

EVOLUTION CAPITAL PUBLIC COMPANY LIMITED

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

31 MARCH 2010

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To the Shareholders and the Board of Directors of Evolution Capital Public Company Limited

I have reviewed the accompanying consolidated and company balance sheets of Evolution Capital Public Company Limited and its subsidiaries and of Evolution Capital Public Company Limited as at 31 March 2010, and the related consolidated and company statements of income, statements of changes in shareholders' equity, and cash flows for the three-month periods ended 31 March 2010 and 2009. The Company's management is responsible for the correctness and completeness of information in these interim financial statements. My responsibility is to issue a report on these interim financial statements based on my reviews.

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

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

I have audited the consolidated and company financial statements for the year ended 31 December 2009 of Evolution Capital Public Company Limited and its subsidiaries and of Evolution Capital Public Company Limited in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated 24 February 2010. The consolidated and company balance sheets as at 31 December 2009, presented for comparative purposes, are part of the financial statements that I have audited, and on which I issued a report as stated above, and I have not performed any other auditing procedures subsequent to the date of that report.

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

Bangkok
13 May 2010

Evolution Capital Public Company Limited
Unaudited Condensed Notes to the Interim Consolidated and Company Financial Statements
For the three-month periods ended 31 March 2010 and 2009

1. General information

Evolution Capital Public Company Limited is a limited public company (“the Company”) incorporated and located 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 Market for Alternative Investment (MAI). For reporting purpose, the Company and its subsidiaries are referred to as the Group.

This group interim consolidated and company financial statements were authorised for issue by the Board of Directors on 13 May 2010.

These group interim consolidated and company financial statements have been reviewed, not audited.

2. Basic of preparation

These interim consolidated and company financial statements are prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial statements (i.e. balance sheets, statements of income, changes in shareholders’ equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard 34 “Interim Financial Reporting” (formerly TAS 41) and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

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

Comparative figures have been adjusted to conform with the minimum requirements announced by the Department of Business Development Regulation dated 30 January 2009 in relation to the format of Financial Statements B.E. 2552 which it effects from 1 January 2009 and to conform with the revised accounting standards. Those figures are mainly items in statements of income. The Group has an option not to present the directors and managements’ remuneration in the statements of income of the group interim consolidated and company financial statements. Such expense used to be separately presented but now included in cost of advisory and administrative expenses in the statements of income of the group interim consolidated and company financial statements.

3. Summary of significant accounting policies

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2009.

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

The interim income tax expense is accrued based on management’s estimates using the tax rate that would be applicable to expected total annual earnings.

These interim financial statements should therefore be read in conjunction with the latest 2009 annual financial statements.

The interim financial statements for the period ended 31 March 2010 has applied additional accounting policy as follows:

Franchise

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

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

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4. Segment information

The Group operates in 3 core business segments comprising Wireless value added service and Interactive solution, Property development consulting services, and Property development. 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 as at 31 March 2010 and 31 December 2009 and for the three-month periods ended 31 March 2010 and 2009 were as follows:

	Consolidated			
	Unaudited			
	For the three-month period ended 31 March 2010			
	Thailand	Other	Elimination	Consolidated
Thousand Baht	countries	Thousand Baht	Thousand Baht	Thousand Baht
Revenues	10,055	5,062	-	15,117
Cost of sales, services and advisory	(8,260)	(2,365)	-	(10,625)
Gross profit	1,795	2,697	-	4,492
Other income	3,551	11,707	-	15,258
Selling and administrative expenses	(25,453)	(8,058)	-	(33,511)
Share of loss from investments in associates and joint ventures	(333)	(7,748)	-	(8,081)
Loss before financial costs and income tax	(20,440)	(1,402)	-	(21,842)
Financial costs	-	-	-	-
Corporate income tax	-	-	-	-
Net loss for the period	(20,440)	(1,402)	-	(21,842)
	Consolidated			
	Unaudited			
	For the three-month period ended 31 March 2009			
	Thailand	Other	Elimination	Consolidated
	Thousand Baht	countries	Thousand Baht	Thousand Baht
Revenues	61,135	5,484	(9,900)	56,719
Cost of services and advisory	(16,179)	(9,900)	9,900	(16,179)
Gross profit	44,956	(4,416)	-	40,540
Other income	10,684	-	-	10,684
Selling and administrative expenses	(25,218)	(1,019)	-	(26,237)
Share of loss from investments in associates	(6,377)	-	-	(6,377)
Profit (loss) before financial costs and income tax	24,045	(5,435)	-	18,610
Financial costs	(3)	-	-	(3)
Corporate income tax	-	-	-	-
Net profit (loss) for the period	24,042	(5,435)	-	18,607

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4. Segment information (Cont'd)

	Consolidated		
	Unaudited		
	As at 31 March 2010		
	Thailand	Other	Total
	Thousand Baht	countries	Thousand Baht
	Thousand Baht	Thousand Baht	Thousand Baht
Total assets	480,171	31,355	511,526
Total liabilities	28,726	17,779	46,505
	Consolidated		
	Audited		
	As at 31 December 2009		
	Thailand	Other	Total
	Thousand Baht	countries	Thousand Baht
	Thousand Baht	Thousand Baht	Thousand Baht
Total assets	500,851	16,460	517,311
Total liabilities	26,312	475	26,787

The financial information by business segment as at 31 March 2010 and 31 December 2009 and for the three-month periods ended 31 March 2010 and 2009 were as follows:

	Consolidated			
	Unaudited			
	For the three-month period ended 31 March 2010			
	Wireless value	Property	Property	Total
	added service	development	development	Thousand Baht
	and interactive	consulting	services	Thousand Baht
	solution	services	Thousand Baht	Thousand Baht
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Revenues	6,755	8,362	-	15,117
Cost of sales, services and advisory	(6,281)	(4,344)	-	(10,625)
Gross profit	474	4,018	-	4,492
Other income				15,258
Selling and administrative expenses				(33,511)
Share of loss from investments in associates and joint ventures				(8,081)
Loss before financial costs and income tax				(21,842)
Financial costs				-
Income tax				-
Net loss for the period				(21,842)

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4. Segment information (Cont'd)

	Consolidated			
	Unaudited			
	For the three-month period ended 31 March 2009			
	Wireless value added service and interactive solution Thousand Baht	Property development consulting services Thousand Baht	Property development Thousand Baht	Total Thousand Baht
Revenues	3,338	53,381	-	56,719
Cost of services and advisory	(4,130)	(12,049)	-	(16,179)
Gross profit (loss)	(792)	41,332	-	40,540
Other income				10,684
Selling and administrative expenses				(26,237)
Share of loss from investments in associates				(6,377)
Profit before financial costs and income tax				18,610
Financial costs				(3)
Income tax				-
Net profit for the period				18,607

	Consolidated			
	Unaudited			
	As at 31 March 2010			
	Wireless value added service and interactive solution Thousand Baht	Property development consulting services Thousand Baht	Property development Thousand Baht	Total Thousand Baht
Segmental assets	8,754	11,755	248,055	268,564
Non-segmental assets				242,962
Total assets				511,526
Segmental liabilities	5,060	736	35,272	41,068
Non-segmental liabilities				5,437
Total liabilities				46,505

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

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5. Cash and cash equivalents

	Consolidated		The Company only	
	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht
Cash on hand	118	80	98	58
Current and saving deposits	19,179	53,973	12,992	38,378
Fixed deposits with remaining maturity less than 3 months	1	2	1	1
Total	19,298	54,055	13,091	38,437

6. Trade accounts receivable

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

	Consolidated		The Company only	
	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht
Not overdue	7,457	4,251	2,729	2,996
Overdue:				
Less than and up to 3 months	4,570	2,298	3,264	1,338
More than 3 months up to 6 months	803	-	802	-
More than 6 months up to 12 months	-	-	3,531	10,593
More than 12 months	-	-	7,062	-
Total	12,830	6,549	17,388	14,927

The accounts receivable overdue more than 6 months up to 12 months and more than 12 months represents receivables from Evolution Advisors Limited, a subsidiary (Note 19). The management assesses the amounts will be fully recovered.

7. Investments in subsidiaries

	The Company only	
	Unaudited For the three-month period ended 31 March 2010 Thousand Baht	Unaudited For the three-month period ended 31 March 2009 Thousand Baht
Beginning balance	244,369	264,369
Acquisition of subsidiary	539	-
Ending balance	244,908	264,369

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7. Investments in subsidiaries (Cont'd)

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

Subsidiaries' name	Type of business	Registered country	The Company only		
			Registered capital Thousand Baht	Percentage of holding %	Investment Thousand Baht
Unaudited					
As at 31 March 2010					
Monster Media Co., Ltd.	Multimedia provider	Thailand	10,000	100	10,000
Evolution Land Co., Ltd.	Investment in real estate	Thailand	225,000	100	225,000
- Subsidiary under the company Addax Development Co., Ltd.	Property development	Thailand	80,000	100	-
Evolution Holdings Limited ("EH")	Holding company	Mauritius	Thousand USD 125	100	4,269
- Subsidiary under EH Evolution Advisors Limited ("EA")	Investment advisory	Cayman Islands	Thousand USD 1	100	-
- Subsidiary under EA Red Planet Hotels Limited (**)	Real estate development in hotel and provide hotel management service	Cayman Islands	Thousand USD 50 (USD 1,500 paid-up capital)	77	-
- Fund which EA acts as general partner The Yamu Development Fund, L.P.(***)	Investment in real estate	Cayman Islands	USD 2	-	-
Spire Real Estate Co., Ltd. (*) (formerly known as "Kor Asia Co., Ltd.")	Marketing advisory	Thailand	10,000	100	5,639
Investment in subsidiaries					244,908
The Company only					
Audited					
As at 31 December 2009					
Monster Media Co., Ltd.	Multimedia provider	Thailand	10,000	100	10,000
Evolution Land Co., Ltd.	Investment in real estate	Thailand	225,000	100	225,000
- Subsidiary under the company Addax Development Co., Ltd.	Property development	Thailand	80,000	100	-
Evolution Holdings Limited	Holding company	Mauritius	Thousand USD 125	100	4,269
- Subsidiary under the company Evolution Advisors Limited	Investment advisory	Cayman Islands	Thousand USD 1	100	-
Spire Real Estate Co., Ltd. (formerly known as "Kor Asia Co., Ltd.")	Marketing advisory	Thailand	10,000	51	5,100
Investment in subsidiaries					244,369

There have also been changes in the composition of direct and indirect subsidiary companies for the three-month period ended 31 March 2010 as follows:

- (*) Spire Real Estate Co., Ltd. (formerly known as "Kor Asia Co., Ltd.") registered the change of Company's name from "Kor Asia Co., Ltd." to "Spire Real Estate Co., Ltd." with the Ministry of Commerce on 3 March 2010.

On 24 February 2010, the Company acquired 49,000 ordinary shares of Spire Real Estate Co., Ltd. (formerly known as "Kor Asia Co., Ltd.") at Baht 11 per share totaling of Baht 539,000 representing 49% of the paid-up share capital of Spire Real Estate Co., Ltd. From such acquisition, the Company increased percentage of holding from 51% to 100%.

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7. Investments in subsidiaries (Cont'd)

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

	Thousand Baht
Cash and cash equivalents	2,006
Other current assets	240
Other non-current assets	187
Trade accounts payable	(32)
Other current liabilities	(130)
Net fair values of net assets transferred	2,271
Purchase price	(539)
Profit from acquisition of minority interest in subsidiary (Note 20)	<u>1,732</u>

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

(**) On 10 February 2010, a subsidiary - Evolution Advisors Limited acquired 75,000 ordinary shares of Red Planet Hotels Limited, a company incorporated in the Cayman Islands, at par value of USD 0.01 per share totaling of USD 750 representing 50% of the paid-up share capital on the incorporation date of Red Planet Hotels Limited.

Subsequently on 31 March 2010, the subsidiary - Evolution Advisors Limited acquired additional 40,576 ordinary shares of Red Planet Hotels Limited at par value of USD 0.01 per share totaling of USD 405.76. This resulted in increase in percentage of shareholding from 50% to 77%.

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

8. Investments in associates

	Consolidated	
	Unaudited	Unaudited
	For the three-month	For the three-month
	period ended	period ended
	31 March 2010	31 March 2009
	Thousand Baht	Thousand Baht
Beginning balance	165,842	168,097
<u>Less</u> Share of loss from investment in associates	(320)	(6,377)
Ending balance	<u>165,522</u>	<u>161,720</u>

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8. Investments in associates (Cont'd)

All associates registered in Thailand are held by Evolution Land Co., Ltd. which is the Company's subsidiary. The investments in associates are as follows:

Associates' name	Type of Business	Registered country	Consolidated				
			Unaudited As at 31 March 2010				
			Registered share capital Thousand Baht	Paid-up Share capital Thousand Baht	Percentage of holding %	Cost method Thousand Baht	Equity method Thousand Baht
Casa Fico Co., Ltd.	Real estate development in residence project	Thailand	285,000	285,000	42.5	123,135	120,079
Fena Park Co., Ltd.	Real estate development for hotel project	Thailand	100,000	100,000	42.5	43,206	35,937
Andaman Beach Residences Co., Ltd.	Real estate development in residence project	Thailand	10,000	10,000	46.0	4,600	-
Phang Nga Hotel Co., Ltd.	Real estate development for hotel project	Thailand	10,000	10,000	46.0	4,600	-
Yamu Villas Co., Ltd.	Real estate development in residence project	Thailand	10,000	10,000	47.5	4,750	4,753
Yamu (Thailand) Co., Ltd.	Real estate development for hotel project	Thailand	10,000	10,000	47.5	4,750	4,753
Total						185,041	165,522

Associates' name	Type of Business	Registered country	Consolidated				
			Audited As at 31 December 2009				
			Registered share capital Thousand Baht	Paid-up Share capital Thousand Baht	Percentage of holding %	Cost method Thousand Baht	Equity method Thousand Baht
Casa Fico Co., Ltd.	Real estate development in residence project	Thailand	285,000	285,000	42.5	123,135	120,400
Fena Park Co., Ltd.	Real estate development for hotel project	Thailand	100,000	100,000	42.5	43,206	35,996
Andaman Beach Residences Co., Ltd.	Real estate development in residence project	Thailand	10,000	10,000	46.0	4,600	-
Phang Nga Hotel Co., Ltd.	Real estate development for hotel project	Thailand	10,000	10,000	46.0	4,600	-
Yamu Villas Co., Ltd.	Real estate development in residence project	Thailand	10,000	10,000	47.5	4,750	4,723
Yamu (Thailand) Co., Ltd.	Real estate development for hotel project	Thailand	10,000	10,000	47.5	4,750	4,723
Total						185,041	165,842

9. Interests in joint ventures

	Consolidated	The Company only
	Unaudited For the three-month period ended 31 March 2010 Thousand Baht	Unaudited For the three-month period ended 31 March 2010 Thousand Baht
Beginning balance	500	510
Add Additional investment in joint ventures (*)	8,351	-
Less Share of loss from interests in joint ventures	(7,761)	-
Ending balance	1,090	510

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9. Interests in joint ventures (Cont'd)

The Group has joint ventures in both Thailand and other countries as follows:

Joint ventures	Type of Business	Registered country	Consolidated Unaudited As at 31 March 2010				
			Registered share capital Thousand Baht	Paid-up share capital Thousand Baht	Percentage of holding %	Cost method Thousand Baht	Equity method Thousand Baht
Red Planet Hotels Co., Ltd.	Hotel management service	Thailand	1,000	1,000	51	510	487
Joint venture under Evolution Advisors Limited EKT Advisors Limited ("EKTA") (*)	Real estate investment Advisory	Cayman Islands	Thousand USD 570	Thousand USD 570	50	9,182	603
Fund which EKTA acts as general partner EKT Asia Fund L.P.	Investment in real estate	Cayman Islands	USD 2	USD 2	-	-	-
Total						9,692	1,090
Joint ventures	Type of Business	Registered country	Consolidated Audited As at 31 December 2009				
			Registered share capital Thousand Baht	Paid-up share capital Thousand Baht	Percentage of holding %	Cost method Thousand Baht	Equity method Thousand Baht
Red Planet Hotels Co., Ltd.	Hotel management service	Thailand	1,000	1,000	51	510	500
Joint venture under Evolution Advisors Limited EKT Advisors Limited ("EKTA") (*)	Real estate investment Advisory	Cayman Islands	Thousand USD 50	Thousand USD 50	50	831	-
Fund which EKTA acts as general partner EKT Asia Fund L.P.	Investment in real estate	Cayman Islands	USD 2	USD 2	-	-	-
Total						1,341	500

(*) On 5 January 2010, EKT Advisors Limited, a joint venture between Evolution Advisors Limited, a subsidiary, and KT Holdings Limited, had issued additional share capital of USD 520,000 equally subscribed at 5,200 shares at USD 100 per share which equals USD 1 of par value and USD 99 of share premium. Evolution Advisors Limited acquired additional issued share capital of 2,600 ordinary shares at USD 100 per share totaling of USD 260,000 to maintain the shareholding stake at 50%.

The Company has joint venture in Thailand as follows:

Joint ventures	Type of Business	Registered country	The Company only Unaudited As at 31 March 2010			
			Registered share capital Thousand Baht	Paid-up share capital Thousand Baht	Percentage of holding %	Cost method Thousand Baht
Red Planet Hotels Co., Ltd.	Hotel management service	Thailand	1,000	1,000	51	510
Total						510
Joint ventures	Type of Business	Registered country	The Company only Audited As at 31 December 2009			
			Registered share capital Thousand Baht	Paid-up share capital Thousand Baht	Percentage of holding %	Cost method Thousand Baht
Red Planet Hotels Co., Ltd.	Hotel management service	Thailand	1,000	1,000	51	510
Total						510

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10. Project development cost in progress

	Consolidated	
	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht
The Lakes at Phoenix condominium project:		
Land	38,662	38,662
Land improvement	7,031	7,031
Construction in progress	41,560	41,560
	<u>87,253</u>	<u>87,253</u>
Tune Hotels project:		
Construction in progress	1,126	-
	<u>1,126</u>	<u>-</u>
Total	<u>88,379</u>	<u>87,253</u>

Project development cost in progress comprises cost related to mainly 2 projects as follows:

1. The Lakes at Phoenix condominium project

The project is owned by an indirect subsidiary, Addax Development Company Limited. However, the management decided to temporarily halt the construction to improve strategy at the beginning of 2009. The construction suspension resulted in the delay in project.

2. Tune Hotels project

The Group has entered into franchise agreement with Tune Hotels.com (BVI) Limited to further construct and operate hotels under the name "Tune Hotels.com" in different locations and countries. The construction in progress cost mainly represent cost of design and engineering consulting services.

11. Land awaiting for development

Land awaiting for development is land at Samui Island which is under consideration by management to develop real estate projects in the future.

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

	Consolidated and The Company only	
	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht
Land	54,699	54,699
Development costs	4,705	4,678
Total	<u>59,404</u>	<u>59,377</u>

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12. Equipment, net

	Consolidated				
	Unaudited				
	Leasehold Improvement Thousand Baht	Office Equipment Thousand Baht	Furniture and Fixture Thousand Baht	Vehicles Thousand Baht	Total Thousand Baht
For the three-month period ended 31 March 2010					
Opening net book amount	6,510	12,609	3,957	752	23,828
Additions	-	163	-	-	163
Disposal, net	-	(187)	(13)	-	(200)
Depreciation	(492)	(1,029)	(271)	(70)	(1,862)
Closing net book value	<u>6,018</u>	<u>11,556</u>	<u>3,673</u>	<u>682</u>	<u>21,929</u>
The Company only					
Unaudited					
	Leasehold Improvement Thousand Baht	Office Equipment Thousand Baht	Furniture and Fixture Thousand Baht	Vehicles Thousand Baht	Total Thousand Baht
For the three-month period ended 31 March 2010					
Opening net book amount	6,511	6,810	3,859	752	17,932
Additions	-	107	-	-	107
Disposal, net	-	-	(13)	-	(13)
Depreciation	(493)	(685)	(260)	(70)	(1,508)
Closing net book value	<u>6,018</u>	<u>6,232</u>	<u>3,586</u>	<u>682</u>	<u>16,518</u>

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

As at 31 March 2010, the gross carrying amount of the fully depreciated equipment that is still in use is Baht 4.0 million (31 December 2009: Baht 3.1 million).

13. Intangible assets, net

	Consolidated			
	Unaudited			
	Franchise Thousand Baht	Computer Software Thousand Baht	Intangible Assets under development Thousand Baht	Total Thousand Baht
For the three-month period ended 31 March 2010				
Opening net book amount	-	5,883	116	5,999
Additions	23,047	27	-	23,074
Amortisation	(40)	(461)	-	(501)
Closing net book value	<u>23,007</u>	<u>5,449</u>	<u>116</u>	<u>28,572</u>

Franchise is the right and license to use the brand in relation to the business of limited service hotels under the "Tune Hotel.com" brand in Thailand, Philippines, Bangladesh, China and Indonesia which has contract period of 35 years. The Franchise agreement is novated by EKT Asia Fund L.P. to Red Planet Hotels Limited which is Evolution Advisors Limited's subsidiary. Upon expiration of the term, the subsidiary shall have the automatic right to an extension for 20 years which all fees and sums payable shall be mutually agreed upon.

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13. Intangible assets, net (Cont'd)

	The Company only		
	Unaudited		
	Computer Software	Intangible Assets under development	Total
	Thousand Baht	Thousand Baht	Thousand Baht
For the three-month period ended			
31 March 2010			
Opening net book amount	4,276	116	4,392
Additions	24	-	24
Amortisation	(452)	-	(452)
Closing net book value	<u>3,848</u>	<u>116</u>	<u>3,964</u>

As at 31 March 2010, the gross carrying amount of fully amortised intangible assets that are still in use is Baht 2.2 million (31 December 2009: Baht 2.1 million).

14. Leasehold right of land, net

	Consolidated and The Company only	
	Unaudited	Audited
	31 March 2010	31 December 2009
	Thousand Baht	Thousand Baht
Leasehold right of land	82,449	82,449
<u>Less</u> Accumulated amortisation	(5,184)	(4,506)
Leasehold right of land, net	<u>77,265</u>	<u>77,943</u>
Amortisation during the period/year	<u>678</u>	<u>2,748</u>

Leasehold right of land is land at Samui Island that is in the process of feasibility analyses for future real estate development projects or resale for profit. The Company has no definite plans at current.

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

15. Advance receipts from customers

	Consolidated	
	Unaudited	Audited
	31 March 2010	31 December 2009
	Thousand Baht	Thousand Baht
The Lake at Phoenix project	2,680	2,680
Others	-	14
	<u>2,680</u>	<u>2,694</u>

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

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16. Loans from non-related parties

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

As at 31 March 2010, Addax Development Company Limited, a subsidiary, has loans from non-related parties in the amount of Baht 12.5 million (31 December 2009: Baht 12.5 million). The loans due for repayment in full on 31 December 2010.

17. Accrued franchise fee

In accordance the novation of the franchise agreement dated 9 March 2010, Red Planet Hotels Limited, a subsidiary, has 50% remaining of initial franchise fee payable in the amount of USD 360,000 (USD 15,000 per franchise premise) to Tune Hotels.com (BVI) Limited which will be payable 3 months before the date of operation of the franchise premises under the proposed project. The Company management expects that it will take no less than 12 months to start the operation of the franchise premises.

18. Share capital

	Consolidated and The Company only					
	Number of shares Thousand share	Authorised ordinary shares Thousand Baht	Number of shares Thousand share	Issued and paid-up ordinary shares Thousand Baht	Ordinary share premium Thousand Baht	Total Thousand Baht
For the three-month period ended 31 March 2010						
Opening amount as at 1 January 2010	694,000	694,000	521,366	521,366	212,779	734,145
Closing amount as at 31 March 2010	<u>694,000</u>	<u>694,000</u>	<u>521,366</u>	<u>521,366</u>	<u>212,779</u>	<u>734,145</u>
For the three-month period ended 31 March 2009						
Opening amount as at 1 January 2009	521,366	521,366	521,366	521,366	212,779	734,145
Closing amount as at 31 March 2009	<u>521,366</u>	<u>521,366</u>	<u>521,366</u>	<u>521,366</u>	<u>212,779</u>	<u>734,145</u>

As at 31 March 2010, the total authorised number of ordinary shares is 694,000 thousand shares (31 December 2009: 694,000 thousand shares) with a par value of Baht 1 per share (31 December 2009: Baht 1 per share). The total issued and paid-up ordinary shares are 521,366 thousand shares (31 December 2009: 521,366 thousand shares). The remaining 172,634 thousand shares remained unissued as at 31 March 2010. Subsequently, the Company registered additional issued and paid-up share capital of 85,800 thousand shares at par value of Baht 1 per share (Note 23).

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19. Related party transactions

The Group has transactions with its related parties. These companies are related through common shareholding and/or directorship.

Details of relationship between the Group and related parties which are related through control or transactions are as follows:

Company's name	Country of Incorporation	Relationship
Monster Media Co., Ltd.	Thailand	Subsidiary company
Evolution Land Co., Ltd.	Thailand	Subsidiary company
Titan Project Management Co., Ltd.	Thailand	Subsidiary company
Tierra POD Co., Ltd.	Thailand	Subsidiary company
Addax Development Co., Ltd.	Thailand	Subsidiary company
Evolution Advisors Limited	Cayman Islands	Subsidiary company
The Yamu Development Fund, L.P.	Cayman Islands	Fund managed by subsidiary company
Evolution Holdings Limited	Mauritius	Subsidiary company
Spire Real Estate Co., Ltd. (formerly known as "Kor Asia Co., Ltd.")	Thailand	Subsidiary company
Red Planet Hotels Limited	Cayman Islands	Subsidiary company
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
Yamu Villas Co., Ltd.	Thailand	Associated company
Yamu (Thailand) Co., Ltd.	Thailand	Associated company
Red Planet Hotels Co., Ltd.	Thailand	Joint Venture
EKT Advisors Limited	Cayman Islands	Joint Venture
EKT Asia Fund L.P.	Cayman Islands	Fund managed by Joint Venture
Kor Foreign Sales, LLC	United States of America	A subsidiary's shareholder

Pricing policies for related transactions are as follows:

Transactions	Pricing policy
Advisory income	Contract price
Management income	Contract price
Interest income from loans	At the rate of 11.25% to 12.5% per annum
Rental income	Contract price
Accounting service income	Contract price
Purchase of equipment	Net book amount
Purchase of intangible assets	Net book amount
Marketing advisory expense	Contract price
Facility services expenses	Contract price

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19. Related party transactions (Cont'd)

Transactions with related parties for the three-month periods ended 31 March 2010 and 2009 are as follows:

i) Sales of goods and services

	Consolidated		The Company only	
	Unaudited 31 March 2010 Thousand Baht	Unaudited 31 March 2009 Thousand Baht	Unaudited 31 March 2010 Thousand Baht	Unaudited 31 March 2009 Thousand Baht
Advisory income				
Evolution Advisors Limited	-	-	-	9,900
Andaman Beach Residences Co., Ltd.	-	28,154	-	22,664
Phang Nga Hotel Co., Ltd.	-	18,543	-	18,543
Casa Fico Co., Ltd.	525	840	525	560
Fena Park Co., Ltd.	225	360	225	240
	<u>750</u>	<u>47,897</u>	<u>750</u>	<u>51,907</u>
Management income				
Monster Media Co., Ltd.	-	-	180	180
Sprie Real Estate Co., Ltd. (formerly known as "Kor Asia Co., Ltd.")	-	-	-	1,078
	<u>-</u>	<u>-</u>	<u>180</u>	<u>1,258</u>
Interest income				
Evolution Land Co., Ltd.	-	-	1,771	1,139
Monster Media Co., Ltd.	-	-	83	-
Evolution Advisors Limited	-	-	4	-
Titan Project Management Co., Ltd.	-	-	-	64
Casa Fico Co., Ltd.	137	6	-	-
Fena Park Co., Ltd.	251	16	-	-
	<u>388</u>	<u>22</u>	<u>1,858</u>	<u>1,203</u>
Profit from acquisition of minority interest in subsidiary				
Kor Foreign Sales, LLC	<u>1,732</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other income				
Rental income				
Sprie Real Estate Co., Ltd. (formerly known as "Kor Asia Co., Ltd.")	<u>-</u>	<u>-</u>	<u>49</u>	<u>49</u>
Accounting service income				
Andaman Beach Residences Co., Ltd.	199	-	199	-
Phang Nga Hotel Co., Ltd.	199	-	199	-
	<u>398</u>	<u>-</u>	<u>398</u>	<u>-</u>
Income from franchise transfer				
EKT Asia Fund L.P.	<u>11,672</u>	<u>-</u>	<u>-</u>	<u>-</u>

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19. Related party transactions (Cont'd)

ii) Purchases of goods and services

	Consolidated		The Company only	
	Unaudited 31 March 2010 Thousand Baht	Unaudited 31 March 2009 Thousand Baht	Unaudited 31 March 2010 Thousand Baht	Unaudited 31 March 2009 Thousand Baht
Purchase of equipment				
Titan Project Management Co., Ltd.	-	-	-	1,803
Purchase of intangible assets				
Titan Project Management Co., Ltd.	-	-	-	181
Cost of advisory				
Marketing advisory expenses Kor Foreign Sales, LLC	-	5,465	-	-
Administrative expenses				
Facilities service expenses Monster Media Co., Ltd.	-	-	-	240
Bad debt expense EKT Advisors Limited	3,144	-	120	-

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

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

	Consolidated		The Company only	
	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht
Trade accounts receivable - related companies				
Evolution Advisors Limited	-	-	10,593	10,593
Casa Fico Co., Ltd.	936	1,123	936	1,123
Fena Park Co., Ltd.	401	482	401	482
	<u>1,337</u>	<u>1,605</u>	<u>11,930</u>	<u>12,198</u>
Accrued income - related companies				
EKT Advisors Limited	-	3,059	-	-
Casa Fico Co., Ltd.	525	-	525	-
Fena Park Co., Ltd.	225	-	225	-
Andaman Beach Residences Co., Ltd.	83	153	83	153
Phang Nga Hotel Co., Ltd.	83	153	83	153
	<u>916</u>	<u>3,365</u>	<u>916</u>	<u>306</u>

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19. Related party transactions (Cont'd)

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

The significant balances of assets and liabilities with its related parties were as follows: (Cont'd)

	Consolidated		The Company only	
	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht
Amounts due from related companies				
Addax Development Company Limited	-	-	3,659	3,659
Monster Media Co., Ltd.	-	-	1,703	1,510
Sprie Real Estate Co., Ltd. (formerly known as "Kor Asia Co., Ltd.")	-	-	35	17
Andaman Beach Residences Co., Ltd.	65	88	65	89
Phang Nga Hotel Co., Ltd.	62	89	62	89
Total	127	177	5,524	5,364
Advance to related companies				
Evolution Advisors Limited	-	-	2,325	1,830
EKT Advisors Limited	-	120	-	120
Yamu Villas Co., Ltd.	-	80	-	59
Yamu (Thailand) Co., Ltd.	-	80	-	59
Fena Park Co., Ltd.	2	2	2	2
Andaman Beach Residences Co., Ltd.	2	3	2	3
Phang Nga Hotel Co., Ltd.	-	2	-	2
Total	4	287	2,329	2,075
Advance from related companies				
EKT Advisors Limited	976	-	-	-
Red Planet Hotels Co., Ltd.	30	-	-	-
Total	1,006	-	-	-

iv) Loans and accrued interest from related parties

	Consolidated	The Company only
	Unaudited For the three-month period ended 31 March 2010 Thousand Baht	Unaudited For the three-month period ended 31 March 2010 Thousand Baht
Subsidiaries		
Beginning balance	-	66,452
Additions during the period	-	9,428
Less Repayment	-	(3,824)
Ending balance	-	72,056
Associates		
Beginning balance	12,313	-
Additions during the period	3,638	-
Ending balance	15,951	-

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19. Related party transactions (Cont'd)

iv) Loans and accrued interest from related parties (Cont'd)

Loans to related companies and interest receivable consisted of:

	The Company only	
	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht
Subsidiaries		
Monster Media Co., Ltd.		
Loans	3,000	3,000
Interest receivable	112	29
Short-term loans and interest receivable	<u>3,112</u>	<u>3,029</u>
Evolution Land Co., Ltd.		
Loans	60,775	57,025
Interest receivable	8,169	6,398
Long-term loans and interest receivable	<u>68,944</u>	<u>63,423</u>
Total	<u>72,056</u>	<u>66,452</u>
	Consolidated	
	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht
Associates		
Casa Fico Co., Ltd.		
Loans	5,125	4,025
Interest receivable	421	284
Fena Park Co., Ltd.		
Loans	9,590	7,440
Interest receivable	815	564
Short-term loans and interest receivable	<u>15,951</u>	<u>12,313</u>

As at 31 March 2010, the loans to related parties are charged interest at 11.25% to 12.5% per annum (31 December 2009: 11.25% to 12.5%).

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

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20. Operation profit (loss)

The following items are unusual in nature and have been charged to the operating profit (loss) during the interim period.

For the three-month period ended 31 March	Consolidated		The Company only	
	Unaudited 2010	Unaudited 2009	Unaudited 2010	Unaudited 2009
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Revenues				
Other income from withholding taxes refund	-	10,375	-	10,375
Profit from acquisition of minority interest in subsidiary (Note 7)	1,732	-	-	-
Other income from franchise transfer	11,672	-	-	-
Expenses				
Allowance for doubtful accounts	-	-	-	1,397

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

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

21. 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 common share in issue during the period 2010 of 521,366 thousand shares (2009: 521,366 thousand shares).

There is no dilutive share issued for the three-month periods ended 31 March 2010 and 2009.

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22. Commitments

- 22.1 As at 31 March 2010 and 31 December 2009, the Company has commitments in respect to lease and related service agreements payable to third parties as follows:

	Consolidated		The Company only	
	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht	Unaudited 31 March 2010 Thousand Baht	Audited 31 December 2009 Thousand Baht
Less than one year	8,732	8,490	7,477	7,235
More than one year and less than five years	3,679	5,501	3,209	4,717
	<u>12,411</u>	<u>13,991</u>	<u>10,686</u>	<u>11,952</u>

- 22.2 As at 31 March 2010 and 31 December 2009, the Company has commitments in respect of land lease at Samui Island for the period from 18 January 2008 to 17 July 2031 with the lease fees of Baht 432,000 per annum.
- 22.3 As at 31 March 2010 and 31 December 2009, Addax Development Company Limited, subsidiary, has a commitment in respect of design and structural agreements in the amount of Baht 7.5 million.
- 22.4 As at 31 March 2010, Red Planet Hotels Limited, subsidiary, has commitments in addition to accrued franchise fee (Note 17) in order for the Group to continue being a franchisee. The subsidiary shall pay the franchise fee which is based on a percentage of total room revenue on a monthly basis once in operation.
- 22.5 As at 31 March 2010, Evolution Advisors Limited, a subsidiary, shall act as General Partner with unlimited liability for The Yamu Development Fund, L.P., formed in the Cayman Islands. The Yamu Development Fund L.P. is registered with the Cayman Islands financial regulators, however, it has not yet raised any capital. The Yamu Development Fund, L.P. has outstanding commitments in the amount of Baht 40,550 attributable to fund set-up costs.
- 22.6 As at 31 March 2010, Red Planet Hotels Limited, subsidiary, has commitment in respect of financial advisory fee of USD 500,000 and fund raising fee of 2% on gross proceeds from the Private Placement. The sum of fees shall be capped at USD 1,000,000.
- 22.7 As at 31 March 2010, Red Planet Hotels Limited, subsidiary, has commitment in respect of consulting agreement for design and engineering services in the amount of Baht 2.8 million.

23. Subsequent events

- 23.1 The Company issued additional paid-up share capital from 521,366 thousand shares at the par value of Baht 1 per share to 607,166 thousand shares at the par value of Baht 1 per share. The increase of paid-up share capital of 85,800 thousand shares were allotted to specified investors by the way of private placement. The Company received share subscription amount of Baht 85.8 million, divided into 85,800 thousand shares at Baht 1 per share. The Company registered the increase of paid-up share capital with the Ministry of Commerce on 22 April 2010.
- 23.2 On 16 April 2010, the subsidiary - Evolution Holdings Limited has increased its registered share capital by 800,000 ordinary shares from the existing registered capital of 125,000 ordinary shares to a new registered capital of 925,000 ordinary shares with a par value of USD 1 per share.
- 23.3 On 19 April 2010, Evolution Advisors Limited, a subsidiary held by Evolution Holdings Limited has increased its registered share capital by 8,000 ordinary shares from the existing registered capital of 1,000 ordinary shares at USD 100 per share which comprises par value of USD 1 per share and share premium of USD 99 per share to a new registered capital of 9,000 ordinary shares at USD 100 per share which comprises par value of USD 1 per share and share premium of USD 99 per share.