

ANNUAL REPORT 2013



THE
ERAWAN
GROUP

SUCCESS WITH INTERGRITY





OUR BUSINESS STRATEGY

3 Core Business Strategies

Hotel Growth Strategy :

Develop a well-diversified hotel portfolio to provide appropriate return

Return Enhancing Strategy :

Continuous improvement of operating assets and optimize return through “Asset Monetization Program”

Sustainable Platform Strategy :

Ensure stability and sustainable growth of organization through development of systems, human capitals, core competencies, information database for decision making and core corporate culture





HOP INN

Better Stay...Better Day



HOP INN

is a quality standardized budget hotel network.

**Cleanliness, convenient,
comfort and safety** is always our promise.

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2013 IN REVIEW



Financial Highlights

The Erawan Group

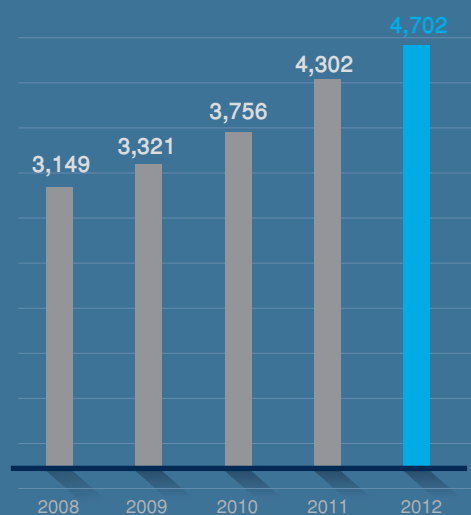
Unit : Thousand Baht

Description	2011	2012 (Restated)	2013
Operating results			
Operating Income	3,755,544	4,302,248	4,702,359
Total Revenues	4,487,232	4,363,760	5,596,957
Gross Profit	1,965,740	2,336,474	2,487,327
EBITDA	971,548	1,263,843	1,226,490
Gain from Disposal of Asset under Enhancing Return Strategy	664,330	-	864,085
* Net Profit (Loss)	491,325	57,742	936,766
Financial Position			
* Total Assets	12,237,865	12,840,384	13,715,302
* Total Liabilities	8,468,390	9,152,135	8,486,405
* Total Shareholders' Equity	3,769,475	3,688,249	5,228,897
* Equity Attributable to Company's Shareholders	3,588,610	3,493,849	5,035,312
Paid-Up Share Capital	2,244,779	2,245,438	2,474,635
Number of Paid-Up shares (Thousand shares)	2,244,779	2,245,438	2,474,635
Par Value Per Share (Baht)	1	1	1
* Earnings Per Share (Baht)	0.22	0.03	0.42
Dividend Per Share (Baht)	0.08	0.02	0.15
* Book Value Per Share (Baht)	1.60	1.56	2.03
Significant Financial Ratio			
Current Ratio (Times)	0.53	0.41	0.58
Quick Ratio (Times)	0.40	0.30	0.49
Liquidity Ratio (Cash Flow Basis) (Times)	0.66	0.71	0.65
Gross Profit Ratio	52.34%	54.31%	52.90%
* Net Profit Margin	10.95%	1.32%	16.74%
* Return on Total Assets	3.90%	0.46%	7.06%
* Return on Equity	14.62%	1.63%	21.97%
* Debt to Equity Ratio (Times)	2.25	2.48	1.62
* Interest Bearing Debts to Equity Ratio (Times)	1.99	2.14	1.35
Interest Coverage Ratio (Times)	2.35	3.33	3.90

* The Group adopted TAS 12 income tax with effect from 1 January 2013. The new policy has been applied retrospectively included in the financial statements for the year 2012 for comparative purposes. The effects of the change make the net profit for the year 2012 decreased as shown in the table. And also the adjustment to account for deferred tax liabilities and assets which shown in note to financial statements. However, those changes had no significant effect on the Group's cash flows.

Unit : Thousand Baht

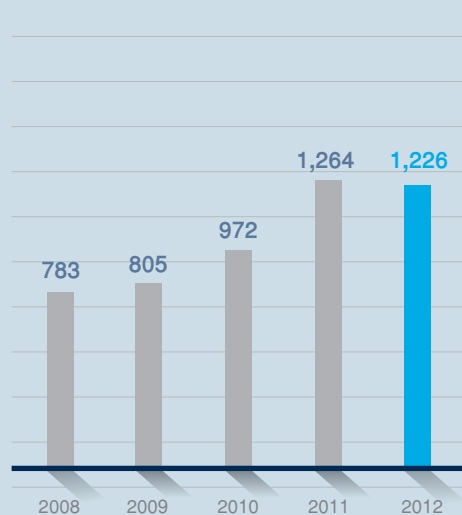
Operating Income



ไม่รวมรายได้อื่น และรายได้จากการขายทรัพย์สิน

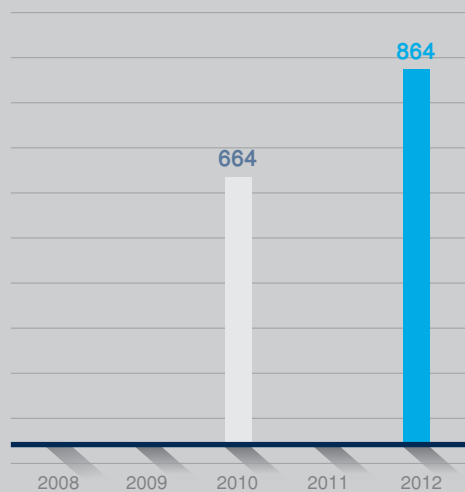
Unit : Thousand Baht

EBITDA



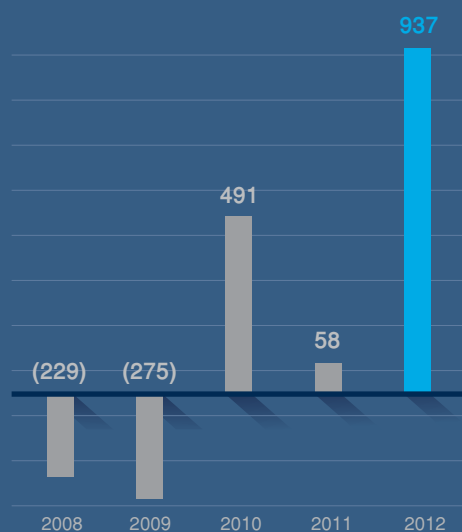
Unit : Thousand Baht

Gain from Disposal of Asset under Enhancing Return Strategy



Unit : Thousand Baht

Net Profit (Loss)



Hotel and Resorts Portfolio in 2013

Bangkok



Grand Hyatt Erawan
Bangkok



JW Marriott Hotel
Bangkok



Courtyard by Marriott
Bangkok



Mercure Bangkok Siam



ibis Bangkok Siam



ibis Bangkok Sathorn

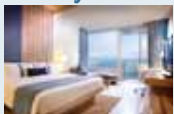


ibis Bangkok Nana



ibis Bangkok Riverside

Pattaya



Holiday Inn Pattaya



ibis Pattaya

Hua Hin



ibis Hau-Hin

Samui



Renaissance Koh Samui
Resort and Spa



ibis Samui Bophut

Phuket



The Naka Island,
a luxury Collection
Resort and Spa, Phuket



ibis Phuket Patong



ibis Phuket Kata

1 Bangkok

2 Pattaya

3 Hua Hin

4 Samui

5 Phuket



Chairman Review

2013 is another year of The Erawan Group's success which underlines our long-term strategy and business plan that well respond to Thailand's tourism industry. Our achievement in 2013 has certainly benefited both the Company and all stakeholders.

The Erawan Group will continue to commit to corporate governance practices for our long-term sustainable growth. As for corporate social responsibility (CSR), we strive to continue creating well balanced interests for all stakeholders. The Company strongly believes that the CSR-in-Process is an effective and ideal practice as it allows us to thoroughly and fairly take care of all stakeholders. We also collaborate with the public sector and communities to actively pursue social and environmental activities in our CSR-after-Process. One way to gauge how effective these processes have been is through accolades and recognitions we have been granted from prominent institutions. In 2013, our corporate governance report continued to be acclaimed "Excellent" by the Thai Institute of Directors Association's Corporate Governance Report of Thai Listed Companies 2013 for the fifth consecutive year while our 2013 Annual General Meeting of Shareholders (AGM) was voted

"Excellent" for the sixth consecutive year. The Erawan Group was also received "Best Investor Relations Awards" from the Stock Exchange of Thailand (SET Awards) which precisely reflects our principle of transparency to constantly provide information to the public whether during regular or unusual circumstances. Last but not least, we were awarded the "Most Improved CSR" recognition from the Corporate Social Responsibility Institute (CSRI) under the Stock Exchange of Thailand. Thanks to our strong commitment to the corporate governance practice, in 2013, we were certified as member of the Collective Action Coalition against Corruption (CAC), an outcome which well reflects our "Success with Integrity" business philosophy.

The Company would like to extend our sincere appreciation to all stakeholders for your relentless support. Over the past five years, the Thai tourism industry has been affected time and again by external factors. However, with preventive measures, appropriate risk management actions and heartfelt dedications from our employees, we have been able to sail through any crisis, expand our business horizon and achieve our goals as planned.



Full Member of the CAC
Certifies that the company
to declaration on anti-corruption



"Most Improved"
CSRI Recognition 2013
Project: SET Awards 2013



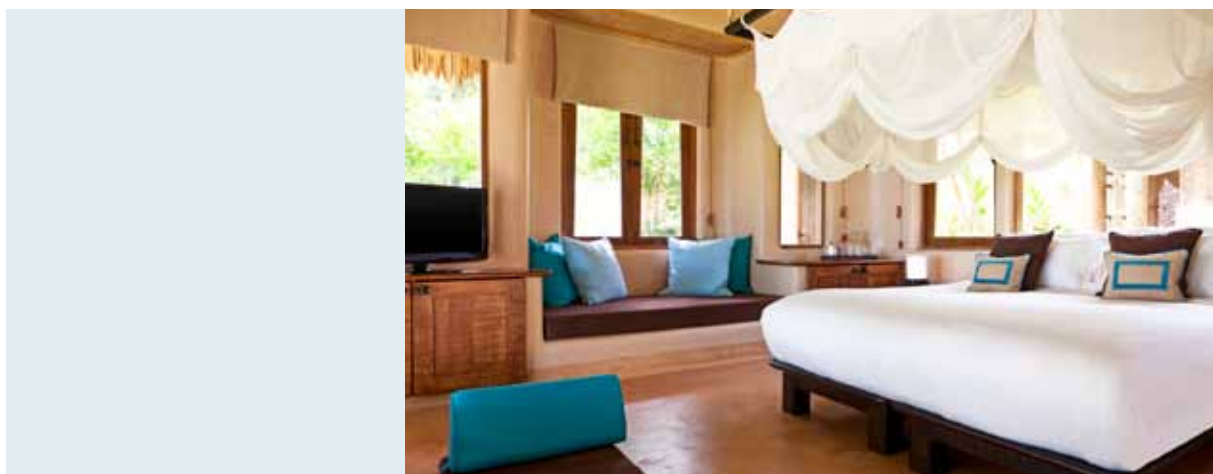
Excellent CGR Report 2009-2013



"Best Investor Relations-Distinctive"
IR Awards 2013
Project: SET Awards 2013

Prakit Pradipasen
Chairman of the Board

Chief Executive Officer Review



It has been almost a decade when we first strived in 2004 to turn The Erawan Group Public Company Limited (“Erawan”) into a leading developer and investor of Thailand’s hotel and resort business. While Thailand tourism industry has been affected by various incidents time and again both from local political situations and external factors such as economic slowdown in the US and Europe, Erawan still continues to find investment opportunities to expand our hotel network that constantly provide appropriate returns. With our strong commitment, today, Erawan owns and operates 16 hotels with nearly 4,000 rooms in major tourism and business destinations around the country. More importantly, the hotels that we operate cover nearly every price and customer range from luxurious accommodations to standardized economy hotels. By the end of 2014, we plan to add 12 more hotels which by then will make us own 28 hotels that boast more than 5,000 rooms. This will not only make Erawan a listed company that owns the highest number of hotels and rooms in Thailand but also the sole hotel investor and developer that offers the most diverse hotel segment covering all price ranges.

Aside from the strategy to build quality hotel portfolio that will benefit our business in the long run, to become a sustainable organization, strengthening our expertise and competencies within the organization is also one of the key strategies Erawan keeps underlining and enhancing. We have our core values known in short as “S P I C E” which consists of five elements (More details are in “Core Values” on Page 1). In addition, we strongly promote five qualities of corporate culture known as “C L I E N T”, which refer to Commit to Success, Learning and Improvement, Integrity, ENjoy to Serve and Team Spirit. Finally, we are very committed to work under the principle of corporate governance that seriously takes into consideration impacts to all stakeholders in all circumstances. These core values not only help improving efficiency but also the major corporate DNA of all Erawan personnel. They have been a major pillar for our business and a factor that has propelled us to today’s success.

Thanks to our constant monitoring of dynamic information and analysis of threats and opportunities, Erawan has been able to adapt investment plans to suit good investment opportunities which are an extremely important for our long term sustainable growth. We have regularly evaluated and contemplated balance between investment risk and opportunity. Our decision to invest in Economy Hotel segment under brand “ibis” since 2006 is one of examples of investment decisions made from our own study of increasing demands for economy hotels following the structural change of inbound Asian tourists into Thailand. With such decision made, our ibis hotels collectively contributed significant returns at approximately one-fourth of our group hotel EBITDA. During the past two years, based on our overall threat and opportunity analysis, we then conducted a detailed study of the Budget Hotel segment targeting at domestic travelers in the provincial areas around Thailand and have decided to develop Erawan’s own Budget Hotel under the “HOP INN” brand as already announced to investors in mid 2013. Our goal is to build HOP INN hotel as Thailand’s largest quality budget hotel network. We plan to open 25 HOP INN hotels totaling 2,000 rooms in 25 provinces in 2015 of which the first 10 HOP INN hotels will open during 2014 with the first 2 scheduled to operate in April. Simultaneously, we are actively studying an opportunity to expand the HOP INN budget hotel chain into Asean countries where we initially plan to invest in six pilot projects in three high-potential Asean countries during the next two years. Together with hotel projects currently under development, Erawan will own altogether 50 hotels in Thailand and in Asean countries with approximately 7,000 rooms by 2016. The HOP INN Hotel project therefore is our long-term strategic direction and strategy for expansion. We expect to see

significant contributions from HOP INN by 2016 and the HOP INN portfolio is expected to fuel our medium and long-term growth.

While it’s true that Thailand’s hotel and tourism industry during the past years was indeed affected by various incidents, we however remain confident in Thailand’s strength and potential as one of the world’s best tourism and business destinations. Our performance during the past years indeed indicates our resilience to recover and to spring back following crisis. On behalf of the management and the Board of Directors, I wish to express our gratitude and appreciation to all parties who understand and have stood by us throughout the time. We affirm that we will continue strengthening our organization under the principles of corporate governance. We will build up and expand quality hotel networks that will generate the best interest for our shareholders. We also take it as our duty to help enhancing overall hotel quality in Thailand as we believe that this will indirectly increase competitiveness of the country’s hotel and tourism industry in the long run.



Mr. Kasama Punyagupta
Chief Executive Officer

President Report

The Thai tourism industry continued growing in 2013 to record 26.7 million arrivals despite the impact from the political demonstrations in Bangkok in 4Q13, representing a 20 percent growth from 2012 which was the highest growth over the past years. This reaffirmed the strong fundamental and attractiveness of Thailand as one of the world's leading tourist destinations. Growths were witnessed in all key source markets. Arrivals from traditional source markets such as Europe, US and Japan continued to grow despite the prevailing economic situation in those countries while arrivals from emerging markets including China and Russia generated higher growth particularly China which accounted for 18 percent of tourist arrivals in 2013 posted a 69 percent increase. Domestic travelers which have been another key market to support the industry especially for midscale and economy hotel segments also expanded constantly over the last 3 years with 14 percent growth in 2013.

Our Implementation of 5-Year Master Plan (2011-2015) in 2013

Hotel Growth Strategy

- We continued project development of two new hotels and one extension building of our existing hotel which have been started since 2012. These developments progressed as planned with the investment cost lower than the original budget. Target opening remain on schedule during the second half of 2014.
- The development of new hotel under Budget Hotel segment with our own brand "HOP INN" was the highlight of 2013. With these developments, our portfolio will be expanded to cover all key hotel segments from Luxury, Midscale and Economy to Budget hotel segment. This is a result of thorough 2-year studies. We have conducted demand-supply analysis of budget hotel market across Thailand and



have developed the product that would consistently meet with customers' basic needs at a competitive price with focus on domestic travelers where demand has continuously been rising. We plan to build a network of quality budget hotels across Thailand which will be one of our key competitive advantages. We believe that our extensive experience in developing hotel in various segments will enable us to develop and provide the appropriate return from the budget hotel segment within the proper timeframe.

- In 2014 we will open new hotels as listed below
 - Holiday Inn Pattaya Extension (200 rooms) to be opened in 3Q14
 - Mercure Pattaya (210 rooms) to be opened in 4Q14
 - ibis Styles Krabi (206 rooms) to be opened in 4Q14
 - 10 "HOP INN" hotels in various locations (788 rooms) to be opened during 2Q14-4Q14

Our hotel portfolio at the end of 2014 will increase from 16 hotels to 28 hotels with number of rooms increase from 3,885 keys to 5,289 keys. This development will further diversify our hotel portfolio not only to cover more hotel segments from luxury to budget but also to expand into more tourist and major destinations across Thailand which will enable us to capture more customer base and become less sensitive to external factors impacting certain destination or customer segment.



Enhancing Return Strategy

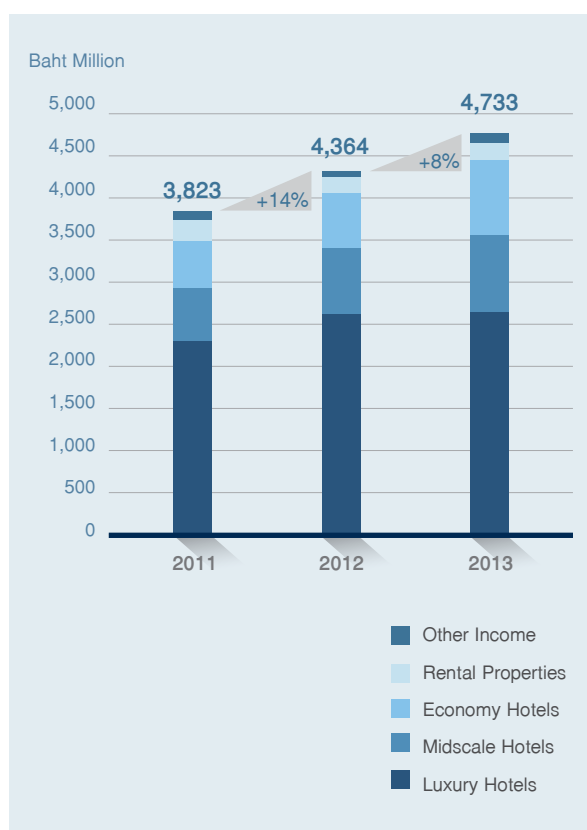
- As part of our Asset Monetization Program, on April 1, 2013, we sold and transferred ibis Phuket Patong and ibis Pattaya to Erawan Hotel Growth Property Fund ("ERWPF") with total sale price of THB 1,828 million. Twenty percent of the proceeds from the sale were reinvested in ERWPF. We entered into an agreement with ERWPF for a period of three years to lease and operate the two hotels. The agreement can be renewed 5 times (with the first 4 times under 3-year period and the last time under a 4 month period), with fixed and variable rental fees. In addition, we agreed to guarantee a minimum rental income to ERWPF over the period of 4 years from 1 April 2013. We recorded a capital gain of THB 864 million (excluding 20% investment in ERWPF) in 2Q13. The net proceeds of approximately THB 920 million (after expenses, the repayment of long-term loans associated with the two hotels, and the investment in 20% of units in ERWPF) will be mainly used to support our expansion plans and to be distributed as dividend to our shareholders.
- As part of our long-term Asset Improvement Program, we continued the room renovation of Grand Hyatt Erawan Bangkok Hotel which is a 2-year program from 2012. Grand Hyatt Erawan Bangkok, the first hotel in our group, has now been operated for 22 years. The hotel has been well received for room, food outlets and function room facilities despite the increasing number of luxury hotels in Bangkok over the period. This renovation is part of our asset improvement program which seeks to enhance the competitiveness and maintain the leadership position of our hotel in the Luxury Bangkok segment.

Performance Summary

Our operating performance continued expanding in 2013 with total operating income recorded at THB 4,702 million and total income at THB 4,733 million, representing a 9 percent and 8 percent growth from the same period last year respectively. We recorded EBITDA at THB 1,354 million, a 7 percent growth from last year. We generated normalized net profit of THB 132 million, a 129 percent growth from adjusted net profit of THB 58 million in 2012 and together with non-recurring items of THB 805 million with mainly derived from the capital gain of assets sale to ERWPF in 2Q13 led to a net profit of THB 937 million in 2013.

President Report

Revenue breakdown by segments are illustrated in the graph below.



Operating performance from our properties for 2013 as follows:

Hotel Business

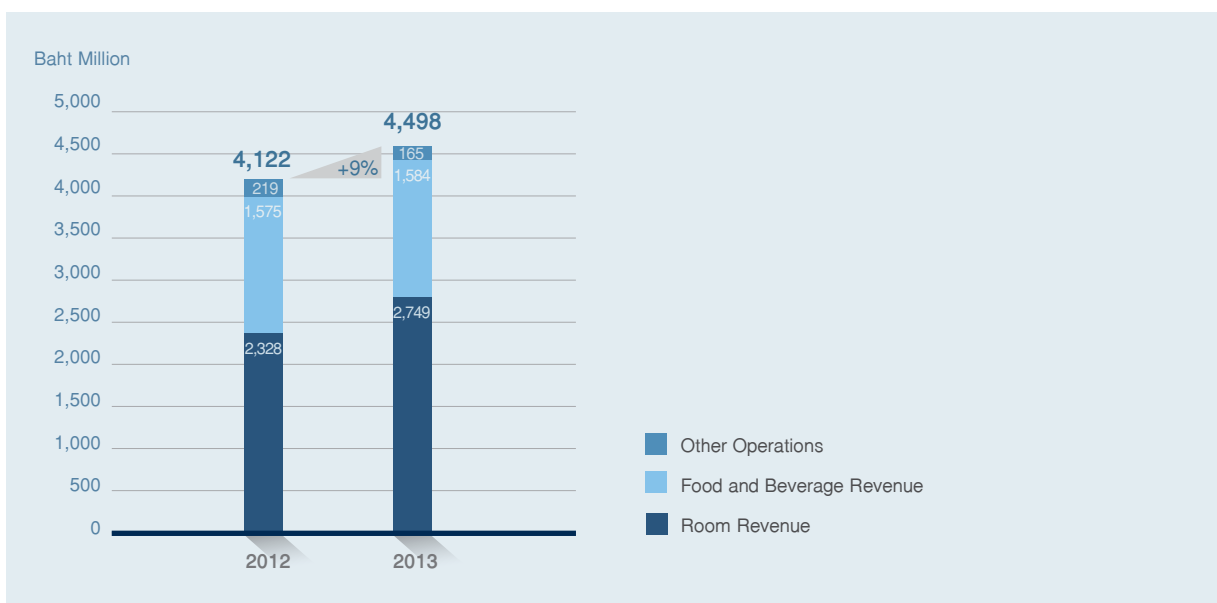
Our income from hotel operations increased 9 percent from the same period last year to record at THB 4,498 million in 2013 with growth in all hotel segments. Our economy hotels generated the highest growth of 28 percent growth in 2013, mainly deriving from strong performance of existing eight ibis which posted a 14 percent growth from 2012 and an additional income from ibis Bangkok Siam which fully operated 1st year in 2013. Destination-wise, growth was also witnessed in all destinations. Hotels located in Bangkok recorded an 8 percent growth in 2013 while hotels



located outside Bangkok generated a 12 percent growth with hotel in Hua Hin leading the pack. Our room revenue which generated approximately 61 percent to total revenue produced an 18 percent growth in 2013 as a result of our strategy to expand customer base especially from the high growth market such as China and Russia led to the increase in the average group occupancy from 75 percent in 2012 to 79 percent in 2013. Our food and beverage revenue, a 35 percent of income generating from hotel business, recorded the solid performance as last year.

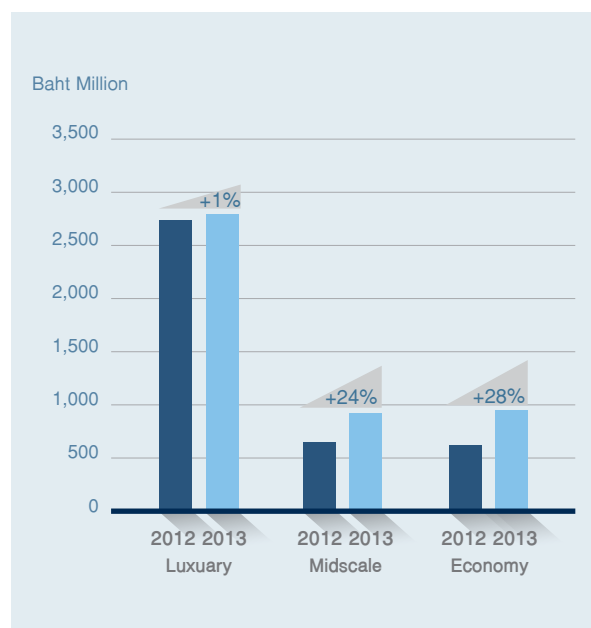
Hotel revenue breakdown by type of income

in 2012 and 2013 are listed below.



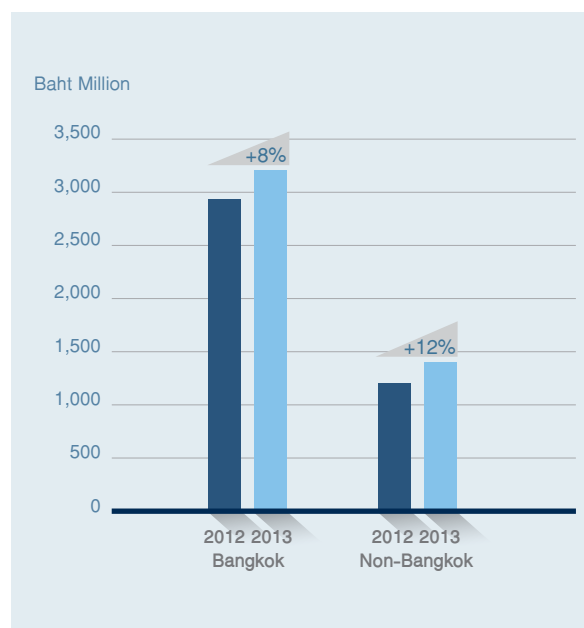
Hotel Revenue breakdown by segments

in 2012 and 2013 are listed below.



Hotel Revenue breakdown by destinations

in 2012 and 2013 are listed below.



President Report

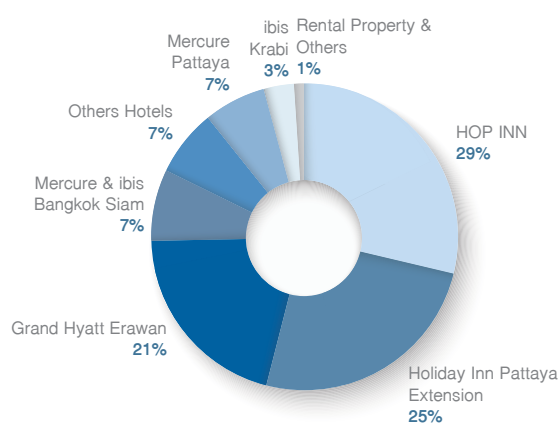
Rental Properties

We currently own and operate Erawan Bangkok, a luxurious retail property adjacent to Grand Hyatt Erawan Hotel, and have been retained as a property manager of Ploenchit Center, an office and commercial building in Bangkok CBD. In 2013 income from rental and services increased 13 percent to THB 204 million.

Financial Status

We generated THB 1,340 million of operating cash flow in 2013, representing a 9 percent increase from 2012 on the back of improving performance of our hotels and rental properties. In addition we also generated additional funds from the divestment of ibis Phuket Patong and ibis Pattaya to ERWPF as part of our enhancing return strategy and capital increase from conversion of warrants and ESOP of THB 643 million. We utilized the cash flow generated together with bank loans to fund the aforementioned project developments and the maintenance of existing properties.

The breakdown of 2013 capital expenditure by asset type as follows:



Shareholder's equity increased from THB 3,688 million at the end of 2012 to a record of THB 5,229 million at the end of 2013, with support from additional net profit generated in 2013 (including capital gain from divestment of the 2 ibis hotels), and capital increase from the conversion of warrant and ESOP.

With the increase of equities and decrease of liabilities from scheduled principal repayment of long term loans and the prepayment of the 2 ibis hotels' mortgaged loans, our net interest-bearing debt to equity ratio significantly improved from 2.0 times at the end of 2012 to 1.2 times at the end of 2013. Our cash in hand was recorded at THB 827 million at the end of 2013. This healthy financial status will enable us to achieve the strategic objectives set forth for the Erawan Group's long term sustainability.

Mrs. Kamonwan Wipulakorn
President

Report of the Audit Committee to Shareholder

To Shareholders of The Erawan Group Public Company Limited,

The Audit Committee of The Erawan Group Public Company Limited consists of Mr. Sansern Wongcha-um as the Chairman, Assoc. Prof. Manop Bongsadadt and Mr. Dej Bulsuk. The Audit Committee performs its duty independently based on its scope of responsibility to support the Board of Directors according to the Audit Committee Charter and the announcement made by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). In 2013, the Audit Committee held five meetings. All members attended all meeting. Executives, Head of Internal Audit Department, and auditors also attended the meetings when there are relevant agenda items that need their input. Results of the Audit Committee's performance can be summarized as follows:

1. **Financial Statement Review** : The Audit Committee reviewed the quarterly financial statements and the 2013 financial statements of the Group and found that they were completed accurately. The information was adequately disclosed in a reliable manner, and was approved by the auditors without conditions. The meetings were held with auditors, without members of management present, to discuss the independence of the Committee, opinions of auditors, their observations, and improvement guidelines that would be of benefit to the Company.
2. **Internal Control System** : The Audit Committee reviewed the internal control system of The Erawan Group Public Company Limited and its subsidiaries with respect to accounting and finance, safeguarding of assets, operations, evaluation as well as legal and regulatory compliance. Check and balance mechanisms were implemented and monitoring was performed by Internal Audit Department whose independence and efficiency and deemed sufficient for protecting the interest of shareholders and relevant parties. The Company has transparent whistle-blowing and complaint-handling procedures in place. Moreover, it has announced its intention to be part of the Anti-

Corruption Movement and certifies that the Company to declaration on anti-corruption by putting in place good business principles and control against bribery in response to Thailand's policy to support transparency and sustainability in business.

3. **Business Law Compliance** : The Audit Committee determined that the Company duly complied with laws governing securities and exchange, as required by the SET, The SEC and other statutes relating to the Company's business.
4. **Connected Transactions of Transactions with Potential Conflict of Interest** : The Audit Committee reviewed connected transactions and found that they were genuine transactions carried out as a normal course of business, and with reasonable cause. The Company carried then out according to a good corporate governance without any conflict of interest. The Company has strictly followed the SEC's and SET's rules and regulations by taking into account the interest of all Stakeholders.
5. **Risk Management** : The Audit Committee reviewed the annual plan and monitored the progress of the risk management on a quarterly basis. The Audit Committee was confident that the Company has appropriate and efficient risk management policy and procedures. Risk assessment criteria of investment projects were standardized in response to changing business environment, with the objective of discovering new business opportunities and creating value for the Company.
6. **Internal Audit** : The Audit Committee give advice and approve the annual auditing plan; to acknowledge and submit an internal auditing result to the Board of Directors; to review an annual budget and to supervise and evaluate the Internal Audit Department's performance.

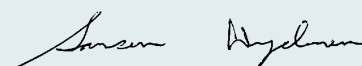
The Audit Committee expressed its opinion, starting that the Company was actively committed to its corporate governance policy. Risk management is in line with the Company's policy. This compliance resulted in an effective and adequate internal control system that corresponded with both internal and external changes. An appropriate internal control system was in place. Connected transactions that may lead to conflict of interest were deemed to be genuine transactions carried out based on a normal course of business for the Company's maximum benefit. All related laws and regulations were fully complied with. The financial statements for the accounting period ending on 31st December 2013 were duly prepared, while adequate and reliable information was properly disclosed.

Appointment of auditors in 2014

The Audit Committee considered selection of the auditors based on the Company's evaluation criteria, which includes independence, quality, standards of work, and qualifications according to SET requirements, and would like to propose to the Board of Directors and to seek shareholders' approval for appointment of the following individuals:

- Mr. Charoen Phosamritlert,
Certificate Public Accountant (Thailand) No. 4068 and/or
- Mr. Vichien Thamtrakul,
Certificate Public Accountant (Thailand) No. 3183 and/or
- Miss Vannaporn Jongperadechanon,
Certificate Public Accountant (Thailand) No. 4098

of KPMG Phoomchai Audit Ltd. as The Erawan Group Public Company Limited and its subsidiaries' auditor in 2014.



Mr. Sansern Wongcha-um

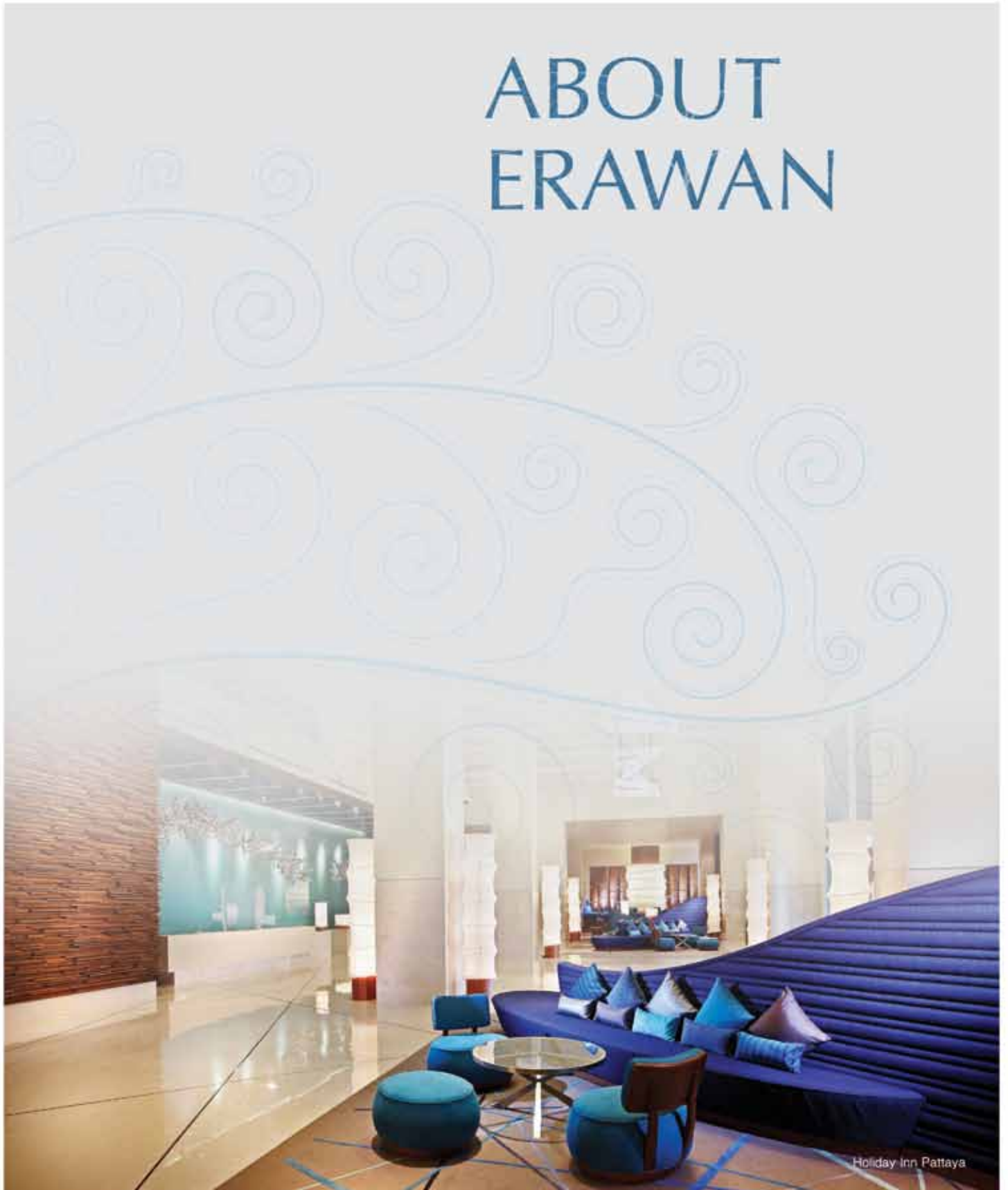
Chairman of the Audit Committee

20 February 2014





ABOUT ERAWAN



Corporate Profile

The Erawan Group Public Company Limited



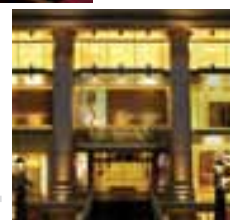
1991



1996

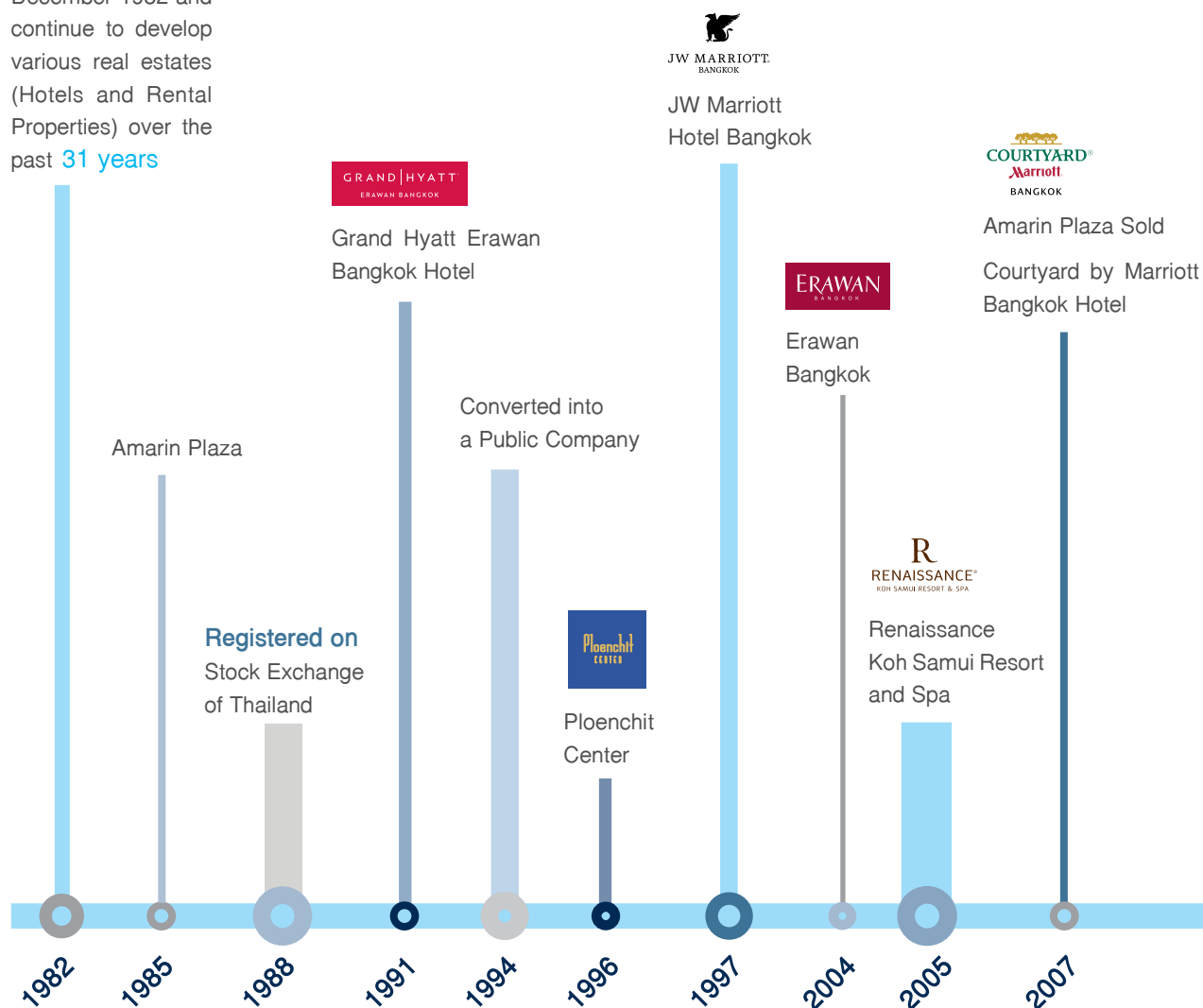


1997



2004

Established on 29th December 1982 and continue to develop various real estates (Hotels and Rental Properties) over the past **31 years**



2007



2010



2012

2008



2011



Six Senses
Sanctuary Phuket

4 ibis Hotels :
ibis Phuket Patong,
ibis Pattaya,
ibis Bangkok Sathorn,
ibis Samui Bophut



Divest Ploenchit Center;
Erawan's Subsidiary, Erawan
Commercial Management
Co.,Ltd, continues to manage
the building

The Naka Island, a Luxury
Collection Resort and Spa
Phuket; rebranded from Six
Senses Sanctuary Phuket



Divest ibis Phuket Patong
and ibis Pattaya to Erawan
Hotel Growth Property Fund;
Erawan's Subsidiary, Erawan
Growth Management Co.,Ltd.
continues to manage the
properties.

Launch

ERAWAN's own hotel brand
"HOP INN"



Holiday Inn Pattaya

2 ibis Hotels :
ibis Bangkok Nana
ibis Phuket Kata



ibis Bangkok
Riverside



Mercure Bangkok Siam

2 ibis Hotels :
ibis Hua-Hin
ibis Bangkok Siam

2008

2009

2010

2011

2012

2013

Our Shareholders and Management Structure

Shareholders As at 31st December 2013,

The company's paid up capital is Baht 2,474,634,775 divided into 2,474,634,775 ordinary shares at par value 1 Baht per share. Top ten shareholders holding the highest number of shares are as follows:

Shareholder's name	Number of shares	% of total shares
1. Mr. Sukakarn Wattanavekin	400,709,587	16.19%
2. City Holding Co.,Ltd.	203,481,318	8.22%
3. Mrs. Wansamorn Wannamethee	148,638,113	6.01%
4. Mid-Siam Capital Co.,Ltd.	131,353,314	5.31%
5. PAN-ASIA SUGAR FUND LIMITED	73,000,000	2.95%
6. Mr. Vitoon Vongkusolkrit	72,203,044	2.92%
7. Mr. Supol Wattanavekin	64,568,807	2.61%
8. Ms. Thitinant Wattanavekin	43,520,400	1.76%
9. MP Particle Board Co.,Ltd.	42,933,675	1.73%
10. United Farmer and Industry Co.,Ltd.	42,091,836	1.70%
Total top ten shareholders holding	1,222,500,094	49.40%

Detail Groups of Major Shareholders are as follows:

Group of Shareholders	Number of shares	% of total shares
Vongkusolkrit Group	773,140,507	31.24%
Wattanavekin Group	735,726,140	29.73%
Thai Institution Investor and Foreign Institution Investor	573,172,336	23.16%
Company's executives and employees	15,681,455	0.63%
Minor Shareholders	376,914,337	15.24%
Total	2,474,634,775	100%

Investor will be able to see the updated shareholders list from the Company's website at www.TheErawan.com before the Annual General Meeting of Shareholders.

Directors that represent the major shareholders are as follows:

Director's Names	Groups of Major Shareholders
1. Mr. Vitoon Vongkusolkrit 2. Mr. Chanin Vongkusolkrit 3. Mr. Gavin Vongkusolkrit	Vongkusolkrit Group
4. Mr. Supol Wattanavekin 5. Mrs. Panida Thepkanjana	Wattanavekin Group



Renaissance Koh Samui Resort and Spa

Our Shareholders and Management Structure

Management Structure

The Board of Directors consists of thirteen (13) directors, the Board has appointed four committees namely: The Audit Committee (AC), The Investment Committee (IC), The Nominating and Corporate Governance Committee (NCG) and The Management Development and Compensation Committee (MDC).



1

Mr. Prakrit Pradipasen

Age

72 years

Position

- Chairman of the Board
- Independent Director
- Chairman of the Nominating and Corporate Governance Committee

Year of Directorship

1991

Education

- Master of Business Administration (MBA), Wayne State University, Michigan, U.S.A.

Director Training Program

- Director Accreditation Program (DAP) 1/2003
- Role of the Chairman Program (RCP) 15/2007

5 years experience in other Listed Company

- Chairman of the Board Asian Marine Services Plc.
- Chairman of the Board Diamond Building Products Plc.
- Independent Director/ Chairman of Audit Committee Supalai Plc.
- Independent Director/ Chairman of Audit Committee Luckytex (Thailand) Plc.
- Independent Director/ Chairman of Audit Committee Haad Thip Plc.
- Independent Director/ Chairman of Audit Committee Thai Carbon Black Plc.
- Independent Director/ Member of Audit Committee Susco Plc.

2

Mr. Sansern Wongcha-um

Age

66 years

Position

- Independent Director
- Chairman of the Audit Committee

Year of Directorship

Sep. 17, 2008

Education

- Master Degree of Business Economics, University of Bridgeport Connecticut, U.S.A.

Director Training Program

- Role of the Chairman Program (RCP) 8/2003
- Director Accreditation Program (DAP) 42/2005
- Finance for Non-Finance Directors (FND) 17/2005

5 years experience in other Listed Company

- Chairman of the Nomination and Remuneration Committee The Deves Insurance Plc.
- Chairman of the Board Bualuang Securities Plc.
- Chairman of the Board Somboon Advance Technology Plc.

3 Assoc. Prof. Manop Bongsadadt Age 73 years Position • Independent Director • Member of the Audit Committee Year of Directorship Apr. 2004 Education • Master of Architecture (M. Arch), Kansas State University, U.S.A. Director Training Program • Director Accreditation Program (DAP) 8/2004 • Audit Committee Program (ACP) 10/2005 • Role of the Chairman Program (RCP) 17/2007 • Role of the Compensation Committee (RCC) 8/2009 • Role of the Nomination and Governance Committee (RNG) 1/2011 • Director Certification Program (DCP) 150/2011 5 years experience in other Listed Company • Chairman of the Board Rasa Property Development Plc. • Chairman of the Nomination and Remuneration Committee Kiatnakin Bank Plc.	4 Mr. Dej Bulsuk Age 54 years Position • Independent Director • Member of the Audit Committee Year of Directorship Nov. 22, 2004 Education • Bachelor of Business Administration, Thammasat University Director Training Program • Director Accreditation Program (DAP) 23/2004 5 years experience in other Listed Company • Independent Director/Member of Audit Committee/Chairman of the Nomination and Remuneration Committee GMM Grammy Plc. • Independent Director/Member of Audit Committee Aeon Thana Sinsap (Thailand) Plc. • Independent Director/Member of Audit Committee Siam Future Development Plc. • Independent Director Patum Rice Mill and Granary Plc.	5 Mr. Banyong Pongpanich Age 60 years Position • Independent Director • Member of the Investment Committee • Member of the Management Development and Compensation Committee Year of Directorship Nov.16, 2004 Education • Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University Director Training Program • Role of The Chairman Program (RCP) 5/2001 • Director Accreditation Program (DAP) 36/2005 • Anti-Corruption for Executive Program (ACEP) 2/2012 5 years experience in other Listed Company • Chairman of the Board Phatra Securities Plc. • Director Phatra Insurance Plc. • Director/Chief Executive Officer Kiatnakin Bank Plc. • Independent Director Don Muang Tollway Plc. • Independent Director Muang Thai Insurance Plc.
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Our Shareholders and Management Structure

6 Mr. Ekasith Jotikasthira Age 44 years Position • Independent Director • Member of the Management Development and Compensation Committee Year of Directorship Apr. 29, 2009 Education • Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University Director Training Program • Director Accreditation Program (DAP) 79/2009 5 years experience in other Listed Company • No	7 Mr. Vitoon Vongkusolkit Age 73 years Position • Director • Chairman of the Investment Committee • Member of the Management Development and Compensation Committee Year of Directorship 1982 Education • Bachelor of Science, Chulalongkorn University Director Training Program • Director Certification Program (DCP) 17/2002 • Role of the Chairman Program (RCP) 11/2005 5 years experience in other Listed Company • Director Banpu Plc.	8 Mr. Supol Wattanavekin Age 59 years Position • Director • Chairman of the Management Development and Compensation Committee • Member of the Investment Committee Year of Directorship Nov. 4, 2004 Education • Master of Business Administration (Executive) (EMBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University Director Training Program • Role of The Chairman Program (RCP) 1/2000 • Director Certification Program (DCP) 76/2006 • Director Accreditation Program (DAP) 56/2006 • Financial Institutions Governance Program (FGP) 2/2011 5 years experience in other Listed Company • Chairman of the Board Kiatnakin Bank Plc.
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9 Mr. Chanin Vongkusolkit Age 62 years Position • Director • Member of the Investment Committee • Member of the Nominating and Corporate Governance Committee Year of Directorship Nov. 4, 2004 Education • Master of Business Administration (Finance), St. Louis University Missouri, U.S.A. • Honorary Ph.D. in Entrepreneurship, University of the Thai Chamber of Commerce Director Training Program • Director Certification Program (DCP) 20/2002 • Refresher Course DCP 3/2006 5 years experience in other Listed Company • Director/Chief Executive Officer Banpu Plc.	10 Mrs. Panida Thepkanjana Age 55 years Position • Director • Member of the Investment Committee • Member of the Nominating and Corporate Governance Committee Year of Directorship 1991 Education • Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University • Master of Law, Chulalongkorn University • Barrister-at-Law, The Institute of Thai Bar Association Director Training Program • Director Certification Program (DCP) 18/2002 • Refresher Course DCP 1/2005 5 years experience in other Listed Company • No	11 Mr. Gavin Vongkusolkit Age 32 years Position • Director • Member of the Nominating and Corporate Governance Committee Year of Directorship Dec.1, 2011 Education • Master of Business Administration (Finance), The University of Sydney, Australia Director Training Program • Director Certification Program (DCP) 156/2012 • Role of the Nomination and Governance Committee (RNG) 4/2013 • Role of Compensation Committee (RCP) 17/2013 5 years experience in other Listed Company • No
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Our Shareholders and Management Structure

12 Mr. Kasama Punyagupta Age 52 years Position • Director • Chief Executive Officer • Member of the Investment Committee Year of Directorship Jun.1, 2004 Education • Master of Business Administration (International Business), University of Bridgeport, Connecticut, U.S.A. Director Training Program • Director Certification Program (DCP) 49/2004 • Corporate Governance and Social Responsibility (CSR) 1/2007 5 years experience in other Listed Company • No	13 Mrs. Kamonwan Wipulakorn Age 52 years Position • Director • President • Member of the Investment Committee Year of Directorship Apr. 27, 2011 Education • Master of Business Administration (Finance), Western Illinois University, U.S.A. Director Training Program • Director Certification Program (DCP) 122/2009 • Diploma Examination (Exam) 26/2009 5 years experience in other Listed Company • No	Company Secretary Ms. Kanokwan Thongsiwarugs Position • Company Secretary • Secretary of the Audit Committee • Secretary of the Nominating and Corporate Governance Committee Education • Master of Business Administration (MBA), Kasetsart University Director Training Program • Corporate Secretary Development Program 11/2005, Chulalongkorn University • Auditing Information System, The Institute of Internal Auditors of Thailand (IIAT) • Role of the Compensation Committee Program (RCP) 3/2007 • Company Secretary Program (CSP) 28/2008 • Going from “Good” to “Great” in IT Risk and Control Management, Nov.28/2012
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The Naka Island, a Luxury Collection Resort and Spa, Phuket

Authority to sign on behalf of the Company

Two of the following four directors namely, Mr. Vitoon Vongkusolkrit or Mrs. Panida Thepkanjana or Mr. Kasama Punyagupta or Mrs. Kamonwan Wipulakorn, shall jointly sign a document together.

Dividend Policy

Approximately 35 percent of the net profits of the consolidated financial statements after deduction of all kind of reserves as specified by law and the Company (with additional conditions)

Roles and Responsibilities of the Board of Directors and the Committee

Board of Directors' Roles and Responsibilities are:

1. To manage the company according to the laws, the Objects in Detail, the Articles of Association and resolutions of the Shareholders' Meeting with integrity and prudence for the Company's interests.
2. To determine the company's visions, obligations and business policy.
3. To review the business development plans to increase potential of itself.
4. To consider budgets to maximum the business's economic values and for better returns to shareholders.
5. To formulate the compensation policy and a succession plan of executives.
6. To supervise and develop risk assessment.
7. To supervise and develop the Company's corporate governance compliance.
8. To supervise and set up an internal control and an internal audit system.
9. To take care of interests of both major and minor shareholders so that they can equally exercise and maintain their interests while accessing accurate and complete information with transparency and accountability
10. To appoint committees in order to determine scopes of work and monitor their performances.
11. To performance evaluation's executives and the HR development policy.

Term of Directors

3 years each term. At the Annual General Meeting of Shareholders (AGM), one-third of all directors shall resign by rotation. The resigning directors may be re-elected.

Our Shareholders and Management Structure

The Audit Committee consists of three members as follows:

- | | | |
|----|-------------------------------|--|
| 1. | Mr. Sansern Wongcha-um | Chairman |
| 2. | Assoc. Prof. Manop Bongsadadt | Member of the Committee |
| 3. | Mr. Dej Bulsuk | Member of the Committee |
| 4. | Miss Kanokwan Thongsirwarugs | Secretary of the Committee and Head of Internal Audit Department |

Audit Committee's Roles and Responsibilities are:

1. To review an annual financial statement already audited by auditors and to ensure that it meets the generally-accepted accounting principles; to consider and screen financial information together with the auditors before releasing it to the third party.
2. To consider and select, propose for appointment, removal and determine auditors fees and met four times a year with the auditors.
3. To review material problems and obstacles the auditor may come across while performing his duty and to settle differences between the auditor and the management.
4. To review the appropriateness and effectiveness of the internal control system and internal audit systems are in place according to international standards.
5. To set up a defensive work system for business units in the company to increase operation efficiency and effectiveness.
6. To review an annual internal audit plan proposed by the Internal Audit Office. To provide opinion on the consideration of performance, appointment, removal, and remuneration of the Company's internal auditor.
7. To promote and support the development of a financial reporting system that meets the international standards.
8. To control company's compliance with the laws on Securities and Exchange and other legislations relating to its business.
9. To determine fraud prevention measures and review results of a corruption inspection report.
10. To review the accuracy and effectiveness of information technology relating to the internal control system; to offer advice for roles and regular updates.

11. To consider the Company's information disclosure in case of connected transactions or transactions which may involve conflict of interest to ensure that all are correct, sound and carried out in a normal course of business.
12. To prepare the Audit Committee's report to be signed by Chairman of the Committee and disclosed it in the Company's annual report.
13. To act otherwise as required by the laws or entrusted by the Board of Directors; when performing along its scopes of work, the Audit Committee shall be empowered to order Chief Executive Officer, President, senior executives, heads of department or related staff to provide their opinions, participate in meeting or submit documents deemed necessary or relevant.

Term of Audit Directors:

3 years each term.

The Investment Committee consists of seven members as follows:

- | | | |
|----|----------------------------|----------------------------|
| 1. | Mr. Vitoon Vongkusolkrit | Chairman |
| 2. | Mr. Banyong Pongpanich | Member of the Committee |
| 3. | Mr. Supol Wattanavekin | Member of the Committee |
| 4. | Mr. Chanin Vongkusolkrit | Member of the Committee |
| 5. | Mrs. Panida Thepkanjana | Member of the Committee |
| 6. | Mr. Kasama Punyagupta | Member of the Committee |
| 7. | Mrs. Kamonwan Wipulakorn | Member of the Committee |
| 8. | Miss Kanyarat Krisnathevin | Secretary of the Committee |

The Investment Committee's Roles and Responsibilities are:

1. To supervise and approve investment projects and divestment transactions as set out in the Company's master plan. The Committee's responsibilities shall include preliminary approvals of project feasibility, financial returns, and review of risks associated with the project including financing and relevant legal commitments and proposed to the Board of Director for final approval.
2. To assess and formulate a systematic, clear-cut and efficient risk management plan.

3. To supervise and monitor risk assessment tasks as well as to adjust and develop the risk management on a regular basis.

Term of Investment Directors:

3 years each term.

The Nominating and Corporate Governance Committee

consists of four members as follows:

- | | |
|--------------------------------|----------------------------|
| 1. Mr. Prakit Pradipasen | Chairman |
| 2. Mrs. Panida Thepkanjana | Member of the Committee |
| 3. Mr. Chanin Vongkusolkit | Member of the Committee |
| 4. Mr. Gavin Vongkusolkit | Member of the Committee |
| 5. Miss Kanokwan Thongsiwarugs | Secretary of the Committee |

Nominating and Corporate Governance Committee's

roles and responsibilities are:

1. To determine the Board of Directors' composition and qualification of its members as well as members of board committees.
2. To nominate candidates for the Board of Directors and member of board committees.
3. To determine the Remuneration of Directors.
4. To propose corporate governance policies and guidelines to the Board of Directors and to review and update such policies and guidelines on ongoing basis.
5. To evaluate the Board of Directors and each committee's performance and to ensure that the Board of Directors

and management's operations are being conducted within corporate governance policies and guidelines.

6. To promote knowledge acquisition for the Company's nature of business, regulations, and strategy.

Term of Nominating and Corporate Governance Director:

3 years each term.

The Management Development and Compensation Committee

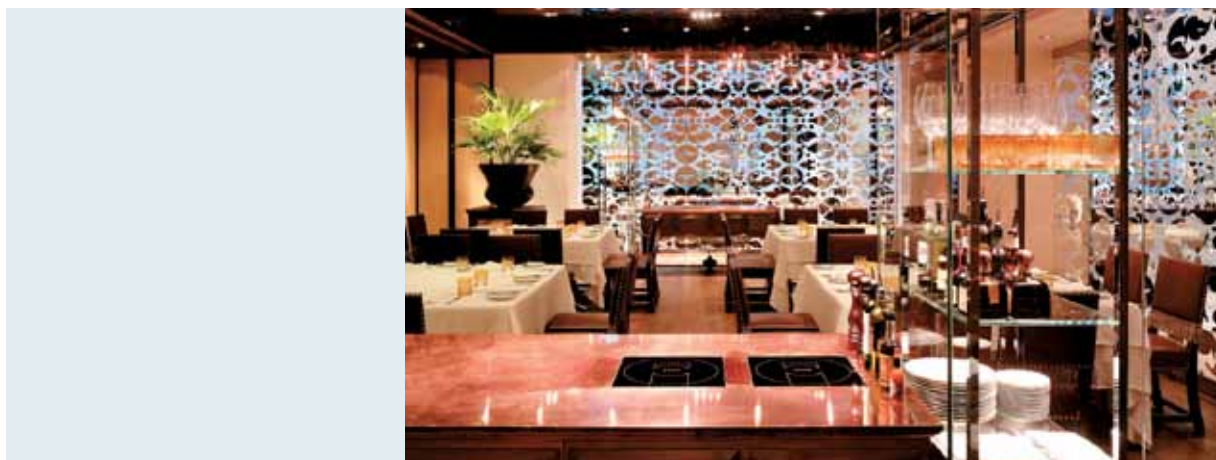
consists of four members as follows:

- | | |
|--------------------------------|----------------------------|
| 1. Mr. Supol Wattanavekin | Chairman |
| 2. Mr. Vitoon Vongkusolkit | Member of the Committee |
| 3. Mr. Banyong Pongpanich | Member of the Committee |
| 4. Mr. Ekasith Jotikasthira | Member of the Committee |
| 5. Mr. Suchai Wuthworachairung | Secretary of the Committee |

Management Development and Compensation Committee's

roles and responsibilities are:

1. To assess and evaluate performances; to determine annual remunerations and a compensation structure of President and Chief Executive Officer while offering him an advice regarding remunerations of senior executives.
2. To consider a plan to develop skills and competency of President and Chief Executive Officer Nominees (in case of change).



Our Shareholders and Management Structure

3. To determine significant HR policies i.e. and structure of staff's remunerations for Annual Remunerations and Budgeting, Rewards (bonus), etc.
4. To consider an allocation of the Employees Share Options Program (ESOP) in case such allocation exceeds 5 percent of the program's shares.

Term of Management Development and Compensation Directors:

3 years each term.

Independent Directors, who account for 46 percent of the Company's Board of Directors, consist of:

- | | |
|----------------------------------|------------------------------------|
| 1. Mr. Prakit Pradipasen | Chairman of the Board of Directors |
| 2. Mr. Sansern Wongcha-um | Chairman of the Audit Committee |
| 3. Assoc. Prof. Manop Bongsadadt | Member of the Audit Committee |
| 4. Mr. Dej Bulsuk | Member of the Audit Committee |
| 5. Mr. Banyong Pongpanich | Independent Director |
| 6. Mr. Ekasith Jotikasthira | Independent Director |

The Company's Executives consist of:

- | | |
|-------------------------------|--|
| 1. Mr. Kasama Punyagupta | Chief Executive Officer |
| 2. Mrs. Kamonwan Wipulakorn | President |
| 3. Mr. Petch Krainukul | Senior Executive Vice President |
| 4. Miss Kanyarat Krisnathevin | Executive Vice President and Chief Financial Officer |
| 5. Mr. Apichan Mapaisansin | Executive Vice President |
| 6. Mr. Erwann Eric Mahe | Executive Vice President |
| 7. Miss Pakinee Pramtade | Senior Vice President, Accounting Department |

Duties and Authorities of Chief Executive Officer (CEO)

1. To formulate the Company's Vision and Mission
2. To formulate the Company's business plans and strategies to achieve Vision set forth for the Company
3. To formulate development plans for the Company's top executives and be responsible for succession plans of the Company's Chief Executive Officer and President
4. Be responsible for the Company's long term strategic direction and expansion plans
5. To provide advice to President for the Company's overall management

Duties and Authorities of President

1. To formulate the Company's business plan and strategy in accordance with the Company's Vision and Mission.
2. To formulate the Company's annual budget and allocate required resources to achieve annual goal.
3. To manage human resources including recruiting, setting compensations, welfare and benefits, setting evaluation methods, appointing, removing and transferring staff and issuing rules, regulations and announcements as deemed appropriate.
4. To set forth management structure, determine roles, duties and approval authorities.
5. To develop various systems to ensure effective and efficient operations.
6. To build and nurture corporate cultures to achieve long term sustainable growth.
7. To develop skills, knowledge and employee competency in accordance with the Company's business plan.
8. To develop valid and sufficient databases to support decision making.
9. To represent and promote corporate image and profile to public.
10. To develop good corporate governance and ensure good practice throughout both at company and employee's level.

Duties and Responsibilities of Company Secretary

The Company Secretary shall have duties and responsibilities that are no fewer than what the Securities and Exchange Act (No.4) B.E. 2551 and/or other related laws, rules and regulations have stipulated. This includes:

1. To support the Board to perform its fiduciary duties with integrity and care as a normal person may do in the same situation; to offer advice to directors, the Management and staff to ensure compliances to the laws, rules and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) and other relevant legislations.
2. To supervise the internal auditing, the internal control system, compliance to the principle of good corporate governance.
3. To coordinate matters relating to directors such as changes of qualifications, changes of roles and duties, terms of offices of committees, resignation on rotation, resignation prior to a due term and appointment of new directors.
4. To specify and inform a place where important documents of the firm are kept and to disclose related information based on duties and responsibilities to the SEC.
5. To monitor the Management's performances to ensure good practices.
6. To prepare enough annual reports for distribution to shareholders and related persons.
7. To review invitation letters to the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders, adequacy of documents, supporting documents and information disclosure to the meeting and minutes of the meeting.
8. To disclose related information under the Secretary's duties and responsibilities to the SET.

The Company's Articles of Association of the Nomination of Directors

Clause 18 the Shareholders' Meeting shall elect directors according to the following rules and procedures:

- 18.1 Chairman of the Meeting shall propose names and work experiences of nominees submitted by the Board of Directors for approval.
- 18.2 Each shareholder shall have voting rights equal to the number of shares he holds.
- 18.3 An election of director may be done by voting either one or several persons as director as the Shareholders' Meeting deems appropriate. However, each shareholder must exercise all of his voting rights existed under Clause 18.2 for each director. Dividing votes to a particular nominee is not permitted.
- 18.4 Those receiving the highest number of votes in a sequent order shall be elected as directors for an available number of directors. Should those elected in a subsequent order enjoy equal votes which however exceed the number of the existing directors, Chairman of the Meeting shall have a casting vote.

Clause 19 At each annual ordinary meeting of shareholders, not less than one-third (1/3) of the directors shall retire. If the number of directors is not a multiple of three, the number of directors shall be the closest to one-third (1/3)

A director who vacates his office may be re-elected. The directors shall agree among themselves as to the order of their retirement from the office in accordance with the first paragraph.

Clause 48 A resolution of the Shareholders' Meeting shall consist of the following votes:

- 48.1 In a normal case, majority votes of shareholders who attend the meeting (either by themselves or by proxy) and exercise their votes shall be considered a resolution.

Shareholding of the Board of Directors and Management¹

Name	Title	Ordinary Share (Units)		
		Dec.31, 2013	Dec.31, 2012	+ (-)
1. Mr. Prakit Pradipasen	Chairman of the Board and Independent Director	165,058	150,058	15,000
2. Mr. Sansern Wongcha-um	Independent Director	-	-	-
3. Assoc. Prof. Manop Bongsadadt	Independent Director	319,729	319,729	-
4. Mr. Dej Bulsuk	Independent Director	726,000	660,000	66,000
5. Mr. Banyong Pongpanich	Independent Director	-	-	-
6. Mr. Ekasith Jotikasthira	Independent Director	-	-	-
7. Mr. Vitoon Vongkusolkrit	Director	72,203,044	27,655,170	44,547,874
8. Mr. Supol Wattanavekin	Director	64,568,807	58,698,916	5,869,891
9. Mr. Chanin Vongkusolkrit	Director	102,905	93,550	9,355
10. Mrs. Panida Thepkanjana	Director	3,507,557 ²	3,797,416	(289,859)
11. Mr. Gavin Vongkusolkrit	Director	193,934	97,213	96,721
12. Mr. Kasama Punyagupta	Chief Executive Officer	10,199,999	10,199,999	-
13. Mrs. Kamonwan Wipulakorn	President	-	-	-
14. Mr. Petch Krainukul	Senior Executive Vice President	1,664,082	839,082	825,000
15. Miss Kanyarat Krisnathevin	Executive Vice President	-	-	-
16. Mr. Erwann Eric Mahe	Executive Vice President	-	-	-
17. Mr. Apichan Mapaisansin	Executive Vice President	1,110,000	1,000,000	110,000
18. Miss Pakinee Pramtade	Senior Vice President, Accounting Department	75,000	-	75,000
Grand Total		154,836,115	103,511,133	51,324,982

Note: 1. From report of securities held by the Company's directors as of December 31, 2013

2. Include spouse of 1,918,500 shares

Remuneration of the Board of Directors and Management

The Board entrusts several committees to formulate a compensation plan for directors, executives and staff as follows:

The Nominating and Corporate Governance Committee has a duty to formulate a compensation policy of directors where it is to review the soundness of compensations being paid on an annual basis on the basis of directors' scopes of duties as well as their roles and responsibilities and the company's financial status and operation results vis-à-vis others in a similar business enjoying the same amount of revenues. Compensations will be paid in two types: meeting allowances (retainer fees or attendance fees) and bonuses. Director entrusted as a committee's member shall receive additional compensations based on his additional responsibilities and this will be submitted to the Annual General Meeting of Shareholders for approval on an annual basis.

The Management Development and Compensation Committee evaluates performances of Chief Executive Officer and the President based on four aspects; namely, finance, customer satisfaction, internal process and HR and corporate development, as part of a review of his compensation and annual compensation. Together with Chief Executive Officer and the President, the Committee formulates a policy to pay executives and staffs based on the nature of their work.

The Chief Executive Officer and the President reviews annual compensations of executives based on a formulated policy through two evaluation processes; namely, (1)

Balance Score Card (BSC) evaluation, which reviews strategic significances of each department vis-à-vis corporate strategy through a linkage that will eventually trigger corporate-level strategies to lower levels; namely, from corporate strategy, to departmental and section strategies; and (2) Competency Skill Behavior (CSB) evaluation, where behaviors that support corporate culture will be evaluated. Supervisors will evaluate each individual. Some of the evaluation will be based upon the company's policies; others upon something else, depending on criteria set by department supervisors. To ensure effective evaluation and to access information from co-workers of various levels, the assessment is conducted from every direction. In this regard, supervisors will evaluate their supervisees and vice versa. In addition, staff of all levels is encouraged to conduct a self-evaluation. Results of both BSC and CSB evaluations are used to allocate the company's overall returns to departments, sections and units.

Remunerations in cash for the year ending 31st December 2013 totaled THB 45,536,764.93:

1. Remunerations of directors of the Company's Board of Directors and the Committees totaled THB 8,382,750.00
2. Remunerations of directors of the Company's subsidiary totaled THB 2,210,000.00
3. Remunerations, which were total wages of the eight (8) executives paid by the Company and its subsidiaries, totaled THB 33,818,306.90
4. Provident fund of the executives under item 3 above totaled THB 1,125,708.03

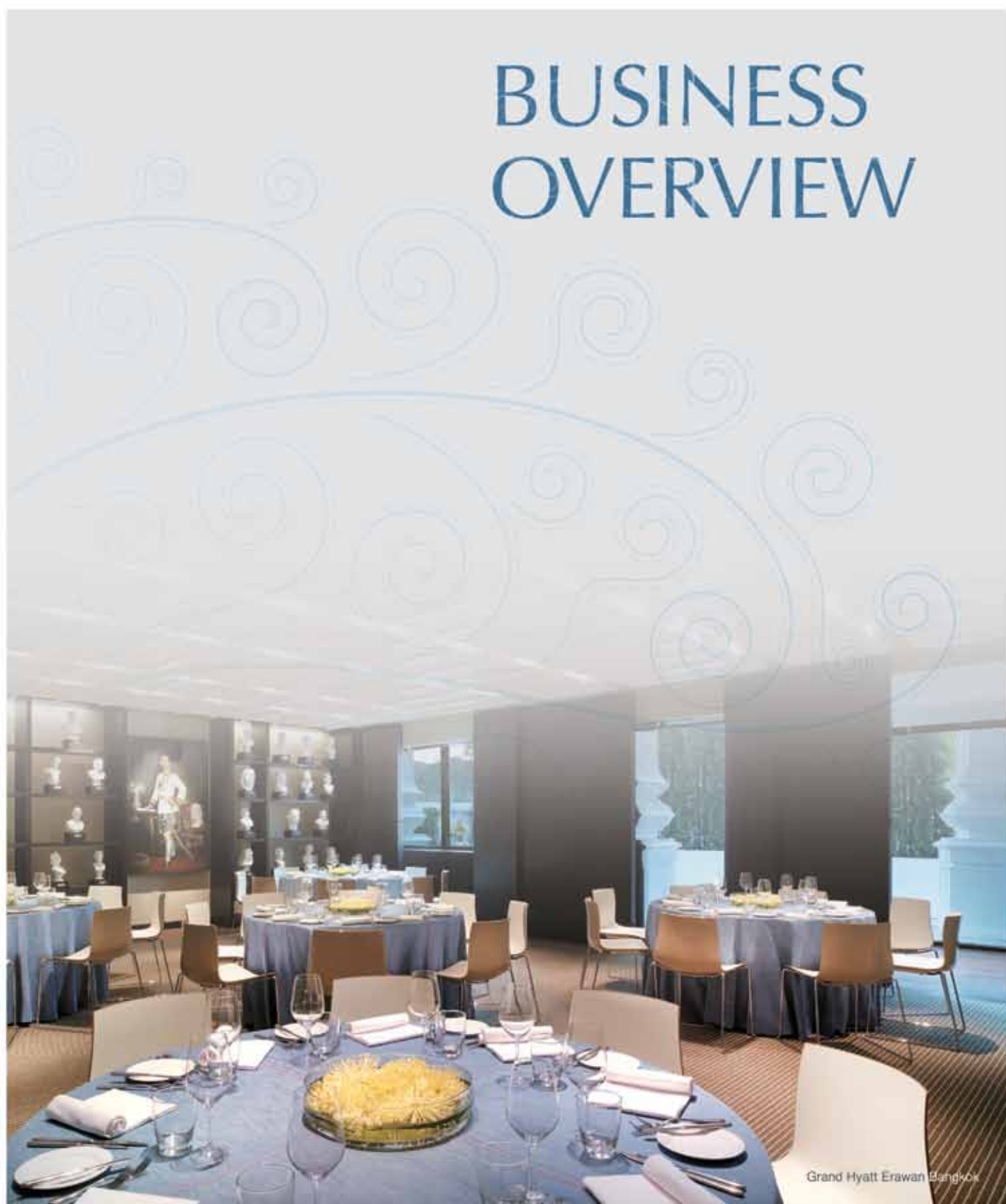
Remueration of the Board of Directors and Management

Remunerations for the Board of Directors and the Committees in cash for the year ending 31st December 2013

Remunerations in cash for member of the Committee							
Name	Position	Board of Directors	Audit Committee	Investment Committee	Nominating and Governance Committee	Management Development and Compensation Committee	Total (THB/year)
1. Mr. Prakit Pradipasen	Chairman of the Board and Independent director	690,000	-	-	58,500	-	748,500
2. Mr. Sansern Wongcha-um	Independent director	525,000	162,500	-	-	-	687,500
3. Assoc.Prof. Manop Bongsadadt	Independent director	525,000	125,000	-	-	-	650,000
4. Mr. Dej Bulsuk	Independent director	525,000	125,000	-	-	-	650,000
5. Mr. Banyong Pongpanich	Independent director	525,000	-	112,500	-	56,000	693,500
6. Mr. Ekasith Jotikasthira	Independent director	525,000	-	-	-	56,000	581,000
7. Mr. Vitoon Vongkusolkrit	Director	525,000	-	156,000	-	56,000	737,000
8. Mr. Supol Wattanavekin	Director	525,000	-	112,500	-	78,000	715,500
9. Mr. Chanin Vongkusolkrit	Director	525,000	-	75,000	42,000	-	642,000
10. Mrs. Panida Thepkanjana	Director	525,000	-	93,750	42,000	-	660,750
11. Mr. Gavin Vongkusolkrit	Director	525,000	-	-	42,000	-	567,000
12. Mr. Kasama Punyagupta	Chief Executive Officer	525,000	-	As executive	-	-	525,000
13. Mrs. Kamonwan Wipulakorn	President	525,000	-	As executive	-	-	525,000
Total (THB/year)		6,990,000	412,500	549,750	184,500	246,000	8,382,750



BUSINESS OVERVIEW



Operation Structure

The Erawan Group uses 2 schemes in operating hotels

1. Manage by Third-Party Hotel Management company

Third-Party Hotel Management Companies selected to manage our properties are reputable international hotel operators with recognized management experience and extensive sales and marketing network. Hotel brands are carefully evaluated and selected based on expertise of the management company who owns the brand and the suitability of the brand for each hotel.

Hotel Operators	   			
Brand		  		

2. Own Management

The company, itself, manages several properties under its own developed brand or international top brand. Hotel brands are carefully evaluated and selected based on popularity of the brand, sales network and suitability to the properties.

Hotel Operators	 	
Brand	   	

Properties in Operation



GRAND | HYATT
ERAWAN BANGKOK

Grand Hyatt Erawan Bangkok

www.bangkok.grand.hyatt.com

Segment : Luxury Hotel
Number of rooms : 380 rooms
Location : Rajdamri Road, Bangkok, CBD
Remaining on the current lease : 28 years
74% Ownership via Erawan Hotel Plc.



JW MARRIOTT
BANGKOK

JW Marriott Hotel Bangkok

www.marriott.com/bkkdt

Segment : Luxury Hotel
Number of rooms : 441 rooms
Location : Sukhumvit Soi 2, Bangkok, CBD
Remaining on the current lease : 31 years



RENAISSANCE®
KOH SAMUI RESORT & SPA

Renaissance Koh Samui Resort and Spa

www.marriott.com/usmbr

Segment : Luxury Resort
Number of rooms : 45 deluxe rooms and
33 pool villas
Location : Lamai Beach, Koh Samui,
Surat Thani



THE NAKA ISLAND
A LUXURY COLLECTION
RESORT & SPA
PHUKET

The Naka Island, a Luxury Collection Resort and Spa, Phuket

www.nakaislandphuket.com

Segment : Luxury Resort and Spa
Number of rooms : 67 pool villas
Location : Koh Naka Yai, Phuket

The Company and its subsidiaries' core businesses are investment and development of diversified hotel properties across Thailand's key destinations. Currently, the Company owns 16 hotels and operates other business including retail space rental, and management of office building.



COURTYARD[®]
Marriott
BANGKOK

Courtyard by Marriott Bangkok

www.courtyard.com/bkkcy

Segment : Midscale Hotel
Number of rooms : 316 rooms
Location : Soi Mahadlekluang 1, Rajdamri Road, Bangkok, CBD
Remaining on the current lease : 24 years



Holiday Inn
PATTAYA

Holiday Inn Pattaya

www.holidayinn.com/pattaya

Segment : Midscale Hotel
Number of rooms : 367 rooms
Location : Pattaya Sai 1 Road, Chon Buri



Mercure
HOTELS

Mercure Bangkok Siam

www.mercure.com

Segment : Midscale Hotel
Number of rooms : 189 rooms
Location : Rama 1 Road, Bangkok, CBD
Remaining on the current lease : 29 years



ibis
HOTELS

ibis Bangkok Siam

www.ibishotel.com

Segment : Economy Hotel
Number of rooms : 189 rooms
Location : Rama 1 Road, Bangkok, CBD
Remaining on the current lease: 29 years

Properties in Operation



ibis Bangkok Sathorn

www.ibishotel.com

Segment : Economy Hotel
 Number of rooms : 213 rooms
 Location : Soi Ngam Duphli, Rama IV Road,
 Bangkok, CBD
 Remaining on the current lease : 25 years



ibis Bangkok Nana

www.ibishotel.com

Segment : Economy Hotel
 Number of rooms : 200 rooms
 Location : Sukhumvit Soi 4 (Soi Nana),
 Bangkok, CBD
 Remaining on the current lease : 25 years



ibis Bangkok Riverside

www.ibishotel.com

Segment : Economy Hotel
 Number of rooms : 266 rooms
 Location : Charoennakorn Road Soi 17,
 Chaophraya River, Bangkok
 Remaining on the current lease : 21 years



ibis Pattaya

www.ibishotel.com

Segment : Economy Hotel
 Number of rooms : 254 rooms
 Location : Pattaya Sai 2 Road, Chon Buri
 20% ownership via Erawan Hotel Growth Property
 Fund (ERWPF)



ibis Phuket Patong

www.ibishotel.com

Segment : Economy Hotel
 Number of rooms : 258 rooms
 Location : Patong Beach, Phuket
 20% ownership via Erawan Hotel Growth Property Fund (ERWPF)



ibis Phuket Kata

www.ibishotel.com

Segment : Economy Hotel
 Number of rooms : 258 rooms
 Location : Kata Beach, Phuket



ibis Samui Bophut

www.ibishotel.com

Segment : Economy Hotel
 Number of rooms : 209 rooms
 Location : Bophut Beach, Koh Samui,
 Surat Thani



ibis Hua Hin

www.ibishotel.com

Segment : Economy Hotel
 Number of rooms : 200 rooms
 Location : Khao Takiap, Hua Hin,
 Prachuap Khiri Khan

Properties in Operation

Rental Property



Erawan Bangkok

www.erawanbangkok.com

Retail Shops : 6,547 sq.m.
(up-scale)

Location : Ploenchit Road/Rajdamri Road,
Bangkok, CBD

Remaining on the current lease : 28 years

Property Management



Ploenchit Center

Office Building : 42,836 sq.m.

Location : Sukhumvit Road Soi 2,
Bangkok, CBD

Owner : Prime Office Leasehold
Property Fund

Managed by : The Erawan Group Plc.

Properties Under Development



Holiday Inn Pattaya (Extension)

Segment : Midscale Hotel
 Number of rooms : 200 rooms
 Location : Pattaya Sai 1 Road,
 Chon Buri



Mercure Pattaya

Segment : Midscale Hotel
 Number of rooms : 210 rooms
 Location : Pattaya Sai 2 Road,
 Chon Buri



ibis Krabi

www.ibishotel.com

Segment : Economy Hotel
 Number of rooms : 206 rooms
 Location : Ao Nang, Krabi



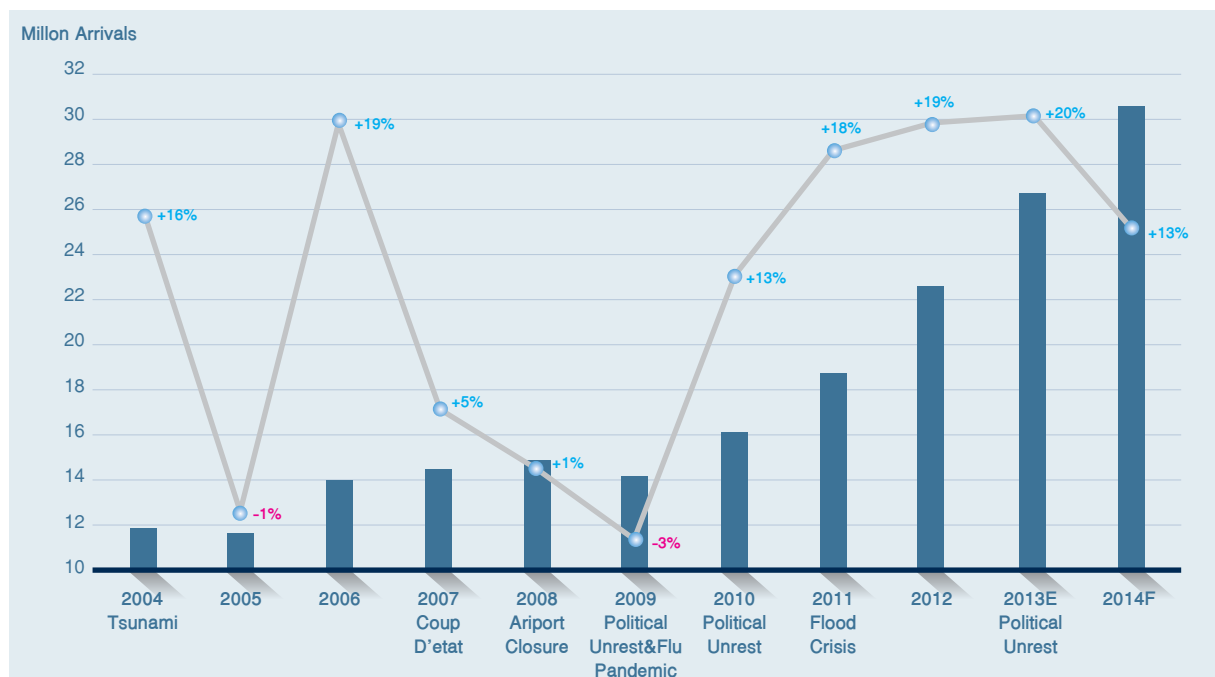
HOP INN

www.hopinn.com

Segment : Budget Hotel
 Number of hotels : 10 hotels
 Number of rooms : 788 rooms (Total)
 Location : Kanchanaburi, Khonkaen,
 Lampang, Mukdaharn,
 Nakornratchasima, Nongkhai,
 Srakaew, Tak, Ubonratchathani,
 Udonthani

Tourism Industry Outlook in 2013

International tourist arrivals over years (Million Arrivals)



source : Immigration Bureau, Department of Tourism and Tourism Authority of Thailand

■ Number of International Tourist Arrivals
—●— Growth (%)

Hotel Industry

Thailand tourism industry found its golden year in 2013, as it showed a staggering growth rate which was much higher than the initial projection, particularly during the first 9 month of the year that demonstrated more than 0.8 trillion baht revenue or approximately 23 percent growth year on year. Despite some negative impacts in the last quarter from political tensions and the new law imposed by Chinese government to control its outbound tours, the number of inbound tourists is expected to reach 26.7 million or an impressive 20 percent growth, creating overall revenue of 1.167 trillion baht for the full year 2013¹.

Top five source markets for foreign tourist arrival in 2013 were China, Malaysia, Russia, Japan and South Korea respectively. More than half of foreign arrivals still came from Asian countries while other 24 percent were from European countries. Tourists from China continued to show strongest growth by 69 percent and have reached 4.7 million arrivals

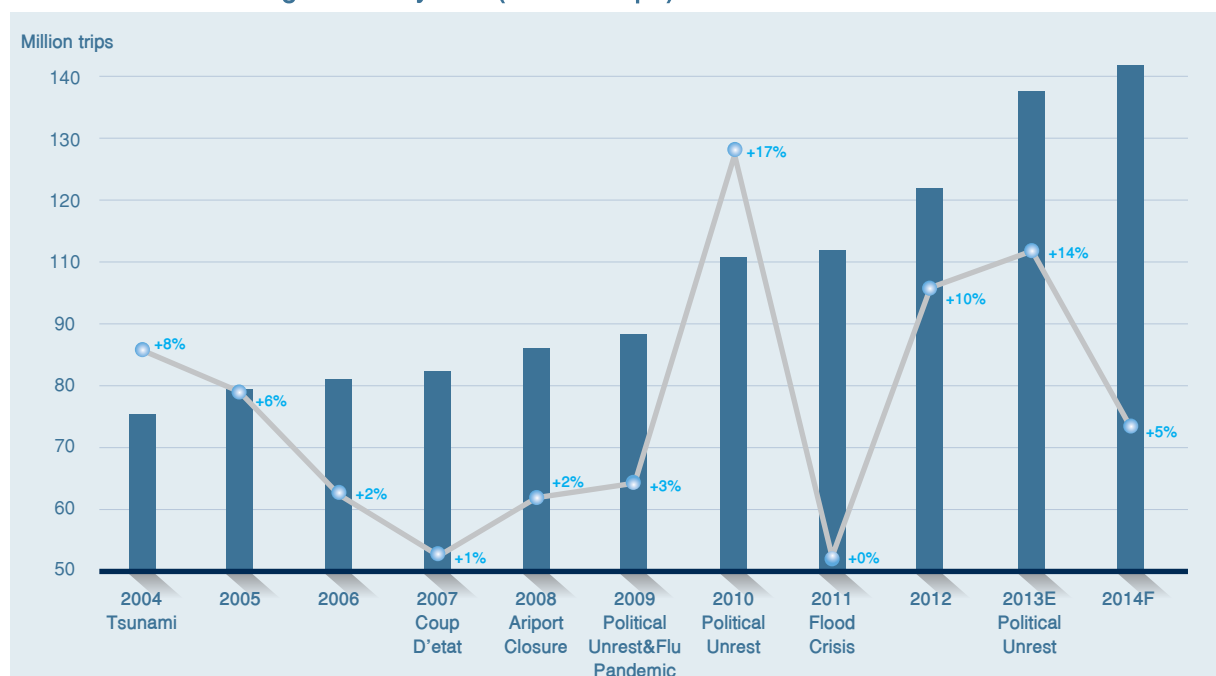
in 2013 as direct flights and chartered flights between Thailand and China have been increased significantly. This has helped stimulate the industry especially in second and third quarters which were traditionally Thailand's low season. Besides that, tourists from Europe and America with high purchasing power and contributed major revenue to the country's tourism sector had continuously remained positive growth, despite a challenging economy in such regions.

Domestic travel has constantly expanded for the last 3 years. Owing to low cost airlines' flight frequency and route expansion with more focus on secondary destination, domestic travel is expected to grow by 14 percent year on year to reach 127.5 million trips in year 2013². Moreover, business sector expansion, more support in income distribution, consumption driven policy, and infrastructure development from government sector also account for more demand in local accommodation, not only in major tourist destinations but also in secondary provinces.

¹ Initial projection of Department of Tourism, Tourism Authority of Thailand and Tourism Council of Thailand

² Initial projection of Department of Tourism

Domestic Tourism Figure over years (Million-Trips)



source : Department of Tourism and Tourism Authority of Thailand

■ Domestic Tourist Trips
● Growth (%)

Major positive factors contributing to continued growth of Thai tourism market in international and domestic level consist of strong Asian economy, steady expansion of low-cost airlines specifically the launch of medium-haul (around 7-8 hours flight time) budget carriers leading to greater number of regional tourists, effective marketing campaigns and promotional activities of Tourism Authority of Thailand have stimulated confidence and image of Thailand tourism industry. In addition, policy from Tourism Authority of Thailand to encourage tourists to visit more secondary destination and the collaboration among Asian countries such as ASEAN Economic Community (AEC) will also help increase both number and variety of the visitors. However, unstable political situation will continue to be a negative threat that could have detrimental effects to Thailand's tourism industry in 2014.

Despite the growth in demand, hospitality industry has encountered intense competition from new hotel supplies. In addition, domestic and international hotel investors are currently more interested in investing in 4-star, 3-star and budget hotels with the intention of capturing growing

demand of tourists who concern more on value-for-money products/services and who travel with low-cost carrier. These segments have continually shown massive growth over time.

As projected by Department of Tourism and Tourism Authority of Thailand, overall Thailand tourism industry is looking forward to another bright year in 2014. Foreign tourist arrivals are expected to grow by 13 percent and reach 30.3 million arrivals. Domestic travelling is also anticipated a 5 percent growth to 133.9 trips. Total tourism revenue is projected to exceed 2 trillion baht.

Thailand tourism industry has contributed significantly to the country's GDP. Even though, it has faced several internal and external challenges over the past 10 years, the number of tourist arrivals has been very strong with outstanding growth. This statistic clearly portrays strength of Thailand tourism industry. The industry will certainly enjoy promising upward trend and also will be able to exceptionally grow with long-term sustainability.

Risk Factors



Our company has Investment Committee (“IC”), who supervises and manages policies, plans and investment projects approved by the Board. The Committee also ensures that the firm has a systematic, distinct and effective risk management system. Each head of departments are responsible to analyze and formulate strategies to manage or mitigate risks in respective areas.

Risks and risks management strategies associated with our operations are:

1. Risk of dependency on third-party hotel management companies

International hotel operators are carefully selected and hired to utilize their reputations, experiences and expertise in managing and administering our hotels. These third-party hotel operators include Hyatt International, Marriott International, Accor Hotels, InterContinental Hotels Group, and Starwood Hotels & Resorts Worldwide, which are amongst the world’s largest with proven track records, established systems, worldwide reputations, and strong financial positions. However, there is a risk that brand reputations or operators’ capabilities to compete may decline and adversely affect our hotels’ performance during the long-term management agreements contracted periods. Therefore, all hotel management agreements with third-party hotel operators include termination for non-performance clause, which allows the company to termi-

nate the contract and appoint another international hotel operator to take over the management of the property, in case that the existing operator is not able to manage the hotel to reach expected performance level. Additionally, we have launched The Erawan Group’s own hotel brand to operate our properties currently under development to further mitigate the third-party dependency risk.

2. Risk from Declining Demand and Increasing Supply

The unbalanced situation of supply and demand could cause an intense competition in the hotel market, which may affect company’s income and operating profit. We have mitigated this unbalanced demand-supply risk effectively by applying an investment strategy to diversify hotels and resorts portfolio into luxury, mid-scale and economy segments in various tourist destinations. Moreover, the company carefully selects different highly-experienced hotel management operators to manage our properties based on their strong market segments. Such hotel operators can provide competitive advantage over other hotels such as extensive sales and marketing network, worldwide customer base, and proactive crisis management under unanticipated situations. We have always been proactive in introducing and reestablishing hotels’ competitive strengths as well as reinforcing hotels to manage their operating expenses effectively and efficiently on an on-going basis.

3. External Risk Factors Impacting Company's Assets and Business Operations

External risk factors such as natural disaster, terrorism or political unrest that may have an impact on company's properties and business operations are unpredictable and uncontrollable. However, the company has set certain crisis management standard procedures based on international standard to reduce such adverse impacts. For example, crisis management at different hotel properties during political unrest or demonstrations, which have been implemented including increased security guards on duty, restricted access to and from properties, setup barriers within vicinity, retained extra supplies, and prepared evacuation plans in accordance with international standard. Furthermore, all hotel properties of the company are covered under all-risk, business interruption, and terrorism insurances to cover the aforementioned damages should they have direct impact to any of the properties.

4. External Risk Factors Affecting Hotel Business Performance

External risk factors affecting hotel business performance, such as natural disaster, political unrest or epidemic, are beyond company's control and prevention. Such external factors could cause sudden drop in number of international tourist arrival, which will have a direct impact on hotel revenue and net income. Nevertheless, precedent events have shown a pattern that these adverse impacts are short-lived, around 3 - 9 months, depending on severity. Since all of our hotels are managed by international hotel operators, who are professional, possess flexible and responsive systems and can capitalize on their experiences in dealing with extraordinary events from across the globe, our business performance are more resilient to such external factors. Sales and marketing activities are flexible and can be promptly adjusted according to market condition, while proactive extensive cost management policies can be implemented to reduce impacts to the company's net income.

5. Interest rate risk

Interest rate risk, which is a result of changes of market rates in the future, will affect our operating results and cash flow. For the purpose of financial risk mitigation, the Company converted a portion of long term loan from floating rates into fixed rates. As of 31st December 2013, approximately 28 percent of our long term loans were subject to a fixed rate and 72 percent were subject to a floating interest rate. Our floating-rate term loans apply a Minimum Lending Rate (MLR) and a 6-month Fixed Deposit Rate as a benchmark.

6. Human Resources Risk

Loss of executive management or key personnel of the company is also considered a risk for the company. However, human resources development and management is one of the key priorities of the company. Over the past years, the company has recruited employees and managements in rapid growth departments and provides continuous training and development to existing employees. More importantly, the company has implemented a 3-layer succession plan from President and Chief Executive Officer down to Vice president level which supervised by the Management Development and Compensation Committee ("MDC") and Executive Vice President of each department respectively. In addition, with a professionally run structure, the company operates under an efficient system and do not rely on sole capability or decision-making of a single individual. Authority has been decentralized to various level employees under the supervision of the Board of Directors. These structures of management will help reduce risk from loss of key personnel.

In addition, key corporate cultures including "Team spirit" and "With integrity", will also attract capable professionals with integrity to join the company. Lastly, competitive compensation and benefits, bonus scheme which links to corporate strategy map as well as long term stock option plan for executive management and employees also creates commitment and loyalty to employees which will help them to work more efficiently. This compensation structure will also help to retain quality employees with the company.

CG Awards



Year 2013

- “Excellent & Top Quartile” CGR Report 2013
Project: Corporate Governance Report of Thai Listed Companies
- “Excellent” AGM Assessments Program
Project: AGM Assessments Program 2013
- “Most Improved” CSRI Recognition 2013
Project: SET Awards 2013
- “Best Investor Relations-Distinctive” IR Awards 2013
Project: SET Awards 2013
- Full Member of the CAC (Certifies that the company to declaration on anti-corruption by putting in place good business principles and control against briber).
The Collection Action Against Corruption (CAC)
- “The Best of Asia-Corporate Director Recognition Awards” the 4th Asian Corporate Director Recognition Awards 2013
Corporate Governance Asia Recognition Awards

Recognitions 2005-2012

Board of the Year Awards

- Board of the Year for Distinctive Practices 2006/2007

Corporate Governance Report of Thai Listed Companies

- “2nd Quartile” Year 2005 (Top rating = 1st Quartile)
- “very good” CGR Report 2006
- “very good” CGR Report 2008
- “Excellent” CGR Report 2009-2012

SET Awards 2009

- 1 in 3 Nomination to “IR Excellent” Awards 2009

SET Awards 2010

- “Excellent” IR Awards 2010
- Nomination to “Excellent CSR Awards 2010”

SET Awards 2011

- Nomination to “Excellent CSR Awards 2011”

AGM Assessments Program

- “good” AGM Assessments Program 2006
- “very good” AGM Assessments Program 2007
- “Excellent” AGM Assessments Program 2008
- “Excellent” AGM Assessments Program 2009
- “Excellent recognized as Good Example”
AGM Assessments Program 2010
- “Excellent” AGM Assessments Program 2011
- “Excellent” AGM Assessments Program 2012

Asia Recognition Awards

- “The Best of Asia” the 3rd Asian Excellence Recognition Awards 2012
Corporate Governance Asia Recognition Award



CSR REPORT



Anti-Corruption Policy



Courtyard by Marriott Bangkok

Erawan manages our business on the basis of the corporate governance principle. We have formulated an anti-corruption policy against all forms of corruption likely to emerge from our operation and contacts with stakeholders which directors, the management and employees of the Company, our subsidiaries and associated firms are required to strictly comply with.

Corruption as defined by the anti-corruption policy

Corruption means bribing, using a title, responsibility and/or information derived from work performed for the company to do anything to render benefit to one's self, his/her alliance and/or other parties in order to directly and indirectly acquire assets or any other profit not appropriate for the business or any illegitimate interest for oneself including any action found conflicting with the Company's Code of Conduct unless the laws, rules, announcements, regulations and local customs or business practice have allowed so.

Corruption is possibly expressed through the following four forms.

- 1 **Political assistance** - this refers to financial support or donation of items and/or participation in activities; or the Company's support for employees to attend political events in its name in order to acquire business advantages. This however does not include employee's own participation on the basis of his/her personal rights and freedom. Erawan's policy is to conduct our business on a neutral basis with neither political alignment nor attachment to any professional politician of any party. We will not donate our funds or other forms of assistance for political purpose as defined in paragraph one for the benefit of our business.

2 Charity donation can be a corruption risk to the Company when the activity refers to a payment but without constructive returns. Besides, the activity can become a claim or a means of corruption. To avoid any charity donation with a hidden agenda, Erawan has formulated a policy and criteria as well as a review process and control details as follows.

- 2.1 A charity activity has to be proven that it actually exists; that actions have been made to successfully realize the purpose of the project and that it is set up for the real benefit of the society.
- 2.2 A charity donation has to be proven that it has nothing to do with a reciprocal return with anyone or any organization except an action to honor the donor as normally practiced such as displaying our logo, mentioning our name at the event or in a PR media.



3 Sponsorships to promote our business, logo or goodwill may, too, contain a risk as money usually paid for business or profit is difficult to detect and measure. In addition, the sponsorships could be related to bribing. That's why Erawan is stipulating a sponsorship policy, a review process, control details and assessment methods as follows.

- 3.1 A project has to be proven that the person soliciting for sponsorship has actually run the project; that his action is to realize the project's purpose; and that the project is created for the real benefit of the society.
- 3.2 It has to be proven that sponsorship or any other profit computable in a monetary value such as gift of accommodation and food has nothing to do with a reciprocal return with anyone or any organization unless it is an announcement to honor the person as normally practiced in the business.

4 As for expenses relating to gifts, hospitality and others, their policies, criteria, review process and control procedures as well as assessment of approval criteria will be in line with the CSR regulations.

Whistle blowing and controlling measures

Should anyone come across or doubt over the violation of the Code of Conduct or relevant rules, laws and regulations, the Company has set up an independent unit to review details informed by such whistleblower who may either be an internal employee or an external party through the following process for the purpose of fact-finding:

Anti-Corruption Policy



- 1 Fact-finding process:** Erawan has set up a grievance -filing channel on its website, through the annual report under the topic of corporate governance statement and also through Code of Conduct. Our fast and systematic fact-finding process refers to the following:

 - 1.1 Sufficiency and clarity-details of what is revealed or filed must be true and/or enough to conduct an investigation.
 - 1.2 Materiality-as for tips or grievance found to contain materiality, the person receiving the grievance will submit the matter to the Disciplinary Action Committee whose members consist of the Compliance Unit, the HR Unit, the department in which the person being the subject of such grievance is working and the unit in which the whistleblower or the person filing the grievance (in case of an employee) is attached to in order to conduct a further investigation for fact-finding purpose.
 - 1.3 The whistleblower or the person filing a grievance will be equally protected whether he is an employee or the third party.
 - 1.4 The whistleblower or the person filing the grievance may choose not to reveal his name, address or contact number unless he feels that such a disclosure will enable Erawan to inform him a progress, to inquire him additional information that could be beneficial to the case, to notify him the facts or to relieve him from damage in a quicker and more convenient manner.
- 2 Fair treatment process:** the Disciplinary Action Committee will review the case on a fair basis and will protect the whistleblower or the person filing grievance, the person handling the grievance, the person subject to such grievance and parties involving in the fact-finding and reporting process. Information will be kept confidential and only be revealed when necessary while we will take into consideration safety and damage of the whistleblower or the person filing grievance, the person subject to such grievance or those cooperating in the fact-finding process, source of information or other related persons where everyone will sign a pledge together.
- 3 Reporting process:** The Disciplinary Action Committee has a duty to directly report the facts of the matter to the President and/or Chief Executive Officer and/or the Audit Committee and/or the Board of Directors, depending however on what has happened where it will be upon the Committee's discretion to decide to what extent it is appropriate to present the report to a responsible person where Erawan has stipulated the following as a framework:

- 3.1 To the President if it's about general management and the matter is under the President's supervision;
- 3.2 To the Chief Executive Officer if it's related to general management with serious effect and the matter is under the CEO's supervision;
- 3.3 To the Audit Committee if it's related to the corporate governance policy and/or if it's an intended violation of one's duty and responsibility with serious effect;
- 3.4 To the Board of Directors after the Audit Committee's decision that it's appropriate that the matter be reported thereto for its acknowledgement and/or for action relating to the supervision policy; and/or if the matter is having an effect to senior executives (CEO and/or President)

4 Disciplinary action and reporting:

- 4.1 Disciplinary action shall be in line with the Employee's Disciplinary Action Regulations issued by the Company and/or relevant laws.
- 4.2 In case the Company can contact the whistleblower or the person filing the grievance, it will report the person in writing.
- 4.3 Related supervisors are required to monitor improvement actions, if any, and report their line supervisors.



Corporate Governance Policy

The Erawan Group is managed on the principle of good corporate governance. The business is run in compliance with the laws and on the basis of the Business Code of Conduct where information is disclosed in a transparent and straightforward manner. We have also put in place efficient auditing mechanisms. We operate our business by taking into consideration our responsibility in every aspect to shareholders and stakeholders, the structure of our Board of Directors, supervision mechanisms and efficient management responsibility. Aside from complying with the OCED's best practices, we also implement other best practices normally practiced overseas; for example, The Erawan Group have set up four sub-committees to help supervising each task or the fact that our board consists of as much as 46 percent of Independent Directors out of the entire board. With regard to corporate governance, The Erawan Group has set up the Nominating and Corporate Governance Committee (NCG) to regularly review and update corporate governance policies and practices so the company will continue to have up-to-date criteria that it can be actually implemented. To comply with the policy, the Chief Executive Officer and the President has been directed to promote corporate governance among staff of all levels.

At present, the practice is being adjusted so that it is in line with the Asean CG Scorecard to be implemented in 2015. Based on our initial study, Asean CG Scorecard applies the same principles as those of the OECD. There are five issues to be considered; namely, shareholders' rights, equal treatment of shareholders, rights of stakeholders, information disclosure and transparency and responsibility of the Board of Directors. Based on our group study, we found that in only certain areas that Asean CG Scorecard system is more demanding than that

of the OECD. Besides, the Erawan Group has signed the Collective Action Coalition (CAC), a movement established by the Thai private sector against corruption and certifies that the company to declaration on anti-corruption by putting in place good business principles and control against briber. (Full Member of the CAC)

The Erawan Group also ensure that staff understands the concept of Corporate Social Responsibility (CSR) where business is run by properly taking into consideration the interest of all stakeholders whether they are employees and family, customers, suppliers/creditors, competitors, public sector, society and environment. The Erawan Group regularly conducts an opinion survey of stakeholders. Results of the survey are used to improve business efficiency and to be one of the factors evaluating our staff performances annually.

Good Corporate Governance can be divided into eight areas as follows:

1 Code of Conduct

The Erawan Group have announced a policy to conduct our business based on the principles of good corporate governance. In 2005, we combined the best practices and the Code of Conduct, which not only were in line with our corporate strategy, but were also practicable, into our Code of Conduct manual. The manual was updated in 2008, which was indeed a significant move based on our motto of **"Success with Integrity"**. The updated Code of Conduct has been distributed to executive officers and staff for implementation to ensure our success with integrity and also to promote our corporate culture and ethical performances. Our Code of Conduct is now posted in our website at www.TheErawan.com, a mechanism to ensure that our executive officers and staff commit to their responsibilities to all stakeholders.

2 Qualifications, Structure, Duties and Responsibilities of the Board and the Management

Not only qualifications of our directors are in line with the SET's requirements but they are also much more intensive. Director's term of office is three years each term with clear scopes of work and with power being balanced between non-executive directors. Half of the Board's entire members are independent non-executive directors. The Board consists of Chairman of the Board, who is an independent Director and different person from the Chief Executive Officer where their roles, authority and responsibilities are clearly separated to maintain balance between managing and supervising the company. In addition, there are five other independent directors, five non-executive directors and two executive directors (Chief Executive Officer and the President). The total number is 13.

The Board has appointed four different committees in a move to clearly define duties and responsibilities. The Board also has a policy to promote rotation among directors to sit at different committees for appropriate timeframe and on appropriate occasions. Chairman of a committee has a duty to submit a clear-cut policy of his committee to the Board. Every committee must appoint a secretary, who will coordinate with directors and the management to ensure that the policy is translated into action. In addition, the secretary must also record minutes of meeting in writing.

The committees include the following:

The Audit Committee (AC): The entire Audit Committee consists of independent directors and at least three members, who must have adequate accounting knowledge to be responsible for auditing the company's financial statements and its internal control system and to monitor the company's risk management practices on a regular basis. In addition, the Audit Committee will also review the independence of the company's Internal Audit Unit; approve appointment, transfer or termination of supervisor who works as its secretary; review legal compliance; select, appoint, removal and propose an auditor and auditor's fees and review the auditing and disclose information about connected transactions to meet the criteria in an accurate and transparent manner.



The Investment Committee (IC): This Committee consists of no fewer than seven directors and is responsible for supervising and managing policies, plans and investment projects approved by the Board. The Committee also ensures that the firm has a systematic, distinct and effective risk management system.

The Nominating and Corporate Governance Committee (NCG): This Committee consists of no fewer than four members. Its chairman shall be an independent and non-executive director while the remaining two members are non-executive directors. The Committee is responsible for reviewing the structure of the Board, setting qualifications of a particular position, reviewing and recruiting experts to become our directors as well as assessing the Board's performances and other committees appointed by the Board. The Nominating and Corporate Governance Committee also sees that directors, executive officers and staff of all levels comply with the Good Corporate Governance practices and Code of Conduct.

The Management Development and Compensation Committee (MDC): The Committee, consisting of no fewer than four non-executive directors, is responsible for proposing development policies, assessing knowledge and skills of and compensations to new Chief Executive Officer and the President, writing a senior management succession plan and reviewing the company's HR development policy.

Corporate Governance Policy

3 Qualification of Directors

Principles:

The Board of Directors should consist of members with a variety of knowledge and experiences, whether it is in finance, economy, management, business administration, marketing and service, tourism and law. The idea is to ensure that together, they can formulate a right policy for the development of hotel and resort business while having specialized skills, ability to see things in a big picture and enough independence to audit the Management in a balancing manner. The Board of Directors has two significant roles; namely, supporting the Management on the basis of the Good Corporate Governance and formulate a strategy to achieve our business goals.

General Qualifications:

- 1 Director should possess a variety of knowledge and experiences while being a professional with an ethical mind.
- 2 Director should fully understand his obligations and practices with a commitment to create long-term values to the business and shareholders.
- 3 Director should have enough time to perform his duties effectively.
- 4 Director should be able to assess himself and is ready to notify the Board of Directors upon change or if there is anything that prevents him from performing his job effectively.

Director's Term of Office and Retirement Criteria

- 1 Director shall be in office three years each term. The Board may nominate a director for shareholders to re-elect him/her after his term ends by reviewing his performances on an annual basis. The term of a committee's member is also three years each term.
- 2 Director shall retire when he/she is fully 75 years old effective from the day following the Annual General Meeting of Shareholders. The calculation will start after the day the director is fully 75 years old.

Specific Qualifications:

Chairman of the Board of Directors: aside from the duties mentioned above, Chairman will have extra duties; namely, (1) acting as chairman of the Board of Directors' meeting; (2) exercising a casting vote in case of tie at the Board of Directors' meeting; (3) calling for the meeting

of the Board of Directors; and (4) acting as chairman of the Shareholders' Meeting. As a result, qualifications of the Chairman will be slightly different from those of other directors as follows:

- Chairman must be Non-Executive Director (NED).
- Chairman must not be involved in a day-to-day management, be an auditor, or others such as a legal consultant; nor shall he be employee, staff, advisor receiving monthly salary or a person with controlling power of the company, affiliated company, associated company, auditing company, or be a person who may have conflict of interest without having to have interest or stakes in such manner.

Executive Director

- Director who is also Chief Executive Officer (CEO) is advised not to become director in more than three other listed companies.

Independent Director

- Independent Director shall hold less than 1 percent of the total shares with voting rights in a company, its affiliated company, associated company or any other person with possible conflicts of interest (including shares held by related persons).
- Independent Director must not be involved in the management and is currently not being and has never been employee, staff, advisor enjoying monthly income or person with controlling power of the company, its affiliated company, associated company and auditing company; nor shall he be a person with conflict of interest without having to have any interest or stake in such manner for no less than two years.
- An Independent Director shall have neither blood nor registered relationship as a father, mother, spouse, sibling and children including spouse of children of executive officers, major shareholders, persons with controlling authority or anyone to be nominated as an executive officer or a person with controlling power of the company or its subsidiary.

- An Independent Director shall have no business relationship with the company during the previous two years. Details are as follows:
 - No relationship as a provider of professional service including being an auditor (in any case), or of other professions such as being a legal consultant, a financial advisor or an asset appraiser with an annual transaction value exceeding Baht 2 million.
 - A business and trade relationship including normal transactions, renting or leasing of property, transactions relating to assets and services and giving or getting financial assistance with a transaction value from Baht 20 million or 3 percent of the Company's NTA, whichever is lower. This however shall include values of all retroactive transactions during at least the six previous months prior to the latest transaction.
- An Independent Director shall possess no other characteristic that prevents him/her from expressing his opinion independently.
- Independent Director must attend at least one of the following courses held by the Thai Institute of Directors (IOD); namely, Director Certification Program (DCP); or Director Accreditation Program (DAP); or Audit Committee Program (ACP)

Member of the Audit Committee

- He/she shall be an Independent Director appointed by the Board of Director or Shareholders.
- He/she shall not be a director entrusted by the Board to make any decision with regard to a business of the company, its parent company, subsidiary, affiliate, subsidiary of the same level or other entities that may have a conflict of interest.
- His duties must not be fewer than what is stipulated by the SET.

Transactions with Possible Effects to Independence

- Being authorized to approve transactions or signing to bind the Company, to exempt collective decision.
- Attending a meeting or voting in a matter he has an interest or a conflict of interest therein.

Prohibited Characteristics

Directors and executive officers must possess no qualifications that are conflicting with the company's requirements and announcements made by the SEC and the SET. Additional information can be read in the company's website.

4 Rules and Responsibility of the Board of Directors and the Management

The Board of Directors determines policies and practices for the management, which include important tasks of an executive. In addition, the Board also allows the management to formulate a management policy based on the Company's objectives and missions, which will be subject to the Board's approval.

The Board of Directors also sets to have its Independent Directors meeting every year so that all directors meet the management.

5 Board of Directors' Meeting

The Erawan Group set a number of both the Board of Directors' meetings and those of other subcommittees. The meeting dates during an entire year would be communicated to directors and other relevant parties in advance. In addition, an agenda was introduced to allow independent directors to freely exchange ideas at the Board of Directors' Meeting during which neither Chief Executive Officer (CEO) nor the President, both of whom were the management's highest executives, was present at the meeting where ideas were freely exchanged among directors.

In 2013, the Erawan Group organized 6 Board of Directors' meetings, 5 Audit Committee's meetings, 6 Investment Committee's meetings, 3 Nominating and Corporate Governance Committee's meetings and 4 Management Development and Compensation Committee's meetings. Minutes of meeting were recorded in writing at each and every meeting and kept at the Office of the Company Secretary and on a data server so that officers can conveniently access the database. Details of the 2013 meeting attendance of directors are in the following table:

Corporate Governance Policy

Times of Attendance 2013

Name	Position	Term	Times of attendance/Number of Total attendance				
			Board of Directors	Audit Committee	Investment Committee	Nominating and Corporate Governance Committee	Management Development and Compensation Committee
1. Mr. Prakrit Pradipasen	Chairman	Apr. 2012 — 2015	6/6			3/3	
2. Mr. Sansern Wongcha-um	Independent Director						
3. Assoc.Prof. Manop Bongsadatt	Independent Director	Apr. 2012 — 2015	6/6	5/5			
4. Mr. Dej Bulsuk	Independent Director	Apr. 2012 — 2015	4/6	5/5			
5. Mr. Banyong Pongpanich	Independent Director	Apr. 2013 — 2016	5/6		6/6		4/4
6. Mr. Ekasith Jotikasthira	Independent Director	Apr. 2011 — 2014*	6/6				4/4
7. Mr. Vitoon Vongkusolkrit	Director	Apr. 2011 — 2014*	6/6		6/6		4/4
8. Mr. Supol Wattanavekin	Director	Apr. 2013 — 2016	6/6		6/6		4/4
9. Mr. Chanin Vongkusolkrit	Director	Apr. 2013 — 2016	5/6		4/6	3/3	
10. Mrs. Panida Thepkajana	Director	Apr. 2011 — 2014*	6/6		5/6	3/3	
11. Mr. Gavin Vongkusolkrit	Director	Apr. 2013 — 2016	6/6			3/3	
12. Mr. Kasama Punyagupta	Chief Executive Officer	Apr. 2011 — 2014*	6/6		5/6		
13. Mrs. Kamonwan Wipulakorn	President	Apr. 2011 — 2014*	6/6		6/6		
percent of directors' attended			95%	100%	90%	100%	100%

Note: * To propose the Annual General Meeting of Shareholders on Tuesday, April 29, 2014, to reappoint 5 directors who retire by rotation to succeed for another term.

6 Evaluation of the Board's Performances

We evaluate performances of our Board annually. Thirteenth directors conduct a self-evaluation and an evaluation of the entire board independently before sending evaluation results to the Nominating and Corporate Governance Committee for further assessment. Evaluation results are used to improve and develop directors and work processes according to the guidelines recommended by the SET and Thai Institute of Directors

Based on such evaluation, 88 Percent of assessors agreed that the structure and components of directors were appropriate and that there were enough independent directors to achieve a balanced power. 90 percent agreed that the Board understood its independence in making decisions without being influenced by anyone. Meanwhile, 88 percent agreed that matters regarding the number of meetings, acknowledgement when the meeting would be held and the getting of documents in advance was getting much better than before. 85 percent agreed that every director shall bear the fiduciary duties of overseeing the management of the company that it operates in the best interests of the shareholders, for whom the director is responsible. 83 percent agreed that there was a good relationship with the Management Team and directors could directly discuss with the President and Chief Executive Officer. 84 percent agreed about better self-

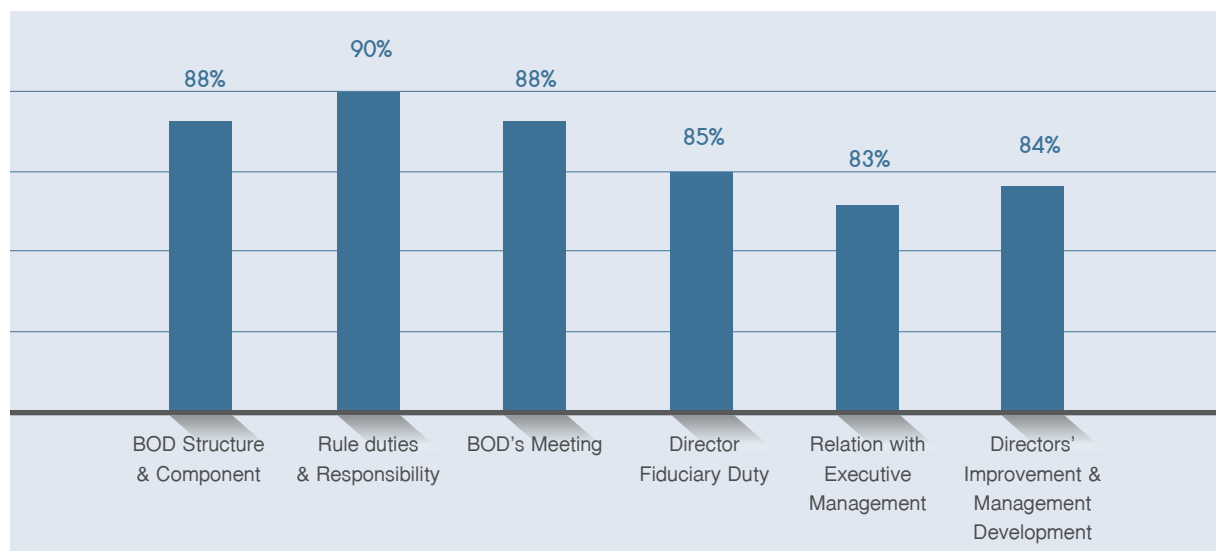
development among directors, better understanding about business and their duties and responsibilities. Details are in the following:

7 Nomination of Directors and Executives

The Board entrusts the Nominating and Corporate Governance Committee to draft a clear nomination policy and process for directors. This refers to a process to initially check a nominee's qualifications to ensure that his are in compliance with director's qualifications; a selection and courting process of a nominee to be our director; a nomination process to the Board or shareholders and a reviewing process of director being re-nominated. An individual evaluation of a director's performances while in the office will be used to support the consideration.

Furthermore, the selection was independently conducted without being subject to anyone's influence. The Chief Executive Officer and/or the President conducted a two-hour orientation session and arranged for a management team to meet the new director so that he learned about the company, got access to corporate information and strategic plans.

The Board designated the Management Development and Compensation Committee to recruit and formulate a succession plan of executives; namely, the Chief Executive Officer and the President, to ensure continued performances and to avoid business disruption.



Corporate Social Responsibility “CSR”

8 Corporate Social Responsibility (CSR)

The Board of Directors has formulated several business strategies and also has a strong determination to develop a sustainable business through the nurturing of internal CSR mentality. Known internally as the “CSR in process,” the mechanism refers to our responsibilities to all stakeholders; namely, shareholders, employees and their families, customers, suppliers, creditors, competitors, public sector, communities and the environment. The Board of Directors has already approved budget for a project called “The ERAWAN for Society and the Environment” for the Company to pursue. The essence of the project is to conduct CSR activities on a continuous basis for the benefit of neighbor communities located closed to our properties and the society at large, known as the “CSR after-process.”



The Erawan has indeed benefited from the CSR in process which takes into consideration all groups of stakeholders. Aside from creating values the society is looking for, the process also enables us to conduct business on a fair basis, support true business competitions, avoid conflicts of interest and intellectual property infringements and nurture our anti-corruption

processes (see more information under our Anti-Corruption Policy). As for the issues of human right, fair labor treatment as well as community, social and environment development within the CSR framework, we have determined the following practices for interactions with all stakeholders:

Duties and Responsibilities of the Board to Shareholder

The Board of Directors takes into consideration shareholders' rights without limiting only to their fundamental rights as stipulated by laws. This refers to their rights to trade or transfer shares, to share the company's profits, to adequately receive the company's information, to attend meetings to vote at shareholders' meeting in order to either appoint or remove directors and to appoint or remove auditors and discuss important matters affecting the company. In this regards, important matters can range from allocating dividends to formulating or amending rules and regulations and the Memorandum of Association, increasing or reducing capital and approving special transactions. The Board of Directors also supervises to ensure that meeting's time, date, place and meeting agendas are given to shareholders; that relevant documents and information required for making decisions at a meeting are available to shareholders, that shareholders are notified of applicable rules at the meeting, that voting procedures are not too complicated and that a meeting location is convenient and not expensive for shareholders to attend the meeting.

The Board of Directors has allowed shareholders to propose agendas of the Annual General Meeting of Shareholders in advance prior to the meeting date. Clear rules and regulations in doing so have been posted in the company's website to facilitate shareholders. Shareholders may submit a document to propose potential meeting agendas by January 31 of every year. The Board encourages shareholders to use Proxy Form B so that shareholders can determine a voting direction as there are names and information of six Independent Directors who can be alternative proxy for shareholders. In addition, the information must be posted in the Company's website at least 30 days prior to the meeting. Documents must also be sent to shareholders in advance enough for them to study prior to the meeting.

During the Meeting, the Company treats every procedure equally. No agendas are shortened, deleted or alternated. This is especially the case of an agenda to appoint directors where shareholders are entitled to vote for directors individually upon enough information. All ballots featuring **yes**, **no** and **abstention** votes are duly kept as evidence.

At every the shareholders' meeting, Chairman of the Board, Chairman of the Committees, Directors, the Chief Executive Officer (CEO) and the President attend the meeting to allow shareholders to express their views and ask questions about relevant matters to the meeting. During the past 7 years (2007-2013), the entire Board attended the meeting to allow shareholders to ask questions in an adequate fashion, which however did not delay the meeting. In addition, Q&A sessions, resolutions adopted at the meeting and votes received at each agenda were properly recorded in writing in the Company's minutes of meeting and posted at the Company's website within 14 days from the shareholders' meeting date.

Aside from the Board's responsibilities to shareholders as mentioned above, the Board also formulates a Corporate Social Responsibility policy, which includes responsibilities to shareholders as follows.

Responsibilities to Shareholders

1 To manage the Company in a way that will turn it into a quality corporation committed to integrity while creating sustainable strength and growth for shareholders in the long run.

2 To perform our job with thorough care and competency as a business may do under the same situation.

3 To perform our duty with integrity and to fairly treat both major and minor shareholders for the benefit of all relevant parties.

4 To manage the Company's properties in a manner that avoids their depreciation.

5 To report the Company's status and operation results regularly, accurately and completely based on existing facts.

6 To prevent the Company's confidential information from being improperly disclosed to the third party.

7 To avoid doing anything that may lead to a conflict of interest against the Company without any advanced notice.

8 To respect the rights and to equally treat all shareholders, whether they are executive or non-executive shareholders, and foreign shareholders.

Responsibilities to Investor Relations

We set up the Investor Relations (IR) Department as a center to provide complete company information to retail and institutional investors, shareholders, analysts and the public sector. Contacts can be made directly at the Company's office or visit us at www.TheErawan.com. Inquiries can also be made through IR@TheErawan.com.

We conduct an Investor Relations IR Survey to gauge satisfaction in relation to our information disclosure at least once a year. In 2013, we conducted the survey by distributing questionnaires to analysts at the Quarterly Meeting held in November 2013, and also the last meeting of the year. All respondents were within a target group. More than 42 percent of the respondents had monitored our information for no less than 5 years. 93 percent of the respondents said they were satisfied with the information.

Responsibilities of the Right to access Information of Stakeholders

We give all stakeholders an access to information. We also determine guidelines and practices for our executive officers and staff to encourage their fair and equal interactions with all stakeholders. We also allow stakeholders to directly contact the Board, the Audit Committee and the Nominating and Corporate Governance Committee for their valuable suggestions that will not only benefit but also add more values to our management at our office, No. 2, Ploenchit Center Building, 6th Floor, Sukhumvit Road, Klongtoey District, Bangkok; or at the Office of Corporate Governance, email: GCG@TheErawan.com. All information is treated confidential and will be directly forwarded to the Board.

Corporate Social Responsibility “CSR”

Responsibilities to Employees and Family

- 1 To determine an appropriate structure of remunerations in line with market rates, staff's competency and responsibilities and their work performances through three levels of strategic assessments; namely, corporate strategy, department strategy and division strategy. The Competency Skill Behavior Assessment will be carried out in a 360-degree manner where supervisor will assess supervisees and vice versa and where everyone will have a self-evaluation at all levels.
- 2 To provide appropriate welfare and other benefits such as accident insurance to staff and executives working out of the office, health insurance and allowances for healthcare services as an out-patient, annual health check-up and coffee & tea corner for staff.
- 3 To ensure staff's Understanding about their professional roles and responsibilities as well as their career goals, to provide an opportunity for staff to grow professionally and to acknowledge and recognize staff's work.
- 4 Award and punishment will be conducted based on the concept of right and wrong and with integrity.
- 5 To ensure workplace safety, health and sanitation.
- 6 To have a clear and efficient working system that allows staff to exercise their knowledge and competency while supporting their knowledge enhancement and recognizing their participation role.
- 7 To promote the Code of Conduct to staff to help them duly understand and fully comply with the Code.
- 8 To comply with all the rules and regulations relating to labor laws and staff welfare.
- 9 To avoid action considered unfair and illegitimate that may affect staff's advancement and job security while respecting an individual's rights.

Responsibilities to Customers

- 1 To set up a pricing policy considered fair and appropriate.
- 2 To treat all business deals equally without treating anyone more favorably where every deal is considered conducted on an arm's length basis.
- 3 To procure and improve the procurement process considered appropriate and meeting business conditions.
- 4 To execute a fair contract with customers. (without depriving a customer of his benefits)
- 5 To disclose related and beneficial information accurately, completely and in time without any distortion.
- 6 To keep customer's confidential information secret as if it is the Company's own information and not using it for the Company's own benefit.
- 7 Not demanding, receiving from or not giving any illicit profit to customers.

Responsibilities to Suppliers and Creditors

- 1 To offer a fair competition environment where the procurement and hiring process of goods and services is carried out properly, transparently and efficiently. This will include finalizing price negotiations, making quotations, bidding methods, special methods and procurement methods for government agencies and state enterprises. Questionnaire will be regularly issued to ask for opinions about the Company's bid participation in order to regularly improve its procurement and hiring process of goods and services.
- 2 Avoid specify a particular product or choosing a particular product intentionally unless otherwise there is an enough reason to do so. In case of change of products or specifications of the product, suppliers must be informed. If necessary, a new price quotation must be submitted. An original supplier must be given an opportunity to equally offer his quotation.
- 3 Choose a quality supplier who is really interested in doing the job. Avoid inviting suppliers just to have enough participating suppliers as stated in a regulation. All bidders are to receive the same written details, information and conditions. If notified verbally, they shall receive a written confirmation later.

- 4 Executives or staff involving in the procurement or hiring process must disclose information and/or their personal relationship as well as that of their spouses or closed relatives or a personal relationship with a particular bidder that may directly result in an opaqueness of their job. They shall also exercise their responsibility by not attending a decision-making process when a particular supplier is chosen.
- 5 Not demanding and receiving gifts, favors or treats unless otherwise on appropriate occasions; refrain from having a special relationship with suppliers so much so that others may believe it may lead to an unfair treatment especially if it makes other suppliers misunderstand, refuse to participate in quoting prices or spread ill words that damages the Company's reputation.
- 6 To prepare a fair contract and to comply with an agreement executed with suppliers and creditors. In case the Company is unable to comply with its contract, negotiate with suppliers/creditors without delay to find a solution and to prevent further damage.
- 7 To refrain from doing anything that will prevent suppliers from paying tax to the state.
- 8 To disclose related and beneficial information accurately, completely and in time without distortion.

Responsibilities to Competitors

- 1 Acting within the framework of decent competitions
- 2 Not seeking competitor's confidential information dishonestly or inappropriately
- 3 Not trying to ruin competitor's reputation by accusing him falsely without factual basis.
- 4 Cooperating to reinforce business potentials for a sustainable growth by; for example, conducting a project to improve surrounding areas and public roads, to add green areas; collaborating to ensure safety and public order of public areas in the neighborhood and jointly resolving problems to lessen impacts from what could affect the business.

Responsibilities to the Public Sector

- 1 Complying with the government's policies, relevant laws and regulations.
- 2 Promoting constitutional democracy
- 3 Conducting business with accountability, supporting activities with the public sector and other organizations for social and community benefits.
- 4 Organizing events to generate incomes to support charitable organizations such as the Foundation of Elephant's Friends, the Foundation of Returning Elephants to Nature and etc.
- 5 Refrain from doing anything that may damage the community, the society and the country.

Responsibilities to Social and Environment

- 1 Refrain from doing anything that will damage natural resources and the environment.
- 2 Regularly support activities initiated by both private and public sectors that will render social benefits.
- 3 Create awareness among staff of all levels in our responsibilities to the communities, the society and the environment.
- 4 Approve approximately 0.5 percent of our net profit annually to pursue the "The ERAWAN for the Society and the Environment" Project where money will be divided into two portions, the first of which will be spent for the benefit of the communities, society and environment located closed to our properties while the second portion will be dedicated to the society in general. Approval of each project will be at our discretion.

Compliance with Corporate Governance and the Business Code of Conduct

The Erawan Group considers that it's the responsibility of directors, executives and all employees to acknowledge and perform their duties diligently. It's the duty of the Nominating and Corporate Governance Committee to have directors, executives and employees at all levels comply with the corporate governance best practices and the Business Code of Conduct. The secretary will help coordinating, following up with results and reporting the practices so that information can be disclosed to shareholders through both internal and external channels.

Corporate Contribution Activities

The Erawan Group Plc's corporate contribution activities are conducted on the principles that the activities must meet true demands of communities and the society for their best interest; that they can be continuously carried out and that their performance should be measurable. We also encourage employees and families to participate in these activities as a good citizen of the society. So far, we have set a clear policy and budget for this purpose where 0.5 per cent of our net profit is allocated for social and environmental activities which can be separated in four major areas as follows.

1 Tourism promotion

The **"Welcome Guide to Thailand"** project aims to enhance English-speaking skills to service providers in the tourism business which include Tuk-Tuk and taxi drivers. The project's other goals are to promote domestic tourism, maintain Thailand's good image among foreign visitors and nurture an attitude of being a good host among taxi drivers to help them aware that they are a major force in driving the domestic tourism scene. The Welcome Guide to Thailand project, which started in 2008, has so far trained 19 classes of service providers in the tourism industry comprising 705



participants. In 2013, by collaborating with the Don Muang Airport, we were able to hold four classes of English-language training to taxi drivers stationed at the airport. Participants were exposed to English proven useful to their work and everyone practiced speaking English during the training for better communication with their customers.

2 Community development

Activities in this area include

2.1 The 30th Anniversary of the Erawan Group Public Company Limited to Fill the Dreams of 30 Schools Project - this project is organized to celebrate the 30th Anniversary of the Erawan Group on December 29, 2012. To herald our success and our growth which have firmly been embedded in our commitments to ethical business and our business Code of Conduct, we organize this project to provide education support to schools in areas closed to our hotels and other needy schools in general including schools in the deep three southern border provinces of Thailand for a total of 30 schools. The education supports we offered were:

2.1.1 The HOP Learning Center project - this is collaboration between the Erawan Group and Chulalongkorn University's International Program in Design and Architecture (INDA). While we provide financial support, students from the INDA program design and build the learning center. We aim to build the HOP Learning Center in every location

where our HOP INN hotel is situated. The HOP Learning Center project strives to

- support education of students in needy schools both at locations closed to our assets and other areas in general.
- build an interesting learning area for children to help open up their imagination and creativity
- support fieldwork study of INDA students

On August 24, 2013, The Erawan Group proudly handed over the first HOP Learning Center to Ban Nong Kor Kai School, Tambon Khao Krapuk, Thayang District, Petchaburi Province.



Wutthichai Klinklun, Grade 4 (Pathom Suksa 4)

student of the Ban Nong Kor Kai School, Petchaburi Province:

"We have a new, lovely air-conditioned library which attracts more students to come here. I love all the wooden block toys and English jigsaws because I have never played with them before until now. It makes me really happy."

2.1.2 Promoting integrity and ethics - under this project, a classroom is revamped to promote integrity and vibrancy to make Buddhism class more colorful and interesting. The renovated classrooms have been delivered to three schools as follows.

- Ban Pu Wai School of Tambon Huay Sai Nua, Cha-am District, Petchaburi Province
- Ban Tha Bo School of Tambon Chara Mae, Muang District, Ubon Ratchathani Province
- Wat Nong Pang Tru School of Tambon Tha Muang, Kanjanaburi Province



2.1.3 Promoting reading skill and enhancing IT skill - The Erawan Group Plc has donated sets of picture encyclopedias, award-winning moral tale books, sets of general knowledge books as well as computers and IT accessories as required by each school to the following:

- Ban Rong Heep School, Tambon Ta Tian Tia, Banglamung District, Chonburi Province
- Ban Klong Song School, Tambon Lamae, Lamae District, Chumporn Province
- Wat Samai Kongka School, Koh Pa-ngan District, Surat Thani Province



Ms. Sirirat Thamnongdee,
Kindergarten 2/2,
Ban Rong Heep School,
Chonburi Province

"The new toys are so joyful, I love playing a pizza jigsaw puzzle. I've never had a chance to play toys like these. I am so happy".

2.1.4 Promoting learning skills and providing other supports such as skill-enhancing toys, laboratory devices, Thai musical instruments, marching band instruments and consumables as required by each school for the best interest to the following recipients:

- Wat Nong Yai School (Pattaya Muang 4), Tambon Naklua, Banglamung District, Chonburi Province
- Thesaban 1 Wat Lamai School, Tambon Mared, Samui District, Surat Thani Province
- Phuket Panyanukun School, Tambon Paklok, Thalang District, Phuket Province
- Srisangwan School, Tambon Nonghan, Sansai District, Chiangmai Province



Mr. Kanchai Suwanmanee, Teacher Level 1 of Thesaban 1 Wat Lamai School, Surat Thani Province:

"It allows us to promote Thai culture. Music helps make students more concentrated and build up their musical skills. This also strengthens the relationship between the school and the Mared community."



Mr. Jesada Chanakan, Teacher Level 1 of Srisangwan School, Chiangmai Province:

"Sanitaryware that The Erawan Group has given to us comes with flush valve that can be rotated 360, which is extremely versatile for our physically-disabled students."

Corporate Contribution Activities



Sirapat Boonyen, Grade 1 (Pathom Suksa 1) student of Wat Nong Yai School (Pattaya Muang 4), Chonburi Province:

"I love coming here to play with my friends and to sleep during lunch time under the Banyan tree. The weather is nice and cool. There is a ground for me to just run around. There are cartoons for me to read, too."

2.1.5 Supporting education of schools in the three southernmost provinces affected by civil unrest where student's reading and computer skills are promoted based mainly on the needs of teachers and students. The support has been extended to:

- Ban Chamao School, Tambon Naked, Kok Po District, Patani Province
- Ban Lor Taek School, Tambon Bang Kro, Kok Po District, Patani Province



Wan-ashhar Doloh, Grade 6 (Pathom Suksa 6) student of Ban Chamao School, Kok Po District, Patani Province:

"I have wanted for so long to study computer and I am really lucky that the Erawan Group has donated computers to my schools. I share a computer with a couple of my friends. If my school receives more computers, it will be even better!"

2.2 The Nice & Neat Surroundings Project -

the project aims to create awareness in clean livelihood and to build appealing landscape in public areas locating around our assets. The project was started in 2008 and we pursued the following during 2012-2013:

2.2.1 Ploenchit - Nana intersections Traffic island Project - Together with the Klongtoey District Office, The Erawan Group redesigned the landscape of this traffic island to make it more appealing and cleaner. This project is a continuation under Bangkok Metropolitan Administration's (BMA) program to improve landscape of 84 main thoroughfares around Bangkok to celebrate HM the King's 84th Birthday Anniversary. The Erawan Group

started working on the island in 2010 before pruning and trimming trees to maintain its beauty again in 2013. The project was delivered to the Klongtoey District Office on December 6, 2013.

2.2.2 Ibis Hua Hin Hotel - Nong Kae Temple Traffic island Project. Hua Hin District, Prachuab Kiri Khan Province - Together with Department of Rural Roads and Hua Hin Municipality, we managed to add beauty, cleanliness and safety to a section of the traffic island for commuters in the area.



2.3 The Blood Donation Project -

The Erawan Group in collaboration with JW Marriot Bangkok Hotel and the Rajavithi Hospital mobilize for blood donation every three months with a purpose to collect bloods for those in need and to facilitate would-be blood donors. The event is usually publicized among employees, customers within the Ploenchit Center and the general public. In 2013, three blood donation events were held during which 105,750 c.c. of bloods were received.

2.4 Supporting the less privileged and the disabled -

The Erawan Group conducts this activity with a specific aim to provide moral support to the disabled for them to live normally in the society. In 2013, aside from renovating restrooms for students with physical disability at Srisangwan School, Tambon Nonghan, Sansai District, Chiangmai Province; as well as donating consumables and clothes to disabled students of Phuket Panyanukun School of Tambon Paklok, Thalang District, Phuket Province, we also provided 500 blankets to the disabled in the North through the Council of Persons of All Forms of Disability, Chiangmai Province.

3 Energy and environment conservation

3.1 Waste for Egg Project - this activity aims to reduce waste and promote maximum use of resources. We encourage customers, suppliers and the public in the Ploenchit Center and nearby buildings to separate their waste for exchange of our eggs. The Erawan Group together with Wongpanich Suvarnabhumi Recycling Station Co Ltd have regularly provided training on how to properly separate household waste and organized this Waste for Egg activity since 2008. The exchange takes place on every 1st Thursday of the month. In 2013, 36,455.35 kilograms of separated waste was brought in for eggs.



Mr. Sanya Patisena (Advisor to the Naklua local fishing group):

"I am extremely glad because initially we just did this among ourselves. When the public sector, the hotel, the private sector extended their hands, I am so proud and glad that you come in to help marine animals. A lot of species became extinct. Condition of the sea was worsening. Now, it's getting better. Of 100% that was worsened, I would say 50-60% is getting better now."

3.2 Underwater Reforestation

- the project strives to maintain the abundance of marine resources through the creation of artificial marine habitat as part of an attempt to preserve sustainable marine ecological balance. Together with the Marine and Coastal Resources Conservation Center 1 (Rayong Province), we organized "The Erawan and the 2nd Underwater Reforestation" activity on September 7, 2013 at the Lan Po Park in Naklua-Pattaya Community, Chonburi Province. Artificial coral was built with ropes and installed under the water as a food resource and refuge for marine animals. Not only the activity helped conserve the environment, it also fostered relationship among employees within the Erawan Group Holiday Inn Pattaya Hotel and ibis Pattaya Hotel as well as with officials from the Marine and Coastal Resources Conservation Center 1 (Rayong Province) and local fishing communities.



4. Thai Elephant Conservation

The purpose of this activity is to conserve Thai elephant which is our national symbol from extinction. The project was started in 2005 and the Erawan Group has organized an annual activity in various forms focusing at voluntary participation of our employees and their families as well as other stakeholders. In 2013, we organized the 4th Reforestation Activity for Elephants at the Keng Krajan National Park, Petchaburi Province, between August 24-25, 2013. Participants had a lot of fun from the activity aside from an opportunity to offer good deeds to the society.



Internal Control and Protection of Internal Information

In 2013, the Board of Directors convened six times at which the Audit Committee attended every time to give opinions about an adequacy and soundness of the internal control system. The Audit Committee summarized and reported internal audit activities to the Board of Directors on February 25, 2014 and the Board of Directors expressed the same opinions as the Audit Committee in this matter, which can be summarized as follows:

Internal Control System

The Audit Committee has direct responsibilities to supervise the company's internal control system in every aspect, whether it is finance and accounting, legal compliance and compliance to relevant rules and regulations. The Audit Committee formulates auditing mechanisms to ensure effective balance of power. There is also the Internal Audit Department to audit performances of all departments based on a risk-based auditing plan and to offer advice on how to set up a good internal control system.

The Audit Committee has duties to review auditing plans; to control and supervise the Internal Auditing Department's independence; to approve appointment, transfer and termination of the Internal Auditing Department's supervisor and to ensure that the Internal Auditing Department remains independent. The Committee must also make sure that the Department can perform its auditing functions and balance the existing power according to the prevailing standards. The Department is to directly report its auditing work to the Audit Committee at least once each quarter to ensure that the company's internal control and internal auditing work is conducted in a thorough manner and will not damage shareholders.

Protection of Internal Information

One of our priorities is focused at the use of our internal information and the prevention of our directors and executives from using internal information for their benefit or the so-called abusing self-dealing. This applies specifically to internal information not yet disclosed to the public or information that may affect our corporate strategy, business, trade negotiations and share prices, which, if abused, not only means that our shareholders are taken advantage of but it can damage shareholders in general. That's why we have set our Executives Ethic Standards as a practice with heavy penalties in case of violations or intended violation of the 10 practices stated in the Code of Conduct under the topic of **"Executives Ethical Standards"**

We also allow different levels of staff to get access to different types of internal information based mainly on their responsibilities and duties. Disciplinary actions are stated in our Work Regulations under the topic of "Disciplinary Actions and Penalties." For example, Clause 3.2 Re: Disciplines with regard to confidentiality and corporate profits prohibits employees to "seek inappropriate benefit from the company or others relating to the company. Employees are prohibited to conduct personal business or to work for others in an identical or similar business as the company's although the work may be performed outside the company's office hours". With regard to disciplinary actions and punishment, the company will normally appoint a disciplinary action committee to conduct an investigation and to ensure fairness to accused staff.

Connected Transactions

The Erawan Group requires an approval from either the Audit Committee or the Board, as the case may be, when conducting a transaction that may cause a possible conflict of interest. In addition, details of transactions with possible conflict of interest during the past year and their values are disclosed while explanations and reasons for the transactions are clearly stated in the Annual Report. The Erawan Group requires its executive directors involving in the transaction to disclose the information and/or types of relationship not only of his own, but also of his spouse, closed relatives as well as personal relationship with any bidder for transparency purpose to the Office of the Corporate Governance. In addition, director shall abstain from voting and/or not be part of the decision-making process.

Connected transactions are shown in the Notes to Financial Statements and connected transactions table. All transactions were reasonable and were considered normal transactions. They were conducted for the company's ultimate benefit. Connected transaction had already been reviewed by the Audit Committee and/or the Board on an arm's length basis that they were in compliance with our requirements and rules and regulations of the SEC and the SET and that they were not against accounting standards. Re: Disclosure of information in relation to connected persons or transactions.

The Erawan Group has the other connected transaction in addition to the items mentioned above as follows. All transactions were reasonable and were normal transactions.

Unit : THB

	2013	2012
1. Mitr Phol Sugar Group of Companies		
Revenue from Hotel Operation	3,527,119.29	8,210,325.95
Receivables at end of period	1,236,288.25	1,269,928.54
2. Banpu Plc. Group of Companies		
Revenue from Hotel Operation	1,852,600.81	1,338,723.11
Receivables at end of period	10,740.00	158,251.50
3. Hotel Beds (Thailand) Ltd.		
(Name changed from Pacific World (Thailand) Ltd.)		
Revenue from Hotel Operation	5,326,616.33	7,885,141.35
Receivables at end of period	2,159,565.76	1,122,893.98
4. Kaitnakin Bank Plc.		
Revenue from Hotel Operation	200,562.18	1,330,015.01
Receivables at end of period	-0-	-0-

Connected Transactions

Connected transactions between businesses with the following relationships were executed;

Person/entity with possible conflict of interest and nature of relationship	Description	Transaction value (THB)	
		2013	2012
Chai Talay Hotel Co., Ltd. (Hyatt Regency Hua Hin Hotel) Type of business : hotels Nature of relationship : - Mrs. Panida Thepkanjana and Mr. Supol Wattanakin are closed relative to Mrs. Wansamorn Wannamethee authorized director of Chai Talay Hotel Co., Ltd. - Wattanavekin Group holds 29.73 percent of the Company's shares.	Agreement to lease office space and the service agreement with The Erawan Hotel Public Company Limited		
	• Rental and services income	5,781,195.22	6,406,666.02
	• Receivables at end of period	2,523,244.12	1,826,164.69

Pricing policy and the Audit Committee's opinions

Price agreed was a market price compared to space in nearby areas and not lower than the price offered to other tenants or service users based on the business standards.

Necessity and Soundness of Connected Transactions

In case the Erawan Group signs an agreement or conducts a connected transaction with a subsidiary company, affiliate, related company and/or the third party, The Erawan Group will consider the necessity and soundness of such contract based mainly on the company interests.

Approval Measures or Procedures of Connected Transactions

If the Erawan Group is to execute a contract or if there is any connected transaction between itself and its subsidiary, affiliate, related company, the third party and/or anyone with possible conflicts of interest, the Board of Directors requires the company for the purpose of its benefits, to comply with the rules stated in the Stock Exchange of Thailand's (SET) Announcement Re: Information disclosure and practices of listed companies in connected transactions. Meanwhile, prices and other conditions shall be as if the transaction is at an arm's length where directors or staff having an interest in such transaction must not participate in any approval process.

Policy or Outlook for Future Connected Transactions

-None-



FINANCIAL INFORMATION AND CORPORATE INFORMATION

CLASSROOM 1



Report of the Board's Responsibility in the Financial Statements



The Naka Island, a Luxury Collection Resort and Spa, Phuket

The main priority of the Board of Directors is to supervise the Company's operation, making sure they are in line with good corporate governance policy and that the financial statements and financial information appearing in the Company's annual report are accurate, complete and adequate. Its duty is also to make sure that the financial statements are in line with Thai Financial Reporting Standards and that an appropriate accounting policy has been chosen and is being carefully pursued on a regular basis. In addition, the Board of Directors must also ensure that the Company has an effective internal control system to assure the credibility of its financial statements. The Board also ensures protection over potential conflicts of interest through systems which are place to prevent unusual transactions. Connected transactions which might lead to possible conflicts of interest are closely monitored to ensure they are genuine transactions and are reasonably carried out, based on the normal course of business and for the Company's maximum benefits, and that the Company is in compliance with relevant laws and regulations. The Audit Committee has already reported the result of its action to the Board of Directors and also reported its opinions in report of the Audit Committee to Shareholder as seen in the annual report.

The Board of Directors is of the opinion that the Company's internal control system has been proven to be satisfactory. The Board was able to obtain reasonable assurance on the credibility of the Company's financial statements as at 31st December 2013 which the Company's auditor has audited based on the generally-accepted accounting standards. The auditor is of the opinion that the financial statements present fairly the Company's financial position and the results of its operations in accordance with generally accepted accounting principles.



Mr. Prakit Pradipasen

Chairman of The Board of Directors



Mrs. Kamonwan Wipulakorn

President

Management's Discussion and Analysis

Group Performance

Our operating performance continued increasing in 2013 with total operating income recorded at THB 4,702 million and EBTDA at THB 1,354 million, representing a 9 percent and 7 percent growth from the same period last year respectively. We generated normalized net profit of THB 132 million, a 129 percent

growth from net profit of THB 58 million in 2012 and together with non-recurring items of THB 805 million with mainly derived from the capital gain of assets sale to ERWPF in 2Q13 led to a net profit of THB 937 million in 2013.

Consolidated Profit & Loss Statement (period ending 31st December)

THB Millions

	FY12	FY13	% Ch.
	(Restated)		
Hotels' Operating Income	4,122	4,498	+9%
Rental and Service Income	180	204	+13%
Total Operating Income	4,302	4,702	+9%
Other Income	62	31	-50%
Total Income	4,364	4,733	+8%
Operating Expenses	(3,100)	(3,379)	+9%
EBITDA	1,264	1,354	+7%
Share of Profit from Investment	-	16	-
Rental Payment to Property Fund	-	(84)	-
Depreciation & Amortization	(641)	(665)	+4%
Operating Profit	623	621	-0%
Finance Costs	(393)	(369)	-6%
Pre-tax Profit / (Loss)	230	252	+10%
Taxes	(111)	(91)	-19%
Minority Interest	(61)	(29)	-51%
Normalized Net Profit / (Loss)	58	132	+129%
Non Recurring Items	-	805	-
Net Profit / (Loss)	58	937	+1,522%
E.P.S.	0.03	0.42	+1,533%

Note : Profit & Loss Statement for FY12 was adjusted to reflect the impact from adaptation of TAS 12 Accounting for Income Tax (see note 3 in Financial Statements)

Performance by Business Unit

1. Hotel

Our income from hotel operations recorded at THB 4,498 million in 2013, representing a 9 percent growth from 2012. Income from The Luxury Bangkok Segment decreased 3 percent from 2012 mainly from the impact of room renovation at Grand Hyatt Erawan Bangkok in 2Q13 and 3Q13 and the political unrest in Bangkok during 4Q13. However income from other hotel segments continued growing significantly particularly the midscale and economy segments, with

a 24 percent and 28 percent growth from the same period last year respectively which helped alleviate the drop of revenue from our luxury Bangkok segments. Destination-wise, growth was witnessed in all destinations with hotel in Hua Hin led the pack with 43 percent growth from 2012. Income from room departments and F&B revenue posted an 18 percent growth and 1 percent growth from the same period last year respectively.

Statistics for hotel room operations for the 2013 periods are as follows:

No of rooms 12-month period	Luxury BKK (GHEB, JWM)			Luxury Resorts (RKS,NKR)		
	821	821		145	145	
	Dec-12	Dec-13	% Ch.	Dec-12	Dec-13	% Ch.
Occupancy	72%	73%	+0.4%	63%	68%	+4.5%
ARR	4,783	4,901	+2.5%	6,046	7,012	+16.0%
RevPAR	3,463	3,570	+3.1%	3,808	4,735	+24.4%

No of rooms 12-month period	Midscale (CYB, HIP,MS)			Economy (All ibis)			All Hotels		
	872	872		2,052	2,047		3,890	3,885	
	Dec-12	Dec-13	% Ch.	Dec-12	Dec-13	% Ch.	Dec-12	Dec-13	% Ch.
Occupancy	81%	81%	+0.2%	74%	82%	+7.2%	75%	79%	+4.4%
ARR	2,537	2,661	+2.9%	1,109	1,232	+11.1%	2,413	2,447	+1.4%
RevPAR	2,061	2,127	+3.2%	826	1,006	+21.9%	1,806	1,939	+7.4%

Details of each segment are as follows:

1.1 Luxury Hotels Bangkok

The Luxury Bangkok segment (comprised of Grand Hyatt Erawan Bangkok and JW Marriott Bangkok) recorded the average occupancy at 73 percent in 2013 compared with 72 percent in 2012 and RevPAR improvement of 3 percent leading to a 3 percent room revenue growth in 2013 despite the impact from political unrest in 4Q13. F&B revenue

declined 3 percent from 2012 which posted the highest recorded banquet revenue due to the postponed of banquet function from the impact of the flood situation in Bangkok in 4Q11. Overall the two hotels generated total operating income of THB 2,334 million and EBITDA of THB 709 million in 2013, representing a 3 percent and a 10 percent decrease from 2012, respectively.

Management's Discussion and Analysis

1.2 Luxury Resorts

The Luxury Resort segment (comprised of Renaissance Koh Samui Resort and Spa and The Naka Island, a Luxury Collection Resort and Spa, Phuket) generated a total operating income of THB 369 million, a 21 percent growth in 2013. Our marketing strategy to increase both occupancy and ARR led to a 24 percent growth in RevPAR in 2013 which was the highest among the group.

1.3 Midscale Hotels

The Midscale segment comprised of Courtyard by Marriott Bangkok, Holiday Inn Pattaya and the new Mercure Bangkok Siam which partially opened in December 2012 and fully opened in March 2013.

The Midscale segment continued growing in 2013 with the newly-opened Mercure Bangkok Siam further adding to revenue growth in this year. As such this segment generated a total income of THB 887 million, a 24 percent growth from 2012 and EBITDA of THB 335 million, representing a 28 percent growth over the same period.

1.4 Economy Hotels

The Economy segment comprised of nine ibis hotels in five major tourist destinations in Thailand (Bangkok, Pattaya, Phuket, Samui and Hua Hin) with total inventory of 2,047 rooms.

The Economy segments continued to record solid growth in 2013 and generate the highest revenue growth where growth was seen across all destinations. Our four ibis hotels in Bangkok recorded a 51 percent revenue growth with additional contribution coming from the newly-opened ibis Bangkok Siam while the other five ibis hotels generated a 14 percent increase in revenue in 2013. As such, our economy hotels generated revenue of THB 908 million and EBITDA of THB 348 million, representing a 28 percent and 43 percent increase from the same period last year respectively.

Note: EBITDA by segment is calculated without taking non-property-specific expenses into account

2. Rental Properties

Income from rental and service increased 13 percent in 2013 to THB 204 million. We currently own and operate Erawan Bangkok, a luxury retail property adjacent to Grand Hyatt Erawan Hotel, and manage Ploenchit Center as a property manager.

Operating income from Erawan Bangkok in 2013 increased 8 percent from the same period last year due to a 7 percent increase in rental rates.

Other Items in P&L

Asset Monetization Program: We sold and transferred ibis Phuket Patong and ibis Pattaya to ERWPF at the price of THB 1,828 million in 2Q13. The sale included a guarantee of the minimum rental income to ERWPF over a period of 4 years and rental payment as set out in the lease agreement with ERWPF (see Note 16 in Financial Statements). As such we recorded income and expenses related to this transaction as summarized below

- We recorded share of profit of THB 16 million from 20% investment in ERWPF in 2013.
- We recorded rental payment as set out in the lease agreement with ERWPF of THB 84 million in 2013.

Non-Recurring Items: We recorded non-recurring items of THB 805 million in 2Q13 as per below detail

- We recorded capital gain at THB 864 million from divesting two ibis hotels to ERWPF (excluding 20% investment in ERWPF) in 2Q13.
- We recorded expenses relating to the rebranding of The Naka Island, a Luxury Collection Resort and Spa of THB 59 million in 2Q13.

Other Income: We recorded income from the sale of a land plot in Sriracha at THB 19 million in 2Q12 while this transaction did not incur this year.

Depreciation & Amortization: This non-cash item recorded at THB 665 million in 2013, an increase by THB 24 million from 2012. The increase came mainly from additional depreciation from two new hotels opened in December 2012 and room renovation at Grand Hyatt Erawan Bangkok. However part of the depreciation decreased from the divestment of the two hotels to ERWPF in 2Q13.

Finance Costs: Finance costs decreased by THB 24 million to THB 369 million for 2013. This was mainly due to 1) the decrease in our interest-bearing debt and 2) the decrease in average cost of debt from 5.3 percent in 2012 to 5.2 percent in 2013. At the end of 2013, approximately 30 percent of our long term loans were fixed interest rate loan and 70 percent were floating interest rate loan.

Corporate Income Tax: Corporate income tax recorded at THB 91 million in 2013, decreased by THB 20 million from the same period last year respectively. This came mainly from the recognition of deferred tax asset of previous period as corporate income tax expense of THB 49 million in 2012 while this transaction did not incur this year. However we recorded higher corporate income tax from operation as we fully utilized tax losses carried forward against capital gain from the sale of the two hotels to ERWPF. As such, we started to recognize corporate income tax expenses from pretax profit of other hotels while we previously recognized corporate income tax expenses of Grand Hyatt Erawan Bangkok hotel only.

Reclassification and Changes in Accounting Policies

From 1 January 2013, we adopted TAS 12 Accounting for Income Tax which is the requirement to account for deferred tax liabilities and assets in the financial statements. The effects of the changes were recognized retrospectively in the financial statements (see Note 3 in Financial Statements).

Financial Status

We generated THB 1,340 million of operating cash flow in 2013, representing a 9 percent increase from 2012 on the back of improving performance of our hotels and rental properties. We also generated additional funds from the divestment of ibis Phuket Patong and ibis Pattaya to ERWPF and capital increase from conversion of warrants and ESOP of THB 643 million. We utilized the cash flow generated, together with bank loans to fund the development of 12 new hotels and one extension building. As such our cash in hand was recorded at THB 827 million at the end of 2013.

At the end of 2013, we recorded total asset of THB 13,715 million compared to THB 12,840 million at the end of 2012 mainly due to 1) an increase of cash and cash equivalent of THB 417 million from the improving performance and proceeds from capital increase and 2) an increase of property plant and equipment from the development of new hotels as aforementioned.

Our total liabilities decreased from THB 9,152 million at the end of 2012 to THB 8,486 million at the end of 2013 mainly due to the decrease of interest bearing debt from scheduled principal repayment of long term loans and the prepayment of THB 440 million mortgaged loan for ibis Phuket Patong and ibis Pattaya.

Shareholder's equity increased from THB 3,688 million at the end of 2012 to a record of THB 5,229 million at the end of 2013, with support from additional net profit generated in 2013 and capital increase from the conversion of warrant and ESOP.

Our net interest bearing debt-to-equity ratio significantly improved from 2.0 times at the end of 2012 to 1.2 times at the end of 2013 on the back of the decrease in liabilities and increase in equities as aforementioned.

Independent Auditor's Report

To the Shareholders of The Erawan Group Public Company Limited

I have audited the accompanying consolidated and separate financial statements of The Erawan Group Public Company Limited and its subsidiaries (the "Group") and of The Erawan Group Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2013, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

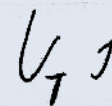
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw attention to note 3 to the financial statements describing the effect of the Group and the Company's adoption from 1 January 2013 of certain new accounting policies. The corresponding figures presented are based on the audited financial statements as at and for the year ended 31 December 2012 after making the adjustments described in note 3.



(Vannaporn Jongperadechanon)

Certified Public Accountant

Registration No. 4098

KPMG Phoomchai Audit Ltd.

Bangkok

25 February 2014

Audit Fee



In 2013, the audit fee paid to the external auditor of KPMG Phoomchai Audit Limited was Baht 4,200,000.00 (The Erawan Group Plc. Baht 2,365,000.00, which is equaled to the previous year and the Company's subsidiary Bath 1,835,000.00). The Company did not pay any non audit fee to the auditor, the auditor's office, and person or company related to the auditor and the auditor's office. The fee was excluding the out of pocket expenses.

Statements of financial position

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

Assets	Note	Consolidated financial statements			Separate financial statements		
		31 December	1 January	31 December	31 December	1 January	1 January
		2013	2012	2012	2013	2012	2012
			(Restated)	(Restated)		(Restated)	(Restated)
Current assets							
Cash and cash equivalents	6	827,445,329	410,302,379	450,196,331	565,321,804	182,047,740	140,711,404
Trade accounts receivable	5, 7	208,515,107	194,614,888	134,393,606	104,380,140	102,815,338	74,702,818
Inventories	8	51,606,470	49,096,766	52,821,584	8,239,520	9,312,594	9,229,593
Advances - construction		59,717,021	62,223,886	37,644,306	58,598,466	61,105,330	36,525,750
Value added tax refundable		10,653,080	17,949,577	39,362,933	-	-	-
Other current assets	5, 9	69,089,734	84,549,788	56,894,127	29,611,127	47,380,701	19,268,382
Total current assets		1,227,026,741	818,737,284	771,312,887	766,151,057	402,661,703	280,437,947
Non-current assets							
Investments in subsidiaries	10	-	-	-	3,876,159,811	2,376,159,841	2,301,159,871
Investment in associates	11	162,206,159	338,271	338,271	366,626,271	338,271	338,271
Investments in other related parties	12	2,509,511	1,758,312	2,486,924	1,927,253	1,367,759	1,913,031
Long-term loans to subsidiaries	5	-	-	-	675,984,697	1,538,330,392	1,393,545,475
Property, plant and equipment	13, 16	10,557,666,566	10,122,116,647	9,493,559,805	5,935,003,939	6,118,165,540	5,711,589,259
Land held for development	14	104,236,832	104,236,832	104,236,832	-	-	-
Leasehold rights for land and buildings	15	1,479,242,110	1,548,263,361	1,604,762,025	738,847,778	777,615,477	806,148,906
Intangible assets	17	41,068,856	46,863,939	46,482,693	31,268,374	33,494,640	29,960,745
Deposits for lease of land, building and equipment		125,215,900	123,245,347	120,625,917	119,680,155	118,344,084	115,328,049
Deferred tax assets	3, 18	7,298,536	6,331,557	53,015,089	5,547,638	5,127,739	52,072,157
Other non-current assets	19	8,830,292	68,492,807	94,059,935	6,499,529	7,309,276	33,903,134
Total non-current assets		12,488,274,762	12,021,647,073	11,519,567,491	11,757,545,445	10,976,253,019	10,445,958,898
Total assets		13,715,301,503	12,840,384,357	12,290,880,378	12,523,696,502	11,378,914,722	10,726,396,845

The accompanying notes are an integral part of these financial statements.

Statements of financial position (Continued)

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

Liabilities and equity	Note	Consolidated financial statements			Separate financial statements		
		31 December	1 January	31 December	31 December	1 January	1 January
		2013	2012	2012	2013	2012	2012
			(Restated)	(Restated)		(Restated)	(Restated)
Current liabilities							
Short-term loans from financial institutions	20	-	262,100,000	76,100,000	-	202,100,000	76,100,000
Trade accounts payable	5, 21	243,522,891	228,362,696	175,335,257	98,102,127	98,668,481	81,730,311
Accounts payable - construction		258,276,573	237,951,426	81,217,056	174,648,603	200,945,443	60,668,752
Current portion of finance lease liabilities	20	2,447,025	2,138,219	1,718,148	2,447,025	2,138,219	1,718,148
Current portion of long-term loans from financial institutions	20	1,002,000,000	818,250,000	695,250,000	779,500,000	630,750,000	515,250,000
Other current liabilities	5, 22	609,795,835	471,577,427	415,667,650	291,871,505	211,198,802	170,492,635
Total current liabilities		2,116,042,324	2,020,379,768	1,445,288,111	1,346,569,260	1,345,800,945	905,959,846
Non-current liabilities							
Finance lease liabilities	20	1,950,060	2,731,664	3,458,178	1,950,060	2,731,664	3,458,178
Long-term loans from subsidiaries	5, 20	-	-	-	107,832,122	58,998,316	45,438,032
Long-term loans from financial institutions	20	6,027,967,051	6,793,717,051	6,727,667,051	3,568,900,000	4,480,150,000	4,357,900,000
Accounts payable for land leasehold rights		180,000,000	180,000,000	180,000,000	180,000,000	180,000,000	180,000,000
Deposits from lessees		44,477,739	43,168,508	42,222,972	41,599,053	40,979,371	40,031,238
Deferred income	23	20,409,639	22,433,735	26,481,927	20,409,639	22,433,735	26,481,927
Deferred tax liabilities	3, 18	35,569,787	32,243,570	30,268,277	-	-	-
Employee benefit obligations	24	59,988,385	57,460,800	43,271,996	26,932,145	24,786,382	17,543,228
Total non-current liabilities		6,370,362,661	7,131,755,328	7,053,370,401	3,947,623,019	4,810,079,468	4,670,852,603
Total liabilities		8,486,404,985	9,152,135,096	8,498,658,512	5,294,192,279	6,155,880,413	5,576,812,449

The accompanying notes are an integral part of these financial statements.

Statements of financial position (Continued)

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

Liabilities and equity	Note	Consolidated financial statements			Separate financial statements		
		31 December	1 January	1 January	31 December	1 January	1 January
		2013	2012	2012	2013	2012	2012
			(Restated)	(Restated)		(Restated)	(Restated)
Equity							
Share capital	25						
Authorised share capital		2,505,000,000	2,505,000,000	2,505,000,000	2,505,000,000	2,505,000,000	2,505,000,000
Issued and paid-up share capital		2,474,634,775	2,245,437,901	2,244,779,001	2,474,634,775	2,245,437,901	2,244,779,001
Premium on shares	26	776,095,853	359,727,872	358,142,539	776,095,853	359,727,872	358,142,539
Employee stock options	25	11,065,695	10,331,932	4,920,510	11,065,695	10,331,932	4,920,510
Other components of equity		694,673	(195,096)	(433,287)	437,842	(195,134)	(352,802)
Retained earnings							
Appropriated							
Legal reserve	26	188,358,000	118,158,000	103,158,000	188,358,000	118,158,000	103,158,000
Unappropriated		1,584,463,193	760,388,145	908,768,338	3,778,912,058	2,489,573,738	2,438,937,148
Equity attributable to equity holders of the Company		5,035,312,189	3,493,848,754	3,619,335,101	7,229,504,223	5,223,034,309	5,149,584,396
Non-controlling interests		193,584,329	194,400,507	172,886,765	-	-	-
Total equity		5,228,896,518	3,688,249,261	3,792,221,866	7,229,504,223	5,223,034,309	5,149,584,396
Total liabilities and equity		13,715,301,503	12,840,384,357	12,290,880,378	12,523,696,502	11,378,914,722	10,726,396,845

The accompanying notes are an integral part of these financial statements.

Statements of comprehensive income

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
		2013	2012 (Restated)	2013	2012 (Restated)
Income					
Revenues from hotel operations		4,498,112,483	4,121,903,444	2,278,187,910	2,057,753,664
Rental of units in buildings and service income	5	204,246,982	180,344,657	140,842,004	128,864,590
Gain on sale of hotels	5, 16	864,084,981	-	1,080,106,226	-
Net foreign exchange gain		4,819,007	4,873,948	2,284,973	2,379,793
Dividend income	5	-	-	87,999,408	106,991,596
Interest income	5	2,007,312	3,181,755	86,000,493	78,898,109
Other income	5, 28	23,686,566	53,455,925	15,279,568	33,828,415
Total income		5,596,957,331	4,363,759,729	3,690,700,582	2,408,716,167
Expenses					
Cost of hotel operations		2,128,577,867	1,889,681,736	933,555,386	851,506,018
Cost of rental of units in buildings and service	5	86,454,716	76,092,666	46,737,865	42,842,289
Depreciation and amortisation		665,314,523	641,026,858	351,513,693	337,847,067
Selling expenses	29	288,679,079	261,066,181	147,284,555	142,180,468
Administrative expenses	5, 30, 31	1,018,435,045	873,075,999	514,339,444	479,845,334
Finance costs	5, 33	368,139,864	393,292,080	233,365,299	254,808,824
Total expenses		4,555,601,094	4,134,235,520	2,226,796,242	2,109,030,000
Share of profit of equity-accounted investees					
Associates	11	15,764,137	-	-	-
Profit before income tax expense		1,057,120,374	229,524,209	1,463,904,340	299,686,167
Income tax expense	34	(90,728,677)	(111,418,727)	(61,875,250)	(46,944,418)
Profit for the year		966,391,697	118,105,482	1,402,029,090	252,741,749

The accompanying notes are an integral part of these financial statements.

Statements of comprehensive income (Continued)

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
		2013	2012 (Restated)	2013	2012 (Restated)
Other comprehensive income (loss)					
Net change in fair value of available-for-sale investments		889,769	238,191	632,976	157,668
Defined benefit plan actuarial lossess	24	-	(11,541,397)	-	(7,524,695)
Other comprehensive income (loss) for the year, net of income tax		889,769	(11,303,206)	632,976	(7,367,027)
Total comprehensive income for the year		967,281,466	106,802,276	1,402,662,066	245,374,722
Profit attributable to:					
Equity holders of the Company		936,765,818	57,741,668	1,402,029,090	252,741,749
Non-controlling interests		29,625,879	60,363,814	-	-
Profit for the year		966,391,697	118,105,482	1,402,029,090	252,741,749
Total comprehensive income attributable to:					
Equity holders of the Company		937,655,587	46,438,462	1,402,662,066	245,374,722
Non-controlling interests		29,625,879	60,363,814	-	-
Total comprehensive income for the year		967,281,466	106,802,276	1,402,662,066	245,374,722
Earnings per share	35				
Basic earnings per share (in Baht)		0.42	0.03	0.62	0.11
Diluted earnings per share (in Baht)		0.40	0.03	0.60	0.11

The accompanying notes are an integral part of these financial statements.

Statements of changes in equity

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

	Consolidated financial statements										
		Note	Issued and paid-up share capital	Share premium	Employee stock options	Legal reserve	Unappropriated	Other components of equity			Total equity
								Unrealised surpluses (deficits) of fair value changes on investment	Equity attributable to equity holders of the Company	Non-controlling interests	
Year ended 31 December 2012											
Balance at 31 December 2011 - as reported			2,244,779,001	358,142,539	4,920,510	103,158,000	878,042,809	(433,287)	3,588,609,572	180,865,482	3,769,475,054
Impact of changes in accounting policy	3		-	-	-	-	30,725,529	-	30,725,529	(7,978,717)	22,746,812
Balance at 31 December 2011 and 1 January 2012 - restated											
Employee stock options	25		658,900	1,585,333	5,411,422	-	-	-	7,655,655	-	7,655,655
Comprehensive income (loss) for the year											
Profit			-	-	-	-	57,741,668	-	57,741,668	60,363,814	118,105,482
Other comprehensive income (loss)			-	-	-	-	(11,541,397)	238,191	(11,303,206)	-	(11,303,206)
Transfer to legal reserve	26		-	-	-	15,000,000	(15,000,000)	-	-	-	-
Dividends	36		-	-	-	-	(179,580,464)	-	(179,580,464)	(38,850,072)	(218,430,536)
Balance at 31 December 2012											
Employee stock options			2,245,437,901	359,727,872	10,331,932	118,158,000	760,388,145	(195,096)	3,493,848,754	194,400,507	3,688,249,261
Year ended 31 December 2013											
Balance at 31 December 2012 - as reported			2,245,437,901	359,727,872	10,331,932	118,158,000	777,800,754	(195,096)	3,511,261,363	202,899,911	3,714,161,274
Impact of changes in accounting policy	3		-	-	-	-	(17,412,609)	-	(17,412,609)	(8,499,404)	(25,912,013)
Balance at 31 December 2012 and 1 January 2013 - restated											
Employee stock options	25		2,245,437,901	359,727,872	10,331,932	118,158,000	760,388,145	(195,096)	3,493,848,754	194,400,507	3,688,249,261
Comprehensive income for the year			-	-	-	-	-	-	646,298,618	-	646,298,618
Profit			-	-	-	-	936,765,818	-	936,765,818	29,625,879	966,391,697
Other comprehensive income			-	-	-	-	-	889,769	889,769	-	889,769
Transfer to legal reserve	26		-	-	-	70,200,000	(70,200,000)	-	-	-	-
Dividends	36		-	-	-	-	(42,490,770)	-	(42,490,770)	(30,442,057)	(72,932,827)
Balance at 31 December 2013											
			2,474,634,775	776,095,853	11,065,695	188,358,000	1,584,463,193	694,673	5,035,312,189	193,584,329	5,228,896,518

The accompanying notes are an integral part of these financial statements.

Statements of changes in equity

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

Separate financial statements									
							Other components of equity		
		Issued and paid-up share capital	Share premium	Employee stock options	Legal reserve	Unappropriated	Unrealised surpluses (deficits) of fair value changes in investments	Total equity attributable to equity holders of the Company	
Year ended 31 December 2012									
Balance at 31 December 2011 - as reported		2,244,779,001	358,142,539	4,920,510	103,158,000	2,386,864,991	(352,802)	5,097,512,239	
Impact of changes in accounting policy	3	-	-	-	-	52,072,157	-	52,072,157	
Balance at 31 December 2011 and 1 January 2012 - restated		2,244,779,001	358,142,539	4,920,510	103,158,000	2,438,937,148	(352,802)	5,149,584,396	
Employee stock options	25	658,900	1,585,333	5,411,422	-	-	-	7,655,655	
Comprehensive income (loss) for the year		-	-	-	-	252,741,749	-	252,741,749	
Profit		-	-	-	-	(7,524,695)	157,668	(7,367,027)	
Other comprehensive income (loss)		-	-	-	-	(15,000,000)	-	-	
Transfer to legal reserve	26	-	-	-	15,000,000	(15,000,000)	-	-	
Dividends	36	-	-	-	-	(179,580,464)	-	(179,580,464)	
Balance at 31 December 2012		2,245,437,901	359,727,872	10,331,932	118,158,000	2,489,573,738	(195,134)	5,223,034,309	
Year ended 31 December 2013									
Balance at 31 December 2012 - as reported		2,245,437,901	359,727,872	10,331,932	118,158,000	2,484,445,999	(195,134)	5,217,906,570	
Impact of changes in accounting policy	3	-	-	-	-	5,127,739	-	5,127,739	
Balance at 31 December 2012 and 1 January 2013 - restated		2,245,437,901	359,727,872	10,331,932	118,158,000	2,489,573,738	(195,134)	5,223,034,309	
Employee stock options	25	229,196,874	416,367,981	733,763	-	-	-	646,298,618	
Comprehensive income for the year		-	-	-	-	1,402,029,090	-	1,402,029,090	
Profit		-	-	-	-	-	632,976	632,976	
Other comprehensive income		-	-	-	-	(70,200,000)	-	-	
Transfer to legal reserve	26	-	-	-	70,200,000	(70,200,000)	-	-	
Dividends	36	-	-	-	-	(42,490,770)	-	(42,490,770)	
Balance at 31 December 2013		2,474,634,775	776,095,853	11,065,695	188,358,000	3,778,912,058	437,842	7,229,504,223	

The accompanying notes are an integral part of these financial statements.

Statements of cash flows

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

	Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	2013	2012 (Restated)	2013	2012 (Restated)
Cash flows from operating activities				
Profit for the year	966,391,697	118,105,482	1,402,029,090	252,741,749
Adjustments for				
Depreciation and amortisation	665,314,523	641,026,858	351,513,693	337,847,067
Reversal doubtful debts expenses	(159,294)	(260,104)	(46,266)	(465,246)
Unrealised loss from increase in value of investment in related company	37,506	4	-	-
Employee benefit obligations	9,592,589	7,219,793	4,043,979	3,454,718
Employee stock options	3,547,840	5,744,845	3,547,840	5,744,845
Loss on non-refundable withholding tax deducted at source	964,545	236,998	-	-
Amortisation of assets	1,182,628	-	275,890	-
Transfer rental deposits and deferred income to income	(2,249,416)	-	(2,201,051)	-
Transfer advance received from customers to income	(7,274,827)	(2,174,903)	(5,359,911)	(2,126,538)
Dividend income	-	-	(87,999,408)	(106,991,596)
Interest income	(2,007,312)	(3,181,755)	(86,000,493)	(78,898,109)
Write-off other non-current asset	59,194,331	-	-	-
Gain on disposal of hotels	(864,084,981)	-	(1,080,106,226)	-
Gain on disposal of property, plant and equipment and intangible assets	(3,102,335)	(20,591,189)	(1,382,937)	(21,587,795)
Share of profit of equity-accounted investees	(15,764,137)	-	-	-
Finance costs	368,139,864	393,292,080	233,365,299	254,808,824
Income tax expense	90,728,677	111,418,727	61,875,250	46,944,418
	1,270,451,898	1,250,836,836	793,554,749	691,472,337

The accompanying notes are an integral part of these financial statements.

Statements of cash flows (Continued)

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

	Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	2013	2012 (Restated)	2013	2012 (Restated)
Changes in operating assets and liabilities				
Trade accounts receivable	(13,740,925)	(59,961,178)	(1,518,536)	(27,647,275)
Inventories	(2,509,704)	3,724,818	1,073,074	(83,001)
Advances - construction	2,506,865	(24,579,580)	2,506,864	(24,579,580)
Value added tax refundable	7,296,497	21,413,356	-	-
Other current assets	15,430,617	(27,676,979)	17,740,137	(21,792,735)
Deposits for lease of land, building, and equipment	(1,970,553)	(2,619,430)	(1,336,071)	(3,016,034)
Other non-current assets	468,184	20,776,875	809,747	33,898,618
Trade accounts payable	15,160,195	53,027,439	(566,354)	60,588,506
Employee benefit obligations paid	(7,065,004)	(4,572,385)	(1,898,216)	(3,736,385)
Other current liabilities	140,938,154	66,460,569	52,628,716	23,922,117
Deposits from lessees	10,193,279	6,973,132	8,161,586	14,336,403
Cash generated from operating activities	1,437,159,503	1,303,803,473	871,155,696	743,362,971
Income tax paid	(92,529,499)	(68,345,130)	(37,941,163)	(7,304,760)
Net cash from operating activities	1,344,630,004	1,235,458,343	833,214,533	736,058,211
Cash flows from investing activities				
Investments in subsidiaries	-	-	(1,499,999,970)	(74,999,970)
Investment in associate	(366,288,000)	-	(366,288,000)	-
Investments in other related parties	101,064	966,799	73,482	702,940
Long-term loans to subsidiaries	-	-	(964,040,165)	(411,593,618)
Proceeds from long-term loans to subsidiaries	-	-	1,826,385,860	266,808,701
Acquisition of property, plant and equipment	(1,646,482,834)	(1,106,575,908)	(794,618,062)	(662,459,237)
Acquisition of leasehold rights for land and buildings	(1,394,660)	(233,500)	-	-
Acquisition of intangible assets	(11,820,052)	(11,791,319)	(6,767,187)	(5,820,626)
Proceeds from sales of hotel - net	1,730,595,581	-	1,730,595,581	-
Proceeds from sales of property, plant and equipment, and intangible assets	6,429,318	74,185,354	2,422,392	69,469,648
Dividend received	4,163,004	-	87,999,408	106,991,596
Interest received	2,036,749	3,203,073	86,029,930	78,898,108
Net cash from (used in) investing activities	(282,659,830)	(1,040,245,501)	101,793,269	(632,002,458)

The accompanying notes are an integral part of these financial statements.

Statements of cash flows (Continued)

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

		Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	Note	2013	2012 (Restated)	2013	2012 (Restated)
Cash flows from financing activities					
Short-term loans from financial institutions		(262,100,000)	186,000,000	(202,100,000)	126,000,000
Finance lease payments		(2,826,862)	(2,285,443)	(2,826,862)	(2,285,443)
Short-term loans from subsidiaries		-	-	371,101,032	396,760,326
Repayment of short-term loans from subsidiaries		-	-	(371,101,032)	(396,760,326)
Long-term loans from subsidiaries		-	-	114,522,669	77,312,188
Repayment of long-term loans from subsidiaries		-	-	(65,688,863)	(63,751,904)
Proceeds from long-term loans from financial institutions		610,000,000	864,300,000	242,000,000	753,000,000
Repayment of long-term loans from financial institutions		(1,192,000,000)	(675,250,000)	(1,004,500,000)	(515,250,000)
Finance costs paid		(367,718,313)	(391,351,625)	(233,400,690)	(260,074,604)
Proceeds from issue of ordinary shares		642,750,778	1,910,810	642,750,778	1,910,810
Dividend paid		(42,490,770)	(179,580,464)	(42,490,770)	(179,580,464)
Dividend paid to non-controlling interests		(30,442,057)	(38,850,072)	-	-
Net cash used in financing activities		(644,827,224)	(235,106,794)	(551,733,738)	(62,719,417)
Net increase (decrease) in cash and cash equivalents					
Cash and cash equivalents at 1 January		410,302,379	450,196,331	182,047,740	140,711,404
Cash and cash equivalents at 31 December	6	827,445,329	410,302,379	565,321,804	182,047,740
Non-cash transactions					
Vehicles purchased under finance lease liabilities		2,969,000	1,979,000	2,969,000	1,979,000
Acquisition of plant and equipment, intangible assets and leasehold rights for land and buildings for which payment has not yet to be made		276,355,933	146,193,484	186,874,005	96,599,355

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

The Erawan Group Public Company Limited and its Subsidiaries

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 25 February 2014.

1 General information

The Erawan Group Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 2 Sukhumvit Road, Klong Toey Subdistrict, Klong Toey District, Bangkok. The Company has 11 branches in Bangkok, Choburi, Phuket, Surathani and Prajauabkirikhan.

The Company was listed on the Stock Exchange of Thailand in June 1994.

The principal businesses of the Company are engaged as a holding company with investments in various companies, engaged in hotel business, and in building rental business. Details of the Company's subsidiaries and associates as at 31 December 2013 and 2012 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2013	2012
Direct subsidiaries				
Erawan Hotel Public Company Limited	Hotel	Thailand	72.59	72.59
Erawan Chaophraya Company Limited	Hotel	Thailand	95.77	95.77
Erawan Rajdamri Company Limited	Hotel	Thailand	99.99	99.99
Erawan Phuket Company Limited	Hotel	Thailand	99.99	99.99
Erawan Samui Company Limited	Hotel	Thailand	99.99	99.99
Erawan Naka Company Limited	Land owner	Thailand	99.99	99.99
The Reserve Company Limited	Real estate development	Thailand	99.99	99.99
Erawan Commercial Management Company Limited	Service	Thailand	99.99	99.99
Erawan Hop Inn Company Limited (formerly: Mongkolsaptavee Company Limited)	Hotel	Thailand	99.99	99.99
Erawan Growth Management Company Limited	Hotel	Thailand	99.99	-
Indirect subsidiaries				
Erawan Hotel Public Company Limited	Hotel	Thailand	1.05	1.05
Erawan Chaophraya Company Limited	Hotel	Thailand	4.22	4.22
Associates				
Rajprasong Development Co., Ltd.	Service	Thailand	48.00	48.00
Erawan Hotel Growth Property Fund	Investment in real estates	Thailand	20.00	-

On 20 September 2013, Mongkolsaptavee Company Limited changed its name to Erawan Hop Inn Company Limited.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued the following new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2013.

TFRS	Topic
TAS 12	Income Taxes
TFRS 8	Operating Segments

The adoption of these new and revised TFRS and FAP Announcements has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS are disclosed in note 41.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- available-for-sale financial assets are measured at fair value;
- the present value of the defined benefit obligation

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following note:

Note 24 Measurement of defined benefit obligations

Notes to the financial statements

3 Changes in accounting policies

(a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following area:

- Accounting for income tax
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Group are included in note 3(b) to 3(c) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group.

(b) Accounting for income tax

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. The accounting policy for deferred tax is described in note 4(s).

The Group adopted TAS 12 with effect from 1 January 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

(in thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
Statement of financial position as at						
Increase in deferred tax assets	7,299	6,331	53,015	5,548	5,128	52,072
Increase in deferred tax liabilities	35,570	32,243	30,268	-	-	-
Increase (decrease) in retained earnings	(28,271)	(25,912)	22,747	5,548	5,128	52,072
Increase (decrease) in shareholders' equity	(18,895)	(17,413)	30,726	5,548	5,128	52,072
(Decrease) in non-controlling interests	(9,376)	(8,499)	(7,979)	-	-	-
Increase (decrease) in total equity	(28,271)	(25,912)	22,747	5,548	5,128	52,072

(in thousand Baht)

Statement of comprehensive income for the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Increase/(decrease) in income tax expense	2,359	48,659	(420)	46,944
Increase/(decrease) in profit for the period	(2,359)	(48,659)	420	(46,944)
Increase/(decrease) in earnings per share				
- Basic earnings per share (in Baht)	(0.0011)	(0.0217)	0.0002	(0.0209)
- Diluted earnings per share (in Baht)	(0.0010)	(0.0216)	0.0002	(0.0209)

(c) Presentation of information on operating segments

From 1 January 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2012, which are included in the Group's 2013 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has had no significant effect on the segment information reported in the Group's financial statements.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Notes to the financial statements

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associate are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (baht) at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

(c) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments.

(d) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(e) Inventories

Inventories are stated at the lower of cost (the weighted average method) and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(f) Investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method.

Investment in associates in the consolidated financial statements is accounted for using the equity method.

Investments in equity securities

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses on available-for-sale monetary items, are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

(g) Property, plant and equipment

Recognition and measurement

Owned assets

Lands are stated at cost. Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment and vehicles acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Building and improvements	5 - 40	years
Furniture, fixtures and equipment	5 - 10	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Operating equipment consists of linen, crockery, glass, silver and kitchen utensils purchased to meet the normal requirements of the hotel operations have been regarded as a base stock and subsequent purchases are expended when incurred.

Notes to the financial statements

(h) Land held for development

Land held for development is measured at the lower of cost and net realisable value. Net realizable value is the estimated selling price less the costs to complete and to make the sale.

The cost of land held for development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding land held for development is capitalised, on a specific identification basis, as part of the cost of the property until the completion of development.

(i) Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Leasehold rights are amortised on a straight-line basis over the terms of the leases.

(j) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Computer softwares	5 - 10	years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss. When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Trade, construction and other accounts payable

Trade, construction and other accounts payable are stated at cost.

(m) Employee benefits

Provident fund

The Group has a provident fund for its employees. The Group's contributions are made to match with the contributions from employees and are recorded as expenses on an accrual basis.

Short-term employee benefits

The Group recognized the commitments of short-term employee benefits as expenses when employee rendered services.

Provision for retirement benefits

The Group's net obligation in respect of long-term employee benefits (Legal Severance Payment) is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds. The calculation is performed using the projected unit credit method.

Share-based payments

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the financial statements

(o) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Revenue from hotel operations

Hotel revenues from room, food and beverages and other services are recognised when the rooms are occupied, food and beverages are sold and the services are rendered.

Rental and services income

Rental and services income from units in office buildings and shopping center are recognised in profit or loss on an accrual basis.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(p) Deferred income

The Company recognises deferred rental income as income on a straight-line basis over the terms of the leases.

(q) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(r) Lease payments

Payments made under operating leases are recognised in profit or loss on a systematic basis over the term of the lease and on a straight-line method for leases begin on or after 1 January 2008 unless another systematic basis is more representative of the time pattern of the user's benefit. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(s) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all potential dilutive ordinary shares, which comprise convertible notes and share options granted to employees.

(u) Segment reporting

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly e.g. corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Notes to the financial statements

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Erawan Hotel Public Company Limited	Thailand	Subsidiary, 72.59% direct shareholding
Erawan Chaophraya Company Limited	Thailand	Subsidiary, 95.77% direct shareholding
Erawan Rajdamri Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Phuket Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Samui Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Naka Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
The Reserve Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Commercial Management Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Hop Inn Company Limited (formerly: Mongkolsaptavee Company Limited)	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Growth Management Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Rajprasong Development Co., Ltd.	Thailand	Associate, 48.00% direct shareholding, some common directors
Erawan Hotel Growth Property Fund	Thailand	Associate, 20.00% direct shareholding
Rajprasong Square Co., Ltd.	Thailand	Related company, 23.29% direct shareholding
Chai Talay Hotel Co., Ltd.	Thailand	Related company, director is closed relative to a Company's director
Mitr Phol Sugar Co., Ltd.	Thailand	Related company, some common directors
Banpu Public Company Limited	Thailand	Related company, some common directors
The Syndicate of Thai Hotels & Tourists Enterprises Ltd.	Thailand	Related company, some common directors
Kiatnakin Bank Public Company Limited	Thailand	Related company, some common directors
Hotel beds (Thailand) Co., Ltd.	Thailand	Related company, some common directors
United Standard Terminal Public Company Limited	Thailand	Related company, some common directors

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Subsidiaries	
Dividend income	According to the shareholders' approval
Interest income	At the rate of 5.20 - 5.48% per annum (2012: at the rate of 5.48% per annum)
Utilities income	Contractually agreed prices
Rental and service expenses	Baht 17 million per annum
Interest expenses	At the rate of 5.20 - 5.48% per annum (2012: at the rate of 5.48% per annum)

Transactions	Pricing policies
Associates	
Gain on sales of hotels	Contractually agreed prices
Dividend income	According to the shareholders' approval
Rental expenses	Contractually agreed prices
Management fee	At cost - allocated in proportion to shareholding
Other related parties	
Rental and services income	Contractually agreed prices
Utilities income	Contractually agreed prices
Other service income	Fair price under the best conditions
Land rental	Baht 14 million per annum

Significant transactions for the years ended 31 December 2013 and 2012 with related parties were as follows:

(in thousand Baht)

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Subsidiaries				
Dividend income	-	-	83,836	106,991
Interest income	-	-	85,490	78,433
Utilities income	-	-	2,979	2,719
Rental and service expenses	-	-	16,391	16,338
Interest expenses	-	-	4,569	6,161
Associates				
Gain on sales of hotels (Note 16)	864,085	-	1,080,106	-
Dividend income	4,163	-	4,163	-
Rental expense	83,701	-	-	-
Management fee	770	812	770	812
Other related parties				
Rental and services income	5,841	6,467	60	60
Utilities income	-	-	920	49
Other service income	10,907	18,791	6,498	12,572
Land rental	14,120	14,120	-	-
Key management personnel compensation				
Short-term employee benefit	45,537	41,810	43,327	40,045
Post-employment benefits	1,064	673	1,064	673
Share-based payment	2,081	3,370	2,081	3,370
Total key management personnel compensation	48,682	45,853	46,472	44,088

Notes to the financial statements

Balances as at 31 December 2013 and 2012 with related parties were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade accounts receivable from related parties				
Subsidiaries	-	-	1,481	1,947
Other related parties	5,930	4,377	2,450	2,188
Total	5,930	4,377	3,931	4,135
Other receivable - related party				
Subsidiary	-	-	2,333	771
Prepaid expense - related party				
Other related party	7,060	7,060	-	-

Loans to related parties	Interest rate		Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012	2013	2012
Long-term loans						
	(% per annum)			(in thousand Baht)		
Subsidiaries						
Erawan Samui Company Limited	5.20	5.48	-	-	131,252	128,970
Erawan Naka Company Limited	5.20	5.48	-	-	19,548	19,924
Erawan Phuket Company Limited	5.20	5.48	-	-	-	1,045,074
Erawan Chaophraya Company Limited	5.20	5.48	-	-	100,466	114,864
Erawan Commercial Management Company	5.20	5.48	-	-	2,539	1,002
The Reserve Company Limited	5.20	5.48	-	-	181,175	171,697
Erawan Hop Inn Company Limited (formerly: Mongkolsaptavee Company Limited)	5.20	5.48	-	-	241,005	56,799
Total			-	-	675,985	1,538,330

Movements during the years ended 31 December 2013 and 2012 of loans to related parties were as follows:

(in thousand Baht)

Loans to related parties	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Long-term loans Subsidiaries				
At 1 January	-	-	1,538,330	1,393,545
Increase	-	-	964,040	411,594
Decrease	-	-	(1,826,385)	(266,809)
At 31 December	-	-	675,985	1,538,330

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade accounts payable - related parties Subsidiaries	-	-	328	342
Other payable to related parties Subsidiaries	-	-	7,105	53
Accrued expense - related party Associate	43,083	-	-	-

Loans from related parties	Interest rate		Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012	2013	2012
Long-term loans Subsidiaries	(% per annum)				(in thousand Baht)	
Erawan Rajdamri Company Limited	5.20	5.48	-	-	88,209	58,998
Erawan Growth Management Company Limited	5.20	5.48	-	-	12,041	-
Erawan Phuket Company Limited	5.20	5.48	-	-	7,582	-
Total			-	-	107,832	58,998

Movements during the years ended 31 December 2013 and 2012 of loans from related parties were as follows:

(in thousand Baht)

Loans from related parties	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short-term loans Subsidiaries				
At 1 January	-	-	-	-
Increase	-	-	371,101	396,760
Decrease	-	-	(371,101)	(396,760)
At 31 December	-	-	-	-

Notes to the financial statements

(in thousand Baht)

Loans from related parties	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Long-term loans				
Subsidiaries				
At 1 January	-	-	58,998	45,438
Increase	-	-	114,523	77,312
Decrease	-	-	(65,689)	(63,752)
At 31 December	-	-	107,832	58,998

6 Cash and cash equivalents

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash on hand	8,907	8,372	3,610	3,672
Cash at banks	370,163	401,930	166,495	178,376
Highly liquid short-term investments	448,375	-	395,217	-
Total	827,445	410,302	565,322	182,048

Cash and cash equivalents of the Group as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

7 Trade accounts receivable

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Related parties	5	5,930	4,377	3,931	4,135
Other parties		204,438	192,250	101,256	99,533
Total		210,368	196,627	105,187	103,668
Less allowance for doubtful accounts		(1,853)	(2,012)	(807)	(853)
Net		208,515	194,615	104,380	102,815
Reversal doubtful debts expenses for the year		(159)	(260)	(46)	(465)

Aging analyses for trade accounts receivable were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Related parties				
Outstanding:				
Less than 3 months	5,930	4,328	3,931	4,086
3 - 6 months	-	49	-	49
	5,930	4,377	3,931	4,135
Other parties				
Outstanding:				
Less than 3 months	202,402	187,968	100,885	97,356
3 - 6 months	2,023	4,129	358	2,120
6 - 12 months	13	110	13	57
Over 12 months	-	43	-	-
	204,438	192,250	101,256	99,533
Less allowance for doubtful accounts	(1,853)	(2,012)	(807)	(853)
	202,585	190,238	100,449	98,680
Net	208,515	194,615	104,380	102,815

Trade accounts receivable of the Group as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

8 Inventories

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Food and beverage	34,470	30,580	6,783	7,683
Operating supplies	8,896	8,161	842	1,132
Others	7,970	10,356	615	498
Total	51,606	49,097	8,240	9,313

9 Other current assets

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Other advances	1,676	769	1,434	638
Prepaid expenses	28,138	25,085	9,162	9,150
Other receivables	14,964	4,164	73	844
Undue input value added tax	18,389	18,379	14,129	15,692
Others	5,923	36,153	4,813	21,057
Total	69,090	84,550	29,611	47,381

Notes to the financial statements

10 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2013 and 2012, and dividend income from those investments for the years then ended were as follows:

Separate financial statements												
	Ownership Interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		(%)	(in million Baht)				(in thousand Baht)					
Subsidiaries												
Erawan Hotel Public Company Limited	72.59	72.59	119.50	119.50	819,710	819,710	-	-	819,710	819,710	83,836	106,991
Erawan Chaophraya Company Limited	95.77	95.77	71.00	71.00	68,000	68,000	-	-	68,000	68,000	-	-
Erawan Rajdamri Company Limited	99.99	99.99	450.00	450.00	451,291	451,291	-	-	451,291	451,291	-	-
Erawan Phuket Company Limited	99.99	99.99	1,750.00	550.00	1,782,001	582,001	-	-	1,782,001	582,001	-	-
Erawan Samui Company Limited	99.99	99.99	330.00	330.00	376,858	376,858	-	-	376,858	376,858	-	-
Erawan Naka Company Limited	99.99	99.99	7.50	7.50	300	300	-	-	300	300	-	-
The Reserve Company Limited	99.99	99.99	1.00	1.00	1,000	1,000	-	-	1,000	1,000	-	-
Erawan Commercial Management Company Limited	99.99	99.99	2.00	2.00	2,000	2,000	-	-	2,000	2,000	-	-
Erawan Hop Inn Company Limited (formerly: Mongkolsaptavee Company Limited)	99.99	99.99	360.00	75.00	360,000	75,000	-	-	360,000	75,000	-	-
Erawan Growth Management Company Limited	99.99	-	15.00	-	15,000	-	-	-	15,000	-	-	-
Total					3,876,160	2,376,160	-	-	3,876,160	2,376,160	83,836	106,991

All subsidiaries operate in Thailand.

During the first quarter of 2013, the Company invested in 99.99% of Erawan Growth Management Company Limited as a subsidiary company, which had authorised capital of Baht 15,000,000 divided into 1,500,000 ordinary shares at a par value of Baht 10.

On 1 October 2013, Erawan Phuket Company Limited registered the increase of the authorised share capital by issuing 1,200,000 ordinary shares at a par value of Baht 1,000, totaling Baht 1,200,000,000, which have been acquired and fully paid by the Company.

Then, on 3 October 2013, Erawan Hop Inn Company Limited registered the increase of the authorised share capital by issuing 28,500,000 ordinary shares at a par value of Baht 10, totaling Baht 285,000,000, which have been acquired and fully paid by the Company.

During the third quarter of 2012, the Company invested in 99.99% of Erawan Hop Inn Company Limited as a subsidiary company, which had authorised capital of Baht 1,000,000 divided into 100,000 ordinary shares at a par value of Baht 10.

Then, on 1 October 2012, Erawan Hop Inn Company Limited registered the increase of the authorised share capital by issuing 7,400,000 ordinary shares at a par value of Baht 10, totaling Baht 74,000,000, which have been acquired and fully paid by the Company.

11 Investment in associates

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
At 1 January	338	338	338	338
Acquisitions	366,288	-	366,288	-
Share of profit of equity-accounted investees	15,764	-	-	-
Dividend income	(4,163)	-	-	-
Gain on sale of hotels by percentage of the Company shareholdings	(216,021)	-	-	-
At 31 December	162,206	338	366,626	338

Notes to the financial statements

Investments in associates as at 31 December 2013 and 2012, and dividend income from the investment for the years then ended were as follows:

Consolidated financial statements														
	Ownership interest		Paid-up capital		Cost		Equity method		Impairment		At equity - net		Dividend Income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Associates	(%)		(in million Baht)						(in thousand Baht)					
	48.00	48.00	1.00	1.00	338	338	338	338	-	-	338	338	-	-
	20.00	-	1,831.44	-	366,288	-	161,868	-	-	-	161,868	-	4,163	-
	Total				366,626	338	162,206	338	-	-	162,206	338	4,163	-
Separate financial statements														
	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Fair value of listed securities		Dividend Income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Associates	(%)		(in million Baht)						(in thousand Baht)					
	48.00	48.00	1.00	1.00	338	338	-	-	338	338	-	-	-	-
	20.00	-	1,831.44	-	366,288	-	-	-	366,288	-	331,068	-	4,163	-
	Total				366,626	338	-	-	366,626	338	331,068	-	4,163	-

During the first quarter of 2013, the Company invested in 20% of Erawan Hotel Growth Property Fund as an associated company.

The following summarised financial information on associated companies which have not been adjusted for the percentage of ownership held by the Group:

	Ownership interest	Total assets	Total liabilities	Total revenues	Net profit
	(%)	(in thousand Baht)			
2013					
Rajprasong Development Co., Ltd.	48.00	2,617	329	2,310	119
Erawan Hotel Growth Property Fund	20.00	1,901,628	567	84,201	90,435
		1,904,245	896	86,511	90,554
2012					
Rajprasong Development Co., Ltd.	48.00	2,589	308	2,314	275
		2,589	308	2,314	275

12 Investments in other related parties

	Equity interest		Consolidated financial statements	
	2013	2012	2013	2012
	(%)		(in thousand Baht)	
Related companies				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.17	0.17	1,716	1,817
Change in value			587	(265)
Total			2,509	1,758

	Equity interest		Separate financial statements	
	2013	2012	2013	2012
	(%)		(in thousand Baht)	
Related companies				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.13	0.13	1,283	1,357
Change in value			438	(195)
Total			1,927	1,368

Notes to the financial statements

13 Property, plant and equipment

	Consolidated financial statements						(in thousand Baht)
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Operating equipment	Assets under construction	Total
Cost							
At 1 January 2012	1,553,199	8,788,538	2,111,695	41,612	236,409	512,796	13,244,249
Additions	98,752	39,003	99,034	4,292	18,268	975,536	1,234,885
Transfers	-	1,095,327	168,653	-	-	(1,263,980)	-
Disposals	(38,761)	(64,886)	(81,108)	(2,505)	(59)	(7,860)	(195,179)
At 31 December 2012 and 1 January 2013	1,613,190	9,857,982	2,298,274	43,399	254,618	216,492	14,283,955
Additions	370,749	10,264	71,464	7,422	595	1,206,431	1,666,925
Transfers	-	357,790	88,530	-	4,243	(450,563)	-
Disposals	(189,245)	(568,682)	(184,055)	(3,126)	(13,317)	-	(958,425)
At 31 December 2013	1,794,694	9,657,354	2,274,213	47,695	246,139	972,360	14,992,455
Depreciation							
At 1 January 2012	-	2,481,333	1,585,323	22,543	-	-	4,089,199
Depreciation charge for the year	-	293,719	238,858	7,960	-	-	540,537
Disposals	-	(64,885)	(76,749)	(2,255)	-	-	(143,889)
At 31 December 2012 and 1 January 2013	-	2,710,167	1,747,432	28,248	-	-	4,485,847
Depreciation charge for the year	-	333,073	223,181	6,816	-	-	563,070
Adjust	-	-	(11)	-	-	-	(11)
Disposals	-	(130,784)	(170,785)	(3,040)	-	-	(304,609)
At 31 December 2013	-	2,912,456	1,799,817	32,024	-	-	4,744,297
Net book value							
At 1 January 2012							
Owned assets	1,553,199	6,307,205	526,372	12,790	236,409	512,796	9,148,771
Assets under finance leases	-	-	-	6,279	-	-	6,279
At 31 December 2013	1,553,199	6,307,205	526,372	19,069	236,409	512,796	9,155,050
Transactions eliminated on consolidation							338,510
							9,493,560

(in thousand Baht)

	Consolidated financial statements					
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Operating equipment	Assets under construction
At 31 December 2012 and 1 January 2013						
Owned assets	1,613,190	7,147,815	550,842	8,761	254,618	216,492
Assets under finance leases	-	-	-	6,390	-	-
	1,613,190	7,147,815	550,842	15,151	254,618	216,492
Transactions eliminated on consolidation						
						324,009
						10,122,117
At 31 December 2013						
Owned assets	1,794,694	6,744,898	474,396	9,182	246,139	972,360
Assets under finance leases	-	-	-	6,489	-	-
	1,794,694	6,744,898	474,396	15,671	246,139	972,360
Transactions eliminated on consolidation						
						309,509
						10,557,667
Depreciation for the year						
2012						
Eliminated						540,537
						14,502
						555,039
2013						
Eliminated						563,070
						14,501
						577,571

Notes to the financial statements

(in thousand Baht)

	Note	Consolidated financial statements						Total
		Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Operating equipment	Assets under construction	
Finance costs capitalised								
Finance costs capitalised during 2012								
Rates of interest capitalised during 2012 (MLR-2.00 % per annum)	33	-	-	-	-	-	6,767	6,767
Finance costs capitalised during 2013								
Rates of interest capitalised during 2013 (MLR-2.00 % per annum)	33	-	-	-	-	-	6,758	6,758

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2013 amounted to Baht 1,480 million (2012: Baht 1,237 million).

	Separate financial statements						
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Operating equipment	Assets under construction	Total
Cost							
At 1 January 2012	1,234,550	4,736,969	962,555	19,047	114,395	478,289	7,545,805
Additions	-	32,963	59,673	3,173	17,915	632,824	746,548
Transfers	-	801,687	124,230	-	-	(925,917)	-
Disposals	(38,761)	(907)	(19,259)	(1,466)	-	(7,860)	(68,253)
At 31 December 2012 and 1 January 2013	1,195,789	5,570,712	1,127,199	20,754	132,310	177,336	8,224,100
Additions	-	18,770	38,334	3,011	318	708,637	769,070
Transfers	-	18,503	14,402	-	4,243	(37,148)	-
Disposals	(189,245)	(507,344)	(110,725)	(2,613)	(13,317)	-	(823,244)
At 31 December 2013	1,006,544	5,100,641	1,069,210	21,152	123,554	848,825	8,169,926
Depreciation							
At 1 January 2012	-	1,144,176	681,725	8,315	-	-	1,834,216
Depreciation charge for the year	-	154,538	133,624	4,027	-	-	292,189
Disposals	-	(907)	(18,266)	(1,298)	-	-	(20,471)
At 31 December 2012 and 1 January 2013	-	1,297,807	797,083	11,044	-	-	2,105,934
Depreciation charge for the year	-	162,724	133,809	4,182	-	-	300,715
Adjust	-	-	(11)	-	-	-	(11)
Disposals	-	(69,492)	(99,697)	(2,527)	-	-	(171,716)
At 31 December 2013	-	1,391,039	831,184	12,699	-	-	2,234,922

Notes to the financial statements

	Separate financial statements						(in thousand Baht)
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Operating equipment	Assets under construction	Total
Net book value							
At 1 January 2012							
Owned assets	1,234,550	3,592,793	280,830	4,453	114,395	478,289	5,705,310
Assets under finance leases	-	-	-	6,279	-	-	6,279
	1,234,550	3,592,793	280,830	10,732	114,395	478,289	5,711,589
At 31 December 2012 and 1 January 2013							
Owned assets	1,195,789	4,272,905	330,116	3,320	132,310	177,336	6,111,776
Assets under finance leases	-	-	-	6,390	-	-	6,390
	1,195,789	4,272,905	330,116	9,710	132,310	177,336	6,118,166
At 31 December 2013							
Owned assets	1,006,544	3,709,602	238,026	1,964	123,554	848,825	5,928,515
Assets under finance leases	-	-	-	6,489	-	-	6,489
	1,006,544	3,709,602	238,026	8,453	123,554	848,825	5,935,004

(in thousand Baht)

		Separate financial statements						
	Note	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Operating equipment	Assets under construction	Total
Finance costs capitalized								
Finance costs capitalised during 2012								
Rates of interest capitalised during 2012	33	-	-	-	-	-	6,767	6,767
(MLR - 2.00 % per annum)								
Finance costs capitalised during 2013								
Rates of interest capitalised during 2013	33	-	-	-	-	-	6,758	6,758
(MLR - 2.00 % per annum)								

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2013 amounted to Baht 679 million (2012: Baht 529 million).

Notes to the financial statements

14 Land held for development

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Land cost	95,382	95,382	-	-
Development expenses	8,855	8,855	-	-
Total	104,237	104,237	-	-

15 Leasehold rights for land and buildings

(in thousand Baht)

	Consolidated financial statements		
	Leasehold right for land	Leasehold rights for buildings	Total
Cost			
At 1 January 2012	985,478	1,212,556	2,198,034
Additions	5,559	4,465	10,024
At 31 December 2012 and 1 January 2013	991,037	1,217,021	2,208,058
Additions	-	1,395	1,395
At 31 December 2013	991,037	1,218,416	2,209,453
Amortisation			
At 1 January 2012	280,922	308,259	589,181
Amortisation for the year	17,958	49,015	66,973
At 31 December 2012 and 1 January 2013	298,880	357,274	656,154
Amortisation for the year	22,676	48,190	70,866
At 31 December 2013	321,556	405,464	727,020
Net book value			
At 1 January 2012	704,556	904,297	1,608,853
Eliminated			(4,091)
			1,604,762
At 31 December 2012 and 1 January 2013	692,157	859,747	1,551,904
Eliminated			(3,641)
			1,548,263
At 31 December 2013	669,481	812,952	1,482,433
Eliminated			(3,191)
			1,479,242

(in thousand Baht)

	Separate financial statements		
	Leasehold right for land	Leasehold rights for buildings	Total
Cost			
At 1 January 2012	804,105	278,481	1,082,586
Additions	5,559	-	5,559
At 31 December 2012 and 1 January 2013	809,664	278,481	1,088,145
31 December 2013	809,664	278,481	1,088,145
Amortisation			
At 1 January 2012	179,406	97,031	276,437
Amortisation for the year	13,672	20,421	34,093
At 31 December 2012 and 1 January 2013	193,078	117,452	310,530
Amortisation for the year	18,402	20,366	38,768
31 December 2013	211,480	137,818	349,298
Net book value			
At 1 January 2012	624,699	181,450	806,149
At 31 December 2012 and 1 January 2013	616,586	161,029	777,615
At 31 December 2013	598,184	140,663	738,847

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Amortisation for the year	70,866	66,973	38,768	34,093
Eliminated	(450)	(450)	-	-
Amortisation included in statements of income	70,416	66,523	38,768	34,093

16 Sale of hotels to property fund

On 1 April 2013, the Company sold and transferred ownership of the land, buildings and equipment of IBIS Hotels at Patong and Pattaya to Erawan Hotel Growth Property Fund at sale price of Baht 1,827.6 million with the cost of the land, buildings and equipment, net other assets, selling expenses and related taxes amounting to Baht 747.5 million. The Company recognized gain on sale in the statement of comprehensive income of Baht 1,080.1 million in the separate financial statements and Baht 864.1 million in the consolidated financial statements.

Erawan Growth Management Company Limited, a subsidiary, entered into a lease agreement with the Fund to lease the land, buildings, infrastructures, furniture, equipment and facilities of IBIS Hotels at Patong and Pattaya, for a period of three years. The agreement period can be renewed 5 times by notice in advance at least 60 days before expiration. The lease agreements can be extended for further periods of 3 years each time for the first to the fourth extension and can be extended not more than 4 months for the fifth time with a fixed rental fee and variable rental fee in accordance with the conditions stipulated in the agreement. Furthermore, the said subsidiary agreed

Notes to the financial statements

to guarantee the minimum rental income that the Fund will receive from the subsidiary over the period of 4 years from the lease agreement date. The guaranteed income is Baht 111.5 million per year, totaling Baht 446 million. If the subsidiary cannot pay any shortfall in the guaranteed income, the Company will provide financial support to the subsidiary to the extent of such shortfall. The Fund and lessee do not have an option to repurchase the leased assets under the agreement.

17 Intangible assets

(in thousand Baht)

Computer software	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cost				
At 1 January	166,221	147,293	110,260	96,123
Additions	7,476	19,889	6,491	15,098
Transfers	4,185	-	3,442	-
Disposals	-	(961)	-	(961)
At 31 December	177,882	166,221	120,193	110,260
Amortisation				
At 1 January	119,357	100,810	76,765	66,162
Amortisation charge for the year	17,328	19,465	12,031	11,564
Adjust	128	-	128	-
Disposals	-	(918)	-	(961)
At 31 December	136,813	119,357	88,924	76,765
Net book value				
At 1 January	46,864	46,483	33,495	29,961
At 31 December	41,069	46,864	31,269	33,495

18 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

(in thousand Baht)

	Consolidated financial statements	
	2013	2012
Deferred tax assets	7,299	6,331
Deferred tax liabilities	(35,570)	(32,243)
Net	(28,271)	(25,912)

(in thousand Baht)

	Separate financial statements	
	2013	2012
Deferred tax assets	5,548	5,128

Movements in total deferred tax assets and liabilities during the year were as follows:

(in thousand Baht)

	Consolidated financial statements		
	At 1 January 2013	(Charged) / Credited to: profit or loss	At 31 December 2013
Deferred tax assets			
Accounts receivable (Allowance for doubtful debt)	346	21	367
Employee benefits obligation	11,492	506	11,998
Total	11,838	527	12,365
Deferred tax liabilities			
Property, plant and equipment	(37,750)	(2,886)	(40,636)
Total	(37,750)	(2,886)	(40,636)
Net	(25,912)	(2,359)	(28,271)

(in thousand Baht)

	Consolidated financial statements		
	At 1 January 2012	(Charged) / Credited to: profit or loss	At 31 December 2012
Deferred tax assets			
Accounts receivable (Allowance for doubtful debt)	422	(76)	346
Employee benefits obligation	8,654	2,838	11,492
Loss carry forward	48,537	(48,537)	-
Total	57,613	(45,775)	11,838
Deferred tax liabilities			
Property, plant and equipment	(34,866)	(2,884)	(37,750)
Total	(34,866)	(2,884)	(37,750)
Net	22,747	(48,659)	(25,912)

Notes to the financial statements

(in thousand Baht)

	Separate financial statements		
	At 1 January 2013	(Charged) / Credited to: profit or loss	At 31 December 2013
Deferred tax assets			
Accounts receivable (Allowance for doubtful debt)	170	(9)	161
Employee benefits obligation	4,958	429	5,387
Total	5,128	420	5,548
Net	5,128	420	5,548

(in thousand Baht)

	Separate financial statements		
	At 1 January 2013	(Charged) / Credited to: profit or loss	At 31 December 2013
Deferred tax assets			
Accounts receivable (Allowance for doubtful debt)	263	(93)	170
Employee benefits obligation	3,509	1,449	4,958
Loss carry forward	48,300	(48,300)	-
Total	52,072	(46,944)	5,128
Net	52,072	(46,944)	5,128

19 Other non-current assets

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Advance payment	-	59,194	-	-
Withholding tax deducted at source	8,830	9,298	6,500	7,309
Total	8,830	68,492	6,500	7,309

20 Interest-bearing liabilities

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current				
Short-term loans from financial institutions secured	-	262,100	-	202,100
Current portion of long-term loans from financial institutions secured	1,002,000	818,250	779,500	630,750
Current portion of finance lease liabilities	2,447	2,138	2,447	2,138
	1,004,447	1,082,488	781,947	834,988

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Non-current					
Long-term loans from financial institutions secured		6,027,967	6,793,717	3,568,900	4,480,150
Long-term loans from related parties unsecured	5	-	-	107,832	58,998
Finance lease liabilities		1,950	2,732	1,950	2,732
		6,029,917	6,796,449	3,678,682	4,541,880
Total		7,034,364	7,878,937	4,460,629	5,376,868

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities as at 31 December were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Within one year	1,002,000	1,080,350	779,500	832,850
After one year but within five years	4,213,900	4,890,750	3,211,732	3,833,250
After five years	1,814,067	1,902,967	465,000	705,898
Total	7,029,967	7,874,067	4,456,232	5,371,998

Under the loan agreements, the Group has to comply with certain covenants and restrictions e.g. the percentage of shareholding of the major shareholders, changes in directors, guarantees to loans of aval to promissory notes of any persons or any companies, dividend payments, merger or consolidation with any companies, and maintenance of certain financial ratios.

During the year 2010, the Company and certain subsidiaries were approved by various financial institutions to extend the due date of principal loan repayment which fall due in 2010 to commence in 2011. In addition, the Company and certain subsidiaries were approved by those financial institutions to extend the principal loan repayment period for another 1 - 6 years.

Notes to the financial statements

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Property, plant and equipment - net	8,641,312	8,651,747	5,326,567	5,496,311
Leasehold rights for land - net	650,481	671,880	594,492	612,767
Total	9,291,793	9,323,627	5,921,059	6,109,078

In addition, the Group assigned the rights and benefits under insurance policies to the lenders to secure the loan. Certain loans are also secured by a guarantee provided by the Company and pledging of all shares of Erwan Rajdamri Company Limited.

As at 31 December 2013 the Group and the Company had unutilised credit facilities of totaling Baht 1,272 million and Baht 1,040 million, respectively (2012: Baht 2,027 million and Baht 1,427 million, respectively).

21 Trade accounts payable

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Related parties	5	-	-	328	342
Other parties		243,523	228,363	97,774	98,326
Total		243,523	228,363	98,102	98,668

Trade accounts payable of the Group as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

22 Other current liabilities

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Management, royalty, marketing and other fees payable - hotel business	29,161	29,909	12,849	14,974
Retention	89,033	66,246	45,859	24,301
Advances from customers	28,258	26,874	12,841	10,836
Value added tax payable	12,474	16,769	4,795	9,615
Accrued expenses	209,804	141,315	96,796	78,728
Income tax payable	31,446	34,642	24,354	-
Deposits received - hotel business	108,563	72,939	51,084	38,704
Others	101,057	82,883	43,294	34,041
Total	609,796	471,577	291,872	211,199

23 Deferred income

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Leasehold rights - building, service and equipment - other parties	28,000	28,000	28,000	28,000
Less accumulated amortisation	(5,566)	(3,542)	(5,566)	(3,542)
Net book value	22,434	24,458	22,434	24,458
Amortisation included in statements of income for the year	2,024	2,024	2,024	2,024
Current portion of deferred income	2,024	2,024	2,024	2,024
Deferred income	20,410	22,434	20,410	22,434
Total	22,434	24,458	22,434	24,458

24 Employee benefit obligations

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Statement of financial position obligations for: Long-term employee benefits	59,988	57,461	26,932	24,786
	59,988	57,461	26,932	24,786

(in thousand Baht)

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Statement of comprehensive income:				
Recognised in profit or loss:				
Long-term employee benefits	9,592	7,220	4,565	3,455
Actuarial losses recognised in the year	-	11,541	-	7,524
Cumulative actuarial losses recognised	9,592	18,761	4,565	10,979

Long-term employee benefits

The Group operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Notes to the financial statements

Movement in the present value of the defined benefit obligations:

(in thousand Baht)

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Defined benefit obligations at 1 January	57,461	43,272	24,786	17,543
Benefits paid	(7,065)	(4,572)	(1,898)	(3,736)
Current service costs and interest	9,592	7,220	4,565	3,455
Transferred to subsidiary	-	-	(521)	-
Actuarial losses in other comprehensive income	-	11,541	-	7,524
Employee benefit obligations at 31 December	59,988	57,461	26,932	24,786

The expense is recognised in the following line items in the statement of comprehensive income:

(in thousand Baht)

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cost of hotel operations and cost of rental of units in buildings and service	(3,168)	(3,732)	(1,616)	(1,980)
Selling expenses	(472)	(457)	(266)	(79)
Administrative expenses	(5,952)	(3,031)	(2,683)	(1,396)
Total	(9,592)	(7,220)	(4,565)	(3,455)

Actuarial losses recognised in other comprehensive income:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Included in retained earnings:				
At 1 January	11,541	-	7,524	-
Recognised during the year	-	11,541	-	7,524
At 31 December	11,541	11,541	7,524	7,524

Principal actuarial assumptions at the reporting date:

(%)

	Consolidated / Separate financial statements	
	2013	2012
Discount rate	3.7	3.7
Future salary increases	3.0 - 7.0	3.0 - 7.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

25 Share capital

	Par value per share	2013		2012	
		Number	Amount	Number	Amount
	(in Baht)	(thousand shares / in thousand Baht)			
Authorised					
At 1 January					
Ordinary shares	1	2,505,000	2,505,000	2,505,000	2,505,000
At 31 December					
ordinary shares	1	2,505,000	2,505,000	2,505,000	2,505,000
Issued and paid-up					
At 1 January					
Ordinary shares	1	2,245,438	2,245,438	2,244,779	2,244,779
Issue under ESOP	1	5,827	5,827	659	659
Warrant	1	223,370	223,370	-	-
At 31 December					
ordinary shares	1	2,474,635	2,474,635	2,245,438	2,245,438

Employee Stock Option Plan (ESOP)

During the year 2011, the Company issued stock option plan of 32,093,099 share options for the Group's employees. In 2012, the Company issued additional stock option so the total stock options issued were 35,743,099 shares. The period of the plan shall not exceed 5 years from grant date on 10 June 2011. The offering shall be completed within 30 December 2015.

The Company has recorded the approximate fair value of the rights granted through the plan based on the binomial model. The fair value was separately calculated into 4 vesting periods as follows:

No.	Exercise period	Number of exercised share	Exercise price
1	1 January 2012 - 30 December 2015	10% of total allocated share	2.90
2	1 January 2013 - 30 December 2015	20% of total allocated share	3.00
3	1 January 2014 - 30 December 2015	30% of total allocated share	3.10
4	1 January 2015 - 30 December 2015	40% of total allocated share	3.20

Based on the assumptions, the share price of Baht 2.44 at grant date, volatility rate of 24.7%, 5 year term of plan and risk free interest rate of 3.75%, the average fair value of the stock options among the 4 periods was from Baht 0.42 to Baht 0.51 per unit.

The Company recorded the fair value of Baht 3.55 million over the period that the employees become entitled to the options in the statements of comprehensive income for the year ended 31 December 2013 and in equity as at 31 December 2013.

Movements in the number of outstanding options under ESOP during the year ended 31 December 2013 and 2012 were as follows:

Notes to the financial statements

	(thousand units)	
	2013	2012
At 1 January	35,084	32,093
Issued	-	3,650
Exercised	(5,827)	(659)
At 31 December	29,257	35,084

The exercise of ESOP complied with the terms and conditions of the issuance of ESOP which were approved by the Company's shareholders.

Warrant

During the year 2011, the Company issued warrants to existing shareholders, with details as follows:

Number of warrants	224,477,528 units
Conversion ratio	The existing shareholders at the ratio of 10 ordinary shares per 1 unit of warrant
Exercise price	Baht 2.80
Term of warrant	2 years and 7 months (18 May 2011 - 17 December 2013)
Exercise period	The warrant holders shall be able to exercise their rights to purchase ordinary shares only one time on the expiry date of the exercise of the Warrants which is the 17th of December 2013.

Movements in the number of outstanding warrant during the year ended 31 December 2013 and 2012 were as follows:

	(thousand units)	
	2013	2012
At 1 January	224,478	224,478
Exercised during the year	(223,370)	-
Expired	(1,108)	-
At 31 December	-	224,478

On 23 December 2013, the Company registered the paid-up share capital by issuing 223,370,274 ordinary shares at a par value of Baht 1 from totaling exercise warrants of Baht 625.44 million.

26 Additional paid-in capital and reserve

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Fair value changes in available-for-sale investments

27 Segment information

Business segments results in the consolidated financial statements for the years ended 31 December 2013 and 2012 were as follows:

[illegible]

Notes to the financial statements

Business segment financial position in the consolidated financial statements as at 31 December 2013 and 2012 were as follows:

(in million Baht)

	Hotel business		Rental and management building business		Unallocated assets		Eliminations		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Inventories	52	49	-	-	-	-	-	-	52	49
Property, plant and equipment	10,202	9,709	19	20	28	69	309	324	10,558	10,122
Leasehold rights for land and buildings	1,394	1,450	141	161	-	-	(56)	(63)	1,479	1,548
Land held for development									104	104
Other assets									1,522	1,017
Total assets									13,715	12,840

(in million Baht)

	Hotel business		Rental and management building business		Unallocated assets		Eliminations		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Interest-bearing borrowings	7,503	9,041	3	-	308	430	(784)	(1,597)	7,030	7,874
Account payable for land leasehold rights	180	180	-	-	-	-	-	-	180	180
Other liabilities									1,276	1,098
Total liabilities									8,486	9,152

Reconciliation of reportable segment profit or loss and assets

(in million Baht)

	2013	2012
Profit or loss		
Total profit for reportable segments before elimination	662	690
Other profit	910	61
	1,572	751
Elimination of inter-segment profits	(14)	(14)
Unallocated amounts:		
- Other corporate expenses	(592)	(619)
Profit for the year	966	118

(in million Baht)

	2013	2012
Assets		
Total assets for reportable segments	11,808	11,389
Other assets	1,626	1,121
Elimination of inter-company transactions	253	261
Other unallocated amounts	28	69
Consolidated total assets	13,715	12,840
Liabilities		
Total liabilities for reportable segments	7,686	9,221
Other liabilities	1,276	1,098
Elimination of inter-company transactions	(784)	(1,597)
Other unallocated amounts	308	430
Consolidated total liabilities	8,486	9,152

28 Other income

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Income from property tax	1,791	1,546	1,682	1,399
Gain from sale of property, plant and equipment	3,102	22,805	1,383	21,588
Gain on sale of investment	2,865	700	2,792	308
Others	15,929	28,405	9,423	10,533
Total	23,687	53,456	15,280	33,828

29 Selling expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Marketing expenses	202,815	188,351	106,995	110,682
Employee benefit expenses	85,864	72,715	40,290	31,498
Total	288,679	261,066	147,285	142,180

Notes to the financial statements

30 Administrative expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Employee benefit expenses	374,603	314,754	240,678	203,633
Management and other fee	228,028	197,626	137,903	116,928
Repair and maintenance expenses	83,885	67,539	35,141	32,978
Others	331,919	293,157	100,617	126,306
Total	1,018,435	873,076	514,339	479,845

31 Employee benefit expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Management				
Salaries, wages and other benefits	46,601	42,483	44,391	40,718
Employee stock option plan	2,081	3,370	2,081	3,370
	48,682	45,853	46,472	44,088
Other employees				
Salaries, wages and other benefits	1,205,536	1,125,434	525,104	446,122
Employee stock option plan	1,467	2,375	1,467	2,375
	1,207,003	1,127,809	526,571	448,497
Total	1,255,685	1,173,662	573,043	492,585

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3 % to 10 % of their basic salaries and by the Group at rates ranging from 3 % to 10 % of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Managers.

32 Expenses by nature

The financial statement includes an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Salaries and wages and other employee benefits	1,255,685	984,573	573,043	492,585
Costs of food and beverage	714,924	684,345	290,199	280,071
Rental expenses	135,960	48,510	24,247	20,896

33 Finance costs

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Interest expense:					
Related parties	5	-	-	4,569	6,161
Financial institutions		374,898	400,059	235,554	255,415
		374,898	400,059	240,123	261,576
Less: amounts included in the cost of qualifying assets:					
- capitalised as cost of assets under construction	13	(6,758)	(6,767)	(6,758)	(6,767)
Net		368,140	393,292	233,365	254,809

34 Income tax expense

Income tax recognised in profit or loss

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Current tax expense					
Current year		88,369	62,759	62,295	-
Deferred tax expense					
Movements in temporary differences	18	2,359	48,659	(420)	46,944
Income tax expense		90,728	111,418	61,875	46,944

Reconciliation of effective tax rate

	Consolidated financial statements			
	2013		2012	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		1,057,120		229,524
Income tax using the Thai corporation tax rate	20.0	211,424	23.0	52,791
Tax difference on expense (revenue)		3,849		(18,658)
Expenses with additional deduction for tax purpose		(3,349)		(3,398)
Recognition of previously unrecognised tax losses		(227,064)		(424)
Current year losses for which no deferred tax asset was recognised		45,165		52,913
Share of gain on sale of hotels by percentage of the Company shareholding		43,204		-
Elimination in consolidation		17,499		28,194
Total	8.6	90,728	48.5	111,418

Notes to the financial statements

	Separate financial statements			
	2013		2012	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		1,463,904		299,686
Income tax using the Thai corporation tax rate	20.0	292,781	23.0	68,928
Tax difference on expense (revenue)		(14,681)		(21,964)
Expenses with additional deduction for tax purpose		(47)		(20)
Recognition of previously unrecognised tax losses		(216,178)		-
Total	4.2	61,875	15.7	46,944

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

35 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2013 and 2012 were based on the profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

(in thousand Baht / thousand shares)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Profit attributable to ordinary shareholders of the Company (basic)	936,766	57,742	1,402,029	252,742
Number of ordinary shares outstanding at 1 January	2,245,438	2,244,779	2,245,438	2,244,779
Effect of shares options exercised	9,538	47	9,538	47
Weighted average number of ordinary shares outstanding (basic)	2,254,976	2,244,826	2,254,976	2,244,826
Earnings per share (basic) (in Baht)	0.42	0.03	0.62	0.11

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2013 and 2012 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

(in thousand Baht / thousand shares)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Profit attributable to ordinary shareholders of the Company (basic)	936,766	57,742	1,402,029	252,742
Profit attributable to ordinary shareholders of the Company (diluted)	936,766	57,742	1,402,029	252,742
Weighted average number of ordinary shares outstanding (basic)	2,254,976	2,244,826	2,254,976	2,244,826
Effect of warrant	87,202	6,680	87,202	6,680
Effect of ESOP	10,125	-	10,125	-
Weighted average number of ordinary shares outstanding (diluted)	2,352,303	2,251,506	2,352,303	2,251,506
Earnings per share (diluted) (in Baht)	0.40	0.03	0.60	0.11

36 Dividends

At the annual general meeting of the shareholders of the Company held on 23 April 2013, the shareholders approved the appropriation of dividends of Baht 0.0189 per share, amounting to Baht 42.5 million. The dividend was paid to shareholders on 23 May 2013.

At the annual general meeting of the shareholders of a subsidiary held on 22 March 2013, the shareholders approved the appropriation of dividends of Baht 1.4496 per share, amounting to Baht 115.5 million. The dividend was paid to shareholders on 2 May 2013.

At the annual general meeting of the shareholders of a Company held on 24 April 2012, the shareholders approved the appropriation of dividends of Baht 0.08 per share, amounting to Baht 180 million. The dividend was paid to shareholders on 23 May 2012.

At the annual general meeting of the shareholders of a subsidiary held on 11 April 2012, the shareholders approved the appropriation of dividends of Baht 1.85 per share, amounting to Baht 147.5 million. The dividend was paid to shareholders on 10 May 2012.

37 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Notes to the financial statements

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly floating or fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 20). The Group mitigates this risk by ensuring that the majority of its borrowings are close to the market rate.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivable mature or re-price were as follows:

	Effective interest rate	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)		(in thousand Baht)		
2013					
Loans receivable - related parties	5.20	-	675,985	-	675,985
2012					
Loans receivable - related parties	5.48	-	1,538,330	-	1,538,330

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Effective interest rate	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)		(in thousand Baht)		
2013					
Loans payable - financial institutions	MLR-1.50, MLR 2.00, 6-month fixed deposit rate + 2.00	1,002,000	4,213,900	1,814,067	7,029,967
2012					
Loans payable - financial institutions	MLR-1.50, MLR 2.00, 6-month fixed deposit rate + 2.00	1,080,350	4,890,750	1,902,967	7,874,067

	Effective interest rate	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2013	(% per annum)		(in thousand Baht)		
Loans payable - related party	5.20	-	107,832	-	107,832
Loans payable - financial institutions	MLR-1.50, MLR 2.00, 6-month fixed deposit rate + 2.00	779,500	3,103,900	465,000	4,348,400
Total		779,500	3,211,732	465,000	4,456,232
2012					
Loans payable - related party	5.48	-	58,998	-	58,998
Loans payable - financial institutions	MLR-1.50, MLR-2.00, 6-month fixed deposit rate + 2.00	832,850	3,774,252	705,898	5,313,000
Total		832,850	3,833,250	705,898	5,371,998

During the year 2013, the Company entered into interest rate swap contracts with a local financial institution for long-term loans in Baht with principal amounts of totaling Baht 1,997 million, which will swap interest at float interest rates to fixed interest rates as stipulated in the contracts. The terms of each contract are approximately 4 years, expiring on 30 December 2014.

Interest rate swap contracts protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap contract is recognised as a component of finance costs over the period of the contract.

The fair values of interest rate swap contracts as at 31 December 2013 and 2012 are as follows:

(in thousand Baht)

	Consolidated and Separate financial statements	
	Fair values	
	31 December 2013	31 December 2012
Interest rate swap contracts	1,549	8,513

Foreign currency risk

The Group operates mainly in Baht currency. Accordingly, the Company does not have material foreign currency risk.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Notes to the financial statements

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

For financial assets and liabilities which have short-term maturity and long-term loans which carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value. The Company and its subsidiaries do not consider the fair value of financial assets and liabilities which have fixed interest rate over 1 year which is not significant when compare to the total loan amount.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

38 Commitments

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Capital commitments				
Contracted but not provided	1,315.0	845.1	1,045.9	843.9
Operating lease commitments				
Within one year	37.5	13.8	11.3	5.2
After one year but within five years	2.9	23.7	2.9	2.3
Total	40.4	37.5	14.2	7.5
Long-term lease commitments				
Within one year	144.1	33.1	13.2	13.2
After one year but within five years	319.7	167.8	98.0	86.7
After five years	1,763.4	1,808.6	1,541.2	1,565.8
Total	2,227.2	2,009.5	1,652.4	1,665.7
Commitments under service agreements				
Within one year	30.7	20.6	16.6	12.4
After one year but within five years	9.8	8.5	1.2	0.1
Total	40.5	29.1	17.8	12.5
Other commitments				
Guarantee for bank credit facilities	750.0	750.0	750.0	750.0
Bank guarantees	25.2	25.0	13.6	14.0
Total	775.2	775.0	763.6	764.0

Long-term agreements

The Company and its subsidiaries have entered into several long-term lease agreements and several service agreements with third parties, local companies, overseas companies, and Government organizations as follows:

Long-term lease agreements

Erawan Rajdamri Company Limited entered into a building lease agreement with a Government organisation covering a term of thirty years, commencing 1 July 1987, whereby the subsidiary has to pay monthly rental at the rate for each year as specified in the agreement. However, on 9 January 2006 the subsidiary entered into the Building Renovation and Land and Renovated Building Lease Agreement. Under the terms of this agreement, the subsidiary is to pay remuneration of Baht 70.0 million, which had already been paid to the lessor, and monthly rental at the rate stipulated for each year, for a term of thirty years commencing 1 January 2008.

Erawan Hotel Public Company Limited has an agreement with a related company to lease land for a term of thirty years up to the year 2021, renewable for another twenty years. The subsidiary is to pay land rental charges of Baht 14.1 million per annum, and the land rental charge may be adjusted every ten years. Upon the expiration of the agreement, the ownership of buildings and building improvements on the leased land, including equipment, furniture and tools necessary for hotel operations, will be transferred to the lessor.

The Company has lease agreement for the leasehold rights to land on which its hotel building is situated from the lessor. Ownership of all structures constructed on the leased land, including that of equipment, furniture and tools which are vital to the project's operation, will be transferred to the lessor upon the termination of the agreements. The Company is to pay land rental charges of Baht 11.2 million (for the year 2005 - 2014) per annum and the land rental charge may be adjusted every ten years. The term of the leases is a period of 30 years up to the year 2025.

Under the terms of the land lease agreements on which its hotel building is situated shall assume obligation to pay the following leasehold rights and deposits for rental.

1. Leasehold rights amounting to Baht 180.0 million. The Company will pay this amount within the 30th year of the lease and is recorded as part of "Accounts payable for land leasehold rights" in the statement of financial position.
2. Deposits for rental amounting to Baht 90.0 million. The Company has made the full payment of the deposits, which will be refunded in the 30th year and are presented as part of "Deposits for lease of land, building and equipment" in the statement of financial position.

The Company has an agreement to lease the land on which the hotel building is located for extend the period of agreement which allows the lessee to extend the term of the lease as mutually agreed. The Company was granted an extension of the term of the lease by 20 years as from 24 January 2025 to 23 January 2045 and is to pay rental of Baht 216.1 million, which had already been paid to the lessor.

In addition to the above mentioned rental, the Company also has a commitment to make the following rental payments:

Rental from 2025 to 2034 at the greater of Baht 44.7 million per annum or an amount determined based on an average of the consumer price index of Thailand.

Notes to the financial statements

Rental from 2035 to 2045 at the greater of Baht 89.4 million per annum or an amount determined based on an average of the consumer price index of Thailand.

The Company has lease agreement for the leasehold rights to land on which its office building is situated from the lessor. Ownership of all structures constructed on the leased land, including that of equipment, furniture and tools which are vital to the project's operation, will be transferred to the lessor upon the termination of the agreements. The Company is to pay land rental charges of Baht 13.1 million (for the year 2005 - 2014) per annum and the land rental charge may be adjusted every ten years. The term of the leases is a period of 30 years up to the year 2025.

The Company has a land lease agreement for additional land on which its office building is situated with third party for periods of 22 years and 10 months up to the year 2025. Under the agreement, the Company agrees to pay rental totalling Baht 32.8 million, in three instalments. The Company had already paid the first and second instalments of Baht 23.2 million and the remaining Baht 9.6 million will be repaid in 2025. In addition, the Company is to pay a land rental charge of Baht 0.8 million per annum for the first three years, and such charge is then to be adjusted every ten years. Upon the expiration of the agreement, the ownership of all structures erected on the leased land, together with equipment, furniture and tools which are vital to the operation, are to be transferred to the lessor.

On 1 April 2011, the Company transferred leasehold rights to land and sold its office building, Ploenchit Center Building, to Prime Office Leasehold Property Fund.

Erawan Chaophraya Company Limited entered into an agreement to lease land from a foundation for the purpose of land development and building construction. Under the terms of the agreement, the subsidiary is to pay rental charges of Baht 100,000 per month commencing 1 November 2004, and the rental charge may be adjusted every 10 years. The term of the lease is a period of 30 years up to the year 2034. The agreement is renewable upon its termination. In this regard, the subsidiary will have to give notice of its intention in writing to the lessor at least 1 year, and not more than 2 years in advance. Ownership of buildings and all structures constructed on the leased land will be transferred to the lessor upon the termination of the agreement.

On 9 June 2006, the Company entered into a land lease agreement with an unrelated party for a period of 30 years up to the year 2038. Under the terms of this agreement, the Company is to pay lease remuneration of Baht 25.0 million. The Company had already paid this remuneration. In addition, the Company is to pay a land rental charge of Baht 1.2 million per annum for the first three years, and such charge is then to be adjusted every 3 years. Upon the expiration of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, are to be transferred to the lessor.

On 29 March 2007, the Company entered into a land lease agreement with an unrelated party for a period of 30 years up to the year 2039. Under the terms of this agreement, the Company is to pay lease remuneration of Baht 53.0 million. The Company had already paid this remuneration. In addition, the Company is to pay a land rental charge of Baht 0.4 million per annum for the first three years, and such charge is then to be adjusted every 3 years. Upon the expiration of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, are to be transferred to the lessor.

On 19 March 2010, the Company entered into a land lease agreement with 2 local companies for a period of 30 years up to the year 2043. Under the term of this agreement, the Company is to pay lease remuneration of Baht 150.0 million. The Company had already paid this remuneration. Upon the expiration of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, are to be transferred to the lessor.

On 27 March 2013, Erawan Growth Management Company Limited, a subsidiary, entered into a lease agreement with the Fund to lease the land, buildings, infrastructures, furniture, equipment and facilities of IBIS Hotels at Patong and Pattaya, for a period of three years. The agreement period can be renewed 5 times by notice in advance at least 60 days before expiration. The lease agreements can be extended for further periods of 3 years each time for the first to the fourth extension and can be extended not more than 4 months for the fifth time with a fixed rental fee and variable rental fee in accordance with the conditions stipulated in the agreement. Furthermore, the said subsidiary agreed to guarantee the minimum rental income that the Fund will receive from the subsidiary over the period of 4 years from the lease agreement date. The guaranteed income is Baht 111.5 million per year, totaling Baht 446 million. If the subsidiary cannot pay any shortfall in the guaranteed income, the Company will provide financial support to the subsidiary to the extent of such shortfall. The Fund and lessee do not have an option to repurchase the leased assets under the agreement.

Hotel management agreements

On 24 February 1988, Erawan Hotel Public Company Limited entered into agreements with various companies in the Hyatt International Corporation Limited Group (HYATT) whereby HYATT will provide necessary hotel construction and management services to the subsidiary. Under the terms of the agreements, the subsidiary is committed to pay a management fee, license fee, and a share of marketing expenses to HYATT, at the rates indicated in the agreements. The term of the management agreement is for twenty years, counting from commencement of hotel operations, to be extended for at least 10 years, dependent upon certain conditions as specified in the agreement.

On 29 October 2010, Erawan Hotel Public Company Limited entered into amendment agreement with Hyatt to amend certain conditions in the agreement. The subsidiary agreed to extend the term of the management agreement for another 9.5 years and extended for at least 10 years, dependent upon certain conditions as specified in the agreement.

On 3 February 1994, Erawan Ploenchit Company Limited entered into an agreement with Marriott Worldwide Corporation Group ('Marriott') to appoint the Marriott as management of the subsidiary's hotel. The subsidiary also made agreements with Marriott relating to the hotel operations. Under the terms of the agreements, the subsidiary is committed to pay remuneration to Marriott at the rates, terms and basis specified in the agreements. The hotel management agreement will be terminated on 31 December 2032. On 1 January 2008, the subsidiary transferred all commitments under these agreements to the Company.

On 4 July 2005, Erawan Rajdamri Company Limited and Erawan Samui Company Limited entered into management agreements with Marriott Group ("Marriott"), to appoint the Marriott to manage the subsidiaries' hotel as a standardised Courtyard by Marriott and Renaissance hotel. Under the terms of the agreements, the subsidiaries are committed to pay remuneration to Marriott in accordance with the rates, terms and basis specified in the agreements. The terms of the hotel management agreements is to be for 30 years, counting from commencement of hotel operations, and is to be extendible for a further period of at least 10 years, dependent upon the fulfillment of certain conditions specified in the agreements.

In December 2005, the Company entered into agreement with Intercontinental Hotels Group to manage hotel under the brand Holiday Inn which located at Pattaya. Under the term of the agreements, the Company is committed to pay remuneration in accordance with the rates, terms and basis specifies in the agreements. The terms of the hotel management agreement is to be for 15 years, counting from commencement of hotel operations, and is to be extendible for a further period of at least 5 years, dependent upon the fulfillment of certain as conditions specified in the agreements.

Notes to the financial statements

During June 2006 to December 2012, the Company and Erawan Chaopraya Company Limited entered into agreements with Accor Group to manage 12 hotels of the Company and a subsidiary under the brand Ibis and Mercure which located in Thailand. Under the term of the agreements, the Company and a subsidiary are committed to pay remuneration in accordance with the rates, terms and basis specifies in the agreements. The terms of the hotel management agreement is to be for 15 years, counting from commencement of hotel operations, and is to be extendible for a further period of at least 5 years, dependent upon the fulfillment of certain conditions specified in the agreements. On 1 July 2009, the contract was extended from 15 to 20 years.

A subsidiary, Erawan Phuket Company Limited agreed with the group of Six Senses Company in termination of their management services agreements in July 2011 and entered into management services agreements with the group of Starwood that will provide resort management services to the subsidiary under the terms of the agreements. The subsidiary is committed to pay management fees at the rates indicated in the agreements. The agreements will be expired in December 2032 with an option to extend for further period, dependent upon certain as conditions specified in the agreements.

On 1 July 2013, the Company and its subsidiaries agreed with the Accor Group to terminate the hotel management agreements for 12 hotels and enter into franchise agreements with the Accor Group under the Ibis and Mercure brand to replace the hotel management agreements. Under the terms of these agreements, the Company and its subsidiaries are committed to pay fees to Accor Group at the rates, terms and basis specified in the agreements. The periods of the franchise agreements are equal to the previous hotel management agreements.

39 Contingent liability

Litigation and dispute

In 2009, a subsidiary submitted a statement of claim to the Alternative Dispute Resolution Office, Arbitration Institute to consider the dispute with a contractor to pay for compensation arising from alleged breach of a construction contract. The contractor submitted a statement of defense and counterclaim to the Arbitration Institute as well. The dispute is in the arbitration process and has not been finalised. Consequently, the subsidiary cannot estimate the impact resulting from the dispute.

40 Events after the reporting period

At the Company's board of directors' meeting held on 25 February 2014, the board of directors agreed to propose the payment of a dividend of Baht 0.1515 per share, amounting to Baht 374.91 million, to the 2013 annual general meeting of the shareholders of the Company. The right to receive the aforesaid dividend is subject to the approval of the annual general meeting of the shareholders.

41 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the new and revised TFRS that have been issued but are not yet effective. Those new and revised TFRS, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investments in Associates	2014
TAS 31 (revised 2012)	Interests in Joint Ventures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 3 (revised 2012)	Business Combinations	2014
TFRS 4	Insurance Contracts	2016
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 12	Service Concession Arrangements	2014

Notes to the financial statements

TFRS	Topic	Year effective
TFRIC 13	Customer Loyalty Programmes	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 29	Service Concession Arrangements - Disclosure	2014
TIC 32	Intangible Assets-Web Site Costs	2014

Management expects to adopt and apply these new and revised TFRSs in accordance with the FAP's announcement and is presently considering the potential impact on the Group's financial statements of these new and revised TFRSs.

42 Reclassification of accounts

Certain accounts in the 2012 financial statements have been reclassified to conform to the presentation in the 2013 financial statements. These reclassifications have principally been made following changes in accounting policies consequent to the adoption of new or revised TFRS as disclosed in note 3. There were no other significant reclassifications of accounts.

Corporate Information

The Erawan Group Public Company Limited

Registration No. 0107537001943

Head Office

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Branch 1

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494 Ploenchit Road, Kwang Lumpini,
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Branch 2

JW Marriott Hotel Bangkok
4 Sukhumvit Road, Kwang Klongtoey,
Khet Klongtoey, Bangkok 10110
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Telephone : 66 (0) 2656 7700
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Branch 3

ibis Patong Phuket
10 Chalermphrakiat Road, Patong,
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Branch 4

ibis Pattaya
463/79 Pattaya Soi 2 Road,
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Branch 10

ibis Hua-Hin
73/15 Soi Moobaan Nongkae,
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Telephone : 66 (0) 3261 0388
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Branch 11

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Thailand
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Corporate Information

Home page	: www.TheErawan.com
Type of Business	: Invest and develop hotel properties strategically located to match travelers' different demand.
Company's Capital	as at 31 st December 2013
Registered Capital	: 2,505,000,000 Baht : 2,505,000,000 ordinary shares at par value 1 Baht/share.
Paid-Up Capital	: 2,474,634,775 Baht : 2,474,634,775 ordinary shares at par value 1 Baht/share.
Registrar of Ordinary Shares	Thailand Securities Depository Co., Ltd. No. 62 Rachadapisek Road, Klongtoey, Bangkok 10110 Thailand Telephone : 66 (0) 2359 1200-02 Fax : 66 (0) 2359 1259
Auditor	Mr. Charoen Phosamritlert Certificate Public Accountant (Thailand) No.4068 Mr. Vichien Thamtrakul Certificate Public Accountant (Thailand) No.3183 Ms. Vannaporn Jongperadechanon Certificate Public Accountant (Thailand) No.4098 KPMG Phoomchai Audit Ltd. 48 th Floor, Empire tower 195 South Sathorn Road, Bangkok 10120, Thailand Telephone: 66 (0) 2677 2000 Fax: 66 (0) 2677 2222

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Hotel Business

Grand Hyatt Erawan Bangkok Hotel

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www.bangkok.grand.hyatt.com

JW Marriott Hotel Bangkok

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Telephone : 66 (0) 2656 7700
Fax : 66 (0) 2656 7711
www.marriott.com/bkkdt

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208/1 Moo 4, T. Maret, Lamai Beach,
Koh Samui, Surat Thani 84310 Thailand
Telephone : 66 (0) 7742 9300
Fax : 66 (0) 7742 9333
www.marriott.com/usmbr

The Naka Island, a Luxury Collection Resort & Spa, Phuket

32 Moo 5, Paklok, Thalung, Phuket 83110
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Fax : 66 (0) 7637 1401
www.naka Islandphuket.com

Courtyard by Marriott Bangkok

155/1 Soi Mahadlekluang 1, Rajdamri Road,
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Rental Property

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www.erawanbangkok.com

Corporate Governance Statement

Principle/Recommendation	Reference
Vision Mission and Core Values	Annual Report (56-2) Annual Information form (56-1) www.theerawan.com Code of Conduct
Corporate Culture	www.theerawan.com Code of Conduct
Business Strategy Operation Structure	Annual Report (56-2) Annual Information form (56-1)
Shareholders and Management Structure	
- Major Shareholders - Directors' Name/Position/Education - Roles and Responsibilities of the Board of Directors and Management - Independent Directors - The Company's Executives	Annual Report (56-2) Annual Information form (56-1) www.theerawan.com
- Duties and Authorities of CEO - Duties and Authorities of President - Duties and Responsibilities of Company Secretary	Annual Report (56-2) Annual Information form (56-1)
Shareholding of the Board of Directors and Management	Annual Report (56-2) Annual Information form (56-1) Report of securities holding (59-1) Report of change in securities holding (59-2)
Risk Factors	Annual Report (56-2) Annual Information form (56-1)
Anti-Corruption Policy	Annual Report (56-2) Annual Information form (56-1) www.theerawan.com
Corporate Governance Policy	Annual Report (56-2) Annual Information form (56-1) www.theerawan.com
Corporate Contribution Activities	Annual Report (56-2)

Principle/Recommendation	Reference
Code of Conduct	www.theerawan.com Code of Conduct
Qualification of Directors	
- Chairman Qualification - Independent Qualification - Rules and Responsibility of The Board of Directors and the Management	Annual Report (56-2) Annual Information form (56-1) www.theerawan.com
- Board of Directors' Meeting - Evaluation of the Board's Performances - Nomination of Directors and Executives - Remunerations of the Board of Directors and Management - Corporate Social Responsibility - Internal Control - Connected Transactions	Annual Report (56-2) Annual Information form (56-1)
Shareholder's meeting	
- Meeting Agendas Submitted in Advance - Announcement of the AGM Notice - Meeting's place - Announce date of meeting and agendas in advance - Notification of the AGM's resolutions - Minutes of the AGM	SET Notice www.theerawan.com
Financial Information	
45 days for Quarterly Financial Statement Report and 60 days for Financial Statement for the year ended - Quarterly Management Discussion and Analysis / Full Year Management discussion and analysis	SET Notice www.theerawan.com
2 days after the meeting to announce a Quarterly Meeting Presentation - Quarterly Investor Factsheet	IR quarterly meeting www.theerawan.com

Corporate Governance Statement

Principle/Recommendation	Reference
Other Information Disclosure	
- Set up New company / New branch - Change of Top Management - Acquisition of Disposition of Assets - Report on the result of the exercise Employee Stock Option Program (ESOP)	SET Notice www.theerawan.com
Receiving Complaints regarding Corporate Governance and the Code of Conduct	
Suppliers and Creditors	Bidding Survey External Survey GCG@theerawan.com
Employees	Internal Survey GCG@theerawan.com
Customers/Tenant/Guest	External Survey GCG@theerawan.com
Investor/Analyst	Investor Relation Survey ir@theerawan.com GCG@theerawan.com
Shareholder/Others	GCG@theerawan.com CompanySecretary@theerawan.com





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