



evolutioncapital

Annual Report

Evolution Capital Public Company Limited

2010

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GENERAL INFORMATION

Company Name : Evolution Capital Public Company Limited

Description of Business : The Company was founded in 1999 to provide, develop, aggregate, and distribute wireless VAS (Wireless Value Added Services), web design and consultancy services (Interactive Solutions), and provide digital advertising and campaigns.

The Company then diversified its product offering to include property advisory and development in an effort to capitalise on real estate opportunities in the Asian region.

The Company now provides Development and Asset Management services to international clients with investments in Thailand.

Registered Address : Unit 1912, The Offices at Centralworld 999/9 Rama I Road, Pathumwan District, Bangkok 10330

Registered ID : 0107546000415

Telephone : 0-2207-2900

Facsimile : 0-2207-2929

Homepage : www.evolution.co.th

Registered Capital : THB 1,041.00 million

Paid up Capital : THB 694.00 million

GENERAL INFORMATION

Company name	Address	Type of Business	Registered capital	Paid up capital	Investment
1. Evolution Capital Public Company Limited (0107546000415)	Unit 1912, 19 th Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330 Tel 0-2207-2900 Fax 0-2207-2929 E-mail info@evolution.co.th Website www.evolution.co.th	Development and Asset Management services	1,041,000,000	694,000,000	-

Subsidiaries

1. Addax Development Co., Ltd. (0105549142561)	Unit 1912, 19 th Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Property Development	80,000,000	80,000,000	100%
2. Evolution Land Co., Ltd. (0105550103680)	Unit 1912, 19 th Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Property Development/ Investment Holding Company	225,000,000	225,000,000	100%
3. Monster Media Co., Ltd. (0105550089946)	Unit 1902, 19 th Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Media Services	10,000,000	10,000,000	100%
4. Evolution Advisors Limited (205720)	89 Nexus Way Camana Bay Grand Cayman KY1-9007 Cayman Islands	Real Estate Investment Advisory and Management	USD 50,000	USD 2,962,000	100%
5. Evolution Holdings Limited (081787)	113, 2nd Floor, Medine Mews, Chaussee Street, Port Louis, Mauritius	Investment Holding Company	USD 3,005,000	USD 3,005,000	100%
6. Evolution Ventures Co., Ltd. (previously name "Spire Real Estate") (0105551131555)	Unit 1901, 19 th Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Investment Company	10,000,000	10,000,000	100%
7. Evolution Investments Limited (previously name "EKT Advisors") (229379)	89 Nexus Way Camana Bay Grand Cayman KY1-9007 Cayman Islands	Investment Holding Company	USD 50,000	USD 570,000	100%
8. IQtrip.com Co., Ltd. (0105553116634)	Unit 1902, 19 th Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Online Travel Services	3,000,000	750,000	100%
9. Yamu (Thailand) Co., Ltd. (Dissolved on 1 Dec 2010) (0105552092006)	Unit 1912, 19 th Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Property Development	10,000,000	10,000,000	100%
10. Yamu Villas Co., Ltd. (Dissolved on 1 Dec 2010) (0105552092073)	Unit 1912, 19 th Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Property Development	10,000,000	10,000,000	100%

Company name	Address	Type of Business	Registered capital	Paid up capital	Investment
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Associates

1. Casa Fico Co., Ltd. (0105550050799)	10 th Floor, Fico Place Building, 18/8 Sukhumvit 21 (Asoke), Klongtoey-Nua Sub-District, Wattana District, Bangkok 10110	Property Development	285,000,000	285,000,000	42.50%
2. Fena Park Co., Ltd. (0105550050799)	10 th Floor, Fico Place Building, 18/8 Sukhumvit 21 (Asoke), Klongtoey-Nua Sub-District, Wattana District, Bangkok 10110	Property Development	285,000,000	285,000,000	42.50%
3. Andaman Beach Residences Co., Ltd. (0105551106224)	Unit 1912, 19 th Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Property Development	10,000,000	10,000,000	51.00%
4. Phang Nga Hotel Co., Ltd. (0105551106241)	Unit 1912, 19 th Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Property Development	10,000,000	10,000,000	51.00%
5. Red Planet Hotels (Thailand) Co., Ltd. (0105552090666)	Unit 1912, 19 th Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Hotel Development	3,050,000	3,050,000	50.82%
6. Red Planet Hotels Limited (237030)	89 Nexus Way Camana Bay Grand Cayman KY1-9007 Cayman Islands	Investment Holding Company	USD 50,000	USD 25,800,000	35.03%

Related companies

1. Pricewaterhouse Coopers ABAS Limited	15 th Floor, Bangkok City Tower 179/74-80 South Sathorn Road, Bangkok	Auditor	n/a	n/a	n/a
2. Bangkok Jurist Ltd.	19 th Floor, Paso Tower 88 Silom Road, Suriyawong, Bangrak, Bangkok	Legal Counsel	n/a	n/a	n/a

MESSAGE FROM THE CHAIRMAN

Thailand's political climate remains somewhat cloudy, but I am optimistic that the economy will continue to prosper despite higher oil prices and the emergence of inflationary pressures.

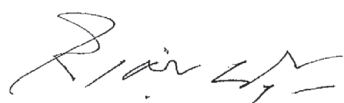
Indeed, Thailand has proven itself to be resilient when it comes to its economic well-being, and I trust that 2011 will be a growth year for not just Thailand but also Evolution Capital.

2010 was a challenging year, made worse by the political events in April and May which also caused the Company's offices to be closed for a protracted period of time. Nevertheless, the staff of Evolution Capital PCL worked hard to overcome such adversity, and the Company's business plan also markedly changed from a Thailand-only focus to a regional one.

The Company's substantial profit growth in 2010 was rewarding - and I expect the Company to build on last year's successes in 2011.

For the hard work ahead, I wish to thank the Directors, management, and diligent staff of Evolution Capital PCL. I would also like to extend my grateful appreciation to our shareholders for their commitment in 2010 and for their continued support in the year ahead.

Yours sincerely,



Vichet Bunthuwong

Chairman of the Board of Directors

MESSAGE FROM THE PRESIDENT

I had been hoping that 2010, following on from an already challenging 2009, would be a turnaround year for Thailand in terms of its political landscape as well as its economy. As it turned out, local politics deteriorated dramatically, leading to the tragic events of April and May, but on the other hand the local economy was able to weather 2010 to a reasonable extent.

2011 will probably remain challenging – not least because of emerging inflationary pressures, higher interest rates, and higher energy prices. Nevertheless, Evolution's business plan is now well diversified, and the Company is set for further growth in this coming year.

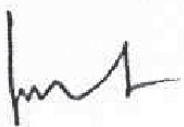
It pleases me that the Company was able to post strong results in 2010, and I would like to thank our shareholders for their ongoing support of both the management team and the business platform to be able to deliver these results.

Evolution Capital PCL in 2010 diversified its business focus from Thailand to Indonesia and the Philippines - this has been through the Company's budget hotel platform, Red Planet Hotels Limited, and this entity now has fully built-out international team capable of managing this regional expansion from Bangkok. The Company's investment into Red Planet Hotels Limited is hugely valuable, and I expect to be able to report further good news from regional expansion in 2011. The Company is now firmly associated with the fastest-growing, and the most exciting, segment of the Asian travel industry – that is, the budget end, encompassing first-time travelers, students, small scale businessmen, and overall value seekers. We are extremely positive on Asian leisure traveler volumes, and that we can expect many years of sustainable growth.

The first hotels being developed by Red Planet Hotels Limited under a franchise agreement with TuneHotels.com, a sister company of Air Asia, will be opening in October this year, and thereafter we shall be opening one hotel each month.

I trust that the Company will report good results for this coming year, and it remains for me to thank our loyal clients, our supportive shareholders, and our extremely industrious staff for their contributions to the Company over the past year and to ask for their continued good faith for the coming year.

Yours sincerely,



Simon Gerovich
President

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Evolution Capital Public Company Limited consists entirely of three independent non-executive directors, and currently comprises Mr. Witit Sujjapong, the Chairman, Mr. Krish Detter and Pol. Gen. Viroj Phaholvech the Committee members. The Audit Committee members are independent pursuant to the standards adopted and appointed by the Board of Directors, the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

The Audit Committee Chairman, Mr. Witit Sujjapong, is knowledgeable and experienced in reviewing accounting and financial matters and possesses a comprehensive knowledge of the preparation of financial reports.

The Audit Committee represents and assists the Board of Directors in maintaining the integrity of financial statements and the financial reporting, the effectiveness of the operational and internal control system, the performance, qualifications and independence of the internal audit function, and the independent auditors. It also ensures compliance with relevant laws and regulations to prevent conflicts of interest and makes recommendations to the Board of Directors concerning the selection and remuneration of an external auditor, thereby performing assignments as agreed amongst the Audit Committee, and in keeping with the requirements of the SEC and the SET.

In 2010, four Audit Committee meetings were conducted to perform its tasks under the scope of works and responsibilities delegated by the Board of Directors. The tasks included:

- A review of the quarterly and year-end financial statements of the Company. The Audit Committee held meetings with an external auditor to discuss the auditor's reports, financial statements, and recommendations on the relevant accounting standards. During the meeting the Audit Committee received explanation, notes and commentaries; provided comments; and exchanged views with the attendees.

The Audit Committee ascertained that the Company's financial statements provide sufficient and truthful disclosures and conform to generally accepted accounting principles.

- The Audit Committee considered the annual internal audit plan, reviewed internal audit results and internal audit comments related to internal controls, recommended improvements and corrective measures to the Company's management, while it continuously monitored the progress of such recommendations.
- In 2010, the Internal Audit Department performed internal audit reports and followed up reports of each of the Company's department and associated Companies, audited the operations, reviewed the conflict of interest transactions, and assessed the Company's compliance with regulations and laws relating to the Company's businesses imposed by SET and SEC regulations. The results of the audit and the recommendations were discussed with the relevant staff and key management, and were findings were then reported to the Audit Committee.

The Audit Committee is of the opinion that the Company has an adequate internal control system and that continued improvements are being implemented.

The Audit Committee is assured that the Company's investment in securities from time to time has a system of internal controls and risk management which is adequate.

- During 2010, four audit committee meetings were held. Issues discussed with internal and external auditors at the meetings were reported to the Board of Directors for comment and acknowledgement.
- Audit Committee meeting No.1/2010 submitted its recommendation to appoint PricewaterhouseCoopers ABAS Limited as the Company's external auditor to the Company's Board of Directors for consideration. The recommendation was subsequently approved at the Annual General Meeting of Shareholders and it was resolved that PricewaterhouseCoopers ABAS Limited, represented by Mrs. Anothai Leekitwattana, Certified Public Account (Thailand) No. 3442, be appointed as the Company's auditor for 2010.

Individual auditors from PricewaterhouseCoopers ABAS Limited qualified to conduct the audit and express an opinion on the financial statements of the Company are assigned as deemed appropriate. In the event that the assigned auditors are unable to perform their duties, PricewaterhouseCoopers ABAS Limited is authorised to nominate another qualified and competent auditor from PricewaterhouseCoopers ABAS Limited to conduct the audit.

The meeting also approved audit fees of an amount not exceeding THB 3.97 million plus out-of-pocket expenses for 2010, which was also subsequently approved by the Annual General Meeting of Shareholders on 30 March 2010.

For and on behalf of the Audit Committee of Evolution Capital Public Company Limited,

Yours Sincerely,



Witit Sujjapong

Chairman of Audit Committee

21 February 2011

RISK FACTORS

Evolution Capital Public Company Limited places importance on the management of both internal and external risks which may affect its operations. Therefore, the Company has established the following effective measures to mitigate such risks:

Property Services

Risk from economic and political factors

Property developments/investments are affected by economic and political conditions and sentiment. The business plans of both domestic and foreign developers/investors are driven and shaped by global as well as domestic economic and political situations. These risks are outside the Company's control. However, most of the time, property developers/investors will adjust their business strategies according to changing economic and political conditions. When economic and political conditions are not favourable, property businesses (both advisory and proprietary investments) may slow down in line with prevailing circumstances. However, the Company believes that there are always unique opportunities in unfavourable conditions which are in line with the Company's strategies. The global financial turmoil which accelerated during the second half of 2008 also created opportunities for the Company in 2009. However, in the short term, revenue growth may be slower than foreseen and it is important to manage both costs and risk.

Risk from property market factors

Property market conditions also directly affect property development/investment activities. However, property market factors are generally specific to varying types of projects and segments within the entire market. The Company believes that Thailand's property market is diversified in terms of geographical areas and types/classes of projects. The Company has also not tied its business to one type or segment of the property market. Within the hospitality and residential sectors, it can operate under different sub-segments for different types of clients. In terms of its own development/investment, a careful study is always performed before entering into specific types of developments/investments or segments.

Competition and client sources

The services the Company offers to its clients are unique and specific to their needs. Most real estate consulting firms offer services that are in the pre-development and/or post-development period, such as market studies and brokerage. Although the Company can take on such assignments, it chooses to focus on services required during the development period. Such services can be as comprehensive as a client wants, ranging from conducting due diligence to project management. In terms of client sources, the Company places an emphasis on foreign investors whom the company believes have unique and specific needs.

Human resources

One of the critical factors in the Company's operation is human resources since the services the company provides to its clients require specialised skills across various disciplines. The Company has successfully attracted a pool of talented personnel – a mix of Thais and expatriates who possess extensive experience and have held key positions in their field. The Company believes that in the near future, after its new businesses have grown, it will be able to attract more talented personnel, both Thais and expatriates, to help execute its business plans. In terms of human resources management, the Company plans to become one of the preferred employers in Thailand and has been working to set up a programme for compensation and incentives to create long-term loyalty between the Company and its employees. The Company is also designing an internship programme for undergraduate students to work for the Company during their last semester. This will create opportunities for students to gain real life experience before graduation. The main benefit for the Company is the chance to identify talented personnel to join the Company in the near future.

Media Services

Risk from specific characteristics of the industry

In engaging in the provision of wireless Value Added Services (VAS) to mobile phone users, the Company faces a highly competitive situation. However, this competition mostly relates to the incumbents in the market, rather than new entrants. Since the Mobile Value Added services market is relatively mature at this stage, the rush of companies trying to get a piece of the pie has let up. Now we see the market leveling out, with most players achieving a stable market share. The demand for wireless VAS from mobile phone users itself has declined in the middle to upper middle class demographic. This is caused by controversy in the VAS industry in conjunction with the spread of smartphones and data access – content can now be accessed online for free rather than at a premium through Value Added Services. However, the lower-income market continues to consume Value Added Services, in particular Horoscope services. These services continue to be a main source of revenue for the Digital Media subsidiary. The race for new types of content has not panned out, mostly due to the stalling of the 3G concession process. Without 3G licenses and infrastructure, new generations of bandwidth-heavy content cannot be put to market, causing a lag in innovation.

The Company has established effective measures to mitigate risks arising from the nature of the business. It has streamlined its product offering, removing non-performing products and services and focusing on the most profitable ones. The focus has also shifted from one-off services to subscription-based services which provide a recurring revenue stream. Finally, rather than focusing on pop content, which changes month by month and requires high overheads to maintain/keep up, the company has focused on product offerings which are mainstays of Thai culture – namely horoscope and lottery-based services. This ensures a constant, recurring revenue stream which is not subject to the latest fad or trend, leading to stable and predictable performance.



Risk from changes in technology

The Company is engaged in a business which is mainly related to information technology and communications. It is therefore vulnerable to risk from rapid and constant changes in technology. These changes in technology encourage mobile phone manufacturers to continually expand the capabilities of their mobile phones, to enable them to receive richer, detailed, and more complex information. As such, some of the services currently provided by the Company may potentially experience a decline in popularity, or even become obsolete. For example, due to the rise of smartphones and increasingly connected consumers, premium content has become a less attractive option to customers with medium to high spending power. However, since this trend has yet to permeate to the lower-income strata (the main audience of the VAS services), this trend has not, and probably will not for some while, affect the performance of the VAS business. However, the company must constantly research new technologies as the awarding of 3G concessions combined with the possibility of cheaper/mass-market smartphone handsets could pose a significant risk. Constant innovation is required and being performed in order to maintain competitiveness.

Risk from changes in consumer behavior

The Company's wireless VAS enables users to receive information, news, and entertainment in various forms, directly onto their handsets. However, despite its popularity, wireless VAS is not essential to communication with others; therefore the demand for it is constantly open to change, subject to tastes and fashion. Thus, the Company faces risk from changes in the consumer behaviour of mobile phone users. This risk includes both declines in the popularity of wireless VAS in general, as well as for demand for wireless VAS which the Company does not yet provide. It is therefore crucial that the Company continuously monitors changes in consumer behaviour, and develops new content aligned with these changes so as to maintain its customer base and continues to generate revenue from wireless VAS.

Risk from Investment in associates and from Interests in joint ventures

The Company has invested in associates companies by using equity method approximately 44% of its total assets, as of 31 December 2010, which are mostly in differing Real Estates sectors. At the end of 2009 and 2010, the Company had realised shared losses from associates and joint ventures companies, using the equity method of accounting, of THB 8.1m and THB 51.7m, or 2.5% and 59.6% of the Company's net profit, respectively.

Consequently, the operating results of associates and joint ventures companies have a direct impact on the Company's operating results. In other words, if their performance is significantly strong, the Company will realise significant shared gains from investment which will result in an increase in the Company's net profit. Conversely, if their performance is low, it would then result in a decrease in the Company's net profit.

COMPANY BACKGROUND AND BUSINESS OVERVIEW

COMPANY BACKGROUND

Evolution Capital Public Company Limited was founded in 1999 as a digital communications business for internet and mobile phone users. The Company set up www.siam2you.com to deliver information to internet users and to capitalise on the number of visitors by selling space on the site to advertisers. The Company also set up wap.siam2you.com, a WAP (Wireless Application Protocol) site designed to deliver information to mobile phone handsets.

In 2001, the Company foresaw the opportunity which arose from the growth of mobile phone utilisation in Thailand and expanded its business to include wireless Value Added Services (VAS), namely the selling of various types of multimedia content (images, audio clips/ring tones, video clips, etc.) to mobile phone users. Additionally, the Company provided consultancy and development services (termed Interactive Solutions) to both governmental and private organisations in order to create additional channels through which each client can communicate to their respective customer bases using a combination of internet and wireless technologies and well thought-out marketing campaigns.

In 2007, the Company changed its shareholding structure, its organisational structure, and its financial structure and began its expansion into property-related businesses such as development and advisory services. It also began capitalising on synergies between the existing digital media platform and the Company's new business areas.

History and Company Highlights

July 1999	The Company was founded as Siam2you Company Limited with THB 2 million registered capital, fully paid-up with a par value of THB 10 each.
October 1999	The digital media business began with the launch of the www.siam2you.com website, which offered news and information aggregation services to internet users. Once the company had built up its user base, it started generating revenue by selling advertising space on its website to organisations which sought internet users.
September 2000	The mobile wap.siam2you.com site was launched in order to create a communication channel which reaches mobile phone users.
October 2001	The Company coordinated with Advance Info Service Public Company Limited (AIS) to launch wireless Value Added Services to AIS users. A revenue sharing agreement for wireless Value Added Services for users of AIS was signed on 16 October, 2001. Launched consultancy services and the development of integrated internet/wireless communications (Interactive Solutions) to both governmental and private organisations.



May 2002	The Company coordinated with Total Access Communication Public Company Limited (TAC, now DTAC) to launch wireless Value Added Services for TAC users. A revenue sharing agreement for wireless Value Added Services for users of TAC was signed on 31 May, 2002.
September 2002	Out of 482 websites nominated nationwide, Siam2you's website won the Community Web Award for Best Portal Website from the Nation Multimedia Group Public Company Limited.
January 2003	The Company coordinated with TA Orange Company Limited (now TrueMove) to launch wireless Value Added Services for Orange users. The Company signed another revenue sharing agreement with Orange on 15 January, 2003.
December 2003	Siam2you registered to become a Public Company Limited on 22 December, 2003.
April 2005	The Company offered 10,232,800 new ordinary shares at a par value of THB 1 each with an offering price of THB 7 each to the public. Following the sales of shares, total registered and paid-up capital became THB 40,931,510.
May 2005	The SET granted a listing of ordinary shares of the Company on 4 May, 2005 on the Market for Alternative Investment.
April 2007	The Company's major shareholders, consisting of Mr. Suparat Sribhadung, Miss Mai Thi Quynh Hoa, and Mr. Niklas Johan Assar Stalberg, sold their stake in the Company to Nezu Capital Limited and Kudu Company Limited, resulting in new appointments to the Board of Directors and at the management level.
July 2007	The Extraordinary General Meeting of Shareholders No. 1/2007 was held on 23 July, 2007 and it was resolved that the Company issue and offer 368,383,590 new ordinary shares at a par value of THB 1 each to existing shareholders at a ratio of 9 new shares with an offering price of THB 1 each for every old share held.

August 2007	<p>The existing shareholders of the Company purchased 350,434,608 newly issued shares from the total offering of 368,383,590 ordinary shares at a par value of THB 1, resulting in an increase in the Company's paid-up capital to THB 391,366,118.</p> <p>Monster Media Company Limited was incorporated with a registered capital of THB 30 million, with 299,993 shares held by the Company accounting for 99.99% of the paid-up capital - an investment of THB 30 million.</p> <p>Ordinary shares of Fena Park Company Limited were purchased from former shareholders amounting to 1,950,000 shares or accounting for 22.94% of the total paid-up capital - an investment of THB 19.50 million.</p> <p>Ordinary shares of Casa Fico Company Limited were purchased from former shareholders amounting to 4,550,000 shares or accounting for 31.38% of the total paid-up capital - an investment of THB 45.50 million.</p>
September 2007	<p>The Company purchased 350,000 newly issued ordinary shares of Fena Park at par value - an investment of THB 3.50 million. Thus the proportion of shares held increased to 25.00% of the total paid-up capital of THB 92 million.</p> <p>The Company purchased 2,000,000 newly issued ordinary shares of Casa Fico at par value, an investment of THB 20.00 million. Thus, the proportion of shares held increased to 35.41% of the total paid-up capital of THB 185 million.</p> <p>The Company sold all Plus Four Six Company Limited ordinary shares held by the Company for THB 10 million.</p>
October 2007	<p>Evolution Advisors Company Limited was incorporated with a registered capital of THB 1 million, with 9,993 shares held by the Company accounting for 99.93% of the total paid-up capital, an investment of THB 1 million.</p>

December 2007

The Board of Directors Meeting of the Company No. 14/2007 held on 14 December, 2007 approved the reduction of the Company's registered capital from THB 409,315,100 to THB 391,366,118, divided into 391,366,118 ordinary shares with a par value of THB 1 by cancelling 17,948,982 shares with a par value of THB 1 per share (these cancelled shares had remained unissued from the previous rights issue approved by the Extraordinary General Meeting of Shareholders No. 1/2007) and the increase of the registered capital by THB 130,000,000 from the existing registered capital of THB 391,366,118 to THB 521,366,118 divided into 521,366,118 ordinary shares with a par value of THB 1 each. The Extraordinary General Meeting of Shareholders No. 1/2008 was set for 26 January, 2008 to consider and approve these transactions.

In addition, the Board of Directors Meeting also approved the establishment of a new subsidiary company, Titan Project Management Company Limited, tentatively for the first week of January 2008, with an initial registered capital of THB 1 million, whereby the Company is to hold 9,993 shares with a par value of THB 100 each, accounting for 99.93% of the total registered capital - an investment of THB 1 million.

January 2008

The Board of Directors Meeting of the Company No. 1/2008 held on 17 January, 2008, approved the further investment of THB 50,000,000 by way of capital increase in Casa Fico Company Limited and the incorporation of a subsidiary company, Tierra POD Company Limited. Tierra POD is a joint venture company between the Company and Tierra Design Pte. and has a registered capital of THB 4 million, with 51% of the share capital held by the Company.

The Extraordinary General Meeting of Shareholders No. 1/2008 held on 26 January 2008 approved the reduction of the Company's registered capital from THB 409,315,100 to THB 391,366,118 and the increase of the registered capital by THB 130,000,000 from the existing registered capital of THB 391,366,118 to be THB 521,366,118 by issuing 130,000,000 new ordinary shares at a par value of THB 1 per share.

In addition, the shareholders authorised the Board of Directors to allot new shares and determine the offering period, conditions, and other terms and details related to the allotment of such new ordinary shares to specified investors and/or institutional investors in one or more tranches from time to time by way of private placement in accordance with the SEC's notification, at the offering price of THB 2.10 per share.

February 2008	<p>The Board of Directors held on 28 February 2008 approved the amendment of Evolution Advisors Company Limited, a subsidiary of the Company, to Evolution Land Company Limited and a further investment of THB 144,000,000 by way of capital increase, whereby Evolution Land took on the transfer of all shares owned by the Company in Casa Fico Company Limited and Fena Park Company Limited.</p> <p>On 29 February 2008, the Board of Directors meeting approved the establishment of a new subsidiary company, THP Advisors Limited with a registered capital of USD 50,000. The initial paid-up capital is USD 100,000. The Company subscribed to 1,000 shares at USD 100 per share. The remaining 49,000 shares remain unissued.</p>
March 2008	<p>The Board of Directors meeting no. 4/2008 held on 21 March 2008 resolved the allotment of 130,000,000 new ordinary shares to MGP Hazel No. 1 (Mauritius) Limited, an Investment Holdings Company registered in Mauritius, which is an entity advised by MGPA on behalf of one of its Asian funds.</p> <p>The Company also invested an additional THB 80,000,000 in Evolution Land Company Limited. The registered capital of Evolution Land increased to THB 225,000,000.</p> <p>The acquisition of 99.99% of Addax Development Co., Ltd. was also approved at a total price of THB 10,000,000. Addax Development is the owner of 14 Rai 2 Ngan 47 Square Wah, freehold land in Chonburi Province, on which the condominium project “The Lakes at Phoenix” comprising of 118 units is being developed.</p>
April 2008	<p>The 2008 Annual General Meeting of Shareholders passed resolutions to change the Company’s name to “Evolution Capital Public Company Limited”, with “E” as the symbol of its securities.</p> <p>Titan Project Management increased its registered capital further to THB 10,000,000 and the Company fully subscribed to the newly paid-up shares.</p> <p>The Company opened a new branch office on Koh Samui, Surathani Province.</p>

June 2008	<p>Spire Properties Company Limited, an associate company, was established with a registered capital of THB 10,000,000; the Company became a 46 per cent shareholder.</p> <p>Evolution Holdings Limited was incorporated in Mauritius as a subsidiary company with a registered capital of USD 125,000 and 100% of the shares are held by the Company.</p> <p>For purposes of the Company's restructuring, the transfer of 100% of the Company's shares in THP Advisors Limited to Evolution Holdings Limited was approved.</p>
September 2008	<p>On 11 September 2008, the Board of Directors approved the establishment of a new subsidiary company, Kor Asia Company Limited. The Company will hold 51% of the registered capital of THB 10,000,000.</p> <p>Two associate companies, Andaman Beach Residences Company Limited and Phang Nga Hotel Company Limited, were incorporated to support the Company's property development plan. The Company holds 46% of the THB 10,000,000 registered capital of each associate company.</p>
November 2008	<p>The Company made a further investment of THB 1,000,000 in Titan Project Management Company Limited, thereby increasing Titan Project Management's capital to THB 11,000,000.</p>
December 2008	<p>On 12 December 2008, a subsidiary company, Evolution Land Co., Ltd., acquired 562,500 ordinary shares of Casa Fico Co., Ltd. totaling THB 5.62 million. This resulted in an increase in the subsidiary's shareholding stake in this associate from 40.53% to 42.50%.</p> <p>Evolution Land Co. Ltd. also acquired 1,550,000 ordinary shares of Fena Park Co., Ltd. totaling THB 15.50 million. This resulted in an increase in the subsidiary's shareholding stake in this associate from 27% to 42.50%.</p>
February 2009	<p>The Board of Directors meeting held on 25 February 2009 approved the dissolution of Titan Project Management Co., Ltd., a Company subsidiary and Spire Properties Co., Ltd., an associated company. Monster Media Co., Ltd. decreased its registered capital from THB 30,000,000 to THB 10,000,000 for the purpose of corporate restructuring.</p>
May 2009	<p>The Board of Directors meeting held on 14 May 2009 approved the dissolution of Tierra POD Co., Ltd., a Company subsidiary.</p>

August 2009	<p>The Board of Directors meeting held on 7 August 2009 approved the establishment of two new joint venture companies, Red Planet Hotels Co., Ltd and EKT Advisors Limited. The Company holds 51% of the registered capital of THB 1 million of Red Planet Hotels Co., Ltd. Evolution Advisors Limited, a subsidiary of the Company, holds 50% of the share capital of EKT Advisors Limited, incorporated in the Cayman Islands.</p> <p>Two new associate companies, Yamu Villas Co., Ltd. and Yamu (Thailand) Co., Ltd. were incorporated to support the Company's property development plan. Evolution Land Co., Ltd., the Company's subsidiary, holds 47.5% of the THB 10 million registered capital of each associate company.</p> <p>On 7 August 2009, Andaman Beach Residences Co., Ltd. and Phang Nga Hotel Co., Ltd., associate companies, signed a Management Agreement with Ritz-Carlton for the Hotel and Residential Project in Phang Nga Province.</p> <p>Casa Fico Co., Ltd. and Fena Park Co., Ltd, the Company's associates, signed a Management Agreement with the Marriott Group for its Hotel and Residential Project in Koh Samui.</p>
October 2009	<p>The Extraordinary General Meeting of Shareholders No. 1/2009 held on 16 October 2009 approved the increase of registered capital by THB 172,633,882 from the existing registered capital of THB 521,366,118 to be THB 694,000,000 by issuing 172,633,882 new ordinary shares at a par value of THB 1.00 per share.</p> <p>The Company's shareholders authorised the Board of Directors to allot new shares and determine the Offering period, conditions, and other terms and details related to the allotment of such new ordinary shares to specified investors and/or institutional investors in one or more tranches from time to time by way of private placement in accordance with the SEC's notifications.</p>
December 2009	<p>EKT Advisors Limited, a joint venture company, signed a Franchise Agreement with Tune Hotels.com to roll-out 44 Tune Hotels.com hotels across Thailand, China, Bangladesh, the Philippines, and Indonesia.</p> <p>A subsidiary company, Titan Project Management Co., Ltd., completed the liquidation process.</p>

February 2010	<p>The Board of Directors meeting held on 24 February 2010 approved the change of name in a subsidiary company, Kor Asia Co., Ltd. to “Spire Real Estate Co., Ltd.” and acquired 49% of the share capital from Kor Foreign Sales, LLC. Therefore, Spire Real Estate Co., Ltd. holds 100% by the Company.</p> <p>A new joint venture company, Red Planet Hotels Limited, was incorporated in Cayman to develop hotels and provide hotel management services under the Franchise agreement. Evolution Advisors Limited, the Company’s subsidiary, holds 50% of the paid-up capital.</p>
March 2010	<p>On 31 March 2010, Evolution Advisors Limited acquired an additional 40,576 ordinary shares of Red Planet Hotels Limited. This resulted in an increase in Evolution Advisors Limited’s shareholding from 50% to 77% and Red Planet Hotel Limited was classified as a Subsidiary company.</p> <p>EKT Advisors Limited, a joint venture company, assigned the right over the Franchise Agreement with Tune Hotels.com to Red Planet Hotels Limited.</p>
April 2010	<p>The Board of Directors meeting no. 2/2010 held on 5 April 2010 resolved the allotment of 85,800,000 new ordinary shares to 5 investors which are qualified as private placement investors under the Notification of the Capital Market Supervisory Board no. Tor Jor. 28/2551 (“CMSB’s Notification”).</p>
May 2010	<p>Red Planet Hotels Limited has raised funds from various funds from various investors and issued additional share capital of 60,000 shares at USD 100 per share, which equaled USD 0.01 of par value and USD 99.99 of share premium, totaling of USD 6,000,000 on 28 May 2010.</p> <p>Evolution Advisors Limited acquired additional newly issued share capital amounting to 9,540 ordinary shares at USD 100 per share totaling USD 954,000. As a resulted of new unrelated investors’ subscription to 50,460 newly issued shares, at USD 100 per share, the ownership of Evolution Advisors Limited in Red Planet Hotels Limited decreased from 77% to 59.6% and Red Planet Hotels Limited was considered as an associate company.</p>
June 2010	<p>The Board of Directors’ Meeting No. 4/2010 on 18 June 2010 approved the second allotment of 21,000,000 new ordinary shares with a par value of THB 1 per share at an offering price of THB 1 per shares to 3 Investors which are qualified as private placement investors under the CMSB’s Notification.</p> <p>Evolution Advisors Limited acquired an additional of 1,540 shares in Red Planet Hotels Limited at a price of USD 100 per share for USD 154,000.</p>

July 2010	<p>Evolution Advisors Limited acquired an additional of 9,540 shares at a price of USD 100 per share for USD 954,000. As a result of new and existing unrelated investors' also subscribed the shares, Evolution Advisors' shareholding stake in Red Planet Hotels Limited changing from 59.6% to 50.54%</p>
August 2010	<p>On 5 August 2010, Mr. Philip Andrew White resigned from the Board of Directors.</p> <p>The Board of Directors' Meeting no. 5/2010 on 10 August 2010 approved the issuance of the Company's warrants on ordinary shares not exceeding 347,000,000 units for the Company's existing shareholders by way of rights issue with the offering price of THB 0.1 per warrant with a subscription ratio of 2 ordinary shares to 1 unit of warrant.</p> <p>On 16 August 2010, M.R. Chatu Mongol Sonakul resigned from his position as director and Chairman of the Board of Directors due to other work commitments.</p>
September 2010	<p>The establishment of IQtrip.com Company Limited, a new subsidiary company of Monster Media Co., Ltd., a subsidiary of the Company, to undertake the online travel services.</p>
October 2010	<p>On 15 October 2010, Mr. Simon Morris Gerovich, was given the discretion to consider, determine, amend, or revise the term and other related details of the Private Placement's unallotted shares by the Board of Directors' Meeting no. 4/2010, considered and allotted the remaining 65,833,882 new ordinary shares with a par value of THB 1 per share at an offering price of THB 1 per share to 3 investors.</p> <p>After the completion of this allotment, the paid-up share capital increased to THB 694,000,000.</p> <p>On 18 October 2010, EKT Advisors Limited changed its name to "Evolution Investments Limited" and acquired 50% of the share capital from KT Holdings Limited. Therefore, Evolution Investments Limited holds 100% by Evolution Advisors Limited, a Company's subsidiary.</p> <p>Evolution Advisors Limited acquired an additional of 9,540 shares at a price of USD 100 per share for USD 954,000. As a result of new and existing unrelated investors' also subscribed the shares, Evolution Advisors' shareholding stake in Red Planet Hotels Limited changing from 50.54% to 35.0%</p>

November 2010

The Board of Directors' meeting held on 1 November 2010 approved the dissolution of Yamu (Thailand) Co., Ltd. and Yamu Villas Co., Ltd., the Company's subsidiaries.

On 11 November 2010, Ms. Romchalee Chanprasit resigned from her position as independent director and Audit Committee members.

The Board of Directors' meeting held on 11 November 2010 approved the appointment of:

- Mr. Vichet Bunthuwong as a director and the Chairman of the Board of Directors;
- Mr. Chaipatr Srivisarvacha as an Independent Director; and
- Pol.Gen. Viroj Phaholvech as an Independent Director and the Audit Committee.

Spire Real Estate Co., Ltd. changed its name to "Evolution Ventures Limited" to carry out a new line of business as the Investment company.

The Extraordinary General Meeting of Shareholders No. 1/2010 on 19 November 2010 approved the issuance of 347,000,000 rights warrants to purchase the Company's ordinary shares by way of rights issue, with an offering price of THB 0.1 per warrant and a subscription ratio of 2 ordinary shares to 1 warrant. The Company's registered capital increased by THB 347,000,000 from the existing registered capital of THB 694,000,000 to a new registered capital of THB 1,041,000,000 divided into 1,041,000,000 ordinary shares with a par value of THB 1 each by issuing 347,000,000 new ordinary shares with a par value of THB 1 each.

The registered capital increased to THB 1,041,000,000 and the paid-up share capital is THB 694,000,000.

December 2010

On 1 December 2010, Yamu (Thailand) Co., Ltd. and Yamu Villas Co., Ltd. Completed their registration of dissolution.

BUSINESS OVERVIEW

Prior to May 2007, the Company's business focused solely on telecommunications and related services. These comprised of three main areas, namely (i) wireless value added services, (ii) interactive solutions, and (iii) audiotex services. Through wireless value added services (wireless VAS) the company provided, aggregated, and developed content and applications (Premium and Basic) which were delivered to end-users via the mobile phone network operated by AIS, DTAC, and TrueMove in addition to their regular services. Revenue from this service came from revenue shared with mobile phone network operators as specified in agreements between the Company and mobile phone network operators. The interactive solutions business involved consultations and recommendations for web design, online brand building, and corporate image enhancement provided to the Company's clients. Revenue from this business came from fees which were based on the clients' entire project expenses. In the audiotex business, the Company provided and developed content and applications for voice services which were delivered through both fixed lines and mobile phones. These services allowed the users to have alternative simple ways to access content that was customised to their lifestyle. These services were categorised as information downloads, chatting, voting, and content downloads. Audiotex revenue came directly from service charges collected from end-users on either a per time or on a subscription basis.

After the sale of the major shareholders' stake to a group of new investors in May 2007, the new management team created an integrated property platform unique to Thailand. The Company was positioned to provide advisory services and invest directly in real estate projects with an emphasis on, but not limited to, the hospitality and residential sectors. With new businesses, the Company's revenue structure would be enhanced and diversified. The existing resources would be fully utilised. The new management team and executive Directors brought in by the new shareholders possessed a broad range of experience in the real estate and hospitality sectors and an optimal combination of disciplines.

REVENUE STRUCTURE

The Company's 2010 income from services was generated from three sources:

Property advisory services and investment services

Digital media and creative media services

Financing activities and interest incomes

Details regarding income from services classified by segment, from 2008 to 2010, are as follows.

(Unit: 1,000 THB)

Type of Service	2008		2009		2010	
	Income	%	Income	%	Income	%
Property advisory services and investment services	34,371	68.7	119,327	88.0	229,415	90.6
Digital media and creative media services	11,515	23.0	15,224	11.2	21,400	8.4
Financing activities and interest incomes	4,165	8.3	1,069	0.8	2,440	1.0
Total income from services	50,051	100.0	135,620	100.0	253,255	100.0

NATURE OF BUSINESS

Property Services

Property development advisory services

The Company provides advisory services in relation to real estate development, especially in the hospitality and residential property sectors. These services include, but are not limited to, project identification, carrying out due diligence, market studies, feasibility studies, financial analysis, capital structuring, project management, master planning, conceptual design, sales and marketing, development and project management, and advising on operational strategies.

The core target group for this service is foreign investors seeking to invest in Thailand with capable local partners. This group of investors demands high quality services at international standards to ensure that their investments will be successful. In addition, local investors and developers are constantly looking for co-investors or capital providers. The company can also assist them in the process of identifying, evaluating and selecting such partners.

The revenue from this service depends on the scope of services and the complexity of assignments. However, services are normally charged as a percentage of the project value over the period of services.

Property development/investment

The Company does not plan to drive property development/investment to become its main business and major source of income as it does not want to become a conventional property developer. However, the Company is willing to make direct investments in real estate projects where such investments present unique opportunities for the Company. These would include additional gains from the penetration of certain markets, leading to other favorable businesses or business expansion opportunities.

In the early stage, the Company intends to focus on hospitality and high-end residential sectors as they provide a mix of short and medium-term investments which give relatively high returns. The Company is very selective and diligent when it comes to making proprietary investments in order to maximise the returns on capital to be spent. The revenue from this branch of business will come in the form of annual operational income as well as sales of units and investments at the end of the investment period.

Media Services

Wireless Value Added Services

The Company provides, aggregates, and develops two types of wireless VAS for mobile phones: Premium Content and Basic Content which are delivered by mobile phone operators in addition to their regular services. These value-added services allow mobile phone users to move beyond just interpersonal communication when using their phones. Through wireless VAS, mobile phone users can receive information, news, and entertainment. Revenue from this service comes from revenue shared with mobile phone network operators as specified in agreements between the Company and mobile phone network operators.

CAPITAL STRUCTURE

At the Extraordinary General Meeting of Shareholders No. 4/2004, held on 26 August 2004, shareholders of the Company authorised the issue of common shares, thereby increasing the share capital allotted to the public, supporters, and Company employees. Consequently, the Company's registered capital was THB 40,931,510 divided into 40,931,510 ordinary shares with a par value of THB 1 each.

On 23 July 2007, the Extraordinary General Meeting of Shareholders No. 1/2007 passed resolutions to increase the Company's registered capital by THB 368,383,500 divided into 368,383,500 ordinary shares at a par value of THB 1 each, therefore increasing the existing registered capital of THB 40,931,510 to THB 409,315,100, divided into 409,315,100 ordinary shares at par value of THB 1 each. On 6 August 2007, the Company reported the results of the sale of shares to the existing shareholders whereby 350,434,608 ordinary shares were subscribed while 17,948,982 shares remain unsubscribed.

Following the call made by the Board of Directors on 14 of December 2007 for an EGM in January, the resolutions of the Extraordinary General Meeting of Shareholders No. 1/2008 on 29 January 2008 approved the reduction of the Company's registered capital from THB 409,315,100 to THB 391,366,118, divided into 391,366,118 ordinary shares with a par value of THB 1 by cancelling 17,948,982 shares with a par value of THB 1 per share (these cancelled shares had remained unissued from the previous rights issue approved by the Extraordinary General Meeting of Shareholders No. 1/2008), and increased the registered capital by THB 130,000,000 from the existing registered capital of THB 391,366,118 to be THB 521,366,118 divided into 521,366,118 ordinary shares with a par value of THB 1 each.

On 21 March 2008, the Board of Directors' Meeting No. 4/2008 approved the allotment of 130,000,000 new ordinary shares with a par value of THB 1 per share at an offering price of THB 2.10 per shares to MGP Hazel (Mauritius) No. 1 Limited.

As of 9 April 2008, the Company's authorised share capital was THB 521,366,118 divided into 521,366,118 ordinary shares with a par value of THB 1 each.

The Extraordinary General Meeting of Shareholders No. 1/2009 on 16 October 2009 approved the increase of registered capital by THB 172,633,882 from the existing registered capital of THB 521,366,118 to THB 694,000,000 divided into 694,000,000 ordinary shares at a par value of THB 1 each.

The Board of Directors' Meeting No. 2/2010 on 5 April 2010 approved the first allotment of 85,800,000 new ordinary shares with a par value of THB 1 per share at an offering price of THB 1 per shares to 5 Investors.

The Board of Directors' Meeting No. 4/2010 on 18 June 2010 approved the second allotment of 21,000,000 new ordinary shares with a par value of THB 1 per share at an offering price of THB 1 per shares to 3 Investors.

On 15 October 2010, Mr. Simon Morris Gerovich, was given the discretion to consider, determine, amend, or revise the term and other related details of the Private Placement's unallotted shares by the Board of Directors' Meeting no. 4/2010, considered and allotted the remaining 65,833,882 new ordinary shares with a par value of THB 1 per share at an offering price of THB 1 per shares to 3 investors.

After the completion of the three allotments of the Private Placement, the paid-up share capital increased to THB 694,000,000.

Following the call made by the Board of Directors on 10 August 2010 for an EGM in November, the resolutions of the Extraordinary General Meeting of Shareholders No. 1/2010 on 19 November 2010 approved the issuance of 347,000,000 rights warrants to purchase the Company's ordinary shares by way of rights issue, with an offering price of Baht 0.1 per warrant and a subscription ratio of 2 ordinary shares to 1 warrant. The Company's registered capital increased by Baht 347,000,000 from the existing registered capital of Baht 694,000,000 to a new registered capital of Baht 1,041,000,000 divided into 1,041,000,000 ordinary shares with a par value of Baht 1 each by issuing 347,000,000 new ordinary shares with a par value of Baht 1 each.

The current registered capital is THB 1,041,000,000 and the paid-up share capital is THB 694,000,000.

The Company's capital increases from the date the Company was listed on the Market for Alternative Investment are as follows:

No.	Registration date	Registered share capital before capital change (THB)	Increase / (Decrease) (THB)	Registered share capital after capital change (THB)	Paid - up share capital (THB)	Remarks
1.	27/04/2005	40,931,510	-	-	40,931,510	-
2.	8/08/2007	40,931,510	368,383,500	409,315,100	391,366,118	<u>Allocated</u> to existing shareholders <u>Objectives</u> 1) Support and expand the Company's existing business. 2) Business expansion into a well - defined media placement and advisory services, sales and marketing and investment into a branded hotel project in Samui, Surathani Province 3) For use as the Company's working capital
3.	11/02/2008	409,315,100	(17,948,982)	391,366,118	391,366,118	Reduction of 17,948,982 unissued shares.

No.	Registration date	Registered share capital before capital change (THB)	Increase / (Decrease) (THB)	Registered share capital after capital change (THB)	Paid - up share capital (THB)	Remarks
4.	12/02/2008	391,366,118	130,000,000	521,366,118	391,366,118	<p>Allocation Offered to private placement investors and / or institutional investors</p> <p>Objectives For use as the Company's working capital and future investments</p>
5.	09/04/2008	521,366,118	130,000,000	521,366,118	521,366,118	The Board of Directors' Meeting No. 4/2008 on 21 March 2008 approved the allotment of 130,000,000 new ordinary shares with a par value of THB 1 per share at an offering price of THB 2.10 per shares to MGP Hazel (Mauritius) No. 1 Limited.
6.	28/10/2009	521,366,118	172,633,882	694,000,000	521,366,118	<p>Allocation Offered to private placement investors and/or institutional investors</p> <p>Objectives For use as the Company's additional working capital and future investments.</p>
7.	5/04/2010	694,000,000	521,366,118	694,000,000	607,166,118	<p>The Board of Directors' Meeting No. 2/2010 on 5 April 2010 approved the first allotment of 85,800,000 new ordinary shares with a par value of THB 1 per share at an offering price of THB 1 per shares to:</p> <ul style="list-style-type: none"> - Thai NVDR Co., Ltd. 60,600,000 shares - Mr. Charles Merimee 3,200,000 shares - Mr. Suparat Sribhadung 18,000,000 shares - Mr. Ryan Fattore 3,000,000 shares - Ms. Kittiya Tunmanont 1,000,000 shares

No.	Registration date	Registered share capital before capital change (THB)	Increase / (Decrease) (THB)	Registered share capital after capital change (THB)	Paid - up share capital (THB)	Remarks
8.	18/06/2010	694,000,000	607,166,118	694,000,000	628,166,118	<p>The Board of Directors' Meeting No. 4/2010 on 18 June 2010 approved the second allotment of 21,000,000 new ordinary shares with a par value of THB 1 per share at an offering price of THB 1 per shares to:</p> <ul style="list-style-type: none"> - TP Thailand Opportunity Fund L.P. 14,800,000 shares - Mr. Kirt Srichawala 5,000,000 shares - Mr. Radab Kanhanawanit 1,200,000 shares
9.	15/10/2010	694,000,000	628,166,118	694,000,000	694,000,000	<p>Mr. Simon Morris Gerovich, was given the discretion to consider, determine, amend, or revise the term and other related details of the Private Placement's unallotted shares by the Board of Directors' Meeting no. 4/2010, considered and allotted the remaining 65,833,882 new ordinary shares with a par value of THB 1 per share at an offering price of THB 1 per shares to:</p> <ul style="list-style-type: none"> - Mr. Akeyuth Anchanbutr 30,000,000 shares - Mr. Phaithoon Techadanai 20,000,000 shares - Ms. Thanyavan Jarumon 15,833,882 shares
10.	19/10/2010	694,000,000	694,000,000	1,041,000,000	694,000,000	<p>Allocation Allot not exceeding 347,000,000 warrants to all existing shareholders at a ratio of 2 existing shares per 1 unit of warrant whose name appears in the shareholding book on the closing date for the right to receive the warrants.</p> <p>Objectives For use as the Company's working capital and future investments</p>

SHAREHOLDERS

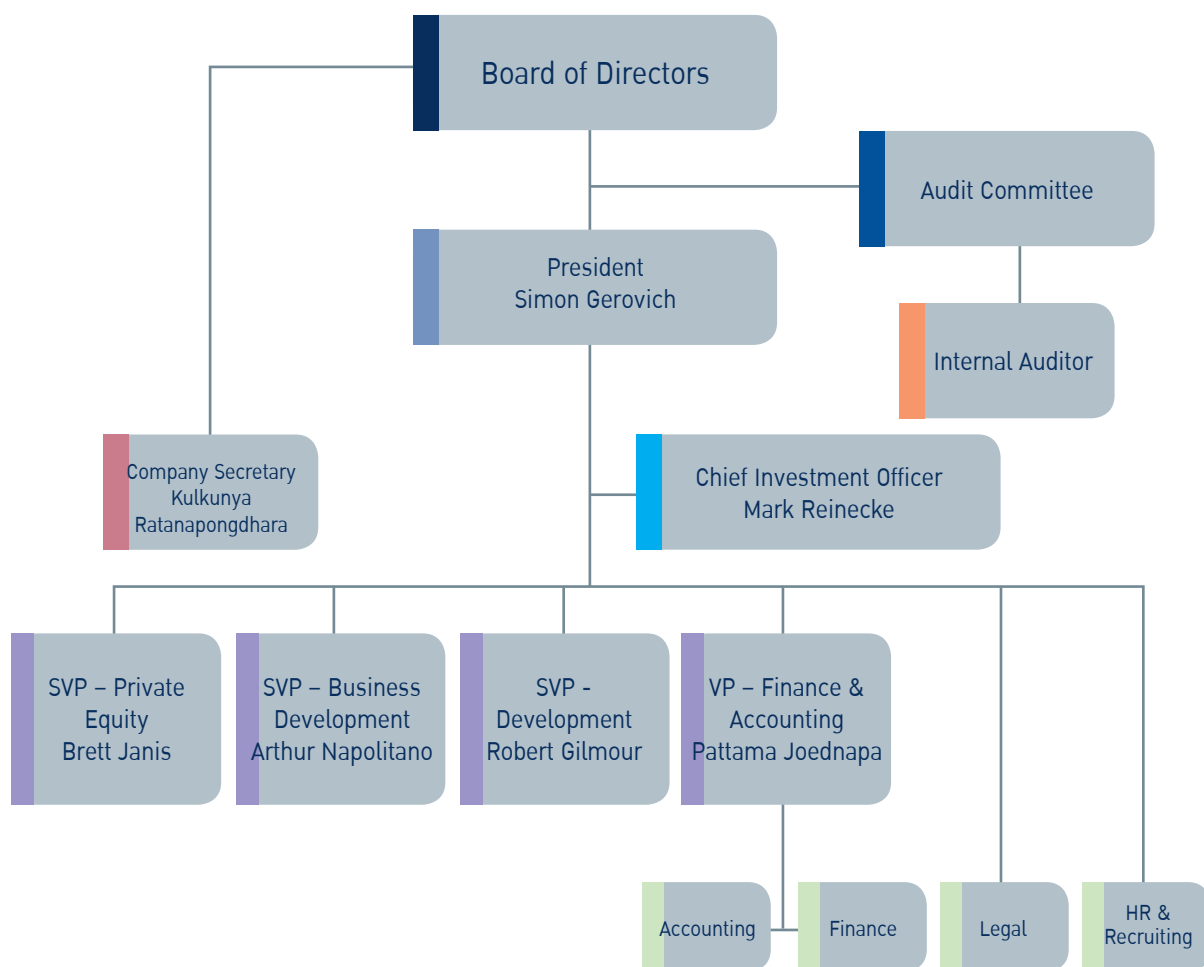
Major Shareholders (Top 10 Shareholders as of 30 November 2010)

RANK	NAME	SHARES	% HOLDING
1.	Thai NVDR Co., Ltd.	158,109,137	22.8%
2.	MGP Hazel (Mauritius) No. 1 Limited	106,708,400	15.4%
3.	Goldman Sachs International	81,500,000	11.8%
4.	Ms. Kessuda Tispak	31,600,000	4.6%
5.	JP Morgan Securities Ltd.	25,000,000	3.6%
6.	Mr. Simon Gerovich	20,000,000	2.9%
7.	Ms. Tanyawan Jarumon	15,833,882	2.3%
8.	Banque Morval & Cie S.A.	13,978,200	2.1%
9.	Mr. Surapong Atichartsak	12,474,000	1.8%
10.	Mrs. Hudsadee Prachaktham	4,900,000	0.7%

DIVIDEND PAYMENT POLICY

Pursuant to the Company's Articles of Association, the Company's dividend payment policy is to pay out no less than 50% of the net profit after tax and statutory reserves required by Thai Law and Regulations, with the condition that the Company would still have adequate cash for ongoing operation and working capital purposes. The Company's dividend policy is subject to change from time to time as approved by Shareholders in the General Shareholders Meeting.

THE MANAGEMENT STRUCTURE



(as of 31 December 2010)

THE BOARD OF DIRECTORS

As of 31 December 2010, the Board of Directors consists of 9 Directors.

1.	Mr. Vichet Bunthuwong	Chairman of the Board of Directors
2.	Mr. Simon Morris Gerovich	President / Managing Director
3.	Mr. Mark Michael Reinecke	Executive Director / Chief Investment Officer
4.	Mr. Arthur Hugh Napolitano	Executive Director
5.	Mr. Chaipatr Srivisarvacha	Independent Director
6.	Mr. Witit Sujjapong	Independent Director / Chairman of Audit Committee
7.	Mr. Krish Detter	Independent Director / Audit Committee member
8.	Pol.Gen. Viroj Phaholvech	Independent Director / Audit Committee member
9.	Mr. Christiaan Brett Straatemeier	Director

The authorised Directors are Mr. Simon Morris Gerovich, Mr. Mark Michael Reinecke, and Mr. Arthur Hugh Napolitano. The authorised signatory of the Directors on behalf of the Company is Mr. Simon Morris Gerovich to sign jointly with Mr. Mark Michael Reinecke or Mr. Arthur Hugh Napolitano and affix the company's seal.

Miss Kulkunya Ratanapongdhara is the Company Secretary and Secretary to the Board of Directors.

SCOPE OF POWER AND DUTIES OF BOARD OF DIRECTORS

The Scope of Powers and Duties of the Board of Directors are defined as follows:

1. The Board of Directors shall be fully authorised by the shareholders to manage and operate the Company's business in accordance with the law, the Company's objectives, vision, mission, and strategy as well as the Articles of Association and resolutions of the Shareholders' Meeting;
2. The Board of Directors shall be responsible for approving, monitoring and providing guidance on the Company's strategic planning process and business plan. The Chief Executive Officer and the senior management team will have direct responsibility for the ongoing strategic planning process, implementation of the business plan, and the establishment of long term goals for the Company, which are to be reviewed and approved at least annually by the Board of Directors. The Board will establish annual performance objectives against which to measure corporate and executive performance. Based on the reports from the Chief Executive Officer, the Board will monitor the Management's success in implementing the approved strategies and goals;
3. The Board of Directors shall be responsible for identifying the principal risks of the Company's business and use reasonable steps to ensure the implementation of appropriate

systems to manage these risks, and attempt to achieve a proper balance between the risks incurred and the potential returns to shareholders;

4. The Board of Directors shall be responsible for control and policy related issues, including approving, reviewing, and controlling policies, implementing policies, and setting requirements for new policies, reviewing and controlling the financial and operational management, managing risk, being responsible to the shareholders, preserving shareholders' interests, and disclosing information accurately and completely with the highest standards and transparency;
5. The Board of Directors will ensure that executive compensation is linked appropriately to corporate performance. This responsibility is carried out primarily through the appointment of the Chief Executive Officer as the Company's business leader. The Board will assess, on an ongoing basis, the Chief Executive Officer's performance against criteria and objectives established by the Board from time to time. The Board will also use reasonable steps to ensure that the Chief Executive Officer has in place adequate programs to recruit, retain, develop and assess the performance of senior management;
6. The Board of Directors shall be responsible for keeping in place adequate and effective succession plans for the Chief Executive Officer and senior management and review these plans on an annual basis;
7. The Board of Directors shall be responsible for the performance of the Board on an annual basis;
8. The Board of Directors shall be authorised to approve the annual budget, the operational plans, budget revisions, mergers and acquisitions, investment plans, the establishment of subsidiaries or joint ventures, interim dividends, the appointment of Directors and establishment of Sub-Committees and/ or Executives to act under the scope of authority and duties of the Board of Directors, provided that:
 - a) Any such matters that require the approval of shareholders according to the law must be proposed by the Board to a Shareholders' Meeting for final approval;
 - b) Any transaction in which Directors have an interest, and for which there is a law or provision of the Stock Exchange of Thailand, must secure the approval of a Shareholders' Meeting. In this connection, a Director who has an interest, or conflict of interest, in any matter, is not entitled to cast a vote on such a matter.
9. The Board of Directors shall be responsible for ensuring adequate resources, determining and monitoring the Company's programs and services, enhancing the Company's public image, exercising approval of outside counsel, and overseeing new Board member orientation.

ELECTION OF DIRECTORS AND EXECUTIVES

The Directors must be appointed at a General Meeting of Shareholders, with the exception of a vacancy for any Director. The Board of Directors will consider and elect a person who is qualified and does not possess any characteristics prohibited by law, to be a Director and retain office only during the remaining term of the vacant Director.

According to article three of the Company's Articles of Association, the Board of Directors shall comprise of at least five Directors. No less than half of the Directors must be domiciled in Thailand.

Currently, the Company does not have a nomination committee to select candidates for directorship. A Director shall be elected at the shareholders' meeting in accordance with the following requirements and procedures:

1. Each shareholder shall have votes equal to the number of shares held by him.
2. Each shareholder may exercise all the votes he has to elect one or several persons as Directors.
3. The person who receives the highest number of votes in their respective order of the votes shall be elected as Director. In the event of an equal number of votes being cast for candidates up for election, the chairman of the meeting shall exercise a casting vote.

In addition, the candidate for the Directors' position shall be a person with qualifications under the Public Company Act and notifications of the Securities and Exchange Commission.

In 2010, the Board held 8 meetings. The attendance information for each Director is as follows:

NO.	NAME	No. of meetings attended / total no. of meetings
1.	Mr. Vichet Bunthuwong	0/8*
2.	Mr. Simon Morris Gerovich	8/8
3.	Mr. Mark Michael Reinecke	7/8
4.	Mr. Arthur Hugh Napolitano	6/8
5.	Mr. Chaipatr Srivisarvacha	0/8*
6.	Mr. Witit Sujjapong	7/8
7.	Mr. Krish Detter	8/8
8.	Pol.Gen. Viroj Phaholvech	0/8*
9.	Mr. Christiaan Brett Straatemeier	3/8
10.	M.R. Chatu Mongol Sonakul	5/5**
11.	Mr. Philip Andrew White	0/4***
12.	Ms. Romchalee Chanprasit	3/7****

*Mr. Vichet, Pol.Gen. Viroj and Mr. Chaipatr were appointed on 11 November 2010.

**M.R. Chatu Mongol Sonakul resigned from the position as a Chairman and Director on 16 August 2010.

***Mr. Philip Andrew White resigned from his position as a director on 5 August 2010.

****Former name was Ms. Chanyaphat Chanprasit; Ms. Romchalee Chanprasit resigned from her position as a director on 11 November 2010.

AUDIT COMMITTEE

The Company has three independent Audit Committee members who are responsible for monitoring its operations. As of 31 December 2010, the Audit Committee consists of Mr. Witit Sujjapong, Mr. Krish Detter, and Pol.Gen. Viroj Phaholvech.

1.	Mr. Witit Sujjapong	Independent Director & Chairman of Audit Committee
2.	Mr. Krish Detter	Independent Director & Audit Committee member
3.	Pol.Gen. Viroj Phaholvech	Independent Director & Audit Committee member

*Ms. Romchalee Chanprasit resigned from her position as an Independent Director and Audit Committee member on 11 November 2010.

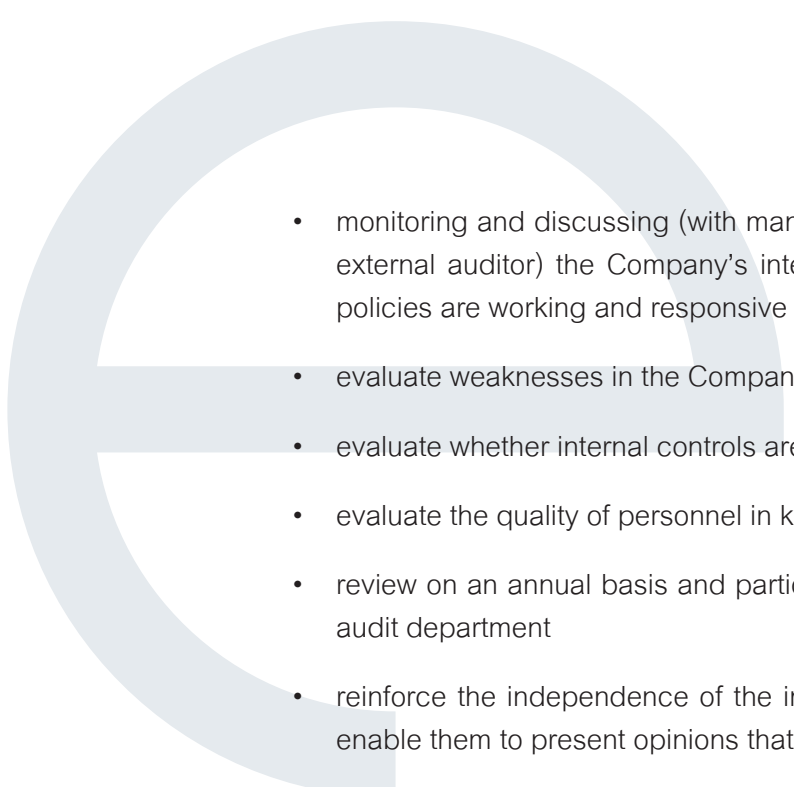
The Audit Committee Chairman, Mr. Witit Sujjapong is knowledgeable and experienced in reviewing accounting and finance matters and possesses a comprehensive knowledge of the preparation of financial reports.

SCOPE OF POWER AND DUTIES OF THE AUDIT COMMITTEE

1. The Audit Committee shall ensure that the Company has accurate and sufficiently transparent financial reports by working with the Company's external auditor and responsible executives to prepare both quarterly and annual financial reports. In addition, during the Company's audit process, the Audit Committee may recommend that the auditor audit or check any transaction deemed necessary and important.
2. The Audit Committee shall increase diligence in the performance of duties by the Board of Directors. Responsibilities include:
 - reporting of financial information
 - selection of proper accounting policies
 - financial management
 - internal control system and internal audit
 - compliance with applicable regulations and laws
 - management and control of business risk

Other significant or unusual accounting matters include:

- the Company's revenue recognition and compliance with relevant accounting standards
 - restructuring changes
 - the use of reserves and accruals
3. The Audit Committee shall review the adequacy of internal controls and monitor the Internal Audit department. This includes:

- 
- monitoring and discussing (with management, the internal audit department and the external auditor) the Company's internal control structure to determine whether its policies are working and responsive to the current environment
 - evaluate weaknesses in the Company's internal control system
 - evaluate whether internal controls are enforced consistently
 - evaluate the quality of personnel in key internal audit positions
 - review on an annual basis and participate in the budget and staffing for the internal audit department
 - reinforce the independence of the internal auditor and internal audit department to enable them to present opinions that will give rise to more efficient operations
 - review the assignments and priorities for the internal auditor
 - meet with the internal auditor at least quarterly to discuss the preparation of Company's financial statements, the adequacy of the Company's financial reporting processes and internal control structure, the internal auditor's methods of risk assessments, and the results of those assessments.
 - reinforce improvement in the quality of the internal audit reports
 - consider the independence of the internal auditor
 - endorse the appointment, removal or discharge of the internal auditor
4. The Audit Committee shall make recommendations to the Board of Directors on matters concerning the nomination of the Company's external auditor and propose its remuneration by considering the credibility, availability of resources and workload of the audit firm, inclusive of the independence and experience of the personnel assigned to audit the Company's accounts and meet with the auditor without the management team at least once a year.
 5. The Audit Committee shall ensure that the Company has complied with SET/SEC regulations.
 6. The Audit Committee shall review any related transaction or conflict with management as it arises to ensure compliance with the relevant rules.
 7. The Audit Committee shall ensure the accuracy and completeness of the Company's information as disclosed, where there are connected transactions or transactions that may involve a conflict of interest.
 8. The Audit Committee shall act upon other matters as assigned by the Board of Directors and approved by the Audit Committee; for instance, the review of the Company's financial and risk management policies, the review of the executives' compliance with business ethics, the joint review with the Company's executives of important reports to be disclosed to the public as required by law, the executives' report and analysis, etc.

9. The Audit Committee shall prepare the activities of the Audit Committee by publishing them in the Company's annual report, where such reports must be signed by the Chairman of the Audit Committee. The following information should be included in the report:
- opinions in connection with the preparation process and disclosure of information from the Company's financial reports, with respect to the accuracy, completeness and credibility of the report
 - opinions in connection with the adequacy of the Company's internal control system
 - reasons for the appointment of the Company's external auditor
 - opinions in a conflict of interest transaction of the Company's business
 - reports on the audit committee meetings and the member's attendance
 - reports on the opinion or observation given by the Company's external auditor on the Company's business
 - opinions in connection with compliance according to the laws on the Securities and Stock Exchange of Thailand, rules and regulations of Stock Exchange of Thailand or any laws relating to the Company's business
 - any other reports under the Audit Committee's scope of duties and responsibilities as assigned by the Board of Directors which should be known to the shareholders and investors

ELECTION OF AUDIT COMMITTEE/INDEPENDENT DIRECTORS

The Audit Committee/Independent Directors are elected at a Shareholders' Meeting, whereby the selection procedure is similar to that employed in the election of the Board of Directors. Thus, the Audit Committee/Independent Directors are elected in accordance with the following rules:

1. The candidate for the position of Independent Director/Audit Committee member must not hold shares in excess of 1% of the registered capital, fully paid, including those shares held by related persons.
2. The candidate for the position of Independent Director/Audit Committee member must not play any role in the management of the Company and any related companies. They must not be a director, hired staff, a Company employee, a consultant/advisor receiving a salary from the Company, nor possess influence over the direction of the Company, and must not have had any special interest in the Company within at least two years in advance of the appointment.
3. The candidate for the position of Independent Director/Audit Committee member must have no business relationship with the Company's auditor and business connections or relationships, no special interests, whether direct or indirect, both in terms of the finances

and management of the Company, nor be a person who has a conflict of interest, which would jeopardise his independence in the Company within at least two years in advance of the appointment.

4. The candidate for the position of Independent Director/Audit Committee member must not be a close relative of the Directors or executives, a major shareholder of the Company, nor a person who may have a conflict of interest. Further, the members of the Audit Committee must comprise at least one person who is knowledgeable and experienced in accounting or finance matters and possesses a comprehensive knowledge of the preparation of financial reports.

THE MANAGEMENT

As of 31 December 2010, the Company's Management consisted of the following persons:

1.	Mr. Simon Morris Gerovich	President
2.	Mr. Mark Michael Reinecke	Chief Investment Officer
3.	Mr. Arthur Hugh Napolitano	Senior Vice President - Business Development
4.	Mr. Robert Gilmour	Senior Vice President - Development
5.	Mr. Brett Andrew Janis	Senior Vice President - Private Equity
6.	Ms. Pattama Joednapa	Vice President - Finance & Accounting

SCOPE OF POWER AND DUTIES OF PRESIDENT/MANAGING DIRECTOR

1. The Managing Director shall manage, control, and be responsible for the common day-to-day operations of the Company in accordance with the approved budget and continuously be responsible for monitoring, supervising and improving overall operations.
2. The Managing Director shall manage the Company in accordance with the resolutions of the Board of Directors.
3. The Managing Director shall develop and propose corporate and business unit strategies to be endorsed and approved by the Board of Directors, and be responsible for the implementation of such approved and endorsed strategies.
4. The Managing Director shall develop and propose the corporate policies of the Company, to be endorsed and approved by the Board of Directors, and be responsible for the implementation of such policies.

5. The Managing Director shall be responsible for the budget process and the operational plans of the Company and conduct quarterly budget reviews and propose revisions of the budget, to be approved by the Board.
6. The Managing Director shall report to the Board of Directors on a monthly basis.
7. The Managing Director shall develop and maintain all the Company's third party relationships in the direction of the corporate strategy, business unit strategies and corporate policy.
8. The Managing Director shall approve the Company's financial transactions within the budget, and also approve expenses, costs and investments not included in the approved budget of unlimited amount without prior approval by the Board.
9. The Managing Director shall be responsible for the Company's cash management including investments in fixed assets, interest-bearing financial instruments, funds, and other financial investment opportunities, and be authorised to delegate these powers.
10. The Managing Director shall be responsible for the Company's credit facilities, loan applications, loan extensions, overdraft facilities, credit line extension of credit lines, debenture issuance, collateral, money deposits, and be authorised to delegate these powers.
11. The Managing Director shall employ, hire, remove and terminate employees and approve their compensation and incentives programs in accordance with the approved budget. For key management positions such as the CIO and CFO, the Chief Executive Officer shall request opinions from the Board before taking the final hiring or firing decision.

The above mentioned powers and duties granted to the Managing Director or authorised representatives shall not include the approval of transactions conducted with the Company or subsidiaries by themselves or any other parties which have or may have stakes or conflicts of interest. However, the prohibition does not extend to common transactions within the specific scope of authorisation, such as transactions relating to the sale or purchase of products or services to or from conflicting parties, under a specific amount, expressly pre-defined. The Managing director shall be responsible to the Board of Directors.

REMUNERATION OF DIRECTORS AND MANAGEMENT

Directors

(Unit: THB m)

Remuneration Type	2010	
	Persons	Amount
Meeting and Retainer Fee	12	1.83
Directors and Officers Liability and Corporate Reimbursement Insurance	12	0.65

Details of remuneration of Company Directors in 2010 are as follows:

(Unit: THB)

NO.	NAME	Meeting and Retainer Fee
1.	Mr. Vichet Bunthuwong	83,333
2.	Mr. Simon Morris Gerovich	-
3.	Mr. Mark Michael Reinecke	-
4.	Mr. Arthur Hugh Napolitano	-
5.	Mr. Chaipatr Srivisarvacha	41,667
6.	Mr. Witit Sujjapong	437,500
7.	Mr. Krish Detter	450,000
8.	Pol.Gen. Viroj Phaholvech	41,667
9.	Mr. Christiaan Brett Straatemeier	-
10.	M.R. Chatu Mongol Sonakul*	437,500
11.	Ms. Romchalee Chanprasit**	333,333
12.	Mr. Philip Andrew White***	-
Total		1,825,000

*M.R. Chatu Mongol Sonakul resigned effective on 16 Aug. 2010.

**Former name was Ms. Chanyaphat Chanprasit; resigned effective on 11 Nov. 2010.

***Mr. Philip Andrew White resigned effective on 5 Aug. 2010.

Management

(Unit: THB)

Remuneration Type	2010	
	Persons	Amount
Salary	10	25.97
Other welfare, such as social security fund, provident fund	10	1.80
Health insurance, rental allowances, traveling allowances	10	0.27
Total	10	28.04

Employees

As of 31 December 2010, the Company (not including subsidiaries and associates) has 36 employees excluding 7 Management who are divided into 2 major departments as below detail;

Department	No. of Employees
Investments and Development	15
Corporate	21
Total	36

Remuneration of employees

(Unit: THB)

Remuneration Type	2010	
	Persons	Amount
Salary	36*	27.34
Other welfare, such as social security fund, provident fund	36*	1.57
Health insurance, rental allowances, traveling allowances	36*	0.77
Total	36*	29.68

*as of 31 December 2010

GOOD CORPORATE GOVERNANCE

Corporate Governance Policy

In recognition of the importance of good corporate governance, the Board of Directors agree to establish standards of business administration in order to achieve efficient and transparent operations, increase competitiveness, and provide fair treatment and confidentiality to all stakeholders. In 2004, the Company appointed an Audit Committee to provide advice and scrutinise the Company's good governance policy. The policy should establish the rights and equality of shareholders and stakeholders, the definition of the structure, responsibilities, duties, accountability and independence of the committee, accurate and regular disclosure of information to the public, risk control and management, and ethical business administration.

The Company has complied with the principles of good corporate governance for listed companies, which have been laid down by the Stock Exchange of Thailand and presented into 5 categories as follows:

- 1) Rights of Shareholders
- 2) Equitable Treatment of Shareholders
- 3) Role of Stakeholders
- 4) Disclosure and Transparency
- 5) Responsibilities of the Board of Directors

1. Rights of Shareholders

The Company recognises the rights of all shareholders and demonstrates its respect for shareholders' rights by encouraging them to exercise their basic rights after stock trading and the right to receive dividends. These rights include:

- Secure method of ownership registration
- Convey and transfer shares
- Obtain relevant and material information on timely and regular basis
- Participate and vote in general shareholder meetings
- Assign a proxy to vote on their behalf in meetings
- Be informed of the rules that govern shareholder meetings
- Give opinions and ask questions in shareholder meetings
- Vote to elect or remove Directors
- Vote to appoint independent auditors and set annual audit fees
- Share the profits of the company
- Participate in and be informed regarding major decisions concerning fundamental corporate changes

In disclosing information, the Company will report the Company's current situation and future trends to shareholders equally, regularly, and accurately. In organising an annual ordinary shareholders meeting, the Company will send an invitation with information relevant to the meeting attached seven working days before the meeting and the Company shall serve a notice, once completely prepared, or posted visibly on the Company's website at www.evolution.co.th, so that the shareholders shall have access to information and in order that the shareholders have sufficient time to study the information and documents relevant to the meeting.

The Shareholders' Meeting is been organised once a year. However, in the case of an urgent agenda, an extraordinary meeting may be requested. Every shareholder is able to vote and voice his opinion or make inquiries before decisions are made on each matter.

2. Equitable Treatment of Shareholders

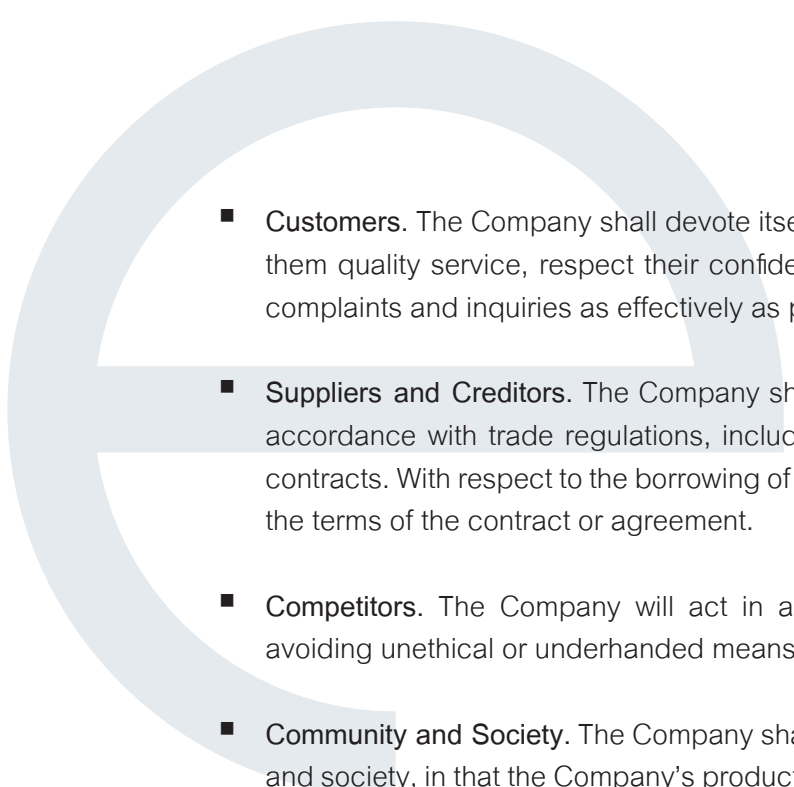
- The Board of Directors values the importance of shareholders' meetings and shall facilitate all shareholders to attend the meetings, gain access to information, and exercise voting rights at these meetings in an equitable manner.
- The Board of Directors shall present important matters to shareholders so that they can participate in the decision-making while ensuring that shareholders receive full, adequate and timely information for decision-making purposes. In addition, it shall support and facilitate appropriate voting procedures including voting by proxy.

The Company has adopted measures to prevent the Board and Executives using inside information, abusive self-dealing, insider trading, or disclosure of inside information to those related to the Board and management so as to take advantage for their own positions which might cause damage for shareholders as a whole. In addition, the Board of Directors and management shall file, on a quarterly basis, a report of their securities compared with preceding quarter so that the Board of Directors is aware of any change thereof. In 2010, the Board of Directors and management have duly adhered to this requirement.

3. Role of Stakeholders

The Company recognises the importance of the rights of all stakeholders, including shareholders, management, employees, customers, suppliers, the community, society, and relevant government and private agencies. Recognising the need for stakeholders' support, which strengthens competitiveness and business operations in the long term, the Company operates in accordance with relevant rules and regulations, to ensure that the rights of all stakeholders are upheld.

- **Shareholders.** The Company aims to represent the best interests of its shareholders in all its business operations, and accurately disclosure information to them.
- **Management and Employees.** The Company shall treat all managers and employees equally and fairly. The management and employees have the right to receive remuneration and benefits in accordance with their position, duties, and performance.

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- **Customers.** The Company shall devote itself to its customers, be responsible to them, offer them quality service, respect their confidentiality, and assign personnel to deal with their complaints and inquiries as effectively as possible.
 - **Suppliers and Creditors.** The Company shall buy products and services from suppliers in accordance with trade regulations, including agreeing to act in accordance with supply contracts. With respect to the borrowing of money, the Company will act in accordance with the terms of the contract or agreement.
 - **Competitors.** The Company will act in accordance with a good regulatory framework, avoiding unethical or underhanded means to eliminate competition.
 - **Community and Society.** The Company shall act responsibly with respect to the community and society, in that the Company's products shall not have negative effects on society, and shall create a good image for the Company.

4. Disclosure and Transparency

The Company gives a high priority to the disclosure of the Company's financial reports, and operational information, and is committed to their accuracy, completeness, transparency, quality, and the timely release to investors and the public through the Stock Exchange of Thailand and the Company's website www.evolution.co.th In addition, the Compliance Department is responsible for information disclosure to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) to ensure the Company's compliance with the laws and regulations.

5. Responsibilities of the Board of Directors

Leadership and Vision

Based on the values of integrity, morality, and business ethics; the Board of Directors shall determine the Company's vision, policy and business direction, annually review and approve strategies, policies, financial and operating objectives, follow up on the management's implementation of the operating plan, provide appropriate internal control, internal audit, and risk management. They shall also ensure that the management team performs its duties according to the objectives and guidelines, thereby delivering maximum benefits to shareholders.

The Board of Director's Responsibilities


- To perform its duties in compliance with the law, the Company's objectives and Articles of Association, including resolutions of the shareholders' meetings, with honesty, integrity and prudence while protecting the Company's interest.
- To set up vision, policies and the direction of the Company's business operations and monitor the implementation of the Company policies by management to ensure efficiency, effectiveness and maximum value to the Company and its shareholders.
- To evaluate performance and determine remuneration for the Company's management.

- To consider and approve material issues as stipulated by law.
- To establish reliable systems of accounting, financial reporting and auditing. This includes evaluating procedures in internal control assessment and follow-up processes, and ensuring the efficiency and effectiveness of internal audits, risk management, and financial reports.
- To ensure that no conflicts of interest occur amongst stakeholders.
- To monitor business operations with the aim of ensuring ethical work standards.

In 2010, the Company held two meetings – an annual general meeting and one extraordinary meeting. The meetings were prepared for and carried out as follows:

Shareholders' Meeting

- Distribution of meeting notices. In advance of each Shareholder Meeting, the Company sends out invitation letters which state the agenda of the meeting and information relating to each agenda item, both in Thai and English. The letter reaches shareholders seven working days prior to the meeting. The Company advertises the date of the meeting in the press for at least three consecutive days, at least three days prior to the meeting.
- Assigning a proxy to vote on their behalf in the meeting. Shareholders can exercise their rights to vote either in person or in absentia with equal rights. By completing a proxy form and including the notice of the meeting, independent Directors grant permission to a shareholder to use him as their proxy.
- Meeting attendance and registration. To attend the shareholders' meeting, shareholders must present documents to verify their identity, such as an identification card or passport. A proxy must provide evidence such as the completed proxy form along with a copy of an identification card or the passport of the shareholder. Where a proxy is assigned by a juridical person, he/she must bring proxy evidence such as the proxy form along with a certified copy of business registration certificate. Shareholders presenting an identification card can pre-register two hours prior to the AGM. The Company organises a systematic and effective registration process to facilitate the shareholders attending the meeting.
- Board of Directors attendance at shareholder meetings. The Company recognises the importance of shareholders' meetings. Therefore the meeting is attended by the Board of Directors. Moreover, the Managing Director/Chief Executive Officer, Chairman of each Board Committee and the external auditor or a representative also attends the meetings to listen to opinions and answer the questions raised by shareholders.
- Shareholders' opportunities to ask questions and give opinion, resolution and records of meetings. The Company facilitates equitable rights among shareholders at meetings by declaring clear voting procedures and counting methods to all shareholders present before the meeting begins. During the meeting, shareholders have equal opportunities and are



allowed sufficient time to address issues relevant to every agenda with the Board. The Chairman of the meeting gives shareholders the opportunity to fully examine the operations of the business, ask questions and make inquiries, express their views, and make various recommendations. The Company has a policy to encourage all committee members to attend the shareholders meeting, particularly the Chairman of the Board and the Chairman of the Audit Committee, so that they may respond to inquiries and express their own views at the Shareholders' Meeting, with respect to important questions and opinions. These are recorded as a part of a report of the meeting, which is then made available for the scrutiny of shareholders unable to attend the meeting. The Company will facilitate voting by proxy. The voting and counting of votes will be carried out in an efficient and transparent manner. One vote is counted per share and a resolution is carried by the majority vote. If the votes are equal, the Chairman of the meeting shall cast the deciding vote. Voting tickets will be used where shareholders wish to make objection votes or abstention votes and will be kept for later inspection. The Company will record the resolutions of the meeting by classifying votes into approval votes, objection votes, and abstention votes for each agenda in writing and will also record in detail the questions, answers, and opinions made during the meeting. Resolution with voting results will be recorded in the minutes of shareholders' meeting.

- After the meeting. The results of the meeting are released by the Stock Exchange of Thailand on the following working day. Within 14 days, the Company then sends to each shareholder the complete minutes of the meeting containing names of Board Members/Executives in attendance, numbers/proportions of shareholders who attended, resolutions, important issues, and questions and answers.

Conflicts of Interest

To prevent issues regarding conflicts of interest, the Company appoints the Audit Committee to participate in reviewing the disclosure of connected transactions. In any Board of Directors' meeting or Board of Executive Directors' meeting, if there is any connected transaction in which conflict of interest is concerned, individual Directors who may be involved in such conflict refrain from voting. Only non-involved Directors and Audit Committee members are eligible to carefully review such connected transactions in the best interests of the Company. However, in the case that such connected transactions need to be handled in compliance with regulations, announcements, or any rules of the Stock Exchange of Thailand, such enforcement shall be strictly applied.

Business Ethics

The Board of Directors of the Company acknowledge their roles, duties, and accountability, to ensure efficient, clear, transparent operations, in accordance with relevant laws and the regulations of the Company, as well as resolutions of any Shareholders' Meeting. The principles, policies, morals and ethics of good corporate governance are issued to the Board of Directors as guidelines in carrying out their duties with honesty, morality, accountability, loyalty, and integrity, for the best interests of the Company and shareholders.

The Company establishes sets of principles regarding business ethics for the Board of Directors and the Audit Committee.

Balance of Power for Non-Executive Directors

The Board of Directors of the Company currently comprises nine Directors; three Executive Directors and six Non-Executive Directors. The Audit Committee comprises three independent Directors who account for one third of the entire Board. The balance between Executive and Non-Executive Directors is appropriate and ensures that the Directors represent the best interests of shareholders, as Non-Executive Directors make up two thirds of the entire Board. The Audit Committee shall be considered as representatives of minority shareholders and have the duty of ensuring the accuracy and transparency of the Company's operations.

Aggregation or Segregation of Positions

The Chairman of the Board of Directors shall not be the same person as the President/Managing Director. The authority of the Chairman of the Board of Directors shall be separated from that of the President/Managing Director to ensure a clear distinction between supervisory, policy-making duties, and day-to-day business administration. The Company clearly defines the responsibility and authorisation of the Board of Directors and the Audit Committee (see details in section Management Structure) to ensure transparent operations, a balance of power, and appropriate performance reviews. However, significant agenda items must be approved by the Board of Directors' meeting or Shareholders' Meeting. Authorisation granted to the Board of Directors, the Audit Committee, and the President/Managing Director, does not give power to any of them to approve any connected transaction involving themselves or their representatives, which may cause a conflict of interest with the Company.

In addition, during Board meetings, each member is free to express his views. Members' views are documented in detail in meeting reports.

Remuneration of the Board of Directors and Management

The Company clearly and transparently specifies the remuneration of Directors to be comparable to the rest of the industry, and appropriate to their duties. Remuneration is approved at the Shareholders' Meeting and is in compliance with pre-defined policies and principles set by the Directors, and therefore ties the Company's operating results to the Directors' performance.

The Company specifies the remuneration of Directors and management in accordance with regulations set by the Office of the Securities and Exchange Commission, and the Stock Exchange of Thailand.

Meetings of the Board of Directors

Board of Directors' meetings for the Company are held no fewer than once every quarter. Additional meetings may be called to discuss special agenda items. Directors must attend, except in case of an emergency. An invitation, along with the meeting agenda and relevant documents, are sent out to each Director at least seven days before the meeting to allow adequate time to study the information. In every meeting, each Director can openly and freely express his opinion. The minutes of each meeting are properly documented and, after approval from the Board, filed for auditing purposes.

Sub-committees

The Audit Committee comprising three members was appointed to supervise the Company's business for a term of two years, including its composition, scope of authority and the responsibilities of each committee member, and management structure. The Committee is required to call meetings no fewer than once every quarter. A special meeting may be requested to discuss urgent agenda items.

The Audit Committee has duties to independently review the Company's financial reports, internal control and audit, operations, selection and appointment of the Company's external auditor, disclosure of connected transactions or items concerning conflict of interest. Such an auditing process is aimed at strengthening the efficiency of control and supervision, in compliance with the policy of the MAI.

Assessment of the Board of Directors' Performance

It is the Company's policy that the Board of Directors shall meet and conduct an annual self-assessment to evaluate its performance with the aim of improving its efficiency. This evaluation covers a broad spectrum of the Board's duties, including strategic direction, supervision and monitoring of operations, members' responsibilities, teamwork, structure, policy, meetings, training, and development.

Internal Control and Audit System

The Company recognises the importance of internal control at managerial and operational levels, and clearly defines the scope of the responsibilities and authorisation of the management and employees in written documents. In addition, policies to optimise the use of the Company's assets, segregate responsibilities among operating staff, control staff, and appraise performance, are also implemented to ensure a proper balance of power.

- **Internal control.** It is the responsibility of the Board and the Audit Committee to ensure an internal control system which is effective and facilitates the management of risk at acceptable levels. Furthermore, the Board and the Audit Committee shall regularly monitor and evaluate the system for efficiency. The Audit Committee shall examine effective compliance of the Company in the following areas: the control environment, risk assessment, control activities, information and communication systems, and monitoring and evaluation processes. The internal control system is an important mechanism that assists management in the reduction of business risks, the efficiency of business operations through proper procurement of resources and attainment of goals, the protection of Company assets from losses and corruption, the accountability of financial reporting, the compliance of all personnel with laws and regulations, and the protection of shareholders' capital.

- **Internal audit.** The Company has established an independent Internal Audit Department, which reports directly to the Audit Committee and administratively to the Chief Finance Officer. An Internal Audit Charter has been established to define the mission, scope, objectives, and reporting structure including Internal Auditor authority and workflow processes for reference. The Internal Audit Office Charter is updated regularly to be consistent with current operations. For the fiscal year, the internal audit plan will be initiated and developed as guidance for audit activities.

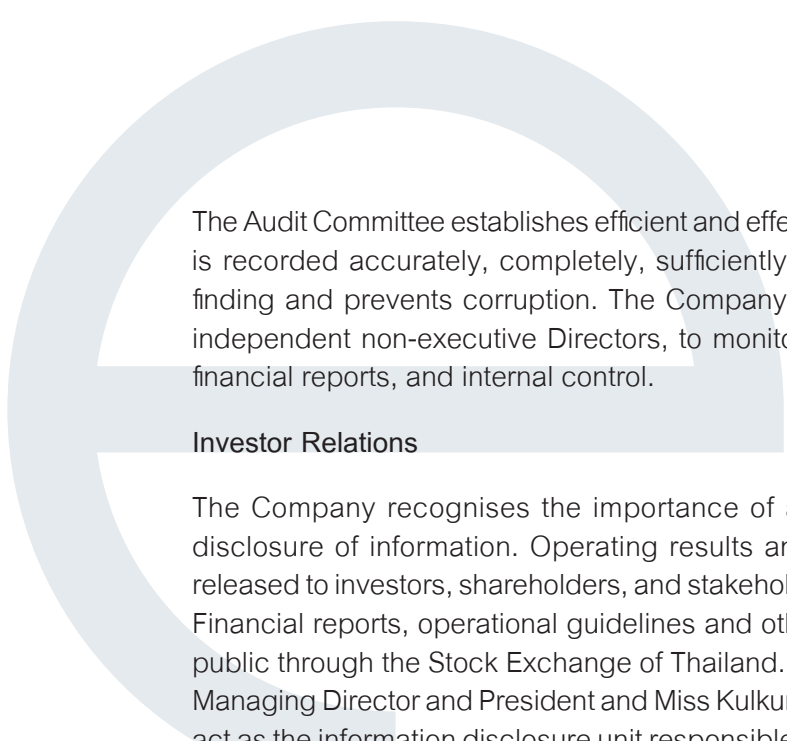
The duty of the Internal Audit Department relates to the auditing of Internal Control, Risk Management and Corporate Governance, and follows the action plan approved by the Audit Committee using a risk-based approach and includes consultation to ensure that the Company's objectives are achieved as targeted. Internal Audit also regularly monitors and adjusts these implemented systems to be in line with changes in the environment, and to ensure that errors can be corrected on time. In assessing the effectiveness of Risk Management, the Internal Audit Department reviews event identification and risk factors that affect the Company's objectives, and then reviews the Risk Management approach. This ensures the accuracy of both event identification and risk factors, and ensures that a systematic Risk Management approach exists. It also ensures that risk is managed at the appropriate level, reported in a timely manner to all relevant personnel and reviewed continuously. In assessing the effectiveness of Internal Control, the Internal Audit Department has developed a questionnaire for each process, and reviews the outcome of each operation to ensure that the Company's objectives are achieved effectively and efficiently, that rules and regulations are strictly followed, and that the financial report is reliable. In assessing the effectiveness of corporate governance, the Internal Audit Department performs audits following the good corporate governance criteria of the Securities Exchange Commission (SEC). This ensures that the Company has the necessary infrastructure and supporting processes to approach good corporate governance and achieve fairness for all stakeholders.

The Internal Auditor acts as a secretary to the Audit Committee to enhance the effectiveness of its responsibility and accountability for all functions of the Audit Committee, as assigned by the Board of Directors, and arranges Audit Committee meetings regularly. The Internal Auditor has the additional role of advising management in the area of information security, and supporting employees to realise the importance of information security.

The Internal Audit Department adheres to the Standards for the Professional Practice of Internal Auditing and the Company continuously encourages its Internal Audit staff to work independently and objectively, comply with relevant standards, and emphasise quality and continuous development through training programs. has specified that managers at all levels must assess various risks that may arise in the business operations of the Company, and include them in a regular report to the Chief Executive Officer, in order that he/she may analyse, summarise and report the monthly operating results to the Board.

Reports of the Audit Committee

The Audit Committee supervises significant business transactions, good governance, financial statements, and financial information contained in the annual report. Such financial statements and reports must be prepared in accordance with generally acceptable accounting policies and standards. In addition, proper discretion, optimum evaluation, and sufficient disclosure of important information must also be incorporated in the financial notes.



The Audit Committee establishes efficient and effective internal control to ensure financial information is recorded accurately, completely, sufficiently and in a timely manner, while it facilitates fault finding and prevents corruption. The Company also appoints the Audit Committee, comprising independent non-executive Directors, to monitor and review accounting policies, the quality of financial reports, and internal control.

Investor Relations

The Company recognises the importance of accurate, complete, transparent and thorough disclosure of information. Operating results and organisational information must be regularly released to investors, shareholders, and stakeholders to ensure they can make accurate decisions. Financial reports, operational guidelines and other information are released to investors and the public through the Stock Exchange of Thailand. The Company appointed Mr. Simon Gerovich as Managing Director and President and Miss Kulkunya Ratanapongdhara, the Company Secretary, to act as the information disclosure unit responsible for information disclosure to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) and to ensure that the Company complies with the applicable laws and regulations.

Inside Information Handling

The Company enforces strict policies regarding the use of inside information as follows:

- Inside information shall be disclosed only to relevant persons, who shall handle it properly. Disclosure of such information shall be made by authorised persons only.
- Directors and management must be aware of the scope of responsibility and accountability in handling inside information, without revealing such information for personal benefit or share trading.
- The Company's Directors and management must prepare a report on the securities holdings of the Directors and/or management, spouses and minor children, and persons related to the Directors and/or management, in accordance with Article 258 of the 1992 Securities and Exchange Act, within three official days from the day of changes in securities holdings, in accordance with Article 59 of the 1992 Securities and Exchange Act.
- Directors, management, and employees in divisions involved with inside information, should refrain from securities trading for a period of one month before the Company's financial statements are revealed to the public
- The Company establishes degrees of punishment for different levels and intention concerning information mishandling, ranging from written warnings, salary deductions, unpaid employment, suspension, to termination of employment.

Human Resources Development Policy

The Company's human resource development policy emphasises the enhancement of staff quality through continual in-house training in a number of areas, as appropriate to the work functions of the staff from each division. This is to ensure that the Company's staff continually enhances their knowledge and understanding of techniques, technology, and work-related skills. In addition, the Company sends personnel with suitable potential to attend external training seminars run by field experts, in order to enhance and deepen their knowledge in various specialist areas, such as technology, thus helping them to work more effectively.

CONNECTED TRANSACTIONS

In accordance with the resolution of the meeting of the Board 9/2003, on 31 August 2003, which was attended by all three Audit Committee members, a policy regarding possible future connected transactions was specified as follow:

1. In the case where the company has connected transactions, the company policy is to proceed in the same manner as all other businesses which refer to market prices and conditions, in that the Company shall allow the Audit Committee to consider or give their opinion on the necessity and suitability of engaging in the connected transaction. This includes those cases where it is necessary for the Company to have independent values, experts or financial advisers, express their views on aforementioned connected transactions, in order to be able to use this as information on which to base the decisions of the Board or Shareholders, depending on the case. This is to ensure that the connected transactions are aligned with market prices, are suitable and are compatible with normal business activity. Thus, the Company shall disclose information pertaining to connected transactions in the budget report, as compiled by the Company's auditor, and the annual report.
2. In the case where the Company has connected transactions, the Board shall act in accordance with the law related to securities and the Stock Exchange, including decrees, announcements, orders, and the regulations of the Stock Exchange of Thailand, i.e. act in accordance with regulations regarding the transparency of information concerning connected transactions, and the valuation of assets, where they have been received or sold, where they are assets crucial to the Company and its subsidiaries.

During 2010 the Company had connected party transactions with parties related through common shareholding and/or directorship.

The audited financial statements of the Company reflect a summary of connected transactions.

FINANCIAL HIGHLIGHTS

Financial Statement

Summary of Financial Position and Operation Results

Tables showing the balance sheet and profit-loss statement on 31 December 2010 and for the previous two years are shown below:

Balance Sheet	31-Dec-2008		31-Dec-2009		31-Dec-2010	
	Baht	%	Baht	%	Baht	%
Assets						
Current Assets						
Cash and cash equivalents	91,755,767	17.0%	54,055,711	10.4%	133,388,259	14.9%
Trade receivables	9,139,955	1.7%	6,548,954	1.3%	7,857,778	0.9%
Project development cost in progress	83,060,491	15.4%	-	0.0%	-	0.0%
Other current assets	12,900,653	2.4%	27,227,779	5.3%	75,294,895	8.4%
Total current assets	196,856,866	36.4%	87,832,444	17.0%	216,540,932	24.1%
Non-Current Assets						
Deposits with financial institutions	1,000,000	0.2%	-	0.0%	200,000	0.0%
Business guarantee deposit	-	0.0%	-	0.0%	25,000,000	2.8%
Investment in available-for-sales securities	-	0.0%	-	0.0%	10,071,000	1.1%
Investments in associated companies	168,097,356	31.1%	165,842,106	32.1%	394,626,771	43.9%
Interests in joint ventures	-	0.0%	499,569	0.1%	-	0.0%
Project development cost in progress	-	0.0%	87,252,550	16.9%	85,711,550	9.5%
Land awaiting for development	54,699,268	10.1%	59,376,868	11.5%	59,403,868	6.6%
Equipment, net	26,732,436	4.9%	23,827,653	4.6%	18,430,267	2.1%
Intangible assets, net	7,817,952	1.4%	5,999,323	1.2%	3,900,552	0.4%
Leasehold right of land, net	80,691,018	14.9%	77,942,715	15.1%	75,194,412	8.4%
Withholding tax deducted at source	1,736,292	0.3%	5,229,357	1.0%	5,636,439	0.6%
Other non-current assets	3,305,865	0.6%	3,508,292	0.7%	3,502,436	0.4%
Total non-current assets	344,080,187	63.6%	429,478,433	83.0%	681,677,295	75.9%
Total Assets	540,937,053	100.0%	517,310,877	100.0%	898,218,227	100.0%
Liabilities and Shareholders' Equity						
Equity						
Current Liabilities						
Trade accounts payable	7,557,980	1.4%	2,698,455	0.5%	2,859,515	0.3%
Construction payable	1,598,539	0.3%	895,301	0.2%	710,500	0.1%
Warrant subscription payable	-	0.0%	-	0.0%	39,001,395	4.3%
Current portion of lease payable due	111,123	0.0%	87,361	0.0%	36,400	0.0%
Amount due to broker	-	0.0%	-	0.0%	6,536,476	0.7%
Amounts due to and advance from related companies	-	0.0%	-	0.0%	32,841	0.0%
Loan from financial institution	-	0.0%	-	0.0%	56,400,000	6.3%
Advance receipt from customers	30,293,725	5.6%	2,694,056	0.5%	3,429,525	0.4%
Loan from non-related parties	-	0.0%	12,500,000	2.4%	6,353,256	0.7%
Other current liabilities	10,029,082	1.9%	5,375,606	1.0%	6,450,447	0.7%
Total current liabilities	49,590,449	9.2%	24,250,779	4.7%	121,810,355	13.6%
Non-Current Liabilities						
Long-term lease payable, net	123,761	0.0%	36,400	0.0%	-	0.0%
Provision	2,500,000	0.5%	2,500,000	0.5%	-	0.0%
Total non-current liabilities	2,623,761	0.5%	2,536,400	0.5%	-	0.0%
Total Liabilities	52,214,210	9.7%	26,787,179	5.2%	121,810,355	13.6%
Shareholders' Equity						
Common share of Baht 1 each	521,366,118	96.4%	521,366,118	100.8%	694,000,000	77.3%
Warrants to purchase ordinary shares	-	0.0%	-	0.0%	34,700,000	3.9%
Premium on share capital	212,778,719	39.3%	212,778,719	41.1%	212,778,719	23.7%
Unrealised gain on available-for-sales securities	-	0.0%	-	0.0%	75,341	0.0%
Currency translation differences	(17,424)	0.0%	142,841	0.0%	(5,409,807)	-0.6%
Legal reserve	2,661,312	0.5%	2,661,312	0.5%	2,661,312	0.3%
Unappropriated	(252,389,110)	-46.7%	(249,114,926)	-48.2%	(162,397,693)	-18.1%
Minority interest	4,323,228	0.8%	2,689,634	0.5%	-	0.0%
Total Shareholders' Equity	488,722,843	90.3%	490,523,698	94.8%	776,407,872	86.4%
Total Liabilities and Shareholders' Equity	540,937,053	100.0%	517,310,877	100.0%	898,218,227	100.0%

Profit-Loss Statement	31-Dec-2008		31-Dec-2009		31-Dec-2010	
	Baht	%	Baht	%	Baht	%
Revenues						
Revenue from sales	-	0.0%	-	0.0%	5,051,970	1.6%
Services income	11,515,299	22.7%	15,224,408	9.6%	16,347,908	5.1%
Advisory income	34,370,969	67.8%	119,327,317	75.6%	34,290,648	10.8%
Investment services income	-	0.0%	-	0.0%	195,124,660	61.4%
Management income	-	0.0%	4,107,756	2.6%	40,204,565	12.6%
Profit from acquisition of minority interest in subsidiaries	-	0.0%	-	0.0%	1,731,364	0.5%
Realised gain on disposal investment in trading securities	-	0.0%	-	0.0%	935,769	0.3%
Interest income	4,164,620	8.2%	1,069,182	0.7%	2,440,335	0.8%
Other income	607,587	1.2%	18,076,565	11.5%	21,758,281	6.8%
Total Revenues	50,658,475	100.0%	157,805,228	100.0%	317,885,500	100.0%
Expenses						
Cost of sales	-	0.0%	-	0.0%	4,707,610	2.0%
Cost of services	15,159,608	7.8%	12,806,219	8.2%	12,934,556	5.6%
Cost of advisory	34,399,619	17.6%	40,574,778	26.0%	18,619,123	8.1%
Selling and administrative expenses	135,116,042	69.3%	74,463,405	47.7%	113,592,444	49.2%
Directors and managements' remuneration	-	0.0%	20,235,456	13.0%	29,245,500	12.7%
Share of loss from investment by using equity method	10,311,878	5.3%	8,072,219	5.2%	51,714,773	22.4%
Total Expenses	194,987,147	100.0%	156,152,077	100.0%	230,814,006	100.0%
Loss before interest expense and corporate income taxes	(144,328,672)	-284.9%	1,653,151	1.0%	87,071,494	27.4%
Interest expense	(108,522)		(2,643)		(1,296,068)	
Corporate income tax						
Net loss for the year	(144,437,194)	-285.1%	1,650,508	1.0%	85,775,426	27.0%
Attributable to:						
Shareholders of the parent	(141,900,422)	-280.11%	3,274,184	2.07%	86,717,233	27.28%
Minority interest	(2,536,772)		(1,623,676)		(941,807)	
Net loss for the year	(144,437,194)	-285.12%	1,650,508	1.05%	85,775,426	26.98%

Financial Ratios	2008	2009	2010
Liquidity ratio	4.0	3.6	1.8
Quick ratio	2.0	2.5	1.2
Initial profit rate (%)	2.2	66.2	88.6
Profit rate from operation (%)	(284.9)	1.0	27.4
Net profit rate (%)	(285.1)	1.0	27.0
Net profit (loss) per share (Baht)	(0.3)	0.0	0.1

Note:

1. In accordance with the resolutions of the Shareholders' Meeting 4/2004, on 26 August 2004, the Company changed its shares' par value from THB 10.00 per share to THB 1.00 per share.
2. As of 31 December 2006, the Company had 40.93 million common shares, par value THB 1.00 fully paid.
3. As of 31 December 2007, the Company had 409.32 million common shares registered, par value THB 1.00, issued and paid up 391.37 million common shares.
4. As of 31 December 2008, the Company had 521.37 million common shares registered, par value THB 1.00, issued and paid up 521.37 million common shares.
5. As of 31 December 2009, the Company had 694 million common shares registered (increase of registered capital by 172.63 million common shares), par value THB 1.00 per share, with issued and paid-up of 521.37 million common shares.
6. In accordance with the Shareholder's Meeting resolution No. 1/2010, on 19 November 2010, the Company has approved to issue the rights of warrants 347 million units, at the offering price of THB 0.10 per warrant totaling THB 34.7million, to purchase the Company's ordinary shares by way of rights issue. The Company then had 1,041 million common shares registered (increase of registered capital by 347 million common shares), par value THB 1.00 per share, with issued and paid-up of 694 million common shares as of 31 December 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Description and Analysis of Financial Position and Operating Results Operating Performance Overview

2010 was largely a year of set-backs for the Company's Thailand initiatives and business lines, in the light of severe political dysfunction on the local front which curtailed the Company's Fund advisory and development platform. However, these setbacks were offset by the Company's regional business commencing through the establishment of Red Planet Hotels Limited, as well as local business conditions improving in 4Q such that Project Andaman could proceed to the tender stage and that new Thai initiatives could be commenced.

In 2010 the Company's Net Profit was of THB 86.7 million, an increase of 83.4 million, or 2,527% from 2009 as revenues from the Company's asset management and development management business lines were reduced due temporary cessation of a client's construction projects but were supported by investment services income performed for Red Planet Hotels Limited, which is building out budget hotels across South East Asia under the TuneHotels.com (sister company of Air Asia) brand.

In line with the intention to position itself for a sustainable growth phase, the Company continues to recruit the best human resources available in order to continue building a competitive and professional organisation capable of successfully executing Evolution Capital's business plan.

Operating Results Analysis

Revenues

Revenue for 2008 was THB 50.7 million, significant increasing to THB 157.8 million in 2009. An increase of THB 107.1 million or 211.2% was mainly due to an increase in revenue from property development consulting services, representing a growing property advisory service product line, as well as recognized other revenue from withholding tax refund for the year 2004-2006 from Revenue Department.

Revenue dramatically increased to THB 317.9 million in 2010, an increase of THB 160.1 million or 101% was mainly due to revenue from a new business line, investment services. Revenue from property development consulting services diminished due to a temporary suspension of a client's construction project. Revenue on a quarterly basis in 2009 and 2010 are represented below:

(Unit: '000 THB)		
Consolidated Revenues	FY2009	FY2010
Q1	67,403	30,375
Q2	44,746	102,436
Q3	22,143	96,293
Q4	23,513	88,782

Income from Sales and Services

Sales and Service income is generated from two major sources: Business Advisory services, Investments and Property Development consulting services and Digital Media and Creative Media services. Total revenues from these two services totaled THB 45.9 million in 2008, THB 134.5 million in 2009, and THB 250.8 million in 2010.

Details regarding income from services classified by segment, from 2008 to 2010, are as follows.

Type of Income	2008		2009		2010	
	Income	%	Income	%	Income	%
Business advisory services, Investment and Property development consulting services	34,371	68.7	119,327	88.0	229,415	90.6
Digital media and Creative media services	11,515	23.0	15,224	11.2	21,400	8.4
Total income from services	45,886	91.7	134,551	99.2	250,815	99.0

(Unit: '000 THB)

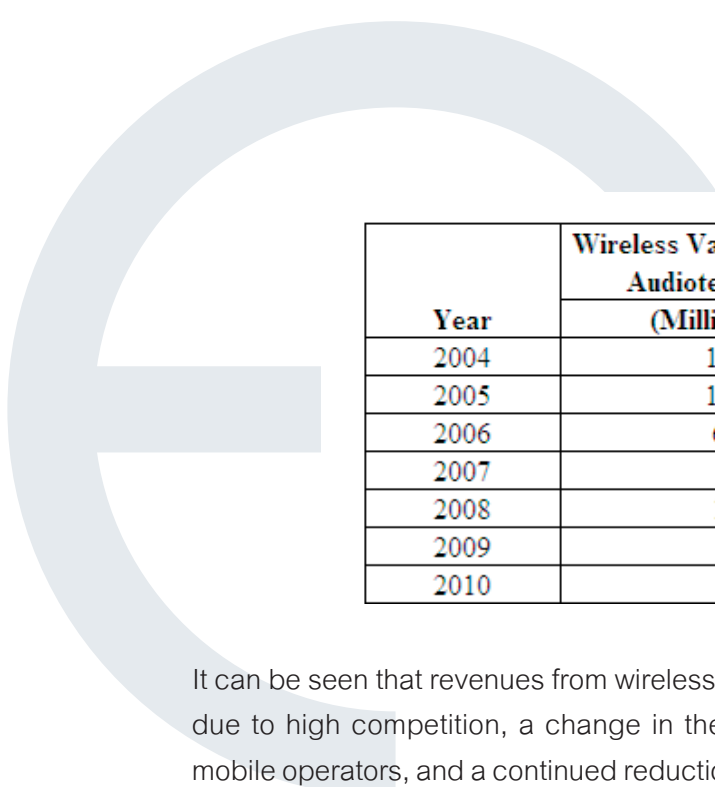
1) Revenues from Business Advisory services, Investment and Property Development Consulting Services

With the Company's beginning to provide Property Development Consulting Services at the end of 2007, revenues in 2008 were improved to THB 34.4 million, or 74.9% of total revenues, and increased to THB 119.3 million, or 88.7% of total revenues in 2009. However, due to the severe political obstacles in Thailand, a client's construction project was temporary suspended, which consequently decreased revenue in 2010 to THB 34.3 million. The reduction of revenue from Property Development Consulting Services was offset by the revenue from investment services income in regard to creating and developing an investment platform for the roll-out of budget hotels under the TuneHotels.com brand, by which the Company recognised THB 195.1 million for the year 2010.

However, as Thailand recovers from the tragic civil unrest in April and May 2010, visitor arrivals are running at all-time highs, and it is an opportune time to proceed to construction in 2011. Therefore, the Company expects higher revenue from Property Development Consulting Services in 2011.

2) Revenues from Wireless Valued Added and Interactive Solution Services

When the Company began providing wireless VAS, revenues from wireless VAS amounted to only THB 0.3 million, or 4.0% of total revenues from services in 2001. However, as a result of the Company's awareness of the continued increase in the popularity of wireless VAS, such as ring tones, text and graphics, and mobile phone games, the Company began to put greater emphasis on wireless VAS, to the extent that they became the main business of the Company from 2002 onwards, at least for a few years. Details regarding income from wireless VAS from 2004 to 2010 are as follows:



Year	Wireless Value Added and Audiotex Services	Proportion of total revenue
	(Million THB)	(%)
2004	104.1	87.8
2005	126.8	86.8
2006	69.9	86.8
2007	21	48.2
2008	11.5	25.1
2009	9.5	6.0
2010	9.8	3.1

It can be seen that revenues from wireless VAS decreased over the five years period 2006 – 2010 due to high competition, a change in the revenue sharing model between the Company and mobile operators, and a continued reduction of marketing activities. However, the Company is still developing new strategies for wireless the VAS business in order to boost revenues.

The Company furthermore began providing digital media marketing services by the end of 2010, and it is expected that revenue from this business line will be more than double in 2011.

Cost of Service, Sales, and Administrative Expenses

(Unit: '000 THB)

Costs and Expenses	2008		2009		2010	
	Thousand THB	%	Thousand THB	%	Thousand THB	%
Cost of sales and service	15,160	8.2	12,806	8.6	17,642	9.9
Cost of property advisory services	34,399	18.6	40,575	27.4	18,619	10.4
Selling and administrative expenses	135,116	73.2	94,699	64	142,838	79.8
Total cost of sales and service, cost of property advisory service, selling and administrative expenses	184,675	100.0	148,080	100.0	179,099	100.0

Cost of sales, service, selling and administrative expenses during the period 2008 to 2010, divided into fixed/variable cost of service provision, and fixed/variable sales and administrative expenses, are summarised as follows:

Cost of sales and service amounted to THB 15.2 million, or 30.0% of total revenues, in 2008, THB 12.8 million, or 8.1% of total revenues, in 2009, and THB 17.6 million, or 5.5%, of total revenues in 2010.

Cost of investment and property advisory services amounted to THB 34.4 million, or 67.9% of total revenues, in 2008, THB 40.6 million, or 25.7% of total revenues, in 2009 and THB 18.6 million, or 5.9% of total revenues, in 2010.

Selling and administrative expenses amounted to THB 135.1 million, or 266.7% of total revenues, in 2008, THB 94.7 million, or 60.0% of total revenues, in 2009, and THB 142.8 million, or 44.9% of total revenue, in 2010. The increased cost base was due primarily to increases in staffing resources as new business lines were added and increased costs pertaining to third parties' management services, professional fees and a loss from the devaluation of a derivative call option.

Finance costs

In 2010, the Company had a short-term loan facility from a local financial institution through a line of credit of THB 60 million in the form of a three-month promissory note which bore interest at the rate of MLR minus 1% per annum. The loan is due for repayment on a quarterly basis based on 60% of the amount of each loan drawdown within 18 months and the balance 40% to be repaid within 31 December 2011. Therefore, the Company had interest payments of THB 1.3 million in 2010, whilst interest payment for 2009 and 2008 of THB 0.01 million and THB 0.10 million, respectively, are interest payment arising from hire purchase arrangements for the Company's vehicles.

Net Profits/Losses

In 2008, the Company posted a net loss of THB 144.4 million mainly due to continuing efforts to develop internal infrastructure to support the new property advisory business, as well as expenses related to rationalisation of non-core resources.

In 2009, the Company posted a net income of THB 3.3 million, mainly due to a revenue increase from property development consulting services, other income from withholding tax refunds, and a decrease of selling and administrative expenses in particular, professional fees, advertising, and travel expenses.

In 2010, the company posted a net income of THB 86.7 million, mainly due to revenue from investment services income.

Year	Losses from operations eligible for tax benefits (THB m)	Year of expiration
2006	(19.7)	2011
2007	(56.0)	2012
2008	(88.5)	2013
2009	(1.3)	2014
2010	(50.7)	2015
Total	(216.2)	

The Company is permitted to use, as tax shield benefits, losses of THB 216.2 million from past business operations, until 2015. The period during which tax shield benefits may be utilised will diminish each year until they expire, as per the table above. Should the tax shield benefits arising from past losses expire, the Company is then obliged to pay corporate income taxes, calculated as a percentage of profits before tax.



ANALYSIS OF FINANCIAL STATUS

Assets

As of 31 December 2010, the Company had total assets of THB 898.2 million, an increase of THB 380.9 million from the end of 2009, due mainly to an increase of investment in associates, investments in trading and available-for-sales securities, and cash receipts from warrant subscriptions.

Liabilities and Shareholders' Equity

As of 31 December 2010, the Company had total liabilities of THB 121.8 million, an increase of THB 95 million from the end of 2009, due mainly to an increase of loans from financial institutions and warrant subscriptions payable. Total shareholders' equity is THB 776.4 million, an increase of THB 285.9 million from the end of 2009, due mainly to an increase of issued and paid-up capital and warrants to purchase ordinary shares. The 2010 un-appropriated retained earnings are negative THB 162.4 million, a decrease of THB 86.7 million from 2009.

REMUNERATION OF AUDITORS

Section 120 of the Public Companies Act requires that, every year, the Annual General Meeting of Shareholders appoints the Company's auditors and determines their remuneration. The existing auditors may be reappointed.

In addition, the notification of the Securities and Exchange Commission no. Kor Jor. 39/2548 regarding rules, criteria and procedures for disclosure of financial status and operating results of securities issuing companies (item no. 20) requires that such companies ensure the rotation of their auditors if such auditors have performed their duties for 5 consecutive accounting years. However the Company is not required to engage a new audit firm, which means the Company may appoint any other auditor in the existing audit firm to replace the existing auditors.

The 2010 Annual General Meeting of Shareholders approved the appointment of Mrs. Anothai Leekitwattana, Certified Public Accountant (Thailand) No. 3442, and/or Mrs. Unakorn Phruithithada, Certified Public Accountant (Thailand) No. 3257, and/or Mr. Boonlert Kamolchanokkul, Certified Public Accountant (Thailand) No. 5339, and/or Mr. Sudwin Panyawongkhanti Certified Public Accountant (Thailand) No. 3534 of PricewaterhouseCoopers ABAS Limited as the auditors of the Company. Any one of them is authorised to conduct the audit and render an opinion on the financial statements of the Company

No relationships or interests exist between the nominated auditors and the Company and its subsidiaries or any of its executives, major shareholders, or their affiliates.

Table showing the auditor's remuneration for the year ended 31 December 2010 is shown below:

Company	Audit Fee	Increase/ Decrease Fee during the year	Out of Pocket	Total
Evolution Capital Public Company Limited	1,900,000	-	31,890	1,931,890
Subsidiaries	770,000	65,000	14,000	849,000
Total	2,670,000	65,000	45,890	2,780,890

APPENDIX 1

President, Directors and Executive Management Background as of 31 December 2010

No	Name / Surname	Age (Year)	Education	% of Shareholding	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
1	Mr. Vichet Bunthuwong	64	Master Degree MBA College of Notre Dame, USA	-	-	2010 - Present	Chairman of the Board of Directors	Evolution Capital Plc.
			Bachelor Degree A.M.P. University of Hawaii, USA			2009 - Present	Director and Chairman to the Audit Committee	Government Savings Bank
						2009 - Present	Audit Committee	The Royal Bangkok Sport Club
2	Mr. Simon Morris Gerovich	33	Bachelor Degree B.A., cum laude, Applied Mathematics Harvard University, USA	2.9%	-	2007 - Present	President & Managing Director	Evolution Capital Plc.
			Thai Institute of Directors -DAP			2005 - 2007	Managing Director	Sphinx Partners Co., Ltd. - Real Estate Consultancy
3	Mr. Mark Michael Reinecke	42	Bachelor Degree LLB. London School of Economics, UK	0.4%	-	2007 - Present	Director	Evolution Capital Plc.
			Bachelor Degree Georgetown University, School of Foreign Service, USA			2002 - Present	Director	Kudu Co., Ltd. - Holding Company
			Thai Institute of Directors -DAP					
4	Mr. Arthur Hugh Napolitano	54	Bachelor Degree Royal Military Academy Sandhurst, UK	-	-	2007 - Present	Director	Evolution Capital Plc.
			Thai Institute of Directors -DAP			2002 - Present	Director	Kudu Co., Ltd. - Holding Company

APPENDIX 1

No	Name / Surname	Age (Year)	Education	% of Shareholding	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
5	Mr. Witit Sujjapong	56	Master Degree M.S. in Economics, Hitotsubashi University, Tokyo	-	-	2006 - Present	Chairman of Audit Committee & Director	Evolution Capital Plc.
			Bachelor Degree B.S. in Economics, Hitotsubashi University, Tokyo			2005 - Present	Audit Committee & Director	Easy Buy Plc. - Consumer Finance
			Thai Institute of Directors - Director Certification Program (DCP57)			2006 - Present	Director	Advanced Concept Plating Co., Ltd. - Electronic parts manufacturer
6	Mr. Krish Detter	41	Bachelor University of Southern California, Los Angeles, U.S.A.	(570,300 shares)	-	2007 - Present	Audit Committee & Director	Evolution Capital Plc.
			Thai Institute of Directors - Director Certification Program (DCP)			2007 - Present	Managing Director	Espy Capital Co., Ltd. -Sanitary ware
						2002 - 2006	Vice President, Head of Capital Markets Department	SCB Securities Co., Ltd. - Investment Banking
7	Mr. Christiaan Brett Straatemeier	45	Bachelor Degree Bachelor of Administration Griffith University	-	-	2008 - Present	Director	Evolution Capital Plc.
						2004 - Present	Principal/ Managing Director	MGPA - Hong Kong - Asset Management
8	Mr. Chaipatr Srivisarvacha	51	Master Degree MBA (Finance) Illinois Benedictine, U.S.A.	-	-	2010 - Present	Director	Evolution Capital Plc.
			Bachelor Degree Bachelor of Science (Metallurgy) Lehigh University, U.S.A.			2009 - Present	Executive Chairman & CEO	KT ZMICO Securities Company Limited

APPENDIX 1

No	Name / Surname	Age (Year)	Education	% of Shareholding	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
9	Pol. Gen. Viroj Phaholvech	62	Thai Institute of Directors - Director Certification Program (DCP) - Certificate of Chairman Master Degree National Institute of Development of Administration Bachelor Degree Police Cadet Academy	-	-	2007 - Present	Executive Chairman & CEO	Seamico Securities Plc.
						2001 - Present	Independent Director & Audit Committee	The Brooker Group plc.
						2010 - Present	Independent Director and Audit Committee	Evolution Capital Plc.
10	Mr. Robert Edward Gilmour	60	Project Management Queensland University of Technology	(Spouse - 34,600 shares)	-	2009 – Present	SVP - Project Management	Evolution Capital Plc.
						2003 - 2007	Director	Gilmour Project Management Co., Ltd. - Project and construction management company
11	Mr. Brett Andrew Janis	41	Master Degree MBA, Columbia Business School U.S.A. Bachelor Degree M.A. Cum Laude in International Relations Georgetown University, U.S.A. A.B. Cum Laude, General Studies Harvard University, U.S.A.	-	-	2009 - Present	2009 - Present	Evolution Capital Plc.
						2006 - 2007	Senior Investment Manager	Genworth Finance, Inc. New York, USA - Financial service firm
12	Ms. Pattama Joednapa	31	Master Degree Master of Science in Finance Chulalongkorn University Bachelor of Business Administration (Accounting) Srinakharinwirot University	(64,100 shares)	-	2007 - Present	VP Finance and Accounting	Evolution Capital Plc.
						2005 - 2007	Senior Accountant	Sphinx Partners Co., Ltd. - Real Estate Consultancy

APPENDIX 2

List of Directors and Managements in Subsidiaries and Associates

Companies \ Directors		*M.R. Chatu Mongol Sonakul	Mr. Vichet Bunthuwong	Mr. Simon Morris Gerovich	Mr. Mark Michael Reinecke	Mr. Arthur Hugh Napolitano	Mr. Christiaan Brett Straatemeier	Mr. Witit Sujapong	Mr. Krish Detter	*Ms. Rornchalee Chanprasit	Pol.Gen. Viroj Phaholwech	*Mr. Philip Andrew White	Mr. Chaipat Srivisarvacha	Mr. Robert Edward Gilmour	*Mr. David Burnett	Mr. Brett Andrew Janis	Ms. Pattama Joedhapa	*Mr. Nat Nunthapiwat
Evolution Capital PCL		X	X	Y/	/	/	/	/	/	/	/	/	/	//	//	//	//	//
Subsidiaries	1. Addax Development			/	/													
	2. Evolution Land			/	/	/												
	3. Monster Media			/	/													
	4. Evolution Advisors			/	/													
	5. Evolution Holdings			/	/													
	6. Evolution Ventures			/	/													
	7. Evolution Investments			/	/													
	8. IQtrip.com			/	/													
	9. Yamu (Thailand)**			/	/										/			
	10. Yamu Villas **			/	/										/			
Associates	1. Casa Fico			/	/													
	2. Fena Park			/	/													
	3. Andaman Beach Residences			/	/													
	4. Phang Nga Hotel			/	/													
	5. Red Planet Hotels (Thailand)			/	/													
	6. Red Planet Hotel			/	/													

X = Chairman of Board of Directors Y = Managing Director / = Director // = Management

*Resigned from the Company in year 2010.

**Dissolved in year 2010.



EVOLUION CAPITAL PUBLIC COMPANY LIMIED
CONSOLIDATED AND COMPANY FINANCIAL STATEMENS
31 DECEMBER 2010

AUDITOR'S REPORT

To the Shareholders of Evolution Capital Public Company Limited

I have audited the accompanying consolidated and company balance sheets as of 31 December 2010 and 2009, and the related consolidated and company statements of income, changes in shareholders' equity, and cash flows for the years then ended of Evolution Capital Public Company Limited and its subsidiaries and of Evolution Capital Public Company Limited. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial positions as at 31 December 2010 and 2009, and the consolidated and company results of operations and cash flows for the years then ended of Evolution Capital Public Company Limited and its subsidiaries and of Evolution Capital Public Company Limited, respectively, in accordance with generally accepted accounting principles.



Anothai Leekitwattana
Certified Public Accountant (Thailand) No. 3442
PricewaterhouseCoopers ABAS Limited

Bangkok
23 February 2011

Evolution Capital Public Company Limited
Balance Sheets
As at 31 December 2010 and 2009

	Notes	Consolidated		The Company only	
		2010 Baht	2009 Baht	2010 Baht	2009 Baht
Assets					
Current assets					
Cash and cash equivalents	6	133,388,259	54,055,711	113,394,650	38,437,113
Trade accounts receivable	7, 33	7,857,778	6,548,954	5,592,328	14,926,500
Accrued income	8, 33	17,502,096	10,939,804	9,165,858	1,343,237
Amounts due from and advance to related companies, net	33	289,983	464,286	10,343,810	7,439,058
Inventory		-	37,519	-	-
Work in progress under service contract		477,364	-	-	-
Investment in trading securities	9	27,368,900	-	-	-
Short-term loans to related companies and interest receivable	33	25,619,389	12,313,267	37,186,417	3,028,664
Other current assets	10	4,037,163	3,472,903	1,831,285	1,885,716
Total current assets		216,540,932	87,832,444	177,514,348	67,060,288
Non-current assets					
Deposits with financial institutions used as collateral	39	200,000	-	-	-
Business guarantee deposit	14	25,000,000	-	25,000,000	-
Long-term loans to related company and interest receivable	33	-	-	94,857,915	63,423,390
Investment in available-for-sales securities	9	10,071,000	-	-	-
Investments in subsidiaries, net	11	-	-	332,399,920	244,368,750
Investments in associates	12	394,626,771	165,842,106	-	-
Interests in joint ventures	13	-	499,569	-	510,000
Project development cost in progress, net	15	85,711,550	87,252,550	-	-
Land awaiting development	16	59,403,868	59,376,868	59,403,868	59,376,868
Equipment, net	17, 33	18,430,267	23,827,653	13,371,240	17,932,438
Intangible assets, net	18, 33	3,900,552	5,999,323	2,616,994	4,392,230
Leasehold right of land, net	19	75,194,412	77,942,715	75,194,412	77,942,715
Withholding tax deducted at source		5,636,439	5,229,357	4,893,740	4,552,692
Other non-current assets		3,502,436	3,508,292	1,958,315	1,983,376
Total non-current assets		681,677,295	429,478,433	609,696,404	474,482,459
Total assets		898,218,227	517,310,877	787,210,752	541,542,747

The notes to the consolidated and company financial statements on pages 9 to 55 form an integral part of the financial statements.

Evolution Capital Public Company Limited
Balance Sheets
As at 31 December 2010 and 2009

		Consolidated		The Company only	
		2010	2009	2010	2009
	Notes	Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable		2,859,515	2,698,455	981,016	461,573
Construction payable		710,500	895,301	-	-
Warrant subscription payable	26	39,001,395	-	39,001,395	-
Current portion of lease contracts payable		36,400	87,361	36,400	87,361
Amount due to broker		6,536,476	-	-	-
Amounts due to and advance from related companies	33	32,841	-	224,700	-
Loan from financial institution	20	56,400,000	-	56,400,000	-
Loans from non-related parties	21	6,353,256	12,500,000	-	-
Advance receipts from customers	22	3,429,525	2,694,056	-	-
Other current liabilities	23	6,450,447	5,375,606	3,389,408	2,698,290
Total current liabilities		121,810,355	24,250,779	100,032,919	3,247,224
Non-current liabilities					
Lease contracts payable, net		-	36,400	-	36,400
Other non-current liabilities	24	-	2,500,000	-	-
Total non-current liabilities		-	2,536,400	-	36,400
Total liabilities		121,810,355	26,787,179	100,032,919	3,283,624
Shareholders' equity					
Share capital	25				
Authorised share capital					
1,041,000,000 ordinary shares of Baht 1 each (2009: 694,000,000 ordinary shares of Baht 1 each)		<u>1,041,000,000</u>	<u>694,000,000</u>	<u>1,041,000,000</u>	<u>694,000,000</u>
Issued and paid-up share capital					
694,000,000 ordinary shares of Baht 1 each (2009: 521,366,118 ordinary shares of Baht 1 each)		694,000,000	521,366,118	694,000,000	521,366,118
Warrants to purchase ordinary shares	26	34,700,000	-	34,700,000	-
Premium on share capital	25	212,778,719	212,778,719	212,778,719	212,778,719
Unrealised gain on available-for-sales securities	9	75,341	-	-	-
Currency translation differences		(5,409,807)	142,841	-	-
Retained earnings (deficits)					
Appropriated to legal reserve	27	2,661,312	2,661,312	2,661,312	2,661,312
Unappropriated		<u>(162,397,693)</u>	<u>(249,114,926)</u>	<u>(256,962,198)</u>	<u>(198,547,026)</u>
Total parent's shareholders' equity		776,407,872	487,834,064	687,177,833	538,259,123
Minority interest	28	-	2,689,634	-	-
Total shareholders' equity		776,407,872	490,523,698	687,177,833	538,259,123
Total liabilities and shareholders' equity		898,218,227	517,310,877	787,210,752	541,542,747

The notes to the consolidated and company financial statements on pages 9 to 55 form an integral part of the financial statements.

Evolution Capital Public Company Limited
Statements of Income
For the years ended 31 December 2010 and 2009

		Consolidated		The Company only	
		2010	2009	2010	2009
	Notes	Baht	Baht	Baht	Baht
Revenues					
Revenue from sales		5,051,970	-	-	-
Service income	33	16,347,908	15,224,408	-	3,338,117
Advisory income	33	34,290,648	119,327,317	13,534,875	99,334,110
Investment services income	11	195,124,660	-	-	-
Management income	33	40,204,565	4,107,756	17,926,206	5,905,821
Profit from acquisition of minority interest in subsidiaries	11	1,731,364	-	-	-
Realised gain on disposal investment in trading securities		935,769	-	-	-
Interest income	33	2,440,335	1,069,182	9,088,773	6,141,341
Other income	33, 35	21,758,281	18,076,565	10,407,958	14,048,872
Total revenues		317,885,500	157,805,228	50,957,812	128,768,261
Expenses					
Cost of sales		4,707,610	-	-	-
Cost of services		12,934,556	12,806,219	-	4,024,820
Cost of advisory	29, 33	18,619,123	40,574,778	9,517,038	29,008,476
Selling expenses		541,315	1,582,359	-	-
Administrative expenses	33	113,051,129	72,881,046	71,864,821	57,460,628
Directors and management's remuneration		29,245,500	20,235,456	26,885,532	20,054,706
Total expenses	30	179,099,233	148,079,858	108,267,391	110,548,630
Operating profit (loss)	31	138,786,267	9,725,370	(57,309,579)	18,219,631
Share of loss from investments in associates and joint ventures	12, 13	(51,714,773)	(8,072,219)	-	-
Profit (loss) before financial costs and income tax		87,071,494	1,653,151	(57,309,579)	18,219,631
Financial costs	36	(1,296,068)	(2,643)	(1,105,593)	(2,643)
Profit (loss) before income tax		85,775,426	1,650,508	(58,415,172)	18,216,988
Income tax		-	-	-	-
Net profit (loss) for the year		85,775,426	1,650,508	(58,415,172)	18,216,988
Attributable to:					
Equity holders of the parent		86,717,233	3,274,184	(58,415,172)	18,216,988
Minority interest		(941,807)	(1,623,676)	-	-
Net profit (loss) for the year		85,775,426	1,650,508	(58,415,172)	18,216,988
Earnings per share for profit (loss) attributable to equity holders of the parent					
Basic earnings (loss) per share	32	0.14	0.01	(0.10)	0.03
Diluted earnings (loss) per share	32	0.13	0.01	(0.09)	0.03

The notes to the consolidated and company financial statements on pages 9 to 55 form an integral part of the financial statements.

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

Consolidated										
Notes	Equity holders of the parent									
	Issued and paid-up share capital	Warrants to purchase ordinary shares	Premium on share capital	Unrealised gain on available-for-sales securities	Currency translation differences	Retained earnings (deficits)		Minority interest	Total	
	Baht	Baht	Baht	Baht	Baht	Appropriated to legal reserve	Unappropriated	Baht	Baht	Baht
Opening balance as at 1 January 2010	521,366,118	-	212,778,719	-	142,841	2,661,312	(249,114,926)	2,689,634	490,523,698	
Unrealised gain on available-for-sales securities	-	-	-	75,341	-	-	-	-	75,341	
Currency translation differences	-	-	-	-	(5,552,648)	-	-	-	(5,552,648)	
Total gain (loss) recognised in equity	-	-	-	75,341	(5,552,648)	-	-	-	(5,477,307)	
Net profit (loss) for the year	-	-	-	-	-	-	86,717,233	(941,807)	85,775,426	
Total gain (loss) recognised for the year	-	-	-	75,341	(5,552,648)	-	86,717,233	(941,807)	80,298,119	
Ordinary share issuance	25	172,633,882	-	-	-	-	-	-	172,633,882	
Warrant issuance	26	-	34,700,000	-	-	-	-	-	34,700,000	
Minority's investment in subsidiary	-	-	-	-	-	-	-	11,552	11,552	
Change in classification of investment in subsidiary to associate	28	-	-	-	-	-	-	510,985	510,985	
Acquisition of minority interest in subsidiary	-	-	-	-	-	-	-	(2,270,364)	(2,270,364)	
Closing balance as at 31 December 2010	694,000,000	34,700,000	212,778,719	75,341	(5,409,807)	2,661,312	(162,397,693)	-	776,407,872	
Opening balance as at 1 January 2009	521,366,118	-	212,778,719	-	(17,424)	2,661,312	(252,389,110)	4,323,228	488,722,843	
Currency translation differences	-	-	-	-	160,265	-	-	-	160,265	
Total gain (loss) recognised in equity	-	-	-	-	160,265	-	-	-	160,265	
Net profit (loss) for the year	-	-	-	-	-	-	3,274,184	(1,623,676)	1,650,508	
Total gain (loss) recognised for the year	-	-	-	-	160,265	-	3,274,184	(1,623,676)	1,810,773	
Return interest to minority	28	-	-	-	-	-	-	(9,918)	(9,918)	
Closing balance as at 31 December 2009	521,366,118	-	212,778,719	-	142,841	2,661,312	(249,114,926)	2,689,634	490,523,698	

The notes to the consolidated and company financial statements on pages 9 to 55 form an integral part of the financial statements.

Evolution Capital Public Company Limited

The Company only

The notes to the consolidated and company financial statements on pages 9 to 55 form an integral part of the financial statements.

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

Notes	Consolidated		The Company only	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Cash flows from operating activities				
Profit (loss) before income tax	85,775,426	1,650,508	(58,415,172)	18,216,988
Adjustments for :				
Depreciation	17 7,569,758	7,157,678	6,084,382	6,209,716
Amortisation	18, 19 5,054,228	4,674,830	4,556,651	4,630,543
Bad debt and forgive debt	2,988,664	-	3,659,400	2,109,829
Unrealised loss on devaluation of investments and derivatives	10,578,777	-	-	-
Impairment loss on investment (Reversal)	11 -	-	3,275,690	(83,252)
Profit from acquisition of minority interest in subsidiary	(1,183,674)	-	-	-
Profit from disposal interests in joint venture	(23,232)	-	-	-
Investment services income	11 (195,124,660)	-	-	-
Share of loss from investments in subsidiary which reclassification to be investment in associate	2,276,853	-	-	-
Share of loss from investments in associates and joint ventures	12, 13 51,714,773	8,072,219	-	-
Impairment loss on project development cost in progress	15 1,541,000	-	-	-
Loss from write off intangible assets	18 -	488,586	-	488,586
(Gain) loss from disposals of equipment	(772,990)	175,505	(2,989)	29,021
Interest income	(2,440,335)	(1,069,182)	(9,088,772)	(6,141,341)
Interest expense	1,296,068	2,643	1,105,593	2,643
Profit (loss) from operating activities before changes in working capital	(30,749,344)	21,152,787	(48,825,217)	25,462,733
Changes in working capital:				
Trade accounts receivable	(1,308,824)	2,591,001	9,334,172	2,586,207
Accrued income	(10,240,509)	(3,542,494)	(7,822,621)	(392,869)
Amounts due from and advance to related companies	174,303	(354,141)	(6,564,152)	1,825,663
Inventory	37,519	(37,519)	-	-
Work in progress under service contract	(477,364)	-	-	-
Acquisition of trading investment in marketable securities	9 (27,374,057)	-	-	-
Acquisition of derivative call options	(11,217,863)	-	-	-
Other current assets	87,647	1,920,295	54,431	2,637,278
Deposits with financial institutions used as collateral	(200,000)	1,000,000	-	-
Business guarantee deposit	14 (25,000,000)	-	(25,000,000)	-
Project development cost in progress	-	(4,192,059)	-	-
Other non-current assets	5,856	(202,427)	25,061	(191,474)
Trade accounts payable	32,262	(1,762,216)	519,443	(303,241)
Construction payable	(184,801)	(703,238)	-	-
Warrant subscription payable	39,001,395	-	39,001,395	-
Amount due to broker	6,536,476	-	-	-
Amounts due to and advance from related companies	32,841	(672,705)	224,700	-
Advance receipts from customers	735,469	(27,599,669)	-	-
Other current liabilities	641,729	(7,078,080)	413,213	(5,522,303)
Other non-current liabilities	(2,500,000)	-	-	-
Cash provided by (used in) operating activities	(61,967,265)	(19,480,465)	(38,639,575)	26,101,994
Interest received	234,213	220,915	216,494	233,559
Interest paid	(899,907)	(2,643)	(827,688)	(2,643)
Income tax paid	(407,082)	(3,493,065)	(341,048)	(2,961,708)
Net cash provided by (used in) operating activities	(63,040,041)	(22,755,258)	(39,591,817)	23,371,202

The notes to the consolidated and company financial statements on pages 9 to 55 form an integral part of the financial statements.

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

	Notes	Consolidated		The Company only	
		2010	2009	2010	2009
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Acquisition of investment in available-for-sales securities	9	(9,995,659)	-	-	-
Acquisition of investments in subsidiaries	11	-	-	(90,767,860)	-
Acquisition of investment from minority interest in subsidiary	11	(539,000)	-	(539,000)	-
Acquisition of investments in associates		(93,163,760)	(9,500,000)	-	-
Acquisition of interests in joint ventures		(9,761,285)	(1,340,518)	(1,050,000)	(510,000)
Disposal of interests in joint ventures		510,000	-	1,560,000	-
Cash received from dissolution of subsidiaries		-	-	-	83,252
Cash received from capital reduction of subsidiary		-	-	-	20,000,000
Cash received from dissolution of associate		-	4,523,980	-	-
Purchase of equipment	17	(2,528,614)	(4,455,125)	(1,560,760)	(2,661,060)
Cash received from disposal of equipment		1,313,061	26,725	40,565	26,725
Purchase of intangible assets	18	(56,402)	(596,484)	(33,112)	(181,495)
Increase in land awaiting development	16	(27,000)	(4,677,600)	(27,000)	(4,677,600)
Cash paid for loans to related companies	33	(11,100,000)	(11,465,000)	(56,720,000)	(23,800,000)
Cash received from repayments on loans from related companies		-	-	-	337,384
Net cash used in investing activities		(125,348,659)	(27,484,022)	(149,097,167)	(11,382,794)
Cash flows from financing activities					
Decrease in lease payable		(87,361)	(111,123)	(87,361)	(111,123)
Cash received from issuance ordinary share	25	172,633,882	-	172,633,882	-
Cash received from issuance warrant	26	34,700,000	-	34,700,000	-
Cash received from loans from financial institution	20	60,000,000	-	60,000,000	-
Cash paid for repayment loans from financial institution	20	(3,600,000)	-	(3,600,000)	-
Cash received from loans from non-related parties	21	1,235,000	12,500,000	-	-
Cash paid for repayment loans from non-related parties	21	(7,500,000)	-	-	-
Return interest to minority interest	28	-	(9,918)	-	-
Net cash provided by (used in) financing activities		257,381,521	12,378,959	263,646,521	(111,123)
Cash increase from acquisition investment in associates and interests in joint ventures which subsequently change in classification to investment in subsidiaries		11,046,014	-	-	-
Net increase (decrease) in cash and cash equivalents		80,038,835	(37,860,321)	74,957,537	11,877,285
Currency translation differences		(706,287)	160,265	-	-
Cash and cash equivalents - beginning of the year		54,055,711	91,755,767	38,437,113	26,559,828
Cash and cash equivalents at end of the year		133,388,259	54,055,711	113,394,650	38,437,113

The notes to the consolidated and company financial statements on pages 9 to 55 form an integral part of the financial statements.

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

1 General information

Evolution Capital Public Company Limited (“the Company”) was incorporated as a public company and domiciled in Thailand. The address of its registered office is as follows:

The Offices at Centralworld, 19th floor, Unit 1912, 999/9, Rama I Road, Pathumwan, Bangkok 10330.

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

The Company has a major shareholder who is MGP Hazel (Mauritius) No. 1 Limited with a 18.7% stake which 3.4% is held through Thai NVDR Co., Ltd. as at 31 December 2010 (2009: MGP Hazel (Mauritius) No. 1 Limited with a 24.9% stake which 4.9% is held through Thai NVDR).

The principal business of the Group in 2010 is to provide business advisory services, investment and property development consultancy services, wireless value added and interactive solution services, real estate development and investment in securities.

These group consolidated financial statements were authorised for issue by the Board of Directors on 23 February 2011.

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below:

2.1 Basis of preparation

The consolidated and 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.

The consolidated and company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

Comparative figures have been adjusted to conform with changes in presentation in the current period. The Group reclassified the accounting services income from other income to present as management income.

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

2 Accounting policies (Cont'd)

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

a) Accounting framework

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

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

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

Effective for the periods beginning on or after 1 January 2011

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

Effective for the periods beginning on or after 1 January 2013

TAS 12		Income taxes
TAS 20	(Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	(Revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Group's management has determined that the new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards will not significantly impact the financial statements being presented except TAS 12 Income taxes in which will have an impact on deferred tax assets, deferred tax liabilities and income tax expenses that the Group's management will have to assess the amounts and record on the financial statements. However, management has not yet assessed the impact and adopt in current financial statements. In addition, TAS 40 Investment Property in which might have an impact on the financial statement classifications and disclosures. The standard will provide the Group an alternative in recording investment property either cost or fair value method. However, management has not yet determined which accounting method the Group will implement.

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries, associates and interests in joint ventures

(1) 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. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether the Group controls another entity. 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 and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

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

A list of the Group's subsidiaries, the effects acquisitions and disposals of subsidiaries are shown in Note 11.

(2) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statement, investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in associates are accounted for using the cost method.

A list of the Group's associates, the effects acquisitions and disposals of associates are shown in Note 12.

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

(3) Joint Ventures

The Group's interest in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its joint ventures' post-acquisition profits or losses are recognised in the income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in joint ventures equal or exceed its interest in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's separate financial statements, interests in joint ventures are accounted for using the cost method.

A list of the Group's joint ventures, the effects acquisitions of joint ventures are shown in Note 13.

2.4 Foreign currency translation

Items included in the Group's financial statements of the entity conducting business in Thailand are measured using Thai Baht. The Group's entity conducting business in other countries are measured using US Dollars. The consolidated financial statements are reported in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statements of income.

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

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investment with remaining maturity less than 3 months, but not include deposit with bank which held to maturities and bank overdrafts. Bank overdrafts are included in current liabilities on the balance sheet.

2.6 Trade accounts receivable

Trade 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 the income statement within selling and administration costs. The Group is recognised allowance based on collection experience and current status of receivables outstanding at the balance sheet date.

2 Accounting policies (Cont'd)

2.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the specific cost 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. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

2.8 Work in progress under service contract

Cost of service from installation of interactive solution system incurred in the year in connection with future activity on a service contract are excluded and shown as work in progress under service contracts. Work in progress is stated at the lower of cost and net realisable value.

2.9 Investments

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into two categories: 1. Trading investments and 2. Available-for-sale investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments 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; for the purpose of these financial statements 'short-term' is defined as three months.
2. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments. Cost of investment includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value.

Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale, are recognised in shareholders' equity.

The fair value of investments are based on quoted bid price by reference to the Stock Exchange of Thailand. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment in securities.

Trading investments are traded in active markets and valued at the market value at the close of business on the balance sheet date by reference to the Stock Exchange of Thailand quoted bid price. Unrealised gains and losses of trading investments are recognised in the statement of income. In the statement of cash flows, trading investments are presented within the section on operating activities as part of changes in working capital.

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

2 Accounting policies (Cont'd)

2.10 Derivatives

Derivatives call option are stated at fair value. Gain and losses arising from changes in the fair value are included in the income statement.

2.11 Project development cost in progress

Project development cost in progress is stated at cost less allowance for impairment loss in value of projects. Project development cost consists of land and construction in progress.

Construction in progress consists of the cost of design, cost of advisor, cost of construction and public utility costs. The Group records cost of design, advisor, construction and public utilities based on the actual cost incurred.

2.12 Land awaiting development

Land awaiting development are stated at cost less allowance for impairment (if any).

2.13 Equipment

Equipment comprise mainly leasehold improvement, office equipment, furniture and fixture and vehicles. Equipment are stated at 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 the estimated useful life as follows:

Leasehold improvement	5 years
Office equipment	3 and 5 years
Furniture and fixture	5 years
Vehicles	5 years

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

2.14 Computer Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Computer software with finite useful lives are stated at cost less accumulated amortisation. The amortisation is calculated on the straight line basis over their estimated useful lives of 3 - 5 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs are recognised as assets are amortised using the straight line basis over their useful lives, not exceeding a period of 5 years.

2 Accounting policies (Cont'd)

2.15 Franchise

Patents, trademarks, or franchise license are recorded as intangible assets and amortised using straight-line method over the contract period of 35 years.

Franchise is not revalued. However, net book value is reassessed on an annual basis, adjusted for impairment, if any.

2.16 Leasehold right of land

Leasehold right of land are amortised using the straight-line method over the land lease period of 30 years.

2.17 Impairment of assets

Equipment and other 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 fair value less costs to sell 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. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.18 Leases - where a Group is the lessee

Equipment which substantially transfer all the risks and rewards of ownership 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 other long-term payables. The interest element of the finance cost is charged to the statements of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, 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 statements of income on a straight-line basis over the period of the lease.

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

2.19 Provisions

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

2 Accounting policies (Cont'd)

2.20 Employee Benefits

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

2.21 Share Capital

Ordinary shares and non-redeemable preferred shares with discretionary dividends are classified as equity.

Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company or its subsidiaries purchases the Company's equity share capital, the consideration paid including any attributable incremental external costs net of income taxes is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.22 Revenue recognition

Revenue comprise the fair value of the consideration received or receivable for the sale of goods and service net of output tax, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue recognition from rendering services, advisory and management are recognised as revenues in the period in which they are rendered based on contractual amount and on an accrual basis.

Revenue from installation services for interactive solution system to its fixed-price contracts are recognised using the percentage-of-completion method determined by reference to the relationship of costs of service incurred for work performed to the estimated total costs for the service contract.

Revenue recognition from rendering investment services related to development of new businesses and establishment of fully operating budget hotel platform to further on-sell to new investors is based on the differences between the Group proportion of net asset value in each entity after the financial contributions or subscriptions by new investors and the initial carrying value of each such entity. The revenue is perpetually recognised in consolidated financial statements based on installment periods in which new investors' funds are received according to the subscription agreements

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group. Dividends are recognised when the right to receive payment is established.

2.23 Dividends

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

2 Accounting policies (Cont'd)

2.24 Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment informations are both presented by business segments and geographical areas of the Group's operations.

2.25 Financial instruments

Significant financial assets carried on balance sheet include cash and cash equivalents, trade accounts receivable, accrued income, investment in marketable securities, loans to related companies and interest receivable and business guarantee deposit. Significant financial liabilities carried on balance sheet included trade accounts payable, loan from financial institution, amount due to broker, advance receipts from customers and loans from non-related parties. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3 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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

3.1 Revenue recognition

The Group recognises major advisory income according to contractual term of payments for its fixed-price contracts to deliver consulting services. Use of this method requires the Group to determine the duration of services performed to completion date. The Group estimates that the duration of services performed are the same or related in line with the duration of contractual payments. The customer had rights to revise payment schedule to appropriately allocate consulting fee throughout the total project periods when the project was delayed in according to services which have been carried out.

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver interactive solution system installation services. Use of the percentage-of-completion method requires the Group to estimate the stage of work completion referenced to the relationship of costs of service incurred for work performed to the estimated total cost for the service contract.

3.2 Allowance for doubtful accounts

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the default or inability of customers to make required payments. The allowance is based on consideration of historical collection experience, known and identified instances of default of each customer.

3.3 Impairment of investments

The Group regularly evaluated the impairment of investment in subsidiaries, associates and joint ventures when there has been a significant or prolonged decline in the fair value below their cost. The evaluation is based on results of operation and future plan of its subsidiaries, associates and joint ventures. Such consideration requires the use of estimate and judgement by the management.

3 Critical accounting estimates, assumptions and judgements (Cont'd)

3.4 Equipment and intangible assets

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

3.5 Fair value of derivatives

The fair value of financial instruments that are not traded in an active market, which is derivative call options, is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders 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.

5 Segment information

The Group operates in 4 core business segments comprising (1) wireless value added and interactive solution, (2) business advisory services, investment and property development consulting services, (3) property development and (4) investment in securities. The Group is mainly carrying out the business in the geographic area of Thailand. In addition, the Group also has subsidiaries and a joint venture that conduct business in other countries.

The financial information by geographical segment and for the years ended 31 December 2010 and 2009 were as follows:

	Consolidated			
	For the year ended 31 December 2010			
	Thailand	Other	Elimination	Consolidated
	Thousand Baht	countries	Thousand Baht	Thousand Baht
Revenues	35,565	215,881	(630)	250,816
Cost of services and advisory	(27,159)	(9,102)	-	(36,261)
Gross profit	8,406	206,779	(630)	214,555
Other income	32,364	46,279	(11,573)	67,070
Selling and administrative expenses	(111,649)	(43,393)	12,203	(142,839)
Share of loss from investments in associates and joint ventures	(5,148)	(46,567)	-	(51,715)
Profit (loss) before financial costs and income tax	(76,027)	163,098	-	87,071
Financial costs	(1,296)	-	-	(1,296)
Net profit (loss) for the year	(77,323)	163,098	-	85,775

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5 Segment information (Cont'd)

	Consolidated			
	For the year ended 31 December 2009			
	Thailand	Other	Elimination	Consolidated
	Thousand Baht	countries	Thousand Baht	Thousand Baht
		Thousand Baht	Thousand Baht	
Revenues	122,018	22,434	(9,900)	134,552
Cost of services and advisory	(47,727)	(15,554)	9,900	(53,381)
Gross profit	74,291	6,880	-	81,171
Other income	20,195	3,059	-	23,254
Selling and administrative expenses	(88,790)	(5,909)	-	(94,699)
Share of loss from investments in associates and joint ventures	(7,241)	(831)	-	(8,072)
Profit (loss) before financial costs and income tax	(1,545)	3,199	-	1,654
Financial costs	(3)	-	-	(3)
Net profit (loss) for the year	(1,548)	3,199	-	1,651

	Consolidated		
	As at 31 December 2010		
	Thailand	Other	Total
	Thousand Baht	countries	Thousand Baht
		Thousand Baht	
Total assets	642,533	255,685	898,218
Total liabilities	120,663	1,147	121,810

	Consolidated		
	As at 31 December 2009		
	Thailand	Other	Total
	Thousand Baht	countries	Thousand Baht
		Thousand Baht	
Total assets	500,851	16,460	517,311
Total liabilities	26,312	475	26,787

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5 Segment information (Cont'd)

The financial information by business segment for the years ended 31 December 2010 and 2009 were as follows:

	Consolidated				
	For the year ended 31 December 2010				
	Wireless value added service and interactive solution	Business advisory services, investment and property development consulting services	Property development	Investment in securities	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Revenues	21,400	229,416	-	-	250,816
Cost of services and advisory	(17,642)	(18,619)	-	-	(36,261)
Gross profit	3,758	210,797	-	-	214,555
Other income					67,070
Selling and administrative expenses					(142,839)
Share of loss from investments in associates and joint ventures					(51,715)
Profit before financial costs and income tax					87,071
Financial costs					(1,296)
Net profit for the year					85,775

	Consolidated			
	For the year ended 31 December 2009			
	Wireless value added service and interactive solution	Business advisory services, investment and property development consulting services	Property development	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Revenues	15,225	119,327	-	134,552
Cost of services and advisory	(12,806)	(40,575)	-	(53,381)
Gross profit	2,419	78,752	-	81,171
Other income				23,254
Selling and administrative expenses				(94,699)
Share of loss from investments in associates and joint ventures				(8,072)
Profit before financial costs and income tax				1,654
Financial costs				(3)
Net profit for the year				1,651

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5 Segment information (Cont'd)

	Consolidated				
	As at 31 December 2010				
	Wireless value added service and interactive solution	Business advisory services, investment and property development consulting services	Property development	Investment in securities	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Segmental assets	11,958	19,768	220,310	63,124	315,160
Non-segmental assets					583,058
Total assets					898,218
Segmental liabilities	3,302	981	8,471	6,536	19,290
Non-segmental liabilities					102,520
Total liabilities					121,810

	Consolidated			
	As at 31 December 2009			
	Wireless value added service and interactive solution	Business advisory services, investment and property development consulting services	Property development	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Segmental assets	3,207	12,939	224,572	240,718
Non-segmental assets				276,593
Total assets				517,311
Segmental liabilities	3,396	473	18,592	22,461
Non-segmental liabilities				4,326
Total liabilities				26,787

6 Cash and cash equivalents

	Consolidated		The Company only	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Cash on hand	82,848	80,259	67,089	58,407
Current and saving deposits	103,345,572	53,973,389	83,369,029	38,377,671
Fixed deposits with remaining maturity less than 3 months	2,354	2,063	1,047	1,035
Government bond with remaining maturity less than 3 months	29,957,485	-	29,957,485	-
Total	133,388,259	54,055,711	113,394,650	38,437,113

The effective interest rate on short term bank deposits was 0.13% - 1.05% per annum (2009: 0.25% - 0.75% per annum).

As at 31 December 2010, the Group had investments in government bonds due within 30 days which bears interest at 1.85% per annum.

As at 31 December 2010, saving deposits of Baht 39 million was the excess from warrant subscription and needed to return to shareholders (Note 26).

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7 Trade accounts receivable

As at 31 December 2010 and 2009, the Group has outstanding trade accounts receivable as follows:

	Consolidated		The Company only	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Trade accounts receivable				
- third party	7,857,778	4,943,954	5,592,328	2,728,500
Trade accounts receivable				
- related companies (note 33)	-	1,605,000	-	12,198,000
Total	7,857,778	6,548,954	5,592,328	14,926,500

As at 31 December 2010 and 2009, the balances of accounts receivable, as classified by aging, were as follows:

	Consolidated		The Company only	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Not overdue	1,369,677	4,250,781	-	2,996,000
Overdue:				
Less than and up to 3 months	1,485,851	2,298,173	590,078	1,337,500
More than 3 months up to 6 months	-	-	-	-
More than 6 months up to 12 months	5,002,250	-	5,002,250	10,593,000
Total	7,857,778	6,548,954	5,592,328	14,926,500

8 Accrued income

As at 31 December 2010 and 2009, the Group has outstanding accrued revenue as below.

	Consolidated		The Company only	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Accrued revenue - third party	9,272,821	7,575,094	936,583	1,037,237
Accrued revenue - related parties (note 33)	8,229,275	3,364,710	8,229,275	306,000
Total	17,502,096	10,939,804	9,165,858	1,343,237

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9 Investments

As at 31 December 2010 and 2009, the Group has investments as follows:

	Consolidated	
	2010	2009
	Baht	Baht
Short-term investments		
Investment in trading securities		
Equity securities in listed companies of Thailand		
Cost	27,374,057	-
Change in value of investments	(5,157)	-
Investment at fair value	<u>27,368,900</u>	<u>-</u>
Long-term investments		
Investment in available-for-sales securities		
Equity securities in listed companies of Thailand		
Cost	9,995,659	-
Change in value of investments	75,341	-
Investment at fair value	<u>10,071,000</u>	<u>-</u>

10 Other current assets

	Consolidated		The Company only	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Derivative call options	683,598	-	-	-
Prepaid expenses	2,275,210	2,073,800	1,433,092	1,531,491
Supplies	279,210	161,775	-	-
VAT receivable	91,426	540,537	-	14,441
Others	707,719	696,791	398,193	339,784
	<u>4,037,163</u>	<u>3,472,903</u>	<u>1,831,285</u>	<u>1,885,716</u>

11 Investments in subsidiaries, net

The movement of investment in subsidiaries for the year ended 31 December 2010 and 2009 were as follows:

	The Company only	
	For the year ended	For the year ended
	31 December 2010	31 December 2009
	Baht	Baht
Beginning balance	244,368,750	264,368,750
<u>Add</u> - Acquisition of minority interest in subsidiary, Evolution Ventures Co., Ltd. (formerly "Kor Asia Co., Ltd.")	539,000	-
- Increase in share capital in subsidiary, Evolution Holdings Limited	90,767,860	-
<u>Less</u> - Capital reduction in subsidiary during the year - Monster Media Co., Ltd.	-	(20,000,000)
- Dissolution of subsidiaries	-	(13,040,000)
- Reversal of impairment	-	13,040,000
- Allowance for impairment loss on investment	(3,275,690)	-
Ending balance	<u>332,399,920</u>	<u>244,368,750</u>

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11 Investments in subsidiaries, net (Cont'd)

The Company has investments in subsidiaries in both Thailand and other countries as at 31 December 2010 as follows:

Subsidiaries	Type of business	Registered country	The Company only As at 31 December 2010		
			Registered capital Baht	Percentage of holding %	Investment Baht
Monster Media Co., Ltd.	Multimedia provider	Thailand	10,000,000	100	10,000,000
- Subsidiary under the company IQTrip.com Company Limited	Provide online travel service	Thailand	3,000,000	100	-
Evolution Land Co., Ltd.	Investment in real estate	Thailand	225,000,000	100	225,000,000
- Subsidiary under the company Addax Development Co., Ltd.	Property development	Thailand	80,000,000	100	-
Yamu Villas Co., Ltd.	Real estate development for residences project	Thailand	10,000,000	100	-
Yamu (Thailand) Co., Ltd.	Real estate development for hotel project	Thailand	10,000,000	100	-
Evolution Holdings Limited ("EH")	Holding company	Mauritius	USD 3,005,000	100	95,036,610
- Subsidiary under EH Evolution Advisors Limited ("EA")	Investment advisory	Cayman Islands	USD 29,620	100	-
- Subsidiary under EA Evolution Investments Limited (formerly "EKT Advisors Limited")	Investment holding company	Cayman Islands	USD 5,700	100	-
- Fund which EA acts as general partner to The Yamu Development Fund, L.P.	Investment in real estate	Cayman Islands	USD 2	-	-
Evolution Ventures Co., Ltd. (formerly "Kor Asia Co., Ltd.")	Investment in marketable securities	Thailand	10,000,000	100	5,639,000
<u>Less</u> Allowance for impairment loss on investment					(3,275,690)
Investment in subsidiaries, net					332,399,920

The Company has investments in subsidiaries in both Thailand and other countries as at 31 December 2009 as follows:

Subsidiaries	Type of business	Registered country	The Company only As at 31 December 2009		
			Registered capital Baht	Percentage of holding %	Investment Baht
Monster Media Co., Ltd.	Multimedia provider	Thailand	10,000,000	100	10,000,000
Evolution Land Co., Ltd.	Investment in real estate	Thailand	225,000,000	100	225,000,000
- Subsidiary under the company Addax Development Co., Ltd.	Property development	Thailand	80,000,000	100	-
Evolution Holdings Limited	Holding Company	Mauritius	USD 125,000	100	4,268,750
- Subsidiary under the company Evolution Advisors Limited	Investment advisory	Cayman Islands	USD 1,000	100	-
Evolution Ventures Co., Ltd. (Formerly "Kor Asia Co., Ltd.")	Marketing advisory	Thailand	10,000,000	51	5,100,000
Investment in subsidiaries, net					244,368,750

11 Investment in subsidiaries, net (Cont'd)

There have been changes in the composition of the subsidiaries for the year ended 31 December 2010 as follows:

Investment in IQTrip.com Company Limited

On 22 September 2010, the subsidiary - Monster Media Co., Ltd. established a new subsidiary company namely "IQTrip.com Company Limited" with the registered share capital of Baht 3,000,000 divided into 30,000 ordinary shares at the par value of Baht 100 per share. The initial paid-up share capital is 25% of registered share capital at Baht 25 per share which equals Baht 750,000. Monster Media Co., Ltd. invested in 29,997 ordinary shares at par value of Baht 100 per share with 25% paid-up totaling Baht 750,000 representing 100% of the paid-up share capital on the incorporation date of IQTrip.com Company Limited.

Investments in Yamu Villas Co., Ltd.

In October 2010, Evolution Land Co., Ltd., the subsidiary, acquired 3,500 preference shares and 49,000 ordinary shares in Yamu Villas Co., Ltd. at par value of Baht 100 per share from other shareholders. As a result, the proportion of ownership interests in Yamu Villas Co., Ltd. has increased from 47.5% to 100%. Therefore, the Group changed its classification of investment from "investment in associates" to "investment in subsidiaries".

The management decided the dissolution of Yamu Villas Co., Ltd. since there have not progressed in accordance with the corporate and business objectives. Yamu Villas Co., Ltd. registered for dissolution with the Ministry of Commerce on 1 December 2010, and returned its share capital to Evolution Land Co., Ltd. on 6 January 2011. As at 31 December 2010, Yamu Villas Co., Ltd. is in the liquidation process.

Investments in Yamu (Thailand) Co., Ltd.

In October 2010, Evolution Land Co., Ltd., the subsidiary, acquired 3,500 preference shares and 49,000 ordinary shares in Yamu (Thailand) Co., Ltd. at par value of Baht 100 per share from other shareholders. As a result, the proportion of ownership interests in Yamu (Thailand) Co., Ltd. has increased from 47.5% to 100%. Therefore, the Group changed its classification of investment from "investment in associates" to "investment in subsidiaries".

The management decided the dissolution of Yamu (Thailand) Co., Ltd. since there have not progressed in accordance with the corporate and business objectives. Yamu (Thailand) Co., Ltd. registered for dissolution with the Ministry of Commerce on 1 December 2010, and returned its share capital to Evolution Land Co., Ltd. on 6 January 2011. As at 31 December 2010, Yamu (Thailand) Co., Ltd. is in the liquidation process.

Investment in Evolution Holdings Limited

During the year 2010, the subsidiary - Evolution Holdings Limited had increased its registered share capital to an aggregate of 2,880,000 ordinary shares. The Company acquired all additional issued ordinary shares of Evolution Holdings Limited at par value of USD 1 per share totalling USD 2,880,000 to maintain the shareholding stake at 100%.

The purpose of the additional share issuance is to further invest in additional share capital issued by Evolution Advisors Limited.

Investment in Evolution Advisors Limited

During the year 2010, the subsidiary - Evolution Advisors Limited had increased its registered share capital to an aggregate of 28,620 ordinary shares. The subsidiary - Evolution Holdings Limited acquired all additional issued ordinary shares of Evolution Advisors Limited totalling USD 2,862,000 to maintain the shareholding stake at 100%. All increases of registered share capital were issued at USD 100 per share which equals USD 1 of par value and USD 99 of share premium.

The purpose of additional share issuance is to further invest in additional share capital issued by Red Planet Hotels Limited.

On 3 February 2011, the Company pledged 21,575 ordinary shares of Evolution Advisors Limited to secure long-term loan facility with the financial institution as described in Note 20.

11 Investment in subsidiaries, net (Cont'd)

Interests in Evolution Investments Limited

On 5 January 2010, Evolution Investments Limited (formerly known as “EKT Advisors Limited”) had issued additional share capital of 5,200 shares at USD 100 per share which equals USD 1 of par value and USD 99 of share premium totalling USD 520,000. Evolution Advisors Limited acquired additional issued share capital of 2,600 shares at USD 100 per share totalling USD 260,000 to maintain the shareholding stake at 50%. The remaining 44,300 shares shall remain unissued as at 31 December 2010.

Subsequently on 18 October 2010, Evolution Advisors Limited acquired 2,850 ordinary shares in Evolution Investments Limited at par value of USD 1 per share with the purchase price of USD 11,127. As a result, the proportion of ownership interests in Evolution Investments Limited has increased from 50% to 100% as at 18 October 2010. Therefore, the Group changed its classification of investment from “interests in joint ventures” to “investment in subsidiaries” and registered for change the Company’s name from “EKT Advisors Limited” to “Evolution Investments Limited”.

As a result of the corporate restructuring, the board of director meeting held on 1 November 2010, approved a new business line of Evolution Investments Limited, and changed to be intended derivative business since then.

Investment in The Yamu Development Fund, L.P.

On 5 February 2010, a subsidiary - Evolution Advisors Limited entered into the initial Limited Partnership agreement with a foreign entity to establish The Yamu Development Fund, L.P., the exempted limited partnership incorporated in Cayman Islands. Evolution Advisors Limited is the general partner of the limited partnership with unlimited liability. The purpose of the limited partnership is to invest in a luxury hotel and villa residences in Cape Yamu, Phuket. The initial capital contribution was made by both parties at USD 1 per party. As at 31 December 2010, The Yamu Development Fund, L.P. has not yet raised any capital.

Investment in Evolution Ventures Co., Ltd.

Evolution Ventures Co., Ltd. (formerly known as “Kor Asia Co., Ltd.”) registered the change of Company’s name from “Kor Asia Co., Ltd.” to “Spire Real Estate Co., Ltd.” with the Ministry of Commerce on 3 March 2010. Subsequently, “Spire Real Estate Co., Ltd.” registered the change of Company’s name to “Evolution Ventures Co., Ltd.” with the Ministry of Commerce on 9 December 2010.

On 24 February 2010, the Company acquired 49,000 ordinary shares of Evolution Ventures Co., Ltd. at Baht 11 per share totaling Baht 539,000 representing 49% of the paid-up share capital of Evolution Ventures Co., Ltd. From such acquisition, the Company increased percentage of holding from 51% to 100%. This subsidiary’s business is to investment in securities.

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11 Investment in subsidiaries, net (Cont'd)

The net fair value of the identifiable assets and liabilities transferred on the acquisition date were summarised as follows:

	Baht
Cash and cash equivalents	2,006,116
Other current assets	239,517
Other non-current assets	186,858
Trade accounts payable	(32,129)
Other current liabilities	(129,998)
Net fair values of net assets transferred	2,270,364
Purchase price	(539,000)
Profit from acquisition of minority interest in subsidiary	1,731,364

Profit from acquisition of minority interest in subsidiary is recorded as part of operating income in the consolidated statements of income.

12 Investment in associates

The movement of investment in associates for the years ended 31 December 2010 and 2009 were as follows:

	Consolidated	
	For the year ended 31 December 2010 Baht	For the year ended 31 December 2009 Baht
Beginning balance	165,842,106	168,097,356
<u>Add</u> - Acquisition of additional share in investment in associates, Andaman Beach Residences Co., Ltd. and Phang Nga Hotel Co., Ltd.	1,235,000	-
- Acquisition of additional share in investment in associate, Red Planet Hotels Limited	59,424,660	-
- Acquisition of additional share in investment in associate, Red Planet Hotels (Thailand) Limited	500,000	-
- Investment in new associates, Yamu Villas Co., Ltd. and Yamu (Thailand) Co., Ltd.	-	9,500,000
- Change in classification of investment in subsidiary to investment in associate, Red Planet Hotels Limited	29,087,025	-
- Change in classification of interests in joint ventures to investment in associates (Note 13)	1,050,000	-
- Investment services income	195,124,660	-
<u>Less</u> - Share of loss from investment in associates	(43,785,743)	(7,231,270)
- Change in classification of investment in associates to investment in subsidiaries, Yamu Villas Co., Ltd. and Yamu (Thailand) Co., Ltd.	(9,497,649)	-
- Currency translation	(4,353,288)	-
- Dissolution of associates	-	(4,523,980)
Ending balance	394,626,771	165,842,106

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12 Investment in associates (Cont'd)

The Group has investment in associates in both Thailand and other country. The investments in associates as at 31 December 2010 are as follows:

Associates' name	Type of Business	Registered country	Consolidated				
			As at 31 December 2010				
			Registered share capital Baht	Paid-up Share capital Baht	Percentage of holding %	Cost method Baht	Equity method Baht
Associates under Evolution Land Co., Ltd.:							
Casa Fico Co., Ltd.	Real estate development for residential project	Thailand	285,000,000	285,000,000	42.5	123,135,295	119,463,850
Fena Park Co., Ltd.	Real estate development for hotel project	Thailand	100,000,000	100,000,000	42.5	43,205,905	34,530,953
Andaman Beach Residences Co., Ltd.	Real estate development for residential project	Thailand	10,000,000	10,000,000	51.0	5,217,500	-
Phang Nga Hotel Co., Ltd.	Real estate development for hotel project	Thailand	10,000,000	10,000,000	51.0	5,217,500	-
Red Planet Hotels (Thailand) Limited (formerly known as "Red Planet Hotels Co., Ltd.")	Real estate development for hotels and provide hotel management services	Thailand	3,050,000	3,050,000	50.8	1,550,000	-
Associate under Evolution Advisors Limited:							
Red Planet Hotels Limited	Holding company and hotel management services	Cayman Islands	USD 50,000	USD 4,116	35.0	90,265,999	240,631,968
Total						268,592,199	394,626,771

As at 31 December 2009, all associates registered in Thailand are held by Evolution Land Co., Ltd. which is the Company's subsidiary. The investments in associates are as follows:

Associates	Type of Business	Registered country	Consolidated				
			As at 31 December 2009				
			Registered share capital Baht	Paid-up Share capital Baht	Percentage of holding %	Cost method Baht	Equity method Baht
Casa Fico Co., Ltd.	Real estate development in residential project	Thailand	285,000,000	285,000,000	42.5	123,135,295	120,399,369
Fena Park Co., Ltd.	Real estate development for hotel project	Thailand	100,000,000	100,000,000	42.5	43,205,905	35,996,089
Andaman Beach Residences Co., Ltd.	Real estate development in residential project	Thailand	10,000,000	10,000,000	46.0	4,600,000	-
Phang Nga Hotel Co., Ltd.	Real estate development for hotel project	Thailand	10,000,000	10,000,000	46.0	4,600,000	-
Yamu Villas Co., Ltd.	Real estate development in residential project	Thailand	10,000,000	10,000,000	47.5	4,750,000	4,723,339
Yamu (Thailand) Co., Ltd.	Real estate development for hotel project	Thailand	10,000,000	10,000,000	47.5	4,750,000	4,723,309
Total						185,041,200	165,842,106

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12 Investment in associates (Cont'd)

The Group's associates are non-listed companies. Their assets, liabilities, revenues and losses as at 31 December 2010 and 2009 are as follows:

	As at 31 December 2010			
	Assets Baht	Liabilities Baht	Revenues Baht	Losses Baht
Casa Fico Co., Ltd.	303,704,170	26,591,900	341,249	(2,201,223)
Fena Park Co., Ltd.	106,863,837	33,021,417	341,601	(3,447,379)
Andaman Beach Residences Co., Ltd.	812,391,411	904,029,048	17,718,329	(70,088,827)
Phang Nga Hotel Co., Ltd.	471,383,179	528,225,196	98,462	(52,540,149)
Red Planet Hotels (Thailand) Limited (formerly "Red Planet Hotels Co., Ltd.")	166,460,293	3,930,502	1,080	(3,801,505)
Red Planet Hotels Limited	737,242,621	38,664,508	15,281,115	(84,873,097)
	2,598,045,511	1,534,462,571	33,781,836	(216,952,180)

	As at 31 December 2009			
	Assets Baht	Liabilities Baht	Revenues Baht	Losses Baht
Casa Fico Co., Ltd.	295,994,986	16,681,493	31,456	(2,174,438)
Fena Park Co., Ltd.	96,509,983	19,220,184	475,107	(2,469,162)
Andaman Beach Residences Co., Ltd.	768,797,548	790,346,357	7,369,254	(23,774,938)
Phang Nga Hotel Co., Ltd.	430,805,310	435,107,177	27,549	(13,454,684)
Yamu Villas Co., Ltd.	10,035,667	91,795	14,967	(56,128)
Yamu (Thailand) Co., Ltd.	10,035,604	91,795	14,904	(56,191)
	1,612,179,098	1,261,538,801	7,933,237	(41,985,541)

There have been changes in the composition of the associates for the year ended 31 December 2010 as follows:

Investment in Red Planet Hotels Limited

- Company incorporation and initial investment

On 10 February 2010, a subsidiary - Evolution Advisors Limited acquired 75,000 ordinary shares of Red Planet Hotels Limited, a new company incorporated in the Cayman Islands, at the par value of USD 0.01 per share totaling USD 750, representing 50% of the paid-up share capital on the incorporation date of Red Planet Hotels Limited. On 31 March 2010, Evolution Advisors Limited acquired an additional 40,576 ordinary shares of Red Planet Hotels Limited at the par value of USD 0.01 per share totaling USD 405.76. This resulted in an increase in Evolution Advisors Limited's shareholding from 50% to 77%. As at 31 March 2010, the Group classified the investment in Red Planet Hotels Limited as an "investment in subsidiary" and introduced an investment plan in this newly created company to approach third party investors focused on the budget hotel industry.

- Share issuance to investors

Red Planet Hotels Limited raised funds from various investors by entering into an initial share subscription agreement with various investors and issued additional share capital of 60,000 shares at USD 100 per share, which equaled USD 0.01 of par value and USD 99.99 of share premium, totalling USD 6,000,000 on 28 May 2010. The share subscription agreement specified five installments of capital-raising from such investors, including an installment made on the initial closing date of 28 May 2010. Evolution Advisors Limited acquired additional newly issued share capital amounting to 9,540 ordinary shares at USD 100 per share totaling USD 954,000. As a result of the new unrelated investors' subscriptions to 50,460 newly issued shares, at USD 100 per share, The Group's ownership in Red Planet Hotels Limited decreased from 77% to 59.6%. The Group was, after 28 May 2010, considered as not having control of, but still influence with, Red Planet Hotels Limited. Therefore, the Group changed the classification of this investment from "investment in subsidiary" to "investment in associate" and deconsolidated Red Planet Hotels Limited since then.

12 Investment in associates (Cont'd)

Investment in Red Planet Hotels Limited (Cont'd)

- Share issuance to investors (Cont'd)

Red Planet Hotels Limited issued 261,640 ordinary shares at USD 100 per share to investors for the period from 28 May 2010 to 31 December 2010, comprising USD 0.01 of par value and USD 99.99 of share premium, which included 28,620 ordinary shares subscribed by a subsidiary, Evolution Advisors Limited. As at 31 December 2010, Evolution Advisors Limited owned an aggregate of 144,196 ordinary shares, representing 35%, and third party investors owned an aggregate of 267,444 ordinary shares, representing 65%.

According to the existing share subscription agreements, the ownership interest of Evolution Advisors Limited will be 28.5% after all investors complete their contributions.

- Investment services provided to Red Planet Hotels Limited

Pursuant to the investment services provided to Red Planet Hotels Limited in 2010, the Group developed the vehicle's business plan, which incorporated the company aims, product, staffing plan, organisational structure, corporate identity, and the relevant legal agreements with third parties to create a viable and scalable business platform for the rolling out of budget hotels across South East Asia under the TuneHotels.com brand. This also involved conducting market research, site identification, performing site massings, and running financial models.

The Group then proceeded to work with financial advisors in Hong Kong to create an investment package to approach third party investors interested in the budget hotel industry - the Group offered this co-investment opportunity to the new investors at a substantial uplift to the Group's own costs. New investors contracted to invest in Red Planet Hotels at a premium to the Group's cost of creating this fully operating budget hotel platform. Consequently, the Group was, upon subscription to Red Planet Hotels Limited by the new investors, able to realise operating revenue based on the difference between the Group proportion of net asset value of Red Planet Hotels Limited after the financial contribution or subscription by new investors and the Group's initial carrying value. The investment services income, previously presented as "profit from restructuring of investment in subsidiary" in the interim consolidated financial statements, comprising an aggregate of Baht 195.1 million, has been renamed in the consolidated financial statement for the year 2010 to properly represent the services performed by the Group in this regard.

Investment in Andaman Beach Residences Co., Ltd.

On 24 May 2010, Evolution Land Co., Ltd., the subsidiary acquired preference shares of 4,999 shares of Andaman Beach Residences Co., Ltd. at par value of Baht 100 per share with the purchase price of Baht 123.5 per share totaling Baht 617,500. This resulted in an increase of shareholding stake from 46% to 51%. However, the increase in percentage of shareholding did not represent the Group having control of the entity since the power to govern the financial and operating policies owned by another shareholder. Therefore, the investment in Andaman Beach Residences Co., Ltd. is still classified as "investments in associates".

Investment in Phang Nga Hotel Co., Ltd.

On 24 May 2010, Evolution Land Co., Ltd., the subsidiary acquired preference shares of 4,999 shares of Phang Nga Hotel Co., Ltd. at par value of Baht 100 per share with the purchase price of Baht 123.5 per share totaling Baht 617,500. This resulted in an increase of shareholding stake from 46% to 51%. However, the increase in percentage of shareholding did not represent the Group having control of the entity since the power to govern the financial and operating policies owned by another shareholder. Therefore, the investment in Phang Nga Hotel Co., Ltd. is still being classified as "investments in associates".

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12 Investment in associates (Cont'd)

Investment in Red Planet Hotels (Thailand) Limited (formerly known as “Red Planet Hotels Co., Ltd.”)

On 6 June 2010, the Company sold 5,100 ordinary shares of Red Planet Hotels (Thailand) Limited to a non-related company at cost amount of Baht 100 per share.

On 6 June 2010, Red Planet Hotels (Thailand) Limited had increased its registered share capital from Baht 1 million divided into 10,000 ordinary shares at the par value of Baht 100 per share to Baht 2.05 million divided into 10,000 ordinary shares at the par value of Baht 100 per share and 10,500 preference shares at the par value of Baht 100 per share. The Company acquired cumulative dividend 10,499 preference shares at par value of Baht 100 per share totaling Baht 1.05 million represent 51% of new registered share capital of Red Planet Hotels (Thailand) Limited. As a result of the corporate restructuring, the Company has only significant influence since the power to govern the financial and operating policies owned by another shareholder. Therefore, investment in Red Planet Hotels (Thailand) Limited has been changed from “Interests in joint ventures” to Investments in associates”. Red Planet Hotels (Thailand) Limited registered for the change of Company’s name from “Red Planet Hotels Co., Ltd.” to “Red Planet Hotels (Thailand) Limited” with the Ministry of Commerce on 17 June 2010.

On 27 September 2010, the Company sold investment in cumulative dividend 10,499 preference shares of Red Planet Hotels (Thailand) Limited to the subsidiary company - Evolution Land Co., Ltd. at the selling price of Baht 1,050,000 for the purpose of change in the group company structure.

On 18 October 2010, Red Planet Hotels (Thailand) Limited has increased its share capital by Baht 1 million, from Baht 2.05 million to Baht 3.05 million, divided into 5,000 preference shares at Baht 100 per share and 5,000 ordinary shares at Baht 100 per share. The subsidiary-Evolution Land Co., Ltd. acquired additional increase of share capital of 5,000 preference shares at Baht 100 per share totalling Baht 500,000. This resulted in an decrease of shareholding stake from 51.2% to 50.8%.

The Group has pledged 15,499 preference shares of Red Planet Hotels (Thailand) Limited to secure the associate’s credit loan facility under the loan agreement with a local financial institution dated 28 January 2011.

13 Interests in joint ventures

The movement of interests in joint ventures for the year ended 31 December 2010 were as follows:

	Consolidated	The Company only
	For the year ended	For the year ended
	31 December 2010	31 December 2010
	Baht	Baht
Beginning balance	499,569	510,000
<u>Add</u> Additional interests in joint ventures	9,427,122	1,050,000
<u>Less</u> - Disposal interests in joint venture	(486,768)	(510,000)
- Change in classification of interests in joint ventures to investment in associate - Red Planet Hotels (Thailand) Limited (Note 12)	(1,050,000)	(1,050,000)
- Change in classification of interests in joint ventures to investment in subsidiary - Evolution Investments Limited (Note 11)	(460,893)	-
- Share of loss from interests in joint ventures	(7,929,030)	-
Ending balance	<u>-</u>	<u>-</u>

As a result of the Group’s corporate restructured, there were no interests in joint ventures under the Group’s financial statement as at 31 December 2010.

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13 Interests in joint ventures (Cont'd)

As at 31 December 2009, the Group had interests in joint ventures in Thailand and other country as follows:

Joint ventures	Type of Business	Registered country	Consolidated As at 31 December 2009				
			Registered share capital Baht	Paid-up share capital Baht	Percentage of holding %	Cost method Baht	Equity method Baht
Red Planet Hotels (Thailand) Limited (formerly "Red Planet Hotels Co., Ltd.")	Hotel management services	Thailand	1,000,000	1,000,000	51	510,000	499,569
Joint venture under Evolution Advisors Limited Evolution Investments Limited (formerly "EKT Advisors Limited")	Real estate investment advisory	Cayman Islands	USD 50,000	USD 500	50	830,518	-
Fund which EKTA acts as general partner EKT Asia Fund L.P.	Investment in real estate	Cayman Islands	USD 2	USD 2	-	-	-
Total						1,340,518	499,569

As at 31 December 2009, the Company has interest in a joint venture in Thailand as follows:

Joint ventures	Type of Business	Registered country	The Company only As at 31 December 2009			
			Registered share capital Baht	Paid-up share capital Baht	Percentage of holding %	Cost method Baht
Red Planet Hotels (Thailand) Limited (formerly known as "Red Planet Hotels Co., Ltd.")	Hotel management services	Thailand	1,000,000	1,000,000	51	510,000
Total						510,000

14 Business guarantee deposit

On 15 December 2010, the Company had entered into a consultancy service agreement with a local securities brokerage company. The Company shall provide advisory services to structure and develop structured equity and derivative products. The consultancy services fee will be calculated based on each such product's performances including a liability for negative performance (if any). The Company, therefore, is required to deposit and maintain at all time an amount of Baht 25 million in a Business Guarantee Account with interest rate agreed, which will be further topped up to Baht 50 million throughout the period of the agreement for 2 years.

15 Project development cost in progress, net

The movements of project development cost in progress for the year ended 31 December 2010 and 2009 were as follows:

	Consolidated	
	For the year ended 31 December 2010 Baht	For the year ended 31 December 2009 Baht
Beginning balance	87,252,550	83,060,491
Increase during the year from acquisition of subsidiary	1,126,362	4,192,059
Decrease during the year from change in classification of investment in subsidiary to associate	(1,126,362)	-
<u>Less</u> Allowance for impairment loss	(1,541,000)	-
Ending balance	85,711,550	87,252,550

As a result of the change in classification of investment in Red Planet Hotels Limited from subsidiary to associate, the construction in progress cost which mainly represent cost of design and engineering consulting services totaling Baht 1.1 million which was previously recorded as part of project development cost in progress has been excluded from consolidated financial statements since 28 May 2010.

This represents development cost in progress of the Lakes at Phoenix condominium in Pattaya which the project owned by an indirect subsidiary - Addax Development Company Limited, consisted of:

	Consolidated	
	2010 Baht	2009 Baht
Land	38,661,687	38,661,687
Land improvement	7,031,138	7,031,138
Construction in progress	41,559,725	41,559,725
<u>Less</u> Allowance for impairment loss	(1,541,000)	-
Total	85,711,550	87,252,550

The management decided to temporarily halt the construction to improve strategy at the beginning of 2009. The construction suspension resulted in the delay of the project.

As at 31 December 2010, the subsidiary's land for development of The Lakes at Phoenix condominium project was used as collateral to secure the Company's loan facility as described in Note 20.

16 Land awaiting development

Land awaiting development is at Samui Island which the management plans to formalise real estate projects in the future.

As at 31 December 2010 and 2009, land awaiting development consisted of:

	Consolidated and The Company only	
	2010 Baht	2009 Baht
Land	54,699,268	54,699,268
Development costs	4,704,600	4,677,600
Total	59,403,868	59,376,868

As at 31 December 2010, the Company has mortgaged plots of land awaiting development to secure the Company's loan facility as described in Note 20.

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17 Equipment, net

	Consolidated				
	Leasehold Improvement Baht	Office equipment Baht	Furniture and fixture Baht	Vehicles Baht	Total Baht
At 1 January 2009					
Cost	10,125,894	19,514,178	5,716,732	1,639,856	36,996,660
<u>Less</u> Accumulated depreciation	(1,616,439)	(7,485,647)	(642,783)	(519,355)	(10,264,224)
Net book amount	8,509,455	12,028,531	5,073,949	1,120,501	26,732,436
For the year ended 31 December 2009					
Opening net book amount	8,509,455	12,028,531	5,073,949	1,120,501	26,732,436
Additions	7,115	4,411,010	37,000	-	4,455,125
Disposals, net	-	(160,461)	(41,769)	-	(202,230)
Depreciation	(2,006,398)	(3,670,235)	(1,112,401)	(368,644)	(7,157,678)
Closing net book amount	6,510,172	12,608,845	3,956,779	751,857	23,827,653
At 31 December 2009					
Cost	9,985,289	23,728,522	5,567,390	1,639,856	40,921,057
<u>Less</u> Accumulated depreciation	(3,475,117)	(11,119,677)	(1,610,611)	(887,999)	(17,093,404)
Net book amount	6,510,172	12,608,845	3,956,779	751,857	23,827,653
For the year ended 31 December 2010					
Opening net book amount	6,510,172	12,608,845	3,956,779	751,857	23,827,653
Additions	-	2,455,717	72,897	-	2,528,614
Addition from acquisition of subsidiary	-	36,561	146,179	-	182,740
Currency translation	-	217	872	-	1,089
Disposals, net	-	(502,496)	(23,240)	(14,335)	(540,071)
Depreciation	(1,997,172)	(4,230,579)	(1,101,815)	(240,192)	(7,569,758)
Closing net book amount	4,513,000	10,368,265	3,051,672	497,330	18,430,267
At 31 December 2010					
Cost	9,985,289	25,531,520	5,746,338	1,612,856	42,876,003
<u>Less</u> Accumulated depreciation	(5,472,289)	(15,163,255)	(2,694,666)	(1,115,526)	(24,445,736)
Net book amount	4,513,000	10,368,265	3,051,672	497,330	18,430,267

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17 Equipment, net (Cont'd)

	The Company only				
	Leasehold Improvement Baht	Office equipment Baht	Furniture and fixture Baht	Vehicles Baht	Total Baht
At 1 January 2009					
Cost	9,080,835	15,933,222	4,573,408	1,639,856	31,227,321
<u>Less</u> Accumulated depreciation	(1,487,043)	(7,237,122)	(446,961)	(519,355)	(9,690,481)
Net book amount	<u>7,593,792</u>	<u>8,696,100</u>	<u>4,126,447</u>	<u>1,120,501</u>	<u>21,536,840</u>
For the year ended 31 December 2009					
Opening net book amount	7,593,792	8,696,100	4,126,447	1,120,501	21,536,840
Additions	905,026	932,177	823,857	-	2,661,060
Disposals, net	-	(13,977)	(41,769)	-	(55,746)
Depreciation	(1,988,074)	(2,803,731)	(1,049,268)	(368,643)	(6,209,716)
Closing net book amount	<u>6,510,744</u>	<u>6,810,569</u>	<u>3,859,267</u>	<u>751,858</u>	<u>17,932,438</u>
At 31 December 2009					
Cost	9,985,861	16,846,671	5,342,265	1,639,856	33,814,653
<u>Less</u> Accumulated depreciation	(3,475,117)	(10,036,102)	(1,482,998)	(887,998)	(15,882,215)
Net book amount	<u>6,510,744</u>	<u>6,810,569</u>	<u>3,859,267</u>	<u>751,858</u>	<u>17,932,438</u>
For the year ended 31 December 2010					
Opening net book amount	6,510,744	6,810,569	3,859,267	751,858	17,932,438
Additions	-	1,487,863	72,897	-	1,560,760
Disposals, net	-	-	(23,240)	(14,336)	(37,576)
Depreciation	(1,997,172)	(2,796,092)	(1,050,926)	(240,192)	(6,084,382)
Closing net book amount	<u>4,513,572</u>	<u>5,502,340</u>	<u>2,857,998</u>	<u>497,330</u>	<u>13,371,240</u>
At 31 December 2010					
Cost	9,985,861	18,334,534	5,374,162	1,612,856	35,307,413
<u>Less</u> Accumulated depreciation	(5,472,289)	(12,832,194)	(2,516,164)	(1,115,526)	(21,936,173)
Net book amount	<u>4,513,572</u>	<u>5,502,340</u>	<u>2,857,998</u>	<u>497,330</u>	<u>13,371,240</u>

As at 31 December 2010, assets leased under finance lease arrangements and hire-purchase agreements by the Group and the Company are included above which is office equipment amounting to Baht 0.1 million (2009: vehicles and office equipment amounting to Baht 0.2 million).

As at 31 December 2010, the gross carrying amount of the fully depreciated equipment that is still in use by the Group and the Company is Baht 5.0 million (2009: Baht 3.1 million).

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18 Intangible assets, net

	Consolidated			
	Franchise Baht	Computer Software Baht	Intangible Assets under development Baht	Total Baht
As at 1 January 2009				
Cost	-	10,913,289	1,973,010	12,886,299
<u>Less</u> Accumulated amortisation	-	(5,068,347)	-	(5,068,347)
Net book amount	-	5,844,942	1,973,010	7,817,952
For the year ended 31 December 2009				
Opening net book amount	-	5,844,942	1,973,010	7,817,952
Additions	-	-	596,484	596,484
Written-off, net	-	-	(488,586)	(488,586)
Transfer in (out)	-	1,964,908	(1,964,908)	-
Amortisation	-	(1,926,527)	-	(1,926,527)
Closing net book value	-	5,883,323	116,000	5,999,323
As at 31 December 2009				
Cost	-	12,831,793	116,000	12,947,793
<u>Less</u> Accumulated amortisation	-	(6,948,470)	-	(6,948,470)
Net book amount	-	5,883,323	116,000	5,999,323
For the year ended 31 December 2010				
Opening net book amount	-	5,883,323	116,000	5,999,323
Additions	-	56,402	-	56,402
Additions from acquisition of subsidiary	23,047,464	-	-	23,047,464
Decrease from change in classification of investment in subsidiary to associate	(22,896,712)	-	-	(22,896,712)
Amortisation	(150,752)	(2,155,173)	-	(2,305,925)
Closing net book value	-	3,784,552	116,000	3,900,552
As at 31 December 2010				
Cost	-	12,888,195	116,000	13,004,195
<u>Less</u> Accumulated amortisation	-	(9,103,643)	-	(9,103,643)
Net book amount	-	3,784,552	116,000	3,900,552

Franchise is the right and license to use the brand in relation to the business of limited service hotels under the “Tune Hotels.com” brand in Thailand, Philippines, Indonesia, Bangladesh and China which has a contract period of 35 years. The Franchise agreement was novated by EKT Asia Fund L.P. to Red Planet Hotels Limited. Upon expiration of the term, Red Planet Hotels Limited shall have the automatic right to an extension for 20 years for which all fees and sums payable shall be paid according to agreement. Due to a change in classification of investment in Red Planet Hotels Limited from subsidiary to associate, a franchise amount of Baht 23 million which was previously recorded as part of intangible assets has been excluded from consolidated financial statements since 28 May 2010.

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18 Intangible assets, net (Cont'd)

	The Company only		
	Computer software Baht	Intangible assets under development Baht	Total Baht
As at 1 January 2009			
Cost	10,497,429	1,973,010	12,470,439
<u>Less</u> Accumulated amortisation	(5,017,461)	-	(5,017,461)
Net book amount	<u>5,479,968</u>	<u>1,973,010</u>	<u>7,452,978</u>
For the year ended 31 December 2009			
Opening net book amount	5,479,968	1,973,010	7,452,978
Additions	181,495	-	181,495
Disposals, net	-	(871,417)	(871,417)
Written-off, net	-	(488,586)	(488,586)
Transfer in (out)	497,007	(497,007)	-
Amortisation	(1,882,240)	-	(1,882,240)
Closing net book amount	<u>4,276,230</u>	<u>116,000</u>	<u>4,392,230</u>
As at 31 December 2009			
Cost	11,175,931	116,000	11,291,931
<u>Less</u> Accumulated amortisation	(6,899,701)	-	(6,899,701)
Net book amount	<u>4,276,230</u>	<u>116,000</u>	<u>4,392,230</u>
For the year ended 31 December 2010			
Opening net book amount	4,276,230	116,000	4,392,230
Additions	33,112	-	33,112
Amortisation	(1,808,348)	-	(1,808,348)
Closing net book amount	<u>2,500,994</u>	<u>116,000</u>	<u>2,616,994</u>
As at 31 December 2010			
Cost	11,209,043	116,000	11,325,043
<u>Less</u> Accumulated amortisation	(8,708,049)	-	(8,708,049)
Net book amount	<u>2,500,994</u>	<u>116,000</u>	<u>2,616,994</u>

As at 31 December 2010, the gross carrying amount of fully amortised intangible assets still in use in the Group and the Company was Baht 3.2 million (2009: Baht 2.1 million).

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19 Leasehold right of land, net

	Consolidated and The Company only	
	2010 Baht	2009 Baht
Leasehold right of land	82,449,093	82,449,093
<u>Less</u> Accumulated amortisation	<u>(7,254,681)</u>	<u>(4,506,378)</u>
Leasehold right of land, net	75,194,412	77,942,715
Amortisation during the year	2,748,303	2,748,303

Leasehold right of land is land at Samui Island that the management has of feasibility analysis for future real estate development projects or resale for profit. The Company has no definite plan at current.

Leasehold right of land is amortised by the straight-line method over the land lease period of 30 years. Under the lease agreement, buildings and building improvements constructed on the leasehold land will be transferred to the lessor at the end of the lease agreement.

On 3 February 2011, leasehold right of land used as collateral of the Company's loan facility by way of assignment the right to a local financial institution as described in Note 20.

20 Loan from financial institution

The movement of loan from financial institution for the year ended 31 December 2010 and 2009 are as follows:

	Consolidated and The Company only For the year ended 31 December	
	2010 Baht	2009 Baht
Beginning balance	-	-
Additions during the year	60,000,000	-
Repayments during the year	<u>(3,600,000)</u>	<u>-</u>
Ending balance	56,400,000	-

The Company has a short-term loan facility from a local financial institution through a line of credit of Baht 60 million in the form of a three-month promissory note which bears interest at the rate of MLR minus 1% per annum (equal to 5.65% - 5.85% per annum). The loan is due for repayment on a quarterly basis based on 60% of amount of each loan drawdown within 18 months and the balance 40% to be repaid within 31 December 2011. These loans have been secured by the mortgaged plots of the Company's land awaiting development (Note 16) and a plot of the subsidiary's land (Note 15), and joint guarantee by the Company's directors.

Subsequently on 3 February 2011, the Company received an additional credit loan facility of Baht 40 million by way of refinancing outstanding of short-term promissory note. The long-term loan facility of Baht 100 million is for a tenor of 5 years from the date of first drawdown. The loan bears interest at the rate of MLR minus 1% per annum and due for repayment on a quarterly basis at the minimum Baht 5 million per quarter. The additional credit facility have been secured by assignment of the Company's leasehold right of land (Note 19) and pledged ordinary share of the subsidiary - Evolution Advisors Limited (Note 11).

21 Loans from non-related parties

The movements of loans from non-related parties for the year ended 31 December 2010 and 2009 were as follows:

	Consolidated	
	For the year ended	
	31 December	
	2010	2009
	Baht	Baht
Beginning balance	12,500,000	-
Additions during the year	1,353,256	12,500,000
Repayments during the year	(7,500,000)	-
Ending balance	<u>6,353,256</u>	<u>12,500,000</u>

As at 31 December 2010 and 2009, loans from non-related parties consisted of:

	Consolidated	
	2010	2009
	Baht	Baht
Unsecured loans with no interest *	5,000,000	12,500,000
Unsecured loan with interest **		
Principal	1,235,000	-
Interest payable	118,256	-
	<u>1,353,256</u>	<u>-</u>
Total	<u>6,353,256</u>	<u>12,500,000</u>

* Addax Development Company Limited, a subsidiary, received an unsecured facility in the principal amount up to Baht 15 million for the purpose of financing the project's working capital. The loans bear no interest upon special conditions. If during the period of the agreement, the Group is desirous of selling the project in development, the Group shall give the lenders a right to buy such assets at the selling price specified in the contract.

As at 31 December 2010, the outstanding loan is amount of Baht 5 million. The loans are due for repayment on call.

** Evolution Land Co., Ltd., a subsidiary, received an unsecured loan from an overseas non-related company in the amount of Baht 1.2 million for the purpose of the subsidiary's acquisition of associates. The loan bears interest at the rate of 15% per annum and due for repayment on call.

22 Advance receipts from customers

	Consolidated	
	2010	2009
	Baht	Baht
The Lakes at Phoenix project	2,679,525	2,679,525
Others	750,000	14,531
	<u>3,429,525</u>	<u>2,694,056</u>

Advance receipts from customers are down payments for the Lakes at Phoenix condominium which is a project owned by Addax Development Company Limited, a subsidiary. The Group's management decided to temporarily halt the construction to further consider the best development strategy which will result in the projects delay. The subsidiary provides an option to customers either to refund or maintain the advance with the subsidiary.

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23 Other current liabilities

	Consolidated		The Company only	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Accrued expenses	3,476,221	2,987,047	948,215	868,194
Withholding tax payable	1,257,786	610,236	1,082,899	489,002
Undue output VAT	1,321,516	1,484,771	1,129,316	1,341,094
Retention payable	80,516	279,816	-	-
Others	314,408	13,736	228,978	-
	<u>6,450,447</u>	<u>5,375,606</u>	<u>3,389,408</u>	<u>2,698,290</u>

24 Other non-current liabilities

On 1 May 2007, Addax Development Company Limited, a subsidiary, had entered into the endorsement proposal to acquire the right to utilise the endorser's name and likeness in connection with the advertisement, promotion and sales of the Lakes at Phoenix condominium. The subsidiary shall pay compensation for the appearances during the three years in the form of a condominium unit at the price of Baht 11.25 million. As at 31 December 2009, the subsidiary recorded provision for such endorsement proposal based on the proportion of actual appearances of Baht 2.5 million.

During the year 2010, the subsidiary had entered into the settlement proposal with the endorser. The endorser agree to accept the settlement of the claim in the amount of Baht 1 million and agree that there will have no further right to make any claim under the endorsement proposal against the subsidiary.

Other income from settlement of the claim Baht 1.5 million is recorded as part of other income in the consolidated statement of income for the year ended 31 December 2010.

25 Share capital

	Consolidated and The Company only					
	Number of shares Thousand shares	Authorised ordinary shares Thousand Baht	Number of shares Thousand shares	Issued and paid-up ordinary shares Thousand Baht	Ordinary share premium Thousand Baht	Total Thousand Baht
For the year ended 31 December 2010						
Opening amount as at 1 January 2010	694,000	694,000	521,366	521,366	212,779	734,145
Add Increase in registered capital	<u>347,000</u>	<u>347,000</u>	<u>172,634</u>	<u>172,634</u>	<u>-</u>	<u>172,634</u>
Closing amount as at 31 December 2010	<u>1,041,000</u>	<u>1,041,000</u>	<u>694,000</u>	<u>694,000</u>	<u>212,779</u>	<u>906,779</u>
For the year ended 31 December 2009						
Opening amount as at 1 January 2009	521,366	521,366	521,366	521,366	212,779	734,145
Add Increase in registered capital	<u>172,634</u>	<u>172,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing amount as at 31 December 2009	<u>694,000</u>	<u>694,000</u>	<u>521,366</u>	<u>521,366</u>	<u>212,779</u>	<u>734,145</u>

As at 31 December 2010, the total authorised number of ordinary shares is 1,041,000,000 shares (2009: 694,000,000 shares) with a par value of Baht 1 per share (2009: Baht 1 per share). The total issued and paid-up ordinary shares are 694,000,000 shares (2009: 521,366,118 shares).

25 Share capital (Cont'd)

On 16 October 2009, the extraordinary shareholders' meeting no. 1/2552 resolved to increase the Company's registered capital by Baht 172,633,882 from the existing registered capital of Baht 521,366,118 to a new registered capital of Baht 694,000,000, divided into 694,000,000 ordinary shares with a par value of Baht 1 each, by issuing new 172,633,882 ordinary shares with a par value of Baht 1 each for the purpose of business expansion and to augment its working capital for the future. The new issuance of ordinary shares will be allotted to specified investors and/or institutional investors in one or more tranches from time to time by the way of private placement.

During the year 2010, the Company had issued new ordinary shares which have been allotted to private placement according to the following details:

Tranche	Date of registered of capital increase	Number of allotted shares	Offering price Baht per share	Offering price Baht
1	22 April 2010	85,800,000	1	85,800,000
2	13 July 2010	21,000,000	1	21,000,000
3	1 November 2010	65,833,882	1	65,833,882
	Total	172,633,882		172,633,882

The Company registered increase of share capital by 347,000,000 ordinary shares from the existing registered capital of 694,000,000 ordinary shares with a par value of Baht 1 per share to a new registered capital of 1,041,000,000 ordinary shares with a par value of Baht 1 per share. The allotment of new ordinary shares, to be reserved for the exercise of 347,000,000 rights warrants to purchase ordinary shares of the Company (Note 26). The Company registered the increase of share capital with the Ministry of Commerce on 30 November 2010.

26 Warrants to purchase ordinary shares

At the Extraordinary General Meeting of Shareholder No. 1/2010 held on 19 November 2010, it was unanimously resolved to issue the rights of warrants to purchase the Company's ordinary shares by way of rights issue as follows:

Issued of warrants on ordinary shares of Evolution Capital Public Company Limited No. 1 (E-W1) as detailed below:

Number of warrants:	Not exceeding 347,000,000 units
Offering price:	Subscription ratio of 2 ordinary shares to 1 warrant at offering price at Baht 0.10 per warrant
Conversion ratio:	1 warrant per 1 ordinary share
Exercise price:	Baht 1.50 per ordinary share
Exercise period:	On the last working day of every quarter (March, June, September, and December) of each calendar year until the expiration of the warrants. The first exercise date will be on the last working day of March 2011.
Tenor of warrant:	The last exercise date will be on the date on which E-W1 reaches its 10-year term from the issuance date which shall therefore between 23 December 2010 to 22 December 2020.

The Company allotted and issued rights of warrants 347,000,000 units at the offering price of Baht 0.10 per warrant totalling Baht 34.7 million to the shareholders on 23 December 2010. As at 31 December 2010, the Company received the excess of warrants subscription of Baht 39 million which was returned to the shareholders on 4 January 2011.

Warrants to purchase ordinary shares of Evolution Capital Public Company Limited No. 1 (E-W1) has been authorized by the Stock Exchange of Thailand and trade in the Market for Alternative Investment (MAI) commence on 20 January 2011.

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27 Legal reserve

The legal reserve of the Company is established in accordance with the provisions of the Public Company Limited Act B.E. 2535, which requires the appropriation as legal reserve of at least 5% of net income for the year until the reserve reaches 10% of the authorised share capital. The reserve is not available for dividend declaration.

28 Minority interest

	Consolidated	
	2010 Baht	2009 Baht
Opening balance	2,689,634	4,323,228
Minority's investments in subsidiaries	11,552	-
Return interest to minority from dissolution of subsidiary	-	(9,918)
Change in classification of investment in subsidiary to associate	510,985	-
Net loss attribute to minority interest	(941,807)	(1,623,676)
Acquisition of minority interest in subsidiary	(2,270,364)	-
Ending balance	-	2,689,634

29 Cost of advisory

Cost of advisory includes directors and management's remuneration as follows:

	Consolidated		The Company only	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Directors and managements' remuneration	13,035,835	22,711,431	3,933,750	16,831,778

30 Expenses by nature

Significant expenses by nature are as follows:

	Consolidated		The Company only	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Cost of inventories recognised as cost of sales	4,707,610	-	-	-
Salary and other employee benefits	77,876,347	78,682,689	58,686,382	65,204,887
Professional fess	17,338,955	10,704,580	8,479,640	5,462,419
Change in value of derivative call options	10,573,620	-	-	-
Depreciation on equipment	7,569,758	7,157,678	6,084,382	6,209,716
Amortisation of intangible assets	5,054,228	4,674,830	4,556,651	4,630,543
Travelling expenses	3,629,811	5,463,148	1,504,158	1,476,412
Advertising and promotional expenses	3,091,815	5,211,085	-	1,325,800
(Gain) loss on exchange rate	1,835,379	(99,044)	275,727	(66,464)
Impairment loss on investment (Reversal)	-	-	3,275,690	(13,040,000)
Loss from dissolution of subsidiaries	-	-	-	12,956,748
Bad debt and doubtful accounts	2,988,664	-	3,659,400	2,109,829
Office and furniture rental expenses	8,426,893	9,732,790	7,365,832	8,157,013
Computer maintenance expenses	2,897,721	2,952,706	2,878,184	2,929,640

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31 Operation profit (loss)

The following items are non-recurring in nature and have been charged to the operating profit (loss) during the year.

	Consolidated		The Company only	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Revenues				
Other income from withholding taxes refund	-	10,375,224	-	10,375,224
Other income from settlement of claim (Note 24)	1,500,000	-	-	-
Other income from non-claim cost of service	153,086	2,788,840	153,086	2,788,840
Profit from acquisition of minority interest in subsidiary (Note 11)	1,731,364	-	-	-
Other income from franchise transfer	11,671,621	-	-	-
Expenses				
Bad debt and doubtful accounts	2,988,664	-	3,659,400	2,109,829
Impairment loss on investment	-	-	3,275,690	-
Impairment loss on assets	1,541,000	-	-	-

Other income from franchise transfer

EKT Asia Fund L.P., for which Evolution Investments Limited (formerly “EKT Advisors Limited”) act as a General Partner with unlimited liabilities, has entered into a franchise agreement with Tune Hotels.com (BVI) Limited and made 50% of initial franchise fee payment amounting to USD 360,000 for the first 24 franchise premises. On 9 March 2010, Red Planet Hotels Limited, a subsidiary incorporated in Cayman Islands, received transfer of rights in franchise agreement at no cost from EKT Asia Fund L.P. for the purpose of developing limited service hotels under the brand name “Tune Hotels.com”. The transfer happened from the change in the Group structure which affects the consolidated statement of income as follows:

	Thousand Baht
Other income from franchise transfer	11,672
Share of loss from investment	(5,836)
Net profit for the period	5,836
Net profit attributable to:	
Equity holders of the parent	3,152
Minority interests	2,684
Net profit for the period	5,836

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32 Earnings (loss) per share

Earnings (loss) per share attributable to equity holders of the parent is calculated by dividing the net profit (loss) attributable to equity holders of the parent by the weighted average number of ordinary shares issued during the year 2010 which is 601,971,780 shares (2009: 521,366,118 shares).

Diluted earnings per share is calculated by dividing net profit (loss) for the year by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which might need to be issued for the conversion of all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Consolidated						
For the year ended 31 December						
Net profit		Weighted average number of ordinary shares		Earnings per share		
2010	2009	2010	2009	2010	2009	
Baht	Baht	Shares	Shares	Baht	Baht	
Basic earnings per share						
Net profit	86,717,233	3,274,184	601,971,780	521,366,118	0.14	0.01
Effect of dilutive potential ordinary shares						
Warrants (E-W1)	-	-	82,114,504	-		
Diluted earnings per share						
Net profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	86,717,233	3,274,184	684,086,284	521,366,118	0.13	0.01

The Company Only						
For the year ended 31 December						
Net profit (loss)		Weighted average number of ordinary shares		Earnings (loss) per share		
2010	2009	2010	2009	2010	2009	
Baht	Baht	Shares	Shares	Baht	Baht	
Basic earnings per share						
Net profit (loss)	(58,415,172)	18,216,988	601,971,780	521,366,118	(0.10)	0.03
Effect of dilutive potential ordinary shares						
Warrants (E-W1)	-	-	82,114,504	-		
Diluted earnings per share						
Net profit (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares	(58,415,172)	18,216,988	684,086,284	521,366,118	(0.09)	0.03

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33 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Details of relationship between the Group and related parties are as follows:

Company's name	Country of incorporation	Relationship
Monster Media Co., Ltd.	Thailand	Subsidiary company
IQTrip.com Co., Ltd.	Thailand	Subsidiary company
Evolution Land Co., Ltd.	Thailand	Subsidiary company
Titan Project Management Co., Ltd.	Thailand	Subsidiary company
Tierra POD Co., Ltd.	Thailand	Subsidiary company
Addax Development Co., Ltd.	Thailand	Subsidiary company
Evolution Advisors Limited	Cayman Islands	Subsidiary company
Evolution Holdings Limited	Mauritius	Subsidiary company
Evolution Ventures Co., Ltd. (formerly "Kor Asia Co., Ltd.")	Thailand	Subsidiary company
The Yamu Development Fund, L.P.	Cayman Islands	Fund managed by subsidiary company
Yamu Villas Co., Ltd.	Thailand	Subsidiary company (Associated company until 18 October 2010)
Yamu (Thailand) Co., Ltd.	Thailand	Subsidiary company (Associated company until 18 October 2010)
Red Planet Hotels (Thailand) Limited (formerly known as "Red Planet Hotels Co., Ltd.")	Thailand	Associated company (Joint Venture until 6 June 2010)
Evolution Investments Limited (formerly "EKT Advisors Limited")	Cayman Islands	Subsidiary company (Joint Venture until 18 October 2010)
Casa Fico Co., Ltd.	Thailand	Associated company
Fena Park Co., Ltd.	Thailand	Associated company
Andaman Beach Residences Co., Ltd.	Thailand	Associated company
Phang Nga Hotel Co., Ltd.	Thailand	Associated company
Red Planet Hotels Limited	Cayman Islands	Associated company (Subsidiary company until 28 May 2010)
Red Planet Hotels Philippines Corporation doing business under the name and style of TuneHotels.com	Philippines	Subsidiary of associated company
Red Planet Hotels Cebu Corporation doing business under the name and style of TuneHotels.com	Philippines	Subsidiary of associated company
P.T. Planet Merah Indonesia	Indonesia	Subsidiary of associated company
EKT Asia Fund L.P.	Cayman Islands	Fund managed by subsidiary
Kor Foreign Sales, LLC	United States of America	A subsidiary's shareholder

Evolution Capital Public Company Limited
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33 Related party transactions (Cont'd)

Pricing policies for related transactions are as follows:

Transactions	Pricing policy
Creative media income	Contract price
Advisory income	Contract price
Management income	Contract price
Interest income from loans	At the rate of 0%, 3.25% to 3.5%, 6.375% and 11.25% to 12.5% per annum
Rental income	Contract price
Accounting service income	Contract price
Disposal of investments	Cost amount
Facility services income	Contract price
Purchase of equipment	Net book amount
Purchase of intangible assets	Net book amount
IT management services expenses	Contract price

Transactions with related parties for the years ended 31 December 2010 and 2009 were as follows:

i) Sales of goods and services

	Consolidated		The Company only	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Service income				
Creative media service				
Red Planet Hotels				
(Thailand) Limited (formerly				
“Red Planet Hotels Co., Ltd.”)	150,000	-	-	-
Advisory income				
Evolution Advisors Limited	-	-	-	9,900,000
Andaman Beach Residences				
Co., Ltd.	1,200,000	48,217,870	1,200,000	41,158,747
Phang Nga Hotel Co., Ltd.	1,200,000	33,675,364	1,200,000	33,675,364
Casa Fico Co., Ltd.	1,050,000	2,415,000	1,050,000	2,135,000
Fena Park Co., Ltd.	450,000	1,035,000	450,000	915,000
Red Planet Hotels				
(Thailand) Limited (formerly				
“Red Planet Hotels Co., Ltd.”)	1,645,357	-	1,645,357	-
Red Planet Hotels Philippines				
Corporation doing business under				
the name and style				
of TuneHotels.com	3,518,646	-	3,518,646	-
Red Planet Hotels Cebu Corporation				
doing business under the name and				
style of TuneHotels.com	42,168	-	42,168	-
P.T. Planet Merah Indonesia	128,704	-	128,704	-
	<u>9,234,875</u>	<u>85,343,234</u>	<u>9,234,875</u>	<u>87,784,111</u>

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33 Related party transactions (Cont'd)

Transactions with related parties for the years ended 31 December 2010 and 2009 were as follows: (Cont'd)

i) Sales of goods and services (Cont'd)

	Consolidated		The Company only	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Management income				
Red Planet Hotels Limited	34,571,692	-	-	-
Evolution Advisors Limited	-	-	11,573,333	-
Monster Media Co., Ltd.	-	-	720,000	720,000
Evolution Ventures Co., Ltd. (formerly "Kor Asia Co., Ltd.")	-	-	-	1,078,065
Andaman Beach Residences Co., Ltd.	866,000	1,181,307	866,000	1,181,307
Phang Nga Hotel Co., Ltd.	866,000	1,181,307	866,000	1,181,307
	<u>36,303,692</u>	<u>2,362,614</u>	<u>14,025,333</u>	<u>4,160,679</u>
Interest income				
Evolution Land Co., Ltd.	-	-	8,314,526	5,896,300
Monster Media Co., Ltd.	-	-	204,660	28,664
Evolution Ventures Co., Ltd. (formerly "Kor Asia Co., Ltd.")	-	-	353,092	-
Evolution Advisors Limited	-	-	3,975	-
Titan Project Management Co., Ltd.	-	-	-	107,432
Casa Fico Co., Ltd.	875,899	563,926	-	-
Fena Park Co., Ltd.	1,330,223	284,341	-	-
	<u>2,206,122</u>	<u>848,267</u>	<u>8,876,253</u>	<u>6,032,396</u>
Other income				
Rental income				
Evolution Ventures Co., Ltd. (formerly "Kor Asia Co., Ltd.")	-	-	81,909	196,582
Facility services income				
Red Planet Hotels Limited	8,223,453	-	10,057,425	-
Income from franchise transfer				
EKT Asia Fund L.P.	11,671,621	-	-	-
Other income from terminated of service contract				
Andaman Beach Residences Co., Ltd.	-	560,000	-	-
Disposal of intangible assets under development				
Monster Media Co., Ltd.	-	-	-	871,417
Disposal of investment				
Evolution Land Co., Ltd.	-	-	1,050,000	-

Evolution Capital Public Company Limited
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33 Related party transactions (Cont'd)

ii) Purchases of goods and services

	Consolidated		The Company only	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Purchase of equipment				
Titan Project Management Co., Ltd.	-	-	-	1,802,672
Tierra POD Co., Ltd.	-	-	-	24,052
	-	-	-	1,826,724
Purchase of intangible assets				
Titan Project Management Co., Ltd.	-	-	-	181,494
Cost of advisory				
Marketing advisory expenses				
Kor Foreign Sales, LLC	-	4,271,491	-	-
Administrative expenses				
Facilities service expenses				
Monster Media Co., Ltd.	-	-	-	320,000
IT management services				
Monster Media Co., Ltd.	-	-	480,000	-
Creative media service				
Monster Media Co., Ltd.	-	-	150,000	-
Other service expenses				
MGP Hazel (Mauritius)				
No. 1 Limited	-	102,221	-	102,221
Forgive debt to related parties				
Titan Project Management Co., Ltd.	-	-	-	1,740,116
Tierra POD Co., Ltd.	-	-	-	369,713
	-	-	-	2,109,829
Doubtful accounts				
Addax Development Co., Ltd.	-	-	3,659,400	-
Bad debt expense				
Evolution Investments Limited (formerly "EKT Advisors Limited")	2,988,664	-	-	-

Evolution Capital Public Company Limited
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33 Related party transactions (Cont'd)

iii) Outstanding balances arising from sale-purchases of goods and services

The significant balances of assets and liabilities with its related companies were as follows:

	Consolidated		The Company only	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Trade accounts receivable				
- related companies				
Evolution Advisors Limited	-	-	-	10,593,000
Casa Fico Co., Ltd.	-	1,123,500	-	1,123,500
Fena Park Co., Ltd.	-	481,500	-	481,500
	<u>-</u>	<u>1,605,000</u>	<u>-</u>	<u>12,198,000</u>
Accrued income - related companies				
Evolution Investments Limited (formerly "EKT Advisors Limited")	-	3,058,710	-	-
Andaman Beach Residences Co., Ltd.	156,152	153,000	156,152	153,000
Phang Nga Hotel Co., Ltd.	153,000	153,000	153,000	153,000
Red Planet Hotels Limited	2,585,248	-	2,585,248	-
Red Planet Hotels (Thailand) Limited (formerly "Red Planet Hotels Co., Ltd.")	1,645,357	-	1,645,357	-
Red Planet Hotels Philippines Corporation doing business under the name and style of TuneHotels.com	3,518,646	-	3,518,646	-
Red Planet Hotels Cebu Corporation doing business under the name and style of TuneHotels.com	42,168	-	42,168	-
P.T. Planet Merah Indonesia	128,704	-	128,704	-
	<u>8,229,275</u>	<u>3,364,710</u>	<u>8,229,275</u>	<u>306,000</u>
Amounts due from related companies				
Evolution Advisors Limited	-	-	7,889,467	-
Addax Development Company Limited	-	-	3,659,400	3,659,400
Monster Media Co., Ltd.	-	-	-	1,510,216
Evolution Ventures Co., Ltd. (formerly "Kor Asia Co., Ltd.")	-	-	-	17,070
Red Planet Hotels (Thailand) Limited (formerly "Red Planet Hotels Co., Ltd.")	160,500	-	-	-
Andaman Beach Residences Co., Ltd.	62,060	88,810	62,060	88,810
Phang Nga Hotel Co., Ltd.	62,060	88,810	62,060	88,810
Total	<u>284,620</u>	<u>177,620</u>	<u>11,672,987</u>	<u>5,364,306</u>
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>(3,659,400)</u>	<u>-</u>
	<u>284,620</u>	<u>177,620</u>	<u>8,013,587</u>	<u>5,364,306</u>

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33 Related party transactions (Cont'd)

iii) Outstanding balances arising from sale-purchases of goods and services (Cont'd)

	Consolidated		The Company only	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Advance to related companies				
Evolution Advisors Limited	-	-	2,324,860	1,830,086
Evolution Investment Limited (formerly "EKT Advisors Limited")	-	119,679	-	119,679
Yamu Villas Co., Ltd.	-	79,795	-	58,795
Yamu (Thailand) Co., Ltd.	-	79,795	-	58,795
Fena Park Co., Ltd.	2,103	2,103	2,103	2,103
Andaman Beach Residences Co., Ltd.	-	3,415	-	3,415
Phang Nga Hotel Co., Ltd.	3,260	1,879	3,260	1,879
	<u>5,363</u>	<u>286,666</u>	<u>2,330,223</u>	<u>2,074,752</u>
Amounts due to related company				
Monster Media Co., Ltd.	-	-	224,700	-
	<u>-</u>	<u>-</u>	<u>224,700</u>	<u>-</u>
Advance from related company				
Red Planet Hotels (Thailand) Limited (formerly "Red Planet Hotels Co., Ltd.")	32,841	-	-	-
	<u>32,841</u>	<u>-</u>	<u>-</u>	<u>-</u>

iv) Loans to related companies and interest receivable

	Consolidated	The Company only
	For the year ended 31 December 2010	For the year ended 31 December 2010
	Baht	Baht
Subsidiaries		
Beginning balance	-	66,452,054
Additions during the year	-	73,299,253
Repayment during the year	-	(7,706,975)
Ending balance	<u>-</u>	<u>132,044,332</u>
Associates		
Beginning balance	12,313,267	-
Additions during the year	13,306,122	-
Ending balance	<u>25,619,389</u>	<u>-</u>

33 Related party transactions (Cont'd)

iv) Loans to related companies and interest receivable (Cont'd)

Loans to related companies and interest receivable consisted of:

	The Company only	
	2010	2009
	Baht	Baht
Subsidiaries		
Monster Media Co., Ltd.		
Loans (interest at 3.25% to 11.25% per annum)	9,000,000	3,000,000
Interest receivable	233,325	28,664
Evolution Ventures Co., Ltd. (formerly "Kor Asia Co., Ltd.")		
Loans (interest at 11.375% to 11.5% per annum)	27,600,000	-
Interest receivable	353,092	-
Short-term loans and interest receivable	37,186,417	3,028,664
Evolution Land Co., Ltd.		
Loans (interest at 3.375% to 12.5% per annum)	80,145,000	57,025,000
Interest receivable	14,712,915	6,398,390
Long-term loans and interest receivable	94,857,915	63,423,390
Total	132,044,332	66,452,054
	Consolidated	
	2010	2009
	Baht	Baht
Associates		
Casa Fico Co., Ltd.		
Loans (interest at 12.5% per annum)	9,775,000	4,025,000
Interest receivable	1,160,240	284,341
Fena Park Co., Ltd.		
Loans (interest at 12.5% per annum)	12,790,000	7,440,000
Interest receivable	1,894,149	563,926
Short-term loans and interest receivable	25,619,389	12,313,267

As at 31 December 2010 and 2009 the Group has no loan or outstanding credit facilities to directors.

34 Provident fund

The Company and their employees have jointly established a provident fund as approved by the Ministry of Finance in accordance with the Provident Fund Act (B.E. 2530). Contributions are made to the fund by the employees and the Company at the equal rate of 3% - 15% of salary (2009: contributions by the employees and the Company at the equal rate of 3% - 10% of salary).

For the year ended 31 December 2010, the Company and its subsidiaries contributed Baht 3.1 million (2009: Baht 3.5 million) to the fund.

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35 Other income

	Consolidated		The Company only	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Franchise transferred	11,671,621	-	-	-
Withholding taxes refund	-	10,375,224	-	10,375,224
Income from settlement of the claim	1,500,000	-	-	-
Other income from non-claim cost of service	153,086	2,788,840	153,086	2,788,840
Facility services income	8,223,453	3,131,565	10,057,425	76,307
Other income from termination of service contract	-	560,000	-	-
Compensation from the claim	-	436,872	-	218,248
Rental income	-	-	81,909	196,582
Others	210,121	784,064	115,538	393,671
	<u>21,758,281</u>	<u>18,076,565</u>	<u>10,407,958</u>	<u>14,048,872</u>

36 Finance costs

	Consolidated		The Company only	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Financial institution borrowings	1,177,812	-	1,105,593	-
Non-related parties loans	118,256	-	-	-
Finance lease	-	2,643	-	2,643
	<u>1,296,068</u>	<u>2,643</u>	<u>1,105,593</u>	<u>2,643</u>

37 Financial instruments

Risk relating to significant financial instruments held by the Group are summarised as follows:

Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in market foreign exchange rate.

The Group has no significant exposure to foreign exchange risk. As a result, the Group considers that it is not necessary to use derivative financial instruments to hedge such risk since management believes that future movements in market foreign exchange will not materially affect the Group's operating results.

Evolution Capital Public Company Limited
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37 Financial instruments (Cont'd)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Outstanding balance of significant financial assets and financial liabilities and their interest rates as at 31 December 2010 and 2009 are summarised as follows:

	2010					
	Consolidated					
	Baht					Interest rate %
	Floating interest rates	Fixed interest rates	Due at call	Without interest	Total	
		Fixed term				Floating rate
						Fixed rate
Financial assets						
Cash and cash equivalents	133,303,057	2,354	-	82,848	133,388,259	0.13-0.50
Trade accounts receivable	-	-	-	7,857,778	7,857,778	-
Accrued income	-	-	-	17,502,096	17,502,096	-
Amounts due from and advance to related companies	-	-	-	289,983	289,983	-
Investment in marketable securities	-	-	-	37,439,900	37,439,900	-
Short-term loans to related companies and interest receivable	-	-	25,619,389	-	25,619,389	-
Other current assets - derivatives	-	-	-	683,598	683,598	-
Business guarantee deposit	25,000,000	-	-	-	25,000,000	0.5
Total financial assets	158,303,057	2,354	25,619,389	63,856,203	247,781,003	
Financial liabilities						
Trade accounts payable	-	-	-	2,859,515	2,859,515	-
Construction payable	-	-	-	710,500	710,500	-
Warrants subscription payable	-	-	-	39,001,395	39,001,395	-
Finance lease payable	-	-	-	36,400	36,400	-
Amount due to broker	6,536,476	-	-	-	6,536,476	4.50
Advance from related company	-	-	-	32,841	32,841	-
Advance receipts from customers	-	-	-	3,429,525	3,429,525	-
Loan from financial institution	56,400,000	-	-	-	56,400,000	5.75-5.85
Loans from non-related parties	-	-	1,353,256	5,000,000	6,353,256	-
Total financial liabilities	62,936,476	-	1,353,256	51,070,176	115,359,908	15.00
	2009					
	Consolidated					
	Baht					Interest rate %
	Floating interest rates	Fixed interest rates	Due at call	Without interest	Total	
		Fixed term				Floating rate
						Fixed rate
Financial assets						
Cash and cash equivalents	53,973,389	2,063	-	80,259	54,055,711	0.25-0.50
Trade accounts receivable	-	-	-	6,548,954	6,548,954	-
Accrued income	-	-	-	10,939,804	10,939,804	-
Amounts due from related companies	-	-	-	177,620	177,620	-
Advance to related companies	-	-	-	286,666	286,666	-
Short-term loans to related companies and interest receivable	-	-	12,313,267	-	12,313,267	-
Total financial assets	53,973,389	2,063	12,313,267	18,033,303	84,322,022	12.50
Financial liabilities						
Trade accounts payable	-	-	-	2,698,455	2,698,455	-
Construction payable	-	-	-	895,301	895,301	-
Lease payable	-	-	-	123,761	123,761	-
Advance receipts from customers	-	-	-	2,694,056	2,694,056	-
Loans from non-related parties	-	-	-	12,500,000	12,500,000	-
Total financial liabilities	-	-	-	18,911,573	18,911,573	

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37 Financial instruments (Cont'd)

Interest rate risk (Cont'd)

	2010						
	The Company only						
	Baht					Interest rate %	
	Floating interest rates	Fixed interest rates	Without interest	Total		Floating rate	Fixed rate
		Fixed term	Due at call				
Financial assets							
Cash and cash equivalents	113,326,514	1,047	-	67,089	113,394,650	0.13-1.05	0.75-1.05
Trade accounts receivable	-	-	-	5,592,328	5,592,328	-	-
Accrued income	-	-	-	9,165,858	9,165,858	-	-
Amounts due from and advance to related companies	-	-	-	10,343,810	10,343,810	-	-
Loans to related companies and interest receivable	-	-	132,044,332	-	132,044,332	-	3.25-12.50
Business guarantee deposit	25,000,000	-	-	-	25,000,000	0.5	-
Total financial assets	138,326,514	1,047	132,044,332	25,169,085	295,540,978		
Financial liabilities							
Trade accounts payable	-	-	-	981,016	981,016	-	-
Warrants subscription payable	-	-	-	39,001,395	39,001,395	-	-
Loan from financial institution	56,400,000	-	-	-	56,400,000	5.75-5.85	-
Amount due to related company	-	-	-	224,700	224,700	-	-
Other current liabilities	-	-	-	36,400	36,400	-	-
Total financial liabilities	56,400,000	-	-	40,243,511	96,643,511		
2009							
The Company only							
Baht							
	Floating interest rates	Fixed interest rates	Without interest	Total		Floating rate	Fixed rate
		Fixed term	Due at call				
Financial assets							
Cash and cash equivalents	38,377,671	1,035	-	58,407	38,437,113	0.25-0.50	0.75
Trade accounts receivable	-	-	-	14,926,500	14,926,500	-	-
Accrued income	-	-	-	1,343,237	1,343,237	-	-
Amounts due from related companies	-	-	-	5,364,306	5,364,306	-	-
Advance to related companies	-	-	-	2,074,752	2,074,752	-	-
Loans to related companies and interest receivable	-	3,028,664	63,423,390	-	66,452,054	-	11.25-12.50
Total financial assets	38,377,671	3,029,699	63,423,390	23,767,202	128,597,962		
Financial liabilities							
Trade accounts payable	-	-	-	461,573	461,573	-	-
Lease payable	-	-	-	123,761	123,761	-	-
Total financial liabilities	-	-	-	585,334	585,334		

Credit risk

The Company has significant concentrations of credit risks. As at 31 December 2010, the Company has trade accounts receivable from a third party which accounts for 89% of total receivables (2009: The Company has trade accounts receivable from a subsidiary – Evolution Advisors Limited which accounts for 71% of total receivables). The Group has trade accounts receivable from top third-party which accounts for 64% of total receivables (2009: 42% of total receivables). The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Liquidity risk

Liquidity risk, or funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell existing real estate development assets and other assets quickly at close to its fair value.

Fair values

The carrying amounts of financial assets and financial liabilities at the balance sheet date approximate to their fair values.

38 Commitments and contingent liabilities

- 38.1 As at 31 December 2010 and 2009, the Group has commitments in respect of lease and related service agreements with third parties payable as follows:

	Consolidated		The Company only	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Less than one year	5,509,776	8,490,122	4,725,291	7,234,946
More than one year and less than five years	318,700	5,501,476	318,700	4,716,991
	<u>5,828,476</u>	<u>13,991,598</u>	<u>5,043,991</u>	<u>11,951,937</u>

- 38.2 As at 31 December 2010 and 2009, the Company has commitments in respect of land lease at Samui Island for the period from 18 January 2008 to 17 July 2031 with the lease fees of Baht 432,000 per annum.
- 38.3 As at 31 December 2010, a subsidiary - Addax Development Company Limited has commitment in respect of design and structural agreements in the amount of Baht 7.3 million (2009: Baht 7.5 million).
- 38.4 As at 31 December 2010, the Company confirmed to provide sufficient financial assistance to Addax Development Company Limited, the indirect subsidiary, as and when it is needed to enable it to continue its operations and fulfil all of its financial obligations in the forthcoming 12 months.

39 Bank guarantee

As at 31 December 2010, the subsidiary - IQTrip.com Co., Ltd. has a bank guarantee issued to the Department of Tourism amount of Baht 200,000.

40 Subsequent events

- 40.1 On 14 January 2011, the board of director meeting no. 1/2011 approved the establishment of five associate companies of Evolution Land Company Limited, a subsidiary of the Company to develop hotel projects.
- 40.2 On 2 February 2011, the subsidiary - Evolution Holdings Limited has increased its registered share capital by 970,000 ordinary shares from the existing registered capital of 3,005,000 ordinary shares to a new registered capital of 3,975,000 ordinary shares with a par value of USD 1 per share.
- 40.3 On 3 February 2011, Evolution Advisors Limited, a subsidiary held by Evolution Holdings Limited has increased its registered share capital by 9,540 ordinary shares from the existing registered capital of 29,620 ordinary shares to a new registered capital of 39,160 ordinary shares at USD 100 per share which comprises par value of USD 1 per share and share premium of USD 99 per share. The purpose of the additional share issuance is to further invest in additional share capital issued by Red Planet Hotels Limited.

