revaluation surplus (deficit) on investments | (204) | (766) | 123 | (66) |

(UNAUDITED BUT REVIEWED)

15. BAD DEBT AND DOUBTFUL ACCOUNTS

Bad debt and doubtful accounts in the statements of income for the nine-month periods ended 30 September 2007 and 2006 consists of :-

(Unit : Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------|-------------------------------|-------|
| | 2007 | 2006 | 2007 | 2006 |
| Bad debts and doubtful accounts (reversal of bad debt and doubtful accounts) from loans and interbank and money market items | 1,060 | 488 | (882) | (420) |
| Amortisation of revaluation allowance for debt restructuring during the period | (10) | (16) | - | - |
| Total bad debts and doubtful accounts (reversal) | 1,050 | 472 | (882) | (420) |

16. LOSS FROM DEBT RESTRUCTURING

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

(Unit : Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------|-------------------------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Loss from hair-cut | - | 125 | - | 1 |
| Increase in revaluation allowance for debt restructuring | - | 9 | - | - |
| Total | - | 134 | - | 1 |

17. DIRECTORS' REMUNERATION

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

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

18. CORPORATE INCOME TAX

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

19. RECONCILIATION OF DILUTED EARNINGS PER SHARE

| Consolidated financial statements | | | | | | |
|--|------------------|---|--------------------|--------------------|------|------|
| For the three-month periods ended 30 September | | | | | | |
| Net income | | Weighted average number of ordinary shares | | Earnings per share | | |
| 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | |
| Thousand Baht | Thousand Baht | Thousand shares | Thousand shares | Baht | Baht | |
| (Restated) | | | | | | |
| Basic earnings per share | | | | | | |
| Net income | 823,997 | 476,332 | 1,333,134 | 1,333,134 | 0.62 | 0.36 |
| Effect of dilutive securities | | | | | | |
| Preference shares convertible to ordinary shares | - | - | 20 | 20 | | |
| Diluted earnings per share | | | | | | |
| Net income of ordinary shareholders assuming conversion of dilutive securities | 823,997 | 476,332 | 1,333,154 | 1,333,154 | 0.62 | 0.36 |

(UNAUDITED BUT REVIEWED)

| Consolidated financial statements | | | | | | |
|--|------------------|---|--------------------|--------------------|------|--------|
| For the nine-month periods ended 30 September | | | | | | |
| Net income | | Weighted average number of ordinary shares | | Earnings per share | | |
| 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | |
| Thousand Baht | Thousand Baht | Thousand shares | Thousand shares | Baht | Baht | |
| (Restated) | | | | | | |
| Basic earnings per share | | | | | | |
| Net income | 2,035,526 | 1,585,135 | 1,333,134 | 1,333,134 | 1.53 | 1.19 |
| Effect of dilutive securities | | | | | | |
| Preference shares convertible to ordinary shares | - | - | 20 | 20 | | |
| Diluted earnings per share | | | | | | |
| Net income of ordinary shareholders assuming conversion of dilutive securities | 2,035,526 | 1,585,135 | 1,333,154 | 1,333,154 | 1.53 | 1.19 |
| Separate financial statements | | | | | | |
| For the three-month periods ended 30 September | | | | | | |
| Net income | | Weighted average number of ordinary shares | | Earnings per share | | |
| 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | |
| Thousand Baht | Thousand Baht | Thousand shares | Thousand shares | Baht | Baht | |
| (Restated) | | | | | | |
| Basic earnings per share | | | | | | |
| Net income (loss) | 1,408,155 | (20,345) | 1,333,134 | 1,333,134 | 1.06 | (0.02) |
| Effect of dilutive securities | | | | | | |
| Preference shares convertible to ordinary shares | - | - | 20 | 20 | | |
| Diluted earnings per share | | | | | | |
| Net income (loss) of ordinary shareholders assuming | | | | | | |

| | | | | | | |
|-----------------------------------|------------------|-----------------|------------------|------------------|-------------|---------------|
| conversion of dilutive securities | <u>1,408,155</u> | <u>(20,345)</u> | <u>1,333,154</u> | <u>1,333,154</u> | <u>1.06</u> | <u>(0.02)</u> |
|-----------------------------------|------------------|-----------------|------------------|------------------|-------------|---------------|

(UNAUDITED BUT REVIEWED)

| Separate financial statements | | | | | | |
|--|------------------|---|--------------------|--------------------|------------|------|
| For the nine-month periods ended 30 September | | | | | | |
| Net income | | Weighted average number of ordinary shares | | Earnings per share | | |
| 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | |
| Thousand Baht | Thousand Baht | Thousand shares | Thousand shares | Baht | Baht | |
| | (Restated) | | | | (Restated) | |
| Basic earnings per share | | | | | | |
| Net income | 2,348,072 | 438,883 | 1,333,134 | 1,333,134 | 1.76 | 0.33 |
| Effect of dilutive securities | | | | | | |
| Preference shares convertible to ordinary shares | - | - | 20 | 20 | | |
| Diluted earnings per share | | | | | | |
| Net income of ordinary shareholders assuming conversion of dilutive securities | 2,348,072 | 438,883 | 1,333,154 | 1,333,154 | 1.76 | 0.33 |

20. RELATED PARTY TRANSACTIONS

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

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

| | For the three-month periods ended 30 September | | | | Pricing Policies (For the period 2007) |
|---|--|------|----------------------|------|--|
| | Consolidated | | Separate | | |
| | financial statements | | financial statements | | |
| | 2007 | 2006 | 2007 | 2006 | |
| Subsidiaries :- | | | | | |
| Sales of investments in subsidiaries (Gain of Baht 1,146 million in the separate financial statement) | - | - | 4,158 | - | At book value of subsidiaries |
| Purchase of investments in an associated company | - | - | 347 | - | At market price |
| Purchase of investments in debt securities | - | - | 2,098 | - | At market price |
| Sales of assets | - | - | - | 48 | |
| Interest income from loans | - | - | 30 | 19 | At interest rates of 3.50 – 5.50, 11.51 percent per annum |
| Interest income from deposit at banks | - | - | 4 | 3 | At interest rates of 2.00 – 2.20 percent per annum |
| Interest income from investments in debt securities | - | - | 47 | - | At interest rates of 6.18 percent per annum |
| Rental and other service income | - | - | 9 | 8 | At the contracted rate mutually agreed by related parties |
| Fees and other income | - | 3 | 26 | 47 | At the contracted rate mutually agreed by related parties |
| Interest expenses | - | 1 | 222 | 844 | At interest rates of 4.05 -5.02 percent per annum |
| Rental and other service expenses | - | 6 | 50 | 64 | At the contracted rate mutually agreed by related parties |
| Insurance expenses | - | - | 1 | 1 | As insurance policy |

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

| | For the three-month periods ended 30 September | | | | Pricing Policies (For the period 2007) |
|--------------------------------|--|------|----------------------|------|---|
| | Consolidated | | Separate | | |
| | financial statements | | financial statements | | |
| | 2007 | 2006 | 2007 | 2006 | |
| Associated companies :- | | | | | |
| Interest income | 2 | - | - | - | At interest rates of 3.00-4.30 percent per annum |
| Other income | 4 | 1 | - | - | |
| Interest expenses | 3 | 3 | - | - | At interest rates of 2.05 – 2.15, 11.51 percent per annum |
| Other expenses | 11 | 9 | 6 | 8 | |
| Related companies:- | | | | | |
| Transfer of loans | 824 | - | - | - | At the contract price with reference to book value |
| Transfer of deposits | 53 | - | - | - | At the contract price with reference to book value |
| Purchase of fixed assets | 4 | - | - | - | At the contract price with reference to book value |
| Dividend income | - | 1 | - | - | As declared |
| Interest income | 33 | 18 | - | 1 | At interest rates of 0.50-8.50 percent per annum |
| Gain on debt disposals | 2 | - | - | - | At market rate |
| Other income | 11 | 1 | - | - | |
| Interest expenses | 8 | 16 | - | - | At interest rates of 2.00-5.125, 9.00 percent per annum |
| Project management expenses | 14 | 15 | 7 | 8 | At the rate determined under the contract with reference to time and charged rate |
| Other expenses | 14 | 24 | - | 3 | |

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

| | For the nine-month periods ended 30 September | | | | Pricing Policies (For the period 2007) |
|---|---|------|----------------------|-------|---|
| | Consolidated | | Separate | | |
| | financial statements | | financial statements | | |
| | 2007 | 2006 | 2007 | 2006 | |
| Subsidiaries :- | | | | | |
| Sales of investments in subsidiaries (Gain of Baht 1,146 million in the separate financial statement) | - | - | 4,158 | - | At book value of subsidiaries |
| Purchase of investments in an associated company | - | - | 347 | - | At market price |
| Sales of investments in debt securities | - | - | - | 2,416 | |
| Purchase of investments in debt securities | - | - | 2,098 | 3,987 | At market value |
| Sales of loans | - | - | - | 888 | |
| Sales of assets | - | - | 225 | 213 | At the rate agreed by each party with reference to appraisal and book value |
| Interest income from loans | - | - | 107 | 69 | At interest rates of 3.50 – 7.00, 11.51 percent per annum |
| Interest income from deposit at banks | - | - | 9 | 6 | At interest rates of 2.00 – 4.00 percent per annum |
| Interest income from investments in debt securities | - | - | 139 | - | At interest rates of 6.18 percent per annum |
| Rental and other service income | - | - | 33 | 46 | At the contracted rates mutually agreed by related parties |
| Fees and other income | 6 | 18 | 118 | 98 | At the contracted rates mutually agreed by related parties |
| Dividend income | - | - | 215 | 238 | As declared |
| Interest expenses | - | 1 | 1,118 | 2,807 | At interest rates 4.05-6.38 percent per annum |
| Rental and other service expenses | 14 | 19 | 154 | 194 | At the contracted rates mutually agreed by related parties |
| Insurance expenses | - | - | 2 | 4 | At insurance policy |

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

| | For the nine-month periods ended 30 September | | | | Pricing Policies (For the period 2007) |
|--|---|------|----------------------|------|---|
| | Consolidated | | Separate | | |
| | financial statements | | financial statements | | |
| | 2007 | 2006 | 2007 | 2006 | |
| Associated companies :- | | | | | |
| Interest income | 2 | - | - | - | At interest rates of 3.00-4.30 percent per annum |
| Other income | 4 | 1 | - | - | |
| Dividend income | - | - | 22 | 22 | As declared |
| Interest expenses | 8 | 10 | - | - | At interest rates of 2.05 - 2.15, 11.51 percent per annum |
| Other expenses | 38 | 33 | 25 | 27 | |
| Related companies:- | | | | | |
| Transfer of loans | 824 | - | - | - | At the contract price with reference to book value |
| Transfer of deposits | 53 | - | - | - | At the contract price with reference to book value |
| Purchase of fixed assets | 4 | - | - | - | At the contract price with reference to book value |
| Dividend income | 23 | 34 | 9 | 4 | As declared |
| Interest income | 103 | 70 | - | 3 | At interest rates of 0.50 - 8.50 percent per annum |
| Sales of loans (Gain on sales of Baht 165 million) | 165 | - | - | - | At the price stipulated in the agreement |
| Other income | 13 | 4 | - | 2 | |
| Interest expenses | 31 | 34 | - | - | At interest rates of 2.00 - 5.125, 9.00 percent per annum |
| Project management expenses | 42 | 45 | 22 | 22 | At the rate determined under the contract with reference to time and charged rate |
| Other expenses | 50 | 64 | 6 | 14 | |

In addition to the transaction as mentioned above, during the nine-month period ended 30 September 2007, N.F.S. Asset Management Co., Ltd. disposed property foreclosed amounting of Baht 258 million with reference to appraisal value from independent appraiser to Thanachart Bank Plc. and Thanachart Life Assurance Co., Ltd. (2006 : Thanachart Bank Plc. transferred non-performing loans amounting of Baht 773 million to N.F.S. Asset Management Co., Ltd.).

(UNAUDITED BUT REVIEWED)

The outstanding balances of the above transactions during the nine-month periods ended 30 September 2007 and 2006 are below shown at the average month end balance :-

| | (Unit : Million Baht) | | | |
|--|-----------------------|-------|----------------------|--------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2007 | 2006 | 2007 | 2006 |
| <u>Subsidiary companies</u> | | | | |
| Interbank and money market items (Assets) | - | - | 599 | 205 |
| Loans | - | - | 2,189 | 1,294 |
| Deposits | 30 | 22 | - | - |
| Interbank and money market items (Liabilities) | - | - | 28,474 | 57,732 |
| Borrowings and debentures | - | - | 86 | - |
| <u>Associated companies</u> | | | | |
| Loans | 228 | 3 | - | - |
| Deposits | 40 | 35 | - | - |
| Borrowings and debentures | 68 | 116 | - | - |
| <u>Related companies</u> | | | | |
| Interbank and money market items (Assets) | 371 | 452 | 47 | 61 |
| Loans | 1,816 | 1,369 | 3 | 98 |
| Deposits | 819 | 895 | - | - |
| Interbank and money market items (Liabilities) | 27 | 86 | 1 | 3 |
| Borrowings and debentures | 118 | 112 | - | - |

(UNAUDITED BUT REVIEWED)

The significant outstanding balances with subsidiary and associated companies or balances with related parties are separately shown in balance sheets as follows :-

(Unit : Million Baht)

| Consolidated financial statements | | | | | | | | | | | | |
|-----------------------------------|-----------------------|-------|-----------------------------|--------------|-------------|----------------------------------|---------------------------|--------------------------|-------------------|----------------------|-------------------|--------|
| 30 September 2007 | | | | | | | | | | | | |
| Assets | | | | | Liabilities | | | | | Contingencies | | |
| Interbank and money market items | Investment securities | Loans | Accrued interest receivable | Other assets | Deposits | Interbank and money market items | Borrowings and debentures | Accrued interest payable | Other liabilities | Guarantee s of loans | Other commitments | |
| Associated companies | | | | | | | | | | | | |
| MBK Plc. | - | 272 | 785 | 2 | 9 | 20 | - | 59 | 1 | - | 23 | 30 |
| Related companies | | | | | | | | | | | | |
| Advanced Info Service | | | | | | | | | | | | |
| Plc. | - | 716 | 31 | 2 | 9 | 16 | - | - | - | 4 | - | - |
| Siam Commercial | | | | | | | | | | | | |
| Bank Plc. | 612 | 171 | - | 4 | - | - | - | - | - | - | - | 17,756 |
| Others | 69 | 70 | 1,428 | 11 | 13 | 662 | 70 | 123 | 9 | 22 | 56 | 60 |
| Total | 681 | 1,229 | 2,244 | 19 | 31 | 698 | 70 | 182 | 10 | 26 | 79 | 17,846 |

(Unit : Million Baht)

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

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

| Separate financial statements | | | | | | | | | | | |
|---|---------------------------------------|--------------|-----------------------------------|-----------------|---|---------------------------------|--------------------------------|----------------------|-------------------------|----------------------|--------------|
| 30 September 2007 | | | | | | | | | | | |
| Assets | | | | | Liabilities | | | | Contingencies | | |
| Interbank and money market items | Investment s in debt securities | Loans | Accrued interest receivable | Other assets | Interbank and money market items | Borrowings and debentures | Accrued interest payable | Other liabilities | Guarantee s of loans | Other commitments | |
| Subsidiary companies | | | | | | | | | | | |
| Thanachart Bank Plc. | 2,221 | 3,000 | - | 63 | 8 | 15,500 | - | - | 15 | - | - |
| Thanachart Group Leasing Co., Ltd. | - | - | 500 | - | - | - | - | - | - | - | - |
| National Leasing Co., Ltd. | - | - | 325 | - | - | - | - | - | 11 | - | - |
| Max Asset Management Co., Ltd. | - | - | 291 | 3 | - | - | - | - | - | - | - |
| N.F.S Asset Management | - | - | 24 | - | 1 | - | - | - | 1 | - | - |
| Thanachart Legal and Appraisal Co., Ltd. | - | - | 10 | - | - | - | - | - | - | - | - |
| Thanachart Insurance Co., Ltd. | - | - | - | - | 1 | - | 98 | 2 | 2 | - | - |
| Other subsidiaries | - | - | - | - | 2 | - | - | - | 3 | - | - |
| Associated companies – | | | | | | | | | | | |
| MBK Plc. | - | - | - | - | 3 | - | - | - | - | - | - |
| Related companies | | | | | | | | | | | |
| Siam Commercial Bank Plc. | 28 | - | - | - | - | - | - | - | - | - | 8,316 |
| Others | 23 | - | - | - | 1 | - | - | - | 1 | 10 | - |
| Total | 2,272 | 3,000 | 1,150 | 66 | 16 | 15,500 | 98 | 2 | 33 | 10 | 8,316 |

(Unit : Million Baht)

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

(UNAUDITED BUT REVIEWED)

As at 30 September 2007, the Company and its subsidiaries have investments amounting to approximately Baht 464 million (the Company Only : Baht 242 million) in companies to which they are related by means of members of their management being shareholders and/or directors of those companies.

As at 30 September 2007 and 31 December 2006, the Company and its subsidiaries had the following related parties transactions with executive employees from department manager level up :-

(Unit : Million Baht)

| | Consolidated | | Separate | |
|----------|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2007 | 2006 | 2007 | 2006 |
| Loans | 52 | 54 | 5 | 6 |
| Deposits | 469 | 572 | - | - |

Remunerations to key management personnel

During the nine-month period ended 30 September 2007, the Company and its subsidiaries paid salary, meeting allowance and gratuities to their key management personnel, including directors totaling Baht 184 million (the Company Only : Baht 35 million).

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21. FINANCIAL INFORMATION BY SEGMENT

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

(Unit : Million Baht)

| | For the three-month periods ended 30 September | | | | | | | | | | | | | |
|--|--|-------------|---------------------------|------------|---------------|-----------|---------------------|-----------|----------------|-----------|----------------|------------|------------|------------|
| | The Company | | Asset management business | | Bank business | | Securities business | | Other business | | Eliminations | | Total | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring | 296 | 217 | (16) | (70) | 1,427 | 1,105 | 18 | 22 | 107 | 86 | (32) | (13) | 1,800 | 1,347 |
| Share of income from investments accounted for under equity method | - | - | - | - | - | - | - | - | - | - | 80 | 66 | 80 | 66 |
| Non-interest income | 1,963 | 214 | 159 | 186 | 484 | 396 | 521 | 281 | 1,535 | 848 | (1,483) | 136 | 3,179 | 2,061 |
| Non-interest expenses | (193) | (400) | (53) | (36) | (1,588) | (1,436) | (238) | (219) | (1,498) | (857) | 246 | 170 | (3,324) | (2,778) |
| Corporate income tax | (658) | (51) | (28) | (81) | 100 | (8) | (91) | (25) | (32) | 6 | - | - | (709) | (159) |
| Minority interest in net income in subsidiaries | - | - | - | - | - | - | - | - | - | - | (202) | (61) | (202) | (61) |
| Net income | <u>1,408</u> | <u>(20)</u> | <u>62</u> | <u>(1)</u> | <u>423</u> | <u>57</u> | <u>210</u> | <u>59</u> | <u>112</u> | <u>83</u> | <u>(1,391)</u> | <u>298</u> | <u>824</u> | <u>476</u> |

(Unit : Million Baht)

| | For the nine-month periods ended 30 September | | | | | | | | | | | | | |
|--|---|------------|---------------------------|------------|---------------|------------|---------------------|------------|----------------|-----------|----------------|-----------|--------------|--------------|
| | The Company | | Asset management business | | Bank business | | Securities business | | Other business | | Eliminations | | Total | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring | 1,715 | 1,210 | (178) | (16) | 3,750 | 3,395 | 78 | 97 | 333 | 252 | (382) | (379) | 5,316 | 4,559 |
| Share of income from investments accounted for under equity method | - | - | - | - | - | - | - | - | - | - | 214 | 186 | 214 | 186 |
| Non-interest income | 2,395 | 716 | 534 | 1,019 | 1,357 | 952 | 968 | 795 | 3,829 | 2,199 | (1,977) | (93) | 7,106 | 5,588 |
| Non-interest expenses | (661) | (1,220) | (141) | (107) | (4,307) | (4,044) | (664) | (672) | (3,707) | (2,283) | 726 | 461 | (8,754) | (7,865) |
| Corporate income tax | (1,101) | (267) | (152) | (304) | (84) | (52) | (112) | (64) | (177) | (76) | - | - | (1,626) | (763) |
| Minority interest in net income in subsidiaries | - | - | - | - | - | - | - | - | - | - | (220) | (120) | (220) | (120) |
| Net income | <u>2,348</u> | <u>439</u> | <u>63</u> | <u>592</u> | <u>716</u> | <u>251</u> | <u>270</u> | <u>156</u> | <u>278</u> | <u>92</u> | <u>(1,639)</u> | <u>55</u> | <u>2,036</u> | <u>1,585</u> |

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

| | As at | | | | | | | | | | | | | |
|--|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|
| | Asset management | | | | | | | | | | | | | |
| | The Company | | business | | Bank business | | Securities business | | Other business | | Eliminations | | Total | |
| | 30 September 2007 | 31 December 2006 | 30 September 2007 | 31 December 2006 | 30 September 2007 | 31 December 2006 | 30 September 2007 | 31 December 2006 | 30 September 2007 | 31 December 2006 | 30 September 2007 | 31 December 2006 | 30 September 2007 | 31 December 2006 |
| Investments - Net | 23,249 | 27,621 | 1,508 | 4,619 | 29,405 | 21,895 | 808 | 1,018 | 6,580 | 4,810 | (24,827) | (25,197) | 36,723 | 34,766 |
| Loans and accrued interest receivable - Net (including interbank and money market items) | 30,537 | 47,275 | 3,145 | 3,678 | 238,061 | 221,634 | 4,097 | 2,393 | 7,422 | 6,083 | (29,232) | (52,680) | 254,030 | 228,383 |
| Land, premises and equipment - Net | 217 | 344 | 1 | 2 | 1,589 | 1,198 | 138 | 153 | 150 | 61 | - | - | 2,095 | 1,758 |
| Other assets | 3,221 | 3,683 | 3,715 | 3,992 | 6,863 | 12,709 | 804 | 105 | 1,142 | 978 | (257) | (145) | 15,488 | 21,322 |
| Total assets | 57,224 | 78,923 | 8,369 | 12,291 | 275,918 | 257,436 | 5,847 | 3,669 | 15,294 | 11,932 | (54,316) | (78,022) | 308,336 | 286,229 |

22. COMMITMENTS AND CONTINGENT LIABILITIES

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

22.1

(Unit : Million Baht)

| | Consolidated financial statements | | | | | |
|---|-----------------------------------|-----------------------|--------|------------------|-----------------------|--------|
| | 30 September 2007 | | | 31 December 2006 | | |
| | Baht | Foreign currencies | Total | Baht | Foreign currencies | Total |
| Avals to bills | 43 | - | 43 | 54 | - | 54 |
| Guarantees of loans | 10 | - | 10 | 10 | - | 10 |
| Liability under unmatured import bills | - | 40 | 40 | - | 19 | 19 |
| Letters of credit | 20 | 326 | 346 | 2 | 92 | 94 |
| Other commitments | | | | | | |
| Obligations under interest rate swap agreements | 49,916 | - | 49,916 | 46,636 | - | 46,636 |
| Obligations under forward exchange contracts | | | | | | |
| Bought contracts | - | 942 | 942 | - | 82 | 82 |
| Sold contracts | - | 37,045 | 37,045 | - | 21,929 | 21,929 |
| Obligations under cross currency and interest rate swap contracts - sold contracts | - | 1,371 | 1,371 | - | 1,868 | 1,868 |
| Committed (but not drawn) overdraft | 2,399 | - | 2,399 | 1,663 | - | 1,663 |
| Other guarantees | 1,964 | 581 | 2,545 | 1,385 | 4 | 1,389 |
| Total contingencies and commitments | 54,352 | 40,305 | 94,657 | 49,750 | 23,994 | 73,744 |

(UNAUDITED BUT REVIEWED)

(Unit : Million Baht)

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

22.2 During the years 2001 to 2003, the Company and its subsidiaries have entered into agreements to sell loans with transfer prices totaling of approximately Baht 3,414 million to the Thai Asset Management Corporation (“TAMC”). The Company and its 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 gain or loss cannot be reliably estimated by the Company and its subsidiaries at this stage. However, as at 30 September 2007, 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 554 million (the Company Only : Baht 183 million). This is presented as a part of the allowance for impairment of investment in TAMC’s notes (31 December 2006 : Baht 443 million and Baht 137 million, respectively).

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- 22.3** The Company and a subsidiary company have entered into agreements to sell housing loans/ to transfer rights to claim the housing debts to the Secondary Mortgage Corporation, under which they are committed to compensate the Corporation for losses from uncollected debts up to a maximum of 20 percent of the sell price of the said receivables, or approximately Baht 6 million in consolidated financial statements and Baht 3 million in separate financial statements.
- 22.4** Thanachart Bank Plc., subsidiary company, is obliged to make contributions to the Financial Institutions Development Fund, at a rate of 0.2 percent of the total outstanding balance of the Bank's deposits and accrued interest arising from borrowings, as of the last day of the previous six-month period before the contributions are to be made, every 30 June and 31 December of the year.
- 22.5** As at 30 September 2007, 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 which can be presented as follows :-

(Unit : Million Baht)

| Year | Consolidated | Separate financial statements | |
|-------------|----------------------|-------------------------------|--------------|
| | financial statements | Other companies | Subsidiaries |
| | Other companies | Other companies | Subsidiaries |
| 2007 | 114 | 13 | 1 |
| 2008 | 350 | 22 | 3 |
| 2009 onward | 573 | 54 | 8 |

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

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

22.7 Under the agreements among the Company, the Bank and BNSAL, the Company and the Bank have to disclose information relating to business, business performance, operations and legal compliance of the Bank and the Bank's subsidiaries, and certify the correctness of the disclosed information, to assist BNSAL in deciding whether to purchase shares in the Bank. In the event that the 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 the Bank failed to disclose to BNSAL before it purchases shares in the Bank, this will be held to be losses from investment in the Bank and the Company and the Bank will jointly compensate BNSAL for its losses in accordance with the principles stipulated in the agreements, but not beyond the prescription period stipulated by Thai laws for damages claims.

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

23. LITIGATION

As at 30 September 2007, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 1,341 million as a result of litigation (the Company Only : Baht 845 million). The cases were not yet final, and the Company and its subsidiaries' management expect that no losses will result and therefore no liabilities are currently recorded.

24. BANK GUARANTEE

As at 30 September 2007, there were outstanding bank guarantees of approximately Baht 6 million (the Company Only : Baht 5 million) issued by banks on behalf of the Company and its subsidiaries to guarantee the use of electricity and the rental of land.

25. FINANCIAL INSTRUMENTS

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

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

25.1 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations, resulting in a financial loss to the Company and its 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 off-balance sheet aval, guarantee of loans and other guarantees.

25.2 Market risk

a) Interest rate risk

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

(Unit : Million Baht)

| | Consolidated financial statements | | | | Separate financial statements | | | |
|---|---|---------------------|----------------------|---------|---|---------------------|----------------------|--------|
| | Outstanding balances of financial instruments | | | | Outstanding balances of financial instruments | | | |
| | Floating interest rate | Fixed interest rate | Non-interest bearing | Total | Floating interest rate | Fixed interest rate | Non-interest bearing | Total |
| <u>Financial assets</u> | | | | | | | | |
| Cash | - | - | 2,537 | 2,537 | - | - | - | - |
| Interbank and money market items | 593 | 28,356 | 3,470 | 32,419 | 2,109 | - | 220 | 2,329 |
| Investments | 2,441 | 31,368 | 3,831 | 37,640 | 1,428 | 3,980 | 18,323 | 23,731 |
| Receivables from clearing house | - | - | 696 | 696 | - | - | - | - |
| Loans (include intercompany gain on loan transferred) | 12,083 | 213,756 | 4,086 | 229,925 | 94 | 29,530 | 587 | 30,211 |
| <u>Financial liabilities</u> | | | | | | | | |
| Deposits | 54,251 | 146,900 | 513 | 201,664 | - | - | - | - |
| Interbank and money market items | 1,282 | 2,921 | 529 | 4,732 | 1 | 15,500 | - | 15,501 |
| Payable to clearing house | - | - | 534 | 534 | - | - | - | - |
| Securities business payable | - | - | 2,701 | 2,701 | - | - | - | - |
| Borrowings | 5,000 | 47,249 | 17 | 52,266 | - | 15,665 | - | 15,665 |
| Liabilities payable on demand | - | - | 1,132 | 1,132 | - | - | - | - |

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

(UNAUDITED BUT REVIEWED)

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

(Unit : Million Baht)

| Transactions | Consolidated financial statements | | | | | | Weighted average interest rates Percentage |
|--|-----------------------------------|--------|--------|---------|--------|---------|---|
| | Repricing or maturity date | | | | | Total | |
| | At call | 0-3 | 3-12 | 1 – 5 | Over 5 | | |
| | | months | months | years | years | | |
| Financial assets | | | | | | | |
| Interbank and money market items | - | 23,525 | 4,831 | - | - | 28,356 | 4.51-5.39 |
| Investments | - | 13,008 | 3,763 | 8,996 | 5,601 | 31,368 | 3.95-4.48 |
| Loans (include intercompany gain on loan transferred) | 1,741 | 22,951 | 7,804 | 150,893 | 30,367 | 213,756 | 6.71-7.58 |
| Financial liabilities | | | | | | | |
| Deposits | 8 | 96,512 | 42,829 | 7,551 | - | 146,900 | 3.56 |
| Interbank and money market items | - | 1,637 | 245 | 1,039 | - | 2,921 | 4.33 |
| Borrowings | - | 17,649 | 20,947 | 8,653 | - | 47,249 | 3.59-4.56 |

(Unit : Million Baht)

| Transactions | Separate financial statements | | | | | | Weighted average interest rates Percentage |
|----------------------------------|-------------------------------|--------|--------|--------|--------|--------|---|
| | Repricing or maturity date | | | | | Total | |
| | At call | 0-3 | 3-12 | 1 – 5 | Over 5 | | |
| | | months | months | years | years | | |
| Financial assets | | | | | | | |
| Investments | - | 980 | - | - | 3,000 | 3,980 | 4.90 |
| Loans | 817 | 862 | 4,141 | 23,710 | - | 29,530 | 6.71 |
| Financial liabilities | | | | | | | |
| Interbank and money market items | - | 15,500 | - | - | - | 15,500 | 5.02 |
| Borrowings | - | 10,015 | 1,650 | 4,000 | - | 15,665 | 3.59 |

(UNAUDITED BUT REVIEWED)

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 nine-month period ended 30 September 2007, and the average rate of interest income and expense, can be summarised as follow :-

(Unit : Million Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|--|-----------------------------------|-----------------------------|-----------------|-------------------------------|-----------------------------|-----------------|
| | Average balance | Interest and dividend | Average rate | Average balance | Interest and dividend | Average rate |
| <u>Interest bearings financial assets</u> | | | | | | |
| Interbank and money market items | 18,707 | 615 | 4.38 | 532 | 9 | 2.26 |
| Securities purchased under resale agreements | 14,998 | 439 | 3.90 | - | - | - |
| Investments | 35,830 | 1,076 | 4.00 | 26,223 | 419 | 2.13 |
| Loans/hire-purchase and finance lease | 208,879 | 11,958 | 7.63 | 38,667 | 1,978 | 6.82 |
| <u>Interest bearing financial liabilities</u> | | | | | | |
| Deposits | 202,945 | 5,826 | 3.83 | - | - | - |
| Interbank and money market items | 4,761 | 122 | 3.42 | 28,478 | 1,114 | 5.22 |
| Borrowings | 53,495 | 1,774 | 4.42 | 15,665 | 458 | 3.90 |

b) Foreign exchange risk

The status of the Company and its subsidiaries foreign currency balances as at 30 September 2007 can be summarised as follows :-

(Unit : Million Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|--|---|------|--------|---|------|--------|
| | Outstanding balances of financial instruments | | | Outstanding balances of financial instruments | | |
| | US dollar | Euro | Others | US dollar | Euro | Others |
| <u>Foreign currency - in balance</u> | | | | | | |
| Cash | 134 | 96 | 72 | - | - | - |
| Interbank and money market items | 27,180 | 39 | 107 | - | - | - |
| Investments | 10,079 | - | - | - | - | - |
| Loans | 963 | 9 | - | - | - | - |
| Other assets - accrued interest receivable | 20 | - | - | - | - | - |
| Total assets | 38,376 | 144 | 179 | - | - | - |
| Liabilities - deposits | 707 | - | - | - | - | - |
| Net foreign currency in balance | 37,669 | 144 | 179 | - | - | - |
| <u>Foreign currency - off balance</u> | | | | | | |
| Liabilities under unmatured import bills | 33 | 7 | - | - | - | - |
| Letters of credit | 319 | 2 | 5 | - | - | - |
| Foreign currency forward and spot contracts | | | | | | |
| - Bought contracts | 810 | 34 | 97 | - | - | - |
| - Sold contracts | 36,466 | 247 | 332 | - | - | - |
| Cross currency and interest rate swap contracts - sold contracts | 1,371 | - | - | - | - | - |
| Others | 378 | - | 203 | - | - | - |

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.

(UNAUDITED BUT REVIEWED)

25.3 Liquidity risk

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

(Unit : Million Baht)

| Transactions | Consolidated financial statements | | | | | Separate financial statements | | | | |
|---|-----------------------------------|-----------|---------|-------------|---------|-------------------------------|-----------|--------|-------------|--------|
| | At call | Less than | Over | Unspecified | Total | At call | Less than | Over | Unspecified | Total |
| | | 1 year | 1 year | | | | 1 year | | | |
| Financial assets | | | | | | | | | | |
| Cash | 2,537 | - | - | - | 2,537 | - | - | - | - | - |
| Interbank and money market items | 4,043 | 28,356 | 20 | - | 32,419 | 2,309 | - | 20 | - | 2,329 |
| Investments | 2,441 | 14,380 | 17,017 | 3,802 | 37,640 | 1,428 | 500 | 3,480 | 18,323 | 23,731 |
| Receivables from clearing house | - | 696 | - | - | 696 | - | - | - | - | - |
| Loans ⁽¹⁾ | 13,522 | 14,199 | 202,204 | - | 229,925 | 2,747 | 4,178 | 23,286 | - | 30,211 |
| Financial liabilities | | | | | | | | | | |
| Deposits | 52,814 | 140,316 | 8,534 | - | 201,664 | - | - | - | - | - |
| Interbank and money market items | 1,811 | 1,832 | 1,089 | - | 4,732 | 15,501 | - | - | - | 15,501 |
| Payable to clearing house | - | 534 | - | - | 534 | - | - | - | - | - |
| Securities business payable | - | 2,701 | - | - | 2,701 | - | - | - | - | - |
| Borrowings | 3,017 | 32,990 | 16,259 | - | 52,266 | - | 7,910 | 7,755 | - | 15,665 |
| Liabilities payable on demand | 1,132 | - | - | - | 1,132 | - | - | - | - | - |
| Off-balance sheet items :- | | | | | | | | | | |
| Avals to bills and guarantee of loans | 10 | 43 | - | - | 53 | 10 | - | - | - | 10 |
| Liability under unmaturred import bills | - | 40 | - | - | 40 | - | - | - | - | - |
| Letters of credit | 2 | 344 | - | - | 346 | - | - | - | - | - |
| Other commitments | 2,609 | 56,662 | 33,774 | 1,173 | 94,218 | 1 | 11,986 | 8,000 | - | 19,987 |

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

25.4 Fair value

As at 30 September 2007, there are no material difference between the book value of financial instruments and their fair value, except for held-to-maturity debt securities with a fair value of Baht 167 million less than their book value and investment in associated companies with a fair value of Baht 898 million over than their book value (the Company Only : held-to-maturity debt securities and investment in associated companies have fair value of Baht 145 million and Baht 577 million, respectively, over than their book value).

25.5 Financial derivatives

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

(Unit : Million Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|---|-----------------------------------|-------------|--------|-------------------------------|-------------|-------|
| | Less than | | Total | Less than | | Total |
| | 1 year | Over 1 year | | 1 year | Over 1 year | |
| Foreign currency forward and spot contracts | | | | | | |
| - Bought | 942 | - | 942 | - | - | - |
| - Sold | 37,045 | - | 37,045 | - | - | - |
| Cross currency swap contracts | | | | | | |
| - Sold | 685 | 686 | 1,371 | - | - | - |
| Interest rate swap contracts | | | | | | |
| - Fixed interest rate payment | 4,358 | 14,020 | 18,378 | 3,508 | 4,000 | 7,508 |
| - Floating interest rate payment | 4,130 | 2,450 | 6,580 | 2,485 | - | 2,485 |
| - Fixed interest rate receipt | 7,330 | 2,450 | 9,780 | 5,685 | - | 5,685 |
| - Floating interest rate receipt | 1,158 | 14,020 | 15,178 | 308 | 4,000 | 4,308 |

26. RECLASSIFICATION

In addition to the change in accounting policies as mentioned in Note 1.6 which affects the previously reported net income (loss) and shareholders' equity, certain other amounts in the financial statements for the three-month and nine-month periods ended 30 September 2006 have been reclassified to conform to the current period's classification, with no effect on previously reported net income and shareholders' equity other than from the change in accounting policies.

27. SUBSEQUENT EVENTS

On 4 October 2007, the Board of Directors of the Company approved payment of an interim dividend of Baht 0.30 per share to ordinary shareholders and preference shareholders, a total of Baht 400 million.

On 1 October 2007, Extraordinary Meeting No. 1/2007 of the Shareholders of Thanachart Bank, a subsidiary, approved the cessation of trading of the Bank's shares from the Stock Exchange of Thailand ("SET"), and on 9 October 2007, the SET approved the delisting of the Bank's shares. On 15 October 2007, the Company made an offer to purchase all ordinary shares from other shareholders at a price of Baht 16.37 per share. The offering period is for a total of 45 working days, from 16 October 2007 to 20 December 2007.

28. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 November 2007.