

Embargo for release until 07:00 on Wednesday 28 September 2011

Evolve Capital plc
(“Evolve” or the “Company”)

Interim results for the six months ended 30 June 2011

Evolve Capital plc today announces its interim results for the six months ended 30 June 2011 which incorporate the results for its principal operating subsidiary, Astaire Group plc.

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Chairman’s Statement

I am pleased to report to you on the Company’s activities during the six months to 30 June 2011.

Markets conditions during the period and subsequently have remained very difficult and as highlighted in my Chairman’s statement contained within the accounts for the year ended 31 December 2010, we have reduced our overhead base and continue to wait patiently for one or more of our investments to come to fruition.

As in previous periods the results for the Group have been heavily influenced by events within our largest subsidiary Astaire Group Plc (“Astaire”), in which Evolve has a 53.6% interest. The results for Astaire during the period under review do not readily provide much in the way of relevant information to our shareholders as they reflect the final disposal of two of its own subsidiary businesses, Dowgate Securities and Rowan Dartington, at different points within the period under review.

Perhaps of more significance to shareholders is the announcement that was made by Astaire on 6 September 2011, which gave details of Evolve’s intention to acquire all of the shares in Astaire that it does not currently own and thereby to turn Astaire into a wholly owned subsidiary of Evolve. This is to be achieved by way of a Court sanctioned Scheme of Arrangement, under the terms of which each Astaire shareholder will receive 7 new ordinary shares in Evolve for each 5 ordinary shares currently held by them in Astaire. Alternatively, those Astaire shareholders who would prefer to exit the group can elect to receive a cash payment of 2p for each Astaire share currently held by them. Full details on the Scheme of Arrangement were contained in the announcement made by Astaire on 6 September 2011.

Evolve’s strategy going forward is to take such steps as are open to it to mitigate the historic losses suffered by it as a consequence of its investment in Astaire and to focus its remaining resources on investments capable of generating a significant return for the Company and for its shareholders. In this regard, after the end of the period under review, the Company has agreed to participate in a fundraising being carried out by 3D Diagnostic Imaging Plc, an AIM listed company in which Evolve already holds a significant stake. Evolve is to subscribe £500,000 for 25,000,000 new ordinary shares of 0.1p each at a price of 2p per share.

Also after the end of the period under review the Company has invested £500,000 into Central Asian Minerals & Resources Plc (CAMAR), a PLUS listed company whose wholly owned subsidiary owns a 49% stake in a joint venture gold mining project based in Tajikistan, to acquire 769,231 units. A unit comprises one new ordinary share with an issue price of 65p and a warrant to acquire one additional CAMAR share at a price of 65p per share. This investment was part of £4.4 million fundraising completed by CAMAR.

In order to be able to make these investments Evolve borrowed an additional £775,000 after the period end from Kimono Holdings Ltd, an existing shareholder of Evolve, and entered into a new loan agreement with Kimono that consolidated this additional loan and the existing indebtedness of the Company to Kimono of £479,636 under a single loan agreement. Full details on these arrangements were announced by Evolve on 24 August

2011. I also agreed to lend the Company an additional £100,000 at the same rate of interest as the loan from Kimono.

As a part of its strategy Evolve intends to optimise its returns through a series of staged exits from the other companies in which it has invested. This will be done on an orderly basis although the Board anticipates that this might take a number of years to achieve.

INVESTMENTS

Astaire Group Plc (“Astaire”)

As outlined above it is Evolve’s intention that Astaire becomes a wholly owned subsidiary. Should this be achieved the task in hand will be to optimise the value that can be realised from the assets remaining within the company and minimise any on-going liabilities for the benefit of Evolve’s shareholders.

St Helens Capital Partners LLP (“St Helens”)

St Helens remains a wholly owned subsidiary and continues to be a leading adviser to PLUS-quoted companies. In May 2011 St Helens won the award for the ‘Fundraising of the Year’ and subsequently went on to win the Growth Company Investor award for ‘PLUS Advisor of the Year’.

Despite challenging market conditions the business continues to trade satisfactorily and is well placed to develop as and when market conditions improve.

3D Diagnostic Imaging Plc (“3D”)

Evolve currently holds 31.7 % of 3D’s issued share capital and has agreed to invest an additional £500,000 as a part of a £1.41 million fundraising currently being undertaken by 3D.

3D owns the exclusive rights to a technology platform using ACIST (alternating current impedance spectroscopy technique) to accurately measure the integrity of a given structure. The first commercial product based upon the technology, a highly accurate hand held device for the early detection and monitoring of hidden tooth decay has now been launched. Despite an initial setback caused by a manufacturing defect, which has now been fully resolved, the company has successfully signed distribution agreements covering some 20 countries around the world. The focus is now on gaining sales traction in those market places.

Woodspeen Training Group Plc (“Woodspeen”)

Woodspeen is a training company focused on the Government sponsored non-academic adult training sector. The company is led by a highly experienced management team and recently announced that for the year to 31 March 2011 it had made a trading profit of £693,182. This was before an exceptional charge of £1,950,000 against the carrying value of goodwill, to reflect government changes to the funding regime.

The company is continuing to pursue a consolidation strategy in an attempt to reach what management of Woodspeen consider to be critical mass. Current expectations are that the company will continue to trade profitably and to generate cash, albeit on a lower level than in the previous year.

Pulse Group Plc (“Pulse”)

Pulse is a leading provider of RPO (research process outsourcing) in the Asia Pacific region and services market research companies throughout the world. The Company is listed on the PLUS market and is expected to have generated a pre-tax profit of some \$50,000 for the year to 31 May 2011.

Whilst the company continues to make strides forward in technology, it remains sub scale in size and as a consequence is seeking to merge with one or more strategic partners to create the critical mass that is anticipated will lead to a significant increase in shareholder value.

Bluehone Holdings Plc (“Bluehone”)

During its last financial year this PLUS listed fund management company lost the mandate to manage one of its two funds. As a consequence of this loss the company has become moribund and is likely to remain so until such time as it succeeds in securing additional funds to manage.

Central Asian Minerals and Resources plc (“CAMAR”)

CAMAR is a PLUS listed company whose subsidiary has a 49% share in a joint venture gold mining project in Tajikistan. The company recently raised some £4.4 million before costs and the immediate focus of the company is to establish the extent of the additional resources that they believe to exist within its licensing areas.

Aconite Technology Limited (“Aconite”)

Aconite is a private company that has developed and now distributes a suite of software products for the operation of chip and pin payment cards, pre-paid debit cards and contactless payment cards for use in mass transit applications. The company is now trading profitably and is cash generative.

Evolve’s investments at 30 June 2011 can be summarised as follows:

Investment	Market	Shares held by Evolve	Holding %	Cost (£)	Fair Value at 30 June 2011 (£)
Aconite Technology Ltd	Private	201,190	2.7	211,249	26,750
Bluehone Holdings Plc	PLUS	23,615,411	19.9	386,763	401,462
Pulse Group Plc	PLUS	6,718,888	7.3	302,350	64,599
Woodspeen Training Plc	PLUS	3,000,000	8.3	450,000	701,250
3D Diagnostic Imaging Plc	AIM	53,974,354	31.7	1,289,925	917,564

Fair value of the PLUS quoted investments is calculated based on the bid price of the shares less a 15 per cent discount to reflect the relative illiquidity of the holdings concerned. At this time the Board of Evolve does not believe that the fair values could be achieved in a short-term realisation of the investments.

Evolve also owns 53.61 per cent of the issued share capital of Astaire which has a carrying value of £2,748,000 on the Company’s balance sheet.

FINANCIAL PERFORMANCE

During the period under review the Group reported a loss of £1,958,000 (six months to 30 June 2010 loss £864,000). As in previous periods the majority of this loss arose within the Group’s main subsidiary Astaire.

At 30 June 2011 the Group had consolidated net assets of £6.9 million (30 June 2010 £14.2 million, which sum included cash balances of £4.7 million (31 December 2010 £4.4 million, 30 June 2010 £5.6 million).

During the coming months we intend to focus on our core strategy and I look forward to advising you of further progress in due course.

Oliver Vaughan
 Executive Chairman
 27 September 2011

Financial Review

Result before tax

The result for the first six months of 2011 was a loss before taxation of £1,958,000 compared to a loss of £864,000 for the same period in 2010.

Income statement

The consolidated results for the period include the remaining activities of the Astaire Group, which is 53 per cent owned by Evolve and therefore fully consolidated in these Interim results, the wholly owned PLUS adviser St Helens Capital Partners LLP and Evolve Capital Plc's other investment activities.

Taxation

The tax credit for the period of £849,000 (30 June 2010: credit of £209,000) reflects deferred tax on movements in the value of investments.

Earnings per share

The basic loss per share from continuing operations was 0.72 pence per share (2010: loss of 0.48 pence per share). The diluted loss per share from continuing operations was 0.53 pence per share (2010: loss of 0.48 pence per share). The dilution arises from the issue of Unsecured Convertible Loan Notes 2020 in September 2010.

Balance sheet

At 30 June 2011, the carrying value of intangibles in the balance sheet was £121,000 and related wholly to St Helens Capital Partners LLP.

The other significant movement affecting the balance sheet was the decrease in the carrying value of FVTPL investments since 31 December 2010 by £3,566,000, which is related to the fall in market value of 3D Diagnostics, as well as a reduction in the value of Astaire's remaining FVTPL investments to zero. Astaire did however realise a number of FVTPL investments during the period generating a gain of £1,139,000.

At 30 June 2011 the consolidated Evolve Group held net cash balances of £4.7 million, a small increase of £0.3 million from 31 December 2010.

Going concern

Upon completion of the Scheme of Arrangement that was announced by Astaire on 6 September 2011, Astaire will become a wholly owned subsidiary of the Group and as a consequence its assets, including its cash balances, will then form a part of the resources available to the Group.

As a result of this consideration and of the other resources and options currently available to the Group, the Directors have a reasonable expectation at the time of approving the interim financial statements that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the interim financial statements.

Oliver Vaughan
Executive Chairman
27 September 2011

Condensed Consolidated Income Statement
for the six months ended 30 June 2011

	Unaudited Six months to 30 June 11 £'000	Unaudited Six months to 30 June 10 £'000	Audited Year ended 31 December 10 £'000
Fee and commission income	287	7,679	533
Fee and commission expenses	-	(1,276)	(23)
Net fee and commission income	287	6,403	510
Other income	639	499	-
Total income	926	6,902	510
Profit on disposal of available-for-sale investments	1,139	24	359
(Loss)/Gain on fair value through profit and loss investments	(3,567)	1,846	(186)
Loss on sale of subsidiary undertaking	(241)	-	(1,052)
Operating expenses			
Impairment of goodwill and other intangibles	-	(1,308)	(362)
Amortisation of other intangibles	(38)	(326)	(76)
Restructuring costs	-	(260)	-
Share-based payments credit	-	-	85
Share-based payments charge	-	(83)	-
Other operating expenses	(1,112)	(7,916)	(3,445)
Total operating expenses	(1,150)	(9,893)	(3,798)
Operating loss	(2,893)	(1,121)	(4,167)
Investment revenue	30	49	36
Finance costs	(17)	(1)	(33)
Loss on ordinary activities before taxation	(2,880)	(1,073)	(4,164)
Taxation credit/(charge)	849	209	(327)
Loss from continuing operations	(2,031)	(864)	(4,491)
Discontinued operations			
Profit/(Loss) from discontinued operations	73	-	(4,346)
Loss for the period	(1,958)	(864)	(8,837)
Attributable to:			
Owners of the Company	(1,831)	424	(5,279)
Non-controlling interests	(127)	(1,288)	(3,558)
	(1,958)	(864)	(8,837)
Loss per ordinary share (pence)			
From continuing operations			
- Basic	(0.72)	(0.48)	(2.13)
- Diluted	(0.53)	(0.48)	(1.85)

	Unaudited Six months to 30 June 11 £'000	Unaudited Six months to 30 June 10 £'000	Audited Year ended 31 December 10 £'000
From continuing and discontinued operations			
- Basic	(0.69)	(0.48)	(4.18)
- Diluted	(0.51)	(0.48)	(3.65)

Condensed Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2011

	Unaudited Six months to 30 June 11 £'000	Unaudited Six months to 30 June 10 £'000	Audited Year ended 31 December 10 £'000
Loss for the period	(1,958)	(864)	(8,837)
Other comprehensive income:			
Gains on revaluation of available-for-sale investments taken to equity, net of tax	(448)	26	208
Exchange differences on translation of foreign operations	-	-	-
Exchange differences on sale of foreign operations	-	-	-
Transferred to profit or loss on sale of available-for-sale investments	(1)	(4)	(63)
Deferred tax relating to components of other comprehensive income	84	(10)	(171)
Other comprehensive income for the period, net of tax	(365)	12	(26)
Total comprehensive income for the period	(2,323)	(852)	(8,863)
Total comprehensive income attributable to			
Owners of the Company	(2,223)	446	(5,286)
Non-controlling interests	(100)	(1,298)	(3,577)
	(2,323)	(852)	(8,863)

Condensed Consolidated Balance Sheet
as at 30 June 2011

	Unaudited 30 June 11 £'000	Unaudited 30 June 10 £'000	Audited 31 December 10 £'000
ASSETS			
Non-current assets			
Goodwill	-	299	-
Other intangible assets	121	3,433	160
Property, plant and equipment	5	732	7
Total non-current assets	126	4,464	167
Current assets			
Trade and other receivables	1,345	10,899	1,816
Available-for-sale investments	3,050	2,847	2,346
Fair value through profit and loss investments	918	6,438	4,484
Cash and cash equivalents	4,740	5,655	4,463
Assets held for sale	-	-	7,272
Total current assets	10,053	25,839	20,381
Total assets	10,179	30,303	20,548
LIABILITIES			
Current liabilities			
Trade and other payables	733	10,401	2,478
Current tax liabilities	-	20	1
Borrowings	-	182	-
Liabilities directly associated with assets held for sale	-	-	5,373
Total current liabilities	733	10,603	7,852
Non-current liabilities			
Deferred tax liabilities	99	873	1,032
Convertible loan stock	178	-	172
Total non-current liabilities	277	873	1,204
Total liabilities	1,010	11,476	9,056
EQUITY			
Share capital	1,890	1,785	1,890
Share premium	11,789	11,457	11,789
Equity reserve	247	-	247
Fair value and other reserves	329	740	721
Retained (deficit)/earnings	(7,279)	252	(5,448)
Parent Company's shareholders' equity	6,976	14,234	9,199
Non-controlling interests	2,193	4,593	2,293
Total equity and liabilities	10,179	30,303	20,548

Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2011

	Share capital £'000	Share premium £'000	Equity reserve £'000	Fair value and other reserves £'000	Retained earnings £'000	Total £'000	Minority interest £'000	Total equity £'000
Balance at 31 December 2009	1,785	11,457	-	728	(255)	13,715	5,871	19,586
Share-based payments	-	-	-	-	83	83	-	83
Profit for the period	-	-	-	-	424	424	(1,288)	(864)
Other comprehensive income for the period	-	-	-	12	-	12	10	22
Balance at 30 June 2010	1,785	11,457	-	740	252	14,234	4,593	18,827
Issue of share capital	105	419	-	-	-	524	-	524
Share issue expenses	-	(87)	-	-	-	(87)	-	(87)
Issue of convertible loan stock	-	-	241	-	-	241	-	241
Share-based payments credit	-	-	-	-	9	9	-	9
Loss for the year	-	-	-	-	(5,703)	(5,703)	(2,270)	(7,973)
Transfer between reserves	-	-	6	-	(6)	-	-	-
Other comprehensive income for the year	-	-	-	(19)	-	(19)	(30)	(49)
Balance at 31 December 2010	1,890	11,789	247	721	(5,448)	9,199	2,293	11,492
Loss for the period	-	-	-	-	(1,831)	(1,831)	(127)	(1,958)
Other comprehensive income for the period	-	-	-	(392)	-	(392)	27	(365)
Balance at 30 June 2011	1,890	11,789	247	329	(7,279)	6,976	2,193	9,169

Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 11

	Unaudited Six months to 30 June 11 £'000	Unaudited Six months to 30 June 10 £'000	Audited Year ended 31 December 10 £'000
Net cash used in operating activities	(2,215)	(2,123)	(3,653)
Investing activities			
Interest received	20	49	49
Dividends received	14	17	17
Proceeds on disposal of available-for-sale investments	2,508	92	599
Purchases of available-for-sale investments	(931)	(38)	(211)
Purchases of fair value through profit and loss investments	-	-	(450)
Proceeds on disposal of property, plant and equipment	-	-	1
Purchases of property, plant and equipment	-	(419)	(437)
Disposal of subsidiary	881	-	(263)
Net cash from/(used in) investing activities	2,492	(299)	(695)
Financing activities			
Proceeds from issue of ordinary share capital	-	-	524
Proceeds from issue of convertible loan stock	-	-	480
Expenses of share issue	-	-	(88)
Net cash from financing activities	-	-	916
Net increase/(decrease) in cash and cash equivalents	277	(2,422)	(3,432)
Cash and cash equivalents at beginning of period	4,463	7,895	7,895
Cash and cash equivalents at end of period	4,740	5,473	4,463

Notes to the Interim Condensed Financial Statements
for the six months ended 30 June 2011

1. ACCOUNTING POLICIES

The Interim Report is unaudited and does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006.

The accounting policies used in the preparation of the Interim Report are consistent with those set out in the Annual Report and Accounts for the year ended 31 December 2010. For the year ended 31 December 2010 the Group has adopted International Financial Reporting Standard 3 “Business Combinations” (revised 2008) and International Accounting Standard 27 “Consolidated and Separate Financial Statements” (revised 2008). There is no impact associated with these changes in these Interim Condensed Financial Statements.

The information for the year ended 31 December 2010 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The interim condensed financial statements will be circulated to all shareholders in October 2011 and will be available from the Company’s registered office at 223a Kensington High Street, London W8 6SG and also in accordance with Rule 20 of the AIM rules, on the Company’s website at www.evolvecapital.co.uk.

2. TAXATION

The tax credit for the six months to 30 June 2011 reflects all the necessary provisions for current tax, taking into account the availability of losses brought forward, and movements in deferred tax with reference to the adjustments necessary under IFRS. In arriving at the effective tax rate account has been taken of the change in the rate of tax charged, and the disallowance of the cost of share-based payments charged to the income statement. Current income tax expense is recognised in these interim condensed financial statements based on management’s best estimates of the annual income tax liability expected for the full financial year.

3. EARNINGS PER SHARE

The calculation of the basic and diluted loss per ordinary share is based on the following data.

	<u>Six months ended 30 June 2011</u>		<u>Six months ended 30 June 2010</u>	
	Continuing operations	Continuing & discontinued operations	Continuing operations	Continuing & discontinued operations
	£’000	£’000	£’000	£’000
Earnings				
Loss for the purposes of basic loss per share	(2,031)	(1,958)	(864)	(864)
Effect of dilutive potential ordinary shares:				
Interest on convertible loan notes	17	17	-	-
Loss for the purposes of diluted earnings per share	(2,014)	(1,941)	(864)	(864)
	No.	No.	No.	No.
Weighted average number of shares				
Number of shares for the purposes of basic loss per share	283,356,099	283,356,099	178,486,235	178,486,235
Effect of dilutive potential ordinary shares:				

Convertible loan notes	95,927,150	95,927,150	-	-
Number of shares for the purposes of diluted loss per share	<u>379,283,249</u>	<u>379,283,249</u>	<u>178,486,235</u>	<u>178,486,235</u>

Reconciliations of the loss and weighted average number of shares used in the calculations are set out in the table below.

	<u>Six months ended 30 June 2011</u>			<u>Six months ended 30 June 2010</u>		
	<u>Loss £'000</u>	<u>Weighted Average Number of shares</u>	<u>Earnings per share (pence)</u>	<u>Loss £'000</u>	<u>Weighted Average Number of shares</u>	<u>Earnings per share (pence)</u>
<u>Basic loss per share</u>						
Loss from continuing and discontinued operations	(1,958)	283,356,099	<u>(0.69)</u>	(864)	178,486,235	<u>(0.48)</u>
Adjustment to exclude earnings from discontinued operations	73	-		-	-	
Loss from continuing operations excluding discontinued operations	<u>(2,031)</u>	<u>283,356,099</u>	<u>(0.72)</u>	(864)	178,486,235	<u>(0.48)</u>
<u>Diluted loss per share</u>						
Loss from continuing and discontinued operations	(1,941)	379,283,249	<u>(0.51)</u>	(864)	178,486,235	<u>(0.48)</u>
Adjustment to exclude earnings from discontinued operations	73	-		-	-	
Loss from continuing operations excluding discontinued operations	<u>(2,014)</u>	<u>379,283,249</u>	<u>(0.53)</u>	(864)	178,486,235	<u>(0.48)</u>

4. POST BALANCE SHEET EVENTS

On 24 August 2011 the Company announced that it had entered into a new loan agreement with one of its existing shareholders, Kimono Holdings Limited, under the terms of which Kimono advanced an additional £775,000 to the Company. The agreement also consolidated this additional loan and the existing indebtedness of the Company to Kimono of £479,636 under a single loan agreement. Full details on these arrangements were contained within the announcement made on 24 August 2011.

On the same date Oliver Vaughan agreed to lend the Company an additional £100,000 at the same rate of interest as the loan from Kimono.

These funds, together with certain of the Company's existing resources, have been used to finance the Company's £500,000 investment in CAMAR and its additional £500,000 investment in 3D.

On 6 September 2011 Astaire released an announcement, which gave details of Evolve's intention to acquire all of the shares in Astaire that it does not currently own and thereby to turn Astaire into a wholly owned subsidiary of Evolve. This is to be achieved by way of a Court sanctioned Scheme of Arrangement, under the terms of which each Astaire shareholder will receive 7 new ordinary shares in Evolve for each 5 ordinary shares currently held by them in Astaire. Alternatively, those Astaire shareholders who would prefer to exit the group

can elect to receive a cash payment of 2p for each Astaire share currently held by them. Full details on the Scheme of Arrangement were contained in the announcement made by Astaire on 6 September 2011.