



BEST CARD ISSUER IN THAILAND

Annual Report 2009

Krungthai Card Public Company Limited



Location : KTC Touch The Government Complex

Enter





THE BEST

KTC aims to be a Credit Card provider that makes it convenient for its users to purchase products and obtain privileges. To satisfy their customer's dynamic desires best, KTC constantly conducts research and introduces new services.

Location : KTC Touch The Government Complex

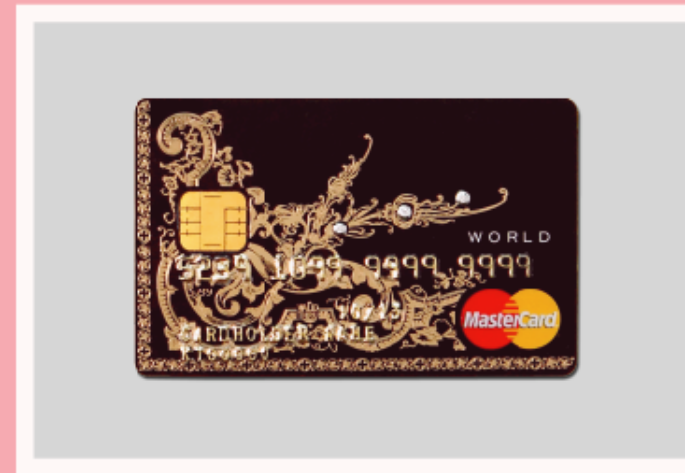


BEST CARD ISSUER IN THAILAND 2009

Mr. Michael Lafferty, Lafferty Group President said he considers KTC is a global leader in the Credit Card industry and a role model for Credit Cards in Asia.

Best Card Issuer in Thailand
Best Premium Credit Card in Thailand
Best Classic Card in Thailand

KTC has received 3 prizes at the Lafferty Southeast Asia Payment Card Awards 2009. The awards, coming from a leading global research and financial consultant institution, reflect the confidence in KTC which provides Credit Cards to customers of all segments. KTC will turn this appreciation into determination to introduce new services to our customers.



MASTERCARD HALL OF FAME AWARDS 2009 BEST NEW CARD LAUNCH/RELAUNCH

MasterCard, our global alliance, awarded KTC as the winner of the best new card for the launch of "KTC-Royal Orchid Plus World MasterCard" which is the most premium card in Thailand and the world's 3rd Credit Card that was decorated with gold and diamond. Obtaining a KTC-Royal Orchid Plus World MasterCard is by invitation only and Card holders receive privileges in traveling and services from Thai Airways.



Because each individual has a different lifestyle with different demands, KTC offers a variety of Credit Cards that reflect their individuality best and cater to our customers' various ways of life. A variety of privileges reflecting each user's demands are offered such as traveling, golfing, diving, photography, benefits for the elderly, automobile, department store and plenty more as well as alliances like hospitals to serve our health conscious customers.

In addition, KTC has developed and introduced a new technology which analyzes an individual customer's lifestyle. The system will support KTC in selecting suitable privileges offered by more than 1,000 privilege providers across the country for each customer. The selected privileges are sent to customers in a monthly information package where customers of different age, location and lifestyles will receive different privilege information.

A woman with long dark hair, wearing a light blue denim jacket over a dark top, is smiling at a counter. A person's arm in a white shirt is visible in the foreground, and a payment terminal is on the counter. The background is a brightly lit, modern interior with curved architectural elements.

BEST OFFERING

KTC is successful because of the support of our Card holders. We consider ourselves as a Membership Organization. For continued support, we study our customer's information so that we can genuinely understand our customer's demands and promote customer expansion for a sustainable future. KTC focuses on developing systems such as Forever Rewards, a points rewarding system, specially designed to keep our customers satisfied.



BEST CHOICE

Since we want to be the first Credit Card that customers would think of when a purchasing decision is being made, KTC has joined forces with hundreds of business alliances such as department stores, restaurants, hospitals, health and beauty care centers and product fairs. We add value to the alliance's offers as well as providing an auto installment service called "Flexi 0%" to help relieve the paying burden of customers. Card holders would also enjoy privileges in shops which refuse Credit Card usage by just presenting their KTC card. This is our contribution to extend privileges to our customers everywhere they go.

From a survey on leading brands in Thailand among customers, KTC remains one of the most well-recognized top brands. It is also being recommended by customers, exceeding other brands in the same business including those with global names. * This proves that KTC is one of the prime choices in the customer's eyes. (*Survey by Millward Brown and AC Nielsen)



BEST INNOVATION

For KTC nothing is impossible if it brings satisfaction to our customers. Therefore, KTC is the first Credit Card provider to introduce new financial services to the Credit Card industry such as waving entry and annual fees, using rewarding points instead of cash to pay for products and services and discounts from over 3,000 alliances across the country. KTC will never stop developing new products and services to fill the gap in financial services and continue to offer only the best solutions for our customers.

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FINANCIAL HIGHLIGHT

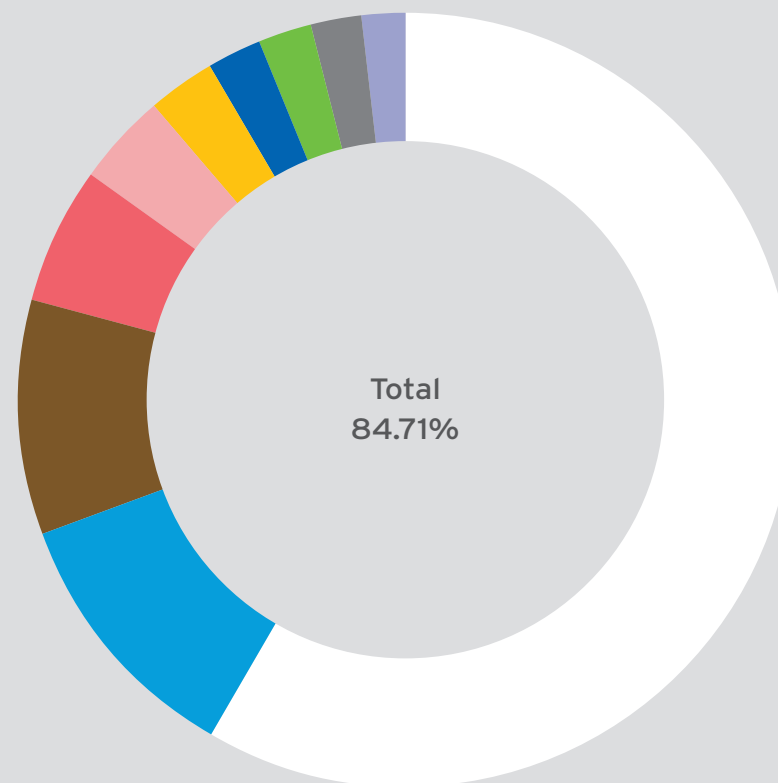
	Unit	2009	2008*	2007
Profitability Ratio				
Gross Profit Margin	%	79.0%	80.2%	78.0%
Net Profit Margin	%	(3.2%)	5.1%	4.9%
Return on Shareholders' Equity (ROE)	%	(6.1%)	9.8%	9.0%
Net Interest Margin (Including Credit Usage Fees)	%	13.7%	13.7%	13.4%
Non-Interest Income to Total Revenue (Including Credit Usage Fees)	%	51.2%	50.8%	48.1%
Efficiency Ratio				
Net Interest Revenue to Total Assets (Including Credit Usage Fees)	%	12.8%	13.3%	13.2%
Return on Assets (ROA)	%	(0.8%)	1.3%	1.2%
Asset Turnover	times	0.2	0.2	0.2
Financial Ratio				
Debt to Equity Ratio (D/E)	times	7.0	6.9	6.7
Loan to Borrowing Ratio	%	113.8%	116.7%	119.3%
Dividend Payout Ratio	%	N/A	No Payment	59.4%
Asset Quality Ratio				
Allowance for Doubtful Accounts to Total Loan Portfolio	%	6.8%	3.8%	3.8%
Credit Loss	%	9.3%	6.7%	4.4%

* Restated as at Year Ended 2009

SHAREHOLDERS STRUCTURE

As of December 31, 2009
top ten shareholders consist of ;

49.45%	Krung Thai Bank Public Company Limited
9.31%	Mellon Bank, N.A.
8.30%	Thai NVDR Company Limited
4.85%	Mr. Sirisak Sonsophon
3.26%	SKANDINAVISKA ENSKILDA BANKEN A/S
2.39%	Ms. Janthana Jindapornburana
1.92%	CITIBANK NOMINEES SINGAPORE PTE. LTD.
1.89%	Mr. Jessada Lertnantapanya
1.79%	KIM ENG SECURITIES PTE. LTD.
1.55%	HSBC (Singapore) Nominees (PTE) LTD.



**Total Number of Authorized Capital and Paid-Up Capital
257,833,407 Shares**

The Company has no ultimate shareholders that comply with the Announcement of the Securities and Exchange Commission (SEC) to disclose the ultimate shareholders as following; 1) Shareholders over 10% shareholding 2) Nominee with controlling power over the company's management policy and 3) The disclosed name of shareholders are not revealed truly status.

ORGANIZATION STRUCTURE



* Mr. Peerapong Ruamjai was appointed to be Company Secretary on August 13, 2008



MESSAGE FROM CHAIRMAN

Dear Stockholders :

Global crisis posed tremendous pressure to all businesses and regulatory bodies. Businesses need to be cautious in managing through uncertainty, while regulatory bodies need to impose stricter control to avoid repeating mistakes. This situation happens around the world and Thailand certainly cannot escape from it.

Krungthai Card Plc. (KTC) has also faced this unavoidable situation. KTC management hence decided to change the estimation of allowance for doubtful accounts and adopt an accounting policy regarding deferred tax this year. The amendments also prepare KTC to satisfy the internationally accepted accounting standards, which will be imposed to all operators in Thailand in the next few years.

With these policy changes, KTC posted its first losses in 7 years since listed on the Stock Exchange of Thailand in 2002. The Bt 395 Mn losses derived mainly from the additional reserves of Bt 1,264 Mn to provide full provisions for loans with aging over 90 days, instead of the previous partial reserves based on statistical loan loss model.

Although the bottom-line recorded a loss, our top-line still registered growth. Our income grew by 3%, while operating expenses reduced by 9%. As a result, the net income before provision expenses increased by 16%.

Our balance sheet is still solid and strong, with the equity base amounts to Bt 6,267 Mn, implying the debt-to-equity ratio of 6.95 times. The funding structure comprises of 98% bonds and long-term debts. With a moderate loan growth, we should not have problem in navigating our business back to profitability.

On behalf of KTC Board of Directors and management, I would like to reassure you that we will not rest until our business turns back on a profitable road. We would like to thank our employees, customers, and shareholders for their continual supports. We are certain to pass through this difficult situation in a very near future.



MR. PONGSATHORN SIRIYODHIN / CHAIRMAN



BOARD OF DIRECTORS

CHAIRMAN

MR. PONGSATHORN SIRIYODHIN

AGE 58

Education

Doctoral Degree, Economics, University of Cincinnati, U.S.A.

Master's Degree, Economics, California State University, U.S.A.

Bachelor's Degree, Economics, California State University, U.S.A.

Certificate, Director Certificate Program, Thai Institute of Directors Association

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

1997 - Present	First Senior Executive Vice President Operation Group / Krung Thai Bank Public Company Limited / Banking
2001 - Present	Chairman Krungthai Card Public Company Limited / Consumer Finance
2003 - Present	Director Trinity Wattana Public Company Limited / Securities
2004 - Present	Director Nok Airlines Company Limited / Airline
1998 - 2001	Director Krung Thai Computer Services Company Limited / Information Technology

BOARD OF DIRECTORS

VICE CHAIRMAN / AUDIT COMMITTEE /
CHAIRMAN OF NOMINATING AND REMUNERATION COMMITTEE

MR. RANGSIN SUEBSAENG *

AGE 60

Education

Master's Degree, Business Administration (Finance), St. Louis University, U.S.A.

Bachelor's Degree, Business Administration (Finance), Loyola University, U.S.A.

Certificate, National Defense Course (Government & Private Sector)

Certificate, Audit Committee Program, Thai Institute of Directors Association

% of KTC Shares Held

0.001%

Family Relationship

None

Work Experience

2002 - 2009	Vice Chairman / Audit Committee / Chairman of Nominating and Remuneration Committee Krungthai Card Public Company Limited / Consumer Finance
2002 - 2009	Executive Director Sararnchol Development Company Limited / Real Estate
2003 - 2009	Director / Chairman of the Audit Committee / Chairman of Remuneration Board Samart I-Mobile Public Company Limited / Communication

VICE CHAIRMAN / AUDIT COMMITTEE /
 CHAIRMAN OF NOMINATING AND REMUNERATION COMMITTEE
 MR. RANGSIN SUEBSAENG *

2004 - 2009	Director / Chairman of the Audit Committee Thai Laminate Manufacturer Public Company Limited / Manufacturing
2006 - 2009	Director / Audit Committee Somboon Advance Public Company Limited / Auto parts Manufacturing Industry
1999 - 2008	Director / Audit Committee Hua Thai Manufacturing Public Company Limited / Garment
2002 - 2008	Director / Executive Director / Chairman of IT Strategy and Policy Committee / Nomination and Remuneration Board The Government Housing Bank / State Enterprise
2003 - 2006	Director / Audit Committee The National Housing Authority / State Enterprise
2004 - 2007	Director / Audit Committee Sweden Motors Public Company Limited / Automotive

* Mr. Rangsin Suebsaeng has passed away and no longer assumes the position of the Company's director on September 23, 2009.



BOARD OF DIRECTORS

DIRECTOR / CHAIRPERSON OF THE AUDIT COMMITTEE

MS. CHANATHIP POSHYANANDA

AGE 70

Education

Master's Degree, Business Administration (Finance), Central Michigan University, U.S.A.

Bachelor's Degree, (Accounting), Faculty of Commerce and Accountancy, Chulalongkorn University

Certificate, Audit Committee Program, Thai Institute of Directors Association

Certificate, Director Accreditation Program, Thai Institute of Directors Association

Certificate, Finance for Non-Finance Director, Thai Institute of Directors Association

% of KTC Shares Held

0.004%

Family Relationship

None

Work Experience

2002 - Present	Director / Chairperson of the Audit Committee Krungthai Card Public Company Limited / Consumer Finance
2000 - Present	Expert and Chairman of the Audit Sub-Committee The Committee for Education Loan Fund / Government
2007 - Present	Sub - Committee Office of The National Counter Corruption Commission

DIRECTOR / CHAIRPERSON OF THE AUDIT COMMITTEE

MS. CHANATHIP POSHYANANDA

2000 - 2005	Director Marble Company Limited / Construction Materials
2000 - 2003	Director Asia Credit Public Company Limited / Financials
1998 - 2000	Deputy Director - General The Fiscal Policy Office / Ministry of Finance / Government



BOARD OF DIRECTORS

DIRECTOR / AUDIT COMMITTEE / NOMINATING AND REMUNERATION COMMITTEE

MR. AKARAT NA RANONG

AGE 56

Education

Master's Degree, Business Administration (Management), Marshall University, U.S.A.

Bachelor's Degree, Economics, Chulalongkorn University

Certificate, Audit Committee Program, Thai Institute of Directors Association

% of KTC Shares Held

0.0004%

Family Relationship

None

Work Experience

2001 - Present	Director / Audit Committee / Nominating and Remuneration Committee Krungthai Card Public Company Limited / Consumer Finance
1996 - 2009	President TSFC Securities Limited / Securities
1995 - 1996	President Thai Finance and Securities Public Company Limited / Securities
1990 - 1995	Vice President Country Treasurer, Citibank N.A. / Banking



BOARD OF DIRECTORS

DIRECTOR / AUDIT COMMITTEE / NOMINATING AND REMUNERATION COMMITTEE

MS. PIMPEN LADPLI

AGE 39

Education

Doctoral Degree, Economics, University of Southampton, U.K.

Master's Degree, MBA Finance, University of Exeter, U.K.

Bachelor's Degree, Economics, California State University, Northridge U.S.A.

Certificate, Director Accreditation Program, Thai Institute of Directors Association

Certificate, Finance for Non-Finance Director, Thai Institute of Directors Association

Certificate, Economic and Financial Management for Mid-Ranking Executives

(class 3), King Prajadhipok's Institute

% of KTC Shares Held

0.004%

Family Relationship

None

Work Experience

1996 - Present	Economist Bureau of Public Debt Management / Ministry of Finance / Government
2002 - Present	Director / Nominating and Remuneration Committee Krungthai Card Public Company Limited / Consumer Finance
2009 - Present	Audit Committee Krungthai Card Public Company Limited / Consumer Finance

DIRECTOR / AUDIT COMMITTEE / NOMINATING AND REMUNERATION COMMITTEE
MS. PIMPEN LADPLI

2006 - Present	Guest Professor Faculty of Economics / Chulalongkorn University
2005 - 2006	Assistant Advisor to the Minister of Commerce Ministry of Commerce / Government
2004 - 2005	Assistant Advisor to the Minister of Finance Ministry of Finance / Government
2003 - 2004	Assistant Advisor to the Deputy Prime Minister Office of the Prime Minister / Government
2001 - 2002	Assistant Advisor to the Minister of Finance Ministry of Finance / Government



BOARD OF DIRECTORS

DIRECTOR

MRS. KITTIYA TODHANAKASEM

AGE 51

Education

Master's Degree, MBA, University of Illinois, Champaign - Urbana, U.S.A.

Bachelor's Degree, Accounting (Honor), Thammasat University

Certificate, Director Accreditation Program, Thai Institute of Directors Association

Certificate, Director Certification Program, Thai Institute of Directors Association

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2005 - Present	Senior Executive Vice President Financial Management Group / Krung Thai Bank Public Company Limited / Banking
2009 - Present	Chairman KTB Advisory Company Limited / Financial Advisory
2005 - Present	Director Krungthai Card Public Company Limited / Consumer Finance
2001 - Present	Director Krungthai Panich Insurance Company Limited / Insurance

DIRECTOR

MRS. KITTIYA TODHANAKASEM

2003 - 2005	Senior Executive Vice President Risk Management Group / Krung Thai Bank Public Company Limited / Banking
2002	Executive Vice President Risk Management Group / Krung Thai Bank Public Company Limited / Banking
2001	Executive Vice President Credit Risk Management Group / Krung Thai Bank Public Company Limited / Banking



BOARD OF DIRECTORS

DIRECTOR

MR. NARATHORN WONGVISES

AGE 57

Education

MS in Industrial and System Engineering, San Jose State University, U.S.A.

BS in Industrial Engineering and Operation Research, University of California, Berkeley, U.S.A.

Certificate, Director Accreditation Program, Thai Institute of Director Association

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2006 - Present	Managing Director Krung Thai Computer Services Company Limited / Information Technology
2007 - Present	Director Krungthai Card Public Company Limited / Consumer Finance
2004 - 2005	Vice President Government Saving Bank / Banking
2003 - 2004	President W Five Company Limited / Technology Advisor

DIRECTOR

MR. NARATHORN WONGVISES

2000 - 2003

Executive Vice President

Thai Military Bank Public Company Limited / Banking



BOARD OF DIRECTORS

DIRECTOR / NOMINATING AND REMUNERATION COMMITTEE

MR. SUVIT MAPAISANSIN *

AGE 50

Education

MBA Sasin Graduate Institute of Business Administration

BA in Economics Chulalongkorn University

Certificate, Director Accreditation Program, Thai Institute of Director Association

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2009 - Present	Executive Director Phatra Securities Public Company Limited / Securities
2009 - Present	Director / Nominating and Remuneration Committee Krungthai Card Public Company Limited / Consumer Finance
2003 - 2009	Chief Executive Officer Phatra Securities Public Company Limited / Securities
2002 - 2003	Vice President The Stock Exchange of Thailand
2001 - 2002	Governor The Stock Exchange of Thailand

DIRECTOR / NOMINATING AND REMUNERATION COMMITTEE

MR. SUVIT MAPAISANSIN *

2000 - 2002	Managing Director Merrill Lynch Phatra Securities Company Limited / Securities
1998 - 2000	Senior Executive Vice President Merrill Lynch Phatra Securities Company Limited / Securities
1997 - 1998	Senior Executive Vice President Phatra Securities Company Limited / Securities

* Mr. Suvit Mapaisansin was appointed to be member of the Board of Directors on December 16, 2009 in place of Mr. Rangsin Suebsang who passed away.



BOARD OF DIRECTORS

DIRECTOR / PRESIDENT & CHIEF EXECUTIVE OFFICER

MR. NIWATT CHITTALARN

AGE 58

Education

Master's Degree, Education Management, University of Kansas at Emporia, U.S.A.
Bachelor's Degree, Education, Prince of Songkhla University, Pattani Campus

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

1996 - Present	Director / President & Chief Executive Officer Krungthai Card Public Company Limited / Consumer Finance
2004 - 2005	Chairman KTC World Company Limited / Travel Management
1992 - 1996	Vice President Project Administrator/ Rajavej Company Limited / Hospital
1991 - 1992	Vice President Country Human Resources Division / Citibank N.A. / Banking
1981 - 1989	Vice President Card Marketing / American Express (Thailand) Company Limited / Credit Card



EXECUTIVES

DIRECTOR / PRESIDENT & CHIEF EXECUTIVE OFFICER

MR. NIWATT CHITTALARN

AGE 58

Education

Master's Degree, Education Management, University of Kansas at Emporia, U.S.A.

Bachelor's Degree, Education, Prince of Songkhla University, Pattani Campus

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

1996 - Present	Director / President & Chief Executive Officer Krungthai Card Public Company Limited / Consumer Finance
2004 - 2005	Chairman KTC World Company Limited / Travel Management
1992 - 1996	Vice President Project Administrator/ Rajavej Company Limited / Hospital
1991 - 1992	Vice President Country Human Resources Division / Citibank N.A. / Banking
1981 - 1989	Vice President Card Marketing / American Express (Thailand) Company Limited / Credit Card



EXECUTIVES

**SENIOR EXECUTIVE VICE PRESIDENT & CHIEF OPERATION OFFICER
- CREDIT CARD BUSINESS & OPERATION BUSINESS**

MR. THAWATCHAI THITISAKDISKUL

AGE 54

Education

Master's Degree, Business Administration (Management), Chulalongkorn University

Bachelor's Degree, Agricultural Economics, Kasetsart University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

1996 - Present	Senior Executive Vice President & Chief Operation Officer Credit Card Business & Operation Business / Krungthai Card Public Company Limited / Consumer Finance
2004 - 2005	Director KTC World Company Limited / Travel Management
1986 - 1996	Vice President Operations Division / Citibank N.A. / Banking
1984 - 1986	Head of Credit & Collection, Authorize, Fraud Credit Control Department / American Express (Thailand) Company Limited / Credit Card



EXECUTIVES

SENIOR EXECUTIVE VICE PRESIDENT - LEISURE MARKETING

MR. STAPORN SIRISINHA

AGE 64

Education

Bachelor's Degree, Economics, Thammasat University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2005 - Present	Senior Executive Vice President Leisure Marketing / Krungthai Card Public Company Limited / Consumer Finance
2004 - 2005	Director / President KTC World Company Limited / Travel Management
1999 - 2004	Chief Executive Officer - CEO The Royal Bangkok Sports Club / Sports Club
1999 - 2004	Chief Executive Officer - CEO The Royal Bangkok Sports Club - Polo Club / Sports Club
1997 - 1999	President Siam Land Mark Company Limited / Entertainment



EXECUTIVES

SENIOR EXECUTIVE VICE PRESIDENT & CHIEF INFORMATION OFFICER - INFORMATION TECHNOLOGY

MR. SIRIYOT SRISUKSAWADI

AGE 51

Education

Master in Marketing English Language Certificate Program,
Joint Education Program Thammasat University and University of Gothenburg,
Sweden

Bachelor's Degree, Electronic Data Processing, Chulalongkorn University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2006 - Present	Senior Executive Vice President & Chief Information Officer Information Technology / Krungthai Card Public Company Limited / Consumer Finance
2000 - 2006	Executive Vice President Head of Branch Services and Operations Division / Bank Thai Public Company Limited / Banking
1999 - 2000	Chief Information Officer (CIO) GE Capital (Thailand) Limited / Consumer Finance

SENIOR EXECUTIVE VICE PRESIDENT & CHIEF INFORMATION OFFICER
- INFORMATION TECHNOLOGY
MR. SIRIYOT SRISUKSAWADI

1996 - 1999

Executive Vice President Deputy Managing Director -
Operations
TSFC Securities Limited / Securities



EXECUTIVES

SENIOR EXECUTIVE VICE PRESIDENT

- PRESIDENT & CEO'S OFFICE / BUSINESS VENTURE

MR. PAKORN MATRAKUL

AGE 42

Education

Master's Degree, Law, Harvard Law School, Cambridge, Massachusetts, U.S.A.

Bachelor's Degree, Law, Thammasat University

% of KTC Shares Held

0%

Family Relationship

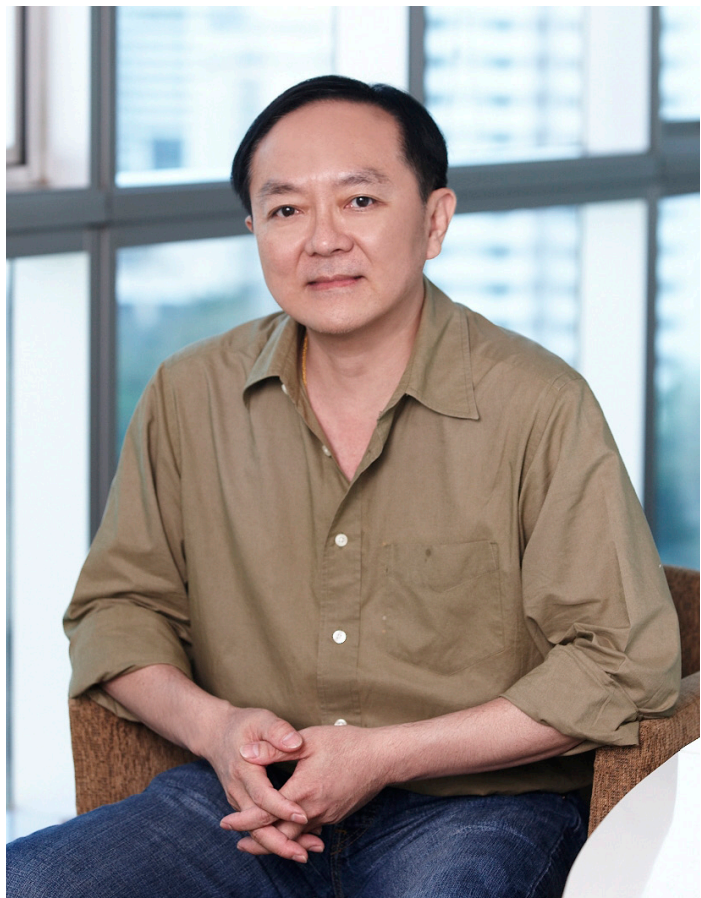
None

Work Experience

2002 - Present	Senior Executive Vice President President & CEO's Office / Business Venture / Krungthai Card Public Company Limited / Consumer Finance
2004 - 2005	Director KTC World Company Limited / Travel Management
2004 - 2005	Director Thai Smart Card Company Limited / Card Business
2004 - 2006	Chairman Golden Mind Services Company Limited / Services
2002	Managing Director VE-RI-TAS Consultants Company Limited / Law Counsel

SENIOR EXECUTIVE VICE PRESIDENT
- PRESIDENT & CEO'S OFFICE / BUSINESS VENTURE
MR. PAKORN MATRAKUL

1999 - 2001 Corporate General Counsel
Bangkok Capital Alliance Company Limited / Financials



EXECUTIVES

SENIOR EXECUTIVE VICE PRESIDENT & CHIEF FINANCE OFFICER

- CORPORATE FINANCE

MR. CHUTIDEJ CHAYUTI

AGE 47

Education

Master's Degree, M.S. (Industrial Technology), Indiana State University, U.S.A.

Master's Degree, MBA, Indiana State University, U.S.A.

Bachelor's Degree, Commerce and Accountancy (Industrial Management),
Thammasat University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2002 - Present	Senior Executive Vice President & Chief Finance Officer Corporate Finance / Krungthai Card Public Company Limited / Consumer Finance
1998 - 2002	Assistant Secretary General Financial Sector Restructuring Authority / State Enterprise
1995 - 1998	Senior Vice President Financial Sector Restructuring Authority / State Enterprise

SENIOR EXECUTIVE VICE PRESIDENT & CHIEF FINANCE OFFICER -
CORPORATE FINANCE
MR. CHUTIDEJ CHAYUTI

1993 - 1995

Vice President

Planning and Financial Business Development Division and
Office of The President / Wall Street Finance and Securities
Public Company Limited/ Financials and Securities



EXECUTIVES

EXECUTIVE VICE PRESIDENT - PERSONAL LOANS BUSINESS

MS. SUDAPORN JANWATANAGOOŁ

AGE 51

Education

Master's Degree, Finance and Banking, Sripatum University

Bachelor's Degree, Faculty of Commerce and Accountancy (Accounting),
Chulalongkorn University

Certificate, Mini MBA, Bank of Ayudhaya Public Company Limited

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

1997 - Present	Executive Vice President Personal Loans Business / Krungthai Card Public Company Limited / Consumer Finance
1990 - 1997	Vice President Accounting Department / Citibank N.A. / Banking
1987 - 1990	Head of Accounting Department Credit Card Center / Head Office / Bank of Ayudhya Public Company Limited / Banking



EXECUTIVES

EXECUTIVE VICE PRESIDENT - DISTRIBUTION BUSINESS

MR. PIYASAK TEJASEN

AGE 45

Education

Master's Degree, Political Science, The School of Public Administration,
University of Southern California, U.S.A.

Bachelor's Degree, Political Science, Ramkhamhaeng University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2005 - Present	Executive Vice President Distribution Business / Krungthai Card Public Company Limited / Consumer Finance
2002 - 2005	Executive Vice President Resources Management / Krungthai Card Public Company Limited / Consumer Finance
1999 - 2002	Human Resources Director Human Resources and Administration Department / Bangkok Capital Alliance Company Limited / Financials



EXECUTIVES

EXECUTIVE VICE PRESIDENT - MEMBERSHIP MARKETING

MRS. PITTAYA VORAPANYASAKUL

AGE 48

Education

Bachelor's Degree, Travel Industry Management, University of Hawaii, U.S.A.

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2002 - Present	Executive Vice President Membership Marketing / Krungthai Card Public Company Limited / Consumer Finance
2005 - Present	Director and Member of Audit Committee Krung Thai Asset Management Public Company Limited / Asset Management
2004 - 2005	Director KTC World Company Limited / Travel Management
1993 - 1995	Manager National Key Accounts Department / American Express (Thailand) Company Limited / Credit Card



EXECUTIVES

EXECUTIVE VICE PRESIDENT - REVOLVING LOANS BUSINESS

MS. RATANA CHOLPRYPIMOLRAT

AGE 55

Education

Master's Degree, MBA, Sasin Graduate Institute of Business Administration

Bachelor's Degree, Bachelor of Science in Statistics, Faculty of Commerce and Accountancy, Chulalongkorn University

Bachelor's Degree, Bachelor of Arts (Chinese Language in Economics and Trade), Beijing Language and Culture University, People's Republic of China

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2003 - Present	Executive Vice President
	Revolving Loans Business / Krungthai Card Public Company Limited / Consumer Finance
2001 - 2003	Executive Vice President
	Business Banking & Wealth Management / Standard Chartered Nakornthon Bank Public Company Limited / Banking

EXECUTIVE VICE PRESIDENT - REVOLVING LOANS BUSINESS

MS. RATANA CHOLPRYPIMOLRAT

1997 - 2000

Senior Manager

Direct Banking Department / Standard Chartered Bank
(Thailand) / Banking



EXECUTIVES

EXECUTIVE VICE PRESIDENT - MERCHANT ACQUIRING BUSINESS

MR. PONGSAK SARUTIPAKORN

AGE 51

Education

Master's Degree, Business Administration, Kasetsart University

Bachelor's Degree, Economics, Ramkhamhaeng University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2003 - Present	Executive Vice President Merchant Acquiring Business / Krungthai Card Public Company Limited / Consumer Finance
1997 - 2003	Senior Vice President Information Technology / Krungthai Card Public Company Limited / Consumer Finance
1995 - 1997	Unit Head & Assistant Vice President General Service Unit / Citibank N.A. / Banking
1982 - 1995	Specialist & Assistant Vice President Credit Card Operation and Control / Bangkok Bank Public Company Limited / Banking



EXECUTIVES

EXECUTIVE VICE PRESIDENT - PAYMENT PRODUCT BUSINESS

MS. PATRIN JIRATHITIVANICH

AGE 52

Education

Bachelor's Degree, Business Administration (Accounting), Assumption University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2004 - Present	Executive Vice President Payment Product Business / Krungthai Card Public Company Limited / Consumer Finance
1984 - 2003	Director Consumer Card Marketing & Business Development / American Express (Thailand) Company Limited / Credit Card



EXECUTIVES

EXECUTIVE VICE PRESIDENT - CORPORATE MARKETING

MR. KHAN KACHONBOON

AGE 47

Education

Master's Degree, MBA, United States International University (USIU), U.S.A.

Bachelor's Degree, Business Administration (Marketing), Assumption University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2003 - Present	Executive Vice President Corporate Marketing / Krungthai Card Public Company Limited / Consumer Finance
2004 - 2005	Director Conquest Advertising (Thailand) Company Limited / Advertising
1995 - 2003	Senior Vice President J Walter Thompson Company Limited / Advertising



EXECUTIVES

EXECUTIVE VICE PRESIDENT - OPERATION BUSINESS

MR. MANA BOONKHUN

AGE 47

Education

Master's Degree, Business Administration, University of Missouri, U.S.A.

Bachelor's Degree, Architecture, Chulalongkorn University

% of KTC Shares Held

0.00001%

Family Relationship

None

Work Experience

2009 - Present	Executive Vice President Operation Business / Krungthai Card Public Company Limited / Consumer Finance
2005 - 2009	Executive Vice President Resources Management / Krungthai Card Public Company Limited / Consumer Finance
2003 - 2005	Vice President Business Development & Business Venture / Krungthai Card Public Company Limited / Consumer Finance
2000 - 2002	General Manager Alpine Golf and Sports Club Company Limited



EXECUTIVES

EXECUTIVE VICE PRESIDENT - PRESIDENT & CEO'S OFFICE / BUSINESS VENTURE

MR. BUCHA SIRICHUMSANG

AGE 47

Education

Master's Degree, Business Administration (International Business),
Rosary College, River Forest, Illinois, U.S.A.

Bachelor's Degree, Law, Chulalongkorn University

Barrister - at - Law, Institution of Legal Education, Thai Bar Association

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2007 - Present	Executive Vice President President & CEO's Office / Business Venture / Krungthai Card Public Company Limited / Consumer Finance
2004 - 2007	Senior Vice President President & CEO's Office / Business Venture / Krungthai Card Public Company Limited / Consumer Finance
1999 - 2004	Vice President Legal Consultant Department / Krung Thai Legal Services Company Limited / Law Counsel

EXECUTIVE VICE PRESIDENT - PRESIDENT & CEO'S OFFICE / BUSINESS VENTURE
MR. BUCHA SIRICHUMSANG

1996 - 1999	Assistant Vice President Capital Market Services Department / Krung Thai Bank Public Company Limited / Banking
1996	Vice President Managing Director's Office / Ekachart Finance and Securities Public Company Limited (EFS) / Finance and Securities
1994 - 1996	Manager Managing Director's Office / Ekachart Finance and Securities Public Company Limited (EFS) / Finance and Securities



EXECUTIVES

EXECUTIVE VICE PRESIDENT - CREDIT CARD BUSINESS

MR. WORAVUT NISAPAKULTHORN

AGE 39

Education

Master's Degree in Marketing (English Program, MIM) Thammasat University

Bachelor's Degree Advertising Chulalongkorn University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2009 - Present	Executive Vice President Credit Card Business / Krungthai Card Public Company Limited / Consumer Finance
2005 - 2009	Senior Vice President Partnership Marketing / Krungthai Card Public Company Limited / Consumer Finance
2004 - 2005	Senior Vice President Payment Product Business / Krungthai Card Public Company Limited / Consumer Finance

EXECUTIVE VICE PRESIDENT - CREDIT CARD BUSINESS

MR. WORAVUT NISAPAKULTHORN

2003 - 2004	Vice President Card Marketing & Corporate Marketing / Krungthai Card Public Company Limited / Consumer Finance
2002 - 2003	Senior Manager Credit Card Marketing / Krungthai Card Public Company Limited / Consumer Finance
2001 - 2002	Marketing Manager Visa Debit Product / Krungthai Card Public Company Limited / Consumer Finance
1995 - 2000	Marketing Manager Land & Houses Public Company Limited / Real Estate Business
1992 - 1994	Account Supervisor McCann Erickson (Thailand) Company Limited FarEast Advertising Public Company limited / Advertising



EXECUTIVES

EXECUTIVE VICE PRESIDENT - RESOURCES MANAGEMENT

MR. DUSIT RACHATASETANANT

AGE 44

Education

Certificate of Micro MBA , Chulalongkorn University

Bachelor of Education , Chandrakasem Rajabhat University

% of KTC Shares Held

0.00001 %

Family Relationship

None

Work Experience

2009 - Present	Executive Vice President Resources Management / Krungthai Card Public Company Limited / Consumer Finance
2007 - 2009	Senior Vice President Human Resources / Krungthai Card Public Company Limited / Consumer Finance
2004 - 2007	Vice President Human Resources / Krungthai Card Public Company Limited / Consumer Finance

EXECUTIVE VICE PRESIDENT - RESOURCES MANAGEMENT

MR. DUSIT RACHATASETANANT

2002 - 2004	Senior Manager Human Resources / Krungthai Card Public Company Limited / Consumer Finance
1999 - 2002	Manager Human Resources & Administration / Alpha Capital AMC Company Limited / Asset Management
1998 - 1999	Officer Human Resources / Cathay Asset Management Company Limited / Asset Management
1993 - 1997	Assistant Manager Human Resources / Securities One Public Company Limited / Finance
1992 - 1993	Officer Human Resources / STA Group 1993 Public Company Limited / Furniture Industry

BUSINESS DESCRIPTION

KTC provides unsecured financing to consumers in Thailand. Credit Card business and Personal Loan business are the core business operating. 60% of KTC current customers are being in Bangkok and vicinity. Moreover, KTC also provides several payment devices i.e. Corporate Card, SME Commercial Card, Government Services Card and mobile/e-commerce payment.

As the result of instability of economic and political in Year 2009, KTC prudently expand its operation by mainly leveraging from its existing customer base. However, KTC firmly stands for the long term sustainable growth with strongly asset quality concerns.

KTC's Businesses are as follow:

1. Credit Card Business

KTC's core product is credit card which as accounted for 78% of net loan receivables this year. KTC credit card business has unique competitive differentiation: varied segmentation and unique value-added program offerings. Its "Forever Rewards" reward program is designed to deliver real value for its member, enabling redemption for small amounts of collected points. It will continue to push for a more attractive loyalty features for all members in order to maintain long-term memberships. KTC credit card business consists of 3 main products, which are as follow:

BUSINESS DESCRIPTION

- 1.1 **Issuing business** : Operations involve issuing credit cards, setting credit line for cardholders, monitoring card usage, receiving outstanding balance payments, and pursuing delinquencies. The Company receives income from various fees related to issuing credit cards and from interest charged cardholders for revolving credit.
- 1.2 **Acquiring Business** : KTC actively markets its services to shops and service providers in an effort to expand the base of merchants accepting the KTC card, which, in turn, increases fee base for card usage. Once a new merchant account is established, the Company installs an electronic data capture (EDC) or card-reading terminal, supervises sales approval, and provides fraud detection and prevention services. KTC receives income from the discount fees paid by merchants on each sale made with the KTC card.
- 1.3 **Circle Loan Business** : An additional loan limits are set individually by the Company for each cardholder who has circle loan account. KTC generates income from the interest collected from cardholders for these loans. However KTC has ceased its expansion in this business since 1996, therefore, the receivables are gradually declined every year. Thus circle loan receivables decreased to Baht 367 million at end of 2009.

KTC also provides other payment channels such as Corporate Card, SME Commercial Card, Government Services Card and mobile / e-commerce payment for its customer convenience.

BUSINESS DESCRIPTION

2. Personal Loan Business

Another core KTC business is personal loans which contributed 21% of net loan receivables this year. KTC Personal Loan consists of two key products- KTC Cash and KTC Cash Revolve.

KTC Cash is fixed installment with one-time cash transfer to member's bank account. KTC Cash member are able to choose their due date and loan maturity to suite with the member payment. KTC Cash Revolve is circulated loan by having the first amount transferred to member's bank account and can be withdrew at ATM. KTC Cash Revolve member is able to reuse the new loan amount after the full payment of the latest loan usage.

KTC has selected its customer based on their minimum fixed income which varies depending upon type of loan. KTC applies credit scoring for setting loan amount (basically 1-5 times of the member fixed income) as well as interest rate (effective rate). The maximum ceiling interest rate charge is 28% per annum.

Besides 2 major businesses, KTC also has self-employed loan (KTC Million) which contributed 1% to KTC's net receivables this year. KTC Million provides fund for business operating for micro entrepreneurs. The decrease of portfolio was intended in order to KTC has ceased its expansion in this business since 2006 regarding to the economic slowdown.

RISK FACTORS

For each separate risk area, the Company recognizes and declares its risk management objectives, policies in terms of strategy, process, scope, and mitigation mechanism clearly as follow:

1. CREDIT RISK

Risk from internal rating process

The Company is aware that the inadequately controlled internal rating process could pose significant credit risk to its business. It thus adopts advanced and practical risk management methods. For credit cards and personal loans, its approval process depends on both statistical scoring model and experienced credit analysts. A predictive scoring model, which is improved and refreshed on a regular basis, is employed to suggest approval decision. Multiple validations by multiple staff functions are performed during approval process, a practice that helps increase accuracy while reducing potential for staff fraudulent. As for the self-employed products, the Company employs a check-and-balance model whereby relationship managers sell the products and a separate group of credit analysts makes approval decision.

Risk from credit card fraud

The Company recognizes that it bears a credit card fraud risk. In 2009, the Company incurred Baht 12 million costs from credit card fraud which accounts for 0.03% of total receivables. To reduce this type of fraud risk, the company has been gradually migrating both its cards and its electronic

RISK FACTORS

data capture (EDC) device to support chip technology. The full migration will be completed when all old credit cards (non-chip cards) are expired. This technology migration has proven effective in other markets in helping reduce the level of fraud risk.

Credit portfolio risk

The Company is exposed to overall credit portfolio risk, if its portfolio is overly concentrated in small customer base or specific profiles. However, the Company's portfolio includes only retail consumer finance; hence, by nature it is exposed to limited portfolio risk and bears low risk of large loan default. Besides, consumer finance lending is a business that has universal demand. Demand for consumer finance cuts across industry, geography and customer segment thus it is less vulnerable to specific industry's or customer group's conditions. The diversification of customer groups also renders lower risk level for consumer finance lending.

2. MARKET RISK

Interest rate risk

The Company is exposed to interest rate risk that will impact the performance of the company as the interest rate rises, incurring higher funding expenses. It is aware of the significant impact and thus has clear policy to mitigate this type of risk. The Company proactively manages its funding

RISK FACTORS

costs by leveraging multiple levers. For example, in anticipation for a rise of interest rate, the Company has issued series of fixed rate corporate debentures to match its asset structure and reduce its interest rate risk. On the contrary, when interest is on downward trend, the Company will shift its funding structure towards short-term loans. In sum, the Company will continue to actively manage its funding structure to optimize this type of risk.

Risk from insufficient working capital

The Company has a policy regarding capital budgeting which is adequate for the continuous expansion of loans. However, the Company is aware of the risk which may arise from inadequacy of revolving funds. The world economy affects Thailand's economy and the fluctuation of the money market, fixed income market or capital market, may have an impact on the financial liquidity of the Company. In order to protect the Company from the risk of inadequacy of revolving funds, the Company has developed measures by using the assessment model to evaluate the short-term and long-term liquidity of the Company and allocation of capital to be justifiable with the age of the Company's debtors. Moreover, Krung Thai Bank has also provided the Company with supportive loans totaling of Baht 18,000 million and an overdraft loan totaling Baht 30 million. The Company also emphasizes raising funds from capital markets by the way of issuing bonds, promissory notes, and funding from many financial institutions so that the Company does not rely on any particular financial institution. As at 31 December 2009, the Company has loans of Baht 22,040 million from financial institutions.

RISK FACTORS

3. OPERATIONAL RISK

Risk from data loses

The Company recognizes that its business relies on a set of huge database of customer and transactional information. It is thus exposed to a risk affected from leaking confidential information to public, losing data from accidental or intentional deletion, or system failure. To ensure confidentiality of data, the Company has a solid procedure and delegated authorization rule as to who will have access to certain information. To avoid losing data from deletion, the Company requires its core IT system outsourcers (Certegy and KCS) to maintain back-up database. Also, as part of the outsourcing deals, the outsourcer companies provide a disaster recovery site option.

Risk from government's control

The Ministry of Finance issued a Notification operation of credit card services and personal loans under the Notification of Revolutionary Council No. 58 and authorized the Bank of Thailand (the "BOT") to supervise by announcing the Notifications specifying the requirements and regulations for such business, including stipulating rates of interest and fees chargeable to customers and the qualifications of credit card holders and personal loan clients. The Company granted approval for conducting credit card services and personal loans under supervision, together with approval for electronic payment services providers under the Royal Decree

RISK FACTORS

Regulating of Electronic Payment Services B.E. 2551 (2008) and the Electronics Transaction Commission and the BOT as the control and supervision division regarding the requirements and regulations for such business.

The Company has been complying with all regulations issued. Also, should there be other regulations issued, the Company will also comply with such regulation.

Risk from discontinuation of contracts with KTB

The Company has a 15-year contract with its major shareholder, KTB, in that KTB is committed to support the Company on some back office operations. This agreement allows the Company to leverage some of KTB's functions such as the branch network (for acquisition and payment) and the shared IT applications. In return, the Company has to pay servicing fees which were set at fair market price level. The Company calculates that the risk from contract discontinuation is limited for at least two reasons. First, the Company believes that this discontinuation is very unlikely to happen, since the agreement was officially concurred at the KTB board level. Second, the Company does not solely rely on KTB's operational support. For acquisition, it has multiple channels to attract new members. For payment, the Company already has multiple payment options to provide convenience to its members. Moreover, many payment providers desire to facilitate the Company payment, thus the additional alternative means can be easily added in the event that KTB stops servicing the Company customer bill payment. For IT applications, the

RISK FACTORS

Company only leverages a few sets of applications on KTB's shared platform. Its core system is outsourced to the internationally acclaimed outsourcer, Certegy. Thus, the operational disruption, if at all happens, should not be significant. In sum, the Company foresees limited chance that this risk will occur and anticipates slim impact even if it happens.

[Risk of a higher competition](#)

The Company is aware that there is a possibility for a fiercer competition that might lead to price-cut and debt-transfer tactics. This situation could pose some risks on the Company's portfolio and profits. However, because the Company has been accumulating unique expertise in running the consumer finance operation in the Thai market, it should have immense early mover advantage. Moreover, the Company continually invests to create more capability in order to stay ahead of its competitors. Therefore, the higher competition should not have much effect on the Company in both short- and long-terms.

MANAGEMENT DISCUSSION AND ANALYSIS

This discussion is intended to further the reader's understanding of the financial statements, financial condition, and results of operations of Krungthai Card PCL. It should be read in conjunction with the financial statements, notes, and tables included in this report. For the purpose of comparability, certain prior period amounts have been reclassified.

Thailand Economic and KTC Overview in 2009

Krungthai Card PCL. (KTC) is a leading consumer finance provider in Thailand. It was incorporated in 1996 as a servicing subsidiary company of Krung Thai Bank PCL., or KTB. On June 30, 2002, KTB sold the credit card portfolio at net book value to KTC, subsequently transforming KTC into a full consumer finance company listed on the Stock Exchange of Thailand (SET) in October 2002. As of 31 December 2009, KTC market capitalization was Baht 3,300 million and KTB held 49.45% of KTC.

The degree of financial liberalization in recent years means that capital flow moves at relatively greater velocity all over the world. As a result, in crisis situation, the contagion impact for down-side shock is much wider geographically and more sustained. This was demonstrated by the impact of the sub-prime problem originated in the US in 2007. At present, the global economy as a whole is still affected by the negative influence of the US sub-prime market crisis with prospects of recovery remain fragile and uncertain.

MANAGEMENT DISCUSSION AND ANALYSIS

Even though the US is now starting to issue positive signal by raising the policy interest rate indicating economic recovery, worries relating to default in the Euro-zone, with particular focuses on situations in Greece, Spain, and Portugal may still have further impact on the overall financial integrity of the Euro-zone as a whole. Such crises reflect the need for business to build up capacity to handle volatility from changing circumstances that can be immediate and acute.

In Thailand, after the financial crisis in 1997, the Bank of Thailand (BOT) has been constantly working on enhancing the efficiency of the financial institutions through implementation of the Financial Sector Master Plans phase 1 and phase 2. Some components of the plans aim to enhance the strength of financial institution through structured capital maintenance through the Basel II initiative; and to work together with the Federation of Accounting Professions in implementing the International Accounting Standards in order to ensure that commercial banks and financial institutions are able to record transactions and report financial information in an internationally consistent basis. Particularly with IAS 39 Financial Instruments: Recognition and Measurement which is expected to be effective in Thailand in 2013. The Standard covers various aspects relating to financial instruments including fair value measurement of financial instruments and impairment assessment of financial assets based on historical loss experiences using mathematical and statistical models that are well accepted and adjusted on the basis of current observable data to reflect the effects of current conditions. Such method is expected provide impairment assessment results that better reflect risks associate with transaction types and borrower characteristics, enabling more effective risk based management of the business.

MANAGEMENT DISCUSSION AND ANALYSIS

Assessment of recent economic condition indicates that the global economic environment remains volatile while the domestic economy is still impacted by both the contagion effect of the global economic crisis and more localized domestic situations. Even though key fundamentals of the Thai domestic economy is still at an advantage relative to many other economies, impacts of domestic political factors remain a risk that is not easily predicted. These assessments coupled with regulatory considerations that KTC is a consumer finance company with significant number of shares (49.45%) held by one of the leading commercial banks in Thailand under regulatory supervision of the BOT. The regulatory body is currently in the process of implementing consolidated supervision policy for financial institutions.

For KTC, in order to strengthen the company to handle risks from changing circumstances while financial result of the company in 2009 remains strong and to be ready to adopt the new accounting standards, 2 especially with regards to impairment assessment. The company therefore decides to revise the impairment assessment methodology and increase provision levels to reflect the revised methodology from last quarter of 2009 onwards. The adjustments will be made in decreasing amount over time to ensure provision level that will be eventually in-line with specification of the International Accounting Standard 39 by 2013, in-line with commercial banks and other financial institutions.

KTC has thus changed its provisioning policy for all businesses. Previously, the allowance for doubtful account was calculated by using percentage of loss rate net of recovery based on adding of receivables for the past five years period. As at December 31, 2009, KTC applied a new

MANAGEMENT DISCUSSION AND ANALYSIS

policy for receivables in default of 90 days or more to be 100% provisioned and make further adjustments for economic factors in order to sustain risks that possibly arise in the future.

In addition, KTC has adopted the Deferred Tax policy for the financial statements period ended December 31, 2009 following the IAS No.12 “Income Taxes” (revised 2008). The company’s performance before and after applying these two policies is as follows:

Table 1 : Pre-adjusted and Adjusted new accounting policy

Pre-adjusted Operating Results (Unit: Baht Million)	2008	(%)	2009	(%)	Growth (% YoY)
Total revenue	12,029	100%	12,354	100%	3%
Operating expense	5,895	49%	5,359	43%	(9%)
Interest expense	1,850	15%	2,036	16%	10%
Earning before bad debts and doubtful accounts	4,284	36%	4,959	40%	16%
Bad debt and doubtful accounts	3,288	27%	4,340	35%	32%
Earning before tax	996	8%	619	5%	(38%)
Income Tax	475	4%	333	3%	(30%)
Net Profit	520	4%	286	2%	(45%)

MANAGEMENT DISCUSSION AND ANALYSIS

Adjusted new accounting policy (Unit: Baht Million)	2008	(%)	2009	(%)	Growth (% YoY)
Earning before bad debts and doubtful accounts	4,284	36%	4,959	40%	16%
Bad debts and doubtful accounts	3,288	27%	4,340	35%	32%
Earnings before tax	996	8%	619	5%	(38%)
Income Tax - income (expense)	(379)	-	250	2%	(34%)
Net Profits before new provisioning	617	5%	869	7%	41%
Additional bad debts and doubtful accounts	-	-	1,264	10%	-
Net Profit (Loss) - adjusted new provisioning	617	5%	(395)	-	-

Due to the new provisioning policy, KTC reports net loss of Baht 395 million for 2009, decreasing from Baht 617 million in 2008. In fact, as at December 31, 2009, the financial statements showed the pre-adjusted net profits of Baht 286 million. After implementing the policies, KTC had a net loss of Baht 395 million and shareholders' equity of Baht 6,267 million with no retained loss. Having less marketing campaigns and tightening its acquisition process, new booking has slightly increased which resulted in a little improve in total revenue and a reduction of operating expense compare to the previous year. Summary of ratio and operating performance are as follow:

MANAGEMENT DISCUSSION AND ANALYSIS

Table 2 : Summary of Financial Ratio

Year Ended December 31,	2009	2008*	2007
Profitability Ratio			
Net interest margin (including credit usage fee)	13.7%	13.7%	13.4%
Non-interest income (excluding credit usage fee) to total revenue	30.7%	30.1%	29.7%
Return on average total assets	(0.8%)	1.3%	1.2%
Return on average shareholders' equity	(6.1%)	9.8%	9.0%
Asset Quality Ratio			
Credit Loss	9.3%	6.7%	4.4%
Allowance for doubtful accounts to receivables	6.8%	3.8%	3.8%
Efficiency Ratio			
Cost-to-income	43%	49%	50%
Financial Ratio			
Debts to equity (times)	7.0	6.9	6.7

* Restate as at Year Ended 2009

MANAGEMENT DISCUSSION AND ANALYSIS

- Total number of accounts summed to 2.13 million accounts in 2009 which consisting of credit card 1,636,284 cards, KTC Cash 492,416 accounts and KTC Million 973 accounts.
- Equivalent to the industry, there was a 6% growth in total card spending compare to the same period last year as KTC focuses on necessity goods spending campaigns.
- Total receivables (net) decreased from Baht 48,661 million to Baht 44,007 million in 2009 which credit card and KTC Cash portfolios declined by 3% and 24% respectively, as a result of less new booking, expressing write-off, and adjusting higher provision according to the change in the estimation of bad debts and doubtful accounts which KTC is gearing toward the IAS 39.
- Total revenue equaled to Baht 12,354 million or grew by 3% from the last year. The financial statements showed interest income (including credit usage fee) and fee and service income of Baht 8,561 million and Baht 3,062 million or the proportion of 69% and 25% of total revenue, respectively.
- Total expense (excluding income tax) amounted to Baht 12,999 million increasing from Baht 11,033 million resulting from new estimation of bad debts and doubtful accounts. With the new estimation, bad debts and provisions increased by Baht 1,264 million.
- Cost to income ratio equaled to 43% declining from 49% in 2008. KTC has continuously expanded its quality membership base though the company has dropped its marketing expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

- Cost of fund in 2009 grew to 4.80% from the previous year of 4.57% as a portion of long-term loans and debentures got larger. The reason of congregating fund is to prepare for the future growth and to be able to partially glue cost of fund for the long-term borrowing at a low rate before rising in 2010 according to the company's expectation. KTC manages its liquidity risk which is a risk of being unable to refinance its debts by increasing long-term borrowing. At the end of 2009, KTC had the available credit line of Baht 22,040 million with Debt to Equity of 6.95 times.
- Regarding a rise in cost of fund, the average interest received surprisingly increased to 18.5% from 18.3%. Net interest margin stayed at 13.7% same as in 2008 given that interest income (including credit usage) has gone up.
- Having applied the Deferred Tax policy, the financial statements for the period ended December 31, 2009 showed an income tax income of Baht 250 million.
- Return on average total assets (ROA) and return on average shareholders' equity (ROE) declined to -0.8% and -6.1%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Table 3 : Statement of Balance (Baht Million)

Year Ended December 31,	2009	2008*	2007
Assets:			
Interest earning assets:			
Credit card receivables- net	33,998	35,223	29,834
Circle loan receivables - net	357	445	541
Personal loan receivables - net	9,424	12,321	11,022
Self-employed loan receivables - net	228	673	1,799
Total receivables - net	44,007	48,661	43,196
Non-interest earning asset:			
Cash and cash equivalents	3,059	747	1,135
Leasehold improvements and equipment - net	443	405	408
Other current & non-current assets	2,329	2,584	1,180
Total non-interest earning assets	5,831	3,736	2,723
Total assets	49,838	52,397	45,919

* Restate as at Year Ended 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended December 31,	2009	2008*	2007
Liabilities and Shareholders' Equity:			
Liabilities:			
Short-term loans	11,011	28,560	19,796
Bond and Long-term loans	30,483	14,778	17,860
Other current & non-current liabilities	2,077	2,398	2,311
Total liabilities	43,571	45,736	39,367
Shareholders' equity:			
Total shareholders' equity	6,267	6,661	5,952
Total liabilities & shareholders' equity	49,838	52,397	45,919

* Restate as at Year Ended 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Assets

KTC's assets included 88% loan receivables and 22% non-interest earning assets such as deferred tax asset, leasehold improvement and equipments etc. Total assets dropped 5% from Baht 52.4 billion in 2008 to Baht 49.8 billion in 2009.

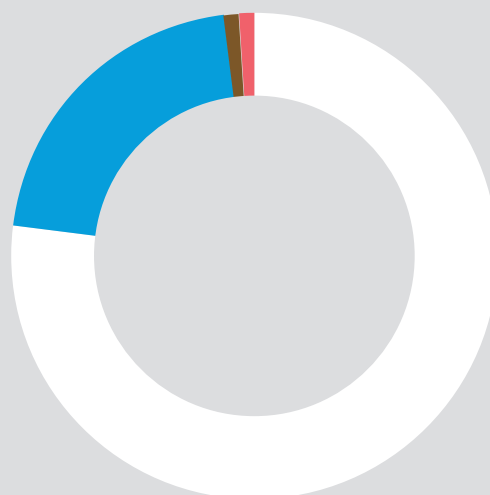
Loan Receivables

Net loan receivables decreased to Baht 44.0 billion by end of 2009 from Baht 48.7 billion at the end of 2008. The portfolio consisted of 77% credit cards, 1% circle loans, 21% personal loans and 1% self-employed loans, as compared to 72%, 1%, 25%, and 1% in 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

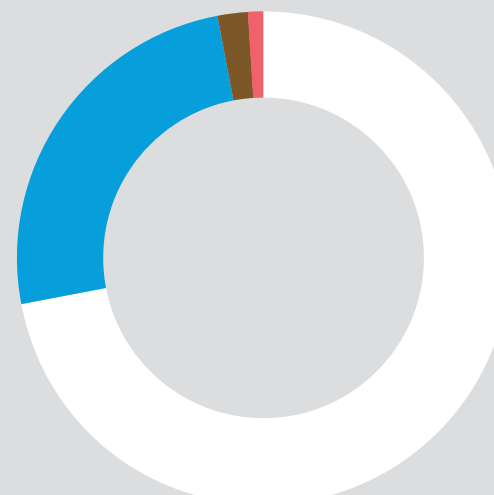
Graph 1 : Loan Receivables Portfolio (Baht Billion)

As December 31, 2009
(Net Account Receivables 44.0)



34.0 (77%)	Credit Card
9.4 (21%)	Personal Loan
0.4 (1%)	Self-Employed
0.2 (1%)	Circle Loan

As December 31, 2008
(Net Account Receivables 48.7)



35.2 (72%)	Credit Card
12.3 (25%)	Personal Loan
0.4 (1%)	Self-Employed
0.7 (2%)	Circle Loan

MANAGEMENT DISCUSSION AND ANALYSIS

Credit Card Receivables

Credit card receivables decreased to Baht 33.9 billion at the end of 2009, from Baht 35.2 billion at the end of 2008, or declined 3%, amidst the effect of world economic crisis and Thailand economic downturn. Therefore, KTC's receivables declined in line with the industry. KTC, however, extend to move forward to eligible payment of high income customers base.

Personal Loan Receivables

The personal loans receivables totaled to Baht 9.4 billion in 2008, decreased from Baht 12.3 billion, or a dropped of 24% growth. As a tense economy directly affects KTC Cash customers, KTC decelerates the amount of loans giving out to the group of customers. However, KTC still having a plan on expanding more of the KTC Cash Revolve in 2010. While KTC highly concerns with the quality of borrowers, risk preventing system in order to acquire qualitative customers.

Self-Employed Loan Receivables

KTC decided to optimize its risks from economic downturn by retracting its self-employed portfolio. Thus, the self-employed loan receivables reduced to Baht 0.2 billion in 2009 from Baht 0.7 billion in 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Loan Quality

KTC classified its receivables into three groups based on days past due: not over 89 days, 90-179 days and over 179 days. Each group has differing level of propensity to default. For the year 2009, the first group (not over 89 days) accounted for the largest proportion 96.0% of total receivables. Second group (90 days -179 days) was 3% of total receivables. Lastly, the third group (over 179 days) was 2.0% of total receivables. Quickly written-off is able to reflect the portfolio.

KTC has thus changed its provisioning policy for all businesses. Previously, the allowance for doubtful account was calculated by using percentage of loss rate net of recovery based on adding of receivables for the past five years period. As at December 31, 2009, KTC applied a new policy for receivables in default of 90 days or more to be 100% provisioned and make further adjustments for economic factors in order to sustain risks that possibly arise in the future.

Credit loss increased to 9.3% from 6.7% in 2008. However, bad debt and doubtful account provisioning policy are at the proper level for the preparation of implementing the International Accounting Standard 39 (IAS39 Financial Instruments: Recognition and Measurement) which is expected to be effective in Thailand in 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Liabilities and Shareholder's Equity

KTC's funding structure at the end of 2009 was consisted of 23% short-term loans, 64% long-term loans and debentures, and 13% of shareholders' equity. This funding structure implicates its debt-to-equity ratio at 7.0 times, well under its governing bond governance which states at 10 times.

Net Profit

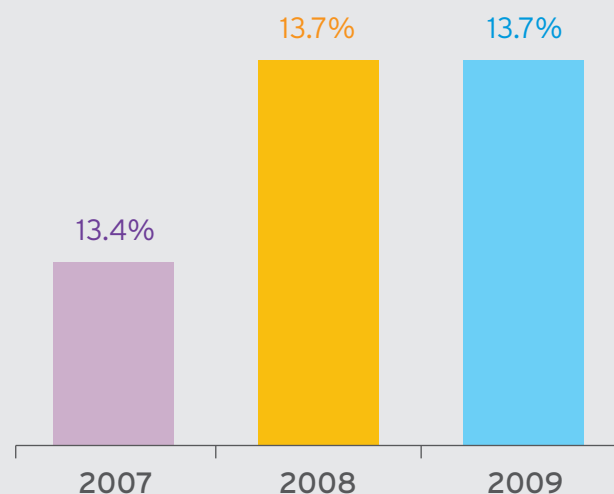
KTC's net profit defined as a sum of net interest income (interest income including credit usage fees less financial expense) and non-interest income less bad debt and doubtful accounts, and administrative expenses and taxes.

Net Interest Income (including credit usage fees)

Interest income including credit usage fees for 2009 was Baht 8.6 billion, 2% growth from the year 2008. The Credit Card interest income grew by 8% to Baht 5.5 billion, or 45% of total revenue. Cost of fund and bad debt and doubtful accounts expanded to 10% and 70% respectively. Meanwhile, administrative expenses reduced by 9%.

MANAGEMENT DISCUSSION AND ANALYSIS

Graph 2 : Net Interest Income (including credit usage fees)



The net interest (including credit usage fees) margin is defined as the difference between the interest (including credit usage fees) yield on average interest-earning assets and the rate paid on average interest-bearing liabilities. KTC's net interest (including credit usage fees) margin for both 2008 and 2009 equaled to 13.7% because of the increase of interest income (including credit usage)

MANAGEMENT DISCUSSION AND ANALYSIS

Interest Income (including credit usage fees)

KTC's interest income (including usage fee) increased to Baht 8.6 billion in 2009 from Baht 8.4 billion in 2008. The interest income (including credit usage fees) structure in 2009 comprised of 64% credit cards, 1% circle loans, 33% personal loans and 2% self-employed loans.

Two core interest income generators included credit cards and personal loans. The two combined contributed 97% of total interest income. The credit card interest income (including credit usage fees) increased by 8% to Baht 5.5 billion in 2009 from Baht 5.1 billion in 2008. The personal loan interest income (including credit usage fees) decreased 4% to Baht 2.9 billion in 2009 from Baht 3.0 billion in the previous year, as the result of the deceleration of loan approval during the economic downturn.

MANAGEMENT DISCUSSION AND ANALYSIS

Table 4 : Summary of Interest Income and Interest Expenses (Baht Million)

Year Ended December 31,	2009		2008		2007	
	Income or Expenses	Proportion	Income or Expenses	Proportion	Income or Expenses	Proportion
Interest Income						
(including credit usage fees)						
Credit Card	5,514	64%	5,111	61%	4,395	58%
Circle Loan	67	1%	84	1%	105	1%
Personal Loan	2,847	33%	2,956	35%	2,513	33%
Self-Employed	133	2%	258	3%	506	7%
Total Interest Income						
(including credit usage fees)	8,561	100%	8,409	100%	7,519	100%
Yield on Interest Income						
(including credit usage fees)	18.5%		18.3%		18.3%	
Total Financial Expenses	2,036		1,850		1,739	
Cost of Fund	4.8%		4.6%		4.9%	
Net Interest Income						
(including credit usage fees)	6,525		6,559		5,780	
Net Interest Margin						
(including credit usage fees)	13.7%		13.7%		13.4%	

MANAGEMENT DISCUSSION AND ANALYSIS

Non-Interest Income (excluding credit usage fees)

Total non-interest income (excluding credit usage fees) increased to Baht 3.8 billion in 2009 from Baht 3.6 billion in 2008. In 2009, KTC's non-interest income (excluding credit usage fees) accounted for 31% of total revenue and it was consisted of 81% fees and service income, 18% bad debt recoveries and other income and 2% gain on exchange.

KTC's fees and service income slightly increased of Baht 3.0 billion in 2009. KTC's fees and service income were mainly from cash advance fees (a one-time charge for 3% of withdrawal amounts) and interchange fees. Other servicing fees also included processing fees, late fees, and deferred payment fees charges.

MANAGEMENT DISCUSSION AND ANALYSIS

Table 5 : Components of Non-interest Income (excluding credit usage fees) (Baht Million)

Year Ended December 31,	2009		2008		2007	
	Income	Proportion	Income	Proportion	Income	Proportion
Non-interest Income (excluding credit usage fees)						
Fees and Service Income	3,062	81%	3,013	83%	2,719	85%
Bad Debt Recoveries	497	13%	287	8%	207	6%
Management Fees	4	0%	-	0%	7	0%
Net Gain(Loss) on Exchange	60	2%	61	2%	96	3%
Other Income	170	4%	259	7%	154	5%
Total Non-interest Income (excluding credit usage fees)	3,793	100%	3,620	100%	3,182	100%
Total Interest Income (including credit usage fees)	8,561		8,409		7,519	
Total Revenue	12,354		12,029		10,701	
Non-interest Income (excluding credit usage fees)	31%		30%		30%	

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Expenses

Cost of fund was 4.8% in 2009, compared to 4.6% in 2008 as a portion of long-term loans and debentures got larger. The reason of congregating fund is to prepare for the future growth and to be able to partially glue cost of fund for the long-term borrowing at a low rate before rising in 2010 according to the company's expectation.

Bad Debt and Doubtful Accounts

The bad debt and doubtful accounts in 2009 increased to Baht 5.6 billion from Baht 3.3 billion in 2008 as the result of new provisioning policy. KTC has thus changed its provisioning policy for all businesses by applying a new policy for receivables in default of 90 days or more to be 100% provisioned and make further adjustments for economic factors in order to sustain risks that possibly arise in the future.

Moreover, KTC strengthen itself to be able to handle risk from future unpredictable velocity evidence and to be ready to adopt the new accounting standard (IAS39) which will be effective in 2013. KTC therefore decides to revise the impairment assessment methodology and increase provision levels to reflect the revised methodology from last quarter of 2009 onwards. The adjustments will be made in decreasing amount over time. Therefore, with the high provision affects the increase of expenses as well.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

Total administrative expenses were Baht 5.3 billion in 2009, or a decline rate of 9%, as compared to 2008. The major cost items include outside service fees, marketing expenses and personnel expenses which summed up to 75% of total administrative expenses.

The majority of outside service fees were from interchange fee, the Certegy fees (IT outsourcer' fees) and legal consulting fee. In 2009, the marketing expenses decreased 39% in line with the reduction of marketing activities. Lastly, personnel expenses dropped down 4% comparing to the previous year.

CORPORATE MANAGEMENT

1) Board of Directors Structure

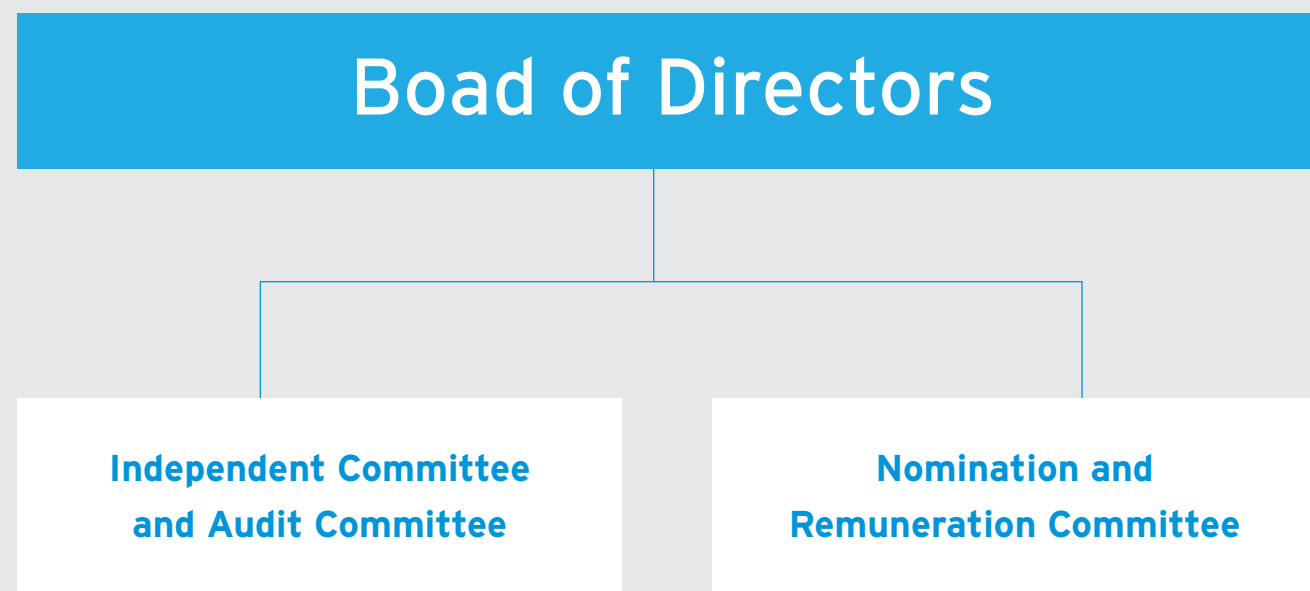
As at 31 December 2009, the Board of Directors of the Company consists of 8 directors i.e. one Executive Director who is the President & CEO, four Non-Executive Directors and two Independent Directors (the Company formerly had three Independent Directors. Mr. Rangsin Suebsaeng an independent director, passed away on 23 September 2009 therefore, there are 2 independent directors. Currently, the Company is looking for a replacement). Therefore, there can be confidence that the Board of Directors is able to perform its duties independently, without any influence. This will result in effective decision.

The Company nominates directors from various businesses with strong leadership skill vision, work experience, business ethics and the ability to show their independent comments.

For the appropriate balance of power in the operation, the Chairman and the President & CEO are held by different individuals. The Chairman acts as the policy leader while the President & CEO is the executive leader who counterbalances power for the proper conduct of business.

CORPORATE MANAGEMENT

The Company has three sets of Directors; the Board of Directors, Audit Committee which are independent directors, and Nomination and Remuneration Committee. The Company prescribed the authorities, duties, including the appointment and the removal of directors in the Articles of Association of the Company which were registered with the registrar of public companies limited, Department of Business Development, Ministry of Commerce.



CORPORATE MANAGEMENT

As at 31 December 2009, the Board of Directors of the Company consists of 8 directors 1 secretary of Board of Directors and 1 company secretary as follows:

Name	Position	Shareholding (%)
1. Mr. Pongsathorn Siriyodhin	Chairman	0.000%
2. Ms. Chanathip Poshyananda	Director, Chairperson of Audit Committee	0.004%
3. Mr. Akarat Na Ranong	Director, Audit Committee, Nominating and Remuneration Committee	0.0004%
4. Ms. Pimpen Ladpli	Director, Audit Committee, Nominating and Remuneration Committee	0.004%
5. Mrs. Kittiya Tothanakasem	Director	0.000%
6. Mr. Narathorn Wongvises	Director	0.000%
7. Mr. Suvit Mapaisansin *	Director, Nominating and Remuneration Committee	0.000%
8. Mr. Niwatt Chittalarn	Director	0.000%
9. Mr. Pakorn Matrakul	Secretary to the Board of Directors	0.000%
10. Mr. Peerapong Ruamjai	Company Secretary	0.000%

* was appointed by the resolution of the Board of Directors' Meeting No. 14/2552 held on 16 December 2009 to replace Mr. Rangsin Suebsaeng, a director who passed away and has been registered with the Department of Business Development, Ministry of Commerce on 25 December 2009.

CORPORATE MANAGEMENT

Authorities of the Board of Directors

1. Directors may assign a director or directors to perform any actions on behalf of the Board of Directors.
2. Directors may determine the name of authorized signatory directors of the Company who can sign and affix the seal to bind the Company.
3. The Board of Directors may appoint any person to conduct the Company's operation under the control of the Board of Directors or authorize that person to perform any action, within the certain period which the Board of Directors deems appropriate. The Board of Directors may cancel, revoke, change or amend such authorities as appropriate.
4. Any Director who has a conflict of interest in any transaction shall not be allowed to participate in the consideration and approval of such transaction.
5. The Board of Directors may approve payment of interim dividends for shareholders from time to time as the Board of Directors may recommend if appropriate considering the profits and retained earnings position of the Company. This payment should be reported to the next Shareholders' Meeting.
6. Any transaction which requires approval from the Company's Shareholders pursuant to the Public Company Limited Act B.E. 2535 (1992), the Board of Directors must obtain prior approval from the Shareholders' Meeting e.g. considering and approving balance sheet and profit and loss statements, allocation of profit and capital reserve, the election of a director

CORPORATE MANAGEMENT

to replace a director who retired by rotation and specifying remuneration, appointing all or some of auditors and fixing the auditing fee, the sale or transfer of the whole or important parts of the business of the Company to other persons, the purchase or acceptance of transfer of the business of other companies by the Company, the making, amending or terminating of contracts with respect to the granting of a hire of the whole or important parts of the business of the Company, the entrustment of the management of the business of the Company to any other person or the amalgamation of the business with other persons with the purpose of profit and loss sharing.

Duties of the Board of Directors

1. The Board of Directors shall manage the Company's operations to ensure compliance with laws as well as the objectives and the Articles of Association of the Company and resolutions of the Shareholders' Meeting with honesty to protect the interests of the Company.
2. The Board of Directors shall notify the Company without delay when there is a direct or an indirect interest in any contract which is made by the Company during a fiscal year, holding shares or debentures of the Company or an affiliated company and shall indicate the total increase or decrease of shares during the fiscal year.
3. The Board of Directors shall hold meetings quarterly, at which not less than 50% of the total number of directors must attend the meeting to form a quorum. A majority vote is required for any decision made at such a meeting.

CORPORATE MANAGEMENT

4. The Board of Directors must arrange the Meeting at least every three months with more than a half of total directors attending the meetings. The resolutions of the meetings are based on the majority votes.
5. The directors shall not operate any business which has the same nature as and is in competition with the business of the Company or become a partner in an ordinary partnership or any other company operating business which has the same nature as the business of the Company.

Nomination, Appointment and Removal of the Board of Directors

1. Each Director and Audit Committee shall be appointed by the majority votes in the Shareholders' Meeting in which one share equals to one right to vote. Highest votes person shall be appointed with the following highest votes until meeting the required number of directors. The Company shall have at least five directors. In case, voted directors are higher than required directors, the final decision shall be made by the Chairman of the Meeting.
2. The Shareholders' Meeting shall pass a resolution to appoint directors; each shareholder shall have one vote for one share and vote for each candidate individually. After the vote, the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until the positions are filled. Where there is an equality of votes cast for candidates in descending order causing the number of directors to be exceeded, the chairman shall make the final decision. The number of the directors of the Company must not be less than 5.

CORPORATE MANAGEMENT

3. The Board of Directors shall elect one of the directors to be the chairman of the Board. In the case where the Board of Directors deems it expedient, the Board of Directors may elect one or several directors to be vice-chairman.
4. In every Annual General Meeting, at least or the closest number of one-third of total directors shall be resigned from the Board. The resigned directors shall be re-appointed by the Shareholders' Meeting.
5. The meeting of shareholders may pass a resolution removing any director from office prior to vacancy as a result of the termination of the term of office of the director, by a vote of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote and the total number of shares being not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.
6. In case of a vacancy in the Board of Directors for reasons other than the termination of the term of office, the Board of Directors shall elect a person who has qualifications and is not prohibited by law from acting as such, as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said director is less than two months. The resolution of the Board of Directors shall be by a vote of not less than three-fourths of the number of directors remaining. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces.

CORPORATE MANAGEMENT

Assignment of Executive Power to the Managing Director and President & CEO

The Board of Directors' Meeting No.16/2005 held on 16 December 2005 passed a resolution to amend the power of attorney dated 5 July 2002 to be suitable and in accordance with the Company's operations. The power of attorney dated 16 December 2005 is based on the same principle as the previous power of attorney which authorized the Managing Director (currently, the President and Chief Executive Officer) to conduct and manage the Company's operation, to specify the value of transactions which the Company's officer may be authorized to approve and to consider and approve the operations of each department of the Company. However, the President & CEO is not authorized to approve connected transactions, the acquisition or disposition of important assets of the Company, and/or any transaction which the President & CEO or any person has an interest or has a conflict of interest in, the said transactions are required to receive approval from the Audit Committee and/or the Board of Directors, and/or the Shareholders' Meeting as the case may be.

CORPORATE MANAGEMENT

Board of Directors' Meeting No. 10/2008 held on 31 July 2008 passed a resolution to amend the authorized signatories to be directors comprised of 3 persons as follows:

Name	Position
1. Mr. Narathorn Wongvises	Director
2. Ms. Pimpen Ladpli	Director
3. Mr. Niwatt Chittalarn	Director / President & CEO
Signing Conditions: two of three directors can sign and affix the company's seal	

The Company prepared the power of attorney dated 1 August 2008 to reflect the amendment of the authorized signatories mentioned above. In every way, the power of attorney contains the same principles, contents and details as the power of attorney dated 16 December 2005.

CORPORATE MANAGEMENT

2) Sub-Committee

2.1) Independent Directors and Audit Committee

Independent Director

As at 31 December 2009, the Company has 2 Independent Directors i.e. Ms. Chanathip Poshyananda and Mr. Akarat Na Ranong.

Independence of the Independent Directors

- Being capable of performing duties and giving opinions on the Company's operations.
- Hold totally not more than 1 % of the number of shares with voting rights in the Company (paid-up capital), or any subsidiary, associated company, or any juristic person possibly possessing a conflict of interest including shares held by related persons;
- Is not and has not been a director participating in management of the Company, or an employee or an officer of the Company, or an advisor of the Company receiving a regular salary from the Company, a person having controlling power over the Company or the Company's parent company, subsidiary, or any associated company, or any juristic person possibly possessing a conflict of interest (if any);

CORPORATE MANAGEMENT

- Is not related either through blood or lineage or legal registration as a father, mother, spouse, sibling or child, including as a spouse of a child of any member of management or major shareholder of the Company or the Company's subsidiary, or of any person having power to control the Company or the Company's subsidiary, or of the person nominated to hold a management role or a person having power to control the Company or the Company's subsidiary (if any);
- Is not and has not had any business relationship with the Company or the Company's parent company, subsidiary, associated company, or any juristic person possibly possessing a conflict of interest in the manner in which his/her independent discretion might be affected, e.g. being a professional service provider or having numerous related party transactions with special conditions different from other clients, receiving financial support from the Company or being a major shareholder or being a person with power to control a professional service provider;
- Is not a director appointed as a representative of a director of the Company, a representative of a major shareholder of the Company, or a representative of a shareholder of the Company which is a related person of the major shareholder of the Company;
- Is not a director appointed by the Board of Directors to make decisions on the operations of the Company, the Company's parent company, subsidiary, associated company, or a subsidiary of another company at the same level as the Company, or any juristic person possibly possessing a conflict of interest;

CORPORATE MANAGEMENT

- Is not a director of the Company's parent company, subsidiary, or a subsidiary of another company at the same level as the Company which is a public company limited.
- Does not have any characteristics by which his/her independent comment or opinion on the Company's operation may be affected.

Audit Committee

As at 31 December 2009, the Audit Committee comprises 3 members as follows:

Name	Position
1. Ms. Chanathip Poshyananda	Chairperson of Audit Committee
2. Mr. Akarat Na Ranong	Audit Committee Member
3. Ms. Pimpen Ladpli*	Audit Committee Member

* appointed by the resolution of the Board of Directors' Meeting No. 13/2009 held on 26 November 2009 to replace Mr. Rangsin Suebsaeng, an audit committee member who passed away.

The Audit Committee comprises independent directors. Ms. Chanathip Poshyananda and Mr. Akarat Na Ranong passed the Audit Committee Program held by Thai Institute of Directors Association (IOD). Moreover, Ms. Chanathip Poshyananda as the Chairperson of Audit Committee is qualified with knowledge and experience to review the credibility of the Company's financial statements.

CORPORATE MANAGEMENT

Duties of Audit Committee

1. Review the Company's financial reporting processes to ensure that they are accurate and adequate;
2. Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient;
3. Review the Company's operation to comply with the Securities and Exchange Act, the Stock Exchange of Thailand's regulation and the law relating to the Company's Business;
4. Consider, select and nominate independent persons to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. Consider and review Connected Transactions, or the transactions that may lead to conflict of interest, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. Prepare the corporate governance report, signed by the chairperson of the Audit Committee, and disclose in the Company's Annual Report.
7. Perform any other duty as assigned by the Board of Directors

CORPORATE MANAGEMENT

2.2) Nomination and Remuneration Committee

As at 31 December 2009, the Nomination and Remuneration Committee comprises 3 members as follows:

Name	Position
1. Mr. Akarat Na Ranong	Nomination and Remuneration Committee
2. Ms. Pimpen Ladpli	Nomination and Remuneration Committee
3. Mr. Suvit Mapaisansin *	Nomination and Remuneration Committee

* appointed by the resolution of the Board of Directors' Meeting No. 14/2009 held on 16 December 2009 to replace Mr. Rangsin Suebsaeng, a Nomination and Remuneration Committee member who passed away.

Duties of Nomination and Remuneration Committee

The Board of Directors of the Company approved the Charter of Rules and Procedures for the Nomination and Remuneration Committee which set out the duties of the Nomination and Remuneration Committee as follows:

1. Determine the qualifications of the Directors, Managing Directors and the Chief Executive Officer which depends on structure, size and complements as required by law, directors and/or the resolutions of the Shareholders' Meeting as the case may be;

CORPORATE MANAGEMENT

2. Find, select and nominate qualified persons who have qualifications as described for the position of Directors, Independent Directors, Executive Directors and Chief Executive Officer and propose to the Board of Directors' or the Shareholders' Meeting as the case may be for further approval;
3. Consider criteria for the evaluation of the Board of Directors and the Chief Executive Officer's performances and propose to the Board of Directors' Meeting for further approval;
4. Propose remuneration policy, the structure for remuneration and other benefits for the Directors, Independent Directors, Executive Directors and Chief Executive Officer which must be appropriate and consistent with duties and responsibilities of such position, and standard used by businesses of the same nature as the Company, the Company's performance and market situation, the Board of Directors' or the Shareholders' Meeting as the case may be for further approval;
5. Ensure that the number and composition of the Directors are appropriate in accordance with the size of the organization including to propose adjustment to reflect the change of environment;
6. Perform any act related to nomination and remuneration as assigned by the Board of Directors of the Company.

CORPORATE MANAGEMENT

2.3) Company Secretary

The Board of Directors Meeting held on 13 August 2008 resolved to appoint Mr. Peerapong Ruamjai as the Company Secretary.

1. Advise on rules, regulations and laws which the Board of Directors is required to comply with.
2. Prepare and keep the following documents:
 - a register of directors;
 - a notice calling a board of directors' meeting, minutes of the board of directors' meeting and annual report of the Company; and
 - a notice calling a shareholders' meeting, minutes of the shareholders' meeting;
3. Keep records of interests reported by a director or an executive and provide copy of the said report to the Chairman and the Chairperson of Audit Committee within 7 days of the receiving date of the report;
4. Perform any act as assigned by the Board of Directors of the Company;
5. Perform any act as required by the laws, the Securities and Exchange Commission, Capital Market Commission and /or other supervising organization.

CORPORATE MANAGEMENT

3) Roles and Responsibilities of Board of Directors

The Board are responsible for setting policies and directions of the Company's operation by participating and approving setting the Company's vision, mission, overall strategic goal of the Company and ensure the established policy, goal and financial plan are efficiently and effectively implemented by the Management in order to increase the value of the business and safeguard the interests of the Company and shareholders including following up the Company's operations so as to ensure that the Management has complied with the law and policy.

The Board has consistently monitored the risk management and internal control of the Company. Sub-Committee has been appointed with authorities and responsibilities separately from those of the Board and the Management. (See more details in 2) Sub-Committee)

Having the best practices for a Code of Conduct and a Code of Business Conduct is a significant basic for creation of good corporate governance. The best practices on the Code of Conduct and the Code of Business Conduct are the integration of ethical behaviors with an aim to preserve and promote the Company's honor and good reputation. The Company also lays down rules and regulations for staff to perform their activities in compliance with integrity and a Code of Business Conduct.

CORPORATE MANAGEMENT

The Company recognizes an importance of good internal control at both Management and Operation levels. Environment or factors are set up for motivation all staffs to recognize this importance. This helps the Company reach the targeted good internal control system. Internal Control Department, which reports directly to the Audit Committee, has been set up to be responsible for this matter. This department is the main driver to promote, review and to ensure that the system is appropriate and effective. The efficiency of the internal control system is reviewed and adjusted on a continual basis to reduce operational risks. At the same time, the recommendations or opinions from external auditor are considered in order to develop the system with more effectiveness. The Company is confident that its internal control system is adequate enough to prevent its properties from any possible damages.

CORPORATE MANAGEMENT

4) Board of Directors' Meeting

The Board organizes the Board of Directors' Meeting with a consistent basis; however, the extra meetings may be held; if needed. Many agenda are included in the meeting such as the reviewing of the quarterly financial statements, the monitoring the progress of any project and the consideration of the Company's policy and the operating results. The invitation letter is sent out by the President and CEO's Office at least seven days in advance providing all directors enough time to consider the agenda with attached document of the Meeting. The Meetings of Sub-Committee are also held in the consistent basis. The minutes of meetings are recorded in writing.

The Minutes of Meeting is recorded in writing and reviewed by the Board before certification the Minutes in the next Meeting. The Certified Minutes of Meetings are filed and available for reviewing or auditing by the Board and related officials at any time. In 2008, the Board organized 14 meetings and the Audit Committee organized 5 meetings with details as follows;

CORPORATE MANAGEMENT

Name	Board of Directors' Meeting Total 14 Meetings	Audit Committee's Meeting Total 5 Meetings
1. Mr. Pongsathorn Siriyodhin	14	-
2. Mr. Rangsin Suebsaeng ¹	9	3
3. Ms. Chanathip Poshyananda	14	5
4. Mr. Akarat Na Ranong	12	5
5. Ms. Pimpen Ladpli ²	11	-
6. Mrs. Kittiya Tothanakasem	7	-
7. Mr. Narathorn Wongvises	12	-
8. Mr. Suvit Mapaisansin ³	-	-
9. Mr. Niwatt Chittalarn	11	-

¹ passed away on 23 September 2009

² was appointed according to the resolution of the Board of Directors No.13/2552 dated 26 November 2009 to replace Mr. Rangsin Suebsaeng, an Audit Committee member who passed away. Therefore, she did not attend the Audit Committees' meeting in 2009.

³ was appointed according to the resolution of the Board of Directors No.14/2552 dated 16 December 2009 to replaced Mr. Rangsin Suebsaeng, a Director who passed away. Therefore, he did not attend the Board of Directors' meeting in 2009.

CORPORATE MANAGEMENT

5) Board of Directors - Remuneration

With the appropriate policy of the remuneration for the Board of Directors, and Sub-Committee, the Nomination and Remuneration Committee is responsible for proposing that appropriate level and asking for the resolution from the Shareholders' Meeting. In the Shareholders' Meeting No.7 on April 30, 2009, the Shareholders have passed the resolution to approve the remuneration and the bonus for each director.

Remuneration of the Board of Directors

The total remuneration of the eight directors for the year 2009 amount Baht 5,405,750 and Mr. Niwatt Chittalarn as a director amount Baht 577,000 (remuneration and bonus). The total remuneration of the Board of Directors and Executives amount Baht 130,047,793 with details as follows;

CORPORATE MANAGEMENT

Name	Position	Remuneration (Baht)	Bonus (Baht)
1. Mr. Pongsathorn Siriyodhin	Chairman	325,000	381,000
2. Mr. Rangsin Suebsaeng ¹	Vice Chairman	213,750	317,000
	Audit Committee Member	180,000	
	Chairperson of Nomination and Remuneration Committee	180,000	
3. Ms. Chanathip Poshyananda	Director	260,000	317,000
	Chairperson of Audit Committee	300,000	
4. Mr. Akarat Na Ranong	Director	260,000	317,000
	Audit Committee Member	240,000	
	Nomination and Remuneration Committee Member	192,000	
5. Ms. Pimpen Ladpli ²	Director	260,000	317,000
	Audit Committee Member	20,000	
	Nomination and Remuneration Committee Member	192,000	

CORPORATE MANAGEMENT

Name	Position	Remuneration (Baht)	Bonus (Baht)
6. Mrs. Kittiya Todhanakasem	Director	240,000	317,000
7. Mr. Narathorn Wongvises	Director	260,000	317,000
8. Mr. Suvit Mapaisansin ³	Director Nomination and Remuneration Committee Member	-	-
9. Mr. Niwatt Chittalarn	Director	260,000	317,000

¹ passed away on 23 September 2009

² was appointed according to the resolution of the Board of Directors No.13/2552 dated 26 November 2009 to replace Mr.Rangsin Suebsang, an Audit Committee member who passed away. Therefore, she received remuneration as an audit committee member in December 2009

³ was appointed according to a resolution of the Board of Directors No.14/2552 dated 16 December 2009 to replace Mr. Rangsin Suebsang, a Director and a member of the Nomination and Remuneration Committee who passed away. Therefore, he did not receive remuneration during 2009.

CORPORATE MANAGEMENT

Remuneration of Executive

Remuneration	2009	
	Persons	Remuneration (Baht)*
Salary	17	93,549,097
Bonus	17	25,510,000
Provident Fund	17	5,582,946
TOTAL	17	124,642,043

* The remuneration of executives includes the remuneration of Mr. Niwatt Chittalarn as a President & CEO and Mr. Pakorn Matrakul as a Secretary to the Board of Directors.

6) Board of Directors - Self Assessment

Even though, all directors are highly qualified persons with knowledge, ability and best understanding in the business, they still continuously monitor its operation such as strategic policy and business plan, risk management and internal control, conflicts of interests, and financial reports and operating result to ensure that the operation has no default.

CORPORATE MANAGEMENT

7) Board of Directors and Managements Training

The Board of Directors consists of persons with various qualifications, who all have skills, experience and expertise that are useful to the company. To generate more efficiency to the Company, the boards of directors normally encourage and facilitate trainings for all internal parties related to Corporate Governance, such as the Good Corporate Governance Program and the Audit Committee Program.

Having high qualified Management, the President & CEO shall authorize one of them to operate the business while he is not available to operate its business such as attending international business trip. However, this delegation shall be limited with the appropriate level to the current situation of the Company.

CORPORATE GOVERNANCE

Along with the corporate governance policy, which has been classified into 5 categories, and the best practice for directors of listed companies issued by the Stock Exchange of Thailand (“SET”) and the Securities and Exchange Commission (“SEC”), the Company’s Board of Directors (“the Board”) recognizes the significance of the policy and complies with those five categories. Details are as follows;

1. Rights of Shareholders

The Company formulates the corporate governance policy to ensure that the Company operates its business with ethics, transparency and accountability; the main drivers leading the Company to have sustainable growth.

The Company intends to comply with the corporate governance policy set by the government and the official agencies supervising the Company and to comply with other corporate governance standard considered to be applicable to the Company.

Regarding to an importance of right of shareholders, the Company treats all shareholders equally by posting the agenda of the Shareholders’ Meeting with supported information on the Company’s website. Moreover, the Company allows all shareholders to send us their queries with regard to those agenda before the scheduled meeting.

CORPORATE GOVERNANCE

An invitation letter and supported document for the Annual General Shareholders' Meeting are sent out to shareholders in advance. The Company encourages all shareholders to participate the meeting and exercise their rights in inquiring the Board and submitting suggestions, generating the great benefit to the Management and the Company. The Minutes of Meeting is recorded and filed for further inspecting with integrity.

In the Shareholders' Meetings, all directors, including Audit Committee, are required to attend every meeting with the exception of the one who are otherwise engaged. The Chairman of the meeting grants equal opportunities and times to all shareholders to exercise their rights regarding to the verification of operation, submission of inquiries, comments and recommendations, all of which are reported in the Minutes of Meetings.

2. Equal Treatment to Shareholders

The Company treats all shareholders; Managements, Non-Managements, foreign shareholders and minority shareholders, equally. Furthermore, the Company sets the policy of inside information control that does not allow managements, staffs and related persons to use inside information for their own benefits or to distribute the information to outsiders. However, the Company has not seen the usage of inside information of any management, staffs or related person for their own benefits.

CORPORATE GOVERNANCE

The Company prevents and manages conflicts of interests through equitable information disclosure, maintenance of confidential information, refusal to operate any task or any suitable measure to each circumstance. Along with the policy to prevent using inside information of the Managements for their own benefits, KTC defines the policy and approval process on conflicts of interest transactions and connected transactions. Regarding to Section 59 of the Securities and Exchange Act B.E. 2535, all Directors and Managements are required to submit the report of changes in securities holding to the SEC, which are regularly reported in the Board of Directors' Meetings. Transactions generating interests to Directors and Managements are also reported to the Board of Directors' Meetings.

The Company defines the policy allowing shareholders to raise agenda for the Shareholders' Meeting; however, it would be done under suitable condition, timing and related regulation. For shareholders who are unable to attend the Meetings, they are able to submit the proxy, attached in the invitation package, to delegate others; such as the Audit Committee, to attend the Meetings and exercise their rights to vote on agenda in the Meeting. On the Agenda of Director Nomination, the Company proposes shareholders to consider Directors individually. Voting cards are provided in every meeting.

CORPORATE GOVERNANCE

3. Role of Stakeholders

All stakeholders; internal stakeholders (staffs and managements) and external stakeholders, customers, creditors and society, are significant in different practices to the Company. The Company recognizes the appropriate rights and basic benefits, which stakeholders are entitled to receive such as the rights to conveniently access accurate and complete information. Furthermore, the Company establishes the policy to prevent default and illegal transactions of managements and related persons to the Company with facilitating to the one who informs those transactions to the Company. Along with the supporting from our stakeholders, it leads the Company to have strong competition capability and high earning to the Company, contributing successful story in the long term period.

Social Responsibilities are another important duty of the Company. The Company always submits substantial support to help people, who do not have good opportunity or who encounter with the natural disaster or serious troubles, through the Company itself or coordination with both government agencies and private agencies.

CORPORATE GOVERNANCE

4. Disclosure and Transparency

The Company has established Investor Relations Department to treat and provide equitably information to all investors; retail investors, institutional investors, securities analysts and local and foreign fund managers. The Company organizes many activities; such as reporting quarterly Management Discussion and Analysis along with financial statement, announcing semiannual and annual operating result for both local and foreign investors, analysts and company visits, to inform the progression and the performance of the company and to give all of them the opportunities to inquire any question or recommendation to the company. Furthermore, KTC submits continually required information to the SET and also posts that information on the Company's Website at www.ktc.co.th. In 2009, more than 150 investors / analysts visited our company.

The Company's Board of Directors is responsible for preparation of Financial Statements and financial information disclosed in the Company's annual report, complied with the suitable certified account standards in Thailand and disclosure sufficient information in the Notes of Financial Statements. This responsibility is done under prudent caution and best practices.

The Board has appointed the Audit Committee to be responsible for monitoring the quality of the Company's Financial Statements and Internal Control System. Regarding to these matters, the comments of the Audit Committee are reported in the Report of Audit Committee disclosed in the Annual Report.

CORPORATE GOVERNANCE

Due to the importance of equitable treatment to all shareholders and related persons, Financial Statements, financial information and operating results of the Company are disclosed with completeness, integrity, transparency and appropriate timing in the Annual Reports and the Company's Website.

5. Responsibilities of the Board of Directors

5.1) Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors are responsible for setting policies and directions of the Company's operation by participating and approving setting the Company's vision, mission, overall strategic goal of the Company and ensure the established policy, goal and financial plan are efficiently and effectively implemented by the Management in order to increase the value of the business and safeguard the interests of the Company and shareholders including following up the Company's operations so as to ensure that the Management has complied with the law and policy.

The Board of Directors has conducted risk management and internal controls by continuously following up the Company's operation. In addition, the Board of Directors has set up the Board committees whose powers and duties are clearly separate from the Board of Directors and the Management. *(Please see the details in Corporate Management, 2) Sub Committees and 3) Roles and Responsibilities of Board of Directors)*

CORPORATE GOVERNANCE

Business ethics have been established as important fundamentals for corporate governance. The Company's business ethics are a code of good behavior which maintain and support the Company's reputation. The Company has established regulations regarding working with honesty and business ethics.

5.2) The Board of Directors' Meeting

The Board of Directors shall hold the Company's Board of Directors Meeting and hold the extraordinary meeting when necessary. The important agenda items are; to consider the Company's financial statements quarterly; to follow up with the Company's improvement projects; to consider important policies and to follow up the Company's performance. The Chief Executive Officer's department shall prepare an invitation to the meeting including agendas and supporting documents for the Directors to review at least 7 days prior to the meeting in order to allow the Directors to consider and study the agenda items and supporting documents. Moreover, the Subcommittee's meeting shall be held and the minutes of meetings must be recorded.

Each meeting is recorded and the minutes of meeting are prepared and the draft of the minutes is proposed to the Board of Directors to be adopted at the next meeting. The minutes of the Board of Directors' which have been adopted by the Board of Directors will be kept for further audit by the Board of Directors and relevant organizations. In 2009, there were 14 Board of Directors' Meetings

CORPORATE GOVERNANCE

and 5 Audit Committee's Meetings. *(Please see the details in Corporate Management, 4) Board of Directors' Meeting)*

5.3) Board of Directors - Remuneration

With the appropriate policy of the remuneration for the Board of Directors, and Sub-Committee, the Nomination and Remuneration Committee is responsible for proposing that appropriate level and asking for the resolution from the Shareholders' Meeting. In the Shareholders' Meeting No.7 on April 30, 2009, the Shareholders have passed the resolution to approve the remuneration and special remuneration and authorized the Nomination and Remuneration Committee to have the power to appropriate a sum of money to each director. *(Please see the details in Corporate Management, 5) Board of Directors - Remuneration)*

5.4) Board of Directors - Self Assessment

Even though, all directors are highly qualified persons with knowledge, ability and best understanding in the business, they still continuously monitor its operation such as strategic policy and business plan, risk management and internal control, conflicts of interests, and financial reports and operating result to ensure that the operation has no default.

CORPORATE GOVERNANCE

5.5) Board of Directors and Managements Training

The board of directors consists of persons with various qualifications, who all have skills, experience and expertise that are useful to the company. To generate more efficiency to the Company, the boards of directors normally encourage and facilitate trainings for all internal parties related to Corporate Governance, such as the Good Corporate Governance Program and the Audit Committee Program.

Having high qualified Management, the President & CEO shall authorize one of them to operate the business while he is not available to operate its business such as attending international business trip. However, this delegation shall be limited with the appropriate level to the current situation of the Company.

MONITORING OF INSIDE INFORMATION USAGE

KTC places an importance on dissemination of transparent information to all parties including institutional investors, analysts, minor investors and local and foreign investors, who are subject to receiving information on an equality and fair basis. The Company's policy to provide information to outsiders includes the designation of a person who is assigned to give specific information for investors for acknowledgement with accuracy and hitting to the point. The Company also supervises the use of inside information in terms that the material information which significantly has an impact towards the operational performance shall not be revealed to the public. Such information will be disclosed only to the limited and concerned groups of persons.

Besides determining directors, executives and employees to sign in the agreements for keeping a secret issue and/or the inside corporate information, KTC has also set a means to control them not to use the Company's inside information for their own benefits by defining penalty for those who violate the regulations.

INTERNAL CONTROL

Audit Committee has supervised and monitored the operations of Internal Audit Department on a consistency basis. According to the letter of the Audit Committee No. Kor Tor Sor 2/2010 dated March 3, 2010 on a report of supervision by the Audit Committee submitted to the Board of Directors' Meeting no. 6/2010 held on March 18, 2010, an evaluation of sufficiency for the internal control system can be concluded as follows:

Organization and Environment: The Committee views that KTC has prudently set its operational targets with organization structure appropriate for business undertakings. Moreover, it has also set up rules on actions against the company's interests and penalty procedures for those who violate the rules.

Risk Management: KTC has considered its problems and risks and sought guidelines, remedial measures to control and reduce risks. KTC also applies risk management policy to cover major areas like wise strategic risks, credit risks, market risks, liquidity risks and operation risks. Meanwhile, the Internal Audit Unit Department has been established to carry out the auditing process and submit the audit results to the Audit Committee on a quarterly basis.

INTERNAL CONTROL

Administration Control for Executives: KTC has apparently formulated the scope of authority for each level of the executives and determined strict measures in considering actions, activities related to major shareholders, directors, executives or any persons related with these persons on ground of maximum benefit of the company. The approval for such activities must obtain discretion from the Audit Committee and/or the Board of Directors as the case may be.

Information system and communication: KTC provides adequate information for decision making of the Board of Directors and put in place filing system with complete, categorized and reliable documents. KTC also applies the accounting policy in accordance with the accounting principles generally accepted and appropriate with its nature of business.

Monitoring system: KTC always compare between the business targets and the actual performance on a consistency basis and presents the report the Board of Directors. Moreover, KTC also implements the internal audit process of which the results will be reported directly to the Audit Committee.

DIVIDEND PAYMENT POLICY

The Shareholders' meeting no. 1/2003 approved the amendment to the dividend payment policy to not less than 40 percent of net profit after deduction of income tax and appropriation for a legal reserve. The Company paid dividend of THB 1.00 per 1 ordinary share (58.5%) for the operation result in 2006 and THB 1.20 per 1 ordinary share (59.4%) for the operation result in 2007.

The Shareholders' meeting no. 7/2009 approved the non-distribution of dividends for 2008's operating results.

HUMAN RESOURCE

Personnel

As of December 31, 2009, KTC recorded the number of 1,107 employees. Personnel expenses consisting of Executive's remuneration and staff remuneration; salary, bonus and provident fund, totaled to Baht 871.71 million in 2009.

Human Resource Management Policy

- Recruitment and Motivation

KTC places a focus on internal recruitment and then gives additional trainings. Since promotion from within will not only get staff acquainted with the company's operations and help create morale in working, but also attract them to stay longer with the company, which provides them with the comparable compensation with other companies in the same industry. In addition, KTC has provided nice working environment that would increase staffs enthusiasm and efficiency.

HUMAN RESOURCE

- Human Resource Development

KTC arranges for the staff both on-the-job training and functional training. For on-the-job training, senior staffs give advices and recommendations all through the whole process to junior staffs. With respect to functional trainings, various training courses will be arranged by internal lecturers or sending staff to attend outside seminar programs such as those organized consistently by VISA and MasterCard or Credit Card Business Club. KTC arranges other Soft Skills such as Leadership skill, Team work development, negotiation technique, etc.

In addition, KTC has initiated Learn & Earn @ KTC, which is a long-term program with an objective to promote and serve students who need to utilize their free time by working to get experiences. In this connection, KTC offers the students a chance to practice in some position considered to be appropriate with their maturity, skill, and spare time of each student.

LEGISLATIONS APPLICABLE TO BUSINESS OPERATIONS OF THE COMPANY

The Ministry of Finance issued a Notification operation of credit card services and personal loans under the Notification of Revolutionary Council No. 58 and authorized the Bank of Thailand (the “BOT”) to supervise by announcing the Notifications specifying the requirements and regulations for such business, including stipulating rates of interest and fees chargeable to customers and the qualifications of credit card holders and personal loan clients. The Company granted approval for conducting credit card services and personal loans under supervision, together with approval for electronic payment services providers under the Royal Decree Regulating of Electronic Payment Services B.E. 2551 (2008) and the Electronics Transaction Commission and the BOT as the control and supervision division regarding the requirements and regulations for such business. The Company has strictly complied with the notifications, rules and regulations which have been announced and if there is any new regulation in the future, the Company will comply with it.

Apart from the notifications of the BOT and of the Electronics Transaction Commission as mentioned earlier, the Company is also required to comply with other regulations relevant to the Company’s business e.g. Credit Information Business Act B.E. 2545 (2002), Consumer Protection Act B.E. 2522 (1979) and Unfair Contract Terms Act B.E. 2540 (1997) etc. The Company confidentially believes that all the regulations related to the business of the Company have been followed correctly.

LEGISLATIONS APPLICABLE TO BUSINESS OPERATIONS OF THE COMPANY

Moreover, the Company's business may be controlled and supervised by governmental agencies or other organizations which may announce rules, regulations, conditions, procedures and/or criteria to control and supervise the business of the Company. As a result of that, the Company may be required to adjust the operation of the Company in the future. However, the Company believes that it will be able to follow the said rules, regulations, conditions, procedures and/or criteria.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2009, the Company entered into related party transactions with a related company i.e. Krung Thai Bank Public Company Limited ("Krung Thai Bank") as follows:

The Company discloses related transactions with parties who are related to the Company i.e. companies which are under the same control as the Company through shareholdings and/or common directors. Details of Related Party Transactions are shown in the Notes to Financial Statements clause 27 regarding related transactions for the year ended 31 December 2009, audited by Deloitte Touche Tohmutsu Jaiyos Audit Co., Ltd. Related parties to the Company are Krung Thai Bank, Krung Thai Computer Services Co., Ltd. and Krung Thai General Business Services Co., Ltd. details of the related parties transactions are provided as follows:

1. Credit Card Business Administrative Service Agreement dated 26 June 2002

This agreement was entered into between the Company and Krung Thai Bank in order to replace the Business Administrative Service Agreement dated 1 January 1998. Krung Thai Bank hired the Company to administrate the part of Krung Thai Bank's credit card business that was not transferred from Krung Thai Bank to the Company i.e. Visa Electron Debit Card (VE) and other plastic card businesses, which Krung Thai Bank was willing to conduct after 30 June 2002. The Company agreed to provide services to Krung Thai Bank for the period of 15 years from 1 July 2002. According to the conditions of the Agreement, the administrative service fee for the first

RELATED PARTY TRANSACTIONS

three years was put in place in advance and was based on the actual service fee but not exceeding Baht 20 million per year. Both parties would reconsider the administrative service fee every three years to reflect market price at that time.

Afterwards, the Amendment of Credit Card Business Administrative Service Agreement was executed in order to amend the administrative service fees according to the quantity of transactions. Other fees would be charged based on actual expenses plus the service fees which were already agreed. The service fees between the Company and Krung Thai Bank are based on market price and conditions in the ordinary course of the Company's business. Under the agreement, Krung Thai Bank agreed to only hire the Company and Krung Thai Bank has the right to terminate the agreement prior to the end of the 15 year term if the Company breaches the agreement and/or does not comply with the agreement and does not remedy the breach within 90 days after having received a notice from Krung Thai Bank. The Company also has the right to terminate the agreement if Krung Thai Bank fails to make two consecutive service fee payments.

However, the Board of Directors of the Company Meeting No.7/2007 held on 15 June 2007 passed a resolution to end the provision of administrative services for VE under the Credit Card Business Administrative Service Agreement with Krung Thai Bank. Both parties agreed to terminate the administrative services for VE, which was a part of the services under the Credit Card Business Administrative Service Agreement from 1 April 2007, remaining terms and conditions are still effective.

RELATED PARTY TRANSACTIONS

The termination of the said services will not significantly impact the revenue structure of the Company as the Company derived a total amount of Baht 5.58 million or 0.07% of the total revenue of the Company (the total revenue in the year 2006 was Baht 8,117.62 million) from the administrative services provided to VE of Krung Thai Bank in 2006. The termination of the administrative services provided to VE of Krung Thai Bank was to cut losses from the said services.

2. Back Office Services Agreement

According to this agreement, Krung Thai Bank agreed to provide Back Office services (including the services provided by Krung Thai Bank and/or its subsidiaries), which included Back Office services related to card membership and information systems, for the period of 15 years from 1 July 2002.

On 15 May 2006, the Amendment of Back Office Services Agreement was executed amending the fee for Back Office services relating to the part of the system work from 1 July 2005, to be at the rate of Baht 58.6 million per year and the fee for other parts of Back Office services will be charged at different rates depending on the quantity of transactions.

Amendment of the Back Office Services Agreement was executed for a second time in August 2008 amending the fee for Back Office services relating to system work during August-December

RELATED PARTY TRANSACTIONS

2008 to be at the rate of Baht 40.6 million and for the period of 1 January 2009-30 June 2011 to be at the rate of Baht 140.8 million and the fee for other parts of Back Office services will be charged at different rates depending on the quantity of transactions. The service fee between the Company and Krung Thai Bank is based on market price and the conditions in the ordinary course of the Company's business.

According to the agreement, the Company has the right to terminate the agreement prior to the end of the 15 year term if Krung Thai Bank breaches the agreement and/or does not comply with the agreement and does not remedy the breach or failure within 90 days after having received notice from the Company. Krung Thai Bank also has the right to terminate the agreement if the Company fails to make two consecutive payments of the service fee.

3. Call Center Administrative Service Agreement

The Company entered into the Call Center Administrative Service Agreement with Krung Thai Bank in accordance with a condition specified in the Credit Card Business Administrative Service Agreement mentioned above. The Company agreed to provide call center services to Krung Thai Bank for the period of 15 years from 16 December 2004. According to the agreement, the service fees are at different rates depending on the quantity of transactions during each month. The service fees between the Company and Krung Thai Bank are based on market prices and the conditions in the ordinary course of the Company's business.

RELATED PARTY TRANSACTIONS

However, the Company's Board of Directors' Meeting passed a resolution to terminate the said agreement. As a result, both parties terminated the Call Center Administrative Service Agreement on 1 May 2007.

The termination of the Call Center Administrative Service Agreement will not significantly impact the revenue structure of the Company as the Company derived revenue in the total amount of Baht 20.71 million or 0.26% of the total revenue of the Company (the total revenue in the year 2006 was Baht 8,117.62 million) from the call center administrative services provided in 2006. The termination of the call center administrative services was to cut losses from provision of the said services.

After termination of the Call Center Administrative Service Agreement, Krung Thai Bank is still responsible for repayment of the invested money or advance invested money according to the terms and conditions of the agreement. Krung Thai Bank must repay the invested money in 60 installments. As at 30 December 2009, Krung Thai Bank made fully repayment of such investment to the Company already.

RELATED PARTY TRANSACTIONS

4. Fleet Card Service Agreement

The Company entered into the Fleet Card Service Agreement with Krung Thai Bank under which the Company agreed to provide Fleet Card services for Krung Thai Bank for a period of 6 months from 1 December 2009. According to the agreement, the service fees are based on cost plus the service fees. The transactions between the Company and Krung Thai Bank were in accordance with the ordinary course of business.

5. Loan Agreement

The Company entered into a Loan Agreement with Krung Thai Bank, for a loan of Baht 18,000 million, consisting of a Term Loan of Baht 17,000 million payable within 30 days and the Call Loan not exceeding Baht 1,000 million which is payable on demand or within 3 months. Moreover, Krung Thai Bank approved the provision of the Overdraft Loan of Baht 30 million to the Company.

As at 31 December 2009, the Company has not drawn down money from the loan agreement .

6. Development and Improvement of Working System Service Agreement

The Company entered into the Back Office Services Agreement dated 26 June 2002, which included Back Office services related to card membership and information systems and the services provided by Krung Thai Bank itself or its subsidiaries.

RELATED PARTY TRANSACTIONS

Services were provided by Krung Thai Computer Services Co., Ltd. ("KCS") for the development and improvement of working systems including card membership and information systems, Krung Thai Bank holds 100% of the shares in KCS. KCS is also a service provider for development and improvement of other working systems and information which are irrelevant to the services under the said agreement and has the space at Bangbuatong Computer Center Building for rent which is for the benefit of the Company as it is used for information storage. The service fee between the Company and KCS is based on market price and the conditions in the ordinary course of the Company's business.

7. Document Storage Services Agreement

The Company hired Krung Thai General Business Services Co., Ltd. ("KGS") as a service provider for document deposit, storage and search. Krung Thai Bank holds 100% of the shares in KGS which was hired to provide standardized services of document keeping and to administrate a system for the storage, search and borrowing of documents in order to reduce the space limitations and increase systematic storage and search. The service fee between the Company and KGS is based on market price and the conditions in the ordinary course of the Company's business.

RELATED PARTY TRANSACTIONS

Opinion of the Audit Committee on the Related Party Transactions

The Related Party Transactions have been considered and commented on by the Audit Committee, which opined that the Related Party Transactions are beneficial to the Company and are in the ordinary course of the Company's business. There are neither special conditions nor transferring of benefits between the Company and related parties. In addition, the fee rates or interest rates between the Company and the related parties are in line with normal rates or rates which would be charged to external parties.

Policies Regarding Related Party Transactions and Acquisition and Disposition of Assets of the Company in the Future

Pursuant to Section 89/12 of the Securities and Exchange Act B.E. 2535 (No.4) (the "Securities and Exchange Act"), related parties transactions are prescribed by the law as being any transaction between the Company and a director, an executive or a related person and must be approved by the shareholders' meeting unless such transaction is categorized as an exceptional transaction e.g. a transaction with the same commercial terms as those an ordinary person would agree with any unrelated counter-party under similar circumstances , on the basis of commercial negotiations and without any dependent interest resulting from the status of the directors, executives or related persons, as the case may be, provided further that the said commercial terms have been approved by the board of directors or are in compliance with the principles approved by the board of directors.

RELATED PARTY TRANSACTIONS

In this regard, the Board of Directors' Meeting of the Company held on 19 September 2008 resolved to grant in principle approval for trade agreements with related parties to ensure compliance with the said regulation namely that "the Management may enter into any transaction or trade agreement which is considered as a related party transaction as described in the regulation on securities and exchange. A transaction or trade agreement must be on the same commercial terms as those an ordinary person would agree with any unrelated counter-party under similar circumstances, on the basis of commercial negotiation and without any dependent interest resulting from the status of the director, executive or related person (the "Common Trade Transaction") including a continuing connected transaction and a future transaction. The Management may determine an outline and rule for operation and prepare a summary report of such transaction for the Audit Committee's Meeting and the Board of Directors' Meeting at the appropriate time".

The entering into of the related party transaction and/or the acquisition and disposition of assets of the Company in the future shall be made in compliance with the laws on securities and exchange, the regulations of The Stock Exchange of Thailand and the principle for trade agreements with related parties approved by the Board of Directors, including any regulation in connection with the disclosure of information, connected transactions and the acquisition and disposition of assets of the Company.

RELATED PARTY TRANSACTIONS

If the Company enters into a transaction that may give rise to a conflict of interest, the Audit Committee will consider the justification of the transaction. If the Audit Committee is not qualified enough to consider the transaction in question, the Company will seek more specialized persons such as auditors or asset appraisers or law firms etc. who are independent from the Company and the persons with potential conflict to comment on the transactions for consideration by the Board of Directors or the Shareholders in order to ensure that the transaction will not be considered as a transfer of benefits between the Company, related persons and/or shareholders of the Company. The Company will take into account the best interests of the shareholders, especially minority shareholders. Furthermore, any director or shareholder who has any interest in connection with such related parties transaction or acquisition or disposition of assets of the Company shall not be allowed to participate in the consideration and approval of such transaction.

REPORT OF THE AUDIT COMMITTEE

TO THE SHAREHOLDERS

The Audit Committee, which was appointed by the Board of Directors, consists of three directors, namely, Ms. Chanathip Poshyananda serves as a Chairperson; Mr. Rangsin Suebsaeng and Mr. Akarat Na Ranong serve as Committee members. They are all independent directors and Chairperson does not position in any other subcommittees. In addition, the Senior Vice President of Internal Audit Department serves as a secretary of the Committee.

In 2009, five Audit Committee Meetings were held to consider significant issues of the Company, such as the annual audit plan, main issues found in the audit process and result of the audit process done by outsourcers. External auditors were invited to attend any meeting concerning financial statements i.e. the quarterly, half year and annual financial statements to give opinions and additional observations in order to ensure that the financial statements were conducted in accordance with the accounting standard reflecting the exact performance and status of the Company. In addition, some of the meetings were particularly held without the present of management, which the Audit Committee has regularly reported all meeting's result to the Board of Directors.

The Committee promotes the Company to disclose appropriate information with completeness and transparency. For the most benefit to the Company, the Committee has continually reviewed and evaluated all significant risks independently by reviewing and monitoring the internal control system through the operation of Internal Audit Department and discussion with external auditors

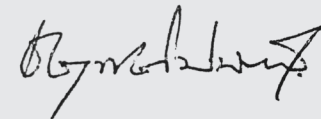
REPORT OF THE AUDIT COMMITTEE

and the Company's Managements. As a matter of fact, the evaluation showed that the Company has appropriated and creditable internal control system, risk management system, business operation and financial statements.

The Audit Committee has reviewed the financial statement as at December 31, 2009 of Krungthai Card Public Company Limited by coordinate with the auditor and the management of the Company and has an opinion that the company's financial statement have been prepared in conformity with generally accepted accounting principles and disclose correct, sufficient and reliable information, which is in line with the report of the independent certified public accountants submitted to the Board of Directors and shareholder.

Along with good cooperation from Managements and related persons to follow all the recommendations, the Committee is confident that the Company operates the business with good and adequate corporate governance and all staffs perform their duties with efficiency and caution, reflecting the continue improvement of good corporate governance of the Company.

Signed on behalf of the Audit Committee,



(Ms. Chanathip Poshyananda)

Chairperson of the Audit Committee

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS KRUNGTHAI CARD PUBLIC COMPANY LIMITED

We have audited the balance sheets of Krungthai Card Public Company Limited as at December 31, 2009 and 2008, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. 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.

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Krungthai Card Public Company Limited as at December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Without qualifying our opinion, as described in Note 4.1 to the financial statements, the Company has adopted an accounting policy regarding deferred tax for the first time. The comparative financial statements for the year ended December 31, 2008 thus have been retrospectively restated to be in accordance with the new accounting policy. In addition, as described in Note 4.2 to the financial statements, the Company has also changed the accounting estimate of the allowance for doubtful accounts for the year ended December 31, 2009.



Dr. Suphamit Techamontrikul

Certified Public Accountant (Thailand)

Registration No. 3356

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO.,

BANGKOK
February 26, 2010

BALANCE SHEETS

As at December 31, 2009 and 2008

unit : baht

	Notes	2009	2008
			"Restated"
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	27	3,059,239,391	747,231,436
Long-term investment with maturity within one year	8	20,070,930	-
Trade accounts receivable - net	6	44,007,493,757	48,661,140,459
Management fee receivable - related financial institution	27	3,850,000	255,495
Accounts receivable on swap contracts - net		-	692,869,484
Revenue Department receivable		175,734,482	-
Other current assets	7	731,904,279	939,843,661
Total Current Assets		47,998,292,839	51,041,340,535

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

BALANCE SHEETS (CONTINUED)

As at December 31, 2009 and 2008

unit : baht

	Notes	2009	2008
			"Restated"
ASSETS (continued)			
NON-CURRENT ASSETS			
Long-term investments	8	1	20,335,110
Long-term accounts receivable on swap contracts - net		-	11,498,968
Leasehold improvement and equipment - net	9	442,814,677	405,415,487
Intangible assets - net	10	275,670,409	261,318,522
Deferred tax assets	4, 11	959,722,883	497,925,068
Other non-current assets		161,508,441	159,032,062
Total Non-current Assets		1,839,716,411	1,355,525,217
TOTAL ASSETS		49,838,009,250	52,396,865,752

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

BALANCE SHEETS (CONTINUED)

As at December 31, 2009 and 2008

unit : baht

	Notes	2009	2008
			"Restated"
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term loans			
- Related financial institution	12, 27	-	4,970,000,000
- Other financial institutions	12	1,027,829,522	10,503,398,605
Trade accounts payable			
- Related financial institution and related parties	27	409,306,338	459,666,739
- Others		215,539,141	232,491,564
Current portion of long-term loans	13	3,281,483,310	10,086,202,817
Current portion of liability under finance lease contracts	14	9,684,957	8,560,267
Current portion of long-term debentures	15	6,700,000,000	3,000,000,000
Accounts payable on swap contract - net		1,850,023	-
Accrued interest expenses	27	296,277,182	303,133,240
Income tax payable		-	219,069,493
Accrued expenses		600,783,124	630,093,902
Other current liabilities		522,517,945	524,179,532
Total Current Liabilities		13,065,271,542	30,936,796,159

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

BALANCE SHEETS (CONTINUED)

As at December 31, 2009 and 2008

unit : baht

	Notes	2009	2008
			"Restated"
LIABILITIES AND SHAREHOLDERS' EQUITY (continued)			
NON-CURRENT LIABILITIES			
Long-term loans	13	8,281,483,312	4,078,165,635
Liabilities under finance lease contracts - net	14	13,098,772	18,766,032
Long-term debentures	15	22,200,000,000	10,700,000,000
Long-term accounts payable on swap contract - net		1,850,021	-
Deferred tax liabilities	4, 16	9,732,043	1,724,565
Total Non-current Liabilities		30,506,164,148	14,798,656,232
TOTAL LIABILITIES		43,571,435,690	45,735,452,391

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

BALANCE SHEETS (CONTINUED)

As at December 31, 2009 and 2008

unit : baht

	Notes	2009	2008
			"Restated"
LIABILITIES AND SHAREHOLDERS' EQUITY (continued)			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital	17		
257,833,407 ordinary shares of Baht 10.00 each		2,578,334,070	
258,016,200 ordinary shares of Baht 10.00 each			2,580,162,000
Issued and paid-up share capital			
257,833,407 ordinary shares of Baht 10.00 each, fully paid		2,578,334,070	2,578,334,070
ADDITIONAL PAID-IN CAPITAL			
Premium on ordinary shares		1,891,808,721	1,891,808,721
RETAINED EARNINGS			
Appropriated	20		
Legal reserve		161,200,000	161,200,000
Unappropriated		1,635,230,769	2,030,070,570
TOTAL SHAREHOLDERS' EQUITY		6,266,573,560	6,661,413,361
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		49,838,009,250	52,396,865,752

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

STATEMENTS OF INCOME

For the years ended December 31, 2009 and 2008

unit : baht

	Notes	2009	2008
			"Restated"
Interest income		6,025,069,597	5,919,742,292
Fee and service income	27	5,601,731,997	5,502,000,063
Bad debt recovered		497,121,657	287,190,723
Gain on exchange rate - net		60,295,760	61,235,110
Other income	21	169,922,400	258,918,070
Total Revenues		12,354,141,411	12,029,086,258
Administrative expenses	27	5,229,284,738	5,773,722,924
Management remuneration		130,047,793	121,508,996
Bad debts and doubtful accounts	6.3	5,603,566,524	3,288,430,738
Total Expenses		10,962,899,055	9,183,662,658

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

STATEMENTS OF INCOME (CONTINUED)

For the years ended December 31, 2009 and 2008

unit : baht

	Notes	2009	2008
			"Restated"
PROFIT BEFORE FINANCE COST AND INCOME TAX		1,391,242,356	2,845,423,600
FINANCE COSTS	27	2,035,894,971	1,849,725,551
PROFIT (LOSS) BEFORE INCOME TAX		(644,652,615)	995,698,049
INCOME TAX - INCOME (EXPENSE)	24	249,812,814	(378,951,170)
NET PROFIT (LOSS)		(394,839,801)	616,746,879
EARNINGS (LOSS) PER SHARE	25		
Basic earnings (loss) per share	BAHT	(1.53)	2.39
Diluted earnings per share	BAHT	-	2.39
WEIGHED AVERAGE NUMBER OF ORDINARY SHARES	25		
Basic earnings (loss) per share	THOUSAND SHARES	257,833	257,807
Diluted earnings per share	THOUSAND SHARES	-	257,859

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2009 and 2008

unit : baht

	Notes	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
				Appropriated Legal reserve	Unappropriated	
“Restated”						
Balance as of December 31, 2007						
as previously reported		2,575,700,760	1,891,760,005	135,100,000	1,348,969,028	5,951,529,793
Effect of the change in accounting policy	4	-	-	-	399,851,147	399,851,147
Balance as of December 31, 2007						
as restated		2,575,700,760	1,891,760,005	135,100,000	1,748,820,175	6,351,380,940
Cash received from the exercise of						
warrants to purchase ordinary shares	19	2,633,310	48,716	-	-	2,682,026
Legal reserve	20	-	-	26,100,000	(26,100,000)	-
Dividend paid	20	-	-	-	(309,396,484)	(309,396,484)
Net profit		-	-	-	616,746,879	616,746,879
ENDING BALANCE						
AS AT DECEMBER 31, 2008		2,578,334,070	1,891,808,721	161,200,000	2,030,070,570	6,661,413,361

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the years ended December 31, 2009 and 2008

unit : baht

	Notes	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
				Appropriated Legal reserve	Unappropriated	
Balance as of December 31, 2008 as previously reported		2,578,334,070	1,891,808,721	161,200,000	1,533,870,067	6,165,212,858
Effect of the change in accounting policy	4	-	-	-	496,200,503	496,200,503
Balance as of December 31, 2008 as restated		2,578,334,070	1,891,808,721	161,200,000	2,030,070,570	6,661,413,361
Net loss		-	-	-	(394,839,801)	(394,839,801)
ENDING BALANCE						
AS AT DECEMBER 31, 2009		2,578,334,070	1,891,808,721	161,200,000	1,635,230,769	6,266,573,560

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

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2009 and 2008

unit : baht

	2009	2008
		"Restated"
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	(644,652,615)	995,698,049
Adjustments for:		
Amortization of premium on debt securities	264,179	462,329
Amortization of deferred interest expense		
from discounted promissory notes	10,639,457	31,540,346
Depreciation and amortization	234,411,142	203,018,503
Reward point expense	60,000,000	99,000,000
(Gain) loss from disposal and written-off of fixed assets	(2,818,414)	3,977,632
Bad debts and doubtful accounts	5,603,566,524	3,288,430,738
Interest expense	1,975,844,713	1,849,725,551
	7,237,254,986	6,471,853,148
Trade accounts receivable increase	(949,919,822)	(8,753,672,714)
Management fee receivable - related financial institution increase	(3,594,505)	-
Other current assets (increase) decrease	207,939,383	(5,910,844)
Other non-current assets increase	(35,888,187)	(84,475,803)

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

STATEMENTS OF CASH FLOWS (CONTINUED)

For the years ended December 31, 2009 and 2008

unit : baht

	2009	2008
		"Restated"
Trade accounts payable - related financial institution and related parties decrease	(50,360,401)	(173,553,756)
Trade accounts payable - others increase (decrease)	(112,617,615)	118,536,145
Accrued interest expenses increase (decrease)	24,627,537	(31,183,450)
Income tax payable decrease	(92,236)	(191,000)
Accrued expenses increase (decrease)	(29,310,778)	110,367,866
Other current liabilities decrease	(61,661,587)	(76,718,891)
Cash received from (paid for) operations	6,226,376,775	(2,424,949,299)
Interest expense paid	(2,007,328,307)	(1,763,274,505)
Income tax paid	(598,689,263)	(541,871,644)
Net cash provided by (used in) operating activities	3,620,359,205	(4,730,095,448)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of leasehold improvements and equipment	(91,200,143)	(126,084,403)
Proceeds from sales of leasehold improvements and equipment	3,479,932	-
Cash paid for purchases of computer software	(64,544,148)	(165,509,995)
Net cash used in investing activities	(152,264,359)	(291,594,398)

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

STATEMENTS OF CASH FLOWS (CONTINUED)

For the years ended December 31, 2009 and 2008

unit : baht

	2009	2008
		"Restated"
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans from financial institutions	(14,456,208,540)	2,495,655,477
Cash payment for redemptions of short-term debentures	-	(1,750,000,000)
Proceeds from long-term loans	7,500,000,000	1,000,000,000
Cash paid for repayment of long-term loans	(9,393,333,333)	-
Proceeds from issuance of debentures	18,200,000,000	8,200,000,000
Cash payment for redemption of debentures	(3,000,000,000)	(5,000,000,000)
Cash payment for liabilities under financial lease contracts	(6,545,018)	(4,643,398)
Dividend paid	-	(309,396,484)
Proceeds from the exercise of warrants to purchase ordinary shares	-	2,682,026
Net cash provided by (used in) financing activities	(1,156,086,891)	4,634,297,621
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 2,312,007,955	 (387,392,225)
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	747,231,436	1,134,623,661
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	3,059,239,391	747,231,436

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

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2009 and 2008

1. GENERAL

Krungthai Card Public Company Limited (“the Company”) was registered as a Juristic Company on December 4, 1996 and registered the change in its status to a “Public Company” with the Ministry of Commerce on July 2, 2002 to fully engage in credit card, circle loan and other related businesses. The Company registered as a listed company on The Stock Exchange of Thailand on October 28, 2002.

The Company is located at 14th Floor UBC II Building, 591 Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 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 financial statements have been prepared on the historical cost basis except for those described in Accounting Policies (Note 3).

The financial statements of the Company are prepared in compliance with the Notification of the Department of Business Development dated January 30, 2009 regarding “The Brief Particulars in the Financial Statements B.E. 2552”.

Currently, the Company’s operations relate to a single business segment, the consumer finance business, and are carried out in a single geographic area which is Thailand.

NOTES TO THE FINANCIAL STATEMENTS

2.2 Renumbering of Thai Accounting Standards

The Federation of Accounting Professions issued the Notification of Federation of Accounting Professions No. 12/2552 dated May 15, 2009 regarding the renumbering of Thai Accounting Standards (TAS) to be the same as International Accounting Standards. Therefore, the reference TASs in these financial statements have used the new numbers to be in accordance with such Notification.

2.3 Accounting standards announced but not yet effective in 2009

The Federation of Accounting Professions issued the Notification of Federation of Accounting Professions No. 16/2552 dated May 21, 2009 regarding the following accounting standards that were announced in the Royal Gazette, but not yet in effective in 2009:

Accounting Standards		Effective date
Accounting Framework (Revised 2007)		January 1, 2011
No. 20	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2012
No. 24 (Revised 2007)	Related Party Disclosures (previously No. 47)	January 1, 2011
No. 40	Investment Property	January 1, 2011

The Company's management has assessed the impact of these accounting standards when they are effective for financial periods beginning on or after the TASs' effective dates and does not expect them to have a material effect on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits at banks and financial institutions and current investments with original maturities of 3 months or less.

3.2 Trade accounts receivable

Trade accounts receivable are stated at the outstanding amount less the allowance for doubtful accounts.

3.3 Long-term investments

Long-term investments represent investment in debt security held-to-maturity, which is stated at amortized cost. Premiums and discounts arising on the acquisition of security held-to-maturity are amortized or accreted to interest income in the statements of income over the term of the security in order to provide a constant yield to maturity.

3.4 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at cost less accumulated depreciation and amortization.

Gain or loss on disposal or write-off leasehold improvement and equipment is recognized in the statements of income in the period of disposal or write-off.

NOTES TO THE FINANCIAL STATEMENTS

Depreciation and amortization of leasehold improvement and equipment are calculated by the straight-line method, over the estimated useful lives of the assets, as follows:

Leasehold improvement	Lease period
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

3.5 Intangible assets

Intangible assets represent computer software which is stated at cost less accumulated amortization.

Amortization of intangible assets is calculated by the straight-line method based on the estimated useful life of intangible assets over 5 years.

3.6 Other non-current assets

Other non-current assets consist of refundable deposits and credit card's embedded chip.

Credit card's embedded chip is stated at cost less accumulated amortization.

NOTES TO THE FINANCIAL STATEMENTS

Amortization of other asset, which is credit card's embedded chip is calculated by the straight-line method over the privilege period that the cardholder is entitled to use the card of 5 years.

3.7 Long-term leases

Leases of assets where the Company assumes substantially all the risks and rewards are classified as finance leases. Assets acquired by way of finance leases are capitalized at the estimated present value of the minimum lease payments at the inception of the lease. The corresponding lease liability is recorded in the balance sheet. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statements of income.

Leases of assets where substantially all the risks and rewards are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are recognized as expenses in the statements of income on a straight line basis over the term of the leases.

Where an operating lease is terminated before the lease period has expired, any penalty payment is recognized as an expense in the period in which the lease is terminated.

NOTES TO THE FINANCIAL STATEMENTS

3.8 Foreign currency transactions

Transactions denominated in foreign currencies during the year are translated into Baht at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Baht at the reference exchange rate announced by the Bank of Thailand at that date.

The Company uses cross currency swap contracts in asset and liability management activities to control exposure to fluctuation in foreign exchange rates. Such derivatives that have not entered into for trading purposes are recorded on an accrual basis. The swap contracts denominated in foreign currencies at the balance sheet date are translated into Baht at the reference exchange rates announced by the Bank of Thailand at that date.

Gains or losses on exchange arising on settlements or translation are recognized as operating income or expenses in the statements of income.

3.9 Income recognition

The Company recognizes interest income on credit card receivables for default payments of installments from the posting date. Interest on cash advances from credit cards is recognized from the date of cash withdrawals. Interest on circle loans, personal loans and self-employed loans are recognized on an accrual basis. The Company recognizes interest income overdue for more than 180 days on a cash basis.

NOTES TO THE FINANCIAL STATEMENTS

The Company recognizes fee and service income, which consists of fees on cash advances, card issuance fees, interchange fees and other service fees, on the date the service is rendered.

The Company recognizes management fees when services are rendered as stipulated in the credit card management service agreement.

3.10 Provident fund

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

3.11 Income tax

Income tax - income (expense) represent the sum of the tax currently payable and deferred tax.

3.11.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

3.11.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available for utilizing all or part of the deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis or to realized the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Income tax - income (expense) related to profit or loss from normal activities are presented in the statements of income, except for current and deferred taxes of related items that recognized directly in the shareholders' equity in the same or different period.

3.12 Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing net profit (loss) for the year by the weighted average number of ordinary shares issued and held by outside parties during the year.

Diluted earnings per share are calculated by dividing net profit for the year by the total sum of the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares which need to be issued assuming that the warrants had been exercised to purchase the ordinary shares at the beginning of the year or on the date the ordinary shares equivalent were issued during the year.

NOTES TO THE FINANCIAL STATEMENTS

3.13 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies described above, the management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The significant accounting estimate is as follow:

Allowance for doubtful accounts and bad debts

For the year ended December 31, 2008, the Company estimated the allowance for doubtful accounts for credit card, circle loan and personal loan receivables by using percentage of loss rates net of recovery based on the aging of credit card, circle loan and personal loan receivables and actual data for the past five years.

The Company provided the allowance for doubtful accounts for credit card, circle loan and personal loan receivables by using the loss rate net of recovery which the Company believed that such loss rate reflects the current credit risk inherent in the portfolio. Moreover, the Company adjusted the historical loss experience by the information on trend and economic conditions that might have an effect on the ability to repay the debt of the debtor groups.

NOTES TO THE FINANCIAL STATEMENTS

A fixed percentage of 1% for self-employed loans is applied to receivables aged less than 180 days because self-employed loan products had been launched in the year 2004 but decreased continuously, the Company thus had no adequate statistical historical data to calculate the allowance for doubtful accounts based on the percentage of loss rates net of recovery. Allowance for receivables in default for 180 days or more was fully reserved.

For the year ended December 31, 2009, the Company has changed the estimation of allowance for doubtful accounts by set fully reserved for credit card, circle loan and personal loan receivables, which are defaulted for 90 days or more and for self-employed loan receivables, which are defaulted for the period of 90 days to 179 days. In addition, the Company also considers the economic factors to cope with the potential risks from the future economic fluctuation for all receivables that have not been fully reserved. (see Note 4.2)

Bad debt recoveries are recognized as income in the statements of income in the period in which they are collected.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING CHANGES

4.1 Change in accounting policy

The Company has first-time adopted an accounting policy regarding deferred tax for the financial statements for the year ended 31 December 2009 by applying International Accounting Standard No.12 "Income Taxes" (revised 2008), which the content is not different from draft Thai Accounting Standard No. 12 "Income taxes" (2009). The Company believes that this change in the accounting policy is appropriate as the Company's result of operations presented is consistent with business aspects and the obligation of income tax payable or refundable in the future can be recognized in the financial statements. The financial statements for the year ended December 31, 2008, presented herein for comparison, have been restated accordingly and the effects are as follows:

Unit : Thousand Baht

	2009	2008
Deferred tax assets		
Balance at January 1, before change in accounting policy	-	-
Increase	959,723	497,925
Balance at January 1, after change in accounting policy	959,723	497,925

NOTES TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

	2009	2008
Deferred tax liabilities		
Balance at January 1, before change in accounting policy	-	-
Increase	9,732	1,724
Balance at January 1, after change in accounting policy	9,732	1,724
Retained earnings - Unappropriated		
Balance at January 1, before change in accounting policy	1,533,870	1,348,969
Increase in deferred tax assets	497,925	399,851
Increase in deferred tax liabilities	(1,724)	-
Balance at January 1, after change in accounting policy	2,030,071	1,748,820
Net Profit (Loss)		
Net profit (loss) for the year before change in accounting policy	(848,630)	520,398
Decrease in income tax	453,790	96,349
Net profit (loss) for the year after change in accounting policy	(394,840)	616,747

NOTES TO THE FINANCIAL STATEMENTS

Unit : Thousand Baht

Increase in Earning (Loss) Per Share ("EPS")

Basic EPS:

Weighted-average number of common share (Thousand shares)

EPS before change in accounting policy

Decrease in income tax

EPS after change in accounting policy

Diluted EPS:

Weighted-average number of common share (Thousand shares)

EPS before change in accounting policy

Decrease in income tax

EPS after change in accounting policy

	2009	2008
Weighted-average number of common share (Thousand shares)	257,833	257,807
EPS before change in accounting policy	(3.29)	2.02
Decrease in income tax	1.76	0.37
EPS after change in accounting policy	(1.53)	2.39
Weighted-average number of common share (Thousand shares)	-	257,859
EPS before change in accounting policy	-	2.02
Decrease in income tax	-	0.37
EPS after change in accounting policy	-	2.39

NOTES TO THE FINANCIAL STATEMENTS

4.2 Change in accounting estimate of allowance for doubtful accounts

For the year ended December 31, 2009, the Company has changed the estimation of allowance for doubtful accounts for credit card, circle loan and personal loan receivables, which are defaulted for 90 days or more from using the loss rate net of recovery to be fully reserved. The Company also considers the economic factors to cope with the potential risks from the future economic fluctuation.

Since the second quarter of year 2009 onwards, the Company changed the estimation of allowance for doubtful account for self-employed loans, which are defaulted for the period of 90 days to 179 days, from 1% to be 100% and since December 31, 2009, the Company also adjusted trend and economic conditions that might have an effect on the ability to repay the debt into receivables aged less than 90 days.

Such change in accounting estimate of allowance for doubtful accounts resulted in the increase in doubtful accounts of Baht 1,280.2 million for the year ended December 31, 2009.

NOTES TO THE FINANCIAL STATEMENTS

5. SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

Non-cash items for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
	Thousand Baht	Thousand Baht
Liabilities under lease contracts brought forward	27,326	8,632
<u>Add</u> Purchase fixed assets under finance lease contract	2,003	23,337
<u>Less</u> Cash paid for liabilities under lease contracts	(6,545)	(4,643)
Liabilities under lease contracts carried forward	22,784	27,326
Fixed assets payable brought forward	-	-
<u>Add</u> Purchase fixed assets	186,629	149,421
<u>Less</u> Purchase fixed assets under finance lease contract	(2,003)	(23,337)
<u>Less</u> Cash paid for purchase fixed assets	(91,200)	(126,084)
Fixed assets payable carried forward (presented as a part of Trade accounts payable - others)	93,426	-
Computer software payable brought forward	-	-
<u>Add</u> Purchase computer software	66,783	165,511
<u>Less</u> Cash paid for purchase computer software	(64,544)	(165,511)
Computer software payable brought forward (presented as a part of Trade accounts payable - others)	2,239	-

NOTES TO THE FINANCIAL STATEMENTS

6. TRADE ACCOUNTS RECEIVABLE - NET

6.1 Outstanding balances of trade accounts receivable classified by type of business and aging

The Company had outstanding balances of trade accounts receivable classified by type of business and aging as follows:

As at December 31, 2009

	Credit card	Circle loan	Personal loan	Self-employed loan	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Not over 89 days	34,845,273	365,969	9,726,954	235,061	45,173,257
90 - 179 days	802,132	6,210	438,352	16,849	1,263,543
180 days and over	119,148	14,295	209,092	457,384	799,919
Total	35,766,553	386,474	10,374,398	709,294	47,236,719
<u>Less</u> Allowance for doubtful accounts	(1,768,020)	(29,398)	(950,522)	(481,285)	(3,229,225)
Trade accounts receivable - net	33,998,533	357,076	9,423,876	228,009	44,007,494

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2008

	Credit card	Circle loan	Personal loan	Self-employed loan	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Not over 89 days	35,244,721	441,539	12,273,810	618,061	48,578,131
90 - 179 days	369,102	8,782	560,423	61,348	999,655
180 days and over	356,466	19,799	231,986	401,062	1,009,313
Total	35,970,289	470,120	13,066,219	1,080,471	50,587,099
Less Allowance for doubtful accounts	(747,782)	(25,345)	(744,976)	(407,856)	(1,925,959)
Trade accounts receivable - net	35,222,507	444,775	12,321,243	672,615	48,661,140

As at December 31, 2009 and 2008, receivables in default for more than 3 periods which their accrued interest are still recognized are Baht 934.0 million and Baht 906.3 million, respectively. However, such receivables are fully reserved as at December 31, 2009. Accrued interest from such receivables which is recognized as income for the years ended December 31, 2009 and 2008 are Baht 137.4 million and baht 132.1 million, respectively.

NOTES TO THE FINANCIAL STATEMENTS

6.2 Transferred receivables with a net book value of Baht nil

The Company was transferred credit card and circle loan receivables with a total outstanding balance of Baht 1,405.0 million from a related financial institution, at a net book value of Baht nil.

For the years ended December 31, 2009 and 2008, the Company is able to collect from those receivables of Baht 8.6 million and Baht 14.3 million, respectively. The Company records such collection amount as revenue in the statements of income when cash is received.

6.3 Bad debts and doubtful accounts

Bad debts and doubtful accounts for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
	Thousand Baht	Thousand Baht
Bad debts	4,300,300	3,088,134
Doubtful accounts	1,303,267	200,297
Total bad debts and doubtful accounts	5,603,567	3,288,431

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER CURRENT ASSETS

Other current assets as at December 31, 2009 and 2008 are as follows:

	2009	2008
	Thousand Baht	Thousand Baht
Other credit card receivables	249,053	238,935
Accrued fees and interest income	353,069	539,335
Prepaid expenses	66,821	82,781
Suspended accounts awaiting verification	19,315	16,833
Others	43,646	61,960
Total other current assets	731,904	939,844

8. LONG-TERM INVESTMENTS

As at December 31, 2009 and 2008, long-term investments consist of investment in held-to-maturity debt security-government bond, with amortized costs of Baht 20.1 million and Baht 20.3 million, respectively and maturity date is April 9, 2010 (as at December 31, 2009 presented as long-term investment with maturity within one year) and general investment in a listed company in USA with cost of Baht 1. The fair value of investment in government bond are Baht 20.4 million and Baht 20.9 million as at December 31, 2009 and 2008, respectively. However, the fair value of the general investment could not reasonably determined because they are in restricted period.

NOTES TO THE FINANCIAL STATEMENTS

9. LEASEHOLD IMPROVEMENT AND EQUIPMENT - NET

Leasehold improvement and equipment - net as at December 31, 2009 and 2008 are as follows:

As at December 31, 2009					
	Balance as at December 31, 2008	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2009
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Costs:					
Leasehold improvement	407,244	16,754	(18,696)	51,817	457,119
Furniture, fixtures and office equipment	552,840	41,196	(15,026)	97,566	676,576
Vehicles	1,246	-	-	-	1,246
Total	961,330	57,950	(33,722)	149,383	1,134,941
Accumulated depreciation and amortization:					
Leasehold improvement	(243,513)	(75,736)	18,404	-	(300,845)
Furniture, fixtures and office equipment	(342,213)	(82,439)	14,855	-	(409,797)
Vehicles	(1,246)	-	-	-	(1,246)
Total	(586,972)	(158,175)	33,259	-	(711,888)
Construction in progress	31,057	128,679	-	(139,974)	19,762
Leasehold improvement and equipment - net	405,415				442,815

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2008

	Balance as at December 31, 2007	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2008
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Costs:					
Leasehold improvement	417,582	16,492	(27,774)	944	407,244
Furniture, fixtures and office equipment	456,810	100,522	(2,595)	(1,897)	552,840
Vehicles	1,246	-	-	-	1,246
Total	875,638	117,014	(30,369)	(953)	961,330
Accumulated depreciation and amortization:					
Leasehold improvement	(196,070)	(72,232)	24,789	-	(243,513)
Furniture, fixtures and office equipment	(270,890)	(75,148)	1,602	2,223	(342,213)
Vehicles	(1,246)	-	-	-	(1,246)
Total	(468,206)	(147,380)	26,391	2,223	(586,972)
Construction in progress	630	32,407	-	(1,980)	31,057
Leasehold improvement and equipment - net	408,062				405,415
Depreciation and amortization for the years ended December 31,					
2009					158,175
2008					147,380

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2009 and 2008, the costs of fully depreciated assets still in use are Baht 238.6 million and Baht 199.3 million, respectively.

Leased assets of computer equipment included in furniture, fixtures and office equipment in the above table, which the Company is a lessee under finance leases, are as follows:

	2009	2008
	Thousand Baht	Thousand Baht
Cost	35,755	33,753
<u>Less</u> Accumulated depreciation	(14,813)	(7,596)
Net book value	20,942	26,157

NOTES TO THE FINANCIAL STATEMENTS

10. INTANGIBLE ASSETS - NET

Intangible assets - net as at December 31, 2009 and 2008 are as follows:

As at December 31, 2009					
	Balance as at December 31, 2008	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2009
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Computer software	202,937	66,783	-	109,112	378,832
<u>Less</u> Accumulated amortization	(90,682)	(42,826)	-	-	(133,508)
	112,255				245,324
<u>Add</u> Software under installation	149,064	-	(198)	(118,520)	30,346
Intangible assets - net	261,319				275,670

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2008

	Balance as at December 31, 2007	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2008
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Computer software	123,372	47,970	-	31,595	202,937
<u>Less</u> Accumulated amortization	(58,347)	(30,112)	-	(2,223)	(90,682)
	65,025				112,255
<u>Add</u> Software under installation	60,185	117,541	-	(28,662)	149,064
Intangible assets - net	125,210				261,319
Amortization for the years ended December 31,					
2009					42,826
2008					30,112

NOTES TO THE FINANCIAL STATEMENTS

11. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2009 and 2008 are as follows:

	2009	2008
	Thousand Baht	Thousand Baht
Deferred tax assets	959,723	497,925

Deferred tax assets as at December 31, 2009 and 2008 consist of tax effects from the following items:

	2008	Item as recognized into statements of income	2009
	Thousand Baht	Thousand Baht	Thousand Baht
Allowance for doubtful accounts	401,899	443,616	845,515
Others	96,026	18,182	114,208
	497,925	461,798	959,723

NOTES TO THE FINANCIAL STATEMENTS

	2007	Item as recognized into statements of income	2008
	Thousand Baht	Thousand Baht	Thousand Baht
Allowance for doubtful accounts	360,640	41,259	401,899
Others	39,211	56,815	96,026
	399,851	98,074	497,925

12. SHORT-TERM LOANS

Short-term loans as at December 31, 2009 and 2008 are as follows:

	2009		2008	
	Related financial institution	Other financial institutions	Related financial institution	Other financial institutions
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Promissory notes	-	130,000	4,970,000	3,270,000
Bills of exchange	-	897,830	-	7,233,399
Total short-terms loans	-	1,027,830	4,970,000	10,503,399

Promissory notes and bills of exchange have interest rates at Money Market Rate (MMR) with maturity on demand to one year and are unsecured.

NOTES TO THE FINANCIAL STATEMENTS

13. LONG-TERM LOANS

Long-term loans as at December 31, 2009 and 2008 are as follows:

	2009			2008		
	Average interest rate %	Due within the year	Amount Thousand Baht	Average interest rate %	Due within the year	Amount Thousand Baht
JPY syndicated loan	5.75	2011	229,633	6.85	2009-2011	6,214,369
Loans in Baht	4.70	2013	11,333,333	4.72	2009-2011	7,950,000
			11,562,966			14,164,369
<u>Less</u> Current portion of long-term loans			(3,281,483)			(10,086,203)
Total long-term loans			8,281,483			4,078,166

As at December 31, 2009 and 2008, long-term loans consist of loans from financial institutions and other companies, which are unsecured.

NOTES TO THE FINANCIAL STATEMENTS

JYP syndicated loan consists of the syndicated loan of Yen 15,000 million, which the Company entered into the agreement with foreign financial institutions on April 7, 2006. The Company entered into the interest rate swap contract with a financial institution in Thailand on March 2, 2007. Subsequently, on September 14, 2007, the Company changed the counterparty in both currency and interest rate swap to a new local financial institution. The Company paid fixed interest rate at 6.85% p.a. through the remaining periods. The new swap contract was due on the same date of syndicated loan agreement of March 6, 2009. The Company had no expenses from such counterparty change. The Company made fully repayment of such loan on March 6, 2009.

On November 26, 2008, the Company entered into a 3-year loan agreement with a local financial institution for loan of Yen 942.1 million, which carries interest rate at JPY LIBOR 6 months plus 1.25% payable semi-annually and will make a repayment for the principal equally in 6 installments, which the first principal repayment was made on May 29, 2009. In addition, the Company has also entered into a currency and interest rate swap contract with a local financial institution to convert such loan into Baht 350 million, which the difference is presented as accounts receivable or accounts payable on swap contract, and swap interest rate to be fixed interest rate at 5.75% p.a. The loan agreement and swap contracts will be due on the same date of November 28, 2011.

NOTES TO THE FINANCIAL STATEMENTS

THB long-term loans consist of:

Type	Date of Agreement	Amount (Million Baht)	Maturity Date	Interest rate (% p.a.)	Interest payable period	Balance as at	
						December 31, 2009 (Million Baht)	December 31, 2008 (Million Baht)
Long-term loan	17 Nov. 2006	1,700	20 Nov. 2009	4.83	Semi-annual	-	1,700
Syndicated loan	30 Mar. 2007	3,000	21 May 2010	4.70-5.20	Semi-annual	3,000	3,000
Long-term loan	24 Aug. 2007	500	28 Aug. 2009	4.42	Semi-annual	-	250
Long-term loan	26 Oct. 2007	2,000	30 Oct. 2009	4.56	Semi-annual	-	2,000
Long-term loan	20 Aug. 2008	500	25 Aug. 2011	5.15	Semi-annual	500	500
Long-term loan	26 Nov. 2008	500	28 Nov. 2011	5.75	Semi-annual	333	500
Long-term loan	10 Mar. 2009	2,000	19 May 2011	4.50	Monthly	2,000	-
Long-term loan	12 May 2009	1,500	11 May 2012	5.10	Quarterly	1,500	-
Long-term loan	30 Oct. 2009	2,000	30 Apr. 2013	4.29	Quarterly	2,000	-
Long-term loan	20 Nov. 2009	2,000	21 Nov. 2011	5.25	Monthly	2,000	-
Total THB long-term loans						11,333	7,950

NOTES TO THE FINANCIAL STATEMENTS

Long-term loan of Baht 1,700 million, which the Company entered into the agreement on November 17, 2006, formerly carried interest based on Thai Baht Fix (THBFIX) 6 months. Subsequently, on July 31, 2007, the Company entered into an interest rate swap contract with a financial institution in Thailand to swap interest rate to be fixed interest rate at 4.52% p.a. On June 2, 2008, the Company terminated such interest rate swap contract. As a result, the Company received of Baht 5.2 million from swap counterparty.

Subsequently, on August 26, 2008, the Company entered into interest rate swap contract with a local financial institution. The Company paid fixed interest rate at 4.83% p.a. through the remaining coupons. The swap contract was due on the same date of loan agreement on November 20, 2009.

For long-term loan of Baht 500 million, which the Company entered into the agreement on November 26, 2008, the Company has to repay the principal equally in 6 installments, which the first principal repayment was made on May 29, 2009.

As at December 31, 2009 and 2008, the fair value of derivative contracts would be Baht 7.1 million and Baht 131.9 million, respectively, had the Company settled such contracts with its counterparties on such dates.

NOTES TO THE FINANCIAL STATEMENTS

14. LIABILITIES UNDER FINANCE LEASE CONTRACTS - NET

Minimum lease payments under finance lease liabilities as at December 31, 2009 and 2008 are as follows:

	2009	2008
	Thousand Baht	Thousand Baht
Less than 1 year	11,960	10,682
Over 1 year to 5 years	14,883	22,811
<u>Less</u> Future finance charges on finance leases	(4,059)	(6,167)
Present value of finance lease liabilities	22,784	27,326
Finance lease liabilities:		
- Current	9,685	8,560
- Non-current	13,099	18,766
	22,784	27,326

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2009 and 2008, liabilities under finance lease contracts related to 3 hard disk lease contracts. The first contract is for the period of 5 years, ending in 2011, the liability is repayable in quarterly installments in the amount of Baht 0.6 million. The second contract is for the period of 5 years, ending in 2013, the liability is repayable in quarterly installments in the amount of Baht 1.36 million. On November 1, 2008, the Company entered into the addition lease agreement to upgrade the asset per the 2nd contract and included as a part of such contract, for the period of 54 months, ending in 2013. The liability is repayable in quarterly installments in the amount of Baht 0.13 million. At the end of the lease term, the Company has the right to exercise a purchase option on the leased equipment at the price specified in the agreement.

15. LONG-TERM DEBENTURES

Long-term debentures as at December 31, 2009 and 2008 are as follows:

	2009	2008
	Thousand Baht	Thousand Baht
Debentures	28,900,000	13,700,000
Less Current portion of debentures	(6,700,000)	(3,000,000)
Total long-term debentures	22,200,000	10,700,000

NOTES TO THE FINANCIAL STATEMENTS

Details of debentures can be summarized as follows:

Type	Date of Issuance	Amount (Million Baht)	Maturity Date	Interest rate (% p.a.)	Interest payable period	Balance as at	
						December 31, 2009	December 31, 2008
						(Million Baht)	(Million Baht)
Senior unsecured debentures	Apr. 2004	3,500	Apr. 2007 to Apr. 2009	3.50 - 4.15	Semi-annually	-	1,000
Senior unsecured debentures	12 Apr. 2007	2,500	12 Apr. 2010	4.60	Semi-annually	2,500	2,500
Senior unsecured debentures	22 Oct. 2007	2,000	22 Oct. 2009	4.42	Semi-annually	-	2,000
Senior unsecured debentures	26 Mar. 2008	4,000	26 Mar. 2011	4.10	Semi-annually	4,000	4,000
Senior unsecured debentures	18 Aug. 2008	3,000	18 Feb. 2010	4.89	Semi-annually	3,000	3,000
Senior unsecured debentures	9 Dec. 2008	1,200	9 Jun. 2010	5.15	Semi-annually	1,200	1,200
Senior unsecured debentures	13 May 2009	680	13 May 2011	4.50	Semi-annually	680	-

NOTES TO THE FINANCIAL STATEMENTS

Type	Date of Issuance	Amount (Million Baht)	Maturity Date	Interest rate (% p.a.)	Interest payable period	Balance as at	
						December 31, 2009 (Million Baht)	December 31, 2008 (Million Baht)
Senior unsecured debentures	25 Jun. 2009	4,000	25 Jun. 2012	5.50	Quarterly	4,000	-
Senior unsecured debentures	6 Aug. 2009	4,500	6 Aug. 2012	5.50	Quarterly	4,500	-
Senior unsecured debentures	28 Sep. 2009	300	3 Sep. 2012	5.50	Quarterly	300	-
Senior unsecured debentures	28 Sep. 2009	220	2 Oct. 2012	5.50	Quarterly	220	-
Senior unsecured debentures	5 Nov. 2009	7,500	5 Nov. 2013	5.625	Quarterly	7,500	-
Senior unsecured debentures	19 Nov. 2009	1,000	19 May 2013	5.35	Semi-annually	1,000	-
Total debentures						28,900	13,700

NOTES TO THE FINANCIAL STATEMENTS

16. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at December 31, 2009 and 2008 are as follows:

	2009	2008
	Thousand Baht	Thousand Baht
Deferred tax liabilities	9,732	1,724

Deferred tax liabilities as at December 31, 2009 and 2008 consist of tax effects from the following item:

	2008	Item as recognized into statements of income	2009
	Thousand Baht	Thousand Baht	Thousand Baht
Different rate of depreciation	1,724	8,008	9,732
	1,724	8,008	9,732

NOTES TO THE FINANCIAL STATEMENTS

	2007	Item as recognized into statements of income	2008
	Thousand Baht	Thousand Baht	Thousand Baht
Different rate of depreciation	-	1,724	1,724
	-	1,724	1,724

17. SHARE CAPITAL

For the years ended December 31, 2008, 164,250 units of warrants under the Employee Stock Ownership Program (“ESOP”) were exercised, being converted into 263,331 common shares with a par value of Baht 10 each, at an exercise price of Baht 10.185 per share. The Company registered the issued and paid-up share capital with the Ministry of Commerce on April 1, 2008 and as a result, issued and paid-up share capitals were increased to Baht 2,578.33 million.

On April 30, 2009, the ordinary shareholders’ meeting passed a resolution to decrease the authorized share capital from Baht 2,580.16 million to Baht 2,578.33 million by cancelling the existing unsold authorized shares totaling 182,793 shares, which the Company processed for registration with the Ministry of Commerce on May 12, 2009.

NOTES TO THE FINANCIAL STATEMENTS

18. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy of the year 2009 remains unchanged from 2008.

The capital structure of the Company consists of debt, which includes the loans and debentures disclosed in Notes 13 and 15, cash and cash equivalents and shareholders' equity, comprising issued and paid-up capital, legal reserves and retained earnings.

The Company does not apply any specific financial ratios to monitor its capital whilst manages its capital to be sufficient for its working capital by issuing new shares or adjusting the amount of dividends paid to shareholders.

19. WARRANTS

A shareholders' meeting on December 12, 2002 approved the issuance of five million warrants to the directors and employees of the Company. Each warrant was valid for not more than 5 years and granted the rights to purchase one common share at an exercise price of Baht 16.33 per share. The warrants were issued on March 18, 2003, 50% with exercise rights on or after March 17, 2004 and 50% with exercise rights on or after March 17, 2005. In this regard, the conditions of the exercise were as stipulated in the warrants.

On November 3, 2003, an extraordinary shareholders' meeting approved the allocation of three million shares to accommodate for the exercise rights of warrants and approved a change in the exercise right from 1 common share per warrant to 1.60328 common shares per warrant with a reduction in the exercise price from Baht 16.33 per share to Baht 10.185 per share.

NOTES TO THE FINANCIAL STATEMENTS

The details of exercised warrant units under the ESOP were as follows:

Exercise date	Number of Warrant	Number of common shares issued	Cash received from exercised rights	Date share capital registered as paid up
	(units)	(shares)	(Million Baht)	
Within 2004	2,198,750	3,525,144	35.90	December 8, 2004
Within 2005	2,159,200	3,461,749	35.26	January 11, 2006
Within 2006	224,000	359,130	3.65	January 10, 2007
Within 2007	139,750	224,053	2.28	October 5, 2007
January 31, 2008	62,500	100,204	1.02	February 11, 2008
February 28, 2008	100,250	160,723	1.64	March 12, 2008
Within March 17, 2008	1,500	2,404	0.02	April 1, 2008
Total	4,885,950	7,833,407	79.77	

For the year ended December 31, 2008, 4,885,950 units of the total 5,000,000 units of the first and second issuances of warrants were exercised, leaving 114,050 units which could not be exercised since March 17, 2008, the last exercise date.

NOTES TO THE FINANCIAL STATEMENTS

20. LEGAL RESERVE AND DIVIDEND PAYMENT

Pursuant to the Public 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.

On April 18, 2008, the ordinary shareholders' meeting passed a resolution to pay dividend at the rate of Baht 1.20 per share totaling Baht 309.40 million and to appropriate for legal reserve of Baht 26.10 million.

On April 30, 2009, the ordinary shareholders' meeting passed a resolution to appropriate for legal reserve of Baht 26.10 million but not to pay dividend from the profit for the year ended December 31, 2008.

21. OTHER INCOME

In March 2008, the Company received compensation from Visa Inc., which the Company is its member after Visa Inc. was listed in the Stock Exchange in USA. The Company presented as other income in the statements of income.

NOTES TO THE FINANCIAL STATEMENTS

22. EXPENSES BY NATURE

Net profit (loss) for the years ended December 31, 2009 and 2008 have been arrived at after charging the following items:

	2009	2008
	Thousand Baht	Thousand Baht
Management remuneration	130,048	121,509
Staff costs	741,661	787,996
Depreciation and amortization	234,411	203,019
Consulting and other fees	2,227,615	2,170,396
Marketing fee	938,308	1,526,205
Bad debts and doubtful accounts	5,603,567	3,288,431

23. PROVIDENT FUND

The Company set up a registered provident fund in accordance with the Provident Fund Act B.E. 2530. All employees are members of the Provident Fund, which is managed by Krungthai Asset Management Public Company Limited. Under the Fund's regulations, employees contribute to the fund at the rate of 3% to 6% of their basic salary and the Company contributes to the fund at the rate of 6%.

NOTES TO THE FINANCIAL STATEMENTS

The Company's contributions which were charged to the statements of income for the years ended December 31, 2009 and 2008 amounted to Baht 36.2 million and Baht 33.1 million, respectively.

24. INCOME TAX - INCOME (EXPENSE)

Income tax - income (expense) for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
	Thousand Baht	Thousand Baht
Income tax expense from taxable income per income tax return	(203,977)	(475,300)
Deferred tax expense relating to the origination and reversal of temporary differences	453,790	96,349
Income tax - income (expense) per the statements of income	249,813	(378,951)

NOTES TO THE FINANCIAL STATEMENTS

The reconciliation between income tax - income (expense) and accounting income for the years ended December 31, 2009 and 2008 are follows:

	2009	2008
	Thousand Baht	Thousand Baht
Accounting profit (loss) before tax	(644,653)	995,698
Income tax - income (expense) at domestic tax rates		
25% tax rate	75,000	(75,000)
30% tax rate	103,396	(208,709)
	178,396	(283,709)
Tax effect of non-deductible expenses	(51,131)	(95,242)
Adjustment Revenue Department receivable	122,548	-
Income tax - income (expense) per the statements of income	249,813	(378,951)
Deferred tax expense relating to the origination and reversal of temporary differences	(453,790)	(96,349)
Income tax expenses from taxable income	(203,977)	(475,300)

NOTES TO THE FINANCIAL STATEMENTS

According to the Royal Decree No.475 B.E.2551 issued under the Revenue Code regarding the corporate income tax rate deduction effective on August 7, 2008, the corporate income tax for listed companies in The Stock Exchange of Thailand has been reduced from 30% to 25% for net profit portion not exceeding Baht 300 million. This will remain in effect for three consecutive accounting periods beginning on or after January 1, 2008. Therefore, the Company has used such tax rates for the corporate income tax calculations for the years ended December 31, 2009 and 2008, to conform to such tax rates change.

The Company used a tax rate of 30% for calculation of deferred tax.

The Company adjusted the Revenue Department receivable in the year 2009 due to the fact that the Company understated taxable expenses in the income tax calculation in the previous years.

NOTES TO THE FINANCIAL STATEMENTS

25. EARNINGS PER SHARE

Basic earnings per share for the year ended December 31, 2008 were as follows:

	Net Profit	Weighted average number of ordinary shares	Earnings per share
	2008	2008	2008
	Thousand Baht	Thousand Shares	Baht
Basic earnings per share			
Net profit before change in accounting policy	520,398	257,807	2.02
Increase in income tax	96,349	-	0.37
Net profit after change in accounting policy	616,747	257,807	2.39
Effect of dilutive ordinary shares equivalent			
Warrants	-	52	-
Diluted earnings per share			
Net profit attributable to shareholders assuming the warrants had exercised to purchase ordinary shares	616,747	257,859	2.39

NOTES TO THE FINANCIAL STATEMENTS

No diluted earnings per share is calculated for the year ended December 31, 2009 because there is no dilutive ordinary shares equivalent at the beginning of period due to the fact that the last exercise date of warrant was March 17, 2008.

26. LONG-TERM AGREEMENTS

The Company has long-term agreements as at December 31, 2009 and 2008 as follows:

- 26.1 The Company has various lease agreements for office premises and other facilities and various EDC machine agreements with total rental and service fees as follows:

	2009	2008
	Thousand Baht	Thousand Baht
Within 1 year	215,872	263,299
Over 1 year to 5 years	153,741	287,926
	369,613	551,225

NOTES TO THE FINANCIAL STATEMENTS

26.2 Personal loan and credit card account processing agreements with certain foreign companies (“counterparties”). These agreements consist of a primary agreement, a processing agreement and two supplementary agreements related to the credit card business. Under the conditions of the primary agreement, the counterparties agreed to provide management services with respect to card issuer and merchant acquirer processing, including the data processing and electronic transmission of the processed data via international telecommunications back to the Company for further processing. The Company agreed to gather and transmit data concerning the Company’s credit card applicants, including applicants for personal loans and consumer finance to the counterparties. In consideration of this, the Company has to pay a service fee computed at varying rates based on the type of transactions, volume of transactions processed and numbers of customers. These agreements were effective on September 26, 2003 and continue to be in effect for eight years commencing from June 28, 2004.

27. TRANSACTIONS WITH RELATED PARTIES

The Company has transactions with related parties. Certain portions of the Company’s assets, liabilities, revenues and administrative expenses represent transactions occurred with related parties. These parties are related through common shareholders and/or directorships. Those significant transactions with related parties as included in the financial statements are determined at the prices in line with those occur in the normal course of business based on the market price in general or the price as stipulated in the agreements.

NOTES TO THE FINANCIAL STATEMENTS

27.1 The significant balances with related parties

The significant balances with related parties as at December 31, 2009 and 2008 are as follows:

Related companies:	Relationship	2009	2008
		Thousand Baht	Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Deposits at a financial institution (as part of cash and cash equivalents)		2,659,714	426,592
- Management fees receivable		3,850	255
- Short-term loans		-	4,970,000
- Trade accounts payable		405,981	453,842
- Accrued interest expenses		-	3,793
Krung Thai Computer Services Co., Ltd.	Same Ultimate Holding Company		
- Trade accounts payable		1,990	4,576
Krung Thai General Services Co., Ltd.	Same Ultimate Holding Company		
- Trade accounts payable		1,335	1,249

NOTES TO THE FINANCIAL STATEMENTS

27.1.1 Movements of short-term loans

Movements of short-term loans from related financial institution for the years ended December 31, 2009 and 2008 are as follows:

Related companies:	Relationship	2009	2008
		Thousand Baht	Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
Beginning balance		4,970,000	2,800,000
<u>Add</u> Borrowings during the year		231,940,000	58,730,000
<u>Less</u> Repayments during the year		(236,910,000)	(56,560,000)
Ending balance		-	4,970,000

Short-term loans from related financial institution are promissory notes, carrying interest rate at that institution's rate (Money Market Rate).

NOTES TO THE FINANCIAL STATEMENTS

27.2 The significant transactions with related parties

The significant transactions with related parties for the years ended December 31, 2009 and 2008 are as follows:

Related companies:	Relationship	2009	2008
		Thousand Baht	Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Fee and service income		9,726	6,132
- Back office service expenses (a part of administrative expenses)		123,985	131,948
- Administrative expenses		20,683	14,101
- Finance cost		282,942	67,980
Krung Thai Computer Services Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		18,771	16,940
Krung Thai General Services Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		7,875	7,178

NOTES TO THE FINANCIAL STATEMENTS

The above revenues and expenses are determined according to the following agreements:

- [Credit card management service agreement](#)

The Company entered into a credit card management service agreement with Krung Thai Bank Public Company Limited (KTB) whereby the Company agreed to provide management services to manage other credit cards for this financial institution. Those services included production services for all types of credit cards as well as other credit card services. The term of this agreement was for 15 years commencing July 1, 2002. Subsequently, on May 15, 2006, the Company and KTB entered into the credit card management service agreement's amendment. Under the terms of the agreement's amendment, the service fee for the period from October 1, 2005 to June 30, 2008 was at various rates depended on transaction volume. Other fees were calculated by using actual cost incurred plus service fee at agreed rate.

On December 1, 2009, the Company entered into the Fleet Card Service Agreement with KTB for 6 months commencing on December 1, 2009 onwards. The service fee is at various rates depending on volume and nature of transactions.

- [Call center service agreement](#)

The Company entered into a call center service agreement in accordance with the condition under credit card management service agreement with KTB. The term of this agreement was 15 years commencing on December 16, 2004. As stipulated in the agreement, the service fee would be computed at varying rates, based on volume of transactions. This fee was subject to review every year, with any changes to be formally documented. Subsequently, on June 15, 2007, the Board of Directors' meeting passed

NOTES TO THE FINANCIAL STATEMENTS

a resolution to terminate the agreement. Such termination was reported to The Stock Exchange of Thailand on the same date. After the termination, KTB still had to repay for project investment or advance investment as per condition stipulated in the agreement. KTB was to make the repayment to the Company in 60 monthly installments from December 16, 2004 onwards. As at December 31, 2009, KTB made fully repayment of such investment to the Company already.

- [Back office service agreement](#)

The Company entered into a back office service agreement with KTB whereby the counterparty agreed to assist the Company (directly or indirectly through another related company) in computer system support and other services such as services to cardholders, member merchants and other related services. The term of this agreement is 15 years commencing July 1, 2002.

In August, 2008 the Company and KTB reentered into the back office service agreement's amendment. Under the terms of the agreement's amendment, the service fee for system support commencing July 1 - December 31, 2008 is Baht 40.6 million and from January 1, 2009 - June 30, 2011 is Baht 140.8 million. The fee for other back office support is at various rates depended on volume of transactions.

The price of service for related transactions between the Company and KTB is based on general market price and in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL INSTRUMENT INFORMATION DISCLOSURES

During 2009 and 2008, the Company did not speculate in or engage in the trading of any off-balance sheet derivatives.

28.1 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. The Company has adopted the policy of only dealing with creditworthy counterparts as a means of mitigating the risk of financial losses from defaults.

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

The Company's major business is the issuing of credit cards and provision of loan financing. The Company has established processes for approving credit lines, as well as consistently applied billing and collection processes.

28.2 Liquidity risk

Liquidity risk arises in the general funding of the Company's activities. It includes both the risk of being unable to obtain source of fund at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

NOTES TO THE FINANCIAL STATEMENTS

The Company has access to a diverse funding base. Funds are raised using a broad range of instruments including liabilities evidenced by paper, subordinated liabilities and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Company strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities.

The Company continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Company strategy. As at December 31, 2009 and 2008, the Company has a credit line with a related financial institution in the sum of Baht 18,030 million and Baht 13,000 million, respectively.

28.3 Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing principal amounts. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Company's business strategies.

Part of the Company's return on financial instruments is obtained from controlled mismatching of the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates or, if earlier, the dates on which the instruments mature.

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2009 and 2008, financial assets and liabilities exposed to interest rate risk are as follows:

2009								
	Depend on Market Rate	The earlier of remaining period of contract maturity or reprising date					Average interest rate	
		With in	1-5 years 1 year	More than	Independent 5 years	Total rate	Floating	Fixed
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million %	Million %
Financial assets								
Cash and cash equivalents	2,490	-	-	-	569	3,059	0.25	-
Trade accounts receivables	32,314	7,416	5,037	-	2,470	47,237	17.39	21.14
Investments	-	20	-	-	-	20	-	4.80
Financial liabilities								
Short-term loans	130	900	-	-	(2)	1,028	2.21	2.92
Long-term loans	2,000	5,283	4,282	-	(4)	11,563	4.08	5.13
Liabilities under finance lease contracts	-	10	13	-	-	23	-	5.58
Long-term debentures	-	6,700	22,200	-	-	28,900	-	5.12

NOTES TO THE FINANCIAL STATEMENTS

2008

	Depend on Market Rate	The earlier of remaining period of contract maturity or reprising date					Average interest rate	
		With in	1-5 years 1 year	More than	Independent 5 years	Total rate	Floating	Fixed
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million %	Million %
Financial assets								
Cash and cash equivalents	267	-	-	-	480	747	0.50	-
Trade accounts receivables	32,730	8,553	6,834	-	2,470	50,587	16.87	22.17
Investments	-	-	20	-	-	20	-	4.80
Financial liabilities								
Short-term loans	1,070	14,439	-	-	(36)	15,473	3.87	4.71
Long-term loans	-	10,127	3,333	-	704	14,164	2.71	5.67
Liabilities under finance lease contracts	-	8	19	-	-	27	-	5.67
Long-term debentures	-	3,000	10,700	-	-	13,700	-	4.56

NOTES TO THE FINANCIAL STATEMENTS

Fair value

Fair value is the estimated value that the Company could receive from selling its financial assets or the estimated cost for redeeming its financial liabilities based on market values, or estimated values that can be derived from using general market principles of calculation.

Estimated fair value of financial assets and liabilities

As at December 31, 2009 and 2008, financial assets and liabilities have fair values which approximate their carrying values at the reporting date, except for investments in debt securities which their fair values are calculated by the method as described in Note 8.

The fair values of financial assets and liabilities have been estimated by using available market information and appropriate valuation methodologies.

NOTES TO THE FINANCIAL STATEMENTS

29. RECLASSIFICATIONS

Certain reclassifications have been made in the financial statements for the year ended December 31, 2008 to conform to the classifications used in the financial statements for the year ended December 31, 2009 as follows:

- Long-term accounts receivable on swap contracts - net of Baht 11.50 million as at December 31, 2008 which was previously included in accounts receivable on swap contracts - net under current assets, to be separately presented under non-current assets.
- Current portion of long-term loans of Baht 289.08 million as at December 31, 2008 which was previously included in long-term loans is included in current portion of long-term loans under current liabilities.
- Management remuneration of Baht 121.5 million for the year ended December 31, 2008 which were previously presented as a part of administrative expenses, to be separately presented in the statements of income.

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the authorized directors of the Company on February 26, 2010.

AUDITOR'S REMUNERATION

1. Audit Fee

The Company paid the total of Baht 3,000,000 for the remuneration of the Auditor, Deloitte Touche Tomatsu Jaiyos Audit Co., Ltd., at the end of fiscal year December 31, 2009.

2. Non-audit Fee

The Company made further payment for non-audit services, i.e., General Accounting Issue to the auditor in amounted to Baht 1,200,000 and the further payment of Baht 1,000,000, totaled to Baht 2,200,000.

GENERAL INFORMATION

Company Name	Krungthai Card Public Company Limited
Abbreviate	KTC
Type of Business	Consumer Finance
Company Registration Number	0107545000110
Start Date	December 4, 1996
Address	591 UBC II Building, 14th Floor, Sukhumvit 33 Road North Klongton, Wattana, Bangkok 10110
Telephone	0-2665-5000
Facsimile	0-2828-5064
Homepage	www.ktc.co.th
Registered Capital	Baht 2,578,334,070
Paid-up Capital	Baht 2,578,334,070
Number of Shares	257,833,407 shares
Par Value	Baht 10

GENERAL INFORMATION

KTC Touch

In order to provide better service to members, KTC has spread out KTC Touch into both department stores and office buildings, particularly to offer services such as receiving payment, providing customer service as well as accepting credit card and personal loan applications. As of December 31, 2009, KTC has a total of 36 KTC Touch consisting of 32 KTC Touch all over Bangkok and metropolitan area and another 4 KTC Touch in Provincial area. Details are as follow:

Bangkok and metropolitan area

- Ground Floor, UBC II Building
- 1st Floor, Krung Thai Bank Public Company Limited, Nana Nua
- Ground Floor, The Mall Department Store Bangkapi
- 2nd Floor, The Mall Department Store Bangkae
- 1st Floor, The Mall Department Store Thapra
- 1st Floor, The Mall Department Store Ngam Wong Wan
- 2nd Floor, Central Department Store Ladprao
- Ground Floor, Central Department Store Pinklao
- 2nd Floor, Central Department Store Pharam III
- 2nd Floor, Central Department Store Bangna
- B1 Floor, Central Department Store Pharam II
- 1st Floor, Central Department Store Rattanaibeth
- 4th Floor, Central Department Store Chang-Watana

GENERAL INFORMATION

- 31st Floor, Thai Summit Tower
- 4th Floor, Silom Complex
- 2nd Floor, Seacon Square
- 2nd Floor, Future Park Rangsit
- 1st Floor, Future Park Rangsit 2 (KTC Future Lounge)
- 2nd Floor, SEAR Rungsit
- 1st Floor, Building B, Government Complex Commemorating His Majesty.
The King's 80th Birthday Anniversary
- 3rd Floor, MBK Center
- 4th Floor, Fortune Tower
- Ground Floor, Wongsawang Town Center
- Ground Floor, Lotus Rangsit-Nakornnayok
- 2nd Floor, Carrefour Suwintawong
- 2nd Floor, Carrefour Srinakharin
- 1st Floor, Fashion Island
- 1st Floor, Saving and Credit Cooperatives Building, Electricity Generating Authority of Thailand,
Bang Kruai
- Queen Sirikit National Convention Center
- BTS Station, Sala Daeng
- BTS Station, Chit Lom
- MRT Station, Sukhumvit

GENERAL INFORMATION

Provincial area

- 2nd Floor, Central Airport Department Store, Chiang Mai
- 2nd Floor, Central Festival Department Store, Phuket
- 2nd Floor, The Mall Department Store, Korat
- Ground Floor, Lotus Nakorn Pathom

Awards

- 1998: “The Best - In - Country Card Center Operation” from VISA International Asia Pacific
- 2000: “Most Performance Achievement” from VISA International Asia Pacific
- 2001: “The Best VISA Card Operation” from VISA International Asia Pacific
- 2002: “Thailand Performance Awards 2002 - Best Direct Sales/Branch Sales Initiative” from MasterCard International
- 2003: “Best Innovative Card Marketing Award 2003 (First VISA Mini Card Issuer)” from VISA International Asia Pacific
- 2004: Asia Pacific winner of and Southeast Asia tied winner of Excellent Corporate/Office Spaces Decor from “Antron Design Award Asia Pacific 2003”
- 2004: “VISA Outstanding Performer and Best Marketing Award 2004” from VISA International Asia Pacific

GENERAL INFORMATION

- 2005: Silver Award “Best Program Launch” from MasterCard Asia/Pacific Marketing Leadership Awards 2005
- 2006: “Outstanding Performer and Marketing Excellence” from VISA International Asia Pacific
- 2008: Excellent Credit Card Program from “MasterCard Asia/Pacific Middle East and Africa Product Award 2008” for KTC Titanium MasterCard credit card
- 2009: “Happy Work Place” award from Private Entity Wellbeing Division, Thai Health Promotion Foundation, at Happy Work Place Forum II 2009: The Road of Happiness in Time of Crisis, for KTC Smart Office
- 2009: Best New Card Launch from Southeast Asia and South Asia marketing excellence program “The 2009 MasterCard Hall of Fame Awards” for KTC Royal Orchid Plus World MasterCard credit card
- 2009: Three major awards from “Lafferty South East Asia Payment Card Awards 2009” by England’s research and consultancy firm Lafferty Group: Best Credit Card Issuer in Thailand, Best Premium Credit Card in Thailand for KTC VISA Platinum credit card and Best Classic Credit Card in Thailand for KTC VISA Classic credit card

GENERAL INFORMATION

Charitable Activities

In addition to our quest to bring members and clients the most satisfying products and services through constant development, we are as concerned about how we can contribute to the society by engaging in meaningful community services. Some of our initiatives are as described below:

Youth and Education

- **Learn & Earn @ KTC:**

For the sixth consecutive year, Learn & Earn @ KTC has given Thai students the opportunity to work as trainees and gain real-world experience at KTC, plus remuneration. Participants are entitled to developmental activities in the form of edutainment as well. Around 23,000 students apply presently. We have established the Top Performance Awards for students with academic excellence and professional accomplishment as well. Our latest initiative is the reality program “Good People, Good Thoughts and Good Acts at Baan Thanyaporn” where more than 120,000 Baht in scholarships are granted to the team with best rehabilitation project proposal for residents of the shelter. The program instills in participants the idea of being a giver and of helping less fortunate people. They leave with improved awareness of their role and the need to fulfill the void in others.

GENERAL INFORMATION

- Weaving Dreams and Sharing Love with Thanyaporn Home for Girls Project: This ongoing project which has started in 2007 renders assistance for more than one hundred emotionally traumatized girls aged 5-18. KTC has made arrangements for the improvement in landscape of the shelter and the wellbeing of the children to help enhance their emotional and psychological wellness. Further rehabilitation programs were implemented to help these girls return to the society as equal and happy members of it.
- Sponsorship of Sufficiency Economy Royal Cartoon of December 5th Foundation and the third generation of “Junior Developers Camp” of Srinakharinwirot Prasarnmit University
- Contribution to the purchase of books for libraries of secondary schools nationwide under the Intellectual Box Project of Dr. Kowit Worapipat Foundation. Donations to the Giving Good Books Project of DMG Publishing House and the Education and Reading Promotion Project of Kwan Ruen Foundation.
- Sponsorship of Graduate Collage Alumni Association of Mahidol University, Mater Dei College Alumni Association under His Royal Patronage, Debsirin School Alumni Association, and, Mass Communication Alumni Association of Chiang Mai University. Sponsorship of theatrical plays by Faculty of Architecture, Chulalongkorn University, and, Faculty of Communications, Bangkok University.
- Sponsorship of lunch costs for Grade 7 students at Cha-am Khun Ying Nueang Buri School. Sponsorship of the Junior Ambassador for Underprivileged Friends Project where clay house library is built for underprivileged children.

GENERAL INFORMATION

Sports

- Sponsorship of EIT Charity Golf 2007, Thailand Wisconsin University Alumni Association, TRU OPEN 2009 of Thai Rugby Union under His Royal Patronage, Siam Turakit Super Challenge of Siam Advertising Co., Ltd., Fiscal Policy Office, Welfare Fund, Mass Communication Medium-Level Executives Association, charity golf event of Association of Thai Travel Agents.
- Sponsorship of charity golf event to raise the funds for the purchase of land and the construction of SASIN Phuket International Seminar Center, Monument of King Rama V, Sripatum University Alumni Association, Golf Club of Krung Thai Bank PCL., Privilege Golf Club and National Defense College Golf Club 2008
- Sponsorship of motor race of Royal Automobile Association of Thailand under His Royal Patronage
- Sponsorship of “Tour Thai, Tour Dharma and Tour for the King” charity rally of Than Settakij Foundation
- Sponsor ship of the 18th BCC Rally
- Sponsorship of charity bowling event of Thai Wheelchair Fencing Association
- Sponsorship of the costs incurred to Thai Rugby Union under His Royal Patronage by their inclusion of Thai 7-person female rugby team in the 2009 World Championship

GENERAL INFORMATION

Social Contribution

- Donation to Rajaprajanukroh Foundation under His Royal Patronage to help those who are affected by cold weather
- Contribution to Peace in the South Project and security of funds and equipments for personnel serving in the three southern provinces
- Sponsorship of the 26th Thai Red Cross Charity Concert and Thai Red Cross Lottery, Ministry of Finance
- Donation to Protheses Foundation of Her Royal Highness The Princess Mother and grant of scholarships to children of government servants under 1st Infantry Regiment, 4th Infantry Battalion, the King's Guard
- Sponsorship of Kiang Bah Kiang Lai television program of The Redemptorist Foundation for People with Disabilities. Donation to St. Camillus Foundation of Thailand to help HIV infected children.
- Sponsorship of Elderly Walk and Run Rally of Thailand Elderly Foundation
- Participation in Par Pah ceremony at Arsom Promthada Buddha Sadhan. Donations to Koomkate Building Fund for the procurement of medical equipments and to Tawanchai Foundation to help underprivileged children and youths in various communities.

GENERAL INFORMATION

- Donation of items to poor people in rural area. Sponsorship of Sawang Mongkol Dharma Sadhan Association in their assistance of poor people and disaster victims in Lomsak, Lomkao, Khao Kor and parts of Mueang Districts of Phetchabun. Sponsorship of the 5th Anniversary Celebration of Foundation for the Deaf.
- Sponsorship of a Thai musical performance of Mahavajiralongkorn Foundation and Phaya Thai Palace Restoration Fund.

Religious Affairs

KTC has contributed to the preservation of Buddhism through donation of necessary items to monks and temples. The details of which are as follows:

- Hosting of Katin ceremony at Wat Sri Dokkaw, Sakon Nakhon. Donation to Dr. Por. Sor. Pimmasohn Foundation.
- Participation in Katin ceremony at Wat Phum Pararam, Wat Kapiad and Wat Mai Pahk Bang
- Participation in Par Pah ceremony of Phra Mahasupaksorn Sujaro at Wat Kanchanasinhas Worawiharn. Participation in Par Pah ceremonies of Baan Nong Born (Naiyananon Anusorn) School, Wat Nai Klang in Baan Laam Sub-district of Phetchaburi, and, Phra Kroo Wiboon Parakit.
- Contribution to the construction of Chedi for the storage of Buddha's relic at Wat Seelasuparam and Phra Borom Mongkoltart Chakkaraj Chedi

GENERAL INFORMATION

References

Auditor

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Rajanakarn Building, 25th Floor, 183 South Sathorn Road,
Yannawa, Sathorn, Bangkok 10120

Legal Consultant

Siam Premier International Law Office Limited

The Offices at Central World, 26th Floor, 999/9 Rama I Road,
Pathumwan, Bangkok 10330

Security Registrar

Thailand Securities Depository Company Limited

62 The Stock Exchange of Thailand Building,
Rachadapisek Road, Klongtoey, Bangkok 10110

Debenture Registrar

KTC's Corporate Debenture 1/2007, redeemable in 2010
KTC's Corporate Debenture 1/2008, redeemable in 2011
KTC's Corporate Debenture 2/2008, redeemable in 2010
KTC's Corporate Debenture 3/2008, redeemable in 2010
KTC's Corporate Debenture 1/2009, redeemable in 2011
KTC's Corporate Debenture 2/2009, redeemable in 2012

GENERAL INFORMATION

KTC's Corporate Debenture 3/2009, redeemable in 2012

KTC's Corporate Debenture 5/2009, redeemable in 2013

Thai Military Bank Public Company Limited

3000 Phahonyothin Road, Jom Phol, Chatuchak, Bangkok 10900

KTC's Corporate Debenture 4/2009 (1), redeemable in 2012

KTC's Corporate Debenture 4/2009 (2), redeemable in 2012

CIMB Thai Bank Public Company Limited

Langsuan Building 44 Langsuan Road, Lumpini, Patumwan,
Bangkok 10330

KTC's Corporate Debenture 6/2009, redeemable in 2013

Kasikorn Bank Public Company Limited

11th Floor, 400/22 Pahonyothin Road, Sam Sen Nai, Phayathai,
Bangkok 10400