



**e**volutioncapital

# **Annual Report**

Evolution Capital Public Company Limited

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## GENERAL INFORMATION

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**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.

After a change of shareholders and management in 2007, 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 currently provides financial advisory and asset management services to clients both in Thailand and overseas and makes direct private equity investments in the property, hospitality, food, and information technology sectors.

**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** : <http://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 (THB unless stated) | Paid up capital (THB unless stated) | Ownership |
|---|---|---|--|-------------------------------------|-----------|
| 1. <b>Evolution Capital Public Company Limited</b><br>(0107546000415)                           | Unit 1912, 19 <sup>th</sup> Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330<br>Tel : 0-2207-2900<br>Fax : 0-2207-2929<br>: 66 (0) 2651 9614<br>E-mail : info@evolution.co.th<br>Website : www.evolution.co.th | Development and Asset Management services | 1,041,000,000                          | 694,000,000                         | -         |
| Subsidiaries  |   |   |  |                                     |           |
| 1. <b>Addax Development Co., Ltd.</b><br>(0105549142561)  | Unit 1912, 19 <sup>th</sup> Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330   | Property Development                      | 80,000,000                             | 80,000,000                          | 100%      |
| 2. <b>Evolution Land Co., Ltd.</b><br>(0105550103680)   | Unit 1912, 19 <sup>th</sup> Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330   | Investment in Real Estate                 | 229,107,500                            | 229,107,500                         | 100%      |
| 3. <b>Monster Media Co., Ltd.</b><br>(0105550089946)  | Unit 1707, 17 <sup>th</sup> Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330   | Multimedia Provider                       | 10,000,000                             | 10,000,000                          | 100%      |
| 4. <b>Evolution Advisors Limited</b><br>(205720)  | 89 Nexus Way Camana Bay Grand Cayman KY1-9007 Cayman Islands  | Investment Advisory                       | 50,000 (USD)                           | 46,160 (USD)                        | 100%      |
| 5. <b>Evolution Holdings Limited</b><br>(081787)  | 113, 2 <sup>nd</sup> Floor, Medine Mews, Chaussee Street, Port Louis, Mauritius   | Holding Company                           | 4,675,000 (USD)                        | 4,675,000 (USD)                     | 100%      |
| 6. <b>Evolution Ventures Co., Ltd.</b> (previously name "Spire Real Estate")<br>(0105551131555) | Unit 1901, 19 <sup>th</sup> Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330   | Investment in Marketable Securities       | 10,000,000                             | 10,000,000                          | 100%      |
| 7. <b>Evolution Investments Limited</b> (previously name "EKT Advisors")<br>(229379)            | 89 Nexus Way Camana Bay Grand Cayman KY1-9007 Cayman Islands  | Investment Holding Company                | 50,000 (USD)                           | 5,700 (USD)                         | 100%      |
| 8. <b>IQtrip.com Co., Ltd.</b><br>(Dissolved on 30 Dec 2011)<br>(0105553116634)                 | Unit 1902, 19 <sup>th</sup> Flr, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330   | Online Travel Booking Services            | 3,000,000                              | 750,000                             | 100%      |

|                   |  |   |   |                |                |        |
|-------------------|--|---|---|----------------|----------------|--------|
| 9                 | <b>Evolution Energy Pte. Ltd.</b><br>(201129170N)                          | 100 Beach Road<br># 25-06, Shaw Towers,<br>Singapore  | EnergyTrading<br>and Related<br>Logistic  | 5,000<br>(SGD) | 5,000<br>(SGD) | 100%   |
| <b>Associates</b> |  |   |   |                |                |        |
| 1                 | <b>Casa Fico Co., Ltd.</b><br>(0105550050799)                              | 10 <sup>th</sup> Floor, Fico Place Building,<br>18/8 Sukhumvit 21 (Asoke),<br>Klongtoey-Nua Sub-District,<br>Wattana District, Bangkok<br>10110 | Residential<br>Real Estate<br>Development | 285,000,000    | 285,000,000    | 42.5%  |
| 2                 | <b>Fena Park Co., Ltd.</b><br>(0105549116277)                              | 10 <sup>th</sup> Floor, Fico Place Building,<br>18/8 Sukhumvit 21 (Asoke),<br>Klongtoey-Nua Sub-District,<br>Wattana District, Bangkok<br>10110 | Hotel Real<br>Estate<br>Development       | 100,000,000    | 100,000,000    | 42.5%  |
| 3                 | <b>Andaman Beach<br/>Residences Co., Ltd.</b><br>(0105551106224)           | Unit 1912, 19 <sup>th</sup> Flr, 999/9<br>The Offices at Centralworld,<br>Rama I Road, Pathumwan,<br>Bangkok 10330                              | Hotel Real<br>Estate<br>Development       | 10,000,000     | 10,000,000     | 51%    |
| 4                 | <b>Phang Nga Hotel Co., Ltd.</b><br>(0105551106241)                        | Unit 1912, 19 <sup>th</sup> Flr, 999/9<br>The Offices at Centralworld,<br>Rama I Road, Pathumwan,<br>Bangkok 10330                              | Hotel Real<br>Estate<br>Development       | 10,000,000     | 10,000,000     | 51%    |
| 5                 | <b>Red Planet Hotels<br/>(Thailand) Co., Ltd.</b><br>(0105552090666)       | Unit 1912, 19 <sup>th</sup> Flr, 999/9<br>The Offices at Centralworld,<br>Rama I Road, Pathumwan,<br>Bangkok 10330                              | Hotel Real<br>Estate<br>Development       | 7,000,000      | 7,000,000      | 50.09% |
| 6                 | <b>Red Planet Hotels Two<br/>(Thailand) Co., Ltd.</b><br>(0105554007065))  | Unit 1912, 19 <sup>th</sup> Flr, 999/9<br>The Offices at Centralworld,<br>Rama I Road, Pathumwan,<br>Bangkok 10330                              | Hotel Real<br>Estate<br>Development       | 10,000,000     | 10,000,000     | 51%    |
| 7                 | <b>Red Planet Hotels Three<br/>(Thailand) Co., Ltd.</b><br>(0105554014291) | Unit 1912, 19 <sup>th</sup> Flr, 999/9<br>The Offices at Centralworld,<br>Rama I Road, Pathumwan,<br>Bangkok 10330                              | Hotel Real<br>Estate<br>Development       | 8,000,000      | 8,000,000      | 51%    |
| 8                 | <b>Red Planet Hotels Four<br/>(Thailand) Co., Ltd.</b><br>(0105554019926)  | Unit 1912, 19 <sup>th</sup> Flr, 999/9<br>The Offices at Centralworld,<br>Rama I Road, Pathumwan,<br>Bangkok 10330                              | Hotel Real<br>Estate<br>Development       | 100,000        | 100,000        | 51%    |
| 9                 | <b>Red Planet Hotels Five<br/>(Thailand) Co., Ltd.</b><br>(0105554073521)  | Unit 1912, 19 <sup>th</sup> Flr, 999/9<br>The Offices at Centralworld,<br>Rama I Road, Pathumwan,<br>Bangkok 10330                              | Hotel Real<br>Estate<br>Development       | 100,000        | 100,000        | 51%    |

|                       |  |  |   |                     |                     |        |
|-----------------------|--|--|---|---------------------|---------------------|--------|
| 10                    | <b>Red Planet Hotels Limited</b><br>(237030)                 | 89 Nexus Way Camana Bay<br>Grand Cayman KY1-9007<br>Cayman Islands   | Holding<br>Company<br>and Hotel<br>Management<br>Services | 50,000<br>(USD)     | 7,416.40<br>(USD)   | 23.07% |
| 11                    | <b>Seamico Asset Management Co., Ltd.</b><br>(0105549077166) | 287 Liberty Square Building,<br>8 <sup>th</sup> Floor, Silom Road, Bangrak,<br>Bangkok                             | Mutual,<br>Private and<br>Provident<br>Fund<br>Management | 152,000,000         | 152,000,000         | 25%    |
| 12                    | <b>Beanstar Japan Holdings Limited</b><br>(263771)           | 89 Nexus Way, Camana Bay,<br>Grand Cayman, KY1-9007,<br>Cayman Islands   | Investment<br>Holding<br>Company                          | 50,000<br>(USD)     | 0.01<br>(USD)       | 100%   |
| <b>Joint Ventures</b> |  |  |   |                     |                     |        |
| 1                     | <b>PhotoME.com Co., Ltd.</b><br>(0105554051528))             | Unit 1707, 17 <sup>th</sup> Flr, 999/9 The<br>Offices at Centralworld,<br>Rama I Road, Pathumwan,<br>Bangkok 10330 | Interactive<br>Media<br>Services                          | 10,000,000          | 10,000,000          | 51%    |
| 2                     | <b>PhotoME.com K. K.</b><br>(010104-01-097213)               | 22-10-201, Toranomom 3<br>choume, Minato-Ku, Tokyo,<br>Japan   | Out of home<br>Media<br>Services                          | 10,000,000<br>(JPY) | 10,000,000<br>(JPY) | 51%    |

## MESSAGE FROM THE CHAIRMAN

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Unfortunately 2011 was a year marked by catastrophic flooding in northern and central Thailand which disrupted the lives of many, both directly and indirectly. On behalf of the Company, I would like to offer our sympathy to those who lost loved ones, their livelihood, or property as a result of the floods which engulfed much of the country in the second half of the year.

Business was inevitably disrupted which led to the economy slowing dramatically in the second half of 2011, as well as creating a brake on consumer confidence. Thai people are remarkably resilient however and pulled together well during the crisis, and I expect that 2012 will bring renewed business confidence with the domestic economic recovery very much evident.

Whilst being a Thai company, Evolution Capital is affected by negative domestic events, whether of a political nature as in 2010 or the natural disaster witnessed last year, and hence the Company began to reposition itself starting in 2009, towards a pan-Asian business platform.

This has been achieved principally by the successful establishment of the company's budget hotel business, Red Planet Hotels Company Limited (RPHL) ([www.redplanethotels.com](http://www.redplanethotels.com)) which has the franchise rights for Air Asia's sister company Tune Hotels ([www.tunehotels.com](http://www.tunehotels.com)) in Thailand, the Philippines, Indonesia, Bangladesh, and China. The Company's investment in Red Planet Hotels is hugely valuable, with 5 hotels open, and another 15 hotels under development, representing 3,279 hotel rooms. The number of hotels shall grow to 82 by 2014.

The first Tune Hotel owned by RPHL was opened in Hat Yai in December 2011. This was a very proud achievement for the Company, given the hard work that has gone into turning RPHL's business concept into a revenue-generating hotel operation. The Company is now firmly associated with the fastest-growing, and the most exciting, segment of the Asian travel industry the budget sector encompasses 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. RPHL now operates Tune Hotels in Pattaya, Angeles City (Philippines), Manila (Philippines), Cebu (Philippines), in addition to Hat Yai.

The Company in 2011, whilst reporting lower earnings, remained profitable. This is due to the continued realignment of the Company's business plan, which shall result in better performance in the future.

The Company's is optimistic that the investment made in the third quarter of 2011 into Seamico Asset Management Company Limited (SAM), a regulated fund management company, shall become profitable through launching innovative new fund products and growing assets under management. The acquisition of 25% of SAM has excellent synergies with the Private Equity and Investment Advisory services which Evolution Capital is now focused on.

Lastly, I would like to thank our shareholders for their ongoing support of both the management team and the business platform.

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.

A handwritten signature in black ink, appearing to read 'Simon Gerovich', with a stylized, cursive script.

**Simon Gerovich**  
Chairman



## REPORT OF THE AUDIT COMMITTEE

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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 (the "SET") and the Securities and Exchange Commission (the "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 conflict 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 2011, five Audit Committee meetings were conducted to perform its tasks under the scope of work 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 2011, the Internal Audit Department performed internal audit reports and following-up reports of each 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 the SET and SEC regulations. The results of the audit and the recommendations were discussed with the relevant staffs and key managements and were 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. However, the Audit Committee is of the opinion that the Company's risk management is at early stage and the management is committed to put necessary efforts to enhance it.

- During the year 2011, 5 audit committee meetings were held. The issues discussed with internal and external auditors at the meetings are reported to the Board of Directors for comment and acknowledgement.
- Audit Committee meeting No.1/2011 submitted its recommendation to appoint Pricewaterhouse Coopers 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 2011.

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 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 Pricewaterhouse Coopers ABAS Limited to conduct the audit.

The meeting also approved audit fees in an amount not exceeding Baht 2.905 million plus out-of-pocket expenses for the year 2011, which was subsequently approved by the Annual General Meeting of Shareholders on 30 March 2011.

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



**Witit Sujjapong**

Chairman of Audit Committee

21 February 2012

# RISK FACTORS

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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 and Private Equity Services

### Risk from economic and political factors

Property and hospitality related developments/investments, as well as private equity investments, are affected by ever-changing economic and political conditions and sentiment. The business plans are driven and shaped by global as well as domestic economic and political situations. These risks are outside the Company's control and investors will inevitably adjust their business strategies according to changing economic and political conditions. When economic and political conditions are not favourable, property and hospitality related businesses (both advisory and proprietary investments) will slow in line with prevailing market circumstances.

However, the Company believes that there are also unique opportunities in unfavourable market conditions which are in line with the Company's investment and advisory strategies. The global financial crisis in 2008 as well as Thailand's political unrest in 2010 triggered a slow-down in property and hospitality investments in Thailand. Whilst this has had a direct and lingering negative effect on the Company's property services business, it has also facilitated a shift in the Company's business plan towards robust business sectors such as budget hotels. The Company continues to actively seek medium to long term opportunities of particular merit within the property and hospitality sectors which are more resilient to difficult global economic conditions.

In seeking private equity investments, the Company does not limit itself to a narrow set of businesses or sectors, and is flexible enough to engage clients within various businesses/industries. Within private equity services, there are also a number of related financial, structuring, and feasibility services which the Company can offer to clients. Investors will always look for opportunities in good times and bad times and the Company is cognisant of being well placed to seize the appropriate initiatives when available.

### Risk from property market factors

Volatile market conditions directly affect property development/investment activities. 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.

## Client Competition

The services the Company offers to its clients are unique and specific to their needs. The Company places an emphasis on identifying and working with foreign investors whom the Company believes have unique and specific needs when investing in Thailand or Asia. Such services range from conducting due diligence and feasibility, establishing effective investment structures, to asset and investment management. This ability to identify and work seamlessly with foreign investors who are in the process of establishing businesses in Thailand or in the rest of Asia gives the Company a competitive advantage over other conventional consultant firms who typically solely provide services but do not co-invest alongside the client. This is a key differentiation for the Company.

## 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 previously held key positions in their respective fields of competence. The Company believes that in the long term it will be able to continue to attract talented personnel 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 business experience pre-graduation. The main benefit for the Company is the opportunity to identify a pool of talented personnel to join the Company in the future.

## Digital and Creative Media Services

### Risk from specific characteristics of the sector

In engaging in the provision of wireless Value Added Services (VAS) to mobile phone users, the Company faces a highly competitive market. 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 slowed. We currently see the market levelling out, with players achieving a stable market share. The demand for wireless VAS from mobile phone users has declined in the middle to upper middle class demographic. This was 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 Company's Digital Media subsidiary.

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 recurrent revenue stream. Finally,

rather than focusing on pop content, which changes month by month and requires high overheads to keep up with trends, the Company has focused on product offerings which are mainstays of Thai culture – namely horoscope and lottery-based services. This ensures a stable, recurrent revenue stream which is not subject to the latest fad or trend, leading to 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. The Company will constantly research new technologies as the awarding of 3G concessions combined with the possibility of cheaper/mass-market smartphone handsets could pose a significant business risk. Innovation is required in order to maintain market competitiveness.

### **Risk from changes in consumer behaviour**

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 the product in the longer term is uncertain and subject to personal tastes and trends. Thus, the Company faces risks from changes in the consumer behaviour of mobile phone users. The 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 Direct Investments**

The Company has invested in associate companies by using the equity method, and these investments account for approximately 44% of its total assets, as of 31 December 2011. These investments are in the property, asset management, and media sectors. At the end of 2010 and 2011, the Company had realised proportional 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.

The operating results of associates and joint ventures companies have a direct impact on the Company's operating results. If their performance is strong, the Company will realise significant shared gains from investments which will result in an increase in the Company's net profit. Conversely, if their performance is poor, it will result in a decrease in the Company's net profit.

# COMPANY BACKGROUND AND BUSINESS OVERVIEW

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## 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](http://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](http://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. After building relationship with various stakeholders, especially investors in Asia, Europe and America for more than three years, in 2011, the Company has expanded its business into private equity investment services and hospitality related asset management.

The global financial crisis in 2008 and Thailand's continuous political unrest undermined the Company's development and advisory services in property-related business as most of the projects were in hospitality sector which were negatively hit by the factors mentioned above. However, one of the Company's private equity hospitality investments, Red Planet Hotels ([www.redplanethotels.com](http://www.redplanethotels.com)), which develops budget hotels under a franchise agreement with Tune Hotels ([www.tunehotels.com](http://www.tunehotels.com)) in Thailand, the Philippines, Indonesia, China, and Bangladesh, has made significant progress in successfully rolling out its business plan.


In September 2011, the Company successfully acquired a 25% stake in Seamico Asset Management Company Limited ([www.seamicoasset.com](http://www.seamicoasset.com)). This is a strategic acquisition in order to grow the Company's business into investment funds under a fully licensed asset management structure. In 2011, the Company signed a number of contracts to provide advisory services in relation in investment banking and hospitality development services. These businesses streams create revenues which offset diminishing revenues from luxury hospitality development and advisory services.

## History and Company Highlights

|                       |  |
|-----------------------|--|
| <b>July 1999</b>      | 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.  |
| <b>October 1999</b>   | The digital media business began with the launch of the <a href="http://www.siam2you.com">www.siam2you.com</a> 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.  |
| <b>September 2000</b> | The mobile wap.siam2you.com site was launched in order to create a communication channel which reaches mobile phone users.   |
| <b>October 2001</b>   | <p>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.</p> <p>Launched consultancy services and the development of integrated internet/wireless communications (Interactive Solutions) to both governmental and private organisations.</p> |
| <b>May 2002</b>       | 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.   |
| <b>September 2002</b> | 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.  |
| <b>January 2003</b>   | 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.  |
| <b>December 2003</b>  | Siam2you registered to become a Public Company Limited on 22 December, 2003.   |
| <b>April 2005</b>     | 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.   |
| <b>May 2005</b>       | The SET granted a listing of ordinary shares of the Company on 4 May, 2005 on the Market for Alternative Investment.   |
| <b>April 2007</b>     | 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.  |

|                       |  |
|-----------------------|--|
| <b>July 2007</b>      | <p>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.</p>   |
| <b>August 2007</b>    | <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. 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>  |
| <b>September 2007</b> | <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>  |
| <b>October 2007</b>   | <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>   |
| <b>December 2007</b>  | <p>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.</p> <p>In addition, the Board of Directors Meeting also approved the establishment of a new subsidiary company, Titan Project Management Company Limited, tentatively</p> |





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.

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**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.

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**February 2008**

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.

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.

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**March 2008**

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.

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.

The acquisition of 99.99% of Addax Development Company Limited 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.

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| <b>April 2008</b>     | <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>  |
| <b>June 2008</b>      | <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> |
| <b>September 2008</b> | <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>                                      |
| <b>November 2008</b>  | <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>   |
| <b>December 2008</b>  | <p>On 12 December 2008, a subsidiary company, Evolution Land Co., Ltd., acquired 562,500 ordinary shares of Casa Fico Company Limited totalling 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 Company Limited also acquired 1,550,000 ordinary shares of Fena Park Co., Ltd. totalling THB 15.50 million. This resulted in an increase in the subsidiary's shareholding stake in this associate from 27% to 42.50%.</p>  |

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| <b>February 2009</b> | The Board of Directors meeting held on 25 February 2009 approved the dissolution of Titan Project Management Company Limited, a Company subsidiary and Spire Properties Company Limited 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.  |
| <b>May 2009</b>      | The Board of Directors meeting held on 14 May 2009 approved the dissolution of Tierra POD Company Limited, a Company subsidiary.   |
| <b>August 2009</b>   | <p>The Board of Directors meeting held on 7 August 2009 approved the establishment of two new joint venture companies, Red Planet Hotels Company Limited and EKT Advisors Limited. The Company holds 51% of the registered capital of THB 1 million of Red Planet Hotels Company Limited 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 Company Limited and Yamu (Thailand) Company Limited were incorporated to support the Company's property development plan. Evolution Land Company Limited, 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 Company Limited, associate companies, signed a Management Agreement with Ritz-Carlton for the Hotel and Residential Project in Phang Nga Province.</p> <p>Casa Fico Company Limited and Fena Park Company Limited, the Company's associates, signed a Management Agreement with the Marriott Group for its Hotel and Residential Project in Koh Samui.</p> |
| <b>October 2009</b>  | <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>  |
| <b>December 2009</b> | <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 Company Limited, completed the liquidation process.</p>  |
| <b>February 2010</b> | The Board of Directors meeting held on 24 February 2010 approved the change of name in a subsidiary company, Kor Asia Company Limited to "Spire Real Estate  |

Co., Ltd." and acquired 49% of the share capital from Kor Foreign Sales, LLC. Therefore, Spire Real Estate Company Limited holds 100% by the Company.

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.

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| <b>March 2010</b>  | <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>   |
| <b>April 2010</b>  | <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>   |
| <b>May 2010</b>    | <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 equalled USD 0.01 of par value and USD 99.99 of share premium, totalling 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 totalling USD 954,000. As a result 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> |
| <b>June 2010</b>   | <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 share 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>   |
| <b>July 2010</b>   | <p>Evolution Advisors Limited acquired an additional of 9,540 shares at a price of USD 100 per share for USD 954,000. This resulted in Evolution Advisors' shareholding stake in Red Planet Hotels Limited changing from 59.6% to 50.54%.</p>   |
| <b>August 2010</b> | <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>  |

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.

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**September 2010** The establishment of IQtrip.com Company Limited, a new subsidiary company of Monster Media Company Limited, a subsidiary of the Company, to undertake the online travel services.

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**October 2010** On 15 October 2010, Mr. Simon Morris Gerovich, was given the discretion to consider, determine, amend, or revise the terms 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.

After the completion of this allotment, the paid-up share capital increased to THB 694,000,000.

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.

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%.

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**November 2010** The Board of Directors' meeting held on 1 November 2010 approved the dissolution of Yamu (Thailand) Company Limited and Yamu Villas Company Limited, 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 Company Limited 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.

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| <b>December 2010</b>  | On 1 December 2010, Yamu (Thailand) Company Limited and Yamu Villas Company Limited completed their registration of dissolution.   |
| <b>January 2011</b>   | The Board of Directors' meeting held on 14 January 2011 approved the establishment of five associate companies of Evolution Land Company Limited, a subsidiary of the Company, to undertake hotel development projects: Red Planet Hotels Two (Thailand) Limited, Red Planet Hotels Three (Thailand) Limited, Red Planet Hotels Four (Thailand) Limited, Red Planet Hotels Five (Thailand) Limited, and Red Planet Hotels Six (Thailand) Limited.  |
| <b>March 2011</b>     | On 30 March 2011, The Board of Directors' meeting approved the formation of an Executive Committee, and changes to the management structure of the Company. Mr. Mark Michael Reinecke assumed the position of Chief Executive Officer and Managing Director of the Company, replacing Mr. Simon Morris Gerovich.   |
| <b>April 2011</b>     | Monster Media Company Limited, a subsidiary company, set up a new joint venture company, PhotoME.com Company Limited to provide a new interactive media business, incorporating aspects of advertising and social networking.  |
| <b>June 2011</b>      | Mr. Vichet Bunthuwong resigned from his position as director and Chairman of the Board of Directors of the Company, effective 30 June 2011.  |
| <b>August 2011</b>    | The Board of Directors' meeting held on 10 August 2011 approved the establishment of the new subsidiary company of Evolution Advisors Limited, Evolution Energy Pte. Ltd., incorporated in Singapore, to engage in the business of energy trading and related logistics.   |
| <b>September 2011</b> | On 23 February 2011, the Board of Directors approved entering into a term sheet to acquire 25 percent of the issued and paid up shares of Seamico Asset Management Company Limited, a subsidiary of Seamico Securities Public Company Limited. The process of executing the term sheet and subsequent share purchase agreement has been completed.   |
| <b>November 2011</b>  | Pursuant to the Board of Directors' Meeting No. 6/2011 held on 25 October 2011, the Board approved the subscription for shares in Beanstar Japan Holdings Limited, representing a 33.3% stake, totalling USD125,000 through its wholly owned subsidiary, Evolution Advisors Limited. The Board of Directors also approved a subscription for shares in CGI Indochina Limited, representing a 33.3% stake, totalling USD150,000 through its wholly owned subsidiary, Evolution Advisors Limited. The Board of Directors' Meeting No. 7/2011 further approved an additional USD100,000 subscription in CGI Indochina Limited, which would bring its total subscription in this company to USD 250,000. |
| <b>December 2011</b>  | <p>The establishment of PhotoME.com K.K., a new subsidiary company of PhotoME.com Co., Ltd., itself a subsidiary of the Company, to provide a new interactive media business, incorporating aspects of advertising and social network for the Japanese market. PhotoME.com K.K. is incorporated in Japan.</p> <p>On 30 December 2011, IQtrip.com Company Limited completed its registration of dissolution.</p>  |

## BUSINESS OVERVIEW

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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. However, with negative effects from global financial crisis and Thailand's continuous political unrest, the business did not go as planned. Hospitality sector was one of the most affected. Therefore, investments were halted. With existing expertise and experience, the Company diverted its effort to private equity investment both direct investment and advisory services, focusing on small projects that are scalable and have high growth potential.

# NATURE OF BUSINESS

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## 1. 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 also assists in the process of identifying, evaluating and selecting such partners.

The Company has established a good reputation for its property related advisory services and in 2011 was engaged by a client to advise on a hospitality development in Bangladesh. It is expected that the Company will derive more revenue from international property advisory mandates, although it is likely this will remain a smaller property services revenue generator than those fees generated in Thailand.

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 focus on pure property development as its main business and major source of income. The Company will not become a conventional property developer, but rather shall continue to evaluate direct investments in property projects where such investments present unique opportunities for the Company.

The Company intends to focus on hospitality development, in particular under Red Planet Hotels, and opportunistically provide advisory services to prime CBD Bangkok mixed use development sites.

## 2. 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 simple 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.



- **Interactive Media Services**

As Wireless Value Added Services reaches maturity, the Company will seek new technologies that can better satisfy needs of the end client. In 2009 the Company acquired a cutting edge interactive media technology that performed much better than those available in the market at that time. With the basic technology acquired, the Company developed different applications so that it could better respond to client requirements. Currently, the Company has two types of client base, the first being direct clients who are end users of interactive media services, and the second group being event organisers and media agencies who incorporate certain services into their client packages .

### **3. Private Equity Services**

- **Investment Banking Services**

With its expertise in managing investments, the Company provides advisory services to clients who have limited capacity or capability in certain areas in relation to their investments. These areas include capital raising/structuring by way of both equity and loans, financial feasibility studies, investment concept planning, deal structuring, and commercial agreement negotiations. Investment banking services have high potential for growth as there are many companies/investors who have a good grasp of their business plan but lack certain skills which are necessary to make their investment successful. The revenue from these services is mostly a combination of retention fees and success fees.

- **Investment Management Services**

This service is an expanded version of investment banking services. The Company provides a full range of services associated with investments made by clients. Essentially, the Company becomes the local investment manager for clients who have their own funds and clear investment mandates.

### **4. Direct Investments**

One of the strategies for business expansion is to make direct investments in businesses that can provide the potential of strong revenue growth for the Company. These investments are carefully considered and selected. These investments typically provide opportunities for the Company to invest in a broader range of businesses. Key investments of this type which the Company has made include Red Planet Hotels Company Limited (RPHL), Seamico Asset Management Company Limited (SAM), and PhotoMe.com Limited (PhotoMe). RPHL is a company which develops budget hotels under the brand Tune Hotels.com in five countries namely Thailand, the Philippines, Indonesia, China, and Bangladesh. Currently the Company owns 23.07% of RPHL. SAM is a fully licensed asset management company under the Thai Securities and Exchange Commission (SEC). The Company currently owns 25% of SAM. PhotoMe is a joint venture in which the Company owns 51%. PhotoMe provides social-based online photo booth which clients use to promote their products/ services while collecting information from consumers for marketing and/or research purposes

## REVENUE STRUCTURE

The Company's 2011 income from services was generated from three sources:

1. Property advisory services and investment services
2. Digital media and creative media services
3. Other income

Details regarding income from services classified by segment, from 2009 to 2011, are as follows.

(Unit: '000 THB)

| Type of Service                                       | 2009           |              | 2010           |              | 2011           |              |
|---|----------------|--------------|----------------|--------------|----------------|--------------|
|   | Income         | %            | Income         | %            | Income         | %            |
| 1. Property advisory services and investment services | 119,327        | 88.0         | 229,415        | 90.6         | 126,931        | 78.4         |
| 2. Digital media and creative media services          | 15,224         | 11.2         | 21,400         | 8.4          | 31,585         | 19.5         |
| 3. Other income                                       | 1,069          | 0.8          | 2,440          | 1.0          | 3,431          | 2.1          |
| <b>Total income from services</b>                     | <b>135,620</b> | <b>100.0</b> | <b>253,255</b> | <b>100.0</b> | <b>161,947</b> | <b>100.0</b> |

## CAPITAL STRUCTURE

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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 increase / reduction (THB) | Paid- up share capital (THB) | Remarks  |
|-----|-------------------|--|-----------------------------|---|------------------------------|--|
| 1.  | 27/04/2005        | 40,931,510   | -                           | -   | 40,931,510                   | -  |
| 2   | 08/08/2007        | 40,931,510   | 368,383,500                 | 409,315,100   | 391,366,118                  | <p><b>Allocated</b><br/>to existing shareholders</p> <p><b>Objectives</b></p> <ol style="list-style-type: none"> <li>1. Support and expand the Company's existing business.</li> <li>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</li> <li>3. For use as the Company's working capital</li> </ol>   |
| 3.  | 11/02/2008        | 409,315,100  | (17,948,982)                | 391,366,118   | 391,366,118                  | Reduction of 17,948,982 unissued shares.   |
| 4   | 12/02/2008        | 391,366,118  | 130,000,000                 | 521,366,118   | 391,366,118                  | <p><b>Allocation</b><br/>Offered to private placement investors and/or institutional investors</p> <p><b>Objectives</b><br/>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><b>Allocation</b><br/>Offered to private placement investors and/or institutional investors</p> <p><b>Objectives</b><br/>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> <ol style="list-style-type: none"> <li>1. Thai NVDR Co., Ltd. 60,600,000 shares</li> <li>2. Mr. Charles Merimee 3,200,000 shares</li> <li>3. Mr. Suparat Sribhadung 18,000,000 shares</li> <li>4. Mr. Ryan Fattore 3,000,000 shares</li> <li>5. Ms. Kittiya Tunmanont 1,000,000 shares</li> </ol>  |
| 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> <ol style="list-style-type: none"> <li>1. TP Thailand Opportunity Fund L.P. 14,800,000 shares</li> <li>2. Mr. Kirt Srichawala 5,000,000 shares</li> <li>3. Mr. Radab Kanhanawanit 1,200,000 shares</li> </ol>   |
| 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> <ol style="list-style-type: none"> <li>1. Mr. Akeyuth Anchanbutr 30,000,000 shares</li> <li>2. Mr. Phaitoon Techadanai 20,000,000 shares</li> <li>3. Ms. Thanyavan Jarumon 15,833,882 shares</li> </ol> |
| 10. | 19/10/2010        | 694,000,000  | 694,000,000                 | 1,041,000,000   | 694,000,000                  | <p><b>Allocation</b><br/>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><b>Objectives</b><br/>For use as the Company's working capital and future investments</p>   |

## SHAREHOLDERS

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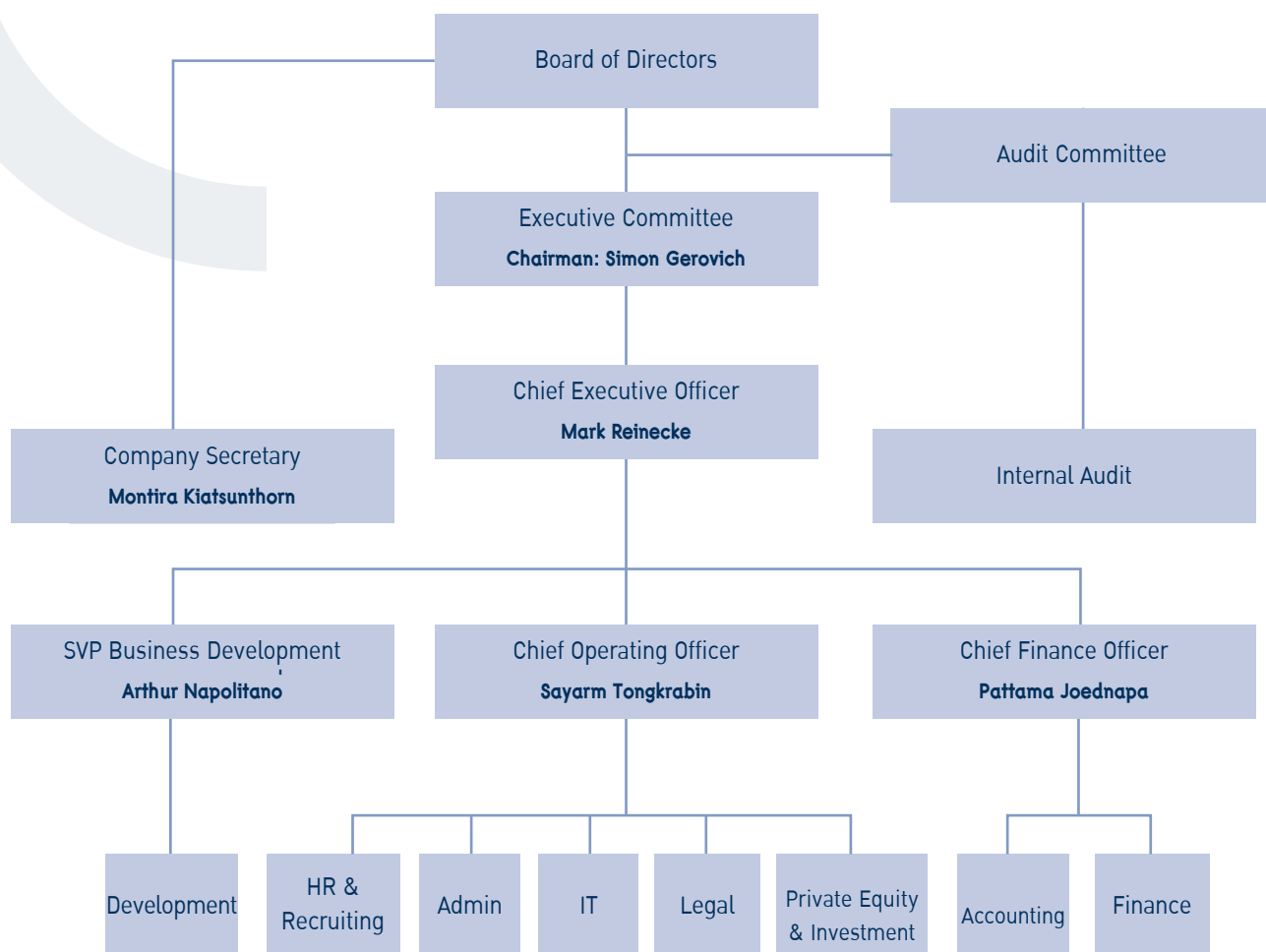
Major Shareholders (Top 10 Shareholders as of 12 October 2011)

| RANK | NAME                                  | SHARES      | % HOLDING |
|------|---------------------------------------|-------------|-----------|
| 1.   | THAI NVDR COMPANY LIMITED             | 150,705,437 | 27.7%     |
| 2.   | MGP HAZEL (MAURITIUS) NO. 1 LIMITED   | 106,708,400 | 15.4%     |
| 3.   | GOLDMAN SACHS INTERNATIONAL           | 81,500,000  | 11.8%     |
| 4.   | Mr. Simon Gerovich                    | 20,000,000  | 2.9%      |
| 5.   | Ms. Kessuda Tispak                    | 19,428,600  | 2.8%      |
| 6.   | Mrs. Yupa Thanakornytin               | 11,900,000  | 1.7%      |
| 7.   | BANQUE MORVAL ET CIE S.A              | 9,309,700   | 1.3%      |
| 8.   | Mr. Thaweechat Juruangkul             | 8,400,000   | 1.2%      |
| 9.   | RBS COUTTS BANK LTD, HONG KONG BRANCH | 5,385,300   | 0.8%      |
| 10.  | Mr. Manop Lertmahawong                | 5,300,000   | 0.8%      |

## DIVIDEND PAYMENT POLICY

Pursuant to the Company's Article 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. The Company would still have adequate cash for on-going operation and working capital purposes. The Company's dividend policy is subject to change from time to time as approved by Shareholders in a General Shareholders Meeting

# MANAGEMENT STRUCTURE



(as of 31 December 2011)

# BOARD OF DIRECTOR

---

As of 31 December 2011, the Board of Directors consists of 8 Directors.

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

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

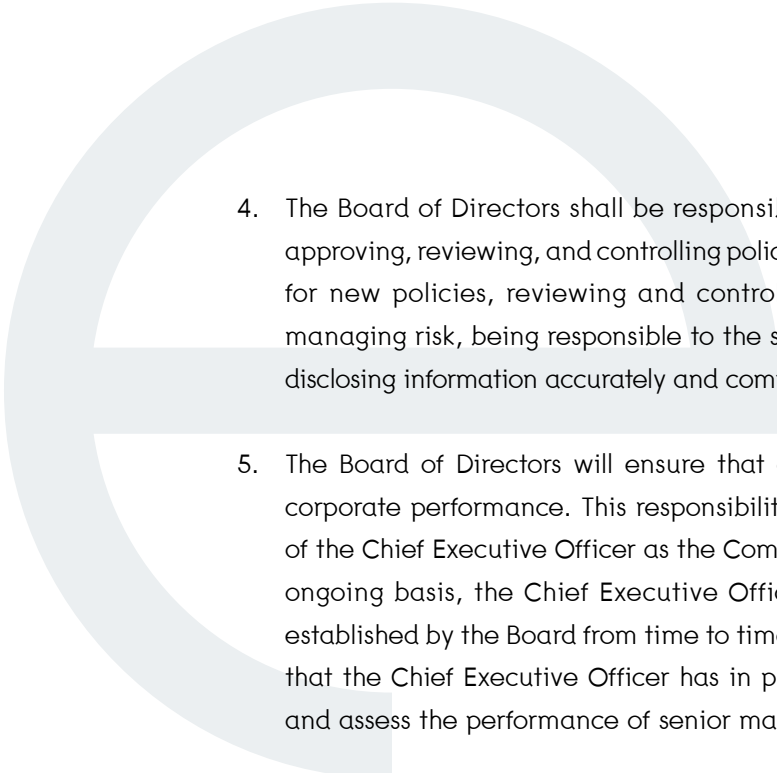
Ms. Montira Kiatsunthorn is the Company Secretary and Secretary to the Board of Directors.

## 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 2011, the Board held 7 meetings. The attendance information for each Director is as follows:

| NO. | NAME                              | No. of meetings attended / total no. of meetings |
|-----|-----------------------------------|--|
| 1.  | Mr. Vichet Bunthuwong             | 3/4*   |
| 2.  | Mr. Simon Morris Gerovich         | 7/7  |
| 3.  | Mr. Mark Michael Reinecke         | 7/7  |
| 4.  | Mr. Arthur Hugh Napolitano        | 7/7  |
| 5.  | Mr. Chaipatr Srivisarvacha        | 4/7  |
| 6.  | Mr. Witit Sujjapong               | 6/7  |
| 7.  | Mr. Krish Detter                  | 6/7  |
| 8.  | Pol.Gen. Viroj Phaholvech         | 5/7  |
| 9.  | Mr. Christiaan Brett Straatemeier | 3/7  |

\* Mr. Vichet Bunthuwong resigned from his position as Chairman of the Board of Director on 30 June 2011.

## AUDIT COMMITTEE

The Company has three independent Audit Committee members who are responsible for monitoring its operations. As of 31 December 2011, the Audit Committee consists of Witit Sujjapong, 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      |

The Audit Committee Chairman, 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.

## MANAGEMENT

As of 31 December 2011, the Company's Management consisted of the following persons:

|    |                            |  |
|----|----------------------------|--|
| 1. | Mr. Simon Morris Gerovich  | Chairman of the Exco                         |
| 2. | Mr. Mark Michael Reinecke  | Chief Executive Officer                      |
| 3. | Mr. Arthur Hugh Napolitano | Senior Vice President – Business Development |
| 4. | Mr. Sayarm Tongkrabin      | Chief Operating Officer                      |
| 5. | Ms. Pattama Joednapa       | Chief Finance Officer                        |

## 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 monthly report the Company operations.
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 Managing Director 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  | 2012    |        |
|--|---------|--------|
|  | Persons | Amount |
| Meeting and Retainer Fee   | 9       | 2.11   |
| Directors and Officers Liability and Corporate Reimbursement Insurance | 9       | 0.21   |

### Details of remuneration of Company Directors in 2011 are as follows:

(Unit: THB)

| NAME                                 | Meeting and Retainer Fee |
|--------------------------------------|--------------------------|
| 1. Mr. Vichet Bunthuwong             | 337,500*                 |
| 2. Mr. Simon Morris Gerovich         | -                        |
| 3. Mr. Mark Michael Reinecke         | -                        |
| 4. Mr. Arthur Hugh Napolitano        | -                        |
| 5. Mr. Chaipatr Srivisarvacha        | 350,000                  |
| 6. Mr. Witit Sujjapong               | 575,000                  |
| 7. Mr. Krish Dettter                 | 425,000                  |
| 8. Pol.Gen. Viroj Phaholvech         | 425,000                  |
| 9. Mr. Christiaan Brett Straatemeier | -                        |
| <b>Total</b>                         | <b>2,112,500</b>         |

\*Mr. Vichet Bunthuwong resigned from his position as Chairman of the Board of Director on 30 June 2011.

### Management

(Unit: THB m)

| Remuneration Type   | 2012     |              |
|---|----------|--------------|
|   | Persons  | Amount       |
| Salary  | 5        | 13.38        |
| Other welfare, such as social security fund, provident fund | 5        | 1.15         |
| Health insurance, rental allowances, traveling allowances   | 5        | 0.68         |
| <b>Total</b>  | <b>5</b> | <b>15.21</b> |

## Employees

As of 31 December 2011, the Company (not including subsidiaries and associates) has 42 employees excluding 5 Management who are divided into 2 major departments, as below:

| Department                  | No. of Employees |
|-----------------------------|------------------|
| Investments and Development | 9                |
| Corporate                   | 33               |
| <b>Total</b>                | <b>42</b>        |

## Remuneration of employees

(Unit: THB m)

| Remuneration Type   | 2011      |              |
|---|-----------|--------------|
|   | Persons   | Amount       |
| Salary  | 42        | 34.36        |
| Other welfare, such as social security fund, provident fund | 42        | 8.38         |
| Health insurance, rental allowances, traveling allowances   | 42        | 1.55         |
| <b>Total</b>  | <b>42</b> | <b>44.29</b> |

\*as of 31 December 2011



# GOOD CORPORATE GOVERNANCE

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## 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](http://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 2011, 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.
- **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](http://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 among stakeholders.
- To monitor business operations with the aim of ensuring ethical work standards.

In 2011, 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 less 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 less 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 arrange 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.

- **Risk management.** The Company has established a risk management system, whereby the Company 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 Montira Kiatsunthorn, 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 TRANSECTIONS

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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 2011 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 2011 and for the previous two years are shown below:

| Statement of Financial Position                          | 31-Dec-2009        |               | 31-Dec-2010        |               | 31-Dec-2011        |               |
|--|--------------------|---------------|--------------------|---------------|--------------------|---------------|
|  | Baht               | %             | Baht               | %             | Baht               | %             |
| <b>Assets</b>  |                    |               |                    |               |                    |               |
| <b>Current Assets</b>                                    |                    |               |                    |               |                    |               |
| Cash and cash equivalents                                | 54,055,711         | 10.4%         | 133,388,259        | 14.9%         | 18,160,265         | 2.0%          |
| Trade receivables  | 6,548,954          | 1.3%          | 7,857,778          | 0.9%          | 7,858,692          | 0.9%          |
| Other current assets                                     | 27,227,779         | 5.3%          | 75,294,895         | 8.4%          | 70,623,334         | 7.8%          |
| <b>Total current assets</b>                              | <b>87,832,444</b>  | <b>17.0%</b>  | <b>216,540,932</b> | <b>24.1%</b>  | <b>96,642,291</b>  | <b>10.7%</b>  |
| <b>Non-Current Assets</b>                                |                    |               |                    |               |                    |               |
| Deposits with financial institutions                     | -                  | 0.0%          | 200,000            | 0.0%          | -                  | 0.0%          |
| Business guarantee deposit                               | -                  | -             | 25,000,000         | 2.8%          | 36,863,007         | 4.1%          |
| Investment in available-for-sales securities             | -                  | 0.0%          | 10,071,000         | 1.1%          | 17,480,000         | 1.9%          |
| Investments in associated companies                      | 165,842,106        | 32.1%         | 394,626,771        | 43.9%         | 514,459,546        | 56.8%         |
| Interests in joint ventures                              | 499,569            | 0.1%          | -                  | 0.0%          | 4,268,772          | 0.5%          |
| Project development cost in progress                     | 87,252,550         | 16.9%         | 85,711,550         | 9.5%          | 79,286,550         | 8.7%          |
| Investment properties                                    | 59,376,868         | 11.5%         | 59,403,868         | 6.6%          | 59,403,868         | 6.6%          |
| Equipment  | 23,827,653         | 4.6%          | 18,430,267         | 2.1%          | 16,163,392         | 1.8%          |
| Intangible assets  | 5,999,323          | 1.2%          | 3,900,552          | 0.4%          | 2,406,623          | 0.3%          |
| Leasehold right of land                                  | 77,942,715         | 15.1%         | 75,194,412         | 8.4%          | 72,446,109         | 8.0%          |
| Withholding tax deducted at source                       | 5,229,357          | 1.0%          | 5,636,439          | 0.6%          | 2,724,023          | 0.3%          |
| Other non-current assets                                 | 3,508,292          | 0.7%          | 3,502,436          | 0.4%          | 4,390,766          | 0.5%          |
| <b>Total non-current assets</b>                          | <b>429,478,433</b> | <b>83.0%</b>  | <b>681,677,295</b> | <b>75.9%</b>  | <b>809,892,656</b> | <b>89.3%</b>  |
| <b>Total Assets</b>                                      | <b>517,310,877</b> | <b>100.0%</b> | <b>898,218,227</b> | <b>100.0%</b> | <b>906,534,947</b> | <b>100.0%</b> |
| <b>Liabilities and Shareholders' Equity</b>              |                    |               |                    |               |                    |               |
| <b>Current Liabilities</b>                               |                    |               |                    |               |                    |               |
| Trade accounts payable                                   | 2,698,455          | 0.5%          | 2,859,515          | 0.3%          | 2,291,667          | 0.3%          |
| Construction payable                                     | 895,301            | 0.2%          | 710,500            | 0.1%          | 710,500            | 0.1%          |
| Warrant subscription payable                             | -                  | 0.0%          | 39,001,395         | 4.3%          | -                  | 0.0%          |
| Current portion of lease payable due                     | 87,361             | 0.0%          | 36,400             | 0.0%          | -                  | 0.0%          |
| Amount due to broker                                     | -                  | 0.0%          | 6,536,476          | 0.7%          | -                  | 0.0%          |
| Amounts due to and advance from related companies        | -                  | 0.0%          | 32,841             | 0.0%          | 34,477             | 0.0%          |
| Loan from financial institution                          | -                  | 0.0%          | 56,400,000         | 6.3%          | 20,000,000         | 2.2%          |
| Loan from related company                                | -                  | 0.0%          | -                  | 0.0%          | 14,054,493         | 1.6%          |
| Advance receipt from customers                           | 2,694,056          | 0.5%          | 3,429,525          | 0.4%          | 2,714,025          | 0.3%          |
| Loan from non-related parties                            | 12,500,000         | 2.4%          | 6,353,256          | 0.7%          | 1,538,505          | 0.2%          |
| Other current liabilities                                | 5,375,606          | 1.0%          | 6,450,447          | 0.7%          | 7,938,311          | 0.9%          |
| <b>Total current liabilities</b>                         | <b>24,250,779</b>  | <b>4.7%</b>   | <b>121,810,355</b> | <b>13.6%</b>  | <b>49,281,978</b>  | <b>5.4%</b>   |
| <b>Non-Current Liabilities</b>                           |                    |               |                    |               |                    |               |
| Loan from financial institution                          | -                  | 0.0%          | -                  | 0.0%          | 65,000,000         | 7.2%          |
| Long-term lease payable, net                             | 36,400             | 0.0%          | -                  | 0.0%          | -                  | 0.0%          |
| Provision  | 2,500,000          | 0.5%          | -                  | 0.0%          | 2,701,151          | 0.3%          |
| <b>Total non-current liabilities</b>                     | <b>2,536,400</b>   | <b>0.5%</b>   | <b>-</b>           | <b>0.0%</b>   | <b>67,701,151</b>  | <b>7.5%</b>   |
| <b>Total Liabilities</b>                                 | <b>26,787,179</b>  | <b>5.2%</b>   | <b>121,810,355</b> | <b>13.6%</b>  | <b>116,983,129</b> | <b>12.9%</b>  |
| <b>Shareholders' Equity</b>                              |                    |               |                    |               |                    |               |
| Common share of Baht 1 each                              | 521,366,118        | 100.8%        | 694,000,000        | 77.3%         | 694,000,000        | 76.6%         |
| Warrants to purchase ordinary shares                     | -                  | 0.0%          | 34,700,000         | 3.9%          | 34,700,000         | 3.8%          |
| Premium on share capital                                 | 212,778,719        | 41.1%         | 212,778,719        | 23.7%         | 212,778,719        | 23.5%         |
| Unrealised gain (loss) on available-for-sales securities | -                  | 0.0%          | 75,341             | 0.0%          | (8,310,813)        | -0.9%         |
| Currency translation differences                         | 142,841            | 0.0%          | (5,409,807)        | -0.6%         | 2,123,617          | 0.2%          |
| Legal reserve  | 2,661,312          | 0.5%          | 2,661,312          | 0.3%          | 2,661,312          | 0.3%          |
| Unappropriated   | (249,114,926)      | -48.2%        | (162,397,693)      | -18.1%        | (148,401,017)      | -16.4%        |
| Minority interest  | 2,689,634          | 0.5%          | -                  | 0.0%          | -                  | -             |
| <b>Total Shareholders' Equity</b>                        | <b>490,523,698</b> | <b>94.8%</b>  | <b>776,407,872</b> | <b>86.4%</b>  | <b>789,551,818</b> | <b>87.1%</b>  |
| <b>Total Liabilities and Shareholders' Equity</b>        | <b>517,310,877</b> | <b>100.0%</b> | <b>898,218,227</b> | <b>100.0%</b> | <b>906,534,947</b> | <b>100.0%</b> |

| Statements of Comprehensive Income                            | 31-Dec-2009        |               | 31-Dec-2010        |               | 31-Dec-2011        |               |
|---|--------------------|---------------|--------------------|---------------|--------------------|---------------|
|   | Baht               | %             | Baht               | %             | Baht               | %             |
| <b>Revenues</b>   |                    |               |                    |               |                    |               |
| Revenue from sales  | -                  | 0.0%          | 5,051,970          | 1.6%          | 913,000            | 0.4%          |
| Services income   | 15,224,408         | 9.6%          | 16,347,908         | 5.1%          | 30,672,376         | 12.0%         |
| Advisory income   | 119,327,317        | 75.6%         | 34,290,648         | 10.8%         | 52,112,983         | 20.4%         |
| Investment services income                                    | -                  | 0.0%          | 195,124,660        | 61.4%         | 74,817,387         | 29.4%         |
| Management income   | 4,107,756          | 2.6%          | 40,204,565         | 12.6%         | 60,433,006         | 23.7%         |
| Interest income   | 1,069,182          | 0.7%          | 2,440,335          | 0.8%          | 3,430,611          | 1.3%          |
| Other income  | 18,076,565         | 11.5%         | 24,425,414         | 7.7%          | 32,508,786         | 12.8%         |
| <b>Total Revenues</b>   | <b>157,805,228</b> | <b>100.0%</b> | <b>317,885,500</b> | <b>100.0%</b> | <b>254,888,149</b> | <b>100.0%</b> |
| <b>Expenses</b>   |                    |               |                    |               |                    |               |
| Cost of sales   | -                  | 0.0%          | 4,707,610          | 2.0%          | 475,278            | 0.2%          |
| Cost of services  | 12,806,219         | 8.2%          | 12,934,556         | 5.6%          | 19,457,719         | 8.5%          |
| Cost of advisory  | 40,574,778         | 26.0%         | 18,619,123         | 8.1%          | 15,780,433         | 6.9%          |
| Selling and administrative expenses                           | 94,698,861         | 60.6%         | 142,837,944        | 61.9%         | 134,724,870        | 58.6%         |
| Share of loss from investment in associates and joint venture | 8,072,219          | 5.2%          | 51,714,773         | 22.4%         | 59,548,543         | 25.9%         |
| <b>Total Expenses</b>   | <b>156,152,077</b> | <b>100.0%</b> | <b>230,814,006</b> | <b>100.0%</b> | <b>229,986,843</b> | <b>100.0%</b> |
| <b>Profit before financial costs</b>                          | <b>1,653,151</b>   | <b>1.0%</b>   | <b>87,071,494</b>  | <b>27.4%</b>  | <b>24,901,306</b>  | <b>9.8%</b>   |
| Financial costs   | (2,643)            |               | (1,296,068)        |               | (5,718,797)        |               |
| <b>Net profit for the year</b>                                | <b>1,650,508</b>   | <b>1.0%</b>   | <b>85,775,426</b>  | <b>27.0%</b>  | <b>19,182,509</b>  | <b>7.5%</b>   |
| <b>Attributable to:</b>                                       |                    |               |                    |               |                    |               |
| Shareholders of the parent                                    | 3,274,184          | 2.07%         | 86,717,233         | 27.28%        | 19,182,509         | 7.53%         |
| Minority interest   | (1,623,676)        |               | (941,807)          |               | -                  |               |
| <b>Net loss for the year</b>                                  | <b>1,650,508</b>   | <b>1.05%</b>  | <b>85,775,426</b>  | <b>26.98%</b> | <b>19,182,509</b>  | <b>7.53%</b>  |

| Financial Ratios                   | 2009 | 2010 | 2011 |
|------------------------------------|------|------|------|
| Liquidity ratio                    | 3.6  | 1.8  | 2.0  |
| Quick ratio                        | 2.5  | 1.2  | 0.5  |
| Initial profit rate (%)            | 66.2 | 88.6 | 86.0 |
| Profit rate from operation (%)     | 1.0  | 27.4 | 9.8  |
| Net profit rate (%)                | 1.0  | 27.0 | 7.5  |
| Net profit (loss) per share (Baht) | 0.01 | 0.12 | 0.03 |

**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 approved to issue the rights of warrants 347 million units, at the offering price of THB 0.10 per warrant totalling 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.
7. There is no change in the capital structure during the year 2011.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Description and Analysis of Financial Position and Operating Results

### Operating Performance Overview

In 2011 the Company's net profit amounted to THB 19.2 million, a decrease of 67.5 million, or 78% from 2010. This was mainly due to lower investment services income performed for Red Planet Hotels Limited in 2011. Other Revenue was largely contributed from the Company's asset management and development management business lines, as well as the Company's interactive media solution and internet based services business.

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

In 2009 revenue was THB 157.8 million, increasing significantly to THB 317.9 million in 2010. Of this, THB 160.1 million was due to revenue from a new business line, budget hotel developer Red Planet Hotels. In 2010 revenue from property development advisory services fell, due to the suspension of a client's luxury resort development project.

In 2011 revenue fell to THB 254.9 million, a decrease of THB 63 million or 19.8%. This was mainly due to a decrease from investment services performed for Red Planet Hotels. However, revenue from asset management, financial advisory services, interactive media services, and management service income were higher due to sustainable growth in the core business lines and an increase in the number of advisory clients.

Revenue breakdown by quarter in 2009 to 2011 is represented below:

| (Unit:000THB)        |                |                |                |
|----------------------|----------------|----------------|----------------|
| Consolidated Rvenues | FY2009         | FY2010         | FY2011         |
| Q1                   | 67,403         | 30,375         | 71,055         |
| Q2                   | 44,746         | 102,436        | 68,367         |
| Q3                   | 22,143         | 96,293         | 49,051         |
| Q4                   | 23,513         | 88,782         | 66,415         |
| <b>Total</b>         | <b>157,805</b> | <b>317,886</b> | <b>254,888</b> |

## Income from Sales and Services

Sales and service income is generated from two major sources: 1) Business Advisory services, Investments, and Property Development consulting services; and 2) Digital Media and Creative Media services. In 2009, total revenues from these two services totalled THB 134.5 million, followed by THB 250.8 million in 2010, and THB 158.5 million in 2011.

Details regarding income from services classified by segment, from 2009 to 2011, are summarised as follows.

(Unit:000THB)

| Type of Income  | 2009           |              | 2010           |              | 2011           |              |
|---|----------------|--------------|----------------|--------------|----------------|--------------|
|   | Income         | %            | Income         | %            | Income         | %            |
| 1. Business advisory Services, Investment and Property development consulting services  | 119,327        | 88.7         | 229,415        | 91.5         | 126,930        | 80.1         |
| 2. Digital media, Creative media and internet based internet based information services | 15,224         | 11.3         | 21,400         | 8.5          | 31,585         | 19.9         |
| <b>Total income from services</b>   | <b>134,551</b> | <b>100.0</b> | <b>250,815</b> | <b>100.0</b> | <b>158,515</b> | <b>100.0</b> |

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

The Company began to provide Property Development Consulting Services at the end of 2007, and revenues consistently grew to THB 119.3 million, or 88.7% of total revenues in 2009. However in 2010, due to the severe political issues in Thailand, a key client's development of a luxury resort project was suspended, which consequently decreased revenues from Property Development Consulting Services in that year to THB 34.3 million. This decline was offset, however, by the revenue from investment services income in regard to creating and developing an investment platform under Red Planet Hotels 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.

As a consequence of the floods in Thailand in 2H 2011, revenues for the year as a whole fell significantly to THB 126.9 million, or 44.7% lower than in 2010. Revenue from investment service income fell to THB 74.8 million while revenue from Property Development Consulting Services increased marginally to THB 52.1 million. The latter segment showed a better performance compared to 1H 2010 which was a period marred by civil unrest in Thailand.

### 2) Revenues from Wireless Valued Added and Interactive Solution Services

In 2001 the Company began providing wireless VAS. 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 these services became the main business of the Company from 2002 onwards until 2006. Details regarding



income from wireless VAS from 2004 to 2011 are as follows:

| Year | Wireless Value Added and Audiotex Services<br>(Million THB) | Proportion of total<br>revenue (%) |
|------|---|------------------------------------|
| 2004 | 104.1   | 87.8                               |
| 2005 | 126.8   | 86.8                               |
| 2006 | 69.9  | 86.8                               |
| 2007 | 21.0  | 48.2                               |
| 2008 | 11.5  | 25.1                               |
| 2009 | 9.5   | 6.0                                |
| 2010 | 9.8   | 3.1                                |
| 2011 | 9.5   | 3.7                                |

It can be seen that revenues from wireless VAS decreased significantly since the high point in 2005 but have been stable since 2009. The reason for the sharp fall was due to high competition, a change in the revenue sharing model between the Company and mobile operators, and a consequent continued reduction of marketing activities. However, the Company is still developing new strategies for wireless VAS business in order to increase revenues.

From 2009 the Company began providing Digital Media, Creative Media, and Internet based information, Revenues from these services have improved significantly to THB 21.2 million in 2011.

### Cost of Service, Sales, and Administrative Expenses

Cost of sales, service, selling and administrative expenses during the period 2009 to 2011, divided into fixed/variable cost of service provision, and fixed/variable sales and administrative expenses, are summarised as follows:

(Unit:000THB)

| Costs and Expenses   | 2009           |              | 2010           |              | 2011           |              |
|--|----------------|--------------|----------------|--------------|----------------|--------------|
|  | Thousand       | %            | Thousand       | %            | Thousand       | %            |
| Cost of sales and services   | 12,806         | 8.6          | 17,642         | 9.9          | 19,933         | 11.1         |
| Cost of property advisory services   | 40,575         | 27.4         | 18,619         | 10.4         | 15,780         | 8.8          |
| Selling and administrative expenses  | 94,699         | 64.0         | 142,838        | 79.8         | 134,725        | 75.2         |
| <b>Total cost of sales and services, cost of property administrative, selling and administrative expenses.</b> | <b>148,080</b> | <b>100.0</b> | <b>179,099</b> | <b>100.0</b> | <b>170,438</b> | <b>100.0</b> |

In 2009 the cost of sales and services amounted to THB 12.8 million, or 8.1% of total revenues, in 2010 THB 17.6 million, or 5.5%, of total revenues, and in 2011 THB 19.9 million, or 7.8% of total revenues.

In 2009 the cost of investment and property advisory services amounted to THB 40.6 million, or 25.7% of total revenues, in 2010 THB 18.6 million, or 5.9% of total revenues, and in 2011 THB 15.7 million, or 6.2% of total revenues.

In 2009 selling and administrative expenses amounted to THB 94.7 million, or 60.0% of total revenues, in 2010 THB 142.8 million, or 44.9% of total revenue, and in 2011 THB 134.7 million, or 52.9% of total revenues. The decreased cost base in 2011 was due primarily to decreases in costs pertaining to third parties' management services and lower professional fees.

## 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. The loan is due for repayment on a quarterly basis with the balance to be repaid within 31 December 2011. The Company had interest payments of THB 1.3 million in 2010, whilst interest payment for 2009 of THB 0.01 million represents interest payments arising from hire-purchase arrangements for the Company's vehicles.

In 2011, the Company received an additional credit loan facility of THB 40 million by way of refinancing outstanding short-term promissory notes to a long-term loan facility THB 100 million. The loan is due for repayment on a quarterly basis within 5 years. The Company paid interest of THB 5.7 million in 2011.

## Net Profits/Losses

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.

In 2011, the Company posted a net income of THB 19.2 million, mainly due to a revenue increase from development and financial advisory services, interactive media services and internet based information services.

| Year         | Year Losses from operations eligible<br>for tax benefits (THB m) | Year of expiration |
|--------------|--|--------------------|
| 2007         | (56.0)   | 2012               |
| 2008         | (88.5)   | 2013               |
| 2009         | (1.3)  | 2014               |
| 2010         | (50.7)   | 2015               |
| 2011         | (14.6)   | 2016               |
| <b>Total</b> | <b>(211.1)</b>   |                    |

The Company is permitted to use, as tax shield benefits, losses of THB 211.1 million from past business operations, until 2016. 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 tax, calculated as a percentage of profits before tax.



## ANALYSIS OF FINANCIAL STATUS

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### **Assets**

As of 31 December 2011, the Company had total assets of THB 906.5 million, an increase of THB 8.3 million from the end of 2010, due mainly to an increase of investment in associates, and a business guarantee deposit.

### **Liabilities and Shareholders' Equity**

As of 31 December 2011, the Company had total liabilities of THB 117.0 million, a decrease of THB 4.8 million from the end of 2010, due mainly to a decrease of warrant subscriptions payable and loan from non-related parties. Total shareholders' equity is THB 789.6 million, an increase of THB 13.1 million from the end of 2010, due to net profit for the year 2011 of THB 19.2 million. The 2011 un-appropriated retained earnings are negative THB 148.4 million, a net decrease of THB 14 million from 2010.

## 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 2011 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 2011 is shown below:**

(Unit:THB)

| Company                                     | Audit Fee        | Increase (decrease)<br>fee during the year | Out of Pocket expense | Total            |
|---|------------------|--|-----------------------|------------------|
| Evolution Capital Public<br>Company Limited | 2,055,000        | -  | 83,668                | 2,138,668        |
| Subsidiaries                                | 850,000          | (85,000)                                   | 11,400                | 776,400          |
| <b>Total</b>                                | <b>2,905,000</b> | <b>(85,000)</b>                            | <b>95,068</b>         | <b>2,915,068</b> |

# APPENDIX 1

## President, Directors and Executive Management Background as of 31 December 2011

| No | Name / Surname                    | Age<br>(Year) | Education  | % of<br>Shareholding | Relationship<br>between<br>Director/<br>Management | Past 5 Years Experiences |  |   |
|----|-----------------------------------|---------------|--|----------------------|--|--------------------------|--|---|
|    |                                   |               |  |                      |  | Period                   | Position   | Company/Business  |
| 1  | <b>Mr. Simon Morris Gerovich</b>  | 35            | Bachelor Degree<br>B.A., cum laude,<br>Applied Mathematics<br>Harvard University, USA<br><br>Thai Institute of Directors<br>-DAP   | 2.88%                | -  | 2007 - Present           | President  | Evolution Capital PCL   |
|    |                                   |               |  |                      |  | 2005-2007                | Managing Director                                | Sphinx Partners Co., Ltd.<br>- Real Estate<br>Consultancy                   |
|    |                                   |               |  |                      |  | 2000-2005                | Derivative Trader                                | Goldman Sachs (Japan)<br>- Investment Bank                                  |
| 2  | <b>Mr. Mark Michael Reinecke</b>  | 44            | <b>Bachelor Degree</b><br>LLB.<br>London School of Economics, UK<br><br>Thai Institute of Directors<br>-DAP  | (202,097<br>shares)  | -  | 2007 -Present            | Managing Director/<br>Chief Executive<br>Officer | Evolution Capital PCL.  |
|    |                                   |               |  |                      |  | 2002 - Present           | Director   | Kudu Co., Ltd.<br>- Holding Company   |
| 3  | <b>Mr. Arthur Hugh Napolitano</b> | 56            | <b>Bachelor Degree</b><br>Royal Military Academy<br>Sandhurst, UK<br><br>Thai Institute of Directors<br>-DAP   | -                    | -  | 2007 - Present           | Director   | Evolution Capital PCL.  |
|    |                                   |               |  |                      |  | 2002 - Present           | Director   | Kudu Co., Ltd.<br>- Holding Company   |
| 4  | <b>Mr. Witit Sujjapong</b>        | 58            | <b>Master Degree</b><br>M.S. in Economics,<br>Hitotsubashi University, Tokyo<br><br><b>Bachelor Degree</b><br>B.S. in Economics,<br>Hitotsubashi University, Tokyo<br><br>Thai Institute of Directors<br>- Director Certification<br>Program (DCP57) | (500,000<br>shares)  | -  | 2006 - Present           | Chairman of Audit<br>Committee &<br>Director     | Evolution Capital PCL.  |
|    |                                   |               |  |                      |  | 2005 - Present           | Audit Committee &<br>Director                    | Easy Buy PCL.<br>- Consumer Finance   |
|    |                                   |               |  |                      |  | 2006 - Present           | Director   | Advanced Concept Plating<br>Co., Ltd.<br>- Electronic parts<br>manufacturer |

## APPENDIX 1

| No | Name / Surname                    | Age<br>(Year) | Education   | % of<br>Shareholding | Relationship<br>between<br>Director/<br>Management | Past 5 Years Experiences |  |  |
|----|-----------------------------------|---------------|---|----------------------|--|--------------------------|--|--|
| 5  | Mr. Krish Dettter                 | 42            | <b>Bachelor</b><br>University of Southern California, Los Angeles, U.S.A.<br><br>Thai Institute of Directors – Director Certification Program (DCP)   | (570,300 shares)     | –  | 2007 – Present           | Audit Committee & Director                         | Evolution Capital PCL.                                   |
|    |                                   |               |   |                      |  | 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 Department |
| 6  | Mr. Christiaan Brett Straatemeier | 45            | <b>Bachelor Degree</b><br>Bachelor of Administration Griffith University<br><br>CPA Australia   | –                    | –  | 2008 – Present           | Director   | Evolution Capital PCL.                                   |
|    |                                   |               |   |                      |  | 2004– Present            | Principal/ Managing Director                       | MGPA –Hong Kong – Asset Management                       |
|    |                                   |               |   |                      |  | 2011 – Present           | Director   | APREA  |
| 7  | Mr. Chaipatr Srivisarvacha        | 52            | <b>Master Degree</b><br>MBA (Finance)<br>Illinois Benedictine, U.S.A.<br><br><b>Bachelor Degree</b><br>Bachelor of Science (Metallurgy)<br>Lehigh University, U.S.A.<br><br>Thai Institute of Directors – Director Certification Program (DCP)<br>– Certificate of Chairman | –                    | –  | 2010 – Present           | Director   | Evolution Capital PCL.                                   |
|    |                                   |               |   |                      |  | 2552 – Present           | Executive Chairman & CEO                           | KT ZMICO Securities Company Limited                      |
|    |                                   |               |   |                      |  | 2550 – Present           | Executive Chairman & Managing Director             | Seamico Securities PCL.                                  |
|    |                                   |               |   |                      |  | 2546–Present             | Independent Director & Audit Committee             | The Brooker Group PCL.                                   |

## APPENDIX 1

| No | Name / Surname             | Age<br>(Year) | Education   | % of<br>Shareholding | Relationship<br>between<br>Director/<br>Management | Past 5 Years Experiences |                                    |  |
|----|----------------------------|---------------|---|----------------------|--|--------------------------|------------------------------------|--|
| 8  | Pol. Gen. Viroj Phaholvech | 63            | <b>Master Degree</b><br>National Institute of Development of Administration<br><br><b>Bachelor Degree</b><br>Police Cadet Academy   | -                    | -  | 2010 – Present           | Director & Audit Committee         | Evolution Capital PCL.                                 |
| 9  | Ms. Pattama Joednapa       | 31            | <b>Master Degree</b><br>Master of Science in Finance Chulalongkorn University<br><br><b>Bachelor Degree</b><br>Bachelor of Business Administration (Accounting) Srinakharinwirot University                                 | (64,100 shares)      | -  | 2007 – Present           | Chief Financial Officer            | Evolution Capital PCL.                                 |
|    |                            |               |   |                      |  | 2005 – 2007              | Senior Accountant                  | Sphinx Partners Co., Ltd.<br>- Real Estate Consultancy |
| 10 | Mr. Sayarm Tongkrabin      | 40            | <b>Master Degree</b><br>Master of real Estate and Construction Management University of Denver, USA<br><br><b>Bachelor Degree</b><br>Bachelor Degree in Business Administration (Property Insurance) Assumption University, | (302,500 shares)     | -  | 2011 – Present           | Chief Operating Officer            | Evolution Capital PCL.                                 |
|    |                            |               |   |                      |  | 2007 – 2010              | Senior Vice President – Investment | Evolution Capital PCL.                                 |

## APPENDIX 2

### List of Directors and Management in Subsidiaries and Associates

| Evolution Capital PCL |                                       | *Mr. Vichet Bunthuwong | Mr. Simon Morris Gerovich | Mr. Mark Michael Reinecke | Mr. Arthur Hugh Napolitano | Mr. Christiaan Brett Straatemeier | Mr. Witit Sujjapong | Mr. Krish Dettler | Pol.Gen. Viroj Phaholvech | Mr. Chaipatr Srivisarvacha | *Mr. Robert Edward Gilmour | *Mr. Brett Andrew Janis | Ms. Pattama Joednapa | Mr. Sayarm Tongkrabin |
|-----------------------|---------------------------------------|------------------------|---------------------------|---------------------------|----------------------------|-----------------------------------|---------------------|-------------------|---------------------------|----------------------------|----------------------------|-------------------------|----------------------|-----------------------|
|                       |                                       | 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. Evolution Energy                   |                        | /                         | /                         |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
| Associates            | 1. Casa Fico                          |                        | /                         | /                         |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
|                       | 2. Fena Park                          |                        | /                         | /                         |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
|                       | 3. Andaman Beach Residences           |                        | /                         | /                         |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
|                       | 4. Phang Nga Hotel                    |                        | /                         | /                         |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
|                       | 5. Red Planet Hotels (Thailand)       |                        | /                         | /                         |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
|                       | 6. Red Planet Hotels Two (Thailand)   |                        | /                         | /                         |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
|                       | 7. Red Planet Hotels Three (Thailand) |                        | /                         | /                         |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
|                       | 8. Red Planet Hotels Four (Thailand)  |                        | /                         | /                         |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
|                       | 9. Red Planet Hotels Five (Thailand)  |                        | /                         | /                         |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
|                       | 10. Red Planet Hotel                  |                        | /                         | /                         |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
|                       | 11. Seamico Asset Management          |                        | /                         |                           | /                          |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
|                       | 12. Beanstar Japan Holdings Limited   |                        | /                         | /                         |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
| JV                    | 1. PhotoME.com                        |                        |                           |                           |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |
|                       | 2. PhotoME.com K.K.                   |                        | /                         |                           |                            |                                   |                     |                   |                           |                            |                            |                         |                      |                       |

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

\*Resigned from the Company in June 2011. \*\*Dissolved in December 2011.



**EVOLUTION CAPITAL PUBLIC COMPANY LIMITED**

**Consolidated and Company Financial Statements  
31 December 2011**



## AUDITOR'S REPORT

To the Shareholders of Evolution Capital Public Company Limited

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

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform 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 position as at 31 December 2011 and 2010, and the consolidated and company results of operations and cash flows for the years then ended of Evolution Capital Public Company Limited and its subsidiaries and of Evolution Capital Public Company Limited, respectively, in accordance with generally accepted accounting principles.

A handwritten signature in blue ink, appearing to read "A. Leekitwattana".

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

Bangkok  
24 February 2012

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**Evolution Capital Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2011 and 2010**

|   | Notes  | Consolidated              |                           | Company                   |                           |
|---|--------|---------------------------|---------------------------|---------------------------|---------------------------|
|   |        | 2011<br>Baht              | 2010<br>Baht              | 2011<br>Baht              | 2010<br>Baht              |
| <b>Assets</b>   |        |                           |                           |                           |                           |
| <b>Current assets</b>   |        |                           |                           |                           |                           |
| Cash and cash equivalents                                     | 6      | 18,160,265                | 133,388,259               | 10,503,163                | 113,394,650               |
| Trade accounts receivable                                     | 7, 32  | 7,858,692                 | 7,857,778                 | 5,143,487                 | 5,592,328                 |
| Accrued income  | 8, 32  | 19,385,087                | 17,502,096                | 7,646,670                 | 9,165,858                 |
| Amounts due from and advance to related companies             | 32     | 124,120                   | 289,983                   | 5,831,037                 | 10,343,810                |
| Advance payment for shares subscription                       | 9      | 6,060,051                 | -                         | 6,060,051                 | -                         |
| Investment in trading securities                              | 10     | -                         | 27,368,900                | -                         | -                         |
| Short-term loans to related companies and interest receivable | 32     | 31,641,538                | 25,619,389                | 14,298,565                | 37,186,417                |
| Other short-term loan   | 11     | 4,732,575                 | -                         | -                         | -                         |
| Other current assets  | 12     | 8,679,963                 | 4,514,527                 | 6,951,073                 | 1,831,285                 |
| <b>Total current assets</b>                                   |        | <u>96,642,291</u>         | <u>216,540,932</u>        | <u>56,434,046</u>         | <u>177,514,348</u>        |
| <b>Non-current assets</b>                                     |        |                           |                           |                           |                           |
| Deposits with financial institutions used as collateral       | 39     | -                         | 200,000                   | -                         | -                         |
| Business guarantee deposit                                    | 14     | 36,863,007                | 25,000,000                | 36,863,007                | 25,000,000                |
| Long-term loans to related company and interest receivable    | 32     | -                         | -                         | 100,021,914               | 94,857,915                |
| Investment in available-for-sales securities                  | 10     | 17,480,000                | 10,071,000                | 17,480,000                | -                         |
| Investments in subsidiaries                                   | 13.1   | -                         | -                         | 385,305,610               | 332,399,920               |
| Investments in associates                                     | 13.2   | 514,459,546               | 394,626,771               | 8,681,200                 | -                         |
| Interests in joint ventures                                   | 13.3   | 4,268,772                 | -                         | -                         | -                         |
| Project development cost in progress                          | 15     | 79,286,550                | 85,711,550                | -                         | -                         |
| Investment properties   | 16     | 59,403,868                | 59,403,868                | 59,403,868                | 59,403,868                |
| Equipment   | 17, 32 | 16,163,392                | 18,430,267                | 10,499,198                | 13,371,240                |
| Intangible assets   | 18, 32 | 2,406,623                 | 3,900,552                 | 1,412,655                 | 2,616,994                 |
| Leasehold right of land                                       | 19     | 72,446,109                | 75,194,412                | 72,446,109                | 75,194,412                |
| Withholding tax deducted at source                            |        | 2,724,023                 | 5,636,439                 | 1,092,105                 | 4,893,740                 |
| Other non-current assets                                      |        | 4,390,766                 | 3,502,436                 | 2,195,850                 | 1,958,315                 |
| <b>Total non-current assets</b>                               |        | <u>809,892,656</u>        | <u>681,677,295</u>        | <u>695,401,516</u>        | <u>609,696,404</u>        |
| <b>Total assets</b>   |        | <u><u>906,534,947</u></u> | <u><u>898,218,227</u></u> | <u><u>751,835,562</u></u> | <u><u>787,210,752</u></u> |

Director \_\_\_\_\_

The notes to the consolidated and company financial statements on pages 8 to 58 form an integral part of the financial statements.

**Evolution Capital Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2011 and 2010**

|  |              | <b>Consolidated</b>  |                      | <b>Company</b>       |                      |
|--|--------------|----------------------|----------------------|----------------------|----------------------|
|  |              | <b>2011</b>          | <b>2010</b>          | <b>2011</b>          | <b>2010</b>          |
|  | <b>Notes</b> | <b>Baht</b>          | <b>Baht</b>          | <b>Baht</b>          | <b>Baht</b>          |
| <b>Liabilities and shareholders' equity</b>        |              |                      |                      |                      |                      |
| <b>Current liabilities</b>                         |              |                      |                      |                      |                      |
| Trade accounts payable                             |              | 2,291,667            | 2,859,515            | 357,324              | 981,016              |
| Construction payable                               |              | 710,500              | 710,500              | -                    | -                    |
| Warrant subscription payable                       | 26           | -                    | 39,001,395           | -                    | 39,001,395           |
| Current portion of loan from financial institution | 20           | 20,000,000           | 56,400,000           | 20,000,000           | 56,400,000           |
| Amount due to broker                               |              | -                    | 6,536,476            | -                    | -                    |
| Amounts due to and advance from related companies  | 32           | 34,477               | 32,841               | 117,700              | 224,700              |
| Loans from related company and interest payable    | 32           | 14,054,493           | -                    | 14,054,493           | -                    |
| Loans from non-related parties                     | 21           | 1,538,505            | 6,353,256            | -                    | -                    |
| Advance receipts from customers                    | 22           | 2,714,025            | 3,429,525            | -                    | -                    |
| Other current liabilities                          | 23           | 7,938,311            | 6,486,847            | 4,130,633            | 3,425,808            |
| <b>Total current liabilities</b>                   |              | <b>49,281,978</b>    | <b>121,810,355</b>   | <b>38,660,150</b>    | <b>100,032,919</b>   |
| <b>Non-current liabilities</b>                     |              |                      |                      |                      |                      |
| Long-term loan from financial institution          | 20           | 65,000,000           | -                    | 65,000,000           | -                    |
| Provision for employee benefits                    | 24           | 2,701,151            | -                    | 2,688,280            | -                    |
| <b>Total non-current liabilities</b>               |              | <b>67,701,151</b>    | <b>-</b>             | <b>67,688,280</b>    | <b>-</b>             |
| <b>Total liabilities</b>                           |              | <b>116,983,129</b>   | <b>121,810,355</b>   | <b>106,348,430</b>   | <b>100,032,919</b>   |
| <b>Shareholders' equity</b>                        |              |                      |                      |                      |                      |
| Share capital                                      | 25           |                      |                      |                      |                      |
| Authorised share capital                           |              |                      |                      |                      |                      |
| 1,041,000,000 ordinary shares of Baht 1 each       |              | <u>1,041,000,000</u> | <u>1,041,000,000</u> | <u>1,041,000,000</u> | <u>1,041,000,000</u> |
| Issued and paid-up share capital                   |              |                      |                      |                      |                      |
| 694,000,000 ordinary shares of Baht 1 each         |              | 694,000,000          | 694,000,000          | 694,000,000          | 694,000,000          |
| Warrants to purchase ordinary shares               | 26           | 34,700,000           | 34,700,000           | 34,700,000           | 34,700,000           |
| Premium on share capital                           | 25           | 212,778,719          | 212,778,719          | 212,778,719          | 212,778,719          |
| Retained earnings (deficits)                       |              |                      |                      |                      |                      |
| Appropriated to legal reserve                      | 27           | 2,661,312            | 2,661,312            | 2,661,312            | 2,661,312            |
| Unappropriated                                     |              | (148,401,017)        | (162,397,693)        | (290,266,745)        | (256,962,198)        |
| Other components of equity                         | 28           | (6,187,196)          | (5,334,466)          | (8,386,154)          | -                    |
| <b>Total shareholders' equity</b>                  |              | <b>789,551,818</b>   | <b>776,407,872</b>   | <b>645,487,132</b>   | <b>687,177,833</b>   |
| <b>Total liabilities and shareholders' equity</b>  |              | <b>906,534,947</b>   | <b>898,218,227</b>   | <b>751,835,562</b>   | <b>787,210,752</b>   |

The notes to the consolidated and company financial statements on pages 8 to 58 form an integral part of the financial statements.

**Evolution Capital Public Company Limited**  
**Statements of Comprehensive Income**  
**For the years ended 31 December 2011 and 2010**

|  | Notes | Consolidated  |               | Company      |              |
|--|-------|---------------|---------------|--------------|--------------|
|  |       | 2011<br>Baht  | 2010<br>Baht  | 2011<br>Baht | 2010<br>Baht |
| Revenue from sales   |       | 913,000       | 5,051,970     | -            | -            |
| Service income   | 32    | 30,672,376    | 16,347,908    | -            | -            |
| Advisory income  | 32    | 52,112,983    | 34,290,648    | 35,089,682   | 13,534,875   |
| Investment services income   | 13    | 74,817,387    | 195,124,660   | -            | -            |
| Total revenues from sales and services                             |       | 158,515,746   | 250,815,186   | 35,089,682   | 13,534,875   |
| Cost of sales  |       | (475,278)     | (4,707,610)   | -            | -            |
| Cost of services   |       | (19,457,719)  | (12,934,556)  | -            | -            |
| Cost of advisory   |       | (15,780,433)  | (18,619,123)  | (6,997,690)  | (9,517,038)  |
| Total costs of sales and services                                  |       | (35,713,430)  | (36,261,289)  | (6,997,690)  | (9,517,038)  |
| <b>Gross profit</b>  |       | 122,802,316   | 214,553,897   | 28,091,992   | 4,017,837    |
| Management income  | 32    | 60,433,006    | 40,204,565    | 23,480,438   | 17,926,206   |
| Interest income  | 32    | 3,430,611     | 2,440,335     | 10,066,056   | 9,088,773    |
| Other income   | 34    | 32,508,786    | 24,425,414    | 13,186,401   | 10,407,958   |
| Selling expenses   |       | (130,830)     | (541,315)     | -            | -            |
| Administrative expenses  |       | (134,594,040) | (142,296,629) | (97,484,197) | (98,750,353) |
| Finance costs  | 35    | (5,718,797)   | (1,296,068)   | (5,459,404)  | (1,105,593)  |
| Share of loss from investments in associates<br>and joint ventures | 13    | (59,548,543)  | (51,714,773)  | -            | -            |
| <b>Profit (loss) for the year</b>                                  |       | 19,182,509    | 85,775,426    | (28,118,714) | (58,415,172) |
| <b>Other comprehensive income (expense):</b>                       |       |               |               |              |              |
| Gains (losses) on re-measuring available-for-sales<br>investments  | 10    | (8,386,154)   | 75,341        | (8,386,154)  | -            |
| Exchange difference on translating<br>financial statement          |       | 7,533,424     | (5,552,648)   | -            | -            |
| <b>Other comprehensive expense<br/>for the year, net of tax</b>    |       | (852,730)     | (5,477,307)   | (8,386,154)  | -            |
| <b>Total comprehensive income (expense)<br/>for the year</b>       |       | 18,329,779    | 80,298,119    | (36,504,868) | (58,415,172) |
| <b>Profit (loss) attributable to:</b>                              |       |               |               |              |              |
| Owners of the parent   |       | 19,182,509    | 86,717,233    | (28,118,714) | (58,415,172) |
| Non-controlling interests  |       | -             | (941,807)     | -            | -            |
|  |       | 19,182,509    | 85,775,426    | (28,118,714) | (58,415,172) |
| <b>Total comprehensive income (expense)<br/>attributable to:</b>   |       |               |               |              |              |
| Owners of the parent   |       | 18,329,779    | 81,239,926    | (36,504,868) | (58,415,172) |
| Non-controlling interests  |       | -             | (941,807)     | -            | -            |
|  |       | 18,329,779    | 80,298,119    | (36,504,868) | (58,415,172) |
| <b>Earning (loss) per share</b>                                    |       |               |               |              |              |
| Basic earning (loss) per share                                     | 30    | 0.03          | 0.14          | (0.04)       | (0.10)       |
| Diluted earnings (loss) per share                                  | 30    | 0.03          | 0.13          | (0.04)       | (0.09)       |

The notes to the consolidated and company financial statements on pages 8 to 58 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 2011 and 2010

|       |  | Consolidated                         |                          |                                      |                               |                                  |                                |                                  |                            |                           |                            |
|-------|--|--------------------------------------|--------------------------|--------------------------------------|-------------------------------|----------------------------------|--------------------------------|----------------------------------|----------------------------|---------------------------|----------------------------|
|       |  | Attributable to owners of the parent |                          |                                      |                               |                                  |                                |                                  |                            |                           |                            |
| Notes |  | Retained earnings (deficits)         |                          | Other components of equity           |                               |                                  |                                |                                  |                            | Total                     |                            |
|       |  |                                      |                          | Other comprehensive income           |                               | Translation financial statements | Available for-sale investments | Total other components of equity | Total owners of the parent | Non-controlling interests | Total shareholders' equity |
|       |  | Issued and paid-up share capital     | Premium on share capital | Warrants to purchase ordinary shares | Appropriated to legal reserve |                                  |                                |                                  |                            |                           |                            |
|       |  | Baht                                 | Baht                     | Baht                                 | Baht                          | Baht                             | Baht                           | Baht                             | Baht                       | Baht                      | Baht                       |
|       | <b>Balance as at 1 January 2011</b>                                      | 694,000,000                          | 212,778,719              | 34,700,000                           | 2,661,312                     | (5,409,807)                      | 75,341                         | (5,334,466)                      | 776,407,872                | -                         | 776,407,872                |
| 2.2   | Adjust beginning retained earnings from changes in new accounting policy | -                                    | -                        | -                                    | -                             | -                                | -                              | -                                | -                          | -                         | (5,185,833)                |
|       | <b>Balance as at 31 December 2011</b>                                    | 694,000,000                          | 212,778,719              | 34,700,000                           | 2,661,312                     | (5,409,807)                      | 75,341                         | (5,334,466)                      | 771,222,039                | -                         | 771,222,039                |
|       | Beginning balance after adjustment                                       | -                                    | -                        | -                                    | -                             | 7,533,424                        | (8,386,154)                    | (852,730)                        | 18,329,779                 | -                         | 18,329,779                 |
|       | Total comprehensive income (expenses) for the year                       | -                                    | -                        | -                                    | -                             | -                                | -                              | -                                | -                          | -                         | -                          |
|       | <b>Balance as at 31 December 2010</b>                                    | 694,000,000                          | 212,778,719              | 34,700,000                           | 2,661,312                     | 2,123,617                        | (8,310,813)                    | (6,187,196)                      | 789,551,818                | -                         | 789,551,818                |
|       | <b>Balance as at 1 January 2010</b>                                      | 521,366,118                          | 212,778,719              | -                                    | 2,661,312                     | 142,841                          | -                              | 142,841                          | 487,834,064                | 2,689,634                 | 490,523,698                |
| 25    | Change in equity for the year 2010                                       | 172,633,882                          | -                        | -                                    | -                             | -                                | -                              | -                                | 172,633,882                | -                         | 172,633,882                |
| 26    | Ordinary share issuance  | -                                    | -                        | 34,700,000                           | -                             | -                                | -                              | -                                | 34,700,000                 | -                         | 34,700,000                 |
|       | Warrant issuance   | -                                    | -                        | -                                    | -                             | -                                | -                              | -                                | -                          | 11,552                    | 11,552                     |
|       | Minority's investment in subsidiary                                      | -                                    | -                        | -                                    | -                             | -                                | -                              | -                                | -                          | -                         | -                          |
|       | Change in classification of investment                                   | -                                    | -                        | -                                    | -                             | -                                | -                              | -                                | -                          | -                         | -                          |
|       | in subsidiary to associate   | -                                    | -                        | -                                    | -                             | -                                | -                              | -                                | -                          | 510,985                   | 510,985                    |
|       | Acquisition of minority interest in subsidiary                           | -                                    | -                        | -                                    | -                             | -                                | -                              | -                                | -                          | (2,270,364)               | (2,270,364)                |
|       | Total comprehensive income (expense) for the year                        | -                                    | -                        | -                                    | -                             | (5,532,648)                      | 75,341                         | (5,477,307)                      | 81,239,926                 | (941,807)                 | 80,298,119                 |
|       | <b>Balance as at 31 December 2010</b>                                    | 694,000,000                          | 212,778,719              | 34,700,000                           | 2,661,312                     | (5,409,807)                      | 75,341                         | (5,334,466)                      | 776,407,872                | -                         | 776,407,872                |

The notes to the consolidated and company financial statements on pages 8 to 58 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 2011 and 2010**

| Company  |                                  |                          |                                      |                               |                |                                 |      |                            |      |
|--|----------------------------------|--------------------------|--------------------------------------|-------------------------------|----------------|---------------------------------|------|----------------------------|------|
| Notes  | Issued and paid-up share capital | Premium on share capital | Warrants to purchase ordinary shares | Retained earnings (deficits)  |                | Other components of equity      |      | Total Shareholders' equity | Baht |
|  |                                  |                          |                                      | Appropriated to legal reserve | Unappropriated | Available for-sales investments | Baht |                            |      |
|  |                                  |                          |                                      |                               |                |                                 |      |                            |      |
| Balance as at 1 January 2011<br>Adjust beginning retained earnings from changes in new accounting policy<br>2.2                      | 694,000,000                      | 212,778,719              | 34,700,000                           | 2,661,312                     | (256,962,198)  | -                               | -    | 687,177,833                |      |
|  | -                                | -                        | -                                    | -                             | (5,185,833)    | -                               | -    | (5,185,833)                |      |
|  | 694,000,000                      | 212,778,719              | 34,700,000                           | 2,661,312                     | (262,148,031)  | -                               | -    | 681,992,000                |      |
| Beginning balance after adjustments<br>Total comprehensive expenses for the year   | -                                | -                        | -                                    | -                             | (28,118,714)   | (8,386,154)                     |      | (36,504,868)               |      |
|  | 694,000,000                      | 212,778,719              | 34,700,000                           | 2,661,312                     | (290,266,745)  | (8,386,154)                     |      | 645,487,132                |      |
|  |                                  |                          |                                      |                               |                |                                 |      |                            |      |
| Balance as at 1 January 2010<br>Ordinary share issuance<br>25<br>Warrant issuance<br>26<br>Total comprehensive expenses for the year | 521,366,118                      | 212,778,719              | -                                    | 2,661,312                     | (198,547,026)  | -                               | -    | 538,259,123                |      |
|  | 172,633,882                      | -                        | -                                    | -                             | -              | -                               | -    | 172,633,882                |      |
|  | -                                | -                        | 34,700,000                           | -                             | -              | -                               | -    | 34,700,000                 |      |
|  | -                                | -                        | -                                    | -                             | (58,415,172)   | -                               | -    | (58,415,172)               |      |
| Balance as at 31 December 2010   | 694,000,000                      | 212,778,719              | 34,700,000                           | 2,661,312                     | (256,962,198)  | -                               | -    | 687,177,833                |      |
|  |                                  |                          |                                      |                               |                |                                 |      |                            |      |
|  |                                  |                          |                                      |                               |                |                                 |      |                            |      |

The notes to the consolidated and company financial statements on pages 8 to 58 form an integral part of the financial statements.

**Evolution Capital Public Company Limited**  
**Statements of Cash Flows**  
**For the years ended 31 December 2011 and 2010**

|   |       | Consolidated      |                    | Company           |                    |
|---|-------|-------------------|--------------------|-------------------|--------------------|
|   |       | 2011              | 2010               | 2011              | 2010               |
|   | Notes | Baht              | Baht               | Baht              | Baht               |
| <b>Cash flows from operating activities</b>   |       |                   |                    |                   |                    |
| Continuing operations   |       |                   |                    |                   |                    |
| Cash generated from (used in) operation   | 31    | (28,504,201)      | (61,967,265)       | (65,633,227)      | (38,639,575)       |
| Interest paid   |       | (5,298,780)       | (899,907)          | (5,224,636)       | (827,688)          |
| Income tax paid   |       | (1,981,324)       | (407,082)          | (1,092,105)       | (341,048)          |
| Net cash used in operating activities   |       | (35,784,305)      | (63,274,254)       | (71,949,968)      | (39,808,311)       |
| <b>Cash flows from investing activities</b>   |       |                   |                    |                   |                    |
| Continuing operations   |       |                   |                    |                   |                    |
| Acquisition of investment in available-for-sales securities   | 10    | (20,619,572)      | (9,995,659)        | (20,619,572)      | -                  |
| Proceeds from disposal of available-for-sales securities  |       | 5,077,025         | -                  | 5,077,025         | -                  |
| Acquisition of investments in subsidiaries  | 13    | -                 | -                  | (55,269,000)      | (90,767,860)       |
| Acquisition of investments in associates  | 13    | (85,741,800)      | (93,163,760)       | (8,681,200)       | -                  |
| Acquisition of interests in joint ventures  | 13    | (5,100,000)       | (9,761,285)        | -                 | (1,050,000)        |
| Disposal of interests in joint ventures   | 13    | -                 | 510,000            | -                 | 1,560,000          |
| Increase in investment properties   |       | -                 | (27,000)           | -                 | (27,000)           |
| Purchase of equipment   | 17    | (9,562,071)       | (2,528,614)        | (5,794,979)       | (1,560,760)        |
| Proceeds from disposal of equipment   |       | 4,717,414         | 1,313,061          | 3,224,336         | 40,565             |
| Purchase of intangible assets   | 18    | (666,921)         | (56,402)           | (18,882)          | (33,112)           |
| Proceeds from disposal of intangible assets   |       | 1,625,000         | -                  | -                 | -                  |
| Cash paid for loans to related companies  | 32    | (3,000,000)       | (11,100,000)       | (25,451,000)      | (56,720,000)       |
| Proceeds from repayments on loans from related companies  |       | -                 | -                  | 31,454,762        | -                  |
| Cash paid for loans to non-related companies  |       | (4,732,575)       | -                  | -                 | -                  |
| Interest received   |       | 351,607           | 234,213            | 2,544,138         | 216,494            |
| Net cash used in investing activities   |       | (117,651,893)     | (124,575,446)      | (73,534,372)      | (148,341,673)      |
| <b>Cash flows from financing activities</b>   |       |                   |                    |                   |                    |
| Continuing operations   |       |                   |                    |                   |                    |
| Decrease in lease payable   |       | (36,400)          | (87,361)           | (36,400)          | (87,361)           |
| Cash paid for acquisition of investment from non-controlling interest in subsidiary   |       | -                 | (539,000)          | -                 | (539,000)          |
| Proceeds from loans from financial institutions   | 20    | 148,300,000       | 60,000,000         | 148,300,000       | 60,000,000         |
| Cash paid for repayment loans from financial institutions   | 20    | (119,700,000)     | (3,600,000)        | (119,700,000)     | (3,600,000)        |
| Proceeds from loans from non-related parties  | 21    | -                 | 1,235,000          | -                 | -                  |
| Cash paid for repayment loans from non-related parties  | 21    | (5,000,000)       | (7,500,000)        | -                 | -                  |
| Proceeds from issuance ordinary shares  | 25    | -                 | 172,633,882        | -                 | 172,633,882        |
| Proceeds from issuance warrants   | 26    | -                 | 34,700,000         | -                 | 34,700,000         |
| Proceeds from loans from related companies  | 32    | 14,029,253        | -                  | 14,029,253        | -                  |
| Net cash from financing activities  |       | 37,592,853        | 256,842,521        | 42,592,853        | 263,107,521        |
| Cash increase from acquisition investment in associates and interests in joint ventures which subsequently change in classification to investment in subsidiaries |       |                   |                    |                   |                    |
|   |       | -                 | 11,046,014         | -                 | -                  |
| <b>Net increase (decrease) in cash and cash equivalents</b>   |       | (115,843,345)     | 80,038,835         | (102,891,487)     | 74,957,537         |
| Cash and cash equivalents - beginning of the year   |       | 133,388,259       | 54,055,711         | 113,394,650       | 38,437,113         |
| Exchange gain (loss) on cash and cash equivalents   |       | 615,351           | (706,287)          | -                 | -                  |
| <b>Cash and cash equivalents at end of the year</b>   |       | <b>18,160,265</b> | <b>133,388,259</b> | <b>10,503,163</b> | <b>113,394,650</b> |

The notes to the consolidated and company financial statements on pages 8 to 58 form an integral part of the financial statements.

## **1 General information**

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

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

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

The Company has a major shareholder who is MGP Hazel (Mauritius) No. 1 Limited with an 18.7% stake of which 3.4% is held through Thai NVDR Co., Ltd. as at 31 December 2011 (2010: MGP Hazel (Mauritius) No. 1 Limited also owned an 18.7% stake of which 3.4% was held through Thai NVDR).

The principal business of the Group is to provide business advisory services, investment and property development consultancy services, wireless value added, interactive media solution and internet based information services, property development and investment in securities.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 24 February 2012.

## **2 Accounting policies**

The principal accounting policies applied 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 Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The consolidated and 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 the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Comparative figures have been adjusted to conform with changes in presentation in the current year. The Group changed the classification of land awaiting development to investment properties in accordance to the new accounting standards which have been effective from 1 January 2011 (Note 16).

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) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2011 and adopted by the Group:

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

TAS 1 (revised 2009): The revised standard will prohibit the presentation of items of income and expenses in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. Entities can choose whether to present one statement (the statement of comprehensive income) or two statements (the statement of income and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning of the comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, for the financial statements whose period begins on or after 1 January 2011, and which period is the first to apply this standard, an entity can choose to present statement of financial position only two statements without the statement of financial position as at the beginning comparative period. The Group has adopted TAS 1 (Revised 2009) with effect from 1 January 2011. The Group chooses to present a single statement of comprehensive income.

TAS 19: This deals with accounting for employee benefits. The Group's management classifies employee benefits into post-employment benefits (including defined contribution plan and defined benefit plan). The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). An entity can choose to recognise any actuarial gain or loss for a defined benefit plan either in other comprehensive income or profit and loss. Actuarial gain or loss for other long-term employee benefits shall be recognised in profit and loss.



## 2 Accounting policies (Cont'd)

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

- a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards effective for the periods beginning on or after 1 January 2011 and adopted by the Group: (Cont'd)

For the first-time adoption of TAS 19 "Employee Benefits", the Group has decided to recognize past service costs with respect to post-employment benefits obligation by adjusting the retained earnings as at 1 January 2011 without restatement to the financial statements of prior period, which is in compliance with the transitional provision of such standard. In preparation of the interim financial statements for the first, second and third quarter of the year 2011, the Group had chosen to recognise the transitional liability on a straight-line basis over five years. The provision for employee benefits included in administrative expenses and recognised in statement of comprehensive income for the nine-month period ended 30 September 2011 totalling Baht 545,619. The management determined that the change in an accounting policy to recognise the transitional liability by adjusting with retained earnings-beginning balance will provide reliable and more relevant information about the effects of transactions. The impact on the financial statements can be summarised as follows:

|  | <b>Consolidated<br/>and company<br/>Baht</b> |
|--|--|
| Decrease in retained earnings as at 1 January 2011 | (5,185,833)                                  |
| Increase in post-employment benefits obligation    | 5,185,133                                    |

TAS 40 (revised 2009): The revised standard has specific presentation and measurement requirements for investment property. The Group has to present an investment property separately in the statement of financial position. The entity can choose to measure it using either the cost model or the fair value model. Under the fair value model, any changes in fair value are recognised in profit or loss. The Group has adopted the standard with effect from 1 January 2011. The Group applies the cost model for the measurement and reclassification of Baht 59,403,868 from property, plant and equipment category and will sustain no impact from changes in fair value to retained earnings.

- b) New accounting standards and amendments to accounting standards that are not yet effective and have not been early adopted by the Group:

#### 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                          |
| TSIC 10               | Government Assistance - No Specific Relation to Operating Activities      |
| TSIC 21               | Income Taxes - Recovery of Revalued Non-Depreciable Assets                |
| TSIC 25               | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |

The Group's management has determined that the new accounting standards, 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.

## **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. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's subsidiaries, the effects acquisitions and disposals of subsidiaries are shown in Note 13.1.

## **2 Accounting policies (Cont'd)**

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

#### **(2) Transactions and non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

#### **(3) 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. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. (See Note 2.16 for the impairment of assets including goodwill).

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. 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. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

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

A list of the Group's principal associates, the effects acquisitions and disposals of associates are shown in Note 13.2.

## **2 Accounting policies (Cont'd)**

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

#### **(4) 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 statement of comprehensive income. 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 13.3.

### **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 statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statements of comprehensive income.

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

### **2.5 Cash and cash equivalents**

In the consolidated and Company statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

## **2 Accounting policies (Cont'd)**

### **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 profit or loss within administrative expense. The Group is recognised allowance based on collection experience and current status of receivables outstanding at the statement of financial position date.

### **2.7 Inventories**

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

### **2.8 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 statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

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

Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the statements of comprehensive income 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 other components of equity.

## **2 Accounting policies (Cont'd)**

### **2.9 Investments (Cont'd)**

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand.

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

### **2.10 Derivatives**

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

### **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 Investment properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property in future.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost e.g. borrowing cost incurred during project development and the construction of mock up. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

## **2 Accounting policies (Cont'd)**

### **2.13 Equipment**

Equipment comprise mainly leasehold improvement, office equipment, furniture and fixture and vehicles. Equipment are stated at cost less accumulated depreciation.

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

Depreciation is calculated on the straight line basis to allocate their cost to their residual value over their estimated useful life as follows:

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

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note 2.16).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statements of comprehensive income.

### **2.14 Intangible assets**

#### **Computer software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 5 years.

**2 Accounting policies (Cont'd)**

**2.15 Leasehold right of land**

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

**2.16 Impairment of assets**

Equipment and other assets that are subject to amortisation 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.

**2.17 Leases - where a Group is the lessee**

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 profit or loss on a straight-line basis over the period of the lease.

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 and the present value of the minimum lease payments. Each lease payment is allocated between the liability and 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 profit or loss 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 and the lease term.

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

**2.18 Employee Benefits**

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

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.



## **2 Accounting policies (Cont'd)**

### **2.18 Employee Benefits (Cont'd)**

#### **Defined benefit plans:**

##### **Retirement benefit**

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

#### **Defined contribution plans:**

##### **Provident fund**

The Group operates a provident fund, being a defined contribution plan, the assets for which are held in a separate trust fund. The provident fund is funded by payments from employees and by the Group. The Group's contributions to the provident fund are charged to the statements of comprehensive income in the years to which they relate.

### **2.19 Provisions**

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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

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

### **2.20 Share Capital**

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

Incremental 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 any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

## **2 Accounting policies (Cont'd)**

### **2.21 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.

### **2.22 Dividend distribution**

Dividend distribution to the Company's shareholder is recognised as a liability in the financial statements in the period in which dividends are approved by the Company's shareholders.

### **2.23 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 information are both presented by business segments and geographical areas of the Group's operations.

### **2.24 Financial instruments**

Significant financial assets carried on statement of financial position 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 statement of financial position 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 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.

#### **3.1 Critical accounting estimates and judgements**

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.

##### **(a) Employee benefit obligation**

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds 15 years old that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for employee benefit obligations are based on current market conditions.

### **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.

**Evolution Capital Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the years ended 31 December 2011 and 2010**

**5 Segment information**

The Group operates in 4 core business segments comprising (1) wireless value added, interactive solution and internet based information services, (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 2011 and 2010 were as follows:

|   | <b>Consolidated</b>                    |                      |                        |                      |                      |                      |                      |                      |
|---|--|----------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <b>For the years ended 31 December</b> |                      |                        |                      |                      |                      |                      |                      |
|   | <b>Thailand</b>                        |                      | <b>Other countries</b> |                      | <b>Elimination</b>   |                      | <b>Consolidated</b>  |                      |
|   | <b>2011</b>                            | <b>2010</b>          | <b>2011</b>            | <b>2010</b>          | <b>2011</b>          | <b>2010</b>          | <b>2011</b>          | <b>2010</b>          |
|   | <b>Thousand Baht</b>                   | <b>Thousand Baht</b> | <b>Thousand Baht</b>   | <b>Thousand Baht</b> | <b>Thousand Baht</b> | <b>Thousand Baht</b> | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Revenues  | 67,995                                 | 35,565               | 91,841                 | 215,881              | (1,320)              | (630)                | 158,516              | 250,816              |
| Cost of sales, services and advisory                            | (26,931)                               | (27,159)             | (8,783)                | (9,102)              | -                    | -                    | (35,714)             | (36,261)             |
| Gross profit  | 41,064                                 | 8,406                | 83,058                 | 206,779              | (1,320)              | (630)                | 122,802              | 214,555              |
| Other income  | 48,634                                 | 32,364               | 65,258                 | 46,279               | (17,520)             | (11,573)             | 96,372               | 67,070               |
| Selling and administrative expenses                             | (113,354)                              | (111,649)            | (40,211)               | (43,393)             | 18,840               | 12,203               | (134,725)            | (142,839)            |
| Share of loss from investments in associates and joint ventures | (14,882)                               | (5,148)              | (44,666)               | (46,567)             | -                    | -                    | (59,548)             | (51,715)             |
| Profit (loss) before financial costs and income tax             | (38,538)                               | (76,027)             | 63,439                 | 163,098              | -                    | -                    | 24,901               | 87,071               |
| Financial costs   | (5,719)                                | (1,296)              | -                      | -                    | -                    | -                    | (5,719)              | (1,296)              |
| Net profit (loss) for the year                                  | (44,257)                               | (77,323)             | 63,439                 | 163,098              | -                    | -                    | 19,182               | 85,775               |

|                   | <b>Consolidated</b>      |                      |                        |                      |                      |                      |
|-------------------|--------------------------|----------------------|------------------------|----------------------|----------------------|----------------------|
|                   | <b>As at 31 December</b> |                      |                        |                      |                      |                      |
|                   | <b>Thailand</b>          |                      | <b>Other countries</b> |                      | <b>Total</b>         |                      |
|                   | <b>2011</b>              | <b>2010</b>          | <b>2011</b>            | <b>2010</b>          | <b>2011</b>          | <b>2010</b>          |
|                   | <b>Thousand Baht</b>     | <b>Thousand Baht</b> | <b>Thousand Baht</b>   | <b>Thousand Baht</b> | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Total assets      | 533,546                  | 642,533              | 372,989                | 255,685              | 906,535              | 898,218              |
| Total liabilities | 115,384                  | 120,663              | 1,599                  | 1,147                | 116,983              | 121,810              |

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**5 Segment information (Cont'd)**

The financial information by business segment for the years ended 31 December 2011 and 2010 were as follows:

|  | Consolidated   |               |   |               |                      |               |                          |               |               |               |
|--|--|---------------|---|---------------|----------------------|---------------|--------------------------|---------------|---------------|---------------|
|  | For the years ended 31 December  |               |   |               |                      |               |                          |               |               |               |
|  | Wireless value added service, interactive solution and internet based information services |               | Business advisory services, investment and property development consulting services |               | Property development |               | Investment in securities |               | Total         |               |
|  | 2011   | 2010          | 2011  | 2010          | 2011                 | 2010          | 2011                     | 2010          | 2011          | 2010          |
|  | Thousand Baht  | Thousand Baht | Thousand Baht   | Thousand Baht | Thousand Baht        | Thousand Baht | Thousand Baht            | Thousand Baht | Thousand Baht | Thousand Baht |
| Revenues   | 31,585   | 21,400        | 126,930   | 229,416       | -                    | -             | -                        | -             | 158,515       | 250,816       |
| Cost of sales, services and advisory                           | (19,933)   | (17,642)      | (15,780)  | (18,619)      | -                    | -             | -                        | -             | (35,713)      | (36,261)      |
| Gross profit   | 11,652   | 3,758         | 111,150   | 210,797       | -                    | -             | -                        | -             | 122,802       | 214,555       |
| Other income   |  |               |   |               |                      |               |                          |               | 96,372        | 67,070        |
| Selling and administrative expenses                            |  |               |   |               |                      |               |                          |               | (134,725)     | (142,839)     |
| Share of loss from investments in associates and joint venture |  |               |   |               |                      |               |                          |               | (59,548)      | (51,715)      |
| Profit before financial costs and income tax                   |  |               |   |               |                      |               |                          |               | 24,901        | 87,071        |
| Financial costs  |  |               |   |               |                      |               |                          |               | (5,719)       | (1,296)       |
| Net profit for the year  |  |               |   |               |                      |               |                          |               | 19,182        | 85,775        |

|                           | Consolidated   |               |   |               |                      |               |                          |               |               |               |
|---------------------------|--|---------------|---|---------------|----------------------|---------------|--------------------------|---------------|---------------|---------------|
|                           | As at 31 December  |               |   |               |                      |               |                          |               |               |               |
|                           | Wireless value added service, interactive solution and internet based information services |               | Business advisory services, investment and property development consulting services |               | Property development |               | Investment in securities |               | Total         |               |
|                           | 2011   | 2010          | 2011  | 2010          | 2011                 | 2010          | 2011                     | 2010          | 2011          | 2010          |
|                           | Thousand Baht  | Thousand Baht | Thousand Baht   | Thousand Baht | Thousand Baht        | Thousand Baht | Thousand Baht            | Thousand Baht | Thousand Baht | Thousand Baht |
| Segmental assets          | 12,003   | 11,958        | 14,237  | 19,768        | 211,137              | 220,310       | 60,403                   | 63,124        | 297,780       | 315,160       |
| Investment in associates  |  |               |   |               |                      |               |                          |               | 514,460       | 394,627       |
| Unallocated assets        |  |               |   |               |                      |               |                          |               | 94,295        | 188,431       |
| Consolidated total assets |  |               |   |               |                      |               |                          |               | 906,535       | 898,218       |
| Impairment charges        |  |               |   |               |                      |               |                          |               | 6,425         | 1,541         |

**6 Cash and cash equivalents**

|  | Consolidated |             | Company    |             |
|--|--------------|-------------|------------|-------------|
|  | 2011 Baht    | 2010 Baht   | 2011 Baht  | 2010 Baht   |
| Cash on hand   | 66,812       | 82,848      | 62,261     | 67,089      |
| Current and saving deposits                                | 18,090,023   | 103,345,572 | 10,439,840 | 83,369,029  |
| Fixed deposits with remaining maturity less than 3 months  | 3,430        | 2,354       | 1,062      | 1,047       |
| Government bond with remaining maturity less than 3 months | -            | 29,957,485  | -          | 29,957,485  |
| Total  | 18,160,265   | 133,388,259 | 10,503,163 | 113,394,650 |

The effective interest rate on short term bank deposits was 0.15 - 0.87% per annum (2010: 0.25% - 0.75% per annum).

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**6 Cash and cash equivalents (Cont'd)**

As at 31 December 2010, the Group had investments in government bonds due within 30 days which bear 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 be returned to shareholders (Note 26).

**7 Trade accounts receivable**

As at 31 December 2011 and 2010, the Group has outstanding trade accounts receivable as follows:

|                               | <b>Consolidated</b> |                  | <b>Company</b>   |                  |
|-------------------------------|---------------------|------------------|------------------|------------------|
|                               | <b>2011</b>         | <b>2010</b>      | <b>2011</b>      | <b>2010</b>      |
|                               | <b>Baht</b>         | <b>Baht</b>      | <b>Baht</b>      | <b>Baht</b>      |
| Trade receivables             |                     |                  |                  |                  |
| - third party                 | 7,810,292           | 7,857,778        | 5,095,087        | 5,592,328        |
| Trade receivables             |                     |                  |                  |                  |
| - related companies (note 32) | 48,400              | -                | 48,400           | -                |
| <b>Total</b>                  | <b>7,858,692</b>    | <b>7,857,778</b> | <b>5,143,487</b> | <b>5,592,328</b> |

As at 31 December 2011 and 2010, the balances of accounts receivable, can be analysed by aging, as follows:

|                | <b>Consolidated</b> |                  | <b>Company</b>   |                  |
|----------------|---------------------|------------------|------------------|------------------|
|                | <b>2011</b>         | <b>2010</b>      | <b>2011</b>      | <b>2010</b>      |
|                | <b>Baht</b>         | <b>Baht</b>      | <b>Baht</b>      | <b>Baht</b>      |
| Not overdue    | 3,505,925           | 1,369,677        | 2,366,588        | -                |
| Overdue:       |                     |                  |                  |                  |
| Up to 3 months | 1,575,868           | 1,485,851        | -                | 590,078          |
| 3-6 months     | -                   | -                | -                | -                |
| 6-12 months    | -                   | 5,002,250        | -                | 5,002,250        |
| Over 12 months | 2,776,899           | -                | 2,776,899        | -                |
| <b>Total</b>   | <b>7,858,692</b>    | <b>7,857,778</b> | <b>5,143,487</b> | <b>5,592,328</b> |

The account receivables overdue more than 12 months represents receivables from a non-related party which was fully received in January 2012.

**8 Accrued income**

As at 31 December 2011 and 2010, the Group has outstanding accrued revenue as below.

|   | <b>Consolidated</b> |                   | <b>Company</b>   |                  |
|---|---------------------|-------------------|------------------|------------------|
|   | <b>2011</b>         | <b>2010</b>       | <b>2011</b>      | <b>2010</b>      |
|   | <b>Baht</b>         | <b>Baht</b>       | <b>Baht</b>      | <b>Baht</b>      |
| Accrued revenue - third party               | 10,159,225          | 9,272,821         | 1,047,443        | 936,583          |
| Accrued revenue - related parties (note 32) | 9,225,862           | 8,229,275         | 6,599,227        | 8,229,275        |
| <b>Total</b>                                | <b>19,385,087</b>   | <b>17,502,096</b> | <b>7,646,670</b> | <b>9,165,858</b> |

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**9 Advance payment for shares subscription**

On 21 December 2011, the Company had the intention to subscribe for share in a listed securities company which is a related company by paying the subscription for entitlement and an excess subscription over the entitlement for amount of Baht 6.1 million. The Company received the allotment of shares with a value of Baht 1.9 million on 9 January 2012. The over-subscription of Baht 4.1 million was returned to the Company on 6 February 2012.

**10 Investments**

At 31 December 2011 and 2010, the movement of investments were as follows:

|  | <b>Consolidated</b>     |  |                       |
|--|-------------------------|--|-----------------------|
|  | <b>Trading<br/>Baht</b> | <b>Available<br/>for sale<br/>Baht</b> | <b>Total<br/>Baht</b> |
| <b>At 1 January 2010</b>                                   | -                       | -                                      | -                     |
| Additions  | 75,332,852              | 9,995,659                              | 85,328,511            |
| Disposals  | (47,958,795)            | -                                      | (47,958,795)          |
| <u>Add / (Less)</u> Remeasurement of fair value adjustment | (5,157)                 | 75,341                                 | 70,184                |
| <b>At 31 December 2010</b>                                 | 27,368,900              | 10,071,000                             | 37,439,900            |
| Additions  | 36,173,892              | 20,619,572                             | 56,793,464            |
| Disposals  | (63,542,792)            | (4,824,418)                            | (68,367,210)          |
| <u>Add / (Less)</u> Remeasurement of fair value adjustment | -                       | (8,386,154)                            | (8,386,154)           |
| <b>At 31 December 2011</b>                                 | -                       | 17,480,000                             | 17,480,000            |
|  | <b>Company</b>          |  |                       |
|  | <b>Trading<br/>Baht</b> | <b>Available<br/>for sale<br/>Baht</b> | <b>Total<br/>Baht</b> |
| <b>At 1 January 2010</b>                                   | -                       | -                                      | -                     |
| Additions  | -                       | -                                      | -                     |
| Disposals  | -                       | -                                      | -                     |
| <u>Add / (Less)</u> Remeasurement of fair value adjustment | -                       | -                                      | -                     |
| <b>At 31 December 2010</b>                                 | -                       | -                                      | -                     |
| Additions  | -                       | 20,619,572                             | 20,619,572            |
| Transferred  | -                       | 10,071,000                             | 10,071,000            |
| Disposals  | -                       | (4,824,418)                            | (4,824,418)           |
| <u>Add / (Less)</u> Remeasurement of fair value adjustment | -                       | (8,386,154)                            | (8,386,154)           |
| <b>At 31 December 2011</b>                                 | -                       | 17,480,000                             | 17,480,000            |

On 13 January 2011, the subsidiary Evolution Ventures Company Limited repaid loan to the Company by transferring common shares of a listed company in the Stock Exchange of Thailand which is a related company at the market price totalling Baht 10,071,000.

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**10 Investments (Cont'd)**

The fair values of the investments in marketable equity securities are as follows:

|                                   | <b>Consolidated</b>     |  |                       |
|-----------------------------------|-------------------------|--|-----------------------|
|                                   | <b>Trading<br/>Baht</b> | <b>Available for<br/>sale<br/>Baht</b> | <b>Total<br/>Baht</b> |
| Cost as at 31 December 2011       | -                       | 25,790,813                             | 25,790,813            |
| <u>Add/(Less)</u> Unrealised loss | -                       | (8,310,813)                            | (8,310,813)           |
| Fair value as at 31 December 2011 | -                       | 17,480,000                             | 17,480,000            |

|  | <b>Consolidated</b>     |  |                       |
|--|-------------------------|--|-----------------------|
|  | <b>Trading<br/>Baht</b> | <b>Available for<br/>sale<br/>Baht</b> | <b>Total<br/>Baht</b> |
| Cost as at 31 December 2010              | 27,374,057              | 9,995,659                              | 37,369,716            |
| <u>Add/(Less)</u> Unrealised gain (loss) | (5,157)                 | 75,341                                 | 70,184                |
| Fair value as at 31 December 2010        | 27,368,900              | 10,071,000                             | 37,439,900            |

|                                   | <b>Company</b>          |  |                       |
|-----------------------------------|-------------------------|--|-----------------------|
|                                   | <b>Trading<br/>Baht</b> | <b>Available for<br/>sale<br/>Baht</b> | <b>Total<br/>Baht</b> |
| Cost as at 31 December 2011       | -                       | 25,866,154                             | 25,866,154            |
| <u>Add/(Less)</u> Unrealised loss | -                       | (8,386,154)                            | (8,386,154)           |
| Fair value as at 31 December 2011 | -                       | 17,480,000                             | 17,480,000            |

**11 Other short term loans**

As at 31 December 2011, the Group has an outstanding short-term loan to a non-related party amounting to USD 150,000 or Baht 4.7 million equivalents. The loan is unsecured, with no interest, due for repayment within three months, but convertible to equity at the lender's option.

**12 Other current assets**

|   | <b>Consolidated</b>  |                      | <b>Company</b>       |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | <b>2011<br/>Baht</b> | <b>2010<br/>Baht</b> | <b>2011<br/>Baht</b> | <b>2010<br/>Baht</b> |
| Withholding tax refundable              | 3,703,090            | -                    | 3,703,090            | -                    |
| Prepaid expenses                        | 1,706,103            | 2,275,210            | 999,767              | 1,433,092            |
| Other receivables                       | 1,041,754            | -                    | 1,041,754            | -                    |
| Amount due from broker                  | 1,095,544            | -                    | 1,046,806            | -                    |
| Derivative call options                 | -                    | 683,598              | -                    | -                    |
| Work in progress under service contract | -                    | 477,364              | -                    | -                    |
| Deposit                                 | 479,011              | -                    | -                    | -                    |
| Supplies                                | 114,983              | 279,210              | -                    | -                    |
| Others                                  | 539,478              | 799,145              | 159,656              | 398,193              |
|   | <u>8,679,963</u>     | <u>4,514,527</u>     | <u>6,951,073</u>     | <u>1,831,285</u>     |



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**13 Investments in subsidiaries, associates and interests in joint ventures**

**13.1 Subsidiaries**

The movement of investment in subsidiaries for the years ended 31 December 2011 and 2010 were as follows:

|   | <b>Company</b>       |                      |
|---|----------------------|----------------------|
|   | <b>2011<br/>Baht</b> | <b>2010<br/>Baht</b> |
| Beginning balance                                       | 332,399,920          | 244,368,750          |
| <u>Add</u> Acquisition during the year                  | 55,269,000           | 91,306,860           |
| <u>Less</u> Allowance for impairment loss on investment | (2,363,310)          | (3,275,690)          |
| Ending balance  | <u>385,305,610</u>   | <u>332,399,920</u>   |

The Company has investments in subsidiaries in both Thailand and other countries as follows:

| <b>Subsidiaries</b>   | <b>Type of business</b>               | <b>Registered country</b> | <b>Company</b>                     |                                    |                            |
|---|---------------------------------------|---------------------------|------------------------------------|------------------------------------|----------------------------|
|   |                                       |                           | <b>As at 31 December 2011</b>      |                                    |                            |
|   |                                       |                           | <b>Registered capital<br/>Baht</b> | <b>Percentage of holding<br/>%</b> | <b>Investment<br/>Baht</b> |
| Monster Media Co., Ltd.   | Multimedia provider                   | Thailand                  | 10,000,000                         | 100                                | 10,000,000                 |
| - Subsidiary under the company<br>IQtrip.com Company Limited                  | Provide online travel booking service | Thailand                  | 3,000,000                          | 100                                | -                          |
| Evolution Land Co., Ltd.  | Investment in real estate             | Thailand                  | 229,107,500                        | 100                                | 229,107,500                |
| - Subsidiary under the company<br>Addax Development Co., Ltd.                 | Property development                  | Thailand                  | 80,000,000                         | 100                                | -                          |
| Evolution Holdings Limited ("EH")   | Holding company                       | Mauritius                 | USD 4,675,000                      | 100                                | 146,198,110                |
| - Subsidiary under EH<br>Evolution Advisors Limited ("EA")                    | Investment advisory                   | Cayman Islands            | USD 46,160                         | 100                                | -                          |
| - Subsidiary under EA<br>Evolution Investments Limited                        | Investment holding company            | Cayman Islands            | USD 5,700                          | 100                                | -                          |
| Evolution Energy Pte. Ltd.  | Energy trading and related logistic   | Singapore                 | SGD 5,000                          | 100                                | -                          |
| - Fund where EA acts as general partner to<br>The Yamu Development Fund, L.P. | Investment in real estate             | Cayman Islands            | USD 2                              | -                                  | -                          |
| Evolution Ventures Company Limited  | Investment in marketable securities   | Thailand                  | 10,000,000                         | 100                                | 5,639,000                  |
| <u>Less</u> Allowance for impairment loss on investment                       |                                       |                           |                                    |                                    | <u>(5,639,000)</u>         |
| Investment in subsidiaries  |                                       |                           |                                    |                                    | <u>385,305,610</u>         |

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**13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)**

**13.1 Subsidiaries (Cont'd)**

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

The impairment charge of Baht 2,363,310 in 2011 for investment in subsidiary was made during the year as a result of the discontinuance of the business of Evolution Ventures Company Limited. The impairment was determined at the cash-generating unit level. The Company set a full allowance for impairment for the investment in this subsidiary since the company does not expect to receive cash back from the investment.

There have also been changes in the composition of direct and indirect subsidiary companies for the year ended 31 December 2011 as follows:

Investment in IQTrip.com Limited

IQTrip.com Limited was registered for dissolution with the Ministry of Commerce on 30 December 2011. As at 31 December 2011, IQTrip.com Limited is in the liquidation process.

Investment in Evolution Land Co., Ltd.

The subsidiary - Evolution Land Co., Ltd. had increased its registered share capital from Baht 225,000,000 divided into 2,250,000 ordinary shares at the par value of Baht 100 per share to Baht 229,107,500 divided into 2,291,075 ordinary shares at the par value of Baht 100 per share. The Company acquired 41,075 additional increase in ordinary shares of Evolution Land Co., Ltd. at Baht 100 per share totaling Baht 4,107,500 to maintain its shareholding stake at 100%.

**13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)**

**13.1 Subsidiaries (Cont'd)**

Investment in Evolution Holdings Limited

During year 2011, the subsidiary - Evolution Holdings Limited had increased its registered share capital to an aggregate of 1,670,000 ordinary shares. The Company acquired all additional issued ordinary shares of Evolution Holdings Limited at par value of USD 1 per share totalling USD 1,670,000 to maintain its 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 year 2011, Evolution Advisors Limited, a subsidiary held by Evolution Holdings Limited, had increased its registered share capital to an aggregate of 16,540 ordinary shares. The subsidiary, Evolution Holdings Limited, acquired all additional issued ordinary shares of Evolution Advisors Limited totalling USD 1,654,000 to maintain its 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 the additional share issuance is to further invest in additional share capital issued by Rec Planet Hotels Limited.

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

Investment in Evolution Energy Pte. Ltd.

On 26 September 2011, the Group established a new subsidiary company in Singapore named "Evolution Energy Pte. Ltd." for the purpose of energy resources trading and provide relating logistic services. The subsidiary - Evolution Advisors Limited, acquired 5,000 ordinary shares at par value of SGD 1 per share totaling SGD 5,000, representing 100% of the issued capital on the incorporation date of Evolution Energy Pte. Ltd.

Investment in Yamu Villas Co., Ltd. and Investment in Yamu (Thailand) Co., Ltd.

Yamu Villas Co., Ltd. and Yamu (Thailand) Co., Ltd. were registered for dissolution with the Ministry of Commerce on 1 December 2010 and liquidated on 21 June 2011.

**13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)**

**13.2 Associates**

The movement of investment in associates for the years ended 31 December 2011 and 2010 were as follows:

|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
|   | <b>2011</b>         | <b>2010</b>        |
|   | <b>Baht</b>         | <b>Baht</b>        |
| Beginning balance   | 394,626,771         | 165,842,106        |
| <u>Add</u> - Acquisition during the year  | 85,741,800          | 61,159,660         |
| - 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                         | -                   | 1,050,000          |
| - Investment services income recognised during the year   | 74,817,387          | 195,124,660        |
| - Income from loan origination compensation by share transferred  | 11,376,141          | -                  |
| <u>Less</u> - Share of loss from investment in associates   | (58,717,316)        | (43,785,743)       |
| - Change in classification of investment in associates to investment in subsidiaries                          | -                   | (9,497,649)        |
| - Currency translation  | 6,614,763           | (4,353,288)        |
| Ending balance  | <u>514,459,546</u>  | <u>394,626,771</u> |

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**13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)**

**13.2 Associates (Cont'd)**

The Group has investments in associates in both Thailand and other countries. The investments in associates as at 31 December 2011 and 2010 are as follows:

| Associates' name  | Type of Business                              | Registered country | Consolidated                  |                            |                         |                  |                    |
|---|---|--------------------|-------------------------------|----------------------------|-------------------------|------------------|--------------------|
|   |   |                    | As at 31 December 2011        |                            |                         |                  |                    |
|   |   |                    | Registered share capital Baht | Paid-up Share capital Baht | Percentage of holding % | Cost method Baht | Equity method Baht |
| Associates under Evolution Capital Public Company Limited:<br>Seamico Assets Management Co., Ltd. | Mutual, private and provident fund management | Thailand           | 152,000,000                   | 152,000,000                | 25.0                    | 8,681,200        | 6,046,928          |
| Associates under Evolution Land Co., Ltd.:<br>Casa Fico Co., Ltd.                                 | Residential real estate development           | Thailand           | 285,000,000                   | 285,000,000                | 42.5                    | 123,135,295      | 118,195,000        |
| Fena Park Co., Ltd.   | Hotel real estate development                 | Thailand           | 100,000,000                   | 100,000,000                | 42.5                    | 43,205,905       | 29,107,673         |
| Andaman Beach Residences Co., Ltd.  | Residential real estate development           | Thailand           | 10,000,000                    | 10,000,000                 | 51.0                    | 5,217,500        | -                  |
| Phang Nga Hotel Co., Ltd.   | Hotel real estate development                 | Thailand           | 10,000,000                    | 10,000,000                 | 51.0                    | 5,217,500        | -                  |
| Red Planet Hotels (Thailand) Limited  | Hotel real estate development                 | Thailand           | 7,000,000                     | 7,000,000                  | 50.9                    | 3,562,300        | -                  |
| Red Planet Hotels Two (Thailand) Limited  | Hotel real estate development                 | Thailand           | 10,000,000                    | 10,000,000                 | 51.0                    | 5,100,000        | 4,459,141          |
| Red Planet Hotels Three (Thailand) Limited  | Hotel real estate development                 | Thailand           | 8,000,000                     | 8,000,000                  | 51.0                    | 4,080,000        | 2,110,397          |
| Red Planet Hotels Four (Thailand) Limited   | Hotel real estate development                 | Thailand           | 100,000                       | 100,000                    | 51.0                    | 51,000           | -                  |
| Red Planet Hotels Five (Thailand) Limited   | Hotel real estate development                 | Thailand           | 100,000                       | 100,000                    | 51.0                    | 51,000           | -                  |
| Associate under Evolution Advisors Limited:<br>Red Planet Hotels Limited                          | Holding company and hotel management services | Cayman Islands     | USD 50,000                    | USD 7,416                  | 23.1                    | 156,032,299      | 354,540,407        |
| Total   |   |                    |                               |                            |                         | 354,333,999      | 514,459,546        |

| 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.<br>Casa Fico Co., Ltd.             | Residential real estate development           | Thailand           | 285,000,000                   | 285,000,000                | 42.5                    | 123,135,295      | 119,463,850        |
| Fena Park Co., Ltd.  | Hotel real estate development                 | Thailand           | 100,000,000                   | 100,000,000                | 42.5                    | 43,205,905       | 34,530,953         |
| Andaman Beach Residences Co., Ltd.   | Residential real estate development           | Thailand           | 10,000,000                    | 10,000,000                 | 51.0                    | 5,217,500        | -                  |
| Phang Nga Hotel Co., Ltd.  | Hotel real estate development                 | Thailand           | 10,000,000                    | 10,000,000                 | 51.0                    | 5,217,500        | -                  |
| Red Planet Hotels (Thailand) Limited (formerly "Red Planet Hotels Co., Ltd.) | Hotel real estate development                 | Thailand           | 3,050,000                     | 3,050,000                  | 50.8                    | 1,550,000        | -                  |
| Associate under Evolution Advisors Limited:<br>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        |

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**13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)**

**13.2 Associates (Cont'd)**

| Associates' name                   | Type of Business                              | Registered country | Company                       |                            |                         |                  |
|------------------------------------|---|--------------------|-------------------------------|----------------------------|-------------------------|------------------|
|                                    |   |                    | As at 31 December 2011        |                            |                         |                  |
|                                    |   |                    | Registered share capital Baht | Paid-up Share capital Baht | Percentage of holding % | Cost method Baht |
| Seamico Asset Management Co., Ltd. | Mutual, private and provident fund management | Thailand           | 152,000,000                   | 152,000,000                | 25.0                    | 8,681,200        |
| Total                              |   |                    |                               |                            |                         | 8,681,200        |

The Group's share of the result of its associates, all of which are unlisted, and its share of the assets including goodwill and liabilities as at 31 December 2011 and 2010 are as follows:

| Name                                       | Consolidated           |                  |               |                    |
|--|------------------------|------------------|---------------|--------------------|
|  | As at 31 December 2011 |                  |               |                    |
|  | Assets Baht            | Liabilities Baht | Revenues Baht | Profit (loss) Baht |
| Seamico Asset Management Co., Ltd.         | 24,213,133             | 3,431,650        | 7,774,062     | (31,831,242)       |
| Casa Fico Co., Ltd.                        | 303,741,455            | 29,614,714       | 673           | (3,105,940)        |
| Fena Park Co., Ltd.                        | 106,001,176            | 45,069,413       | 63,703        | (12,623,971)       |
| Andaman Beach Residences Co., Ltd.         | 877,543,143            | 1,039,456,890    | 79,513        | (69,430,268)       |
| Phang Nga Co., Ltd.                        | 512,219,846            | 612,905,982      | 41,364        | (43,844,120)       |
| Red Planet Hotels (Thailand) Limited       | 220,450,680            | 241,506,877      | 1,250,094     | (24,234,238)       |
| Red Planet Hotels Two (Thailand) Limited   | 108,335,747            | 99,592,333       | 711,167       | (1,256,586)        |
| Red Planet Hotels Three (Thailand) Limited | 136,125,613            | 132,378,671      | 1,014,432     | (4,253,058)        |
| Red Planet Hotels Four (Thailand) Limited  | 49,323,839             | 51,282,983       | 32,741        | (2,059,144)        |
| Red Planet Hotels Five (Thailand) Limited  | 64,571,045             | 68,264,725       | 511,543       | (3,793,680)        |
| Red Planet Hotels Limited                  | 1,773,834,051          | 109,535,047      | 20,663,780    | (182,666,341)      |
|  | 4,176,359,728          | 2,433,039,285    | 32,143,072    | (379,098,588)      |

| Name   | Consolidated           |                  |               |                    |
|--|------------------------|------------------|---------------|--------------------|
|  | As at 31 December 2010 |                  |               |                    |
|  | Assets Baht            | Liabilities Baht | Revenues Baht | Profit (loss) 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 Co., Ltd.  | 471,383,179            | 528,225,196      | 98,462        | (52,540,149)       |
| Red Planet Hotels (Thailand) Limited (former "Red Planet Hotel Limited") | 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)      |

**13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)**

**13.2 Associates (Cont'd)**

There have been changes in the composition of investment in associates during the year ended 31 December 2011 as follows:

Investment in Seamico Asset Management Co., Ltd. ("SAM")

On 6 September 2011, the Company acquired 3,700,000 ordinary shares of Seamico Asset Management Co., Ltd., a limited company incorporated in Thailand which is providing mutual, private and provident fund management at Baht 2.076 per share totaling Baht 7,681,200 representing 25% of the paid-up share capital of SAM. The net fair value of the identifiable assets and liabilities of SAM on the acquisition date and goodwill, are summarised as follows:

|   | <b>Baht</b> |
|---|-------------|
| Cash and cash equivalents                           | 15,695,135  |
| Trade receivable                                    | 640,647     |
| Equipment, net                                      | 1,388,616   |
| Intangible assets, net                              | 9,151,002   |
| Other current assets                                | 5,765,083   |
| Other current liabilities                           | (1,915,683) |
| Net fair value of the associate's net assets        | 30,724,800  |
| Investment in associate at cost                     | 7,681,200   |
| 25% of net fair value of the associate's net assets | (7,681,200) |
| Goodwill from investment                            | -           |

On 25 November 2011, Seamico Asset Management Co., Ltd. had increased its registered share capital from Baht 148,000,000 divided into 14,800,000 ordinary shares with a par value of Baht 10 per share, to Baht 152,000,000, divided into 15,200,000 ordinary shares with a par value of Baht 10 per share. The Company subscribed to 100,000 additional shares of Seamico Asset Management Co., Ltd. at Baht 10 per share totaling Baht 1,000,000, to maintain the Company's shareholding stake at 25%.

Investment in Red Planet Hotels Limited

During the first half of year 2011, a subsidiary, Evolution Advisors Limited, acquired additional newly issued share capital of Red Planet Hotels Limited in an aggregate of 21,540 ordinary shares at USD 100 per share, totaling USD 2,154,000. Unrelated third party investors acquired 220,460 newly issued shares at USD 100 per share. This resulted in a change of the Group's ownership in Red Planet Hotels Limited from 35.0% to 25.4%. After all investors completed their contributions to Red Planet Hotels Limited according to the share subscription agreement, Red Planet Hotels Limited completed its capital raising from investors by issuing ordinary shares in an aggregate of 500,000 shares at the offer price of USD 100 per share totaling USD 50 million. At the completion date, Evolution Advisors Limited owned an aggregate of 165,736 ordinary shares, representing 25.4%, and third party investors owned an aggregate of 487,904 ordinary shares, representing 74.6%.

On 9 May 2011, the subsidiary, Evolution Advisors Limited, received a transfer of 5,368 ordinary shares in Red Planet Hotels Limited. This transfer of shares was negotiated by the Group as loan origination compensation for co-investment partners who are non-related parties, the transferors, in order to meet their new share subscription obligations in Red Planet Hotels. As a result of the transfer of shares, the Group's ownership in Red Planet Hotels Limited was increased from 25.4% to 26.2%.

During the second half of year 2011, Red Planet Hotels Limited issued additional share capital to unrelated third party investors representing 88,000 shares at USD 125 per share, totaling USD 11,000,000. This resulted in a change of the Group's ownership in Red Planet Hotels Limited from 26.2% to 23.1%.

**13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)**

**13.2 Associates (Cont'd)**

Investment in Red Planet Hotels (Thailand) Limited

On 21 June 2011, Red Planet Hotels (Thailand) Limited increased its registered share capital from Baht 3,050,000 divided into 15,000 ordinary shares at the par value of Baht 100 per share and 15,500 preference shares with a par value of Baht 100 per share to Baht 5,000,000 divided into 24,555 ordinary shares with a par value of Baht 100 per share and 25,445 preference shares with a par value of Baht 100 per share. The subsidiary, Evolution Land Co., Ltd. acquired additional shares of Red Planet Hotels (Thailand) Limited representing 9,945 preference shares at Baht 100 per share totalling Baht 994,500. This resulted in a change of shareholding stake from 50.8% to 50.9%.

On 4 August 2011, Red Planet Hotels (Thailand) Limited increased its registered share capital from Baht 5,000,000 divided into 24,555 ordinary shares at the par value of Baht 100 per share and 25,445 preference shares with a par value of Baht 100 per share to Baht 7,000,000 divided into 34,377 ordinary shares with a par value of Baht 100 per share and 35,623 preference shares with a par value of Baht 100 per share. The subsidiary, Evolution Land Co., Ltd. acquired additional shares of Red Planet Hotels (Thailand) Limited representing 10,178 preference shares at Baht 100 per share totalling Baht 1,017,800 to maintain its shareholding stake at 50.9%.

The Group has pledged 15,500 preference shares of Red Planet Hotels (Thailand) Limited to secure the associate's credit loan facility under a loan agreement with a local financial institution dated 28 January 2011. Subsequently, on 6 May 2011, the Company entered into a guarantee agreement with such local financial institution in the facility amount of Baht 91.8 million (See note 37).

Investment in Red Planet Hotels Two (Thailand) Limited

On 18 January 2011, the Group established a new associate company named "Red Planet Hotels Two (Thailand) Limited" for the purpose of developing a limited service hotel under the brand name "TuneHotels.com" in Bangkok, Thailand. The registered share capital at the incorporation date of Red Planet Hotels Two (Thailand) Limited was Baht 1,000,000 divided into 4,900 ordinary shares with a par value of Baht 100 per share and 5,100 preferred shares with a par value of Baht 100 per share. The subsidiary, Evolution Land Company Limited, acquired 5,097 preference shares at par value of Baht 100 per share totalling Baht 510,000, representing 51% of the issued and paid-up capital on the incorporation date of Red Planet Hotels Two (Thailand) Limited.

On 4 August 2011, Red Planet Hotels Two (Thailand) Limited had increased its registered share capital from Baht 1,000,000 divided into 4,900 ordinary shares with a par value of Baht 100 per share and 5,100 preference shares with a par value of Baht 100 per share to Baht 10,000,000 divided into 49,000 ordinary shares with a par value of Baht 100 per share and 51,000 preference shares with a par value of Baht 100 per share. The subsidiary, Evolution Land Co., Ltd. acquired additional shares of Red Planet Hotels Two (Thailand) Limited representing 45,900 preference shares at Baht 100 per share totalling Baht 4,590,000 to maintain its shareholding stake at 51%.

The subsidiary, Evolution Land Co., Ltd. pledged 5,097 preference shares of Red Planet Hotels Two (Thailand) Limited to secure the associate's credit loan facility under the loan agreement with a local financial institution dated 28 June 2011. The Company also entered into a guarantee agreement with such local financial institution in the facility amount of Baht 72 million (See note 37).



**13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)**

**13.2 Associates (Cont'd)**

Investment in Red Planet Hotels Three (Thailand) Limited

On 28 January 2011, the Group established a new associate company named “Red Planet Hotels Three (Thailand) Limited” for the purpose of developing a limited service hotel under the brand name “TuneHotels.com” in Had Yai, Thailand. The registered share capital at the incorporation date of Red Planet Hotels Three (Thailand) Limited was Baht 100,000 divided into 490 ordinary shares with a par value of Baht 100 per share and 510 preference shares with a par value of Baht 100 per share. The subsidiary, Evolution Land Company Limited, acquired 510 preference shares with a par value of Baht 100 per share totalling Baht 51,000, representing 51% of the issued and paid-up capital on the incorporation date of Red Planet Hotels Three (Thailand) Limited.

On 24 November 2011, Red Planet Hotels Three (Thailand) Limited had increased its registered share capital from Baht 100,000 divided into 490 ordinary shares with a par value of Baht 100 per share and 510 preference shares with a par value of Baht 100 per share to Baht 8,000,000 divided into 39,200 ordinary shares with a par value of Baht 100 per share and 40,800 preference shares with a par value of Baht 100 per share. The subsidiary, Evolution Land Co., Ltd. acquired additional shares of Red Planet Hotels Three (Thailand) Limited representing 40,800 preference shares at Baht 100 per share totalling Baht 4,029,000 to maintain its shareholding stake at 51%.

Investment in Red Planet Hotels Four (Thailand) Limited

On 9 February 2011, the Group established a new associate company named “Red Planet Hotels Four (Thailand) Limited” for the purpose of developing a limited service hotel under the brand name “TuneHotels.com” in Phuket, Thailand. The registered share capital at the incorporation date of Red Planet Hotels Four (Thailand) Limited was Baht 100,000 divided into 490 ordinary shares with a par value of Baht 100 per share and 510 preference shares with a par value of Baht 100 per share. The subsidiary, Evolution Land Company Limited, acquired 510 preference shares with a par value of Baht 100 per share totalling Baht 51,000, representing 51% of the issued and paid-up capital on the incorporation date of Red Planet Hotels Four (Thailand) Limited.

Investment in Red Planet Hotels Five (Thailand) Limited

On 7 June 2011, the Group established a new associate company named “Red Planet Hotels Five (Thailand) Limited” for the purpose of developing a limited service hotel under the brand name “TuneHotels.com” in Bangkok, Thailand. The registered share capital at the incorporation date of Red Planet Hotels Five (Thailand) Limited was Baht 100,000 divided into 490 ordinary shares with a par value of Baht 100 per share and 510 preference shares with a par value of Baht 100 per share. The subsidiary - Evolution Land Company Limited, acquired 510 preference shares with a par value of Baht 100 per share totaling Baht 51,000, representing 51% of the issued and paid-up capital on the incorporation date of Red Planet Hotels Five (Thailand) Limited.

The percentage of shareholding did not represent the Group having control of the entity since the power to govern the financial and operating policies are owned by another shareholder. Therefore, investments in Red Planet Hotels (Thailand) Limited, Red Planet Hotels Two (Thailand) Limited, Red Planet Hotels Three (Thailand) Limited, Red Planet Hotels Four (Thailand) Limited and Red Planet Hotels Five (Thailand) Limited were classified as “investments in associates”.

13 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

13.3 Interests in joint ventures

The movement of interests in joint ventures for the years ended 31 December 2011 and 2010 were as follows:

|  | Consolidated |              |
|--|--------------|--------------|
|  | 2011<br>Baht | 2010<br>Baht |
| Beginning balance  | -            | 499,569      |
| <u>Add</u> - Additional interests in joint ventures  | 5,100,000    | 9,427,122    |
| <u>Less</u> - Disposal interests in joint venture  | -            | (486,768)    |
| - Change in classification of interests in joint ventures to investment in associate (Note 13.2) | -            | (1,050,000)  |
| - Change in classification of interests in joint ventures to investment in subsidiary            | -            | (460,893)    |
| - Share of loss from interests in joint ventures   | (831,228)    | (7,929,030)  |
| Ending balance   | 4,268,772    | -            |

As at 31 December 2011, interest in joint venture is as follows:

| Joint ventures' name   | Type of Business           | Registered country | Consolidated                  |                            |                         |                  |                    |
|--|----------------------------|--------------------|-------------------------------|----------------------------|-------------------------|------------------|--------------------|
|  |                            |                    | As at 31 December 2011        |                            |                         |                  |                    |
|  |                            |                    | Registered share capital Baht | Paid-up share capital Baht | Percentage of holding % | Cost method Baht | Equity method Baht |
| Joint venture under<br>Monster Media Co., Ltd.<br>PhotoMe.com Company<br>Limited | Interactive media services | Thailand           | 10,000,000                    | 10,000,000                 | 51                      | 5,099,700        | 4,268,772          |
|  |                            |                    |                               |                            |                         | 5,099,700        | 4,268,772          |

The Group has a 51% interest in a joint venture, PhotoME.com Company Limited, which provides interactive media services. The following amounts represent the Group's share of the assets and liabilities, and sales and results of the joint venture, and are included in the statement of financial position and statements of comprehensive income:

|                         | Consolidated |              |
|-------------------------|--------------|--------------|
|                         | 2011<br>Baht | 2010<br>Baht |
| Non-current assets      | 2,997,665    | -            |
| Current assets          | 7,702,777    | -            |
| Total assets            | 10,700,442   | -            |
| Non-current liabilities | -            | -            |
| Current liabilities     | 1,472,904    | -            |
| Total liabilities       | 1,472,904    | -            |
| Net assets              | 9,227,538    | -            |
| Revenue                 | 4,237,811    | -            |
| Expenses                | 5,031,766    | -            |

As at 31 December 2011, there are no contingent liabilities relating to the Group's interest in the joint venture.

### **13 Investment in subsidiaries, associates and interests in joint ventures (Cont'd)**

#### **13.3 Interests in joint ventures (Cont'd)**

There have been changes in the composition of interests in a joint venture during the year ended 31 December 2011 as follows:

##### Interests in joint venture - PhotoMe.com Company Limited

On 12 April 2011, the subsidiary, Monster Media Co., Ltd., established a new joint venture, namely "PhotoMe.com Company Limited" for the business purpose of interactive media services with a registered share capital of Baht 10 million divided into 100,000 ordinary shares with a par value of Baht 100 per share. The subsidiary, Monster Media Co., Ltd., invested in 50,997 ordinary shares with a par value of Baht 100 per share totaling Baht 5,099,700, representing 51% of the paid-up share capital on the incorporation date of PhotoMe.com Company Limited.

### **14 Business guarantee deposit**

On 15 December 2010, the Company entered into a consultancy service agreement with a local securities brokerage company which is a related 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.

The movements in the business guarantee deposit for the years ended 31 December 2011 were as follows:

|                                     | <b>Consolidated and<br/>Company</b> |
|-------------------------------------|-------------------------------------|
|                                     | <b>2011<br/>Baht</b>                |
| Beginning balance                   | 25,000,000                          |
| <u>Add</u> Increase during the year | 11,787,973                          |
| Interest received                   | 75,034                              |
| Ending balance                      | <u>36,863,007</u>                   |

The increase amount representing consultancy service income recognised and received through a Business Guarantee Account during the year.

## **15 Project development cost in progress**

The movements of project development cost in progress for the years ended 31 December 2011 and 2010 were as follows:

|   | <b>Consolidated</b> |                   |
|---|---------------------|-------------------|
|   | <b>2011</b>         | <b>2010</b>       |
|   | <b>Baht</b>         | <b>Baht</b>       |
| Beginning balance   | 85,711,550          | 87,252,550        |
| Increase during the year from acquisition of subsidiary   | -                   | 1,126,362         |
| Decrease during the year from change in classification of investment in subsidiary to associate | -                   | (1,126,362)       |
| <u>Less</u> Allowance for impairment loss   | (6,425,000)         | (1,541,000)       |
| Ending balance  | <u>79,286,550</u>   | <u>85,711,550</u> |

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 is owned by an indirect subsidiary - Addax Development Company Limited, consisting of:

|   | <b>Consolidated</b> |                   |
|---|---------------------|-------------------|
|   | <b>2011</b>         | <b>2010</b>       |
|   | <b>Baht</b>         | <b>Baht</b>       |
| 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 | (7,966,000)         | (1,541,000)       |
| Total                                     | <u>79,286,550</u>   | <u>85,711,550</u> |

The impairment charge of Baht 6.4 million in 2011 for Project development cost in progress was made during the year as a result of the halt of construction of Addax Development Company Limited. The Group is now considering to find buyers for the project. The recoverable amount was determined at the cash-generating unit level.

As at 31 December 2011 and 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 Investment properties**

Investment properties are plots of land on Samui Island which the management plans to formalise real estate projects in the future.

As at 31 December 2011 and 2010, investment properties consisted of:

|                   | <b>Consolidated and Company</b> |                   |
|-------------------|---------------------------------|-------------------|
|                   | <b>2011</b>                     | <b>2010</b>       |
|                   | <b>Baht</b>                     | <b>Baht</b>       |
| Land              | 54,699,268                      | 54,699,268        |
| Development costs | <u>4,704,600</u>                | <u>4,704,600</u>  |
| Total             | <u>59,403,868</u>               | <u>59,403,868</u> |
| Fair value        | <u>64,500,000</u>               | <u>62,400,000</u> |

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**16 Investment properties (Cont'd)**

As at 31 December 2011 and 2010, the Company has mortgaged plots of investment properties to secure the Company's loan facility as described in Note 20.

The plots of land at Samui, previously presented as "land awaiting development" in the consolidated financial statements for the year ended 31 December 2010 have changed their classification to "investment properties" in the consolidated financial statement for the year ended 31 December 2011 in order to conform with the new accounting standards which have been effective from 1 January 2011.

Fair value is determined from the appraisal value, which is determined by the independent appraiser whose reported dated 11 January 2012. The Company's management anticipates no material changes in the fair value as compared to the fair value on the investment date.

**17 Equipment**

|  | Consolidated                     |                             |                                  |                  |                                     |               |
|--|----------------------------------|-----------------------------|----------------------------------|------------------|-------------------------------------|---------------|
|  | Leasehold<br>improvement<br>Baht | Office<br>equipment<br>Baht | Furniture<br>and fixture<br>Baht | Vehicles<br>Baht | Construction<br>in progress<br>Baht | Total<br>Baht |
| <b>At 1 January 2010</b>                   |                                  |                             |                                  |                  |                                     |               |
| 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    |
| <b>For the year ended 31 December 2010</b> |                                  |                             |                                  |                  |                                     |               |
| 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    |
| <b>At 31 December 2010</b>                 |                                  |                             |                                  |                  |                                     |               |
| 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    |
| <b>For the year ended 31 December 2011</b> |                                  |                             |                                  |                  |                                     |               |
| Opening net book amount                    | 4,513,000                        | 10,368,265                  | 3,051,672                        | 497,330          | -                                   | 18,430,267    |
| Additions                                  | 2,300,000                        | 4,353,795                   | 2,411,644                        | -                | 496,632                             | 9,562,071     |
| Currency translation                       | -                                | 1,510                       | 6,050                            | -                | -                                   | 7,560         |
| Disposals, net                             | (1,941,858)                      | (1,549,041)                 | (565,070)                        | -                | -                                   | (4,055,969)   |
| Depreciation                               | (1,956,076)                      | (4,332,229)                 | (1,268,679)                      | (223,553)        | -                                   | (7,780,537)   |
| Closing net book amount                    | 2,915,066                        | 8,842,300                   | 3,635,617                        | 273,777          | 496,632                             | 16,163,392    |
| <b>At 31 December 2011</b>                 |                                  |                             |                                  |                  |                                     |               |
| Cost                                       | 5,932,542                        | 26,765,950                  | 6,755,004                        | 1,612,856        | 496,632                             | 41,562,984    |
| <u>Less</u> Accumulated depreciation       | (3,017,476)                      | (17,923,650)                | (3,119,387)                      | (1,339,079)      | -                                   | (25,399,592)  |
| Net book amount                            | 2,915,066                        | 8,842,300                   | 3,635,617                        | 273,777          | 496,632                             | 16,163,392    |

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**17 Equipment (Cont'd)**

|  | <b>Company</b>                            |                                      |   |                          |                       |
|--|---|--------------------------------------|---|--------------------------|-----------------------|
|  | <b>Leasehold<br/>improvement<br/>Baht</b> | <b>Office<br/>equipment<br/>Baht</b> | <b>Furniture<br/>and fixture<br/>Baht</b> | <b>Vehicles<br/>Baht</b> | <b>Total<br/>Baht</b> |
| <b>At 1 January 2010</b>                   |   |                                      |   |                          |                       |
| Cost                                       | 9,985,861                                 | 16,846,671                           | 5,342,265                                 | 1,639,856                | 33,814,653            |
| <u>Less</u> Accumulated depreciation       | <u>(3,475,117)</u>                        | <u>(10,036,102)</u>                  | <u>(1,482,998)</u>                        | <u>(887,998)</u>         | <u>(15,882,215)</u>   |
| 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>     |
| <b>For the year ended 31 December 2010</b> |   |                                      |   |                          |                       |
| 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                               | <u>(1,997,172)</u>                        | <u>(2,796,092)</u>                   | <u>(1,050,926)</u>                        | <u>(240,192)</u>         | <u>(6,084,382)</u>    |
| 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>     |
| <b>At 31 December 2010</b>                 |   |                                      |   |                          |                       |
| Cost                                       | 9,985,861                                 | 18,334,534                           | 5,374,162                                 | 1,612,856                | 35,307,413            |
| <u>Less</u> Accumulated depreciation       | <u>(5,472,289)</u>                        | <u>(12,832,194)</u>                  | <u>(2,516,164)</u>                        | <u>(1,115,526)</u>       | <u>(21,936,173)</u>   |
| 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>     |
| <b>For the year ended 31 December 2011</b> |   |                                      |   |                          |                       |
| Opening net book amount                    | 4,513,572                                 | 5,502,340                            | 2,857,998                                 | 497,330                  | 13,371,240            |
| Additions                                  | 2,300,000                                 | 2,052,092                            | 1,442,887                                 | -                        | 5,794,979             |
| Disposals, net                             | <u>(1,941,856)</u>                        | <u>(142,213)</u>                     | <u>(565,072)</u>                          | <u>-</u>                 | <u>(2,649,141)</u>    |
| Depreciation                               | <u>(1,956,076)</u>                        | <u>(2,656,883)</u>                   | <u>(1,181,368)</u>                        | <u>(223,553)</u>         | <u>(6,017,880)</u>    |
| Closing net book amount                    | <u>2,915,640</u>                          | <u>4,755,336</u>                     | <u>2,554,445</u>                          | <u>273,777</u>           | <u>10,499,198</u>     |
| <b>At 31 December 2011</b>                 |   |                                      |   |                          |                       |
| Cost                                       | 5,933,115                                 | 18,788,223                           | 5,382,433                                 | 1,612,856                | 31,716,627            |
| <u>Less</u> Accumulated depreciation       | <u>(3,017,475)</u>                        | <u>(14,032,887)</u>                  | <u>(2,827,988)</u>                        | <u>(1,339,079)</u>       | <u>(21,217,429)</u>   |
| Net book amount                            | <u>2,915,640</u>                          | <u>4,755,336</u>                     | <u>2,554,445</u>                          | <u>273,777</u>           | <u>10,499,198</u>     |

As at 31 December 2011, 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 (2010: Baht 0.1 million).

As at 31 December 2011, the gross carrying amount of the fully depreciated equipment that is still in use by the Group and the Company is Baht 7.8 million (2010: Baht 5.0 million).

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**18 Intangible assets**

|  | Consolidated      |                              |   |               |
|--|-------------------|------------------------------|---|---------------|
|  | Franchise<br>Baht | Computer<br>software<br>Baht | Intangible<br>assets under<br>development<br>Baht | Total<br>Baht |
| <b>As at 1 January 2010</b>  |                   |                              |   |               |
| 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     |
| <b>For the year ended 31 December 2010</b>   |                   |                              |   |               |
| 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<br>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     |
| <b>As at 31 December 2010</b>  |                   |                              |   |               |
| 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     |
| <b>For the year ended 31 December 2011</b>   |                   |                              |   |               |
| Opening net book amount  | -                 | 3,784,552                    | 116,000   | 3,900,552     |
| Additions  | -                 | 666,921                      | -   | 666,921       |
| Disposal   | -                 | (597,880)                    | -   | (597,880)     |
| Amortisation   | -                 | (1,562,970)                  | -   | (1,562,970)   |
| Closing net book value   | -                 | 2,290,623                    | 116,000   | 2,406,623     |
| <b>As at 31 December 2011</b>  |                   |                              |   |               |
| Cost   | -                 | 12,957,236                   | 116,000   | 13,073,236    |
| <u>Less</u> Accumulated amortisation   | -                 | (10,666,613)                 | -   | (10,666,613)  |
| Net book amount  | -                 | 2,290,623                    | 116,000   | 2,406,623     |

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 for 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 fee 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 (Cont'd)**

|  | <b>Company</b>                        |   |                       |
|--|---------------------------------------|---|-----------------------|
|  | <b>Computer<br/>software<br/>Baht</b> | <b>Intangible<br/>assets under<br/>development<br/>Baht</b> | <b>Total<br/>Baht</b> |
| <b>As at 1 January 2010</b>                |                                       |   |                       |
| 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>      |
| <b>For the year ended 31 December 2010</b> |                                       |   |                       |
| 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>      |
| <b>As at 31 December 2010</b>              |                                       |   |                       |
| 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>      |
| <b>For the year ended 31 December 2011</b> |                                       |   |                       |
| Opening net book amount                    | 2,500,994                             | 116,000   | 2,616,994             |
| Additions                                  | 18,882                                | -   | 18,882                |
| Amortisation                               | (1,223,221)                           | -   | (1,223,221)           |
| Closing net book amount                    | <u>1,296,655</u>                      | <u>116,000</u>  | <u>1,412,655</u>      |
| <b>As at 31 December 2011</b>              |                                       |   |                       |
| Cost                                       | 11,227,924                            | 116,000   | 11,343,924            |
| <u>Less</u> Accumulated amortisation       | (9,931,269)                           | -   | (9,931,269)           |
| Net book amount                            | <u>1,296,655</u>                      | <u>116,000</u>  | <u>1,412,655</u>      |

As at 31 December 2011, the gross carrying amount of fully amortised intangible assets still in use in the Group and the Company was Baht 6.3 million (2010: Baht 3.2 million).



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**19 Leasehold right of land**

|                                      | <b>Consolidated and Company</b> |                   |
|--------------------------------------|---------------------------------|-------------------|
|                                      | <b>2011</b>                     | <b>2010</b>       |
|                                      | <b>Baht</b>                     | <b>Baht</b>       |
| Leasehold right of land              | 82,449,093                      | 82,449,093        |
| <u>Less</u> Accumulated amortisation | (10,002,984)                    | (7,254,681)       |
| Leasehold right of land, net         | <u>72,446,109</u>               | <u>75,194,412</u> |
| Amortisation during the year         | <u>2,748,303</u>                | <u>2,748,303</u>  |

Leasehold right of land is land on Samui Island for which the management has conducted a feasibility analysis for future real estate development projects or resale for profit. The Company has no definite plan currently.

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 is used as collateral for the Company's loan facility by way of assignment of the leasehold rights to a local financial institution as described in Note 20.

**20 Loan from financial institution**

The movement of loans from financial institution for the years ended 31 December 2011 and 2010 were as follows:

|  | <b>Consolidated and Company</b> |                   |
|--|---------------------------------|-------------------|
|  | <b>2011</b>                     | <b>2010</b>       |
|  | <b>Baht</b>                     | <b>Baht</b>       |
| Beginning balance                        | 56,400,000                      | -                 |
| <u>Add</u> Additions during the year *   | 148,300,000                     | 60,000,000        |
| <u>Less</u> Repayments during the year * | (119,700,000)                   | (3,600,000)       |
| Ending balance                           | <u>85,000,000</u>               | <u>56,400,000</u> |

\* Included refinancing the outstanding of short-term promissory note to long-term loan facility Baht 48,300,000.

As at 31 December 2011 and 2010, loans from financial institution consisted of:

|  | <b>Consolidated and Company</b> |             |
|--|---------------------------------|-------------|
|  | <b>2011</b>                     | <b>2010</b> |
|  | <b>Baht</b>                     | <b>Baht</b> |
| Short-term promissory note due within 90 days  | -                               | 56,400,000  |
| Long-term loan from financial institution  | 85,000,000                      | -           |
| <u>Less</u> Current portion of long-term loan from financial institution due within one year | (20,000,000)                    | -           |
| Long-term loan from financial institution, net   | <u>65,000,000</u>               | <u>-</u>    |

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**20 Loan from financial institution (Cont'd)**

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 investment properties (Note 16) and a plot of a subsidiary's land (Note 15), and joint guarantee by the Company's directors.

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 notes with a long-term loan facility of Baht 100 million for a tenor of 5 years from the date of first drawdown. As at 31 December 2011, the Company has an outstanding balance of Baht 85 million which bears interest at the rate of MLR minus 1% per annum (equal to 5.98% - 6.875% per annum) and due for repayment on a quarterly basis with a minimum of Baht 5 million per quarter. The additional credit facility has been secured by an assignment of the Company's leasehold right of land (Note 19) and the pledging of ordinary shares of the subsidiary - Evolution Advisors Limited (Note 13.1).

**21 Loans from non-related parties**

The movements of loans from non-related parties for the years ended 31 December 2011 and 2010 were as follows:

|                            | <b>Consolidated</b> |                  |
|----------------------------|---------------------|------------------|
|                            | <b>2011</b>         | <b>2010</b>      |
|                            | <b>Baht</b>         | <b>Baht</b>      |
| Beginning balance          | 6,353,256           | 12,500,000       |
| Additions during the year  | 185,249             | 1,353,256        |
| Repayments during the year | (5,000,000)         | (7,500,000)      |
| Ending balance             | <u>1,538,505</u>    | <u>6,353,256</u> |

As at 31 December 2011 and 2010, loans from non-related parties consisted of:

|                                    | <b>Consolidated</b> |                  |
|------------------------------------|---------------------|------------------|
|                                    | <b>2011</b>         | <b>2010</b>      |
|                                    | <b>Baht</b>         | <b>Baht</b>      |
| Unsecured loans with no interest * | -                   | 5,000,000        |
| Unsecured loan with interest **    |                     |                  |
| Principal                          | 1,235,000           | 1,235,000        |
| Interest payable                   | 303,505             | 118,256          |
|                                    | <u>1,538,505</u>    | <u>1,353,256</u> |
| Total                              | <u>1,538,505</u>    | <u>6,353,256</u> |

\* Addax Development Company Limited, a subsidiary, received an unsecured facility from non-related parties 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.

On 11 May 2011, the subsidiary repaid the outstanding loan of Baht 5 million. The loan facility has been cancelled.

\*\* 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 is due for repayment on call.

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**22 Advance receipts from customers**

|                              | <b>Consolidated</b> |                  |
|------------------------------|---------------------|------------------|
|                              | <b>2011</b>         | <b>2010</b>      |
|                              | <b>Baht</b>         | <b>Baht</b>      |
| The Lakes at Phoenix project | 2,679,525           | 2,679,525        |
| Others                       | 34,500              | 750,000          |
|                              | <u>2,714,025</u>    | <u>3,429,525</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 project's delay. The subsidiary provides an option to customers either to refund or maintain the advance with the subsidiary.

**23 Other current liabilities**

|                         | <b>Consolidated</b> |                  | <b>Company</b>   |                  |
|-------------------------|---------------------|------------------|------------------|------------------|
|                         | <b>2011</b>         | <b>2010</b>      | <b>2011</b>      | <b>2010</b>      |
|                         | <b>Baht</b>         | <b>Baht</b>      | <b>Baht</b>      | <b>Baht</b>      |
| Accrued expenses        | 4,824,398           | 3,476,221        | 1,626,169        | 948,215          |
| Withholding tax payable | 1,098,649           | 1,257,786        | 1,029,334        | 1,082,899        |
| Undue output VAT        | 849,871             | 1,321,516        | 693,528          | 1,129,316        |
| VAT payable             | 729,668             | 176,728          | 569,884          | 176,728          |
| Retention payable       | 193,516             | 80,516           | 113,000          | -                |
| Lease contract payable  | -                   | 36,400           | -                | 36,400           |
| Others                  | 242,209             | 137,680          | 98,718           | 52,250           |
|                         | <u>7,938,311</u>    | <u>6,486,847</u> | <u>4,130,633</u> | <u>3,425,808</u> |

**24 Provision for employee benefits**

The Company and its subsidiaries operate post-employment benefits plans under the Thai Labor Protection Act, which are considered as unfunded defined benefit plans.

Amounts recognised in the statements of comprehensive income in respect of the post-employment benefits plans as follows:

|                      | <b>Consolidated</b> |             | <b>Company</b> |             |
|----------------------|---------------------|-------------|----------------|-------------|
|                      | <b>2011</b>         | <b>2010</b> | <b>2011</b>    | <b>2010</b> |
|                      | <b>Baht</b>         | <b>Baht</b> | <b>Baht</b>    | <b>Baht</b> |
| Current service cost | 336,741             | -           | 323,948        | -           |
| Interest cost        | 133,577             | -           | 133,499        | -           |
|                      | <u>470,318</u>      | <u>-</u>    | <u>457,447</u> | <u>-</u>    |

The movement in provision for employee benefits for the year ended 31 December 2011 is as follows:

|                      | <b>Consolidated</b> | <b>Company</b>   |
|----------------------|---------------------|------------------|
|                      | <b>Baht</b>         | <b>Baht</b>      |
| At 1 January         | 5,185,833           | 5,185,833        |
| Current service cost | 336,741             | 323,948          |
| Interest cost        | 133,577             | 133,499          |
| Benefits paid        | (2,955,000)         | (2,955,000)      |
| At 31 December       | <u>2,701,151</u>    | <u>2,688,280</u> |

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**24 Provision for employee benefits (Cont'd)**

The principal actuarial assumptions used were as follows:

|                         | Consolidated |      | Company |      |
|-------------------------|--------------|------|---------|------|
|                         | 2011         | 2010 | 2011    | 2010 |
|                         | %            | %    | %       | %    |
| Discount rate           | 3.6          | 3.6  | 3.6     | 3.6  |
| Inflation rate          | 3.5          | 3.5  | 3.5     | 3.5  |
| Future salary increases | 6.0          | 6.0  | 6.0     | 6.0  |

**25 Share capital**

|                     | Consolidated and Company            |   |                                     |   |   |
|---------------------|-------------------------------------|---|-------------------------------------|---|---|
|                     | Number of shares<br>Thousand shares | Authorised ordinary shares<br>Thousand Baht | Number of shares<br>Thousand shares | Issued and paid-up ordinary shares<br>Thousand Baht | Ordinary share premium<br>Thousand Baht |
| At 1 January 2010   | 694,000                             | 694,000                                     | 521,366                             | 521,366   | 212,779                                 |
| Issue of shares     | 347,000                             | 347,000                                     | 172,634                             | 172,634   | -                                       |
| At 31 December 2010 | 1,041,000                           | 1,041,000                                   | 694,000                             | 694,000   | 212,779                                 |
| Issue of shares     | -                                   | -   | -                                   | -   | -                                       |
| At 31 December 2011 | 1,041,000                           | 1,041,000                                   | 694,000                             | 694,000   | 212,779                                 |

The total authorised number of ordinary shares is 1,041,000,000 shares (2010: 1,041,000,000 shares) with a par value of Baht 1 per share (2010: Baht 1 per share). All issued shares are fully paid.

During the year 2010, the Company issued new ordinary shares which have been allotted through a 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 an 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, is 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.

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**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:

Issue 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 warrant units at an 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 an 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 authorised by the Stock Exchange of Thailand for trading on the Market for Alternative Investment (MAI) commencing on 20 January 2011.

There were no warrants exercised during the year ended 31 December 2011.

**27 Legal reserve**

|                               | <b>Consolidated and Company</b> |                      |
|-------------------------------|---------------------------------|----------------------|
|                               | <b>2011<br/>Baht</b>            | <b>2010<br/>Baht</b> |
| At 1 January                  | 2,661,312                       | 2,661,312            |
| Appropriation during the year | -                               | -                    |
| At 31 December                | <u>2,661,312</u>                | <u>2,661,312</u>     |

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

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**28 Other component of equity**

|   | <b>Consolidated</b>                                      |  |                       |
|---|--|--|-----------------------|
|   | <b>Translation<br/>financial<br/>statements<br/>Baht</b> | <b>Available-for-sale<br/>investments<br/>Baht</b> | <b>Total<br/>Baht</b> |
| At 1 January 2010   | 142,841  | -  | 142,841               |
| Exchange differences on translating financial statements      | (5,552,648)  | -  | (5,552,648)           |
| Gains (losses) on re-measuring available-for-sale investments | -  | 75,341   | 75,341                |
| At 31 December 2010   | (5,409,807)  | 75,341   | (5,334,466)           |
| At 1 January 2011   | (5,409,807)  | 75,341   | (5,334,466)           |
| Exchange differences on translating financial statements      | 7,533,424  | -  | 7,533,424             |
| Gains (losses) on re-measuring available-for-sale investments | -  | (8,386,154)  | (8,386,154)           |
| At 31 December 2011   | 2,123,617  | (8,310,813)  | (6,187,196)           |
|   | <b>Company</b>   |  |                       |
|   | <b>Translation<br/>financial<br/>statements<br/>Baht</b> | <b>Available-for-sale<br/>investments<br/>Baht</b> | <b>Total<br/>Baht</b> |
| At 1 January 2010   | -  | -  | -                     |
| Exchange differences on translating financial statements      | -  | -  | -                     |
| Gains (losses) on re-measuring available-for-sale investments | -  | -  | -                     |
| At 31 December 2010   | -  | -  | -                     |
| At 1 January 2011   | -  | -  | -                     |
| Exchange differences on translating financial statements      | -  | -  | -                     |
| Gains (losses) on re-measuring available-for-sale investments | -  | (8,386,154)  | (8,386,154)           |
| At 31 December 2011   | -  | (8,386,154)  | (8,386,154)           |

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**29 Expenses by nature**

Significant expenses by nature are as follows:

|   | <b>Consolidated</b> |             | <b>Company</b> |             |
|---|---------------------|-------------|----------------|-------------|
|   | <b>2011</b>         | <b>2010</b> | <b>2011</b>    | <b>2010</b> |
|   | <b>Baht</b>         | <b>Baht</b> | <b>Baht</b>    | <b>Baht</b> |
| Cost of inventories recognised as cost of sales         | 475,278             | 4,707,610   | -              | -           |
| Salary and other employee benefits                      | 75,082,780          | 77,876,347  | 50,677,255     | 58,686,382  |
| Employee benefits                                       | 470,318             | -           | 457,477        | -           |
| Professional fees                                       | 10,750,481          | 17,338,955  | 7,621,400      | 8,479,640   |
| Change in value of derivative call options              | 644,226             | 10,573,620  | -              | -           |
| Depreciation on equipment                               | 7,780,537           | 7,569,758   | 6,017,880      | 6,084,382   |
| Amortisation of intangible assets                       | 4,311,274           | 5,054,228   | 3,971,524      | 4,556,651   |
| Travelling expenses                                     | 1,832,199           | 3,629,811   | 1,548,721      | 1,504,158   |
| Advertising and promotional expenses                    | 3,886,352           | 3,091,815   | -              | -           |
| (Gain) loss on exchange rate                            | 448,349             | 1,835,379   | (114,198)      | 275,727     |
| Impairment loss on investment                           | -                   | -           | 2,363,310      | 3,275,690   |
| Bad debt and doubtful accounts                          | -                   | 2,988,664   | 9,114,153      | 3,659,400   |
| Office and related service expenses                     | 9,555,370           | 7,164,457   | 7,965,251      | 5,891,172   |
| Operating lease expenses                                | 2,039,620           | 1,885,731   | 2,039,620      | 1,885,731   |
| Computer maintenance expenses                           | 2,992,653           | 2,897,721   | 2,953,290      | 2,878,184   |
| Impairment loss on project development cost in progress | 6,425,000           | 1,541,000   | -              | -           |
| Withholding tax written-off                             | 1,190,650           | -           | 1,190,650      | -           |

**30 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 2011 which is 694,000,000 shares (2010: 601,971,780 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.

|  | <b>Consolidated</b>                   |             |   |               |                           |             |
|--|---------------------------------------|-------------|---|---------------|---------------------------|-------------|
|  | <b>For the year ended 31 December</b> |             |   |               |                           |             |
|  | <b>Net profit</b>                     |             | <b>Weighted average number of ordinary shares</b> |               | <b>Earnings per share</b> |             |
|  | <b>2011</b>                           | <b>2010</b> | <b>2011</b>                                       | <b>2010</b>   | <b>2011</b>               | <b>2010</b> |
|  | <b>Baht</b>                           | <b>Baht</b> | <b>Shares</b>                                     | <b>Shares</b> | <b>Baht</b>               | <b>Baht</b> |
| <b>Basic earnings per share</b>  |                                       |             |   |               |                           |             |
| Net profit   | 19,182,509                            | 86,717,233  | 694,000,000                                       | 601,971,780   | 0.03                      | 0.14        |
| <b>Effect of dilutive potential ordinary shares</b>  |                                       |             |   |               |                           |             |
| Warrants (E-W1)  | -                                     | -           | -   | 82,114,504    |                           |             |
| <b>Diluted earnings per share</b>  |                                       |             |   |               |                           |             |
| Net profit of ordinary shareholders assuming the conversion of warrants to ordinary shares | 19,182,509                            | 86,717,233  | 694,000,000                                       | 684,086,284   | 0.03                      | 0.13        |

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**30 Earnings (loss) per share (Cont'd)**

|   | Company                        |              |  |                |                           |              |
|---|--------------------------------|--------------|--|----------------|---------------------------|--------------|
|   | For the year ended 31 December |              |  |                |                           |              |
|   | Net profit (loss)              |              | Weighted average number of ordinary shares |                | Earnings (loss) per share |              |
|   | 2011<br>Baht                   | 2010<br>Baht | 2011<br>Shares                             | 2010<br>Shares | 2011<br>Baht              | 2010<br>Baht |
| <b>Basic earnings (loss) per share</b>  |                                |              |  |                |                           |              |
| Net profit (loss)   | (28,118,714)                   | (58,415,172) | 694,000,000                                | 601,971,780    | (0.04)                    | (0.10)       |
| <b>Effect of dilutive potential ordinary shares</b>   |                                |              |  |                |                           |              |
| Warrants (E-W1)   | -                              | -            | -  | 82,114,504     |                           |              |
| <b>Diluted earnings per share</b>   |                                |              |  |                |                           |              |
| Net profit (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares | (28,118,714)                   | (58,415,172) | 694,000,000                                | 684,086,284    | (0.04)                    | (0.09)       |

There was no calculation of diluted earnings (loss) per share for the year ended 31 December 2011 since the exercise price of the warrants was higher than the average market price of the ordinary shares.

**31 Cash flows from operating activities**

Reconciliation of net profit to cash flows from operating activities:

|   | Consolidated |               | Company      |              |
|---|--------------|---------------|--------------|--------------|
|   | 2011<br>Baht | 2010<br>Baht  | 2011<br>Baht | 2010<br>Baht |
| <b>Cash flows from operating activities</b>   |              |               |              |              |
| Profit (loss) before income tax   | 19,182,509   | 85,775,426    | (28,118,714) | (58,415,172) |
| <b>Adjustments for :</b>  |              |               |              |              |
| Depreciation  | 7,780,537    | 7,569,758     | 6,017,880    | 6,084,382    |
| Amortisation  | 4,311,273    | 5,054,228     | 3,971,524    | 4,556,651    |
| Bad debt and allowance for doubtful debt  | -            | 2,988,664     | 9,114,154    | 3,659,400    |
| Withholding tax written-off   | 1,190,650    | -             | 1,190,650    | -            |
| Realised loss from devaluation of derivative option   | 11,223,003   | -             | -            | -            |
| Unrealised loss on devaluation of investments and derivatives (reversal)                          | (10,578,777) | 10,578,777    | -            | -            |
| Realised (gain) loss from disposal of trading securities  | 8,037,490    | (935,768)     | (91,879)     | -            |
| Realised gain from disposal of available-for-sales securities                                     | (252,607)    | -             | (252,607)    | -            |
| Impairment loss on investment in subsidiary   | -            | -             | 2,363,310    | 3,275,690    |
| Profit from acquisition of minority interest in subsidiary  | -            | (1,183,674)   | -            | -            |
| Profit from disposal interests in joint venture   | -            | (23,232)      | -            | -            |
| Investment services income  | (74,817,387) | (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                                   | 59,548,544   | 51,714,773    | -            | -            |
| Income from loan origination compensation by share transferred                                    | (11,376,141) | -             | -            | -            |
| Impairment loss on project development cost in progress   | 6,425,000    | 1,541,000     | -            | -            |
| Gain from disposal of intangible assets   | (1,027,120)  | -             | -            | -            |
| (Gain) loss from disposals of equipment   | (661,445)    | (772,990)     | (575,195)    | (2,989)      |
| Interest income   | (3,430,611)  | (2,440,335)   | (10,066,056) | (9,088,772)  |
| Interest expense  | 5,718,797    | 1,296,068     | 5,459,404    | 1,105,593    |
| Profit (loss) from operating activities before changes in working capital                         | 21,273,715   | (31,685,112)  | (10,987,529) | (48,825,217) |



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**31 Cash flows from operating activities (Cont'd)**

Reconciliation of net profit to cash flows from operating activities: (Cont'd)

|   | <b>Consolidated</b>  |                      | <b>Company</b>       |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | <b>2011<br/>Baht</b> | <b>2010<br/>Baht</b> | <b>2011<br/>Baht</b> | <b>2010<br/>Baht</b> |
| Profit (loss) from operating activities before changes in working capital | 21,273,715           | (31,685,112)         | (10,987,529)         | (48,825,217)         |
| <b>Changes in working capital:</b>  |                      |                      |                      |                      |
| Trade accounts receivable   | (914)                | (1,308,824)          | 448,841              | 9,334,172            |
| Accrued income  | (1,544,285)          | (10,240,509)         | 1,519,188            | (7,822,621)          |
| Amounts due from and advance to related companies                         | 165,863              | 174,303              | 4,512,773            | (6,564,152)          |
| Inventory   | -                    | 37,519               | -                    | -                    |
| Work in progress under service contract                                   | 477,364              | (477,364)            | -                    | -                    |
| Advance payment for share subscription                                    | (6,060,051)          | -                    | (6,060,051)          | -                    |
| Acquisition of trading investment in marketable securities                | (36,173,892)         | (75,332,852)         | (963,136)            | -                    |
| Cash received from disposal of trading securities                         | 55,505,302           | 48,894,563           | 1,055,015            | -                    |
| Acquisition of derivative call options                                    | -                    | (11,217,863)         | -                    | -                    |
| Other current assets  | (1,507,535)          | 87,647               | (1,359,843)          | 54,431               |
| Deposits with financial institutions used as collateral                   | 200,000              | (200,000)            | -                    | -                    |
| Business guarantee deposit  | (11,863,007)         | (25,000,000)         | (11,863,007)         | (25,000,000)         |
| Other non-current assets  | (888,330)            | 5,856                | (237,535)            | 25,061               |
| Trade accounts payable  | (611,559)            | 32,262               | (623,692)            | 519,443              |
| Construction payable  | -                    | (184,801)            | -                    | -                    |
| Warrant subscription payable  | (39,001,395)         | 39,001,395           | (39,001,395)         | 39,001,395           |
| Amount due to broker  | (6,536,476)          | 6,536,476            | -                    | -                    |
| Amounts due to and advance from related companies                         | 1,636                | 32,841               | (107,000)            | 224,700              |
| Advance receipts from customers   | (715,500)            | 735,469              | -                    | -                    |
| Other current liabilities   | 1,259,545            | 641,729              | 531,697              | 413,213              |
| Provision for employee benefits   | (2,484,682)          | -                    | (2,497,553)          | -                    |
| Other non-current liabilities   | -                    | (2,500,000)          | -                    | -                    |
| <b>Cash (used in) operating activities</b>                                | <b>(28,504,201)</b>  | <b>(61,967,265)</b>  | <b>(65,633,227)</b>  | <b>(38,639,575)</b>  |

**Non-cash item:**

**For the year ended 31 December 2011**

On 13 January 2011, the subsidiary - Evolution Ventures Company Limited made a loan repayment to the Company by way of transferring marketable equity securities in a listed company at the market price equal to Baht 10.1 million.

On 9 May 2011, the subsidiary - Evolution Advisors Limited had income from loan origination compensation by way of transfer of shares equal to Baht 11.4 million (Note 13.2).

**For the year ended 31 December 2010**

On 9 March 2010, there was a franchise agreement transferred from EKT Asia Fund L.P. to Red Planet Hotels Limited amounting to Baht 11.7 million, with no cost.

### **32 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:

| <b>Company's name</b>   | <b>Country of incorporation</b> | <b>Relationship</b>   |
|---|---------------------------------|---|
| Monster Media Co., Ltd.   | Thailand                        | Subsidiary company  |
| IQTrip.com Co., Ltd.  | Thailand                        | Subsidiary company  |
| Evolution Land Co., Ltd.  | Thailand                        | Subsidiary company  |
| Addax Development Co., Ltd.   | Thailand                        | Subsidiary company  |
| Evolution Holdings Limited  | Mauritius                       | Subsidiary company  |
| Evolution Advisors Limited  | Cayman Islands                  | Subsidiary company  |
| Evolution Energy Pte Ltd.   | Singapore                       | Subsidiary company  |
| Evolution Investments Limited   | Cayman Islands                  | Subsidiary company<br>(Joint Venture<br>unit 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  |
| Evolution Ventures Co., Ltd.  | Thailand                        | Subsidiary company  |
| Red Planet Hotels Limited   | Cayman Islands                  | Associated company<br>(Subsidiary company<br>until 28 May 2010) |
| Red Planet Hotels (Thailand) Limited  | Thailand                        | Associated company<br>(Joint Venture<br>until 6 June 2010)      |
| Red Planet Hotel Two (Thailand) Limited   | Thailand                        | Associated company  |
| PhotoMe.com Company Limited Thailand  | Thailand                        | Joint venture   |
| Red Planet Hotels Philippines<br>Corporation doing business under<br>the name and style of TuneHotels.com | Philippines                     | Subsidiary of associated company                                |
| RPH Philippines Land Corporation  | Philippines                     | Subsidiary of associated company                                |
| Red Planet Hotels Cebu<br>Corporation doing business under<br>the name and style of TuneHotels.com        | Philippines                     | Subsidiary of associated company                                |
| P.T. Red Planet Hotels Indonesia<br>(formerly "P.T. Planet Merah Indonesia")                              | Indonesia                       | Subsidiary of associated company                                |
| Seamico Securities Public Company Limited   | Thailand                        | Related company with<br>one common director                     |
| KT ZMICO Securities Co, Ltd.  | Thailand                        | Related company with<br>one common director                     |
| EKT Asia Fund L.P.  | Cayman Islands                  | Fund managed by subsidiary<br>(dissolved on 8 July 2011)        |
| Kor Foreign Sales, LLC  | United States of<br>America     | A subsidiary's shareholder                                      |

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**32 Related party transactions (Cont'd)**

Pricing policies for related transactions are as follows:

| <b>Transactions</b>                                      | <b>Pricing policy</b>   |
|--|---|
| Sale of equipment  | Contract price based on cost plus margin  |
| Sale of intangible assets                                | Contract price based on cost plus margin  |
| Sale of investment                                       | Contract price based on cost amount   |
| Creative media income                                    | Contract price based on cost plus margin  |
| IT management income                                     | Contract price based on cost plus margin  |
| Advisory income  | Contract price based on cost plus margin  |
| Management income  | Contract price based on cost plus margin  |
| Interest income from loans                               | Contract price at the fixed rate of 12.50%,<br>MLR - 3% (equal to 3.25% to 4.125%) and<br>MLR + 5% (equal to 11.25% to 12.625%) per annum |
| Rental income  | Contract price based on cost amount   |
| Facility services income                                 | Contract price based on cost amount   |
| Purchase of investment in available-for-sales securities | Market price  |
| Purchase investment in associate                         | Contract price based on book value method   |
| IT management services expenses                          | Contract price based on cost plus margin  |
| Financial cost   | Contract price at the fixed rate of 1% per annum  |

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**32 Related party transactions (Cont'd)**

The following transactions were carried out with related parties:

**32.1 Sales of goods and services**

|                                    | <b>Consolidated</b> |                   | <b>Company</b>    |                   |
|------------------------------------|---------------------|-------------------|-------------------|-------------------|
|                                    | <b>2011</b>         | <b>2010</b>       | <b>2011</b>       | <b>2010</b>       |
|                                    | <b>Baht</b>         | <b>Baht</b>       | <b>Baht</b>       | <b>Baht</b>       |
| Sales of equipment to:             |                     |                   |                   |                   |
| Associates                         | 3,209,780           | -                 | 3,209,780         | -                 |
| Joint venture                      | 1,606,848           | -                 | -                 | -                 |
|                                    | <u>4,816,628</u>    | <u>-</u>          | <u>3,209,780</u>  | <u>-</u>          |
| Sales of intangible assets to:     |                     |                   |                   |                   |
| Joint venture                      | <u>1,625,000</u>    | <u>-</u>          | <u>-</u>          | <u>-</u>          |
| Sales of investment to:            |                     |                   |                   |                   |
| Subsidiary                         | <u>-</u>            | <u>-</u>          | <u>-</u>          | <u>1,050,000</u>  |
| Service income:                    |                     |                   |                   |                   |
| Associates                         | <u>8,609,719</u>    | <u>-</u>          | <u>-</u>          | <u>-</u>          |
| Advisory income:                   |                     |                   |                   |                   |
| Related company                    | 13,905,425          | -                 | 13,905,425        | -                 |
| Associates                         | 7,100,000           | 5,545,357         | 7,100,000         | 5,545,357         |
| Subsidiaries of an associate       | -                   | 3,689,518         | -                 | 3,689,518         |
|                                    | <u>21,005,425</u>   | <u>9,234,875</u>  | <u>21,005,425</u> | <u>9,234,875</u>  |
| Management income:                 |                     |                   |                   |                   |
| Subsidiary                         | -                   | -                 | 17,520,000        | 12,293,333        |
| Associates                         | <u>56,450,469</u>   | <u>36,303,692</u> | <u>1,977,900</u>  | <u>1,732,000</u>  |
|                                    | <u>56,450,469</u>   | <u>36,303,692</u> | <u>19,497,900</u> | <u>14,025,333</u> |
| Interest income:                   |                     |                   |                   |                   |
| Subsidiary                         | -                   | -                 | 9,691,974         | 8,876,253         |
| Associates                         | <u>3,022,149</u>    | <u>2,206,122</u>  | <u>-</u>          | <u>-</u>          |
|                                    | <u>3,022,149</u>    | <u>2,206,122</u>  | <u>9,691,974</u>  | <u>8,876,253</u>  |
| Other income:                      |                     |                   |                   |                   |
| Subsidiary                         | -                   | -                 | -                 | 81,909            |
| Associates                         | 11,732,412          | 8,223,453         | 11,732,412        | 10,057,425        |
| Joint venture                      | <u>285,000</u>      | <u>-</u>          | <u>-</u>          | <u>-</u>          |
|                                    | <u>12,017,412</u>   | <u>8,223,453</u>  | <u>11,732,412</u> | <u>10,139,334</u> |
| Income from franchise transferred: |                     |                   |                   |                   |
| Fund managed by subsidiary         | <u>-</u>            | <u>11,671,621</u> | <u>-</u>          | <u>-</u>          |

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**32 Related party transactions (Cont'd)**

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

**32.2 Purchases of goods and services**

|  | <b>Consolidated</b> |             | <b>Company</b>   |                |
|--|---------------------|-------------|------------------|----------------|
|  | <b>2011</b>         | <b>2010</b> | <b>2011</b>      | <b>2010</b>    |
|  | <b>Baht</b>         | <b>Baht</b> | <b>Baht</b>      | <b>Baht</b>    |
| Purchases of investment in available-for-sales securities: |                     |             |                  |                |
| Subsidiaries   | -                   | -           | 10,071,000       | -              |
| Purchase of investment in associate                        |                     |             |                  |                |
| Related company  | 7,681,200           | -           | 7,681,200        | -              |
| Purchases of services from:                                |                     |             |                  |                |
| Subsidiaries   | -                   | -           | 1,320,000        | 630,000        |
| Joint venture  | 700,002             | -           | -                | -              |
|  | <u>700,002</u>      | <u>-</u>    | <u>1,320,000</u> | <u>630,000</u> |

**32.3 Outstanding balances arising from sales/purchases of goods/services**

|  | <b>Consolidated</b> |                  | <b>Company</b>   |                   |
|--|---------------------|------------------|------------------|-------------------|
|  | <b>2011</b>         | <b>2010</b>      | <b>2011</b>      | <b>2010</b>       |
|  | <b>Baht</b>         | <b>Baht</b>      | <b>Baht</b>      | <b>Baht</b>       |
| Receivables from:                          |                     |                  |                  |                   |
| Subsidiaries                               | 48,400              | -                | 48,400           | -                 |
| Accrued income from:                       |                     |                  |                  |                   |
| Associates                                 | 8,499,649           | 4,539,757        | 5,873,014        | 4,539,757         |
| Subsidiaries of an associate               | -                   | 3,689,518        | -                | 3,689,518         |
| Related company                            | 726,213             | -                | 726,213          | -                 |
|  | <u>9,225,862</u>    | <u>8,229,275</u> | <u>6,599,227</u> | <u>8,229,275</u>  |
| Amount due from and advance to:            |                     |                  |                  |                   |
| Subsidiaries                               | -                   | -                | 9,366,317        | 13,873,727        |
| Associates                                 | 124,120             | 289,983          | 124,120          | 129,483           |
| <u>Less</u> Allowance for doubtful account | -                   | -                | (3,659,400)      | (3,659,400)       |
|  | <u>124,120</u>      | <u>289,983</u>   | <u>5,831,037</u> | <u>10,343,810</u> |
| Amount due to and advance from:            |                     |                  |                  |                   |
| Subsidiaries                               | -                   | -                | 117,700          | 224,700           |
| Associates                                 | -                   | 32,841           | -                | -                 |
| Joint venture                              | 34,477              | -                | -                | -                 |
|  | <u>34,477</u>       | <u>32,841</u>    | <u>117,700</u>   | <u>224,700</u>    |

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**Notes to the Consolidated and Company Financial Statements**  
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**32 Related party transactions (Cont'd)**

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

**32.4 Loans to related companies and interest receivable**

|                                | <b>Consolidated</b> |             | <b>Company</b> |             |
|--------------------------------|---------------------|-------------|----------------|-------------|
|                                | <b>2011</b>         | <b>2010</b> | <b>2011</b>    | <b>2010</b> |
|                                | <b>Baht</b>         | <b>Baht</b> | <b>Baht</b>    | <b>Baht</b> |
| Loans to subsidiaries:         |                     |             |                |             |
| At 1 January                   | -                   | -           | 132,044,332    | 66,452,054  |
| Loans addition during the year | -                   | -           | 35,142,974     | 73,299,253  |
| Loan repayments received       | -                   | -           | (46,338,911)   | (7,706,975) |
| Allowance for doubtful account | -                   | -           | (6,527,916)    | -           |
| At 31 December                 | -                   | -           | 114,320,479    | 132,044,332 |

The loans to subsidiaries were made on commercial terms and conditions. The related interest income was Baht 9,691,974 (2010: Baht 8,876,253). The loans are carry interest at 3.25% - 4.125% and 11.25% - 12.625%. The loans to subsidiaries representing Baht 14,298,565 (2010: Baht 37,186,417) are due within one year and were classified as current assets. Loans of Baht 100,021,914 (2010: Baht 94,857,915) are due for repayment at call. The Company classified them as non-current assets due to the fact that the Company agreed not to recall the loans and the interest receivable in the forthcoming 12 months. The allowance for doubtful accounts of Baht 6,527,916 in 2011 was made during the year as a result of the discontinuance of the business of Evolution Ventures Company Limited.

|                                | <b>Consolidated</b> |             | <b>Company</b> |             |
|--------------------------------|---------------------|-------------|----------------|-------------|
|                                | <b>2011</b>         | <b>2010</b> | <b>2011</b>    | <b>2010</b> |
|                                | <b>Baht</b>         | <b>Baht</b> | <b>Baht</b>    | <b>Baht</b> |
| Loans to associates:           |                     |             |                |             |
| At 1 January                   | 25,619,389          | 12,313,267  | -              | -           |
| Loans addition during the year | 6,022,149           | 13,306,122  | -              | -           |
| Loan repayments received       | -                   | -           | -              | -           |
| At 31 December                 | 31,641,538          | 25,619,389  | -              | -           |

The loans to associates were made on commercial terms and conditions. The related interest income was Baht 3,022,149 (2010: Baht 2,206,122). The loans are due on call and carry interest at 12.5% per annum.

**32.5 Loans from related company**

As at 31 December 2011, the Group has loans from an associate amounting to Baht 14,054,493. The loans are due on call and carry interest at 1% per annum.

**32.6 Key management compensation**

Key management includes directors (executive and non-executive) and members of the Executive Committee. The compensation paid or payable to key management for employee services is shown below:

|                               | <b>Consolidated</b> |             | <b>Company</b> |             |
|-------------------------------|---------------------|-------------|----------------|-------------|
|                               | <b>2011</b>         | <b>2010</b> | <b>2011</b>    | <b>2010</b> |
|                               | <b>Baht</b>         | <b>Baht</b> | <b>Baht</b>    | <b>Baht</b> |
| Salaries and other short-term |                     |             |                |             |
| employee benefits             | 30,422,459          | 42,281,335  | 17,583,552     | 30,819,282  |
| Post-employment benefits      | 2,250,000           | -           | 2,250,000      | -           |
|                               | 32,672,459          | 42,281,335  | 19,833,552     | 30,819,282  |

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**33 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 (2010: contributions made by the Company at equal rate of 3% - 15% of salary).

For the year ended 31 December 2011, the Company and its subsidiaries contributed Baht 2.5 million (2010: Baht 3.1 million) to the fund.

**34 Other income**

|   | <b>Consolidated</b>  |                      | <b>Company</b>       |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | <b>2011<br/>Baht</b> | <b>2010<br/>Baht</b> | <b>2011<br/>Baht</b> | <b>2010<br/>Baht</b> |
| Facility services income  | 11,715,398           | 8,223,453            | 11,715,398           | 10,057,425           |
| Income from loan origination compensation<br>by share transferred (Note 13.2) | 11,376,142           | -                    | -                    | -                    |
| Income from franchise transferred   | -                    | 11,671,621           | -                    | -                    |
| Income from termination of agreement  | 6,000,000            | -                    | -                    | -                    |
| Income from settlement of claims  | -                    | 1,500,000            | -                    | -                    |
| Profit from acquisition of non-controlling<br>interest in subsidiaries        | -                    | 1,731,364            | -                    | -                    |
| Gain on disposal of assets  | 1,688,565            | -                    | 575,195              | -                    |
| Realised gain on disposal investment in<br>securities                         | 344,485              | 935,769              | 344,485              | -                    |
| Other income from non-claim cost of service                                   | -                    | 153,086              | -                    | 153,086              |
| Rental income   | 285,000              | -                    | -                    | 81,909               |
| Others  | 1,099,196            | 210,121              | 551,323              | 115,538              |
|   | <b>32,508,786</b>    | <b>24,425,414</b>    | <b>13,186,401</b>    | <b>10,407,958</b>    |

During the third quarter of the year 2011, the Group received a non-refundable deposit from a non-related party of Baht 6 million which represents a deposit for purchase of 8,000,000 ordinary shares of a subsidiary, Addax Development Co., Ltd. in accordance with a share purchase and sale agreement dated 26 August 2011. On 1 November 2011, the share purchase and sale agreement was terminated due to a breach of the agreement by the buyer, who failed to fulfil its obligations under this agreement. The Group therefore takes such deposit of Baht 6 million as the Group's income which is recognised in statement of comprehensive income for the year ended 31 December 2011.

**35 Finance costs**

|                                  | <b>Consolidated</b>  |                      | <b>Company</b>       |                      |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                  | <b>2011<br/>Baht</b> | <b>2010<br/>Baht</b> | <b>2011<br/>Baht</b> | <b>2010<br/>Baht</b> |
| Financial institution borrowings | 5,508,307            | 1,177,812            | 5,434,164            | 1,105,593            |
| Related parties loans            | 25,240               | -                    | 25,240               | -                    |
| Non-related parties loans        | 185,250              | 118,256              | -                    | -                    |
|                                  | <b>5,718,797</b>     | <b>1,296,068</b>     | <b>5,459,404</b>     | <b>1,105,593</b>     |

### **36 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.

#### **Credit risk**

As at 31 December 2011, the Group has no 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. The Group has trade accounts receivable from top third-party which accounts for 64% 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 statement of financial position date approximate to their fair values.

### **37 Contingencies liabilities**

As at 31 December 2011, the Company has contingency liabilities in respect of debt guarantees to two local financial institutions. The Company, as a guarantor, shall commit to guarantee the satisfaction and discharge of any and all debts, liabilities and obligations of any kind owing at the date or thereafter from the principal to the financial institution under the credit facility incurred by the associates, Red Planet Hotels (Thailand) Limited and Red Planet Hotels Two (Thailand) Limited in the facility amount of Baht 91.8 million and Baht 72 million, respectively. The Company received a debt guarantee from Red Planet Hotels Limited, an associate, incorporated in the Cayman Islands, committing to guarantee all obligations by the Company to such two associate companies in addition to indemnities and warranties to the Company.

It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.



### **38 Commitments**

- 38.1 The Group leases unit of offices building and office equipment under non-cancellable operating lease agreements. The lease terms are 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

As at 31 December 2011 and 2010, the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

|  | <b>Consolidated</b>  |                      | <b>Company</b>       |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | <b>2011<br/>Baht</b> | <b>2010<br/>Baht</b> | <b>2011<br/>Baht</b> | <b>2010<br/>Baht</b> |
| Not later than 1 year                        | 6,268,874            | 5,509,776            | 4,099,409            | 4,725,291            |
| Later than 1 year but not later than 3 years | 9,507,840            | 318,700              | 5,982,459            | 318,700              |
|  | <b>15,776,714</b>    | <b>5,828,476</b>     | <b>10,081,868</b>    | <b>5,043,991</b>     |

- 38.2 As at 31 December 2011 and 2010, 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 2011, Addax Development Company Limited, the indirect subsidiary, has a capital commitment in respect of design and structural agreements in the amount of Baht 7.3 million (31 December 2010: Baht 7.3 million).
- 38.4 As at 31 December 2011, 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 2011, the Group has no outstanding bank guarantee.

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



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