



Evolution Capital Public Company Limited

ANNUAL REPORT 2012

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1. General Information

Company Name:	Evolution Capital Public Company Limited
Symbol:	E
Registration No.:	0107546000415
Business Type:	Invests in the hospitality and food & beverage sectors
Registered Capital:	Baht 1,956,500,000 divided into 1,956,500,000 ordinary shares with a par value of Baht 1 (31 December 2012)
Issued and Paid-up Capital:	Baht 1,047,000,000 divided into 1,047,000,000 ordinary shares with a par value of Baht 1 (31 December 2012) <u>Remark:</u> On 23 January 2013, the Company's issued and paid-up capital increased to Baht 1,308,750,000 divided into 1,308,750,000 ordinary shares, by an issue of 261,750,000 new ordinary shares.
Location	
Head Office:	999/9 The Offices at CentralWorld 19 th floor, unit 1912 Rama 1 Road, Pathumwan, Bangkok 10330 Tel. 0-2207-2900 Fax. 0-2207-2929
Website:	www.evolution.co.th
Investor Relation:	Tel. 0-2207-2981 Fax. 0-2207-2929
Company Secretary:	Tel. 0-2207-2919 Fax. 0-2207-2929
Securities Registrar:	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building Ratchadapisek Rd., KlongToey, Bangkok 10110 Tel. 0-2229-2800 Fax. 0-2359-1259 Email TSDCallCenter@set.or.th Website http://www.tsd.co.th

Information of subsidiaries and other associate companies

No	Company	Address	Type of Business	Registered Capital (Baht unless stated otherwise)	Paid-up Capital (Baht unless stated otherwise)	Ownership
Subsidiaries						
1.	Evolution Land Co., Ltd. (0105550103680)	Unit 1912, 19 th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Investment in Real Estate	229,107,500	229,107,500	100.00%
2.	Monster Media Co., Ltd. (0105550089946)	Unit 1912, 19 th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Multimedia Provider	10,000,000	10,000,000	100.00%
3.	Evolution Advisors Limited (205720)	89 Nexus Way Camana Bay Grand Cayman KY1-9007 Cayman Islands	Investment Advisory	USD50,000	USD46,160	100.00%
4.	Evolution Holdings Limited (081787)	113, 2 nd Floor, Medine Mews, Chaussee Street, Port Louis, Mauritius	Holding Company	USD4,675,000	USD4,675,000	100.00%
5.	Evolution Ventures Co., Ltd. (previously name "Spire Real Estate") (0105551131555)	Unit 1912, 19 th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Investment in Marketable Securities	10,000,000	10,000,000	100.00%
6.	Evolution Investments Limited (previously name "EKT Advisors") (229379)	89 Nexus Way Camana Bay Grand Cayman KY1-9007 Cayman Islands	Investment Holding Company	USD50,000	USD5,700	100.00%
7.	Evolution Energy Pte. Ltd. (201129170N)	100 Beach Road # 25-06, Shaw Towers, Singapore	Energy Trading and Related Logistic	SGD5,000	SGD5,000	100.00%
8.	Fenix Pizza (0105555060342)	399 Interchange 21 Building, 25 Sukhumvit Rd., Klongtoey, Wattana, Bangkok 10110	Pizza	1,000,000	1,000,000	100%
9.	Fico Coffee Co., Ltd. (0105554072967)	399 Interchange 21 Building, 25 Sukhumvit Rd., Klongtoey, Wattana, Bangkok 10110	Coffee Shop/Bakery	2,000,000	2,000,000	80.00%
10.	Fenix Iron Fairy Co., Ltd. (0105553125897)	399 Interchange 21 Building, 25 Sukhumvit Rd., Klongtoey, Wattana, Bangkok 10110	Restaurant	4,000,000	4,000,000	85.00%
11.	Casa Fico Co., Ltd. (0105550050799)	Fico Place, Floor10, 18/8 Sukhumvit 21 Rd., Klongtoey, Wattana, Bangkok	Residential Property Development	285,000,000	285,000,000	92.50%

No	Company	Address	Type of Business	Registered Capital (Baht unless stated otherwise)	Paid-up Capital (Baht unless stated otherwise)	Ownership
		10110				
12.	Fena Park Co., Ltd. (0105549116277)	Fico Place, Floor10, 18/8 Sukhumvit 21 Rd., Klongtoey, Wattana, Bangkok 10110	Residential Property Development	100,000,000	100,000,000	92.50%
Associates						
13.	Andaman Beach Residences Co., Ltd. (0105551106224) 51106224)	Unit 1912, 19 th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Residential Real Estate Development	10,000,000	10,000,000	51.00%
14.	Phang Nga Hotel Co., Ltd. (010555110666)	Unit 1912, 19 th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Hotel Real Estate Development	10,000,000	10,000,000	51.00%
15.	Red Planet Hotels (Thailand) Co., Ltd. (0105552090666)	Unit 1912, 19 th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Hotel Real Estate Development	7,000,000	7,000,000	50.09%
16.	Red Planet Hotels Two (Thailand) Co., Ltd. (0105554007065)	Unit 1912, 19 th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Hotel Real Estate Development	10,000,000	10,000,000	51.00%
17.	Red Planet Hotels Three (Thailand) Co., Ltd. (0105554014291)	Unit 1912, 19 th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Hotel Real Estate Development	8,000,000	8,000,000	51.00%
18.	Red Planet Hotels Four (Thailand) Co., Ltd. (0105554019926)	Unit 1912, 19 th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Hotel Real Estate Development	5,000,000	5,000,000	51.00%
19.	Red Planet Hotels Five (Thailand) Co., Ltd. (0105554073521)	Unit 1912, 19 th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Hotel Real Estate Development	100,000	100,000	51.00%
20.	Red Planet Hotels Limited (237030)	89 Nexus Way Camana Bay Grand Cayman KY1-9007	Holding Company and Hotel Management Services	USD50,000	USD 10,753	15.09%

No	Company	Address	Type of Business	Registered Capital (Baht unless stated otherwise)	Paid-up Capital (Baht unless stated otherwise)	Ownership
		Cayman Islands				
21.	Solaris Asset Management Co., Ltd. (0105549077166)	287 Liberty Square Building, 8 th Floor, Silom Road, Bangrak, Bangkok	Mutual, Private and Provident Fund Management	184,500,000	184,500,000	25.00%
22.	Beanstar Japan Holdings Limited (263771)	89 Nexus Way, Camana Bay, Grand Cayman, KY1-9007, Cayman Islands	Investment Holding Company	USD50,000	USD0.01	100.00%
Joint Venture						
23.	PhotoME.com Co., Ltd. (0105554051528)	Unit 1912, 19th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Interactive Media Services	10,000,000	10,000,000	51.00%
24.	Star Brothers Entertainment Japan K. K. (010104-01-097213)	22-10-201, Toranomom 3 – choume, Minato-Ku, Tokyo, Japan	Out-of-home Media Services	JPY10,000,000	JPY10,000,000	51.00%
25.	Fenix Silom Co., Ltd. (0105555053257)	399 Interchange 21 Building, 25 Sukhumvit Rd., Klongtoey, Wattana, Bangkok 10110	Restaurant	1,000,000	1,000,000	42.483%

2. Message from the Chairman

2012 will prove to have been a pivotal year for Evolution Capital PCL as result of the Company's renewed focus on Asian consumption, principally through the investments we have continued to make in Budget Hotels under the Tune Hotels brand and new investments in the Food & Beverage sector, initially under the Domino's Pizza and The Coffee Bean & Tea Leaf brands, as well as a number of stand-alone restaurants in Bangkok.

Budget Hotels and Quick Service Restaurants ("QSR") are complementary businesses with a similar target market, one which is attracted by a high-quality, branded product, at an affordable price, with a defined image. Evolution Capital recognises the tremendous growth potential in the broad mass consumer market in Asia, and Thailand, as our home market, will be a key part of this growth. Looking forward into 2013, we will also look to expand these brands overseas, as well as adding complimentary Food & Beverage brands to the current stable of names.

I am delighted therefore that Evolution Capital is now establishing itself with a clearly identified consumer focused business, with the diversity of a regional footprint. We are excited about the prospects for shareholders and our staff as we roll out new Tune Hotel locations in Thailand, Indonesia, the Philippines and, from 2013, in China, Japan, Korea, and Taiwan. Concurrently, Evolution Capital will benefit from the tremendous growth of our Food & Beverage outlets, which over the course of 2013 will be principally Thailand based. Nevertheless, we are already seeking opportunities in neighboring countries, including Cambodia and Myanmar.

Evolution Capital currently owns a 15.09% shareholding in Red Planet Hotels Company Limited ("RPHL") (www.redplanethotels.com) which is building out Tune Hotels, Air Asia's sister company (www.tunehotels.com). At the end of 2012, RPHL operated 9 hotels (1,477 rooms) including 4 in Thailand (Hat Yai, Phuket, Pattaya, and Sukhumvit, Bangkok), with a further 14 under development in Indonesia, the Philippines, and Thailand. By the end of 2013, I expect that there will be 19 operational Tune hotels under RPHL ownership.

In July 2012 Red Planet Hotels acquired a 16% shareholding in Tune Hotels itself, and thus RPHL became Tune Hotels' third largest shareholder. This was a game-changing transaction for RPHL, which allows the company to benefit from Tune Hotels revenues in Malaysia, the United Kingdom, Australia, and India.

Evolution Capital's QSR business, under Domino's Pizza and Coffee Bean & Tea Leaf, began its rollout in 4Q 2012 and by the end of 2013 we expect that each of the brands will have at least a dozen outlets in Bangkok. The Company's stable of independent restaurants is also expected to go from strength to strength in 2013.

Lastly, I would like to thank our shareholders for their ongoing support for the management team as we look to further focus the Company on Asia's fast growing consumer sectors, and I look forward to bringing you news of our successful implementation of this strategy over the course of 2013 as we add new outlets and brands to our portfolio.

Yours sincerely,



Krit Srichawla
Chairman

3. Report of the Audit Committee

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

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

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

In 2012, 6 Audit Committee meetings were conducted to perform its tasks under the scope of works and responsibilities delegated by the Board of Directors. The tasks included:

- A review of the quarterly and year-end financial statements of the Company. The Audit Committee held meetings with the external auditor to discuss the auditor’s reports, financial statements, and recommendations on relevant accounting standards. During the meetings the Audit Committee received explanations, notes and commentaries, as well as provided its own comments and exchanged views with all 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 2012, the Internal Audit Department performed internal audit reports and followed-up with each of the Company’s departments and associated companies, audited operations, reviewed any 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 relevant recommendations were discussed with the management 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 including development of risk management systems.

- During 2012, 6 Audit Committee meetings were held. The issues discussed with internal and external auditors at the meetings were reported to the Board of Directors for comment and acknowledgement.
- Audit Committee meeting No.1/2012 submitted its recommendation to appoint PricewaterhouseCoopers ABAS Limited as the Company’s external auditor to the Company’s

Board of Directors for consideration. The recommendation was subsequently approved at the Annual General Meeting of Shareholders and it was resolved that PricewaterhouseCoopers ABAS Limited, represented by Mrs. Anothai Leekitwattana, Certified Public Account (Thailand) No. 3442, be appointed as the Company's auditor for 2012.

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

The meeting also approved audit fees in an amount not exceeding Baht 2.86 million plus out-of-pocket expenses for the year 2012, which was subsequently approved by the Annual General Meeting of Shareholders on 3 April 2012.

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



Witit Sujjapong
Chairman of Audit Committee
28 February 2013

4. Risk Factors

In November 2012, the Company acquired food and beverage businesses which diversified the Company into a new industry. The Company 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.

4.1 Property and private equity services

4.1.1 Economic and political conditions

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, retail 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 mass-consumption 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 consider opportunities within various businesses/industries. The Company 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.

4.1.2 Property market conditions

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.

4.1.3 Client competition

The advisory 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.

4.1.4 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.

4.2 Digital and creative media services

4.2.1 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.

4.2.2 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.

4.2.3 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.

4.3 Food & beverage retail business

4.3.1 Strong competition

Food and Beverage Retail is related to the daily lives of consumers. Therefore, there many companies and business organisations conducting businesses related to food and beverage retail. Consequentially, food and beverage retail is among industries that have fierce competition. If operators do not have strengths in marketing, operations, and their brands are not well recognised by the public, they may have to face highly challenging competition from other companies that are stronger in the area aforementioned. The critical factor to the success of food and beverage retail is the fact that customers can expect to get the consistent services and products in any store of that restaurant chain. The Company took into account this risk factor and tried to reduce the risks by focusing the food and beverage retail under exclusive franchise agreements from food and beverage firms that are globally well known and well accepted both in terms of services and products.

4.3.2 Cost fluctuations

The main cost in food and beverage retail is raw material cost which is the highest proportion of total costs. Significant changes in raw material cost will greatly affect the financial performance of the business. However, food and beverage operators normally adjust their selling price to reflect such higher raw material cost. This will,

to an extent, reduce the impact of such change. Nevertheless, this condition may affect the sale volume and will eventually impact the financial performance of the business if the selling price is significantly adjusted. Therefore, the critical factor that will help to reduce the impact from changes in raw material cost is cost and inventory management. Know-how in cost and inventory management is among various benefits the Company realises from operating under exclusive franchises from franchisors that have long and successful track records.

4.3.3 Changes in consumers' taste and behavior

Consumers' tastes in food and beverage consumption naturally change and evolve with time and changing surrounding contexts. If food and beverage retail operators cannot adapt to such changes in time, they will face great difficulty in maintaining their customer base. Therefore food and beverage operators who have capability of studying consumers' behavior are in an advantageous position to others as they can foresee the change. The ability to foresee the changes will enable those operators to concurrently deploy strategies and tactics to reflect changes in consumers' tastes as they occur. This is one of the main reasons that drives the Company to wish to operate under exclusive franchise rights from global franchisors that have know-how and experience. These franchisors will ascertain that the Company will be able to handle the changes when they actually occur to reduce or eliminate adverse impact.

4.4 Direct investments

The Company has invested in associate companies by using the equity method, and these investments account for approximately 26.5% of its total assets, as of 31 December 2012(57.2% in 2011). These investments are in hospitality, food and beverage, asset management, and media sectors. At the end of 2011 and 2012, the Company had realised proportional losses from associates and joint ventures companies, using the equity method of accounting, of THB 65.1 m and THB 59.5 m, or 21.7% and 23.4%, of the Company's net profit, respectively. The Company has invested in associate and joint ventures companies by using the equity method.

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.

5. Company Background and Business Overview

5.1 Company Background

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

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

In 2007, the Company changed its shareholding structure, its organisational structure, and its financial structure and began its expansion into property-related businesses such as development and advisory services. It also began capitalising on synergies between the existing digital media platform and the Company's new business areas. After building relationships with various stakeholders, especially investors in Asia, Europe, and America for more than three years, in 2011, the Company 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 businesses as most of its advisory mandates were in the hospitality sector which was negatively hit by the factors mentioned above. However, one of the Company's private equity hospitality investments, Red Planet Hotels (www.redplanethotels.com), which develops budget hotels under a franchise agreement with Tune Hotels (www.tunehotels.com) in Thailand, the Philippines, Indonesia, China, and Bangladesh, had made significant progress in successfully rolling out its business plan.

In September 2011, the Company acquired a 25% stake in Solaris Asset Management Company Limited (www.solarisfunds.com). Solaris Asset Management was formerly called Seamico Asset Management. This was 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 to investment banking and hospitality development services. These businesses streams create revenues which offset diminishing revenues from luxury hospitality development and advisory services.

In November 2012, an extraordinary shareholders' meeting approved the acquisition of certain food businesses from Fico Corporation via an entire business transfer. The transaction was completed by the end of 2012, leading the Company to become the owner of (i) Domino's Pizza (Thailand), (ii) Coffee Bean and Tea Leaf (Thailand), and (iii) a group of concept restaurants that were gaining popularity. At the same time, this transaction resulted in Srichawla family, the owner of Fico Corporation, to become major shareholder of the Company, enhancing the Company's credibility and business network. This was another

major strategic shift for the Company to rapidly enter into the high-growth food and beverage retail sector.

5.2 History and Company's Highlights

- Jul 1999 The Company was founded as Siam2you Company Limited with THB 2 million registered capital, fully paid-up with a par value of THB 10 each.
- Oct 1999 The digital media business began with the launch of the www.siam2you.com website, which offered news and information aggregation services to internet users. Once the Company had built up its user base, it started generating revenue by selling advertising space on its website to organisations which sought internet users.
- Sept 2000 The mobile wap.siam2you.com site was launched in order to create a communication channel which reaches mobile phone users.
- Oct 2001 The Company coordinated with Advance Info Service Public Company Limited (AIS) to launch wireless Value Added Services to AIS users. A revenue sharing agreement for wireless Value Added Services for users of AIS was signed on 16 October, 2001.
- Launched consultancy services and the development of integrated internet/wireless communications (Interactive Solutions) to both governmental and private organisations.
- May 2002 The Company coordinated with Total Access Communication Public Company Limited (TAC, now DTAC) to launch wireless Value Added Services for TAC users. A revenue sharing agreement for wireless Value Added Services for users of TAC was signed on 31 May, 2002.
- Sep 2002 Out of 482 websites nominated nationwide, Siam2you's website won the Community Web Award for Best Portal Website from the Nation Multimedia Group Public Company Limited.
- Jan 2003 The Company coordinated with TA Orange Company Limited (now TrueMove) to launch wireless Value Added Services for Orange users. The Company signed another revenue sharing agreement with Orange on 15 January, 2003.
- Dec 2003 Siam2you registered to become a Public Company Limited on 22 December, 2003.
- Apr 2005 The Company offered 10,232,800 new ordinary shares at a par value of THB 1 each with an offering price of THB 7 each to the public. Following the sales of shares, total registered and paid-up capital became THB 40,931,510.
- May 2005 The SET granted a listing of ordinary shares of the Company on 4 May, 2005 on the Market for Alternative Investment.
- Apr 2007 The Company's major shareholders, consisting of Mr. Suparat Sribhadung, Miss Mai Thi Quynh Hoa, and Mr. Niklas Johan Assar Stalberg, sold their stake in the Company to Nezu Capital Limited and Kudu Company Limited, resulting in new appointments to the Board of Directors and at the management level.
- Jul 2007 The Extraordinary General Meeting of Shareholders No. 1/2007 was held on 23

July, 2007 and it was resolved that the Company issue and offer 368,383,590 new ordinary shares at a par value of THB 1 each to existing shareholders at a ratio of 9 new shares with an offering price of THB 1 each for every old share held.

Aug 2007 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.

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.

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.

Sep 2007 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.

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.

The Company sold all Plus Four Six Company Limited ordinary shares held by the Company for THB 10 million.

Oct 2007 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.

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

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

investment of THB 1 million.

Jan 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.

Feb 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.

Mar 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 was being developed.

Apr 2008 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.

- Titan Project Management increased its registered capital further to THB 10,000,000 and the Company fully subscribed to the newly paid-up shares. The Company opened a new branch office on Koh Samui, Surathani Province.
- Jun 2008 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.
- 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.
- 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.
- Sep 2008 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.
- 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.
- Nov 2008 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.
- Dec 2008 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%.
- 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%.
- Feb 2009 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.
- May 2009 The Board of Directors meeting held on 14 May 2009 approved the dissolution of Tierra POD Company Limited, a Company subsidiary.
- Aug 2009 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.

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.

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.

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.

Oct 2009 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.

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.

Dec 2009 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.

A subsidiary company, Titan Project Management Company Limited, completed the liquidation process.

Feb 2010 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.

Mar 2010 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.

EKT Advisors Limited, a joint venture company, assigned the right over the Franchise Agreement with Tune Hotels.com to Red Planet Hotels Limited.

Apr 2010 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”).

May 2010 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.

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.

Jun 2010 The Board of Directors’ Meeting No. 4/2010 on 18 June 2010 approved the second allotment of 21,000,000 new ordinary shares with a par value of THB 1 per share at an offering price of THB 1 per shares to 3 Investors which are qualified as private placement investors under the CMSB’s Notification.

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.

Jul 2010 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%.

Aug 2010 On 5 August 2010, Mr. Philip Andrew White resigned from the Board of Directors.

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.

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.

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

Oct 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%.

Nov 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.

Dec 2010 On 1 December 2010, Yamu (Thailand) Company Limited and Yamu Villas Company Limited completed their registration of dissolution.

Jan 2011 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.

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- Mar 2011 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.
- Apr 2011 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.
- Jun 2011 Mr. Vichet Bunthuwong resigned from his position as director and Chairman of the Board of Directors of the Company, effective 30 June 2011.
- Aug 2011 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.
- Sep 2011 On 23 February 2011, the Board of Directors approved entering into a term sheet to acquire 25% 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.
- Nov 2011 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, totaling USD 125,000 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, totaling USD 150,000 through its wholly owned subsidiary, Evolution Advisors Limited. The Board of Directors' Meeting No. 7/2011 further approved an additional USD 100,000 subscription in CGI Indochina Limited, which would bring its total subscription in this company to USD 250,000.
- (Remark: The Company, thereafter, further negotiated with the business partners and decided to hold the subscription for shares in both companies).
- Dec 2011 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.
- On 30 December 2011, IQtrip.com Company Limited completed its registration of dissolution.
- Feb 2012 The Board of Directors' Meeting No. 1/2012 held on 24 February 2012 approved the subscription for a 19.3% stake in Sweetstar Holdings Limited through its wholly-owned subsidiary, Evolution Advisors Limited, to invest in the Magnolia Bakery business in Japan.
- Apr 2012 Seamico Asset Management Company Limited changed its name to "Solaris Asset Management Company Limited".
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May 2012 The Company's wholly-owned subsidiary, Evolution Land Co., Ltd. sold its 8,000,000 ordinary shares in Addax Development Co., Ltd., representing 100% of total share capital of such company, to a non-related party at the selling price of Baht 57 million.

PhotoME.com K.K changed its name to "Star Brothers Entertainment Japan K.K."

Aug 2012 Mr. Christiaan Brett Straatemeier, Mr. Chaipatr Srivisarvacha, and Pol. Gen. Viroj Phaholvech resigned from their position as directors of the Company. Pol. Gen. Viroj Phaholvech also resigned from his position as a member of the Audit Committee.

The Board of Directors' Meeting No. 3/2012 held on 9 August 2012 approved the appointment of:

- Mr. Krit Srichawla as a director and the Chairman of the Board of Directors;
- Mr. Sanjay Singh as a director;
- Mr. Hugh Andrew as a director;
- Mr. Viroj Tangjetanaporn as an Independent Director and a member of the Audit Committee;
- Mr. Simon Morris Gerovich as the Chief Executive Officer and Managing Director; and
- Mr. Mark Michael Reinecke as Chief Investment Officer.

There was a reduction in the Company's ownership percentage in Sweetstar Holdings Limited from 19.3% to 18% due to the transfer of shares from Evolution Advisors Limited to a third party.

Sep 2012 Mr. Arthur Hugh Napolitano resigned from his position as a director. Mr. Amorn Srichawla was then appointed by the Board of Directors' Meeting No. 4/2012 to be a director in replacement of Mr. Arthur Hugh Napolitano.

Nov 2012 The Board of Directors' Meeting No. 6/2012 held on 13 November 2012 approved the appointment of Mr. Simon Morris Gerovich as the Vice Chairman of the Board of the Directors, and the appointment of new members of Executive Committee as follows:

- Mr. Krit Srichawla (as the Chairman of the Executive Committee);
- Mr. Amorn Srichawla;
- Mr. Sanjay Singh;
- Mr. Simon Morris Gerovich;
- Mr. Mark Michael Reinecke; and
- Ms. Pattama Joednapa.

The Extraordinary General Meeting of Shareholders No. 1/2012 held on 16 November 2012, approved (i) the acquisition and acceptance of shares in Casa Fico Co., Ltd. and Fena Park Co., Ltd. from Mr. Krit Srichawla, Mr. Amorn Srichawla, Mr. Theprit Srichawla, and Mr. Akradej Srichawla (collectively referred to as **Srichawla Group**); and (ii) the transfer of the entire business (**EBT**) from Fico Foods Co., Ltd., for which the Company agreed to pay the sellers total consideration of THB 724,687,500, part of which was by way of an

issuance of 353,000,000 new ordinary shares with a par value of THB 1.00 each at an issue price of THB 1.75 per share for an aggregate amount of THB 617,750,000.

Details of holdings acquired by the Company through this transaction are as follows:

- (1) 14,250,000 shares, with a par value of THB 10.00 each, in Casa Fico Co., Ltd. held by Srichawla Group, which are equal to 50.00% of its registered capital. This resulted in an increase in the Company's ownership percentage in Casa Fico Co., Ltd from 42.5% to 92.5% (42.5% was already owned through Evolution Land Co., Ltd., the Company's wholly owned subsidiary).
- (2) 5,000,000 shares, with a par value of THB 10.00 each, in Fena Park Co., Ltd. held by Srichawla Group, which are equal to 50.00 % of its registered capital. This resulted in an increase in the Company's ownership percentage in Fena Park Co., Ltd from 42.5% to 92.5% (42.5% was already owned through Evolution Land Co., Ltd., the Company's wholly owned subsidiary).
- (3) 10,000 shares, with a par value of THB 100.00 each, in Fenix Pizza Co., Ltd. held by Fico Foods Co., Ltd., which are equal to 100.00% of its registered capital.
- (4) 16,000 shares, with a par value of THB 100.00 each, in Fico Coffee Co., Ltd. held by Fico Foods Co., Ltd., which are equal to 80.00% of its registered capital.
- (5) 34,000 shares, with a par value of THB 100.00 each, in Fenix Iron Fairies Co., Ltd. held by Fico Foods Co., Ltd., which are equal to 85.00% of its registered capital.

The Extraordinary General Meeting of Shareholders resolved to approve the Company's offering of up to 261,750,000 rights offering shares and 261,750,000 warrants (E-W2) at an offering price of THB 1.00 and THB 0.01 each, respectively, to existing shareholders in proportion to their current shareholding. It was also resolved that the Company's registered capital increase from the existing registered capital of THB 1,041,000,000 to the new registered capital of THB 1,956,500,000, by an issue of 915,500,000 new ordinary shares with a par value of THB 1.00 each.

The allocation of newly issued shares from the capital increase was as follows: (i) 353,000,000 new ordinary shares allocated on a private placement basis to Srichawla Group and Fico Foods Co., Ltd. as a part of consideration for the acquisition of shares and the entire business transfer; (ii) 261,750,000 new ordinary shares offered to existing shareholders on a proportional basis (rights offering); (iii) 261,750,000 new ordinary shares reserved for the exercise of E-W2 warrants; and (iv) 39,000,000 new ordinary shares reserved for an adjustment of the exercise price and exercise ratio of E-W1 warrants.

5.3 Business Overview

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

After the sale of the major shareholders' stake to a group of new investors in May 2007, the new management team created an integrated property platform unique to Thailand. The Company was positioned to provide advisory services and invest directly in real estate projects with an emphasis on, but not limited to, the hospitality and residential sectors. With new businesses, the Company's revenue structure would be enhanced and diversified. The existing resources would be fully utilised. The new management team and executive Directors brought in by the new shareholders possessed a broad range of experience in the real estate and hospitality sectors and an optimal combination of disciplines. However, with negative effects from global financial crisis and Thailand's continuous political unrest, the business did not go as planned. The hospitality sector was one of the most affected. Therefore, investments were halted. With management's existing expertise and experience, the Company diverted its efforts to private equity investments, direct investment, and advisory services, focusing on small projects that were scalable and had high growth potential.

One of the Company's successful investments is co-founding and investing in Red Planet Hotels Limited which holds franchise rights from Tune Hotels.com for developing and operating budget hotels under the Tune Hotels brand in 5 countries, namely Thailand, the Philippines, Indonesia, Bangladesh, and China. Red Planet Hotels later bought 16.05% shares in its franchisor, Tune Hotels.com.

The EBT of Fico Foods is a strategic shift to rapidly bring the Company into the food and beverage retail industry, which is another business with high growth potential, especially restaurant chains with recognised brands around the globe like Domino's Pizza (www.dominos.com) and The Coffee Bean & Tea Leaf (www.coffeebean.com). The Company expects that the new business will grow steadily and add value to the Company.

6. Nature of Business

6.1 Property Services

6.1.1 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.

6.1.2 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.

6.2 Media Services

6.2.1 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.

6.2.2 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.

6.3 Private Equity Services

6.3.1 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.

6.3.2 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.

6.4 Direct Investments

One of the strategies for business expansion is to make direct investments in businesses which 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**), Solaris Asset Management Company Limited (**Solaris**), and PhotoMe.com Limited (**PhotoMe**). RPHL develops budget hotels under the Tune Hotels.com brand in five countries namely Thailand, the Philippines, Indonesia, China, and Bangladesh, and also owns a direct 16.05% stake in its franchisor, Tune Hotels. Currently the Company owns 18.9% of RPHL. Solaris is a fully licensed asset management company under the Thai Securities and Exchange Commission (SEC). The Company currently owns 25% of Solaris. 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.

6.5 Food & Beverage Retail

Food and beverage retail is the Company's new business as a result of the EBT of Fico Foods. The EBT process enabled the Company to take not only the exclusive franchises of Domino's

Pizza and The Coffee Bean & Tea Leaf, but also qualified human resources with significant food and beverage retail experience.

The food businesses transferred to the Company includes Domino's Pizza, which the Company will operate under an exclusive franchise for Thailand. Domino's Pizza is the leading pizza brand in the United States of America and other countries including India, Singapore, Malaysia, China, Japan, and South Korea. Pizza has been highly popular in Thailand. However, there are only a few large pizza restaurant operators. With Domino's Pizza's reputation and standards on a global level, Domino's Pizza will be able to penetrate the Thailand market and gain customers' acceptance quickly. It is natural that consumers always like to have new choice when it comes to food, especially in the social media era. Please see additional information of Domino's Pizza at www.dominos.com.

In addition, the Company also holds the exclusive franchise from The Coffee Bean & Tea Leaf for Thailand. The Coffee Bean & Tea Leaf has been in operation for 50 years, serving coffee, tea, bakery items, and food. Its origin was in California. Currently, there are The Coffee Bean & Tea Leaf stores in more than 20 countries including in Malaysia, South Korea, Singapore, and Indonesia. In modern days, the coffee culture has evolved significantly. Consumers are more sophisticated and have better knowledge about coffee and tea. With its long history, innovative drinks, and consistent good taste of coffee and tea as well as attractive store design, The Coffee Bean & Tea Leaf will become one of the leading coffee chains in Thailand in a short period of time. Please see additional information of The Coffee Bean & Tea Leaf at www.coffeebean.com.

Besides franchised food and beverage retail through Domino's Pizza and The Coffee Bean & Tea Leaf, the Company also, through the EBT, acquired several prominent stand-alone restaurants. These are restaurants which are uniquely conceptualised in terms of restaurant designs, food menu, and other unique features that attract customers. Currently, there are five operational restaurants. All of them are located in the Thonglor area, which is very popular as one of the best locations for hip restaurants. All existing restaurants are located in high footfall locations. All of them are tremendously popular. The Company has plans to open more restaurants. However, it will be on very selective basis with emphasis on highly visible locations.

The Company will continue to look for high potential food and beverage retail franchises to add to its portfolio. The process will be very cautious with emphasis on internationally recognised franchisors.

7. Capital Structure

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

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

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

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

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

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

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

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

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

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

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

In 2012, the Company acquired shares in Casa Fico Co., Ltd. and Fena Park Co., Ltd. from Srichawla Group, as well as accepted the entire business transfer from Fico Food Co., Ltd., for which the Company agreed to pay a part of consideration in the form of new ordinary shares.

Accordingly, the Board of Directors on 13 November 2012 called for an EGM to consider and approve a capital increase, the allotment of new ordinary shares, and the issuance and offering of warrants to existing shareholders.

The resolutions of the Extraordinary General Meeting of Shareholders No. 1/2012 held on 16 November 2012 approved an increase in the Company's registered capital by THB 915,500,000 through an issuance of 915,500,000 new ordinary shares, resulting in an increase from the existing registered capital of THB 1,041,000,000 to THB 1,956,500,000 divided into 1,956,500,000 ordinary shares with a par value of THB 1 each; and the issuance of up to 261,750,000 warrants (E-W2) to existing shareholders at an offering price of THB 0.01 each, having a subscription ratio of 4 ordinary shares to 1 warrant.

The Shareholders' Meeting approved that (i) 353,000,000 new ordinary shares be allocated on a private placement basis as a part of consideration for the acquisition of certain company shareholdings and the entire business transfer of Fico Foods Co., Ltd. ; (ii) 261,750,000 new ordinary shares be offered to existing shareholders on a proportional basis (rights offering); (iii) 261,750,000 new ordinary shares be reserved for the exercise of E-W2 warrants; and (iv) 39,000,000 new ordinary shares be reserved for the adjustment of exercise price and exercise ratio of E-W1 warrants. It was also resolved that the existing shareholders subscribing to the rights offering shares must also subscribe for E-W2 warrant at the same time and in the same amount.

On 26 November 2012, 353,000,000 new ordinary shares were allotted with a par value of THB 1.00 each, at an issue price of THB 1.75 per share, 113,000,000 shares of which were allotted to Srichawla Group in consideration for the shares in Casa Fico Co., Ltd. and Fena Park Co., Ltd., and 240,000,000 of which were allotted to Fico Food Co., Ltd. in consideration for the entire business transfer. This resulted in an increase in the Company's paid-up share capital from THB 694,000,000 shares to THB 1,047,000,000.

In early December 2012, the Executive Committee of the Company determined that the subscription period for the rights offering shares and E-W2 warrants be 9-10 January and 12-13 January 2013.

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.	8/08/2007	40,931,510	368,383,500	409,315,100	391,366,118	<p><u>Allocation</u> Offered to existing shareholders</p> <p><u>Objectives</u> 1) Support and expand the Company's existing business. 2) Business expansion into a well - defined media placement and advisory services, sales and marketing and investment into a branded hotel project in Samui, Surathani Province 3) For use as the Company's working capital</p>
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><u>Allocation</u> Offered to private placement investors and/or institutional investors</p> <p><u>Objectives</u> 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><u>Allocation</u> Offered to private placement investors and/or institutional investors</p> <p><u>Objectives</u> For use as the Company's additional working capital and future investments.</p>
7.	22/04/2010	694,000,000	85,800,000	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"> 1) Thai NVDR Co., Ltd. 60,600,000 shares 2) Mr. Charles Merimee 3,200,000 shares 3) Mr. Suparat Sribhadung 18,000,000 shares 4) Mr. Ryan Fattore 3,000,000 shares 5) Ms. Kittiya Tunmanont 1,000,000 shares
8.	13/07/2010	694,000,000	21,000,000	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"> 1) TP Thailand Opportunity Fund

						<p>L.P. 14,800,000 shares</p> <p>2) Mr. Kirt Srichawala 5,000,000 shares</p> <p>3) Mr. Radab Kanhawanit 1,200,000 shares</p>
9.	01/11/2010	694,000,000	65,833,882	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> <p>1) Mr. Akeyuth Anchanbutr 30,000,000 shares</p> <p>2) Mr. Phaithoon Techadanai 20,000,000 shares</p> <p>3) Ms. Thanyavan Jarumon 15,833,882 shares</p>
10.	30/11/2010	694,000,000	347,000,000	1,041,000,000	694,000,000	<p><u>Allocation</u> Allot not more than 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><u>Objectives</u> For use as the Company's working capital and future investments</p>

11.	20/11/2012	1,041,000,000	915,500,000	1,956,500,000	694,000,000	<p><u>Allocation</u></p> <ul style="list-style-type: none"> i) 353,000,000 shares allocated on a private placement basis ii) 261,750,000 shares offered to existing shareholders iii) 261,750,000 shares reserved for the exercise of E-W2 iv) 39,000,000 shares reserved for the adjustment of exercise price and exercise ratio of E-W1 <p><u>Objectives</u></p> <ul style="list-style-type: none"> i) To be consideration for the acquisition of shares and entire business transfer ii) To use as working capital for newly acquired food business
12.	26/11/2012	1,956,500,000	353,000,000	1,956,500,000	1,047,000,000	353,000,000 shares allotted to Srichawla Group and Fico Food Co., Ltd.

8. Shareholders

Top 10 Shareholders as of 7 December 2012

No.	Shareholder	No. of Shares	% of Holding
1.	Srichawla Group*	323,072,000	30.86%
2.	Goldman Sachs International	107,000,000	10.22%
3.	MGP Hazel (Mauritius) No. 1 Limited	106,708,400	10.19%
4.	Thai NVDR Company Limited	48,378,037	4.62%
5.	Simon Morris Gerovich	39,549,900	3.78%
6.	Banque Morval Et Cie S.A.	39,309,700	3.75%
7.	Kessuda Tispak	31,688,300	3.03%
8.	Vichal Kaydia	22,665,000	2.16%
9.	Colin Carl Baker	18,625,900	1.78%
10.	Goldman Sachs & Co.	14,690,600	1.40%

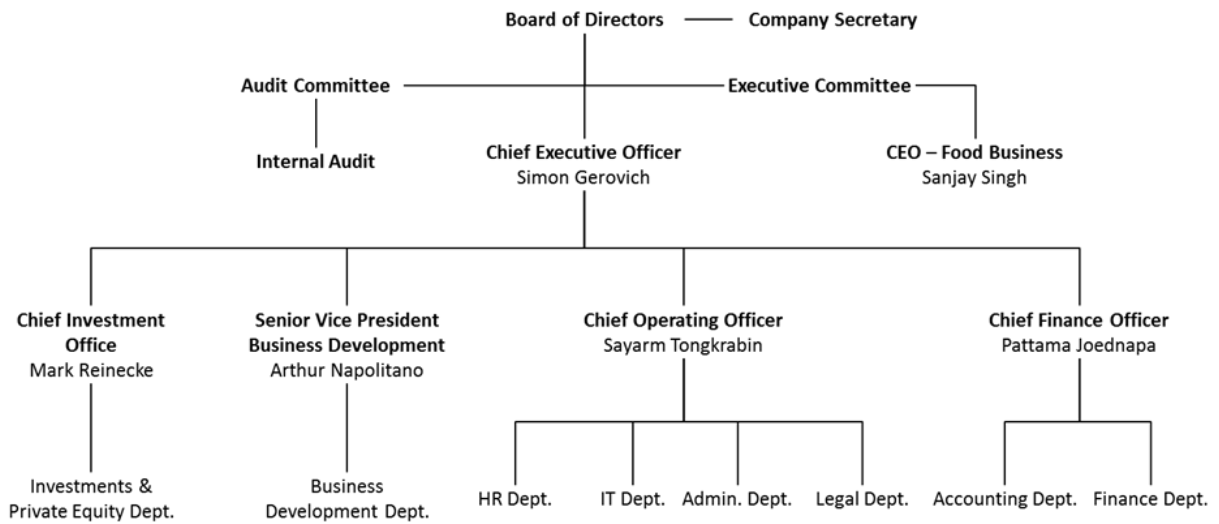
*Srichawla Group comprises;

No.	Shareholder	No. of Shares	% of Holding
1	Krit Srichawla	88,322,000	8.44%
2	Amorn Srichawla	88,250,000	8.43%
3	Akradej Srichawla	73,250,000	7.00%
4	Theprit Srichawla	73,250,000	7.00%

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.

9. Management Structure (as of 31 December 2012)



10. Board of Directors

As of 31 December 2012, the Board of Directors consists of 9 Directors.

1	Mr. Krit Srichawla	Chairman of the Board of Directors
2	Mr. Simon Morris Greovich	Chief Executive Officer/Managing Director
3	Mr. Mark Michael Reinecke	Chief Investment Officer/Executive Director
4	Mr. Amorn Srichawla	Director
5	Mr. Hugh Andrew	Director
6	Mr. Sanjay Singh	Executive Director
7	Mr. Witit Sujjapong	Independent Director and Chairman of Audit Committee
8	Mr. Krish Detter	Independent Director and Audit Committee member
9	Mr. Viroj Tangjetanaporn	Independent Director and Audit Committee member

The authorised Directors are Simon Morris Gerovich and Mark Michael Reinecke. The authorised signatories of the Directors on behalf of the Company are Simon Morris Gerovich to sign jointly with Mark Michael Reinecke and affix the Company's seal.

Mr. Sayarm Tongkrabin 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 on-going 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 on-going 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 2012, the Board held 6 meetings. The attendance information for each Director is as follows:

No.	Name	No. of meetings attended / total no. of meetings
1.	Mr. Krit Srichawla	0/3
2.	Mr. Simon Morris Gerovich	6/6
3.	Mr. Mark Michael Reinecke	5/6
4.	Mr. Amorn Srichawla	0/2
5.	Mr. Hugh Andrew	0/3
6	Mr. Sanjay Singh	3/3
7.	Mr. Witit Sujjapong	6/6
8.	Mr. Krish Detter	6/6
9.	Mr. Viroj Tangjetanaporn	3/3
10.	Pol.Gen. Viroj Phaholvech	1/2
11.	Mr. Christiaan Brett Straatemeier	1/2
12.	Mr. Arthur Hugh Napolitano	4/4
13.	Mr. Chaipatr Srivisarvacha	1/2

Remarks:

- Mr. Krit Srichawla was appointed as the Chairman of the Board of Directors on 14 August 2012
- Mr. Amorn Srichawla was appointed as a Director on 13 September 2012
- Mr. Hugh Andrew was appointed as a Director on 14 August 2012
- Mr. Sanjay Singh was appointed as a Director on 14 August 2012
- Mr. Viroj Tangjetanaporn was appointed as an Independent Director and Audit Committee member on 14 August 2012
- Pol. Gen. Viroj Phaholvech resigned from his position as an Independent Director and Audit Committee member on 14 August 2012
- Mr. Christiaan Brett Straatemeier resigned from his position as a Director on 14 August 2012
- Mr. Arthur Hugh Napolitano resigned from his position as a Director on 13 September 2012
- Mr. Chaipatr Srivisarvacha resigned from his position as an Independent Director on 14 August 2012

Audit Committee

The Company has three independent Audit Committee members who are responsible for monitoring its operations. As of 31 December 2012, the Audit Committee consists of Witit Sujjapong, Krish Detter, and Mr. Viroj Tangjetanaporn.

1. Mr. Witit Sujjapong Independent Director & Chairman of Audit Committee
2. Mr. Krish Detter Independent Director & Audit Committee member
3. Mr. Viroj Tangjetanaporn 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 2012, the Company's Management consisted of the following persons:

- | | | |
|----|----------------------------|--|
| 1. | Mr. Simon Morris Gerovich | Chief Executive Officer |
| 2. | Mr. Mark Michael Reinecke | Chief Investment Officer |
| 3. | Mr. Sayarm Tongkrabin | Chief Operating Officer |
| 4. | Ms. Pattama Joednapa | Chief Finance Officer |
| 5. | Mr. Sanjay Singh | Chief Executive Officer – Food Businesses |
| 6. | Mr. Arthur Hugh Napolitano | Senior Vice President - Business Development |

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 develop and maintain all the Company's third party relationships in the direction of the corporate strategy, business unit strategies and corporate policy.
7. 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.
8. 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 Fee and Retainer	5	1.63
Directors and Officers Liability and Corporate Reimbursement Insurance	5	0.22

Details of remuneration of Company Directors in 2012 are as follows:

(Unit:

THB)

No.	NAME	Meeting Fee and Retainer
1.	Mr. Krit Srichawla	-
2.	Mr. Simon Morris Gerovich	-
3.	Mr. Mark Michael Reinecke	-
4.	Mr. Amorn Srichawla	-
5.	Mr. Hugh Andrew	-
6.	Mr. Sanjay Singh	-
7.	Mr. Witit Sujjapong	600,000.00
8.	Mr. Krish Detter	437,500.00
9.	Mr. Viroj Tangjetanaporn	175,833.33
10.	Pol.Gen. Viroj Phaholvech	200,000.00
11.	Mr. Christiaan Brett Straatemeier	-
12.	Mr. Arthur Hugh Napolitano	-
13.	Mr. Chaipatr Srivisarvacha	220,000.00
Total		1,633,333.33

Management

(Unit: THB m)

Remuneration Type	2012	
	Persons	Amount
Salary	5	14.94
Other welfare, such as social security fund, provident fund	5	1.23
Health insurance, rental allowances, traveling allowances	5	0.83
Total	5	17.00

Employees

As of 31 December 2012, the Company (not including subsidiaries and associates) has 27 employees excluding 5 Management who are divided into 2 major departments, as below:

Department	No. of Employees
Investments	3
Finance and Accounting	7
Corporate Services	17
Total	27

Remuneration of employees

(Unit: THB m)

Remuneration Type	2012*	
	Persons	Amount
Salary	27	23.11
Other welfare, such as social security fund, provident fund	27	1.23
Health insurance, rental allowances, traveling allowances	27	1.51
Total	27	25.85

*as of 31 December 2012

11. Good Corporate Governance

Corporate Governance Policy

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

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

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

1. Rights of Shareholders

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

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

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

A Shareholders' Meeting is organised once a year. However, in the case of an urgent matter, 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 2012, 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. 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 2012, the Company held two meetings of shareholders – 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.

The Compensation Committee, comprising three members, was appointed to consider and determine senior Management and the Board of Directors' compensation, including the consideration of any share incentive programmes.

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 non-executive Independent 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 Mr. Sayarm Tongkrabin, 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.

12. Connected Transactions

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 2012, the Company acquired assets and entered into connected transactions by 1) acquiring 14,250,000 shares with a par value of THB 10.00 each in Casa Fico Co., Ltd., which are equal to 50.00% of its registered capital from Mr. Krit Srichawla, Mr. Amorn Srichawla, Mr. Theprit Srichawla, and Mr. Akraej Srichawla ("**Srichawla Group**"), (2) acquiring 5,000,000 shares with a par value of THB 10.00 each in Fena Park Co., Ltd., which are equal to 50.00 % of its registered capital from Srichawla Group, and (3) the transfer of entire business (Entire Business Transfer) consisted of Fenix Pizza Co., Ltd., Fico Coffee Co., Ltd. and Fenix Iron Fairies Co., Ltd. from Fico Food Co., Ltd. The consideration for those acquisitions in the amount of THB 724,687,500 was paid in the form of new ordinary shares from the capital increase of the Company, Promissory Note and cash which are considered as an acquisition of business.

Such transaction is considered as a connected transaction according to the Notification of the Capital Market Supervisory Board No. Tor Jor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction B.E. 2546 (2003) (the Connected Transaction Notification), which was approved by the Extraordinary General Meeting of Shareholder No. 1/2012 on 16 November 2012.

The other related party transactions have followed the commercial conditions and standard mutually agreed by the Company and the persons or those related businesses, which are normal business transactions. Details are as in table below.

Related transactions between the Company and its subsidiaries and related person or juristic person for the year ended 31 December 2010, 2011 and 2012 and the balance as at 31 December 2010, 2011 and 2012.

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
Red Planet Hotels (Thailand) Limited Relationship: An associate which held the share by the subsidiary, Evolution Land Co., Ltd., at 50.9% interest.	Sales of equipment	-	3.21	-	The trading price was reasonable and comparable to the market price and close to the other transaction with non-related party	Red Planet purchased from the Company fixed assets e.g. office equipment, furniture and computer for using in its business operations.
	Creative media service income	-	1.80	2.00	The service fee was reasonable and comparable to the market price	The service was provided by the subsidiary, Monster Media. Due to the fact that the subsidiary had capable personnel and able to provide service at the comparable rate to the external service provider.
	IT management income	-	6.81	1.66	The service fee was reasonable and comparable to the market price	The service was provided by the subsidiary, Monster Media. Due to the fact that the subsidiary had capable personnel and able to provide service at the comparable rate to the external service provider.
	Consulting service income	1.64	-	-	The service fee was reasonable and comparable to the market price	Red Planet does not has its own personnel resources work in develop of the hotel project. The Company had capable personnel

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
						and able to provide service at the comparable rate to the external service provider.
	Management income	-	0.87	2.78	The service fee was reasonable and comparable to the market price	The Group had capable personnel and able to provide service at the comparable rate to the external service provider.
	Debt guarantee service income	-	0.02	1.84	Service fee at the rate of 3% per annum calculated from outstanding loan balance which was reasonable and comparable to the market.	The Company provided debt guarantee to Red Planet which was followed the normal business transaction in entered into credit facility between an associate and the financial institution.
	Accrued income	-	2.64	-	An accrual income for the income recognized in the period but not yet billing at the end of accounting period	
	Amount due from and advance to related companies	0.19	-	1.01	Representing amount for trading of services was not due as of the end of accounting period which was followed the normal business.	
Red Planet Hotels Two	Debt guarantee	-	-	0.42	Service fee at the rate of 3%	The Company provided debt guarantee

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
(Thailand) Limited Relationship: An associate which held the share by the subsidiary, Evolution Land Co., Ltd., at 51% interest.	service income				per annum calculated from outstanding loan balance which was reasonable and comparable to the market.	to Red Planet which was followed the normal business transaction in entered into credit facility between an associate and the financial institution.
	Amount due from and advance to related companies	-	-	0.45	Representing amount for trading of services was not due as of the end of accounting period which was followed the normal business.	
Red Planet Hotels Three (Thailand) Limited Relationship: An associate which held the share by the subsidiary, Evolution Land Co., Ltd., at 51% interest.	Debt guarantee service income	-	-	1.41	Service fee at the rate of 3% per annum calculated from outstanding loan balance which was reasonable and comparable to the market.	The Company provided debt guarantee to Red Planet which was followed the normal business transaction in entered into credit facility between an associate and the financial institution.
	Amount due from and advance to related companies	-	-	0.47	Representing amount for trading of services was not due as of the end of accounting period which was followed the normal business.	
Red Planet Hotels Four (Thailand) Limited	Debt guarantee service income	-	-	0.03	Service fee at the rate of 3% per annum calculated from	The Company provided debt guarantee to Red Planet which was followed the

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
Relationship: An associate which held the share by the subsidiary, Evolution Land Co., Ltd., at 51% interest.					outstanding loan balance which was reasonable and comparable to the market.	normal business transaction in entered into credit facility between an associate and the financial institution.
	Amount due from and advance to related companies	-	-	0.03	Representing amount for trading of services was not due as of the end of accounting period which was followed the normal business.	
Red Planet Hotels Limited Relationship: An associate, which held the share by the subsidiary, Evolution Advisors Limited at the end of 2012 15.9% (at the end of 2011: 23.1%, 2010: 35%)	Management income	34.57	53.85	21.21	The service fee was reasonable and comparable to the market price	The Group had capable personnel and able to provide service at the comparable rate to the external service provider.
	Facility services income	8.22	11.72	2.49	The rental and service fees were reasonable and close to the market rate.	In 2011, Red Planet does not has its own office space in Thailand. Therefore, Red Planet shared office space and relating facilities with the Company.
	Accrued income	2.59	5.55	0.40	An accrual income for the income recognized in the period but not yet billing at the end of accounting period	
	Loan from related	-	14.05	16.69	The loan facility with an associate	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
	company and interest payable				through a line of credit of Baht 30 million, bearing interest at 1% per annum for the purpose of working capital.	
Red Planet Hotels Philippines Corporation Relationship: A subsidiary of Red Planet Hotels Limited	Consulting service income	3.52	-	-	The service fee was reasonable and comparable to the market price	The Company had capable personnel and able to provide service at the comparable rate to the external service provider.
	Accrued income	3.52	-	-	An accrual income for the income recognized in the period but not yet billing at the end of accounting period	
	Trade account receivable	-	0.05	-	Representing receivable for trading of services was not due at the end of accounting period which was followed the normal business.	
IQdeals.com (Thailand) Limited Relationship: A joint venture of Red Planet Hotels Limited	Creative media service income	-	-	0.40	The service fee was reasonable and comparable to the market price	The service was provided by the subsidiary, Monster Media. Due to the fact that the subsidiary had capable personnel and able to

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
						provide service at the comparable rate to the external service provider.
	Accrued income	-	-	0.40	An accrual income for the income recognized in the period but not yet billing at the end of accounting period	
Andaman Beach Residences Co., Ltd. Relationship: An associate which held the share by the subsidiary, Evolution Land Co., Ltd., at 51% interest.	Consulting service income	1.20	3.55	-	The service fee was reasonable and comparable to the market price	The Company had capable personnel and able to provide service at the comparable rate to the external service provider.
	Management income	0.87	0.87	0.56	Representing accounting and tax services which charged reasonable fee and comparable to the market price.	The Company had capable personnel and able to provide service at the comparable rate to the external service provider.
	Accrued income	0.16	0.15	0.07	An accrual income for the income recognized in the period but not yet billing at the end of accounting period.	
	Amount due from	0.06	0.06	0.05	Representing amount for trading	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
	related companies				of accounting services was not due as of the end of period which was followed the normal business.	
Phang Nga Hotel Co., Ltd. Relationship: An associate which held the share by the subsidiary, Evolution Land Co., Ltd., at 51% interest.	Consulting service income	1.2	3.55	-	The service fee was reasonable and comparable to the market price	The Company had capable personnel and able to provide service at the comparable rate to the external service provider.
	Management income	0.87	0.87	0.56	Representing accounting and tax services which charged reasonable fee and comparable to the market price.	The Company had capable personnel and able to provide service at the comparable rate to the external service provider.
	Accrued income	0.15	0.15	0.07	An accrual income for the income recognized in the period but not yet billing at the end of accounting period	
	Amount due from related companies	0.06	0.06	0.05	Representing receivable for trading of services was not due at the end of accounting period which was followed the normal business.	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
<p>Casa Fico Co., Ltd.</p> <p>Relationship: 2012: the subsidiary which the Group held 92.5% interest since 26 November 2012</p> <p>2011: An associate which held share by the subsidiary, Evolution Land Co., Ltd. at 47.5% interest</p>	Consulting service income	1.05	-	-	The service fee was reasonable and comparable to the market price	The Company had capable personnel and able to provide service at the comparable rate to the external service provider.
	Interest income	0.88	1.23	1.14	Representing interest income arising from loans provided to the associate at the interest rate 12.5% per annum.	Casa Fico required source of fund for using as working capital. The major two shareholders of Fena Park agreed to provide the loan equally and charge interest from such loans.
	Loans to related companies and interest receivable	10.94	12.28	-	Representing loan and interest receivable arising from the loans provided by Evolution Land (the lender) to Casa Fico (the borrower). The loan is eliminated since Casa Fico became to the subsidiary of the Group since 26 November 2012.	
<p>Fena Park Co., Ltd.</p> <p>Relationship: 2012: the subsidiary which the Group held 92.5% interest</p>	Consulting service income	0.45	-	-	The service fee was reasonable and comparable to the market price	The Company had capable personnel and able to provide service at the comparable rate to the external service provider.

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
since 26 November 2012 2011: An associate which held share by the subsidiary, Evolution Land Co., Ltd. at 47.5% interest	Interest income	1.33	1.79	1.94	Representing interest income arising from loans provided to the associate at the interest rate 12.5% per annum.	Fena Park required source of fund for using as working capital. The major two shareholders of Fena Park agreed to provide the loan equally and charge interest from such loans.
	Loans to related companies and interest receivable	14.68	19.36	-	Representing loan and interest receivable arising from the loans provided by Evolution Land (the lender) to Fena Park (the borrower). The loan is eliminated since Casa Fico became to the subsidiary of the Group since 26 November 2012.	
Fena Property Co., Ltd. Relationship: Related company with common director (the relationship commencing from 26 November 2012)	Rental fee	-	-	0.51	The rental fee was reasonable and comparable to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Deposit for rental	-	-	1.52	The deposit for rental was due by the normal course of business and was comparable to the market	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
					price.	
	Trade payable	-	-	0.32	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business.	
Fico Corporation Co., Ltd. Relationship: Related company with common director (the relationship commencing from 26 November 2012)	Trade payable	-	-	7.90	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business.	
B&G Park Co., Ltd. Relationship: Related company with common director (the relationship commencing from 26 November 2012)	Rental fee	-	-	0.15	The rental fee was reasonable and comparable to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
Fico Housing Co., Ltd. Relationship: Related company with common director (the relationship commencing from 26 November 2012)	Rental fee	-	-	0.06	The rental fee was reasonable and comparable to the market price.	The lease payment for office space was normal business transaction and was reasonable.
	Trade payable	-	-	0.02	Representing payable for purchase of services was not due at the end of accounting period which	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
					was followed the normal business.	
Fenacon Co., Ltd. Relationship: Related company with common director (the relationship commencing from 26 November 2012)	Purchase of leasehold improvement and equipment	-	-	4.58	The contract price was reasonable and comparable to the market price.	The payment for renovation area of the restaurant operations was normal business transaction and was reasonable.
	Trade payable	-	-	10.65	Representing payable for renovation area was not due at the end of accounting period which was followed the normal business.	
Fena Assets Co., Ltd. Relationship: Related company with common director (the relationship commencing from 26 November 2012)	Management fee	-	-	0.34	The service fee was reasonable and comparable to the market price.	Fena Assets had capable personnel and able to provide service at the comparable rate to the external service provider.
	Trade payable	-	-	0.12	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business.	
Fena Estate Co., Ltd. Relationship: Related company with common director	Purchase of goods	-	-	0.17	The transfer price was reasonable and comparable to the market price.	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
	Trade payable	-	-	0.15	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business.	
Fico Development Co., Ltd. Relationship: Related company with common director (the relationship commencing from 26 November 2012)	Purchase of goods	-	-	0.26	The transfer price was reasonable and comparable to the market price.	
	Trade payable	-	-	0.20	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business.	
Fenix Silom Co., Ltd. Relationship: A joint venture which held share by the subsidiary, Fenix Iron Fairies Co., Ltd. at 50% interest. (the relationship commencing from 26 November 2012)	Loan to joint venture	-	-	1.20	Representing short-term loan to Fenix Silom Baht 1.2 million, bearing interest at 4.5% per annum due for repayment on demand.	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
Mr. Krit Srichawla Relationship: a director of the Company (engaged on 23 August 2012)	Loan from director	-	-	4.27	Representing short-term borrowing from a director of principal Baht 4 million, bearing interest at 12% per annum, due for repayment on demand.	
PhotoME.com Co., Ltd. Relationship: A joint venture which held the share by the subsidiary, Monster Media Co., Ltd. at 51% interest.	Sales of equipment	-	1.61	-	The trading price was reasonable and comparable to the market price and close to the other transaction with non-related party.	PhotoME.com purchased fixed assets e.g. photobooth and relating hardware and equipment for using in its own business operation.
	Sales of intangible assets (computer software)	-	1.63	0.02	The trading price was reasonable and comparable to the market price and was similarly to the transaction with non-related party.	In 2011, PhotoME.com purchased software developed by Monster Media for using in its own business operation.
	Sublease office and facility services income	-	0.29	0.40	The rental and service fees were reasonable and close to the market rate.	PhotoME.com does not has its own office space. Therefore, the sublease of office space was charged by Monster Media.

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
	Outsource services fee	-	0.41	-	The service fee was reasonable and comparable to the market price.	Due to the fact that PhotoME.com shared some human resources to Monster Media's business operations.
	Equipment rent	-	0.28	-	The service fee was reasonable and comparable to the market price.	Monster Media received service fee from their customers, after equipment had been sold to PhotoME.com. Therefore, Monster Media needs to return the fee receipt on behalf in term of rental fee to PhotoME.com.
	Accrued income	-	-	0.40	An accrual income for the income recognized in the period but not yet billing at the end of accounting period	
	Amount due to related companies	-	0.03	0.48	Representing payable for purchasing of services was not due at end of accounting period which was followed the normal business.	
KT ZMICO Securities Co., Ltd. Relationship: Related company with	Sales of equipment	-	-	0.26	The trading price was reasonable and comparable to the market	KT ZMICO purchased from the Company fixed assets e.g. office equipment, furniture

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
one common director (relationship was ended at 6 August 2012)					price and close to the other transaction with non-related party	and computer for using in its business operations.
	Financial advisory service income	-	13.91	0.50	The service fee calculated based on performance of equity and derivative products which the Company provided advisory service to structure and develop such products.	The Company had capable personnel and able to provide service.
	Business guarantee deposit	25.00	36.86	-	As stipulated in the consultancy service agreement, the Company required to deposit and maintain at all time an amount Baht 25 million in a Business guarantee account, which will be further topped up to Baht 50 million throughout the of 2 years period. The consultancy agreement was terminated effective from 30 June 2012, all deposit balance in Business	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
					Guarantee Account is returned to the Company on 18 July 2012.	
	Accrued income	-	0.73	-	An accrual income for the income recognized in the period but not yet billing at the end of accounting period.	
Sparx Ventures Limited Relationship: Related company with one common director	Consulting service income	-	0.37	1.10	The service fee was reasonable and comparable to the market price.	The service was provided by the subsidiary, Evolution Advisors.
	Accrued income	-	0.37	1.44	An accrual income for the income recognized in the period but not yet billing at the end of accounting period.	
Sweetstar Holdings Limited Relationship: Related company with one common director	Consulting service income	-	-	0.98	The service fee was reasonable and comparable to the market price.	The service was provided by the subsidiary, Evolution Advisors.
	Management income	-	-	1.90	The service fee was reasonable and comparable to the market price.	The Group had capable personnel and able to provide service at the comparable rate to the external service provider.

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2010	2011	2012		
	Accrued income	-	-	2.88	An accrual income for the income recognized in the period but not yet billing at the end of accounting period.	
	Advance to related companies	-	-	0.38	Representing an advance payment which was followed the normal business.	
Zodio.com Limited Relationship: Related company with one common director	Website design and development service	-	3.05	13.13	The service fee was reasonable and comparable to the market price.	The service was provided by the subsidiary, Monster Media. Due to the fact that the subsidiary had capable personnel and able to provide service at the comparable rate to the external service provider.
	Trade receivable	-	1.00	-	Representing receivable for trading of services was not due at the end of accounting period which was followed the normal business.	
	Advance to related companies	-	0.04	0.06	Representing an advance payment which was followed the normal business.	

13. Financial Highlights

Financial Statement

Summary of Financial Position and Operation Results

Tables showing the balance sheet and profit-loss statement on 31 December 2012 and for the previous two years are shown below:

Statement of Financial Position	31 Dec 2010		31 Dec 2011		31 Dec 2012	
	Baht	%	Baht	%	Baht	%
Assets						
Current assets						
Cash and cash equivalents	133,388,259	14.9%	18,160,265	2.0%	30,275,031	1.9%
Trade and other receivables	10,422,971	1.2%	12,424,800	1.4%	32,702,454	2.1%
Investment in trading securities	27,368,900	3.0%	-	0.0%	-	0.0%
Short-term loans	25,619,389	2.9%	36,374,113	4.0%	5,777,576	0.4%
Other current assets	19,741,413	2.2%	29,683,113	3.3%	32,240,986	2.0%
Total current assets	216,540,932	24.1%	96,642,291	10.7%	100,996,047	6.4%
Non-current assets						
Business guarantee deposit	25,000,000	2.8%	36,863,007	4.1%	-	0.0%
Available-for-sales investments	10,071,000	1.1%	17,480,000	1.9%	-	0.0%
Investments in associates	394,626,771	43.9%	514,459,546	56.8%	415,557,702	26.4%
Interests in joint ventures	-	0.0%	4,268,772	0.5%	1,968,873	0.1%
Project development cost in progress	85,711,550	9.5%	79,286,550	8.7%	343,266,778	21.8%
Investment properties	59,403,868	6.6%	59,403,868	6.6%	59,403,868	3.8%
Leasehold improvements and equipment	18,430,267	2.1%	16,163,392	1.8%	72,930,510	4.6%
Goodwill	-	0.0%	-	0.0%	370,688,617	23.6%
Intangible assets	3,900,552	0.4%	2,406,623	0.3%	22,051,307	1.4%
Leasehold right of land	75,194,412	8.4%	72,446,109	8.0%	172,757,798	11.0%
Other non-current assets	9,338,875	1.0%	7,114,789	0.8%	13,925,532	0.9%
Total non-current assets	681,677,295	75.9%	809,892,656	89.3%	1,472,550,985	93.6%
Total assets	898,218,227	100.0%	906,534,947	100.0%	1,573,547,032	100.0%
Liabilities and shareholders' equity						
Current liabilities						
Trade and other payables	13,615,553	1.5%	10,575,067	1.2%	70,495,164	4.5%
Warrant subscription payable	39,001,395	4.3%	-	0.0%	-	0.0%
Current portion of loan from financial institution	56,400,000	6.3%	20,000,000	2.2%	20,000,000	1.3%
Short-term borrowings	6,353,256	0.7%	15,592,998	1.7%	7,563,566	0.5%
Assumed liabilities	-	0.0%	-	0.0%	6,000,000	0.4%
Other current liabilities	6,440,151	0.7%	3,113,913	0.3%	4,756,885	0.3%
Total current liabilities	121,810,355	13.6%	49,281,978	5.4%	108,815,615	6.9%
Non-current liabilities						
Long-term loan from financial institution	-	0.0%	65,000,000	7.2%	40,000,000	2.5%
Long-term borrowings	-	0.0%	-	0.0%	74,931,278	4.8%
Provision for employee benefit obligations	-	0.0%	2,701,151	0.3%	3,145,831	0.2%
Total non-current liabilities	-	0.0%	67,701,151	7.5%	118,077,109	7.5%
Total liabilities	121,810,355	13.6%	116,983,129	12.9%	226,892,724	14.4%
Shareholders' equity						
Issued and paid-up share capital	694,000,000	77.3%	694,000,000	76.6%	1,047,000,000	66.5%
Premium on ordinary shares	212,778,719	23.7%	212,778,719	23.5%	357,508,719	26.5%
Warrants	34,700,000	3.9%	34,700,000	3.8%	34,700,000	2.2%
Legal reserve	2,661,312	0.3%	2,661,312	0.3%	2,661,312	0.2%
Retained earnings - Unappropriated	(162,397,693)	-18.1%	(148,401,017)	-16.4%	(117,230,907)	-7.5%
Other components of equity	(5,334,466)	-0.6%	(6,187,196)	-0.7%	(3,694,688)	-0.2%
Non-controlling interests in subsidiaries	-	0.0%	-	0.0%	25,709,872	1.6%
Total shareholders' equity	776,407,872	86.4%	789,551,818	87.1%	1,346,654,308	85.6%
Total liabilities and shareholders' equity	898,218,227	100.0%	906,534,947	100.0%	1,573,547,032	100.0%

Statement of Comprehensive Income	31 Dec 2010		31 Dec 2011		31 Dec 2012	
	Baht	%	Baht	%	Baht	%
Revenue						
Revenue from sales	5,051,970	1.6%	913,000	0.4%	17,183,059	5.7%
Service income	16,347,908	5.1%	30,672,376	12.0%	38,605,112	12.9%
Advisory income	34,290,648	10.8%	52,112,983	20.4%	27,681,131	9.2%
Investment services income	195,124,660	61.4%	74,817,387	29.4%	98,562,656	32.9%
Management income	40,204,565	12.6%	60,433,006	23.7%	29,731,846	9.9%
Interest income	2,440,335	0.8%	3,430,611	1.3%	3,911,303	1.3%
Gain on acquisition of business	-	0.0%	-	0.0%	71,788,135	24.0%
Other income	24,425,414	7.7%	32,508,786	12.8%	11,925,607	4.0%
Total revenue	317,885,500	100.0%	254,888,149	100.0%	299,388,849	100.0%
Expenses						
Cost of sales	4,707,610	1.5%	475,278	0.2%	7,617,797	2.5%
Cost of services	12,934,556	4.1%	19,457,719	7.6%	26,967,855	9.0%
Cost of advisory	18,619,123	5.9%	15,780,433	6.2%	12,290,238	4.1%
Selling expenses	541,315	0.2%	130,830	0.1%	3,813,370	1.3%
Administrative expenses	142,296,629	44.8%	134,594,040	52.8%	145,919,846	48.7%
Share of loss from investments	51,714,773	16.3%	59,548,543	23.4%	65,071,230	21.7%
Total expenses	230,814,006	72.6%	229,986,843	90.2%	261,680,336	87.4%
Profit before interest and tax	87,071,494	27.4%	24,901,306	9.8%	37,708,513	12.6%
Financial costs	(1,296,068)	-0.4%	(5,718,797)	-2.2%	(6,471,935)	-2.2%
Income tax expense	-	0.0%	-	0.0%	(748,518)	-0.3%
Net profit for the year	85,775,426	27.0%	19,182,509	7.5%	30,488,060	10.2%
Profit (loss) attributable to:						
Owners of the parent	86,717,233	27.3%	19,182,509	7.5%	31,170,110	10.4%
Non-controlling interests	(941,807)	-0.3%	-	0.0%	(682,050)	-0.2%
Net profit for the year	85,775,426	27.0%	19,182,509	7.5%	30,488,060	10.2%

Financial ratios	2010	2011	2012
Current ratio (times)	1.8	2.0	0.9
Quick ratio (times)	1.4	0.6	0.6
Initial profit rate (%)	87.5%	83.7%	77.9%
Profit rate from operations (%)	27.4%	9.8%	12.6%
Net profit rate (%)	27.3%	7.5%	10.4%
Earnings per share (Baht per share)	0.14	0.03	0.04

Note:

- 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.
- As of 31 December 2006, the Company had 40.93 million common shares, par value THB 1.00 fully paid.
- 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.
- 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.
- 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.
- 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.
- In accordance with the Shareholder's Meeting resolution No. 1/2012, on 16 November 2012, the Company approved the allocation of 915.5 million new ordinary shares from the capital increase below:-
 - 353 million new ordinary shares by way of private placement
 - 261.75 million new ordinary shares by way of rights issue
 - 261.75 million new ordinary shares to be reserved for the exercise of Warrants (E-W2) by way of rights offering.
 - 39 million new ordinary shares to be reserved for the exercise of E-W1 warrants and the adjustment of rights.

The Company then had 1,956.5 million common shares registered (increase of registered capital by 915.5 million common shares), par value THB 1.00 per share, with issued and paid-up of 1,047 million common shares as of 31 December 2012.

14. Management Discussion and Analysis

Description and Analysis of Financial Position and Operating Results

Operating Performance Overview

2012 was a significant year for Evolution Capital PCL as the Company focussed on growing its budget hotel business, operated under the Tune Hotels brand, and also expanded its rapidly growing consumer-facing business by making a significant investment in the food & beverage sector by acquiring the Thailand franchise rights for Domino's Pizza and The Coffee Bean & Tea Leaf brands, in addition to several stand-alone popular restaurants in Bangkok. Through these acquisitions, the Company made a major strategic shift to enter the high-growth food & beverage retail sector.

The Company's net profit amounted to THB 31.2 million, an increase of THB 12 million, or 62.5% compared to 2011, which was mainly due to an increase of investment service income in relation to the Company's investment in Red Planet Hotels Limited, revenue from the new food & beverage businesses acquired in 4Q12, and a one-time gain on the acquisition of some businesses in the same quarter.

Operating Results Analysis

Total Revenues Breakdown

Description	2011		2012		Increase (decrease)	
	Thousand THB	% of total	Thousand THB	% of total	Thousand THB	% change
Revenue from sales	913	0.4%	17,183	5.7%	16,270	1782.0%
Service income	30,672	12.0%	38,605	12.9%	7,933	25.9%
Advisory income	52,113	20.4%	27,681	9.2%	(24,432)	(46.9%)
Investment service income	74,817	29.4%	98,563	32.9%	23,746	31.7%
Management income	60,433	23.7%	29,732	9.9%	(30,701)	(50.8%)
Gain on acquisition of business	-	0.0%	71,788	24.0%	71,788	100.0%
Realised gain on disposal in available-for-sales investment	345	0.1%	1,352	0.5%	1,008	292.5%
Interest income	3,431	1.3%	3,911	1.3%	480	14.0%
Other income*	32,165	12.6%	10,574	3.5%	(21,591)	(67.1%)
Total Revenue**	254,888	100.0%	299,389	100.0%	44,501	17.5%

* Realised gain on disposal of available-for-sales investment in 2011 has been reclassified from other income for year-on-year comparison purposes.

** Total Revenue comprises of revenue from sales and services and other revenues.

Revenue during 2012 increased THB44.5 million or 17.5% compared to 2011. Several factors contributed positively to this increase, including the addition of 36 days of food & beverage revenue from businesses acquired in the last quarter of 2012, as well as the following:

- Revenue from sales of food & beverage retail amounted to THB 16.2 million in 2012, representing revenue from i) five operational restaurants located in the Thonglor area, Iron Fairies, Fat Gut'Z, Mr. Jones' Orphanage, Fat'R Gut'Z, and Clouds, ii) six newly opened stores operating under the Coffee Bean & Tea Leaf brand, and iii) one newly opened

Domino's Pizza store, all of which the Company acquired by way of an entire business transfer on 26 November 2012.

- Within a wholly-owned subsidiary, Monster Media, revenue from the sale of multi-touch tables and touch-screens were THB 1 million in 2012, representing an increase of THB 0.1 million or 9% compared to 2011. Multi-touch tables and touch-screens were represented a significant proportion of interactive media solution equipment sold.
- Revenue from Services was THB 38.6 million in 2012, representing an increase of THB 7.9 million or 25.9% compared to 2011. The year-on year revenue increase was driven primarily by Monster Media increasing its number of interactive media solution services customers, as well as selling additional scopes of services for internet based information.
- Revenue from investment service income was THB 98.6 million in 2012, representing an increase of THB 23.5 million or 31.7% compared to 2011. The year-on-year growth in investment service income reflects additional capital raised by and for Red Planet Hotels Limited, through which the Company realised gains derived by comparing the book value of the investment to the latest issue and offer price of Red Planet Hotels Limited shares.
- Gain on acquisition of business was THB 71.8 million in 2012 as a result of measuring the fair value of land and leasehold rights of the Company's equity interest as resulting from the business combination in Casa Fico Co., Ltd and Fena Park Co., Ltd.

Partially offsetting the positive factors contributing to the overall increase in total revenue was a decrease in advisory mandate income and management income. Advisory mandate income consists of revenue from consulting services, financial advisor services, and loan origination services. The advisory service were THB 27.7 million in 2012, a decrease of THB 24.4 million or 46.9% compared to 2011. Declines in revenue of advisory service reflect the termination in June 2012 of a consultancy service agreement in relation to structuring and developing structured equity and derivative products. The decline in management income was driven by moving designated staff, which were previously allocated to Red Planet Hotels Limited and charged for on the basis of cost plus margin, to Red Planet itself in April 2012, which caused an end to the management between the Company and this associate company. The Company, therefore, recognised lower management income in 2012.

Revenue Breakdown by Segment

Among the Company's three main businesses, comprising Investment Services (including business, investment, and property development consulting services), Interactive Media Solutions (including internet based information services and VAS), and food & beverage retail, the last one reported the highest revenue compared on a per day of generated revenue basis.

Description	2011		2012		Increase (decrease)	
	Thousand THB	% of total	Thousand THB	% of total	Thousand THB	% change
Wireless value added, interactive media solution and internet based information services	31,585	19.9%	39,598	21.8%	8,013	25.4%
Business advisory, investment and property development consulting services	126,930	80.1%	126,244	69.4%	(686)	(0.5%)
Food & beverage retail	-	0.0%	16,190	8.9%	16,190	100.0%
Total revenue from sales and services	158,515	100.0%	182,032	100.0%	23,517	14.8%

A) Food & Beverage Retail

The Company acquired the food & beverage businesses from Fico Foods Company Limited on 26 November 2012. The Company consolidated revenue from sales for only 36 days of operations. Revenue from sales comprise of revenue from 5 stand-alone restaurant outlets in the Thonglor district of Bangkok, 6 Coffee Bean & Tea Leaf stores, and 1 Domino's Pizza store. Revenue from the 5 outlets in the Thonglor area was THB 13.1 million or 80.9% of total revenue from this division. Meanwhile, the Coffee Bean & Tea Leaf and Domino's Pizza stores were opened in late 4Q12 so revenue from these two channels were THB 3.1 million and THB 0.02 million (one day of operation only), respectively.

Total revenue from Food & beverage retail	From 27 Nov to 31 Dec 2012 Thousand THB	% of Total	No. of outlets
Fenix Iron Fairies	13,101	80.9%	5
Coffee Bean & Tea Leaf	3,067	18.9%	6
Domino's Pizza*	22	0.1%	1
Total	16,190	100%	12

* Domino's Pizza opened on 31 December 2012 - Revenue posted for one day of operation.

B) Business advisory, investment and property development services

In 2012 revenue was THB 126.2 million, a slight decrease of THB 0.7 million, or 0.5%, compared to 2011. The revenue decrease was arrived at by an increase of revenue from investment service income and a decrease of revenue from business & investment advisory service and property development consulting services.

Description	2011		2012		Increase (decrease)	
	Thousand THB	% of total	Thousand THB	% of total	Thousand THB	% change
Investment service income	74,817	58.9%	98,563	78.1%	23,746	31.7%
Business and investment advisory services	39,179	30.9%	17,994	14.3%	(21,185)	(54.1%)
Property development consulting services	12,934	10.2%	9,687	7.7%	(3,247)	(25.1%)
Total segmental revenues	126,930	100.0%	126,244	100.0%	(686)	(0.5%)

The Company recognised revenue from investment service income in regards to creating and developing an investment platform under Red Planet Hotels for the roll-out of budget hotels using the TuneHotels.com brand, as well as under Sweetstar Holdings for the roll-out of cupcake bakeries in Japan using the Magnolia Bakery brand, amounting to THB 98.6 million for the year 2012, an increase of THB 27.7 million, or 32%, compared to 2011. The revenue increase was derived from an increase in fund raising for Red Planet Hotels and Sweetstar Holdings with a high share premium.

The decrease of revenue from business and investment advisory service was mainly a result of the termination of a consultancy agreement for the structuring and development of derivative products due to low liquidity market conditions. The consultancy services fee was calculated based on each product's performance including a liability for negative performance (if any). The Company was required to deposit and maintain at all times an amount of Baht 25 million in a Business Guarantee Account with a commercial interest rate agreed, which would be further topped up to Baht 50 million throughout the consultancy agreement period. The Company decided to terminate the consultancy agreement and to encash the Business

Guarantee Account on 30 June 2012. Therefore, revenue from business & investment advisory services decreased to THB18 million, or by 54%, compared to 2011.

Revenue from property development consulting services decreased to THB 9.7 million, or by 25% compared to 2011, due to the continued suspension of a key client's development of a luxury resort project. This decline was offset, however, by revenue from property development consulting services to a customer in Dhaka, Bangladesh. In this regard, services have been rendered since 2011 for feasibility and modelling, leading to a 2nd phase spanning 11.5 months, throughout 2012, leading to project completion in December 2012.

C) Revenues from Wireless Valued Added and Interactive Solution Services

In 2012 revenue from this business channel was THB 39.6 million, an increase of THB 8 million or 25% compared to 2011. This was mainly due to increased revenue from interactive media solution services and internet based information services.

Description	2011		2012		Increase (decrease)	
	Thousand THB	% of total	Thousand THB	% of total	Thousand THB	% change
Wireless value added service	9,510	30.1%	9,231	23.3%	(279)	(2.9%)
Interactive media solution services	12,816	40.6%	16,679	42.1%	3,863	30.1%
Internet based information services	9,259	29.3%	13,688	34.6%	4,429	47.8%
Total segmental revenues	31,585	100.0%	39,598	100.0%	8,013	25.4%

The Company began providing wireless VAS since 2001 as a result of the Company's awareness of the continued increase in the popularity of wireless VAS, such as ringtones, text and graphic, and mobile phone game. However, revenue from wireless VAS has declined since 2009 due to high competition, a change in the revenue sharing model between the Company and mobile operators, as well as the spread of smartphones and data access - content can now be accessed online for free rather than at a premium through VAS. The Company, therefore, focused on channels which could maintain customer attraction through the provision of renewal and popular information, such as horoscope services, in order to maintain revenue levels. In 2012, revenue from wireless VAS was THB 9.2 million, a decrease of only THB 0.3 million, or 3%, from the previous year.

In 2012, the Company recognised revenue from interactive media solution services of THB 16.7 million, an increase of THB 3.9 million, or 30%. The interactive solutions business involves consultations and recommendations for web design, online brand building, and corporate image enhancement provided to the Company's clients. Revenue from this business comes from fees which are based on the Client's entire project expenses. The increasing revenue was mainly due to revenue from new clients and an increase in the number of projects rendered to old clients.

In 2012, the Company recognised revenue from internet based information services of THB 13.7 million, an increase of THB 4.4 million or 48% from the previous year, due to expanding scopes of service in providing application maintenance to existing clients.

Cost Breakdown by Segment

In 2012 the cost of sales and services amounted to THB 46.9 million, an increase of THB 11.2 million or 31.3% compared to 2011. The increased costs were due primarily to increases in costs of new business acquisition, the new food & beverage retail business, and additional costs of internet-based information services.

Description	2011		2012		Increase (decrease)	
	Thousand THB	% to segmental revenue	Thousand THB	% to segmental revenue	Thousand THB	% change
Wireless value added, interactive media solution and internet based information services	19,933	63.1%	27,659	69.8%	7,726	38.8%
Business advisory, investment and property development consulting services	15,780	12.4%	12,290	9.7%	(3,490)	-22.1%
Food & beverage retail	-	0.0%	6,927	42.8%	6,927	100.0%
Total cost of sales and services	35,713	22.5%	46,876	25.8%	11,163	31.3%

In 2012 the company recognised the cost of sales and services from wireless VAS, interactive solutions and internet base information services of THB 27.7 million, an increase of THB 7.7 million or 38.8% compared to 2011. The increase in cost was due to expanding the scope of services provided to existing clients which required additional human resources. Meanwhile the cost of services for Business Advisory, Investment and Property Development Consulting Services fell to THB 12.3 million or 9.7% as a result of a reduction of professional services costs related to the project.

With the new business acquired in late Q4 2012, the cost of sales in the food & beverage business amounted to THB 6.9 million for the period 27 November 2012 to 31 December 2012 which was 42.8% of total food & beverage revenues.

Selling and Administrative Expenses

Description	2011		2012		Increase (decrease)	
	Thousand THB	% to total revenue	Thousand THB	% to total revenue	Thousand THB	% change
Selling expenses	131	0.1%	3,813	1.3%	3,682	2810.7%
Administrative expenses	134,594	52.8%	145,920	48.7%	11,326	8.4%
Total selling and administrative expenses	134,725	52.9%	149,733	58.7%	15,008	11.1%

In 2012 the Company recognised selling expenses of THB 3.8 million which mainly derived from the food & beverage retail business. Selling expenses mainly comprised lease payments for restaurant operations, marketing, advertising and promotional expenses.

Administrative expenses for the year 2012 were THB145.9 million, representing 48.7% of total revenue, an increase from the previous year of THB 11.3 million or 8.4%. The increase in administrative expenses pertains to one-off advisory and legal services related to the acquisition of the new food & beverage business and the acquisition of certain shares in late 2012, as well as a loss from disposal of subsidiary.

Finance costs

On 26 November 2012, the Company issued a promissory note with a principal amount of THB 57.5 million bearing an interest rate of 7.5% p.a. payable on a monthly basis to the seller for the acquisition of the food & beverage retail business. A second promissory note was issued as a conditional corporate guarantee in the amount of THB 100 million, bearing an interest rate of 7.5% p.a. payable at the end of guarantee period to the seller for the acquisition of the two Laem Set Samui owning companies. These two promissory notes are due for repayment on 26 November 2015.

At the beginning of 2012, the Company had an outstanding long-term loan from a Thai financial

institution of THB 85 million which bears interest rate at MLR minus 1 % per annum and is due for repayment on a quarterly basis with a minimum of THB 5 million per quarter. At the end of 2012, this loan had an outstanding principal of THB 60 million. An additional repayment of THB 5 million was made during the year to release the mortgage on land used as partial collateral for the loan.

The Company incurred interest payments of THB 6.5 million, representing interest paid in cash of THB 5.1 million and accrued interest of THB 1.4 million, an increase of THB 0.8 million, or 13.2%, in 2012.

Net Profit / Loss

In 2012, the Company posted a net income of THB 31.2 million, an increase of THB 12 million, or 62.5% compared to 2011. This was mainly due to an increase in investment service income performed on the behalf of Red Planet Hotels Limited, as well as from revenue from the food & beverage business acquired in 4Q 2012, and a one-time gain on the acquisition of the food & beverage business. In 2012 the net profit ratio increased marginally from 8% to 10%. The Company is permitted to use, accrued tax losses of THB 153.9 million from past business operations until 2017. The period during which the tax losses can be utilised will diminish each year until they expire, as per the table below. Once the tax loss benefits arising from past losses expire, the Company is then obliged to pay corporate income tax, calculated as a percentage of profits before tax.

(Unit: Thousand Baht)

Year	Year profit (losses) from operations eligible for tax benefits	Year of expiration
2008	(88,492)	2013
2009	(1,321)	2014
2010	(50,678)	2015
2011	(14,555)	2016
2012	1,109	2017
Total	(153,937)	

The taxable gain in 2012 was a result of a one-off item on receiving a loan assignment from the Srichawla Group as part of acquiring the businesses as at 26 November 2012.

Analysis of Financial Status

Assets

Assets	2010 Thousand THB	2011 Thousand THB	2012 Thousand THB
Total current assets	216,541	96,642	100,996
Total non-current assets	681,677	809,893	1,472,551
Total assets	898,218	906,535	1,573,547

As of 31 December 2012, the Company had total assets of THB 1,573.5 million, an increase of THB 667 million from the end of 2011. This increase was due to an increase of subsidiaries' assets acquired in late 2012, including project development costs in progress, leasehold rights of land, Goodwill and re classifying of an investment in associates to investment in subsidiaries.

The Company has consolidated Casa Fico Co., Ltd and Fena Park Co., Ltd. assets (by acquiring an additional 50% interest in the two land owning companies, resulting in now owning 92.5%) into consolidated assets which has resulted in removing a short-term loan receivable provided to these two

companies by THB 31.6 million. A part of the elimination of transactions meanwhile included project development cost in progress and leasehold rights of land in consolidated non-current assets.

On 23 January 2013 the Company registered an increase of share capital by way of a rights offering with warrants (E-W2) increasing fully paid –up capital by THB 264.4 million. Total current assets, including cash from the rights offering and warrants upon subscription, would be THB 365.4 million which represents a current ratio of 3.36.

Liabilities and Shareholders' Equity

Liabilities and shareholders' equity	2010 Thousand THB	2011 Thousand THB	2012 Thousand THB
Total liabilities	121,810	116,983	226,893
Total shareholders' equity	776,408	789,552	1,346,654
Total liabilities and shareholders' equity	898,218	906,535	1,573,547

As of 31 December 2012, the Company had total liabilities of THB 226.9 million, an increase of THB 109.9 million from the end of 2011, due mainly to subsidiaries' liabilities acquired in late 2012 and long term promissory notes issued to the seller as part of the acquisition cost.

On 26 November 2012, the Company issued promissory notes with a principal amount of THB 57.5 million bearing an interest rate of 7.5% p.a. payable on a monthly basis to the seller for acquiring the food & beverage retail business. The promissory note is due for repayment on 26 November 2015. For the conditional corporate guarantee of THB 100 million, as part of the Land Group acquisition, the Company has considered and believed that there is no likelihood that it will have to pay the corporate guarantee, so there is no recognition of this liability at this stage. The Company will reassess such possibility and reflect any related liability in the Company's statement of comprehensive income. The Company has also considered the contingent liabilities of THB 6 million as a result of shareholder's commitment, non-related person, in Fico Coffee Co., Ltd.

Total shareholders' equity is THB 1,346.7 million, an increase of THB 557.1 million from the end of 2011, due to newly issued ordinary shares to the seller of the food & beverage business and the Land asset, as per details shown below, at THB 1.75 per share, adjusted by the market closing price on 26 November 2012, which was THB 1.41 per share, and net profit the year 2012 of THB 31.2 million.

Details of ordinary shares issued during the year:

- 113 million ordinary shares with a par value of THB 1 per share, in consideration for the shares in the Land Group consisting of a 50% interest in Casa Fico Co., Ltd and Fena Park Co., Ltd each, as payment of the Company's newly issued share from the capital increased at an issue price of THB 1.75 per share, totalling THB 197.75 million instead of payment in cash.
- 240 million ordinary shares with a par value of THB 1 per share, in consideration for the shares in the Food Group consisting of 100% interest in Fenix Pizza Co., Ltd., 80% interest in Fico Coffee Co., Ltd. and 85% interest in Fenix Iron Fairies Co., Ltd., as payment for the Company's newly issued shares from capital increased at an issue price of THB 1.75 per share, totalling THB 420 million, instead of payment in cash.
- Share discount on business acquisition by using market closing price of 26 November at THB 1.41 per share, totalling of THB120.02 million.

15. 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 2012 Annual General Meeting of Shareholders approved the appointment of Mrs. Anothai Leekitwattana, Certified Public Accountant (Thailand) No. 3442, 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.

The table below shows the Company's auditor's remuneration for the year ended 31 December 2012:

Company	Audit Fee	Increase (decrease) fee during the year	Out of Pocket expense	Total
Evolution Capital Public Company Limited	2,225,000	40,000	110,849	2,375,849
Subsidiaries	635,000	(175,000)	3,000	463,000
Total	2,860,000	(135,000)	113,849	2,838,849

Appendix 1 - President, Directors and Executive Management Background as of 31 December 2012

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
1	Mr. Krit Srichawla	36	<u>Bachelor Degree</u> BBA. American University of Hawaii, USA	6.710% (87,822,000 shares)	Nephew of Mr. Amorn Srichawla	2012 - Present	President	Evolution Capital PCL
			<u>Master Degree</u> MBA. American University of Hawaii			1994 - Present	President	Fico Corporation Co., Ltd. - Hospitality/Property Development/Trading
2	Mr. Simon Morris Gerovich	36	<u>Bachelor Degree</u> B.A., <i>cum laude</i> , Applied Mathematics Harvard University, USA	1.942% (25,424,000 shares)	-	2007 - Present	Director/ Chief Executive Officer	Evolution Capital PCL
			Thai Institute of Directors -DAP			2005-2007	Managing Director	Sphinx Partners Co., Ltd. - Real Estate Consultancy
						2000-2005	Derivative Trader	Goldman Sachs (Japan) - Investment Bank
3	Mr. Mark Michael Reinecke	45	<u>Bachelor Degree</u> LLB. London School of Economics, UK	0.584% (7,654,000 shares)	-	2007 -Present	Director/ Chief Investment Officer	Evolution Capital PCL
			Thai Institute of Directors -AP			2002 - Present	Director	Kudu Co., Ltd. - Holding Company
4	Mr. Amorn Srichawla	42	<u>Bachelor Degree</u> Bachelor in Chemistry and Textile, Bangkok Technical College, Thailand	8.4% (110,312,500 shares)	Uncle of Mr. Krit Srichawla	2012 – Present	Director	Evolution Capital PCL
						1994 – Present	Director	Fico Corporation Co., Ltd. - Hospitality/Property Development/Trading

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
5	Mr. Sanjay Singh	52	<u>Bachelor Degree</u> Bachelor of Technology, Banaras Hindu University, India	0.019% (250,000 shares)	-	2012 - Present	Director/ Chief Executive Officer - Food Businesses	Evolution Capital PCL
						2010 - Present	Managing Director	Fico Corporation Co., Ltd. - Hospitality/Property Development/Trading
						2008 - 2010	Director/ Executive Vice President - Real Estate Investment	Capital Advisory Services (Thailand) Ltd. - Real Estate Management
6	Mr. Hugh Andrew	46	<u>Bachelor Degree</u> Corporate Real Estate, Corenet Global	-	-	2012 - Present	Director	Evolution Capital PCL
7	Mr. Witit Sujjapong	59	<u>Master Degree</u> M.S. in Economics, Hitotsubashi University, Japan <u>Bachelor Degree</u> B.S. in Economics, Hitotsubashi University, Japan Thai Institute of Directors - Director Certification Program (DCP57)	-	-	2006 – Present	Chairman of Audit Committee/ Independent Director	Evolution Capital PCL
						2005 – Present	Audit Committee /Director	Easy Buy PCL. - Consumer Finance
						2006 – Present	Director	Advanced Concept Plating Co., Ltd. - Electronic parts manufacturer
8	Mr. Krish Detter	44	<u>Bachelor</u> University of Southern California, Los Angeles, U.S.A. Thai Institute of Directors - Director Certification Program (DCP)	0.043% (570,300 shares)	-	2007 - Present	Audit Committee /Independent Director	Evolution Capital PCL
						2007 – Present	Managing Director	Espy Capital Co., Ltd. -Sanitary ware

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
						2002 – 2006	Vice President, Head of Capital Markets Department	SCB Securities Co., Ltd. - Investment Banking
9	Mr. Viroj Tangjetanaporn	52	<u>Bachelor Degree</u> Bachelor in Finance, University of New South Wales, Australia	-	-	2012 - Present	Audit Committee /Independent Director	Evolution Capital PCL
			2011 - Present			Director	PropMaxx Co., Ltd.	
			2007 - Present			Chairman of Audit Committee/ Independent Director	UOB Kay Hian Securities (Thailand) PCL - Investment Banking	
10	Mr. Arthur Hugh Napolitano	57	<u>Bachelor Degree</u> Royal Military Academy Sandhurst, UK	0.085% (1,121,900 shares)	-	2007 - Present	Director	Evolution Capital PCL
			2002 - Present			Director	Kudu Co., Ltd. - Holding Company	
11	Ms. Pattama Joednapa	33	<u>Master Degree</u> Master of Science in Finance Chulalongkorn University, Thailand	0.004% (64,100 shares)	-	2007 – Present	Chief Financial Officer	Evolution Capital PCL.
			<u>Bachelor Degree</u> Bachelor of Business Administration (Accounting) Srinakharinwirot University, Thailand			2005 – 2007	Senior Accountant	Sphinx Partners Co., Ltd. - Real Estate Consultancy

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between Director/ Management	Past 5 Years Experiences		
						Period	Position	Company/Business
12	Mr. Sayarm Tongkrabin	41	<u>Master Degree</u> Master of real Estate and Construction Management University of Denver, U.S.A.	0.023% (302,500 shares)	-	2011 - Present	Chief Operating Officer	Evolution Capital PCL
			<u>Bachelor Degree</u> Bachelor Degree in Business Administration (Property Insurance Assumption) University, Thailand			2007 - 2010	Senior Vice President - Investment	Evolution Capital PCL

Appendix 2 – List of directors and management in subsidiaries and associates

	Mr. Krit Srichawla	Mr. Simon Morris Gerovich	Mr. Mark Michael Reinecke	Mr. Amom Srichawla	Mr. Hugh Andrew	Mr. Sanjay Singh	Mr. Wittit Sujjapong	Mr. Krish Detter	Mr. Viroj Tangjetanaporn	*Mr. Christian Brett Straatemeier	*Mr. Chaipatr Srivisarvacha	*Pol.Gen. Viroj Phaholvech	*Mr. Arthur Hugh Napolitano	Mr. Arthur Hugh Napolitano	Ms. Pattama Joednapa	Mr. Sayarm Tongkrabin
Evolution Capital PCL	X/	Y/	/	/	/	/	/	/	/	/	/	/	/	//	//	//
Subsidiaries	1. Evolution Land		/	/										/		
	2. Monster Media		/	/												
	3. Evolution Advisors		/	/												
	4. Evolution Holdings		/	/												
	5. Evolution Ventures		/	/												
	6. Evolution Investments		/	/												
	7. 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. Solaris Asset Management		/								/			/		
	12. Beanstar Japan Holdings Limited		/	/												
JV	1. PhotoME.com															
	2. Star Brothers Entertainment Japan K.K.		/													

X = Chairman of Board of Directors

Y = Managing Director

/ = Director

// = Management

*Resigned from the Company in August 2012.