

Ref no: E201102/02

Date: February 24, 2011

Subject: Explanation of Net Profit for the year ended 31 December 2010 changing over 20% from the previous year

To: The President of Stock Exchange of Thailand

Evolution Capital Public Company Limited would like to notify the Stock Exchange of Thailand that net profit for the year ended 31 December 2010 is Baht 86.7 million, compared to a net profit of Baht 3.3 million for the year ended 31 December 2009, which is an increase in net profit of more than 20%.

The main variances are as follows:

1. Revenue for the year ended 31 December 2010 was Baht 317.9 million, compared to Baht 157.8 million for the year ended 31 December 2009. The increase of Baht 160.1 million, or 101%, was mainly due to:

Revenue from investment services income in regard to creating and developing an investment platform for the roll-out of budget hotels under the TuneHotels.com brand, by which the Company recognised Baht 195.1 million for the year ended 31 December 2010.

Revenue from property development consulting services for the year ended 31 December 2010 totaled Baht 34.3 million compared to Baht 119.3 million for the year ended 31 December 2009. The decrease of Baht 85 million was due to a temporary suspension of a client's construction projects.

Revenue from management income for the year ended 31 December 2010 totaled Baht 40.2 million, compared to Baht 4.1 million for the year ended 31 December 2009. The increase of Baht 36.1 million, or 880%, was mainly due to increased management services provided to a new client.
2. The Cost of Services and Selling & Administrative Expenses for the year ended 31 December 2010 were Baht 36.3 million and Baht 142.8 million respectively, compared to Baht 53.4 million and Baht 94.7 million respectively, for the year ended 31 December 2009. The net increase of Baht 31 million, or 21%, was mainly due to increased costs pertaining to third parties' management services, professional fees, and a loss from the devaluation of derivative call option.
3. Share of loss from investments in associates and joint ventures for the year ended 31 December 2010 was Baht 51.7 million, compared to Baht 8.1 million for the year ended 31 December 2009. The increase of Baht 43.6 million was mainly due to a share of loss amounting to Baht 38.7 million from an associate company which was incorporated at the beginning of 2010.

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4. Finance costs for the year ended 31 December 2010 was Baht 1.3 million which was mainly due to a loan from a local financial institution for the purposes of working capital and to support the Company's projects.

Please be informed accordingly.

Yours Sincerely,

(Mark Michael Reinecke)
Director

