

ACAP ADVISORY PUBLIC COMPANY LIMITED

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2010

AUDITOR'S REPORT

To the Shareholders of ACAP Advisory Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2010 and 2009, and the related consolidated and company statements of 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 2010 and 2009, 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 Limited

Bangkok
24 February 2011

ACAP Advisory Public Company Limited

Balance Sheets

As at 31 December 2010 and 2009

	Notes	Consolidated		Company	
		2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Assets					
Current assets					
Cash and cash equivalents	7	990,545	1,438,982	106,839	245,098
Short-term investments	8	23,173	51,861	-	11,831
Accounts and notes receivable, net	9	24,866	18,495	2	105
Current portion of investment in non-performing assets, net	11	1,203,134	615,406	-	-
Current portion of loans to non-performing assets, net	12, 13	907,632	354,062	-	-
Current portion of loans to consumers and interests receivable, net	14	53,323	113,237	-	-
Accounts receivable - related companies	28 iv)	2,845	4,282	10,467	21,327
Amount due from related companies	28 iv)	7,606	21,992	7,719	5,948
Short-term loans to related companies	28 v)	-	-	5,000	4,800
Current portion of loans to related companies	28 v)	-	-	39,753	46,333
Other current assets, net	15	649,308	103,686	5,594	1,475
Total current assets		3,862,432	2,722,003	175,374	336,917
Non-current assets					
Investment in non-performing assets, net	11	656,970	3,572,131	-	-
Loans to non-performing assets, net	12, 13	91,507	660,749	-	-
Loans to consumers and interests receivable, net	14	-	20,999	-	-
Long-term loan to related companies	28 v)	-	-	21,047	41,484
Investment in subsidiary companies	10	-	-	938,865	973,265
Long-term investments		1,662	1,840	-	-
Building improvement and equipment, net	17	75,924	80,600	52,181	33,249
Intangible assets, net	18	13,378	34,464	4,478	4,715
Goodwill, net	18	-	2,538	-	-
Other non-current assets, net	16	14,707	20,605	5,127	4,059
Total non-current assets		854,148	4,393,926	1,021,698	1,056,772
Total assets		4,716,580	7,115,929	1,197,072	1,393,689

Director _____ Director _____

Date _____

The notes on pages 11 to 47 are an integral part of these financial statements.

ACAP Advisory Public Company Limited

Balance Sheets (Cont'd)

As at 31 December 2010 and 2009

	Notes	Consolidated		Company	
		2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Liabilities and shareholders' equity					
Current liabilities					
Accounts and notes payable		16,419	769	-	-
Amount due to related companies	28 iv)	88,942	14,069	2,032	6,910
Current portion of long-term loans from financial institutions	21	1,270,226	3,406,602	-	-
Current portion of long-term loans from related companies	28 vi)	501,620	-	-	-
Current portion of financial lease contracts	20	7,596	3,536	7,596	2,346
Other current liabilities	19	742,078	310,329	5,555	99,192
Total current liabilities		2,626,881	3,735,305	15,183	108,448
Non-current liabilities					
Liabilities under financial lease contract, net	20	12,732	3,191	12,732	3,191
Long-term loans from financial institutions	21	332,348	740,721	-	-
Long-term loans from related companies	28 vi)	1,103,498	1,778,709	760,000	760,000
Total non-current liabilities		1,448,578	2,522,621	772,732	763,191
Total liabilities		4,075,459	6,257,926	787,915	871,639

The notes on pages 11 to 47 are an integral part of these financial statements.

ACAP Advisory Public Company Limited

Balance Sheets (Cont'd)

As at 31 December 2010 and 2009

	Note	Consolidated		Company	
		2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital					
Authorised share capital					
		125,000	125,000	125,000	125,000
		125,000,000 ordinary shares of Baht 1 each			
Issued and paid up share capital					
		125,000	125,000	125,000	125,000
		125,000,000 ordinary shares of Baht 1 each			
		337,742	337,742	337,742	337,742
		Premium on share capital			
		-	1,307	-	1,307
		Unrealised gain on change in fair value of investment			
		(1,596)	(1,889)	-	-
		Currency translation differences			
Retained earnings					
	22	12,500	12,500	12,500	12,500
		167,475	383,343	(66,085)	45,501
		Unappropriated			
Total shareholders' equity		641,121	858,003	409,157	522,050
Minority interest of subsidiaries		-	-	-	-
Total shareholders' equity and minority interest of subsidiaries		641,121	858,003	409,157	522,050
Total liabilities and shareholders' equity		4,716,580	7,115,929	1,197,072	1,393,689

The notes on pages 11 to 47 are an integral part of these financial statements.

ACAP Advisory Public Company Limited
Statements of Income
For the years ended 31 December 2010 and 2009

	Notes	Consolidated		Company	
		2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Revenues					
Service income	28 i)	156,255	145,969	143,650	154,444
Interest income from non-performing asset management		228,957	324,443	-	-
Interest income from loans to consumers		30,828	142,500	-	-
Income from loan forgiveness	21, 32	1,495,010	-	-	-
Other income	24, 28 i)	281,485	418,933	460,613	50,808
Total revenues		2,192,535	1,031,845	604,263	205,252
Expenses					
Cost of services, asset management and loans	28 ii)	204,929	176,054	48,392	45,949
Administrative expenses	25	1,597,871	619,495	152,880	83,579
Management remunerations	25, 30	30,303	28,474	30,303	28,474
Total expenses		1,833,103	824,023	231,575	158,002
Profit before financial costs and income tax		359,432	207,822	372,688	47,250
Financial costs	28 iii)	130,784	105,188	46,703	968
Profit before income tax		228,648	102,634	325,985	46,282
Income tax		7,016	24,902	71	8,918
Net profit for the year		221,632	77,732	325,914	37,364
Attributable to:					
Equity holders		221,632	112,449	325,914	37,364
Minority interest of subsidiaries		-	(34,718)	-	-
Earnings per share for profit attributable to the equity holders (expressed in Baht per share)					
Basic earning (loss) per share	26	1.77	0.90	2.61	0.30

The notes on pages 11 to 47 are an integral part of these financial statements.

ACAP Advisory Public Company Limited
 Statements of Changes in Shareholders' Equity
 For the years ended 31 December 2010 and 2009

Consolidated									
Notes	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Currency translation differences from subsidiary in overseas Baht'000	Unrealised gain on change in fair value of investment Baht'000	Retained earnings		Total Baht'000	Minority interest Baht'000	Total Baht'000
					Appropriated Baht'000	Unappropriated Baht'000			
Opening balance as at 1 January 2010	125,000	337,742	(1,889)	1,307	12,500	383,343	858,003	-	858,003
Currency translation differences	-	-	293	-	-	-	293	-	293
Realised gain on change in fair value of investment	-	-	-	(1,307)	-	-	(1,307)	-	(1,307)
Dividend paid	23	-	-	-	-	(437,500)	(437,500)	-	(437,500)
Net profit for the year	-	-	-	-	-	221,632	221,632	-	221,632
Ending balance as at 31 December 2010	125,000	337,742	(1,596)	-	12,500	167,475	641,121	-	641,121

Consolidated									
Notes	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Currency translation differences from subsidiary in overseas Baht'000	Unrealised gain on change in fair value of investment Baht'000	Retained earnings		Total Baht'000	Minority interest Baht'000	Total Baht'000
					Appropriated Baht'000	Unappropriated Baht'000			
Opening balance as at 1 January 2009	125,000	337,742	(557)	-	12,500	333,394	808,079	934,998	1,743,077
Acquired minority interest	10	-	-	-	-	-	-	(900,280)	(900,280)
Currency translation differences	-	-	(1,332)	-	-	-	(1,332)	-	(1,332)
Unrealised gain on change in fair value of investment	-	-	-	1,307	-	-	1,307	-	1,307
Dividend paid	23	-	-	-	-	(62,500)	(62,500)	-	(62,500)
Net profit (loss) for the year	-	-	-	-	-	112,449	112,449	(34,718)	77,731
Ending balance as at 31 December 2009	125,000	337,742	(1,889)	1,307	12,500	383,343	858,003	-	858,003

The notes on pages 11 to 47 are an integral part of these financial statements.

ACAP Advisory Public Company Limited
Statements of Changes in Shareholders' Equity (Cont'd)
For the years ended 31 December 2010 and 2009

	Company						
	Note	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Unrealised gain on change in fair value of investment Baht'000	Retained earnings		Total Baht'000
					Appropriated Baht'000	Unappropriated Baht'000	
Opening balance as at 1 January 2010		125,000	337,742	1,307	12,500	45,501	522,050
Realised gain on change in fair value of investment		-	-	(1,307)	-	-	(1,307)
Dividend paid	23	-	-	-	-	(437,500)	(437,500)
Net profit for the year		-	-	-	-	325,914	325,914
Closing balance as at 31 December 2010		<u>125,000</u>	<u>337,742</u>	<u>-</u>	<u>12,500</u>	<u>(66,085)</u>	<u>409,157</u>

	Company						
	Note	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Unrealised gain on change in fair value of investment Baht'000	Retained earnings		Total Baht'000
					Appropriated Baht'000	Unappropriated Baht'000	
Opening balance as at 1 January 2009		125,000	337,742	-	12,500	70,637	545,879
Unrealised gain on change in fair value of investment		-	-	1,307	-	-	1,307
Dividend paid	23	-	-	-	-	(62,500)	(62,500)
Net profit for the year		-	-	-	-	37,364	37,364
Closing balance as at 31 December 2009		<u>125,000</u>	<u>337,742</u>	<u>1,307</u>	<u>12,500</u>	<u>45,501</u>	<u>522,050</u>

The notes on pages 11 to 47 are an integral part of these financial statements.

ACAP Advisory Public Company Limited
Statements of Cash Flows
For the years ended 31 December 2010 and 2009

	Notes	Consolidated		Company	
		2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Cash flows from operating activities					
Profit before income tax		228,648	102,633	325,985	46,282
Adjustment for:					
Depreciation and amortisation		69,611	107,027	11,741	8,871
Interest income		(271,667)	(480,503)	(8,619)	(4,234)
Interest expense		129,620	103,028	45,568	488
Interest expense from hire-purchase and financial lease contracts		1,164	1,471	1,135	480
Dividend income	10	-	-	(429,649)	(14,615)
Restructuring provision (reversal)		(33,693)	38,971	-	-
Loss on impairment of investment in non-performing assets		925,990	98,588	-	-
Bad debt and doubtful account (reversal)		(85,364)	(134,799)	-	250
Bad debt and doubtful account of loans to non-performing assets		275,943	(32,507)	-	-
Impairment loss from investments in subsidiaries	10	-	-	41,000	-
(Income) loss from loan forgiveness	21, 28 v)	(1,495,010)	-	17,472	-
Loss from restructuring in loans to non-performing assets and investment in non-performing assets		19,593	22,538	-	-
Gain on acquired minority interest of subsidiary	10	-	(138,597)	-	-
(Gain) loss on sales/impairment/write-off assets		53,978	23,429	3,459	(1,127)
Loss on foreign currencies translation		2,371	5,952	1,901	582
Profit (loss) from operating activities before changes in operating assets and liabilities		(178,816)	(282,769)	9,993	36,977
(Increase) decrease in operating assets					
Accounts and notes receivable		(6,371)	(6,885)	103	(139)
Investment in non-performing assets		40,044	473,652	-	-
Loans to non-performing assets		501,525	534,778	-	-
Loans to consumers and interests receivable		146,155	555,862	-	-
Accounts receivable - related companies		1,437	39,501	10,860	34,984
Amount due from - related companies		(1,049)	(13,493)	1,367	6,301
Other current assets		(7,517)	11,976	(5,591)	(67)
Other non-current assets		5,899	433	(1,067)	(712)
Increase (decrease) in operating liabilities					
Accounts and notes payable		15,649	(4,530)	(4,273)	-
Amount due to related companies		(476)	(11,941)	(627)	6,407
Other current liabilities		466,464	63,696	(91,501)	88,851

The notes on pages 11 to 47 are an integral part of these financial statements.

ACAP Advisory Public Company Limited
Statements of Cash Flows (Cont'd)
For the years ended 31 December 2010 and 2009

	Notes	Consolidated		Company	
		2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Cash flows from operating activities (Cont'd)					
Cash generated from (used in) operation before interest and income tax received (paid)		982,944	1,360,280	(80,736)	172,602
Interest income received		294,296	436,875	5,893	4,979
Interest expense paid excluding finance lease contracts		(53,321)	(158,002)	(45,546)	-
Income tax paid		(15,435)	(18,913)	(7,362)	(9,554)
Net cash provided by (used in) operating activities		1,208,484	1,620,240	(127,751)	168,027
Cash flows from investing activities					
Cash paid for short-term investment	8	-	(49,774)	-	(9,744)
Cash paid for short-term loans to related companies	28 v)	-	-	(10,500)	(3,000)
Cash paid for increase of issuing share of subsidiaries	10	-	-	(6,600)	(9,000)
Cash paid for acquisition of minority interest of a subsidiary	10	-	(761,683)	-	(1,683)
Cash paid for purchase of building improvement, equipment and intangible assets		(20,235)	(12,343)	(10,601)	(10,972)
Cash received from disposal of short-term investment	8	28,702	11,219	11,845	-
Cash received from short-term loans to related companies	28 v)	-	-	10,300	9,500
Cash received from long-term loans to related companies	28 v)	-	-	9,545	32,554
Proceeds from disposal of building improvement equipment and intangible assets		5,081	2,326	1,776	-
Dividend received from investment in subsidiaries		-	-	429,649	24,632
Net cash provided by (used in) investing activities		13,548	(810,255)	435,414	32,287

The notes on pages 11 to 47 are an integral part of these financial statements.

ACAP Advisory Public Company Limited
Statements of Cash Flows (Cont'd)
For the years ended 31 December 2010 and 2009

	Notes	Consolidated		Company	
		2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Cash flows from financing activities					
Cash received from long-term loans					
from financial institutions	21	-	864,370	-	-
Cash paid for long-term loans					
from financial institutions	21	(1,049,739)	(308,118)	-	-
Cash paid on long-term loans					
from related companies	28 vi)	(173,591)	(1,640,486)	-	-
Dividend paid	23	(437,500)	(62,500)	(437,500)	(62,500)
Cash paid for liabilities under					
financial lease contracts		(8,016)	(7,562)	(6,798)	(2,823)
Net cash used in financing activities		(1,668,846)	(1,154,296)	(444,298)	(65,323)
Net increase (decrease) in cash and cash equivalents					
		(446,814)	(344,311)	(136,635)	134,991
Cash and cash equivalents at beginning of the year		1,438,982	1,783,293	245,098	110,083
Exchange gain (loss) on cash		(1,623)	-	(1,624)	24
Cash and cash equivalents at end of the year		990,545	1,438,982	106,839	245,098
Non-cash transactions					
Purchase equipment under financial					
lease contracts		20,454	-	20,454	-
Restructuring investment in					
non-performing assets	11	1,209,249	742,216	-	-
Purchase investment in subsidiary by					
borrowing from related company	28 vi)	-	-	-	760,000
Foreclosed assets acquired by auction and					
repossession for debt settlement					
- Investment in non-performing assets		152,150	57,104	-	-
- Loans to non-performing assets		427,860	-	-	-

The notes on pages 11 to 47 are an integral part of these financial statements.

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 24 February 2011.

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 management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

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 Accounting policies (Cont'd)

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

a) Accounting framework

The amendment of accounting framework is effective on 26 May 2010.

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, but the Group has not early adopted them:

Effective for the 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

Effective for the periods beginning on or after 1 January 2013

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

The Group's management has determined that the new accounting standards, new financial reporting standards and amendments to accounting standards will not significantly impact the financial statements being presented, except for the following standards:

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework (Cont'd)

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

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 paid to or recovered from 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 by based on the temporary difference between the tax base of an asset or 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 from 1 January 2013 retrospectively with an expected to incur of deferred tax account and changes in retained earnings and income tax expense. The management is currently assessing the impact of applying this standard.

TAS 19 deal with accounting for employee benefit. The standard classifies employee benefit into 4 categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). An entity can choose to recognise any actuarial gain or loss for defined benefit plan either in other comprehensive income or profit and loss. Actuarial gain or loss for other long-term employee benefit shall recognise in profit and loss. The group will apply this standard from 1 January 2011. The impacts are to increase a provision for employee benefits amounting to Baht 31 million and Baht 17 million for the consolidated and company financial statements, respectively.

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.

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 Accounting policies (Cont'd)

2.4 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using Thai Baht. The 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 balance sheet 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 statement of income.

Statements of 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 balance sheets are translated at the exchange rates ruling on the balance sheet date. 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 currency translation differences are recognised in the statement of income as part of the gain or loss on sale.

2.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet 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 balance sheet 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 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 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 income statement.

2 Accounting policies (Cont'd)

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 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 Company. 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 statements of income.

2.9 Loans to non-performing assets and allowance for doubtful accounts (Cont'd)

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 income statement 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 Accounting policies (Cont'd)

2.11 Troubled debt restructuring

The subsidiaries record transaction relating to troubled debt restructuring in accordance with the Accounting Standards No. 34 "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 in statements of income 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 Accounting policies (Cont'd)

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

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 income statement 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 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 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 Accounting policies (Cont'd)

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 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 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 consolidated and company's financial statements in the period in which they are approved by the shareholders.

2 Accounting policies (Cont'd)

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 31.

3 Financial risk management

Significant financial assets carried on the balance sheet 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 balance sheet 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.

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.

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

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 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	<u>59,566</u>	<u>2,404,989</u>	<u>343,356</u>	<u>(615,376)</u>	<u>2,192,535</u>
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 minority interest	(11,578)	584,480	27,007	(378,277)	221,632
Minority interest	-	-	-	-	-
Net profit (loss) for the year	<u>(11,578)</u>	<u>584,480</u>	<u>27,007</u>	<u>(378,277)</u>	<u>221,632</u>
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

	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 2009					
Revenues					
Third party revenue	32,333	598,883	400,628	-	1,031,844
Inter-segment revenue	3,056	(3,552)	15,498	(15,002)	-
Total revenues	<u>35,389</u>	<u>595,331</u>	<u>416,126</u>	<u>(15,002)</u>	<u>1,031,844</u>
Operating results	7,613	143,550	(69,916)	126,574	207,821
Financial costs	(108)	(106,739)	(936)	2,595	(105,188)
Profit (loss) before tax	7,505	36,811	(70,852)	129,169	102,633
Income tax	-	(24,902)	-	-	(24,902)
Profit (loss) before minority interest	7,505	11,909	(70,852)	129,169	77,731
Minority interest	-	-	-	-	(34,718)
Net profit (loss) for the year	<u>7,505</u>	<u>11,909</u>	<u>(70,852)</u>	<u>129,169</u>	<u>112,449</u>
Segment assets	1,329,425	5,701,399	1,956,676	(1,871,570)	7,115,930
Segment liabilities	890,406	6,146,277	119,369	(898,126)	6,257,926
Capital expenditure	37,672	4,629	40,932	(2,633)	80,600
Depreciation and amortisation	2,016	14,555	90,746	(290)	107,027

6 Segment information (Cont'd)

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 included all areas of operation to primary business segments.
- Malaysia, the area of operation in this country is non-performing assets management segment.

	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
Malaysia	35,940	25,524	10,875	2,143
Total	2,192,535	4,716,580	4,075,459	75,924
	Consolidated			
	Total revenue Baht'000	Total assets Baht'000	Total liabilities Baht'000	Capital expenditure Baht'000
For the year ended 31 December 2009				
Thailand	997,129	7,100,072	6,252,992	78,098
Malaysia	34,716	15,857	4,934	2,502
Total	1,031,845	7,115,929	6,257,926	80,600

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

7 Cash and cash equivalents

	Consolidated		Company	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Cash on hand	518	457	89	103
Deposit held at call with banks	484,069	1,294,888	50,792	116,413
Fixed deposit no longer than 3 months	505,958	143,637	55,958	128,582
Total cash and cash equivalents	990,545	1,438,982	106,839	245,098

The interest rate of deposit held at call with banks at 0.5% per annum (2009: 0.5% per annum). The interest rate of fixed deposit at banks with original maturity of three month or less range at 0.5% - 0.8% per annum (2009: 0.5% - 1.25% per annum).

8 Short-term investments

	Consolidated			
	2010		2009	
	Cost/ book value Baht'000	Fair value Baht'000	Cost/ book value Baht'000	Fair value Baht'000
Fixed deposit with financial institution with original maturity over three months	23,173	-	40,030	-
Available-for-sale securities				
Subordinated debt securities	-	-	10,524	11,831
<u>Add</u> Mark to market adjustment	-	-	1,307	-
Total available-for-sale investment	-	-	11,831	11,831
	23,173		51,861	
	Company			
	2010		2009	
	Cost/ book value Baht'000	Fair value Baht'000	Cost/ book value Baht'000	Fair value Baht'000
Available-for-sale securities				
Subordinated debt securities	-	-	10,524	11,831
<u>Add</u> Mark to market adjustment	-	-	1,307	-
Total available-for-sale investment	-	-	11,831	11,831
Total short-term investments	-		11,831	

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

8 Short-term investments (Cont'd)

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

	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Opening balance	51,861	11,219	11,831	-
Additions	-	49,774	-	9,744
Repayment during the period	(28,702)	(11,219)	(11,845)	-
Foreign currency translation	(278)	(606)	(278)	(606)
Amortisation of discount on investment	1,059	1,386	1,059	1,386
change in fair value	(767)	1,307	(767)	1,307
Ending balance	23,173	51,861	-	11,831

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 2010, short-term investment of a subsidiary represented a fixed deposit with a financial institution which has a term of 6 months with the interest rate at 0.25% - 0.75% per annum (2009: 0.35% per annum). The fixed deposit has been pledged with a bank for the standby letter of credit. The management has intention to return the standby letter of credit and withdraw the collateral within 1 year.

9 Accounts and notes receivables, net

	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Accounts receivable				
Accrued incomes	8,047	2,600	2	105
Undue and up to 30 days	7,250	5,902	-	-
Overdue 30 days but not over 180 days	406	500	-	-
Overdue 180 days but not over 1 year	155	690	-	250
Overdue more than 1 year	23,452	22,842	11,646	11,396
Total	39,310	32,534	11,648	11,751
<u>Less</u> Allowance for doubtful accounts	(14,444)	(14,039)	(11,646)	(11,646)
Accounts and notes receivable, net	24,866	18,495	2	105

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

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	
				2010	2009
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	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
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 Indirect	57.60 42.40	- -

The followings are details of investment in subsidiaries.

	2010						
	Company						
	Paid-up capital Baht'000	Cost method		Net Baht'000	Investment proportion		Dividend paid by subsidiaries Baht'000
Cost Baht'000		Allowance for impairment Baht'000	Amount at par Baht'000		Percentage 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	-
		<u>979,865</u>	<u>(41,000)</u>	<u>938,865</u>	<u>1,977,700</u>		<u>429,649</u>
2009							
Company							
Paid-up capital Baht'000	Cost method		Net Baht'000	Investment proportion		Dividend paid by subsidiaries Baht'000	
	Cost Baht'000	Allowance for impairment Baht'000		Amount at par Baht'000	Percentage 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.	10,000	10,000	-	10,000	10,000	99.99	-
Global Service Center Co.,Ltd	10,000	10,000	-	10,000	10,000	99.99	5,000
ACAP Consulting Co., Ltd.	550	550	-	550	550	99.99	-
ACAP (Malaysia) Sdn. Bhd.	5,290	5,290	-	5,290	5,290	99.99	9,615
Capital OK Co., Ltd.	1,875,000	922,425	-	922,425	1,875,000	99.99	-
		<u>973,265</u>	<u>-</u>	<u>973,265</u>	<u>1,946,700</u>		<u>14,615</u>

10 Investment in subsidiaries (Cont'd)

At the Extraordinary Shareholders Meeting on 11 September 2009, the shareholders of Global Service Center Company Limited increased authorised share capital from 100,000 ordinary shares with a par value of Baht 10 per share to 1,000,000 ordinary shares with a par value of Baht 10 per share.

At the Extraordinary Shareholders Meeting No. 1/2552 on 21 December 2009, it was approved to purchase 91,874,994 ordinary shares which represent 49% of ordinary shares of Capital OK Company Limited which is a subsidiary of the Company from ORIX Corporation. On 28 December 2009, the Company purchased such shares with the acquisition cost (including direct expense relating to the acquisition) was Baht 762 million which was lower than the net asset value of the acquired net assets of Baht 900 million as at 31 December 2009 of Capital OK Company Limited. The Company recorded the amount which was lower than the net asset value of Baht 138 million as a gain on acquired minority interest of subsidiary and recognised as other income in the consolidated income statement.

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, totaling 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, totaling Baht 599,960.

11 Investments in non-performing assets

	Consolidated	
	2010	2009
	Baht'000	Baht'000
Investment in non-performing assets	3,513,324	4,897,145
<u>Less</u> Allowance for impairment	<u>(1,653,220)</u>	<u>(709,608)</u>
Net book value	<u>1,860,104</u>	<u>4,187,537</u>
	Consolidated	
	2010	2009
	Baht'000	Baht'000
Current portion	1,203,134	615,406
Non-current portion	<u>656,970</u>	<u>3,572,131</u>
	<u>1,860,104</u>	<u>4,187,537</u>

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 and 2009, 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 32).

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

11 Investments in non-performing assets (Cont'd)

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

	Consolidated						
	Number of loan		Outstanding principal balance		Investment at cost		
	2010	2009	2010	2009	2010	2009	
				Baht'000	Baht'000	Baht'000	Baht'000
For the years ended 31 December							
Beginning net book balance	879	982	19,523,505	33,659,761	4,187,538	5,501,994	
Repayments	(8)	(21)	(1,092,597)	(12,019,099)	(192,195)	(471,735)	
Transfer to loans to non-performing assets							
- Transfer of investments	(68)	(82)	(1,441,382)	(2,117,157)	(1,209,249)	(742,216)	
- Reversal of allowance for impairment of investment	-	-	-	-	180,647	24,695	
Impairment on investment in non-performing assets	-	-	-	-	(1,106,637)	(125,201)	
Closing balance	803	879	16,989,526	19,523,505	1,860,104	4,187,537	

12 Loans to non-performing assets

	Consolidated	
	2010	2009
	Baht'000	Baht'000
Estimated cash flows in the future	1,399,379	1,704,890
<u>Less</u> Deferred income from loans to non-performing assets	(114,531)	(681,890)
Total	1,284,848	1,023,000
<u>Less</u> Allowance for doubtful accounts (Note 13)	(285,709)	(8,189)
Net book value	999,139	1,014,811
Current portion	907,632	354,062
Non-current portion	91,507	660,749
	999,139	1,014,811

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 and 2009 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 32).

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

12 Loans to non-performing assets (Cont'd)

Type of business and classification are as follows:

	Consolidated					
	2010					
	Normal	Special	Sub-	Doubtful	Doubtful	Total
	Baht'000	mentioned	standard	Baht'000	accounts	Baht'000
		Baht'000	Baht'000	Baht'000	Baht'000	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

	Consolidated					
	2009					
	Normal	Special	Sub-	Doubtful	Doubtful	Total
	Baht'000	mentioned	standard	Baht'000	accounts	Baht'000
		Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Agriculture and mining	-	-	1,236	-	46,892	48,128
Industrials and commerce	145,000	-	50,620	-	243,030	438,650
Property and construction	339	-	764	-	5,409	6,512
Utilities and services	-	-	-	-	510,991	510,991
Personal housing	-	-	1,516	-	11,850	13,366
Others	-	-	-	-	5,692	5,692
Eliminate transactions	-	-	-	-	(339)	(339)
Total	145,339	-	54,136	-	823,525	1,023,000

Types of business and classification are as follows:

	Consolidated			
	2010			
	Book value	Book value	Rate	Allowance
	Baht'000	after net	allowance	for doubtful
		collateral	for doubtful	accounts
	Baht'000	value	accounts	accounts
		Baht'000	%	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

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

12 Loans to non-performing assets (Cont'd)

Types of business and classification are as follows: (Cont'd)

	Consolidated			
	2009			
	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	145,339	-	1	-
Special mentioned receivables	-	-	2	-
Sub-standard receivables	54,136	137	100	137
Doubtful receivables	-	-	100	-
Doubtful accounts receivables	823,864	8,052	100	8,052
Eliminate transactions	(339)	-	-	-
Total	1,023,000	8,189		8,189

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 2010 and 2009, the subsidiaries have outstanding loan balances which have been restructured as follows:

	Consolidated			
	2010		2009	
	Number of loans	Outstanding balance after restructuring Baht'000	Number of loans	Outstanding balance after restructuring Baht'000
Beginning balance	81	1,023,339	97	942,843
Restructured during the year	68	1,209,249	82	742,216
Repaid and closed during the year	(72)	(947,740)	(98)	(662,059)
Ending balance	77	1,284,848	81	1,023,000

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

	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

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

12 Loans to non-performing assets (Cont'd)

	Consolidated		
	2009		
	Number of debtors	Balance before debt restructuring Baht'000	Balance after debt restructuring Baht'000
Changes in repayment conditions	82	742,216	728,877
	82	742,216	728,877

The subsidiaries considered that carrying value in the amount Baht 1,190 million and Baht 729 million, respectively, is fair value of debtors as at the transferring date.

For the year ended 31 December 2010 and 2009 the subsidiaries recognised loss from debt restructuring amounting to Baht 19.59 million and Baht 22.54 million, respectively.

As at 31 December 2010 and 2009, outstanding balance after restructuring of restructured loans to non-performing assets are classified by the remaining years of agreements are as follows:

	Consolidated			
	2010		2009	
	Number of debtors	Baht'000	Number of debtors	Baht'000
Within one year	57	1,141,586	57	826,015
More than one year	20	143,262	24	196,985
Total	77	1,284,848	81	1,023,000

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

	Consolidated					
	2010					
	Normal Baht'000	Special mentioned Bah'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	16,173	-	9	-	269,527	285,709

	Consolidated					
	2009					
	Normal Baht'000	Special mentioned Bah'000	Sub- standard Baht'000	Doubtful Baht'000	Doubtful loss Baht'000	Total Baht'000
Balance at beginning of the year	4	-	1,349	-	39,343	40,696
Decrease during the year	(4)	-	(1,212)	-	(31,291)	(32,507)
Balance at the end of the year	-	-	137	-	8,052	8,189

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.

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

14 Loans to consumers and interest receivable, net

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

	Consolidated	
	2010	2009
	Baht'000	Baht'000
Overdue below 3 months	58,180	256,567
Overdue more than 3 months	87,866	113,709
Total	146,046	370,276
<u>Less</u> Allowance for doubtful accounts	(92,723)	(236,040)
	<u>53,323</u>	<u>134,236</u>
Current portion	53,323	113,237
Non-current portion	-	20,999
	<u>53,323</u>	<u>134,236</u>

As at 31 December 2010 and 2009, 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 33).

15 Other current assets

	Consolidated		Company	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Foreclosed assets, net	566,299	37,313	-	-
Other receivable	23,222	7,414	3,064	-
Advance to other companies, net	18,683	24,208	14	14
Interest receivable	17,336	16,823	32	216
Others	23,768	17,928	2,484	1,245
	<u>649,308</u>	<u>103,686</u>	<u>5,594</u>	<u>1,475</u>

16 Other non-current assets

	Consolidated		Company	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Deposit	12,780	16,643	4,559	3,347
Others	1,927	3,962	568	712
	<u>14,707</u>	<u>20,605</u>	<u>5,127</u>	<u>4,059</u>

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

17 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 2009						
Cost	53,793	218,724	51,452	53,927	39,777	417,673
<u>Less</u> Accumulated depreciation	(39,829)	(152,002)	(26,104)	(31,730)	(19,663)	(269,328)
Net book amount	<u>13,964</u>	<u>66,722</u>	<u>25,348</u>	<u>22,197</u>	<u>20,114</u>	<u>148,345</u>
For the year ended 31 December 2009						
Opening net book amount	13,964	66,722	25,348	22,197	20,114	148,345
Additions	231	4,929	664	980	729	7,533
Disposals/write off, net	(737)	(1,586)	(492)	(201)	(563)	(3,579)
Depreciation charge	(7,052)	(35,080)	(7,246)	(9,930)	(6,442)	(65,750)
Impairment charges	(5,758)	-	(119)	(72)	-	(5,949)
Closing net book amount	<u>648</u>	<u>34,985</u>	<u>18,155</u>	<u>12,974</u>	<u>13,838</u>	<u>80,600</u>
At 31 December 2009						
Cost	50,684	199,032	49,910	52,909	35,345	387,880
<u>Less</u> 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	<u>648</u>	<u>34,985</u>	<u>18,155</u>	<u>12,974</u>	<u>13,838</u>	<u>80,600</u>
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	<u>583</u>	<u>17,373</u>	<u>16,729</u>	<u>7,041</u>	<u>34,198</u>	<u>75,924</u>
At 31 December 2010						
Cost	26,300	191,026	45,028	48,839	56,815	368,008
<u>Less</u> Accumulated depreciation	(25,717)	(173,653)	(28,299)	(41,798)	(22,617)	(292,084)
Net book amount	<u>583</u>	<u>17,373</u>	<u>16,729</u>	<u>7,041</u>	<u>34,198</u>	<u>75,924</u>

As at 31 December 2010, the cost before accumulated depreciation of fully depreciated building improvement and equipment that are still in use are amounting to Baht 151.37 million (2009: Baht 102.40 million).

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

17 Building improvement and equipments (Cont'd)

	Company				
	Computers Baht'000	Furniture and fixture Baht'000	Equipment Baht'000	Vehicles Baht'000	Total Baht'000
At 1 January 2009					
Cost	4,221	15,235	6,270	23,374	49,100
<u>Less</u> Accumulated depreciation	(1,499)	(1,777)	(3,135)	(9,181)	(15,592)
Net book amount	<u>2,722</u>	<u>13,458</u>	<u>3,135</u>	<u>14,193</u>	<u>33,508</u>
For the year ended 31 December 2009					
Opening net book amount	2,722	13,458	3,135	14,193	33,508
Additions	4,514	-	668	3,146	8,328
Depreciation charge	(1,122)	(1,656)	(1,195)	(4,614)	(8,587)
Closing net book amount	<u>6,114</u>	<u>11,802</u>	<u>2,608</u>	<u>12,725</u>	<u>33,249</u>
At 31 December 2009					
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	<u>6,114</u>	<u>11,802</u>	<u>2,608</u>	<u>12,725</u>	<u>33,249</u>
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	<u>6,110</u>	<u>10,161</u>	<u>1,764</u>	<u>34,146</u>	<u>52,181</u>
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	<u>6,110</u>	<u>10,161</u>	<u>1,764</u>	<u>34,146</u>	<u>52,181</u>

As at 31 December 2010, the cost before accumulated depreciation of fully depreciated building improvement and equipments that are still in use are amounting to Baht 6.84 million (2009: Baht 8.7 million).

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

18 Intangible assets

	Consolidated		Company
	Goodwill Baht'000	Computer software Baht'000	Software Baht'000
At 1 January 2009			
Cost	13,052	261,661	2,227
<u>Less</u> Accumulated amortisation	-	(183,321)	(174)
Allowance for impairment loss	(6,163)	-	-
Net book amount	<u>6,889</u>	<u>78,340</u>	<u>2,053</u>
For the year ended 31 December 2009			
Opening net book amount	6,889	78,340	2,053
Additions	-	5,608	3,205
Amortisation charge	-	(41,262)	(543)
Impairment loss	(4,351)	(8,222)	-
Closing net book amount	<u>2,538</u>	<u>34,464</u>	<u>4,715</u>
At 31 December 2009			
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	<u>2,538</u>	<u>34,464</u>	<u>4,715</u>
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	<u>-</u>	<u>13,378</u>	<u>4,478</u>
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	<u>-</u>	<u>13,378</u>	<u>4,478</u>

19 Other current liabilities

	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Deposits (Note 32)	477,637	23,000	-	-
Other payable (Note 32)	171,780	24,912	615	1,047
Other accrued expense	54,383	69,672	1,329	2,333
Accrued withholding tax	3,856	96,134	971	92,760
Suspense accounts from receivables in process of disposing	7,455	28,179	-	-
Restructuring provision	-	38,971	-	-
Interest payable	-	15,488	-	-
Other provision	19,600	-	-	-
Others	7,367	13,973	2,640	3,052
	<u>742,078</u>	<u>310,329</u>	<u>5,555</u>	<u>99,192</u>

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

20 Obligation under long term lease contracts

	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Minimum lease payments obligation under long-term lease contracts	22,520	7,228	22,520	6,009
<u>Less</u> Deferred interest	<u>(2,192)</u>	<u>(501)</u>	<u>(2,192)</u>	<u>(472)</u>
	<u>20,328</u>	<u>6,727</u>	<u>20,328</u>	<u>5,537</u>
Current portion due within one year	7,596	3,536	7,596	2,346
Non-current portion due after one year	12,732	3,191	12,732	3,191
	<u>20,328</u>	<u>6,727</u>	<u>20,328</u>	<u>5,537</u>

21 Long-term loans from financial institutions

	Consolidated	
	2010 Baht'000	2009 Baht'000
Beginning balance	4,147,323	3,584,652
Increase during the year	-	864,370
Repayment during the year	(1,014,410)	(308,118)
Unrealised gain (loss) from exchange rate	(35,329)	6,419
Income from loan forgiveness	(1,495,010)	-
Ending balance	<u>1,602,574</u>	<u>4,147,323</u>
Current portion	1,270,226	3,406,602
Non-current portion	332,348	740,721
	<u>1,602,574</u>	<u>4,147,323</u>

In February and April 2007, the ACAP Asset Management Company Limited, a subsidiary, has borrowed from the Company (Note 29 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.

During 2008, Capital OK Company Limited, a subsidiary, has a long-term borrowing with a local financial institution amounting to Baht 700 million which matured within 7 July 2009. Such borrowing was paid in 17 installments on every monthly repayment date commencing from 7 March 2008, bearing interest at the rates of BIBOR-1 month plus 0.55% per annum.

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

21 Long-term loans from financial institution (Cont'd)

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

Star Assets Management Ltd., 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 31).

22 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.

23 Dividends paid

At the 2009 annual ordinary shareholders' meeting which was held on 28 April 2009, it approved to pay the dividend to the shareholders of Baht 0.50 per share from the 2008 annual net profit after set aside a legal reserve for the year ended 31 December 2008, totalling Baht 62.5 million.

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, totalling Baht 437.5 million. Interim dividend was paid to the shareholders on 8 December 2010.

24 Other income

	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Recovery of bad debts written-off	223,091	246,888	-	-
Gain on acquired minority interest of subsidiary (Note 10)	-	138,597	-	-
Interest income	12,239	13,667	7,559	5,620
Other income (Note 28 i)	46,155	19,780	453,054	45,188
Total	281,485	418,932	460,613	50,808

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

25 Administrative expenses

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

	Consolidated		Company	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Impairment loss from investment in non-performing asset	914,876	98,588	-	-
Bad debt and doubtful accounts of loans to non-performing assets (reversal)	276,024	(32,507)	-	-
Bad debt and doubtful accounts (reversal)	(69,437)	(96,226)	-	250
Personnel expenses	189,379	230,139	74,941	67,939
Operating expenses	141,324	237,379	7,512	8,214
Depreciation and amortisation charges	69,611	102,962	11,741	9,130
Rental expenses	38,811	56,507	19,525	21,952
Impairment loss from foreclosed assets	34,258	398	-	-
Loss from debt restructuring	19,593	22,538	-	-
Repair and maintenance expenses	17,028	24,937	1,281	1,135
Impairment loss from investment in and loans to subsidiaries	-	-	58,472	-
Restructuring provision (reversal)	(33,693)	38,971	-	-

26 Basic earnings per share

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

	Consolidated		Company	
	2010	2009	2010	2009
Net profit attributable to ordinary shareholders (Baht'000)	221,632	112,449	325,914	37,364
Weighted average number of ordinary shares issued during the year (Shares)	125,000	125,000	125,000	125,000
Basic earnings per share (Baht)	1.77	0.90	2.61	0.30

There are no potential dilutive ordinary share issued for the years ended 31 December 2010 and 2009.

27 Staff provident fund

The Group and the Company paid to provident fund for the year ended 31 December 2010 in the amount of Baht9.72 million and Baht 4.10 million, respectively (2009: Baht 4.62 million and Baht 3.73 million, respectively).

28 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 (2009: Dr. Vivat Vitoontien and family and Orix Corporation, which represent 36.39% and 20.00% of total registered share capital, respectively).

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 2010 and 2009, 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
Orix Corporation Co., Ltd.	Shareholder	Associate/mutual director
Standard Bank Asia Ltd.	Related company	Mutual director
Standard Bank Plc.	Related company	Mutual director
Inter Capital Alliance Asset Management Co., Ltd.	Related company	Mutual management

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

28 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties:

i) Income for the years ended 31 December

	Consolidated		Company	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Service income				
Base fee				
- ACAP Asset Management Co., Ltd.	-	-	33,776	42,749
- Star Asset Management Ltd.	-	-	26,765	33,525
- Inter Capital Alliance Asset Management Co., Ltd.	62,048	57,143	62,048	57,143
Collection fee				
- ACAP Asset Management Co., Ltd.	-	-	1,630	3,496
- Star Asset Management Ltd.	-	-	223	516
- Inter Capital Alliance Asset Management Co., Ltd.	8,051	9,993	8,051	9,993
Professional fee				
- ACAP Asset Management Co., Ltd.	-	-	960	960
- Star Asset Management Ltd.	-	-	2,200	2,960
- Inter Capital Alliance Asset Management Co., Ltd.	5,964	9,855	-	-
Other Service fee				
- Capital OK Co., Ltd.	-	-	1,508	768
- Professional Collection Company Limited	-	-	146	75
- Global Service Center Co., Ltd.	-	-	82	-
Total service income	<u>76,063</u>	<u>76,991</u>	<u>137,389</u>	<u>152,185</u>

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

28 Related party transactions (Cont'd)

i) Income for the years ended 31 December (Cont'd)

	Consolidated		Company	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Other income				
Accounting and financial service income				
- Global Service Center Co., Ltd.	-	-	4,500	7,850
- Capital OK Co., Ltd.	-	-	9,000	18,000
- Professional Collection Company Limited	-	-	4,500	-
Sharing expense income				
- ACAP Consulting Co., Ltd.	-	-	8	20
- Star Asset Management Co., Ltd.	-	-	1	4
Interest income				
- ACAP Asset Management Co., Ltd.	-	-	452	-
- Star Asset Management Ltd.	-	-	2,616	-
- ACAP Consulting Co., Ltd.	-	-	35	-
- ACAP Corporate Services Co., Ltd.	-	-	36	12
- Global Service Center Co., Ltd.	-	-	-	34
Dividend income				
- ACAP Corporate Services Co., Ltd.	-	-	-	5,000
- ACAP (Malaysia) Sdn. Bhd.	-	-	9,649	9,615
- Capital OK Co., Ltd	-	-	420,000	-
Total other income	-	-	450,797	40,535

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 28 vi). Other income were carried out at the negotiated condition.

ii) Expenses for the years ended 31 December

	Consolidated		Company	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Cost of service				
Professional fee				
- ACAP Consulting Co., Ltd.	-	-	1,960	2,160
Total cost of service	-	-	1,960	2,160
Administrative expenses				
Rental and maintenance equipment				
- Global Services Center Co., Ltd.	-	-	7,200	9,322
Bank charge				
- Standard Bank Asia Ltd.	-	160	-	-
Total administrative expenses	-	160	7,200	9,322

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

28 Related party transactions (Cont'd)

iii) Finance costs for the years ended 31 December

	Consolidated		Company	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
- Standard Bank Plc.	90,784	64,621	-	-
- Standard Bank Asia Ltd.	-	6,131	-	-
- Capital OK Co., Ltd.	-	-	45,568	448
	<u>90,784</u>	<u>70,752</u>	<u>45,568</u>	<u>448</u>

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

	Consolidated		Company	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Accounts receivable				
related companies				
- ACAP Asset Management Co., Ltd.	-	-	-	1,734
- Star Asset Management Ltd.	-	-	1,322	3,642
- ACAP Corporate Services Co., Ltd.	-	-	6,000	8,000
- Capital OK Co., Ltd.	-	-	750	1,500
- Inter Capital Alliance Asset Management Co., Ltd.	2,845	4,282	1,645	2,551
- Global Service Center Co., Ltd.	-	-	375	3,900
- Professional Collection Co., Ltd.	-	-	375	-
	<u>2,845</u>	<u>4,282</u>	<u>10,467</u>	<u>21,327</u>
Amount due from related companies				
- ACAP Asset Management Co., Ltd.	-	-	329	1,041
- Star Asset Management Ltd.	-	-	3,128	1,017
- ACAP Corporate Services Co., Ltd.	-	-	1	762
- ACAP Consulting Co., Ltd.	-	-	4	-
- Global Service Center Co., Ltd.	-	-	-	-
- ACAP (Malaysia) Sdn. Bhd.	-	-	61	82
- Capital Ok Co., Ltd.	-	-	-	-
- Inter Capital Alliance Asset Management Co., Ltd.	4,096	3,047	4,096	3,046
- Standard Bank Plc.	3,510	18,945	-	-
- Professional Collection Co., Ltd.	-	-	100	-
	<u>7,606</u>	<u>21,992</u>	<u>7,719</u>	<u>5,948</u>

ACAP Advisory Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

28 Related party transactions (Cont'd)

iv) Outstanding balances arising from sales/purchases of services as at 31 December (Cont'd)

	Consolidated		Company	
	2010	2009	2010	2009
	Baht'000	Baht'000	Baht'000	Baht'000
Amount due to related companies				
- Standard Bank Plc.	88,942	13,593	-	-
- Standard Bank Asia Ltd.	-	-	-	-
- Capital Ok Co., Ltd.	-	-	1,240	1,152
- Professional Collection Co., Ltd.	-	-	71	64
- Global Service Center Co., Ltd.	-	-	71	4,273
- Star Asset Management Ltd.	-	-	650	945
- Inter Capital Alliance Asset Management Co., Ltd.	-	476	-	476
	88,942	14,069	2,032	6,910

v) Loans to related parties

For the year ended 31 December 2009 and 2008, the Company has loan to subsidiaries as follows:

	Company			
	Short-term loans			
	2009	Addition during the year	Repayment during the year	2010
	Baht'000	Baht'000	Baht'000	Baht'000
ACAP Consulting Co., Ltd.	1,800	4,000	(1,900)	3,900
ACAP Corporate Services Co., Ltd.	3,000	6,500	(8,400)	1,100
Total	4,800	10,500	(10,300)	5,000

	Company				
	Long-term loans				
	2009	Transfer during the year	Repayment during the year	Allowance for doubtful	2010
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<u>Current portion of long-term loans</u>					
Star Asset Management Ltd.	-	11,891	-	-	11,891
ACAP Asset Management Co., Ltd.	46,333	-	(999)	(17,472)	27,862
Total	46,333	11,891	(999)	(17,472)	39,753
<u>Long-term loans</u>					
Star Asset Management Ltd.	41,484	(11,891)	(8,546)	-	21,047
Total	41,484	(11,891)	(8,546)	-	21,047

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.

28 Related party transactions (Cont'd)

vi) Loans from related parties

During the years ended 31 December 2010 and 2009, the Company and subsidiaries have loans from related parties as follows:

	Consolidated			
	Long-term loans			
	2009	Transfer	Repayment	2010
Baht'000	during	during	Baht'000	Baht'000
	the year	the year		
	Baht'000	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.	1,778,709	(501,620)	(173,591)	1,103,498
Company				
Long-term loans				
	2009	Addition	Repayment	2010
	Baht'000	during	during	Baht'000
		the year	the year	
		Baht'000	Baht'000	Baht'000
<u>Long-term loans</u>				
Capital OK Co., Ltd.	760,000	-	-	760,000
<u>Long-term loans from Standard Bank Plc.</u>				

(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.
- 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.
- 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.

On 15 September 2009, the subsidiary has entered into an agreement to change the borrower from Standard Bank Asia Ltd. to Standard Bank Plc and on 2 December 2009 has extended the final repayment from 22 October and 25 October 2009 to 31 December 2011.

As at 31 December 2010, the subsidiary has outstanding loan from the Company and Standard Bank Plc amounting to Baht 12 million and Baht 155 million, respectively (2009: Baht 20 million and Baht 242 million, respectively).

28 Related party transactions (Cont'd)

vi) Loans from related parties (Cont'd)

Long-term loans from Standard Bank Plc. (Cont'd)

(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.
- 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 the lender.
- 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 the lender.

On 15 September 2009, the subsidiary has entered into an agreement to change the borrower from Standard Bank Asia Ltd. to Standard Bank Plc and on 2 December 2009 has extended the final repayment until 31 December 2011.

As at 31 December 2010, the subsidiary has an outstanding loan with Standard Bank Plc. amounting to Baht 347 million (2009: Baht 433 million).

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

The subsidiary engaged in the loan facility agreement with the Company (Note 28 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 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.

As of 31 December 2010 and 2009, the outstanding borrowings with the Company and Standard Bank Plc amounted to Baht 21 million and Baht 1,103 million, respectively.

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

At the Extraordinary Shareholders Meeting No. 1/2552 on 21 December 2009, it was approved to enter into an agreement to borrow from Capital OK Company Limited which is a subsidiary of the Company to finance the purchase of the shares of Capital OK Company Limited (Note 10). 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. Interest on the loan shall be repayable semi-annually.

29 Commitments

As at 31 December 2010 and 2009, there were commitments from operating lease agreements of office building, warehouses and equipment and other service agreements as follows:

	Consolidated		Company	
	2010 Baht'000	2009 Baht'000	2010 Baht'000	2009 Baht'000
Within 1 year	56,478	109,341	12,942	7,110
More than 1 year but less than 5 years	24,000	22,268	18,082	-
Total	80,478	131,609	31,024	7,110

30 Directors' remuneration

Directors' remuneration which included salary, bonus, director fee and special remuneration for the year ended 31 December 2010 for the Group and the Company was Baht 30.30 million (2009: Baht 28.47 million).

31 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.

31 Financial instruments (Cont'd)

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 2010 and 2009, 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:

<u>Average exchange rate</u>	<u>2010</u>		<u>2009</u>	
	<u>Foreign currency (USD Million)</u>	<u>Million Baht</u>	<u>Foreign currency (USD Million)</u>	<u>Million Baht</u>
USD 1 = Baht 33.43	11.0	332	23.6	790

As at 31 December 2010 and 2009, 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 balance sheet date were negative at Baht 2.9 million and Baht 2.8 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 21 and 28. The management could not reliably estimate the expected cash to be received from non-performing assets.

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

In September 2010, ACAP Asset Management Co., Ltd., a subsidiary, of the Company, was planning to sell all of its non-performing assets portfolio which included investments in non-performing assets, loans to non-performing assets and foreclosed assets for the outstanding balance as at 30 September 2010. In October 2010, the subsidiary opened up a bidding process and received bids from interested investors. The subsidiary reviewed the price, conditions and processes of selling after the execution.

In October 2010, VTB Capital Plc., Singapore Branch (“VTB”) and the Company, the lenders for the investment in the non-performing assets portfolio held negotiations with the subsidiary relating to the non-performing assets portfolio sales transaction. It was agreed that the proceeds to be received from the sale would be repaid to the lenders. VTB and the Company acknowledged the selling price and the amount to be repaid as well as the fact that losses may be incurred as the amount received could be less than the outstanding borrowings balance.

On 22 November 2010, the subsidiary and Standard Chartered (Thai) Asset Management Co., Ltd. (“SCAMC”), the winner of the bidding process, signed an asset sale and purchase agreement 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 will be paid on 13 January 2011 or on such other date as the parties mutually agree. The subsidiary will 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 fails to pay any amount in accordance with the agreement, the subsidiary has 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. 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 the statement of income, of which Baht 1,495 million will be received from VTB and Baht 17 million will be received from the Company. The amount that will be received from the Company has been eliminated in the consolidated financial statements.

As at 31 December 2010, the subsidiary has received a deposit of Baht 430 million from SCAMC and has an obligation to pay back cash received from debtors after 30 September 2010 amounting to Baht 129 million. These amounts are presented as other current liabilities in the consolidated balance sheet, and the gain on loan forgiveness amounting to Baht 1,495 million is presented net of borrowings from VTB. The Company recorded a loss on loan forgiveness amounting to Baht 17 million in the Company statement of income and eliminated this transaction in the consolidated statement of 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 has 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 will not ask for any further repayment from the subsidiary once these amounts have 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.

33 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 will sell 370,921 accounts that have outstanding balances as at 1 December 2010. Of these, 7,483 accounts are active loans with outstanding balances amounting to Baht 76.3 million and 363,438 accounts are non-active loans with outstanding balances amounting to Baht 5,300.3 million. The subsidiary will 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 receivables since 1 December 2010 amounting to Baht 30 million, which were presented as other current liabilities in the consolidated balance sheet.

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 will be pro rated by the total consideration amount, but will not exceed Baht 26.2 million, and the adjustment must be made by 30 April 2011. The subsidiary has no other contingent liabilities from the sale.

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