

# Your Professional Financial Advisor



รายงานประจำปี

# 2556

Annual Report 2013



บริษัท เอแคป แอ็ดไวซอรี่ จำกัด (มหาชน)

ACAP ADVISORY PUBLIC COMPANY LIMITED

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## *Message from the Chairman*



*Dr. Vivat Vithoontien*  
*Chairman*

During 2013 the economic overview of Thailand was not as bright as expected. There were many factors contributing to deceleration of investments in various business sectors, for example, unclear foreign economic recovery or domestic political problems, etc. At the beginning of the year the Company set a target to invest in 1-2 new businesses to generate continuous earnings to the Company. But it was found during the year that the economic direction and the policy for investments of the government sector to be implemented to stimulate the economic development were still not ascertained whether they would be practicable, thus impacting upon confidence and making it more difficult in business negotiations with investors. Facing with the risk in higher investment caused the Company to slow down the plan for investments in new businesses. Since the Company did not invest in the previous year, it considered distributing interim dividends to shareholders at the rate of 1 Baht per share on 29 October 2013.

There were changes to the Company's business operation in the previous year as the Company considered disposing of 2 subsidiaries, namely, ACAP Asset Management Company Limited or ACAP AMCL, due to the decrease in the existing non-performing asset ports with no new ports coming in. Since there was no need to have 2 asset management subsidiary companies in the current economic situation, the Company sold the investment in ACAP AMCL to reduce the administrative cost. The Company still had another asset management subsidiary company, namely ACAP (Asia) Asset Management Company Limited. Expiration of the asset management contract of a subsidiary in Malaysia also caused the Company to close the ACAP (Malaysia) AMCL as well.

As regards the overview of the business operation in the previous year, the Company emphasized on operating business mainly in financial advisory and investment banking aspects. The Company has not yet

had any job or invested in any business with clear effect upon the growth of earnings. In the previous year, the consolidated financial statement of the Company presented a loss from shareholders' equity of the parent company of 107.59 million Baht, total assets of 791.78 million Baht, total liabilities of 58.11 million Baht and shareholders' equity of the parent company of 740.02 million Baht. Although the operation result was a loss but the debt-equity ratio was low, at 0.08 times only, and a high financial liquidity ratio at 26.34 times. Moreover, over 400 million Baht cash still held by the Company and subsidiaries reflected the stable financial position.

On behalf of all executives, the Company would adhere to the principles of business operation under the code of ethics and good corporate governance established by the Company to ensure stable growth of the business

of the Company and subsidiaries and generate good returns to shareholders in the long run. Besides operating the business generally, the Company also place utmost importance on participation in caring for the society and surrounding communities, by preparing to cooperate in environmental conservation and provide social assistance as opportunities allow.

In the past several years the Company reflected transparent work management by having been evaluated at the rate of "Very Good" in the Corporate Governance Report of Thai Listed Companies from 2009 to 2013. The evaluation was made in accordance with good governance principles of listed companies by the Thai Institute of Directors (IOD), which was the pride of the Company and would be a drive for all executives and employees to jointly develop the Company further.



# Financial Highlights

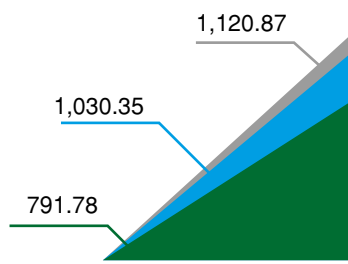
Financial Position	2011	2012	2013
Total Assets (Million Baht)	1,120.87	1,030.35	791.78
Total Liabilities (Million Baht)	67.44	61.91	58.11
Total Shareholder's Equity (Million Baht)	1,053.43	968.43	733.67
Operational Performance			
Total Revenues (Million Baht)	937.99	233.88	142.09
Total Revenues from Services (Million Baht)	267.91	191.40	104.24
Total Cost of Services (Million Baht)	135.74	124.98	106.64
Total Administrative Expenses (Million Baht)	366.24	147.85	119.96
Total Expenses (Million Baht)	529.25	295.23	247.08
Net Profit (Loss) attributable to Shareholders of the parent (Million Baht)	393.13	(79.48)	(107.59)
Net Earning per Share (Baht)	3.12	(0.68)	(0.88)
Book Value per Share (Baht)	8.43	7.75	5.87
Ratio Analysis			
Liquidity Ratio (Times)	23.60	29.70	26.34
Gross Profit Ratio (%)	73.37	34.70	(2.30)
Net Profit Ratio (%)	41.91	(33.98)	(75.71)
Return on Equity (%)	46.45	(7.85)	(12.57)
Return on Assets (%)	19.06	(7.39)	(11.81)
Debt per Equity Ratio (Times)	0.06	0.06	0.08



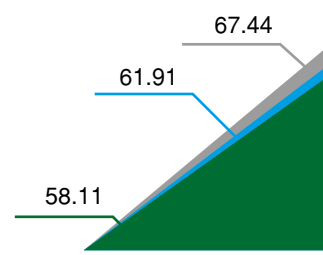
## Charts of Financial Highlight



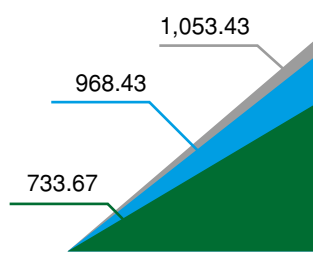
Total Assets (MB.)



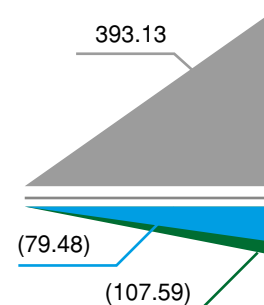
Total Liabilities (MB.)



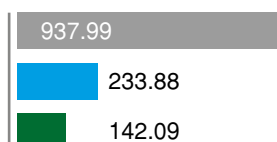
Total Shareholders' Equity (MB.)



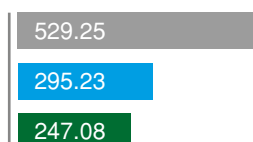
Net Profit (Loss) attributable to Shareholders of the parent (MB.)



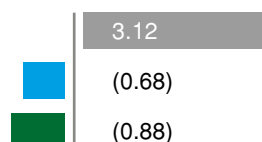
Total Revenues (MB.)



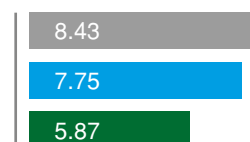
Total Expenses (MB.)



Earning (Loss) / Share (Baht/Share)



Book Value / Share (Baht/Share)





## *Board of Directors*

### *Executive Directors Committee*



*01 Dr. Vivat Vithoontien*

Chairman / Chief Executive Officer

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*02 Mr. Saringkarn Sutaschuto*

Executive Director / Deputy Managing Director of  
Investment Banking Department

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*03 Mr. Issarachai Decharit*

Executive Director / Deputy Managing Director of  
Legal Department

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## *Board of Directors*

### *Executive Directors Committee*



*04 Mr.Parankoon Waiyahong*

Executive Director / Deputy Managing Director of  
Operations Department

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*05 Mr.Chalermchai Sirinopawong*

Executive Director / Deputy Managing Director of  
Accounting and Finance Department

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*06 Mr.Sujarit Isarankura*

Executive Director

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## *Board of Directors*

### *Independent Directors and Audit Committee*



*07 Mr. Suraphol Sindhuvanich*

Independent Director / Chairman of the Audit Committee /  
Member of the Nominating and Compensation Committee

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*08 Ms. Narumol Wangsatorntanakun*

Independent Director / Member of the Audit Committee /  
Chairman of the Nominating and Compensation Committee

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*09 Mr. Chatchawan Triamvicharnkul*

Independent Director / Member of the Audit Committee /  
Member of the Nominating and Compensation Committee

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## 1. The Company's Capital

As of December 31, 2013, the Company has registered and fully paid-up capital of THB 125 million consisting of 125 million common shares each with THB 1 par value.

## 2. Shareholders

The list of the top 10 shareholders as of December 31, 2013 is summarized as follows:

No.	Shareholders Name	As of December 31, 2013	
		No. of Shares	% Total
1.	Dr.Vivat Vithoontien	61,490,030	49.19
2.	Sutaschuto Group <sup>1</sup>	9,618,700	7.69
3.	Mr.Anake Pinvanichkul	8,620,010	6.90
4.	Taechanawakul Group <sup>2</sup>	7,513,200	6.01
5.	Ms.Suvimol Pumpaisanchai	4,220,700	3.38
6.	JAIC Asia Holdings Pte, Ltd. (Singapore)	3,00,000	2.40
7.	Makaranon Group <sup>3</sup>	2,930,200	2.34
8.	Daiwa Secutities Capital Markets Co., Ltd. Clients Account	2,723,600	2.18
9.	Thai NVDR	2,278,900	1.82
10.	Ms.Nalineer Uerjaruspan	2,248,142	1.80
11.	Other shareholders	20,356,518	16.29
Total		125,000,000	100.00

**Remark : 1** Shareholder proportion of Sutaschuto Group comprises :

		No. of Shares	% Total
1.	Mr.Saringkarn Sutaschuto	7,981,500	6.39
2.	Mr.Saranroj Sutaschuto	1,637,200	1.30
<b>Total</b>		<b>9,618,700</b>	<b>7.69</b>

**Remark : 2** Shareholder proportion of Taechanawakul Group comprises :

		No. of Shares	% Total
1.	Ms.Sujitra Taechanawakul	5,632,900	4.51
2.	Mr.Tavich Taechanawakul	1,880,300	1.50
<b>Total</b>		<b>7,513,200</b>	<b>6.01</b>

**Remark : 3** Shareholder proportion of Makaranon Group comprises :

		No. of Shares	% Total
1.	Mrs.Waewdow Makaranon	2,908,000	2.33
2.	Mr.Tanachit Makaranon	22,200	0.01
<b>Total</b>		<b>2,930,200</b>	<b>2.34</b>

### 3. Dividend Policy

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

Details of dividend payment for operating year 2013 compared with previous years.

<i>Dividend Details</i>	2011	2012	2013
1. Net Profit (THB million)	(110.23)	(220.09)	787.63
2. Number of Shares (million)	125.00	125.00	125.00
3. Dividend paid per share			
3.1 Interim Dividend (THB/share)	-	-	1.00
3.2 Annual Dividend Paid (THB/share)	-	-	-
<b>4. Total Dividend Paid (THB million)</b>	<b>-</b>	<b>-</b>	<b>125.00</b>



## 1. Policy and business overview

### 1.1 Vision, objective and target in the operation of the business of the Company and affiliates

**Vision:** To become a reputable company with good quality services from provision of various financial advisory services under Thai management.

**Objective:** To solve financial problems for customers directly to the point and completely by personnel with expertise and experiences on financial aspect and bring about the success of the business of the Company and subsidiaries.

**Target:** To create returns and added values from business operation for the Company on a continuous basis every year with management principles under the good corporate governance.

### 1.2 Important of the Company Development

ACAP Advisory Public Company Limited ("the Company" or "ACAP"), formerly known as Asian Capital Advisers Company Limited, was established in 1998 by Dr. Vivat Vithoontien, an experienced professional in finance, to engage in the business of corporate finance and investment banking advisory services. Since its inception, the Company has expanded its range of business to non-performing (NPL) asset management services. The corporate history of the Company is shown below.

#### Year 1998

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

#### Year 2001

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

#### Year 2003

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

#### Year 2004

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

#### Year 2005

- December 14, 2004, the Company's shares are listed on the Market for Alternative Investment (MAI). Its registered capital is increased to THB 100 million, of which 23 million shares are sold through an initial public offering (IPO).

#### Year 2006

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

#### Year 2007

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

#### Year 2008

- Asian International Planner Limited ("AIP") changed its name to ACAP Corporate Services Company Limited ("ACS").
- ACS is certified by the S.E.C. to provide financial advisory services.

#### Year 2009

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

#### Year 2010

- In February, ACS has registered with the Thai Consultant Database Center of the Ministry of Finance to be a financial advisor type A, license number 3093, as a result of which ACS is eligible to be considered for work by the public sector.

- ACAP (ASIA) Asset Management Company Limited was established as a subsidiary. The shares are owned primarily by two of its other subsidiaries, CAP OK and ACAP (Malaysia). It is licensed by the Bank of Thailand to conduct asset management business regulated under the Asset Management Royal Decree B.E. 2541. It was established to participate in future NPL portfolio acquisitions.

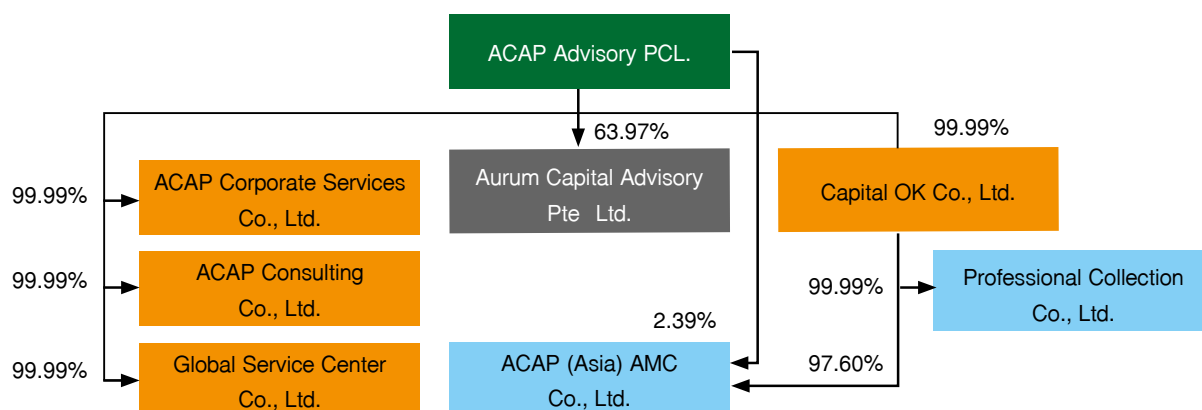
#### Year 2011

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

#### Year 2013

- The Company sold all its shares in ACAP Asset Management Company Limited., a 99.99% owned subsidiary of the Company
- The liquidation of ACAP (Malaysia) Sdn. Bhd. In Malaysia, a 99.99% owned subsidiary of the Company

## 2. The Company and Subsidiaries



ACAP Advisory Public Company Limited has in total 7 subsidiary companies, of which it has 99.99% share holding in 4 companies, 63.97% share holding in 1 company, and share holding through other subsidiaries in 2 companies. Details of each subsidiary are as follows:

#### Wholly-Owned Subsidiaries (99.99% share holding)

1. ACAP Corporate Services Company Limited ("ACS") - formerly Asian International Planners Co., Ltd. ("AIP") - THB 27 million registered and paid-up capital. This company is certified by the S.E.C. to provide financial advisory service and is certified by the Business Reorganization Office of the Ministry of Justice to provide business rehabilitation planning and administration.
2. ACAP Consulting Company Limited ("ACON") - THB 1 million registered and paid-up capital. This company provides legal advisory and related services to the Company and subsidiaries, as well as to other clients.
3. Global Service Center Company Limited - formerly ACAP Services Company Limited - THB 10 million registered and paid-up capital. This company invests in assets and systems that support the non-performing asset

management operations of the Company and has expanded its business to provide receivables collection and call centre services to other companies and financial institutions.

4. Capital OK Company Limited (“CAP OK”) - THB 412.50 million registered and paid-up capital. The firm was granted authorisation by Bank of Thailand to operate as a service provider of personal finance or retail consumer loans such as personal loans, sales finance, credit cards and hire purchase under the brand “Capital OK”. At present, the company has ceased providing personal and retail finance services since 2009.

#### **Majority Owned Subsidiaries (63.97% share holding)**

5. Aurum Capital Advisory Pte Limited (“Aurum”) - USD 475,000 registered and paid-up capital. 63.97% of issued shares are held by the Company. This company provides Investment Banking services in Singapore and region.

#### **Other Subsidiaries**

6. Professional Collection Company Limited (“PCOL”) - THB 62.05 million registered and paid-up capital 99.99% of issued shares held by CAP OK. Its main stream of revenue is from interest earned on bond investments. The firm also provides debt collection services to a government financial institution. .

7. ACAP (Asia) Asset Management Company Limited. (“ACAP Asia AMC”) - THB 25 million registered and paid-up capital. 97.60% of issued shares are held by CAP OK and 2.39% are held by the Company. It is licensed by the Bank of Thailand to perform the asset management business regulated under the Asset Management Royal Decree B.E. 2541. The firm is prepared to participate in acquisitions of NPL portfolios.

### **The Company and subsidiaries provide financial advisory services as follows:**

#### **1. Non-performing Asset Management**

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

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

#### **2. Financial Advisory and Investment Banking Services**

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

#### **3. Other Service**

The Company has expanded its service business to be more diverse through its subsidiaries as to compensate for the earning due to stoppage of the business line for consumer goods and consumption and other businesses in the event of smaller workload. The service of other work is the outsourcing business to the customers characterized by being a call center which is acting as a coordination center between customers and users of the products or the customers' services such as the provision of service as a call center of the credit card business, mobile phone business, the business



of the provider of basic public utilities service; the service of payment collection, the customers relations service center, the service in connection with the application for approval of various credits, etc. Besides the service works, ACON, which is the subsidiary, has also invested in cosmetics and beauty products distribution; but it is the initial investment to trial the response of the market as to what extent the market grows and how much income it creates. If, in the future, the business of distribution of cosmetics and beauty products can increasingly create good returns, there would be considered increased selling of investment in this business.

## The Business Ceased Operation Temporarily

### Consumer Finance Business

This portion of the business is operated by the subsidiary: CAP OK, characterized by the provision of various services in Personal Loan, Sales Finance, Credit Card and Hire Purchase.

A sub-credit business is the business which requires rather high amount of cash flow. There are several major operators entering into the business to the extent of increasingly fierce competition, thus affecting increased risk involved in this business coupled with the company considering that the grant of credit characterized by the absence of security has the rather high risk of not being paid. Therefore the subsidiary company, CAP OK, has considered discontinuing the credit business for consumer products and consumption or credits to small customers for the time being by seeking approval from the Bank of Thailand to discontinue the business in December 2009. Incidentally, as the subsidiary CAP OK still has the license to operate the business, if in the future, it would further continue this business, it can resume the business immediately without applying for a new license to start these small credit businesses anew from the Bank of Thailand.

## 3. Revenues Structure

### ACAP Advisory Public Company Limited and Subsidiaries

Type of Revenues	2011		2012		2013	
	Audited		Audited		Audited	
	M.Baht	%	M.Baht	%	M.Baht	%
Service Income	185.87	19.81	168.92	72.23	104.24	73.36
Interest income from non-performing asset management	82.04	8.75	22.48	9.61	-	-
Income from recovery of bad debt written-off	241.80	25.78	-	-	-	-
Other income*	428.28	45.66	42.47	18.16	37.85	26.64
<b>Total Revenue</b>	<b>937.99</b>	<b>100.00</b>	<b>233.87</b>	<b>100.00</b>	<b>142.09</b>	<b>100.00</b>

\* In 2011, Other income is mainly derived from:

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

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

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

## 4. Service Offerings

The Company and its subsidiaries provide services primarily in 3 business areas, namely: 1) Non-performing Loan Asset Management, 2) Finance Advisory and Investment Banking Advisory and 3) Other Services. Each business is managed by staff with experience and skills in relevant specialist areas in finance. Currently, the consumer finance business operated by Capital OK Company Limited subsidiary has ceased since the 2009. However, the firm still hold a license for operating a consumer finance business and will recommence operations upon any forthcoming opportunity. Details of each type of the service offered are described as follows:

### 4.1 Non-performing Loan Asset Management

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

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

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

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

#### **4.1.1 Asset Management Services Provided to Other Financial Institutions**

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

Asset management operations are under the responsibility of the Deputy Managing Director of Asset Management. The selection and recruitment of staff differs from those in the financial and investment banking advisory business since non-performing loan portfolios have various types of debtors with different characteristics. To efficiently operate its asset management business and successfully handle debtors in various NPL portfolios, the Company has staff skilled in various aspects of asset management business. The numbers of staff is varied depends on the quantity of portfolios being administered by the Company.

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

At the end of 2013, the Company did not have any subordinate assets management contract at all owing to the expiry of every old subordinate assets management contract, meanwhile, without continual inflow of additional new assets management contracts. Although in the past year, the Company had been soliciting new debt portfolios for continuous management; but due to increased competition coupled with rather paltry number of portfolios, the Company had no new debt portfolios for management at all.

- **Fee Structure**

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

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

#### **4.1.2 Acquisition of NPL portfolios**

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

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

#### **Revenue Generated from Ownership of NPL Portfolios**

Asset management company subsidiaries own NPL portfolios that were acquired in auctions by financial institution. These portfolios generate revenues from the interest payments from debtors. Collections may be subcontracted to the Company as part of an asset management contract or collections may be performed by the AMC itself.

#### **4.1.3 Litigation Management and Legal Services**

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

#### **4.2 Corporate Finance and Investment Banking Advisory**

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

ACS's S.E.C. license is effective from December 3, 2013 to December 2, 2018. ACS has three licensed financial advisors certified by the S.E.C. and five staffs involved in the financial advisory business. The majority of projects in financial advisory service come from clients' word-of-mouth, strong relationships between ACS management and the senior management of a wide range of other businesses, and recommendations from other financial institutions. Before accepting an assignment, management will hold discussions with the potential client to analyse the problem and the client's objectives. Next, the Company assigns staff to conduct initial due diligence to analyse the problem and to verify the client's information. It then prepares a financial advisory service agreement which specifies scope of work, fees, and terms and conditions. Once the agreement is signed, a detailed due diligence will be conducted and advisory service commences based on the client's objectives and the agreed scope of work.

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

##### **1. Debt Restructuring Services**

- Developing debt restructuring plans, including acting as the clients' representative or mediator in negotiations between creditors and debtors, and advising and scheduling debt repayment. This includes

debt restructuring plans under the Central Bankruptcy Court. ACS subsidiary is licensed by the Business Reorganization Office, Legal Execution Department, as a rehabilitation planner and plan administrator under the laws of Ministry of Justice.

- In its role as Planner, ACS provides advice, information and document preparation for debt restructuring and rehabilitation planning, and other necessary documents for creditors and related parties to consider before approving the plan.
- As a Plan Administrator, ACS manages the client's business and assets including purchasing, selling and other transactions concerning the client's assets. ACS may use the client's assets as collateral to benefit the client's business operations. After a client has fulfilled its obligations under the Plan, ACS files a petition to the Court to allow the client to exit Rehabilitation.

## **2. Investment Banking Advisory**

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

## **3. Other Related Financial Advisory Services**

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

## **Corporate Finance and Investment Banking Advisory Fees**

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

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

### 4.3 Other Services

Other diverse aspects of service work such as outsourcing business are provided to clients characterized by being the service of Call Center acting as a coordinate center between the clients and the users of products or the client's services such as providing service as being a call center of the credit card business, the mobile phone business, the business of the provider of basic public utility service, debt collection service, the service of customer relations center, the service in connection with application procedure for various credit approval, etc. Besides the service aspect work, ACON, which is the subsidiary company, has also made investment in cosmetics and beauty products business. But it is expected that during the first 2 years period, it is a tentative investment to sound out the response of the market as to determine the prospect of growth or probability of income creation. If in the future, the cosmetics and the beauty products distribution business can increasingly create good returns on investment; there may be consideration to further increase in sale of investments in this business.

#### Other Service Fees

Service fees to be earned under contracts for providing other service works are charged according to the contracts for providing general services, not predicated on the success of work, while the earning from sale of cosmetics is characterized by the income from trading.

## Temporarily Ceased Business Operations

### Consumer Finance Business

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

Services previously offered by CAP OK are described as follows:

#### 1. Personal Loans

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

#### 2. Sales Finance

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

#### 3. Credit Card

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

#### **4. Hire Purchase**

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

#### **Revenue Generated from the Consumer and Personal Finance Business**

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

### **5. Marketing and Competitiveness**

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

#### **5.1 Customer Characteristic Types**

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

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

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

#### **5.2 Competitive Strategy**

##### **• Non-performing Loan Asset Management**

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



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

- **Financial and Investment Banking Advisory**

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

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

- **Other Services**

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

For distribution of cosmetics and beauty products, the subsidiary company, ACON, will apply the strategy of offering the products in imported brands with an emphasis on the product quality to make a distinction from the products of other competitors as to create customer satisfaction and brand loyalty of the products.

### 5.3 Distribution Channels

- **Non-performing Asset Management**

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

- **Financial and Investment Banking Advisory**

ACS's core business is providing financial advisory service to clients that have financial difficulty or are in the preparation process of debt restructuring, or are seeking business expansion or sources of funds for either investment or

use as a working capital. The clients come from a variety of industry sectors, for instance, agriculture, textile, tourism and many others. The Company and subsidiaries provide services to medium and large sized companies. They offer a wide range of services, allowing them to create a large network of clients across many industry sectors.

- **Other Services**

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

Meanwhile the business of cosmetics and beauty products distribution employs the distribution channels such as the opening of the website at [www.cheonsabeauty.com](http://www.cheonsabeauty.com) in which the channels for contact to buy goods are specified through requiring the sales staff to phone the target customers based on a list of names obtained from various data sources by inviting the customers as well as introducing the products for trial use. Moreover, a method of leasing the space in various office buildings is used to introduce the products to customers in such business area and another channel for distribution is via a convenience store such as the Seven Eleven, for example.

#### 5.4 Target Customers

- **Non-Performing Loan Asset Management**

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

Customers may also be the original asset management company or financial institution. Some institutions outsource asset management services to servicers like the Company in order to reduce cost or to let specialists handle the debt collection. Currently, the Company has no asset management service contract.

- **Financial and Investment Banking Advisory**

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

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

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

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

Some of the Completed Financial and Investment Banking Advisory Projects of  
The Company and Subsidiaries as of December 31, 2013

No.	Company / Subsidiary	Client's Business	Type of Service	Contract Period		Debts /
				Beginning	Ending	Funds Sourced* (THB million)
1	ACAP	Computer & Electronics	Debt Restructuring + Sources for funds	2001	2002	2,400 400
2	ACAP	Furniture	Plan administration consultant + Sources for funds	2001	2002	1,040 100
3	ACS (AIP)	Real Estate	Planner & Planning administration	2001	2005	17,000
4	ACAP	Telecommunications	Debt Restructuring + Planning administration consultant	2002	2003	516
5	ACAP	Real Estate	Debt Restructuring	2002	2003	1,500
6	ACAP	Construction equipment	Debt Restructuring	2002	2003	700
7	ACAP	Construction equipment	Debt Restructuring	2002	2003	700 167
8	ACAP	Textile	Debt Restructuring	2002	2003	18,000
9	ACS (AIP)	Transformers	Debt Restructuring and Rehabilitation Planning & Administration Sources for funds	2002	2004	1,650 400
10	ACAP	Canned Seafood	Debt Restructuring+ Sources for funds	2002	2004	5,586 1,430
11	ACAP	Electrical Appliances	Debt Restructuring	2003	2003	416
12	ACAP	Construction	Planning administration consultant	2003	2004	1,100
13	ACAP	Real Estate	Debt Restructuring + Planner consultant	2004	2005	66,000
14	ACS (AIP)	Importer and distributor of chemical products	Debt Restructuring + Sources for funds	2004	2005	700 300
15	ACAP	Rubber Latex	Cash flow review	2004	2006	n.a.

No.	Company / Subsidiary	Client's Business	Type of Service	Contract Period		Debts / Funds Sourced* (THB million)
				Beginning	Ending	
16	ACAP	Lenses and Glasses	Private Placement + IPO	2547	2549	200 200
17	ACAP	Transformers	Sources for funds	2005	2006	1,350
18	ACAP	Financial Institution	Debenture bond offering	2005	2005	50,000
19	ACS (AIP)	Canned Fruit	Debt Restructuring + Sources for funds	2005	2006	1,100 400
20	ACAP	Transformers	Financial Consultant	2006	2007	70
21	ACS (AIP)	Machinery parts	Planner consultant + Sources for funds	2006	2007	2,665 400
22	ACS (AIP)	Food	Planner	2006	2008	19,033
23	ACAP	Electronics	Planner consultant + Sources for funds	2007	2007	3,221 772
24	ACAP	Food	Debt Restructuring + Sources for funds	2007	2007	1,359 63
25	ACS	Manufacture of motorcycles	Planner consultant + Sources for funds	2007	2009	2,665 400
26	ACS	Orange Farm	Planner consultant	2008	2009	1,019
27	ACS	Building and repairing of ships	Plan administrator	2008	2010	821
28	ACS	Canned Fruit	Tender Offer Advisor	2009	2009	80
29	ACS	Manufacture of lace	Debt Restructuring	2009	2012	911
30	ACS	Research Institution	Structure Capital Advisory	2010	2011	n.a.
31	ACS	Frozen Seafood	Business Valuation Consultant	2010	2011	n.a.
32	ACS	Manufacture of electronic valves and tubes and other electronic components	Planning administration consultant	2010	2011	4,000
33	ACS	Shoes manufacturer	Planner consultant	2010	2012	445
34	ACS	Agro Industry	Sources for Funds	2011	2013	30
35	ACS	Television Media	Independent Financial Advisory	2012	2012	n.a.

No.	Company / Subsidiary	Client's Business	Type of Service	Contract Period		Debts / Funds Sourced* (THB million)
				Beginning	Ending	
36	ACS	Agriculture	General Advisory	2012	2012	n.a.
37	ACS	Sea Food	General Advisory	2012	2012	n.a.
38	ACS	Communication	Independent Financial Advisory	2012	2012	n.a.
39	ACS	Textile	Debt Restructuring	2012	2013	631
40	ACS	Communication	Planning Administration Consultant	2013	2013	n.a.
41	ACS	Communication	Business Valuation Consultant	2013	2013	n.a.
TOTAL						211,940

Remark: \* Project value equals the debt or fundraising size

**Work in Progress for Financial and Investment Banking Advisory Projects of  
The Company and Subsidiaries as of December 31, 2013**

No.	Company / Subsidiary	Client's Business	Type of Services	Contract Starts in Year	Debts / Funds Sourced * (M Baht)
1.	ACS	Manufacture of electronic valves and tubes and other electronic components	Debt Restructuring + Sources for Funds	2012	4,000 420
2.	ACS	Hotel	Sources for Funds	2013	1,600
3.	ACS	Agriculture	General Advisory	2013	n.a.
4.	ACS	Shoes manufacturer	Sources for Funds	2013	904
5.	ACS	Electrical Engineering	Sources for Funds	2013	200
Total					7,124

Remark: \* Project value equals the debt or fundraising size

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

• **Other Services**

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

While for the distribution of cosmetic and beauty products, 80 % of the customers will be the working women groups, namely, office staff, businesswomen, housewives, etc. These people take interest in beauty care and they have purchasing power. Meanwhile, a group of customers who are students is deemed be a target group of increased proportion.

### 5.5 Pricing Policies

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

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

## 6. Industry Outlook and Competition

### Debt Restructuring and Non-Performing Loan Asset Management Industry

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

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

- Emergency Decree on Financial Sector Restructuring B.E. 2540 (1997) - The act was aimed by the Ministry of Finance at establishing the Asset Management Company or AMC, to manage NPL transferred from Trust or Extinguished Financial Institutions that were held by the government's financial rehabilitation and development fund (Financial Institutions Development Fund or "FIDF").

- Asset Management Royal Decree B.E. 2541 (1998) - The act was aimed to protect the Asset Management Company in terms of assets and collateral transferred from financial institutions.

- Bankruptcy Act (Amended B.E. 2542 (1999)) - The amended Act included the rehabilitation process which specified that a rehabilitation plan must be established and that the rehabilitation planner/administrator must manage the debtor's assets and operates under this act.

- Thai Asset Management Corporation Decree B.E. 2544 (2001) - This decree was intended to hasten the process of separating NPL from the banking and financial institution system. The Thai Asset Management Company Limited ("TAMC") was established under this decree to manage transferred NPL and carry out debt restructuring and management. The decree specified that all banks and asset management companies who are more than 50% owned by the government must transfer their non-performing assets to TAMC. However, any new NPL emerging after the end of December 2000 were not covered by this TAMC Decree. The Decree also defined the transfer price, including dividend methodology, and scope of responsibilities of transferor and transferee in case of loss.

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

### **Industry Structure**

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

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

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

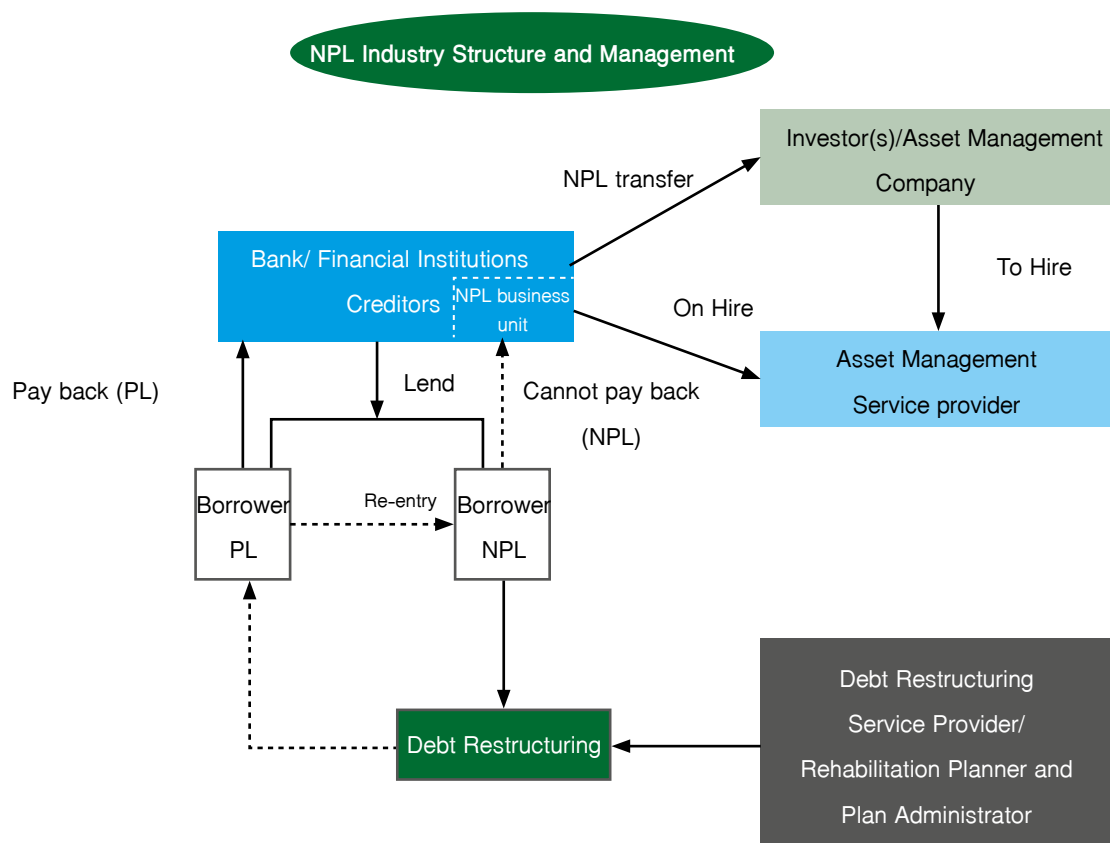
**Level 2 : Creditor** - Most creditors are private commercial and/or government-owned banks. When loans of these banks became NPL, they normally transferred some portions of their NPL to the established asset management companies such as AMC or TAMC. However, some banks have not yet transferred significant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



### Level 3 : Asset Management Company/Organization (Owner/Manager of NPL Transferred from Banks) - At

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

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



### Market Size and Competition

The market size for debt restructuring and non-performing loan asset management depends on economic conditions. Economic recessions provide an increase in work in both debt restructuring and NPL asset management. Businesses and individuals are both affected during economic downturns. As a result, unemployment increases and

leads to higher growth of NPLs. When the economy recovers after the government successfully implements new policies to stimulate the economy, the number of NPLs is likely decrease. In the past 1-2 years both the government sector and financial institutions have issued policies to control amount of bad debt, and NPLs decreased compared to the previous year. However, the uncertainty of world's economy and economic growth slow down in the past year are key factors that may increase the number of NPLs in the near future.

According to updated information from the Bank of Thailand ("BOT") released on February 20, 2014, Gross NPL outstanding (loans classified as Substandard, Doubtful, and Loss as per the BOT's classification) in Thailand's financial system, which includes commercial banks, branch of the foreign commercial banks, at the end of the 4th quarter of 2013 was THB 265,648 million or 2.15% of total loans in the financial system. This amount of Gross NPL has increased compared to the same period last year, by approximately THB 11,441 million. These NPL outstanding were mainly from the production sector, at THB 78,347 million, followed by the Personal and Consumer Finance in the amount of 71,612 million. This number includes both individual and business debtors.

NPL in 2013 increased over the previous year by THB 50,316 million. According to the BOT's data at end of the 4th quarter of 2013, the sector with the largest absolute increase in NPL was the personal and consumer finance sector, where NPL grew by THB 20,208 million, and accounted for 40.16% of the total increase in NPL. Of the increase in industrial NPL, THB 2,239 million were re-entry NPL and THB 17,555 million were new NPL. The production sector also had large absolute increases in NPL of THB 12,867 million (or 25.57% of the total increase), respectively. Details of the increase in NPL in 2013 by major sector are as follows:

Industry Type	As of End-4th Quarter 2013 (THB million)			
	New NPL	Re-Entry NPL	Other	Total NPL
1. Agriculture, Fishery and Forest	317	274	21	613
2. Mining	9	18	2	29
3. Production Sector	5,312	4,247	3,308	12,867
4. Construction	658	240	202	1,100
5. Commercial Sector	6,108	2,585	682	9,375
6. Finance and Insurance	45	10	8	63
7. Real Estate	554	329	230	1,114
8. Public Utility and Transport	522	946	55	1,523
9. Services	1,178	2,087	155	3,420
10. Personal Consumption	17,555	2,239	414	20,208
11. Other	4	0	0	4
Total	32,262	12,975	5,079	50,316

Source: Data as of December 31, 2013 and reported by Bank of Thailand on February 20, 2014.

### **Corporate Debt Restructuring and Rehabilitation Planning and Administration**

There are a considerable number of debt restructuring cases to be initiated which are the target market for Debt Restructuring and Rehabilitation Planning and Administration Services. The Central Bankruptcy Court has the authority to appoint a planner or a plan administrator in these cases. The appointed planner and plan administrator may be the existing debtors, creditors, or professional planners. A professional planner and plan administrator can be appointed for each case, but they must be qualified with the Business Reorganization Office under the Execution Department of the Ministry of Justice. As of December 31, 2013, there were 14 authorized professional planners and 18 plan administrators, including ACS, the Company's subsidiary. In most cases these firms will act simultaneously as the planner and plan administrator.

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

### **Non-Performing Loan Asset Management Service**

The market size of this service mostly will be determined by the amount of debts under legal case or the amount of outstanding payment. The service also includes the management of marketing regarding foreclosure of collateral. According to the BOT's preliminary data, NPL remaining in the system total THB 265,648 million (2.15% of total financial institution debt). This represents an increase of THB 50,316 million. Of this number, THB 20,208 million are new NPL (or 40.16% of the total increase). In addition, there are NPLs that have been restructured totalling THB 12,975 million (or 25.79% of the total increase). The amounts of NPL for the current year was increased to THB 50,316 million compared to THB 41,965 million in 2012. However, at the end of 2013, the size of new NPL increased from THB 27,259 million to THB 32,262 million. This shown that Thailand still has a substantial amount of NPLs in its financial system which indicates a good outlook for the non-performing asset management business.

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

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

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

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

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

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

4. The Company offers competitive service fees and is able to reduce the cost of managing non-performing loan asset management for its clients.

5. The Company has enhanced its opportunities to provide asset management services as it can service ACAP AMC, ACAP ASIA AMC as well as third party AMCs. The Company can also provide bidding services for these AMCs.

#### **Non-performing Loan Asset Management under the Government Agencies**

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

#### **Financial Advisory Industry**

In the past year, the Thai economic trends had not shown clear sign of recovery. Partially, it reflects the operating result of companies listed in the Thai Stock Exchange, which in the majority, their operating results were slowing down coupled with political upheavals. These are responsible for the accompanying delay in various investment policies. Clearly obvious is the outflow of overseas fund, foreign investors taking less interest in the capital market of Thailand rendering the inevitable impact on the financial advisory service in relation to raising fund, the issue of financial instruments.

Currently, many securities companies centre their attention on financial advisory services and the investment banking business due to the increase in revenues and support its securities companies including growing number of new financial advisory companies. As of February 18, 2014, there were 76 financial advisory companies authorised by the Securities and Exchange Commission (S.E.C.). To compete effectively in the financial advisory business, the firms must have high quality, skilled and experienced staff. Although, the Company has a competitive disadvantage due to a lack of a license for underwriting securities, it maintains good relationships with many qualified underwriters which enables the Company to give confidence to its clients regarding issuing shares to the public.

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

At present, the Company is seeking new opportunities to diversify its investment without relying on one particular business. The Company is ready to make an investment if it considers that such investment will generate good returns with low risk. For instance, at the yearend 2012, ACAP Consulting Company Limited, a subsidiary company, has expanded its business operations into cosmetics lines such as distribution of cosmetics, supplementary foods, and herbs, etc. The initial investment of the subsidiary company's business is not more than THB 1 million. However, in any future circumstance, if the business operation is in good condition, the Company may consider for additionally investment.

## 7. Service Execution

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

Financial advisory and asset management business require good relationship among the Company's executives, including receive information and commercial news to understand the clients' background and to be prepared for providing advise on choices or solutions to the clients.

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

For the non-performing loan asset management business, the Company has a solid, experienced team whose members have worked at financial institutions on both selling and purchasing of NPL assets. Thus, the Company's executives and working teams are well-prepared with intensive working experience in this particular area.

Meanwhile, experience in debt collection from the asset management business enables the Company's management to operate synergistically in the Personal Loan and Consumer Finance business and other businesses that require similar skills and experiences, for example outsourcing business, collection business, and call center business.

## 8. Unfinished Projects

Asset management projects and financial and investment banking advisory projects which are ongoing and are not expired or have been terminated are classified as "unfinished projects". Currently, all the non-performing loan asset management servicing agreements are completed. Last year, the Company did not sign any new servicing agreement. Under the financial advisory and investment banking business, there are 5 projects in progress as of December 31, 2013. In the aspect of financial advisory, the total debt or fund raising value is amounted to THB 7,124 million.



### 1. Risk due to lack of a new NPL portfolio in place of the expired old NPL portfolio

A business of undertaking to provide the service in managing non-performance loan (NPL) is deemed to be a principal source of income of the Company as it rather has a high proportion of earning as the Company would receive the remuneration in cash ratio of collectible in debt payment, closure of the account receivables or sale of collateral security. This portfolio of income will be earned by the company throughout the period of providing service under the subordinate assets management service contract. Since 2012, the assets management workload of the Company has been on the decline due to the old assets management service contracts are expiring coupled with no engagement is made in the new contracts. Moreover, subsidiary companies which operate as the assets management service company do not have the in-flow of new portfolios of subordinate assets, thus, at the end of 2013, rendering the drying up of subordinate assets management service contract work. From this time onwards, if the Company does not have the inflow of new contracts of portfolio management service, it would definitely affect its financial standing and the operating results in terms of income from the subordinate assets management service contracts.

### Protection and reduction of risks

The Company is well aware of and always attaches importance to the said problem. If, in the future, the company cannot find subordinate assets portfolio in place of the expiring portfolio or make a sale in timely manner as to hedge the risk of earning from the declining management of subordinate assets service contract, the Company is planning a business to increase more income in other types of service for the Company and its subsidiary to compensate for lost portion of its earning. Furthermore, in the future, if the Company finds the opportunity of doing business in which the Company is specialized, in order to make investment and create attractive returns on investment for the Company, then the Company is ready to plunge in to study and diversify the capital investment.

### 2. Risk from having to rely on major clients

In past several years, the majority of the Company's clients considering the ratio of earning, namely, the employer which are assets management companies or financial institutions which are the owner of subordinate assets portfolio, would engage the Company to be the manager of their subordinate assets portfolios. These employers are, namely, the financial institutions, the assets management companies as well

as the subsidiary companies which are also the assets management companies. When these subsidiary companies are in possession of the portfolio of subordinate assets they could acquire through bidding, they might then engage the Company as their manager.

While the provision of service as financial consultant in relation to merchant banking, some of the customers having available the fee from the success of the work in mega-projects are also similarly deemed to be a major customer. The income from these customers is deemed to be the earning clearly of definite amount and plays a contributing role in the growth in earning of the Company, in particular, during the period when the workload for the management of subordinate assets is on the declining trend. Being in this situation, the Company must create the earning from being a financial consultant and a merchant banking business instead. Therefore, if all said major customers cancel the contract or do not renew the engagement contract with the Company, it may render the drop in the Company's earning of material importance.

### Protection and reduction of risk

The Company has provided protection of the risk in the contract for the management of subordinate assets by making an emphasis on undertaking the contract to manage subordinate assets of its own subsidiary through allowing the subsidiary to enter into a successful bidding for portfolio of its own subordinate assets to reduce risk of being taken advantage of in the contract and the risk of the engagement contract being cancelled, which risk will be greater than in the case of the Company being engaged by other financial institutions or other assets management companies. That undertaking the contract to manage the subordinate assets of its own subsidiary company would give the company a better advantage. However, the Company must be yet ready to provide the service to other financial institutions as well; but there must be a study of the data and various terms and conditions of the engagement contract to give a good return to the Company to greatest extent.

For the financial consultancy and merchant banking businesses, most of major customers are customers undergoing debt restructuring or to raise fund for investment in larger projects. The Company hedges its risk by entering into an engagement contract more concisely, requiring the payment of fee, both monthly and upon completion of the work to ensure that the Company earns regular income throughout the project work. Moreover, the Company is implementing its policy to increase its earning from other types of business as to spread out its earning from several parts of the business, which is deemed to be another hedge against risk.

### 3. Risk in respect of personnel resource

The characteristics of the business operation of the Company and its subsidiary is the business which principally relies on the capability and skill of its executive and personnel as well as the relationship with various businesses in soliciting customers and in aspect of work management. The loss of personnel, in particular, at the executive level of the Company, may therefore impact the business success of the Company in the future.

### Protection and reduction of risk

The principal executives of the Company are the executive board members who joined the Company to pioneer the business and they were given the opportunity to hold share in the Company. Incidentally, every executive participates in soliciting the customers for the Company; it is not the responsibility of any particular director that the Company excessively has to rely on any particular director to solicit the customers. However, if the Company encounters the resignation of the executive board directors, then the Company would consider the suitability of the management structure if a replacement has to be found for those directors who resigned as to be in agreement with the workload. If it is necessary, the Company must ready to assign the Nomination and Remuneration Committee to recruit qualified, knowledgeable, capable and expert persons in the business of the Company to assume the vacancy as



soon as possible. Although in the past year, one member of the Executive Board had resigned, the Company was able to find a new executive director to fill the vacancy immediately. At the present, the Company has 6 executive-level directors, which is considered appropriate to the workload of the Company.

Meanwhile, for personnel in other disciplines, the number can be either increased or reduced to be consistent with the workload at all times thanks to the laying down of the management policy on a yearly basis. The management of human resource at operational level is therefore going smoothly consistently. Incidentally, after all contracts for assets management have been exhausted, at the end of 2013, the Company had a total of 25 executives and personnel. All the personnel are able to meet the responsibility of existing workload adequately with proper division of duty in every department appropriately without affecting the operating efficiency and the operating results of the Company. If in the future, the workload of the Company is on the increase, the Company will yet be able to recruit qualified and knowledgeable personnel to join the Company.

#### **4. Risk of not receiving payment or delayed payment of service charge**

The business of the Company and its subsidiaries are characterized by their earning principally coming from the fee for providing service in undertaking the subordinate assets management or the dunning for debt payment. Therefore, in the event that the Company has the inflow of the workload for management of subordinate assets, there will be a risk of the Company being unable to collect debt payment according to the established target including the risk of not being able to collect the fee from the clients to which the Company has provided service in other financial consultancy as well or even though for the delayed payment of service fee. This is owing to some of the customers in the business may face problem of liquidity or the clients may come from the business being in the process of debt restructuring or is facing financial woes or previous source of fund problem.

#### **Protection and reduction of risk**

The Company has been aware of the problem of its unpaid debt; therefore, to allow its subsidiary to enter into each bidding for subordinate assets portfolio always entails meticulous study of various portfolios, e.g., the scrutiny of the security and the quality of debt, etc., as to see the possibility of debt payment after the entry into the management of the subordinate portfolios of such debtor. Moreover, the price of each tender for portfolio is pre-determined to have value lower than the value of security for such portfolio to hedge against the risk of debt uncollectable to enable the forced sale of security at not lower than the purchased price. This means that the risk of loss from investment in the purchased portfolio for management is kept to minimum.

Meanwhile for the purpose of reducing risk of being unpaid of its fee for providing other financial consultancy services, the Company would hedge its risk with pre-assessment of the client's potential as regards the possibility of being successful in providing service, taking into account the ability to create cash flow, the ability to exist in business, etc., prior to being accepted as its client. The monthly fee to be charged to the customer is predicated mainly on the estimate of cash flow and the fee which covers initial expense of the Company will be accounted for on the basis of the monthly Retainer Fee for a sustained period of 6 months to 1 year and also the fee will be charged for the success of work. If the Company therefore is not paid the fee for providing service to the customer, then the Company would discontinue the service yet with an income available to cover the operating expense of the Company.

#### **5. Risk of being to rely on various licenses**

The operation of both subsidiary and the Company such as in entering into bidding for buying the portfolio of subordinate assets management or the providing of financial consultancy service under the supervision of the Office of the Securities and Exchange Commission ("SEC Office") or the work of providing service as the planner or the administrator of the business rehabilitation; for the

running of these businesses, the provider of service must have a license to operate the business issued from the supervisory organizations such as the Office of the Securities and Exchange Commission (“SEC Office”); the Bank of Thailand, the Office of Business Reorganization, the Legal Execution Department, etc. The license to operate these lines of business is valid for about 2 to 5 years, however, subject to renewal, except for subordinate assets the license for which will be issued once. Therefore, if the license to operate the business becomes expired and the renewal of which is not made, it would put the operation of such line of business at risk.

### Protection and reduction of risk

The Company and its subsidiary hedge the risk by checking the expiry date of the license to operate each category of business regularly as to preclude the operation of the Company and its subsidiary from being disqualified to operate the business. Presently, the license to operate the financial consultancy business under the supervision of the Office of Securities and Exchange Commission was issued to the subsidiary company, namely, ACAPS Corporate Services (ACS). The Company was approved as the consultant for merchant banking business by the Office of Securities and Exchange Commission and its license will expire on 2 December 2018 subject to immediate renewal as the Company is fully qualified in every respect without faulty performance. Moreover, ACS was also granted the license from the Office of Business Rehabilitation, the Legal Execution Department, to be the planner and the administrator of the business rehabilitation. The license for the planner will expire in 2014 and the license for the administrator of business rehabilitation will expire in 2017 subject to renewal on expiry date as ACS is fully qualified for renewal of the license. The risk for loss of the license for operation of each category of the business is therefore low.

### 6. Risk due to change in the cycle of business

The economic change particularly during the recession period without economic expansion may affect

the business or the earning of the Company as during the said period, the business activity and investment by private sector and the government would be on the downturn and would render the decline in public earning and spending power. Therefore, it is unavoidable that the Company's business in the part of the contracted management of subordinate assets would be affected in terms of debt collection from the debtors as well as the business in relation to investment consultancy. The impact would render the decline in the number of clients. Ultimately, the earning of the Company may be reduced.

### Protection and reduction of risk

The executive of the Company is well aware of the business cycle risk, in particular, during the period of economic downturn. However, the Company's and the subsidiary's diverse business operations as a financial consultant help contribute to the substitution of earning for each duration of the economic change, e.g., in the event of the period during which the economy went into recession. The decline in investment for both of public and private sector may cause the public to experience problems in cost of living; the Company's business in the aspect of assets management which entails collection of payment from debtors may face the problem of payment collection while the earning from the fee for raising the source of fund would as well be on the decline owing to the slow-down of investment. However, in the said economic situation, it may render, in the future, the increase in amount of subordinate quality assets in the economic system proportionately. This means that the Company would have increased in its workload of the management of subordinate quality assets in the future.

Moreover, the economic recession would increasingly cause debt problems for clients. As a result, they would be increasingly forced to use the service from the Company in relation to the business of debt restructuring. Being as such, the Company could create earning from this part of clients in substitution for the reduction in the income to be earned from customers to whom the service in relation to investment is given.

Conversely, in the economic situation in which it is expanding, the business of providing service in the management of subordinate quality assets has the opportunity to create income from debt collection including the earning from providing service in raising the source of fund needed for investment in various projects. These earnings would come in to substitute for the income from debt restructuring.

It can be seen therefore that the characteristics of doing business of providing service in financial consultancy by the Company and its subsidiary can be changed according to the economic situation at all times; in particular, the fact that the Company has a command of capable and experienced personnel in all aspects of the business, makes it ready to accommodate the financial consultancy business in various formats to be consistent with the change in the economic system at all times.

## **7. Risk owing to the drop in share price if the major shareholders who are directors of the Company and the institutional shareholders selling off their shares.**

Presently, the major shareholder accounting for 10 percent of authorized capital is Mr. Vivat Vithoontien, the Chief Executive Officer (CEO) of the Company, at the end of 2013 with the shareholding ratio of 49.19 percent of the registered capital. Meanwhile, shareholding by first 10 directors and other financial institutions of the Company has the ratio of about 12.79 percent of the registered capital, when combined with the shareholding of Dr. Vivat Vithoontien, other first 10 directors and the financial institutional shareholders of the company, the combined shareholding ratio is more than 50 percent of total share of the Company. Investors therefore would face the risk of a drop in the Company's share price in the Stock Exchange in the event that shareholders and the financial institutions are selling off their share.

## **Protection and reduction of risk**

There is no other shareholder who is the director of the Company than Dr. Vivat Vithoontien, being the major shareholder or holding share upwards of 10 percent. All the directors are jointly working for the Company since its listing in the Stock Exchange. They share a common goal to develop the business of the Company to continuing growth in the future. This will be the value added for the business they all own. Therefore the return on the growth of the Company in each year, as each director would receive from the shareholding, is more motivating than selling off share to make profit.

For overseas institutional shareholders of the Company, in the past, some shares were sold out, but such shareholders are not the major shareholder and most of them do not have policy of short-term investment or to make profit from the margin of share price; but they would invest in the share of the company for about 3 years to 4 years to seek returns on a long-term basis. However, the Company does not rely on any key technology or any key personnel from the institutional shareholders except seeking financial support to invest in the company's business, e.g., borrowing to finance the cost of bidding to buy portfolio of subordinate assets, etc. Therefore in the future, if there is selling off share of the said institutional group, there will be no impact on the operation of the company thanks to the experience of the Company in seeking funds from other famed investors and financial institutions.

## **8. The risk owing to the subsidiary company entering into a contract for support of credit line from financial institution**

As the operation of the subsidiary which is an assets management company must use a large amount of fund to bid for purchase of each assets portfolio, the subsidiary company must seek fund support from various finance institutions which are alliance of the Company. Therefore there is the risk of not getting the credit line, thus affecting the opportunity to enter into the bidding for

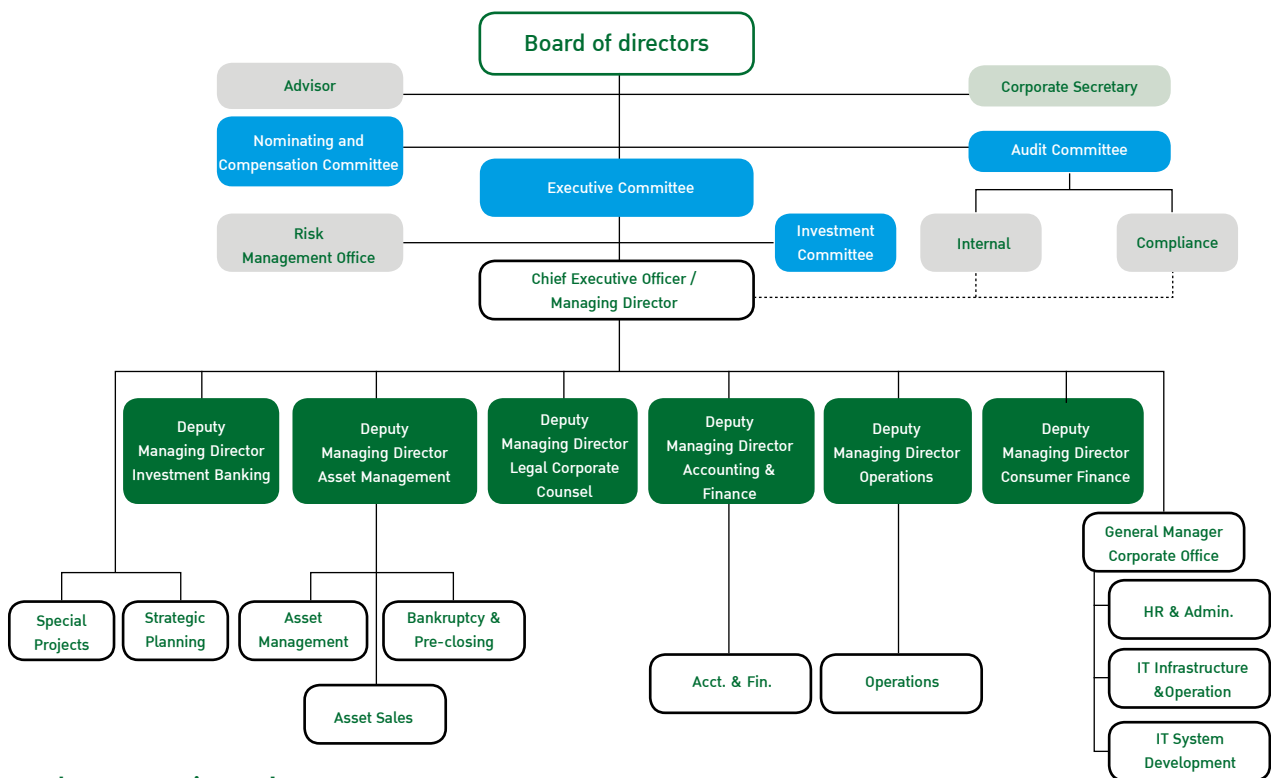
the quality subordinate assets portfolio or the risk of default on loan in the future, provided that the subsidiary's operation of managing the said subordinate assets is not successful.

### Protection and reduction of risk

In seeking fund support to finance the bidding for subordinate assets portfolio, the financial institutions which grant the credit line are mainly the institutional shareholders of the Company, but they are not the major shareholders. Therefore to consider granting the loan besides being general business operation of the financial institution which earns interest in return for granting loan, it also is in a way giving support to the operation business of the Company, while such financial institution is also the shareholder. While at the same time, the Company has introduced the hedging measure against risk by entering into various loan agreements to be more concise and appropriate and create maximum benefit for both

sides. Incidentally, the payment of the loan in each remaining agreement depends on the amount collectable from the management of each subordinate assets portfolio having been bought. In respect of the portfolio to be bought before entering into bidding, the Company has meticulously studied all collaterals by attaching importance to the portfolio with higher security when compared with the credit line used for bidding and having been supported by said financial institution. Therefore for payment of loan to the financial institution of the two subsidiary companies, it is convinced that repayment of the said loan could be certainly made.

# Organization Structure



## The Committees's Structure

The Committees's structure comprises the Board of Directors and four sub-committees : the Executive Committee, the Audit Committee, the Nominating and Compensation Committee and the Investment Committee as follows :

### 1. Board of Directors

The Board of Directors comprises members who possess relevant skills and experience. Currently, there are nine members of the Board of which six are Executive Directors and three Non-Executive Directors, which are Independent Directors and Audit Directors. (Attachment 1-2 : Details of Directors, Management and Authorized person and Secretary of the Company and Subsidiaries.)

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

Three of the non-executive directors are independent directors. The three independent directors are in the Audit Committee monitoring the Company's internal audit, financial statement reporting and other compliances with the Company's pre-established regulations and policies. Moreover, the Audit Committee works closely with the Internal Audit Department to monitor business operations conducted by the Executive Director Committee for compliance and transparency.

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

As of December 31, 2013, there were nine members of the Board as follows :

No.	Name	Position	2013 Attendances
1.	Dr.Vivat Vithoontien	Chairman / Chief Executive Officer	5/6
2.	Mr.Saringkarn Sutaschuto	Executive Director	6/6
3.	Mr.Issarachai Decharit	Executive Director	6/6
4.	Mr.Chalermchai Sirinopawong	Executive Director	6/6
5.	Mr.Parankoon Waiyahong	Executive Director	4/6
6.	Mr.Sujarit Isarankura*	Executive Director	2/6
7.	Mr.Suraphol Sindhuvanich	Independent Director / Chairman of Audit Committee / Nominating and Compensation Committee Member	6/6
8.	Ms.Narumol Wangsatorntanakul	Independent Director / Audit Committee Member / Chairman of Nominating and Compensation Committee	6/6
9.	Mr.Chatchawan Triamvicharnkul	Independent Director / Audit Committee Member / Nominating and Compensation Committee Member	6/6
	Mr.Anake Pinvanichkul**	Executive Director	3/6
	Ms.Suvimol Pumpaisanchai**	Director	3/6

\* Mr.Sujarit Isarankura was appointed as Director, in replacement of Mr.Anake Pinvanichkul on August 13, 2013

\*\* Mr.Anake Pinvanichkul and Ms.Suvimol Pumpaisanchai, have resigned from the Director position, effective since May 31, 2013  
(Attachment 1 : Details of Directors, Management, Authorized person and Secretary of the Company)

### Authorised Persons

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

## 2. The Executive Director Committee

As of December 31, 2013, the Executive Director Committee comprised six members as follows :

No.	Name	Position	2013 Attendances
1.	Dr. Vivat Vithoontien	Chairman and Chief Executive Officer	9/13
2.	Mr. Saringkarn Sutaschuto	Executive Director and Deputy Managing Director of Investment Banking Department	13/13
3.	Mr. Issarachai Decharit	Executive Director and Deputy Managing Director of Legal Department	13/13
4.	Mr. Chalermchai Sirinopawong	Executive Director and Deputy Managing Director of Accounting / Finance Department	13/13
5.	Mr. Parankoon Waiyahong	Executive Director and Deputy Managing Director of Operations Department	9/13
6.	Mr.Sujarit Isarankula*	Executive Director	4/13
	Mr.Anake Pinvanichkul**	Executive Director and Deputy Managing Director of Investment Banking Department	6/13

\* Mr.Sujarit Isarankura has was appointed as Executive Director, in replacement of Mr.Anake Pinvanichkul on August 13, 2013

\*\* Mr.Anake Pinvanichkul has resigned from the Executive Director position on May 31, 2013.

(Attachment 1 : Details of Directors, Management, Authorized person and Secretary of the Company)

## 3. The Audit Committee

As of December 31, 2013, three members of the Audit Committee comprised independent board members with different skills, abilities and professions, namely engineering, economics and accounting and finance to consider financial statements of the Company and subsidiaries, review internal audit results with the Internal Audit Department, meet with auditors and the Accounting Department head to consider all related transactions. Members of the Audit Committee are as follows:

No.	Name	Position	2013 Attendances
1.	Mr. Suraphol Sindhuvanich	Chairman of the Audit Committee	11/12
2.	Ms. Narumol Wangsatorntanakun	Audit Committee Member	12/12
3.	Mr. Chatchawan Triamvicharnkul	Audit Committee Member	12/12

#### 4. The Nominating and Compensation Committee

Resolution of the Board of Directors meeting no. 4/2008 dated August 13, 2008, approved the appointment of the Compensation Committee comprising three members who serve as independent directors and members of the Audit Committee. Board of Directors meeting no. 1/2009 on February 26, 2009 appointed the same committee to nominate directors and senior management and changed the name from Compensation Committee to Nominating and Compensation Committee. As of December 31, 2013, the Nominating and Compensation Committee comprised the following members :

No.	Name	Position	2013 Attendances
1.	Ms. Narumol Wangsatorntanakun	Chairman of the Nominating and Compensation Committee	3/3
2.	Mr. Suraphol Sindhuvanich	Nominating and Compensation Committee Member	3/3
3.	Mr. Chatchawan Triamvicharnkul	Nominating and Compensation Committee Member	3/3

#### 5. The Investment Committee

Investment Committee shall be composed of four members, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of ACAP, one other member of the Executive Committee and one additional member with relevant knowledge and expertise in investment management and analysis. As of December 31, 2013, the Investment Committee comprised the following members :

No	Name	Selected from
1.	Dr.Vivat Vithoontien	Chief Executive Officer
2.	Mr.Chalermchai Sirinopawong	Chief Financial Officer
3.	Mr.Saringkarn Sutaschuto	Executive Committee Member
4.	Mr.James Landy	Senior Vice President



## 6. Company Secretary

In order to comply with the Securities and Stock Exchange of Thailand Act (4th edition) B.C. 2551 section 89/15 regarding the setting up of the Company Secretary by the board of directors, Board of Director meeting no. 4/2008 dated August 13, 2008 approved the appointment of Mr. Ithidej Chuerangsun as the Company Secretary. Responsibilities of The Company Secretary as per enclosed attachment Re : Details of Directors, Management, Authorized person and Secretary of the Company

## 7. Director and Management Remuneration

### Cash Remuneration

#### 7.1 Directors

During 2013, the Company set policy for director remuneration as follows:

1. Each director will receive a meeting allowance of THB 20,000 per person per meeting of which the directors who also hold a management position will receive such meeting allowance besides their regular salary.

	2012 (THB/ meeting)	2013 (THB/ meeting)
Board of Director meeting allowance	20,000	20,000

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

	2012 (THB/ meeting)	2013 (THB/ meeting)
Audit Committee meeting allowance	20,000	20,000

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

	2012 (THB/ meeting)	2013 (THB/ meeting)
Nominating and Compensation Committee meeting allowance	20,000	20,000

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

## 7.2 Remuneration of Non-Executive Directors

As of December 31, 2013, the details of the remuneration for non-executive directors are as follows :

Name	Remuneration for 2012 (THB)				Remuneration for 2013 (THB)			
	Board of Directors	Audit Committee	Nominating and Compensation Committee	Special	Board of Directors	Audit Committee	Nominating and Compensation Committee	Special
Non-Executive Directors								
1. Ms. Suvimol Pumpaisanchai*	120,000	-	-	-	60,000	-	-	-
Independent Directors and Audit Committee Members								-
1. Mr. Suraphol Sindhuvanich	80,000	240,000	20,000	-	120,000	220,000	60,000	-
2. Ms. Narumol Wangsatomtanakun	120,000	240,000	20,000	-	120,000	240,000	60,000	-
3. Mr. Chatchawan Triamvicharnkul	120,000	240,000	20,000	-	120,000	240,000	60,000	-
<b>Total</b>	<b>440,000</b>	<b>720,000</b>	<b>60,000</b>	<b>-</b>	<b>420,000</b>	<b>700,000</b>	<b>180,000</b>	<b>-</b>

\* Miss Suvimol Pumpaisanchai has resigned from the Executive Director position, which was effective since February 29, 2012, remains as Authorized Director of ACAP until May 31, 2013.

## 7.3 2013 Remuneration of Executive Directors

In 2013, the Company's remuneration structure for its six executive directors was as follows :

Type of Remuneration	2012		2013	
	No. of directors	Total remuneration (Baht)	No. of directors	Total remuneration (Baht)
Salary	6	17,680,320	6	17,377,410
Special remuneration	6	1,403,200	6	-
Director remuneration	6	700,000	6	640,000
Provident Fund	6	884,016	6	868,870
<b>Total</b>	<b>6</b>	<b>20,667,536</b>	<b>6</b>	<b>18,886,280</b>

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

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

## 8. Human Resources

### 8.1 Management and Staff

As of December 2013, the Company had reorganized its employee structure by decreasing certain amount of staffs. Most of the employees are operations staff officers in asset management division. This is owing to the disposition of NPL portfolios owned by the subsidiary, together with the Company had no new portfolios to operate. As of December 31, 2013, the Company employed a total of 25 staffs, excluding the subsidiaries' staffs. The Company allocates staff based on individual skills and ability and to be in line with the business expansion and investment plans. Staff levels can be seen in the tables below.

No.	Position	Headcount
1.	Chief Executive Officer / Managing Director	1
2.	Directors	5
3.	General Manager	1
4.	Executive Vice President	1
5.	Senior Vice Presidents	1
6.	Vice Presidents	2
7.	Assistant Vice Presidents	1
8.	Managers	4
9.	Assistant Managers	1
10.	Unit Heads	1
11.	Support Staff	7
<b>Total</b>		<b>25</b>

Staff Counts in Company subsidiaries as of December 31, 2013 are as follows :

Subsidiary	% Shareholding	Headcount
ACAP Corporate Services Co., Ltd. (ACS)	99.99	5
Global Service Center Co., Ltd. (GSC)	99.99	90
ACAP Consulting Co., Ltd. (ACON)	99.99	2
Capital OK Co., Ltd. (CAP OK)	99.99	20
Professional Collection Co., Ltd. (P COL)	99.99 held by CAP OK	3
ACAP (Asia) Asset Management Co., Ltd. (ACAP ASIA)	97.60 held by CAP OK 2.39 held by ACAP	1
Aurum Capital Advisory Pte Ltd. (Singapore)	63.97	4

## 8.2 Remuneration

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

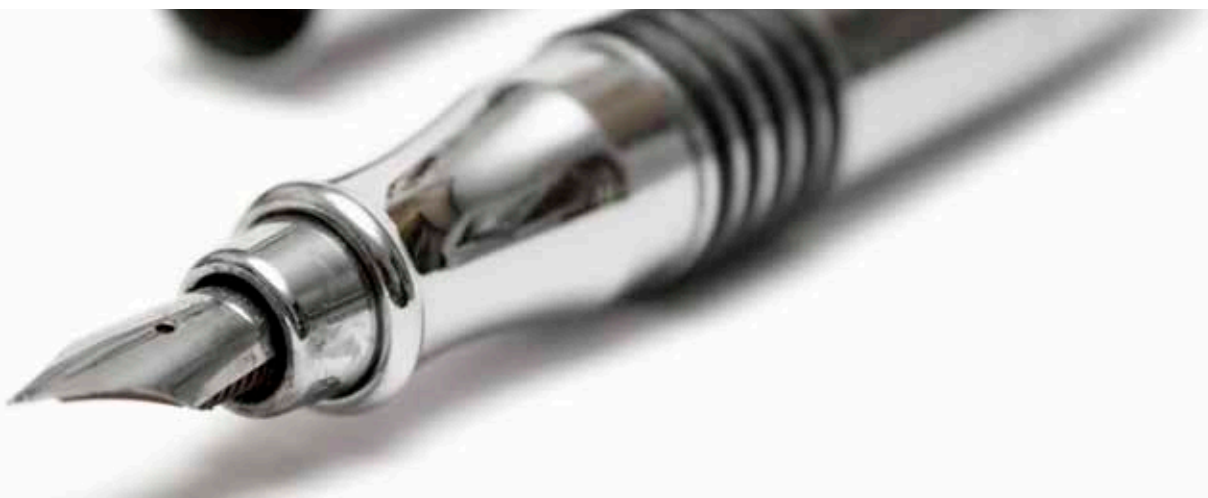
As of December 31, 2013

(Unit : Baht)

Types of Remuneration	2012	2013
Salary	38,793,988	16,578,662
Special Remuneration (bonus, overtime and food, transportation and gasoline reimbursement)	16,319,738	5,542,163
Provident Fund Contribution	1,830,991	810,930
<b>Total</b>	<b>56,944,717</b>	<b>22,931,755</b>

(2) Other Remuneration (if any)

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



## 1. Corporate Governance Policy

As the shareholders' representative, the Board of Directors confirms that the Company is in full compliance with the SET's guidelines for implementation of good corporate governance. The Company's operational procedure manual is placed on the Company's website for disclosure to shareholders. The Board of Directors believe that, given the Company's professional management system, experienced board, talented management team with good vision and sense of fiduciary duty, checks and balances, transparent administration, and respect for shareholders' rights and equitable treatment, the Company can add more value and provide higher returns to shareholders in the long run. Furthermore, assessment results for the Company in the Corporate Governance Report to Thai Listed Companies 2013 was "Very Good" based on an assessment during 2012-2013 organized by the Thai Institute of Directors (IOD).

In another independent assessment, the Company's commitment to shareholder rights and procedural standard of the Company's annual shareholders' meeting in 2013 was reviewed by the Thai Institute of Investment. As a result a score of 100/100 points was given for three consecutive years (2011-2013).

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

### Section 1 : Shareholders' Rights

The Company places importance on and respects the rights of all shareholders without favoring any group of shareholders and facilitates shareholders in exercising all rights they deserve in accordance with the Company's practice, e.g. the right to trade or transfer securities they hold, the right to buy back shares, the right to equal profit sharing, the right to receive sufficient information of the Company, the right to participate in meetings of shareholders of all types and institution investors, the right to express their opinions, the right to participate in making decision on significant matters of the Company, e.g. dividend distribution, director appointment or removal, determination of

directors' remunerations, appointment of auditor and determination of auditing fee, approval of significant transactions impacting upon the Company's business operation direction, amendments to the Memorandum of Association and the Articles of Association etc., including the right to awareness of agreements between the Company and shareholders (Shareholders Agreement) with significant impact upon the Company. Apart from the afore-mentioned basic rights, the Company also took actions in promoting and facilitating shareholders in exercising their rights as follows.

- 1) The right of shareholders to attend an annually held general shareholder's meeting at least once a year. In 2013, the Company convened an annual general shareholders' meeting on the April 25, 2013. Meeting venues were set up for convenient access by shareholders. We ensured effective dissemination of information to shareholders by hiring Thailand Securities Depository Company Limited, the Company's share registrar, to send schedules of shareholder meetings, notices of meetings and minutes of shareholder meetings with sufficient information and related documents to shareholders 21 days before the meeting date.
- 2) On meeting days, the Company facilitated shareholder voting by using a barcode system to register and count votes, as well as providing duty stamps for powers of attorney.
- 3) On meeting days, meeting attendance registration took place two hours before the meeting time. The Company also allowed shareholders to join the meeting after the meeting had already started and they were included among attendees with voting rights.
- 4) The Company arranged notices of meetings with related documents together with three types of proxies: type A, type B and type C, which were posted in our website [www.acap.co.th](http://www.acap.co.th) to help shareholders to choose the appropriate proxy. Additionally, the Company proposed at least one independent director to be a proxy holder to be nominated on behalf of shareholders not able to attend the meetings. The Company disseminated all facts and reasons of the nominated independent director, in case there were differences of opinion in the Board, both in Thai and English, to provide all shareholders equal treatment and with sufficient information.
- 5) During the Company annual shareholders meeting in 2013, there were all directors attended the meeting. In the event that a meeting that requires an independent opinion to enter into a certain transaction of the Company, the representatives of the Company's auditor and independent financial advisors would always attend such meeting.
- 6) For transparency and accuracy in vote counting, the company invited representatives from another auditing company which was not the Company's auditor, to provide auditing service for the vote counting.
- 7) At the beginning of each meeting, the Chairman of the meeting explained all meeting rules including the method of specifically counting the numbers of eligible voting rights for each specific meeting agenda according to Company rules. During the meeting, shareholders are treated equally, and are allowed unlimited opportunity for discussion and expressing opinions and suggestions. The Board straightforwardly answered all questions of each meeting agenda. All minutes of the meetings are

precisely and comprehensively recorded with a conclusion of each meeting agenda's resolutions. On the same day of the meeting, the meeting minutes and resolutions are disseminated via the SET's ELCID system to shareholders and the public in both Thai and English. Copies of full meeting minutes are provided to the Office of the SEC within 14 days after the meeting date. They are also posted on the Company's web site in both Thai and English.

- 8) No agenda was added to any meeting without prior notice to the shareholders, especially material agenda requiring sufficient time to study for decision making. Meeting agenda were presented as stated in meeting invitations.

## Section 2 : Equitable Treatment of Shareholders

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

- 1) The Company allows shareholders to nominate anyone, including independent directors proposed by the Company, to be proxy holders and attend meetings to maintain the shareholder's voting rights.
- 2) Before every shareholders meeting, the Company allow minority shareholders to add any meeting agenda or any matters including suggestions onto our website without discrimination for at least 30 days prior to the meeting. Such additions are reviewed by management before being submitted to the Board of Directors. There were no submissions of agendas from shareholders during 2013.
- 3) In case a minority shareholder would like to nominate any individual for a director position, they are allowed to do so by notifying of such on the Company's website at least 30 days prior to the shareholders' meeting in order for the Board of Directors to consider their qualifications and place the nomination in the agenda for the next shareholders' meeting.
- 4) In order for shareholders to have sufficient time to consider the shareholders' meeting agenda, the company will deliver the meeting invitation and attached documentation in both Thai and English at least 21 days prior to the meeting. The same invitation and attached documentation will also be posted on the Company's website.
- 5) For agendas involving a vote for directors, the Company allows shareholders to vote for each director individually.
- 6) During the meeting, the Company encourages comments and questions by opening floor and allowing sufficient time for to shareholders to come forward with their comments and questions.
- 7) The Company pays serious attention to protect the Company's inside information from abuse by directors, executives, and staff for personal profit or for running any related business that competes against the Company, regardless of the type of transaction, including buying or selling of related securities or undertaking any other action to the detriment of shareholders. A policy for the use of insider Information is clearly stated in the Company's staff Code of Ethics.

- 8) When any director or executive undertakes any transaction involving Company listed shares, he or she must inform our compliance unit, which then prepares a statement of shareholding of those directors, including of their spouses and dependent children, for the Office of the SEC. All directors and executives must abide by the Company's Code of Ethics, including strict avoidance of transactions in Company listed shares one month before and one week after financial statements are publicly disseminated.

### Section 3 : The Role of Stakeholders

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

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

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

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



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

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

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

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

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

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

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

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

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

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

To support the above CSR policy, the Company regularly organises activities for social causes. In 2013, the Company provided social assistance by donating educational supplies and sport equipments to Ban Rai School located in Pantong District, Chonburi Province on December 25, 2013. The Company provides assistance during times of disaster or hardship in Thailand and abroad whenever the need arises.

## Section 4 : Information Disclosure and Transparency

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

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

The Company Secretary and Investor Relations  
ACAP Advisory Public Company Limited  
195 Empire Tower 2-3, 22nd Floor, South Sathorn Road  
Yannawa, Sathorn, Bangkok 10120  
Tel. 02-694-4915  
Fax. 02-670-1152  
Email: [ithidej\\_c@acap.co.th](mailto:ithidej_c@acap.co.th)

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

- 6) The Company's Policy of Monitoring Compliance with the Provisions Complaints and Protection, the Company makes available a channel for complaint or recommendations from all employees, executives or stakeholders directly to the Audit Committee as follows.

Chairman of the Audit Committee/Audit Committee  
ACAP Advisory Public Company Limited  
195 Empire Tower 2-3, 22nd Floor, South Sathorn Road  
Yannawa, Sathorn, Bangkok 10120  
Tel. 02-694-4915  
Fax. 02-670-1152  
Email: ithidej\_c@acap.co.th

Or via email to:

Chairman of the Audit Committee/Audit Committee ; ac\_acap@acap.co.th Tel 02-694-4999  
Office of the Company Secretary/Investor Relations; ithidej\_c@acap.co.th Tel 02-694-4915

## Section 5 : Board of Directors' Responsibilities

The Board of Directors, as representative of shareholders, has the duty to supervise and monitor the Company's business administration to ensure compliance with laws, objectives and the Articles of Association, based on the good governance principles which will lead to transparent and fair business operation to create optimal benefits to all groups of shareholders and stakeholders. The following primary elements are established.

### Independence of the Directors

The Board of Directors is the persons who cohere between the shareholders and the Managements, hence, in order to convince the shareholders by the Board of Directors that the business operation will be made for the purpose of long-term gaining the highest benefit to the shareholders, each director shall perform his/her duty with neutrality, uncontrollable from managements or any group of people or any juristic person that may has controlling power upon the Managements. Moreover, all of the Company's Directors shall perform the duty of care which means that he/she shall reasonably perform his/her duty with sufficient information and such information shall not have any doubt of suspiciousness.

In addition, the Company's Directors shall perform the duty with loyalty, transparency and shall make decision without any conflict of interest except such decision is made by the person who is not related thereof and is considered as the highest benefit of the Company. Furthermore, the Company's Director shall not make any benefit for his/her self or any other person or any specific juristic person from disclosure of the Company's information or secret.

### Qualifications of the Board of Directors

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

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

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

As of December 31, 2013, there were nine members of the Board as follows :

No.	Name	Position	2013 Attendances
1.	Dr.Vivat Vithoontien	Chairman / Chief Executive Officer	5/6
2.	Mr.Saringkarn Sutaschuto	Executive Director	6/6

No.	Name	Position	2013 Attendances
3.	Mr.Issarachai Decharit	Executive Director	6/6
4.	Mr.Chalermchai Sirinopawong	Executive Director	6/6
5.	Mr.Parankoon Waiyahong	Executive Director	4/6
6.	Mr.Sujarit Isarankura*	Executive Director	2/6
7.	Mr.Suraphol Sindhuvanich	Independent Director / Chairman of Audit Committee / Nominating and Compensation Committee Member	6/6
8.	Ms.Narumol Wangsatorntanakul	Independent Director / Audit Committee Member / Chairman of Nominating and Compensation Committee	6/6
9.	Mr.Chatchawan Triamvicharnkul	Independent Director / Audit Committee Member / Nominating and Compensation Committee Member	6/6
	Mr.Anake Pinvanichkul**	Executive Director	3/6
	Ms.Suvimol Pumpaisanchai**	Director	3/6

\* Mr.Sujarit Isarankura was appointed as Director, in replacement of Mr.Anake Pinvanichkul on August 13, 2013

\*\* Mr.Anake Pinvanichkul and Ms.Suvimol Pumpaisanchai, have resigned from the Director position, effective since May 31, 2013

Attachment 1 : Details of Directors, Management, Authorized person and Secretary of the Company

### Duties and Responsibilities of the Board of Directors

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

1. To convene the annual ordinary shareholders' meeting within 4 months from the last date of the accounting period.
2. To convene Board of Director's meetings at least quarterly.
3. To arrange for the preparation of audited financial statements as of end of the Company's accounting period to be proposed at the shareholders' meeting for approval.
4. To empower, under Board of Directors regulations, a director or directors or others to act on behalf of the Board of Directors or to have authority for only a specified period that the Board of Directors deems appropriate. In the meantime, the Board of Directors is able to terminate, revoke, change or alter such authorised persons as the Board of Directors deems appropriate.

Moreover, the Board of Directors may empower the Executive Director Committee with the authority to manage the business within the scope of responsibilities of the Executive Director Committee. Nevertheless, such authority should not raise any conflict of interest with the Company or subsidiary companies except those transactions under policy and approved by the Board of Directors.

5. To review and approve visions and missions of the Company every 5 years, including to determine targets, guidelines, policies, work plans and budgets of the Company, supervise the administration and management of the Executive Committee to ensure compliance with policies assigned, except for the following matters in which the Board of Directors must obtain prior approval from the shareholder meeting, i.e. matters required by law to obtain prior approval from shareholder meeting, e.g. capital increase, capital decrease, debenture issuance, sale or transfer of the Company's business, in whole or in material part, to a third party, or purchase or taking transfer of another company's business to the Company, amendments of the Memorandum of Association or the Articles of Association etc.

Furthermore, the Board of Directors has the responsibility to monitor compliance with the Securities and Stock Exchange of Thailand Act, Stock Exchange of Thailand regulations regarding related party transactions of material assets or any other applicable laws related to the Company's businesses.

6. To review and evaluate the management structure, appoint members of the Executive Director Committee, the Managing Director and members of other committees as deemed appropriate.
7. To continuously evaluate the performance to achieve the business plan and budget.
8. To refrain from running any business within the same industry that may compete against the Company's businesses either personally or for someone else, either by assuming a partner role in any general partnership organization or unlimited partner role in any limited partnership organisation. The only exception is when consent has already been given in a shareholders' meeting before such director is appointed.
9. To notify the compliance unit as soon as he/she has either directly or indirectly been involved in any transaction or contract with the Company, or changed their holdings of shares or bonds issued by the Company or subsidiary companies.

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

### Term of Office of the Board of Directors

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

### Board of Directors Self Assessment

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

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

### Duties and Responsibilities of the Chairman

The Board of Directors shall select 1 director of the Company to act as Chairman of the Board to supervise meetings of the Board of Directors and of shareholders to ensure smooth convention and achievement of the objectives thereof. The Company requires the Chairman of the Board of Directors to have the following duties and responsibilities.

1. To supervise and direct persons concerned in organizing meetings to check the meeting venue to ensure its readiness and all meeting documents and equipments to be used to ensure their properness and completeness.
2. To study and ascertain the meeting format and procedures to be adopted.
3. To study details of the matters to be taken up for discussion in the meeting and find additional facts as necessary.
4. To supervise the meeting to be convened properly and smoothly to achieve the objectives thereof.
5. To urge participants to take part and express their opinions in the meeting equally.
6. To urge participants to consider facts and information carefully and thoroughly.
7. To provide updated facts when finding that the meeting lacks such information.
8. To try to provide opinions and recommendations including reasonable facts.
9. To summarize opinions of debaters in the meeting at appropriate intervals and opportunities.
10. To convene the debates in the meeting efficiently and reconcile or compromise serious disagreement in participants' debates.



11. To make a casting vote in case of a tied vote.
12. To summarize the meeting results accurately, clearly and completely.

## 2. Sub-Committee

The structure of the committees of the Company comprises the Board of Directors and sub-committees including the Executive Committee, the Audit Committee, the Nomination and Compensation Committee, the Investment Committee. Apart from details of the committees of the Company referred to in Section regarding responsibilities of the committees under the heading of good corporate governance discussed earlier, details of each sub-committee are as follows.

### 2.1 Executive Director Committee

As of December 31, 2013, the Executive Director Committee comprised six members as follows :

No.	Name	Position	2013 Attendances
1.	Dr. Vivat Vithoontien	Chairman and Chief Executive Officer	9/13
2.	Mr. Saringkarn Sutaschuto	Executive Director and Deputy Managing Director of Investment Banking Department	13/13
3.	Mr. Issarachai Decharit	Executive Director and Deputy Managing Director of Legal Department	13/13
4.	Mr. Chalermchai Sirinopawong	Executive Director and Deputy Managing Director of Accounting / Finance Department	13/13
5.	Mr. Parankoon Waiyahong	Executive Director and Deputy Managing Director of Operations Department	9/13
6.	Mr.Sujarit Isarankula*	Executive Director	4/13
	Mr.Anake Pinvanichkul**	Executive Director and Deputy Managing Director of Investment Banking Department	6/13

\* Mr.Sujarit Isarankura has was appointed as Executive Director, in replacement of Mr.Anake Pinvanichkul on August 13, 2013

\*\* Mr.Anake Pinvanichkul has resigned from the Executive Director position on May 31, 2013.

Attachment 1 : Details of Directors, Management, Authorized person and Secretary of the Company

### Scope of Duties and Responsibilities

1. To review the annual budget proposed by department heads before proposing to the Board of Directors for review and approval. Additionally, to review and approve any urgent changes in the annual budget before a Board of Director's meeting can be held, then to report the amended budget at the next Board of Director's meeting.

2. To approve transactions that are less than or equal to 50 million baht.
3. To approve payments less than or equal to 50 million baht, or investments in non-performing assets portfolios of less than 100 million baht per portfolio.
4. To approve the utilization of investment funds for investment purposes and business expansion within the limits stated in the Company's Investment Policy Statement.
5. To approve important investments stated in the annual budget principally approved by the Board of Directors.
6. To give advice to the management team for developing the master plan and policy for finance, investment, marketing, personnel management and other operations.
7. To allocate the budget for bonuses approved by the Board of Directors for employees or people involved in the business of the Company.
8. To oversee the Company's day to day business operations and administration.
9. To execute business transactions on behalf of the Company as required by the Company's Article of Association registered with the Ministry of Commerce.

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

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

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

#### **Functions and Responsibilities of the Chief Executive Officer**

1. To oversee the Company's overall business operations in order to achieve the Company's missions and objectives.
2. To develop business strategies and plans for proposal to the Board of Directors and to implement approved business strategies and plans.
3. To implement and fulfill responsibilities and policies assigned and set forth by the Board of Directors.
4. To issue instructions, orders, regulations, announcements, and memos to manage business operations of the Company for achieving profit and other objectives, including maintaining discipline in the organization.
5. To approve and/or delegate authority to other executives or employees to undertake business transactions under normal commercial terms that do not negatively affect the Company's assets.

6. To direct executives and employees to implement the Company's business policy and directives set forth by the Board of Directors.
7. To seek out business opportunities in corporate finance, securities, investment, business consulting, financial and accounting advisory, investment advisory and other new business opportunities to increase the Company's and shareholders' income.
8. To review the deployment of the Company's rights and assets for use in entering liabilities with other parties, companies or financial institutions and propose to the Board of Directors for approval.
9. To consider and approve payments for operating expenses that are less than or equal to 10 million baht.
10. To consider and approve investments in financial instruments and securities by the Company that are less than or equal to 25 million baht.
11. To approve important investments for business expansion and joint investments with other investors that are less than or equal to 25 million baht.
12. To oversee that the work of employees is in line with policies, rules and regulations of the Company as well as to promote good corporate governance in carrying out business.
13. To support the development of knowledge and skills of employees to enhance corporate potential.
14. To appoint consultants or advisors as necessary for the operation of the business, including the appointment of lawyers to file lawsuits on behalf of the Company or subsidiaries.
15. To consider and approve transactions related to business operations, such as selling and purchasing goods or services at market prices, charging fees at commercial rates and determining credit terms according to standard practice, etc.
16. To approve the appointment, transfer and termination of executive employment contracts.
17. To approve the appointment of certain officers authorised to sign Company cheques and purchase orders, financial instruments such as shares, bonds, convertible bonds, warrants, unit trusts, contracts and accounting and financial documents.
18. To implement ad hoc projects assigned by the Board of Directors.
19. To delegate other individuals to manage necessary and appropriate businesses or operations as deemed fit within the functions and responsibilities assigned by the Board of Directors.
20. To delegate tasks to Deputy Managing Directors or other executives.

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

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

During 2013, members of the Board of Directors excluding the Chief Executive Officer conducted an evaluation of the Chief Executive Officer's performance by evaluating business operations, amount of time dedicated to managing the businesses, internal control, responsiveness to opinions from management, risk management policy, and Board of Director meeting attendance. The evaluation forms were anonymous to ensure independent evaluation. The forms were submitted directly to the office of the Corporate Secretary who summarised the evaluation and presented the results to the Board of Directors

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

### Independent Director

#### The Independent Director Qualification

The Independent directors are independent from the Management and have no business or activities with the Company and must not be involved in the day-to-day management of the Company and/or subsidiary companies which may compromise the interests of the Company and/or the shareholders. The Company's Independent Directors comprises of the following three members: Mr. Suraphol Sindhuvanich, Miss Narumol Wangsatorntanakun and Mr. Chatchawan Triamvicharnkul. All of them have qualifications comply to the Company's definition of Independent Director, which are stricter than the minimum requirements of the Securities and Exchange Commission, the Stock Exchange of Thailand and the Capital Market Supervisory Board. The following conditions apply:

1. Holding shares not exceeding 0.5 percent of the total number of voting shares of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person including shares held by related persons of the independent director.
2. Not being nor having been an executive director, employee, officer, controlling person or advisor who receives a regular salary, of the Company, its parent company, subsidiary, same-level subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two years prior to the date of appointment. This restriction shall not apply to an independent director who has been a government officer or an advisor to a government authority that is a major shareholder or controlling person of the Company.
3. Not being a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.
4. Not having nor having had a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in a manner which may interfere with his/her independent judgment, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person who may have a conflict of interest unless the foregoing status ended not less than two years prior to the date of appointment.

The term “business relationship” mentioned above includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the Company or THB 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness occurring during the course of one year prior to the date on which the business relationship with the person commences.

5. Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person nor being a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing relationship ended not less than two years prior to the date of appointment.

6. Neither being nor having been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding THB 2 million from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and neither being nor having been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than two years prior to the date of appointment.

7. Not being appointed as a representative of the Company’s directors, the major shareholder or any other shareholder who is a related person to the major shareholder.

8. Not conducting any business which is of the same nature as the Company’s or its subsidiaries’ businesses and being in competition with them in any material respect, nor being a substantial partner, shareholder holding more than 1 percent of the voting shares, executive director, employee, officer or advisor who receives a regular salary, of any company whose business is of the same nature as the Company’s or its subsidiaries’ businesses, and being in competition with them in any material respect.

9. Not having any characteristics which make him/her incapable of expressing independent opinions with regard to the Company’s business affairs.

After having been appointed as an independent director with qualifications complying with the criteria under 1. - 9., the independent director may be assigned by the Board to take part in the business decisions of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or legal entity who may have a conflict of interest, on condition that these decisions must be collective ones.

## **2.2 Audit Committee**

As of December 31, 2013, three members of the Audit Committee comprised independent board members with different skills, abilities and professions, namely engineering, economics and accounting and finance to consider financial statements of the Company and subsidiaries, review internal audit results with the Internal Audit

Department, meet with auditors and the Accounting Department head to consider all related transactions. Members of the Audit Committee are as follows:

No.	Name	Position	2013 Attendances
1.	Mr. Suraphol Sindhuvanich	Chairman of the Audit Committee	11/12
2.	Ms. Narumol Wangsatorntanakun	Audit Committee Member	12/12
3.	Mr. Chatchawan Triamvicharnkul	Audit Committee Member	12/12

#### The Audit Committee Qualification

All members of the Audit Committee possess the same qualifications as those of the “independent Director”. They are not authorised by the Board of Directors to make decisions on the business operation of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person, and neither being directors of its parent company, subsidiary or same-level subsidiary, which is a listed company. The Committee must have at least one member who is qualified in finance and accounting and has adequate experience to ascertain the integrity of the financial statements of the Company.

#### Duties and Responsibilities of the Audit Committee

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

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

- 9.2 To review the Company's financial management policy and risk management.
- 9.3 To review the executive code of conduct and practice.
- 9.4 To review, together with other executives, reports which must be publicly disclosed such as the Management Report and Analysis.
- 10. To prepare the good governance report for disclosure in the Company's annual report as concurred by the Chairman of Audit Committee.
- 11. To implement any other related tasks as stated by law and regulation or assigned by the Board of Directors.

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

#### **Term of Office of the Audit Committee**

The Audit Committee shall have a term of office of 3 years each and for not exceeding 3 terms consecutively. Audit directors vacating their office at the end of their term may be reelected by the Board of Directors or shareholder meeting.

#### **Audit Committee Self Assessment**

In 2013, the Audit Committee conducted a self assessment and presented the results at Board of Director's meeting no. 1/2014 on February 26, 2014 with the aim to further improve the Audit Committee's performance. The results can be summarised as following:

##### **1. Audit Committee Composition**

The Audit Committee found its composition to be fully up to standard and in line with the Audit Committee Charter approved by the Board of Directors. All members of the Audit Committee had sufficient time to devote to performance of duty. Each member of the Audit Committee had sufficient knowledge and experience suited to each mission. In addition, at least one member of the Audit Committee was a professional in finance, accounting and auditing.

##### **2. Audit Committee Training and Dedication of Resources**

The Audit Committee found its training and dedication of resources to be fully up to standard. Throughout the year, the Audit Committee was provided sufficient information and relevant training.

##### **3. Audit Committee Meetings**

The Audit Committee found its meetings to be fully up to standard. In 2013, the Audit Committee organised 12 meetings. Meeting agendas and related background information were submitted to each member of the Committee in a timely manner to enable full and proper consideration of the issues. Committee members who attended the meetings did not have any conflict of interest in subject matters for resolution. The Audit Committee also convened additional meetings with management and external auditors as deemed appropriate. In addition, inquiries

into relevant legal issues which may significantly affect the Company's financial statements were conducted in its quarterly meetings with the Company's legal department.

#### 4. Audit Committee Reports

The Audit Committee found its reports to be fully up to standard. The Audit Committee had reported its activities to the Board of Directors on regular basis. In addition, the Audit Committee made a formal annual report on its work and performance during the year to the Company's shareholders and investors.

#### 5. Audit Committee Activities

The Audit Committee found its activities to be fully up to standard. The Audit Committee undertook responsibilities pursuant to its Charter, which are summarised as follows:

- 5.1 Co-reviewed with the Company's management the procedure for risk evaluation relating to significant errors in financial statements, either intentional or unintentional.
- 5.2 Queried management, external auditors and the internal audit manager on appropriateness of currently used accounting principles, changes which did not result from alteration of accounting principles or regulations; effects on interim financial statements and reports, including problem resolution, significant changes on annual financial statements, adequacy of the existing reserve accruals, and management forecasts that have a significant effect on financial statements.
- 5.3 Ensured the Company made accurate and complete disclosure of information regarding related transactions or transactions that may cause a conflict of interest.
- 5.4 Monitored the Company's financial disclosures to ensure that they accurately represent the financial position of the Company and that they were prepared in accordance with generally accepted accounting principles and were submitted to the Stock Exchange of Thailand (SET) within the required time period.
- 5.5 Convened separate meetings with external auditors to seek their opinion upon matters such as evaluation of accounting staff and internal auditors, in addition to other advice.

#### 6. Audit Committee's Relationship with External Auditors and the Internal Audit Manager

The Audit Committee found its relationship with external auditors and the internal audit manager to be fully up to standard. The Audit Committee was involved in the selection of the Company's external auditors, and the review, appointment and task assignment of the internal audit manager. In addition, the Audit Committee reviewed and approved the internal audit plan, revisions to the internal audit plan, and the manpower and budget plan of the internal audit department.

#### 7. Audit Committee's Relationship with the Compliance Manager

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



### 2.3 Nomination and Compensation Committee

Resolution of the Board of Directors meeting no. 4/2008 dated August 13, 2008, approved the appointment of the Compensation Committee comprising three members who serve as independent directors and members of the Audit Committee. Board of Directors meeting no. 1/2009 on February 26, 2009 appointed the same committee to nominate directors and senior management and changed the name from Compensation Committee to Nominating and Compensation Committee. As of December 31, 2013, the Nominating and Compensation Committee comprised the following members :

No.	Name	Position	2013 Attendance
1.	Ms. Narumol Wangsatorntanakun	Chairman of the Nominating and Compensation Committee	3/3
2.	Mr. Suraphol Sindhuvanich	Nominating and Compensation Committee Member	3/3
3.	Mr. Chatchawan Triamvicharnkul	Nominating and Compensation Committee Member	3/3

#### The Nominating and Compensation Committee Qualification

All members of the Nominating and Compensation Committee possess the same qualifications as those of the “independent Director”. They are not authorised by the Board of Directors to make decisions on the business operation of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person, and neither being directors of its parent company, subsidiary or same-level subsidiary, which is a listed company. The Committee must have sufficient time to devote and carry out his/her duties as a Nominating and Compensation Committee member to further improve his/her performance.

#### Scope of Duties and Responsibilities

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

**1. Scope of duties and responsibilities - Nominating Committee :**

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

## **2. Scope of duties and responsibilities - Compensation Committee :**

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

### **Term of Office of the Nominating and Compensation Committee**

The Nominating and Compensation Committee shall have a term of office of 3 years each from the date of election by the Board of Directors or shareholder meeting, and for not exceeding 3 terms consecutively. Nominating and Compensation directors vacating their office at the end of their term may be reelected by the Board of Directors or shareholder meeting.

However, any independent director who has been holding his/her office in excess of 9 years and is vacating the office at the end of his/her term, but for the time being the Board of Directors meeting needs to reelect the director to hold the office of independent director of the Company, the Board of Directors shall nominate the independent director to the shareholder meeting to consider granting approval and the Board of Directors shall give reasons and such requirements in the notice of the shareholder meeting and to the shareholder meeting.

### **The Nominating and Compensation Committee Self Assessment**

The Nominating and Compensation Committee is responsible for conducting an annual self-assessment of their performance. The assessment results for performance during the year 2013 are summarised below:

- 1. Composition of the Nominating and Compensation Committee was found to be fully up to standard given that the Committee complied with regulations and procedures set forth by the Board of Directors. All members of the Nominating and Compensation Committee dedicated sufficient time for business operations.

2. Training and dedication of resources were found to be fully up to standard given that the Committee received sufficient training and information.

3. Meetings of the Nominating and Compensation Committee were found to be fully up to standard. The Committee held a total of three meetings during 2013 for a selection of a new director to replace a director whose term of directorship was ending and also there was a consideration of the Committee's compensation to be presented for the shareholder's approval in the annual general meeting. There was sufficient information and meeting agendas discussed during each meeting and there were no potential conflicts of interest among the attendants.

4. Reporting of the Nominating and Compensation Committee was found to be fully up to standard given that performance reports were regularly submitted to the Board of Directors and an activities report during the year was disclosed to shareholders and other investors in the Annual Report.

5. Activities of the Nominating and Compensation Committee was found to be fully up to standard given that the Committee fully complied with the Charter as follows:

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

## 2.4 Investment Committee

Investment Committee shall be composed of four members, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of ACAP, one other member of the Executive Committee and one additional member with relevant knowledge and expertise in investment management and analysis. Investment Committee terms of membership shall be as follows :

- |                                |   |
|--------------------------------|---|
| - Chief Executive Officer :    | Indefinite                                    |
| - Chief Financial Officer :    | Indefinite                                    |
| - Executive Committee Member : | Appointed Annually by the Executive Committee |
| - Additional Member :          | Appointed Annually by the Executive Committee |

### Scope of Duties and Responsibilities

It is the responsibility of the Investment Committee to perform the following duties, among others:

- 1. Report in a timely manner all Approved Investment Proposals to the Executive Committee.
- 2. Approve Investment Proposals Under the Investment Authority as Specified in Investment Authority Guidelines.
- 3. Conduct Regular Investment Performance Reviews : Monthly for Specific Investments : Quarterly for all Investable Assets.

4. Conduct “As Needed” Investment Performance Reviews When Notified by the Investment Management Unit (via Call Report) that an Investment has reached its Pre-determined Price or IRR Target.
5. Review ACAP’s Investment Policy Statement annually and Propose Changes to the Board of Directors.
6. Review annually and approve change to : Asset Allocation; Allowed Investment Instruments; Minimum Investment Quality Criteria; Investment Concentration Limits, etc.

### 3. Director and Executive Director Recruitment

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

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

In case of a vacancy of directorship for reason other than expiration of term of office, e.g. death or resignation, the Nominating and Compensation Committee shall nominate a new director with suitable qualifications for the Board of Directors to consider electing in the Board of Directors meeting to replace the director who died or resigned without calling a shareholder meeting to pass a resolution to elect a new director. Appointment of high-level executives including the Chief Executive Officer or the Managing Director shall also be screened by the Nominating and Compensation Committee in accordance with the policy on position succession and new director election in the Company’s Business Supervision Handbook before presenting to the Chief Executive Officer for appointment.

### 4. Supervision of the business of subsidiaries and associated companies

The Company has 6 subsidiaries in which the Company holds 99.99 per cent of their shares and 1 subsidiary in which the Company holds 63.97 per cent of its shares. The Company has a policy and mechanism to supervise the business operation of all subsidiaries by sending executives or directors of the Company to manage the business and determine all business management policies. Transactions between the Company and all subsidiaries are under the supervision mechanism steps and considered by board of directors of each subsidiary, while the Company, as the parent company, shall have another consideration step as appropriate to the significance of the transactions.

Moreover, the policy on disclosure of information and related transactions including rules and regulations the Company is required to follow under supervision of the Office of the Securities and Exchange Commission, the Capital Market Supervisory Board and the Stock Exchange of Thailand cover transactions of all subsidiaries as well. As regards the supervision of accounting standard or financial information of subsidiaries, the Company employed auditors of the same standard as that of the Company who are recognized by the Office of the Securities and Exchange Commission to ensure that the consolidated financial statements of the Company are prepared with the same standard.

## 5. Policy of Trading Stocks and Internal Information Use Guidelines

The Company established a Compliance Unit to have the roles and responsibilities in supervising the management of various units, including the use of internal information to ensure properness and compliance with good governance policy to prevent the use of information of the Company for personal benefits. This policy is posted on the Company's board for acknowledgement of all staffs for adoption as their performance principles. The Company established a measure to prevent access to information obtained from work performance between units and personnel of the Company (Chinese Wall) to eliminate conflict of interest between various units as follows.

1. Different departments are distinctly and physically separated, especially those departments handling sensitive non-public information to avoid inside information leakage.
2. A list of restricted securities is maintained which the Company, staff and executives are not permitted to make use in any personal transactions, such as securities of listed companies which are currently under advisory of the Company. Such restricted list prevents staff from using this information illegally for their own benefit.
3. Internal Confidentiality Control Policy
  - Different passwords are required to log on to different systems.
  - Code names must be set up for each Client.
  - Disclosure of client information shall not take place without written consent from such client.
  - Only staff specifically assigned to a case at hand has access to the information of that case. If other departments need to use the information, they must first ask permission from their department heads.
  - In case there are clients that are in the same industry or in conflict with each other, the Company assigns different financial advisors to each client. The financial advisors must keep their information classified and confidential.
4. Maintenance of Documents and Information
  - Client profiles and operational information are filed separately and kept safely to prevent loss or damage, as well as to prevent illegal use of the information.
  - All information in hard-copy form is kept safely in filing cabinets of the relevant department.
  - All information in soft-copy form is stored in a computer database where access is restricted by passwords assigned only to relevant staff. Soft files stored on other information media, such as diskette tapes, and are kept safely in filing cabinets of the relevant department.

- Only specifically assigned staff have access to documents relevant to them. In case others need to use such information, they must make their request explaining their rationale and obtain prior approval from their department head.
  - Document storage and destruction of confidential information require prior approval of department heads. In addition, in the case of information being stored in a central filing center, the documents must be enclosed in a sealed box.
5. Requesting or Providing Information
    - To request information from or to provide information to another department, the requestor and provider must first obtain permission from their department heads. The requesting staff can only ask for the information relevant to his/her assignment or task. Furthermore, the exchange of this information must be reported to the Compliance Unit.
    - The departments in possession of non-disclosed information or confidential client data must not publicly disclose such information or use it for personal benefit. All exchanged information must be based on a "Need to Know" basis.
  6. No staff and executive who are aware of internal information on operation results or significant incidents which may affect the price of shares of the Company may trade the Company's securities from the date of such awareness or the date of resolution of the Board of Directors until the information shall have been disclosed to the public, and no internal information which should not be disclosed may be disseminated to up the price of the Company's securities.

The Company requires all directors and executives to notify the Board of Directors at least 1 day in advance if they shall purchase or sell the Company's shares. Such notification shall be made initially via email to all directors and executives and director or executive concerned is required to so notify once again in the next Board of Directors meeting.

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

As 31 Dec. 2013, the changes in shareholding proportions of Directors and Management are as follows :

Names	Amount (Shares) as Dec.31, 2012	Transferred during Year		Amount (Shares) as Dec.31, 2013
		Acquisition	disposition	
1. Dr.Vivat Vithoontien*	43,384,166	18,105,864	-	61,490,030
2. Mr.Saringkarn Sutaschuto	7,981,500	-	-	7,981,500
3. Mr.Issarachai Decharit	880,155	-	-	880,155
4. Mr.Chalermchai Sirinopawong	674,700	-	-	674,700
5. Mr.Parankoon Waiyahong**	670,000	-	670,000	-
6. Mr.Sujarit Isarankura	247,900	-	-	247,900
7. Mr.Suraphol Sindhuvanich	100,000	-	-	100,000
8. Ms.Narumol Wangsatorntanakun	-	-	-	-
9. Mr.Chatchawan Triamvicharnkul	-	-	-	-

\* Dr.Vivat Vithoontien is being transferred shares from his children who were formerly classified in the same group.

\*\* Mr.Parankook Waiyahong has transferred all of his shares to his wife who is classified in the same group and holding a total of 1,025,001 shares.

## 6. The Auditor's remuneration

In 2012-2013, PricewaterhouseCoopers ABS Co., Ltd. was the external auditor for the Company and its seven subsidiaries (excluding subsidiary company, namely ACAP (Malaysia) Sdn. Bhd. and Aurum Capital Advisory Pte. Ltd.). The auditors and the audit company have no relationship with the Company and the subsidiaries. The following table shows the auditing expenses for the years 2012 and 2013.

Expense Types	2012			2013		
	The Company	Subsidiaries (7)	Total Company and Subsidiaries	The Company	Subsidiaries (7)	Total Company and Subsidiaries
<b>Audit fees (THB)</b>						
Statutory Financial Statements	525,000	879,000	1,404,000	350,000	901,000	1,251,000
Review of interim financial statement (3 quarters)	225,000	129,000	354,000	210,000	144,000	354,000
<b>Total audit fees</b>	<b>750,000</b>	<b>1,008,000</b>	<b>1,758,000</b>	<b>560,000</b>	<b>1,045,000</b>	<b>1,605,000</b>
<b>Other expenses (THB)</b>						
Verification of Por.Ngor.Dor.50	10,000	50,000	60,000	10,000	50,000	60,000
<b>Total audit expenses</b>	<b>760,000</b>	<b>1,058,000</b>	<b>1,818,000</b>	<b>570,000</b>	<b>1,095,000</b>	<b>1,665,000</b>

## 7. Compliance with other good corporate governance

The Company prepared a Corporate Governance Handbook in accordance with guidelines of the Stock Exchange of Thailand as guidelines for business operation to ensure good and sustainable management thereof to be practiced by all executives and employees, and disclosed them in the Company's website [www.acap.co.th](http://www.acap.co.th). The policy and some other significant code of practice may be summarized as follows.

### ● Conflict of Interest Transactions

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

### ● Risk Management Policy

The Board of Directors assigned the Risk Management Department to examine and monitor risk management directly, e.g. financial risks, operation risks, business risks, event risks, etc., by preparing a separate risk management policy with 6 primary risk management steps as follows.

#### 1. Objective Setting

Clearly set objectives to learn of the scope of work at each step and enable full risk analysis.

#### 2. Risk Identification

To consider events leading to damage by considering both external factors, e.g. government policies, politics, global economic situation, exchange rates, natural disasters, etc., and internal factors, e.g. policies, company's strategies, company's structure, working process, which shall impact upon the Company's targets and performance. The Risk Management Department clearly identifies type of risk in each event if which is the key risk and which is the subsidiary risk.

#### 3. Risk Evaluation

The Company has a risk evaluation system to prioritize risks, identify opportunities of risk occurrences and consequential impacts, e.g. on aspects of finance, business, safety, customers, etc.

#### 4. Risk Treatment and Mitigation

After prioritizing risks the Company shall determine risk treatment methods. If the Company has limited budget and resources, risk with high impact with frequent occurrences shall be determined as key risk to be treated first, while risks with low impact and less frequent occurrences shall be treated subsequently.



5. Risk Reporting and Monitoring

The Risk Management Department shall prepare risk evaluation report directly to the Executive Committee and coordinate with the Supervision Department, the Internal Audit Department and the Audit Committee to evaluate the situation in such risk to identify preventive method and remedy it before damage occurs. After the Executive Committee is aware thereof, it shall review the matter and present the report to the Board of Directors.

6. Review of the Risk Management Plan

The Risk Management Department shall compile outcomes from the internal audit and summarize annual risk management outcomes jointly with high-level executives and agencies concerned, e.g. the Audit Committee, to disclose the report summary in the 56-1 form and the annual report of the Company. Concurrently, there shall be risk evaluation in a joint discussion at the end of every year to consider what needs improvements, and report on risk management and risk management plan shall be prepared in continuous manner for presentation to the Audit Committee and the Board of Directors for approval for adoption in subsequent years.

● Investment Policy

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

● Compliance and Internal Audit

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

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

● Business Ethics

Directors are required to conform to the Code of Best Practices for Listed Companies established by the Stock Exchange of Thailand. Directors must use their knowledge, competences and experiences for the benefit of the Company's business. They must apply business ethics in running the business. They must act in accordance with

law, the Company's objectives and regulations, and shareholder meeting resolutions with honesty and integrity, both towards the Company and towards any major connected parties. Business ethics also apply to other staff in honesty of conduct and equal treatment of the Company and other connected parties including the public community and society. The Company closely monitors compliance with this practice.

- **Combined Roles and Responsibilities**

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

- **Directorships in Other Companies**

- The Company places the importance on the amount of a director's time that is dedicated to the Company's business operations. Directors who serve director positions in other companies may negatively impact their work efficiency within the Company. As such, the Company has set forth a policy for such directors as follows :
  - Managing Director shall be in the position of Managing Director of only one listed company in order to have sufficient time to monitor the Company's business operation.
  - Managing Director shall not perform business or enter the limited partnership or be the Director in a juristic entity with the same nature of business and in competition with the Company's business whether for his own business or other businesses unless the matter is informed to the meeting of the shareholders prior to the appointment resolution.
  - Executive directors may take director positions in up to three companies provided that such directors are able to dedicate sufficient time to assume their responsibilities within the management team to the greatest extent possible for the benefit of the Company.
  - Independent directors and director representatives of major foreign shareholders can take director positions in up to three companies.

In case a Company director must take director positions in more companies than the policy allows, such director must report the reason and necessity to the Board of Directors. If the Board of Directors deems such directorships to not significantly impact the director's performance, the director may be allowed to occupy such

directorships. The performance of such directors will be monitored by the Board of Directors and reported in the Compliance of Corporate Governance Report in the Company's 56-1 report and annual report.

- **The Determination of Remunerations for Directors / CEO / Managing Director and Sub-Committee**

Remunerations of directors, the Chief Executive Officer and/or Managing Director, including remunerations of directors of various committees shall be determined by the Nominating and Compensation Committee and presented to the Board of Directors for approval and, in turn, presented to the shareholder meeting to consider for approval. Remunerations presented are:

1. Meeting allowances are to be provided to all directors participating in meetings of the Board of Directors, the Audit Committee and the Nominating and Compensation Committee to reflect the performance of directors and stimulate directors to perform their duties and participate in meetings regularly and they must register their participation after conclusion of all meetings they attend.
2. Special bonus to be granted to all directors in percentage of net profit of the Company's annual operation as remuneration for their performance and incentive to directors to create profits from good operation for the Company.

**Rules for determination of directors' remunerations**

In determining meeting allowances and special bonuses of various committees including the Chief Executive Officer and/or Managing Director, the Nominating and Compensation Committee must ensure consistency with duties, responsibilities and attention to duties of directors, type and dimension of the business of the Company, markets and competitors. Such remunerations must be at appropriate and sufficient levels to attract and retain quality directors of the Company. The Chief Executive Officer and/or Managing Director holding office in the Board of Directors shall be entitled to such remunerations for holding the office similar to other directors. The Nominating and Compensation Committee shall present the remunerations to the Board of Directors for approval, and thereafter to the shareholder meeting for approval, and the remunerations shall be disclosed in the annual information form (56-1 form) and the annual report of the Company.

While the monthly remunerations of all directors including the Chief Executive Officer and/or Managing Director shall be determined based primarily on significance of units and duties and responsibilities concerned and presented to the Board of Directors for consideration and approval.

- **Director Meetings**

**Board of Directors Meetings**

The Board of Directors holds regular meetings every three months or at less four times per year and extraordinary meetings for any urgent cases. The Corporate Secretary will set the agenda for the meeting and deliver meeting documentation to the Board of Directors at least 10 days in advance to allow sufficient time to study and analyse each agenda. Each director has the opportunity to express their opinion to facilitate decision

making of the Board of Directors by taking into account the returns of shareholders and involved parties. Minutes of each meeting are recorded and reported. Meeting resolutions are disseminated to relevant parties within the prescribed timeframe. In 2013, there were a total of six meetings with attendance as followings :

The Board of Directors	2013 Attendances
1. Dr. Vivat Vithoontien	5/6
2. Mr. Saringkarn Sutaschuto	6/6
3. Mr. Issarachai Decharit	6/6
4. Mr. Chalermchai Sirinopawong	6/6
5. Mr. Parankoon Waiyahong	4/6
6. Mr. Sujarit Isarankura***	2/6
7. Mr. Suraphol Sindhuvanich	6/6
8. Ms. Narumol Wangsatorntanakun	6/6
9. Mr. Chatchawan Triamvicharnkul	6/6
Mr. Anake Pinvanichkul*	3/6
Ms. Suvimol Pumpaisanchai*	3/6

\* Mr.Anake Pinvanichkul and Ms.Suvimol Pumpaisanchai, have resigned from the Director position, effective since May 31, 2013

\*\* Mr.Sujarit Isarankura was appointed as Director, in replacement of Mr.Anake Pinvanichkul on August 13, 2013

#### Executive Director Committee Meetings

As of December 2013, the Executive Director Committee comprises six Executive Directors as stated in the Executive Director Committee section. The Executive Directors hold monthly meetings and have further discussion on a weekly basis in order to follow up any progress on important tasks. However, in the event of any urgent issues that require more than one meeting in a month, the Board of Directors shall set up special meetings as it deems appropriate. Last year there were several occasions which required more than one monthly meeting. The details are as follows;

Executive Director Committee	2013 Attendances
1. Dr. Vivat Vithoontien	9/13
2. Mr. Saringkarn Sutaschuto	13/13
3. Mr. Issarachai Decharit	13/13
4. Mr. Chalermchai Sirinopawong	13/13
5. Mr. Parankoon Waiyahong	9/13
6. Mr. Sujarit Isarankura**	4/13
Mr. Anake Pinvanichkul*	6/13

\* Mr.Anake Pinvanichkul has resigned from the Executive Director position on May 31, 2013.

\*\* Mr.Sujarit Isarankura has was appointed as Executive Director, in replacement of Mr.Anake Pinvanichkul on August 13, 2013

### Audit Committee Meetings

Attendees of the Audit Committee meetings include Audit Committee members, the Internal Audit Department, the Compliance Department and the Managing Director of Finance & Accounting. Meetings are held on a monthly basis. The Company's auditor also attended meetings when necessary. In 2013, there were twelve Audit Committee meetings and the attendance record of Audit Committee members was as follows:

Audit Committee	2013 Attendances
1. Mr. Suraphol Sindhuvanich	11/12
2. Ms. Narumol Wangsatorntanakun	12/12
3. Mr. Chatchawan Triamvicharnkul	12/12

### Nominating and Compensation Committee Meetings

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

Nominating and Compensation Committee	2013 Attendances
1. Ms. Narumol Wangsatorntanakun	3/3
2. Mr. Suraphol Sindhuvanich	3/3
3. Mr. Chatchawan Triamvicharnkul	3/3

### ● Succession Plan and New Directors Nomination Process

The appointment of individuals for open positions, especially in Chief Executive Officer, Managing Director and management, will be the responsibility of the Nominating and Compensation Committee which nominates qualified individuals. The Company considers both internal and external qualified individuals. With regards to resignations, company policy requires resigning individuals to inform the Company at least 30 days in advance in order for the Company to have sufficient time to recruit a qualified replacement. For general succession planning, the Nominating and Compensation Committee will submit nominees to the Board of Directors based on their skills and ability together with the name of the second runner-up from the same department. However, the Company also considers external nominees who possess relevant skills and ability that are compatible with the Company's business operation. The recruitment and selection process for all positions is on a transparent basis.

### ● Orientation of New Directors

After a new director is elected, the Chief Executive Officer will introduce the new director to management and other directors as well as present company information and other relevant information such as the Corporate

Governance Manual. The new director will be informed of the roles and responsibilities of directors, business ethics and internal control. In case the new director has not attended the Director Certification Program (DCP) or Audit Committee Program (in case of Audit Committee) from the Institute of Directors (IOD) as well as other training courses that may be helpful to their performance, the Company will take charge of this matter.

- **Board of Directors Reports**

- The Board of Directors is responsible for overseeing important aspects of the Company's business and for monitoring the Company's consolidated financial statements and all publicly released financial information including the Annual Report. The financial statements are carefully and consistently prepared and are based on generally accepted accounting principles in Thailand. The Board also ensures adequacy of information in the Notes to Financial Statements.

- The Board of Directors maintains an effective internal audit system to affirm that the Company's accounting and bookkeeping is accurate and complete, to ensure that capital adequacy is sufficiently maintained and to identify weak points in the system to protect against possible fraudulent activity.

- At present, the Board of Directors has the opinion that the Company's Compliance and Internal Audit systems are satisfactory and is confident that the Company's financial statements are accurate and reliable.

- **Policy of Monitoring Compliance with the Provisions Complaints and Protection**

In order to efficiently implement the good governance principles, cooperation from employees, executives including stakeholders in watching for unusual matters or conducts which may be illegal, unethical and against the code of ethics due to business operation of executives or from action of employees, for example, abnormality in the financial report, defect of the internal control system, behavior which may lead to corruption, unequal treatment, careless action in the work performance, including action for personal benefits. If finding any of these matters, the Company makes available a channel for complaint or recommendations from all employees, executives or stakeholders directly to the Audit Committee as follows.

Chairman of the Audit Committee/Audit Committee  
ACAP Advisory Public Company Limited  
195 Empire Tower 2-3, 22nd Floor South Satorn Road  
Khwaeng Yannawa, Khet Satorn, Bangkok 10120

Or via email to :

Chairman of the Audit Committee/Audit Committee  
ac\_acap@acap.co.th                      Tel 02-694-4999  
Office of the Company Secretary/Investor Relations  
ithidej\_c@acap.co.th                      Tel 02-694-4915

- **Fact-finding process**

If information is given through the Company Secretary Office, the Company Secretary Office shall compile relevant documents to summarize recommendations and issues to notify the Audit Committee for acknowledgement, or in case the matter is reported directly to the Audit Committee, the Audit Committee shall comprehensively examine the information, which must be sufficient for adduction, and shall summon parties concerned to give explanation and for additional inquiries on the incident. During the inquiries, details on the reporter and the respondent, including statements of other persons involved in the incident shall be documented. The Audit Committee shall not disclose the identity of the whistleblower and sources of information, and shall keep all information confidential to protect the whistleblower from being affected from provision of the information.

- **Justice provision process**

The Committee which receives the complaint shall consider providing justice and protection to the whistleblower or the complainant, the respondent and parties concerned or under the fact-find process. If evidences or facts are not yet ascertained there shall be no judgment made against the respondent. All reports and relevant information shall be kept confidential within a limit and disclosed only as necessary, primarily taking into consideration safety and damage of the reporter or the whistleblower and the respondent.

- **Reporting process**

After the fact-finding process is concluded, if the Audit Committee finds that such case has a clear progress or sufficient evidences and seriously affects the Company, the Audit Committee shall so inform the Board of Directors immediately. But if the matter involves an employee at operation level and has no serious impact or material damage to the reputation of the Company, the Audit Committee shall so inform the Director of the Human Resources Department or the Director of the Department to which the employee belongs for acknowledgement and issuance of a warning. If the offender is a director or superior, the Audit Committee shall forward the matter to the Executive Committee or the Board of Directors for further consideration.

- **Penalization process**

The Company prescribes penalties appropriate to the nature and circumstances of offenses and the degrees of severity of the penalties shall differ in accordance with the degrees of severity of the offenses.

Primarily, if the offense is minor and committed for the first time, a warning letter shall be issued first and signed by authorized signatory of the Human Resources Department, but if the offense is severe and causes the Company to suffer damage or defamation, the Company has penalties ranging from suspension without pay to termination of employment. But if such offense leads to other legal offense of the country, e.g. the penal code, the civil code or applicable laws of any independent organization regulating the Company's business operation, steps of such law shall be followed.



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

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

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

## **Internal Audit Department**

Consideration and approval, appointment, removal and transfer of Chief of Internal Audit Unit and Chief of Supervision Department shall be approved or agreed by the Audit Committee, and since the former Chief of Internal Audit Department of the Company has resigned at the end of 2013, in the meeting No. 2/2557 of the Audit Committee held on 24 February 2014, Mr. Tanachai Jamjan was appointed Chief of Internal Audit Department effective 1 March 2014 as the Audit Committee considered that the person had knowledge and experiences (as per Annex 3) in internal audit and understanding in activities and business operation of the Company for over 8 years. The Chief of Internal Audit Department would have the duties in carrying out internal auditing and assessing activities of the Company, reviewing quality of work performance within the Company to see if the work program has been complied and consistent with the objectives and targets of the Company or not, including other control and audit duties as assigned by the Audit Committee, and reporting directly to the Audit Committee by regularly auditing, controlling and monitoring the Company's work performance.



## Compliance Department

Mr. Tanachai Jamjan also performed as Chief of the Compliance Department in charge of monitoring, evaluates and controls the Company's operation systems to ensure compliance with all relevant laws and regulations. The department reports evaluation results concerning risk prevention and control plans for each department directly to the Audit Committee and the Board of Directors.

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

## Risk Management Department

The Risk Management Department develops and monitors the Company's risk management program. This involves coordinating with and advising each department

on risk evaluation and risk management, and also assisting in the creation of their risk prevention and control plans.

The Audit Committee together with the Internal Audit Committee reviewed, evaluated and audited the Company's internal control systems in 2013 - during the Audit Committee's meeting of 1/2014 held on 29 January 2014. The results were reported to the Executive Committee at meeting 2/2014 on 10 February 2014 and the Board of Directors at meeting 1/2014 on 26 February 2014. The evaluation concerned five areas: 1) Organisation Controls and Environment Measures, 2) Risk Management Measures, 3) Management Control Activities, 4) Information Technology and Communication Measures, and 5) Monitoring.

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

## Related Party Transactions

### 1. Revenue and Expenses between the Company, Subsidiaries and Related Companies

Individual / Juristic Person Which may be in Conflict	Type of Relationship	Type of Transaction	Transaction Value (THB million)		Necessity and Reasonability of Transactions	Opinion of Audit Committee
			2012	2013		
Global Service Center Co., Ltd. (GSC) (Formerly named ACAP Services Co., Ltd.)	99.99% owned subsidiary of the Company	The Company received Service Fee from GSC for management.	0.02	0.01	These inter-company transactions with subsidiary companies were in accord with the usual business and trade practice.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company which are reasonable and given the benefit to the Company.
		The Company leased assets from the subsidiary company for using in the non-performing asset management business.	1.56	0.43		
		The Company received Interest Income from loans to GSC.	0.88	1.11		
		GSC received service fee car rent from the Company	-	0.25		
ACAP Asset Management Co., Ltd. ("ACAP AMC")	99.99% owned subsidiary of the Company (the Company divested all of the shares in ACAP AMC on September 2013)	The Company received Interest Income from loans to ACAP AMC.	2.80	0.00	These inter-company transactions with subsidiary companies were in accord with the usual business and trade practice.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company which are reasonable and given the benefit to the Company.
		The Company was reimbursed by ACAP AMC as part of expense allocations among the companies in the group.	0.25	0.03		

Individual / Juristic Person Which may be in Conflict	Type of Relationship	Type of Transaction	Transaction Value (THB million)		Necessity and Reasonability of Transactions	Opinion of Audit Committee
			2012	2013		
ACAP Consulting Co., Ltd. (ACON)	99.99% owned subsidiary of the Company	The Company was reimbursed by ACON as part of expense allocations among the companies in the group.	0.64	0.13	These inter-company transactions with subsidiary companies were in accord with the usual business and trade practice.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company which are reasonable and given the benefit to the Company.
		The Company paid ACON for Court Case Management and Legal Execution Service Fees.	0.20	-		
		The Company received Interest Income from loans to ACON.	0.06	0.18		
		The Company paid ACON for merchandise purchasing.	0.01	-		
ACAP Corporate Services Co., Ltd. (ACS)	99.99% owned subsidiary of the company	The Company received Interest Income from loans to ACS.	0.03	0.16	These inter-company transactions with subsidiary companies were in accord with the usual business and trade practice.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company which are reasonable and given the benefit to the Company.
		The Company was reimbursed by ACS as part of expense allocations among the companies in the group.	0.25	0.24		
ACAP Malaysia Sdn., Bhd. (ACAP MALAYSIA) (To liquidate on December 2013)	99.99% owned subsidiary of the company	The Company received dividends as 99.99% shareholder.	9.80	8.67	These inter-company transactions with subsidiary companies.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company.

Individual / Juristic Person Which may be in Conflict	Type of Relationship	Type of Transaction	Transaction Value (THB million)		Necessity and Reasonability of Transactions	Opinion of Audit Committee
			2012	2013		
Capital OK Co., Ltd. (CAP OK)	99.99% owned subsidiary of the company	The Company received Service Fee from CAP OK for serving software systems.	0.16	0.08	These inter-company transactions were in accord with the usual business and trade practice.	The Audit Committee has an opinion that these transactions are reasonable and given the benefit to the Company.
		The Company paid Interest Income from loans to CAP OK.	56.86	10.15	This inter-company transactions was with subsidiary companies.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company.
		The Company received dividend	-	787.05		
Professional Collection Co., Ltd. (PCOL)	99.99% owned by CAP OK	The Company received Service Fee from PCOL for serving software systems	0.02	0.01	This transaction was in accord with the usual business and trade practice.	The Audit Committee has an opinion that these transactions are reasonable and given the benefit to the Company.
		The Company paid Interest Income from loans to PCOL.	-	3.60	These inter-company transactions with subsidiary companies.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company.
Aurum Capital Advisory Pte., Ltd. (Singapore) (AURUM)	63.97% owned subsidiary of the company	The Company received Interest Income from loans to Aurum.	0.12	1.92	This transaction was in accord with the usual business and trade practice.	The Audit Committee has an opinion that these transactions are reasonable and given the benefit to the Company.

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

Individual / Juristic Person Which may be in Conflict	Relationship Type	Type of Transaction	Transaction Value (THB million)		Reasonableness and Necessity of Transactions	Audit Committee's opinion
			2012	2013		
Global Service Center Co., Ltd. (GSC) (Formerly named ACAP Services Co., Ltd.)	99.99% owned subsidiary of the company	The Company received Interest Income from loans to GSC.	0.16	0.19	These inter-company transactions with subsidiary companies were in accord with the usual business and trade practice.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company which is reasonable and causes no loss of benefit to the Company.
ACAP Malaysia Sdn., Bhd. (ACAP MALAYSIA)	99.99% owned subsidiary of the company	Advance for expenses made by ACAP on behalf of ACAP MALAYSIA.	0.03	8.67	These inter-company transactions with subsidiary companies were in accord with the usual business and trade practice.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company which is reasonable and causes no loss of benefit to the Company.
ACAP Consulting Co., Ltd. (ACON)	99.99% owned subsidiary of the company	ACON is a creditor of the Company for purchasing merchandise.	0.01	0.02	These inter-company transactions with subsidiary companies were in accord with the usual business and trade practice.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company, which is in accord with the usual business and trade practice.
Capital OK Co., Ltd. (CAP OK)	99% owned subsidiary of the company	The Company has account receivable & advance payment for software provided to CAP OK.	107.63	0.03	These transactions were in accord with the usual business and trade practice and given the benefit to the Company.	The Audit Committee has an opinion that these transaction are in accord with the usual business and trade practice, reasonable, and given the benefit to the Company.
Aurum Capital Advisory Pte., Ltd. (Singapore) (AURUM)	63.97% owned subsidiary of the company	The Company received Interest Income from loans	0.11	-	The company provided financial support for subsidiary. This transaction was charged at normal rate.	The transaction was charged at a normal rate of interest and given the benefit to the Company.

### 3. Borrowings between the Company, Subsidiaries and Related Companies

Individual / Juristic Person Which may be in Conflict	Relationship Type	Type of Transaction	Transaction Value (THB million)		Reasonableness and Necessity of Transactions	Audit Committee's opinion
			2012	2013		
ACAP Corporate Services Co., Ltd. (ACS)	99.99% owned subsidiary of the company	The Company provides loan to subsidiary to be utilized as a working capital.	0.40	3.00	These inter-company transactions provided financial support to the subsidiary a part of normal business operations. The Company set up a full impairment for the loan.	The Audit Committee has an opinion that this is an Inter-company transaction with subsidiary company which is reasonable and this transaction was charged at a normal rate.
ACAP Consulting Co., Ltd. (ACON)	99.99% owned subsidiary of the company	The Company provides loan to subsidiary to be utilized as a working capital.	5.90	7.70	These inter-company transactions provided financial support to the subsidiary a part of normal business operations. The Company set up a full impairment for the loan.	
Global Service Center Co., Ltd. (GSC) (Formerly named ACAP Services Co., Ltd.)	99.99% owned subsidiary of the company	The Company provides loan to subsidiary to be utilized as a working capital.	30.00	41.50	These inter-company transactions provided financial support to the subsidiary a part of normal business operations. The Company set up a partial impairment for the loan.	
Aurum Capital Advisory Pte., Ltd. (Singapore) (AURUM)	63.97% owned subsidiary of the company	The Company provides loan to subsidiary to be utilized as a working capital.	14.95	16.00	These inter-company transactions provided financial support to the subsidiary a part of normal business operations. The Company set up a full impairment for the loan.	

#### 4. Guarantee obligation

-None-

#### 5. Procedure in approving related party transactions

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

#### 6. Anticipated future related party transactions

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



## **1. Overview of business operation under Corporate Social Responsibilities. (CSR)**

The Company deems the responsibility for the society and the environment a no less important matter than business development. The Company has been undertaking such activities along with its business operation, as it was well recognized that mutual support between the business and the society as a whole as well as attention to the environment would be a key contributing factor to the growth of the business and enhancing the society and the environment, the Company, therefore, prescribed the vision, mission and strategies which would lead to sustainability as follows.

**Vision:** The Company shall be responsible to the society by striving to provide various financial advisory services with good quality management under environmental conservation and care.

**Mission:** The Company shall develop the business to be growing, promote job and income creation to the general public and assist entrepreneurs, investors, debtors to enhance the national economic stability, and operate the business while concurrently assist and care for the society as well as the environment to ensure sustainable livability and good quality.

**Strategy:** The Company has a strategy to operate the business and care for the communities and the society as well as to conserve the environment concurrently by implanting the consciousness for everybody to recognize the significance of communities, the society and the environment, and prepared the Good Corporate Governance Handbook (under the heading of good corporate governance) for all executives and employees to follow.

## **2. Guidelines for work execution under the Corporate Social Responsibilities**

The Company aims to run the business with morality and under the Good Corporate Governance principle along with the attentiveness and taking care of the social and environment in order to bring our business into sustainable growth by which we comply with principle of the Corporate Social Responsibility ("CSR"). We believe that the creation of "Corporate Sustainability" is the essential basis in managing the modern business.



Hence, we believe that in providing the CSR policy for the Managements and all employees to use as guideline practice to the community, society, and related person shall benefit in many ways to the Company such as to make credibility to the Company, to create the positive image of the Company to the society, etc. Such CSR policy is as these follows;

### 2.1 Running the business with fairness

Running business with fairness means to run the business morally and ethically to the employees, shareholders, business partners, creditors and all related person by adhering to these following principles;

- **Honesty**

The Company has served the customers honestly, loyally and frankly, including behaving to the related person aboveboard or distort the fact which will cause any misunderstand and lead to its own benefit.

- **Fairness and Integrity**

The Company shall indicate the justice and morality in the business operation which is not to take advantage on the business partners or defame the business competitors, including not to take advantage on the employees and to ensure the employees' appropriate payroll and welfare, to disclose the information to the shareholders transparently, in time and equally among their group which is not limited to any specific group or person.

- **Promise-keeping and Trust worthiness**

The Company shall keep its promise to all related person e.g. creditors and customers, etc. in order to create the confidence and credibility to all related persons. In the event of misunderstanding, the Company shall solve such misunderstanding from the actual fact, without deception, in order to complete its' mission and commitment.

- **Respect to others**

The Company shall not accuse or insult others and shall respect to their freedom and individual privacy. Moreover, the Company shall listen to the employees' opinion, customer's complaint or blame in order to improve and develop the organization to be equal for every level of all related persons.

- **Law Abiding**

The Company has run business under the rule of law including the regulations of other related government sector in order to ensure that the business operation has been made correctly and shall be valued to the country's economic system.

### 2.2 Policy of Anti-Corruption

In the Board of Directors Meeting No. 6/2556 held on 12 November 2013, the Meeting resolved to approve the anti-corruption policy, which formed a part of the Good Corporate Governance Handbook. Approval of such policy was to confirm the adherence to the responsibility for the society and all groups of stakeholders in accordance with the good corporate governance principles. The Company expressed the intent not to tolerate any form of corruption, directly or indirectly, covering the business and all transactions in all countries and agencies concerned, both of the Company and subsidiaries. The Company has the policy to prohibit directors, executives, employees as well as third parties who are related with the Company from taking any action deemed as corruption, whether being

offering, promising, soliciting, demanding, giving or accepting bribes, and to reiterate such affirmation, the Company expressed the intent to participate in the Private Sector Collective Anti-Corruption (CAC), and to implement this policy, the Company requires all directors, executives and employees to comply with this policy.

#### Definitions under the anti-corruption policy

Corruption means bribery in any form, through offering, promising, granting, pledging, demanding or receiving money, property or any other undue benefit, with government officials, government agencies, private agencies or those in charge of duties, directly or indirectly, for such person to perform, or refrain from performing, their duties in order to obtain or maintain a business or introduce a business specifically to the Company, or to obtain or maintain any other undue business benefits, except where laws, regulations, notifications, requirements, local customs or commercial traditions so permit.

#### Duties and responsibilities

1. The Board of Directors have the duties and responsibilities in determining policies and making available efficient anti-corruption system to ensure that the Management recognized and placed importance on anti-corruption and implanted it until it became organizational culture.
2. The Audit Committee has the duties and responsibilities in reviewing the financial reporting and accounting system, the internal control system, the internal audit system and the risk management system to ensure their compliance with international standards, concision, suitability, modernity and efficiency.
3. The Chief Executive Officer and/or Managing Director has the duties and responsibilities to require availability of systems and promote and support anti-corruption policy to communicate to all employees and parties concerned, and to review the appropriateness of all systems and measures to ensure consistence with the changes in the business, rules, regulations and provisions of laws.
4. The Internal Audit Director has the duties and responsibilities in auditing and reviewing work performance to see if it is properly in compliance with policies, guidelines, authorities, procedures, laws and requirements of the Compliance Unit to ensure that a system which is suitable and adequate to cope with possible corruption risks is available and promptly report to the Audit Committee for information.

#### Guidelines

1. The Company requires all directors, executives and employees to comply with the anti-corruption policy and ethics of the Company by refraining from getting involved with corruption, directly or indirectly.
2. All employees must help watching and not neglecting or ignoring when finding any action within the scope of corruption by promptly reporting it to the supervisor or the person in charge, and cooperate in checking facts. If there is any doubt or question, the supervisor or the person designated for such purpose, e.g. the Audit Committee, shall be consulted.

3. The Company shall provide justice and protection to whistleblowers on corruption by introducing measure on protection of whistleblowers or those cooperating in reporting on corruption as prescribed by the Company in the Whistleblower Policy.
4. Whoever is ruled with proven evidences of the offense of corruption shall be penalized in accordance with regulations prescribed by the Company including legal penalty if such action has any applicable legal effect.
5. The Company shall publicize its guidelines on the website and inform make it clear with other persons performing duties relating to the Company or which may affect the Company, on matters to be performed in compliance with this anti-corruption policy.
6. The Company shall create and implant consciousness for all executives and employees to observe the anti-corruption guidelines as a basis for sustainable strengthening of the Company by publicizing this policy to employees at all levels, and organizing training on clarification of the guidelines for new employees.

#### Procedures

1. Any action taken in accordance with this anti-corruption policy shall be in compliance with the procedures prescribed in the Code of Ethics, Good Governance Manual as well as Ethical Procedures of the Company.
2. This policy shall cover the personnel management process, personnel recruitment, promotion, training and employee performance evaluation and provision of remunerations.
3. All executives and employees shall exercise care in respect of giving, granting or receiving gifts or presents from customers and those with business relationships with the Company or stakeholders of the Company to ensure compliance with the Code of Ethics of the Company.
4. Cash donation or financial support to any activity of the Company must be transparent and legitimate by preventing any cash donation or financial support from being referred to in bribery.
5. The Procurement Department or agencies coordinating businesses in various sectors must perform their duties transparently, honestly and verifiably.

#### Assessment monitoring

1. The Company requires the Internal Audit to monitor compliance with the anti-corruption policy and report any incident or action which may cause such corruption to the Management and/or the Audit Committee immediately.
2. If such action is proven an offense the Company shall penalize the offender based on the degree of severity of such incident, primarily by taking disciplinary action against the employee causing the corruption. If the offense involves legal offense the Company shall take additional action in accordance with the legal penalty.

3. The Internal Audit has prepared an annual self-assessment form in respect of anti-corruption to assess the Company's anti-corruption procedures. Such assessment form is based on the self-assessment form in respect of anti-corruption measure prepared by the Thai Institute of Directors (IOD) to report to the Audit Committee and the Board of Directors on the outcomes of compliance with the Anti-corruption Policy, and shall disclose the assessment outcomes in the annual report of the Company for information of stakeholders of the Company.

### 2.3 Ethics and Conduct of Compliance with Laws and Regulations and International Human Rights Principles

ACAP Advisory Public Company Limited supports and strives to operate the business with transparency and observations of laws and human right principles. This awareness is founded from the visions and organizational values, and the Company has expressed this intent by signing the Universal Declaration of Human Rights (UN Global Compact). Apart from what specified in said Universal Declaration, all directors, executives and employees are required to comply with the code of conduct governing observations of laws and human right principles as follows.

1. The Company shall operate the business by observing all laws and all employees and executives must also comply with laws.
2. The Company shall strictly comply with the universal human right principles and provide knowledge, comprehension in the universal human right principles to employees for observation as a part of the Company's business operation.
3. The Company does not support activities which violate the human right principles.
4. The Company urges employees to exercise their lawful and legitimate rights as Thai citizens.
5. The Company shall keep confidential personal information of employees. Disclosure or transfer of personal information of employees to the public may be made only with consent of employees concerned. Violation of this provision is deemed disciplinary offense, except if committed in accordance with the Company's regulations or with laws.
6. The Company shall give employees channels for communications, suggestions and grievances on their work-related frustrations. All suggestions shall be seriously considered and solutions shall be determined for benefits of all parties and to create good relationships in working as a team.
7. Employees at all levels of the Company must thoroughly acquaint themselves with laws directly applicable to their duties and responsibilities and strictly comply therewith. If in doubt, they shall seek advice from the Legal Office, and shall not take action in accordance with their own assumption without advice.
8. All employees must not commit any act of tort or threatening, verbally or physically, against others based on race, sex, religion, age, physical and mental disability.

#### 2.4 Respect to the right and behave to the workforce with fairness

The Company has provided the welfare and remuneration to the employees correctly according to the labour law, provided activities for relaxation, provided training courses to enhance their skill, provided the provident fund, etc. Moreover, we also respect to the right of the employees without any intimidation or persecution for instance the right to leave for vacation, right for errand leave, right for sick leave, right to express opinion to the operation policy which the employees can suggest through the human resource department or through his/her superior.

Moreover, the Company has a policy to employ staffs by adhering to the lawful labor employment principle and respecting the labors' human rights covering employment, social protection, freedom in social association, health and safety, etc.

#### 2.5 Responsibility to the clients or customers

We pay attention in serving our customers by follow up the result of our service whether it has been complied with the objective or not. The service served to the customers shall be served with care, circumspection, comply with the law and related regulations. In the event that any problem is occurred, we shall consult with our customer in order to find solution jointly and shall not leave such problem be solved solely by the customer.

Success in business comes from satisfying our customers. Therefore, the Company must maintain strong and caring relationships with its customers. The Company applies the following practices in dealing with customers:

1. Provide only the products and services that the Company is capable and skilled in providing.
2. Charge a fair fee for products and services that is not excessive when compared to the quality provided.
3. In providing the instruction about the period of time, condition, right, privilege and obligation of the services to the customers, the Company shall provide such information clearly, actually, transparently and without any misrepresentation.
4. In order to invite the customers to use our services, the Company shall not specify any condition that is unfair and unclear and may show the intention to take advantage from the customers intentionally.
5. Comply with conditions as agreed with customers. In the event of force majeure, inform the customer in advance if possible in order to mutually find a solution.
6. Strictly and regularly protect the confidentiality of customer information and not use such information for self benefit.

#### 2.6 Environment Preservation

Although the Company is not running the business using any natural raw materials to generate goods or services, but the Company launched a campaign for employees to recognize the importance of energy saving by introducing a policy to train employees on the environment aspect and implementing a code of practice as a part to help reducing the global warming and pollutions as well as to help the country to indirectly save the energy by announcing, in writing, seeking cooperation from employees to turn off the light during lunch break, recycle usable papers, use office equipments economically, etc. The Company believes that with earnest cooperation, the country shall save its natural resources and conserve the environment on a sustainable basis.

## 2.7 Participation in community or social development

Employees and executives of the Company jointly carried out, every year, activities for less fortunate persons in the society, e.g. orphans, disabled children, eldercare nursing home, by giving donations and meals etc. to those people who needed assistance from the society to encourage them to live happily in the society. The Company, perceiving such important facts and wanting to encourage people in the same society, therefore, organized such activities regularly, which included assistance to non-Thai fellowmen in cases of floods or earthquakes overseas, the Company would jointly with employees and executives provide assistance, in cash or in kind, to them.

## 3. Activities for benefits of the society and the environment

In 2003 the Company established a Foundation for Underprivileged Children and Elderly to carry out activities in providing social assistance. Throughout the past several years the Company participated in caring and taking responsibility for the society through the Foundation under cooperation of executives and employees of the Company to provide underprivileged children and elderly, including those suffering from incidents leading to loss of life or property, with opportunities. Such activities included cash donation through other charities and those organized by the Foundation itself. Activities organized during the past 5 years are as follows.

- 2008 Donating money and necessary goods to Bang Lamung Elderly Home in Choburi.  
Donating money to the Thai Red Cross for disaster victims in Myanmar.  
Donating money to the Thai Red Cross for earthquake victims in China.
- 2009 The company donated money and necessary goods to disabled people in Phrapradaeng, Samutprakarn. Moreover, the Company responds to the financial needs of major disasters which might take place in Thailand or abroad.
- 2010 The company has support the social activity by building a school library including donating of books, educational aid and the scholarship to WattoongKham school at Korkar district, Lampang province.
- 2011 The Company provided social assistance by visiting flood victims in Bangbuathong District to distribute 500 relief bags.
- 2012 The Company provided social assistance by donating money for educational supplies and building volleyball court to Baan-Koh-Mai-Lam School located in Baan-Bung District, Chonburi Province  
The Company gave educational materials, teaching supplies, and donated money for constructing toilets to Wat-Na-Ku School located in Pak-Hai District, Ayutthaya Province.
- 2013 The Company provided social assistance by donating educational supplies and sport equipments to Ban Rai School located in Pantong District, Chonburi Province

The Foundation monitored and evaluated its performance within 3 months after conclusion of each activity. The person in charge of the Foundation would inquire caretaker of the venue and send representatives to visit it to evaluate if such assistance was useful and met the objective thereof.

# *Report of Directors Relating to Responsibility for Financial Statements*

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

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

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

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

The Board of Directors is of an opinion that the internal control system of the Company is satisfactory and can ensure the credibility of ACAP Advisory Public Company Limited's financial report for the fiscal year ended 31st December 2013 in accordance with generally accepted auditing standards and its compliance with the laws and related legislation.



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



Mr. Saringkarn Sutaschuto  
Executive Director



# Financial Status and Operating Results Analysis



## 1. Financial Highlight

### 1.1 Auditors

2013	Mr.Paiboon Tunkoon	Certified public accountant registration No. 4298 PricewaterhouseCoopers ABAS Limited
	Or Miss. Sakuna Yamsakul	Certified public accountant registration No. 4906 PricewaterhouseCoopers ABAS Limited
	Or Mrs.Anothai Leekitwattana	Certified public accountant registration No. 3442 PricewaterhouseCoopers ABAS Limited
2011-2012	Mr.Boonlert Kamolchanokkul	Certified public accountant registration No. 5339 PricewaterhouseCoopers ABAS Limited
	Or Mrs.Anothai Leekitwattana	Certified public accountant registration No. 3442 PricewaterhouseCoopers ABAS Limited
	Or Mrs. Unakorn Phruithithada	Certified public accountant registration No. 3257 PricewaterhouseCoopers ABAS Limited

### 1.2 Audit report 2013

In the auditor's report on the audited consolidated and company financial statements for year 2013 by Mr. Paiboon Tunkoon, Certified Public Accountant registration No. 4298, PricewaterhouseCoopers ABAS Limited, it is the auditor's opinion that the consolidated and company financial statements present fairly, in all material respects, the consolidated and company financial position as at 31 December 2013 and the results of operations and cash flows for the year, in accordance with generally accepted accounting principles.



### 1.3 Table showing the Company's performance over the past three years

#### BALANCE SHEETS ; AS AT DECEMBER 31, 2011 2012 and 2013 (ASSETS)

	Company Only						Consolidated					
	2011 Baht' 000	%	2012 Baht' 000	%	2013 Baht' 000	%	2011 Baht' 000	%	2012 Baht' 000	%	2013 Baht' 000	%
<b>Current assets</b>												
Cash and cash equivalents	47,114	4.06%	61,077	6.19%	193,190	25.50%	864,437	77.12%	740,015	71.82%	479,381	60.54%
Short-term investments	14,296	1.23%	-		-		14,296	1.28%	112,209	10.89%	142,498	18.00%
Accounts and notes receivable, net	54,775	4.72%	20,416	2.07%	-		73,332	6.54%	32,981	3.20%	13,369	1.69%
Investment in non-performing assets, net	-		-		-		-		2,469	0.24%	-	
Amount due from related companies	188	0.02%	313	0.03%	8,885	1.17%	-		-		-	
Short-term loans to related companies, net	-		10,400	1.05%	3,000	0.40%	-		-		-	
Short-term loans to other companies	30,497	2.63%	2,451	0.25%	-		60,497	5.40%	26,451	2.57%	84,393	10.66%
Other current assets, net	4,847	0.42%	2,050	0.21%	2,641	0.35%	18,686	1.67%	10,331	1.00%	12,955	1.64%
<b>Total current assets</b>	<b>151,717</b>	<b>13.08%</b>	<b>96,707</b>	<b>9.81%</b>	<b>207,716</b>	<b>27.42%</b>	<b>1,031,248</b>	<b>92.00%</b>	<b>924,456</b>	<b>89.72%</b>	<b>732,596</b>	<b>92.52%</b>
<b>Non-current assets</b>												
Long-term loan to related companies	11,437	0.99%	14,950	1.52%	-		-		-		-	
Long-term loan to other companies -net	-		4,969	0.50%	-		-		4,969	0.48%	-	
Investment in subsidiary companies	944,208	81.42%	828,992	84.08%	517,637	68.34%	-		-		-	
Long-term investments	-		-		-		1,747	0.16%	30,000	2.91%	-	
Leasehold improvements and equipment	40,844	3.52%	31,717	3.22%	25,734	3.40%	47,871	4.27%	45,731	4.44%	38,930	4.92%
Intangible assets, net	3,666	0.32%	2,859	0.29%	2,203	0.29%	6,832	0.61%	4,977	0.48%	3,973	0.50%
Deferred tax assets	-		-		-		18,612	1.66%	1,813	0.18%	-	
Other non-current assets, net	7,872	0.68%	5,817	0.59%	4,197	0.55%	14,561	1.30%	18,400	1.79%	16,285	2.06%
<b>Total non-current assets</b>	<b>1,008,027</b>	<b>86.92%</b>	<b>889,304</b>	<b>90.19%</b>	<b>549,771</b>	<b>72.58%</b>	<b>89,623</b>	<b>8.00%</b>	<b>105,890</b>	<b>10.28%</b>	<b>59,188</b>	<b>7.48%</b>
<b>Total assets</b>	<b>1,159,744</b>	<b>100.00%</b>	<b>986,011</b>	<b>100.00%</b>	<b>757,487</b>	<b>100.00%</b>	<b>1,120,871</b>	<b>100.00%</b>	<b>1,030,346</b>	<b>100.00%</b>	<b>791,784</b>	<b>100.00%</b>

**BALANCE SHEETS (Cont'd)****AS AT DECEMBER 31, 2011, 2012 and 2013 (Liabilities and Shareholders' Equity)**

	Company Only						Consolidated					
	2011 Baht' 000	%	2012 Baht' 000	%	2013 Baht' 000	%	2011 Baht' 000	%	2012 Baht' 000	%	2013 Baht' 000	%
<b>Liabilities and shareholders' equity</b>												
<b>Current liabilities</b>												
Amount due to related companies	54,207	4.67%	107,644	10.92%	41	0.01%	-		-		-	
Current portion of long-term loan from related company	20,000	1.72%	18,000	1.83%	-		-		-		-	
Current portion of financial lease contracts	5,714	0.49%	4,178	0.42%	4,002	0.53%	5,714	0.51%	4,847	0.47%	4,705	0.59%
Other current liabilities	3,768	0.32%	4,108	0.42%	1,092	0.14%	37,974	3.39%	26,278	2.55%	23,108	2.92%
<b>Total current liabilities</b>	<b>83,689</b>	<b>7.22%</b>	<b>133,930</b>	<b>13.58%</b>	<b>5,135</b>	<b>0.68%</b>	<b>43,688</b>	<b>3.90%</b>	<b>31,125</b>	<b>3.02%</b>	<b>27,813</b>	<b>3.51%</b>
<b>Non-current liabilities</b>												
Liabilities under financial lease contracts, net	8,987	0.77%	4,408	0.45%	2,321	0.31%	8,987	0.80%	6,119	0.59%	3,330	0.42%
Long-term loans from financial institutions	-		-		-		1,878	0.17%	2,584	0.25%	3,236	0.41%
Long-term loans from related companies	760,000	65.53%	760,000	77.08%	-		-		-		-	
Deferred tax liabilities	-		-		-		228	0.02%	158	0.02%	158	0.02%
Employee benefits Obligations	5,229	0.45%	5,928	0.60%	7,259	0.96%	7,628	0.68%	9,831	0.95%	12,874	1.63%
Other liabilities	2,912	0.25%	2,912	0.30%	1,310	0.17%	5,031	0.45%	12,097	1.17%	10,700	1.35%
<b>Total non-current liabilities</b>	<b>777,128</b>	<b>67.01%</b>	<b>773,248</b>	<b>78.42%</b>	<b>10,890</b>	<b>1.44%</b>	<b>23,752</b>	<b>2.12%</b>	<b>30,789</b>	<b>2.99%</b>	<b>30,298</b>	<b>3.83%</b>
<b>Total liabilities</b>	<b>860,817</b>	<b>74.22%</b>	<b>907,178</b>	<b>92.00%</b>	<b>16,025</b>	<b>2.12%</b>	<b>67,440</b>	<b>6.02%</b>	<b>61,914</b>	<b>6.01%</b>	<b>58,111</b>	<b>7.34%</b>

# BALANCE SHEETS (Cont'd)

AS AT DECEMBER 31, 2011, 2012 and 2013 (Liabilities and Shareholders' Equity)

	Company Only						Consolidated					
	2011 Baht' 000	%	2012 Baht' 000	%	2013 Baht' 000	%	2011 Baht' 000	%	2012 Baht' 000	%	2013 Baht' 000	%
<b>Shareholders' equity</b>												
Authorised, issued and paid-up share capital 125,000,000 ordinary shares of Baht 1 each	125,000	10.78%	125,000	12.68%	125,000	16.50%	125,000	11.15%	125,000	12.13%	125,000	15.79%
Premium on share capital	337,742	29.12%	337,742	34.25%	337,742	44.59%	337,742	30.13%	337,742	32.78%	337,742	42.66%
Retained earnings (deficit)												
Appropriated	12,500	1.08%	12,500	1.27%	12,500	1.65%	12,500	1.12%	12,500	1.21%	12,500	1.58%
Unappropriated	(176,315)	-15.20%	(396,409)	-40.20%	266,220	35.15%	578,990	51.66%	499,510	48.48%	266,924	33.71%
Other components of equity	-		-		-		(2,485)	-0.22%	(2,484)	-0.24%	(2,146)	-0.27%
Equity attributable to owners of the parent	298,927	25.78%	78,833	8.00%	741,462	97.88%	1,051,747	93.83%	972,268	94.36%	740,020	93.46%
Non-controlling interests	-		-		-		1,684	0.15%	(3,836)	-0.37%	(6,347)	-0.80%
<b>Total shareholders' equity</b>	<b>298,927</b>	<b>25.78%</b>	<b>78,833</b>	<b>8.00%</b>	<b>741,462</b>	<b>97.88%</b>	<b>1,053,431</b>	<b>93.98%</b>	<b>968,432</b>	<b>93.99%</b>	<b>733,673</b>	<b>92.66%</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,159,744</b>	<b>100.00%</b>	<b>986,011</b>	<b>100.00%</b>	<b>757,487</b>	<b>100.00%</b>	<b>1,120,871</b>	<b>100.00%</b>	<b>1,030,346</b>	<b>100.00%</b>	<b>791,784</b>	<b>100.00%</b>

## STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

	Company Only						Consolidated					
	2011 Baht' 000	%	2012 Baht' 000	%	2013 Baht' 000	%	2011 Baht' 000	%	2012 Baht' 000	%	2013 Baht' 000	%
<b>Revenues</b>												
Service income	131,911	86.03%	71,327	79.63%	3,832	0.47%	185,868	19.82%	168,923	72.23%	104,239	73.36%
Interest income from NPL	-		-		-		82,036	8.75%	22,480	9.61%	-	
Income from recovery of bad debt written off	-		-		-		241,805	25.78%	-		-	
Dividend income	-		-		795,720	96.88%	-		-		-	
Other income	21,414	13.97%	18,251	20.37%	21,830	2.66%	428,279	45.66%	42,473	18.16%	37,855	26.64%
<b>Total revenues</b>	<b>153,325</b>	<b>100.00%</b>	<b>89,578</b>	<b>100.00%</b>	<b>821,382</b>	<b>100.00%</b>	<b>937,988</b>	<b>100.00%</b>	<b>233,876</b>	<b>100.00%</b>	<b>142,094</b>	<b>100.00%</b>
<b>Expenses</b>												
Cost of services, asset management and loans	45,567	29.72%	33,280	37.15%	7,025	0.86%	135,744	14.47%	124,984	53.44%	106,636	75.05%
Administrative expenses	136,439	88.99%	192,923	215.37%	(7,919)	-0.96%	366,243	39.05%	147,853	63.22%	119,961	84.42%
Management remunerations	27,264	17.78%	22,395	25.00%	20,444	2.49%	27,264	2.91%	22,395	9.58%	20,484	14.42%
<b>Total expenses</b>	<b>209,270</b>	<b>136.49%</b>	<b>248,598</b>	<b>277.52%</b>	<b>19,550</b>	<b>2.38%</b>	<b>529,251</b>	<b>56.42%</b>	<b>295,232</b>	<b>126.23%</b>	<b>247,081</b>	<b>173.89%</b>
Profit (loss) before financial costs												
and income tax	(55,945)	-36.49%	(159,020)	-177.52%	801,832	97.62%	408,737	43.58%	(61,356)	-26.23%	(104,987)	-73.89%
Financial costs	54,285	35.41%	61,074	68.18%	14,203	1.73%	14,226	1.52%	4,317	1.85%	1,186	0.83%
Profit (loss) before income tax	(110,230)	-71.89%	(220,094)	-245.70%	787,629	95.89%	394,511	42.06%	(65,673)	-28.08%	(106,173)	-74.72%
Income tax	-		-		-		4,765	0.51%	19,436	8.31%	4,206	2.96%
<b>Net profit (loss) for the year</b>	<b>(110,230)</b>	<b>-71.89%</b>	<b>(220,094)</b>	<b>-245.70%</b>	<b>787,629</b>	<b>95.89%</b>	<b>389,746</b>	<b>41.55%</b>	<b>(85,109)</b>	<b>-36.39%</b>	<b>(110,379)</b>	<b>-77.68%</b>

STATEMENTS OF INCOME (Cont'd)

FOR THE YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

	Company Only						Consolidated					
	2011 Baht' 000	%	2012 Baht' 000	%	2013 Baht' 000	%	2011 Baht' 000	%	2012 Baht' 000	%	2013 Baht' 000	%
Other comprehensive income (loss)												
Exchange differences on translating F/S	-		-		-		(963)	-0.10%	110	0.05%	620	0.44%
Other comprehensive loss, net of tax	-		-		-		(963)	-0.10%	110	0.05%	620	0.44%
<b>Total comprehensive income (loss)</b>	<b>(110,230)</b>	<b>-71.89%</b>	<b>(220,094)</b>	<b>-245.70%</b>	<b>787,629</b>	<b>95.89%</b>	<b>388,783</b>	<b>41.45%</b>	<b>(84,999)</b>	<b>-36.34%</b>	<b>(109,759)</b>	<b>-77.24%</b>
<b>Profit (loss) attributable to:</b>												
Shareholders of the parent	(110,230)	-71.89%	(220,094)	-245.70%	787,629	95.89%	393,131	41.91%	(79,480)	-33.98%	(107,586)	-75.71%
Non-controlling interests	-		-		-		(3,385)	-0.36%	(5,629)	-2.41%	(2,793)	-1.97%
	(110,230)	-71.89%	(220,094)	-245.70%	787,629	95.89%	389,746	41.55%	(85,109)	-36.39%	(110,379)	-77.68%
<b>Total comprehensive income (loss) attributable to:</b>												
Shareholders of the parent	(110,230)	-71.89%	(220,094)	-245.70%	787,629	95.89%	392,242	41.82%	(79,479)	-33.98%	(107,248)	-75.48%
Non-controlling interests	-		-		-		(3,459)	-0.37%	(5,520)	-2.36%	(2,511)	-1.77%
	(110,230)	-71.89%	(220,094)	-245.70%	787,629	95.89%	388,783	41.45%	(84,999)	-36.34%	(109,759)	-77.24%
<b>Basic earnings (loss) per share</b>	<b>(0.88)</b>		<b>(1.76)</b>		<b>6.30</b>		<b>3.12</b>		<b>(0.68)</b>		<b>(0.88)</b>	

## STATEMENTS OF CASH FLOWS (Cont'd) ; FOR THE YEARS ENDED DECEMBER 31, 2011 2012 AND 2013

	Company Only			Consolidated		
	2011 Baht' 000	2012 Baht' 000	2013 Baht' 000	2011 Baht' 000	2012 Baht' 000	2013 Baht' 000
<b>Cash flows from operating activities</b>						
Profit (loss) before income tax	(110,229)	(220,094)	787,629	394,511	(65,673)	(106,173)
Adjustment for :						
Depreciation and amortisation	12,946	9,195	7,642	32,301	14,699	13,648
Interest income	(2,492)	(4,736)	(8,324)	(106,404)	(41,060)	(23,686)
Interest expense	53,280	60,422	13,756	8,411	3,584	-
Interest expense from finance leases	1,005	652	447	1,005	733	548
Dividend income	(9,259)	(9,804)	(795,720)	-	-	-
Loss on impairment/written off withholding tax assets	-	3,299	785	-	5,791	4,900
Bad debt and doubtful account of loans to non-performing assets	-	-	-	(8,608)	-	-
Impairment loss from investments in subsidiaries (reversal)	10,550	117,217	(97,145)	-	-	-
unrealised loss (gain) on investment in fair value	-	-	-	-	(2,160)	1,489
Loss from restructuring in loans to non-performing assets	-	-	-	30,677	-	-
Loss on impairment of loans (reversal)	28,400	7,300	31,613	-	9,800	(9,800)
Loss on loan forgiveness	-	-	13,726	-	-	13,726
Gain from sale of investment	1,079	(751)	-	1,079	(12,052)	(2,278)
Gain from sale of subsidiary	-	-	(9,000)	(315,624)	-	(129)
Gain on disposal/impairment/write-off assets	2,968	(1,157)	(1,016)	13,294	(624)	(1,196)
Realised (Gain) loss on foreign currencies translation	(1,411)	1,473	(2,963)	(6,366)	1,396	(1,833)
Unrealised loss on foreign exchange translation	-	-	-	-	109	622
Provision for employee benefits	5,229	699	1,331	7,839	2,203	3,393
Reversal on provision on dismantling cost	-	-	(1,602)	-	-	(1,602)

STATEMENTS OF CASH FLOWS (Cont'd) ; FOR THE YEARS ENDED DECEMBER 31, 2011 2012 AND 2013

	Company Only			Consolidated		
	2011 Baht' 000	2012 Baht' 000	2013 Baht' 000	2011 Baht' 000	2012 Baht' 000	2013 Baht' 000
Profit (loss) from operating activities before changes in operating assets and liabilities	(7,934)	(36,285)	(58,841)	52,115	(83,254)	(108,371)
(Increase) decrease in operating assets						
Accounts and notes receivable	(54,774)	34,359	20,416	(48,466)	32,851	19,587
Investment in non-performing assets	-	-	-	1,073,075	(2,469)	-
Loans to non-performing assets	-	-	-	819,479	-	-
Loans to consumers and interests receivable	-	-	-	53,323	-	-
Accounts receivable - related companies	10,467	-	-	2,845	-	-
Amount due from - related companies	5,290	(109)	(50)	4,096	-	-
Other receivables	2,357	228	-	-	245	-
Other current assets	712	530	679	30,367	2,579	(9)
Other non-current assets	(804)	114	118	43,076	307	613
Increase (decrease) in operating liabilities						
Accounts and notes payable	-	-	-	(5,896)	-	-
Amount due to related companies	(984)	(482)	(15)	2,895	-	-
Other current liabilities	(1,787)	(1,186)	(1,490)	(642,227)	(12,012)	(4,132)
Other non-current liabilities	-	-	-	-	(435)	(73)
Cash generated from (used in) operation before						
Interest and income tax received (paid)	(47,457)	(2,831)	(39,183)	1,384,682	(62,189)	(92,385)
Interest income received	2,411	4,703	2,582	114,880	48,117	18,483
Interest expense paid excluding finance lease contracts	(121)	(2,939)	(121,345)	(14,035)	-	-
Income tax paid	(2,809)	(3,299)	(785)	(14,650)	(5,791)	(4,900)
<b>Net cash provided by (used in) operating activities</b>	<b>(47,976)</b>	<b>(4,366)</b>	<b>(158,731)</b>	<b>1,470,877</b>	<b>(19,862)</b>	<b>(78,802)</b>

## STATEMENTS OF CASH FLOWS (Cont'd) ; FOR THE YEARS ENDED DECEMBER 31, 2011 2012 AND 2013

	Company Only			Consolidated		
	2011 Baht' 000	2012 Baht' 000	2013 Baht' 000	2011 Baht' 000	2012 Baht' 000	2013 Baht' 000
<b>Cash flows from investing activities</b>						
Purchase of short-term investment	(30,431)	(15,342)	-	(30,431)	(128,550)	(4,500)
Short-term loans made to related companies	(27,500)	(169,000)	(20,500)	-	-	-
Short-term loans made to other company	-	-	-	(30,000)	-	(65,000)
Long-term loans made to related companies	(10,893)	(3,899)	(9,800)	-	-	-
Purchase of long-term investment	-	-	-	(86)	(30,000)	-
Cash paid for increase of issuing share of subsidiaries	(15,893)	(2,000)	(4,000)	-	-	-
Cash paid for acquisition of minority interest of a subsidiary	-	-	-	-	-	-
Purchase of building improvement, equipment and intangible assets	(396)	(98)	(1,242)	(4,576)	(6,950)	(7,184)
Proceeds from disposal of short-term investment	15,434	31,004	-	38,808	36,005	5,000
Proceeds from disposal of investment in subsidiary	-	-	9,000	-	-	2,584
Cash received from share capital reduction of investment in subsidiary	-	-	412,500	-	-	-
Proceeds from disposal of long-term investment	-	-	-	-	11,332	-
Proceeds from short-term loans to other companies	-	-	-	-	6,000	10,664
Loan repayment received from short-term loans to related companies	6,541	161,100	14,400	-	-	-
Cash received from long-term loans to related companies	27,862	-	-	-	-	-
Loan repayment received from long-term loans to other companies	-	13,277	6,057	-	13,277	-
Proceeds from disposal of building improvement equipment and intangible assets	1,576.00	3,935	3,419	5,934	3,935	4,762
Cash received from issuance of share capital from non-controlling interests	-	-	-	5,143	-	-



STATEMENTS OF CASH FLOWS (Cont'd) ; FOR THE YEARS ENDED DECEMBER 31, 2011 2012 AND 2013

	Company Only			Consolidated		
	2011 Baht' 000	2012 Baht' 000	2013 Baht' 000	2011 Baht' 000	2012 Baht' 000	2013 Baht' 000
Dividend received from investment in subsidiaries	9,259	9,804	787,050	-	-	-
Disposal of subsidiary, net of cash disposed	-	-	-	(151,659)	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>(24,441)</b>	<b>28,781</b>	<b>1,196,884</b>	<b>(166,867)</b>	<b>(94,951)</b>	<b>(53,674)</b>
<b>Cash flows from financing activities</b>						
Payment on short-term borrowing from related companies	-	(152,000)	(913,588)	-	-	-
Proceeds from long-term borrowings from financial institutions	-	-	-	-	706	653
Cash paid for long-term loans from financial institutions	-	-	-	(1,611,419)	-	-
Cash paid on long-term loans from related companies	-	-	(760,000)	(34,841)	-	-
Proceeds from short-term borrowings from related companies	20,000	150,000	895,588	-	-	-
Cash received from long-term loan related companies	-	-	-	221,572	-	-
Cash received from issuing convertible loan	-	-	-	1,878	-	-
Dividend paid	-	-	(125,000)	-	-	(125,000)
Payment on liabilities under financial lease contracts	(7,798)	(6,767)	(4,873)	(7,798)	(8,177)	(5,644)
<b>Net cash provided by (used in) financing activities</b>	<b>12,202</b>	<b>(8,767)</b>	<b>(907,873)</b>	<b>(1,430,608)</b>	<b>(7,471)</b>	<b>(129,991)</b>
Net decrease in cash and cash equivalents	(60,215)	15,648	130,280	(126,598)	(122,285)	(262,467)
<b>Cash and cash equivalents at beginning of the year</b>	<b>106,839</b>	<b>47,114</b>	<b>61,077</b>	<b>990,545</b>	<b>864,437</b>	<b>740,015</b>
<b>Exchange gain (loss) on cash</b>	<b>490</b>	<b>(1,685)</b>	<b>1,833</b>	<b>490</b>	<b>(2,137)</b>	<b>1,833</b>
<b>Cash and cash equivalents at end of the year</b>	<b>47,114</b>	<b>61,077</b>	<b>193,190</b>	<b>864,437</b>	<b>740,015</b>	<b>479,381</b>

## STATEMENTS OF CASH FLOWS (Cont'd) ; FOR THE YEARS ENDED DECEMBER 31, 2011 2012 AND 2013

	Company Only			Consolidated		
	2011 Baht' 000	2012 Baht' 000	2013 Baht' 000	2011 Baht' 000	2012 Baht' 000	2013 Baht' 000
Non-cash transactions						
<b>Purchase equipment under financial lease contracts</b>	1,166	-	2164	1,166	3,710	2,164
Restructuring investment in non-performing assets	-	-	-	106,943	-	-
Foreclosed assets acquired by auction and repossession	-	-	-	-	-	-
for debt settlement						
- Investment in non-performing assets	-	-	-	3,221	-	-
- Loans to non-performing assets	-	-	-	12,164	-	-
<b>Reversal of dismantling cost</b>	-	1,941	-	-	3,354	61
Reclassification of long-term investment to short-term investment	-	-	-	-	674	30,000
Reclassification of current asset to non-current asset	-	-	-	-	7,500	-
Reclassification of non-current asset to current asset	-	-	1,500	-	-	1,500
Reclassification of current liability to non-current liability	-	-	-	-	7,500	-
Dividend receivable	-	-	8,670	-	-	-

## Ratio Analysis

	Company Only			Consolidated		
	2011	2012	2013	2011	2012	2013
<b>Liquidity Ratio</b>						
Current Ratio	1.81 Times	0.72 Times	40.45 Times	23.60 Times	29.70 Times	26.34 Times
Quick Ratio	1.39 Times	0.61 Times	37.62 Times	21.79 Times	28.44 Times	22.84 Times
Cash Flows Liquidity Ratio	-0.97 Times	-0.04 Times	-2.28 Times	2.10 Times	-0.53 Times	-2.67 Times
Accounts Receivable Turnover	4.82 Times	1.90 Times	0.38 Times	5.46 Times	3.60 Times	4.50 Times
Day Receivable	75 Days	190 Days	959 Days	66 Days	100 Days	80 Days
Accounts Payable Turnover	n.a. Times	n.a. Times	n.a. Times	16.53 Times	n.a. Times	n.a. Times
Repayment Period	n.a. Days	n.a. Days	n.a. Days	22 Days	n.a. Days	n.a. Days
Cash Cycle	n.a. Days	n.a. Days	n.a. Days	44 Days	n.a. Days	n.a. Days
<b>Profitability Ratio</b>						
Gross Profit Margin	65.46 %	53.34 %	99.12 %	73.37 %	34.70 %	-2.30 %
Earnings Before Interest and Tax Ratio	-37.98 %	-217.14 %	100.11 %	1.51 %	-42.55 %	-117.38 %
Other Profit Margin	13.97 %	20.37 %	2.66 %	45.66 %	18.16 %	26.64 %
Cash per Earnings Margin	0.96 Times	0.03 Times	-0.20 Times	190.48 Times	0.24 Times	0.64 Times
Net Profit Margin	-71.89 %	-245.70 %	95.89 %	41.91 %	-33.98 %	-75.71 %
Return on Equity	-31.13 %	-116.53 %	192.04 %	46.45 %	-7.85 %	-12.57 %
<b>Efficiency Ratio</b>						
Return on Total Assets	-9.56 %	-20.51 %	90.35 %	19.06 %	-7.39 %	-11.81 %
Return on Fixed Assets	-209.16 %	-581.30 %	2,768.52 %	687.32 %	-138.42 %	-221.92 %
Assets Turnover	0.13 Times	0.08 Times	0.94 Times	0.45 Times	0.22 Times	0.16 Times

## Ratio Analysis (Cont'd)

	Company Only			Consolidated		
	2011	2012	2013	2011	2012	2013
<b><u>Financial Policy Ratio</u></b>						
Debt per Equity Ratio	2.88 Times	11.51 Times	0.02 Times	0.06 Times	0.06 Times	0.08 Times
Interest Coverage Ratio	-3.03 Times	-4.60 Times	54.46 Times	26.97 Times	-14.91 Times	-88.17 Times
Ability to pay cash basis	-1.76 Times	-0.73 Times	-1.13 Times	315.50 Times	-0.54 Times	-0.60 Times
Dividend pay out Ratio	0.00 %	0.00 %	15.87 %	0.00 %	0.00 %	-113.25 %
<b><u>Growth Ratio</u></b>						
Total Assets	1.12 %	-14.98 %	-23.18 %	-62.69 %	-8.08 %	-23.15 %
Total Liability	9.25 %	5.39 %	-98.23 %	-97.60 %	-8.19 %	-6.14 %
Income from services	-8.17 %	-45.93 %	-94.63 %	-35.61 %	-28.56 %	-45.54 %
Selling and Administrative Expenses	-10.75 %	41.40 %	-104.10 %	-77.08 %	-59.63 %	-18.86 %
Net Profit (Loss) Ratio	-133.82 %	99.67 %	-457.86 %	77.38 %	-120.22 %	35.36 %
<b><u>Data Per Share</u></b>						
Book Value per share	2.39 Baht	0.63 Baht	5.93 Baht	8.43 Baht	7.75 Baht	5.87 Baht
Earning (Loss) per share	-0.88 Baht	-1.76 Baht	6.30 Baht	3.12 Baht	-0.68 Baht	-0.88 Baht
Dividend per share	0.00 Baht	0.00 Baht	1.00 Baht	0.00 Baht	0.00 Baht	1.00 Baht

## 2. Financial Status and Operating Results Analysis

### 2.1 Operation overview and significant changes during the past year

In 2013 the business operation of the Company Group, i.e. the Company and subsidiaries, emphasized on investment banking business, e.g. finding investment sources for customers, while the contracts of the Company to provide services in respect of non-performing asset management to customers of all ports terminated in the previous year with no new contract. Since the Company no longer had any asset management contract, the Company reduced its manning structure in respect of asset management at the end of the previous year to save cost in conformity with the decreasing workload in the non-performing asset management business. Moreover, the Company disposed of all investments in a subsidiary company, namely, ACAP Asset Management Company Limited, and closed and liquidated another subsidiary company, namely ACAP (Malaysia) Sdn. Bhd. in Malaysia. The disposal of investments and closure of the 2 subsidiaries had no impact upon the competitive capability to bid for asset management ports because the Company still had another subsidiary qualified for bidding as asset management company similar to ACAP Asset Management Company Limited, namely ACAP (Asia) Asset Management Company Limited. However, since it became more difficult to find asset management ports which would depend on opportunity and time, although the Company was currently looking for additional investment channels, but it was not yet able to find any conclusion of new investments in the previous year. Consequently, earnings from business operation of the Company and subsidiaries in the previous year were decreasing. In 2013, as the results of business operation of the Company and subsidiaries compared with those of 2012, the consolidated financial statement presented total assets of 791.78 million Baht, decreasing by approximately 238.57 million Baht, total liabilities of 58.11 million Baht, decreasing by approximately 3.80 million Baht, shareholders' equity of the parent company of 740.02 million Baht, decreasing by approximately 232.25 million Baht, total revenues of 142.09 million Baht, decreasing by approximately 91.79 million Baht, total expenditures of 247.08 million Baht, decreasing by approximately 48.15 million Baht, loss from shareholders' equity of the parent company of 107.59 million Baht, increasing by 28.11 million Baht. The main reason why the Company had decreasing revenues, expenditures, profits and shareholders' equity was because the Company had decreasing revenues from business operation, particularly in respect of the decreasing asset management business. Details of business operation could be summarized as follows.

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

- **Revenues**

As per the 2013 consolidated financial statement, the Company had total revenues of 142.09 million Baht, decreasing by approximately 91.78 million Baht or 39.24 per cent from 2012. Sources of revenues were as follows.

Interest receivable from non-performing asset port by subsidiaries, both as investment in non-performing assets and converted as credits transacted on accrual basis by actual interest rate method, except where there was any uncertainty in collection, in which case it would be transacted upon receipt of payment. In 2013, the revenue in that respect was nil. When compared with the preceding year the revenues decreased by

approximately 22.48 million Baht, or 100 per cent. The decrease of revenue in such respect was because a subsidiary was unable to collect payment and it was uncertain whether the payment would be made or not. The Company would, therefore, transact it as revenue only after payment was made.

Revenues from provision of services were from provision of various services such as financial and investment banking advisory services recognized as monthly retainer fees and success fees, general legal advisory services, and Call Center services, were recognized as per individual contracts, and revenues from non-performing asset port management contracts by the Company and subsidiaries, recognized in the following formats.

- Revenues from remunerations for operation expenses (Base Fee), collectable by the Company from employers on a monthly basis.

- Revenues in the form of percentage sharing from the amounts received by the Company from debtors and/or from sales of securities (Cash Collection Fee), payable on quarterly basis. The Company would present as accrued revenues at the end of the quarter and convert them when the Company issued bills.

- Revenues from provision of legal advisory services in connection with asset management business by subsidiaries.

Of the revenues from provision of services in 2013 of 104.24 million, approximately 9.01 million Baht was earned from financial and investment banking advisory services, approximately 22.73 million Baht from non-performing asset port management contracts, approximately 0.57 million Baht from legal advisory services, approximately 71.08 million Baht from Call Center services, approximately 0.85 million Baht from sales of goods, respectively, decreasing by approximately 64.68 million Baht or 38.29 per cent compared with those of 2012, mainly because the increase of revenues of approximately 2.03 million Baht from financial and investment banking advisory services, the decrease of revenues of approximately 75.92 million Baht from non-performing asset port management contracts, the decrease of revenues of approximately 2.24 million Baht from legal advisory services, the increase of revenues of approximately 10.60 million Baht from Call Center services, and the increase of revenues of approximately 0.85 million Baht from sales of goods, respectively.

Other revenues in 2013 were 37.86 million Baht, mostly from bank deposit interest of approximately 19.91 million Baht, returns of approximately 3.77 million Baht from loans, profits of approximately 2.42 million from sales of assets, unrealized profits of approximately 2.96 million Baht from exchange rate, loan agreement extension fees of approximately 1.50 million Baht, approximately 2.40 million Baht from reversal of unidentified account receivables, profit of 0.50 million Baht from sales of liabilities, compensation of approximately 0.70 million Baht, gain on open fund of approximately 1.90 million Baht, respectively, decreasing by approximately 4.62 million Baht or (10.87) per cent compared with that of 2012, mainly because an increase of approximately 1.33 million Baht in bank deposit interest, bank deposit interest of approximately 19.91 million Baht, a decrease of approximately 14.15 million Baht in profit from sales of investment, an increase of approximately 3.77 million Baht in the returns from loans, an increase of approximately 2.96 million Baht from unrealized profit from exchange rate, respectively.

### Cost of Service and Administrative Expenses

Service cost in 2013 was 106.64 million Baht, mostly incurred from personnel expenses of approximately 95.51 million Baht or 89.56 per cent. Said cost was decreasing when compared with approximately 16.00 million Baht of the preceding year, or decreasing by 14.35 per cent.

Sales and administrative expenses in 2013 were 119.96 million, mostly incurred from personnel expenses of approximately 41.35 million Baht, rents of 21.39 million Baht, advisory fees of 7.28 million Baht, depreciation and amortization of 13.65 million Baht, loss on loan forgiveness of 13.73 million Baht, impairment loss from loan reversal of (9.80) million Baht, provision for employee benefits of 3.39 million Baht, impairment loss from withholding tax of 4.90 million Baht, respectively, decreasing by approximately 27.89 million Baht or 18.86 per cent from that of the preceding year. Decreasing expenses mostly came from decrease of approximately 13.08 million Baht in personnel expenses representing 46.89 per cent of the decreasing expenses, with slightly reducing management remunerations of 20.48 million Baht in 2013.

### Net Profit (loss)

The net profits (loss) of the Company and its subsidiaries for 2012 and 2013 were as follows:

	2012		2013	
	THB (million)	% compared to total revenues	THB (million)	% compared to total revenues
Gross Profit	66.42	28.40	(2.40)	(1.69)
EBITDA	(61.35)	(26.23)	(104.99)	(73.89)
Net Profit attributable to shareholders of the parent	(79.48)	(33.98)	(107.59)	(75.72)

In 2013 the Company and subsidiaries suffered a gross loss of 2.40 million Baht, increasing by 68.82 million Baht, with loss before interest expenses and income tax of 104.99 million Baht, increasing by 43.63 million Baht, and net loss in shareholders' equity of the parent company of 107.59 million Baht, increasing by 28.11 million Baht. When compared with that of 2012 the Company and subsidiaries had increasing net loss due to material decrease in revenues in respect of asset management business. Although the work administration cost and expenses were also decreasing but in less proportion than the decreasing revenues, thus causing the net loss per share to increase from 0.68 Baht to 0.88 Baht and negative return on equity (ROE) of 12.57% and negative return on assets (ROA) of 11.81%.

## 2.3 Financial Status of the Company and its Subsidiaries

- **Assets, liabilities and shareholders' equity**

### Assets

At the end of 2013 the Company had total assets of 791.78 million Baht as per the consolidated financial statement, mostly comprising cash and cash equivalents of approximately 479.38 million Baht or 60.54 per cent of the assets, short-term investment in the form of trading investment in equity instruments and equity fund with

financial institutions of approximately 142.50 million Baht or 18 per cent of the assets, short-term loans to other companies of approximately 84.39 million Baht net, or 10.66 per cent of the assets, respectively.

The decrease of 260.63 million Baht in cash and cash equivalents in 2013 compared with the preceding year was because in the previous year the Company and subsidiaries had net cash used in operating activities of 78.80 million Baht and net cash used in investing activities of 53.67 million Baht, with net cash used in financing activities of 129.99 million Baht and profit from exchange rate of 1.83 million Baht.

Short-term loans to other companies increased by approximately 57.94 Baht compared with the preceding year because in the previous year the Company and subsidiaries provided additional loans of approximately 65 million Baht, received loan repayments of approximately 10.67 million, received transfer of long-term loans to other companies of approximately 4.97 million Baht, provided additional allowance for impairment of loans to other companies of approximately 1.36 million Baht.

Building improvements and equipments were 38.93 million Baht, slightly decreasing by 6.80 million Baht, comprised assets used in operation, mostly were office equipments, furniture and fixtures, computers, vehicles. The decrease in building improvements was due to depreciation of each item of the assets.

Trade account receivables and note receivables were 13.67 million Baht, decreasing by 19.61 million Baht, because more debts were collected in the previous year where undue debts decreased from 27.18 million Baht to only 5.24 million Baht. However, the Company and subsidiaries have provided allowance for doubtful account of said trade account receivable in the amount of 15.76 million Baht.

	Consolidated		Company Only	
	2012 THB (thousand)	2013 THB (thousand)	2012 THB (thousand)	2013 THB (thousand)
<b>Accounts receivable</b>				
Accrued income	4,914	6,589	4,733	-
Undue and up to 30 days	27,175	5,237	15,683	-
Overdue 30 days but not over 180 days	464	1,043	-	-
Overdue 180 days but not over 1 year	-	-	-	-
Overdue more than 1 year	16,184	16,256	11,646	11,646
<b>Total</b>	<b>48,737</b>	<b>29,125</b>	<b>32,062</b>	<b>11,646</b>
Less : Allowance for doubtful accounts	(15,756)	(15,756)	(11,646)	(11,646)
Accounts and notes receivable - net	32,981	13,369	20,416	-

#### Liabilities

In 2013 the Company and subsidiaries had 58.11 million Baht balance of liabilities, decreasing from 61.91 million Baht in the preceding year. Most liabilities came from other current liabilities of 23.11 million Baht, mainly were accrued expenses of 18.46 million Baht or 79.88 per cent, non-current liabilities of approximately 35.00 million Baht mainly comprised of liabilities under finance lease contracts of approximately 8.04 million Baht, employee benefits obligations of 12.87 million Baht, deposits of 7.50 million Baht, respectively.



### **Shareholders' equity**

The Company had shareholders' equity of the parent company of 740.02 million Baht as per the consolidated financial statement, decreasing by 232.25 million Baht or 23.89 per cent compared with the preceding year, because the Company had decreasing revenues in the previous year. Debt-equity ratio of the Company and subsidiaries in 2013 was higher than that of the preceding year, i.e. from 0.06 to 0.08 times.

- **Liquidity**

The Company and subsidiaries had decreasing liquidity ration from 29.70 to 26.34 times, reflecting that the Company and subsidiaries had decreasing operating liquidity because the Company and subsidiaries distributed dividends of approximately 125 million Baht and provided short-term loans of approximately 65 million Baht to other companies, respectively, in the previous year, thus resulted in the decrease to liquidity of the Company and subsidiaries. However, since the Company still had cash in hand of 479.38 million Baht, coupled with its business on provision of financial advisory services which used mainly the expertise and capabilities in the business operation unlike other businesses which required investments to purchase raw materials or in construction, it could, therefore, be deemed that the Company and subsidiaries had sound cash and liquidity.

## **2.4 Main factors which may impact upon the business operation or the financial position in the future**

### **Economic Changes**

National economic changes mostly fluctuated along with global economic changes, e.g. if foreign economy grew Thai economy would grow as well. However, factors with domestic impacts, i.e. political problems, were currently putting more weights upon the economic growth. Such problems inevitably impact upon implementation of investment policies, thus reducing confidence of foreign investors who wanted to invest.

In the previous year, Thai economic growth had a decreasing expansion as evidenced by decreasing profits of several listed companies. It was more difficult for the Company to find new customers in the previous year because many customers delayed their investments due to uncertainty in the work administration policy of the Government Sector. The economic changes with a trend of decreasing growth would be a significant factor towards the growth in the earnings of the Company from collection of debts and finding sources of investments for customers. However, financial advisory services which could create compensatory earnings during the weakening economic duration were those in respect of debt restructuring, which would be in an increasing proportion as many businesses were facing with financial problems from poor economic situations. As such, it was a good opportunity for the Company to find more customers from provision of financial advisory services in respect of debt restructuring, which would create revenues to compensate for other earnings impacted from the decreasing economic growth.

Consequently, many factors impacting the economic changes were what the Company must carefully monitor and assess to enable the Company to keep pace with such changes and adapt itself to future business operation.

### **Investor Confidence**

Financial advisory services have direct relation with sources of fund since the clients' objective is for the Company to provide advisory service relating to debt restructuring and sources of fund. The investment fund are

essential for business development, thus, the negotiation with both domestic and foreign investors is one of the major parts to facilitate the continuity of business operation.

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

#### **Intensity of Competition in the Industry**

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

# AUDITOR'S REPORT

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

I have audited the accompanying consolidated and company financial statements of ACAP Advisory Public Company Limited and its subsidiaries and of ACAP Advisory Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *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 of ACAP Advisory Public Company Limited and its subsidiaries and of ACAP Advisory Public Company Limited as at 31 December 2013, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Paiboon Tunkoon

Certified Public Accountant (Thailand) No. 4298

PricewaterhouseCoopers ABAS Ltd.

Bangkok

26 February 2014

# Statements of Financial Position

ACAP Advisory Public Company Limited  
As at 31 December 2013

		<i>Consolidated</i>			<i>Company</i>		
		31 December 2013 <i>Baht'000</i>	31 December 2012 <i>Baht'000</i>	1 January 2012 <i>Baht'000</i>	31 December 2013 <i>Baht'000</i>	31 December 2012 <i>Baht'000</i>	1 January 2012 <i>Baht'000</i>
<i>Notes</i>							
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	7	479,381	740,015	864,437	193,190	61,077	47,114
Short-term investments	8	142,498	112,209	14,296	-	-	14,296
Accounts receivable, net	9	13,369	32,981	73,332	-	20,416	54,775
Investment in non - performing asset		-	2,469	-	-	-	-
Amounts due from related companies	27 iv)	-	-	-	8,885	313	188
Short-term loans to related companies, net	27 v)	-	-	-	3,000	10,400	-
Short-term loans to other companies, net	10	84,393	26,451	60,497	-	2,451	30,497
Other current assets	12	12,955	10,331	18,686	2,641	2,050	4,847
<b>Total current assets</b>		<b>732,596</b>	<b>924,456</b>	<b>1,031,248</b>	<b>207,716</b>	<b>96,707</b>	<b>151,717</b>
<b>Non-current assets</b>							
Long-term loan to related companies, net	27 v)	-	-	-	-	14,950	11,437
Long-term loan to other companies, net		-	4,969	-	-	4,969	-
Investment in subsidiary companies	11	-	-	-	517,637	828,992	-
Long-term investments		-	30,000	1,747	-	-	944,208
Leasehold improvements and equipment	14	38,930	45,731	47,871	25,734	31,717	40,844
Intangible assets	15	3,973	4,977	6,832	2,203	2,859	3,666
Deferred tax assets	16	-	1,813	18,612	-	-	-
Other non-current assets	13	16,285	18,400	14,561	4,197	5,817	7,872
<b>Total non-current assets</b>		<b>59,188</b>	<b>105,890</b>	<b>89,623</b>	<b>549,771</b>	<b>889,304</b>	<b>1,008,027</b>
<b>Total assets</b>		<b>791,784</b>	<b>1,030,346</b>	<b>1,120,871</b>	<b>757,487</b>	<b>986,011</b>	<b>1,159,744</b>

The notes on pages 11 to 51 are an integral part of these financial statements.

# Statements of Financial Position (Cont'd)

ACAP Advisory Public Company Limited  
As at 31 December 2013

		Consolidated			Company		
		31 December 2013 Baht'000	31 December 2012 Baht'000	1 January 2012 Baht'000	31 December 2013 Baht'000	31 December 2012 Baht'000	1 January 2012 Baht'000
	Notes						
Liabilities and shareholders' equity							
Current liabilities							
Amounts due to related companies	27 iv)	-	-	-	41	107,644	54,207
Current portion of long-term loan from related company	27 vi)	-	-	-	-	18,000	20,000
Current portion of financial lease contracts	18	4,705	4,847	5,714	4,002	4,178	5,714
Other current liabilities	17	23,108	26,278	37,974	1,092	4,108	3,768
Total current liabilities		27,813	31,125	43,688	5,135	133,930	83,689
Non-current liabilities							
Liabilities under financial lease contracts, net	18	3,330	6,119	8,987	2,321	4,408	8,987
Long-term borrowings fro financial institution		3,236	2,584	1,878	-	-	-
Long-term borrowings from related companies	27 vi)	-	-	-	-	760,000	760,000
Deferred tax liabilities	16	158	158	228	-	-	-
Employee benefits obligations	19	12,874	9,831	7,628	7,259	5,928	5,229
Other liabilities		10,700	12,097	5,031	1,310	2,912	2,912
Total non-current liabilities		30,298	30,789	23,752	10,890	773,248	777,128
Total liabilities		58,111	61,914	67,440	16,025	907,178	860,817
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	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	125,000	125,000
Premium on share capital		337,742	337,742	337,742	337,742	337,742	337,742
Retained earnings (deficits)							
Appropriated		12,500	12,500	12,500	12,500	12,500	12,500
Unappropriated		266,924	499,510	578,990	266,220	(396,409)	(176,315)
Other components of equity		(2,146)	(2,484)	(2,485)	-	-	-
Equity attributable to owners of the parent		740,020	972,268	1,051,747	741,462	78,833	298,927
Non-controlling interests		(6,347)	(3,836)	1,684	-	-	-
Total shareholders' equity		733,673	968,432	1,053,431	741,462	78,833	298,927
Total liabilities and shareholders' equity		791,784	1,030,346	1,120,871	757,487	986,011	1,159,744

The notes on pages 11 to 51 are an integral part of these financial statements.

# Statements of Comprehensive Income

ACAP Advisory Public Company Limited  
For the year ended 31 December 2013

		Consolidated		Company	
	Notes	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Revenues					
Service income		104,239	168,923	3,832	71,327
Interest income from non-performing asset management		-	22,480	-	-
Dividend income		-	-	795,720	9,804
Other income	21, 27 i)	37,855	42,473	21,830	8,447
Total revenues		142,094	233,876	821,382	89,578
Expenses					
Cost of services and asset management	27 ii)	106,636	124,984	7,025	33,280
Administrative expenses	22, 27 ii)	119,961	147,853	(7,919)	192,923
Management remunerations	29	20,484	22,395	20,444	22,395
Total expenses		247,081	295,232	19,550	248,598
(Loss) profit before financial costs and income tax		(104,987)	(61,356)	801,832	(159,020)
Financial costs	27 iii)	1,186	4,317	14,203	61,074
(Loss) profit before income tax		(106,173)	(65,673)	787,629	(220,094)
Income tax		4,206	19,436	-	-
Net (loss) profit for the year		(110,379)	(85,109)	787,629	(220,094)
Other comprehensive income					
Exchange differences on translating financial statement		620	110	-	-
Other comprehensive income, net of tax		620	110	-	-
Total comprehensive (expense) income		(109,759)	(84,999)	787,629	(220,094)
(Loss) profit attributable to:					
Shareholders of the parent		(107,586)	(79,480)	787,629	(220,094)
Non-controlling interests		(2,793)	(5,629)	-	-
		(110,379)	(85,109)	787,629	(220,094)
Total comprehensive (expense) income attributable to:					
Shareholders of the parent		(107,248)	(79,479)	787,629	(220,094)
Non-controlling interests		(2,511)	(5,520)	-	-
		(109,759)	(84,999)	787,629	(220,094)
(Loss) earnings per share (expressed in Baht per share)					
Basic (loss) earnings per share	24	(0.88)	(0.68)	6.30	(1.76)

The notes on pages 11 to 51 are an integral part of these financial statements.

# Statements of Changes in Shareholders' Equity

ACAP Advisory Public Company Limited  
For the year ended 31 December 2013

<i>Consolidated</i>								
<i>Equity attributable to shareholders of the parent</i>								
<i>Note</i>	Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Retained earnings		Other component of equity Currency translation differences from subsidiary in overseas Baht'000	Total shareholders of the parent Baht'000	Non-controlling interests Baht'000	Total shareholders' equity Baht'000
			Appropriated Baht'000	Unappropriated Baht'000				
Opening balance as at 1 January 2013	125,000	337,742	12,500	497,855	(2,484)	970,613	(3,836)	966,777
Impact from the adoption of TAS 12 Income taxes	-	-	-	1,655		1,655	-	1,655
Opening balance after adjustment	125,000	337,742	12,500	499,510	(2,484)	972,268	(3,836)	968,432
Total comprehensive (expenses) income	-	-	-	(107,586)	338	(107,248)	(2,511)	(109,759)
Dividend payment 26	-	-	-	(125,000)	-	(125,000)	-	(125,000)
<b>Ending balance as at 31 December 2013</b>	<b>125,000</b>	<b>337,742</b>	<b>12,500</b>	<b>266,924</b>	<b>(2,146)</b>	<b>740,020</b>	<b>(6,347)</b>	<b>733,673</b>
Opening balance as at 1 January 2012	125,000	337,742	12,500	560,606	(2,485)	1,033,363	1,684	1,035,047
Impact from the adoption of TAS 12 Income taxes	-	-	-	18,384		18,384		18,384
Opening balance after adjustment	125,000	337,742	12,500	578,990	(2,485)	1,051,747	1,684	1,053,431
Total comprehensive (expenses) income	-	-	-	(79,480)	1	(79,479)	(5,520)	(84,999)
<b>Ending balance as at 31 December 2012</b>	<b>125,000</b>	<b>337,742</b>	<b>12,500</b>	<b>499,510</b>	<b>(2,484)</b>	<b>972,268</b>	<b>(3,836)</b>	<b>968,432</b>

The notes on pages 11 to 51 are an integral part of these financial statements.

# Statements of Changes in Shareholders' Equity (Cont'd)

ACAP Advisory Public Company Limited  
For the year ended 31 December 2013

		Company			
		Issued and paid-up share capital Baht'000	Premium on share capital Baht'000	Retained earnings (deficits)	Total shareholders' equity Baht'000
	Note			Appropriated Baht'000	Unappropriated Baht'000
Opening balance as at 1 January 2013		125,000	337,742	12,500	(396,409)
Total comprehensive income		-	-	-	787,629
Dividend payment	26	-	-	-	(125,000)
Closing balance as at 31 December 2013		125,000	337,742	12,500	266,220
Opening balance as at 1 January 2012		125,000	337,742	12,500	(176,315)
Total comprehensive expenses		-	-	-	(220,094)
Closing balance as at 31 December 2012		125,000	337,742	12,500	(396,409)

The notes on pages 11 to 51 are an integral part of these financial statements.



# Statements of Cash Flows

ACAP Advisory Public Company Limited  
For the year ended 31 December 2013

		Consolidated		Company	
	Notes	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Cash flows from operating activities					
(Loss) profit before income tax		(106,173)	(65,673)	787,629	(220,094)
Adjustments for :					
Depreciation and amortisation	14, 15	13,648	14,699	7,642	9,195
Interest income		(23,686)	(41,060)	(8,324)	(4,736)
Interest expense		-	3,584	13,756	60,422
Interest expense from finance leases		548	733	447	652
Dividend income	27 I)	-	-	(795,720)	(9,804)
Loss on impairment/written off withholding tax assets		4,900	5,791	785	3,299
Impairment loss from investments in subsidiaries (reversal)		-	-	(97,145)	117,217
Unrealised loss (gain) on investment in fair value		1,489	(2,160)	-	-
Loss on impairment of loans (reversal)		(9,800)	9,800	31,613	7,300
Loss on loan forgiveness	10	13,726	-	13,726	-
Gain from sale of investment		(2,278)	(12,052)	-	(751)
Gain from sale of subsidiary		(129)	-	(9,000)	-
Gain on disposal/impairment/write-off assets		(1,196)	(624)	(1,016)	(1,157)
Realised (gain) loss on foreign currencies translation		(1,833)	1,396	(2,963)	1,473
Unrealised loss on foreign exchange translation		622	109	-	-
Provision for employee benefits	19	3,393	2,203	1,331	699
Reversal on provision on dismantling cost		(1,602)	-	(1,602)	-
Loss from operating activities before					
changes in operating assets and liabilities		(108,371)	(83,254)	(58,841)	(36,285)
(Increase) decrease in operating assets					
Accounts receivable		19,587	32,851	20,416	34,359
Investment in non-performing assets		-	(2,469)	-	-
Amounts due from - related companies		-	-	(50)	(109)
Other receivables		-	245	-	228
Other current assets		(9)	2,579	679	530
Other non-current assets		613	306	118	114
Increase (decrease) in operating liabilities					
Amounts due to related companies		-	-	(15)	(482)
Other current liabilities		(4,132)	(12,012)	(1,490)	(1,186)
Other non-current liabilities		(73)	(435)	-	-

The notes on pages 11 to 51 are an integral part of these financial statements.

# Statements of Cash Flows (Cont'd)

ACAP Advisory Public Company Limited  
For the year ended 31 December 2013

	<i>Notes</i>	<i>Consolidated</i>		<i>Company</i>	
		2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
<b>Cash used in operation before</b>					
interest and income tax received (paid)		(92,385)	(62,189)	(39,183)	(2,831)
Interest income received		18,483	48,117	2,582	4,703
Interest expense paid excluding finance leases		-	-	(121,345)	(2,939)
Income tax paid		(4,900)	(5,791)	(785)	(3,299)
<b>Net cash used in operating activities</b>		<b>(78,802)</b>	<b>(19,863)</b>	<b>(158,731)</b>	<b>(4,366)</b>
<b>Cash flows from investing activities</b>					
Purchase of short-term investment		(4,500)	(128,550)	-	(15,342)
Short-term loans made to related companies		-	-	(20,500)	(169,000)
Short-term loans made to other company		(65,000)	-	-	-
Long-term loans made to related companies		-	-	(9,800)	(3,899)
Purchase of long-term investments		-	(30,000)	-	-
Cash paid for increase of issuing share of subsidiaries		-	-	(4,000)	(2,000)
Purchase of building improvements, equipment and intangible assets		(7,184)	(6,950)	(1,242)	(98)
Proceeds from disposal of short-term investment		5,000	36,005	-	31,004
Proceeds from disposal of investment in subsidiary		2,584	-	9,000	-
Cash received from share capital reduction of investment in subsidiary		-	-	412,500	-
Proceeds from disposal of long-term investment		-	11,332	-	-
Proceeds from short-term loan to other companies		10,664	6,000	-	-
Loan repayments received from short-term loans to related companies		-	-	14,400	161,100
Loan repayments received from long-term loans to other company		-	13,277	6,057	13,277
Proceeds from disposal of building improvement, equipment and intangible assets		4,762	3,935	3,419	3,935
Dividend received from investment in subsidiaries		-	-	787,050	9,804
<b>Net cash (used in) provided by investing activities</b>		<b>(53,674)</b>	<b>(94,951)</b>	<b>1,196,884</b>	<b>28,781</b>

The notes on pages 11 to 51 are an integral part of these financial statements.

# Statements of Cash Flows (Cont'd)

ACAP Advisory Public Company Limited  
For the year ended 31 December 2013

		Consolidated		Company	
	Notes	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Cash flows from financing activities					
Payment on short-term borrowings from related companies		-	-	(913,588)	(152,000)
Payment on long-term borrowings from related companies		-	-	(760,000)	-
Proceeds from long-term borrowings from financial institutions		653	-	-	-
Proceeds from short-term borrowings from related companies		-	-	895,588	150,000
Proceeds from long-term borrowings from financial institution		-	706	-	-
Dividend paid	26	(125,000)	-	(125,000)	-
Payment on liabilities under finance lease		(5,644)	(8,177)	(4,873)	(6,767)
Net cash used in financing activities		(129,991)	(7,471)	(907,873)	(8,767)
Net (decrease) increase in cash and cash equivalents		(262,467)	(122,285)	130,280	15,648
Cash and cash equivalents at beginning of the year		740,015	864,437	61,077	47,114
Exchange gain (loss) on cash		1,833	(2,137)	1,833	(1,685)
Cash and cash equivalents at end of the year		479,381	740,015	193,190	61,077

## Non-cash transactions

Purchase of equipment under finance lease	2,164	3,710	2,164	-
Reversal of dismantling cost	61	3,354	-	1,941
Reclassification of long-term investment to short-term investment	30,000	674	-	-
Reclassification of current asset to non-current asset	-	7,500	-	-
Reclassification of non-current asset to current asset	1,500	-	1,500	-
Reclassification of current liability to non-current liability	-	7,500	-	-
Dividend receivable	-	-	8,670	-

The notes on pages 11 to 51 are an integral part of these financial statements.

# *Notes to the Consolidated and Company 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 26 February 2014.

## **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.

On 2 September 2013 the Company sold all shares of ACAP Asset Management Company Limited. Therefore, the Company has no control over ACAP Asset Management Company Limited onward. Consequently, the statements of financial position as at 31 December 2013 did not include the financial position of ACAP Asset Management Company Limited (Notes 11 to the financial statements).

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

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

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

## 2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

2.2.1 New/revised accounting standards which are effective on 1 January 2013 and are relevant and have an impact to the Company are :

TAS 12	Income Taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

TAS 12 requires tax expenses to be recognised for current and deferred tax. New accounting policy of income taxes and the significant impact to the Company are described in Note 2.19.

TAS 21 (Revised 2009) requires the Company to determine the functional currency which is the currency of the primary economic environment in which the entity operates. The Company assessed and concluded that Thai Baht is the Company's functional currency. As a consequence, applying TAS 21 (Revised 2009) has no impact to assets, liabilities and retained earnings. New accounting policy is described in Note 2.4.

TFRS 8 requires the operating segment to be described in the same manner as internal reporting used by the chief operating decision-maker. New accounting policy is described in Note 2.22. The impact to the Company in applying TFRS 8 is only on a disclosure.

2.2.2 Revised accounting standards, revised financial reporting standards, and related interpretations that are not yet effective and have not been early adopted by the Group:

**a) Revised accounting standards effective for the periods beginning on or after 1 January 2014**

TAS 1	(Revised 2012)	Presentation of Financial Statements
TAS 7	(Revised 2012)	Statement of Cash Flows
TAS 12	(Revised 2012)	Income Taxes
TAS 17	(Revised 2012)	Leases
TAS 18	(Revised 2012)	Revenue
TAS 19	(Revised 2012)	Employee Benefits
TAS 21	(Revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24	(Revised 2012)	Related Party Disclosures
TAS 28	(Revised 2012)	Investments in Associates
TAS 31	(Revised 2012)	Interest in Joint Ventures
TAS 34	(Revised 2012)	Interim Financial Reporting
TAS 36	(Revised 2012)	Impairment of assets
TAS 38	(Revised 2012)	Intangible Assets

TFRS 2 (Revised 2012)	Share-based Payment
TFRS 3 (Revised 2012)	Business Combinations
TFRS 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2012)	Operating Segments

TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Group.

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Group.

TAS 12 (revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated in to TAS 12 (revised 2012). This standard has no impact to the Group.

TAS 17 (revised 2012) deletes the guidance for a lease of land with an indefinite useful life to be classified as an operating lease. The standard has been amended to clarify that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with TAS 17's general principles. This standard has no impact to the Group.

TAS 18 (revised 2012) removes the appendix to TAS 18. This standard has no impact to the Group.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Group.

TAS 21 (revised 2012) clarifies the method of recording cumulative amount of the exchange difference relating to disposal or partial disposal of a foreign operation. This matter should be adjusted prospectively effective for the period begins on or after 1 January 2011. This standard has no impact to the Group.

TAS 24 (revised 2012) removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of related parties. This standard has no impact to the Group.

TAS 28 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity loses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2011. This standard has no impact to the Group.

TAS 31 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity loses joint control in its interest in joint control, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2011. This standard has no impact to the Group.

TAS 34 (revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Group.

TAS 36 (revised 2012) clarifies that goodwill being allocated to cash-generating units shall not be larger than an operating segment before aggregation as defined under TFRS 8 - Operating Segments. This standard has no impact to the Group. This standard has no impact to the Group.

TAS 38 (revised 2012) Clarifies that an intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, intangible asset is recognised separately from goodwill, but together with related item. Intangible assets are recognised as a single asset provided the individual assets have similar useful lives. This standard has no impact to the Group.

TFRS 2 (revised 2012) expands the scope to cover classification and accounting of both cash-settled and equity-settled share-based payment transactions in group situation. This standard has no impact to the Group.

TFRS 3 (revised 2012) amends the measurement required for non-controlling interests. The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation. All other component of non-controlling interests is measured at fair value unless another measurement basis is required by TFRS. The application guidance in TFRS 3 (revised 2012) also applies to all share-based payment transactions that are part of a business combination, including unreplaced and voluntarily replaced share-based payment awards. This standard has no impact to the Group.

TFRS 5 (revised 2012) specifies the disclosures required for assets held for sale and discontinued operations. Disclosures in other standards do not apply, unless those TFRS requires. This standard has no impact to the Group.

TFRS 8 (revised 2013) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Group.

**b) Interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations Committee (TSIC) effective for the periods beginning on or after 1 January 2014**

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining Whether an Arrangement Contains a Lease
TFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosure
TSIC 32	Intangible Assets - Web Site Costs

TFRIC 1 provides guidance on accounting for changes in the measurement of an existing decommissioning, restoration and similar liability that results from changes in estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate. This interpretation has no impact to the Group.

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. TFRIC 4 is not relevant to the Group's operations.



TFRIC 5 provide guidance on accounting in the financial statements of a contributor for interests arising from decommissioning funds that the assets are administered separately and a contributor's right to access the assets is restricted. TFRIC 5 is not relevant to the Group's operations.

TFRIC 7 provides guidance on how to apply the requirements of TAS 29, Financial Reporting in Hyperinflationary Economics, in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. TFRIC 7 is not relevant to the Group's operations.

TFRIC 10 prohibits reversal of an impairment losses recognised in a previous interim period in respect of goodwill. This interpretation has no impact to the Group.

TFRIC 12 applies to public-to-private service concession arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. TFRIC12 is not relevant to the group's operations.

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. TFRIC 13 is not relevant to the Group's operations.

TFRIC 17 provides guidance on accounting for the distributions of non-cash assets to owners acting in their capacity as owners. The interpretation addresses the issues on the dividend payable recognition and measurement and the accounting for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when an entity settles the dividend payable. This interpretation has no impact to the Group.

TFRIC 18 sets out the accounting for transfers of items of property, plant and equity by entities that receive such transfers from their customers. Agreements within the scope of this interpretation are agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect to a network or to provide the customer with ongoing access to supply of goods or services. The interpretation addresses the issues on the initial recognition and the accounting treatment of the transferred assets. This interpretation has no impact to the Group.

TSIC 15 sets out the accounting for the recognition of incentive that a lessor provides to a lessee in an operating lease. This interpretation has no impact to the Group.

TSIC 27 provides guidance on evaluating the substance of transactions in the legal form of a lease between the entity and the investor whether a series of transactions is linked and should be accounted for as one transaction and whether the arrangement meets the definition of a lease under TAS17 "Leases". The accounting shall reflect the substance of the arrangement. This interpretation has no impact to the Group.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. This interpretation has no impact to the Group.

TSIC 32 provides guidance on the internal expenditure on the development and operation of the entity web site for internal or external access. The entity shall comply with the requirements described in TAS 38 "Intangible Assets". This interpretation has no impact to the Group.

**c) New accounting standard which is effective for the periods beginning on or after 1 January 2016**

TFRS 4 Insurance Contracts

TFRS 4 applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. TFRS 4 is not relevant to the Group's operations.

## **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 statement of comprehensive income.

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

A test of impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying amount of the investment is higher than its recoverable amount, impairment loss is charged to the statements of comprehensive 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 11 to the financial statements.

## **2.4 Foreign currency translation**

### **a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the company's functional and the Group's presentation currency.

### **b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

### **c) Group companies**

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

## 2.5 Cash and cash equivalents

In the consolidated and Company's statement of cash flows, cash and cash equivalents includes 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 securities is classified as (1) trading investments and (2) held-to-maturity investments 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.

- (1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- (2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on last quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in statement of comprehensive income. The unrealised gains and losses of available for sale investments are recognised in equity.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

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

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

## **2.7 Accounts receivable**

Accounts 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 profit or loss within administrative expenses.

## **2.8 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

## **2.9 Investment in non-performing assets and allowance for impairment of investment**

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

## **2.10 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 assets of those who enter into debt restructuring or changes of the conditions or re-agreements in debt repayment with the subsidiaries. Loans to non-performing assets are stated at fair value as at the transferred date net of allowance for doubtful accounts. Allowance for doubtful accounts of loans to non-performing assets are recognised in statement of comprehensive income.

The subsidiaries consider allowance for doubtful accounts of loans to non-performing assets in accordance with the notifications of the Bank of Thailand ("BOT") which are applicable for the asset management companies. The subsidiaries have classified loans to non-performing assets and allowance for doubtful accounts in accordance with the guidelines 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 for the allowance for doubtful accounts based on expected cash flows to be received from the debtors under the restructuring plan or rehabilitation plan. If the debtors could not comply with the plan, the allowance for doubtful accounts will be provided for using the BOT's criteria.

### 2.11 Loans to consumers and interest receivable and allowance for doubtful accounts

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

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

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

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 loss rate of each loan category.

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.

### 2.12 Intangible assets

#### 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 into the original cost of the software.

### 2.13 Building improvements and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss.

#### **2.14 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.

#### **2.15 Leases - where a Group company is the lessee**

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

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

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

## 2.16 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.

## 2.17 Employee benefits

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

- **Defined benefit plans - Retirement benefits**

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

- **Defined contribution plans - Provident fund**

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

## 2.18 Provisions

Provisions for legal claims 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 the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.



Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### 2.19 Current and deferred income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group adopted TAS 12 - Income Taxes, which was effective for the periods beginning on or after 1 January 2013 by making retrospective adjustments. This adoption resulted the beginning consolidated retained earnings as at 2012 and 2013 increased by Baht 18.38 million and Baht 1.66 million, respectively. Furthermore, this adoption resulted the decrease in 2012 consolidated basic loss per share by Baht 0.13.

The effects of change in new accounting policy are as follows:

	Previously stated Baht'000	Adjustments Baht'000	Restated Baht'000
<b>Consolidated statement of financial position as at 31 December 2012</b>			
Deferred tax asset	-	1,813	1,813
Deferred tax liability	-	158	158
<b>Consolidated statement of comprehensive income for the year ended 31 December 2012</b>			
Income tax	2,707	16,729	19,436
<b>Consolidated statement of changes in owners' equity as at 1 January 2012</b>			
Retained earnings - Unappropriate	560,606	18,384	578,990
<b>Consolidated statement of changes in owners' equity as at 1 January 2013</b>			
Retained earnings - Unappropriate	497,855	1,655	499,510

## 2.20 Revenues and expenses recognition

### Revenues from financial advisor and investment consultant

- Monthly fee is recognised based on the performance of services under related contract. The Company will cease revenue recognition when receivables are continuously delinquent on payments for more than 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 monthly based on service performed.
- Revenue from cash collection sharing (Cash Collection Fee) is recognised based on percentage of cash collected in accordance with the terms in service agreement.

Interest and fee income is recognised on an accrual basis, except loan receivable which is uncollected over than three periods where interest is recognised on cash basis. The Group 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 from both from investment in non-performing assets and loans to non-performing assets are recorded on accrual basis using the effective interest rate except when expected cash collections are uncertain, related interest income is recognised on cash basis.

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

Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group.

**Other incomes and expenses are recognised on accrual basis.**

#### **2.21 Dividends**

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

#### **2.22 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as management that makes strategic decisions.

### **3. Financial risk management**

Significant financial assets carried on the statements of financial position include cash and cash equivalents, short-term investments, accounts receivable, investment in non-performing assets, loans to other companies. Significant financial liabilities carried on the statements of financial position include borrowings and liabilities under finance lease contracts. 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 other companies**

The Group maintains an impairment of investments in non-performing assets, allowance for doubtful accounts of loans to non-performing assets and loans to other companies to reflect impairment of investments in non-performing assets, loans to non-performing assets, and loans to other companies 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 improvements, equipment and intangible assets**

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

#### **4.3 Employee benefits**

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

### **5. Capital risk management**

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

### **6. Segment information**

The Group divides 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 into 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 litigation services for debt payment and management of disposal transferred assets for debt repayment or foreclosure of collaterals and trading of consumer product.
- Consumers finance Business
  - to provide consumers finance services to customers.

	<i>Consolidated</i>				
	Advisory and investment banking Baht'000	Non-performing asset ("NPA") management Baht'000	Consumer finance Baht'000	Elimination Baht'000	Total Baht'000
<b>For the year ended 31 December 2013</b>					
Revenues					
Third party revenue	83,075	32,052	26,967	-	142,094
Inter-segment revenue	2,104	808,455	24,569	(835,128)	-
Total revenues	85,179	840,507	51,536	(835,128)	142,094
Operating results	(112,763)	(42,188)	818,461	(910,591)	(247,081)
Financial costs	(1,543)	(14,844)	-	15,201	(1,186)
(Loss) profit before tax	(29,127)	783,475	869,997	(1,730,518)	(106,173)
Income tax	-	2,272	1,934	-	4,206
(Loss) profit before non-controlling interests	(29,127)	781,203	868,063	(1,730,518)	(110,379)
Non-controlling interests	-	-	-	2,793	2,793
Net (loss) profit for the year	(29,127)	781,203	868,063	(1,727,725)	(107,586)
Segment assets	40,042	763,635	510,591	(522,484)	791,784
Segment liabilities	91,171	17,182	17,852	(68,094)	58,111
Capital expenditure	7,366	25,734	6,549	(719)	38,930
Depreciation and amortisation	2,989	7,242	2,939	(956)	12,214

	<i>Consolidated</i>				
	Advisory and investment banking Baht'000	Non-performing asset ("NPA") management Baht'000	Consumer finance Baht'000	Elimination Baht'000	Total Baht'000
<b>For the year ended 31 December 2012</b>					
Revenues					
Third party revenue	67,990	127,740	38,146	-	233,876
Inter-segment revenue	1,944	15,187	62,386	(79,517)	-
Total revenues	69,934	142,927	100,532	(79,517)	233,876
Operating results	(26,601)	(131,425)	(815,701)	912,371	(61,356)
Financial costs	(1,118)	(64,621)	-	61,422	(4,317)
(Loss) profit before tax	(27,719)	(196,046)	(815,701)	973,793	(65,673)
Income tax	-	(6,016)	(13,420)	-	(19,436)
(Loss) profit before non-controlling interests	(27,719)	(202,062)	(829,121)	973,793	(85,109)
Non-controlling interests	-	-	-	(5,629)	(5,629)
Net (loss) profit for the year	(27,719)	(202,062)	(829,121)	979,422	(79,480)
Segment assets	43,040	1,029,245	852,989	(894,928)	1,030,346
Segment liabilities	65,875	924,797	18,919	(947,677)	61,914
Capital expenditure	8,266	33,517	5,601	(1,653)	45,731
Depreciation and amortisation	3,243	9,919	2,493	(956)	14,699

## 7. Cash and cash equivalents

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Cash on hand	109	222	6	95
Deposit held at call with banks	167,968	79,512	25,857	25,492
Fixed deposit less than 3 months	37,327	206,282	37,327	25,491
Short-term investment	273,977	453,999	130,000	9,999
Total cash and cash equivalents	479,381	740,015	193,190	61,077

The interest rate of deposit held at call with banks is 0.71% per annum (2012: 0.74% per annum). The interest rate of fixed deposit at banks with original maturity of 3 months is 3.15% per annum (2012: 1% – 2.75% per annum).

## 8. Short-term investments

	<i>Consolidated</i>		<i>Company</i>	
	2013 Cost/book value Baht'000	2012 Cost/book value Baht'000	2013 Cost/book value Baht'000	2012 Cost/book value Baht'000
Trading investment - Equity securities	112,498	112,209	-	-
Held to maturity investment - Debt securities	30,000	-	-	-
Total	142,498	112,209	-	-

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

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Opening balance	112,209	14,296	-	14,296
Additions	4,500	128,550	-	15,342
Reclassification of long-term investment to short-term investment	30,000	674	-	-
Repayment during the year	(5,000)	(36,005)	-	(31,004)
Gain on sales of short-term investment	2,278	2,019	-	751
Foreign currency translation	-	515	-	615
Change in fair value	(1,489)	2,160	-	-
Ending balance	142,498	112,209	-	-

As at 31 December 2013, short-term investments in the consolidated financial statements represented trading investments in equity security, and open fund with financial institutions, and a held-to-maturity investment which is debenture note issued by a commercial bank. The face value of the note is Baht 30 million with a progressive interest rate and the maturity date on 24 February 2014.

As at 31 December 2012, short-term investments in the consolidated financial statements represented the trading investment - equity in open fund with financial institutions.

## 9. Accounts receivables, net

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Accrued income	6,589	4,914	-	4,733
Undue and up to 30 days	5,237	27,175	-	15,683
Overdue 30 days but not over 180 days	1,043	464	-	-
Overdue 180 days but not over 1 year	-	-	-	-
Overdue more than 1 year	16,256	16,184	11,646	11,646
Total	29,125	48,737	11,646	32,062
<u>Less</u> allowance for doubtful accounts	(15,756)	(15,756)	(11,646)	(11,646)
Net amount	13,369	32,981	-	20,416

## 10. Short-term loans to other companies, net

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Chiangrai Industrial 1111 Company Limited	19,393	24,000	-	-
Andaman Long Beach Resort Company Limited	50,000	-	-	-
ACAP Asset Management Company Limited	15,000	-	-	-
Star Asset Management Ltd.	-	3,851	-	3,851
<u>Less</u> allowance for impairment	-	(1,400)	-	(1,400)
	-	2,451	-	2,451
Total	84,393	26,451	-	2,451

Short-term loans to Chiangrai Industrial 1111 Company Limited amounting to Baht 19.4 million are due in November 2014. The interest rate is at 15% per annum and repayable every 3 month after the drawdown date. In 2013, Chiangrai Industrial 1111 Company Limited repaid loans amounting to Baht 4.6 million to the Group.

Short-term loans to Andaman Long Beach Resort Company Limited amounting to Baht 50 million are due in July 2014. The interest rate is at 10% per annum and repayable every 3 month after the drawdown date.



Short-term loans to ACAP Asset Management Company Limited amounting to Baht 15 million are due in September 2014. The interest rate is at 7% per annum and repayable every 3 month after the drawdown date.

As at 31 December 2012, the Company had a loan and interest receivable to Star Asset Management Ltd. totally of Baht 19.8 million. During 2013, the Company entered into an agreement to forgive all obligations of Star Asset Management Ltd amounting to Baht 13.7 million; and then, Star Asset Management repaid the loan amounting to Baht 6.1 million to the Company. The Company recorded a loss on loan forgiveness amounting to Baht 13.7 million as administrative expense in the consolidated and company statement of comprehensive income, and reversed reverse relevant impairment amounting to Baht 9.8 million accordingly.

## 11. Investment in subsidiaries

List of subsidiaries is as follow :

Company's name	Country of establishment	Type of business	Nature of relationship	Percentage of investment	
				2013	2012
Subsidiaries					
ACAP Asset Management Co., Ltd.	Thailand	Non-performing assets management	Shareholder	-	99.99
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 and trading consumer product	Shareholder	99.99	99.99
ACAP (Malaysia) Sdn. Bhd.	Malaysia	Non-performing assets management	Shareholder	99.99	99.99
Capital OK Co., Ltd.	Thailand	Consumers Finance	Shareholder	99.99	99.99
Aurum Capital Advisory Pte., Ltd.	Singapore	Investment Banking	Shareholder	63.97	63.97
Subsidiaries under Capital OK Co., Ltd.					
Professional Collection Co., Ltd.	Thailand	Collection services	Indirect	99.99	99.99
ACAP (Asia) Asset Management Co., Ltd.	Thailand	Non-performing assets management	Shareholder	2.40	2.40
			Indirect	97.06	97.60

The followings are details of investment in subsidiaries.

	2013						
	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 Corporate Services Co., Ltd.	27,000	27,000	(25,179)	1,821	27,000	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	8,670
Capital OK Co., Ltd.	412,500	509,926	-	509,926	412,500	99.99	787,050
ACAP (Asia) Asset Management Co., Ltd.	25,000	600	-	600	25,000	2.40	-
Aurum Capital Advisory Pte., Ltd.	14,274	10,892	(10,892)	-	14,274	63.97	-
		564,258	(46,621)	517,637	494,614		795,720

	2012						
	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	-
ACAP Corporate Services Co., Ltd.	23,000	23,000	(21,528)	1,472	23,000	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	9,804
Capital OK Co., Ltd.	825,000	922,426	(100,796)	821,630	825,000	99.99	-
ACAP (Asia) Asset Management Co., Ltd.	25,000	600	-	600	25,000	2.40	-
Aurum Capital Advisory Pte., Ltd.	14,274	10,892	(10,892)	-	14,274	63.97	-
		997,758	(168,766)	828,992	928,114		9,804

The movement in investment in subsidiaries are as follows :

	Company Baht '000
<b>For the year ended 31 December 2013</b>	
Beginning net book balance	828,992
Addition on investment in ACAP Corporate Services Co., Ltd.	4,000
Disposal of investment in ACAP Asset Management Co., Ltd.	(25,000)
Decreasing in investment in Capital OK Co., Ltd. from share capital reduction	(412,500)
Increasing in allowance for impairment on investment in. ACAP Corporate Services Co., Ltd. during the year	(3,651)
Reversal of allowance for impairment from the disposal of investment in ACAP Asset Management Co., Ltd.	25,000
Reversal of allowance for impairment of investment in Capital OK Co., Ltd.	100,796
Closing net book balance	517,637

In 2013, the Company's management had provided additional allowance for impairment of investment in ACAP Corporate Services Co., Ltd. amounting to Baht 3.7 million.

In 2013, the Company had reversed allowance for impairment of investment in Capital OK Co., Ltd. amounting to Baht 100.8 million as the Company's management had considered that the subsidiary's financial position had been improved from a substantial amount of repayment made by its large debtor in 2013.

On 11 March 2013, the Executive Directors Committee Meeting No. 3/2556 had approved the reduction of share capital of Professional Collection Co., Ltd., which was a subsidiary, by decreasing the number of shares in order to compensate the deficits of Baht 62.30 million and refunding part of capital to the subsidiary's shareholders of Baht 95.65 million. Prior to share capital reduction, subsidiary had share capital of Baht 220 million, divided into 22,000,000 shares. After the share reduction on 10 May 2013, the subsidiary has registered share capital of Baht 62.05 million, divided into 6,205,000 shares at par value of Baht 10 each reduction.

On 2 April 2013, the Executive Directors Committee Meeting No. 4/2556 had approved the decrease of registered share capital of Capital OK Co., Ltd., a subsidiary, by decreasing the par value of shares in order to refund a partial capital to the subsidiary's shareholders amounting to Baht 412.5 million. Prior to the capital reduction, the subsidiary had registered capital of Baht 825 million, divided into 82,500,000 shares at par value of Baht 10 each. On 25 October 2013, Capital OK Co., Ltd. had registered its reduction of share capital, and had registered share capital of Baht 412.5 million, divided into 82,500,000 shares at par value of Baht 5 each.

On 22 April 2013, the Executive Directors Committee Meeting No. 5/2556 had a resolution to approve the additional share purchase of ACAP Corporate Services Co., Ltd., a subsidiary, for 400,000 share capital at par value of Baht 10 each, totalling Baht 4 million.

On 2 September 2013, the Executive Directors Committee Meeting No. 10/2556 had a resolution to approve the sale of investment in ACAP Asset Management Company Limited of Baht 25 million, which the Company had provided for full impairment, to MAK Consulting (Asia) Company Limited. Therefore, the consolidated statement of financial position as at 30 September 2013 did not include the financial position of ACAP Asset Management Company Limited as the Company had no control since the selling date. The consolidated statement of comprehensive income included the comprehensive income of ACAP Asset Management Company Limited until the selling date. The consolidated and the company statement of comprehensive income for the year included gain on disposal of the subsidiary amounting to Baht 0.1 million and Baht 9 million, respectively, as included in other income.

## 12. Other current assets

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Inventories	556	275	-	-
Other receivables	123	649	-	479
VAT receivable	5,138	5,226	7	-
Interest receivable	2,364	1,249	49	315
Deposits	1,500	-	1,500	-
Others	3,274	2,932	1,085	1,256
	<b>12,955</b>	<b>10,331</b>	<b>2,641</b>	<b>2,050</b>

## 13. Other non-current assets

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Deposits	12,844	15,880	3,042	4,551
Others	3,441	2,520	1,155	1,266
	<b>16,285</b>	<b>18,400</b>	<b>4,197</b>	<b>5,817</b>

## 14. Leasehold improvements and equipment

	<i>Consolidated</i>					
	Leasehold improvements Baht'000	Computers Baht'000	Furniture and fixture Baht'000	Equipment Baht'000	Vehicles Baht'000	Total Baht'000
<b>At 31 December 2011</b>						
Cost	12,268	162,885	27,894	26,298	56,509	285,854
<u>Less</u> Accumulated depreciation	(10,451)	(155,453)	(17,242)	(24,464)	(30,373)	(237,983)
Net book amount	1,817	7,432	10,652	1,834	26,136	47,871
<b>For the year ended</b>						
<b>31 December 2012</b>						
Opening net book amount	1,817	7,432	10,652	1,834	26,136	47,871
Additions	330	2,869	2,275	1,363	3,754	10,591
Reversal of dismantling cost	3,354	-	-	-	-	3,354
Disposals/write offs, net	(177)	-	(285)	(71)	(2,777)	(3,310)
Depreciation charge	(2,095)	(3,425)	(2,420)	(1,201)	(3,634)	(12,775)
Closing net book amount	3,229	6,876	10,222	1,925	23,479	45,731
<b>At 31 December 2012</b>						
Cost	16,224	165,225	29,118	27,906	52,361	290,834
<u>Less</u> Accumulated depreciation	(12,995)	(158,349)	(18,896)	(25,981)	(28,882)	(245,103)
Net book amount	3,229	6,876	10,222	1,925	23,479	45,731
<b>For the year ended</b>						
<b>31 December 2013</b>						
Opening net book amount	3,229	6,876	10,222	1,925	23,479	45,731
Transfer in/(out)	1,936	-	(1,936)	-	-	-
Additions	294	2,838	144	2,122	3,315	8,774
Reversal of dismantling cost	61	-	-	-	-	61
Disposals/write offs, net	(62)	(40)	(1,059)	(86)	(2,319)	(3,566)
Depreciation charge	(2,234)	(3,368)	(1,763)	(985)	(3,659)	(12,009)
Closing net book amount	3,224	6,306	5,608	2,976	20,816	38,930
<b>At 31 December 2013</b>						
Cost	15,731	113,783	23,760	27,124	38,311	218,709
<u>Less</u> Accumulated depreciation	(12,507)	(107,477)	(18,152)	(24,148)	(17,495)	(179,775)
Net book amount	3,224	6,306	5,608	2,976	20,816	38,930

	<i>Company</i>					
	Leasehold improvements Baht'000	Computers Baht'000	Furniture and fixture Baht'000	Equipment Baht'000	Vehicles Baht'000	Total Baht'000
<b>At 31 December 2011</b>						
Cost	-	10,247	15,242	6,840	51,150	83,479
<u>Less</u> Accumulated depreciation	-	(6,011)	(6,714)	(5,915)	(23,995)	(42,635)
Net book amount	-	4,236	8,528	925	27,155	40,844
<b>For the year ended</b>						
<b>31 December 2012</b>						
Opening net book amount	-	4,236	8,528	925	27,155	40,844
Additions	-	71	-	27	-	98
Disposals	-	-	-	-	(2,778)	(2,778)
Reversal of dismantling cost	1,941	-	-	-	-	1,941
Depreciation charge	(971)	(1,750)	(1,609)	(686)	(3,372)	(8,388)
Closing net book amount	970	2,557	6,919	266	21,005	31,717
<b>At 31 December 2012</b>						
Cost	1,941	10,318	15,242	6,867	43,263	77,631
<u>Less</u> Accumulated depreciation	(971)	(7,761)	(8,323)	(6,601)	(22,258)	(45,914)
Net book amount	970	2,557	6,919	266	21,005	31,717
<b>For the year ended</b>						
<b>31 December 2013</b>						
Opening net book amount	970	2,557	6,919	266	21,005	31,717
Additions	-	65	-	56	3,285	3,406
Disposals	-	(6)	(74)	(5)	(2,318)	(2,403)
Depreciation charge	(566)	(1,402)	(1,420)	(204)	(3,394)	(6,986)
Closing net book amount	404	1,214	5,425	113	18,578	25,734
<b>At 31 December 2013</b>						
Cost	1,941	9,832	15,034	5,706	36,036	68,549
<u>Less</u> Accumulated depreciation	(1,537)	(8,618)	(9,609)	(5,593)	(17,458)	(42,815)
Net book amount	404	1,214	5,425	113	18,578	25,734

## 15. Intangible assets

	<i>Consolidated</i>	<i>Company</i>
	Computer software Baht'000	Computer software Baht'000
<b>At 31 December 2012</b>		
Cost	242,077	5,921
<u>Less</u> Accumulated amortisation	(235,245)	(2,255)
Net book amount	6,832	3,666
<b>For the year ended 31 December 2012</b>		
Opening net book amount	6,832	3,666
Additions	69	-
Amortisation charge	(1,924)	(807)
Closing net book amount	4,977	2,859
<b>At 31 December 2012</b>		
Cost	242,146	5,921
<u>Less</u> Accumulated amortisation	(237,169)	(3,062)
Net book amount	4,977	2,859
<b>For the year ended 31 December 2013</b>		
Opening net book amount	4,977	2,859
Additions	635	-
Amortisation charge	(1,639)	(656)
Closing net book amount	3,973	2,203
<b>At 31 December 2013</b>		
Cost	242,781	5,921
<u>Less</u> Accumulated amortisation	(238,808)	(3,718)
Net book amount	3,973	2,203

## 16. Deferred income taxes

The analysis of deferred tax assets and deferred tax liability is as follows :

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
<b>Deferred tax assets :</b>				
Deferred tax asset to be recovered within 12 months	-	1,813	-	-
Deferred tax asset to be recovered after more than 12 months	-	-	-	-
	-	1,813	-	-
<b>Deferred tax liabilities :</b>				
Deferred tax liabilities to be settled within 12 months	158	158	-	-
Deferred tax liability to be settled after more than 12 months	-	-	-	-
	158	158		
<b>Deferred tax asset, net</b>	158	1,655	-	-

The gross movement and the deferred tax assets account is as follows :

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
At 1 January	1,813	18,612	-	-
Charged to profit or loss	(1,813)	(16,799)	-	-
At 31 December	-	1,813	-	-



The gross movement and the deferred tax liabilities account is as follows :

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
At 1 January	158	228	-	-
At 1 January	-	(70)	-	-
At 31 December	158	158	-	-

The movement in deferred tax assets and liabilities during the year is as follows :

	<i>Consolidated Tax losses Baht'000</i>	<i>Company Tax losses Baht'000</i>
<b>Deferred tax assets</b>		
At 1 January 2013	1,813	-
Charged to profit or loss	(1,813)	-
At 31 December 2013	-	-
At 1 January 2012	18,612	-
Charged to profit or loss	(16,799)	-
At 31 December 2012	1,813	-

	<i>Consolidated Depreciation Baht'000</i>	<i>Company Depreciation Baht'000</i>
<b>Deferred tax liabilities</b>		
At 1 January 2013	158	-
Charged to profit or loss	-	-
At 31 December 2013	158	-
At 1 January 2012	228	-
Credit to profit or loss	(70)	-
At 31 December 2012	158	-

Deferred income tax assets are recognised from tax loss and carry forward only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of Baht 754.60 million (2012: Baht 1,050.30 million), to carry forward against future taxable income; these tax losses will expire in 2014 - 2018. Deferred tax liabilities mainly relate to depreciation of equipment.

## 17. Other current liabilities

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Accrued interest expense	-	1,546	-	1,526
Other payables	3,334	2,278	432	375
Other accrued expenses	18,462	13,550	585	931
Accrued withholding tax	91	1,368	26	896
Others	1,221	7,536	49	380
	23,108	26,278	1,092	4,108

## 18. Liabilities under finance lease contracts, net

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Minimum lease payments obligation under long-term lease contracts (lease of vehicles)	8,539	11,678	6,772	9,094
<u>Less</u> Deferred interest	(504)	(712)	(449)	(508)
	8,035	10,966	6,323	8,586
Current portion due within one year	4,705	4,847	4,002	4,178
Non-current portion due after one year	3,330	6,119	2,321	4,408
	8,035	10,966	6,323	8,586

## 19. Employee benefits obligations

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
<u>Statement of financial position</u>				
Employee benefits	12,874	9,831	7,259	5,928
	12,874	9,831	7,259	5,928
<u>Profit or loss</u>				
Employee benefits (included in administrative expenses and cost of services)	3,393	2,203	1,331	699
	3,393	2,203	1,331	699

As at 1 January 2011, employment benefits obligations for the consolidated and the company financial statements amounting to Baht 17.1 million and Baht 12.3 million, respectively, which the Group recognised such obligations by applying straight-line method throughout five years as stated in notification of Federation of Accounting Professions no. 17/2554. The Group has recognised such obligations as expense for the year 2013 amounting to Baht 3.4 million and Baht 2.5 million in the consolidated and company financial statements, respectively.

The movement in the defined benefits obligations over the year is as follows

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
At 1 January	9,831	7,628	5,928	5,229
Past service cost	3,414	3,497	2,460	2,460
Current service cost	3,380	3,553	2,118	2,351
Interest cost	522	1,062	327	736
Actuarial gains	-	(2,895)	-	(1,930)
	17,147	12,845	10,833	8,846
<u>Less</u> Transferred out from consolidation	(350)	-	-	-
Benefits paid	(3,923)	(3,014)	(3,574)	(2,918)
At 31 December	12,874	9,831	7,259	5,928

The amounts recognised in the statement of comprehensive income are as follows :

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Past service cost	3,414	3,497	2,460	2,460
Current service cost	3,380	3,553	2,118	2,351
Interest cost	522	1,062	327	736
Actuarial gains	-	(2,895)	-	(1,930)
<u>Less</u> Benefits paid	(3,923)	(3,014)	(3,574)	(2,918)
Total (included in administrative expenses and cost of services)	3,393	2,203	1,331	699

The principal actuarial assumptions used are as follows :

	<i>Consolidated and Company</i>
	<i>2013 and 2012</i>
Discount rate	4.06%
Salary increase rate	4%
Average turnover rate	0% - 10%
Pre-retirement mortality rate	80% of mortality rate
Retirement age	60, 70 years old

## 20. 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.

## 21. Other income

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Gain on disposal a subsidiary	129	-	9,000	-
Interest income	23,686	18,580	8,324	4,736
Other income	14,040	23,893	4,506	3,711
Total	37,855	42,473	21,830	8,447

## 22. Administrative expenses

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

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Bad debt and doubtful accounts	-	1,310	-	-
Personnel expenses	64,394	79,028	37,056	49,966
Operating expenses	37,621	40,403	7,447	25,315
Depreciation and amortisation charges (Note 14 and 15)	12,213	14,000	7,642	9,195
Rental expenses	21,388	26,926	10,366	14,398
Repair and maintenance expenses	4,829	8,581	1,820	1,727
Impairment loss from investment in and loans to subsidiaries (reversal)	-	-	(65,532)	114,717
Loss on loan and interest receivable Forgiveness (Note 10)	-	-	13,726	-

## 23. Income tax expense

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Current tax :				
Current tax on profits for the year	2,393	2,707	-	-
<b>Total current tax</b>	<b>2,393</b>	<b>2,707</b>	<b>-</b>	<b>-</b>
Deferred tax :				
Utilisation of tax losses	1,813	16,729	-	-
<b>Total deferred tax</b>	<b>1,813</b>	<b>16,729</b>	<b>-</b>	<b>-</b>
<b>Total tax expense</b>	<b>4,206</b>	<b>19,436</b>	<b>-</b>	<b>-</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the company as follows :

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Profit before tax	(106,173)	(65,673)	787,628	(220,094)
Tax calculated at a tax rate of 20% (2012: 23%)	(21,235)	(15,105)	157,526	(50,622)
Tax effect of :				
Income not subject to tax	(540)	(1,182)	(176,880)	(4)
Expenses not deductible for tax purpose	5,430	7,424	9,664	30,005
Utilisation of previously unrecognised tax losses	(732)	-	-	-
Tax losses for which no deferred income tax asset was recognised	21,283	25,077	9,690	17,931
Re-measurement of deferred tax - change in tax rate	-	3,222	-	2,690
<b>Tax charge</b>	<b>4,206</b>	<b>19,436</b>	<b>-</b>	<b>-</b>

The weighted average applicable tax rate was 3.96% (2012: 29.60%). The decrease is caused by a change in corporate income tax rate announced by the Government.

In 2013, as a result of the change in corporation tax rate from 23% to 20% which becomes effective from 1 January 2013, the relevant deferred tax balances have been re-measured. Deferred tax expected to be reversed in the year to 31 December 2013 had been measured using the effective rate of 20%.

## 24. Basic (loss) earnings per share

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

	<i>Consolidated</i>		<i>Company</i>	
	2013	2012	2013	2012
Net (loss) profit attributable to ordinary shareholders (Baht'000)	(110,379)	(85,109)	787,629	(220,094)
Weighted average number of ordinary shares issued during the year (Shares)	125,000	125,000	125,000	125,000
Basic (loss) earnings per share (Baht)	(0.88)	(0.68)	6.30	(1.76)

There are no potential dilutive ordinary share issued for the years ended 31 December 2013 and 2012.

## 25. Staff provident fund

The Group and the Company paid to provident fund for the year ended 31 December 2013 in the amount of Baht 2.9 million and Baht 1.4 million, respectively (2012: Baht 5.6 million and Baht 2.7 million, respectively).

## 26. Dividend payment

At the Board of Directors' Meeting of ACAP Advisory Public Company Limited No. 5/2013 held on 30 September 2013, the Board of Directors approved the interim dividend payment from the operating profit of the six-month period ended 30 June 2013 at Baht 1 per share, totalling Baht 125 million which was paid to the shareholders on 29 October 2013.

## 27. Related party transactions

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

### Pricing policy

Interest income/expense incurred from borrowings, cost of services and administrative expenses are charged at the agreed rates as per related contracts.

Relationship of related parties is as follows :

<i>Company Name</i>	<i>Relationship</i>	<i>Cause of relationship</i>
ACAP Asset Management Co., 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	Shares held by subsidiary	Held by shareholder/mutual management
ACAP (Asia) Asset Management Co., Ltd.	Shares held by subsidiary	Held by shareholder/mutual management

On 2 September 2013, the Company disposed its investment in ACAP Asset Management Co., Ltd. (Note 11). Consequently, ACAP Asset Management Co., Ltd. is not a company under common control by parent

#### i) Income for the years ended 31 December

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
<b>Other income</b>				
Accounting and financial service income				
- Global Service Center Co., Ltd.	-	-	9	16
- Capital OK Co., Ltd.	-	-	78	156
- Professional Collection Company Limited	-	-	9	16
Sharing expense income				
- ACAP Consulting Co., Ltd.	-	-	132	635
- ACAP Corporate Services Co., Ltd.	-	-	238	246
- ACAP Asset Management Co., Ltd.	-	-	31	246
Interest income				
- ACAP Asset Management Co., Ltd.	-	-	2	2,803
- ACAP Consulting Co., Ltd.	-	-	178	59
- ACAP Corporate Services Co., Ltd.	-	-	159	31
- Global Service Center Co., Ltd.	-	-	1,106	876
- Aurum Capital Advisory PTE. Ltd.	-	-	1,923	124
Dividend income				
- Capital OK Co., Ltd.	-	-	787,050	-
- ACAP (Malaysia) Sdn. Bhd.	-	-	8,670	9,804
	-	-	799,585	15,012



Pricing policy for interest income received from related companies are set from loan agreement as disclosed in Note 27 v).

On 18 March 2013, the Executive Directors Committee Meeting of Capital OK Co., Ltd. No. 6/2556 had approved the interim dividend from its operating result for the period of 2.5 months ended 15 March 2013 to the shareholders as whose names appear on the Company shareholder's register as at 18 March 2013 at the rate of Baht 7.54 each, totalling of Baht 622,050,000. Capital OK Co., Ltd. paid interim dividend on 20 March 2013, and appropriated legal reserve of 5% of its net profit for the period until the reserve is not less than 10% of the registered capital.

On 13 May 2013, the Executive Directors Committee Meeting of Capital OK Co., Ltd. No. 9/2013 had approved the interim dividend from its operating result for the quarter ended 31 March 2013 to the shareholders as whose names appear on the company shareholder's register as at 15 May 2013 at the rate of Baht 2 each, totaling of Baht 165,000,000. Capital OK Co., Ltd. paid interim dividend on 20 May 2013, and appropriated legal reserve of 5% of its net profit for the period until the reserve is not less than 10% of the registered capital.

On 24 December 2013, the Executive Directors Committee Meeting of ACAP (Malaysia) Sdn. Bhd. had approved the interim dividend for the year ended 31 December 2013 to the shareholders as whose names appear on the company shareholder's register as at 24 December 2013 at the rate RM 1.80 each, totaling of RM 0.9 million or Baht 8.67 million. ACAP (Malaysia) Sdn. Bhd. paid dividend on 2 January 2014.

## ii) Expenses for the years ended 31 December

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
<b>Cost of services</b>				
Professional fee				
- ACAP Consulting Co., Ltd.	-	-	-	160
Rental and maintenance equipment				
- Global Services Center Co., Ltd.	-	-	249	-
	-	-	249	160
<b>Administrative expenses</b>				
Rental and maintenance equipment				
- Global Services Center Co., Ltd.	-	-	428	1,563
Other expenses				
- ACAP Consulting Co., Ltd.	-	-	-	7
	-	-	428	1,570

iii) Finance costs for the years ended 31 December

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
- Professional Collection Company Limited	-	-	3,603	-
- Capital OK Co., Ltd.	-	-	10,153	56,858
	-	-	13,756	56,858

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

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Amounts due from related companies				
- ACAP Corporate Services Co., Ltd.	-	-	7	1
- ACAP Consulting Co., Ltd.	-	-	18	5
- Global Service Center Co., Ltd.	-	-	190	163
- ACAP (Malaysia) Sdn. Bhd.	-	-	8,670	34
- Aurum Capital Advisory PTE. Ltd.	-	-	-	110
	-	-	8,885	313
Amounts due to related companies				
- Capital Ok Co., Ltd.	-	-	33	107,629
- Professional Collection Co., Ltd.	-	-	4	4
- Global Service Center Co., Ltd.	-	-	4	4
- ACAP Consulting Co., Ltd.	-	-	-	7
	-	-	41	107,644

v) Loans to related companies

	<i>Company</i>				
	<i>Short-term loans</i>				
	Opening balance Baht'000	Additions during the period Baht'000	Repayments during the period Baht'000	Reclassified to Long-term Baht'000	Ending balance Baht'000
<b>For the year ended 31 December 2013</b>					
ACAP Consulting Co., Ltd.	5,900	-	-	(5,900)	-
<u>Less</u> Allowance for impairment	(5,900)	-	-	5,900	-
	-	-	-	-	-
ACAP Corporate Services Co., Ltd.	400	15,500	(12,900)	-	3,000
<u>Less</u> Allowance for impairment	-	-	-	-	-
	400	15,500	(12,900)	-	3,000
Global Service Center Co. Ltd.	30,000	3,500	-	(33,500)	-
<u>Less</u> Allowance for impairment	(20,000)	-	-	20,000	-
	10,000	3,500	-	(13,500)	-
ACAP Asset Management Co., Ltd.	-	1,500	(1,500)	-	-
<u>Less</u> Allowance for impairment	-	-	-	-	-
	-	1,500	(1,500)	-	-
<b>Total</b>	<b>10,400</b>	<b>20,500</b>	<b>(14,400)</b>	<b>(13,500)</b>	<b>3,000</b>

	<i>Company</i>				
	<i>Short-term loans</i>				
	Opening balance Baht'000	Additions during the period Baht'000	Repayments during the period Baht'000	Impairment Baht'000	Ending balance Baht'000
<b>For the year ended 31 December 2012</b>					
ACAP Consulting Co., Ltd.	5,900	-	-	-	5,900
<u>Less</u> Allowance for impairment	-	-	-	(5,900)	(5,900)
	5,900	-	-	(5,900)	-
ACAP Corporate Services Co., Ltd.	-	2,500	(2,100)	-	400
<u>Less</u> Allowance for impairment	-	-	-	-	-
	-	2,500	(2,100)	-	400
Global Service Center Co. Ltd.	20,000	10,000	-	-	30,000
<u>Less</u> Allowance for impairment	-	-	-	(20,000)	(20,000)
	20,000	10,000	-	(20,000)	10,000
ACAP Asset Management Co., Ltd.	2,500	156,500	(159,000)	-	-
<u>Less</u> Allowance for impairment	-	-	-	-	-
	2,500	156,500	(159,000)	-	-
<b>Total</b>	<b>28,400</b>	<b>169,000</b>	<b>(161,100)</b>	<b>(25,900)</b>	<b>10,400</b>

During the year 2012, the Company had entered into loan agreements with ACAP Corporate Services Co., Ltd. amounting to Baht 2.5 million. The subsidiary issued promissory notes, which are repayable at call and bear interest rate at 3% per annum. The interest is due every 30 day after drawn down date. During the year 2012, the Company had received the repayment amounting Baht 2.1 million.

During the year 2012, the Company had entered into loan agreements with Global Service Center Co., Ltd. amounting to Baht 10 million, respectively. The subsidiary issued promissory notes, which are repayable at call and bear interest rate at 3% per annum. The interest is due every 30 days after drawn down.

During the year 2012, the Company had entered into loan agreements with ACAP Asset Management Co., Ltd. amounting to Baht 6.5 million and Baht 150 million, respectively. The subsidiary issued promissory notes, which are repayable at call. The promissory notes bear interest rate at 2.75% and 3.5% per annum, respectively and the interest is due every 30 day and 3 month, respectively, after drawn down. During the year 2012, the Company received the repayment of whole outstanding loan.

During the year 2013, the Company had entered into a loan agreement with ACAP Corporate Services Co., Ltd. totalling to Baht 15.5 million. The subsidiary issued at call promissory notes which bear interest rate at 2.8% per annum and 3% per annum and the interest is due every 30 day after the drawn down date. During the year 2013, the Company had received the repayment of Baht 12.9 million.

During the year 2013, the Company had amended the outstanding loan agreements with ACAP Corporate Services Co., Ltd. as at 14 June 2013 amounting to Baht 11.4 million in order to amend interest rate at 2.75% per annum.

During the year 2013, the Company had entered into a loan agreement with ACAP Asset Management Co., Ltd. amounting to Baht 1.5 million. The subsidiary issued at call promissory notes which bear interest rate at 3% per annum and the interest is due every 30 day after the drawn down date. During the year, the Company has fully received the repayment amounting Baht 1.5 million.

During the year 2013, the Company had entered into a loan agreement with Global Service Center Co., Ltd. amounting to Baht 3.5 million. The subsidiary issued at call promissory notes which bear interest rate at 3% per annum and the interest is due every 30 day after the drawn down date. On 1 June 2013, the Company had rolled forward the loan agreement which bear interest rate at 2.75% per annum.

During the year 2013, the Company reclassified short-term loans to ACAP Consulting Co., Ltd. and to Global Service Center Co., Ltd. amounting to Baht 5.9 million and Baht 33.5 million, respectively, to long-term loans. The reclassifications included allowance for doubtful of short-term loans to ACAP Consulting Co., Ltd. and to Global Service Center Co., Ltd. of to Baht 5.9 million and Baht 20 million, respectively.

	Company					
	Long-term loans					
	Opening balance Baht'000	Addition during the year Baht'000	Allowance for impairment Baht'000	Reclassify from short-term Baht'000	Increase from exchange rate Baht'000	Ending balance Baht'000
For the year ended						
31 December 2013						
ACAP Consulting Co., Ltd.	-	1,800	-	5,900	-	7,700
Less Allowance for impairment	-	-	(1,800)	(5,900)	-	(7,700)
	-	1,800	(1,800)	-	-	-
Global Service Center Co. Ltd.	-	8,000	-	33,500	-	41,500
Less Allowance for impairment	-	-	(21,500)	(20,000)	-	(41,500)
	-	8,000	(21,500)	13,500	-	-
Aurum Capital Advisory Pte. Ltd.	14,950	-	-	-	1,046	15,996
Less Allowance for impairment	-	-	(15,996)	-	-	(15,996)
	14,950	-	(15,996)	-	1,046	-
Total	14,950	9,800	(39,296)	13,500	1,046	-

		<i>Company</i>			
		<i>Long-term loans</i>			
		Opening balance Baht'000	Addition during the year Baht'000	Increase from exchange rate Baht'000	Ending balance Baht'000
<b>For the year ended 31 December 2012</b>					
ACAP Consulting Co., Ltd.		11,437	3,899	(386)	14,950
<u>Less</u> Allowance for impairment		-	-	-	-
		11,437	3,899	(386)	14,950

At the Executive Directors Committee No. 12/2555 on 26 November 2012, it was approved a term loan facility to Aurum Capital Advisory Pte. Ltd. amounting to USD 127,000. The term loan facility agreement was signed on 18 December 2012 which will be repaid through cash sweep mechanism which is the repayment of debt by using surplus cash less operating expenses reserve. The sequence of repayment is interest and principal, respectively. The first repayment is on 31 March 2013 and every six month thereafter. The entire outstanding loan and interest shall be paid on maturity of convertible loan agreement. The long-term loan will bear interest rate of 10% per annum. The loan was drawdown on 28 December 2011.

During the year 2013, Company had entered into a loan agreement with Global Service Center Co., Ltd. amounting to Baht 8 million. The subsidiary issued at call promissory notes which bear interest rate at 2.75% per annum and the interest is due every 30 days after drawn down. The Company set up a full impairment for the loan to Global Service Center Co., Ltd.

On 1 June 2013, the Company amended loan agreement with Global Service Center Co., Ltd. which had outstanding as at 31 December 2012 amounting to Baht 30 million in order to amend interest rate at 2.75% per annum. During the year 2013, the loan was reclassified from short-term loan to long-term loan.

During the year 2013, the Company had entered into the loan agreements with ACAP Consulting Co., Ltd. totalling to Baht 1.8 million. The subsidiary issued promissory notes, which are repayable at call which bears interest rate at 2.5% per annum and 2.75% per annum and the interest is due every 30 days after drawn down. During the year, the Company has set up a full impairment for the loan to ACAP Consulting Co., Ltd.

During the year 2013, The Company set up a full impairment for the loan to Auram Capital Advisory Pte. Ltd.

#### vi) Borrowings from related party

<i>Counterparty</i>	<i>Company</i>			
	Opening balance Baht'000	Additions during the year Baht'000	Repayment during the year Baht'000	Ending balance Baht'000
<b>For the year ended 31 December 2013</b>				
Short-term borrowings				
- Capital OK Co., Ltd.	18,000	20,000	(38,000)	-
- Professional Collection Co., Ltd.	-	875,588	(875,588)	-
	18,000	895,588	(913,588)	-
Long-term borrowings				
- Capital OK Co., Ltd.	760,000	-	(760,000)	-

<i>Counterparty</i>	<i>Company</i>			
	Opening balance Baht'000	Additions during the year Baht'000	Repayment during the year Baht'000	Ending balance Baht'000
<b>For the year ended 31 December 2012</b>				
Short-term borrowings				
- Capital OK Co., Ltd.	20,000	150,000	(152,000)	18,000
Long-term borrowings				
- Capital OK Co., Ltd.	760,000	-	-	760,000

During the year 2012, the Company had entered into loan agreements with Capital OK Co., Ltd. amounting to Baht 150 million, which is repayable at call. The loan bear interest 3% per annum and the interest is due every 3 month after drawn down. The Company has repaid short-term loan amounting to Baht 2 million and Baht 150 million, respectively, to Capital OK Co., Ltd.

As at 31 December 2012, long-term loan from Capital OK Co., Ltd. was due for repayment within five years. Then interest rate shall be the average Minimum Lending Rate (MLR) for the largest four commercial banks in Thailand weighted by days in each quarter. Interest on the loan shall be payable annually.

During March 2013, the Company had entered into the borrowing agreements with Professional Collection Co., Ltd. totalling Baht 876 million. The borrowings are repayable at call and bear interest rate at 3% per annum. The interest is due every 30 days after drawn down. During the year, the Company repaid short-term borrowings of Baht 876 million to Professional Collection Co., Ltd.

On 29 April 2013, the Company had entered into a borrowing agreement with Capital OK Co., Ltd. amounting to Baht 20 million. The borrowing is repayment at call and bear interest rate at 2.8% per annum. The interest is due every 30 days after drawn down.

During the year 2013, the Company had fully repaid short-term and long-term borrowings of to Capital OK Co., Ltd.

## 28. Commitments

There were commitments from operating lease agreements of office building, warehouses and equipment and other service agreements as follows :

	<i>Consolidated</i>		<i>Company</i>	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Within 1 year	19,549	14,805	6,618	6,368
More than 1 year but less than 5 years	21,562	-	9,895	-
Total	41,111	14,805	16,513	6,368



## 29. Directors' remuneration

Directors' remuneration which included salary, bonus, director fee and special remuneration for the year ended 31 December 2013 for the Group and the Company was Baht 20.48 million and Baht 20.44 million, respectively (2012: Baht 22.40 million and Baht 22.40 million).

## 30. Contingent liabilities

As at 31 December 2013, the Company was jointly litigated with Inter Capital Alliance Asset Management Co., Ltd. for being part of the negotiation of debt collection of non-performing asset portfolio, which the Company involved as a service provider for debt collection in 2007. On 31 December 2013, this case was still pending for the consideration by the Southern Bangkok Civil Court. The management assesses the facts and believes that the case has no ground and will not result in any liability to the Company.

## Attachment 1 : Details of Directors, Management, Authorized person and Secretary of the Company

No.	Name / Position	Age	Education	Relationship	% of Holding No. of shares as of (31/12/13)	5 Years' Working Experience		
						Period	Position	Company
1.	Dr.Vivat Vithoontien Chief Executive Officer and Chairman (Authorized Directors)	53	Ph.D. in Economics New York University, USA  MA in Economics New York University, USA  Director Accreditation Program (DAP) No. 28/2004	-	49.19% <sup>1</sup> of Issued and Paid- Up Share Capital	1998-Present	Chief Executive Officer	ACAP Advisory Plc.
						2011-Present	Director	Aurum Capital Advisory Pte., Ltd.
						2007-Present	Director	Capital OK Co., Ltd.
						2007-2013	Director	ACAP (Malaysia) Sdn. Bhd.
						2007-2008	Director	Professional Collection Co., Ltd.
						2007-2008	Director	STAR Asset Management Ltd.
						2005-2008	Managing Director	ACAP Asset Management Co., Ltd.
						2004-2008	Managing Director	ACAP Services Co., Ltd.
						2001-2008	Managing Director	ACAP Corporate Services Co., Ltd.
						2005-2006	Board of Directors	State Railway of Thailand
						2004-2005	Director	T.E.M. Business Operation Co., Ltd. <sup>2</sup>
						2004-2005	Director	TEM Assets Recovery Co., Ltd. <sup>2</sup>
						2004-2005	Director	N.C.C. SPV Co., Ltd. <sup>2</sup>
						2003-2004	Director	CAT Telecom Plc.
						2001-2002	Advisor to Senate Sub - Committee for Privatization	Senate
						1999-2001	Chief Investment Officer / Senior Vice President	Thai Petrochemical Industry Plc.

Remark 1. Act as director on behalf on ACS (old name is Asian International Planner Limited) as the Plan Administrator of the client

No.	Name / Position	Age	Education	Relationship	% of Holding No. of shares as of (31/12/13)	5 Years' Working Experience		
						Period	Position	Company
2.	Mr.Saringkarn Sutaschuto Executive Director and Deputy Managing Director of Investment Banking Department (Authorized Directors)	48	MBA, Western Illinois University, USA  Director Accreditation Program (DAP) No. 28/2004	-	6.39%  of Issued and Paid- Up Share Capital	2002-Present 2011-Present 2010-Present 2010-Present 2007-Present 2007-Present 2004-Present 2002-Present 2007-2013 2005-2013 1998-2002	Executive Director Director Director Director Director Managing Director Director Managing Director Director Director Head of Investment Banking	ACAP Advisory Plc. Aurum Capital Advisory Pte., Ltd. ACAP (Asia) AMC Co., Ltd. ACAP Consulting Co., Ltd. Capital OK Co., Ltd Professional Collection Co., Ltd. Global Service Center Co., Ltd. ACAP Corporate Services Co., Ltd. ACAP (Malaysia) Sdn. Bhd. ACAP Asset Management Co., Ltd. Rabobank International
3.	Mr.Issarachai Decharit Executive Director and Deputy Managing Director of Legal Department (Authorized Directors)	54	Thai Barrister at Law - Institute of Legal Education of the Thai Bar B.A. (Law)  Bachelor of Law - Chulalongkorn University  Director Accreditation Program (DAP) No. 27/2004	-	0.70%  of Issued and Paid- Up Share Capital	2003-Present 2009-Present 2009-Present 2006-Present 2004-Present 2002-Present 1984-Present 2007-2013 2005-2013 1998-2006 2003-2003 1984-2003	Executive Director Director Director Director Director Advisor Member Director Director Director Director Deputy MD Legal Department	ACAP Advisory Plc. Capital OK Co., Ltd. Professional Collection Co., Ltd. ACAP Consulting Co., Ltd. ACAP Corporate Services Co., Ltd. Apibun Legal Co., Ltd. Lawyers Council of Thailand ACAP (Malaysia) Sdn. Bhd. ACAP Assets Management Co., Ltd. TPI Oil Co., Ltd. Rayong TPI Services Co., Ltd. Thai Petrochemical Industry Plc.

No.	Name / Position	Age	Education	Relationship	% of Holding No. of shares as of (31/12/13)	5 Years' Working Experience		
						Period	Position	Company
4.	Mr.Chalermchai Sirinopawong Executive Director and Deputy Managing Director of Accounting and finance Department (Authorized Directors)	53	Bachelor of Accounting, Chulalongkorn University  Director Accreditation Program (DAP) No. 27/2004	-	0.54% of Issued and Paid-Up Share Capital	2003-Present	Executive Director	ACAP Advisory Plc.
						2009-Present	Director	Capital OK Co., Ltd.
						2009-Present	Director	Professional Collection Co., Ltd.
						2009-Present	Director	Global Service Center Co., Ltd.
						2008-Present	Director	ACAP Consulting Co., Ltd.
						2004-Present	Director	ACAP Corporate Services Co., Ltd.
						2007-2013	Director	ACAP (Malaysia) Sdn. Bhd.
						2505-2506	Director	ACAP Asset Management Co. Ltd.
5.	Mr.Parankoon Waiyahong Executive Director and Deputy Managing Director of Operating Department (Authorized Directors)	56	Master of Art, International Politics and Economics University of Detroit, Michigan, USA  Director Accreditation Program (DAP) No. 30/2004	-	-	1995-2002	Vice President of Accounting Department	Datamat Plc.
						2004-Present	Executive Director	ACAP Advisory Plc.
						2010-Present	Director	ACAP (Asia) Asset Management Co., Ltd.
						2007-Present	Director	Capital OK Co., Ltd.
						2007-Present	Director	Professional Collection Co., Ltd.
						2007-2013	Managing Director	ACAP (Malaysia) Sdn. Bhd.
						2007-2013	Managing Director	ACAP Asset Management Co., Ltd.
						2008-2011	Director	STAR Asset Management Ltd.
						2008-2009	Director	Inter Capital Alliance AMC Ltd.
						2005-2006	Director	ACAP Asset Management Co., Ltd.
						2004-2004	SME Division Head	UOB Radanasin Bank Plc.
						2000-2003	Branches Division Head	UOB Radanasin Bank Plc.

No.	Name / Position	Age	Education	Relationship	% of Holding No. of shares as of (31/12/13)	5 Years' Working Experience		
						Period	Position	Company
6.	Mr.Sujarit Isarankura Executive Director (Authorized Directors)	46	MBA ; California State Polytechnic University, Pomona, USA.  Director Accreditation Program (DAP) 58/2006  FA license	-	0.20% of Issued and Paid-Up Share Capital	2003-Present 2010-Present 2008-Present 2006-Present  2006-Present 2005-2013 1999-2003 1999-2003  1994-1999	Executive Director Director Director Chairman of Nominating and Compensation Committee Managing Director Director Director Corporate Finance Manager  Assistance Manager	ACAP Advisory Plc. ACAP (Asia) Asset Management Co., Ltd. ACAP Corporate Services Co., Ltd. Siam Agro-Food Industry Plc.  Z 29 Co., Ltd. ACAP Asset Management Co., Ltd. Copperwired Co., Ltd. RaboBank of Netherland (Bangkok Branch) Crosby Asset Management (Thailand) Limited
7.	Mr.Suraphol Sindhuvanich Independent Director, Chairman of Audit Committee, Nominating and Compensation Committee	56	Master of Engineering King Mongkut's Institute of Technology North Bangkok  Director Accreditation Program (DAP) No. 13/2004  Finance for Non-Finance Director No. 16/2005  Audit Committee Program No. 8/2005	-	0.08% of Issued and Paid-Up Share Capital	2009-Present 2003-Present  1997-2011 2008-2009 2001-2002	Nominating and Compensation Committee Independent Director and Chairman of Audit Committee Managing Director Compensation Committee Advisor	ACAP Advisory Plc. ACAP Advisory Plc. SVS Consultant Co., Ltd. ACAP Advisory Plc. Asian International Planner Co., Ltd.

No.	Name / Position	Age	Education	Relationship	% of Holding No. of shares as of (31/12/13)	5 Years' Working Experience		
						Period	Position	Company
8.	Ms.Narumol Wangsatorntanakun Independent Director, Audit Committee, Chairman of Nominating and Compensation Committee	59	Master of Engineering University of Wisconsin, U.S.A.	-	-	2009-Present	Chairman of Nominating and Compensation Committee	ACAP Advisory Plc.
			Master of Economics Marquette University, U.S.A.			2003-Present	Independent Director and Audit Committee	ACAP Advisory Plc.
			Director Accreditation Program (DAP) No. 13/2004			2013-Present	Independent Director and Audit Committee	Internet Thailand Plc.
			Audit Committee Program No. 8/2005			2011-Present	Independent Director and Chairman of the Risk Management Committee	Internet Thailand Plc.
						2002-Present	Chief Operating Officer	Thai Smart Card Co., Ltd.
						2010-2012	Independent Director	ITBC Business Consultant Group Co., Ltd.
						2009-2011	Independent Director and Member of the Risk Management Committee	Internet Thailand Plc.
						2008-2009	Chairman of Compensation Committee	ACAP Advisory Plc.
						1995-2002	Chief Information Officer and Executive Director	Kim Eng Securities (Thailand) Plc.

No.	Name / Position	Age	Education	Relationship	% of Holding No. of shares as of (31/12/13)	5 Years' Working Experience		
						Period	Position	Company
9.	Mr.Chatchawan Triamvichamkul Independent Director, Audit Committee, Nominating and Compensation Committee	49	MBA , Finance, NIDA	-	-	2009-Present	Nominating and Compensation Committee	ACAP Advisory Plc.
			Graduate Diploma-Auditing, Chulalongkorn University			2004-Present	Independent Director and Audit Committee	ACAP Advisory Plc.
			Certified Public Accountant (Thailand) No.6398 (CPA)			2013-Present	Independent Director and Audit Committee	Cho Thavee Dollasien Plc.
			Certified Professional Internal Auditors of Thailand (CPIAT), The Institute of Internal Auditors of Thailand			2013-Present	Director	Thinkplus Digital Co., Ltd.
						2012-Present	Deputy of Managing Director	Asia Solf Corporation Plc.
						2012-Present	Director	Play Cyber Games Co., Ltd.
						2009-2011	Head of Corporate Finance Group	TT&T Plc.
						2008-2011	Project Consultant of New Entrepreneurs Creation Project (NEC)	NIDA - Center for Business Innovation
			Director Accreditation Program (DAP) No. 20/2004			2008-2009	Compensation Committee	ACAP Advisory Plc.
			Audit Committee Program No. 2/2004			2002-2009	Chief Audit Executive and Secretary to Audit Committee	TT&T Plc.
			Director Certification Program (DCP) 174/2013			2000-2002	Head of Budgeting Division and Secretary to Budget Committee / Senior Manager	TT&T Plc.

No.	Name / Position	Age	Education	Relationship	% of Holding No. of shares as of (31/12/13)	5 Years' Working Experience		
						Period	Position	Company
10.	Ms.Pattravadee Pienvech Vice President, Accounting and Finance Department	51	Bachelor of Accounting Ramkamhaeng University	-	-	2005-Present	Vice President, Finance & Accounting Department	ACAP Advisory Plc.
						2002-2005	Assistant Vice President, Finance & Accounting Department	ACAP Advisory Plc.
						1995-2002	Manager, Accounting Department	Datamat Plc.
11.	Mr.Ithidej Chuerangsun	40	Master of Economic Business, National Institute of Development Administration (NIDA)  Bachelor of Economics, Ramkhamhaeng University  Fundamental Practice for Corporate Secretary Program : FPCS 18, Thai Listed Companies Association	-	0.00	2001-Present	Manager / Secretary	ACAP Advisory Plc.
						1998-2001	Officer of Asset Disposition Coordination Unit	Financial Sector Restructuring Authority (FRA)
						1996-1998	Officer of Investment Banking Department	Nithipat Capital and Securities Company Limited

#### Duties and responsibilities of the Secretary of the Company

Secretary of the Company shall perform such duties as prescribed in Section 89/15 and Section 89/16 of the Securities and Exchange Act (No. 4) B.E. 2551, which became effective on 31 August 2008, with responsibility, care and honesty, and ensure compliance with laws, objectives, Articles of Association, resolutions of the Board of Directors as well as resolutions of shareholder meetings. Legal responsibilities of the Secretary of the Company are as follows.



1. Prepare and keep the following documents:
  - 1.1 Register of directors;
  - 1.2 Notices calling director meetings, minutes of meetings of the Board of Directors and annual reports of the Company;
  - 1.3 Notices calling shareholder meetings and minutes of shareholder meetings;
2. Keep reports on interests filed by directors or executives and submit copies of reports on interests as per Section 89/14 to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 working days of receipt by the Company of such reports;
3. Perform other duties as prescribed by the Capital Market Supervisory Board;
4. Provide advice on legal aspects and other relevant rules and regulations and procedures for supervision of business of the Board of Directors to ensure compliance with laws;
5. Organize meetings of the Board of Directors and shareholders;
6. Liaise with work units within the Company to comply with resolutions of the Board of Directors and resolutions of shareholder meetings and report information to regulatory agencies and the public properly and fully as required by laws;
7. Organize orientation and provide advice to newly-appointed directors;
8. Perform other duties as assigned by the Company.

## Attachment 2 : Details of subsidiaries' directors

Names	ACAP Corporate Services Co., Ltd.	Global Service Center Co., Ltd.	Aurum Capital Advisory Pte., Ltd.	ACAP Consulting Co., Ltd.	CAP OK	Professional Collection Co., Ltd.	ACAP (Asia) AMC
1. Dr.Vivat Vithoontien			B-C-D-E		B-C-D-E		
2. Mr.Saringkarn Sutaschuto	B-C-D-E	B-C-D-E	B-C-D-E	B-C-D-E	B-C-D-E	B-C-D-E	B-C-D-E
3. Mr.Issarachai Decharit	B-C-D-E			B-C-D-E	B-C-D-E	B-C-D-E	
4. Mr.Chalermchai Sirinopawong	B-C-D-E	B-C-D-E		B-C-D-E	B-C-D-E	B-C-D-E	
5. Mr.Parankoon Waiyahong					B-C-D-E	B-C-D-E	B-C-D-E
6. Mr.Sujarit Israngkura	B-C-D-E						B-C-D-E
7. Mr.Prakai Cholahan		A-B-C-D-E			B-C-D-E	B-C-D-E	

Remark A = Managing Director, B = Director, C = Authorized Director, D = Management, E = Executive Director

## Attachment 3 : Details of Head of Internal Audit and Compliance

Name / Position	Age	Education	5 Years' Working Experience		
			Period	Position	Company
Mr.Tanachai Jamjan	37	1996 Bachelor of Business Administration, First Honored Degree Finance Major, Dhurakijpundit University	2013-Present	Assistance Vice President of Internal Audit and Compliance	ACAP Advisory Plc.
			2007-2014	General Manager of NPL Project / AVP Collection Department	ACAP (Malaysia) Sdn. Bhd.
			2004-2007	Manager of Compliance	ACAP Advisory Plc.
			2002-2004	Business Development	UOB Radanasin Bank Plc.
			2001-2002	Credit Analyst	UOB Radanasin Bank Plc.
			1996-2001	Officer	UOB Radanasin Bank Plc.

**Duties and Responsibilities of the Head of Internal Audit**, audits and evaluates internal operations of the Company by monitoring compliance with internal policy and procedure. The department also compares operations with plan to determine whether the Company's goals and objectives are being achieved, and performs other auditing assignments as requested by the Audit Committee.

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

## *Audit Committee's Report*

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

During 2013, the Audit Committee has worked independently as per its authority and duty stated in the Audit Committee charter and as assigned by the Company's Board of Directors The Audit Committee's major functions can be summarized as follows:

(1) Attending the Audit Committee's meetings: In 2013, the Audit Committee organized 12 meetings, 4 of which were meetings with the Company's external auditor. Of all the meetings, Mr. Suraphol Sindhuvanich attended 11/12 meetings, and Ms. Narumol Wangsatorntanakun attended 12/12 and Mr. Chatchawan Triamvicharnkul attended 12/12 meetings.

(2) Reviewing of the financial statements: The Audit Committee, together with the management team and the external auditor from Price Water House Coopers ABAS Co., Ltd., reviewed the Company's and the subsidiaries' quarterly and annual financial statements for 2013 (at the meeting no. 2/2014 dated February 24, 2014 to review the 2013 annual financial statement). The Audit Committee also provided recommendations and opinions to ensure completeness, correctness and compliance of the financial statement and reports as per generally accepted accounting standards which allowed the Company to submit the financial statements to the Stock Exchange of Thailand (SET) within the specified timeframe. The Audit Committee agreed with the external auditor that the Company's financial statements properly shown all necessary items as per generally accepted accounting standards. The Audit Committee also accepted and conveyed any recommendations and comments from the external auditor for consideration with the management team to improve the efficiency of the Company's accounting system and related operations.

(3) Monitoring the internal control system: The Audit Committee reviewed and monitored the Company's internal control and internal audit system to evaluate their adequacy as per the regulations set by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). The Audit Committee provided the same opinion as the Internal Audit Department and the external auditor that the Company has sufficient internal control systems and it found no significant issues that may affect the business operations. The Audit Committee also monitored the improvement in the operations by other departments as required in the evaluation reports from the Internal Audit Department and Compliance Department to ensure that the problems or deficiencies had been improved or appropriately resolved within the required timeframe.

(4) Monitoring of good corporate governance and financial disclosure process: The Audit Committee has reviewed the disclosure of the Company's information as per the regulations established by the SET and the SEC and approved the annual registration statement (Form 56-1) and the annual report (Form 56-2). Moreover, the Audit Committee has also reviewed the arrangement and agenda of the shareholders' meeting to be in accordance with the relevant SET and SEC regulations. Additionally, the Audit Committee has reviewed transactions among the Company and its subsidiaries and other related-parties (i.e. related party transactions) to ensure that the Company has operated in accordance with its own compliance regulations and requirements and those of the SET and SEC,

and the Audit Committee has concurred with the external auditors that those transactions were based on sound reasoning and were for the benefit of shareholders.

(5) Monitoring the internal auditing process: the Audit Committee has monitored and reviewed the Internal Audit Department's work, annual audit plan, annual budget and manpower on a quarterly basis. The Audit Committee has also reviewed the Company's auditing process to ensure it is appropriate for the changing business environment the Company faces and to make sure that the auditing process can respond proactively. Moreover, the Audit Committee has provided support for the Company's internal auditors to receive training and attend seminars to develop their knowledge and skills in compliance, internal control and internal auditing processes including risk management. The Audit Committee also constantly reviews the internal audit charter to ensure that the Internal Audit Department can function independently can perform their duties as per professional internal audit process standards..

(6) Reviewing of risk management practices: the Audit Committee has monitored the operation of the Company's risk management unit to ensure that the Company has an effective risk management system that can mitigate risks within the required time frame and at an acceptable level, including considering adopting of the risk management plan as a guideline for conducting the Internal Audit Department's audit planning process.

(7) Considering and appointing of the auditor: Price Water House Coopers ABAS Co., Ltd. proposed providing financial auditing services to the Company in 2014. The Audit Committee coordinated with the management team to review the proposed company's background in 2008-2013, its past auditing performance and the proposed auditing expense as well as the qualifications and independence of the proposed auditor in relation to the regulations established by the SET and SEC. Based on the reviews, the Audit Committee recommended the Company's Board of Directors to appoint Mr. Paiboon Tunkoon, certified public accountant registration No. 4298, and/or Miss. Sakuna Yaemskul, certified public accountant registration No. 4906, and/or Mrs. Anothai Leekitwattana, certified public accountant registration No. 3442 of Price Water House Coopers ABAS Co., Ltd., as the Company's external auditor(s) for 2014 with the budget for auditing expense not over THB 587,000 excluding related expenses based on the actual auditing work. In case the above auditors cannot perform as expected, Price Water House Coopers ABAS Co., Ltd. can appoint other certified auditors from its firm to perform the auditing service and to provide opinions on the Company's financial statements, in replacement of the above auditors.

(8) Developing the Audit Committee: The Audit Committee has considered and reviewed the Audit Committee charter for its suitability and compliance with relevant regulations and related laws as well as conducted a self-assessment on its performance in order to further improve its performance in the future. The evaluation criteria were based on the action taken on each issue and the effectiveness of these actions. According to the results of the performance evaluation for 2013, the overall performance of the Audit Committee was considered to be good to very good. Furthermore, the audit committee has regularly attended several of the seminars. The forum intends to develop and enhance knowledge including ability of the audit committee regarding accounting standard, compliance and internal audit, and risk management.

On behalf of the Audit Committee



Mr. Suraphol Sindhuvanich

Chairman of the Audit Committee


24 February 2014

## *Nominating and Compensation Committee Report in 2013*

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

In fiscal year 2013, the Nominating and Compensation Committee held 3 meeting and all 3 directors attended the meeting. The Nominating and Compensation Committee is accountable to consider different agendas that is to consider and approve the re-election of directors who are due to retire and the election of substitute directors to retain the remaining term of resigned directors by taking into account the essential skills and experiences associated with the Company’s business, to consider and approve the determination of the directors’ remuneration for the year 2013, to consider and approve the adjustment of number of independent directors to correspond with new provision of the Securities and Exchange Commission Thailand (“SEC”) regarding the Independent Directors Committee and Audit Committee, including conduct self-assessment to acknowledge the accomplishment and identify problems in order to rectify the administration of the Nominating and Compensation Committee for further progression. The assessment criteria will be considered as whether the agenda has been practiced or not and the level of effectiveness. The overall assessment of operation in 2013 is rated at good to very good.

On behalf of the Nominating and Compensation Committee



Ms. Narumol Wangsatorntanakun

Chairman of the Nominating and Compensation Committee

24 February 2014



ACAP ADVISORY PUBLIC COMPANY LIMITED

บริษัท เอแคป แอ็ดไวซอรี่ จำกัด (มหาชน)

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