

ACAP ADVISORY PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND
COMPANY FINANCIAL STATEMENTS (UNAUDITED)**

31 MARCH 2011

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Shareholders and the Board of Directors of ACAP Advisory Public Company Limited

I have reviewed the accompanying consolidated and company statements of financial position as at 31 March 2011, and the consolidated and company statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month periods ended 31 March 2011 and 2010 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 interim financial statements. My responsibility is to issue a report on these interim financial statements based on my reviews.

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

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

I have audited the consolidated and company financial statements for the year ended 31 December 2010 of ACAP Advisory Public Company Limited and its subsidiaries, and of ACAP Advisory Public Company Limited respectively, in accordance with generally accepted auditing standards and expressed unqualified opinion on those statements in my report dated 24 February 2011. The consolidated and company statements of financial position as at 31 December 2010, presented herewith for comparative purposes, are part of the consolidated and company financial statements which I have audited and issued a report thereon as stated above, and I have not performed any other auditing procedures subsequent to the date of that report.

Boonlert Kamolchanokkul
Certified Public Accountant (Thailand) No. 5339
PricewaterhouseCoopers ABAS Limited

Bangkok
12 May 2011

ACAP Advisory Public Company Limited
Statement of Financial Position
As at 31 March 2011 and 31 December 2010

	Notes	Consolidated		Company	
		Unaudited 31 March 2011 Baht'000	Audited 31 December 2010 Baht'000	Unaudited 31 March 2011 Baht'000	Audited 31 December 2010 Baht'000
Assets					
Current assets					
Cash and cash equivalents		1,051,581	990,545	107,740	106,839
Short-term investments		23,216	23,173	-	-
Accounts and notes receivable, net		33,810	24,866	9,638	2
Current portion of investment in non-performing assets, net	7	163,703	1,203,134	-	-
Current portion of loans to non-performing assets, net	8	206,215	907,632	-	-
Loans to consumers and interests receivable, net	9	-	53,323	-	-
Accounts receivable - related companies	15 iv	-	2,845	8,752	10,467
Amount due from related companies	15 iv	3,510	7,606	2,529	7,719
Short-term loans to related companies	15 v	-	-	10,000	5,000
Current portion of loans to related companies	15 v	-	-	11,258	39,753
Other current assets, net		654,575	649,308	13,031	5,594
Total current assets		2,136,610	3,862,432	162,948	175,374
Non-current assets					
Investment in non-performing assets, net	7	640,905	656,970	-	-
Loans to non-performing assets, net	8	75,650	91,507	-	-
Long-term loan to related companies	15 v	-	-	21,047	21,047
Investment in subsidiary companies	10	-	-	938,865	938,865
Long-term investments		1,670	1,662	-	-
Building improvement and equipment, net	12	62,194	75,924	47,580	52,181
Intangible assets, net	12	10,394	13,378	4,278	4,478
Other non-current assets, net		13,939	14,707	6,031	5,127
Total non-current assets		804,752	854,148	1,017,801	1,021,698
Total assets		2,941,362	4,716,580	1,180,749	1,197,072

Director _____ Director _____

Date _____

The notes to the interim financial statements on pages 9 to 21 are an integral part of these interim financial statements.

ACAP Advisory Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 March 2011 and 31 December 2010

	Notes	Consolidated		Company	
		Unaudited 31 March 2011 Baht'000	Audited 31 December 2010 Baht'000	Unaudited 31 March 2011 Baht'000	Audited 31 December 2010 Baht'000
Liabilities and shareholders' equity					
Current liabilities					
Accounts and notes payable		-	16,419	-	-
Amount due to related companies	15 iv	81,119	88,942	15,867	2,032
Current portion of long-term loans from financial institutions	17	316,197	1,270,226	-	-
Current portion of long-term loans from related companies	15 vi	490,298	501,620	-	-
Current portion of financial lease contracts	11	7,291	7,596	7,291	7,596
Other current liabilities	17	172,988	742,078	5,793	5,555
Total current liabilities		1,067,893	2,626,881	28,951	15,183
Non-current liabilities					
Liabilities under financial lease contract, net	11	11,272	12,732	11,272	12,732
Long-term loans from financial institutions	17	-	332,348	-	-
Long-term loans from related companies	15 vi	1,103,498	1,103,498	760,000	760,000
Other current liabilities	3	3,515	-	1,874	-
Total non-current liabilities		1,118,285	1,448,578	773,146	772,732
Total liabilities		2,186,178	4,075,459	802,097	787,915
Shareholders' equity					
Share capital					
Authorised, issued and paid-up share capital 125,000,000 ordinary shares of Baht 1 each		125,000	125,000	125,000	125,000
Issued and paid up share capital 125,000,000 ordinary shares of Baht 1 each		125,000	125,000	125,000	125,000
Premium on share capital		337,742	337,742	337,742	337,742
Retained earnings					
Appropriated		12,500	12,500	12,500	12,500
Unappropriated		281,360	167,475	(96,590)	(66,085)
Other components of equity		(1,418)	(1,596)	-	-
Equity attributable to owners of the parent		755,184	641,121	378,652	409,157
Non-controlling interests		-	-	-	-
Total shareholders' equity		755,184	641,121	378,652	409,157
Total liabilities and shareholders' equity		2,941,362	4,716,580	1,180,749	1,197,072

The notes to the interim financial statements on pages 9 to 21 are an integral part of these interim financial statements.

ACAP Advisory Public Company Limited
Statements of Comprehensive Income (Unaudited)
For the three-month periods ended 31 March 2011 and 2010

	Notes	Consolidated		Company	
		Unaudited 31 March 2011 Baht'000	Unaudited 31 March 2010 Baht'000	Unaudited 31 March 2011 Baht'000	Unaudited 31 March 2010 Baht'000
Revenues					
Service income	15 i	42,453	37,256	26,333	39,284
Interest income from non-performing asset management		11,910	73,562	-	-
Interest income from loans to consumers		-	12,890	-	-
Gain from sale of loans and receivables	18	242,177	-	-	-
Other income	15 i	14,340	77,588	1,767	9,137
Total revenues		310,880	201,296	28,100	48,421
Expenses					
Cost of services, assets management and loans		37,242	38,349	12,094	12,280
Administrative expenses	13, 15 ii	156,022	215,545	27,740	21,871
Management remunerations		6,031	7,577	6,031	7,577
Total expenses		199,295	261,471	45,865	41,728
Profit (loss) before finance costs and income tax		111,585	(60,175)	(17,765)	6,693
Finance costs	15 iii	(3,504)	97,044	12,740	11,117
Profit (loss) before income tax		115,089	(157,219)	(30,505)	(4,424)
Income tax	14	1,204	1,679	-	-
Net profit (loss) for the period		113,885	(158,898)	(30,505)	(4,424)
Other comprehensive income					
Exchange differences on translating financial statement		178	79	-	-
Losses on remeasuring available-for-sale investments		-	(578)	-	(578)
Other comprehensive income (loss) for the period, net of tax		178	(499)	-	(578)
Total comprehensive income (loss) for the period		114,063	(159,397)	(30,505)	(5,002)
Profit (loss) attributable to:					
Owners of the parent		113,885	(158,898)	(30,505)	(4,424)
Non-controlling interests		-	-	-	-
		113,885	(158,898)	(30,505)	(4,424)
Total comprehensive income (loss) attributable to:					
Owners of the parent		114,063	(159,397)	(30,505)	(5,002)
Non-controlling interests		-	-	-	-
		114,063	(159,397)	(30,505)	(5,002)
Earning (loss) per share (expressed in Baht per share)					
Basic earnings (loss) per share	6	0.91	(1.27)	(0.24)	(0.04)

The notes to the interim financial statements on pages 9 to 21 are an integral part of these interim financial statements.

ACAP Advisory Public Company Limited

Statements of Changes in Shareholders' Equity (Unaudited)

For the three-month periods ended 31 March 2011 and 2010

	Consolidated (Unaudited)									
	Attributable to owners of the parent									
	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Retained earnings		Other components of equity			Total owners of the parent Baht'000	Non-controlling interests Baht'000	Total shareholders' equity Baht'000
			Appropriated	Unappropriated	Unrealised gain on change in fair value of investment Baht'000	Currency translation differences from subsidiary in overseas Baht'000				
			Baht'000	Baht'000						
Opening balance as at 1 January 2011	125,000	337,742	12,500	167,475	-	(1,596)	641,121	-	641,121	
Total comprehensive income (loss) for the period	-	-	-	113,885	-	178	114,063	-	114,063	
Ending balance as at 31 March 2011	125,000	337,742	12,500	281,360	-	(1,418)	755,184	-	755,184	

	Consolidated (Unaudited)									
	Equity holders of the Company									
	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Retained earnings		Other components of equity			Total owners of the parent Baht'000	Non-controlling interests Baht'000	Total shareholders' equity Baht'000
			Appropriated	Unappropriated	Unrealised gain on change in fair value of investment Baht'000	Currency translation differences from subsidiary in overseas Baht'000				
			Baht'000	Baht'000						
Opening balance as at 1 January 2010	125,000	337,742	12,500	383,343	1,307	(1,889)	858,003	-	858,003	
Total comprehensive income (loss) for the period	-	-	-	(159,397)	(578)	79	(159,896)	-	(159,896)	
Ending balance as at 31 March 2010	125,000	337,742	12,500	223,946	729	(1,810)	698,107	-	698,107	

The notes to the interim financial statements on pages 9 to 21 are an integral part of these interim financial statements.

ACAP Advisory Public Company Limited
Statements of Changes in Shareholders' Equity (Cont'd) (Unaudited)
For the three-month periods ended 31 March 2011 and 2010

	Company (Unaudited)					Total shareholders' equity Baht'000
	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Retained earnings		Other components of equity	
			Appropriated	Unappropriated	Unrealised gain on change in fair value of investment	
			Baht'000	Baht'000	Baht'000	
Opening balance as at 1 January 2011	125,000	337,742	12,500	(66,085)	-	409,157
Total comprehensive loss for the period	-	-	-	(30,505)	-	(30,505)
Closing balance as at 31 March 2011	<u>125,000</u>	<u>337,742</u>	<u>12,500</u>	<u>(96,590)</u>	<u>-</u>	<u>378,652</u>

	Company (Unaudited)					Total shareholders' equity Baht'000
	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Retained earnings		Other components of equity	
			Appropriated	Unappropriated	Unrealised gain on change in fair value of investment	
			Baht'000	Baht'000	Baht'000	
Opening balance as at 1 January 2010	125,000	337,742	12,500	45,501	1,307	522,050
Total comprehensive loss for the period	-	-	-	(4,424)	(578)	(5,002)
Closing balance as at 31 March 2010	<u>125,000</u>	<u>337,742</u>	<u>12,500</u>	<u>41,077</u>	<u>729</u>	<u>517,048</u>

The notes to the interim financial statements on pages 9 to 21 are an integral part of these interim financial statements.

ACAP Advisory Public Company Limited
Statements of Cash Flows (Unaudited)
For the three-month periods ended 31 March 2011 and 2010

	Note	Consolidated		Company	
		Unaudited 31 March 2011 Baht'000	Unaudited 31 March 2010 Baht'000	Unaudited 31 March 2011 Baht'000	Unaudited 31 March 2010 Baht'000
Cash flows from operating activities					
Profit (loss) before income tax		115,089	(157,219)	(30,505)	(4,424)
Adjustment for:					
Depreciation and amortisation		11,095	17,738	3,072	2,642
Interest income		(11,140)	(88,141)	(205)	(2,667)
Interest expenses		(3,789)	96,571	12,454	10,987
Interest expenses from hire-purchase and finance lease contracts		286	142	286	130
Loss on impairment of investment in non-performing assets (reversal)		(3,642)	17,975	-	-
Bad debt and doubtful accounts of loans to consumers and interest receivable (reversal)		-	(93,071)	-	-
Bad debt and doubtful account (reversal) of loans to non-performing assets		(5,273)	177,280	-	-
(Gain) loss from restructuring in loan to non-performing assets and investment in non-performing assets		10,299	(11,225)	-	-
(Gain) loss on sales/impairment/write-off of assets		10,102	(3,347)	159	(1,156)
(Gain) loss on foreign currencies translation		1,425	(2,014)	(183)	623
Provision for retirement benefits	3	3,515	-	1,874	-
Profit (loss) from operating activities before changes in operating assets and liabilities		127,967	(45,311)	(13,048)	6,135
(Increase) decrease in operating assets					
Accounts and notes receivable		(8,944)	926	(9,636)	-
Investment in non-performing assets		1,006,177	63,663	-	-
Loans to non-performing assets		744,470	273,154	-	-
Loans to consumers and interests receivable		53,323	60,266	-	-
Accounts receivable-related companies		2,845	(38,779)	1,716	(13,288)
Amount due from related companies		4,096	(34,613)	4,836	(8,241)
Other current assets		5,421	(11,871)	(6,896)	(7,976)
Other non-current assets		767	(268)	(904)	(13)
Increase (decrease) in operating liabilities					
Accounts and notes payable		(16,419)	25,466	-	-
Amount due to related companies		(186)	24,813	1,380	(3,297)
Other current liabilities		(572,229)	(126,552)	238	(86,972)
Cash generated from (used in) operation before interest and income tax receive (paid)		1,347,288	190,894	(22,314)	(113,652)
Interest income received		20,356	96,803	611	1,051
Interest paid excluding finance lease contracts		(3,938)	(24,724)	-	-
Income tax paid		(2,286)	(3,194)	(593)	(916)
Net cash provided by (used in) operating activities		1,361,420	259,779	(22,296)	(113,517)

The notes to the interim financial statements on pages 9 to 21 are an integral part of these interim financial statements.

ACAP Advisory Public Company Limited
Statements of Cash Flows (Unaudited) (Cont'd)
For the three-month periods ended 31 March 2011 and 2010

	Notes	Consolidated		Company	
		Unaudited 31 March 2011 Baht'000	Unaudited 31 March 2010 Baht'000	Unaudited 31 March 2011 Baht'000	Unaudited 31 March 2010 Baht'000
Cash flows from investing activities					
Cash paid for short-term loan to related companies	15 v	-	-	(5,000)	(2,500)
Purchase of building improvement, equipment and intangible assets		(1,046)	(8,364)	(7)	(8,705)
Cash paid for short-term investment		(43)	-	-	-
Cash received for short-term loan to related companies	15 v	-	-	-	500
Cash received from long-term loan to related companies	15 v	-	-	28,495	3,470
Cash received from disposal of building improvement, equipment and intangible assets		1,710	1,776	1,576	1,776
Net cash provided by (used in) investing activities		621	(6,588)	25,064	(5,459)
Cash flows from financing activities					
Cash paid on long-term loans from related companies	15 vi	(11,322)	(54,173)	-	-
Cash paid for long-term loans from financial institutions	17	(1,287,816)	(426,736)	-	-
Cash paid for liabilities under financial lease contracts		(2,050)	(1,130)	(2,050)	(826)
Net cash used in financing activities		(1,301,188)	(482,039)	(2,050)	(826)
Net increase (decrease) in cash and cash equivalents		60,853	(228,848)	718	(119,802)
Cash and cash equivalents at beginning of the period		990,545	1,438,982	106,839	245,098
Exchange gains (loss) on cash		183	(318)	183	(318)
Cash and cash equivalents at end of the period		1,051,581	1,209,816	107,740	124,978
Non-cash transactions					
Purchase equipment under financial lease contracts		-	19,299	-	19,299
Restructuring investment in non-performing assets to be loans to non-performing assets		32,562	647,170	-	-
Foreclosed assets acquired through foreclosure		20,740	14,751	-	-

The notes to the interim financial statements on pages 9 to 21 are an integral part of these interim 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 registered as a listed company in 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 Group are financial advisory, non-performing assets management and consumer lendings.

The interim consolidated and company financial statements were authorised for issue by the Board of Directors on 12 May 2011.

The interim consolidated and company financial statements have been reviewed but not audited.

2 Basis of preparation

These interim consolidated and company financial statements are 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 Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial statements (i.e., statements of financial position, comprehensive income, changes in shareholders’ equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the interim financial statements are prepared in a condensed format according to Thai Accounting Standard 34, “Interim Financial Reporting” and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

An English version of the interim consolidated and company interim financial statements have been prepared from the interim financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial statements shall prevail.

3 Summary of significant accounting policies

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2010, except as describe in note 4 which is accounting policy regarding employee benefits. The impact of the adoption of new accounting policies, new accounting standards and amendments to accounting standards that are effective for the financial year beginning or after 1 January 2011 are summarised as follows:

- TAS 1 (Revised 2009) will prohibit the presentation of items of income and expenses in the statement of changes in equity. The Group chooses to present the statement of comprehensive income in one statement. Where the Group restates or reclassifies comparative information, it will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, for the financial statements which period beginning on or after 1 January 2011 and the first period applies this standard, the Group can choose to present statement of financial position only two periods without the statement of financial position as at the beginning comparative period. As at 31 December 2010, the Group presented exchange differences on translating financial statement amounting to Baht 0.08 million and losses on remeasuring available-for-sale investments amounting to Baht 0.58 million in the statements of comprehensive income for the interim consolidated financial statements and losses on remeasuring available-for-sale investments amounting to Baht 0.58 million in the statements of comprehensive income for the interim company financial statements.

3 Summary of significant accounting policies (Cont'd)

- TAS 19 deals with accounting for employee benefits. The Group has 2 categories of employee benefit: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan). The standard requires the Group to measure the defined benefit plan by using the Projected Unit Credit method (PUC). The Group chooses to recognise any actuarial gain or loss for defined benefit plan in profit and loss. The Group calculated the provision for post-employment benefits as at 1 January 2011 amounting to Baht 31 million and Baht 17 million for the consolidated and company financial statements, respectively. The Group recognises such provision by applying straight-line method throughout 5 years as stated in notification of Federation of Accounting Professions no.17/2554 and recognises the current year provision as expense for the year. The impact of the adoption of accounting policies are as follows:

	Consolidated Baht'000	Company Baht'000
Statement of financial position as at 31 March 2011		
Provisions for post-employment benefits increased	3,515	1,874
Statement of comprehensive income for the three-month period ended 31 March 2011		
Personnel expenses increased	3,515	1,874

New accounting standards, amendments to accounting standards and new interpretation

- a) The following new accounting standards, amendments to accounting standards and new interpretation are mandatory for the accounting periods beginning on or after 1 January 2011,

TSIC 31 Revenue - Barter Transactions Involving Advertising Services

The Group's management has assessed and determined that this interpretation does not significantly impact the financial statements being presented.

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

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

The Group's management has determined that the new accounting standards, amendments to accounting standards and new interpretation will not significantly impact the financial statements being presented except for TAS 12 Income taxes with 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.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate or defer such costs at the end of the financial year.

4 New accounting policies

Employee benefits

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

- Defined benefit plans - Retirement benefits

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

- Defined contribution plans - Provident fund

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

5 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 three-month period ended 31 March 2011 (Unaudited)					
Revenues					
Revenue from operation	13,681	43,205	253,994	-	310,880
Revenue from inter-segment	2,585	4,646	15,882	(23,113)	-
Total revenues	16,266	47,851	269,876	(23,113)	310,880
Segment expenses	24,150	74,658	116,352	(15,865)	199,295
Operating profit (loss)	(7,884)	(26,807)	153,524	(7,248)	111,585

ACAP Advisory Public Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the three-month period ended 31 March 2011 and 2010

5 Segment information (Cont'd)

	Consolidated				Total Baht'000
	Advisory and Investment Banking Baht'000	Non-Performing Asset ("NPA") Management Baht'000	Consumer Finance Baht'000	Eliminate Baht'000	
For the three-month period ended 31 March 2010 (Unaudited)					
Revenues					
Revenue from operation	7,016	109,040	85,239	-	201,295
Revenue from inter-segment	5,423	21,718	12,555	(39,696)	-
Total revenues	<u>12,439</u>	<u>130,758</u>	<u>97,794</u>	<u>(39,696)</u>	<u>201,295</u>
Segment expenses	<u>11,581</u>	<u>273,777</u>	<u>2,002</u>	<u>(25,889)</u>	<u>261,471</u>
Operating profit (loss)	<u>858</u>	<u>(143,019)</u>	<u>95,792</u>	<u>(13,807)</u>	<u>(60,176)</u>

6 Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit (loss) for the period attributable to equity holders by the weighted average number of ordinary shares in issue during the period (2011 and 2010: 125,000,000 shares).

There is no dilutive share issued for the three-month periods ended 31 March 2011 and 2010.

7 Investments in non-performing assets

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

	Unaudited Consolidated Baht'000
For the three-month period ended 31 March 2011	
Beginning balance	1,860,104
Repayment	(15,957)
Disposal (Note 17)	(1,010,619)
Transfer to loans to non-performing assets	
- Transfer of investments	(32,562)
- Reversal of allowance for impairment of investments	73,001
Additional allowance for impairment during the period	<u>(69,359)</u>
Closing balance	<u>804,608</u>

ACAP Advisory Public Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Statements (Unaudited)
For the three-month period ended 31 March 2011 and 2010

8 Loans to non-performing assets

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

	Unaudited Consolidated Baht'000
For the three-month period ended 31 March 2011	
Beginning net book balance	999,139
Repayment	(36,948)
Disposal (Note 17)	(707,862)
Loss from restructuring	(10,299)
Transfer from investments in non-performing assets	
- Transfer from investments	32,562
- Allowance for impairment of transferred investments	(73,001)
Decrease in allowance for doubtful accounts during the period	78,274
Closing net book balance	<u>281,865</u>

9 Loans to consumers and interest receivable, net

Outstanding loans to consumers and interest receivable can be analysed as follows:

	Consolidated	
	Unaudited 31 March 2011 Baht'000	Audited 31 December 2010 Baht'000
Overdue less 3 months	-	58,180
Overdue more than 3 months	-	87,866
Total	-	146,046
<u>Less</u> Allowance for doubtful accounts	-	(92,723)
	-	<u>53,323</u>

A subsidiary has sold all the loans to customers during this period (Note 18).

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10 Investment in subsidiary companies

List of subsidiaries as at 31 March 2011 are as follow:

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

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

The Board of Director has also approved a convertible loan to the new subsidiary amounting to USD 362,500. The three-year convertible loan agreement was signed on 18 April 2011 which will be repaid on the date falling three years from the drawdown date. The convertible loan is eligible for conversion into equity at the option of the investors after 24 months from the drawdown date. The loan was drawdown on 26 April 2011.

11 Obligation under long term lease contracts

	Consolidated		Company	
	Unaudited 31 March 2011 Baht'000	Audited 31 December 2010 Baht'000	Unaudited 31 March 2011 Baht'000	Audited 31 December 2010 Baht'000
Minimum lease payments obligation under long-term lease contracts	20,470	22,520	20,470	22,520
<u>Less</u> Deferred interest	(1,907)	(2,192)	(1,907)	(2,192)
	<u>18,563</u>	<u>20,328</u>	<u>18,563</u>	<u>20,328</u>
Current portion due within one year	7,291	7,596	7,291	7,596
Non-current portion due after one year	11,272	12,732	11,272	12,732
	<u>18,563</u>	<u>20,328</u>	<u>18,563</u>	<u>20,328</u>

12 Capital expenditures

	Consolidated		Company	
	Building improvement and equipment Baht'000	Intangible assets Baht'000	Building improvement and equipment Baht'000	Intangible assets Baht'000
For the three-month period ended 31 March 2011 - Unaudited				
Opening net book amount	75,924	13,378	52,181	4,478
Additions	400	647	7	-
Disposals and write-off, net	(6,666)	-	(1,736)	-
Depreciation charge/amortisation	(7,464)	(3,631)	(2,872)	(200)
Ending net book amount	<u>62,194</u>	<u>10,394</u>	<u>47,580</u>	<u>4,278</u>

13 Administrative expenses

Administrative expenses in the consolidated statement of comprehensive income for the three-month period ended 31 March 2010 included the reversal of bad debt and doubtful accounts which decreased in administrative expenses amounting to Baht 93 million of a subsidiary.

14 Income taxes

The group interim income tax expense is accrued based on actual profit for the period because of nature of business which is difficult for the management to estimate the expected total annual earnings.

15 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 (31 March 2010: Dr. Vivat Vitoontien and family and Orix Corporation, which represent 36.39% and 20.00% of total registered share capital, respectively). List of investment in subsidiaries are set out in Note 10.

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.

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15 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties:

i) Service income

	Consolidated		Company	
	Unaudited 2011 Baht'000	Unaudited 2010 Baht'000	Unaudited 2011 Baht'000	Unaudited 2010 Baht'000
For the three-month period ended 31 March				
Service income				
Base fee				
- ACAP Asset Management Co., Ltd.	-	-	1,248	10,892
- Star Asset Management Ltd.	-	-	6,214	6,745
- Inter Capital Alliance Asset Management Co., Ltd.	-	15,727	-	15,727
Collection fee				
- ACAP Asset Management Co., Ltd.	-	-	-	987
- Star Asset Management Ltd.	-	-	(651)	(186)
- Inter Capital Alliance Asset Management Co., Ltd.	-	3,096	-	3,096
Professional fee				
- ACAP Asset Management Co., Ltd.	-	-	40	240
- Star Asset Management Ltd.	-	-	540	580
- Inter Capital Alliance Asset Management Co., Ltd.	-	1,486	-	-
Other Service fee				
- Capital OK Co., Ltd.	-	-	394	358
- Professional Collection Co., Ltd.	-	-	38	35
- Global Service Center Co., Ltd.	-	-	38	-
Total service income	-	20,309	7,861	38,474
Other income				
Accounting and financial service income				
- Global Service Center Co., Ltd.	-	-	1,125	1,125
- Capital OK Co., Ltd.	-	-	-	2,250
- Professional Collection Co., Ltd.	-	-	-	1,125
Sharing expense income				
- ACAP Consulting Co., Ltd.	-	-	-	5
- Star Asset management Ltd.	-	-	-	1
Interest income				
- ACAP Asset Management Co., Ltd.	-	-	-	319
- Star Asset Management Ltd.	-	-	(377)	1,560
- ACAP Consulting Co., Ltd.	-	-	13	6
- ACAP Corporate service Co., Ltd.	-	-	9	8
Total other income	-	-	770	6,399

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15 Related party transactions (Cont'd)

The following significance transactions were carried over with related parties: (Cont'd)

ii) Expenses

	Consolidated		Company	
	Unaudited 2011 Baht'000	Unaudited 2010 Baht'000	Unaudited 2011 Baht'000	Unaudited 2010 Baht'000
For the three-month period ended 31 March				
Cost of service				
Professional fee				
- ACAP Consulting Co., Ltd.	-	-	280	520
Total cost of service	-	-	280	520
Administrative expenses				
Rental and maintenance equipment				
- Global Service Center Co., Ltd.	-	-	1,200	1,800
Total administrative expenses	-	-	1,200	1,800

iii) Interest expense

	Consolidated		Company	
	Unaudited 2011 Baht'000	Unaudited 2010 Baht'000	Unaudited 2011 Baht'000	Unaudited 2010 Baht'000
For the three-month period ended 31 March				
- Standard Bank Plc.	(7,823)	78,781	-	-
- Capital OK Co., Ltd.	-	-	12,454	10,974
	(7,823)	78,781	12,454	10,974

iv) Outstanding balances arising from sales/purchases of services

	Consolidated		Company	
	Unaudited 31 March 2011 Baht'000	Audited 31 December 2010 Baht'000	Unaudited 31 March 2011 Baht'000	Audited 31 December 2010 Baht'000
Accounts receivable - related companies				
- Star Asset Management Ltd.	-	-	1,627	1,322
- ACAP Corporate Services Co., Ltd.	-	-	6,000	6,000
- Capital OK Co., Ltd.	-	-	-	750
- Global Service Center Co., Ltd.	-	-	1,125	375
- Professional Collection Co., Ltd.	-	-	-	375
- Inter Capital Alliance Asset Management Co., Ltd.	-	2,845	-	1,645
	-	2,845	8,752	10,467

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15 Related party transactions (Cont'd)

iv) Outstanding balances arising from sales/purchases of services (Cont'd)

	Consolidated		Company	
	Unaudited 31 March 2011 Baht'000	Audited 31 December 2010 Baht'000	Unaudited 31 March 2011 Baht'000	Audited 31 December 2010 Baht'000
Amount due from related companies				
- ACAP Asset Management Co., Ltd.	-	-	-	329
- Star Asset Management Ltd.	-	-	2,329	3,128
- ACAP Corporate Services Co., Ltd.	-	-	4	1
- ACAP Consulting Co., Ltd.	-	-	5	4
- ACAP (Malaysia) Sdn. Bhd.	-	-	191	61
- Professional Collection Co., Ltd	-	-	-	100
- Inter Capital Alliance Asset Management Co., Ltd.	-	4,096	-	4,096
- Standard Bank Plc.	3,510	3,510	-	-
	<u>3,510</u>	<u>7,606</u>	<u>2,529</u>	<u>7,719</u>
Amount due to related companies				
- Global Service Center Co. Ltd.	-	-	1,233	71
- Professional Collection Co., Ltd.	-	-	33	71
- Star Asset Management Ltd.	-	-	1,300	650
- Capital OK Co., Ltd.	-	-	13,301	1,240
- Standard Bank Plc.	81,119	88,942	-	-
	<u>81,119</u>	<u>88,942</u>	<u>15,867</u>	<u>2,032</u>

v) Loans to related parties

For the three-month period ended 31 March 2011, the Company has loan to subsidiaries as follows:

	Company		
	Short-term loans		
	Opening balance Baht'000	Addition during the period Baht'000	Ending balance Baht'000
ACAP Consulting Co., Ltd.	3,900	2,000	5,900
ACAP Corporate Services Co., Ltd.	1,100	3,000	4,100
Total	<u>5,000</u>	<u>5,000</u>	<u>10,000</u>

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15 Related party transactions (Cont'd)

v) Loans to related parties (Cont'd)

	Company		
	Long-term loans		
	Opening balance Baht'000	Repayment during the period Baht'000	Ending balance Baht'000
<u>Current portion of long-term loans</u>			
Star Asset Management Ltd.	11,891	(633)	11,258
ACAP Asset Management Co., Ltd.	45,334		
<u>Less</u> Allowance for doubtful accounts (Note 17)	(17,472)		
	<u>27,862</u>	<u>(27,862)</u>	<u>-</u>
Total	<u>39,753</u>	<u>(28,495)</u>	<u>11,258</u>
<u>Long-term loans</u>			
Star Asset Management Ltd.	21,047	-	21,047
Total	<u>21,047</u>	<u>-</u>	<u>21,047</u>

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.

vi) Loans from related parties

During the three-month period ended 31 March 2011, the Company and subsidiaries have loans from related parties as follows:

	Consolidated			
	Opening balance Baht'000	Additions during the period Baht'000	Repayment during the period Baht'000	Ending balance Baht'000
<u>Current portion of long-term loans</u>				
Standard Bank Plc.	501,620	-	11,322	490,298
<u>Long-term loans</u>				
Standard Bank Plc.	1,103,498	-	-	1,103,498
	Company			
Counterparty	Opening balance Baht'000	Additions during the period Baht'000	Repayment during the period Baht'000	Ending balance Baht'000
Capital OK Co., Ltd.	760,000	-	-	760,000

16 Commitments and contingencies

For the three-month period ended 31 March 2011, there were no significant changes in commitments and contingent liabilities, including other contracts from the year ended 31 December 2010 except for foreign currency forward contracts which the movements in the foreign currency forward contracts can be analysed as follows:

	Notional amount	
	Foreign currency USD Million	Million Baht
For the three-month period ended 31 March 2011 (Unaudited)		
Beginning net book balance	10.97	332.84
Addition during the period	5.62	172.33
Settlement during the period	(6.20)	(188.10)
Closing net book balance	<u>10.39</u>	<u>317.07</u>

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

On 22 November 2010, ACAP Asset Management Co., Ltd., a subsidiary, and Standard Chartered (Thai) Asset Management Co., Ltd. ("SCAMC") signed an asset sale and purchase agreement to sell all of its non-performing assets portfolio which included investments in non-performing assets, loans to non-performing assets and foreclosed assets with a purchase price of Baht 1,718 million (the cost of the assets was Baht 3,341 million). SCAMC paid a deposit of 25% or Baht 430 million on the date of the agreement. The remaining amount 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 in 2010. However, the subsidiary would receive a loan forgiveness for the remaining borrowings from VTB and the Company after offsetting with the amount to be received from the sale. The subsidiary recorded a gain on loan forgiveness of Baht 1,512 million in 2010, of which Baht 1,495 million will be received from VTB and Baht 17 million 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 statement of financial position, 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 comprehensive income and eliminated this transaction in the consolidated statement of comprehensive income 2010.

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.

18 Sale of Loans to consumers

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 receive Baht 301.6 million (excluded VAT) as a consideration from the sale. As at 31 December 2010, the subsidiary had received a deposit for the sale of Baht 10 million and had an obligation to return cash received from the loans and receivables since 1 December 2010 amounting to Baht 30 million, which were presented as other current liabilities in the consolidated statement of financial position.

On 4 January 2011, the subsidiary had received the second deposit for the sale of Baht 10 million and on 10 January 2011, the subsidiary and JMT signed a purchase and sale agreement for the loans and receivables. Per the agreement, in case of a selling price adjustment, the amount 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. On 31 March 2011, the management was in the negotiation process of selling price adjustment with JMT which the management has estimated the selling price adjustment approximately Baht 0.4 million.

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