



ACAP

ACAP ADVISORY PUBLIC COMPANY LIMITED

บริษัท เอแคป แอดไวซอรี่ จำกัด (มหาชน)
ACAP Advisory Public Company Limited



รายงานประจำปี 2554

Annual Report

2011



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Financial Highlights

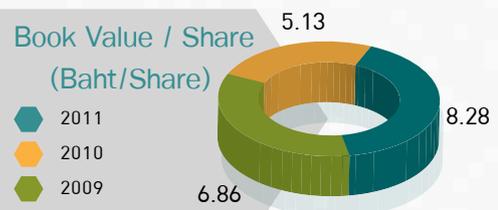
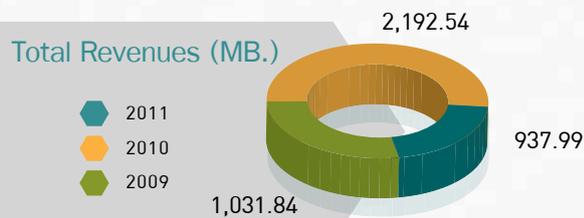
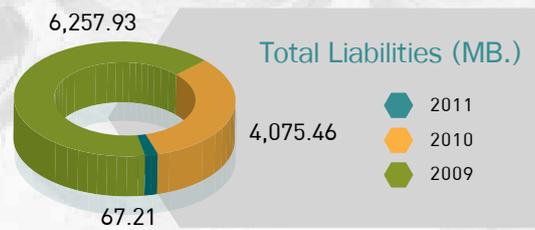
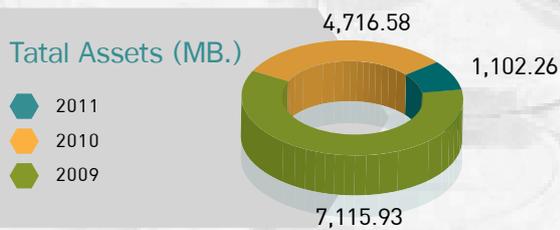


Financial Position	2009	2010	2011
Total Assets (Million Baht)	7,115.93	4,716.58	1,102.26
Total Liabilities (Million Baht)	6,257.93	4,075.46	67.21
Total Shareholder's Equity (Million Baht)	858.00	641.12	1,035.05

Operational Performance	2009	2010	2011
Total Revenues (Million Baht)	1,031.84	2,192.54	937.99
Total Revenues from Services (Million Baht)	612.91	416.04	267.90
Total Cost of Services (Million Baht)	176.05	204.93	135.74
Total Administrative Expenses (Million Baht)	619.49	1,597.87	366.24
Total Expenses	824.02	1,833.10	529.25
Net Profit (Loss) attributable to Shareholder of the parent (Million Baht)	112.45	221.63	393.13
Net Earning per Share (Baht)	0.90	1.77	3.12
Book Value per Share (Baht)	6.86	5.13	8.28

Ratio Analysis	2009	2010	2011
Liquidity Ratio (Times)	0.73	1.47	23.60
Gross Profit Ratio (%)	71.28	89.28	73.37
Net Profit Ratio (%)	10.90	10.11	41.91
Return on Equity (%)	13.50	29.57	46.96
Return on Assets (%)	1.39	3.75	13.51
Debt per Equity Ratio (Times)	7.29	6.36	0.06

Financial Charts



Messsage from the Chairman



A handwritten signature in black ink, appearing to read 'Dr. Vivat Vithoontien'.

Dr. Vivat Vithoontien

Chairman

The Company's shareholder's equity grew to THB 1,033.36 million, an increase of 61.18%, representing a rise in book value per share from THB 5.13 to THB 8.28. The Company's financial strength was further enhanced in 2011 as liquidity increased dramatically- the current ratio grew from 1.47 times to 23.60 times - and the debt to equity ratio decreased from 6.36 times to a minor 0.06 times. The financial strength of the Company and its subsidiaries together puts us in a good position to manage through the uncertain economic times ahead as well as to capitalize on attractive business opportunities when they arise.

On behalf of the executives of ACAP Advisory Public Company Limited (“the Company”), the Company offers condolences to the victims from flooding crisis last year. Being aware of the severity of the crisis, the Company visited flood victims and gave out relief supplies bags on December 5, 2011. Moreover, the crisis has affected peoples’ standard of living including Thailand’s economy and financial system. Another significant problem of concern is Greece’s sovereign debt crisis, and the many fragile economies of the Euro-zone generally, that remains unresolved and may impact the world’s economy, including Southeast Asia.

In general, the Company’s debt management business inevitably is influenced from the aforementioned problems, yet the Company continues to develop at a gradual pace and with cautiousness in terms of business operation and investment both in new NPL portfolio auctions and investment in related business. This is to mitigate these negative factors that may affect the Company’s operation. However, an important recent investment was the establishment of AURUM Capital Advisory Pte. Limited based in Singapore with a 64% shareholding by the Company. The objective is to expand our customer base in the area of financial advisory services, particularly in investment banking services including investment advisory and debt restructuring, in foreign countries, mainly in the Asia region.

Regarding overall operation in 2011, the Company disposed of several debtor portfolios held by ACAP AMC and also sold rights to all account receivables owned by CAP OK. Additionally, as of year-end 2011, the Company had disposed of its ownership stake in STAR AMC. These actions were taken to mitigate the risks from cash collection in existing portfolios due to the debtors being negatively affected from the flood situation and unsteady economy.

The consolidated financial statements for 2011 show net profit of THB 393.13 million, an increase of THB 171.50 million compared to last year, which boosted basic earnings per share from THB 1.77 to THB 3.12. This good performance was despite total assets decreasing by THB 3,614.32 million due to the portfolio and asset dispositions mentioned above. Total liabilities at year-end 2011 were THB 67.21 million, a very substantial decrease of THB 4,008.25 million, as a result of loan repayment related to the sale of the NPL portfolios and stake in STAR AMC. Consequently, the Company’s shareholder’s equity grew to THB 1,033.36 million, an increase of 61.18%, representing a rise in book value per share from THB

5.13 to THB 8.28. The Company’s financial strength was further enhanced in 2011 as liquidity increased dramatically – the current ratio grew from 1.47 times to 23.60 times – and the debt to equity ratio decreased from 6.36 times to a minor 0.06 times. The financial strength of the Company and its subsidiaries together puts us in a good position to manage through the uncertain economic times ahead as well as to capitalize on attractive business opportunities when they arise.

The Company thus believes that no matter how difficult the economy gets, we will be able to carry on through the good collaboration of the various involved parties, that is, the executives and employees, debtors, clients, and partners of the Company shall always support and help each other out. This spirit of cooperation drives the Company to move forward dynamically.

Lastly, as a representative of the executives, I affirm to the shareholders that the Company is focused not only on financial performance, but also on conducting business under good corporate governance. This has been confirmed by the Corporate Governance Report of Thai Listed Companies, 2011. The Company received the rating of “Very Good” which was assessed under the principles of good corporate governance for listed companies during 2010–2011, organized by the Thai Institute of Directors (IOD). The Company has been given the rating “Very Good” for 3 consecutive years, hence the shareholders can be confident that the Board of Directors, management committee, and employees of the Company and its subsidiaries have performed and will perform the business based on transparency while striving to generate good returns for the shareholders. We thank our shareholders, stakeholders and customers for their continual support to the Company.

Board of Directors

Executive Directors Committee



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01

Dr.Vivat Vithoontien
Chairman /
Chief Executive Officer

02

Mr.Saringkarn Sutaschuto
Executive Director /
Deputy Managing Director of
Asset Management Department

03

Mr.Anake Pinvanichkul
Executive Director /
Deputy Managing Director of
Investment Banking Department

04

Ms.Suvimol Pumpaisanchai
Executive Director

05

Mr.Issarachai Decharit
Executive Director /
Deputy Managing Director of
Legal Department

06

Mr.Parankoon Waiyahong
Executive Director /
Deputy Managing Director of
Operations Department

07

Mr.Chalermchai Sirinopawong
Executive Director /
Deputy Managing Director of
Accounting and Finance Department

B oard of Directors

Independent Directors and Audit Committee



08

09

10

08

Ms.Narumol Wangsatorntanakun
Independent Director /
Member of the Audit Committee /
Chairman of the Nominating and
Compensation Committee

09

Mr.Suraphol Sindhuvanich
Independent Director /
Chairman of the Audit Committee/
Member of the Nominating and
Compensation Committee

10

Mr.Chatchawan Triamvicharnkul
Independent Director /
Member of the Audit Committee /
Member of the Nominating and
Compensation Committee

A close-up photograph of a hand dropping a gold coin into a stack of other gold coins. The stack is on a reflective surface, and several other stacks of coins are visible in the background, receding into the distance. The lighting is bright, highlighting the metallic texture of the coins.

Important Events in 2011

Establishment of a new subsidiary of the Company

With the aim of sustaining the investment banking service, the Company had established a new subsidiary, namely Aurum Capital Advisory Pte. Limited (“Aurum”) to provide investment banking services in foreign countries. The firm is based in Singapore with 63.97% of share holding by the Company and with registered and paid-up capital of USD 475,000. Currently, Aurum has officially provide financial advisory services to at least 4 international countries that is Singapore, Indonesia, India, and Philippine.

Shares disposition of a subsidiary of the Company

On December 2011, the Company had disposition of the shares in its subsidiary that is STAR Asset Management Limited (“STAR AMC”), representing 83.44% of the total paid-up capital. Such shares disposition discharged STAR AMC from being a subsidiary of the Company. The Company derived benefit from the shares disposition as to confine the damage from the growth in liabilities of STAR AMC which is greater than the growth in assets of approximately THB 255 million, to decrease the debt to equity ratio in the Company’s consolidated financial statements, and no further impairment provision on account receivables and loans are required. Moreover, due to the economic recession and flood crisis in the past year, the Company, thus firmly confident that the disposition of shares in its subsidiary company will benefit to the Company’s financial position.

Operation result in the fiscal year

The operation result of the Company and its subsidiaries in 2011 as compare with the previous year has shown in the consolidated financial statements of total assets THB 1,102.26 million, a decreased by THB 3,614.32 million. The major reduction of assets consisted of investment in non-performing assets, loans to non-performing assets, and loan to consumers and interest receivables. The total liabilities amounted to THB 67.21 million, a decreased by THB 4,008.25 million. The main reduction was the decrease in loans from financial institutions for asset management business. During the past year, the disposition of shares in a subsidiary company contributed to increase in shareholders’ equity from THB 641.12 million to THB 1,033.36 million. Such increase generated by net profit from shares disposition in STAR AMC in total of THB 315.62 million. Despite the fact that the total revenue decreased by THB 1,254.55 million to 937.99 million, the total expenses additionally decreased to THB 1,303.85 million which revealed greater shrinking than the revenue.

In the previous year, the Board of Director has concerned and placed importance in creating confidence to the shareholders which reflected through the operation result of the Company as in form of dividend payment during the past 2-3 years. Earnings per share increased continuously from THB 0.90 in 2009 to THB 1.77 in 2010 and to THB 3.12 in 2011, respectively. The Board of Directors is desirous for shareholders to maintain their confidence to the management of the Board of Directors and grant support in operation of ACAP group henceforth.

The Board of Directors



Nature of Business

1. Company Profile

ACAP Advisory Public Company Limited (“the Company” or “ACAP”), formerly known as Asian Capital Advisers Company Limited, was established in 1998 by Dr. Vivat Vithoontien, an experienced professional in finance. Initially the Company provided corporate finance and investment banking advisory services to companies and individuals facing financial difficulties during the 1997 economic crisis. The Company provided services such as debt restructuring, creditor negotiations and fund raising. The Company’s business subsequently expanded into non-performing loan (NPL) asset management services in response to the growing number of NPLs held by financial institutions and thus creating demand for this service from skilled professionals. The corporate history of the Company is shown below.

Year 1998

- The Company is founded under the name Asian Capital Advisers Company Limited (“ACAP”) to provide debt restructuring service and other corporate finance and investment banking advisory services.

Year 2001

- Asian International Planner Limited (“AIP”) is established as a Company subsidiary with registered capital of THB 4 million and with 99.99% of shares held by the Company. AIP provides rehabilitation plan preparation and administration services.

Year 2002

- AIP is licensed by the Business Reorganization Office of the Ministry of Justice to provide plan preparation services and plan administration services.

Year 2003

- In August, ACAP becomes a public limited company and its name is changed to ACAP Advisory Public Company Limited. Its registered capital is increased to THB 100 million.

Year 2004

- ACAP Services Company Limited is established as a Company subsidiary with registered capital of THB 1 million and with 99.99% shareholding by the Company to invest in properties and software system and rent them out to the Company in its asset management operation.

Year 2005

- December 14, 2004, the Company's shares are listed on the Market for Alternative Investment (MAI). Its registered capital is increased to THB 100 million, of which 23 million shares are sold through an initial public offering (IPO).
- ACAP Asset Company Limited is established as a Company subsidiary, with registered and paid-up capital of THB 1 million and with 99.99% shareholding by the Company, to operate in the NPL management business.

Year 2006

- ACAP Asset Company Limited is certified by the Bank of Thailand to undertake asset management services under Asset Management Royal Decree of B.E. 2541 [1998]. Its registered capital is increased to THB 25 million and its name is changed to ACAP Asset Management Company Limited ("ACAP AMC").
- ACAP Consulting Company Limited ("ACON") is established as a Company subsidiary, with registered and paid-up capital of THB 1 million and with 99.99% shareholding by the Company, to provide legal advisory services.

Year 2007

- ACAP (Malaysia) Sdn. Bhd. is established as a Company subsidiary, with registered and paid-up capital of MYR 500,000 or THB 5.5 million and 99.99% shareholding by the Company, to undertake NPL management services in Malaysia.
- The Company purchases 250,000 shares in STAR Asset Management Limited ("STAR AMC"), or 60% shareholding, its second investment in an asset management company.
- The Company invests in Capital OK Company Limited ("CAP OK") by acquiring 38,249,997 shares at THB 100 par value or 50.99% of total issued shares.
- The Company issues 25 million new shares at THB 1 par value in a private placement, accounting for 20% of the newly registered and paid-up capital of THB 125 million at the total of 125 million shares.

Year 2008

- The Company increases its shareholding portion in STAR AMC from 60.0% to 83.44%
- International Finance Corporation (IFC) invests in the Company by purchasing shares from an existing shareholder. IFC's investment amounts to 4.80% of the registered and paid-up capital and is under the name of State Street Bank and Trust Company (London).
- Asian International Planner Limited ("AIP") changed its name to ACAP Corporate Services Company Limited ("ACS").
- ACS is certified by the S.E.C. to provide financial advisory services.

Year 2009

- ACAP Services Company Limited registered and paid-up capital is increased to THB 10 million and its name is changed to Global Service Center Company Limited ("GSC") in order to expand into providing receivables collection and call center services to other companies and financial institutions.
- The Company increases its investment in CAP OK from previous its holding of 50.99% to 99.99% of issued shares by purchasing 49.01% of issued shares from existing CAP OK shareholder, ORIX Corporation, which is also major shareholder of the Company.

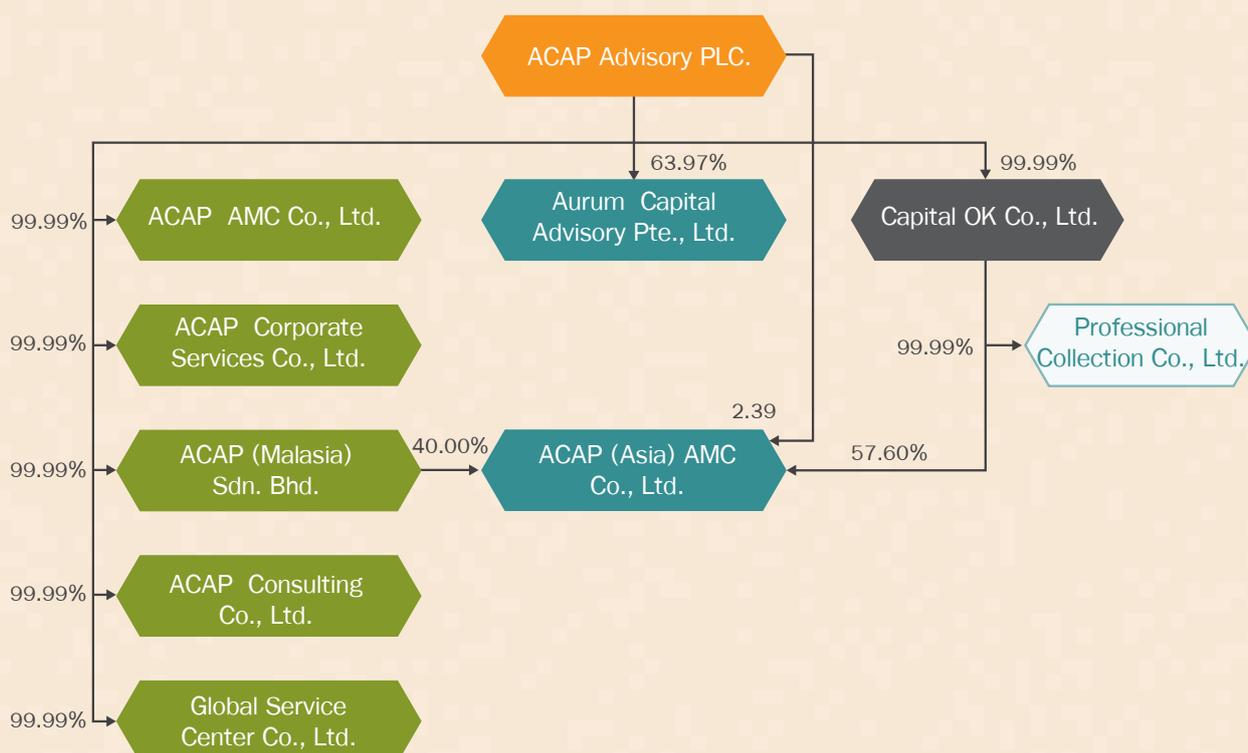
Year 2010

- In February, ACS has registered with the Thai Consultant Database Center of the Ministry of Finance to be a financial advisor type A, license number 3093, as a result of which ACS is eligible to be considered for work by the public sector.
- P COL's capital was increased from THB 20 million to THB 220 million.
- ACAP (ASIA) Asset Management Company Limited was established as a subsidiary with a registered capital of THB 25 million. The shares are owned primarily by two of its other subsidiaries, CAP OK and ACAP (Malaysia). It is licensed by the Bank of Thailand to conduct asset management business regulated under the Asset Management Royal Decree B.E. 2541. It was established to participate in future NPL portfolio acquisitions.

Year 2011

- Aurum Capital Advisory Pte. Ltd. (AURUM) is established as a subsidiary of the Company. The firm is based in Singapore with 63.97% of share holding by the Company and provides investment banking services.
- The Company sold all its shares in STAR Asset Management Company Limited.

2. The Company and Subsidiaries



ACAP Advisory Public Company Limited has in total 9 subsidiary companies, of which it has 99.99% share holding in 6 companies, 63.97% share holding in 1 company, and share holding through other subsidiaries in 2 companies. Details of each subsidiary are as follows:

Wholly-Owned Subsidiaries (99.99% share holding)

1) ACAP Asset Management Company Limited ("ACAP AMC")

THB 25 million registered and paid-up capital. This company obtained permission from the Bank of Thailand on February 3, 2006 under Asset Management Royal Decree of B.E. 2541 to provide non-performing asset management services.

2) ACAP (Malaysia) SDN. BHD. ("ACAP MALAYSIA")

MYR 500,000 (approximately THB 5,500,000) registered and paid-up capital. This company provides non-performing asset management services in Malaysia.

3) ACAP Corporate Services Company Limited ("ACS")

formerly Asian International Planners Co., Ltd. ("AIP") - THB 21 million registered and paid-up capital. This company is certified by the S.E.C. to provide financial advisory service and is certified by the Business Reorganization Office of the Ministry of Justice to provide business rehabilitation planning and administration.

4) ACAP Consulting Company Limited ("ACON")

THB 1 million registered and paid-up capital. This company provides legal advisory and related services to the Company and subsidiaries, as well as to other clients.

5) Global Service Center Company Limited - formerly ACAP Services Company Limited

THB 10 million registered and paid-up capital. This company invests in assets and systems that support the non-performing asset management operations of the Company and has expanded its business to provide receivables collection and call centre services to other companies and financial institutions.

6) Capital OK Company Limited ("CAP OK")

THB 1,875 million registered and paid-up capital. The firm was granted authorisation by Bank of Thailand to operate as a service provider of personal finance or retail consumer loans such as personal loans, sales finance, credit cards and hire purchase under the brand "Capital OK". However, the company has ceased providing personal and retail finance services since 2009.

Majority Owned Subsidiaries (63.97% share holding)

7) Aurum Capital Advisory Pte Limited ("Aurum")

USD 475,000 registered and paid-up capital. 63.97% of issued shares are held by the Company. This company provides Investment Banking services in Singapore and region.

Other Subsidiaries

8) Professional Collection Company Limited ("PCOL")

THB 220 million registered and paid-up capital. 99.99% of issued shares held by CAP OK. Its main stream of revenue is from interest earned on bond investments. The firm also provides debt collection services to a government financial institution. .

9) ACAP (Asia) Asset Management Company Limited. ("ACAP Asia AMC")

THB 25 million registered and paid-up capital. 57.60% of issued shares are held by CAP OK, 40.00% are held by ACAP (Malaysia) and 2.39% are held by the Company. It is licensed by the Bank of Thailand to perform the asset management business regulated under the Asset Management Royal Decree B.E. 2541. The firm is prepared to participate in acquisitions of NPL portfolios.

The Company and subsidiaries provide financial advisory services as follows:

1. Non-performing Asset Management

The Company and subsidiaries provide non-performing asset management services to owners of NPL portfolios, generally other asset management companies and other financial institutions, by monitoring and collecting debt from the debtors in the portfolio, including taking legal action, foreclosure of collateral and sale of collateral via public auction. As for the foreign asset management service, ACAP Malaysia is a servicer of NPL portfolios in Malaysia.

In addition, apart from servicing third party portfolios, the Company can also service portfolios acquired by subsidiaries ACAP AMC and ACAP Asia AMC.

2. Financial Advisory and Investment Banking Services

ACS, a subsidiary of the Company, provides financial advisory services to medium and large companies and institutional investors. The services include debt restructuring, rehabilitation planning and plan administration, fund raising, mergers & acquisitions, cash flow review and advisory under SEC and SET regulations, such as share listings and public offerings of debt and equity instruments.

During 2011, the Company expanded its investment banking services abroad by establishing Aurum Capital Advisory Pte. Limited, a subsidiary based in Singapore to provide services for the Singapore market and other countries in Asia.

Apart from those two services, the Company has branched into other services to compensate for the termination of consumer finance previously provided by CAP OK. GSC, the subsidiary, has widen its scope of service into outsourcing business services by providing call center services for large corporate clients including financial institutions, mobile service providers, and companies outsourcing other front end customer services such as debt collection, customer relations, and credit approval.

The Business Ceased Operation Temporarily

Consumer Finance Business

The consumer finance business was previously operated by subsidiary Capital OK Company Limited. The firm offered a variety of personal financial products, such as personal loans, retail consumer finance, credit cards, and hire-purchase facilities.

The US subprime credit crisis which culminated into a global recession in 2008/9, intensified competition in the consumer finance business and created a high level of risk in this business. This is the reason CAP OK temporarily ceased operations in the consumer finance business. The firm was granted authorisation from Bank of Thailand to cease business operations in December 2009. However, CAP OK still holds a license in consumer finance and if it wishes to recommence such operations, it can do so immediately without any requirement for a new business license.

3. Revenues Structure

ACAP Advisory PLC and Subsidiaries

Type of Revenues	2009		2010		2011	
	Audited		Audited		Audited	
	M.Baht	%	M.Baht	%	M.Baht	%
Service Income	145.97	14.15	156.25	7.13	185.87	19.81
Interest income from non-performing asset management	324.44	31.44	228.96	10.44	82.04	8.75
Interest income from loans to consumers	142.50	13.81	30.83	1.40	-	-
Income from recovery of bad debt written-off	-	-	-	-	241.80	25.78
Income from debt forgiveness**	-	-	1,495.01	68.19	-	-
Other income**	418.93	40.60	281.48	12.84	428.28	45.66
Total Revenue	1,031.84	100.00	2,192.53	100.00	937.99	100.00

* At yearend 2010, ACAP AMC sold two NPL portfolios, and received income from debt forgiveness in the amount of THB 1,495 million. Proceeds from the sale were used to repay the bank creditor which financed the acquisition of these portfolios. The amount of debt forgiveness is the difference between the outstanding loan amount and the sale proceeds repaid to the bank creditor. The loan is now deemed fully paid and the bank creditor has released ACAP AMC from all loan obligations in the financing of these two portfolios.

** Other income is mainly derived from:

1. Recovery of bad debts previously written-off
2. Negative goodwill

The structure of income of the Company and subsidiaries originate from core businesses as follows:

1. Service Income is derived from providing financial advisory and investment banking services, NPL asset management services and call center services.
2. Interest Income from non-performing asset management is interest collected or recovered from NPL assets owned by ACAP AMC and STAR AMC.

Interest income from loans to consumers comes from loans provided by CAP OK. Currently, CAP OK has stopped issuing new loans.

4. Service Offerings

The Company and its subsidiaries provide services primarily in 2 business areas, namely: 1) Non-performing Loan Asset Management and 2) Finance Advisory and Investment Banking Advisory. Each business is managed by staff with experience and skills in relevant specialist areas in finance. Currently, the consumer finance business operated by Capital OK Company Limited subsidiary has ceased since the 2009. However, the firm still hold a license for operating a consumer finance business and will recommence operations upon any forthcoming opportunity. Details of each type of the service offered are described as follows:

4.1 Non-performing Loan Asset Management

For many years, Thailand has been tremendously impacted by debt problems in public and various industrial sectors. Thus, the Company believes that providing asset management service of non-performing loans ("NPL") is a growth business. Financial institutions often have difficulty resolving their NPL because of limitations in skills and the staff to do the job effectively.

Before entering the asset management business, the Company originally built a strong reputation in providing advisory services for debt restructuring. In addition, its status of being independent from local financial institutions has made it well accepted by both creditors and debtors. As a logical next step, the Company expanded its business to asset management services by offering to manage NPLs for financial institutions and other asset management companies. The Company's services include contacting and negotiating with debtors, overseeing the legal enforcement and auction process and selling repossessed collateral. The scope of the Company's asset management service is summarised as follows:

- Act as representative of the creditor in negotiating with debtors to conclude repayment schedules and debt restructuring plans according to guidelines prescribed by the creditor;
- Manage the collection of debts per conditions stated in debt restructuring plans;
- Manage the collection process once the debtor has defaulted;
- File litigation documents and undertake the enforcement process of collateral up to and including selling the collateral through the public auction process;
- Manage repossessed assets;
- Maintain related information of each debtor, the collateral, debt restructuring and settlement conditions, and other information necessary for providing complete and up-to-date information to the portfolio owner.

The Company provides asset management services to other financial institutions as well as to its subsidiary companies.

A. Asset Management Services Provided to Other Financial Institutions

An important factor in the success of the Company's asset management services is its investment in sophisticated computer software systems beginning in 2004. The Company also continuously develops its own software systems and programs to improve efficiency. This results in highly efficient and cost effective asset management operations. The Company has registered copyrights for these software programs and Global Service Center Co., Ltd. is the owner of these intellectual assets. GSC then leases them back to the Company and subsidiaries engaged in the asset management business.

The Company has about 100 employees working in asset management operations under the responsibility of the Deputy Managing Director of Asset Management. The selection and recruitment of staff differs from those in the financial and investment banking advisory business since non-performing loan portfolios have various types of debtors with different characteristics. To efficiently operate its asset management business and successfully handle debtors in various NPL portfolios, the Company has staff skilled in various aspects of asset management business.

The Company structures its NPL asset management services into two major sections - the asset management team and the operations team. Both teams are divided into smaller units such as Debt Management, Asset Sales, Litigation Management, Appraisal, Finance and Accounting, Legal and Loan Contract, Information Technology, Administration and Human Resources, and Internal Audit. These sections consists of experienced executives and specialised staff who run the operations and collect debt. This structure enhances the Companies ability to collect debt successfully within the duration specified in the contract. Staff in these sections are deployed in NPL asset management only.

For NPL portfolio management, the Company and its subsidiaries have both domestic and foreign asset management contracts. As of ended 2011, the Company had 5 active service contracts. The outstanding principle at transfer was THB 12,418 million. There were 2 contracts that expired in year 2011 with an outstanding principal at transfer of THB 11,875 million.

For asset management service within Thailand, as of 31 December 2011, the Company was able to negotiate debt restructuring and conclude debt resolutions from closing account receivables, of approximately THB 12,195 million. Asset sales accounted for THB 227 million and 552 assets are pending sale with expected sales value of THB 942 million. For asset management service in Malaysia, the subsidiary ACAP Malaysia was able to collect debt at the total principal of MYR 73.12 Million, which is equivalent to THB 753.14 Million (MYR 1=THB 10.30 approximately). Of this total principal value, MYR 48.07 Million (THB 495.12 Million) was on accounts that were closed, MYR 1.83 Million (THB 18.85 Million) was on the accounts that were closed and pending for repayment, MYR 0.49 Million (THB 5.05 Million) was on the accounts that were approved the restructuring and pending for repayment and MYR 22.73 Million (THB 234.12 Million) were on the accounts without restructuring approvals but they are ongoing debt pending for repayment.

Fee Structure

Two types of fees are normally charged for asset management services as follows:

1. A cash collection fee which is a percentage based fee calculated on the net cash recovered from a portfolio and is collected from the portfolio owner on a quarterly basis. However, in the current portfolio management contracts with STAR AMC, this fee portion is a percentage calculated on cash received directly from debtor only.
2. An asset management fee, or base fee, which is the fee charged to cover overhead expenses such as human resources and office expenses and is collected from the hirer on a monthly basis.

B. Acquisition of NPL portfolios

Participation in NPL auctions will be conducted by subsidiaries ACAP AMC and ACAP (Asia) AMC. All the aforementioned subsidiary companies are licensed by the Bank of Thailand to operate as Asset Management Companies under Asset Management Decree B.E. 2541 (1998). This enables the companies to bid for and acquire NPL portfolios from financial institutions. The companies in turn subcontract the management of certain portfolios to the Company, since the Company already has a well developed asset management platform that can be expanded to accommodate almost any portfolio.

Prior to each NPL portfolio auction, the Company will undergo extensive study and research on that portfolio. These studies include the value of the collateral, financial records, debtor's track record, etc. This information will be used in determining the auction price of such portfolio. In each auction, apart from the competition with other bidders, there would be consideration of the debt collection possibility in such NPL portfolio in order to benefit the most when managing the portfolio.

For funding investment in certain NPL portfolios, the Company's subsidiaries sometimes seek financing from other financial institutions.

Revenue Generated from Ownership of NPL Portfolios

Asset management company subsidiaries own a NPL portfolios that were acquired in auctions by financial institution. These portfolios generate revenues from the interest payments from debtors. Collections may be subcontracted to the Company as part of an asset management contract or collections may be performed by the AMC itself. However, as of the end of 2011, all portfolios owned by the Company's subsidiaries have been sold to third parties.

C. Litigation Management and Legal Services

Operating the non-performing loan asset management business involve filing for litigation, seizure of collateral, preparing legal contracts and related agreements for debt repayment and other legal work. This type of work is provided by, a wholly-owned subsidiary, ACAP Consulting Co., Ltd. ("ACON"). ACON receives compensation in the form of service fees for this type of legal work and also for litigation management of NPL portfolios. ACON also provides legal advisory services to state entities, other financial institutions, and other parties, such as registration work, litigation, and tax law, SME law and labour law.

4.2 Corporate Finance and Investment Banking Advisory

Corporate finance and investment banking advisory involve debt restructuring, merger and acquisition, sourcing of funds, NPL portfolio valuations and cash monitoring. The advisory business is now conducted by the Company's wholly-owned subsidiary, ACAP Corporate Services Co., Ltd. ("ACS"), which is licensed by the S.E.C. to operate as an advisor in issuing and offering securities, listing a company on the SET, and on mergers and acquisitions. ACS is also a qualified advisor for rehabilitation planning and plan administration under the Bankruptcy Act.

ACS's S.E.C. license is effective from December 3, 2008 to December 2, 2013. ACS has four licensed financial advisors certified by the S.E.C. and eight staffs involved in the financial advisory business. The majority of projects in financial advisory service come from clients' word-of-mouth, strong relationships between ACS management and the senior management of a wide range of other businesses, and recommendations from other financial institutions. Before accepting an assignment, management will hold discussions with the potential client to analyse the problem and the client's objectives. Next, the Company assigns staff to conduct initial due diligence to analyse the problem and to verify the client's information. It then prepares a financial advisory service agreement which specifies scope of work, fees, and terms and conditions. Once the agreement is signed, a detailed due diligence will be conducted and advisory service commences based on the client's objectives and the agreed scope of work.

Corporate finance and investment banking advisory services are detailed as follows:

1) Debt Restructuring Services

- Developing debt restructuring plans, including acting as the clients' representative or mediator in negotiations between creditors and debtors, and advising and scheduling debt repayment. This includes debt restructuring plans under the Central Bankruptcy Court. ACS subsidiary is licensed by the Business Reorganization Office, Legal Execution Department, as a rehabilitation planner and plan administrator under the laws of Ministry of Justice.
- In its role as Planner, ACS provides advice, information and document preparation for debt restructuring and rehabilitation planning, and other necessary documents for creditors and related parties to consider before approving the plan.
- As a Plan Administrator, ACS manages the client's business and assets including purchasing, selling and other transactions concerning the client's assets. ACS may use the client's assets as collateral to benefit the client's business operations. After a client has fulfilled its obligations under the Plan, ACS files a petition to the Court to allow the client to exit Rehabilitation.

2) Investment Banking Advisory

- ACS provides advisory on sources of funds based on the client's needs, their financial structure, and the current investment trend and market conditions. Other types of investment banking advisory that ACS provides include:
 - Advisory services for issuing and offering securities in the form of equity instruments, debt instruments, and hybrid securities such as preferred shares, debentures, convertible debentures, and warrants.
 - Advisory services for listing securities on the SET
 - Advisory services for mergers and acquisition or any transactions related to the SET and/or the S.E.C.
 - Advisory services for developing business alliances
 - Advisory services for project finance

3) Outsourcing Business

- Front end customer service is provided directly or as a system platform to large sized organizations including financial institutions, mobile network service providers, and other companies requiring services such as debt collection, customer call center and credit approval.

4) Other Related Financial Advisory Services

- Due diligence on companies and non-performing loan portfolios
- Cash monitoring services
- Company valuation services
- Project feasibility studies
- Management structure advisory
- Financial planning systems and internal cash management services
- Independent opinion on issues related to S.E.C. and SET regulations for listed companies

Corporate Finance and Investment Banking Advisory Fees

Fees charged for corporate finance and investment banking advisory services typically comprise two components:

1. A retainer fee based on a number of factors including the time and staff required for the project, and the client's expected cash flow. The retainer fee will be charged on a fixed or monthly basis until the project is completed and normally takes approximately 6-12 months. Additionally, competition in the market is another factor to be considered in determining the retainer fee.
2. A success fee generally based on a percentage of the project value which is paid upon project completion and in some cases is determined based on the size of the project.

Temporarily Ceased Business Operations

Consumer Finance Business

Subsidiary Capital OK Company Limited (CAP OK) had discontinued its consumer finance business since December 2009. This is due to the economic recession during the past 4-5 years together with the entrance of new competitors in the market. The cessation is temporary until economic and market conditions permit recommencement of operations. The firm was granted authorisation from Bank of Thailand for this cessation. However, CAP OK's business license is still valid and it can recommence operations immediately without requirement for obtaining a new license.

Services previously offered by CAP OK is described as follows:

1. Personal Loans

This type of loan is an unsecured loan which offered repayment period from 12 to 60 months with minimum monthly instalments starting at THB 400. CAP OK offered two personal loan products: 'Ready Cash', which is an instalment loan and 'Revolving Credit' that allowed clients to withdraw money up to the approved credit limit. Interest is then charged on the withdrawn amount only.

2. Sales Finance

This type of loan was granted to customers for the purpose of purchasing goods or services. Repayment is in the form of instalments within a specified period and charged at a defined flat fee rate depending on the type of product or service. Such products, for example, can be electrical appliances, computers, car accessories or mobile phones. Terms and conditions are determined by credit approval policy.

3. Credit Card

CAP OK joined with affiliates to issue affinity cards that gave special privileges to cardholders including issuance of CAP OK Platinum Card to increase the size of the credit card customer base.

4. Hire Purchase

CAP OK granted this type of loan for motorcycle purchases. Repayment is made in form of instalments within a specified period. The loan limit granted is based on the down payment. The instalment period is calculated based on the customer's financial status, motorcycle's brand, model, and price. The interest charged is a flat fee rate as qualified by the customer. In some cases, the customer may be required to have a guarantor if his qualifications do not meet the credit approval policy.

Revenue Generated from the Consumer and Personal Finance Business

Revenue recognition from the Consumer and Personal Finance business is the recognition from the interest accrued from any credit given in the past.

5. Marketing and Competitiveness

The Company's core business operations in NPL asset management, financial and investment banking advisory are facing a number of new operators entering into these markets, including government and private owned companies, and subsidiaries of the commercial banks. Therefore, the Company is adapting and preparing for intense competition in each business line in order to keep the Company and its subsidiaries growing in the future.

5.1 Customer Characteristic Types

Many companies in Thailand have been facing economic and financial problems over the last few years, including the need to raise funds for their business operations. These companies may be affected by various issues and ongoing problems such as hotel or tourism businesses that were severely impacted by the political protest situation, the decrease in exports resulting from the appreciateing Thai Baht, disastrous effects from the flood situation, increasing prices of products, etc. These factors will contribute to several problems, such as increased debt and lack of market liquidity,

The Company believes that these issues will affect the amount of non-performing loans (NPL). It is expected that within 2-3 years, the level of NPLs in Thailand should not decrease significantly. Moreover, the Company see new opportunities in the NPL market from financial institutions which are likely to resume auctioning their NPL portfolios . During this time of economic and financial uncertainty, ACAP AMC and ACAP Asia AMC should have ample opportunity to participate in future bidding for NPL portfolios. This is not limited only to Thailand since the economic downtrend has impacted other regions as well.

As a result, this opens an opportunity for the Company to obtain more asset management work, especially in Southeast Asia region. One of the Company's competitive advantages is that its ACAP (Malaysia) Sdn. Bhd. subsidiary operates in the NPL asset management business in Malaysia.

5.2 Competitive Strategy

■ Non-performing Loan Asset Management

In managing NPLs, the Company carefully negotiates with debtors by offering various solutions that are ideally suited for each debtor's financial status and repayment ability. For example, the Company will prepare a debt restructuring plan by fully considering the debtor's repayment ability with the aim to enable the debtor's business to operate normally after entering debt restructuring process. The Company also relies on its other competitive strengths, including:

- Licensed asset management companies. The Company's subsidiaries are qualified to participate in NPL portfolio auctions by financial institutions.
- Financial support. The Company has relations with a number of financial institutions which can provide financing NPL portfolio acquisitions.
- Independence. The Companies and subsidiaries are not directly affiliated with any local financial institution mitigates potential conflicts of interest with clients.
- Skilled and talented staff. Company staff have substantial relevant experience in debt recovery, asset management and lending.
- Internal control. The Company has implemented efficient systems and structures that are transparent and proficient in internal control.
- Information Technology. The Company invested in sophisticated computer systems and information technology that allow clients to monitor the financial and accounting aspects of their portfolios.

■ Financial and Investment Banking Advisory

The Company concentrates on problem analysis of clients. In particular, it provides advice on financial matters from staff with years of experience in corporate finance and investment banking. The main strategy of this advisory service is to gain a thorough understanding of the client's problem and offer appropriate financial solutions that will lessen the degree of the problem and eventually achieve the client's objectives within a given timeframe.

In addition, the Company offers a full range of advisory services - from debt restructuring services, including those under the Bankruptcy Court, to sourcing of funds for business expansion. Offering a full range services is an important advantage in financial advisory industry.

Call center services, started in late 2009, are provided by GSC subsidiary. GSC was able to start up this operation at low cost by transferring systems and staff from CAP OK. All of them are professionals with experience in debt collection and are fully trained for customer service duties. This allows GSC to work with great efficiency and have experience in giving customers the best solution. The service has gained trust from clients which has helped to the company to gain more business.

5.3 Distribution Channels

■ Non-performing Loan Asset Management

The Company provides its Non-Performing Loan Asset Management service to both its subsidiaries and to other management companies or financial institutions by actively seeking new NPL portfolios for the subsidiaries to bid for when a suitable portfolio is put up for sale by financial institutions and banks either domestic or international.

■ Financial and Investment Banking Advisory

ACS's core business is providing financial advisory service to clients that have financial difficulty or are in the preparation process of debt restructuring, or are seeking business expansion or sources of funds for either investment or use as a working capital. The clients come from a variety of industry sectors, for instance, agriculture, textile, tourism and many others. The Company and subsidiaries provide services to medium and large sized companies. They offer a wide range of services, allowing them to create a large network of clients across many industry sectors.

■ Call Center Services

For the call center services, GSC focuses on telecommunications clients and financial institutions since they have large customer bases and are large service providers to government and private sectors. GSC's call center services include debt collection service, customer relations service, credit approval service, among others.

5.4 Target Customers

■ Non-Performing Loan Asset Management

Customers in the asset management business are investors of NPL portfolios. Such portfolios are put up for sale by asset management companies and financial institutions, both government and private owned. In order to replace outgoing portfolios, the Company closely follows any news regarding auctions of new portfolios.

Customers may also be the original asset management company or financial institution. Some institutions outsource asset management services to servicers like the Company in order to reduce cost or to let specialists handle the debt collection. Currently, the Company has the following asset management contracts in place:

Asset Management Contracts of the Company and its Subsidiaries as of December 31, 2011

NO.	Port.	NPL Portfolio Owner	Portfolio Servicer	Contact Period Ending	NPL Value (M. Baht)
1.	S01-02	STAR AMC	ACAP Advisory Plc.	2013	370
2.	S03	STAR AMC	ACAP Advisory Plc.	2013	1,432
3.	S04	STAR AMC	ACAP Advisory Plc.	2013	1,645
4.	KL01	Malaysian Financial Institution	ACAP Malaysia	2013	1,259
5.	K01	STAR AMC	ACAP Advisory Plc.	2013	7,712
Total					12,418

1. NPL value as of the day the portfolio was transferred to the Company for management
2. Contracts for each portfolio have been renewed since their previous expiration in 2011.

■ **Financial and Investment Banking Advisory**

ACS' clients are medium to large size corporations in all sectors of industry including manufacturing, food and agriculture, real estate, and financial institutions. They seek expertise on complex transaction structures and top exceptional match making ability with local and foreign investors and funders. Some debt restructuring customers have multibillion baht syndicated loans that require extensive creditor negotiations and refinancing by large foreign institutional funders.

Advisory clients can be classified into two major groups as follows:

Existing clients - Many of ACS' existing clients return to ACS to receive other advisory services after they have seen that ACS can create unique win-win solutions for both the debtor and the creditor. Moreover, these clients also recommend ACS to other clients.

New clients - ACS finds most of its new clients through word of mouth from existing customers and through introductions by its network of relationships with local and foreign companies and investors. To find other clients, ACS gathers information from different databases or from the news to locate the best prospects.

Completed Financial and Investment Banking Advisory Projects of The Company and Subsidiaries as of December 31, 2011

No.	Company / Subsidiary	Client's Business	Type of Service	Contract Period		Debts/Funds Sourced* (THB million)
				Beginning	Ending	
1.	ACAP	Computer & Electronics	Debt Restructuring Sources for funds	2001	2002	2,400 400
2.	ACAP	Furniture	Plan administration consultant Sources for funds	2001	2002	1,04 100
3.	ACS (AIP)	Real Estate	Plan & Plan administration	2001	2005	17,000
4.	ACAP	Telecommunications	Debt Restructuring Plan administration consultant	2002	2003	516
5.	ACAP	Real Estate	Debt Restructuring	2002	2003	1,500
6.	ACAP	Construction equipment	Debt Restructuring	2002	2003	700
7.	ACAP	Construction equipment	Debt Restructuring Sources for funds	2002	2003	700 167

No.	Company / Subsidiary	Client's Business	Type of Service	Contract Period		Debts/Funds Sourced* (THB million)
				Beginning	Ending	
8.	ACAP	Textile	Debt Restructuring	2002	2003	18,000
9.	ACS (AIP)	Transformers	Debt Restructuring and Plan & Plan administration Sources for funds	2002	2004	1,650 400
10.	ACAP	Canned Seafood	Debt Restructuring Sources for funds	2002	2004	5,586 1,430
11.	ACAP	Electrical Appliances	Debt Restructuring	2003	2003	416
12.	ACAP	Construction	Plan administration consultant	2003	2004	1,100
13.	ACAP	Real Estate	Debt Restructuring Plan administration consultant	2004	2005	66,000
14.	ACS (AIP)	Importer and distributor of chemical products	Debt Restructuring Sources for funds	2004	2005	700 300
15.	ACAP	Rubber Latex	Cash flow review	2004	2006	n. a.
16.	ACAP	Lenses and Glasses	Private Placement IPO	2004	2006	200 200
17.	ACAP	Transformers	Sources for funds	2005	2006	1,350
18.	ACAP	Financial Institution	Debenture bond offering	2005	2005	50,000
19.	ACS (AIP)	Canned Fruit	Debt Restructuring Sources for funds	2005	2006	1,100 400
20.	ACAP	Transformers	Financial Consultant	2006	2007	70
21.	ACS (AIP)	Machinery parts	Plan administration consultant Sources for funds	2006	2007	2,665 400
22.	ACS (AIP)	Food	Planner	2006	2008	19,033
23.	ACAP	Electronics	Plan administration consultant Sources for funds	2007	2007	3,221 772
24.	ACAP	FoodDebt	Restructuring Sources for funds	2007	2007	1,359 63
25.	ACS	Manufacture of motorcycles	Planadministration consultant Sources for funds	2007	2009	2,665 400
26.	ACS	Orange Farm	Plan administration consultant	2008	2009	1,019
27.	ACS	Canned Fruit	Tender Offer Advisor	2009	2009	80
28.	ACS	Building and repairing of ships	Plan administrator	2008	2010	821
29.	ACS	Research Institution	Structure Capital Advisory	2010	2011	n.a.
30.	ACS	Frozen Seafood	Business Valuation Consultant	2010	2011	n.a.
Total						205,923

Remark : * Project value equals the debt or fundraising size

Work in Progress for Financial and Investment Banking Advisory Projects of The Company and Subsidiaries as of December 31, 2011

No.	Company Subsidiary	Client's Business	Type of Service	Contracts Start in year	Debts/Funds Sourced* (THB million)
1.	ACAP	Manufacture of steel pole, high mast pole, lighting luminaire, steel pipe, Guard Rail	Plan administration consultant	2009	1,399.
2.	ACS	Manufacturers of lace	Debt Restructuring	2009	911
3.	ACS	Manufacture of electronic valves and tubes and other electronic components	Debt Restructuring Sources for Funds	2010	4,000 550
4.	ACS	Wholesale of machines, household appliances	Plan administration consultant	2010	1,187
5.	ACS	Shoes factory	Plan administration consultant	2010	445
6.	ACS	Hydroelectric Dam	Sources for Funds	2011	13,950
7.	ACS	Transformers	Asset Investment Consultant	2011	900
8.	ACS	Agro Industry	Sources for Funds	2011	30
9.	ACS	Manufacturer and distributor of lace	Sources for Funds	2011	800
Total					24,112

Remark : * Project value equals the debt or fundraising size

Project value is subject to change due to possible termination of advisory service

■ Call Center Services

The target clients of the outsourcing business will typically be telecommunication network providers and financial institutions that provide loans and credit cards since such clients require a support unit to liaise with customers and give information on such things as new sale promotions. Setting up new unit especially for that purpose can possibly cost more than outsourcing. GSC subsidiary, has experienced personnel in this area can offer this as an advantage to prospective clients.

5.5 Pricing Policies

In determining fees for financial advisory services, ACS basically considers the complexity of the project, the number of personnel needed and going rates offered in the market. For debt restructuring fees, the Company considers the client's capacity for generating cash flow and the project value. The fee will usually be in the form of a monthly retainer fee plus a success based fee based on a percentage of the transaction value.

For the non-performing loan asset management business, the Company charges its clients a base fee, or asset management fee, based on operating expenses required for servicing the loans and administering the NPL assets and an incentive fee based on a percentage of debt collections. The base fee varies based on portfolio size, loan types and geographic location of the borrowers.

6. Industry Outlook and Competition

Debt Restructuring and Non-Performing Loan Asset Management Industry

The asset management industry was formed as a direct consequence of the 1997-98 economic crisis in Thailand. The crisis affected the financial and economic structure of the country in two ways. Firstly, it negatively affected the liability structures and financial liquidity of many firms, especially those with foreign currency denominated debts, forcing them to enter the rehabilitation and/or bankruptcy process. It also affected the financial condition of ordinary workers who became unemployed during the economic crisis. Secondly, it resulted in substantial increases in non-performing loans (NPL) held by financial institutions as large numbers of corporate and individual debtors faced financial difficulties and defaulted.

The government's response was to attempt to resolve the problem of increased bad debts by separating NPLs from the banking system and supporting banks by setting up government-owned asset management companies (AMCs), whereby the banks could transfer their NPL to these AMCs or they could set up dedicated units themselves to manage their NPL in-house. In addition, the government modified the Bankruptcy Act by adding the rehabilitation process into the bankruptcy process to hasten settlement of debtors' liabilities. Several important laws and royal decrees were enacted or amended by the government during 1997-2001 to alleviate the NPL problem (not including the establishment of the Financial Sector Restructuring Authority) and which resulted in the creation of new organisations and systematic processes for resolving the problems of both debtors and financial institutions. These laws and royal decrees include:

- **Emergency Decree on Financial Sector Restructuring B.E. 2540 (1997)** - The act was aimed by the Ministry of Finance at establishing the Asset Management Company or AMC, to manage NPL transferred from Trust or Extinguished Financial Institutions that were held by the government's financial rehabilitation and development fund (Financial Institutions Development Fund or "FIDF").
- **Asset Management Royal Decree B.E. 2541 (1998)** - The act was aimed to protect the Asset Management Company in terms of assets and collateral transferred from financial institutions.
- **Bankruptcy Act (Amended B.E. 2542 (1999))** - The amended Act included the rehabilitation process which specified that a rehabilitation plan must be established and that the rehabilitation planner/administrator must manage the debtor's assets and operates under this act.
- **Thai Asset Management Corporation Decree B.E. 2544 (2001)** - This decree was intended to hasten the process of separating NPL from the banking and financial institution system. The Thai Asset Management Company Limited ("TAMC") was established under this decree to manage transferred NPL and carry out debt restructuring and management. The decree specified that all banks and asset management companies who are more than 50% owned by the government must transfer their non-performing assets to TAMC. However, any new NPL emerging after the end of December 2000 were not covered by this TAMC Decree. The Decree also defined the transfer price, including dividend methodology, and scope of responsibilities of transferor and transferee in case of loss.

These enacted laws and royal decrees opened up new business opportunities in debt restructuring advisory, rehabilitation planning and management, and non-performing loan asset management services.

Industry Structure

The impact of abovementioned laws created a new industry and business opportunities. The industry structure involves parties at three levels.

Level 1 : Debtor - The debtor of a financial institution who is required to negotiate with the creditor to restructure their debts. Although some debtors can manage this by themselves, in many cases the debt is complex and thus advice from a specialist is required. Many cases enter into the rehabilitation process of the Bankruptcy Court so the debtor can continue to legally operate, which requires the appointment of a rehabilitation planner and plan administrator. Hence, new opportunities for debt restructuring professionals opened up.

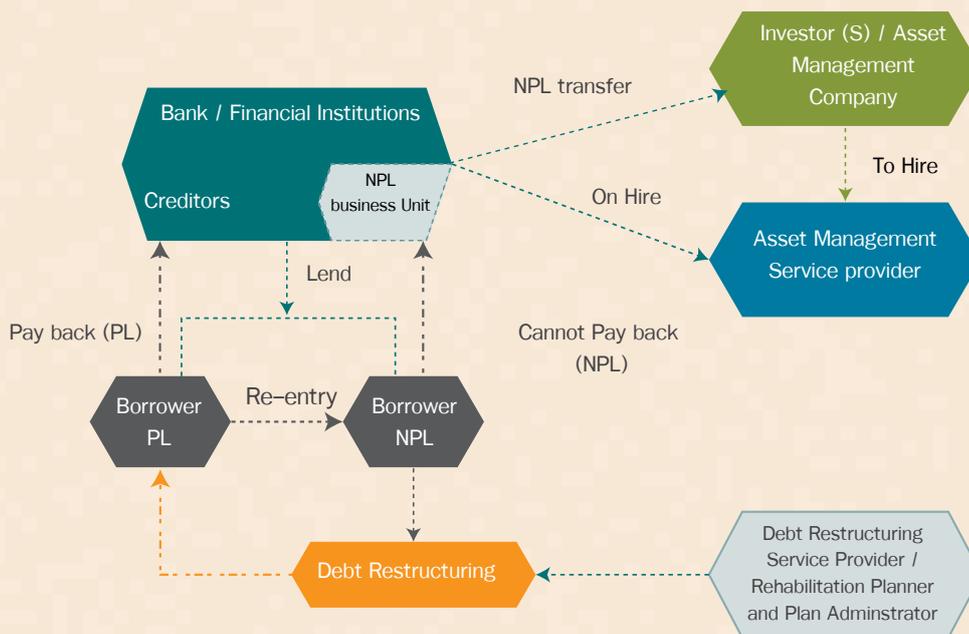
The Company, in conjunction with ACS, is one of the few service providers to offer a comprehensive range of non-performing loan asset management services complemented by debt restructuring, rehabilitation planning and administration services, and other related financial advisory and investment banking services.

Level 2: Creditor - Most creditors are private commercial and/or government-owned banks. When loans of these banks became NPL, they normally transferred some portions of their NPL to the established asset management companies such as AMC or TAMC. However, some banks have not yet transferred significant portions of their NPL, and still have large numbers of NPL in their loan portfolios or they have restructured some NPL that subsequently became re-entry NPL. Generally, banks preferred to establish new specialised business units in-house to manage their NPL holdings. However, due to the high investment costs in information technology and the difficult-to-acquire specialised skills needed to effectively manage NPLs, more recently there has been a tendency among the banks to hire independent NPL asset management specialists, such as the Company, to manage their NPLs.

Level 3: Asset Management Company/Organization (Owner/Manager of NPL Transferred from Banks) - At this level, the government-owned Asset Management Companies have large numbers of NPL and lack sufficient staff, expertise and IT resources to manage the transferred NPL efficiently, as in many cases there are large numbers of relatively small NPLs spread throughout the country. Therefore, since asset management activities, including collection activities, legal enforcement actions and collateral management are expensive and can be complex, there has been a growing trend for the government-owned Asset Management Companies to hire independent specialists, such as the Company and its subsidiaries, to provide high quality NPL asset management services.

Hence, the growing demand from the level 2 and 3 parties has created more opportunities for independent, specialist non-performing loan asset management.

NPL Industry Structure and Management



Market Size and Competition

The market size for debt restructuring and non-performing loan asset management depends on economic conditions. Economic recessions provide an increase in work in both debt restructuring and NPL asset management. Businesses and individuals are both affected during economic downturns. As a result, unemployment increases and leads to higher growth of NPLs. When the economy recovers after the government successfully implements new policies to stimulate the economy, the number of NPLs is likely decrease. In the past 1-2 years both the government sector and financial institutions have issued policies to control amount of bad debt, and NPLs decreased compared to the previous year. However, the uncertainty of world's economy and flooding situation in the the past year are key factors that may increase the number of NPLs in the near future.

According to updated information from the Bank of Thailand (“BOT”) released on February 20, 2012, Gross NPL outstanding (loans classified as Substandard, Doubtful, and Loss as per the BOT’s classification) in Thailand’s financial system, which includes commercial banks, branch of the foreign commercial banks, at the end of the 4th quarter of 2011 was THB 265,362 million or 2.71% of total loans in the financial system. This amount of Gross NPL has decreased compared to the same period last year, by approximately THB 47,243 million due to the NPL repayments and sale of NPLs to asset management company (AMC). These NPL outstanding were mainly from the industrial sector, at THB 97,286 million, followed by the Personal and Consumer Finance in the amount of 46,974 million. This number includes both individual and business debtors.

NPL in 2011 increased over the previous year by THB 47,556 million. According to the BOT’s data at end of the 4th quarter of 2011, the sector with the largest absolute increase in NPL was the industrial sector, where NPL grew by THB 15,515 million, and accounted for 32.62% of the total increase in NPL. Of the increase in industrial NPL, THB 2,208 million were re-entry NPL and THB 5,646 million were new NPL. The Personal and Consumer finance also had large absolute increases in NPL of THB 12,685 million (or 26.67% of the total increase), respectively. Details of the increase in NPL in 2011 by major sector are as follows:

Industry Type	As of End-4th Quarter 2011 (THB million)			Total NPL
	New NPL	Re-Entry NPL	Other	
1. Agriculture, Fishery and Forest	136	213	73	422
2. Mining	2	35	75	112
3. Industrial Sector	5,646	2,208	7,661	15,515
4. Construction	1,176	108	805	2,089
5. Commercial Sector	3,176	934	1,824	5,934
6. Banking and Finance	21	1	46	68
7. Real Estate	1,247	103	1,276	2,626
8. Public Utility	601	24	77	702
9. Services	2,067	1,428	3,907	7,402
10. Personal Consumption	8,123	2,086	2,476	12,685
Total	22,195	7,140	18,221	47,556

Source: Data as of Dec. 31, 2011 and reported by Bank of Thailand on February 20, 2012.

Corporate Debt Restructuring and Rehabilitation Planning and Administration

There are a considerable number of debt restructuring cases to be initiated which are the target market for Debt Restructuring and Rehabilitation Planning and Administration Services. The Central Bankruptcy Court has the authority to appoint a planner or a plan administrator in these cases. The appointed planner and plan administrator may be the existing debtors, creditors, or professional planners. A professional planner and plan administrator can be appointed for each case, but they must be qualified with the Business Reorganization Office under the Execution Department of the Ministry of Justice. As of December 31, 2011, there were 10 authorized professional planners and 15 plan administrators, including ACS, the Company’s subsidiary. In most cases these firms will act simultaneously as the planner and plan administrator.

ACS is considered one of the major service providers in the area of debt restructuring, and rehabilitation planning and administration among other authorised planners such as CJ Morgan Co., Ltd., Churchill Pryce Planner Co., Ltd., and Silom Planners Co., Ltd. For debt restructuring outside of the bankruptcy process, there is no specified qualification required for debt restructuring consultants. At present, the Company’s competitors for this business are mainly multinational companies and several local companies. The competition is intense when competing for debt restructurings of large companies as the large amount of debt outstanding gives the chance to receive higher service fees and enhances the service provider’s reputation. In any case, the Company and its subsidiaries have the competitive advantage of being a comprehensive, one-stop service provider with a solid reputation from both debtors and creditors, as well as having strong relationships with leading business groups and a reputation for high quality service and independence.

Non-Performing Loan Asset Management Service

The market size of this service mostly will be determined by the amount of debts under legal case or the amount of outstanding payment. The service also includes the management of marketing regarding foreclosure of collateral. According to the BOT's preliminary data, NPLs remaining in the system total THB 265,362 million (2.71% of total financial institution debt). This represents an increase of THB 47,556 million. Of this number, THB 22,195 million are new NPLs (or 47% of the total increase). In addition, there are NPLs that have been restructured totalling THB 7,140 million (or 15% of the total increase). The statistics shown that Thailand still has a considerable amount of NPLs in the system.

At present, there are a number of companies that are licensed by the Bank of Thailand as asset management companies, some of which are subsidiaries of commercial banks set up to take care of their own NPLs, some are government-owned asset management companies and others are owners of NPLs and other assets. Asset management companies operating in Thailand are listed as follows:

- Bangkok Commercial Asset Management Co., Ltd.
- NFS Asset Management Co., Ltd.
- Alpha Asset Management Capital Ltd.
- Sukhothai Asset Management Co., Ltd.
- Chatuchak Asset Management Co., Ltd.
- Ayudhaya Asset Management Co., Ltd.
- Sukhumvit Asset Management Co., Ltd.
- ACAP (Asia) Asset Management Co., Ltd.
- ACAP Asset Management Co., Ltd.
- Lynn Phillips Asset Management Co., Ltd.
- Inter Capital Alliance Asset Management Co., Ltd.
- MAX Asset Management Co., Ltd.
- Ratchayothin Assets Management Co., Ltd.
- Sinsuptawee Asset Management Co., Ltd.
- Palarp Asset Management Co., Ltd.
- Sathorn Asset Management Co., Ltd.
- Phethai Asset Management Co., Ltd.
- Phayathai Asset Management Co., Ltd.
- STAR Asset Management Ltd.
- Asset Management Standard Chartered Bank (Thai)

Most of the asset management companies set up under the Asset Management Royal Decree were established by financial institutions to manage their own NPLs. However, there are a few independent asset management companies that also act as servicers similar to the Company, one of them is Palarp Asset Management Co., Ltd.

The Company views the degree of competition as increasing in intensity as many new asset management companies have entered into the market. Moreover, the Asset Management Company Royal Decree allows asset management companies to act as service providers as well as the holders/owners of the non-performing loan portfolios. This allows the asset management companies to have a competitive advantage over the NPL service providers given that the asset management companies can either manage their own non-performing loan portfolios or outsource their management to others. Since the Company has two subsidiaries that are asset management companies, namely ACAP AMC and ACAP ASIA AMC, the Company has potential to compete effectively as it is able to manage NPL portfolios for its subsidiaries.

The Company's key success factors in the non-performing loan asset management business are as follows:

1. The Company has highly qualified and skilled staff who understand the nature of the non-performing loan asset management business and who are able to determine the optimal balance for resolutions between the debtor and the creditor, provide cost effective, high quality and timely service, and alleviate losses to the financial institution. The personnel are qualified to train and create new teams to support new projects and the Company promotes talented staff to be team leaders.
2. The Company has made substantial investments in Information Technology systems for efficient data management that function at the same standard as the banks and other large financial institutions.

3. The Company is committed to be a leading professional asset management service firm that provides effective and successful solutions for all of its clients.
4. The Company offers competitive service fees and is able to reduce the cost of managing non-performing loan asset management for its clients.
5. The Company has enhanced its opportunities to provide asset management services as it can service ACAP AMC, ACAP ASIA AMC as well as third party AMCs. The Company can also provide bidding services for these AMCs.

Non-performing Loan Asset Management under the Government Agencies

At present, there are a number of government-owned Asset Management Companies, namely Bangkok Commercial Asset Management Co., Ltd. (BAM), Sukhumvit Asset Management Co., Ltd. (SAM), and Thai Asset Management Co., Ltd. (TAMC). These asset management companies purchase non-performing assets or acquire non-performing assets that were transferred from financial institutions to reduce the burden of the banks and financial institutions and allow them to focus on their portfolios of performing loans. These non-performing asset management companies can either manage non-performing asset portfolios by themselves or outsource to other companies to provide such services. To date, approximately 3-4% of NPL remains in the financial system. The main factors that cause NPL to remain high are the economic downturn, strict classification criterion of Bank of Thailand, and fluctuation of global financial markets. Moreover, the Company believes that NPL is necessary in financial system, especially in country with high rate of economic growth or emerging countries, for example, Asian region including India, China, Korea, etc. NPL in Thailand is in sufficient amount and tends to increase, which will eventually impact to economic situation either in political aspect, natural disaster or foreign exchange rate of the Baht. NPL remaining in the economic system for each year is adequate to generate revenue and growth to the Company including other transactions relating to loan asset management, which is the key business opportunity to the Company.

Financial Advisory Industry

In the past year, there was a sign of recovery in Thailand's economy. This was demonstrated by performance of the listed companies which mostly expanded and attracted more foreign investors as shown in the SET index. As a result, the Financial Advisory business relating to the funding and issuing equity instrument is on the rise as well.

Currently, many securities companies centre their attention on financial advisory services and the investment banking business due to the increase in revenues and support its securities companies including growing number of new financial advisory companies. As of 27 January 2012, there were 75 financial advisory companies authorised by the Securities and Exchange Commission (S.E.C.). To compete effectively in the financial advisory business, the firms must have high quality, skilled and experienced staff. Although, the Company has a competitive disadvantage due to a lack of a license for underwriting securities, it maintains good relationships with many qualified underwriters which enables the Company to give confidence to its clients regarding issuing shares to the public.

Furthermore, despite having more competition in financial advisory service for issuing equity instrument, ACS is able to provide other important services to customers such as debt restructuring, merger and acquisition, and rehabilitation planner and plan administrator.

7. Service Execution

The Company and its subsidiaries have highly qualified and expert staff with many years of experience who understand the nature of the financial advisory and investment banking business and maintain good relationships with both creditors and debtors. For example, the Company has four licensed financial advisors who completed the Financial Advisory Program and who are certified by Thailand's Investment Banking Association.

The major work processes in this business operation start from studying the clients' problems including a study of the related laws and regulations to help solve each client's problems, conducting due diligence, interviewing management, reviewing necessary document, and preparing cash flow projections and performing related analyses. The team will work closely with other related business units (for details of each work process, please see 4.1 The Company's Services).

For the non-performing loan asset management business, the Company has a solid, experienced team whose members have worked at institutions on both selling and purchasing of NPL assets since asset auctions by the Financial Sector Restructuring Authority began 10 years ago. Thus, the Company's asset management team is highly skilled in managing non-performing loan assets.

Meanwhile, experience in debt collection from the asset management business enables the Company's management to operate synergistically in the Personal Loan and Consumer Finance business and other businesses that require similar skills and experiences, for example outsourcing business, collection business, and call center business. Moreover, one of the the Company's major shareholder, International Finance Corporation "IFC", plays an important role in supporting the Company to expand the business overseas.

8. Unfinished Projects

Asset management projects and financial and investment banking advisory projects which are ongoing and are not expired or have been terminated are classified as "unfinished projects". Currently, projects in progress in the non-performing loan asset management business comprises five service contracts with total principal outstanding of THB 12,418 million.

Under the financial advisory and investment banking business there are 9 projects in progress as of December 31, 2011 with a total debt or fund raising value of THB 24,112 million.



Risk Factors

1. Risk from the inability to acquire new asset management contracts to replace expired contracts

Non-performing loan (NPL) management service is a major source of revenue of the Company compared with its other sources. This revenue is generated from fees earned on cash collected from repayments, disposal of NPLs and sale of collateral assets. The Company earns such revenues throughout the period of each NPL management contract. At the end of 2011, the Company and its subsidiaries had a total of five (5) NPL management contracts, based domestically and internationally, with a total outstanding principal balance of THB 12,593 million.

All existing asset management contracts will expire by March 2013. If in the future the Company or its subsidiary is unable to find new asset management contracts or participate in new NPL portfolio auctions, the financial status and revenue received from operation of the Company may eventually be impacted.

Mitigation

The Company recognises that it may not be able to find new NPL portfolios in time to replace expired portfolios and that it needs to mitigate the risk of decreased revenues from asset management services. At present, the Company is focused on offering other services by expanding its financial advisory services internationally, such as the establishment of a subsidiary company, Aurum Capital Advisory Pte. Limited, based in Singapore. Moreover, if the Company sees other opportunities to expand and foresees good return on the investment, the Company is able to undertake such investment, such as when the Company acquired Capital OK Company Limited in 2007.

At the same time, the Company has subsidiaries which participate in NPL auctions and own a number of NPL portfolios, namely ACAP Asset Management Co., Ltd. (ACAP AMC) and ACAP (Asia) Asset Management Co., Ltd. (ACAP ASIA AMC). Both subsidiaries are asset management companies qualified under the Asset Management Royal Decree of B.E. 2541 [1998], which enables them to participate in NPL auctions from other financial institutions.

2. Risk from Dependency on Major Clients

As a majority of revenue comes from the asset management business, major clients of the Company are asset management companies or financial institutions which hired the Company to be the administrator of their assets. Therefore, if an asset management company or financial institution decides to terminate the contract or discontinue the service from the Company, it is likely that the Company will encounter a significant decline in revenue.

Other revenues are obtained from financial advisory business operated by the Company's subsidiaries, for instance investment banking services. Most of these revenues come from debt restructuring, fund raising and legal advisory, and account for approximately 10% of the Company's total consolidated revenue. Therefore, the Company's clients in its financial advisory and investment banking business are not considered major clients.

Mitigation

The Company normally relies on large and long-term contracts from its asset management clients. The Company's services are unique and require special expertise that clients cannot easily substitute with other service providers, unlike consumer products or commodity products. Moreover, the clients need to receive consulting services for debt restructuring which continue for periods of 1-3 years in the asset management business, or the financial advisory and investment banking business.

The Company has also mitigated the risk in NPL management service by constantly studying and preparing bids for additional NPL portfolios. The establishment of asset management company subsidiaries, ACAP AMC and ACAP (ASIA) AMC, provides more opportunity for the Company to participate in the bidding process of large non-performing loan portfolios. ACAP AMC and ACAP (ASIA) AMC enter approximately 2 or 3 auctions per year for NPL portfolios being sold by financial institutions, which, if successful, would be serviced by the Company. The Company and its subsidiaries expect to be able to grow this business by providing NPL management services for other financial institutions and by diversifying to other related businesses.

For the financial advisory and investment banking business, its major clients are those involving debt restructuring and seeking investment in large size projects, however, the revenue contributed to the Company's total revenue is relatively small. The Company also pays attention to each service contract, ensuring payment of fees upon successful completion. Moreover, the Company is seeking to expand its revenue from other business lines such as expanding investment banking services in Singapore, which is considered one of the risk mitigation alternatives.

3. Personnel Risk

The Company and subsidiaries rely heavily on the competencies, expertise and customer relationships of its directors and other senior staff, both in terms of their relationship with other businesses and the management work. The loss of such human resources, especially at the management level may affect the future success of the Company's business.

Mitigation

Executives of the Company at the director level are regarded as established members. Also, every director is a shareholder. Most have been working with the Company since establishment and the probability of resignation is relatively low, especially for Dr. Vivat who is the major shareholder and has no other businesses. In the past only one director resigned from the Company. However, the Company was able to replace that director in a very short time with a highly qualified individual that specialises in the Company's business. At present, the Company's Board of Directors consists of seven executive board members, and members who represent major shareholders. Although these members have no involvement in management, they provide valuable advice and consultation as these members have many years of experience as managers in various companies from finance to real sectors.

For other senior management (vice president level and up), the Company has sufficient staff in these positions to take care of each business area. Each senior staff is capable of rotating positions as the Company prefers a team-based work structure. Each business area has many staff that can support the continuity of work when there is a resignation of staff, without affecting the efficiency and smooth functioning of the business operation. Moreover, the Company is able to select and recruit qualified replacements to fit with the quantity of existing work.

The Company has paid great attention in human resource matters by creating a secure employment environment for management and staff in order to reduce staff turnover. The Company has provided on-the-job training for both management and staff to ensure development of the knowledge and skills. Moreover, the Company has signed employment contracts with every management and staff and offers attractive and competitive remuneration based on the performance and skills of each staff.

4. Risk of Missing Collection Target, Delay or Default in Service Fee Payment

As revenue from NPL management service is a major source of revenue for the Company and subsidiaries, one of the risks involved is missing debt collection targets. Additionally, the Company is exposed to risk of delay or default in financial advisory service fee payments as some clients have liquidity or financial problems, lack sources of funds, or are likely to enter into a debt restructuring process.

Mitigation

The Company is aware of the uncertainty in achieving debt collection targets, so it carefully studies details of NPL portfolios such as collateral details and quality of the debtors in the due diligence process to assess the potential recovery. Moreover, the Company would offer a bid price significantly below the aggregate collateral value of the particular NPL portfolio in order to mitigate the risk. In case that the Company cannot collect the debt, it is usually able to enforce selling of the collateral at the price not less than the bid price which means that the risk of loss from NPL management should be minimal.

Measures taken to minimize the risk of delay or default in financial advisory service fee payment include assessing clients' repayment ability from cash flow generation, sustainability of the business, and so on before accepting the clients' mandate. The Company's monthly fee would be charged on the basis of cash flow projection which should cover initial costs of the Company. The Company charges a retainer fee (monthly service fee) during the service contract duration, and a success fee on completion of the service. If the Company cannot collect its fees from a client, it would stop providing service but the revenue received would still cover the Company's expenses.

5. Risk from Dependency on Operating License

The Company and its subsidiaries require various types of licenses either to participate in bidding for NPL portfolios from financial institutions or to provide financial advisory and investment banking services. Such operations must obtain the consent of and license from the related government agencies, such as the Bank of Thailand for bidding for NPL portfolios or from the Securities and Exchange Commission (SEC) for providing the financial advisory and investment banking service, in addition to the Business Reorganisation Office of the Ministry of Justice for Plan Preparation and Plan Administration services under the Bankruptcy and Business Reorganisation Act. The Company and its subsidiaries have been operating with all necessary licenses. However, the licenses to operate as financial advisor issued by the SEC and the license to operate as Rehabilitation Planner and Plan Administrator are subject to expiration and must be renewed periodically. As a consequence, the Company and its subsidiaries may have an exposure to the risk of not being able to renew the expired licenses.

Mitigation

The Company and its subsidiaries have continuously reviewed the expiry dates of all licenses to ensure that the Company and its subsidiaries are eligible for business operation. At present, ACAP Corporate Services Co., Ltd. (“ACS”) has been granted a license by the SEC to operate its financial advisory service since December 3, 2008 for a 5-year period which will expire on December 2, 2013. In case such license is nearing expiration, the Company expects to be able to immediately renew the license since it has maintained the proper qualifications and good track record of services. Meanwhile, ACS has been granted a license from the Business Reorganisation Office to become planner and plan administration which expires in 2012, no renewal problem is foreseen as it has maintained its appropriate qualification. Thus, the risk from losing operating licenses is considered low.

6. Risk from Changing Business Cycles

Economic cycles during economic recovery or expansion may impact the Company and subsidiaries’ revenue from NPL management business due to a decrease in NPL volumes. This may affect acquisition of new NPL portfolios which is directly related to the Company’s major source of revenue as well as other business operated by the subsidiaries, such as debt restructuring which tends to decline in such circumstances. On the other hand, an economic downturn may adversely impact areas such as fund raising advisory for business expansion which is likely to decrease.

Mitigation

The Company’s management is aware of the impact of the economic cycle. However, the Company and subsidiaries are able to service the clients in every stage of the cycle due to diversification of the services provided such as NPL management, debt restructuring service, fund raising service and mergers & acquisitions. During an economic expansion period, the Company’s revenue from debt restructuring may be impacted. However, this may be offset by revenue from other financial advisory and investment banking services of the subsidiaries, such as fund raising, mergers & acquisitions, and other financial advisory services. Furthermore, allow debtors in NPL management to have a higher repayment capability.

The economic downturn adversely impacts debt collection of clients in NPL management. On the other hand, also enables the Company to expand its NPL portfolios at a higher rate, as well as increase debt restructuring revenue. In other words, the Company can adjust its financial advisory services as per changing economic conditions. With competent and experienced staff, the Company is ready to operate in changing conditions due to the diversified nature of its financial advisory services.

7. Risk of Decrease in Stock Price if Existing Shareholders, Directors and Management Committee of Them Company Sell Their Stocks

At present, major shareholders with more than 10% shareholding of paid-up capital are the Vithoontien Group, which includes Dr. Vivat Vithoontien, the Chairman and CEO. As of December 31, 2011, the Vithoontien Group has holding 49.19% of paid-up capital. Others in the 10 major shareholders, who are directors and financial institutions, hold a total of 32% of paid-up capital. Therefore, the investor could encounter regarding a potentially declining stock price if major shareholders and management dispose their share portions.

Mitigation

Shareholders who are the Company’s directors have worked with the Company since establishment, with the common purpose of managing the Company to create added value for the business they jointly own. Each director would be motivated by the incentive related to the Company’s growth rather than disposal of their shares to make short-term capital gain.

The foreign financial Institution shareholders, each are all well known institution in the industry, however, not the major shareholder of the Company, do not have short-term investment strategies. Rather, they invest for return through a long-term investment horizon by expanding in other countries as a basis for future growth. Additionally, in order to reduce this risk, the offering price of the Company's shares for these shareholders is higher than the current share value. Therefore, there is minimal risk that these Foreign Financial Institutions would dispose shares in the short-term.

For business operation, the Company has invited a representative from the Foreign Financial Institution shareholders to be a director (Mr. Andrew John Newton Lee). He has, however, no decision making authority and the Company does not depend on any essential technology and/or personnel from these shareholders, except for occasionally seeking of financial support to bid for NPL portfolios. However, if the foreign financial institutions sell their shares in the future, there should be no material impact to the Company's business operation since the Company has the expertise in finding sources of funds from various groups of investors and other well-known financial institutions.

8. Risk from the Subsidiary Entering into Loan Facility Agreements with a Financial Institution

As of December 30, 2011, the Company has sold all investment in STAR AMC, which discharges STAR AMC from being Company's subsidiary. Therefore, at the end of 2011, all Company's subsidiaries have no obligation in loan facility agreements with any financial institutions.

However, in any future circumstance, if the Company's subsidiary participates in NPL portfolio auction, the subsidiary has to loan from financial institution. As a consequence, the Company may expose to risk in case the subsidiary is unable to make repayment as per the loan agreements.

Mitigation

The objective of loan is for auction in new NPL portfolio, which being offered by financial institution. Even in the future, ACAP AMC and ACAP (ASIA) AMC, the subsidiaries of the Company, has to engage in loan facility from financial institution, both subsidiaries are trying to mitigate the risk by considering the appropriate facility agreement which will benefit both parties. In repayment of the existing facility agreements, it depends on the collection performance of each asset portfolio acquired. Such acquired portfolios have been studied thoroughly of their collaterals. The study has shown that the collaterals existed in each portfolio have higher value than the amount paid in auction and the amount supported by the financial institution. Thus, the repayment of the two subsidiaries to the financial institution can be surely achieved.

Capital Structure



1. The Company's Capital

As of December 31, 2011, the Company has registered and fully paid-up capital of THB 125 million consisting of 125 million common shares each with THB 1 par value.

2. Shareholders

The list of the top 10 shareholders as of December 31, 2011 is summarized as follows:

No.	Shareholder Name	As of December 31, 2011	
		No. of Shares	% Total
1.	Dr. Vivat Vithoontien Group ¹	61,490,030	49.19
2.	Mr. Anake Pinvanichkul	12,180,010	9.74
3.	Mr. Saringkarn Sutaschuto	7,981,500	6.39
4.	Gerlach & Co. (IFC Holding) ²	6,000,000	4.80
5.	Taechanawakul Group ³	5,905,600	4.72
6.	Citibank Nominees Singapore Pte.Ltd. (Standard Bank Plc. Holding) ⁴	5,000,000	4.00
7.	Pumpaisanchai Group ⁵	3,111,100	2.49
8.	JAIC Asia Holdings Pte, Ltd. (Singapore)	3,000,000	2.40
9.	Daiwa Securities Capital Markets Co.,Ltd.-Clients Account	2,723,600	2.18
10.	Khumnerdngam Group ⁶	1,975,000	1.58
11.	Other shareholders	15,633,160	12.51
	Total	125,000,000	100.00

Remark: 1 Shareholder proportion of Dr. Vivat Vithoontien Group comprises:

			No. of Shares	% Total
1.	Dr.Vivat	Vithoontien	43,384,166	34.71
2.	Jonathan	Vithoontien	9,052,932	7.24
3.	Claire	Vithoontien	9,052,932	7.24
		รวม	61,490,030	49.19

Remark: 2 Gerlach & Co. is the custodian for the shareholding of International Finance Corporation (IFC). IFC is a member of the World Bank Group and was established in 1956 to promote private sector activities in the developing countries by focusing on 3 major areas: a) providing financial support to private sector projects; b) providing support to businesses in developing countries seeking funds in the international markets; and c) providing financial consulting and technical support to businesses and government in the developing countries.

Remark: 3 Shareholder proportion of Taechanawakul Group comprises:

			No. of Shares	% Total
1.	Ms.Sujitra	Taechanawakul	5,025,300	4.02
2.	Mr.Tavich	Taechanawaku	880,300	0.70
		Total	5,905,600	4.72

Remark: 4 Citibank Nominees Singapore Pte Ltd is the custodian of Standard Bank Public Company Limited where by Standard Merchant Bank (Asia) Limited, a subsidiary of Standard Bank Plc., and the Company have a common director, i.e. Mr. Andrew John Newton Lee.

Remark: 5 Shareholder proportion of Pumpaisanchai Group comprises:

			No. of Shares	% Total
1.	Ms.Suvimol	Pumpaisanchai	2,730,000	2.18
2.	Ms.Norarat	Pumpaisanchai	189,100	0.15
3.	Ms.Pichayaporn	Pumpaisanchai	100,000	0.08
4.	Ms.Duangthip	Pumpaisanchai	92,000	0.07
		Total	3,111,100	2.49

Remark: 6 Shareholder proportion of Khumnerdngam Group comprises:

			No. of Shares	% Total
1.	Mr. Manus	Khumnerdngam	1,375,000	1.10
2.	Mrs. Surapee	Khumnerdngam	600,000	0.48
		Total	1,975,000	1.58

3. Dividend Policy

The dividend policy of the Company and subsidiaries is that the dividend payout ratio shall be at a rate of no less than 50% of the Company's annual net profit after deducting income tax and legal reserves. The dividend payment policy may be adjusted from time to time based upon the Company's future investment plans and other factors. The annual dividend payment must be approved by a shareholder resolution, while the Board of Directors has authority to approve the interim dividend payment which must be reported in the minutes for the next shareholder meeting.

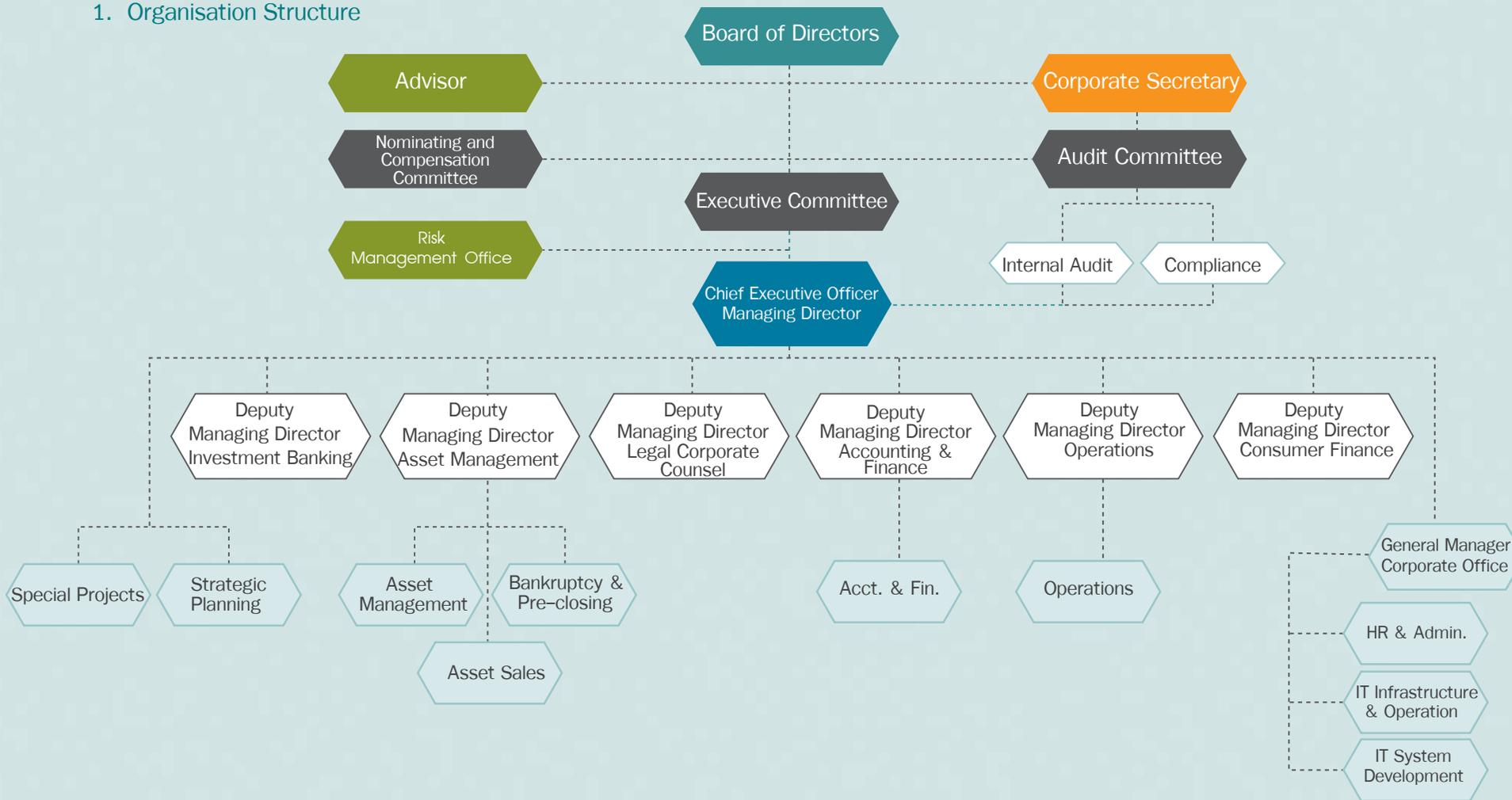
However, The Board of Directors meeting no. 2/2012 on February 28, 2012 had resolution to seek approval to the Annual General Shareholders meeting to abstain dividend payment for operating year 2011 due to the deficit earning of the Financial Statement of Company only.

Details of dividend payment for operating year 2011 compared with previous years.

Dividend Details	2009	2010	2011
1. Net Profit (THB million)	37.36	325.91	(110.23)
2. Number of Shares (million)	125	125	125
3. Dividend paid per share			
3.1 Interim Dividend (THB/share)	-	3.50	-
3.2 Annual Dividend Paid (THB/share)	-	-	-
4. Total Dividend Paid (THB million)	-	437.50	-

M anagement

1. Organisation Structure



1.1 BOARD OF DIRECTORS

The committee structure comprises the Board of Directors and sub-committees, namely the Executive Director Committee, the Audit Committee and the Compensation Committee.

1.1.1 The Board of Directors

The Board of Directors comprises members who possess relevant skills and experience. Currently, there are eleven members of the Board of which seven are Executive Directors and four Non-Executive Directors.

Non-Executive Directors are not directly involved in managing the Company, do not hold a management or permanent employee position in the Company, and do not hold delegation authority per the Company's Article of Association.

Executive Directors are directly involved in managing the Company, are permanent employees of the Company and hold authority per the Company's Article of Association.

As of December 31, 2011, there were eleven members of the Board as follows:

No.	Name	Position
1.	Dr. Vivat Vithontien	Chairman / Chief Executive Officer
2.	Mr. Anake Pinvanichkul	Executive Director
3.	Mr. Saringkarn Sutaschuto	Executive Director
4.	Ms. Suvimol Pumpaisanchai	Executive Director
5.	Mr. Issarachai Decharit	Executive Director
6.	Mr. Chalermchai Sirinopawong	Executive Director
7.	Mr. Parankoon Waiyahong	Executive Director
8.	Mr. Suraphol Sindhuvanich	Independent Director / Chairman of Audit Committee / Nominating and Compensation Committee Member
9.	Ms. Narumol Wangsatorntanakul	Independent Director / Audit Committee Member / Chairman of the Nominating and Compensation Committee
10.	Mr. Chatchawan Triamvicharnkul	Independent Director / Audit Committee Member / Nominating and Compensation Committee Member
11.	Mr. Andrew John Newton Lee	Director

** Mr. Andrew John Newton Lee was appointed as Director, in replacement of Mr. Mihir Bhansali, by the Board of Directors meeting no. 3/2011 on August 11, 2011. Later he has resigned from the position of the company's Director on February 27, 2012

The Company also has an Advisor to the Board.

No.	Name	Position
1.	Dr. Phisit Leeahtam	Advisor

AUTHORISED PERSONS

Delegation of Authority of the Company is granted to Dr. Vivat Vithoontien concurrently with any one of the following Executive Directors, Mr. Issarachai Decharit, Mr. Chalermchai Sirinopawong, Mr. Anake Pinvanichkul, Mr. Saringkarn Sutaschuto, Ms. Suvimol Pumpaisanchai or Mr. Parankoon Waiyahong, and accompanied by the company seal. Alternatively, authority is granted to one of Mr. Issarachai Decharit, Mr. Chalermchai Sirinopawong or Mr. Parankoon Waiyahong concurrently with one of Mr. Anake Pinvanichkul, Mr. Saringkarn Sutaschuto or Ms. Suvimol Pumpaisanchai and accompanied by the company seal.

Qualifications of the Board of Directors

To effectively oversee company business, the Company's Board of Directors is comprised of individuals with relevant experience, knowledge, expertise and ability to oversee operations. Moreover, the Board of Directors use best efforts, take accountability and dedicate themselves in managing the business, including acquiring a thorough understanding their roles and responsibilities.

Thus, in order to form an appropriate board structure, the Company requires board composition and individual qualifications as follows:

1. The composition of the Board of Directors shall be suitable for flexibility in managing the business, the number thereof shall be a minimum of five directors, and not less than half of all directors shall reside in the Kingdom of Thailand. The nomination of directors shall be made in a Shareholder's meeting except for a nomination of the replacement of an outgoing director which will be made by the Board of Directors.
2. The Board of Directors shall comprise at least three independent directors or at least one-third of the Board of Directors to adequately ensure check and balance of the committee. Moreover, there shall be at least one independent director who is a professional in Accounting and Finance.
3. Directors shall have relevant knowledge and capability, and shall be qualified in diverse fields to have a broad view for finding new business opportunities and planning risk management with different points of view. The Board shall comprise of at least one specialist in each of the following fields: finance or banking, accounting and law.
4. Directors shall not have any legal dispute or problem that impairs their performance as a director, neither in the past nor in the present.
5. Directors shall not hold director positions in more than five listed companies. In the event that any director must hold more director positions than the number stipulated herein, such director shall declare his or her reason to the Board of Directors and disclose such information to shareholders through the annual information report and annual report.
6. Directors shall be qualified and shall not have exhibited characteristics of ineptitude in managing the business as specified in the regulations for public limited companies.
7. The Company shall disclose information concerning the Board of Directors through the Securities and Exchange of Thailand and through the Company's website. Moreover, information on any changes to the Board of Directors or Senior Management shall immediately be released on the online system of the Securities and Exchange Commission.

Duties and Responsibilities of the Board of Directors

The Board of Directors has the authority and responsibility to manage the Company to comply with law, Company's objectives, regulations and shareholder meeting resolutions with integrity and prudence, and to protect the Company's and shareholders' rights and benefits as follows:-

1. To convene the annual ordinary shareholders' meeting within 4 months from the last date of the accounting period.
2. To convene Board of Director's meetings at least quarterly.
3. To arrange for the preparation of audited financial statements as of end of the Company's accounting period to be proposed at the shareholders' meeting for approval.
4. To empower, under Board of Directors regulations, a director or directors or others to act on behalf of the Board of Directors or to have authority for only a specified period that the Board of Directors deems appropriate. In the meantime, the Board of Directors is able to terminate, revoke, change or alter such authorised persons as the Board of Directors deems appropriate.
Moreover, the Board of Directors may empower the Executive Director Committee with the authority to manage the business within the scope of responsibilities of the Executive Director Committee. Nevertheless, such authority should not raise any conflict of interest with the Company or subsidiary companies except those transactions under policy and approved by the Board of Directors.
5. To define objectives, mission, strategy, guidelines, business plan and budget. To regulate Executive Director Committee management and administration according to policy assigned by the Board of Directors except for transactions which are legally mandated by shareholder meeting resolutions. Such transactions include any share increase, share split, bond issuance, share sale or transfer either totally or partially, share acquisition, and amendment of the Memorandum and Articles of Association.
Furthermore, the Board of Directors has the responsibility to monitor compliance with the Securities and Stock Exchange of Thailand Act, Stock Exchange of Thailand regulations regarding related party transactions of material assets or any other applicable laws related to the Company's businesses.
6. To review and evaluate the management structure, appoint members of the Executive Director Committee, the Managing Director and members of other committees as deemed appropriate.
7. To continuously evaluate the performance to achieve the business plan and budget.
8. To refrain from running any business within the same industry that may compete against the Company's businesses either personally or for someone else, either by assuming a partner role in any general partnership organization or unlimited partner role in any limited partnership organisation. The only exception is when consent has already been given in a shareholders' meeting before such director is appointed.
9. To notify the compliance unit as soon as he/she has either directly or indirectly been involved in any transaction or contract with the Company, or changed their holdings of shares or bonds issued by the Company or subsidiary companies.

However, the authority of the Board of Directors does not extend to the approval of any transactions potentially perceived to be in conflict of interest between the Board of Directors or related persons thereof and the Company or subsidiary company according to the SET rules and regulations. Such transactions can be approved only by shareholders' resolution according to the Company's Article of Association or related laws.

Term of Office of the Board of Directors

At every annual general meeting of shareholders, one-third of all directors who hold the longest term of office shall retire or a random drawing shall be employed if there are more than one-third of directors to be retired. However, a member who retires by rotation may be reappointed by shareholders.

Board of Directors Self Assessment

In the past year, the eleven directors conducted a performance evaluation by reviewing the Company's performance in relation to the Company's target, directors' understanding of the Company's businesses, appropriateness of the Board structure and qualifications of the directors, directors' meetings, relationships among directors and management, directors' independent opinion, and directors' attention to the new directors. The overall results of the evaluation were highly satisfactory.

Each director provided an anonymous opinion in the evaluation form which was submitted directly to the office of the Corporate Secretary. The Corporate Secretary summarise the overall assessment and presented the findings to the Board of Directors. The Board considered the positive and negative aspects of the assessment as well as specific problems to help make improvements and corrections and make a positive impact on the Company and its shareholders.

1.1.2 The Executive Director Committee

As of December 31, 2011, the Executive Director Committee comprised seven members as follows:

No.	Name	Position
1.	Dr. Vivat Vithoontien	Chairman and Chief Executive Officer
2.	Mr. Anake Pinvanichkul	Executive Director and Deputy Managing Director of Investment Banking Department
3.	Mr. Saringkarn Sutaschuto	Executive Director and Deputy Managing Director of Asset Management Department
4.	Ms. Suvimol Pumpaisanchai	Executive Director
5.	Mr. Issarachai Decharit	Executive Director and Deputy Managing Director of Legal Department
6.	Mr. Chalermchai Sirinopawong	Executive Director and Deputy Managing Director of Accounting / Finance Department
7.	Mr. Parankoon Waiyahong	Executive Director and Deputy Managing Director of Operations Department

Duties and Responsibilities of the Executive Director Committee

The duties and responsibilities of the Executive Director Committee, as set forth by the Board of Directors, are to run the Company's day to day business operations, implement Company policy, implement business plans and budgets, structure the management organisation and delegate management authority, establish guidelines to cope with the prevailing economic situation, and to audit and monitor business operations as stated in the policy. A summary of the important functions and responsibilities are as follows:

1. To review the annual budget proposed by department heads before proposing to the Board of Directors for review and approval. Additionally, to review and approve any urgent changes in the annual budget before a Board of Director's meeting can be held, then to report the amended budget at the next Board of Director's meeting.
2. To approve transactions that are less than or equal to 50 million baht.
3. To approve payments less than or equal to 50 million baht, or investments in non-performing assets portfolios of less than 100 million baht per portfolio.
4. To approve the utilization of investment funds for investment purposes and business expansion within the limits stated in the Company's Investment Policy Statement. (Approved by the Board of Directors Meeting No.2/2012 on February 28, 2012)
5. To approve important investments stated in the annual budget principally approved by the Board of Directors.
6. To give advice to the management team for developing the master plan and policy for finance, investment, marketing, personnel management and other operations.

7. To allocate the budget for bonuses approved by the Board of Directors for employees or people involved in the business of the Company.
8. To oversee the Company's day to day business operations and administration.
9. To execute business transactions on behalf of the Company as required by the Company's Article of Association registered with the Ministry of Commerce.

However, the authority of the Executive Committee does not extend to the approval of any transactions potentially perceived to be in conflict of interest between the Executive Committee or related persons thereof and the Company or subsidiary company according to the SET rules and regulations. Such transactions can be approved only by the Board of Directors or by shareholders' resolution according to the Company's Article of Association and related laws.

Chief Executive Officer (CEO) / Managing Director (MD)

The Board of Directors appointed Dr. Vivat Vithoontien as the Chief Executive Officer (CEO) which is the same position as Managing Director to oversee the business operations in accordance with company objectives and business plan as set forth by the Board of Directors, with the following functions and responsibilities:

Functions and Responsibilities of the Chief Executive Officer

1. To oversee the Company's overall business operations in order to achieve the Company's missions and objectives.
2. To develop business strategies and plans for proposal to the Board of Directors and to implement approved business strategies and plans.
3. To implement and fulfill responsibilities and policies assigned and set forth by the Board of Directors.
4. To issue instructions, orders, regulations, announcements, and memos to manage business operations of the Company for achieving profit and other objectives, including maintaining discipline in the organization.
5. To approve and/or delegate authority to other executives or employees to undertake business transactions under normal commercial terms that do not negatively affect the Company's assets.
6. To direct executives and employees to implement the Company's business policy and directives set forth by the Board of Directors.
7. To seek out business opportunities in corporate finance, securities, investment, business consulting, financial and accounting advisory, investment advisory and other new business opportunities to increase the Company's and shareholders' income.
8. To review the deployment of the Company's rights and assets for use in entering liabilities with other parties, companies or financial institutions and propose to the Board of Directors for approval.
9. To consider and approve payments for operating expenses that are less than or equal to 10 million baht.
10. To consider and approve investments in financial instruments and securities by the Company that are less than or equal to 25 million baht.
11. To approve important investments for business expansion and joint investments with other investors that are less than or equal to 25 million baht.
12. To oversee that the work of employees is in line with policies, rules and regulations of the Company as well as to promote good corporate governance in carrying out business.
13. To support the development of knowledge and skills of employees to enhance corporate potential.
14. To appoint consultants or advisors as necessary for the operation of the business, including the appointment of lawyers to file lawsuits on behalf of the Company or subsidiaries.

15. To consider and approve transactions related to business operations, such as selling and purchasing goods or services at market prices, charging fees at commercial rates and determining credit terms according to standard practice, etc.
16. To approve the appointment, transfer and termination of executive employment contracts.
17. To approve the appointment of certain officers authorised to sign Company cheques and purchase orders, financial instruments such as shares, bonds, convertible bonds, warrants, unit trusts, contracts and accounting and financial documents.
18. To implement ad hoc projects assigned by the Board of Directors.
19. To delegate other individuals to manage necessary and appropriate businesses or operations as deemed fit within the functions and responsibilities assigned by the Board of Directors.
20. To delegate tasks to Deputy Managing Directors or other executives.

However, the authority of Chief Executive Officer or such authorised person does not extend to the approval of any transaction potentially perceived to be in conflict of interest (according to the S.E.C rules and regulations) with the Company or subsidiaries, except for transactions that are executed on general commercial terms approved by the Board of Directors, are in compliance with regulations of the Stock Exchange of Thailand and which concern the acquisition or sale of assets of the Company or subsidiaries.

Performance Assessment of the Chief Executive Officer by the Board of Directors

During 2011, ten members of the Board of Directors excluding the Chief Executive Officer conducted an evaluation of the Chief Executive Officer's performance by evaluating business operations, amount of time dedicated to managing the businesses, internal control, responsiveness to opinions from management, risk management policy, and Board of Director meeting attendance. The evaluation forms were anonymous to ensure independent evaluation. The forms were submitted directly to the office of the Corporate Secretary who summarised the evaluation and presented the results to the Board of Directors

The overall performance of the Chief Executive Officer in the past year was found to be highly satisfactory. Recommendations and advice from other directors were also made to the Chief Executive Officer in order to improve the performance of the Board of Directors, the Executive Director Committee, management and employees.

Independent Directors

The Company has three independent directors namely Mr. Surapol Sindhuvanich, Ms. Narumol Wangsatorntanakun and Mr. Chatchawan Triamvicharnkul. All independent directors are qualified according to the definition of Independent Directors which exceeds the requirements of S.E.C regulations, the Stock Exchange of Thailand and /or the Capital Market Supervisory Board as follows:

1. A director who has no involvement in the Company's business operations and is not hired as an employee, staff or advisor with regular salary from the Company, subsidiary, related company or the Company's major shareholder.
2. A director who has no benefit either directly or indirectly in the Company's financial status and management.
3. A director who is not a related person or close relative of Company management staff or the Company's major shareholder.
4. A director who is not appointed as the Company's representative to protect only the interests of the Company's directors, major shareholder, or shareholders related to the Company's major shareholder.

5. A director who holds 0.5% or less of the paid up capital of the Company, company group, subsidiary, and related company. This amount would also include shareholding by related persons (by means of marriage status and legally registered relatives such as father, mother, spouse and heirs).
6. A director who can perform duties, provide opinions and report performance as appointed by the Board of Directors without being under the control of Company management or the Company's major shareholder, including related persons (any person related to the Company such as clients, creditors, debtors, significant business related person or close relatives which affects their independent status)
7. A director who can provide independent opinion or reports as appointed without being influenced by any potential profit, and without being under the control of any person or group of people including any situation that may lead to the inability to provide such independent opinion.

1.1.3 Audit Committee

As of December 31, 2011, three members of the Audit Committee comprised independent board members with different skills, abilities and professions, namely engineering, economics and accounting and finance to consider financial statements of the Company and subsidiaries, review internal audit results with the Internal Audit Department, meet with auditors and the Accounting Department head to consider all related transactions. Members of the Audit Committee are as follows:

No.	Name	Position
1.	Mr. Suraphol Sindhuvanich	Chairman of the Audit Committee
2.	Ms. Narumol Wangsatorntanakun	Audit Committee Member
3.	Mr. Chatchawan Triamvicharnkul	Audit Committee Member

In addition, the Company has an internal audit advisor, Mr. Kamol Ratanachai to provide advice to the Company on internal audit systems as well as advise on internal audit policy for efficiency in auditing.

Audit Committee Qualifications

Members of the Audit Committee shall meet the independence and experience requirements of the Company and shall not be deemed a prohibited person as defined by the Public Limited Companies Act, the Securities and Exchange Acts, as well as other related laws, as follows:

1. Being a non-executive director and receiving no permanent remuneration from the Company, its subsidiaries, its associates, its related companies or its major shareholders as an employee, officer or advisor.
2. Having no direct or indirect benefit, either financially or operationally, in transactions with the Company, its subsidiaries, its associates, its related companies or its major shareholders.
3. Being unrelated parties to executives or major shareholders of the Company.
4. Being a director who is not appointed to protect only the interests of the Board, the executives, major shareholders or shareholders related to the major shareholders.
5. Holding shares worth no more than 0.5% of the total paid-up capital of the Company, its subsidiaries, its associates or its related companies. The amount of shares deemed held by a member of the Audit Committee includes those belonging to related persons (persons connected by blood, marriage or legislative adoption, that is father, mother, spouse, children).
6. Being able to perform duties assigned by the Board and to voice his/her opinions independently without the influence of executives, major shareholders or related parties (persons with connection or involvement with the Company thus preventing the Audit Committee from independent and efficient performance of duties, such as the Company's clients, creditor, debtors, or significant business partner) or relatives of the aforementioned persons.

7. Being able to express or report his/her opinions regarding assigned missions independently without considering the gain or loss on his/her assets or positions, and being independent from the influence of any person, any group or any situation.
8. Having sufficient time to devote and carry out his/her duties as an Audit Committee member and to continuously seek knowledge to improve his/her performance

Duties and Responsibilities of the Audit Committee

The duties and responsibilities of the Audit Committee, as set forth by the Board of Directors, are as follows:

1. To review the Company's financial reports with integrity to ensure they comply with generally accepted accounting standards and have adequate information disclosure.
2. To examine the Company's internal audit system to ensure it is appropriate and effective.
3. To examine the Company's operational procedures to ensure compliance with the Securities and Stock Exchange of Thailand Act as well as Provisions and Regulations of the Stock Exchange of Thailand and the Securities Exchange Commission.
4. To seek and propose the appointment of the external auditor, determine remuneration, conduct performance evaluations and ensure that the independent status of the auditor is maintained.
5. To monitor to prevent any conflicts of interests between related parties.
6. To review information disclosures on conflict of interest or related party transactions.
7. To approve the charter of the internal audit, risk management, and compliance departments, including approval of audit plans, work processes, head counts and annual budgets.
8. To approve staff promotions, demotions, terminations and to review staff performance. Additionally, to maintain the independent status of the internal audit, risk management, compliance departments.
9. To implement other related tasks assigned by the Board of Directors and agreed by the Audit Committee such as:
 - To review and evaluate the appropriateness of the Company's rules and regulations, including monitoring the Company's compliance with laws and regulations and with policy set forth by the Board of Directors.
 - To review the Company's financial management policy and risk management.
 - To review the executive code of conduct and practice.
 - To review, together with other executives, reports which must be publicly disclosed such as the Management Report and Analysis.
10. To prepare the good governance report for disclosure in the Company's annual report as concurred by the Chairman of Audit Committee.
11. To implement any other related tasks as stated by law and regulation or assigned by the Board of Directors.

The above duties and responsibilities of the Audit Committee are ultimately the responsibility of the Board of Directors. The Board of Directors is also ultimately responsible for reporting the Company's business operations to shareholders and external parties.

Audit Committee Self Assessment

In 2011, the Audit Committee conducted a self assessment and presented the results at Board of Director's meeting no. 2/2012 on February 28, 2012 with the aim to further improve the Audit Committee's performance. The results can be summarised as following:

1. **Audit Committee Composition** The Audit Committee found its composition to be fully up to standard and in line with the Audit Committee Charter approved by the Board of Directors. All members of the Audit Committee had sufficient time to devote to performance of duty. Each member of the Audit Committee had sufficient knowledge and experience suited to each mission. In addition, at least one member of the Audit Committee was a professional in finance, accounting and auditing.
2. **Audit Committee Training and Dedication of Resources** The Audit Committee found its training and dedication of resources to be fully up to standard. Throughout the year, the Audit Committee was provided sufficient information and relevant training.
3. **Audit Committee Meetings** The Audit Committee found its meetings to be fully up to standard. In 2011, the Audit Committee organised 11 meetings. (The meeting scheduled for October was cancelled due to the flood situation.) Meeting agendas and related background information were submitted to each member of the Committee in a timely manner to enable full and proper consideration of the issues. Committee members who attended the meetings did not have any conflict of interest in subject matters for resolution. The Audit Committee also convened additional meetings with management and external auditors as deemed appropriate. In addition, inquiries into relevant legal issues which may significantly affect the Company's financial statements were conducted in its quarterly meetings with the Company's legal department.
4. **Audit Committee Reports** The Audit Committee found its reports to be fully up to standard. The Audit Committee had reported its activities to the Board of Directors on regular basis. In addition, the Audit Committee made a formal annual report on its work and performance during the year to the Company's shareholders and investors.
5. **Audit Committee Activities** The Audit Committee found its activities to be fully up to standard. The Audit Committee undertook responsibilities pursuant to its Charter, which are summarised as follows:
 - 5.1 Co-reviewed with the Company's management the procedure for risk evaluation relating to significant errors in financial statements, either intentional or unintentional.
 - 5.2 Queried management, external auditors and the internal audit manager on appropriateness of currently used accounting principles, changes which did not result from alteration of accounting principles or regulations; effects on interim financial statements and reports, including problem resolution, significant changes on annual financial statements, adequacy of the existing reserve accruals, and management forecasts that have a significant effect on financial statements.
 - 5.3 Ensured the Company made accurate and complete disclosure of information regarding related transactions or transactions that may cause a conflict of interest.
 - 5.4 Monitored the Company's financial disclosures to ensure that they accurately represent the financial position of the Company and that they were prepared in accordance with generally accepted accounting principles and were submitted to the Stock Exchange of Thailand (SET) within the required time period.
 - 5.5 Convened separate meetings with external auditors to seek their opinion upon matters such as evaluation of accounting staff and internal auditors, in addition to other advice.
6. **Audit Committee's Relationship with External Auditors and the Internal Audit Manager.** The Audit Committee found its relationship with external auditors and the internal audit manager to be fully up to standard. The Audit Committee was involved in the selection of the Company's external auditors, and the review, appointment and task assignment of the internal audit manager. In addition, the Audit Committee reviewed and approved the internal audit plan, revisions to the internal audit plan, and the manpower and budget plan of the internal audit department.

7. Audit Committee's Relationship with the Compliance Manager. The Audit Committee found its relationship with the compliance manager to be fully up to standard. The Audit Committee was involved in task assignment of the compliance manager. In addition, the Audit Committee reviewed the compliance plan, revisions to the compliance plan, and the manpower and budget plan of the compliance department.

1.1.4 Nominating and Compensation Committee

Resolution of the Board of Directors meeting no. 4/2008 dated August 13, 2008, approved the appointment of the Compensation Committee comprising three members who serve as independent directors and members of the Audit Committee. Board of Directors meeting no. 1/2009 on February 26, 2009 appointed the same committee to nominate directors and senior management and changed the name from Compensation Committee to Nominating and Compensation Committee. As of December 31, 2011, the Nominating and Compensation Committee comprised the following members:

No.	Name	Position
1.	Ms. Narumol Wangsatorntanakun	Chairman of the Nominating and Compensation Committee
2.	Mr. Suraphol Sindhuvanich	Nominating and Compensation Committee Member
3.	Mr. Chatchawan Triamvicharnkul	Nominating and Compensation Committee Member

Nominating and Compensation Committee Qualifications

Members of the Nominating and Compensation Committee must meet independence and experience requirements of the Company and must not be deemed a prohibited person as defined by the Public Limited Companies Acts, the Securities and Exchange Acts, as well as other related laws, as follows:

1. Being a non-executive director and receiving no permanent remuneration from the Company, its subsidiaries, its associates, its related companies or its major shareholders as an employee, officer or advisor.
2. Having no direct or indirect benefit both financially and operationally in any transactions with the Company, its subsidiaries, its associates, its related companies or its major shareholders.
3. Being unrelated parties to executives or major shareholders of the Company.
4. Being a director who is not appointed to protect only the interests of the Board, executives, major shareholders or shareholders related to the major shareholders.
5. Holding shares worth no more than 0.5% of the total paid-up capital of the Company, its subsidiaries, its associates or its related companies. The amount of shares held by a member of the Nominating and Compensation Committee includes those belonging to his/her related persons (persons connected by blood, marriage or legislative adoption that is father, mother, spouse and children).
6. Being able to perform duties assigned by the Board and to voice his/her opinions independently without the influence of executives, major shareholders or related parties (persons with connection or involvement with the Company thus prevent the Nominating and Compensation Committee from independent and effective performance of duties, such as the Company's clients, creditors, debtors or significant business partners) or relatives of the aforementioned persons.
7. Being able to express or report his/her opinions regarding assigned missions independently without considering the gain or loss on his/her assets or positions, and being independent from the influence of any person, any group or any situation.
8. Having sufficient time to devote and carry out his/her duties as a Nominating and Compensation Committee member to further improve his/her performance.

Duties and Responsibilities of the Nominating and Compensation Committee

The Nominating and Compensation Committee undertakes duties and responsibilities as defined by the Board as follows:

1. Nominating Committee

- 1.1 To consider the appropriateness of the structure and composition of the Board.
- 1.2 To determine the qualifications of directors, the managing director / CEO, the criteria for the nomination of persons for such positions, and to review the qualifications and evaluate the performance of directors, the managing director / CEO who complete their term of service.
- 1.3 To set out methodology and procedures for preparing the persons qualified for being appointed as a director, the managing director / CEO.

2. Compensation Committee

- 2.1 To determine proper and fair compensation policy for directors, managing directors / CEO and any specific committee as appointed by the Board.
- 2.2 To propose appropriate compensation, rewards, meeting allowances, pensions, bonuses, and other fringe benefits for the Company's directors, executives and Board appointed committees to the Board for consideration. The Board shall then make recommendations to shareholders for approval.
- 2.3 To evaluate the CEO's performance and determine the compensation and other fringe benefits for the CEO.
- 2.4 To help the Company achieve its business objectives, the Board may from time to time assign the Compensation Committee to perform other functions with respect to compensation and other fringe benefits for senior executives as follows:
 - 2.4.1 Determine compensation policies for senior executives and coordinate with the Human Resource Department in the execution of such policies in accordance with the Company's business goals.
 - 2.4.2 Assure that the compensation and benefits paid to senior executives are comparable to competitive market practice.
 - 2.4.3 Help the Company retain its key senior executives.

The Nominating and Compensation Committee Self Assessment

The Nominating and Compensation Committee is responsible for conducting an annual self-assessment of their performance. The assessment results for performance during the year 2011 are summarised below:

1. Composition of the Nominating and Compensation Committee was found to be fully up to standard given that the Committee complied with regulations and procedures set forth by the Board of Directors. All members of the Nominating and Compensation Committee dedicated sufficient time for business operations.
2. Training and dedication of resources were found to be fully up to standard given that the Committee received sufficient training and information.
3. Meetings of the Nominating and Compensation Committee were found to be fully up to standard. The Committee held a total of two meetings during 2011 for a selection of a new director to replace a director whose term of directorship was ending and also there was a consideration of the Committee's compensation to be presented for the shareholder's approval in the annual general meeting. There was sufficient information and meeting agendas discussed during each meeting and there were no potential conflicts of interest among the attendants.
4. Reporting of the Nominating and Compensation Committee was found to be fully up to standard given that performance reports were regularly submitted to the Board of Directors and an activities report during the year was disclosed to shareholders and other investors in the Annual Report.
5. Activities of the Nominating and Compensation Committee was found to be fully up to standard given that the Committee fully complied with the Charter as follows:

- 5.1 Coordinate with the Board of Directors in considering qualifications of nominees for the Company's directors replacing outgoing directors whose term of directorship is expiring, review the Board of Directors structure to ensure the portion of independent directors comply with S.E.C regulations, and set remuneration for committees and sub-committees.
- 5.2 Review the remuneration policy for management and staff to ensure appropriateness, fairness and motivation for company staff.

2. Director and Executive Director Recruitment

For the annual director and executive director election, the Company provided opportunity for shareholders to submit the name of qualified individuals for nomination as new directors. Considerations were based on qualifications, experience and skills related to the Company's business operations. At the same time, consideration was also made for reappointing directors whose term of directorship was ending. Such nominations were initially considered by the Nominating and Compensation Committee for their appropriateness. Qualified individuals were then submitted to the Board of Directors' for consideration and further submitted to the annual shareholders meeting for approval in accordance with following procedure:

1. Each shareholder is entitled to one vote per share.
2. During the shareholder meeting, a single candidate or a group of candidates may be proposed. Each shareholder has voting rights as stated above but is not allowed to split his/her voting rights.
3. Directors are appointed by majority vote. In the case where equal votes are counted for competing candidates, the chairman of the meeting will cast a deciding vote.

In the case where a director position is vacant by reason other than expiry of term of directorship such as by death or resignation, the Nominating and Compensation Committee will select qualified individuals and submit the names to the Board of Directors for consideration. A new director is then appointed without calling a shareholders' meeting.

The Nominating and Compensation Committee may also select qualified individuals for senior management positions for consideration by the Chief Executive Officer.

Company Secretary

In order to comply with the Securities and Stock Exchange of Thailand Act (4th edition) B.C. 2551 section 89/15 regarding the setting up of the Company Secretary by the board of directors, Board of Director meeting no. 4/2008 dated August 13, 2008 approved the appointment of Mr. Ithidej Chuerangsun as the Company Secretary. The Company Secretary assumes the following responsibilities:

1. Coordinate Board of Director's meetings and shareholders' meetings.
2. Coordinate executive director meetings and agendas.
3. Prepare and file the following documents:
 - 3.1 Directors' records.
 - 3.2 Meeting invitations, minutes of board of director meetings, and annual reports.
 - 3.3 Shareholder meeting invitations and minutes of shareholders' meetings.
4. Filing the gain or loss report as reported by the directors or management.
5. Provide board of directors with information as required by law and regulations of the Securities and Stock Exchange of Thailand Act, as well as regulations of the Stock Exchange of Thailand.

3. Director and Management Remuneration

Cash Remuneration

3.1 Directors

During 2011, the Company set policy for director remuneration as follows:

1. Each director (except for Mr. Hideaki Shimizu who declined the director's remuneration) will receive a meeting allowance of THB 20,000 per person per meeting of which the directors who also hold a management position will receive such meeting allowance besides their regular salary.

	2010 (THB/ meeting)	2011 (THB/ meeting)
Board of Director meeting allowance	20,000	20,000

2. Each member of the Audit Committee will receive a meeting allowance of THB 20,000 per person per meeting.

	2010 (THB/ meeting)	2011 (THB/ meeting)
Audit Committee meeting allowance	20,000	20,000

3. Each member of the Nominating and Compensation Committee will receive a meeting allowance of THB 20,000 per person per meeting.

	2010 (THB/ meeting)	2011 (THB/ meeting)
Nominating and Compensation Committee meeting allowance	20,000	20,000

4. The Company will pay a special remuneration to all members of the Board of Directors at the same rate as the previous year of one percent of the Company's net profit, in addition to payment of the meeting allowances. The special remuneration is paid after the Company's annual report is approved in the annual shareholders' meeting in the following year and the one percent of net profit is divided equally among all directors.

3.2 Remuneration of Non-Executive Directors

All non-executive directors as of December 31, 2011 receive the meeting allowance and special remuneration except for Mr. Hideaki Shimizu who declined the meeting allowance and special remuneration. Details of the remuneration for non-executive directors are as follows:

Name	Remuneration for 2010 (THB)				Remuneration for 2011 (THB)			
	Board of Directors	Audit Committee	Nominating and Compensation Committee	Special	Board of Directors	Audit Committee	Nominating and Compensation Committee	Special
Non-Executive Directors								
1. Mr. Andrew John Newton Lee	-	-	-	-	-	-	-	-
Independent Directors								
2. Mr. Hideaki Shimizu	-	-	-	-	-	-	-	-
3. Mr. Mihir Bhansali	-	-	-	-	20,000	-	-	44,911
Independent Directors and Audit Committee Members								
4. Mr. Suraphol Sindhuvanich	80,000	240,000	20,000	35,974	80,000	220,000	40,000	321,423
5. Ms. Narumol Wangsatorntanakun	60,000	240,000	20,000	35,974	60,000	220,000	40,000	321,423
6. Mr. Chatchawan Triamvicharnkul	80,000	240,000	20,000	35,974	80,000	220,000	40,000	321,423
รวม	220,000	720,000	60,000	107,922	240,000	660,000	120,000	1,009,179

Remark : - Mr. Mihir Bhansali and Mr. Hideaki Shimizu, have resigned from the Director position, effective since May 31, 2011
- Mr. Andrew John Newton Lee was appointed as Director, in replacement of Mr. Mihir Bhansali, by the Board of Directors meeting no. 3/2011 on August 11, 2011. Later he has resigned from the position of the company's Director on February 27, 2012

3.3 2011 Remuneration of Executive Directors

In 2011, the Company's remuneration structure for its seven executive directors was as follows:

Type of Remuneration	2010		2011	
	No. of directors	Total remuneration (Baht)	No. of directors	Total remuneration (Baht)
Salary	7	24,240,000	7	19,392,000
Special remuneration	7	3,079,820	7	4,269,959
Director remuneration	7	540,000	7	540,000
Provident Fund	7	1,212,000	7	969,600
Total	7	29,071,820	7	25,171,559

Remark : The executive directors were not paid any other type of remuneration, such as commissions or other types of compensation, except as stated above.

The Company's seven executive directors, namely the Chief Executive Officer and Deputy Managing Directors of various departments, namely the Asset Management Department, Personal Consumer Finance Department, Investment Banking, Legal Department, Finance and Accounting Department and Operations Department, were not compensated for other responsibilities assigned to them.

4. Corporate Governance

As the shareholders' representative, the Board of Directors confirms that the Company is in full compliance with the SET's guidelines for implementation of good corporate governance. The Company's operational procedure manual is placed on the Company's website for disclosure to shareholders. The Board of Directors believe that, given the Company's professional management system, experienced board, talented management team with good vision and sense of fiduciary duty, checks and balances, transparent administration, and respect for shareholders' rights and equitable treatment, the Company can add more value and provide higher returns to shareholders in the long run. Furthermore, assessment results for the Company in the Corporate Governance Report to Thai Listed Companies 2011 was "Very Good" based on an assessment during 2010-2011 organized by the Thai Institute of Directors (IOD).

In another independent assessment, the Company's commitment to shareholder rights and procedural standard of the Company's annual shareholders' meeting in 2011 was reviewed by the Thai Institute of Investment. As a result a score of 95 points was given which is considered excellent.

The Company's policies on good corporate governance follow below.

Section 1 Shareholders' Rights

- 1) The Company recognises the principal of respect for shareholders' rights including the right of shareholders to attend an annually held general shareholder's meeting at least once a year. In 2011, the Company convened an annual general shareholders' meeting on the April 27, 2011. Meeting venues were set up for convenient access by shareholders. We ensured effective dissemination of information to shareholders by hiring Thailand Securities Depository Company Limited, the Company's share registrar, to send schedules of shareholder meetings, notices of meetings and minutes of shareholder meetings with sufficient information and related documents to shareholders 21 days before the meeting date.
- 2) On meeting days, the Company facilitated shareholder voting by using a barcode system to register and count votes, as well as providing duty stamps for powers of attorney.
- 3) On meeting days, meeting attendance registration took place two hours before the meeting time. The Company also allowed shareholders to join the meeting after the meeting had already started and they were included among attendees with voting rights.
- 4) The Company arranged notices of meetings with related documents together with three types of proxies: type A, type B and type C, which were posted in our website [HYPERLINK "http://www.acap.co.th" www.acap.co.th](http://www.acap.co.th) to help shareholders to choose the appropriate proxy. Additionally, the Company proposed at least one independent director to be a proxy holder to be nominated on behalf of shareholders not able to attend the meetings. The Company disseminated all facts and reasons of the nominated independent director, in case there were differences of opinion in the Board, both in Thai and English, to provide all shareholders equal treatment and with sufficient information.
- 5) During the Company annual shareholders meeting in 2011, there were nine out of twelve executive directors attended the meeting. The missing directors were the two foreign directors, namely Mr. Mihir Bhansali and Mr. Hideaki Shimizu (who have resigned from their Director positions, effective since May 31, 21011) and one executive director. Mr. Parankoon Waiyahong. All of the independent directors and audit committee members attended the meeting. In the event that a meeting that requires an independent opinion to enter into a certain transaction of the Company, the representatives of the Company's auditor and independent financial advisors would always attend such meeting.
- 6) For transparency and accuracy in vote counting, the company invited representatives from another auditing company which was not the Company's auditor, to provide auditing service for the vote counting.

- 7) At the beginning of each meeting, the Chairman of the meeting explained all meeting rules including the method of specifically counting the numbers of eligible voting rights for each specific meeting agenda according to Company rules. During the meeting, shareholders are treated equally, and are allowed unlimited opportunity for discussion and expressing opinions and suggestions. The Board straightforwardly answered all questions of each meeting agenda. All minutes of the meetings are precisely and comprehensively recorded with a conclusion of each meeting agenda's resolutions. On the same day of the meeting, the meeting minutes and resolutions are disseminated via the SET's ELCID system to shareholders and the public in both Thai and English. Copies of full meeting minutes are provided to the Office of the SEC within 14 days after the meeting date. They are also posted on the Company's web site in both Thai and English.
- 8) No agenda was added to any meeting without prior notice to the shareholders, especially material agenda requiring sufficient time to study for decision making. Meeting agenda were presented as stated in meeting invitations.

Section 2 Equitable Treatment of Shareholders

We recognise and respect rights of all shareholders to fair practice without discrimination, with voting based on the number of shares held and free from influence by major shareholders. The Company's guidelines are as follows:

- 1) The Company allows shareholders to nominate anyone, including independent directors proposed by the Company, to be proxy holders and attend meetings to maintain the shareholder's voting rights.
- 2) Before every shareholders meeting, the Company allow minority shareholders to add any meeting agenda or any matters including suggestions onto our website without discrimination for at least 30 days prior to the meeting. Such additions are reviewed by management before being submitted to the Board of Directors. There were no submissions of agendas from shareholders during 2011.
- 3) In case a minority shareholder would like to nominate any individual for a director position, they are allowed to do so by notifying of such on the Company's website at least 30 days prior to the shareholders' meeting in order for the Board of Directors to consider their qualifications and place the nomination in the agenda for the next shareholders' meeting.
- 4) In order for shareholders to have sufficient time to consider the shareholders' meeting agenda, the company will deliver the meeting invitation and attached documentation in both Thai and English at least 21 days prior to the meeting. The same invitation and attached documentation will also be posted on the Company's website.
- 5) For agendas involving a vote for directors, the Company allows shareholders to vote for each director individually.
- 6) During the meeting, the Company encourages comments and questions by opening floor and allowing sufficient time for to shareholders to come forward with their comments and questions.
- 7) The Company pays serious attention to protect the Company's inside information from abuse by directors, executives, and staff for personal profit or for running any related business that competes against the Company, regardless of the type of transaction, including buying or selling of related securities or undertaking any other action to the detriment of shareholders. A policy for the use of insider Information is clearly stated in the Company's staff Code of Ethics.
- 8) When any director or executive undertakes any transaction involving Company listed shares, he or she must inform our compliance unit, which then prepares a statement of shareholding of those directors, including of their spouses and dependent children, for the Office of the SEC. All directors and executives must abide by the Company's Code of Ethics, including strict avoidance of transactions in Company listed shares one month before and one week after financial statements are publicly disseminated.

Section 3 Responsibilities to the Stakeholders

We recognise the rights of all related persons no matter whether they are shareholders, employees, counterparties and creditors, clients, competitors, the community and society. Our policy to ensure that they are fairly treated is as follows:

Shareholders The Company aims to continuously generate reasonable profits for shareholders by running the business to consistently produce high turnover and also by operating the business with transparency. Accordingly, the Company adheres to the following practices:

1. Running the Company to gain profit and steady turnover to benefit shareholders as entrusted to us.
2. Managing the business based on the principles of duty of loyalty and duty of care with capable, experienced and skilled people.
3. Not perform any act that may cause undue risk or possible damage to the Company and the shareholders without approval from the shareholders.
4. Not using information of the Company which is not yet public for the benefit of any individual or other related person.
5. Disclosing the report of Company's status and annual report to all shareholders equally, regularly, completely and on time.
6. Paying attention to opinions or suggestions from shareholders which are reasonable and beneficial to the development of the Company.
7. Honouring the rights of shareholders, such as the right to attend meetings, to propose agendas for meetings, to nominate director candidates, to have access to appropriate information, to express opinions, to receive information sufficiently in advance for making decisions, to petition, among others.

Employees: The Company recognises the importance of employees since they are crucial to maintaining and growing the organization. The Company aims to continuously develop and strengthen the work culture and atmosphere. In order to instil confidence in employees, the Company established the following guidelines:

1. Conduct fairness in every matter to all employees without discrimination of race, religion, nationality, gender, age or education.
2. Provide fair compensation in salary and/or bonuses to all employees.
3. Maintain a clean and safe work environment for employee well-being and security of their property.
4. Neither directly or indirectly infringe on the liberty and rights of any person.
5. Support and develop employee skills by providing training and updating knowledge of employees on a regular basis.
6. Listen to opinions and suggestions from employees in every level equally and impartially.
7. Comply strictly with laws and regulations concerning employee provisions.
8. Treat all employees with courtesy and respect.
9. Keep channels open for employees to make complaints or inform of any matter involving a possible violation of any rule or law.

Counterparties and Creditors The Company's business is run under cooperative benefit with its business partners. Such cooperation and fairness is fostered through the following practices:

1. Comply with agreed commercial terms strictly and honestly under stipulated conditions, rules and laws.
2. Find solutions in cooperation with partners to reach a compromise in case any commercial dispute or other problem has occurred.
3. Not to seek or receive any benefit which may compromise the Company's loyalty to the business partner.

The Company strictly adheres and conforms to laws and other rules relating to its obligations with creditors by following these guidelines:

1. Consistently comply with conditions of contract with creditors in regards to the debt repayment or other terms.
2. Not conceal the financial status of the Company for the purpose of avoiding or postponing overdue repayments.
3. Not distort any facts or amend any document which benefits the Company and causes damage to the creditor.
4. Inform creditors in advance of any pending contractual defaults in order to jointly find a solution to the default.

Clients

Success in business comes from satisfying our customers. Therefore, the Company must maintain strong and caring relationships with its customers. It must adhere to principles of integrity and maintain high moral standards and respect. It strives to exceed the various needs of each customer with utmost care and effort, and hold a long-term view of each relationship. The Company applies the following practices in dealing with customers:

1. Provide only the products and services that the Company is capable and skilled in providing.
2. Charge a fair fee for products and services that is not excessive when compared to the quality provided.
3. Inform customers of the terms and conditions of services clearly, accurately, transparently and without any misrepresentation.
4. Provide customers with fair and impartial advice without the intention of taking any advantage in providing such advice.
5. Comply with conditions as agreed with customers. In the event of force majeure, inform the customer in advance if possible in order to mutually find a solution.
6. Strictly and regularly protect the confidentiality of customer information and not use such information for self benefit.

Competitors

The Company respects all business competitors and rules of competition with honesty through the following guidelines:

1. Refrain from defaming any competitor or using any other method that may misrepresent facts of competitor.
2. Refrain from using proprietary products or information from a competitor and claiming that it belongs to the Company.
3. Refrain from taking a competitor's customer in a dishonest manner.
4. Comply with rules and regulations in relation to good business practice.

The Community and Society

The Company places great importance on Corporate Social Responsibility (CSR) and strives to play a part in improving society. The Company was established by a group of Thai individuals, and is bonded with Thai society and patriotic to its home country. The Company runs its business while caring for the environment and society. Its Corporate Social Responsibility (CSR) Policy can be seen in its Good Governance Statement on the company website.

To support the above CSR policy, the Company regularly organises activities for social causes. In 2011, the Company provided social assistance by visiting flood victims in Bangbuathong District on December 5, 2011 to distribute 500 relief bags. The Company provides assistance during times of disaster or hardship in Thailand and abroad whenever the need arises.



Section 4 Information Disclosure and Transparency

The Company's policy on information disclosure is to make it transparent, punctual, complete and accurate according to the standard of information disclosure efficiency stated in the SET's listed company requirements. This policy is the responsibility of our executive directors who recognise that it does affect investors' decision making. To treat public investors equally in access to company information, the Company disseminates its information disclosures, including our annual report and our 56-1 form, through the SET's and SEC's information disclosure media along with the company website, www.acap.co.th, in both Thai and English. The policy on information disclosure is stated as follows:

- 1) The Company widely discloses its executive directors' roles and responsibilities, including their remuneration packages, to its shareholders in the annual information disclosure form 56-1.
- 2) When a new director is appointed, the Company will fully reveal his/her profile and directorship tenure in the notices of meetings to its shareholders.
- 3) Our Board of Directors is responsible for our financial statement reports, including financial figures in the annual report. Our Board of Directors and Audit Committee issue acknowledgement clauses in all our financial statement reports and annual reports.
- 4) All related party transactions are disclosed in our financial statement reports. Our Audit Committee reviews and monitors related party transactions to affirm that they conform to rules, regulations, notifications, announcements and standard practices of the SET. Related party transactions must also be presented in Board of Director meetings or shareholder meetings, depending on transaction size. The Company presents transaction values, counterparty and related party, rationales, and other information related to the transactions in both Thai and English through the ELCID system of the SET to publicly inform all investors.
- 5) The Company Secretary is Mr. Ithidej Chuerangsun, who is responsible for preparing and coordinating the shareholders' meeting, and for investor relations. Shareholders, investors and analysts may contact the Company Secretary through the following channels:

The Company Secretary and Investor Relations Tel. 02-694-4915 Fax. 02-670-1152 Email: ithidej_c@acap.co.th

Senior management also takes a role in explaining information directly to investors. The Company provides other public relation channels through SET's Information Technology system and the company website and ensures the completeness, transparency, accuracy and timeliness of the information distributed.

Section 5 Board of Directors' Responsibilities

Members of the Board of Directors and the Executive Director Committee have strong leadership skills, business vision and senior management experience in financial institutions and other key industries across both public and private sectors. The Executive Director Committee is given flexibility in making decisions to achieve the Company's strategies and objectives while being overseen by the Board of Directors and the Audit Committee.

The Board of Directors and the Audit Committee mutually set policy and direction to efficiently accomplish pre-established business plans and budgets. They also closely supervise internal compliance, internal audit, risk management, and financial statement reporting to comply with good corporate governance. They maintain appropriate risk management standards and continuously monitor them for the benefit of the Company and its shareholders.

To create transparency and prevent conflicts of interest, the Board of Directors has established policies regarding related party transactions, the use of insider information and other important issues as follows:

■ Conflict of Interest Transactions

- When the Company reports transactions that may be in conflict of interest, related transactions or related person transactions, these transactions must be approved by the Board of Directors and the Audit Committee must provide initial opinion for such transactions. The approval of these transactions is based on optimal benefit to the Company, fairness, transaction rationale, and market prices and rates. In addition, any related persons who may undertake a transaction potentially in conflict of interest must not be involved in any part of the approval process. To be involved in any related party transactions as defined by the rules, announcements, notifications, provisions or regulations of the Stock Exchange of Thailand, the Company must also abide by Stock Exchange of Thailand rules and regulations.

■ Inside Information Use Guidelines

- The Company restricts access to inside information to specific staff on an as needed basis only. All directors are aware of the duty and responsibility of the restrictions of use of inside information for their personal benefit. They are required to file reports of change in shareholdings to the Office of the Securities Exchange Commission as per Section 59 and Provisions and Regulations of the Securities and Stock Exchange of Thailand Act.
- Directors and staff having possession of any inside information must not release it to any external persons or any non-involved persons to prevent manipulation of the Company's listed shares.

■ Business Ethics

- Directors are required to conform to the Code of Best Practices for Listed Companies established by the Stock Exchange of Thailand. Directors must use their knowledge, competences and experiences for the benefit of the Company's business. They must apply business ethics in running the business. They must act in accordance with law, the Company's objectives and regulations, and shareholder meeting resolutions with honesty and integrity, both towards the Company and towards any major connected parties. Business ethics also apply to other staff in honesty of conduct and equal treatment of the Company and other connected parties including the public community and society. The Company closely monitors compliance with this practice.

■ Check and Balance by Non-Executive Directors

- As of ended 2011, the Board of Directors comprised eleven members. Seven members are executive directors and four members are non-executive directors. Three of the non-executive directors are independent directors (two members have resigned during the year). The three independent directors are in the Audit Committee monitoring the Company's internal audit, financial statement reporting and other compliances with the Company's pre-established regulations and policies. Moreover, the Audit Committee works closely with the Internal Audit Department to monitor business operations conducted by the Executive Director Committee for compliance and transparency. The Company also has one director who represents the Company's financial institutions shareholders and closely monitors and review management's operations for reporting to their respective institutions. Therefore, the executive directors are monitored by the Audit Committee and the director who represents the financial institution holds an adequate amount of shares in the Company, enhancing the check and balance of the non-executive directors.

■ Combined Roles and Responsibilities

- As a small company with a flat organisation chart, the Chairman and the Managing Director positions are held by the same person. Moreover, the same Independent Directors who are members of the Audit Committee are also members of the Nominating and Compensation Committee. However, the functions and responsibilities of the Board of Directors, Executive Director Committee, Audit Committee, Nominating and Compensation Committee as well as the Managing Director are separate and distinct. The Audit Committee and the Internal Audit Department are independent in their compliance task to ascertain that the Managing Director and the Executive Directors do not have complete power and that material transactions follow a check and balance process and are approved by the Board of Directors or by shareholder resolution. The given scope of authority of the Managing Director or the Board of Directors does not allow them to approve any transaction qualified as a conflict of interest or related party transaction with the Company or its subsidiaries.

■ Directorships in Other Companies

- The Company places the importance on the amount of a director's time that is dedicated to the Company's business operations. Directors who serve director positions in other companies may negatively impact their work efficiency within the Company. As such, the Company has set forth a policy for such directors as follows:
 - ✓ Executive directors may take director positions in up to four companies provided that such directors are able to dedicate sufficient time to assume their responsibilities within the management team to the greatest extent possible for the benefit of the Company.
 - ✓ Independent directors and director representatives of major foreign shareholders can take director positions in up to five companies.

In case a Company director must take director positions in more companies than the policy allows, such director must report the reason and necessity to the Board of Directors. If the Board of Directors deems such directorships to not significantly impact the director's performance, the director may be allowed to occupy such directorships. The performance of such directors will be monitored by the Board of Directors and reported in the Compliance of Corporate Governance Report in the Company's 56-1 report and annual report.

■ Board of Director and Executive Director Remuneration

- The Company's remuneration policy is to maintain that the Board of Director and Executive Director remuneration packages are appropriate and reasonable for directors and executives in view of their contribution to the Company. The packages must also be in line with industry standards.
- The executive remuneration packages must be approved by the Board of Directors including both monetary and non-monetary compensation, and are based on both the Company's performance and individual's performance.

■ Director Meetings

Board of Directors Meetings

- The Board of Directors holds regular meetings every three months or four times per year and extraordinary meetings for any urgent cases. The Corporate Secretary will set the agenda for the meeting and deliver meeting documentation to the Board of Directors at least 10 days in advance to allow sufficient time to study and analyse each agenda. Each director has the opportunity to express their opinion to facilitate decision making of the Board of Directors by taking into account the returns of shareholders and involved parties. Minutes of each meeting are recorded and reported. Meeting resolutions are disseminated to relevant parties within the prescribed timeframe. In 2011, there were a total of four meetings with attendance as followings:

NO. The Board of Directors			2011 Attendances
1.	Dr. Vivat	Vithoontien	4/4
2.	Mr. Anake	Pinvanichkul	4/4
3.	Mr. Saringkarn	Sutaschuto	4/4
4.	Ms. Suvimol	Pumpaisanchai	4/4
5.	Mr. Issarachai	Decharit	4/4
6.	Mr. Chalermchai	Sirinopawong	4/4
7.	Mr. Parankoon	Waiyahong	3/4
8.	Mr. Andrew John Newton Lee		0/4
9.	Mr. Suraphol	Sindhuvanich	4/4
10.	Ms. Narumol	Wangsatorntanakun	3/4
11.	Mr. Chatchawan	Triamvicharnkul	4/4

* Two former directors, Mr. Mihir Bhansali and Mr. Hideaki Shimizu resigned from their director positions on May 31, 2011 and the Board of Director meeting no. 3/2011 on August 11, 2011 appointed Mr. Andrew John Newton Lee to replace Mr. Mihir Bhansali for the remaining term of directorship. Later, he has resigned from the position of the company's Director on February 27, 2012

- There were four Board of Directors meetings in 2011 in which the executive-directors (numbers 1 to 7) would generally attend the meeting. For Audit Committee meetings, at least two members would attend the meeting (numbers 9 to 11).

■ Executive Director Committee Meetings

The Executive Director Committee comprises seven Executive Directors as stated in the Executive Director Committee section. The Executive Directors hold monthly meetings and have further discussion on a weekly basis in order to follow up any progress on important tasks. However, in the event of any urgent issues that require more than one meeting in a month, the Board of Directors shall set up special meetings as it deems appropriate. Last year there were several occasions which required more than one monthly meeting. The details are as follows;

No.	Executive Director Committee		2011 Attendances
1.	Dr. Vivat	Vithoontien	10/12
2.	Mr. Saringkarn	Sutaschuto	11/12
3.	Mr. Anake	Pinvanichkul	10/12
4.	Ms. Suvimol	Pumpaisanchai	12/12
5.	Mr. Issarachai	Decharit	10/12
6.	Mr. Chalermchai	Sirinopawong	11/12
7.	Mr. Parankoon	Waiyahong	12/12

Audit Committee Meetings

Attendees of the Audit Committee meetings include Audit Committee members, the Internal Audit Department, the Compliance Department and the Managing Director of Finance & Accounting. Meetings are held on a monthly basis. The Company's auditor also attended meetings when necessary. In 2011, due to flood situation, the meeting scheduled for October was cancelled. Thus, there were eleven Audit Committee meetings and the attendance record of Audit Committee members was as follows:

No.	Audit Committee		2011 Attendances
1.	Mr. Suraphol	Sindhuvanich	11/11
2.	Ms. Narumol	Wangsatorntanakun	11/11
3.	Mr. Chatchawan	Triamvicharnkul	11/11

Nominating and Compensation Committee Meetings

The purpose of these meetings is to review the workload and staffing requirements of the Company, and to search and nominate key executive positions when necessary. The number of meetings is not specified or fixed. The Chairman of the Compensation Committee may call for extraordinary meetings as necessary or in special circumstances to consider any related issues. Last year the committee held two meetings and all committee members attended. Details are as follows:

No.	Nominating and Compensation Committee		2011 Attendances
1.	Ms. Narumol	Wangsatorntanakun	2/2
2.	Mr. Suraphol	Sindhuvanich	2/2
3.	Mr. Chatchawan	Triamvicharnkul	2/2

■ Sub-Committees

The Company has three sub-committees: the Executive Director Committee, the Audit Committee and the Nominating and Compensation Committee, Investment Committee. The Executive Director Committee comprises seven members who are assigned by the Board of Directors to run the Company with given roles, functions and responsibilities shown in section 1 page 42. The Audit Committee comprises three members who possess qualifications and are assigned tasks as defined by the Stock Exchange of Thailand. Audit Committee members are independent directors who also serve on the Nominating and Compensation Committee, and their roles in each committee are clearly defined. Board of Directors meeting no. 1/2009 dated February 26, 2009 appointed the Nominating Committee to conduct the recruitment of directors and senior management, and the name of the committee was changed from Compensation Committee to the Nominating and Compensation Committee.

The Investment Committee has four members comprising the Chief Executive Officer, the Chief Accounting Officer, a representative of Board of Directors and an expert in the area of investment. This committee considers major asset investment proposals for the Company or its subsidiaries. This is to ease the responsibilities of the Board of Directors for projects within the scope and investment limit authorised for the executive committee.

■ Orientation of New Directors

- After a new director is elected, the Chief Executive Officer will introduce the new director to management and other directors as well as present company information and other relevant information such as the Corporate Governance Manual. The new director will be informed of the roles and responsibilities of directors, business ethics and internal control. In case the new director has not attended the Director Certification Program (DCP) or Audit Committee Program (in case of Audit Committee) from the Institute of Directors (IOD) as well as other training courses that may be helpful to their performance, the Company will take charge of this matter.

■ Compliance and Internal Audit

- The Company place great importance on the internal audit function at both management and operational levels. Relevant roles, obligations and management authority are defined in writing. To protect the Company from damage, the Compliance and Internal Audit Departments undertake an evaluation process to quickly identify mistakes and to reduce business and operational risk at both management and operational levels. The measurements conform to guidelines of the Stock Exchange of Thailand which are defined in five parts:

- Part 1) Organisational Control and Environment Measures
- Part 2) Risk Management Measures
- Part 3) Management Control Activities
- Part 4) Information and Communication Measures
- Part 5) Monitoring

■ Risk Management Policy

- The Board of Directors has appointed the Risk Management Department to directly control and monitor risk management in various areas such as Financial Risk, Operational Risk, Business Risk and Event Risk. The Risk Management Department established the Risk Management Policy to be used as operational guidelines and for conducting risk assessment reports to be reported directly to the Board of Directors. The department also coordinates with the Compliance Department, the Internal Auit Department, and the Audit Committee to evaluate unexpected risk events in order for the Company to effectively prevent such risks. After the Executive Director Committee has reported a risk event, the Committee will further consider and submit recommendations to the Board of Directors.

■ Investment Policy

- The Company's investment policy is based on the premise that any investment must bring positive returns the Company and its shareholders. All investments are carefully considered and analysed. The Investment Policy is clearly stated with details for various types of investment transactions and is disclosed on the Company's website.

■ Board of Directors Reports

- The Board of Directors is responsible for overseeing important aspects of the Company's business and for monitoring the Company's consolidated financial statements and all publicly released financial information including the Annual Report. The financial statements are carefully and consistently prepared and are based on generally accepted accounting principles in Thailand. The Board also ensures adequacy of information in the Notes to Financial Statements.
- The Board of Directors maintains an effective internal audit system to affirm that the Company's accounting and bookkeeping is accurate and complete, to ensure that capital adequacy is sufficiently maintained and to identify weak points in the system to protect against possible fraudulent activity.
- At present, the Board of Directors has the opinion that the Company's Compliance and Internal Audit systems are satisfactory and is confident that the Company's financial statements are accurate and reliable.

■ Succession Plan

- The appointment of individuals for open positions, especially in management, will be the responsibility of the Nominating and Compensation Committee which nominates qualified individuals. The Company considers both internal and external qualified individuals.

With regards to resignations, company policy requires resigning individuals to inform the Company at least 30 days in advance in order for the Company to have sufficient time to recruit a qualified replacement.

For general succession planning, the Nominating and Compensation Committee will submit nominees to the Board of Directors based on their skills and ability together with the name of the second runner-up from the same department. However, the Company also considers external nominees who possess relevant skills and ability that are compatible with the Company's business operation. The recruitment and selection process for all positions is on a transparent basis.

5. Control of Inside Information

The Company has a strict Chinese-wall policy to prevent internal information leaking from inter-departmental operations and personnel. These and other possible conflicts of interest are addressed as follows:

1. Different departments are distinctly and physically separated, especially those departments handling sensitive non-public information to avoid inside information leakage.
2. A list of restricted securities is maintained which the Company, staff and executives are not permitted to make use of in any personal transactions, such as securities of listed companies which are currently under advisory of the Company. Such restricted list prevents staff from using this information illegally for their own benefit.
3. Internal Confidentiality Policy
 - Different passwords are required to log on to different systems.
 - Code names must be set up for each Client.
 - Disclosure of client information shall not take place without written consent from such client.
 - Only staff specifically assigned to a case at hand has access to the information of that case. If other departments need to use the information, they must first ask permission from their department heads.
 - In case there are clients that are in the same industry or in conflict with each other, the Company assigns different financial advisors to each client. The financial advisors must keep their information classified and confidential.

4. Maintenance of Documents and Information

- Client profiles and operational information are filed separately and kept safely to prevent loss or damage, as well as to prevent illegal use of the information.
- All information in hard-copy form is kept safely in filing cabinets of the relevant department.
- All information in soft-copy form is stored in a computer database where access is restricted by passwords assigned only to relevant staff. Soft files stored on other information media, such as diskette tapes, and are kept safely in filing cabinets of the relevant department.
- Only specifically assigned staff have access to documents relevant to them. In case others need to use such information, they must make their request explaining their rationale and obtain prior approval from their department head.
- Document storage and destruction of confidential information require prior approval of department heads. In addition, in the case of information being stored in a central filing center, the documents must be enclosed in a sealed box.

5. Requesting or Providing Information

- To request information from or to provide information to another department, the requestor and provider must first obtain permission from their department heads. The requesting staff can only ask for the information relevant to his/her assignment or task. Furthermore, the exchange of this information must be reported to the Compliance Unit.
- The departments in possession of non-disclosed information or confidential client data must not publicly disclose such information or use it for personal benefit. All exchanged information must be based on a "Need to Know" basis.

6. All staff and executives are prohibited from using any inside information regarding client financial information to trade in the clients' listed or non-listed shares from the date that they know such inside information to the date that the financial information is publicly disclosed. They are also not allowed to use the inside information for market price manipulation or front running trading.

Additionally, all directors and executives are required to file reports of share holding of themselves, their spouses and dependent children, and report any changes in share holding to the Office of the S.E.C. as per Section 59 and Provisions and Regulations of the Securities and Stock Exchange of Thailand Act B.E. 2535. All directors and executives are required to submit the copy of such report to the Company on the same day they submit such report to the Office of the S.E.C.

6. Human Resources

6.1 Management and Staff

As of December 31, 2011, the Company employed a total of 114 staff in asset management and financial advisory services. The Company allocates staff based on individual skills and ability and to be in line with the business expansion and investment plans. Staff levels can be seen in the tables below.

No.	Position	Headcount
1.	Chief Executive Officer / Managing Director	1
2.	Directors	6
3.	General Manager	1
4.	Executive Vice President	1
5.	Senior Vice Presidents	3
6.	Vice Presidents	6
7.	Assistant Vice Presidents	9
8.	Managers	30
9.	Assistant Managers	4
10.	Unit Heads	16
11.	Support Staff	37
	Total	114

Staff Counts in Company subsidiaries as of December 31, 2011 are as follows:

Subsidiary	% Shareholding	Headcount
ACAP Corporate Services Co., Ltd. (ACS)	99.99	7
ACAP Asset Management Co., Ltd. (ACAP AMC)	99.99	7
ACAP Malaysia Sdn. Bhd. (ACAP MALAYSIA)	99.99	15
Global Service Center Co., Ltd. (GSC)	99.99	143
ACAP Consulting Co., Ltd. (ACON)	99.99	16
Capital OK Co., Ltd. (CAP OK)	99.99	25
Professional Collection Co., Ltd. (P COL)	99.99 held by CAP OK	4
ACAP (Asia) Asset Management Co., Ltd. (ACAP ASIA)	57.60 held by CAP OK 40.00 held by ACAP MALAYSIA 2.39 held by ACAP	-
Aurum Capital Advisory Pte Ltd. (Singapore)	63.97	3

6.2 Remuneration

(1) Staff Salary and Benefits (excluding Executive Directors and Subsidiaries)

For the year stated

(Unit : Baht)

Types of Remuneration	2010	2011
Salary	70,836,724	55,049,043
Special Remuneration (bonus, overtime and food, transportation and gasoline reimbursement)	7,296,636	26,791,189
Provident Fund Contribution	2,883,946	2,378,809
Total	81,017,306	84,219,041

(2) Other Remuneration (if any)

The Company does not offer other types of remuneration, including commissions, to staff, apart from the salary and benefits disclosed above.

Internal Control

The Company has taken several measures to ensure its internal control processes function effectively. This includes a balanced composition of the board of directors, an audit committee made up of independent directors and dedicated monitoring and risk management departments which report directly to director-level committees.

The Company's three Independent Directors also served as the Audit Committee, namely Mr. Suraphol Sindhuvanich, Miss Narumol Wangsatorntanakun and Mr. Chatchawan Triamvicharnkul. They execute their responsibilities independently with no restrictions in obtaining information, and receive full cooperation from senior management and staff. One of the duties of the Audit Committee is to review and audit the Company's financial statements in order to maintain transparency and provide independent oversight.

For monitoring and control, the Company has an Internal Audit Department and a Compliance Department which report directly to the Audit Committee and attend monthly Audit Committee meetings. The Company also has a Risk Management Department which reports directly to the Executive Committee.

Internal Audit Department The Internal Audit Department audits and evaluates internal operations of the Company by monitoring compliance with internal policy and procedure. The department also compares operations with plan to determine whether the Company's goals and objectives are being achieved, and performs other auditing assignments as requested by the Audit Committee. The Internal Audit Department works closely with operations staff and reports their observations directly to the Audit Committee.

The Company has also hired an independent internal audit consultant to help strengthen its internal audit systems, its internal audit policy, and improve its overall auditing efficiency.

Compliance Department The Compliance Department monitors, evaluates and controls the Company's operation systems to ensure compliance with all relevant laws and regulations. The department reports evaluation results concerning risk prevention and control plans for each department directly to the Audit Committee and the Board of Directors.

Moreover, the Company has systems in place to prevent leakage of information between different operating units (i.e., Chinese Wall policy) by segregating the section that holds confidential information into a separate area, setting up a code name for each client, allocating and limiting the team for each project to avoid conflicts of interest. Staff are trained regarding regulations concerning the safeguarding of confidential information (as disclosed in the section on corporate governance). The Company also has a secure documentation management system in place so only internal auditors or authorised juristic persons can inspect documents when necessary.

Risk Management Department The Risk Management Department develops and monitors the Company's risk management program. This involves coordinating with and advising each department on risk evaluation and risk management, and also assisting in the creation of their risk prevention and control plans.

The Audit Committee together with the Internal Audit Committee reviewed, evaluated and audited the Company's internal control systems in 2011 - during the Audit Committee's meeting of 1/2012 held on 11 January 2012. The results were reported to the Executive Committee at meeting 1/2012 on 23 January 2012 and the Board of Directors at meeting 2/2012 on 28 February 2012. The evaluation concerned five areas: 1) Organisation Controls and Environment Measures, 2) Risk Management Measures, 3) Management Control Activities, 4) Information Technology and Communication Measures, and 5) Monitoring.

The Audit Committee concluded that the Company has sufficient internal control systems that are able to support the Company's operations according to the principles of Good Corporate Governance. In addition, the Audit Committee has reviewed and approved the Company's financial statements and has reported this issue to the Board of Directors.

Individual/Juristic Person Which may be in Conflict	Type of Relationship	Type of Transaction	Transaction Value (THB million)		Necessity and Reasonability of Transactions	Opinion of Audit Committee
			2011	2010		
STAR Asset Management Ltd. ("STAR AMC")	83.44% owned subsidiary of the Company (Subsequence to the shares disposition of STAR AMC on December 2011, therefore discharged STAR AMC from being a subsidiary of the Company or any related company.)	The Company is the service provider of non-performing asset management for STAR AMC and the Company received:			These transactions were in accord with the usual business and trade practice and given the benefit to the Company.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company which are reasonable and given the benefit to the Company.
		- Base Fee	27.68	26.77		
		- Cash Collection Fee	4.82	0.22		
		- Court Case Management Fee	2.16	2.20		
		The Company received Interest Income from loans to STAR AMC.	0.03	2.62		
ACAP Consulting Co., Ltd. (ACON)	99.99% owned subsidiary of the Company	The Company was reimbursed by ACON as part of expense allocations among the companies in the group.	0.67	0.01	These inter-company transactions with subsidiary companies were in accord with the usual business and trade practice.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company which are reasonable and given the benefit to the Company.
		The Company paid ACON for Court Case Management and Legal Execution Service Fees.	1.00	1.96		
		The Company received Interest Income from loans to ACON.	0.06	0.04		
ACAP Corporate Services Co., Ltd. (ACS)	99.99% owned subsidiary of the company	The Company received Interest Income from loans to ACS.	0.02	0.04	These inter-company transactions with subsidiary companies were in accord with the usual business and trade practice.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company which are reasonable and given the benefit to the Company.
		The Company was reimbursed by ACS as part of expense allocations among the companies in the group.	0.02	-		

Individual/Juristic Person Which may be in Conflict	Type of Relationship	Type of Transaction	Transaction Value (THB million)		Necessity and Reasonability of Transactions	Opinion of Audit Committee
			2011	2010		
ACAP Malaysia Sdn., Bhd. (ACAP MALAYSIA)	99.99% owned subsidiary of the company	The Company received dividends as 99.99% shareholder.	9.26	9.65	These inter-company transactions with subsidiary companies.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company.
Capital OK Co., Ltd. (CAP OK)	99.99% owned subsidiary of the company	The Company received Service Fee from CAP OK for serving software systems.	0.83	1.51	These inter-company transactions were in accord with the usual business and trade practice.	The Audit Committee has an opinion that these transactions are reasonable and given the benefit to the Company.
		The Company paid Interest Income from loans to CAP OK.	53.28	45.57	This inter-company transactions was with subsidiary companies.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company.
Professional Collection Co., Ltd. (PCOL)	99.99% owned by CAP OK	The Company received Service Fee from PCOL for serving software systems	0.08	0.15	This transaction was in accord with the usual business and trade practice.	The Audit Committee has an opinion that these transactions are reasonable and given the benefit to the Company.
Aurum Capital Advisory Pte., Ltd. (Singapore) (AURUM)	63.97% owned subsidiary of the company	The Company received Interest Income from loans to Aurum.	0.08	-	This transaction was in accord with the usual business and trade practice.	The Audit Committee has an opinion that these transactions are reasonable and given the benefit to the Company.

2. Assets and Liabilities between the Company, Subsidiaries and Related Companies

Individual/Juristic Person Which may be in Conflict	Type of Relationship	Type of Transaction	Transaction Value (THB million)		Necessity and Reasonability of Transactions	Opinion of Audit Committee
			2011	2010		
Global Service Center Co., Ltd. (Formerly named ACAP Services Co., Ltd.)	99.99% owned subsidiary of the company	Advance payment for The Company providing software service.	0.01	0.07	These inter-company transactions with subsidiary companies were in accord with the usual business and trade practice.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company which is reasonable and causes no loss of benefit to the Company.
		The Company received Interest Income from loans to GSC.	0.06	-		
ACAP Malaysia Sdn., Bhd. (ACAP MALAYSIA)	99.99% owned subsidiary of the company	Advance for expenses made by ACAP on behalf of ACAP MALAYSIA.	0.04	0.06	These inter-company transactions with subsidiary companies were in accord with the usual business and trade practice.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company which is reasonable and causes no loss of benefit to the Company.
ACAP Asset Management Co., Ltd. ("ACAP AMC")	99.99% owned subsidiary of the company	Account Receivable due to Advance Payment and Interest Income.	0.01	0.33	These inter-company transactions with subsidiary companies were in accord with the usual business and trade practice.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company which is in accord with the usual business and trade practice.
Capital OK Co., Ltd. (CAP OK)	99% owned subsidiary of the company	The Company has account receivable & advance payment for software provided to CAP OK.	54.18	1.24	These transactions were in accord with the usual business and trade practice and given the benefit to the Company.	The Audit Committee has an opinion that these transaction are in accord with the usual business and trade practice, reasonable, and given the benefit to the Company.
		CAP OK loan the Company to purchase CAP OK 's common stock from ORIX.	760.00	760.00	This transaction gave benefit to the Company because it is an inter-company transaction.	The transaction was charged at normal rate of interest and given the benefit to the Company. It was approved by shareholders.
		CAP OK gave short-term loan to ACAP for as working capital.	20.00	-		

Individual/Juristic Person Which may be in Conflict	Type of Relationship	Type of Transaction	Transaction Value (THB million)		Necessity and Reasonability of Transactions	Opinion of Audit Committee
			2011	2010		
Professional Collection (PCOL)	99.99% owned by CAP OK	The Company has advance payment for software service payment to P COL.	0.01	0.07	These transactions were in accord with the usual business and trade practice and given the benefit to the Company.	The Audit Committee has an opinion that these transaction are in accord with the usual business and trade practice, reasonable, and given the benefit to the Company.
Aurum Capital Advisory Pte., Ltd. (Singapore) (AURUM)	63.97% owned subsidiary of the company	The Company received Interest Income from loans	0.08	-	The company provided financial support for subsidiary. This transaction was charged at normal rate.	The transaction was charged at normal rate of interest and given the benefit to the Company.
Long-term loan to Aurum		The Company gave as working capital.	11.44	-		

3. Borrowings between the Related Companies

-None-

4. Guarantee obligation

-None-

5. Procedure in approving related party transactions

Related party transactions must be approved by the Audit Committee and Board of Directors, under which the parties that may be in conflict of interest cannot exercise their voting rights. Moreover, the approved items must be in compliance with prevailing laws, regulations, orders, related notifications, including the requirements of the Security Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

6. Anticipated future related party transactions

At present, the Company has sufficient liquidity and working capital to support its business operation. However, under circumstances where the Company and its subsidiaries require financial support of the Company's directors, the Company would propose the matter to the Board of Directors and inform the Audit Committee. The Board of Directors and the Audit Committee would consider the necessity and reasonableness of such transactions to ensure that the transactions do not impair the rights of the Company, its subsidiaries and its shareholders.

Details of Directors, Management and Authorized person of the Company

No.	Name/ Position	Age	Education	Relationship	% of Holding No. of shares as of (31/12/11)	5 Years' Working Experience		
						Period	Position	Company
1.	Dr. Vivat Vithoontien Chief Executive Officer and Chairman (Authorized Directors)	51	Ph.D. in Economics New York University, USA MA in Economics New York University, USA Director Accreditation Program (DAP) No. 28/2004	-	34.71% ¹ of Issued and Paid-Up Share Capital	1998-Present	Chief Executive Officer	ACAP Advisory Plc.
						2011-Present	Director	Aurum Capital Advisory Pte., Ltd.
						2007-Present	Director	Capital OK Co., Ltd.
						2007-Present	Director	ACAP (Malaysia) Sdn. Bhd.
						2007-2008	Director	Professional Collection Co., Ltd.
						2007-2008	Director	STAR Asset Management Ltd.
						2005-2008	Managing Director	ACAP Asset Management Co., Ltd.
						2004-2008	Managing Director	ACAP Services Co., Ltd.
						2001-2008	Managing Director	ACAP Corporate Services Co.,Ltd.
						2005-2006	Board of Directors	State Railway of Thailand
						2004-2005	Director	T.E.M. Business Operation Co., Ltd. ²
						2004-2005	Director	TEM Assets Recovery Co., Ltd. ²
						2004-2005	Director	N.C.C. SPV Co., Ltd. ²
						2003-2004	Director	CAT Telecom Plc.
						2001-2002	Advisor to Senate Sub -Committee for Privatization	Senate
						1999-2001	Chief Investment Officer /Senior Vice President	Thai Petrochemical Industry Plc.

- Remark
1. Vivat Vithoontien Group held 49.19%
 2. Act as director on behalf on ACS (old name is Asian International Planner Limited) as the Plan Administrator of the client

No.	Name/ Position	Age	Education	Relationship	% of Holding No. of shares as of (31/12/11)	5 Years' Working Experience								
						Period	Position	Company						
2.	Mr.Anake Pinvanichkul Director and Deputy Managing Director of Investment Banking Department (Authorized Directors)	47	MBA, Stern School of Business New York University, USA Director Accreditation Program (DAP) No. 23/2004	-	9.74% of Issued and Paid-Up Share Capital	2002-Present	Executive Director	ACAP Advisory Plc.						
						2011-Present	Director	Aurum Capital Advisory Pte., Ltd.						
						2010-Present	Director	ACAP (Asia) AMC Co., Ltd.						
						2010-Present	Director	ACAP Consulting Co., Ltd.						
						2009-Present	Director	Capital OK Co., Ltd.						
						2009-Present	Director	Professional Collection Co., Ltd.						
						2007-Present	Director	ACAP (Malaysia) Sdn. Bhd.						
						2007-Present	Director	ACAP Asset Management Co., Ltd.						
						2004-Present	Director	Global Service Center Co., Ltd.						
						2004-Present	Director	Thai Metal Trade Plc.						
						2002-Present	Director	SME Estate Co., Ltd.						
						2002-Present	Director	ACAP Corporate Services Co., Ltd.						
						2008-2009	Director	Inter Capital Alliance AMC Ltd.						
						3.	Mr.Saringkarn Sutaschuto Director and Deputy Managing Director of Asset Management Department (Authorized Directors)	46	MBA, Western Illinois University, USA Director Accreditation Program (DAP) No. 28/2004	-	6.39% of Issued and Paid-Up Share Capital	2002-Present	Executive	ACAP Advisory Plc.
2011-Present	Director	Aurum Capital Advisory Pte., Ltd.												
2010-Present	Director	ACAP (Asia) AMC Co., Ltd.												
2010-Present	Director	ACAP Consulting Co., Ltd.												
2007-Present	Director	Capital OK Co., Ltd.												
2007-Present	Managing Director	Professional Collection Co., Ltd.												
2007-Present	Director	ACAP (Malaysia) Sdn. Bhd.												
2005-Present	Director	ACAP Asset Management Co., Ltd.												
2004-Present	Director	Global Service Center Co., Ltd.												
2002-Present	Director	ACAP Corporate Services Co., Ltd.												
1998-2002	Head of Investment Banking	Rabobank International												
4.	Ms.Suvimol Pumpaisanchai Executive Director, (Authorized Directors)	58	MBA, Kasetsart University Director Accreditation Program (DAP) No. 27/2004	-	2.18% of Issued and Paid-Up Share Capital							2002-Present	Executive Director	ACAP Advisory Plc.
												2010-Present	Director	ACAP Consulting Co., Ltd.
												2009-Present	Director	Capital OK Co., Ltd.
						2007-Present	Director	ACAP (Malaysia) Sdn. Bhd.						
						2007-Present	Director	ACAP Asset Management Co., Ltd.						
						2002-Present	Director	ACAP Corporate Services Co., Ltd.						
						2005-2006	Director	ACAP Asset Management Co., Ltd.						
						1999-2002	Managing Director	Devonshire Associate (Thailand) Co., Ltd.						

Remark Ms.Suvimol Pumpaisanchai Group held 2.49%

No.	Name/ Position	Age	Education	Relationship	% of Holding No. of shares as of (31/12/11)	5 Years' Working Experience		
						Period	Position	Company
5.	Mr.Issarachai Decharit Director and Deputy Managing Director of Legal Department (Authorized Directors)	52	Thai Barrister at Law Institute of Legal Education of the Thai Bar B.A. (Law) Bachelor of Law Chulalongkorn University Director Accreditation Program (DAP) No. 27/2004	-	0.70% of Issued and Paid-Up Share Capital	2003-Present	Executive Director	ACAP Advisory Plc.
						2009-Present	Director	Capital OK Co., Ltd.
						2009-Present	Director	Professional Collection Co., Ltd.
						2007-Present	Director	ACAP (Malaysia) Sdn. Bhd.
						2006-Present	Director	ACAP Consulting Co., Ltd.
						2005-Present	Director	ACAP Assets Management Co., Ltd.
						2004-Present	Director	ACAP Corporate Services Co., Ltd.
						2002-Present	Advisor	Apibun Legal Co., Ltd.
						1984-Present	Member	Lawyers Council of Thailand
						1998-2006	Director	TPI Oil Co., Ltd.
						2003-2003	Director	Rayong TPI Services Co., Ltd.
1984-2003	Deputy Managing Director Legal Department	Thai Petrochemical Industry Plc.						
6.	Mr.Chalermchai Sirinopawong Director and Deputy Managing Director of Accounting and finance Department (Authorized Directors)	52	Bachelor of Accounting, Chulalongkorn University Director Accreditation Program (DAP) No. 27/2004	-	0.54% of Issued and Paid-Up Share Capital	2003-Present	Executive Director	ACAP Advisory Plc.
						2009-Present	Director	Capital OK Co., Ltd.
						2009-Present	Director	Professional Collection Co., Ltd.
						2009-Present	Director	Global Service Center Co., Ltd.
						2008-Present	Director	ACAP Consulting Co., Ltd.
						2007-Present	Director	ACAP (Malaysia) Sdn. Bhd.
						2004-Present	Director	ACAP Corporate Services Co., Ltd.
						2505-2506	Director	ACAP Asset Management Co. Ltd.
						1995-2002	Vice President of Accounting Department	Datamat Plc.
7.	Mr.Parankoon Waiyahong Director and Deputy Managing Director of Operating Department (Authorized Directors)	55	Master of Art, International Politics and Economics University of Detroit, Michigan, USA Director Accreditation Program (DAP) No. 30/2004	-	0.54% of Issued and Paid-Up Share Capital	2004-Present	Executive Director	ACAP Advisory Plc.
						2010-Present	Director	ACAP (Asia) Asset Management Co., Ltd.
						2007-Present	Director	Capital OK Co.,Ltd.
						2007-Present	Director	Professional Collection Co., Ltd.
						2007-Present	Managing Director	ACAP (Malaysia) Sdn. Bhd.
						2007-Present	Managing Director	ACAP Asset Management Co., Ltd.
						2008-2011	Director	STAR Asset Management Ltd.
						2008-2009	Director	Inter Capital Alliance AMC Ltd.
						2005-2006	Director	ACAP Asset Management Co., Ltd.
						2004-2004	SME Division Head	UOB Radanasin Bank Plc.
						2000-2003	Branches Division Head	UOB Radanasin Bank Plc.

Remark Mr.Parankoon Waiyahong Group held 0.82%

No.	Name/ Position	Age	Education	Relationship	% of Holding No. of shares as of (31/12/11)	5 Years' Working Experience								
						Period	Position	Company						
8.	Mr. Andrew John Newton Lee Director	53	Member, The Institute of Chartered Accountants in Australia Bachelor of Economics, La Trobe University, Melbourne, Australia	-	-	2011-2012	Director	ACAP Advisory Plc.						
						2006-Present	Managing Director, Head of Distress Debt	Standard Merchant Bank (Asia) Ltd., (Singapore)						
						2004-2006	Head of Impaired Loan Advisory Services, Restructuring Services,	KPMG (Australia)						
						2000-2004	Head of Corporate Recovery	KPMG (Australia)						
						1999-2000	Head of Corporate Recovery	KPMG (Indonesia)						
						1998-1999	Head of Corporate Recovery	KPMG (Australia)						
						1996-1997	Head of Corporate Recovery	KPMG (Fiji)						
						1989-1996	Head of Corporate Recovery	KPMG (Australia)						
						9.	Mr. Suraphol Sindhuvanich Independent Director and Chairman of Audit Committee, Nominating and Compensation Committee	54	Master of Engineering King Mongkut's Institute of Technology North Bangkok Director Accreditation Program (DAP) No. 13/2004 Finance for Non-Finance Director No. 16/2005 Audit Committee Program No. 8/2005	-	0.08% of Issued and Paid-Up Share Capital	2009-Present	Nominating and Compensation Committee	ACAP Advisory Plc.
												2003-Present	Independent Director and Chairman of Audit Committee	ACAP Advisory Plc.
1997-Present	Managing Director	SVS Consultant Co., Ltd.												
2008-2009	Compensation Committee	ACAP Advisory Plc.												
2001-2002	Advisor	Asian International Planner Co., Ltd.												

No.	Name/ Position	Age	Education	Relationship	% of Holding No. of shares as of (31/12/11)	5 Years' Working Experience								
						Period	Position	Company						
10.	Ms.Narumol Wangsatorntanakun Independent Director and Audit Committee, Chairman of Nominating and Compensation Committee	57	Master of Engineering University of Wisconsin, U.S.A. Master of Economics Marquette University, U.S.A. Director Accreditation Program (DAP) No.13/2004 Audit Committee Program No.8/2005	-	-	2009-Present	Chairman of Nominating and Compensation Committee	ACAP Advisory Plc.						
						2003-Present	Independent Director and Audit Committee	ACAP Advisory Plc.						
						2011-Present	Independent Director and Chairman of the Risk Management Committee	Internet Thailand Plc.						
						2010-Present	Director	ITBC Business Consultant Group Co., Ltd.						
						2002-Present	Chief Operating Officer	Thai Smart Card Co., Ltd.						
						2009-2011	Independent Director and Member of the Risk Management Committee	Internet Thailand Plc.						
						2008-2009	Chairman of Compensation Committee	ACAP Advisory Plc.						
						1995-2002	Chief Information Officer and Executive Director	Kim Eng Securities (Thailand) Plc.						
						11.	Mr.Chatchawan Triamvicharnkul Independent Director and Audit Committee, Nominating and Compensation Committee	47	MBA , Finance, NIDA Graduate Diploma-Auditing, Chulalongkorn University Certified Public Accountant (Thailand) No.6398 (CPA) Certified Professional Internal Auditors of Thailand (CPIAT), The Institute of Internal Auditors of Thailand Director Accreditation Program (DAP) No.20/2004 Audit Committee Program No.2/2004	-	-	2009-Present	Nominating and Compensation Committee	ACAP Advisory Plc.
												2012-Present	Deputy of Managing Director	Asia Solf Corporation Plc.
2009-2011	Head of Corporate Finance Group	TT&T Plc.												
2004-Present	Independent Director and Audit Committee	ACAP Advisory Plc.												
2008-2011	Project Consultant of New Entrepreneurs Creation Project (NEC)	NIDA - Center for Business Innovation												
2008-2009	Compensation Committee	ACAP Advisory Plc.												

No.	Name/ Position	Age	Education	Relationship	% of Holding No. of shares as of (31/12/11)	5 Years' Working Experience		
						Period	Position	Company
11.	Mr.Chatchawan Triamvicharnkul					2002-2009	Chief Audit Executive and Secretary to Audit Committee	TT&T Plc.
						2000-2002	Head of Budgeting Division and Secretary to Budget Committee / Senior Manager	TT&T Plc.
12.	Ms.Patrvadee Pienvech Vice President, Financial and Accounting Department	49	Bachelor of Accounting Ramkhamhaeng University	-	-	2005-Present	Vice President, Finance & Accounting Department	ACAP Advisory Plc.
						2002-2005	Assistant Vice President, Finance & Accounting Department	ACAP Advisory Plc.
						1995-2002	Manager, Accounting Department	Datamat Plc.

Information of occupied position of Directors, Management and Authorized person of the Company and subsidiaries

Name	ACAP Advisory Plc.	ACAP Corporate Services Co., Ltd.	Global Service Center. Ltd.	ACAP AMC	ACAP (Malaysia) Sdn., Bhd.	Aurum Capital Advisory Pte., Ltd.	ACAP Consulting Co., Ltd.	Capital OK Co., Ltd.	Professional Collection Co., Ltd.	ACAP (Asia) AMC
Dr.Vivat Vithoontien	■○▲★ ●▼				★ ●▼	★ ●▼		★ ●▼		
Mr.Anake Pinvanichkul	★ ●□▼	▲★ ●▼	★ ●▼	★ ●▼	★ ●▼	★ ●▼	★ ●▼	★ ●▼	★ ●▼	★ ●▼
Mr.Saringkarn Sutaschuto	★ ●□▼	★ ●▼	★ ●▼	★●▼	★ ●▼	★ ●▼	★ ●▼	★ ●▼	▲★ ●▼	★ ●▼
Ms.Suvimol Pumpaisanchai	★ ●▼	★ ●▼		★ ●▼	★ ●▼		★ ●▼	★ ●▼		
Mr.Issarachai Decharit	★ ●□▼	★ ●▼		★ ●▼	★ ●▼		★ ●▼	★ ●▼	★ ●▼	
Mr.Chalermchai Sirinopawong	★ ●□▼	★ ●▼	★ ●▼		★ ●▼		★ ●▼	★ ●▼	★ ●▼	
Mr.Parankoon Waiyahong	★ ●□▼			▲★ ●▼	▲★ ●▼			★ ●▼	★ ●▼	★ ●▼
Mr.Andrew John Newton Lee	★									
Mr.Suraphol Sindhuvanich	★* ▲▲									
Ms.Narumol Wangsatorntanakun	★*▲X▲									
Mr.Chatchawan Triamvicharnkul	★*▲▲									
Ms.Patrvadee Pienvech	i									

Remark 1. ■ = Chairman, ○ = CEO, ▲ = Managing Director, ★ = Director, | = Authorized Director, ● = Management, □ = Deputy Managing Director, ▼ = Executive Director, i = Vice President of the Finance and Accounting Department, * = Independent Director,

Other : Details of subsidiaries' directors

Names	ACAP Corporate Services Co., Ltd.	Global Service Center Co., Ltd.	ACAP AMC	ACAP (Malaysia) Sdn., Bhd.	Aurum Capital Advisory Pte., Ltd	ACAP Consulting Co., Ltd.	CAP OK	Professional Collection Co., Ltd.	ACAP (Asia) AMC
Dr.Vivat Vithoontien				★ ● ▼	★ ● ▼		★ ● ▼		
Mr.Anake Pinvanichkul	▲ ★ ● ▼	★ ● ▼	★ ● ▼	★ ● ▼	★ ● ▼	★ ● ▼	★ ● ▼	★ ● ▼	★ ● ▼
Mr.Saringkarn Sutaschuto	★ ● ▼	★ ● ▼	★ ● ▼	★ ● ▼	★ ● ▼	★ ● ▼	★ ● ▼	★ ● ▼	★ ● ▼
Ms.Suvmol Pumpaisanchai	★ ● ▼		★ ● ▼	★ ● ▼		★ ● ▼	★ ● ▼		
Mr.Issarachai Decharit	★ ● ▼		★ ● ▼	★ ● ▼		★ ● ▼	★ ● ▼	★ ● ▼	
Mr.Chalermchai Sirinopawong	★ ● ▼	★ ● ▼		★ ● ▼		★ ● ▼	★ ● ▼	★ ● ▼	
Mr.Parankoon Waiyahong			▲ ★ ● ▼	▲ ★ ● ▼		★ ● ▼	★ ● ▼	★ ● ▼	★ ● ▼
Mr.Prakai Cholahan		▲ ★ ● ▼				★ ● ▼	★ ● ▼		
Mr.Sujarit Israngkura			★ ● ▼						★ ● ▼
Mr.Montree Sengpanich			★ ● ▼						

Remark ▲ = Managing Director, ★ = Director, | = Authorized Director, ● = Management, ▼ = Executive Director

F

inancial Status and Operating Results Analysis

1. Summary of Audit Reports

Auditors

2009-2011 Mr. Boonlert Kamolchanokkul

Certified public accountant registration No. 5339
PricewaterhouseCoopers ABAS Limited

Or Mrs. Anothai Leekitwattana

Certified public accountant registration No. 3442
PricewaterhouseCoopers ABAS Limited

Or Mrs.Unakorn Phruithithada

Certified public accountant registration No. 3257
PricewaterhouseCoopers ABAS Limited

Audit report

Year 2009-2011

In the auditor's report on the audited consolidated and company financial statements for year 2009-2011 by Mr. Boonlert Kamolchanokkul, Certified Public Accountant registration No. 5339, PricewaterhouseCoopers ABAS Limited, it is the auditor's opinion that the consolidated and company financial statements present fairly, in all material respects, the consolidated and company financial position as at 31 December 2009-2011 and the results of operations and cash flows for the year, in accordance with generally accepted accounting principles.

2. Table showing the Company's performance over the past three years

BALANCE SHEETS AS AT DECEMBER 31, 2009 2010 AND 2011 (ASSETS)	Company Only						Consolidated					
	2009 Baht'000	%	2010 Baht'000	%	2011 Baht'000	%	2009 Baht'000	%	2010 Baht'000	%	2011 Baht'000	%
Current assets												
Cash and cash equivalents	245,098	17.59%	106,839	8.93%	47,114	4.06%	1,438,982	20.22%	990,545	21.00%	864,437	74.54%
Short-term investments	11,831	0.85%	-		14,296	1.23%	51,861	0.73%	23,173	0.49%	14,296	1.23%
Accounts and notes receivable, net	105	0.01%	2	0.00%	54,775	4.72%	18,495	0.26%	24,866	0.53%	73,332	6.32%
Current portion of investment in non-performing assets, net	-		-		-		615,406	8.65%	1,203,134	25.51%	-	
Current portion of loans to non-performing assets, net	-		-		-		354,062	4.98%	907,632	19.24%	-	
Loans to consumers and interests receivable, net	-		-		-		113,237	1.59%	53,323	1.13%	-	
Accounts receivable - related companies	21,327	1.53%	10,467	0.87%	-		4,282	0.06%	2,845	0.06%	-	
Amount due from related companies	5,948	0.43%	7,719	0.64%	188	0.02%	21,992	0.31%	7,606	0.16%	-	
Short-term loans to related companies, net	4,800	0.34%	5,000	0.42%	-		-		-		-	
Short-term loans to other companies	-		-		30,497	2.63%	-		-		60,497	5.22%
Current portion of long-term loans to related companies	46,333	3.32%	39,753	3.32%	-		-		-		-	
Other current assets, net	1,475	0.11%	5,594	0.47%	4,847	0.42%	103,686	1.46%	649,308	13.77%	18,686	1.61%
Total current assets	336,917	24.17%	175,374	14.65%	151,717	13.08%	2,722,003	38.25%	3,862,432	81.89%	1,031,248	88.92%
Non-current assets												
Investment in non-performing assets, net	-		-		-		3,572,131	50.20%	656,970	13.93%	-	
Loans to non-performing assets, net	-		-		-		660,749	9.29%	91,507	1.94%	-	
Loans to consumers and interests receivable, net	-		-		-		20,999	0.30%	-		-	
Long-term loan to related companies	41,484	2.98%	21,047	1.76%	11,437	0.99%	-		-		-	
Investment in subsidiary companies	973,265	69.83%	938,865	78.43%	944,208	81.42%	-		-		-	
Long-term investments	-		-		-		1,840	0.03%	1,662	0.04%	1,747	0.16%
Building improvement and equipment, net	33,249	2.39%	52,181	4.36%	40,844	3.52%	80,600	1.13%	75,924	1.61%	47,871	4.34%
Intangible assets, net	4,715	0.34%	4,478	0.37%	3,666	0.32%	34,464	0.48%	13,378	0.28%	6,832	0.62%
Goodwill, net	-		-		-		2,538	0.04%	-		-	
Other non-current assets, net	4,059	0.29%	5,127	0.43%	7,872	0.68%	20,605	0.29%	14,707	0.31%	14,561	1.32%
Total non-current assets	1,056,772	75.83%	1,021,698	85.35%	1,008,027	86.92%	4,393,926	61.75%	854,148	18.11%	71,011	6.44%
Total assets	1,393,689	100.00%	1,197,072	100.00%	1,159,744	100.00%	7,115,929	100.00%	4,716,580	100.00%	1,102,259	100.00%

BALANCE SHEETS AS AT DECEMBER 31, 2009 2010 AND 2011 (Liabilities and Shareholders' Equity)	Company Only						Consolidated					
	2009	%	2010	%	2011	%	2009	%	2010	%	2011	%
	Baht'000		Baht'000		Baht'000		Baht'000		Baht'000		Baht'000	
Liabilities and shareholders' equity												
Current liabilities												
Accounts and notes payable	-		-		-		769	0.01%	16,419	0.35%	-	
Amount due to related companies	6,910	0.50%	2,032	0.17%	54,207	4.67%	14,069	0.20%	88,942	1.89%	-	
Current portion of long-term loans												
from financial institutions	-		-		-		3,406,602	47.87%	1,270,226	26.93%	-	
Current portion of long-term loan												
from related company	-		-		20,000	1.72%	-		501,620	10.64%	-	
Current portion of financial lease contracts	2,346	0.17%	7,596	0.63%	5,714	0.49%	3,536	0.05%	7,596	0.16%	5,714	0.52%
Other current liabilities	99,192	7.12%	5,555	0.46%	3,768	0.32%	310,329	4.36%	742,078	15.73%	37,974	3.45%
Total current liabilities	108,448	7.78%	15,183	1.27%	83,689	7.22%	3,735,305	52.49%	2,626,881	55.69%	43,688	3.96%
Non-current liabilities												
Liabilities under financial lease contracts, net	3,191	0.23%	12,732	1.06%	8,987	0.77%	3,191	0.04%	12,732	0.27%	8,987	0.82%
Long-term loans from financial institutions	-		-		-		740,721	10.41%	332,348	7.05%	-	
Long-term loans from related companies	760,000	54.53%	760,000	63.49%	760,000	65.53%	1,778,709	25.00%	1,103,498	23.40%	-	
Provision on employee benefits	-		-		5,229	0.45%	-		-		7,628	0.69%
Other liabilities	-		-		2,912	0.25%	-		-		6,909	0.63%
Total non-current liabilities	763,191	54.76%	772,732	64.55%	777,128	67.01%	2,522,621	35.45%	1,448,578	30.71%	23,524	2.13%
Total liabilities	871,639	62.54%	787,915	65.82%	860,817	74.22%	6,257,926	87.94%	4,075,459	86.41%	67,212	6.10%
Shareholders' equity												
Authorised, issued and paid-up share capital												
125,000,000 ordinary shares of												
Baht 1 each	125,000	8.97%	125,000	10.44%	125,000	10.78%	125,000	1.76%	125,000	2.65%	125,000	11.34%
Premium on share capital	337,742	24.23%	337,742	28.21%	337,742	29.12%	337,742	4.75%	337,742	7.16%	337,742	30.64%
Unrealised gain on change in												
fair value of investment	1,307	0.09%	-		-		1,307	0.02%	-		-	
Retained earnings (deficit)												
Appropriated	12,500	0.90%	12,500	1.04%	12,500	1.08%	12,500	0.18%	12,500	0.27%	12,500	1.13%
Unappropriated	45,501	3.26%	(66,085)	-5.52%	(176,315)	-15.20%	383,343	5.39%	167,475	3.55%	560,606	50.86%
Other components of equity	-		-		-		(1,889)	-0.03%	(1,596)	-0.03%	(2,485)	-0.23%
Equity attributable to owners of the parent	522,050	37.46%	409,157	34.18%	298,927	25.78%	858,003	12.06%	641,121	13.59%	1,033,363	93.75%
Non-controlling interests	-		-		-		-		-		1,684	0.15%
Total shareholders' equity	522,050	37.46%	409,157	34.18%	298,927	25.78%	858,003	12.06%	641,121	13.59%	1,035,047	93.90%
Total liabilities and shareholders' equity	1,393,689	100.00%	1,197,072	100.00%	1,159,744	100.00%	7,115,929	100.00%	4,716,580	100.00%	1,102,259	100.00%

STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2009 2010 AND 2011	Company Only						Consolidated					
	2009	%	2010	%	2011	%	2009	%	2010	%	2011	%
	Baht'000		Baht'000		Baht'000		Baht'000		Baht'000		Baht'000	
Revenues												
Service income	154,444	75.25%	143,650	23.77%	131,911	86.03%	145,969	14.15%	156,255	7.13%	185,868	19.82%
Interest income from NPL	-		-		-		324,442	31.44%	228,957	10.44%	82,036	8.75%
Interest income from loans to consumers	-		-		-		142,500	13.81%	30,828	1.41%	-	
Income from recovery of bad debt written-off	-		-		-		-		-		241,805	25.78%
Income from loan forgiveness	-		-		-		-		1,495,010	68.19%	-	
Other income	50,808	24.75%	460,613	76.23%	21,414	13.97%	418,933	40.60%	281,485	12.84%	428,279	45.66%
Total revenues	205,252	100.00%	604,263	100.00%	153,325	100.00%	1,031,844	100.00%	2,192,535	100.00%	937,988	100.00%
Expenses												
Cost of services, asset management and loans	45,949	22.39%	48,392	8.01%	45,567	29.72%	176,054	17.06%	204,929	9.35%	135,744	14.47%
Administrative expenses	83,579	40.72%	152,880	25.30%	136,439	88.99%	619,495	60.04%	1,597,871	72.88%	366,243	39.05%
Management remunerations	28,474	13.87%	30,303	5.01%	27,264	17.78%	28,474	2.76%	30,303	1.38%	27,264	2.91%
Total expenses	158,002	76.98%	231,575	38.32%	209,270	136.49%	824,023	79.86%	1,833,103	83.61%	529,251	56.42%
Profit (loss) before financial costs and income tax	47,250	23.02%	372,688	61.68%	(55,945)	-36.49%	207,821	20.14%	359,432	16.39%	408,737	43.58%
Financial costs	968	0.47%	46,703	7.73%	54,285	35.41%	105,188	10.19%	130,784	5.96%	14,226	1.52%
Profit (loss) before income tax	46,282	22.55%	325,985	53.95%	(110,230)	-71.89%	102,633	9.95%	228,648	10.43%	394,511	42.06%
Income tax	8,918	4.34%	71	0.01%	-		24,902	2.41%	7,016	0.32%	4,765	0.51%
Net profit (loss) for the year	37,364	18.20%	325,914	53.94%	(110,230)	-71.89%	77,731	7.53%	221,632	10.11%	389,746	41.55%
Other comprehensive income (loss)												
Exchange differences on translating F/S			-		-				293	0.01%	(963)	-0.10%
Realised gain on change in fair value of investment			(1,307)	-0.22%	-				(1,307)	-0.06%	-	
Other comprehensive loss, net of tax			(1,307)	-0.22%	-				(1,014)	-0.05%	(963)	-0.10%
Total comprehensive income (loss)			324,607	53.72%	(110,230)	-71.89%			220,618	10.06%	388,783	41.45%
Profit (loss) attributable to												
Shareholders of the parent	37,364	18.20%	325,914	53.94%	(110,230)	-71.89%	112,449	10.90%	221,632	10.11%	393,131	41.91%
Non-controlling interests	-		-		-		(34,718)	-3.36%	-		(3,385)	-0.36%
	37,364	18.20%	325,914	53.94%	(110,230)	-71.89%	77,731	7.53%	221,632	10.11%	389,746	41.55%
Total comprehensive income (loss) attributable to												
Shareholders of the parent			325,914	53.94%	(110,230)	-71.89%			220,618	10.06%	392,242	41.82%
Non-controlling interests			-		-				-		(3,459)	-0.37%
			325,914	53.94%	(110,230)	-71.89%			220,618	10.06%	388,783	41.45%
Basic earnings (loss) per shar	0.30		2.61		(0.88)		0.90		1.77		3.12	

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2009 2010 AND 2011	Company Only			Consolidated		
	2009	2010	2011	2009	2010	2011
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Cash flows from operating activities						
Profit (loss) before income tax	46,282	325,985	(110,229)	102,633	228,648	394,511
Adjustment for :						
Depreciation and amortisation	8,871	11,741	12,946	107,027	69,611	32,301
Interest income	(4,234)	(8,619)	(2,492)	(480,503)	(271,667)	(106,404)
Interest expense	488	45,568	53,280	103,028	129,620	8,411
Interest expense from hire-purchase and financial lease contracts	480	1,135	1,005	1,471	1,164	1,005
Dividend income	(14,615)	(429,649)	(9,259)	-	-	-
Restructuring provision (reversal)	-	-	-	38,971	(33,693)	-
Loss on impairment of investment in non-performing assets	-	-	-	98,588	925,990	-
Bad debt and doubtful account (reversal)	250	-	-	(134,799)	(85,364)	-
Bad debt and doubtful account of loans to non-performing assets	-	-	-	(32,507)	275,943	(8,608)
Impairment loss from investments in subsidiaries	-	41,000	10,550	-	-	-
(Income) loss from loan forgiveness	-	17,472	-	-	(1,495,010)	-
Loss from restructuring in loans to non-performing assets and investment in non-performing assets	-	-	-	22,538	19,593	30,677
Loss on impairment of loans	-	-	28,400	-	-	-
Loss from sale of short-term investment	-	-	1,079	-	-	1,079
Gain from sale of subsidiary	-	-	-	-	-	(315,624)
Gain on acquired minority interest of subsidiaries	-	-	-	(138,597)	-	-
Loss on sales/impairment/write-off assets	(1,127)	3,459	2,968	23,429	53,978	13,294
(Gain) loss on foreign currencies translation	582	1,901	(1,411)	5,952	2,371	(6,366)
Provision for employee benefits	-	-	5,229	-	-	7,839
Profit (loss) from operating activities before changes in operating assets and liabilities	36,977	9,993	(7,934)	(282,769)	(178,816)	52,115
(Increase) decrease in operating assets						
Accounts and notes receivable	(139)	103	(54,774)	(6,885)	(6,371)	(48,466)
Investment in non-performing assets	-	-	-	473,652	40,044	1,073,075
Loans to non-performing assets	-	-	-	534,778	501,525	819,479
Loans to consumers and interests receivable	-	-	-	555,862	146,155	53,323
Accounts receivable - related companies	34,984	10,860	10,467	39,501	1,437	2,845
Amount due from - related companies	6,301	1,367	5,290	(13,493)	(1,049)	4,096

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE YEARS ENDED
DECEMBER 31, 2009 2010 AND 2011

	Company Only			Consolidated		
	2009 Baht'000	2010 Baht'000	2011 Baht'000	2009 Baht'000	2010 Baht'000	2011 Baht'000
Other receivables	-	-	2,357	-	-	-
Other current assets	(67)	(5,591)	712	11,976	(7,517)	30,367
Other non-current assets	(712)	(1,067)	(804)	433	5,899	43,076
Increase (decrease) in operating liabilities						
Accounts and notes payable	-	(4,273)	-	(4,530)	15,649	(5,896)
Amount due to related companies	6,407	(627)	(984)	(11,941)	(476)	2,895
Other current liabilities	88,851	(91,501)	(1,787)	63,696	466,464	(642,227)
Cash generated from (used in) operation before						
Interest and income tax received (paid)	172,602	(80,736)	(47,457)	1,360,280	982,944	1,384,682
Interest income received	4,979	5,893	2,411	436,875	294,296	114,880
Interest expense paid excluding finance lease contracts	-	(45,546)	(121)	(158,002)	(53,321)	(14,035)
Income tax paid	(9,554)	(7,362)	(2,809)	(18,913)	(15,435)	(14,650)
Net cash provided by (used in) operation before	168,027	(127,751)	(47,976)	1,620,240	1,208,484	1,470,877
Cash flows from investing activities						
Cash paid for short-term investment	(9,744)	-	(30,431)	(49,774)	-	(30,431)
Cash paid for short-term loans to related companies	(3,000)	(10,500)	(27,500)	-	-	-
Cash paid for short-term loans to other company	-	-	-	-	-	(30,000)
Cash paid for long-term loans to related companies	-	-	(10,893)	-	-	-
Cash received from issuance of share capital received from non-controlling interest	-	-	-	-	-	(86)
Cash paid for increase of issuing share of subsidiaries	(9,000)	(6,600)	(15,893)	-	-	-
Cash paid for acquisition of minority interest of a subsidiary	(1,683)	-	-	(761,683)	-	-
Cash paid for purchase of building improvement, equipment and intangible assets	(10,972)	(10,601)	(396)	(12,343)	(20,235)	(4,576)
Cash received from disposal of short-term investment	-	11,845	15,434	11,219	28,702	38,808
Cash received from short-term loans to related companies	9,500	10,300	6,541	-	-	-
Cash received from long-term loans to related companies	32,554	9,545	27,862	-	-	-
Proceeds from disposal of building improvement equipment and intangible assets	-	1,776	1,576.00	2,326	5,081	5,934
Cash received from issuance of share capital received from non-controlling interests	-	-	-	-	-	5,143
Dividend received from investment in subsidiaries	24,632	429,649	9,259	-	-	-
Disposal of subsidiary, net of cash disposed	-	-	-	-	-	(151,659)
Net cash provided by (used in) investing activities	32,287	435,414	(24,441)	(810,255)	13,548	(166,867)

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE YEARS ENDED

DECEMBER 31, 2009 2010 AND 2011

	Company Only			Consolidated		
	2009 Baht'000	2010 Baht'000	2011 Baht'000	2009 Baht'000	2010 Baht'000	2011 Baht'000
Cash flows from financing activities						
Cash paid for short-term loans to related companies	-	-	20,000	-	-	-
Cash received from long-term loan from financial institutions	-	-	-	864,370	-	-
Cash paid for long-term loans from financial institutions	-	-	-	(308,118)	(1,049,739)	(1,611,419)
Cash paid on long-term loans from related companies	-	-	-	(1,640,486)	(173,591)	(34,841)
Cash received from long-term loan related companies	-	-	-	-	-	221,572
Cash received from issuing convertible loan	-	-	-	-	-	1,878
Dividend paid	(62,500)	(437,500)	-	(62,500)	(437,500)	-
Cash paid for liabilities under financial lease contracts	(2,823)	(6,798)	(7,798)	(7,562)	(8,016)	(7,798)
Net cash provided by (used in) financing activities	(65,323)	(444,298)	12,202	(1,154,296)	(1,668,846)	(1,430,608)
Net decrease in cash and cash equivalents	134,991	(136,635)	(60,215)	(344,311)	(446,814)	(126,598)
Cash and cash equivalents at beginning of the year	110,083	245,098	106,839	1,783,293	1,438,982	990,545
Exchange gain (loss) on cash	24	(1,624)	490	-	(1,623)	490
Cash and cash equivalents at end of the year	245,098	106,839	47,114	1,438,982	990,545	864,437
Non-cash transactions						
Purchase equipment under financial lease contracts	-	20,454	1,166	-	20,454	1,166
Restructuring investment in non-performing assets	-	-	-	742,216	1,209,249	106,943
Purchase investment in subsidiary by borrowing from related company	760,000	-	-	-	-	-
Foreclosed assets acquired by auction and repossession for debt settlement						
- Investment in non-performing assets	-	-	-	57,104	152,150	3,221
- Loans to non-performing assets	-	-	-	-	427,860	12,164

3. Ratio Analysis

	Company Only			Consolidated		
	2009	2010	2011	2009	2010	2011
Liquidity Ratio						
Current Ratio	3.11 Times	11.55 Times	1.81 Times	0.73 Times	1.47 Times	23.60 Times
Quick Ratio	2.37 Times	7.04 Times	1.39 Times	0.40 Times	0.40 Times	21.79 Times
Cash Flows Liquidity Ratio	2.77 Times	-2.07 Times	-0.97 Times	0.65 Times	0.38 Times	1.10 Times
Accounts Receivable Turnover	962.27 Times	2,685.05 Times	4.82 Times	37.99 Times	19.19 Times	5.46 Times
Day Receivable	0 Days	0 Days	75 Days	9 Days	19 Days	66 Days
Accounts Payable Turnover	n.a. Times	n.a. Times	n.a. Times	58.02 Times	23.85 Times	16.53 Times
Repayment Period	n.a. Days	n.a. Days	n.a. Days	6 Days	15 Days	22 Days
Cash Cycle	n.a. Days	n.a. Days	n.a. Days	3 Days	4 Days	44 Days
Profitability Ratio						
Gross Profit Margin	70.25 %	66.31 %	65.46 %	71.28 %	89.28 %	73.37 %
Earnings Before Interest and Tax Ratio	49.03 %	-40.11 %	-37.98 %	-29.80 %	5.66 %	1.51 %
Other Profit Margin	24.75 %	76.23 %	13.97 %	40.60 %	12.84 %	45.66 %
Cash per Earnings Margin	6.74 Times	2.22 Times	0.96 Times	-8.87 Times	11.16 Times	190.48 Times
Net Profit Margin	18.20 %	53.94 %	-71.89 %	10.90 %	10.11 %	41.91 %
Return on Equity	7.00 %	70.00 %	-31.13 %	13.50 %	29.57 %	46.96 %
Efficiency Ratio						
Return on Total Assets	3.82 %	25.16 %	-9.35 %	1.39 %	3.75 %	13.51 %
Return on Fixed Assets	138.52 %	790.48 %	-209.16 %	191.73 %	372.14 %	687.32 %
Assets Turnover	0.21 Times	0.47 Times	0.13 Times	0.13 Times	0.37 Times	0.32 Times
Financial Policy Ratio						
Debt per Equity Ratio	1.67 Times	1.93 Times	2.88 Times	7.29 Times	6.36 Times	0.06 Times
Interest Coverage Ratio	46.81 Times	5.98 Times	-3.03 Times	0.31 Times	0.75 Times	26.97 Times
Ability to pay cash basis	2.00 Times	-0.28 Times	-1.76 Times	1.94 Times	2.64 Times	315.50 Times
Dividend pay out Ratio	167.27 %	134.24 %	0.00 %	80.41 %	197.40 %	0.00 %
Growth Ratio						
Total Assets	147.02 %	-14.11 %	-3.12 %	-21.33 %	-33.72 %	-76.63 %
Total Liability	4,660.19 %	-9.61 %	9.25 %	-14.30 %	-34.88 %	-98.35 %
Income from services	-25.17 %	-6.99 %	-8.17 %	-53.34 %	-32.12 %	-35.61 %
Selling and Administrative Expenses	-3.69 %	82.92 %	-10.75 %	-29.05 %	157.93 %	-77.08 %
Net Profit (Loss) Ratio	-46.13 %	772.27 %	-133.82 %	-186.41 %	97.10 %	77.38 %
Data Per Share						
Book Value per share	4.18 Baht	3.27 Baht	2.39 Baht	6.86 Baht	5.13 Baht	8.28 Baht
Earning (Loss) per share	0.30 Baht	2.61 Baht	-0.88 Baht	0.90 Baht	1.77 Baht	3.12 Baht
Dividend per share	0.50 Baht	3.50 Baht	0.00 Baht	0.50 Baht	3.50 Baht	0.00 Baht

4. Financial Status and Operating Results Analysis

The domestic economic conditions showed signs of recovery during the past year as could be seen from operating results of listed companies, the majority of which reported improved sale revenues and profits. Despite the positive economic signal, there were many factors in the past year which impacted the consumption and investment confidence of the population including that of Thai entrepreneurs. These factors are Greece debt crisis, flood problem in many provinces, and delayed economic recovery of the United States and many countries in Europe. Such factors prohibited full economic recovery in Thailand, and as a result of which the Company's Board of Directors and management had to manage the business of the Company in a cautious manner in the past year. Overall, the Company and its subsidiaries operating non-performing assets management business placed emphasis on managing existing portfolios. In regards to asset management services within Thailand as at the end of 2011 (excluding ACAP Malaysia), the Company concluded negotiations with debtors totalling approximately THB 12,195 million on accounts that were closed. The sold out assets are accountable to THB 227 million and approximately 552 foreclosed assets awaiting sales reference to appraisal value with expected sales value approximately THB 942 million. For the same period, asset management services performed in Malaysia by ACAP (Malaysia), a subsidiary of the Company, concluded negotiations with debtors totalling approximately Malaysian Ringgit 73.12 million or approximately THB 753.14 million in principal value (calculated at the exchange rate of Malaysian Ringgit 1 = approximately THB 10.30).

In terms of bidding to acquire new non-performing loans (NPL) portfolios in the past year, the Company had a tighter policy to participate in bidding for NPL portfolios due to uncertainty economic from Greece that causing investors further anxiety about the region's debt crisis including effect from preceding flood situation that also directly influence to the economy and may unfavourably affect the employment environment and spending behaviour which may, in turn, impact debtors' ability to repay debts. As a result, debt management policies must be carefully implemented. Moreover, as the Company still has some existing NPL management services agreements in place, acquiring new portfolios was not a priority. Nevertheless, the management continued to look for opportunities to increase investment in NPL portfolios both locally and internationally in order to replace existing agreements which are due to expire.

With respect to the personal and consumer financing business operated by CAP OK, a subsidiary of the Company, CAP OK has stopped providing new financing and sell right of account receivables in a subsidiary since December 2010. CAP OK has stopped providing financing as the Company saw increased competition in the retail financing industry with many new entrants driving down margins, putting small operators in disadvantageous position because of the lack of economy of scale. However, the Company has extended its outsourcing business through its subsidiary, GCS, for example by providing debt collection and customer relations services in the form of a call center to make up for the loss of revenue from ceased in providing financing. GCS has low operating costs as many of its employees who were transferred from CAP OK already have appropriate expertise for this type of business. In addition, the operating assets and computer infrastructure of GCS can very well support such business activities.

In relation to corporate finance and investment banking advisory services, ACS, a subsidiary of the Company, focused primarily on the provision of debt restructuring services and acting as advisor for rehabilitation planning and plan administrator rather than on the sourcing of funds or capital raising. However, the significant increase in the number of service providers providing corporate finance and investment banking advisory services means that there is a high competition with a wide range of service providers for customers to select from. Though, the Company had set a way to expand its service, especially acquire customers from abroad. In the previous year, the Company had established Aurum Capital Advisory Pte. Limited based in Singapore to provides service on investment banking to servicing foreign customers.

During yearend 2011, the Company agreed to disposal of shares in its subsidiary, STAR AMC, to 2 non-related parties in total of THB 2. Regarding the transaction, the Board of Directors is of the opinion that, according to current economic situation and prospects in 2012, there are many factors which may adversely affect the STAR AMC's cash collection ability such as the Thai flood crisis and the euro-zone debt crisis. Moreover, the Company may therefore derive benefits from the shares disposition, for instance, to mitigate the losses from the liabilities of STAR AMC being greater than the assets by approximately THB 254.92 million, which decrease the debt to equity ratio in the Company's consolidated financial statements including eliminate further impairment provision on the account receivables and loans.

The operating results in 2011 compared to 2010 as reflected in the consolidated financial statements of the Company and its subsidiaries reported total assets amounted to THB 1,102.26 million decreased by approximately THB 3,614 million, a total liabilities of THB 67.21 million decreased by THB 4,008.25 million due to the share disposition in STAR AMC and sell in NPL portfolio owned by ACAP AMC, and a shareholders' equity of the parent of THB 1,033.36 million increased by approximately THB 392.24 million. Total revenue contributed to THB 937.99 million, a reduced by THB 1,254.55 million while total expenses equivalent to THB 529.25 million, a decreased by THB 1,303.85 million. The net profit attributable to shareholders of the parent was THB 393.13 million, an increased by THB 171.50 million, of which details of business operation can be summarised as follows:

4.1 Operating results for the past year can be summarised as follows:

■ Revenues

From the 2011 consolidated financial statements, the Company reported the total revenue of THB 937.99 million, a reduced from THB 1,254.55 million in 2010 or a decreased of 57.22%. The source of revenues came from the followings:

Interest income received from NPL portfolios owned by ACAP AMC and STAR AMC. The interest income from debtors under NPL portfolios would normally be recorded as income on an accrual basis except in the case where there is uncertainty as regards debt collection. In the case of such uncertainty, the interest income would be recognised only upon actual payments whether it is in the form of investment in debtors or conversions to loans, as the case may be. The debt collection itself may be performed by the Company as a result of the subsidiaries hiring the Company to provide portfolio management services or may be performed by the subsidiaries themselves. In 2011, this revenue was THB 82.04 million, a decreased from THB 146.92 million in previous year or 64.17%. The decrease was attributable to the fact that the majority of the remaining debtors are debtors who have been in a number of rounds of negotiations and who still have repayment problems. Most of these debtors will usually enter public auction process whereby the proceeds from the sale of their assets will be used to repay the debts to the Company.

Income from providing services came from financial advisory and investment banking services which incomes were recognised on a monthly basis (Retainer Fee) or at the completion of a project (Success Fee); general legal advisory services and call center services which incomes were recognised as agreed in the relevant service agreements; and from non-performing assets management services provided by the Company and ACAP Malaysia, which were realised as follows:

- Reimbursements for expenses spent in the operation (Base Fee). The Company may invoice the base fee to customers on a monthly basis.
- Cash Collection Fee or the commission percentage based on the cash collected from the debtors and/or from the sale of collaterals which is payable on a quarterly basis. The Company would book the revenue as accrued income at the end of each quarter and would reverse the entry when invoice is issued.
- Income from legal advisory services performed by the subsidiary in providing legal advisory services related to the asset management business.

In 2011, the Company's revenue from providing services amounted to THB 185.87 million, an increased from THB 29.61 million in 2010 or 18.95% increased. The majority of this revenue came from managing NPL portfolios which amounted to THB 129.47 million and from financial advisory and investment banking services which amounted to THB 56.40 million.

Income from recovery of bad debt written-off was accountable to THB 241.81 million which generated by CAP OK has sell its right of account receivables to JMT Network Services Company Limited or Jaymart since December 2010 that has been paid off in 2011.

Other income in the previous year was THB 428.28 million, an increased by THB 146.79 million from 2010. The increment resulted from the fact that the Company had disposal of shares of its subsidiary, STAR AMC, in the amount of THB 315.62 million. The income due to the reversal of liability recognized in a subsidiary contributed to THB

52.98 million, thereby making an interest income in the amount of THB 24.27 million, whereas profit received from assets awaiting sales amounted to THB 12.40 million.

■ **Cost of Service and Administrative Expenses**

The cost of service in 2011 was amounted to THB 135.74 million. The decreased of THB 69.19 million or 33.76% was primarily due to the cost of personal and consumer financing business performed by CAP OK. As CAP OK had sold its right of account receivables on January 2011 and consequently stopped providing this particular service, given the result of decline in cost of service accordingly.

The administrative expenses in 2011 were attributed to THB 366.24 million, a decreased by approximately THB 1,231.63 million or 67.19% which owing to the sale of 2 NPL portfolios owned by ACAP AMC during November 2010 and sell right of account receivables of CAP OK on January 2011. Following the transaction, there is no impairment provision for the investment in the subsidiary which amounted to THB 1,153.04 million.

■ **Financial Costs (Interest Expense)**

The interest expense in 2011 was THB 14.23 million or a decreased of THB 116.55 million. Such decrease was largely the result of less income from debt collection in non-performing asset business. This contributed to lessen of interest expenses that vary directly with debt collection, pursuant to loan for investment in NPL portfolio.

■ **Net Profit**

The net profits of the Company and its subsidiaries for 2010 and 2011 were as follows:

	2010		2011	
	THB (million)	% compared to total revenues	THB(million)	% compared to total revenues
Gross Profit	211.11	9.63	132.16	14.09
EBITDA	359.43	16.39	408.74	43.58
Net Profit attributable to shareholders of the parent	221.63	10.11	393.13	41.91

In 2011, the Company and its subsidiaries reported gross profit of THB 132.16 million, a decreased from THB 78.95 million and earning before interest, tax, depreciation, and amortization (EBITDA) in the amount of THB 408.74 million which was increased by THB 49.31 million. The net profit attributable to shareholders of the parent was equivalent to THB 393.13 million, an increased by THB 171.50 million compared to year 2010. Despite the previous year, the Company and its subsidiary have lessened in terms of total revenues due to small amount of debt collection from NPL portfolios. In the meantime, the total expenses were shrinking accordingly by reason of sell NPL portfolio owned by ACAP AMC and sell right of account receivables of CAP OK at the beginning of the year. The total expenses was reduced to 71.13%, while total revenues decreased by 57.22%. Therefore, in 2011 the Company and its subsidiary had increased in net profit from year 2010.

Net earning per share on a consolidated basis increased from THB 1.77 to THB 3.12 which reflects higher growth of net profit.

In the past year, the Company had shown great efficiency in the aspect of Return on Equity (ROE) on a consolidated basis to increase from 29.57% to 46.96% in 2011. Moreover, Return on Assets (ROA) on a consolidated basis to increase from 3.75% to 13.51% in 2011 which explained the effectiveness of asset management aligned with business operation of the Company.

In summary, the Company and its subsidiaries have revealed great competency in return on equity when considering the higher growth from liquidity, net profit, return on equity, book value per share including net profit attributable to shareholder of the parent in the preceding year.

4.2 Financial Status of the Company and its Subsidiaries

■ Assets, liabilities and shareholders' equity

Assets

As of yearend 2011, the Company has total assets amounted to THB 1,102.26 million referring to statements of financial position and as the Company and its subsidiaries are in the business of providing financing advisory services, managing non-performing assets and providing loans, the majority of assets comprise of investment in non-performing assets, cash and cash equivalents, loans to non-performing assets, loans to consumers and interests receivables. Subsequence to sell of NPL portfolios owned by ACAP AMC in yearend 2010 and sell right of account receivables of CAP OK early in 2011, including share disposition of STAR AMC in December 2011, therefore, eliminate the items as follows, investment in non-performing assets, loans to non-performing assets, and loan to consumers, in the statements of financial position. Cash and cash equivalents in 2011 was THB 864.44 million, a decreased of THB 126.10 million from previous year which was due to the fact that the Company's and its subsidiaries' net cash from operating activities amounted to THB 1,470.88 million and net cash from investment activities amounted to THB 166.87 million whereas net cash used in financing activities amounted to THB 1,430.61 million.

Most of the operating assets used for business operations comprised of office equipment, furniture and fixture, computers, and vehicles while office space is rented and not owned. These assets were recorded as building improvements and equipment in the financial statements of the Company and its subsidiaries which amounted to THB 47.87 million in 2011, a decreased of THB 28.05 million. Such decrease was due to depreciation of each of these assets.

Current portion of short-term loans to other companies were increased by THB 60.50 million.

In 2011, the value of accounts and notes receivables was THB 73.33 million, an increased from THB 48.46 million. Such increase of accounts receivables was primarily due to the increase of accounts receivables in non-performing asset management which the Company had received fee from sell in NPL portfolios of the clients amounted to THB 37.17 million and from providing debt collection service of debtor in STAR AMC which was approximately THB 10.93 million. Such debtors have 30 days until the payment due date. However, accounts receivables which are more than 30 days but not more than 180 days overdue and accounts receivables which are more than 180 days but less than one year overdue had slightly increased. Nevertheless, the Company and its subsidiaries had made a provision for the allowance for doubtful accounts of THB 14.44 million, as per the table below:

	Consolidated		Company Only	
	2010	2011	2010	2011
	THB (thousand)	THB (thousand)	THB (thousand)	THB (thousand)
Accounts receivable				
Accrued income	8,047	7,391	2	6,668
Undue and up to 30 days	7,250	56,159	-	48,107
Overdue 30 days but not over 180 days	406	760	-	-
Overdue 180 days but not over 1 year	155	509	-	-
Overdue more than 1 year	23,452	22,959	11,646	11,646
Total	39,310	87,778	11,648	66,421
Less: Allowance for doubtful accounts	(14,444)	(14,446)	(11,646)	(11,646)
Accounts and notes receivable - net	24,866	73,332	2	54,775

Liabilities

The bidding and acquisition of NPL portfolios from financial institutions by ACAP AMC and STAR AMC require large capital which is usually obtained in the form of credit facilities from foreign financial institutions. However, the liabilities of the Company and its subsidiaries decreased during the past two years as the Company and the subsidiaries did not obtain any loan for the bidding of new portfolios and have repaid existing loans over the years.

The liabilities of the Company and its subsidiaries was amounted to THB 67.21 million in 2011, a decreased of THB 4,008.25 million compared to previous year. The major reduction of liabilities was from sell in NPL portfolio in ACAP AMC which was equivalent to THB 2,079.85 million and sell right of account receivables of CAP OK in the amount of THB 110.62 million, including share disposition of STAR AMC amounted to THB 1,828.47 million.

The existing liabilities in the statements of financial position are mostly other current liabilities amounted to THB 37.97 million, subdivided into liability of financial lease contracts approximately THB 14.70 million and provision on employee benefits of THB 7.63 million.

Shareholders' equity

Shareholders' equity of the parent as recorded in the consolidated financial statements was THB 1,033.36 million, an increased of THB 392.24 million compared to previous year or 61.18%. Such increase was a result of the profit from share disposition in STAR AMC which amounted to THB 315.62 million. The debt to equity ratio of the Company and its subsidiaries in 2011 was greatly reduced to 0.06 times compare to 6.36 times in 2010. Such decrease derived from sell in NPL portfolio of ACAP AMC and share disposition of STAR AMC. Therefore, the liabilities, mainly on loans for non-performing asset management by the subsidiaries had been diminished significantly.

■ Liquidity

The liquidity ratio of the Company and its subsidiaries was increased from 1.47 times to 23.60 times which reflected high liquidity of the Company and its subsidiaries as evidenced by the total amount of cash and cash equivalents of THB 864.44 million. This high liquidity could be explained by the nature of business of the Company and its subsidiaries that focuses on provision of services which mainly requires appropriate expertise and knowledge in comparison to businesses which require large capital for the procurement of raw materials or payment of construction costs. Although the bidding and acquisition of NPL portfolios by subsidiaries do require large investment capital, such investment capital is usually obtained by the subsidiaries in the form of loans from financial institutions rather than employing their own capital. As investment in an NPL portfolio usually involves billions of Thai Baht, obtaining loans from financial institutions seems to be the most appropriate option. While the amount of cash and cash equivalents of the Company and its subsidiaries in the past year had decreased by THB 126.11 million. However, the Company and its subsidiaries still have almost THB 900 million worth of cash whereas the liabilities merely at THB 67.21 million for the financial advisory services business which does not need to apply cash for the procurement of raw materials or payment of construction costs. Thus, evidently shows that the Company and its subsidiaries have very high liquidity.

5. The Auditor's remuneration

In 2010-2011, PricewaterhouseCoopers ABS Co., Ltd. was the external auditor for the Company and its seven subsidiaries (excluding ACAP (Malaysia) Sdn.Bhd.). The auditors and the audit company have no relationship with the Company and the subsidiaries. The following table shows the auditing expenses for the years 2010 and 2011.

Expense Types	2010			2011		
	The Company	Subsidiaries (7)	Total Company and Subsidiaries	The Company	Subsidiaries (7)	Total Company and Subsidiaries
Audit fees (THB)						
Statutory Financial Statements	590,000	3,063,000	3,653,000	610,000	940,000	1,550,000
Review of interim financial statement (3 quarters)	264,000	1,275,000	1,539,000	270,000	135,000	405,000
Total audit fees	854,000	4,338,000	5,192,000	880,000	1,075,000	1,955,000
Other expenses (THB)						
Verification of Por.Ngor.Dor.50	10,000	70,000	80,000	10,000	60,000	70,000
Total audit expenses	864,000	4,418,000	5,272,000	890,000	1,135,000	2,025,000

6. Main factors that may affect business operations or financial status in the future

Economic Growth

The core revenue of financial advisory service is derived from NPL asset management. If the clients have good living standard, stable profession, and constant income will result as capacity in loan repayment of the debtors. Thus, allows the Company to manage with debt collection effortlessly and successfully achieve goals. However, the economic downturn both external and internal factors has affect to the solidity of the Company. The external factor that must be concerned at all times is Greece sovereign debt crisis that remains vague and possibly has sturdy impact to the development of world's economy, including the rising volatility of oil price in the world oil market. Apart from that, the internal factor such as the Government has issued new policies to help out flood victims and flood-hit businesses occurred at yearend 2011. This is to bring quick recovery to both public and industrial sectors, which will resulted as good sign for Thailand's business as well as higher growth in financial advisory service regarding the investment or sources of fund for business expansion.

Investor Confidence

Financial advisory services have direct relation with sources of fund since the clients' objective is for the Company to provide advisory service relating to debt restructuring and sources of fund. The investment fund are essential for business development, thus, the negotiation with both domestic and foreign investors is one of the major parts to facilitate the continuity of business operation.

Likewise, large amount of fund is needed for the NPL portfolio auction by the Company's subsidiary in which the Company generally gained support from foreign financial institutions. Therefore, if both domestic and foreign investors have confidence in the Company including reliance to make an investment in Thailand will maintain the Company's business for further development. This as well takes account of the political steadiness and the Government's supportive policy to smooth the progress of investment.

Intensity of Competition in the Industry

At present, several financial institutions have expanded its financial advisory service and investment banking including NPL asset management by set up their own subsidiaries. The objective is to separately operate its own works. It is expected that new financial advisory service will be increased and leading to intense competition. However, the clients' confidence is the fundamental in selection of service provider. The client will select based on work experience and capability of the executives in the Company. The Company's executives has been working in this particular area for years and within this business scope of work enable the Company to provide service both during economic growth and economic recession. The Company is certain that there are sufficient works to support rising numbers of new service providers in coming future.

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Report of Directors Relating to Responsibility for Financial Statements



The Board of Directors is responsible for ACAP Advisory public Company Limited's financial statements including financial information presented in the annual report. The Financial Statements have been prepared by management in conformity with generally accepted accounting principles, with appropriated accounting policies applying consistently; and based on management's best estimated and judgments, with adequate disclosure of material issues for the best interest of shareholders and investors.

The Board of Directors has set up and maintains effective internal control system designed to provide management with reasonable assurance that transactions are recorded properly, the assets are safeguarded and that material frauds and malpractices are precluded.

The Board of Directors also appointed the Audit Committee to review the accounting policies, the accuracy and sufficiency of the company's financial reports and to ensure the adequacy and the efficiency of the internal control systems as well as the risk management system of the Company. Opinion of the Audit Committee is shown in Audit Committee's Report published in this annual report.

The Company also arranges to have independent certified public accountant as auditor audits the financial statements. The Board of Directors also provide document and information support so that the auditor can perform audits of the financial statements in accordance with generally accepted auditing standards to express his independent opinion on the true and fair of the financial positions and the results of the company's operations as stated in the financial statements. Auditor's Report is also shown in this annual report.

The Board of Directors is of an opinion that the internal control system of the Company is satisfactory and can ensure the credibility of ACAP Advisory Public Company Limited's financial report for the fiscal year ended 31st December 2011 in accordance with generally accepted auditing standards and its compliance with the laws and related legislation.

Dr. Vivat Vitoonthien
Chairman of the Board of Directors
and Chief Executive Officer

Mr. Saringkarn Sutaschuto
Executive Director



Audit Committee's Report

The Board of Directors of ACAP Advisory Public Company Limited has appointed the Audit Committee who possess qualifications and scope of responsibilities according to the Stock Exchange of Thailand's announcement concerning Audit Committees B.E. 2541 (1998). The Company's Audit Committee is comprised of 3 independent directors who possess knowledge, skills and experience in organisational management, finance and accounting, internal audit, and tax law, and is lead by Mr. Suraphol Sindhuvanich, the Chairman of the Audit Committee, and has Ms. Narumol Wangsatorntanakun and Mr. Chatchawan Triamvicharnkul as the members.

During 2011, the Audit Committee has worked independently as per its authority and duty stated in the Audit Committee charter and as assigned by the Company's Board of Directors The Audit Committee's major functions can be summarized as follows:

- 1) **Attending the Audit Committee's meetings:** In 2011, the Audit Committee organized 11 meetings, 4 of which were meetings with the Company's external auditor. Of all the meetings, Mr. Suraphol Sindhuvanich attended 11/11 meetings, and Ms. Narumol Wangsatorntanakun attended 11/11 and Mr. Chatchawan Triamvicharnkul attended 11/11 meetings.
- 2) **Reviewing of the financial statements:** The Audit Committee, together with the management team and the external auditor from Price Water House Coopers ABAS Co., Ltd., reviewed the Company's and the subsidiaries' quarterly and annual financial statements for 2011 (at the meeting no. 2/2012 dated February 24, 2012 to review the 2011 annual financial statement). The Audit Committee also provided recommendations and opinions to ensure completeness, correctness and compliance of the financial statement and reports as per generally accepted accounting standards which allowed the Company to submit the financial statements to the Stock Exchange of Thailand (SET) within the specified timeframe. The Audit Committee agreed with the external auditor that the Company's financial statements properly shown all necessary items as per generally accepted accounting standards The Audit Committee also accepted and conveyed any recommendations and comments from the external auditor for consideration with the management team to improve the efficiency of the Company's accounting system and related operations.

- 3) **Monitoring the internal control system:** The Audit Committee reviewed and monitored the Company's internal control and internal audit system to evaluate their adequacy as per the regulations set by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). The Audit Committee provided the same opinion as the Internal Audit Department and the external auditor that the Company has sufficient internal control systems and it found no significant issues that may affect the business operations. The Audit Committee also monitored the improvement in the operations by other departments as required in the evaluation reports from the Internal Audit Department and Compliance Department to ensure that the problems or deficiencies had been improved or appropriately resolved within the required timeframe.
- 4) **Monitoring of good corporate governance and financial disclosure process:** The Audit Committee has reviewed the disclosure of the Company's information as per the regulations established by the SET and the SEC and approved the annual registration statement (Form 56-1) and the annual report (Form 56-2). Moreover, the Audit Committee has also reviewed the arrangement and agenda of the shareholders' meeting to be in accordance with the relevant SET and SEC regulations. Additionally, the Audit Committee has reviewed transactions among the Company and its subsidiaries and other related-parties (i.e. related party transactions) to ensure that the Company has operated in accordance with its own compliance regulations and requirements and those of the SET and SEC, and the Audit Committee has concurred with the external auditors that those transactions were based on sound reasoning and were for the benefit of shareholders.
- 5) **Monitoring the internal auditing process:** the Audit Committee has monitored and reviewed the Internal Audit Department's work, annual audit plan, annual budget and manpower on a quarterly basis. The Audit Committee has also reviewed the Company's auditing process to ensure it is appropriate for the changing business environment the Company faces and to make sure that the auditing process can respond proactively. Moreover, the Audit Committee has provided support for the Company's internal auditors to receive training and attend seminars to develop their knowledge and skills in compliance, internal control and internal auditing processes including risk management. The Audit Committee also constantly reviews the internal audit charter to ensure that the Internal Audit Department can function independently can perform their duties as per professional internal audit process standards.
- 6) **Reviewing of risk management practices:** the Audit Committee has monitored the operation of the Company's risk management unit to ensure that the Company has an effective risk management system that can mitigate risks within the required time frame and at an acceptable level, including considering adopting of the risk management plan as a guideline for conducting the Internal Audit Department's audit planning process.
- 7) **Considering and appointing of the auditor:** Price Water House Coopers ABAS Co., Ltd. proposed providing financial auditing services to the Company in 2012. The Audit Committee coordinated with the management team to review the proposed company's background in 2008-2011, its past auditing performance and the proposed auditing expense as well as the qualifications and independence of the proposed auditor in relation to the regulations established by the SET and SEC. Based on the reviews, the Audit Committee recommended the Company's Board of Directors to appoint Mr. Boonlert Kamolchanokkul, certified public accountant registration No. 5339, and/or Mrs. Anothai Leekitwattana, certified public accountant registration No. 3442, and/or Mrs. Unakorn Phruithithada, certified public accountant registration No. 3257 of Price Water House Coopers ABAS Co., Ltd., as the Company's external auditor(s) for 2012 with the budget for auditing expense not over THB 760,000 excluding related expenses based on the actual auditing work. In case the above auditors cannot perform as expected, Price Water House Coopers ABAS Co., Ltd. can appoint other certified auditors from its firm to perform the auditing service and to provide opinions on the Company's financial statements, in replacement of the above auditors.

- 8) **Developng the Audit Committee:** The Audit Committee has considered and reviewed the Audit Committee charter for its suitability and compliance with relevant regulations and related laws as well as conducted a self-assessment on its performance in order to further improve its performance in the future. The evaluation criteria were based on the action taken on each issue and the effectiveness of these actions. According to the results of the performance evaluation for 2011, the overall performance of the Audit Committee was considered to be good to very good. Furthermore, the audit committee has attended seminar on the topic “Audit Committee Forum on updated Audit Committee handbook 2011” and “How to handle fraud and misconduct within an organization?” The forum intends to develop and enhance knowledge including ability of the audit committee regarding accounting standard, compliance and internal audit, and risk management.

On behalf of the Audit Committee



Mr. Suraphol Sindhuvanich
Chairman of the Audit Committee
24 February 2012

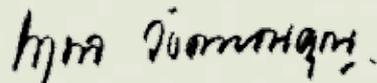
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ominating and Compensation Committee Report in 2011

The Board of Directors of ACAP Advisory Public Company Limited (“the Company”) has notified the resolution to appoint the Nominating and Compensation Committee as a member of the Board of Directors of the Company as to conform to the good corporate governance policy of the Stock Exchange of Thailand. The aspect of nominating and compensation to the executive directors and chief executives is to be transparent and fairness to all stakeholder groups, including structure efficiency in business operation. The Company’s Nominating and Compensation Committee comprised of 3 independent directors that is Ms. Narumol Wangsatorntanakun, Chairman of the Nominating and Compensation Committee and Mr. Suraphol Sindhuvanich and Mr. Chatchawan Triamvicharnkul as Members of the Nominating and Compensation Committee.

In fiscal year 2011, the Nominating and Compensation Committee has organized 2 meetings. The directors who attended the meetings were Ms. Narumol Wangsatorntanakun attended 2/2 meetings, Mr. Suraphol Sindhuvanich attended 2/2, and Mr. Chatchawan Triamvicharnkul attended 2/2. The Nominating and Compensation Committee is accountable to consider different agendas that is to consider and approve the re-election of directors who are due to retire, to consider and approve the determination of the directors’ remuneration for the year 2011, to consider and approve the adjustment of number of independent directors to correspond with new provision of the Securities and Exchange Commission Thailand (“SEC”) regarding the Independent Directors Committee and Audit Committee, including conduct self-assessment to acknowledge the accomplishment and identify problems in order to rectify the administration of the Nominating and Compensation Committee for further progression. The assessment criteria will be considered as whether the agenda has been practiced or not and the level of effectiveness. The overall assessment of operation in 2011 is rated at good to very good.

On behalf of the Nominating and Compensation Committee



Ms. Narumol Wangsatorntanakun

Chairman of the Nominating and Compensation Committee

24 February 2012



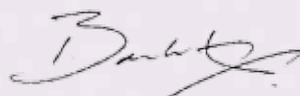
Auditor's Report

To the Shareholders of ACAP Advisory Public Company Limited

I have audited the accompanying consolidated and company statements of financial position as at 31 December 2011 and 2010 and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended of ACAP Advisory Public Company Limited and its subsidiaries, and of ACAP Advisory Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2011 and 2010, and the consolidated and company results of operations and cash flows for the years then ended of ACAP Advisory Public Company Limited and its subsidiaries, and of ACAP Advisory Public Company Limited, respectively, in accordance with generally accepted accounting principles.



Boonlert Kamolchanokkul

Certified Public Accountant (Thailand) No. 5339

PricewaterhouseCoopers ABAS Ltd.

Bangkok

28 February 2012

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Statements of Financial Position

ACAP Advisory Public Company Limited
As at 31 December 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Assets					
Current assets					
Cash and cash equivalents	7	864,437	990,545	47,114	106,839
Short-term investments	8	14,296	23,173	14,296	-
Accounts and notes receivable, net	9	73,332	24,866	54,775	2
Current portion of investment in non-performing assets, net	11	-	1,203,134	-	-
Current portion of loans to non-performing assets, net	12, 13	-	907,632	-	-
Loans to consumers and interests receivable, net	14	-	53,323	-	-
Accounts receivable - related companies	30 iv	-	2,845	-	10,467
Amount due from related companies	30 iv	-	7,606	188	7,719
Short-term loans to related companies, net	30 v	-	-	-	5,000
Short-term loans to other companies	15	60,497	-	30,497	-
Current portion of long-term loans to related companies	30 v	-	-	-	39,753
Other current assets, net	16	18,686	649,308	4,847	5,594
Total current assets		1,031,248	3,862,432	151,717	175,374
Non-current assets					
Investment in non-performing assets, net	11	-	656,970	-	-
Loans to non-performing assets, net	12, 13	-	91,507	-	-
Long-term loan to related companies	30 v	-	-	11,437	21,047
Investment in subsidiary companies	10	-	-	944,208	938,865
Long-term investments		1,747	1,662	-	-
Building improvement and equipment, net	18	47,871	75,924	40,844	52,181
Intangible assets, net	19	6,832	13,378	3,666	4,478
Other non-current assets, net	17	14,561	14,707	7,872	5,127
Total non-current assets		71,011	854,148	1,008,027	1,021,698
Total assets		1,102,259	4,716,580	1,159,744	1,197,072

The notes on pages 10 to 50 are an integral part of these financial



Statements of Financial Position (Cont'd)

ACAP Advisory Public Company Limited
As at 31 December 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Liabilities and shareholders' equity					
Current liabilities					
Accounts and notes payable		-	16,419	-	-
Amount due to related companies	30 iv	-	88,942	54,207	2,032
Current portion of long-term loans					
from financial institutions	23	-	1,270,226	-	-
Current portion of long-term loan					
from related company	30 vi	-	501,620	20,000	-
Current portion of financial lease contracts	21	5,714	7,596	5,714	7,596
Other current liabilities	20	37,974	742,078	3,768	5,555
Total current liabilities		43,688	2,626,881	83,689	15,183
Non-current liabilities					
Liabilities under financial lease contracts, net	21	8,987	12,732	8,987	12,732
Long-term loans from financial institutions	23	-	332,348	-	-
Long-term loans from related companies	30 vi	-	1,103,498	760,000	760,000
Provision on employee benefits	22	7,628	-	5,229	-
Other liabilities		6,909	-	2,912	-
Total non-current liabilities		23,524	1,448,578	777,128	772,732
Total liabilities		67,212	4,075,459	860,817	787,915
Shareholders' equity					
Share capital					
Authorised, issued and paid-up share capital					
125,000,000 ordinary shares of Baht 1 each		125,000	125,000	125,000	125,000
Issued and paid-up share capital					
125,000,000 ordinary shares of Baht 1 each		125,000	125,000	125,000	125,000
Premium on share capital		337,742	337,742	337,742	337,742
Retained earnings (deficit)					
Appropriated					
Unappropriated		12,500	12,500	12,500	12,500
Unappropriated		560,606	167,475	(176,315)	(66,085)
Other components of equity		(2,485)	(1,596)	-	-
Equity attributable to owners of the parent		1,033,363	641,121	298,927	409,157
Non-controlling interests		1,684	-	-	-
Total shareholders' equity		1,035,047	641,121	298,927	409,157
Total liabilities and shareholders' equity		1,102,259	4,716,580	1,159,744	1,197,072

The notes on pages 10 to 50 are an integral part of these financial



Statements of Comprehensive Income

ACAP Advisory Public Company Limited
For the years ended 31 December 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Revenues					
Service income	30 n)	185,868	156,255	131,911	143,650
Interest income from non-performing asset management		82,036	228,957	-	-
Interest income from loans to consumers		-	30,828	-	-
Income from recovery of bad debt written-off	35	241,805	-	-	-
Income from loan forgiveness	34	-	1,495,010	-	-
Other income	26, 30 i)	428,279	281,485	21,414	460,613
Total revenues		937,988	2,192,535	153,325	604,263
Expenses					
Cost of services, asset management and loans	30 ii)	135,744	204,929	45,567	48,392
Administrative expenses	27	366,243	1,597,871	136,439	152,880
Management remunerations	32	27,264	30,303	27,264	30,303
Total expenses		529,251	1,833,103	209,270	231,575
Profit (loss) before financial costs and income tax		408,737	359,432	(55,945)	372,688
Financial costs	30 iii)	14,226	130,784	54,285	46,703
Profit (loss) before income tax		394,511	228,648	(110,230)	325,985
Income tax		4,765	7,016	-	71
Net profit (loss) for the year		389,746	221,632	(110,230)	325,914
Other comprehensive income (loss)					
Exchange differences on translating financial statement		(963)	293	-	-
Realised gain on change in fair value of investment		-	(1,307)	-	(1,307)
Other comprehensive loss, net of tax		(963)	(1,014)	-	(1,307)
Total comprehensive income (loss)		388,783	220,618	(110,230)	324,607
Profit (loss) attributable to:					
Shareholders of the parent		393,131	221,632	(110,230)	325,914
Non-controlling interests		(3,385)	-	-	-
		389,746	221,632	(110,230)	325,914
Total comprehensive income (loss) attributable to:					
Shareholders of the parent		392,242	220,618	(110,230)	325,914
Non-controlling interests		(3,459)	-	-	-
		388,783	220,618	(110,230)	325,914
Earning (loss) per share (expressed in Bah per share)					
Basic earnings (loss) per share	28	3.12	1.77	(0.88)	2.61

The notes on pages 10 to 50 are an integral part of these financial

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tatements of Changes in Shareholders' Equity

ACAP Advisory Public Company Limited

For the years ended 31 December 2011 and 2010

	Consolidated								
	Equity attributable to shareholders of the parent					Other components of equity			
	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Retained earnings		Unrealised gain on change in fair value of investment Baht'000	Currency translation differences from subsidiary in overseas Baht'000	Total shareholders of the parent Baht'000	Non- controlling interests Baht'000	Total shareholders' equity Baht'000
			Appropriated Baht'000	Unappropriated Baht'000					
Opening balance as at 1 January 2011	125,000	337,742	12,500	167,475	-	(1,596)	641,121	-	641,121
Issued share capital	-	-	-	-	-	-	-	5,143	5,143
Total comprehensive income (loss)	-	-	-	393,131	-	(889)	392,242	(3,459)	388,783
Ending balance as at 31 December 2011	125,000	337,742	12,500	560,606	-	(2,485)	1,033,363	1,684	1,035,047
Opening balance as at 1 January 2010	125,000	337,742	12,500	383,343	1,307	(1,889)	858,003	-	858,003
Dividend paid	-	-	-	(437,500)	-	-	(437,500)	-	(437,500)
Total comprehensive income (loss)	-	-	-	221,632	(1,307)	293	220,618	-	220,618
Ending balance as at 31 December 2010	125,000	337,742	12,500	167,475	-	(1,596)	641,121	-	641,121

The notes on pages 10 to 50 are an integral part of these financial statements.

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tatements of Changes in Shareholders' Equity (Cont'd)

ACAP Advisory Public Company Limited

For the years ended 31 December 2011 and 2010

	Company					Total shareholders' equity Baht'000
	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Retained earning (deficit)		Other component of equity	
			Appropriated Baht'000	Unappropriated Baht'000	Unrealised gain on change in fair value of investment Baht'000	
Opening balance as at 1 January 2011	125,000	337,742	12,500	(66,085)	-	409,157
Total comprehensive loss	-	-	-	(110,230)	-	(110,230)
Closing balance as at 31 December 2011	125,000	337,742	12,500	(176,315)	-	298,927
Opening balance as at 1 January 2010	125,000	337,742	12,500	45,501	1,307	522,050
Dividend paid	-	-	-	(437,500)	-	(437,500)
Total comprehensive income (loss)	-	-	-	325,914	(1,307)	324,607
Closing balance as at 31 December 2010	125,000	337,742	12,500	(66,085)	-	409,157

The notes on pages 10 to 50 are an integral part of these financial statements.



Statements of Cash Flows

ACAP Advisory Public Company Limited
For the years ended 31 December 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Cash flows from operating activities					
Profit (loss) before income tax		394,511	228,648	(110,229)	325,985
Adjustment for:					
Depreciation and amortisation		32,301	69,611	12,946	11,741
Interest income		(106,404)	(271,667)	(2,492)	(8,619)
Interest expense		8,411	129,620	53,280	45,568
Interest expense from hire-purchase and financial lease contracts		1,005	1,164	1,005	1,135
Dividend income	10	-	-	(9,259)	(429,649)
Restructuring provision (reversal)		-	(33,693)	-	-
Loss on impairment of investment in non-performing assets		-	925,990	-	-
Bad debt and doubtful account (reversal)		-	(85,364)	-	-
Bad debt and doubtful account of loans to non-performing assets		(8,608)	275,943	-	-
Impairment loss from investments in subsidiaries	10	-	-	10,550	41,000
(Income) loss from loan forgiveness	23, 30 v)	-	(1,495,010)	-	17,472
Loss from restructuring in loans to non-performing assets and investment in non-performing assets		30,677	19,593	-	-
Loss on impairment of loans		-	-	28,400	-
Loss on impairment of loans		1,079	-	1,079	-
Loss from sale of short-term investment	26	(315,624)	-	-	-
Loss on sales/impairment/write-off assets		13,294	53,978	2,968	3,459
(Gain) loss on foreign currencies translation		(6,366)	2,371	(1,411)	1,901
Provision for employee benefits	22	7,839	-	5,229	-
Profit (loss) from operating activities before changes in operating assets and liabilities		52,115	(178,816)	(7,934)	9,993
(Increase) decrease in operating assets					
Accounts and notes receivable		(48,466)	(6,371)	(54,774)	103
Investment in non-performing assets		1,073,075	40,044	-	-
Loans to non-performing assets		819,479	501,525	-	-
Loans to consumers and interests receivable		53,323	146,155	-	-
Accounts receivable - related companies		2,845	1,437	10,467	10,860
Amount due from - related companies		4,096	(1,049)	5,290	1,367
Other receivables		-	-	2,357	-
Other current assets		30,367	(7,517)	712	(5,591)
Other non-current assets		43,076	5,899	(804)	(1,067)
Increase (decrease) in operating liabilities					
Accounts and notes payable		(5,896)	15,649	-	(4,273)
Amount due to related companies		2,895	(476)	(984)	(627)
Other current liabilities		(642,227)	466,464	(1,787)	(91,501)

The notes on pages 10 to 50 are an integral part of these financial



Statements of Cash Flows (Cont'd)

ACAP Advisory Public Company Limited
For the years ended 31 December 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Cash flows from operating activities (Cont'd)					
Cash generated from (used in) operation before					
interest and income tax received (paid)		1,384,682	982,944	(47,457)	(80,736)
Interest income received		114,880	294,296	2,411	5,893
Interest expense paid excluding finance lease contracts		(14,035)	(53,321)	(121)	(45,546)
Income tax paid		(14,650)	(15,435)	(2,809)	(7,362)
Net cash provided by (used in) operating activities		1,470,877	1,208,484	(47,976)	(127,751)
Cash flows from investing activities					
Cash paid for short-term investment	8	(30,431)	-	(30,431)	-
Cash paid for short-term loans to related companies	30 v)	-	-	(27,500)	(10,500)
Cash paid for short-term loans to other company		(30,000)	-	-	-
Cash paid for long-term loans to related companies		-	-	(10,893)	-
Cash received from issuance of share capital received from non-controlling interest		(86)	-	-	-
Cash paid for increase of issuing share of subsidiaries	10	-	-	(15,893)	(6,600)
Cash paid for purchase of building improvement, equipment and intangible assets		(4,576)	(20,235)	(396)	(10,601)
Cash received from disposal of short-term investment	8	38,808	28,702	15,434	11,845
Cash received from short-term loans to related companies	30 v)	-	-	6,541	10,300
Cash received from long-term loans to related companies	30 v)	-	-	27,862	9,545
Proceeds from disposal of building improvement equipment and intangible assets		5,934	5,081	1,576	1,776
Cash received from issuance of share capital received from non-controlling interests	10	5,143	-	-	-
Dividend received from investment in subsidiaries	10	-	-	9,259	429,649
Disposal of subsidiary, net of cash disposed		(151,659)	-	-	-
Net cash provided by (used in) investing activities		(166,867)	13,548	(24,441)	435,414
Cash flows from financing activities					
Cash paid for short-term loans to related companies	30 vi)	-	-	20,000	-
Cash paid for long-term loans from financial institutions	23	(1,611,419)	(1,049,739)	-	-
Cash paid on long-term loans from related companies		(34,841)	(173,591)	-	-
Cash received from long-term loan related companies		221,572	-	-	-
Cash received from issuing convertible loan		1,878	-	-	-
Dividend paid	25	-	(437,500)	-	(437,500)
Cash paid for liabilities under financial lease contracts		(7,798)	(8,016)	(7,798)	(6,798)
Net cash provided by (used in) financing activities		(1,430,608)	(1,668,846)	12,202	(444,298)

The notes on pages 10 to 50 are an integral part of these financial

S tatements of Cash Flows (Cont'd)

ACAP Advisory Public Company Limited
For the years ended 31 December 2011 and 2010

	Notes	Consolidated		Company	
		2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Net decrease in cash and cash equivalents		(126,598)	(446,814)	(60,215)	(136,635)
Cash and cash equivalents at beginning of the year		990,545	1,438,982	106,839	245,098
Exchange gain (loss) on cash		490	(1,623)	490	(1,624)
Cash and cash equivalents at end of the year		864,437	990,545	47,114	106,839
Non-cash transactions					
Purchase equipment under financial lease contracts		1,166	20,454	1,166	20,454
Restructuring investment in non-performing assets	12	106,943	1,209,249	-	-
Foreclosed assets acquired by auction and repossession for debt settlement					
- Investment in non-performing assets		3,221	152,150	-	-
- Loans to non-performing assets		12,164	427,860	-	-

The notes on pages 10 to 50 are an integral part of these financial



Note to the Consolidate and Company Financial Statements

ACAP Advisory Public Company Limited
For the years ended 31 December 2011 and 2010

1 General information

ACAP Advisory Public Company Limited (“the Company”) is a public limited company incorporated and resident in Thailand. The address of the Company’s registered office is as follows:

195 Empire Tower 2-3, 22nd floor, South Sathorn Road, Yanawa, Sathorn, Bangkok.

The Company is listed on the Market for Alternative Investment (MAI) in Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The principal business operations of the Company are financial advisory, non-performing assets management and consumer lendings.

The consolidated and company financial statements were authorised for issue by the Board of Directors on 28 February 2012.

2 Accounting policies

The principal accounting policies adopted in preparation of these consolidation and company financial statements are set out below.

2.1 Basis of preparation

The consolidated and the company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards (“TAS”) issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The consolidated and the company financial statements have been prepared under the historical cost convention except certain transactions which are presented at fair value as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

An English version of the consolidated and the company financial statements has been prepared from the consolidated and the company financial statements that are in Thai language. In the event of conflicts or differences in interpretation between the two languages, the Thai language consolidated and the company financial statements shall prevail.

2.2 New accounting standards, new financial reporting standards new interpretation and amendments to accounting standards

a) The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are effective for accounting periods beginning on or after 1 January 2011:

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
TSIC 31	Revenue - Barter Transactions Involving Advertising Services

The impact of the adoption of new accounting policies, new accounting standards and amendments to accounting standards that are effective for the financial year beginning or after 1 January 2011 are summarised as follows:

- TAS 1 (Revised 2009) prohibits the presentation of items of income and expenses in the statement of changes in equity. The Group chooses to present the statement of comprehensive income in one statement. Where the Group restates or reclassifies comparative information, it will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, for the financial statements which period beginning on or after 1 January 2011 and the first period applies this standard, the Group can choose to present statement of financial position only two periods without the statement of financial position as at the beginning comparative period.
- TAS 19 deals with accounting for employee benefits. The Group has two categories of employee benefit: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan). The standard requires the Group to measure the defined benefit plan by using the Projected Unit Credit method (PUC). The Group chooses to recognise any actuarial gain or loss for defined benefit plan in the statement of comprehensive income. The Group calculated the provision for post-employment benefits as at 1 January 2011 amounting to Baht 31 million and Baht 17 million for the consolidated and company financial statements, respectively. During 2011, the Group restructured the organisation which resulted in a decrease of provision for employ benefits amount of Baht 17.8 million and Baht 12.3 million for the consolidated and company financial statements, respectively. The Group recognises such provision by applying straight-line method throughout five years as stated in notification of Federation of Accounting Professions no.17/2554 and recognises the current year provision as expense for the year. The impacts are to increase a provision for employee benefits as at 31 December 2011 for the Group and the Company amounting to Baht 3.6 million and Baht 2.5 million, respectively, and to increase personal expense for the Group and the Company amounting to Baht 3.6 million and Baht 2.5 million, respectively.

- b) The following new accounting standards, amendments to accounting standards and new interpretation are effective for accounting periods beginning on or after 1 January 2013. The Group has not adopted them early:

TAS 12	Income taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its shareholders

The management of the Company has assessed that TAS 20 (Revised 2009) and TSIC 10 are not relevant to the main business of the Company and subsidiaries. For other accounting standards, they are in the process of evaluating the effect of such standards to the financial statement for the year initially applied. New accounting standard which may impact significantly to the financial statement is shown as follows:

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured based on the temporary difference between the tax base of an asset or a liability and its carrying amount in the

financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. The Group will apply this standard retrospectively with effect from 1 January 2013, with the expectation of incurring a deferred tax account and changes in retained earnings and income tax expense. The management is currently assessing the impact of applying this standard.

2.3 Group accounting – investment in subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group respectively.

A test of impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying amount of the investment is higher than its recoverable amount, impairment loss is charged to the statements of income.

Investments in subsidiaries are reported by using the cost method in the Company's separate financial statements.

A list of the Group's subsidiaries is set out in Note 10.

2.4 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using Thai Baht. The consolidated and company financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit or loss.

The statements of comprehensive income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and the statement of financial position are translated at the exchange rates ruling on the end of reporting period. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

2.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.6 Investment in securities

Investment in debt securities is classified as available-for-sale which the classification is dependent on the purpose for which the investment was acquired. Management determines the appropriate classification of its investment at the time of the purchase and re-evaluates such designation on a regular basis.

Available-for-sale securities is carried at fair value, less allowance for impairment (if any). Differences between carrying values and fair values are presented as unrealised gain or loss in the shareholders' equity. The fair value of debt securities are calculated by reference to the last quoted bid prices at the close of business on the statement of financial position date.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income. When disposing of part of the Company's holding of a particular investment, the carrying amount of the disposed part is determined by the weight average carrying amount of the total holding of the investment.

2.7 Accounts and notes receivable

Accounts and notes receivable are carried at original invoice amount and subsequent measure at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the statement of comprehensive income.

2.8 Investment in non-performing assets and allowance for impairment of investment

Investment in non-performing assets purchased from financial institutions is stated at acquisition cost net of allowance for impairment. Loss on impairment of such investment is recognised in statement of comprehensive income. In case of investment in non-performing assets which was entered into debt restructuring agreement, the subsidiaries will transfer such investment to be loans to non-performing assets. The subsidiaries consider allowance for impairment of investment on the same basis of loans to non-performing asset as prescribed by the Bank of Thailand.

2.9 Loans to non-performing assets and allowance for doubtful accounts

Loans to non-performing assets are non-performing assets transferred from investment in non-performing asset of whose entering into debt restructuring or changed the condition or re-agreement in debt repayment with the subsidiaries. Loans to non-performing assets are stated at fair value as at the transferred date net of allowance for doubtful accounts. Allowance for doubtful accounts of loans to non-performing assets are recognised in statement of comprehensive income.

The subsidiaries consider allowance for doubtful accounts of loans to non-performing assets in accordance with the notifications of the Bank of Thailand (“BOT”) which required the asset management company to comply about the provision of allowance for doubtful accounts in order to conform to the BOT’s criteria. The subsidiaries have classified loans to non-performing assets and allowance for doubtful accounts to be conformed to the guideline of the BOT in relation to the classification of loans, provision rates and the valuation of collaterals based on the outstanding period and realisable value of cash flows from disposal of collaterals. In case of loans to unsecured non-performing assets, the subsidiaries will provide the allowance for doubtful accounts by estimating cash flows expected to be received from the debtors under the restructuring plan or rehabilitation plan. If the debtors could not complied with the plan, the allowance for doubtful accounts will be provided following by BOT’s criteria.

2.10 Loans to consumers and interest receivable and allowance for doubtful accounts

Loans and accrued interest receivables are carried at anticipated realisable value.

Bad debts are written off during the year in which they are identified and recognised in the statement of comprehensive income within selling and administrative expense.

Concentrations of credit risk with respect to receivables are limited due to the subsidiary’s large number of customers, who are dispersed. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the subsidiary.

The subsidiary provides allowance for doubtful accounts between 7% to 100% and writes off when the payment is in default more than 180 days. The allowance for doubtful is based on the historical trend of each loan category’s potential historical loss rate.

The above allowance for doubtful accounts policy does not conform with the accounting guideline jointly issued by the Securities and Exchange Commission and the Federation of Accounting Professions relating to allowance for doubtful accounts for consumer finance business. The guideline requires a full allowance for doubtful accounts based on those account receivables which are overdue more than 3 periods. However, the accounting guideline allows the subsidiaries to provide the allowance for doubtful accounts based on its historical information.

2.11 Troubled debt restructuring

The subsidiaries record transaction relating to troubled debt restructuring in accordance with the Accounting Standards No. 104 “Accounting for Troubled Debt Restructuring” and in conformity with the guideline of the BOT. In case of debt restructuring that the subsidiaries agreed to release the repayment condition and calculated fair value of receivables after debt restructuring by calculating present value of cash flows which expected to be received from the debtors deducting by the deferred purchased non-performing assets which equal to bid price.

Loss on debt restructuring of each receivable is recognised when estimated cash flows received from each receivable less than bid price.

2.12 Foreclosed assets

Foreclosed assets consists of immovable and movable assets are stated at the lower of cost or market value of the acquisition assets. Where the carrying value of foreclosed assets incurred impairment, the subsidiaries will recognise the provision for impairment of foreclosed assets in total.

The subsidiaries will recognise gain (loss) on sales of foreclosed assets as income or expenses in whole amount in accordance with the notifications of the Bank of Thailand.

2.13 Intangible assets

2.13.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

2.13.2 Computer software

Expenditure on acquired licenses and cost of computer software are capitalised and amortised using the straight-line method over their useful lives generally 5 years or over the contract period. Intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

Expenditure which enhances or extends the performance computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

2.14 Building improvement and equipment

Building improvement and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line basis to write off the cost of each asset, to its residual value over its estimated useful life as follows:

Building improvement	5 years
Computers	3 - 10 years
Furniture and fixture	5 years
Office equipment	5 years
Vehicles	5 years

Residual value and the estimated useful life of the assets are revised at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of fixed assets determined by comparing proceeds with the carrying amount and are included in operating profit.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

2.15 Impairment of assets

Building improvements and equipment and other assets that are not financial assets, including intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

2.16 Income tax

The Group calculates income tax based on the conditions described in Revenue Code and records income tax on an accrual basis.

Overseas subsidiary's income tax is recorded on an accrual basis which is calculated on the basis of establishment of the business to be carried out in that country.

2.17 Leases – where a Group company is the lessee

Leases which substantially transfer all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in liabilities under finance lease contract. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.18 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method.

2.19 Employee benefits

The Group has post-employment benefits both defined contribution plans and defined benefit. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

■ Defined benefit plans - Retirement benefits

Under Labour Laws applicable in Thailand and the Group's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 300 days of final salary.

■ Defined contribution plans - Provident fund

The Group operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions to the provident fund are charged to the statement of comprehensive income in the year to which they relate.

2.20 Provisions

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.21 Revenues and expenses recognition

Revenues from financial advisor and investment consultant

- Monthly fee is recognised on service of contract. The Company will cease income recognition when receivables are continuously delinquent on payment for 3 months.
- Service fee on condition of contract is recognised on success of each step of contract.
- Service fee on completion is recognised when the service is completely rendered.

Revenues from non-performing assets management

- Revenue from recovery operation expenses (Base Fee) is recognised by monthly service.
- Revenue from share of cash collection (Cash Collection Fee) is recognised on percentage of cash collection on service agreement.

Interest and fee income is recognised on an accrual basis, except loans receivable which is uncollected over three periods where interest is recognised on collection basis. The Company will recognise income on the accrual basis when the entire amount of principal and overdue interest has been paid. Interest income is recognised on a time proportion basis that takes into account the effective yield over the period to maturity and the outstanding amount of principals.

Interest income from non-performing assets both from investment in non-performing assets and loans to non-performing assets are recorded on accrual basis by using the effective interest rate except when expected cash collections and uncertain, these income are recorded when actually received.

Dividend income is recognised when the right to receive payment is established.

Other incomes and expenses are recognised on accrual basis.

2.22 Dividends

Dividends are recorded in the company's financial statements in the period in which it is approved by the shareholders.

2.23 Accounting for derivative financial instruments

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability will be settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes. The fee incurred in establishing each agreement is amortised over the contract period, if any.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 33.

3 Financial risk management

Significant financial assets carried on the statements of financial position include cash and cash equivalents, short-term investments, investment in non-performing assets, loans to non-performing assets and loans to consumers. Significant financial liabilities carried on the statements of financial position include borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group's activities expose it to a variety of financial risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by a treasury department and risk management department which is defined by the Board of Directors covering specific areas, such as interest rate risk, credit risk, liquidity risk, operational risk and compliance with law.

4 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Impairment on investments in non-performing assets, loans to non-performing assets and loans to consumers

The Group maintains an impairment of investments in non-performing assets, allowance for doubtful accounts of loans to non-performing assets and loans to consumers to reflect impairment of investments in non-performing assets, loans to non-performing assets, and loans to consumers relating to estimated losses resulting from the inability to make required payments. The provision on impairment and allowance for doubtful accounts are significantly impacted by the difference of estimated future cash flows and book value of specific loans, such assessment being based on consideration of historical collection experience, follow up, instances of default, consideration of market trends and/or collateral value.

4.2 Building improvement, equipment and intangible assets

Management determines the estimated useful lives and residual values for the Company's building improvement, equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or it will write off or write down technically obsolete assets or assets that have been abandoned or sold.

4.3 Employee benefits

The Group has committed to pay benefits to employees at retirement age. The present value of employee benefit liabilities recognised in the statement of financial position is determined on an actuarial basis using various assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate, the rate of salary inflation and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis the Group determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Group considers the interest rates of government bonds denominated in the currency in which the benefits will be paid.

5 Capital risk management

The Company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

6 Segment information

Primary reporting format - financial information by business segment

	Consolidated				
	Advisory and Investment Banking Baht'000	Non- Performing Asset ("NPA") Management Baht'000	Consumer Finance Baht'000	Eliminate Baht'000	Total Baht'000
For the year ended 31 December 2011					
Revenues					
Third party revenue	59,403	544,427	334,158	-	937,988
Inter-segment revenue	2,238	(239,707)	54,290	183,179	-
Total revenues	61,641	304,720	388,448	183,179	937,988
Operating results	(18,359)	(44,266)	193,340	278,022	408,737
Financial costs	(337)	(68,301)	-	54,412	(14,226)
Profit (loss) before tax	(18,696)	(112,567)	193,340	332,434	394,511
Income tax	-	(4,765)	-	-	(4,765)
Profit (loss) before non-controlling interests	(18,696)	(117,332)	193,340	332,434	389,746
Non-controlling interests	-	-	-	3,385	3,385
Net profit (loss) for the year	(18,696)	(117,332)	193,340	335,819	393,131
Segment assets	48,754	1,197,645	1,668,681	(1,812,821)	1,102,259
Segment liabilities	46,375	884,424	20,428	(884,015)	67,212
Capital expenditure	3,835	42,822	3,802	(2,588)	47,871
Depreciation and amortisation	4,407	13,114	14,283	(956)	30,847

	Consolidated				Total Baht'000
	Advisory and Investment Banking Baht'000	Non- Performing Asset ("NPA") Management Baht'000	Consumer Finance Baht'000	Eliminate Baht'000	
For the year ended 31 December 2010					
Revenues					
Third party revenue	36,753	1,863,103	292,679	-	2,192,535
Inter-segment revenue	22,813	541,886	50,677	(615,376)	-
Total revenues	59,566	2,404,989	343,356	(615,376)	2,192,535
Operating results	(11,513)	770,922	27,007	(426,984)	359,432
Financial costs	(65)	(179,426)	-	48,707	(130,784)
Profit (loss) before tax	(11,578)	591,496	27,007	(378,277)	228,648
Income tax	-	(7,016)	-	-	(7,016)
Profit (loss) before non-controlling interests	(11,578)	584,480	27,007	(378,277)	221,632
Non-controlling interests	-	-	-	-	-
Net profit (loss) for the year	(11,578)	584,480	27,007	(378,277)	221,632
Segment assets	42,111	4,899,363	1,585,968	(1,810,861)	4,716,580
Segment liabilities	33,491	4,788,425	131,055	(877,512)	4,075,459
Capital expenditure	12,533	54,916	11,997	(3,523)	75,924
Depreciation and amortisation	3,582	12,995	49,047	(877)	64,747

The Group divided its business into three business lines which consist of financial advisory and investment banking services, non-performing assets management and consumers finance services.

- Financial Advisory and Investment Banking Services - to provide financial advisory and investment banking services for debt restructuring, preparation and management of rehabilitation plan, fund raising, financial restructuring, seeking strategic alliance, purchase/sales and merger & acquisition while a subsidiary company engages in the business of being rehabilitation plan administrator under the Bankruptcy Act.
- Non-performing Assets management - to provide non-performing assets management in terms of negotiation and collection of non-performing loans of financial institutions and various non-performing assets management organisations. The Group also provides service of litigation for debt payment and management of disposal transferred assets for debt repayment or foreclosure of collaterals.
- Consumers finance Business - to provide consumers finance services to other customers consist of personal loans, instalment credits, credit cards and hire-purchase of motorcycle credit.

Secondary Reporting format - financial information by geographical segments

The Group business segments are managed in two countries as follows:

- Thailand, home country of the Group, which includes all areas of operation to primary business segments.
- Foreign, which includes Malaysia and Singapore, the area of operation are non-performing assets management segment and investment banking segment.

	Consolidated			
	Total revenue Baht'000	Total assets Baht'000	Total liabilities Baht'000	Capital expenditure Baht'000
For the year ended 31 December 2011				
Thailand	901,434	1,051,513	49,864	45,352
Foreign	36,554	50,746	17,348	2,519
Total	937,988	1,102,259	67,212	47,871

	Consolidated			
	Total revenue Baht'000	Total assets Baht'000	Total liabilities Baht'000	Capital expenditure Baht'000
For the year ended 31 December 2010				
Thailand	2,156,595	4,691,056	4,064,584	73,781
Foreign	35,940	25,524	10,875	2,143
Total	2,192,535	4,716,580	4,075,459	75,924

7 Cash and cash equivalents

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Cash on hand	167	518	78	89
Deposit held at call with banks	81,270	484,069	47,036	50,792
Fixed deposit no longer than 3 months	783,000	505,958	-	55,958
Total cash and cash equivalents	864,437	990,545	47,114	106,839

The interest rate of deposit held at call with banks at 0.8% per annum (2010: 0.5% per annum). The interest rate of fixed deposit at banks with original maturity of 3 months or less range at 1.7% - 3.5% per annum (2010: 0.5% - 0.8% per annum).

8 Short-term investments

	Consolidated		Company	
	2011	2010	2011	2010
	Cost/ book value Baht'000	Cost/ book value Baht'000	Cost/ book value Baht'000	Cost/ book value Baht'000
Fixed deposit with financial institution				
with original maturity over three months	-	23,173	-	-
Held to maturity investment - Debt securities	14,296	-	14,296	-
Total	14,296	23,173	14,296	-

The movement in short-term investments can be analysed as follows:

	Consolidated		Company	
	2011	2010	2011	2010
	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance	23,173	51,861	-	11,831
Additions	30,431	-	30,431	-
Repayment during the period	(38,607)	(28,702)	(15,434)	(11,845)
Loss on sale of short-term investment	(1,079)	-	(1,079)	-
Foreign currency translation	378	(278)	378	(278)
Amortisation of discount on investment	-	1,059	-	1,059
Change in fair value	-	(767)	-	(767)
Ending balance	14,296	23,173	14,296	-

In April 2009, the Company invested in subordinated debt securities, called "Non-cumulative step-up perpetual preferred securities series 1", of a foreign bank amounting to USD 0.275 million, which has a redemption value at USD 0.35 million, bearing interest rate at 9.547%. Interest is non-cumulative. Interest may not be paid if the borrower does not have sufficient profit or is limited in making payment on other obligations. These subordinate debt securities have no fixed redemption date and the borrower has a right to call for redemption. The first optional redemption date is on 30 June 2010. If the borrower does not call for redemption, the borrower will pay an interest rate at three-month LIBOR plus 4%. As at 31 December 2009, the Company classified this investment as a short-term investment and recognised change in fair value as unrealised gain in shareholders' equity. On 30 June 2010, the borrower redeemed full amount of subordinated debt securities.

As at 31 December 2011, short-term investment of the Company represented an investment in one-month debt securities which is a structured product and link with price of gold. If the price of gold increases and higher than or equal to the price specified in the contract, the Company will receive a return at 15% per annum. If the price of gold is less than the specified price, the Company will receive the cash at the price which the gold is eventually sold.

9 Accounts and notes receivables, net

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Accounts receivable				
Accrued incomes	7,391	8,047	6,668	2
Undue and up to 30 days	56,159	7,250	48,107	-
Overdue 30 days but not over 180 days	760	406	-	-
Overdue 180 days but not over 1 year	509	155	-	-
Overdue more than 1 year	22,959	23,452	11,646	11,646
Total	87,778	39,310	66,421	11,648
Less Allowance for doubtful accounts	(14,446)	(14,444)	(11,646)	(11,646)
Accounts and notes receivable, net	73,332	24,866	54,775	2

10 Investment in subsidiaries

List of subsidiaries are as follow:

Company's name	Country of establishment	Type of business	Nature of relationship	Percentage of investment	
				2011	2010
Subsidiaries					
ACAP Asset Management Co., Ltd.	Thailand	Non-performing assets management	Shareholder	99.99	99.99
STAR Asset Management Ltd.	Thailand	Non-performing assets management	Shareholder	-	83.44
ACAP Corporate Services Co., Ltd.	Thailand	Financial advisory	Shareholder	99.99	99.99
Global Service Center Co., Ltd.	Thailand	Asset rental service	Shareholder	99.99	99.99
ACAP Consulting Co., Ltd.	Thailand	Legal advisory	Shareholder	99.99	99.99
ACAP (Malaysia) Sdn. Bhd.	Malaysia	Non-performing assets management	Shareholder	99.99	99.99
Capital OK Co., Ltd.	Thailand	Consumers Finance	Shareholder	99.99	99.99
Aurum Capital Advisory Pte. Ltd.	Singapore	Investment Banking	Shareholder	63.97	-
Subsidiaries under Capital OK Co., Ltd.					
Professional Collection Co., Ltd.	Thailand	Collection services	Shareholder	99.99	99.99
ACAP (Asia) Asset Management Co., Ltd.	Thailand	Non-performing assets management	Shareholder	57.60	57.60
			Indirect	42.40	42.40

The followings are details of investment in subsidiaries.

	2011						
	Company						
	Cost method			Investment proportion			Dividend paid by subsidiaries Baht'000
Paid-up capital Baht'000	Cost Baht'000	Allowance for impairment Baht'000	Net Baht'000	Amount at par Baht'000	Per-centage of holding		
ACAP Asset Management Co., Ltd.	25,000	25,000	(25,000)	-	25,000	99.99	-
ACAP Corporate Services Co., Ltd.	21,000	21,000	(16,000)	5,000	21,000	99.99	-
Global Service Center Co.,Ltd.	10,000	10,000	(10,000)	-	10,000	99.99	-
ACAP Consulting Co., Ltd.	550	550	(550)	-	550	99.99	-
ACAP (Malaysia) Sdn. Bhd.	5,290	5,290	-	5,290	5,290	99.99	9,259
Capital OK Co., Ltd.	1,875,000	922,426	-	922,426	1,875,000	99.99	-
ACAP (Asia) Asset Management Co., Ltd.	25,000	600	-	600	25,000	2.40	-
Aurum Capital Advisory Pte, Ltd.	14,274	10,892	-	10,892	14,274	63.97	-
		995,758	(51,550)	944,208	1,961,839		9,259

	2010						
	Company						
	Cost method			Investment proportion			Dividend paid by subsidiaries Baht'000
Paid-up capital Baht'000	Cost Baht'000	Allowance for impairment Baht'000	Net Baht'000	Amount at par Baht'000	Per-centage of holding		
ACAP Asset Management Co., Ltd.	25,000	25,000	(25,000)	-	25,000	99.99	-
Star Asset Management Ltd.	25,000	-	-	-	20,860	83.44	-
ACAP Corporate Services Co., Ltd.	16,000	16,000	(16,000)	-	16,000	99.99	-
Global Service Center Co.,Ltd.	10,000	10,000	-	10,000	10,000	99.99	-
ACAP Consulting Co., Ltd.	550	550	-	550	550	99.99	-
ACAP (Malaysia) Sdn. Bhd.	5,290	5,290	-	5,290	5,290	99.99	9,649
Capital OK Co., Ltd.	1,875,000	922,425	-	922,425	1,875,000	99.99	420,000
ACAP (Asia) Asset Management Co., Ltd.	25,000	600	-	600	25,000	2.40	-
		979,865	(41,000)	938,865	1,977,700		429,649

On 31 May 2010, the Executive Directors Committee No. 5/2553 approved to purchase share capital of ACAP Corporate Services Company Limited, a subsidiary, for 600,000 shares at par value of Baht 10 each, totalling Baht 6,000,000.

On 28 June 2010, the Executive Directors Committee No. 6/2553 approved to incorporate a new subsidiary. The Company purchased share capital of ACAP (Asia) Asset Management Company Limited for 59,996 shares at par value of Baht 10 each, totalling Baht 599,960.

At the Executive Directors Committee No. 4/2554 on 31 March 2011, it was approved to incorporate a new subsidiary, named AURUM CAPITAL ADVISORY PTE. LTD. which is registered in Singapore, to operate an investment banking business in Singapore. On 26 April, 2011. the Company purchased shares of AURUM CAPITAL ADVISORY PTE. LTD. for 303,858 shares, par value of USD 1 USD, totalling USD 362,500. The Company hold 63.97% of total share capital.

On 23 May 2011, the Executive Directors Committee No. 6/2554 approved to purchase share capital of ACAP Corporate Services Company Limited, a subsidiary, for 500,000 shares at par value of Baht 10 each, totalling 5,000,000 Baht.

On 30 December 2011, the Executive Directors Committee No. 12/2554 approved to sell all shares capital of STAR Asset Management Company Limited, a subsidiary, to Mrs. Watana Limnararat and Mr. Padungsak Laohasurayothin. The shares were sold Baht 2. The statement of financial position as at 31 December 2011 was not included the financial position of STAR Asset Management Company Limited. The Company has no control in the subsidiaries since the selling date. The statement of comprehensive income for the year then ended 31 December 2011 included gain on disposal of the subsidiary amounting to Baht 316 million which presented as other income (Note 26) from the reversal of the beginning balance of deficit amount to Baht 303 million and loss from operation during the year 2011 of the subsidiary amounting to Baht 13 million.

11 Investments in non-performing assets

	Consolidated	
	2011 Baht'000	2010 Baht'000
Investment in non-performing assets	-	3,513,324
<u>Less</u> Allowance for impairment	-	(1,653,220)
Net book value	-	1,860,104

	Consolidated	
	2011 Baht'000	2010 Baht'000
Current portion	-	1,203,134
Non-current portion	-	656,970
	-	1,860,104

Fair value of investment in non-performing assets calculated by estimating the present value of cash flows expected to be received from disposal of collaterals because the subsidiaries can not estimate the expected cash to be received from debtors. As at 31 December 2010, fair value of investment in non-performing assets is approximate to the acquisition cost net of allowance for impairment. In addition, allowance for impairment of investments in non-performing assets as at 31 December 2010 was added as the result in loss from selling the investment (Note 34).

The movements in the investments in non-performing assets can be analysed as follows:

	Number of loan		Consolidated			
			Outstanding principal balance		Investment at cost	
	2011	2010	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
For the years ended 31 December						
Beginning net book balance	803	879	16,989,526	19,523,505	1,860,104	4,187,538
Repayments	-	(8)	(517,047)	(1,092,597)	(64,655)	(192,195)
Transfer to loans to non-performing assets						
- Transfer of investments	(23)	(68)	(150,454)	(1,441,382)	(106,943)	(1,209,249)
- Reversal of allowance for impairment of investment	-	-	-	-	21,207	180,647
Impairment on investment in non-performing assets	-	-	-	-	(28,671)	(1,106,637)
Sold (Note 34) and transferred out from consolidation (Note 10)	(780)	-	(16,302,025)	-	(1,681,042)	-
Closing balance	-	803	-	16,989,526	-	1,860,104

12 Loans to non-performing assets

	Consolidated	
	2011 Baht'000	2010 Baht'000
Estimated cash flows in the future	-	1,399,379
<u>Less</u> Deferred income from loans to non-performing assets	-	(114,531)
Total	-	1,284,848
<u>Less</u> Allowance for doubtful accounts (Note 13)	-	(285,709)
Net book value	-	999,139
Current portion	-	907,632
Non-current portion	-	91,507
	-	999,139

Loans to non-performing assets are transferred from investment in non-performing assets at fair value on the transferred date. Therefore, the fair value of loans to non-performing assets as at 31 December 2010 are approximate to the net carrying value. The net carrying value calculated by estimating cash flows to be received from debtors in the future and discount at the rate which the present value of estimated cash flows will be equal to the carrying value of loans to non-performing asset and less allowance for doubtful accounts. In addition, allowance for doubtful accounts of loans to non-performing assets as at 31 December 2010 was added as the result in loss from selling the loans (Note 34).

Type of business as at 31 December 2010 are as follows:

	Consolidated					Total Baht'000
	2010					
	Normal Baht'000	Special mentioned Baht'000	Sub- standard Baht'000	Doubtful Baht'000	Doubtful accounts Baht'000	
Agriculture and mining	-	-	9	-	38,579	38,588
Industrials and commerce	6,812	-	16,478	-	727,217	750,507
Property and construction	-	-	4,748	-	490	5,238
Utilities and services	466,358	-	9	-	18,930	485,297
Personal housing	-	-	858	-	2,440	3,298
Eliminate transactions	-	-	-	-	1,920	1,920
Total	473,170	-	22,102	-	789,576	1,284,848

Classification as at 31 December 2010 are as follows:

	Consolidated			
	2010			
	Book value Baht'000	Book value after net collateral value Baht'000	Rate allowance for doubtful accounts %	Allowance for doubtful accounts Baht'000
<u>Loans to non-performing assets</u>				
Normal receivables	473,170	16,173	1	16,173
Special mentioned receivables	-	-	2	-
Sub-standard receivables	22,102	9	100	9
Doubtful receivables	-	-	100	-
Doubtful accounts receivables	787,656	269,527	100	269,527
Eliminate transactions	1,920	-		-
Total	1,284,848	285,709		285,709

Rates are according to the Bank of Thailand for loans to non-performing assets and the calculation is based on outstanding balance after collateral value is deducted.

Troubled debts restructuring

As at 31 December 2011 and 2010, the subsidiaries have outstanding loan balances which have been restructured as follows:

	Consolidated			
	2011		2010	
	Number of loans	Outstanding balance after restructuring Baht'000	Number of loans	Outstanding balance after restructuring Baht'000
Beginning balance	77	1,284,848	81	1,023,339
Restructured during the year	23	106,943	68	1,209,249
Repaid and closed during the year	(38)	(144,074)	(72)	(947,740)
Sold (Note 34) and transferred out from consolidation (Note 10)	(62)	(1,247,717)	-	-
Ending balance	-	-	77	1,284,848

Details of the restructured debts during the year classified into the restructuring methods are as follows:

	Consolidated		
	2011		
	Number of debtors	Balance before debt restructuring Baht'000	Balance after debt restructuring Baht'000
Changes in repayment conditions	23	106,943	83,712
	23	106,943	83,712

	Consolidated		
	2010		
	Number of debtors	Balance before debt restructuring Baht'000	Balance after debt restructuring Baht'000
Changes in repayment conditions	68	1,209,249	1,190,087
	68	1,209,249	1,190,087

The subsidiaries considered that carrying value in the amount Baht 84 million and Baht 1,190 million, respectively, is fair value of debtors as at the transferring date.

For the year ended 31 December 2011 and 2010 the subsidiaries recognised loss from debt restructuring amounting to Baht 23.23 million and Baht 19.59 million, respectively.

As at 31 December 2011 and 2010, outstanding balance after restructuring of restructured loans to non-performing assets are classified by the remaining years of agreements are as follows:

	Consolidated			
	2011		2010	
	Number of debtors	Baht'000	Number of debtors	Baht'000
Within one year	-	-	57	1,141,586
More than one year	-	-	20	143,262
Total	-	-	77	1,284,848

13 Allowance for doubtful accounts of loans to non-performing assets

	Consolidated					
	2011					
	Normal Baht'000	Special mentioned Baht'000	Sub-standard Baht'000	Doubtful Baht'000	Doubtful loss Baht'000	Total Baht'000
Balance at beginning of the year	16,173	-	9	-	269,527	285,709
Sold (Note 34) and transferred out from consolidation (Note 10)	(16,173)	-	(9)	-	(269,527)	(285,709)
Balance at the end of the year	-	-	-	-	-	-

	Consolidated					
	2010					
	Normal Baht'000	Special mentioned Baht'000	Sub-standard Baht'000	Doubtful Baht'000	Doubtful loss Baht'000	Total Baht'000
Balance at beginning of the year	-	-	137	-	8,052	8,189
(Increase) decrease during the year	16,173	-	(128)	-	261,475	277,520
Balance at the end of the year^a	16,173	-	9	-	269,527	285,709

Allowance for doubtful accounts of classified assets provided in accordance with the BOT's basis are calculated from variance of carrying value and present value of cash flows expected to receive from debtors or dispose collaterals by using the discount rate and period which expected to dispose collaterals in accordance with the BOT's basis.

14 Loans to consumers and interest receivable, net

Outstanding loans to consumers and interest receivable are summary as follows:

	Consolidated	
	2011 Baht'000	2010 Baht'000
Overdue below 3 months	-	58,180
Overdue more than 3 months	-	87,866
Total	-	146,046
<u>Less</u> Allowance for doubtful accounts	-	(92,723)
	-	53,323
Current portion	-	53,323
Non-current portion	-	-
	-	53,323

As at 31 December 2010, fair value of loans to consumers are approximate to the carrying value net allowance for doubtful accounts. A subsidiary signed a Memorandum of Understanding to sell loans to consumers (Note 35).

15 Short-term loans to other companies

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
<u>Short-term loan</u>				
Chiangrai Industrial 1111 Company Limited	30,000	-	-	-
<u>Current portion of long-term loan</u>				
Star Asset Management Company Limited	30,497	-	30,497	-
Total	60,497	-	30,497	-

The short-term loan amounting to Baht 30 million is a loan to Chiangrai Industrial 1111 Company Limited which is due within 1 year after the drawdown date. The interest rate shall be at 15% per annum and repayable every 3 months after the drawdown date.

The detail of current portion of long-term loan to Star Asset Management Company Limited was disclosed in Note 30

16 Other current assets

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Foreclosed assets, net	-	566,299	-	-
Other receivable	786	23,222	708	3,064
Advance to other companies, net	-	18,683	-	14
Interest receivable	3,106	17,336	2,353	32
Others	14,794	23,768	1,786	2,484
	18,686	649,308	4,847	5,594

17 Other non-current assets

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Deposit	8,523	12,780	4,551	4,559
Contingent Asset	3,354	-	1,941	-
Others	2,684	1,927	1,380	568
	14,561	14,707	7,872	5,127

18 Building improvement and equipments

	Consolidated					
	Building improvement Baht'000	Computers Baht'000	Furniture and fixture Baht'000	Equipment Baht'000	Vehicles Baht'000	Total Baht'000
At 1 January 2010						
Cost	50,684	199,032	49,910	52,909	35,345	387,880
Less Accumulated depreciation	(44,278)	(164,047)	(31,636)	(39,863)	(21,507)	(301,331)
Allowance for impairment	(5,758)	-	(119)	(72)	-	(5,949)
Net book amount	648	34,985	18,155	12,974	13,838	80,600
For the year ended 31 December 2010						
Opening net book amount	648	34,985	18,155	12,974	13,838	80,600
Additions	31	4,629	4,026	2,108	28,858	39,652
Disposals/write off, net	(2,564)	(653)	(745)	(721)	(620)	(5,303)
Reversal of impairment charges	5,758	-	119	72	-	5,949
Depreciation charge	(3,290)	(21,588)	(4,826)	(7,392)	(7,878)	(44,974)
Closing net book amount	583	17,373	16,729	7,041	34,198	75,924
At 31 December 2010						
Cost	26,300	191,026	45,028	48,839	56,815	368,008
Less Accumulated depreciation	(25,717)	(173,653)	(28,299)	(41,798)	(22,617)	(292,084)
Net book amount	583	17,373	16,729	7,041	34,198	75,924

	Consolidated					Total Baht'000
	Building improvement	Computers	Furniture and fixture	Equipment	Vehicles	
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	
For the year ended 31 December 2011						
Opening net book amount	583	17,373	16,729	7,041	34,198	75,924
Additions	2,055	519	713	62	1,555	4,904
Disposals/write off, net	(433)	(1,623)	(3,898)	(1,916)	(1,648)	(9,518)
Depreciation charge	(388)	(8,599)	(2,892)	(3,029)	(7,969)	(22,877)
Sold (Note 34) and transferred out from consolidation	-	(238)	-	(324)	-	(562)
Closing net book amount	1,817	7,432	10,652	1,834	26,136	47,871
At 31 December 2011						
Cost						
<u>Less</u> Accumulated depreciation	12,268	162,885	27,894	26,298	56,509	285,854
	(10,451)	(155,453)	(17,242)	(24,464)	(30,373)	(237,983)
Net book amount	1,817	7,432	10,652	1,834	26,136	47,871

	Company					Total Baht'000
	Computers	Furniture and fixture	Equipment	Vehicles		
	Baht'000	Baht'000	Baht'000	Baht'000		
At 1 January 2010						
Cost	8,735	15,235	6,938	26,520		57,428
<u>Less</u> Accumulated depreciation	(2,621)	(3,433)	(4,330)	(13,795)		(24,179)
Net book amount	6,114	11,802	2,608	12,725		33,249
For the year ended 31 December 2010						
Opening net book amount	6,114	11,802	2,608	12,725		33,249
Additions	1,653	-	68	28,845		30,566
Disposal	-	-	(1)	(619)		(620)
Depreciation charge	(1,657)	(1,641)	(911)	(6,805)		(11,014)
Closing net book amount	6,110	10,161	1,764	34,146		52,181
At 31 December 2010						
Cost	10,388	15,235	7,005	51,477		84,105
<u>Less</u> Accumulated depreciation	(4,278)	(5,074)	(5,241)	(17,331)		(31,924)
Net book amount	6,110	10,161	1,764	34,146		52,181
For the year ended 31 December 2011						
Opening net book amount	6,110	10,161	1,764	34,146		52,181
Additions	-	7	-	1,555		1,562
Disposal	(61)	-	(27)	(1,647)		(1,735)
Depreciation charge	(1,813)	(1,640)	(812)	(6,899)		(11,164)
Closing net book amount	4,236	8,528	925	27,155		40,844
At 31 December 2011						
Cost	10,247	15,242	6,840	51,150		83,479
<u>Less</u> Accumulated depreciation	(6,011)	(6,714)	(5,915)	(23,995)		(42,635)
Net book amount	4,236	8,528	925	27,155		40,844

19 Intangible assets

	Consolidated		Company
	Goodwill Baht'000	Computer software Baht'000	Software Baht'000
At 1 January 2010			
Cost	13,052	242,524	5,432
<u>Less</u> Accumulated amortisation	-	(199,838)	(717)
Allowance for impairment loss	(10,514)	(8,222)	-
Net book amount	2,538	34,464	4,715
For the year ended 31 December 2010			
Opening net book amount	2,538	34,464	4,715
Additions	-	1,171	489
Disposals	-	(159)	-
Amortisation charge	(2,538)	(22,098)	(726)
Closing net book amount	-	13,378	4,478
At 31 December 2010			
Cost	13,052	241,443	5,921
<u>Less</u> Accumulated amortisation	(13,052)	(228,065)	(1,443)
Net book amount	-	13,378	4,478
For the year ended 31 December 2011			
Opening net book amount	-	13,378	4,478
Transfer out from consolidation	-	(99)	-
Additions	-	770	-
Amortisation charge	-	(7,217)	(812)
Closing net book amount	-	6,832	3,666
At 31 December 2011			
Cost	-	242,077	5,921
<u>Less</u> Accumulated amortisation	-	(235,245)	(2,255)
Net book amount	-	6,832	3,666

20 Other current liabilities

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Deposits (Note 34)	-	477,637	-	-
Other payable (Note 34)	9,363	171,780	611	615
Other accrued expense	13,581	54,383	1,509	1,329
Accrued withholding tax	1,461	3,856	1,066	971
Suspense accounts from receivables				
in process of disposing	12,273	7,455	-	-
Other provision	-	19,600	-	-
Others	1,296	7,367	582	2,640
	37,974	742,078	3,768	5,555

21 Obligation under long term lease contracts

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Minimum lease payments obligation				
under long-term lease contracts	15,934	22,520	15,934	22,520
<u>Less</u> Deferred interest	(1,233)	(2,192)	(1,233)	(2,192)
	14,701	20,328	14,701	20,328
Current portion due within one year	5,714	7,596	5,714	7,596
Non-current portion due after one year	8,987	12,732	8,987	12,732
	14,701	20,328	14,701	20,328

22 Provision for employee benefits

	Consolidated Baht'000	Company Baht'000
Balance sheet obligations	7,628	5,229
Charge in the statement of revenues and expenses	7,839	5,229

As at 1 January 2011 the provision for post-employment benefits for the consolidated and the company financial statements amounting to Baht 17.8 million and Baht 12.3 million, respectively, which the Group otalingd such provision by applying straight-line method throughout five years as stated in notification of Federation of Accounting Professions no. 17/2554. The Group has otalingd such provision as expense for the year 2011 amounting to Baht 3.6 million and Baht 2.5 million in the consolidated and company financial statements, respectively.

Movements of the provision for employee benefits are as follows:

	Consolidated Baht'000	Company Baht'000
Past service costs	3,560	2,460
Current service costs	4,279	2,769
	7,839	5,229
<u>Less</u> Transferred out from consolidation	(211)	-
Ending balance	7,628	5,229
<u>Less</u> Current portion	-	-
Total non-current	7,628	5,229

The principal actuarial assumptions used are as follows:

	Consolidated and company
Discount rate	4.22%
Salary increase rate	4%
Average turnover rate	0 - 10%
Pre-retirement mortality rate	60% of mortality rate
Retirement age	60 years old

23 Long-term loans from financial institutions

	Consolidated	
	2011 Baht'000	2010 Baht'000
Beginning balance	1,602,574	4,147,323
Repayment during the year	(1,602,574)	(1,014,410)
Unrealised gain from exchange rate	-	(35,329)
Income from loan forgiveness (Note 34)	-	(1,495,010)
Ending balance	-	1,602,574
Current portion	-	1,270,226
Non-current portion	-	332,348
	-	1,602,574

In February and April 2007, the ACAP Asset Management Company Limited, a subsidiary, has borrowed from the Company (Note 30 v) and VTB Capital Plc. (formerly name "VTB Bank Europe Plc.") for investing in non-performing assets. The criteria of borrowings from financial institution are as follows:

- Principal repayments are made on a quarterly basis in Thai Baht and are calculated based on the purchasing price of each non-performing asset and proportion of actual cash collection during such quarter to the total estimated cash collection of each non-performing asset.
- Interest expense of long-term investment from financial institution will be calculated on a quarterly basis at the rate of 90% of the excess from the principal repayment in each quarter collected from non-performing assets deducted with direct expenses as mutually agreed with lenders.
- The facility will expire in 3 years unless the two parties agree to extend the facility for a future period.

A subsidiary has sold investment port of non-performing assets as disclosed in Note 34.

On 15 December 2009, Star Assets Management Ltd., has a borrowing from a financial institution amounting to USD 26 million to partially repay of borrowing from related parties and to manage investment in non-performing asset. This borrowing bear interest rate at 3 — month LIBOR plus 4.5% and repayment of principal and interest on a quarterly basis on the last working day each quarter. Star Assets Management Ltd., is obligated at a minimum to repay the borrowing as follows:

- 15% of USD 26 million by 31 December 2010
- 75% of USD 26 million by 31 December 2011
- 100% of USD 26 million by 30 June 2012

The subsidiary has to maintain the ratio of purchase price of the remaining portfolio assets to the principal outstanding borrowing is no less than 2.25: 1 at any time after the first 12 months following the first draw down.

The borrowing in USD has been hedged by using foreign currency forward contracts to protect foreign currency risk (Note 33).

On 28 December 2011, the subsidiary repaid for all outstanding loans to financial institutions.

24 Legal reserve

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered share capital. The legal reserve is non-distributable.

25 Dividends paid

At the Board of Director's meeting on 11 November 2010, it proposed to approve the interim dividend of Baht 3.50 per share from the retained earnings and from the operating results for the nine-month period ended 30 September 2010 to the shareholders, totaling Baht 437.5 million. Interim dividend was paid to the shareholders on 8 December 2010.

26 Other income

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Gain on disposal a subsidiary (Note 10)	315,623	-	-	-
Recovery of bad debts written-off	-	223,091	-	-
Interest income	24,273	12,239	2,096	7,559
Other income	88,383	46,155	19,318	453,054
Total	428,279	281,485	21,414	460,613

27 Administrative expenses

The following expenditure items, classified by nature, have been charged in arriving at operating profit (loss):

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Impairment loss from investment				
in non-performing asset	7,447	914,876	-	-
Bad debt and doubtful accounts				
of loans to non-performing assets (reversal)	(7,759)	276,024	-	-
Bad debt and doubtful accounts (reversal)	(833)	(69,437)	14	-
Personnel expenses	174,751	189,379	71,087	74,941
Operating expenses	93,112	141,324	16,109	7,512
Depreciation and amortisation charges	31,957	69,611	11,976	11,741
Rental expenses	42,161	38,811	17,526	19,525
Impairment loss from foreclosed assets	3,826	34,258	-	-
Loss from debt restructuring	23,230	19,593	-	-
Repair and maintenance expenses	13,115	17,028	1,582	1,281
Impairment loss from investment				
in and loans to subsidiaries	-	-	38,950	58,472
Restructuring provision (reversal)	-	(33,693)	-	-

28 Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit (loss) attributable to equity holders by the weighted average number of ordinary shares issued during the year.

	Consolidated		Company	
	2011	2010	2011	2010
Net profit (loss) attributable to ordinary shareholders (Baht'000)	389,746	221,632	(110,230)	325,914
Weighted average number of ordinary shares issued during the year (Shares)	125,000	125,000	125,000	125,000
Basic earning (loss) per share (Baht)	3.12	1.77	(0.88)	2.61

There are no potential dilutive ordinary share issued for the years ended 31 December 2011 and 2010.

29 Staff provident fund

The Group and the Company paid to provident fund for the year ended 31 December 2011 in the amount of Baht 6.6 million and Baht 3.3 million, respectively (2010: Baht 9.72 million and Baht 4.10 million, respectively).

30 Related party transactions

The Company is located in Thailand and registered as a listed company in the Market for Alternative Investment (MAI). The major shareholders of the Company are Dr. Vivat Vitoontien and family which hold 49.19% of total registered share capital.

Pricing policy

Fees charged for services in management of non-performing assets for subsidiaries and related companies are as follows:

- Revenue from service-base fee is chargeable basing on agreed-upon procedure which is calculated from budget expenses.
- Revenue from service-collection fee are chargeable basing on agreed-upon procedure at 7% - 10% of collected money after deduction of related direct collection expenses.

Other income is per normal business similar of other customers. Interest income/expense incurred from borrowings, cost of services and administrative expenses are carried out at the agreed rate as per contracts.

As at 31 December 2011 and 2010, the relationship of related parties are as follows:

Company Name	Relationship	Cause of relationship
ACAP Asset Management Co., Ltd.	Subsidiary	Shareholder/mutual management
Star Asset Management Ltd.	Subsidiary	Shareholder/mutual management
ACAP Corporate Services Co., Ltd.	Subsidiary	Shareholder/mutual management
Global Service Center Co., Ltd.	Subsidiary	Shareholder/mutual management
ACAP Consulting Co., Ltd.	Subsidiary	Shareholder/mutual management
ACAP (Malaysia) Sdn. Bhd.	Subsidiary	Shareholder/mutual management
Capital OK Co., Ltd.	Subsidiary	Shareholder/mutual management
Professional Collection Company Limited	Subsidiary held by subsidiary	Shareholder/mutual management
ACAP (Asia) Asset Management Co., Ltd.	Subsidiary held by subsidiary	Shareholder/mutual management
Standard Bank Plc.	Related company	Mutual director
Inter Capital Alliance Asset Management Co., Ltd.	Related company	Mutual management

From 1 January 2011, the management of the Company was not the management of Inter Capital Alliance Asset Management Co., Ltd. Therefore, Inter Capital Alliance Asset Management Co., Ltd. was not the Company's related party in 2011.

On 30 December 2011, the Company disposed all investment in Star Asset Management Co., Ltd. (Note 10) then Star Asset Management Ltd. and Standard Bank Plc. are not a company under common control by parent company/mutual management/ mutual direction from 30 December 2011.

The following significant transactions were carried out with related parties:

i) Income for the years ended 31 December

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Service income				
Base fee				
- ACAP Asset Management Co., Ltd.	-	-	1,248	33,776
- Star Asset Management Ltd.	-	-	27,679	26,765
- Inter Capital Alliance Asset Management Co., Ltd.	-	62,048	-	62,048
Collection fee				
- ACAP Asset Management Co., Ltd.	-	-	-	1,630
- Star Asset Management Ltd.	-	-	4,820	223
- Inter Capital Alliance Asset Management Co., Ltd.	-	8,051	-	8,051
Professional fee				
- ACAP Asset Management Co., Ltd.	-	-	40	960
- Star Asset Management Ltd.	-	-	2,160	2,200
- Inter Capital Alliance Asset Management Co., Ltd.	-	5,964	-	-
Other Service fee				
- Capital OK Co., Ltd.	-	-	832	1,508
- Professional Collection Company Limited	-	-	84	146
- Global Service Center Co., Ltd.	-	-	84	82
Total service income	-	76,063	36,947	137,389

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Other income				
Accounting and financial service income				
- Global Service Center Co., Ltd.	-	-	3,375	4,500
- Capital OK Co., Ltd.	-	-	-	9,000
- Professional Collection Company Limited	-	-	-	4,500
Sharing expense income				
- ACAP Consulting Co., Ltd.	-	-	674	8
- Star Asset Management Co., Ltd.	-	-	1	1
- ACAP Corporate Services Co., Ltd.	-	-	198	-
- ACAP Asset Management Co., Ltd.	-	-	199	-
Interest income				
- ACAP Asset Management Co., Ltd.	-	-	23	452
- Star Asset Management Ltd.	-	-	34	2,616
- ACAP Consulting Co., Ltd.	-	-	58	35
- ACAP Corporate Services Co., Ltd.	-	-	25	36
- Global Service Center Co., Ltd.	-	-	179	-
- Aurum Capital Advisory PTE. Ltd.	-	-	76	-
Dividend income				
- ACAP (Malaysia) Sdn. Bhd.	-	-	9,259	9,649
- Capital OK Co., Ltd	-	-	-	420,000
Total other income	-	-	14,101	450,797

Pricing policy for service income from asset management and interest income received from related companies are set from loan agreement and service agreement as disclosed in Note 30 vi). Other income were carried out at the negotiated condition.

ii) Expenses for the years ended 31 December

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Cost of service				
Professional fee				
- ACAP Consulting Co., Ltd.	-	-	1,000	1,960
Total cost of service	-	-	1,000	1,960
Administrative expenses				
Rental and maintenance equipment				
- Global Services Center Co., Ltd.	-	-	4,800	7,200
Total administrative expenses	-	-	4,800	7,200

iii) Finance costs for the years ended 31 December

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
- Standard Bank Plc.	-	90,784	-	-
- Capital OK Co., Ltd.	-	-	53,280	45,568
	-	90,784	53,280	45,568

iv) Outstanding balances arising from sales/purchases of services as at 31 December

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Accounts receivable related companies				
- Star Asset Management Ltd.	-	-	-	1,322
- ACAP Corporate Services Co., Ltd.	-	-	-	6,000
- Capital OK Co., Ltd.	-	-	-	750
- Inter Capital Alliance Asset Management Co., Ltd.	-	2,845	-	1,645
- Global Service Center Co., Ltd.	-	-	-	375
- Professional Collection Co., Ltd.	-	-	-	375
	-	2,845	-	10,467
Amount due from related companies				
- ACAP Asset Management Co., Ltd.	-	-	6	329
- Star Asset Management Ltd.	-	-	-	3,128
- ACAP Corporate Services Co., Ltd.	-	-	1	1
- ACAP Consulting Co., Ltd.	-	-	5	4
- Global Service Center Co., Ltd.	-	-	58	-
- ACAP (Malaysia) Sdn. Bhd.	-	-	40	61
- Inter Capital Alliance Asset Management Co., Ltd.	-	4,096	-	4,096
- Aurum Capital Advisory Pte. Ltd.	-	-	78	-
- Standard Bank Plc.	-	3,510	-	-
- Professional Collection Co., Ltd.	-	-	-	100
	-	7,606	188	7,719
Amount due to related companies				
- Standard Bank Plc.	-	88,942	-	-
- Capital Ok Co., Ltd.	-	-	54,185	1,240
- Professional Collection Co., Ltd.	-	-	11	71
- Global Service Center Co., Ltd.	-	-	11	71
- Star Asset Management Ltd.	-	-	-	650
	-	88,942	54,207	2,032

v) Loans to related parties

For the year ended 31 December 2011 and 2010, the Company has loan to subsidiaries as follows:

	Company				2011 Baht'000
	Short-term loans			Allowance for doubtful Baht'000	
	2010 Baht'000	Addition during the year Baht'000	Repayment during the year Baht'000		
ACAP Consulting Co., Ltd.	3,900	2,000	-	(5,900)	-
Global Service Center Co., Ltd.	-	20,000	-	(20,000)	-
ACAP Corporate Services Co., Ltd.	1,100	3,000	(4,100)	-	-
ACAP Asset Management Co., Ltd.	-	2,500	-	(2,500)	-
Total	5,000	27,500	(4,100)	(28,400)	-

On 27 February 2012, Global Service Center Co., Ltd. and ACAP Corporate Services Co., Ltd. issued promissory notes to the Company amounting to Baht 3 million and Baht 2 million, respectively. The notes, which are repayable at call, bear interest rate at 1% per annum and the interest is due every 30 days after drawn down.

	Company			2011 Baht'000
	Long-term loans		Repayment/ transfer out during the year Baht'000	
	2010 Baht'000	Addition during the year Baht'000		
<u>Current portion of long-term loans</u>				
Star Asset Management Ltd.	11,891	-	(11,891)	-
ACAP Asset Management Co., Ltd.	27,862	-	(27,862)	-
Total	39,753	-	(39,753)	-
<u>Long-term loans</u>				
Star Asset Management Ltd.	21,047	-	(21,047)	-
Aurum Capital Advisory Pte. Ltd.	-	11,437	-	11,437
Total	21,047	11,437	(21,047)	11,437

Due to the Company jointly lent loans to subsidiary for purchasing investment in non-performing assets with other borrowers, which are related companies or financial institution. The criteria of loan repayment, interest and incentive fee calculation were carried out at variable rate of return.

At the Executive Directors Committee No. 4/2554 on 31 March 2011, it was approved a convertible loan to Aurum Capital Advisory Pte. Ltd. amounting to USD 362,500. The three-year convertible loan agreement was signed on 18 April 2011 which will be repaid on the date falling three years from the drawdown date. The convertible loan is eligible for conversion into equity at the option of the investors after 24 months from the drawdown date. The long-term loan will bear interest rate of 1% per annum for the first year and at the rate of 10% per annum for the second and third year. The interest receivable shall be receivable on the last business day of each year. The loan was drawdown on 26 April 2011.

vi) Loans from related parties

During the years ended 31 December 2011 and 2010, the Company and subsidiaries have loans from related parties as follows:

	Consolidated			
	Long-term loans			
	2010	Sold and transferred out from consolidation	2011	
	Baht'000	Baht'000	Baht'000	
<u>Current portion of long-term loans</u>				
Standard Bank Plc.	501,620	(501,620)	-	
<u>Long-term loans</u>				
Standard Bank Plc.	1,103,498	(1,103,498)	-	
<hr/>				
	Company			
	2010	Addition during the year	Repayment during the year	2011
	Baht'000	Baht'000	Baht'000	Baht'000
<u>Short-term loans</u>				
Capital OK Co., Ltd.	-	20,000	-	20,000
<u>Long-term loans</u>				
Capital OK Co., Ltd.	760,000	-	-	760,000

Long-term loans from Standard Bank Plc.

(1) Borrowings for investing in non-performing assets (SCB1-3)

Star Asset Management Ltd., a subsidiary, has the following loan facility agreements with Standard Bank Asia Ltd., a related company, and the Company in order to invest in non-performing assets. The criteria of borrowings and incentive fee are as follows:

- Principal repayments are made on a quarterly basis in Thai Baht and are calculated based on the purchasing price of each non-performing asset and proportion of actual cash collection during such quarter to the total estimated cash collection of each non-performing asset.
- Incentive fee will be calculated on a quarterly basis at the agreed rate of the excess of actual cash collection during each quarter less the principal repayment and direct expenses as mutually agreed with both lenders.
- Interest expense will be calculated on a quarterly basis at the agreed rate of the excess of actual cash collection during each quarter less the principal repayment and direct expenses as mutually agreed with both lenders.

- The maturity date of this facility is on 22 October 2009 and 25 October 2009 (Part 3 between the Company and Parent Company) unless the two parties agree to extend the final repayment date for a future period.

On 16 December 2011, the Company and related parties have amended the service agreement with regards to incentive fee calculation which it will be calculated retrospectively from

1 September 2011. The condition is as follows:

- Incentive fee will be calculated on a quarterly basis based on the recovery from negotiating or auction, according to the agreed rate basis between 1 September 2011 to 31 March 2013.

As at 31 December 2011, the subsidiary has outstanding borrowings from the Company and Standard Bank Plc amounting to Baht 9 million and Baht 138 million, respectively. The borrowing is in the process to negotiate the repayment term. Therefore, the outstanding balance with the Company amount of Baht 9 million is presented as a short-term loan to other company because STAR Asset Management Ltd. has not been a related company since 30 December 2011.

(2) Borrowings for investing in non-performing assets (SCB4)

Star Asset Management Ltd., a subsidiary, has the following loan facility agreements with Standard Bank Asia Ltd., a related company, in order to invest in non-performing assets. The criteria of borrowings and incentive fee are as follows:

- Principal repayments are made on a quarterly basis in Thai Baht and are calculated based on the purchasing price of each non-performing asset and proportion of actual cash collection during such quarter to the total estimated cash collection of each non-performing asset.
- Incentive fee will be calculated on a quarterly basis at the agreed rate of the excess of actual cash collection during each quarter less the principal repayment and direct expenses as mutually agreed with lender.
- Interest expense will be calculated on a quarterly basis at the agreed rate of the excess of actual cash collection during each quarter less the principal repayment and direct expenses as mutually agreed with lender.
- The maturity date of this facility is on 31 December 2009 unless the two parties agree to extend the final repayment date for a future period.

On 16 December 2011, the subsidiary and related parties have amended the service agreement with regards to incentive fee calculation which it will be calculated retrospectively from

1 September 2011. The condition is as follows:

- Incentive fee will be calculated on a quarterly basis based on the recovery from negotiating or auction according to the agreed rate basis, between 1 September 2011 to 31 March 2013.

(3) Borrowings for investing in non-performing assets (KBANK)

The subsidiary engaged in the loan facility agreement with the Company (Note 32 v) and Standard Bank Plc. The criteria of borrowings and incentive fee are as follows:

- Principal repayments are made on a quarterly basis in Thai Baht and are calculated based on the purchasing price of each non-performing asset and proportion of actual cash collection during such quarter to the total estimated cash collection of each non-performing asset.
- Incentive fee will be calculated at the agreed rate of the excess of actual cash collection during each quarter less the principal repayment, direct expenses as mutually agreed with both lenders, estimated cost of funding which referred from the LIBOR rate plus 2 per cent per annum and the agreed apportion of estimated decreases (increases) in present value of net cash flow of each non-performing asset.
- Interest expense of parent company and shareholders will be calculated on a quarterly basis at the agreed rate of the excess of actual cash collection during each quarter less the principal repayment and direct expenses as mutually agreed with both lenders (including incentive fee). However, the interest expense of borrowings would not greater than the maximum interest rate of Thai applicable law.
- The maturity date of this facility is on 14 February 2011 (between the Company and Standard Bank Plc) and on 18 February 2011 (between the Company and ACAP Advisory Public Company Limited).

On 2 December 2009, the lenders agreed that the repayment of the loan facility agreement will be postponed until all repayments have been made to the financial institution amounting to USD 26 million and the subsidiary has entered into an agreement to extend the final repayment to 31 December 2012.

On 16 December 2011, the subsidiary and related parties have amended the service agreement with regards to incentive fee calculation which it will be calculated retrospectively from 1 September 2011. The condition is as follows:

- Incentive fee will be calculated on a quarterly basis based on the Recovery from negotiating or auction between 1 September 2011 to 31 December 2012.

On 28 December 2011, the subsidiary has borrowed from Standard Bank Plc amounting to USD 7 million (Baht 223 million) to repay the borrowing from the financial institution which the conditions for this new borrowing are as follows:

- This borrowing bears interest rate at 3-MONTH LIBOR plus 4.5% and repayments of interest are on a quarterly basis on the last working day each quarter. The maturity date of this borrowing is on 31 December 2013.

The borrowing in USD has been hedged by using foreign currency forward contracts to protect foreign currency risk (Note 33).

Long-term loan from Capital OK Co., Ltd.

Long-term loan is due for repayment in five years. Then interest rate shall be the average Minimum Lending Rate (MLR) for the largest four commercial banks in Thailand weighted by days in each quarter. Interest on the loan shall be payable annually.

31 Commitments

As at 31 December 2011 and 2010, there were commitments from operating lease agreements of office building, warehouses and equipment and other service agreements as follows:

	Consolidated		Company	
	2011 Baht'000	2010 Baht'000	2011 Baht'000	2010 Baht'000
Within 1 year	29,513	56,478	14,506	12,942
More than 1 year but less than 5 years	7,513	24,000	6,281	18,082
Total	37,026	80,478	20,787	31,024

32 Directors' remuneration

Directors' remuneration which included salary, bonus, director fee and special remuneration for the year ended 31 December 2011 for the Group and the Company was Baht 27.3 million (2010: Baht 30.30 million).

33 Financial instruments

A financial instrument is any contract that gave rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company and its subsidiary companies have no policy to speculate or trade in off-balance sheet derivative financial instruments.

Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company. The amount of maximum credit risk exposure is the carrying value deducted by allowance for doubtful accounts.

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that businesses are made to customers with an appropriate credit history.

The Group's main business is to purchase or accept the transfer of non-performing assets for management or sale later on. The Group considers that there is no material risk on the concentration of loans as they cover a large number of customers or counterparts and spread out over many types of businesses. In case of recognition of financial assets in the balance sheet, their book values after deduction of allowance for doubtful debts and allowance for adjusted value arisen from debt restructuring as appeared in the balance sheet are treated as highest value of risk that may occur in case of non-compliance with contracts.

The Group has a risk on giving credits relating to receivables since they range from financially secured and good payment record to those having financial problems e.g. companies under restructuring debts. The Group, however, believes that it has low risk in receivables inability to pay debts since the Group follows careful policy in giving credits. In addition, there are quite a number of receivables. The Group does not, therefore, expect any significant damage from debt collection.

Interest rate risk

Interest rate risk is the exposure to the risk associate with the effects of fluctuations in prevailing levels of market interest rates on the Group's financial instruments.

The Group determined the interest rate risk of financial instruments as follows:

- There is no interest rate risk for fixed deposits at banks due to the original maturity of six months or less.
- Interest income from non-performing assets and interest expense of long-term loans are substantially independent from change in market interest rates because it is dependent upon the ability to attain the profitability from debt restructuring and collection from non-performing assets.
- Interest income from loans to consumers are charged at fixed rate which do not exceed the maximum rate of loans to consumer.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and short-term investments. For non-performing assets management, the subsidiaries can borrow long-term loans to finance the investment in non-performing assets. In addition, long-term loans can be extended when the facility expires.

Foreign currency risk

In order to manage the risks arising from fluctuations in currency exchange rates, a subsidiary has hedged its foreign currency risk incurred from the borrowing from financial institution that the subsidiary has to repay in USD by using foreign currency forward contracts. As at 31 December 2011 and 2010, the settlement dates on open foreign currency forward contracts ranged within one year. The foreign currency amounts to be received and contractual exchange rates of the outstanding contracts were as follows:

Average exchange rate	2011		2010	
	Foreign currency (USD Million)	Million Baht	Foreign currency (USD Million)	Million Baht
USD 1 = Baht 31.82	7	223		
USD 1 = Baht 33.43			11	332

As at 31 December 2011 and 2010, the aggregate fair value of the outstanding foreign currency forward contracts which have been calculated by the counterparty bank to terminate the contracts at the statement of financial position date were negative at Baht 0.01 million and Baht 2.9 million, respectively.

Fair value

The Group determined the fair value of financial instruments on the basis as follows:

- Cash and cash equivalents and short-term investments

Fair value of cash and cash equivalents are approximate to the carrying amount as they are highly liquid.

- Investments in non-performing assets, loans to non-performing assets and loans to consumers

Fair value of investments in non-performing assets, loans to non-performing assets and loans to consumers approximate to the net carrying amount which is described in Note 11, 12 and 14, respectively.

- Long-term loans from financial institutions and from related companies

The management is unable to calculate the fair value of long-term loans for investing in non-performing assets because interest expense of long-term loans is calculated at the percentage of the excess from the principal repayment from non-performing assets as disclosed in Note 23 and 30. The management could not reliably estimate the expected cash to be received from non-performing assets.

34 Sale of investments in non-performing assets and loans to non-performing assets

On 22 November 2010, ACAP Asset Management Co., Ltd., a subsidiary, and Standard Chartered (Thai) Asset Management Co., Ltd. ("SCAMC") signed an asset sale and purchase agreement to sell all of its non-performing assets portfolio which included investments in non-performing assets, loans to non-performing assets and foreclosed assets with a purchase price of Baht 1,718 million (the cost of the assets was Baht 3,341 million). SCAMC paid a deposit of 25% or Baht 430 million on the date of the agreement. The remaining amount would be paid on 13 January 2011 or on such other date as the parties mutually agree. The subsidiary would transfer the asset documents and rights against debtors in the non-performing assets portfolio to SCAMC in accordance with the terms and conditions under the asset sale and purchase agreement. If SCAMC failed to pay any amount in accordance with the agreement, the subsidiary had the right to terminate the agreement.

As a result of the asset sale and purchase agreement, the subsidiary has recognised an impairment loss on its non-performing assets portfolio of Baht 1,623 million in 2010. However, the subsidiary would receive a loan forgiveness for the remaining borrowings from VTB and the Company after offsetting with the amount to be received from the sale. The subsidiary recorded a gain on loan forgiveness of Baht 1,512 million in 2010, of which Baht 1,495 million will be received from VTB and Baht 17 million would be received from the Company. The amount that would be received from the Company has been eliminated in the consolidated financial statements.

As at 31 December 2010, the subsidiary had received a deposit of Baht 430 million from SCAMC and had an obligation to pay back cash received from debtors after 30 September 2010 amounting to Baht 129 million. These amounts were presented as other current liabilities in the consolidated statement of financial position, and the gain on loan forgiveness amounting to Baht 1,495 million was presented net of borrowings from VTB. The Company recorded a loss on loan forgiveness amounting to Baht 17 million in the company statement of comprehensive income and eliminated this transaction in the 2010 consolidated statement of comprehensive income.

On 13 January 2011, VTB sent a release letter to the subsidiary and informed the subsidiary that the remaining borrowing balance will be Baht 1,260 million after the subsidiary had received the remainder of the purchase price from SCAMC. On 16 January 2011, the Company sent a letter to the subsidiary requesting repayment of the remaining borrowing amount of Baht 28 million. VTB and the Company would not ask for any further repayment from the subsidiary once these amounts had been repaid.

On 17 January 2011, SCAMC paid the balance purchase price amounting to Baht 1,164 million to the subsidiary by netting with the collection amounts from debtors and incurred expenses for the period from 30 September 2010 to 31 December 2010. The subsidiary repaid for the outstanding borrowing to VTB amounting to Baht 1,260 million.

On 27 January 2011, the subsidiary repaid for the outstanding borrowing to the Company amounting to Baht 28 million.

35 Income from cash flow transfer for write-off accounts

On 16 December 2010, Capital OK Company Limited, a subsidiary, signed a Memorandum of Understanding with JMT Network Services Company Limited (JMT) to sell off the subsidiary's loans and receivables. The subsidiary would receive Baht 301.6 million (excluded VAT) as a consideration from the sale. As at 31 December 2010, the subsidiary had received a deposit for the sale of Baht 10 million and had an obligation to return cash received from the loans and receivables since 1 December 2010 amounting to Baht 30 million, which were presented as other current liabilities in the consolidated statement of financial position.

On 4 January 2011, the subsidiary had received the second deposit for the sale of Baht 10 million and on 10 January 2011, the subsidiary and JMT signed a purchase and sale agreement for the loans and receivables. Per the agreement, in case of a selling price adjustment, the amount would be pro rated by the total consideration amount, but would not exceed Baht 26.2 million, and the adjustment must be made by 30 April 2011. The subsidiary had no other contingent liabilities from the sale. As at 31 December 2011, selling price was adjusted approximately Baht 0.4 million.

The subsidiary received Baht 281.6 million on the date when the agreement was signed and recognised a gain from the sale of the loans and receivables in the amount of Baht 242.2 million in 2011.



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