

evolutioncapital

Ref no: E201005-02

Date: May13, 2010

Subject: Explanation of net loss for the three-month period ended 31 March 2010 increasing over the previous period

To: The President of Stock Exchange of Thailand

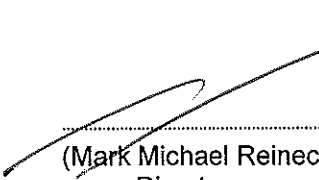
Evolution Capital Public Company Limited would like to notify the Stock Exchange of Thailand that the net loss for the three-month period ended 31 March 2010 is Baht 23.2 million, compared to a net profit of Baht 19.3 million for the three-month period ended 31 March 2009, which is an increase in net profit (loss) of more than 20%.

The main variances are as follows:

1. Revenue for the three-month period ended 31 March 2010 was Baht 30.4 million, compared to Baht 67.4 million for the three-month period ended 31 March 2009. The decrease of Baht 37 million was mainly due to the non-recurring revenue recognized in the previous period amounting to Baht 45.5 million derived from property development consulting services and other revenue from a withholding tax refund for the year 2004-2006, whereas the non-recurring revenue recognized in this quarter amounted to Baht 11.7 million, derived from receiving a transfer of franchise agreement rights for no consideration or cost, for the purpose of developing limited service hotels.
2. Cost of Services and Selling & Administrative expenses for the three-month period ended 31 March 2010 were Baht 10.6 million and 33.5 million, compared to Baht 16.2 million and 26.2 million for the three-month period ended 31 March 2009 respectively. The net increase of Baht 1.7 million, or 4%, was due to increased costs pertaining to consulting and advisory services and travelling expenses.

Please be informed accordingly.

Yours Sincerely,


(Mark Michael Reinecke)
Director

