

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS
AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED**

We have audited the consolidated balance sheet of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiary as at February 20, 2006 and the balance sheets of AEON Thana Sinsap (Thailand) Public Company Limited as at February 20, 2006 and 2005, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year ended February 20, 2006 and the related Company's statements of income, changes in shareholders' equity and cash flows for the years ended February 20, 2006 and 2005. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated and Company's financial statements referred to in the first paragraph presented fairly, in all material respects, the financial positions of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiary as at February 20, 2006 and of AEON Thana Sinsap (Thailand) Public Company Limited as at February 20, 2006 and 2005, and the results of operations and cash flows of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiary for the year ended February 20, 2006 and of AEON Thana Sinsap (Thailand) Public Company Limited for the years ended February 20, 2006 and 2005 in conformity with generally accepted accounting principles.

BANGKOK
April 7, 2006

Permsak Jerajakwattana
Certified Public Accountant (Thailand)
Registration No. 3427
DELOITTE TOUCHE TOHMATSU JAIYOS

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARY

BALANCE SHEETS

AS AT FEBRUARY 20, 2006 AND 2005

BAHT

	CONSOLIDATED FINANCIAL STATEMENTS	THE COMPANY'S FINANCIAL STATEMENTS	
	As at February, 20 2006	As at February, 20 2006	As at February, 20 2005
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	569,054,523	569,014,523	648,612,771
Accounts receivable - net (Note 5)	16,936,007,197	16,789,125,362	14,382,814,265
Other current assets			
Other accounts receivable	243,572,362	273,493,799	111,848,470
Value-added-tax refundable	128,125,912	128,125,912	62,466,659
Receivables per forward exchange contracts and currency swap contracts	-	-	26,812,000
Others	51,667,338	51,667,338	36,824,202
	<u>423,365,612</u>	<u>453,287,049</u>	<u>237,951,331</u>
Total Current Assets	<u>17,928,427,332</u>	<u>17,811,426,934</u>	<u>15,269,378,367</u>
NON-CURRENT ASSETS			
Accounts receivable - net (Note 5)	1,509,333,427	1,509,333,427	1,158,631,419
Investment using the equity method (Note 18.1)	-	10,400	-
Other long-term investments			
Related company (Note 6.1)	30,442,708	30,442,708	-
Other companies (Note 6.2)	21,785	21,785	21,785
	<u>30,464,493</u>	<u>30,464,493</u>	<u>21,785</u>
Participation in Special Purpose Vehicle for Securitization (Note 7)	743,726,299	1,018,886,187	180,521,736
Subordinated lending (Note 8)	1,703,500,000	1,703,500,000	1,333,500,000
Equipment - net (Note 9)	329,699,429	329,699,429	411,889,736
Intangible assets (Note 10)	482,766,247	482,766,247	406,560,631
Other non-current assets (Note 11)	271,762,506	271,762,506	177,684,411
Total Non-Current Assets	<u>5,071,252,401</u>	<u>5,346,422,689</u>	<u>3,668,809,718</u>
TOTAL ASSETS	<u><u>22,999,679,733</u></u>	<u><u>23,157,849,623</u></u>	<u><u>18,938,188,085</u></u>

Notes to the financial statements form an integral part of these statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARY

BALANCE SHEETS (CONTINUED)

AS AT FEBRUARY 20, 2006 AND 2005

BAHT

	CONSOLIDATED FINANCIAL STATEMENTS	THE COMPANY'S FINANCIAL STATEMENTS	
	As at February, 20 2006	As at February, 20 2006	As at February, 20 2005
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term loans from financial institutions (Note 12)	3,064,525,700	3,064,525,700	2,909,310,469
Current portion of long-term loans (Note 13)	1,199,788,006	1,199,788,006	2,464,972,324
Current portion of debenture (Note 14)	-	-	1,000,000,000
Accounts payable	348,361,795	348,361,795	618,370,590
Factoring payables	4,557,172	4,557,172	5,190,123
Other current liabilities			
Accrued income tax	182,401,832	177,949,758	146,601,923
Accrued interest expense	156,320,187	150,861,255	201,420,275
Accrued expenses - others	128,144,172	120,466,286	130,182,428
Accounts payable - others	192,060,934	367,849,316	165,183,564
Payables per forward exchange contracts and currency swap contracts	155,890,533	155,890,533	24,429,254
Others	93,101,553	93,101,553	45,183,511
	<u>907,919,211</u>	<u>1,066,118,701</u>	<u>713,000,955</u>
Total Current Liabilities	<u>5,525,151,884</u>	<u>5,683,351,374</u>	<u>7,710,844,461</u>
NON-CURRENT LIABILITIES			
Long-term loans (Note 13)	12,258,122,717	12,258,122,717	8,596,570,432
Long-term debentures (Note 14)	1,320,000,000	1,320,000,000	-
Payables per currency swap contracts	687,205,700	687,205,700	104,647,200
Total Non-Current Liabilities	<u>14,265,328,417</u>	<u>14,265,328,417</u>	<u>8,701,217,632</u>
TOTAL LIABILITIES	<u>19,790,480,301</u>	<u>19,948,679,791</u>	<u>16,412,062,093</u>

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARY

BALANCE SHEETS (CONTINUED)

AS AT FEBRUARY 20, 2006 AND 2005

BAHT

	CONSOLIDATED FINANCIAL STATEMENTS	THE COMPANY'S FINANCIAL STATEMENTS	
	As at February, 20 2006	As at February, 20 2006	As at February, 20 2005
LIABILITIES AND SHAREHOLDERS' EQUITY			
(CONTINUED)			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL (Note 15)			
Authorized share capital			
250,000,000 ordinary shares of Baht 1 each	<u>250,000,000</u>	<u>250,000,000</u>	<u>250,000,000</u>
Issued and paid-up share capital			
250,000,000 ordinary shares of Baht 1 each, fully paid	250,000,000	250,000,000	250,000,000
PREMIUM ON ORDINARY SHARE CAPITAL	478,000,000	478,000,000	478,000,000
RETAINED EARNINGS			
Appropriated			
Legal reserve (Note 16)	25,000,000	25,000,000	25,000,000
Reserve for business expansion (Note 15)	1,300,000,000	1,300,000,000	800,000,000
Unappropriated	<u>1,156,169,832</u>	<u>1,156,169,832</u>	<u>973,125,992</u>
Total Company's shareholders' equity	3,209,169,832	3,209,169,832	2,526,125,992
MINORITY INTEREST	<u>29,600</u>	<u>-</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY	<u>3,209,199,432</u>	<u>3,209,169,832</u>	<u>2,526,125,992</u>
TOTAL LIABILITIES AND			
SHAREHOLDERS' EQUITY	<u>22,999,679,733</u>	<u>23,157,849,623</u>	<u>18,938,188,085</u>

Notes to the financial statements form an integral part of these statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF INCOME

FOR THE YEARS ENDED FEBRUARY 20, 2006 AND 2005

BAHT

	CONSOLIDATED FINANCIAL STATEMENTS	THE COMPANY'S FINANCIAL STATEMENTS	
	2006	2006	2005
REVENUES			
Credit card income (Note 17)	2,470,433,177	2,451,848,008	1,898,787,291
Hire purchase income (Note 17)	1,910,544,227	1,910,544,227	1,657,104,286
Loans income	1,817,149,697	1,817,149,697	1,163,813,844
Factoring income	1,732,788	1,732,788	4,126,528
Other income			
Bad debt recovery	218,245,587	218,245,587	156,186,560
Gain on sale of fixed assets	1,203,682	1,203,682	497,218
Others	52,728,450	52,728,450	50,130,322
	<u>272,177,719</u>	<u>272,177,719</u>	<u>206,814,100</u>
Total Revenues	<u>6,472,037,608</u>	<u>6,453,452,439</u>	<u>4,930,646,049</u>
EXPENSES			
Operating and administrative expenses	2,552,023,941	2,543,372,297	2,165,923,874
Bad debts and doubtful accounts	1,767,739,740	1,767,732,020	1,127,691,347
Interest expenses and other funding costs	845,234,238	839,775,306	568,700,774
Total Expenses	<u>5,164,997,919</u>	<u>5,150,879,623</u>	<u>3,862,315,995</u>
INCOME BEFORE INCOME TAX	1,307,039,689	1,302,572,816	1,068,330,054
INCOME TAX	<u>-326,500,089</u>	<u>-322,048,016</u>	<u>-284,129,070</u>
INCOME AFTER INCOME TAX	980,539,600	980,524,800	784,200,984
MINORITY INTERESTS IN NET INCOME OF SUBSIDIARY	<u>-14,800</u>	<u>-</u>	<u>-</u>
NET INCOME	<u>980,524,800</u>	<u>980,524,800</u>	<u>784,200,984</u>
BASIC EARNINGS PER SHARE	BAHT	3.92	3.92
WEIGHTED AVERAGE NUMBER OF			
ORDINARY SHARES (Note 15)	SHARES	250,000,000	250,000,000

Notes to the financial statements form an integral part of these statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED FEBRUARY 20, 2006 AND 2005

BAHT

	CONSOLIDATED FINANCIAL STATEMENTS						Total
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Appropriated Legal Reserve	Retained Earnings Reserve for Business Expansion	Unappropriated Retained Earnings	Minority Interest	
Beginning balance, February 21, 2005	250,000,000	478,000,000	25,000,000	800,000,000	973,125,992	-	2,526,125,992
Net income	-	-	-	-	980,524,800	-	980,524,800
Appropriation for the previous year:						-	
Reserve for business expansion (Note 15)	-	-	-	500,000,000	(500,000,000)	-	-
Dividend (Note 15)	-	-	-	-	(134,991,360)	-	(134,991,360)
Appropriation for the current year:						-	
Interim dividend (Note 15)	-	-	-	-	(162,489,600)	-	(162,489,600)
Minority interest							
Issued and paid up share capital - subsidiary (Note 15)	-	-	-	-	-	29,600	29,600
Net income	-	-	-	-	-	14,800	14,800
Dividend	-	-	-	-	-	(14,800)	(14,800)
Ending balance, February 20, 2006	<u>250,000,000</u>	<u>478,000,000</u>	<u>25,000,000</u>	<u>1,300,000,000</u>	<u>1,156,169,832</u>	<u>29,600</u>	<u>3,209,199,432</u>

Notes to the financial statements form an integral part of these statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED FEBRUARY 20, 2006 AND 2005

BAHT

	THE COMPANY'S FINANCIAL STATEMENTS					Total
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Appropriated Retained Earnings Legal Reserve	Retained Earnings Reserve for Business Expansion	Unappropriated Retained Earnings	
Beginning balance, February 21, 2004	250,000,000	478,000,000	25,000,000	490,000,000	718,486,256	1,961,486,256
Net income	-	-	-	-	784,200,984	784,200,984
Appropriation for the previous year:						
Reserve for business expansion (Note 15)	-	-	-	310,000,000	(310,000,000)	-
Dividend (Note 15)	-	-	-	-	(104,882,190)	(104,882,190)
Appropriation for the current year:						
Interim dividend (Note 15)	-	-	-	-	(114,679,058)	(114,679,058)
Ending balance, February 20, 2005	<u>250,000,000</u>	<u>478,000,000</u>	<u>25,000,000</u>	<u>800,000,000</u>	<u>973,125,992</u>	<u>2,526,125,992</u>

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEARS ENDED FEBRUARY 20, 2006 AND 2005

BAHT

	THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)					Total
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Appropriated Retained Earnings Legal Reserve	Reserve for Business Expansion	Unappropriated Retained Earnings	
Beginning balance, February 21, 2005	250,000,000	478,000,000	25,000,000	800,000,000	973,125,992	2,526,125,992
Net income	-	-	-	-	980,524,800	980,524,800
Appropriation for the previous year:						
Reserve for business expansion (Note 15)	-	-	-	500,000,000	(500,000,000)	-
Dividend (Note 15)	-	-	-	-	(134,991,360)	(134,991,360)
Appropriation for the current year:						
Interim dividend (Note 15)	-	-	-	-	(162,489,600)	(162,489,600)
Ending balance, February 20, 2006	<u>250,000,000</u>	<u>478,000,000</u>	<u>25,000,000</u>	<u>1,300,000,000</u>	<u>1,156,169,832</u>	<u>3,209,169,832</u>

Notes to the financial statements form an integral part of these statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED FEBRUARY 20, 2006 AND 2005

BAHT

	CONSOLIDATED FINANCIAL STATEMENTS 2006	THE COMPANY'S FINANCIAL STATEMENTS 2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	980,524,800	980,524,800	784,200,984
Items to reconcile net income to net cash flows from operating activities			
Depreciation	198,091,936	198,091,936	184,614,751
Bad debts and allowance for doubtful accounts	1,767,739,740	1,767,732,020	1,127,691,347
Amortization of costs of software	131,497,963	131,497,963	88,046,266
Amortization of other assets	14,336,160	14,336,160	16,908,837
Amortization of deferred interest on long-term bill of exchange	136,004,387	136,004,387	98,442,075
Amortization of premium on forward exchange contracts	35,365,686	35,365,686	21,066,438
Gain on sale of fixed assets	-1,203,682	-1,203,682	-497,218
Share of profit from investment in subsidiary using the equity method	-	-10,361,651	-
Minority interest in net income of subsidiary	14,800	-	-
Income from operations before changes in operating assets and liabilities	3,262,371,790	3,251,987,619	2,320,473,480
Operating assets (increase) decrease			
Fixed deposit used as collateral	-	-	30,782,510
Accounts receivable	-20,427,209,698	-20,555,480,031	-11,524,539,848
Other current assets	-208,220,957	-238,142,394	-10,244,897
Other non-current assets	-64,124,687	-64,124,687	-99,789,428
Operating liabilities increase (decrease)			
Accounts payable	-270,008,795	-270,008,795	372,999,935
Factoring payables	-632,951	-632,951	-12,051,455
Other current liabilities	-156,535,243	1,664,247	186,567,434
Net cash used in operating activities	-17,864,360,541	-17,874,736,992	-8,735,802,269

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED FEBRUARY 20, 2006 AND 2005

BAHT

	CONSOLIDATED FINANCIAL STATEMENTS	THE COMPANY'S FINANCIAL STATEMENTS	
	2006	2006	2005
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash payments for investment in costs of software	-238,141,094	-238,141,094	-239,647,914
Cash payments for fixed assets acquisition	-149,625,490	-149,625,490	-191,302,934
Cash payments for investments in other companies	-	-	-10,400
Cash payments for investment in related companies	-30,442,708	-30,453,108	-
Proceeds from sales of fixed assets	6,230,653	6,230,653	2,218,004
Proceeds from sales of investment in other companies	-	-	450,000
Dividend received from subsidiary	-	10,361,651	-
Net cash used in investing activities	<u>-411,978,639</u>	<u>-401,627,388</u>	<u>-428,293,244</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from sale of hire-purchase receivables under securitization (Note 5.3)	5,421,963,798	5,421,963,798	4,640,970,454
Cash proceeds from sale of credit card receivables under securitization (Note 5.3)	9,614,634,897	9,614,634,897	2,000,000,000
Increase (decrease) in short-term loans from financial institutions	139,208,721	139,208,721	-704,559,879
Increase in long-term loans	5,436,600,000	5,436,600,000	6,286,269,098
Increase in long-term debentures	1,320,000,000	1,320,000,000	-
Cash payment for long-term loans	-2,438,160,324	-2,438,160,324	-2,859,695,993
Cash payment for long-term debenture	-1,000,000,000	-1,000,000,000	-
Dividend payments	-297,480,960	-297,480,960	-219,561,248
Dividend payment to minority interest	-14,800	-	-
Cash proceeds for share capital from minority interests of a subsidiary	29,600	-	-
Net cash provided by financing activities	<u>18,196,780,932</u>	<u>18,196,766,132</u>	<u>9,143,422,432</u>
Net decrease in cash and cash equivalents	-79,558,248	-79,598,248	-20,673,081
Cash and cash equivalents at beginning of the years	<u>648,612,771</u>	<u>648,612,771</u>	<u>669,285,852</u>
Cash and cash equivalents at the end of the years	<u><u>569,054,523</u></u>	<u><u>569,014,523</u></u>	<u><u>648,612,771</u></u>

Notes to the financial statements form an integral part of these statements

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 20, 2006 AND 2005**

1. OPERATIONS AND GENERAL INFORMATION

The Company was registered as a limited company under the Civil and Commercial Code on September 18, 1992 with its office located at 1st - 2nd floor, Serm-mit Tower, 159 Asoke Road (Sukhumvit 21), Klongtoey Nua, Wattana, Bangkok. The main objective is to do the business in credit card, hire-purchase and personal loans.

On July 27, 2001, the extraordinary shareholders' meeting passed a special resolution to change the status of the Company from a private company to be a public company and change the Company's name from "Aeon Thana Sinsap (Thailand) Company Limited" to "AEON Thana Sinsap (Thailand) Public Company Limited". The Company has registered to be Public Company Limited with the Ministry of Commerce on August 7, 2001.

As at February 20, the Company has the number of branches and a total number of employees with staff expenses for the years ended February 20, as follows:

	2006	2005
Number of branches	70	61
Number of oversea representative office	1	-
Number of employees	3,252	2,710
Staff expenses (Million Baht)	568	502

Aeon Credit Service Company Limited, Japan and ACS Capital Corporation Limited are currently major shareholders with 27.6 % and 19.2%, respectively.

Eternal 3 Special Purpose Vehicle Company Limited is a subsidiary of the Company which was incorporated under The Civil and Commercial Code of Thailand, and under the Securitization law. The main objective is to operate as a special purpose juristic person in a securitization project and to engage in any activities for the purpose of implementing or facilitating the securitization in accordance with the securitization project approved by the Office of the Securities and Exchange Commission of Thailand ("the SEC") on February 3, 2006. The subsidiary has no employees and no staff expenses, and entered into various service contracts to appoint other companies for providing administration service.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with accounting standards and practices generally accepted in Thailand.

The consolidated and the Company's financial statements are shown in accordance with the Notification of the Department of Commercial Registration (currently the Department of Business Development) dated September 14, 2001 regarding "The Brief Particulars in the Financial Statements B.E. 2544 (2001)".

The consolidated financial statements for the year ended February 20, 2006, which have been prepared for the first time, included the accounts of the Company and Eternal 3 Special Purpose Vehicle Company Limited, ("the subsidiary") which the Company has a holding of 26% in its equity since December 16, 2005 in accordance with the approval conditions required by the Office of the Securities Exchange Commission of Thailand (see Note 2.4 (2)). Significant transactions and balances between the Company and the subsidiary have been eliminated (see Note 18).

The significant accounting policies are as follows:

2.1 Cash and cash equivalents

Cash and cash equivalents are cash on hand, deposits at banks and fixed deposits with original maturities of 3 months or less.

2.2 Accounts receivable

Hire purchase and purposed loan receivables are stated at the outstanding contract price after deducting unearned financing income and allowance for doubtful accounts.

2.3 Allowance for doubtful accounts

The allowance for doubtful accounts is provided at the estimated collection losses on receivables at the end of the year. Such estimated losses are based on the Company's collection experience.

The Company and subsidiary's allowance for doubtful accounts have been complied with the notification of the Office of the Securities and Exchange Commission by fully providing for all receivables which are over 3 installments contractually past due.

2.4 Securitization transaction

Since there are no Thai accounting standards in dealing with securitization transaction, the Company applied the following guidelines for accounting for securitizations:

(1) Securitization Projects which were approved by the SEC prior to February 3, 2006

Securitization transactions under the Projects which were approved by the SEC prior to February 03, 2006, the Company applied the US Accounting Standards, namely Financial Accounting Standard Board (FASB) Statement No. 140 regarding "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities".

A transfer of financial assets in which the transferor surrenders control over those assets is accounted for as a sale to the extent that consideration other than beneficial interests in the transferred assets is received in exchange.

Servicing assets and other retained interests in the transferred assets are measured by allocating the previous carrying amount between the assets sold, if any, and retained interests, if any, based on their relative fair values at the date of transfer, if practicable.

The qualifying special purpose entities shall not be consolidated in the financial statements of a transferor or its affiliates.

(2) Securitization Projects which were approved by the SEC since February 3, 2006

Securitization transactions under the Projects which were approved by the SEC since February 3, 2006, the Company recognized the sales of credit card receivables to a Special Purposes Vehicle ("Securitization Plan"), according to the approval conditions required by the Securities Exchange Commission of Thailand. The conditions related to the accounting treatment are as follows:

- The Company will prepare its financial statements in accordance with the accounting standards and the accounting guideline issued by the Federation of Accounting Professions. Therefore, the Company will prepare its consolidated financial statements to combine the financial statements of Eternal 3 Special Purpose Vehicle Company Limited (SPV).
- The Company is able to derecognize the credit card receivables, which were transferred to the SPV, and the debentures under the securitization project in the amount that the risks and rewards on the receivables have been transferred to the debentureholders for both initial receivables transferred on the initial cut off date and additional revolving receivables transferred during the revolving periods.

For those receivables whose risks and rewards were not transferred to the debentureholders, the Company has recorded it as Subordinated Lending Account which separately presented in balance sheet.

In order to derecognise the credit card receivables and the debentures under the securitization project which the risks and rewards on the receivables have been transferred to the debentureholders, the Company has considered that the risks and rewards have been transferred when the transferor surrenders control over those assets to the transferee and accounted for as a sale to the extent that consideration other than beneficial interests in the transferred assets is received in exchange.

Servicing assets and other retained interests in the transferred assets are measured by allocating the previous carrying amount between the assets sold, if any, and retained interests, if any, based on their relative fair values at the date of transfer, if practicable.

2.5 Investments

2.5.1 Long-term investments in other securities are classified as securities for general investment and stated at cost.

2.5.2 Investment in subsidiary is recorded using the equity method.

Cost of securities sold during the year is calculated by the weighted average method.

In case impairment in value of investment has occurred, the resultant loss for all classification of investment is recognized in the statement of income.

2.6 Equipment

Equipment is stated at cost less accumulated depreciation.

Depreciation is calculated by the straight-line method, based on the estimated useful life of the assets of 5 years except for cash dispenser machines acquired since February 21, 2001 and personal computers with relative accessories acquired since February 21, 2002, the estimated useful life is 3 years.

2.7 Intangible assets

Intangible assets are costs of software which are amortized by the straight-line method over the period of 5 years.

2.8 Foreign currency transactions

Transactions during the year denominated in foreign currencies are translated into Baht at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Baht at the reference exchange rate announced by Bank of Thailand at that date. Gains and losses on exchange arising on settlements or translations are recognized as income or expense when incurred. In case of assets and liabilities under forward exchange and currency swap contracts, the differences between forward rates and the spot rate in forward foreign exchange contracts (premiums or discounts) are amortized to expenses or income over the period of contracts.

2.9 Revenue recognition

Income on hire-purchase and interest income on purposed loan are calculated by the sum of the installment digits method. Income on credit card, hire-purchase and personal loans including the related penalty and other fee income are recognized on an accrual basis.

The Company has stopped recognizing income from debtors who are over 3 consecutive installments contractually past due by stopping income recognition of such receivables since the 4th installment, in accordance with the notification of the Office of the Securities and Exchange Commission ("the SEC") dated April 30, 2004 regarding "The Opinion on Provision for Doubtful Accounts for Consumer Finance Business".

2.10 Provident fund

The contribution for employee provident fund is recorded as expenses when incurred.

2.11 Income tax

Income tax expense is based on tax paid and accrued for the year.

2.12 Basic earnings per share

Basic earnings per share are calculated by dividing the net income for the year by the number of weighted average ordinary shares outstanding during the year. In the case of a capital increase, the number of shares is weighted according to time of registration of the paid-up share capital increase. The Company did not have any common share equivalents outstanding which would have dilutive effects on earnings per share.

2.13 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

3. RECLASSIFICATIONS

The financial statements for the year ended February 20, 2005 have been reclassified to conform to the classifications used in the financial statements for the year ended February 20, 2006 as follows:

Balance Sheet

- Receivables per currency swap contracts of Baht 26,812,000, which was previously presented as a part of current portion of long-term loans, has been separately presented as receivables per forward exchange contracts and currency swap contracts under other current assets.
- Payables per forward exchange contracts of Baht 24,429,254, which were previously presented as a part of short-term loans from financial institutions of Baht 24,391,000 and accrued interest expenses of Baht 38,254, has been separately presented as payables per forward exchange contracts and currency swap contracts under other current liabilities.
- Payables per currency swap contracts of Baht 104,647,200 which was previously presented as a part of long-term loans, has been separately presented as payables per currency swap contracts under non-current liabilities.
- Hire-purchase receivables and loan receivables of Baht 1,154,963,642 and Baht 3,667,777, respectively, which due after 1 year and previously presented as a part account receivables under current assets, has been separately presented under non-current assets.

Statement of Income

- Handling charge income from ATM service of Baht 3,752,121 for the year ended February 20, 2005, which were included in credit card income, has been reclassified to be included in other income.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash paid for interest and income tax for the years ended February 20, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	THE COMPANY'S FINANCIAL STATEMENTS	
	2006	2006	2005
	Baht	Baht	Baht
Interest	722,315,001	722,315,001	398,807,740
Income tax	296,493,430	296,493,430	254,189,140

4.2 Non-cash items

4.2.1 Non-cash items of equipment and costs of software for the years ended February 20, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS 2006 Baht	THE COMPANY'S FINANCIAL STATEMENTS 2006 Baht	2005 Baht
Purchase of equipment			
Liabilities recorded - brought forward	17,766,636	17,766,636	13,698,474
Purchase of equipment and deposits for equipment	<u>134,109,161</u>	<u>134,109,161</u>	<u>195,371,096</u>
	151,875,797	151,875,797	209,069,570
<u>Less</u> Cash payments for purchase of equipment and deposits for equipment	<u>(149,625,490)</u>	<u>(149,625,490)</u>	<u>(191,302,934)</u>
Liabilities recorded - carry forward	<u>2,250,307</u>	<u>2,250,307</u>	<u>17,766,636</u>
Investment in costs of software			
Liabilities recorded - brought forward	38,941,317	38,941,317	-
Investment in costs of software and deposits for costs of software	<u>238,812,586</u>	<u>238,812,586</u>	<u>278,589,231</u>
	277,753,903	277,753,903	278,589,231
<u>Less</u> Cash payments for investment in costs of software and deposits for costs of software	<u>(238,141,094)</u>	<u>(238,141,094)</u>	<u>(239,647,914)</u>
Liabilities recorded - carry forward	<u>39,612,809</u>	<u>39,612,809</u>	<u>38,941,317</u>

4.2.2 For the years ended February 20, 2006 and 2005, the Company refinanced short-term lendings of Baht 816,000,000 and Baht 517,500,000, respectively, to be long-term lendings (see Note 8).

5. ACCOUNTS RECEIVABLE - NET

5.1 Accounts receivable - net as at February 20, consist of:

CONSOLIDATED FINANCIAL STATEMENTS 2006			
	Due within 1 year	Due after 1 year	Total
Hire-purchase receivable			
Hire-purchase and accrued interest receivable	3,969,577,393	1,397,177,297	5,366,754,690
<u>Less</u> Unearned financing income	<u>(643,731,450)</u>	<u>(207,978,391)</u>	<u>(851,709,841)</u>
	3,325,845,943	1,189,198,906	4,515,044,849
<u>Less</u> Allowance for doubtful accounts	<u>(223,001,395)</u>	<u>-</u>	<u>(223,001,395)</u>
Hire-purchase and accrued interest receivable - net	<u>3,102,844,548</u>	<u>1,189,198,906</u>	<u>4,292,043,454</u>
Loans receivable			
Loans and accrued interest receivable	9,087,686,658	320,134,521	9,407,821,179
<u>Less</u> Allowance for doubtful accounts	<u>(279,373,936)</u>	<u>-</u>	<u>(279,373,936)</u>
Loans and accrued interest receivable - net	<u>8,808,312,722</u>	<u>320,134,521</u>	<u>9,128,447,243</u>
Credit card receivable			
Credit card and accrued interest receivable	5,153,768,306	-	5,153,768,306
<u>Less</u> Allowance for doubtful accounts	<u>(151,869,928)</u>	<u>-</u>	<u>(151,869,928)</u>
Credit card and accrued interest receivable - net	<u>5,001,898,378</u>	<u>-</u>	<u>5,001,898,378</u>
Factoring receivable			
Factoring and accrued interest receivable	23,002,776	-	23,002,776
<u>Less</u> Deferred income	<u>(51,227)</u>	<u>-</u>	<u>(51,227)</u>
Factoring and accrued interest receivable - net	<u>22,951,549</u>	<u>-</u>	<u>22,951,549</u>
Total accounts receivable - net	<u>16,936,007,197</u>	<u>1,509,333,427</u>	<u>18,445,340,624</u>

As at February 20, 2006, Participation in Special Purpose Vehicle for Securitization Account of Baht 275,159,888 which is non-subordinated and rank in order of priority pari passu with payment in principal in respect of the debentures of subsidiary, is included in credit card receivables in the consolidated financial statements (see Note 7).

THE COMPANY'S FINANCIAL STATEMENTS						
	2006			2005		
	Due within 1 year	Due after 1 year	Total	Due within 1 year	Due after 1 year	Total
Hire-purchase receivable						
Hire-purchase and accrued interest receivable	3,969,577,393	1,397,177,297	5,366,754,690	6,537,324,535	1,388,208,682	7,925,533,217
<u>Less</u> Unearned financing income	<u>(643,731,450)</u>	<u>(207,978,391)</u>	<u>(851,709,841)</u>	<u>(858,812,440)</u>	<u>(233,245,040)</u>	<u>(1,092,057,480)</u>
	3,325,845,943	1,189,198,906	4,515,044,849	5,678,512,095	1,154,963,642	6,833,475,737
<u>Less</u> Allowance for doubtful accounts	<u>(223,001,395)</u>	<u>-</u>	<u>(223,001,395)</u>	<u>(143,908,371)</u>	<u>-</u>	<u>(143,908,371)</u>
Hire-purchase and accrued interest receivable - net	<u>3,102,844,548</u>	<u>1,189,198,906</u>	<u>4,292,043,454</u>	<u>5,534,603,724</u>	<u>1,154,963,642</u>	<u>6,689,567,366</u>
Loans receivable						
Loans and accrued interest receivable	9,087,686,658	320,134,521	9,407,821,179	3,536,584,262	3,667,777	3,540,252,039
<u>Less</u> Allowance for doubtful accounts	<u>(279,373,936)</u>	<u>-</u>	<u>(279,373,936)</u>	<u>(190,658,200)</u>	<u>-</u>	<u>(190,658,200)</u>
Loans and accrued interest receivable - net	<u>8,808,312,722</u>	<u>320,134,521</u>	<u>9,128,447,243</u>	<u>3,345,926,062</u>	<u>3,667,777</u>	<u>3,349,593,839</u>
Credit card receivable						
Credit card and accrued interest receivable	5,006,886,471	-	5,006,886,471	5,589,648,392	-	5,589,648,392
<u>Less</u> Allowance for doubtful accounts	<u>(151,869,928)</u>	<u>-</u>	<u>(151,869,928)</u>	<u>(151,743,663)</u>	<u>-</u>	<u>(151,743,663)</u>
Credit card and accrued interest receivable - net	<u>4,855,016,543</u>	<u>-</u>	<u>4,855,016,543</u>	<u>5,437,904,729</u>	<u>-</u>	<u>5,437,904,729</u>
Factoring receivable						
Factoring and accrued interest receivable	23,002,776	-	23,002,776	64,426,736	-	64,426,736
<u>Less</u> Deferred income	<u>(51,227)</u>	<u>-</u>	<u>(51,227)</u>	<u>(46,986)</u>	<u>-</u>	<u>(46,986)</u>
Factoring and accrued interest receivable - net	<u>22,951,549</u>	<u>-</u>	<u>22,951,549</u>	<u>64,379,750</u>	<u>-</u>	<u>64,379,750</u>
Total accounts receivable - net	<u>16,789,125,362</u>	<u>1,509,333,427</u>	<u>18,298,458,789</u>	<u>14,382,814,265</u>	<u>1,158,631,419</u>	<u>15,541,445,684</u>

5.2 Quality of assets

Accounts receivable as at February 20, are classified by aging as follows:

	CONSOLIDATED FINANCIAL STATEMENTS 2006 Baht	THE COMPANY'S FINANCIAL STATEMENTS 2006 Baht 2005 Baht	
Less than 3 months	18,525,810,523	18,378,928,688	15,623,883,759
3 months - less than 12 months	573,775,360	573,775,360	403,872,159
Total	19,099,585,883	18,952,704,048	16,027,755,918
<u>Less</u> Allowance for doubtful accounts	654,245,259	654,245,259	486,310,234
Accounts receivable - net	<u>18,445,340,624</u>	<u>18,298,458,789</u>	<u>15,541,445,684</u>

5.3 Transfers of financial assets

The Company entered into the Receivables Sale and Purchase Agreements with three (3) Special Purposes Vehicle Companies, which were incorporated under the Civil and Commercial Code of Thailand to be special purpose vehicles (SPV) under the Royal Enactment on Special Purpose Juristic Persons for Securitization B.E. 2540 (1997), under securitization plan which was approved by the Office of the Securities and Exchange Commission, the Company sold an amount of revolving receivables and the SPV also appointed the Company to act as the servicer which is responsible for collecting payments from its obligor under the Receivables Sale and Purchase Agreements and Servicing Agreements.

Details of aforementioned sales of receivables are summarized as follows:

		ESPV*	ECC**	ESPT***
Selling date		February 17, 2004	February 16, 2005	February 6, 2006
Type of transferred receivables		Hire Purchase Receivable	Credit Card Receivable	Credit Card Receivable
Revolving period		February 2004 - August 2007 (approximately)	February 2005 - January 2010 (approximately)	February 2006 - January 2011 (approximately)
Initial sales of receivables				
Sales price - net book value of initial receivables	Baht	1,999,999,755	2,956,800,085	2,782,514,549
Proceeds from transfer of the right of receivables	Baht	1,482,499,755	2,000,000,000	2,280,000,000
Subordinated lendings (see Note 8)	Baht	517,500,000	816,000,000	370,000,000
Minimum seller participation - pari passu with debentures (see Note 7)	Baht	-	140,800,000	132,500,000
Number of contracts		306,192	213,872	181,389
Average principal amount outstanding	Baht	6,532	13,825	15,340
Average principal amount as at the time of origination	Baht	8,542	-	-
Interest rate		-	18% p.a.	18% p.a.
Weighted average nominal interest rate		12.04% p.a.	-	-
Weighted average originate term to maturity		11.87 months	-	-
Weighted average remaining term to maturity		9.45 months	-	-

* Eternal Special Purpose Vehicle Company Limited

** Eternal Credit Card Special Purpose Vehicle Company Limited

*** Eternal 3 Special Purpose Vehicle Company Limited (Subsidiary)

The Company does not recognize other assets obtained in transfer of financial assets including retained interests on the financial statements because it is not practical to estimate their reasonable fair values.

Other related information is summarized as follows:

(1) Eternal Special Purpose Vehicle Company Limited (ESPV)

During the revolving period under securitization, the ESPV will apply collections received from purchased hire-purchase receivables to purchase additional offered eligible receivables from the Company under the condition specified in the agreement. The purchase price of the offered receivables to be sold will be equal to the total net book value of such offered receivables.

The Company has an option and has to buy back Excess Defaulted Receivables from the ESPV. Excess Defaulted Receivables are receivables having any amount unpaid for an aggregate of three or more Delinquency Cut-off Date, the 20th of each calendar month, and not been charged-off and the principal amount of which are not covered by the positive difference between (a) cash income received by the ESPV from the purchased receivables and (b) the interest payable on the debenture and certain expenses of the ESPV incurred in connection with the securitization transaction. Such option will expire if it is not exercised on each monthly purchase date. If the Company does not exercise the option or having exercised the option fails to repurchase all such excess defaulted receivables from the ESPV, such non-exercise or failure shall constitute a trigger event.

Under the Receivables Sales Agreement, Conditions to the repurchase of the Receivables from the ESPV during or at the end of the securitization transaction are as follows:

1. when the receivables sold are ineligible receivables
2. an option to repurchase the excess defaulted receivables
3. an option to repurchase the defaulted receivables
4. an option to repurchase, subject to the applicable law, all remaining Purchased Receivables from the ESPV if the cost of servicing the Purchased Receivables exceeds the benefits for doing so (Clean-up call)
5. an option to repurchase, subject to the applicable law, all remaining Purchased Receivables from the ESPV as a result of a change in Thai tax law after the Closing Date which would make the seller having to indemnify the ESPV against certain tax liabilities.

(2) Eternal Credit Card Special Purpose Vehicle Company Limited (ECC) and Eternal 3 Special Purpose Vehicle Company Limited (ESPT)

During the life of the securitizations, the Company may repurchase the Purchased Receivables in the following circumstance:

1. When the Company has breached its representations and warranties with respect to the Purchased Receivables which are ineligible. The Company is obliged to repurchase such ineligible receivables on the next Monthly Purchase Date.
2. On a Monthly Purchase Date, the Company may exercise its option to repurchase any Purchased Receivables which become a defaulted receivable on the Collection Period End Date immediately preceding such Monthly Purchase Date.
3. The Company may exercise the Clean up Call Option for repurchase of remaining Purchased Receivables as a Servicer.
4. The Company may exercise the Tax Redemption Option for repurchase of remaining Purchased Receivables.

The key financial information of Special Purpose Vehicle Companies as of February 20, 2006 and 2005, and for the years ended February 20, 2006 and 2005, is summarized as follows:

February 20, 2006

	ESPV “Unaudited” Baht	ECC “Unaudited” Baht	ESPT* Baht
Total assets	2,087,087,484	3,685,463,500	2,972,710,216
Total liabilities	2,087,043,484	3,685,419,500	2,972,666,216
Total shareholders’ equity	44,000	44,000	44,000
Total income	492,047,791	802,308,072	47,518,050
Bad debts and doubtful accounts	93,962,327	152,610,171	7,720
Other operating expenses	131,525,261	244,538,122	22,831,033
Interest expenses	121,935,616	268,750,753	9,846,772
Income tax	47,601,823	60,573,560	4,452,074
Net income	97,022,763	75,835,466	10,380,451

* Eternal 3 Special Purpose Vehicle Company Limited (ESPT) is the Company’s subsidiary (see Note 1).

February 20, 2005

	ESPV “Audited” Baht	ECC “Audited” Baht
Total assets	2,095,079,743	3,002,782,533
Total liabilities	2,095,035,743	3,000,948,741
Total shareholders’ equity	44,000	1,833,792
Total income	467,690,516	6,220,797
Bad debts and doubtful accounts	56,439,688	-
Other operating expenses	131,605,946	2,230,291
Interest expenses	115,580,753	1,427,945
Income tax	56,504,654	768,769
Net income	107,559,475	1,793,792

For the years ended February 20, 2006 and 2005, transfers of financial assets are summarized as follows:

	Million Baht	
	2006	2005
Sales of eligible hire purchase receivables and transfers of future credit card receivables (at book value)		
- Hire-purchase receivable (ESPV)	5,422	4,641
- Credit card receivable (ECC) *	6,890	2,998
- Credit card receivable (ESPT) *	3,227	-
	<u>15,539</u>	<u>7,639</u>
Cash collection on behalf of Special Purpose Vehicles (SPV)		
- Hire-purchase receivable (ESPV)	5,827	5,082
- Credit card receivable (ECC)	6,856	12
- Credit card receivable (ESPT)	518	-
	<u>13,201</u>	<u>5,094</u>
Servicing fee income from the SPV		
- Hire-purchase receivable (ESPV)	120	120
- Credit card receivable (ECC)	209	-
- Credit card receivable (ESPT)	14	-
	<u>343</u>	<u>120</u>
Repurchase of defaulted receivable	-	-

As at February 20, 2006 and 2005, outstanding of receivables sold to Special Purpose Vehicles and managed by the Company, are classified by aging as follows:

	Million Baht	
	2006	2005
Hire-purchase receivables (included accrued interest income) - ESPV		
Less than 3 months	1,977	1,985
3 months - less than 12 months	31	19
	<u>2,008</u>	<u>2,004</u>
<u>Less</u> Allowance for doubtful	<u>(37)</u>	<u>(24)</u>
	<u>1,971</u>	<u>1,980</u>
Credit card receivables (included accrued interest income) - ECC		
Less than 3 months	3,578	2,985
3 months - less than 12 months	52	-
	<u>3,630</u>	<u>2,985</u>
<u>Less</u> Allowance for doubtful	<u>(64)</u>	<u>-</u>
	<u>3,566</u>	<u>2,985</u>
Credit card receivables (included accrued interest income) - ESPT		
Less than 3 months	2,797	-
	<u>2,797</u>	<u>-</u>
<u>Less</u> Allowance for doubtful	<u>-</u>	<u>-</u>
	<u>2,797</u>	<u>-</u>
Total	<u>8,334</u>	<u>4,965</u>

6. OTHER LONG-TERM INVESTMENTS

As at February 20, 2006 and 2005, long-term investments consist of:

6.1 Long-term investments in related companies consist of:

	CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
	2006		2005	
	% of Ownership	Cost Baht	% of Ownership	Cost Baht
Siam-Jusco Company Limited (340,000 shares of Baht 100 each, Baht 25 called up)	8.50	8,500,000	8.50	8,500,000
ACS Credit Management Company Limited (550 shares of Yen 100,000 each, Par value of Yen 50,000, fully paid)	4.60	20,614,000		-
AEON Credit Service (M) Sdn. Bhd. (300,000 shares of RM 3 each, Par value of RM 1, fully paid)	2.50	9,828,708		-
		38,942,708		8,500,000
<u>Less</u> Allowance for impairment of assets		(8,500,000)		(8,500,000)
		<u>30,442,708</u>		<u>-</u>

6.2 Long-term investments in other companies consist of:

	CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
	2006		2005	
	% of Ownership	Cost Baht	% of Ownership	Cost Baht
Eternal SPV Company Limited	26.00	10,400	26.00	10,400
Eternal Credit Card SPV Company Limited	26.00	10,400	26.00	10,400
Others	-	985	-	985
		<u>21,785</u>		<u>21,785</u>

7. PARTICIPATION IN SPECIAL PURPOSE VEHICLE FOR SECURITIZATION

Participation in Special Purpose Vehicles for securitization as at February 20 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	THE COMPANY'S FINANCIAL STATEMENTS	
	2006 Baht	2006 Baht	2005 Baht
Eternal Credit Card Special Purpose Vehicle Company Limited	743,726,299	743,726,299	180,521,736
Eternal 3 Special Purpose Vehicle Company Limited	-	275,159,888	-
Total	<u>743,726,299</u>	<u>1,018,886,187</u>	<u>180,521,736</u>

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The Company entered into Credit Card Sales and Purchase Agreements with Eternal Credit Card Special Purpose Vehicle Company Limited (ECC) and Eternal 3 Special Purpose Vehicle Company Limited (ESPT) under securitization projects. The Company received partial payments from ECC and ESPT with seller participation account under securitization project of Baht 140,800,085 and Baht 132,514,549, respectively, which is non-subordinated and rank in order of priority pari passu with payments of principal in respect of the debentures. The aggregate seller participation account will increase from partial payments of such companies for purchase of Future Receivables and Additional Receivable when such companies' net cash flow generated by the Purchased Receivables is insufficient. Participation account would be reduced in order to repurchase ineligible receivables and receive the excess cash from such companies. However, the Company has to retain such Participation Minimum Amount of Baht 140,800,000 and Baht 132,500,000, respectively, of which such amount will be repaid by cash approximately within 2010 and 2011, respectively, or when this project ends (see Note 5.3).

8. SUBORDINATED LENDING

Subordinated lending entered with Special Purpose Vehicles as at February 20 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	THE COMPANY'S FINANCIAL STATEMENTS	
	2006	2006	2005
	Baht	Baht	Baht
Subordinated lending			
Eternal Special Purpose Vehicle Company Limited (ESPV)	517,500,000	517,500,000	517,500,000
Eternal Credit Card Special Purpose Vehicle Company Limited (ECC)	816,000,000	816,000,000	816,000,000
Eternal 3 Special Purpose Vehicle Company Limited (ESPT)	370,000,000	370,000,000	-
Total	<u>1,703,500,000</u>	<u>1,703,500,000</u>	<u>1,333,500,000</u>

- On February 17, 2004, the Company entered into subordinated bridging loan agreement with Eternal Special Purpose Vehicle Company Limited (ESPV) amounting to Baht 517,500,000 for the purpose of partial payment of the Initial Receivables from ESPV under the provision of the Receivable Sale Agreement. The interest is paid on the monthly basis at the rate of 5% per annum. Such bridging loan was refinanced to be subordinated term loan in May 2004 in accordance with such Bridging Loan Agreement. The term loan is due in the year 2010 and the interest is paid on the monthly basis at the rate of 12% per annum (see Note 5.3).
- On February 16, 2005, the Company entered into subordinated loan agreement with Eternal Credit Card Special Purpose Vehicle Company Limited (ECC) amounting to Baht 816,000,000, for the purpose of partial payment of the Initial Credit Card Receivables from ECC under the provision of the Receivable Sale Agreement. The interest is paid on the monthly basis at the rate of 5% per annum. Such bridging loan was refinanced to be subordinated term loan in August 2005 in accordance with such Bridging Loan Agreement. The term loan is due in the year 2010 and the interest is paid on the monthly basis at the rate of 15% per annum (see Note 5.3).
- On February 6, 2006, the Company entered into subordinated loan agreement with Eternal 3 Special Purpose Vehicle Company Limited (ESPT) amounting to Baht 370,000,000, for the purpose of partial payment of the Initial Credit Card Receivables from ESPT under the provision of the Receivable Sale Agreement. The interest is paid on the monthly basis at the rate of 15% per annum. Such bridging loan was refinanced to be subordinated term loan in July 2006 in accordance with such Bridging Loan Agreement. The term loan is due in the year 2011 and the interest is paid on the monthly basis at the rate of 15% per annum (see Note 5.3).

9. EQUIPMENT - NET

Equipment - net consist of the following:

	CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS			
	Balance as at February 20, 2005 Baht	Additions Baht	Disposals Baht	Balance as at February 20, 2006 Baht
Cost:				
Furniture and office equipment	963,567,356	120,928,599	(18,651,294)	1,065,844,661
Vehicles	7,313,889	-	(7,313,889)	-
Total	<u>970,881,245</u>	<u>120,928,599</u>	<u>(25,965,183)</u>	<u>1,065,844,661</u>
Accumulated depreciation:				
Furniture and office equipment	(552,760,159)	(197,626,649)	14,241,576	(736,145,232)
Vehicles	(6,231,350)	(465,287)	6,696,637	-
Total	<u>(558,991,509)</u>	<u>(198,091,936)</u>	<u>20,938,213</u>	<u>(736,145,232)</u>
Total equipment - net	<u>411,889,736</u>			<u>329,699,429</u>
			2006 Baht	2005 Baht
Depreciation for the years			<u>198,091,936</u>	<u>184,614,751</u>

As at February 20, 2006 and 2005, the gross carrying amounts of fully depreciated assets still in use are Baht 236.0 million and Baht 90.4 million, respectively.

10. INTANGIBLE ASSETS

Intangible assets as at February 20, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS 2006 Baht	THE COMPANY'S FINANCIAL STATEMENTS 2006 Baht		2005 Baht
Costs of software	800,805,473	800,805,473		593,101,894
<u>Less</u> Accumulated amortization	<u>(318,039,226)</u>	<u>(318,039,226)</u>		<u>(186,541,263)</u>
Costs of software - net	<u>482,766,247</u>	<u>482,766,247</u>		<u>406,560,631</u>
Amortization for the years	<u>131,497,963</u>	<u>131,497,963</u>		<u>88,046,266</u>

11. OTHER NON-CURRENT ASSETS

Other non-current assets as at February 20, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS	THE COMPANY'S FINANCIAL STATEMENTS	
	2006	2006	2005
	Baht	Baht	Baht
Deposits	149,649,329	149,649,329	98,532,467
Others	122,113,177	122,113,177	79,151,944
Total	<u>271,762,506</u>	<u>271,762,506</u>	<u>177,684,411</u>

12. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

The Company borrowed short-term loans from financial institutions in Baht and foreign currencies and has entered into forward exchange contracts for all short-term loans and related interest denominated in foreign currencies in order to hedge its exposure to foreign exchange rate risk. The details are as follows:

As at February 20, 2006

	CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS	
	Foreign Currency	Baht Equivalent
Loan in Yen currency (BOT rate)	1,500,000,000	502,078,500
Loan in USD currency (BOT rate)	12,000,000	472,447,200
Loan in Baht currency		<u>2,090,000,000</u>
Total short-term loans from financial institutions		<u>3,064,525,700</u>

As at February 20, 2005

	THE COMPANY'S FINANCIAL STATEMENTS	
	Foreign currency	Baht Equivalent
Loan in Yen currency (BOT rate)	2,500,000,000	920,135,000
Loan in Baht currency		1,940,000,000
Bill of exchange in Baht currency		<u>49,175,469</u>
Total short-term loans from financial institutions		<u>2,909,310,469</u>

As at February 20, 2006 and 2005, the Company managed risk that might be occurred from insufficient working capital by entering into the Facility Agreement with financial institutions for committed revolving credit facilities (see Note 23.1) as follows:

Currencies	2006	2005
Baht	1,070,000,000	700,000,000
Yen	-	1,000,000,000

13. LONG-TERM LOANS

The Company entered into long-term loan agreements and issued bills of exchange in Baht and foreign currencies as follows:

CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS As at February 20, 2006				THE COMPANY'S FINANCIAL STATEMENTS As at February 20, 2005	
Foreign Currencies		Baht Equivalent		Foreign Currencies	Baht Equivalent
Repayable within fiscal year ending February 20, 2006					
- Loan in Yen currency (BOT rate)					
Interest rate at (p.a.)					
● 1.27%		-	Yen 1,500,000,000	552,081,000	
● 1.07%		-	Yen 1,500,000,000	552,081,000	
		-			1,104,162,000
- Bill of exchange in Baht currency					
Interest rate at (p.a.)					
● 4.49% - 4.71%		-			436,042,750
● 4.02% - 4.10%		-			654,236,641
● 3.35% - 3.5576%		-			270,530,933
		-			1,360,810,324
		-			2,464,972,324
Repayable within fiscal year ending February 20, 2007					
- Loan in USD currency (BOT rate)					
Interest rate at (p.a.)					
● USD-LIBOR-BBA + 0.85%	US\$ 8,000,000	314,964,800	US\$ 8,000,000	309,304,000	
		314,964,800			309,304,000
- Loan in Yen currency (BOT rate)					
Interest rate at (p.a.)					
● 1.17%	Yen 1,000,000,000	334,719,000	Yen 1,000,000,000	368,054,000	
● ZTIBOR 6M + 0.90%	Yen 1,500,000,000	502,078,500	Yen 1,500,000,000	552,081,000	
		836,797,500			920,135,000
- Bill of exchange in Baht currency					
Interest rate at (p.a.)					
● 2.30%		48,025,706			48,578,385
		48,025,706			48,578,385
		1,199,788,006			1,278,017,385

CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS As at February 20, 2006				THE COMPANY'S FINANCIAL STATEMENTS As at February 20, 2005	
	Foreign Currencies	Baht Equivalent		Foreign Currencies	Baht Equivalent
Repayable within fiscal year ending February 20, 2008					
- Loan in Yen currency (BOT rate)					
Interest rate at (p.a.)					
• JPY-BBA LIBOR 6M + 0.05%	Yen 3,000,000,000	1,004,157,000		Yen 3,000,000,000	1,104,162,000
• 1.51%	Yen 1,000,000,000	334,719,000		Yen 1,000,000,000	368,054,000
• 1.57%	Yen 1,200,000,000	401,662,800		Yen 1,200,000,000	441,664,800
• ZTIBOR 6M + 0.90%	Yen 3,000,000,000	1,004,157,000		Yen 3,000,000,000	1,104,162,000
		<u>2,744,695,800</u>			<u>3,018,042,800</u>
- Bill of exchange in Baht currency					
Interest rate at (p.a.)					
• 3.90%		1,153,705,546			1,110,042,817
• 4.10% - 4.16%		1,760,452,871			1,688,386,430
• 4.25%		250,000,000			250,000,000
		<u>3,164,158,417</u>			<u>3,048,429,247</u>
		<u>5,908,854,217</u>			<u>6,066,472,047</u>
Repayable within fiscal year ending February 20, 2009					
- Loan in Yen currency (BOT rate)					
Interest rate at (p.a.)					
• ZTIBOR 6M + 0.90%	Yen 1,500,000,000	502,078,500		Yen 1,500,000,000	552,081,000
• LIBOR + 0.40%	Yen 5,000,000,000	1,673,595,000			-
• 1.25%	Yen 1,000,000,000	334,719,000			-
• JPY-BBA-LIBOR + 0.40%	Yen 1,000,000,000	334,719,000			-
		<u>2,845,111,500</u>			<u>552,081,000</u>
- Loan in Baht currency					
• 6M THBFIX + 0.80%		500,000,000			-
• 6M THBFIX + 0.75%		600,000,000			-
• 6M THBFIX + 0.50%		400,000,000			-
		<u>1,500,000,000</u>			<u>-</u>
		<u>4,345,111,500</u>			<u>552,081,000</u>
Repayable within fiscal year ending February 20, 2010					
- Bill of exchange in Baht currency					
Interest rate at (p.a.)					
• 4.30%		700,000,000			700,000,000
		<u>700,000,000</u>			<u>700,000,000</u>
Repayable within fiscal year ending February 20, 2011					
- Loan in Yen Currency (BOT Rate)					
Interest rate at (p.a.)					
• JPY-BBA-LIBOR + 0.54%	Yen 3,000,000,000	1,004,157,000			-
		<u>1,004,157,000</u>			<u>-</u>
- Loan in Baht currency					
• 6M THBFIX + 0.64%		300,000,000			-
		<u>300,000,000</u>			<u>-</u>
		<u>1,304,157,000</u>			<u>-</u>
Total		13,457,910,723			11,061,542,756
Less Current portion of long-term loans		<u>(1,199,788,006)</u>			<u>(2,464,972,324)</u>
Total long-term loans		<u>12,258,122,717</u>			<u>8,596,570,432</u>

To manage risk that might occur from the fluctuation in currency and interest rate. The Company has entered into cross currency and interest rate swap contracts to hedge its debts as follows:

As at February 20, 2006

Principal to be received	Interest rate to be received	Principal to be paid (Baht)	Interest rate to be paid	Period
JPY 1,000,000,000	1.51%	377,600,000	4.77%	Jun 25, 2004 - Jun 25, 2007
JPY 1,500,000,000	ZTIBOR 6M + 0.9%	566,550,000	4.38%	Jun 28, 2004 - Jun 28, 2007
JPY 1,500,000,000	ZTIBOR 6M + 0.9%	557,100,000	4.19%	Feb 4, 2004 - Feb 4, 2007
JPY 1,000,000,000	1.17%	369,500,000	4.29%	Feb 13, 2004 - Feb 13, 2007
JPY 1,200,000,000	1.57%	453,120,000	4.91%	Aug 6, 2004 - Aug 6, 2007
JPY 1,500,000,000	JPY-BBA LIBOR 6M + 0.05%	564,450,000	3.86%	Sep 15, 2004 - Sep 13, 2007
JPY 1,500,000,000	ZTIBOR 6M + 0.9%	567,000,000	4.91%	Oct 19, 2004 - Oct 17, 2008
JPY 1,500,000,000	JPY-BBA LIBOR 6M + 0.05%	569,250,000	4.48%	Nov 22, 2004 - Nov 22, 2007
JPY 1,500,000,000	ZTIBOR 6M + 0.9%	546,600,000	5.10%	Feb 15, 2005 - Feb 15, 2008
JPY 5,000,000,000	LIBOR 6M + 0.4%	1,856,500,000	4.86%	Jul 29, 2005 - Jul 29, 2008
JPY 1,000,000,000	1.25%	376,100,000	5.565%	Aug 18, 2005 - Aug 18, 2008
JPY 1,000,000,000	JPY-BBA-LIBOR + 0.4%	351,000,000	6.50%	Nov 10, 2005 - Sep 30, 2008
JPY 3,000,000,000	JPY-BBA-LIBOR + 0.54%	1,053,000,000	6.97%	Nov 10, 2005 - Sep 30, 2010
USD 8,000,000	USD-LIBOR-BBA + 0.85%	333,040,000	3.10%	Jul 21, 2003 - Jul 21, 2006
THB 500,000,000	6M THBFIX + 0.8%	500,000,000	5.09%	Apr 20, 2005 - Apr 21, 2008
THB 600,000,000	6M THBFIX + 0.75%	600,000,000	5.74%	Sep 2, 2005 - Sep 2, 2008
THB 400,000,000	6M THBFIX + 0.5%	400,000,000	6.51%	Nov 10, 2005 - Sep 30, 2008
THB 300,000,000	6M THBFIX + 0.64%	300,000,000	6.91%	Nov 10, 2005 - Sep 30, 2010

As at February 20, 2005

Principal to be received	Interest rate to be received	Principal to be paid (Baht)	Interest rate to be paid	Period
JPY 1,500,000,000	1.07%	539,000,000	4.64%	Sep 2, 2002 - Sep 2, 2005
JPY 1,082,056,283	1.27%	388,350,000	3.88%	Jan 10, 2003 - Jan 11, 2006
JPY 278,629,145	1.27%	100,000,000	3.88%	Jan 10, 2003 - Jan 11, 2006
JPY 139,314,572	1.27%	50,000,000	3.65%	Jan 17, 2003 - Jan 11, 2006
JPY 1,000,000,000	1.51%	377,600,000	4.77%	Jun 25, 2004 - Jun 25, 2007
JPY 1,500,000,000	ZTIBOR 6M + 0.9%	566,550,000	4.38%	Jun 28, 2004 - Jun 28, 2007
JPY 1,500,000,000	ZTIBOR 6M + 0.9%	557,100,000	4.19%	Feb 4, 2004 - Feb 4, 2007
JPY 1,000,000,000	1.17%	369,500,000	4.29%	Feb 13, 2004 - Feb 13, 2007
JPY 1,200,000,000	1.57%	453,120,000	4.91%	Aug 6, 2004 - Aug 6, 2007
JPY 1,500,000,000	JPY-BBA LIBOR 6M + 0.05%	564,450,000	3.86%	Sep 15, 2004 - Sep 13, 2007
JPY 1,500,000,000	ZTIBOR 6M + 0.9%	567,000,000	4.91%	Oct 19, 2004 - Oct 17, 2008
JPY 1,500,000,000	JPY-BBA LIBOR 6M + 0.05%	569,250,000	4.48%	Nov 22, 2004 - Nov 22, 2007
JPY 1,500,000,000	ZTIBOR 6M + 0.9%	546,600,000	5.10%	Feb 15, 2005 - Feb 15, 2008
USD 8,000,000	USD-LIBOR-BBA + 0.85%	333,040,000	3.10%	Jul 21, 2003 - Jul 21, 2006

14. LONG-TERM DEBENTURES

As at February 20, 2006 and 2005, long-term debentures represent unsubordinated and unsecured debentures with a par value of Baht 1,000 each which the details are as follows:

Issue date	Maturity date	No.of units	Amount (Baht)	Interest rate (%)	Term of interest payment	CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS	THE COMPANY'S FINANCIAL STATEMENTS
						2006 Baht	2005 Baht
18/07/02	18/07/05	1,000,000	1,000,000,000	4.05	Semi-annual	-	1,000,000,000
30/06/05	30/06/08	500,000	500,000,000	4.45	Semi-annual	500,000,000	-
15/07/05	15/07/08	520,000	520,000,000	4.77	Semi-annual	520,000,000	-
15/07/05	15/07/10	300,000	300,000,000	4.94	Semi-annual	300,000,000	-
Total						1,320,000,000	1,000,000,000
Less Current portion						-	(1,000,000,000)
Long-term debenture						1,320,000,000	-

On February 6, 2006, the subsidiary issued the debentures of Baht 2,280,000,000 under the Securitization project. Cash flow from a pool of credit card receivables will be used to make payments under the Debentures. Interest on the Debentures will be payable monthly commencing on March 10, 2006.

As at February 20, 2006, the subsidiary's debentures classified to four classes as follows:

Debenture Classes	Maturity date	Amount (Baht)	Interest rate (%)	2006 Baht
Class A-1	February 10, 2009	1,500,000,000	5.73	1,500,000,000
Class A-2	February 30, 2011	500,000,000	5.88	500,000,000
Class B	Amortizing basis following February 10, 2011	120,000,000	6.13	120,000,000
Class C	Amortizing basis following February 10, 2011	160,000,000	6.33	160,000,000
				<u>2,280,000,000</u>

Such subsidiary's debentures are derecognized against credit card receivables in the consolidated financial statements (see Note 2.4).

15. SHAREHOLDERS' EQUITY

At the Annual General Meeting of shareholders held on June 10, 2004, the shareholders had the resolution to approve the following matters:

- The change in par value from Baht 5 per share of 50,000,000 shares to be Baht 1 per share of 250,000,000 shares, which the Company registered with the Ministry of Commerce on June 17, 2004.
- The appropriation of the net income of Baht 310,000,000 as a reserve for business expansion.
- The declaration of final dividends for the fiscal year 2003 at the rate of Baht 2.10 per share amounting to Baht 105,000,000 which will be paid to all shareholders on July 8, 2004, in addition to the interim dividends which were paid to all shareholders of the Company at Baht 1.80 per share amounting to Baht 90,000,000 on October 20, 2003.

The aforementioned shareholders included 56,100 shares of foreign shareholders who had no right to receive dividend in accordance with regulation of Thailand Securities Depository thus the Company paid dividend to shareholders amounting to Baht 104,882,190 on July 8, 2004.

On September 23, 2004, the board of directors' meeting passed a resolution to declare interim dividends at the rate of Baht 0.46 per share amounting to Baht 115,000,000. The aforementioned shareholders included 697,700 shares of foreign shareholders who had no right to receive dividend in accordance with regulation of Thailand Securities Depository thus the Company paid dividend to shareholders amounting to Baht 114,679,058 on October 15, 2004.

At the Annual General Meeting of shareholders held on June 9, 2005, the shareholders had the resolution to approve the following matters:

- The appropriation of the net income of Baht 500,000,000 as a reserve for business expansion.
- The declaration of final dividends for the fiscal year 2004 at the rate of Baht 0.54 per share amounting to Baht 135,000,000. The aforementioned shareholders included 16,000 shares of foreign shareholders who had no right to receive dividend in accordance with regulation of Thailand Securities Depository thus the Company paid dividend to shareholders amounting to Baht 134,991,360 on June 20, 2005.

On September 22, 2005, the board of directors' meeting passed a resolution to declare interim dividends at the rate of Baht 0.65 per share amounting to Baht 162,500,000. The aforementioned shareholders included 16,000 shares of foreign shareholders who had no right to receive dividend in accordance with regulation of Thailand Securities Depository thus the Company paid dividend to shareholders amounting to Baht 162,489,600 on October 14, 2005.

16. LEGAL RESERVE

Pursuant to the Public Limited Companies Act. B.E. 2535 (1992), the Company must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than ten percent of the registered capital.

17. REVENUE RELATING TO SECURITIZATION TRANSACTION

Revenue relating to securitization transaction incurred from sales of hire purchase and credit card receivables is included in Hire Purchase and Credit Card Income for presentation.

For the years ended February 20, 2006 and 2005, the details of revenues from securitization transaction consist of the following:

		CONSOLIDATED FINANCIAL STATEMENTS 2006 Baht	
Hire Purchase Income			
Interest income from subordinated lending (see Note 8)		62,100,000	
Dividend from investment in Special Purpose Vehicle		111,445,719	
Servicing income		119,999,916	
Total		<u>293,545,635</u>	
Credit Card Income			
Interest income from subordinated lending (see Note 8)		84,506,301	
Revenue from seller participation in Special Purpose Vehicle (see Notes 5.3 and 7)		95,191,573	
Dividend from investment in Special Purpose Vehicle (see Notes 5.3 and 7)		77,610,458	
Servicing income		208,363,679	
Total		<u>465,672,011</u>	
		THE COMPANY'S FINANCIAL STATEMENTS 2006 Baht	
		2005 Baht	
Hire Purchase Income			
Interest income from subordinated lending (see Note 8)	62,100,000	55,322,877	
Dividend from investment in Special Purpose Vehicle (see Notes 5.3 and 7)	111,445,719	93,401,796	
Servicing income	119,999,916	120,328,733	
Total	<u>293,545,635</u>	<u>269,053,406</u>	
Credit Card Income			
Interest income from subordinated lending (see Note 8)	86,635,069	-	
Revenue from seller participation in Special Purpose Vehicle (see Notes 5.3 and 7)	97,450,646	-	
Dividend from investment in Special Purpose Vehicles (see Notes 5.3 and 7)	87,972,109	-	
Share of profits from investment in Special Purpose Vehicle using the equity method	10,361,651	-	
Servicing income	222,543,068	-	
Total	<u>504,962,543</u>	<u>-</u>	

18. TRANSACTIONS WITH RELATED PARTIES

The consolidated and the Company's financial statements include certain transactions with the subsidiary and related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The consolidated and the Company's financial statements reflect the effects of these transactions on the basis determined by the Company, the subsidiary and the related parties which are as follows:

18.1 Investments using the equity method

Company	Relationship	Paid-up Capital Baht	% of Ownership	Cost Baht	THE COMPANY'S FINANCIAL STATEMENTS As at February 20, 2006	
					Equity Baht	Dividend Received Baht
Eternal 3 Special Purpose Vehicle Company Limited	Subsidiary	40,000	26.0%	10,400	10,400	10,361,651
				<u>10,400</u>	<u>10,400</u>	<u>10,361,651</u>

18.2 Business transaction with related parties

18.2.1 Balances with related parties

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS As at February 20, 2006	THE COMPANY'S FINANCIAL STATEMENTS As at February 20, 2006	
		Baht	Baht	2005 Baht
Other current assets				
Eternal 3 Special Purpose Vehicle Company Limited	Subsidiary	-	29,921,438	-
Aeon Credit Service Company Limited	Major shareholder	1,605	1,605	3,057
ACS Capital Corporation Limited	Shareholder and same directorship	-	-	94,680
Siam-Jusco Company Limited	Mutual holding and one common director	3,769,458	3,769,458	3,956,403
Other assets				
Siam-Jusco Company Limited	Mutual holding and one common director	190,500	190,500	190,500
Account payable				
Siam-Jusco Company Limited	Mutual holding and one common director	2,200,916	2,200,916	4,867,444
Other current liabilities				
Eternal 3 Special Purpose Vehicle Company Limited	Subsidiary	-	175,788,381	-
Aeon Credit Service Company Limited	Major shareholder	1,944,273	1,944,273	1,630,254
ACS Insurance Broker (Thailand) Co., Ltd.	Same directorship	3,661,962	3,661,962	-
Jay Mart Public Company Limited	One common director	393,840	393,840	-

18.2.2 Transactions with related parties

Related parties	Relationship	CONSOLIDATED	THE COMPANY'S	
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	
		For the year ended	For the years ended	
		February 20,	February 20,	
		2006	2006	2005
		Baht	Baht	Baht
Credit card income				
Siam-Jusco Company Limited	Mutual holding and one common director	669,893	669,893	1,225,240
Revenue relating to securitization transaction				
Eternal 3 Special Purpose Vehicle Company Limited	Subsidiary	-	28,928,881	-
Other income				
ACS Capital Corporation Limited	Share holder and Same directorship	1,160,000	1,160,000	960,000
ACS Insurance Broker (Thailand) Co., Ltd.	Same directorship	4,882,071	4,882,071	-
Operating expenses				
Siam-Jusco Company Limited	Mutual holding and one common director	1,620,034	1,620,034	1,603,684
ACS Capital Corporation Limited	Shareholder and same directorship	7,649,696	7,649,696	-
Jay Mart Public Company Limited	One common director	5,443,425	5,443,425	-
Dividend payment				
Aeon Credit Service Company Limited	Major shareholder	82,110,000	82,110,000	60,720,000
ACS Capital Corporation Limited	Shareholder and same directorship	57,120,000	57,120,000	42,240,000
Siam-Jusco Company Limited	Mutual holding and one common director	26,180,000	26,180,000	19,360,000

- For the year ended February 20, 2006, other income includes the management fee charged to ACS Capital Corporation Limited and ACS Insurance Broker (Thailand) Co., Ltd. at the rates of Baht 80,000 per month and Baht 35,000 per month, respectively, and the marketing research fee of Baht 50,000 per month charged to ACS Capital Corporation Limited. Revenues relating to securitization transactions are determined by the Company and the related companies in accordance with securitization project (see Notes 5.3 and 17).
- For the year ended February 20, 2005, other income includes the management fee at the rate of Baht 80,000 per month.
- Other transactions are determined by the Company and the related companies concerned on the cost plus basis.

18.3 Long-term agreements

As at February 20, 2006 and 2005, the Company has long-term lease and service agreements with a related party as follows:

As at February 20, 2006

Related party	Relationship	CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS	
		Remaining period	Remaining expenses Baht
Office rental and service			
Siam-Jusco Company Limited	Mutual holding and one common director	21/2/06 - 30/6/07	1,104,000

As at February 20, 2005

Related party	Relationship	THE COMPANY'S FINANCIAL STATEMENTS	
		Remaining period	Remaining expenses Baht
Office rental and service			
Siam-Jusco Company Limited	Mutual holding and one common director	21/2/05 - 30/6/07	1,395,296

Prices and conditions are the same as Siam-Jusco Company Limited offered to other third parties.

19. LONG-TERM OPERATING LEASE AND SERVICE AGREEMENTS

As at February 20, 2006 and 2005, the Company has long-term lease and service agreements as follows:

As at February 20, 2006

Type	Remaining period	CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS	
		Remaining expenses Baht	
Office rental and Service	21/02/2006 - 20/02/2007	89,486,074	
	21/02/2007 - 20/02/2008	53,628,411	
	21/02/2008 - 20/02/2009	18,469,197	
	21/02/2009 - 20/02/2010	1,810,600	
		<u>163,394,282</u>	
Equipment lease	21/02/2006 - 20/02/2007	78,977,644	
	21/02/2007 - 20/02/2008	50,722,072	
	21/02/2008 - 20/02/2009	13,046,896	
		<u>142,746,612</u>	

As at February 20, 2005

THE COMPANY'S FINANCIAL STATEMENTS		
Type	Remaining period	Remaining expenses Baht
Office rental and Service	21/02/2005 - 20/02/2006	47,975,663
	21/02/2006 - 20/02/2007	36,592,207
	21/02/2007 - 20/02/2008	17,996,601
	21/02/2008 - 20/02/2009	831,424
		<u>103,395,895</u>
Equipment lease	21/02/2005 - 20/02/2006	103,675,595
	21/02/2006 - 20/02/2007	46,032,438
	21/02/2007 - 20/02/2008	17,786,753
		<u>167,494,786</u>

20. FINANCIAL INFORMATION BY SEGMENT

The operation of the Company consists of credit for hire purchase, personal loans, credit card and factoring business. The results of operation of these activities are measured as a single segment. In addition, these activities are carried on in Thailand.

As a result, revenues, operating profits and identifiable assets as reflected in these financial statements pertain to the aforementioned industry segment and geographical area.

21. FINANCIAL INSTRUMENTS DISCLOSURE

The Company presents and discloses financial instruments in accordance with the Thai Accounting Standard No. 48 regarding "Presentations and Disclosure of Financial Instruments".

The Company enters into foreign exchange forward contracts to hedge foreign exchange risk associated with certain commitments denominated in foreign currencies. It is the Company's policy to use derivatives only for the purpose of managing risks associated with such commitments. The Company does not hold derivatives for trading purposes.

21.1 Accounting policies

Details of significant accounting policies are disclosed in Note 2.

21.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company and subsidiary. Concentrations of the credit risk with respect to trade receivables are limited due to the large number of customers comprising the customer base, and their dispersion across different geographic regions. However, the Company and subsidiary have adopted the policy to prevent this risk by performing credit analysis from customers' information and following up on customer status consistently.

In the case of recognized financial assets, the carrying amount of the assets recorded in the balance sheet, net of a portion of allowance for doubtful accounts, represents the Company maximum exposure to credit risk.

21.3 Interest rate risk

Interest rate risk arises from a potential for a change in interest rates to have an adverse effect on the Company and subsidiary in the current reporting period and in future years.

The Company did not have interest rate risk as all of the loans carrying floating interest rate has been hedged. Details of cross currency and interest rate swaps are disclosed in Note 13.

The subsidiary did not have interest rate risk as all of the loans carry fixed rates.

21.4 Foreign exchange risk

Foreign exchange risk arises from the change in foreign currency exchange rate to have an adverse effect on the Company in the current reporting period and in future years. The Company did not anticipate any foreign exchange risk which may have a material effect on the result of operations as all the transactions in foreign currency have been hedged by entering to forward exchange and currency swap contracts.

As at February 20, 2006 and 2005, the Company entered into a various swap currency contracts to hedge long-term loans by details disclosed in Note 13.

As at February 20, 2006 and 2005, the Company entered into a various forward exchange contracts with banks to hedge short-term loans from financial institutions and fixed deposit with their relative interest denominated in foreign currencies. The details of such contracts are as follows:

As at February 20, 2006

CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS

	Currency	Amount	Average rate	Spot rate at balance sheet date	The remaining period (days)
Forward purchase contracts	Yen	1,500,000,000	0.3571031	0.334719	7 - 129
	USD	12,000,000	40.5522	39.3706	63 -149

As at February 20, 2005

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	Currency	Amount	Average rate	Spot rate at balance sheet date	The remaining period (days)
Forward purchase contracts	Yen	2,500,000,000	0.3778104	0.368054	1 - 149

In addition, in order to manage risk from fluctuation in currency and interest rate, the Company has entered into various cross currency and interest rate swap contracts to hedge its long-term debts as disclosed in Note 13.

21.5 Estimated fair value of financial instruments

Thai Accounting Standard No. 48, "Financial Instruments Disclosure and Presentation", requires certain fair value disclosures. Considerable judgement is necessarily required in estimation of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amount that could be realized in a current market exchange.

The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair value of financial instruments.

Cash and cash equivalents, fixed deposits used as collateral, accounts receivable, short-term loans from financial institutions, accounts payable and factoring payable; the carrying values approximate their fair values due to short period maturity.

Long-term loans; the fair values of long-term loans bearing floating rate of interest are based on the amount recognized in the balance sheet. The fair values of long-term loans and debentures bearing fixed rates of interest are estimated based on the discounted cash flows using average current interest rate over remaining period to maturity.

	CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS As at February 20, 2006		THE COMPANY'S FINANCIAL STATEMENTS As at February 20, 2005	
	Carrying value Baht	Fair value Baht	Carrying value Baht	Fair value Baht
Long-term loan bearing				
fixed interest rate	5,403,463,522	5,121,830,704	7,554,656,461	7,402,810,726
Long-term debenture bearing				
fixed interest rate	1,320,000,000	1,277,966,821	1,000,000,000	1,009,476,240

The Company has entered into several forward foreign currency exchange contracts and cross currency and interest rate swap contracts to reduce foreign exchange risk and interest rate risk associated with foreign currency loans.

Forward foreign currency exchange contracts and cross currency and interest rate swap contracts: the fair values are based on the amount to receive or to pay if there is a termination of the agreements.

As at February 20, 2006 and 2005, if the Company terminated the forward foreign currency exchange contracts, it has to pay approximately Baht 47.6 million and Baht 19 million, respectively, to the counterparties.

As at February 20, 2006 and 2005, if the Company terminated the cross currency and interest rate swap contracts agreement, it has to pay approximately Baht 549.0 million and Baht 126.9 million, respectively, to the counterparties.

22. PROVIDENT FUND

The Company has set up a contributory provident fund. The contribution from employees is deducted from the monthly salaries, with the Company matching the individual's contribution. The Company registered its provident fund in accordance with the Provident Fund Act. B.E. 2530 (1987) on June 1, 1999. For the years ended February 20, 2006 and 2005, the Company contributed Baht 4,322,465 and Baht 3,890,999, respectively, to the provident fund and recorded it as expenses.

23. OTHER MATTERS

23.1 As at February 20, 2006 and 2005, the Company has the committed revolving credit facility agreements with financial institutions for general corporate funding requirements. The details are as follows:

CONSOLIDATED AND THE COMPANY'S FINANCIAL STATEMENTS		
As at February 20, 2006	Revolving credit facilities	
	Currency	Amount
May 16, 2005 - May 15, 2006	Baht	700,000,000
August 19, 2005 - August 19, 2006	Baht	370,000,000
THE COMPANY'S FINANCIAL STATEMENTS		
As at February 20, 2005	Revolving credit facilities	
	Currency	Amount
May 17, 2004 - May 16, 2005	Baht	700,000,000
August 19, 2004 - August 19, 2005	Yen	1,000,000,000

As at February 20, 2006 and 2005, such credit facilities are unused by the Company.

- 23.2 As at February 20, 2006 and 2005, the Company has bank's letter of guarantees issued to suppliers for guarantee payment of Baht 9,500,000 and Baht 9,400,000, respectively.
- 23.3 As at February 20, 2006 and 2005, the Company has unused overdraft facilities with various banks totaling Baht 85,000,000.

24. IMPORTANT AGREEMENTS RELATING TO SECURITIZATION TRANSACTION

24.1 Receivables Sale Agreements

- 24.1.1 On February 17, 2004, the Company entered into the Receivables Sale Agreement with the Eternal Special Purpose Vehicle Company Limited (ESPV). Such agreement sets out the procedures and terms in respect of the sale and purchase of the Initial Hire-purchase Receivables on the Closing Date and of additional Offered Receivables on each Purchase Date including the rights, obligations and responsibilities of both parties. In addition, the Receivables Sale Agreement also sets out the terms and conditions in respect of the resale and repurchase of the Excess Defaulted Receivables on each Monthly Purchase Date, as well as in respect of the resale and repurchase of the Purchased Receivables on each Monthly Allocation Date in the event they are Ineligible Receivables or following the exercise by the Seller of the option to repurchase, during the Amortization Period, the Purchased Receivables which became Defaulted Receivables during the immediately preceding Collection Period or following the exercise by the Servicer of the Clean-up Call or the exercise by the Seller of the repurchase option as a result of a change in Thai tax law.
- 24.1.2 On February 16, 2005, the Company entered into the Receivables Sale and Purchase Agreement with Eternal Credit Card Special Purpose Vehicle Company Limited (ECC). Such agreement sets out the procedures and terms in respect of the sale and purchase of the Initial Receivables on the Closing Date, for Future Receivables on each Purchase Date and for Additional Receivables on each Monthly Purchase Date including the rights, obligations and responsibilities of both parties. The Receivables Sale and Purchase Agreement also sets out the terms and conditions in respect of the resale and repurchase of the Ineligible Receivables and Defaulted Receivables.
- 24.1.3 On February 6, 2006, the Company entered into the Receivables Sale and Purchase Agreement with Eternal 3 Special Purpose Vehicle Company Limited (ESPT). Such agreement sets out the procedures and terms in respect of the sale and purchase of the Initial Receivables on the Closing Date, for Future Receivables on each Purchase Date and for Additional Receivables on each Monthly Purchase Date including the rights, obligations and responsibilities of both parties. The Receivables Sale and Purchase Agreement also sets out the terms and conditions in respect of the resale and repurchase of the Ineligible Receivables and Defaulted Receivables.

24.2 Servicing Agreements

- 24.2.1 On February 17, 2004, the Company entered into the Servicing Agreement with the ESPV. Based on such agreement, the ESPV appointed the Company (as a transferor and servicer) to provide certain administration services (including record-keeping and producing written reports relating to the Collections), to act as the collection agent and other services for hire-purchase receivables in relation to the Purchased Receivables. In addition, the Servicing Agreement also set out other relevant terms, such as the scope of the services, the payment of service fees, the termination of the appointment of the Servicer and the Back-up Servicer, and the appointment of the substitute servicer.
- 24.2.2 On February 16, 2005, the Company entered into the Servicing Agreement with the ECC. Based on such agreement, the ECC appointed the Company (as a transferor and servicer) to provide certain administration services (including record-keeping and producing written reports relating to the Collections), to act as the collection agent and other services for credit card receivables in relation to the Purchased Receivables. In addition, the Servicing Agreement also set out other relevant terms, such as the scope of the services, the payment of service fees, the termination of the appointment of the Servicer and the Back-up Servicer appointment of the substitute servicer.
- 24.2.3 On February 6 2006, the Company entered into the Servicing Agreement with the ESPT, the subsidiary. Based on such agreement, the ESPT appointed the Company (as a transferor and servicer) to provide certain administration services (including record-keeping and producing written reports relating to the Collections), to act as the collection agent and other services for credit card receivables in relation to the Purchased Receivables. In addition, the Servicing Agreement also set out other relevant terms, such as the scope of the services, the payment of service fees, the termination of the appointment of the Servicer and the Back-up Servicer appointment of the substitute servicer.

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the authorized director on April 7, 2006.