



SUCCESS WITH INTEGRITY

Annual Report 2014

The Erawan Group Public Company Limited

OUR BUSINESS STRATEGY

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

2014 Highlight



Holiday Inn Pattaya
Executive Tower



Mercure Pattaya
Ocean Resort



ibis Styles Krabi
Ao Nang



HOP INN 10 Provinces

VISION 2015

To become Thailand's leading hotel developer and investor.

MISSION

To continue growing quality hotel portfolio in Thailand which optimize values to shareholders as well as other Stakeholder.

CORE VALUE

ERAWAN's SPICE

SYSTEM

"Systematic management approach to enhance efficiency as well as to lessen reliance on individuals"

PEOPLE

"Competent workforce with dedication to further learning and continual improvement"

INFORMATION

"Accurate, adequate, and up-to-date database for the purpose of management and decision-making"

CULTURE

"Sound corporate culture to support sustainable growth"

ENVIRONMENT

"Being a good, responsible corporate citizen by taking care of all stakeholders including community and environment"

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2014 IN REVIEW



 THE
ERAWAN
GROUP
SUCCESS WITH INTEGRITY

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

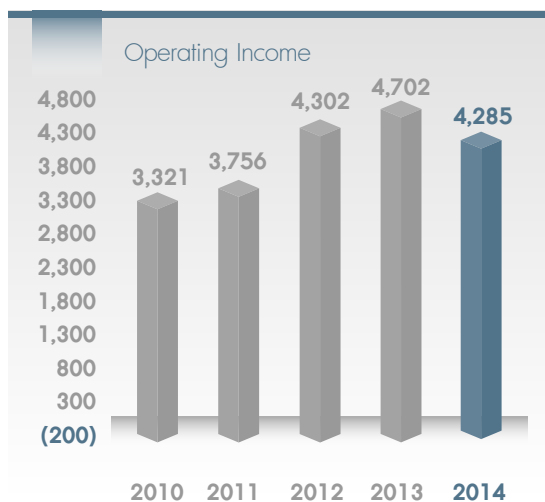
Financial Highlights

Unit : Thousand Baht

Description	2012 (Restated)	2013	2014
Operating results			
Operating Income	4,302,248	4,702,359	4,284,513
Total Revenues	4,363,760	5,596,957	4,354,089
Gross Profit	2,336,474	2,487,327	2,054,995
EBITDA	1,263,843	1,226,490	940,075
Gain from Disposal of Asset under Enhancing Return Strategy	-	864,085	-
Net Profit (Loss)	57,742	936,766	(111,579)
Financial Position			
Total Assets	12,840,384	13,715,302	14,516,617
Total Liabilities	9,152,135	8,486,405	9,782,670
Total Shareholders' Equity	3,688,249	5,228,897	4,733,946
Equity Attributable to Company's Shareholders	3,493,849	5,035,312	4,554,152
Paid-Up Share Capital (Thousand Baht)	2,245,438	2,474,635	2,478,778
Number of Paid-Up shares (Thousand Shares)	2,245,438	2,474,635	2,478,778
Par Value Per Share (Baht)	1	1	1
Earnings Per Share (Baht)	0.03	0.42	(0.05)
Dividend Per Share (Baht)	0.02	0.15	0.04
Book Value Per Share (Baht)	1.56	2.03	1.84
Significant Financial Ratio			
Current Ratio (times)	0.41	0.58	0.39
Quick Ratio (times)	0.30	0.49	0.33
Liquidity Ratio (Cash Flow Basis) (times)	0.71	0.65	0.38
Gross Profit Ratio (%)	54.31%	52.90%	47.96%
Net Profit Margin (%)	1.32%	16.74%	-2.56%
Return on Total Assets (%)	0.46%	7.06%	-0.79%
Return on Equity (%)	1.63%	21.97%	-2.33%
Debt to Equity Ratio (times)	2.48	1.62	2.07
Interest Bearing Debts to Equity Ratio (times)	2.14	1.35	1.78
Interest Coverage Ratio (times)	3.33	3.91	2.66

* The Group adopted TAS 12 income tax with effect from 1st 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



Unit : Thousand Baht



Unit : Thousand Baht



Unit : Thousand Baht



Hotel And Resort Portfolio in 2014

Bangkok



Grand Hyatt Erawan Bangkok



JW Marriott Hotel Bangkok



Courtyard by Marriott Bangkok



Mercure Bangkok Siam



ibis Bangkok Siam



ibis Bangkok Nana



ibis Bangkok Sathorn



ibis Bangkok Riverside

Pattaya



Holiday Inn Pattaya



ibis Pattaya



ibis Hua Hin



Holiday Inn Pattaya Executive Tower



Mercure Pattaya Ocean Resort



ibis Hua Hin

Samui



Renaissance Koh Samui Resort & Spa



ibis Samui Bophut



ibis Styles Krabi Ao Nang

Phuket



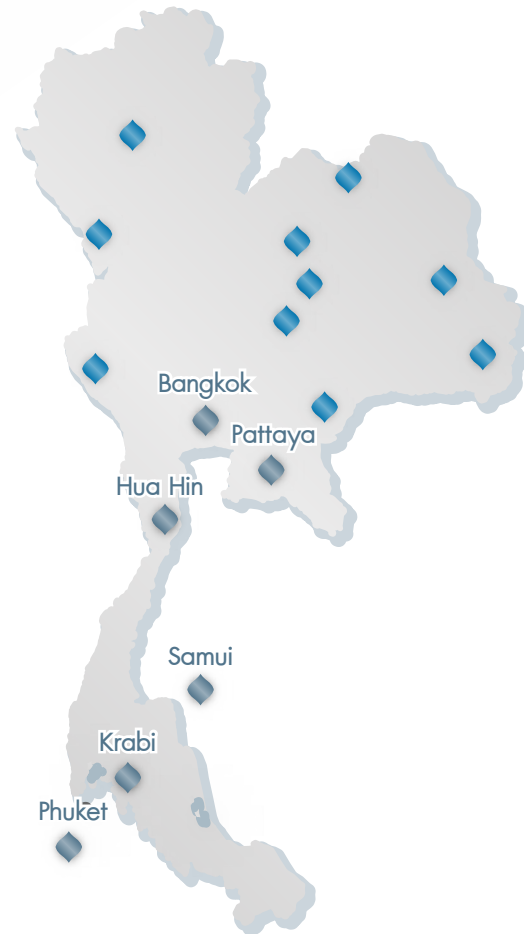
The Naka Island, a Luxury Collection Resort & Spa, Phuket



ibis Phuket Patong



ibis Phuket Kata



10 Provinces



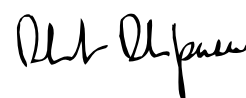
Chairman Review

2014 was challenging for Thailand's tourism industry which was affected from the political situation which occurred from the end of 2013 to mid of 2014 leading to an adverse impact to our performance in 2014. Nonetheless the strong recovery of tourist arrivals in the second half of the year reaffirmed the strong fundamental of Thailand's tourism industry. With strong believe in long term prospect of Thailand's tourism industry, we completed the development of new hotels set forth in our strategy as planned with well managed investment budget. We are confident that all new hotels will well respond to customers and will generate the return to both the Company and all stakeholders on long term.

The Erawan Group continue to commit to operate business on the principle of corporate social responsibility under the business philosophy of "Success with Integrity" to achieve sustainable development. As for corporate social responsibility (CSR), we strive to continue creating well balanced interests for all stakeholders. This allows us to thoroughly and fairly take care of all stakeholders from the impact of our business operation on social, environmental and governance. Our continuous linked with all stakeholders has been well recognized. In 2014, our corporate governance report continued to be acclaimed "Very Good" by the Thai Institute of Directors

Association's Corporate Governance Report of Thai Listed Companies 2014 while our 2014 Annual General Meeting of Shareholders (AGM) was rated "4 TIA" and scored 95 out of 100. 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, with our strong commitment to the corporate governance practice, in 2014, we were certified at "Level 4" of Anti-Corruption Progress Indicator as part of Sustainable Development Project by Thaipat Institute and The Securities and Exchange Commission (SEC).

We are committed to the sustainable development not only for the company but also as part of the good member of the community. As such, we not only ensure on best utilization of the resources and minimizing waste in our business operation but also give importance on the sustainability of these resources which should be well preserve for the future of our planet. We would like to thank all stakeholders for all the support in driving the Sustainable Development together.



Prakit Pradipasen
Chairman of the Board



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



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



"Best Investor Relations-Distinctive"
IR Awards 2013-2014
Project: SET Awards 2013-2014



Excellent CGR Report 2009-2013

President Report

Thailand's tourism industry was affected from the political situation which occurred since the end of 2013 led to number of tourist arrivals during the first nine month of the year decreased 10 percent from 2013. However with the government policy to restore peace and order and on-going implementation of the road map for the long term development of the country, tourist arrivals resumed strongly in 4Q14. Total tourist arrivals for FY14 recorded at 24.8 million, only 7 percent declined from 2013 which was a record high for Thailand. Thailand's tourist arrivals remained solid with no. two ranking in South East Asia region.

The slowdown of tourism industry as aforementioned had an adverse impact to our performance, resulting in total operating income decreased 10 percent from the same period last year and recorded a net loss of THB 112 million in 2014. However the diversification strategy into high potential segments and locations that we implemented during the past years has help alleviated the risk from any particular market and destination. As in 2014 our operating income from hotels in Bangkok which were mostly affected from political situation decreased 15 percent from 2013 while income from hotels in other destinations recorded a 3 percent growth from the same period last year.



Mercure Pattaya Ocean Resort



HOP INN

We remain confident in long term potential of Thailand's tourism industry as witnessed from the strong recovery of tourist arrivals after the situation resolved. We implemented our growth strategy as planned with the development and opening of 12 hotels and 1 additional building to existing hotel in 2014 as follows:

- 10 of our own brand "HOP INN" (788 rooms)
- Holiday Inn Executive Tower Pattaya (200 rooms), an additional building to existing hotel in August 2014
- ibis Styles Krabi Ao Nang (206 rooms) in November 2014
- Mercure Pattaya Ocean Resort (210 rooms) in December 2014

With these openings our hotels and room inventory in our portfolio have increased significantly from 16 hotels with 3,885 rooms at the end of 2013 to 28 hotels with 5,289 rooms at the end of 2014. We now owned the largest number of hotels and rooms in Thailand among the listed companies in the Stock Exchange of Thailand. We are also the leading hotel developer and investor with hotel portfolio covers all segments from luxury to budget segment across Thailand's key destinations.



Holiday Inn Pattaya Executive Tower

President Report

Aside from the hotel growth strategy and return enhancing strategy to optimize return to our shareholders which we implemented continuously, we also determined to operate business for a long term sustainable growth. We emphasized on enhancing our competencies and connected well with all our stakeholders under the business philosophy "Success with Integrity." This will ensure that we operate our business on the principle of good corporate governance and commit in community, social and environment activities which will be the fundamental of our sustainable growth of the company.

We remain confident in Thailand's attractiveness and competitiveness as one of the world's leading destinations and the business hub of South East Asia. The strong economic growth of Asia Pacific region which lead to the growth of middle class population and higher disposable income is another factor to support the growth aspect of tourism industry. Thailand as the popular tourist destination will definitely benefit from a strong growth of the region. We are confident that our hotels in the portfolio will well respond to demands from various group of customers and will continue to generate the strong growth to ERAWAN in the future.



(Mrs. Kamonwan Wipulakorn)
President



Holiday Inn Pattaya Executive Tower

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 Bongsadatt 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 2014, the Audit Committee held four 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 2014 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 and the Company was also received level 4 "Certified" Anti-Corruption Progress Indicator Completed from the Securities and Exchange Commission (SEC).

- 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 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.

Report of the Audit Committee to Shareholder

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 2014 were duly prepared, while adequate and reliable information was properly disclosed.

Appointment of auditors in 2015

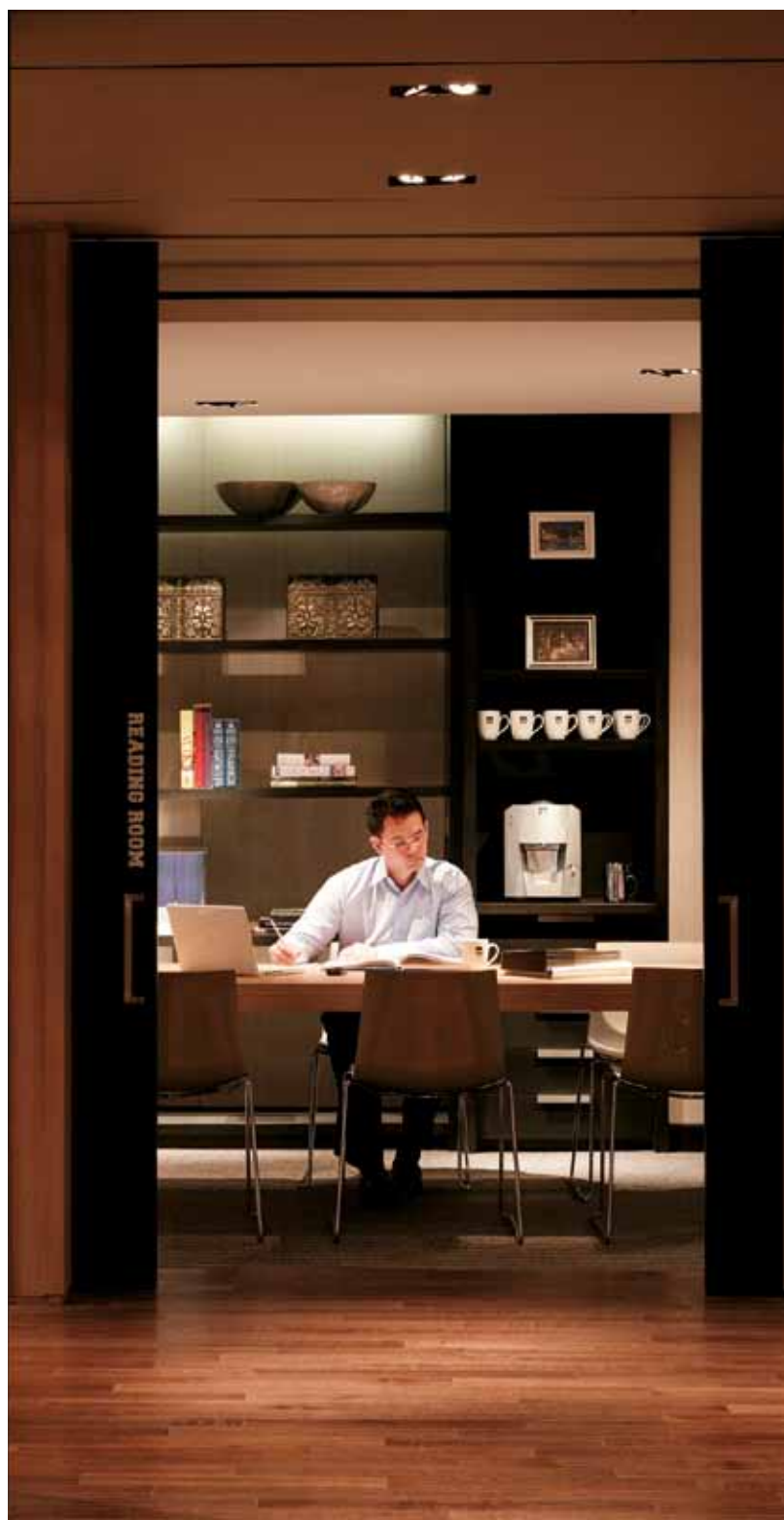
The Audit Committee considered selection of the auditors based on the Company's evaluation criteria, which includes independence, quality, standards of work, and qualifications according to SET requirements, and would like to propose to the Board of Directors and to seek shareholders' approval for appointment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

1. Ms. Somboon Supasiripinyo,
Certificate Public Accountant (Thailand) No.3731 and/or
2. Mr. Charoen Phosamritlert,
Certificate Public Accountant (Thailand) No.4068 and/or
3. Ms. Vipavan Pattavanvivek,
Certificate Public Accountant (Thailand) No. 4795 and/or
4. Ms. Patamavan Vadhanakul,
Certificate Public Accountant (Thailand) No. 9832 and/or
5. Mr. Veerachai Ratanajaratkul
Certificate Public Accountant (Thailand) No. 4323

of KPMG Phoomchai Audit Ltd. as The Erawan Group Public Company Limited and its subsidiaries' auditor in 2015.



Mr. Sansern Wongcha-um
Chairman of the Audit Committee
20 February 2015



ABOUT ERAWAN



 **THE
ERAWAN
GROUP**
SUCCESS WITH INTEGRITY

Hotel Growth Strategy :
Develop a well-diversified hotel portfolio to
provide appropriate return

Corporate Profile

The Erawan Group Public Company Limited:



1991



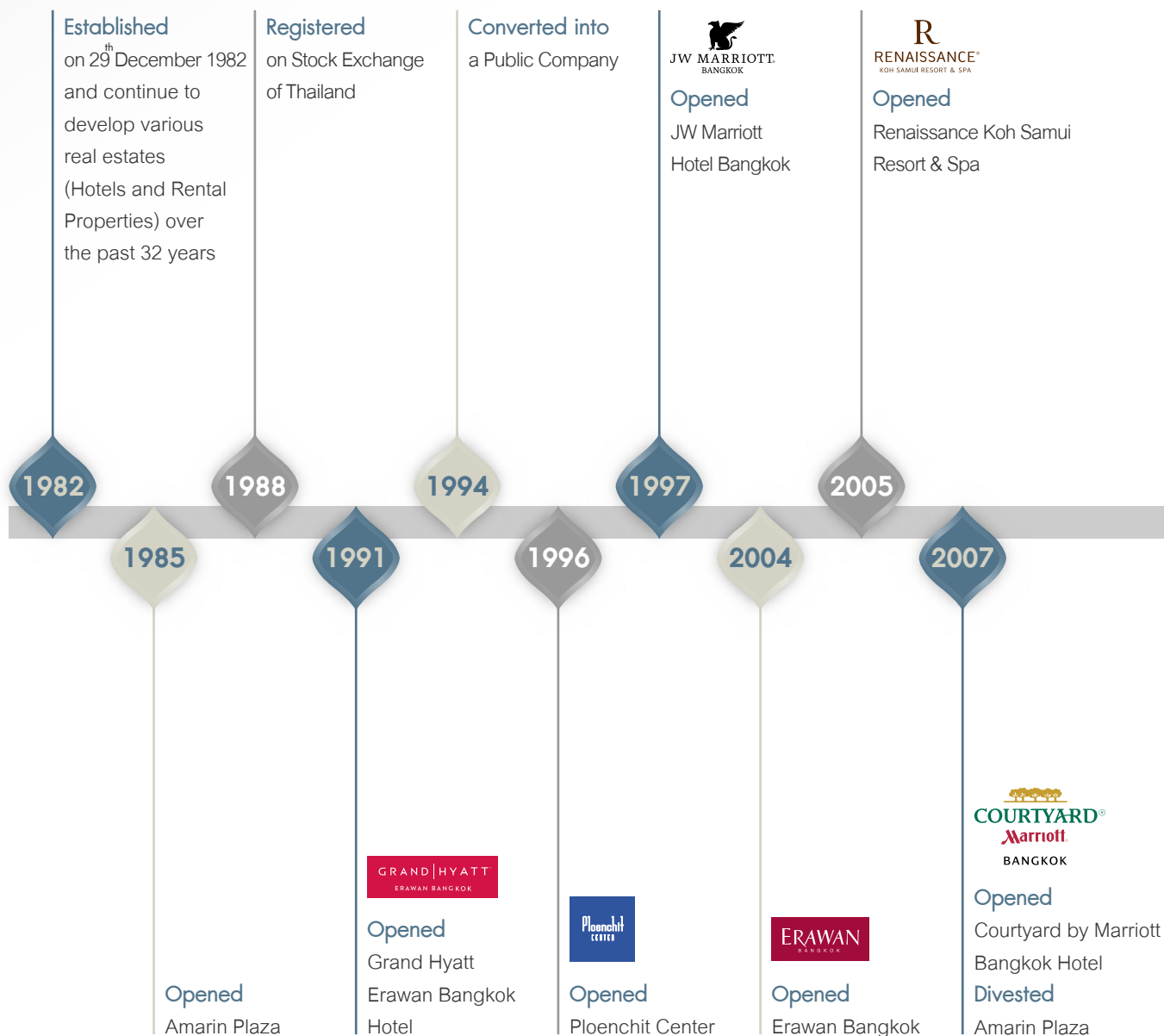
1997

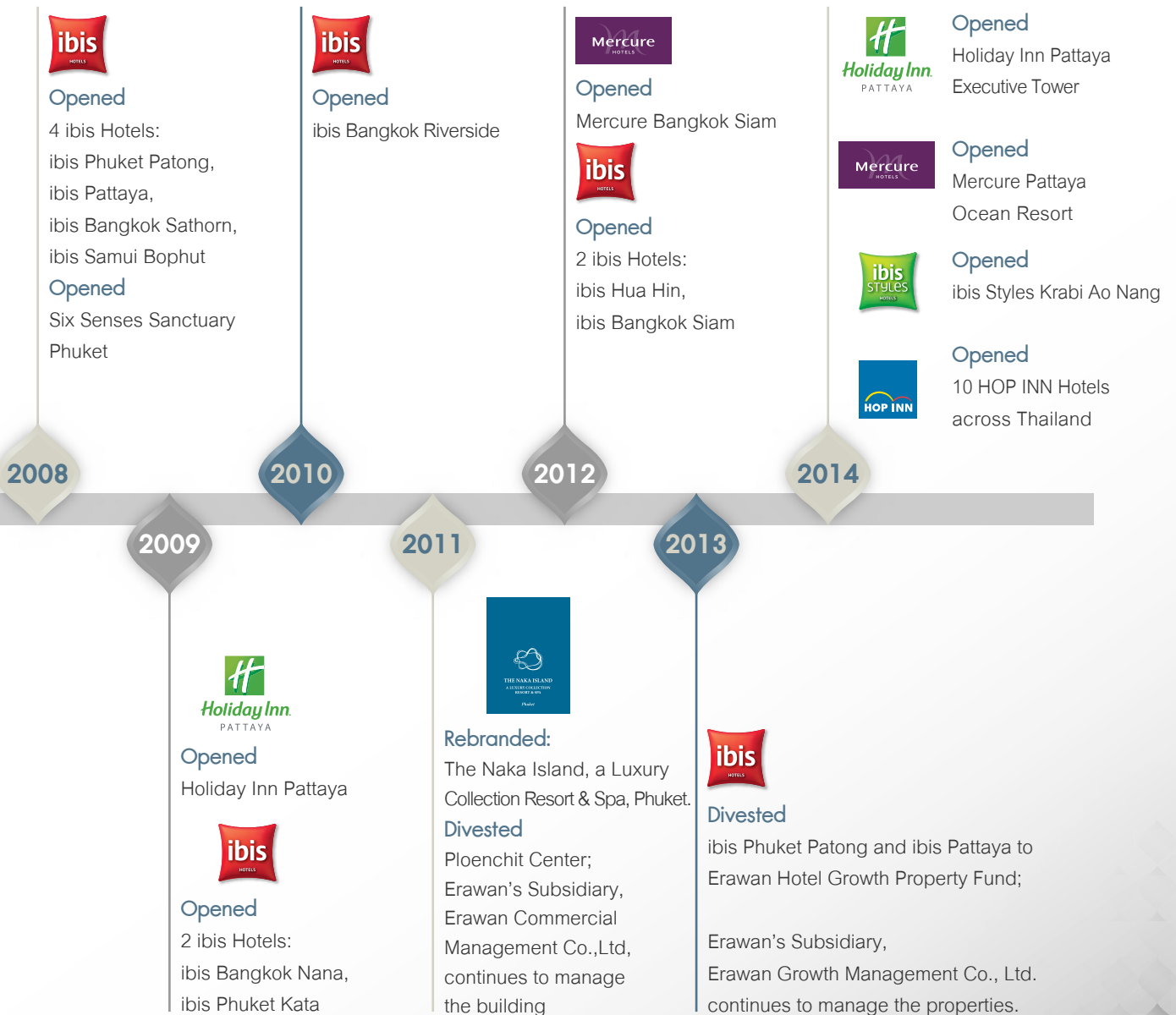


2005



2007





Our Shareholders and Management Structure

Shareholders : As at 31st December 2014

The company's paid up capital is Baht 2,478,777,775 divided into 2,478,777,775 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	380,871,787	15.37%
2. City Holding Co.,Ltd.	203,481,318	8.21%
3. Mrs. Vansamorn Wannamethee	149,618,113	6.04%
4. Mid-Siam Capital Co.,Ltd.	144,488,645	5.83%
5. PAN-ASIA SUGAR FUND LIMITED	73,000,000	2.94%
6. Mr. Supol Wattanavekin	64,568,807	2.60%
7. N.C.B.TRUST LIMITED-NORGES BANK 11	63,095,600	2.55%
8. CHASE NOMINESS LIMITED 42	62,501,600	2.52%
9. UBS AG SINGAPORE BRANCH	60,000,000	2.42%
10. Ms. Thitinant Wattanavekin	43,520,400	1.76%
Total top ten shareholders holding	1,245,146,270	50.23%

Detail Groups of Major Shareholders are as follows :

Group of Shareholders	Number of shares	% of total shares
Vongkusolkrit Group	769,648,518	31.05%
Wattanavekin Group	716,817,140	28.92%
Thai Institution Investor and Foreign Institution Investor	288,422,061	11.64%
Company's Executives and Employees	6,945,556	0.28%
Minor Shareholders	696,944,500	28.12%
Total	2,478,777,775	100.00%

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	Vongkusolkrit Group
2. Mr. Chanin Vongkusolkrit	
3. Mr. Gavin Vongkusolkrit	
4. Mr. Supol Wattanavekin	Wattanavekin Group
5. Mrs. Panida Thepkanjana	



Holiday Inn Pattaya Executive Tower

Our Shareholders and Management Structure

Management Structure

The Board of Directors consists of thirteen directors, the Board has appointed four committees namely :

- The Audit Committee (AC)
- The Strategic and Investment Committee (SIC)
- The Nominating and Corporate Governance Committee (NCG)
- The Management Development and Compensation Committee (MDC).



1

Mr. Prakrit Pradipasen
Age 73 years

Position

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

Date of Directorship

1991 (23-year working period)

Education

- M.A. Business Administration Wayne State University, Detroit, Michigan, U.S.A
- B.A. Science in Business Administration, Silliman University, Dumaguete, Philippines

Directors Training Program

1. RCP: Role of the Chairman Program 15/2007
2. DAP: Director Accreditation Program 1/2003
3. R-CAC: Thailand's 4th National Conference on Collective Action Against Corruption 1/2013
4. Panelist : CG Forum 4/2014

5 years experience in other Listed Company

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

2

Mr. Sansern Wongcha-um
Age 67 years

Position

- Independent Director
- Chairman of the Audit Committee

Date of Directorship

September 17, 2008
(6-year working period)

Education

- Master Degree of Business Economics, University of Bridgeport, U.S.A
- Bachelor of Economics, Thammasat University
- Thai NDC No.37/2005 (The National Defence College)

Director Training Program

1. FN: Finance for Non-Finance Director 17/2005
2. DAP: Director Accreditation Program 42/2005
3. RCP: Role of the Chairman Program 8/2003

5 years experience in other Listed Company

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

3

Assoc. Prof. Manop Bongsadadt
Age 74 years

Position

- Independent Director
- Member of the Audit Committee

Date of Directorship

April 23, 2004 (10-year working period)

Education

- Master of Architecture (Regional Planning), Institute of Social Studies, Netherlands
- Certificate in Development Planning, UCL, London, U.K.
- Master of Architecture (M. Arch), Kansas State University, U.S.A.
- Bachelor of Architecture, Chulalongkorn University

Director Training Program

1. RNG: Role of the Nomination and Governance Committee 1/2011
2. DCP: Director Certification Program 150/2011
3. RCC: Role of the Compensation Committee 8/2009
4. RCP: Role of the Chairman Program 17/2007
5. ACP: Audit Committee Program 10/2005
6. DAP: Director Accreditation Program 8/2004
7. Thai NDC No.38 (The National Defense College)
8. Commerce Academy: Top Executive Program in Commerce and Trade (TEPCOT) No.3

5 years experience in other Listed Company

- Chairman of the Board and Independent Director, Worakul Property Plc.
- Independent Director and Chairman of the Nomination and Remuneration Committee, Kiatnakin Bank Plc.
- Chairman of the Board, Rasa Property Development Plc.
- Independent Director and Member of the Audit Committee, Kiatnakin Bank Plc.

4

Mr. Dej Bulsuk
Age 65 years

Position

- Independent Director
- Member of the Audit Committee

Date of Directorship

November 22, 2004
(10-year working period)

Education

- Bachelor of Business Administration, Thammasat University

Director Training Program

- DAP: Director Accreditation Program 23/2004

5 years experience in other Listed Company

- Chairman of the Nomination and Remuneration Committee, GMM Grammy Plc.
- Independent Director and Member of the Audit Committee, GMM Grammy Plc.
- Independent Director and Member of the Audit Committee, Siam Future Development Plc.
- Independent Director and Member of the Audit Committee, Aeon Thana Sinsap (Thailand) Plc.
- Independent Director, Patum Rice Mill and Granary Plc.
- Independent Director and Member of the Audit Committee, Jay Mart Plc.
- Vice Chairman of the Board, Jay Mart Plc.
- Advisory to the Board, President Bakery Plc.

5

Mr. Banyong Pongpanich
Age 61 years

Position

- Independent Director
- Member of the Strategic and Investment Committee
- Member of the Management Development and Compensation Committee

Date of Directorship

November 16, 2004
(10-year working period)

Education

- Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Economics, Chulalongkorn University

Director Training Program

1. ACEP: Anti-Corruption for Executive Program 2/2012
2. DAP: Director Accreditation Program 36/2005
3. RCP: Role of the Chairman Program 5/2001

5 years experience in other Listed Company

- Director and Chief Executive Officer, Chairman of the Executive Committee and Member of the Risk Management Committee, Kiatnakin Bank Plc.
- Chairman of the Board, Phatra Securities Plc.
- Independent Director, Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee, Muang Thai Insurance Plc.
- Independent Director, Don Muang Tollway Plc.
- Director, Thai Airways Plc.

Our Shareholders and Management Structure

6

Mr. Ekasith Jotikasthira

Age 45 years

Position

- Independent Director
- Member of the Management Development and Compensation Committee

Date of Directorship

April 25, 2009
(5-year working period)

Education

- Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University

Director Training Program

- DAP: Director Accreditation Program 79/2009

5 years experience in other Listed Company

- No

7

Mr. Vitoon Vongkusolkrit

Age 74 years

Position

- Director
- Chairman of the Strategic and Investment Committee
- Member of the Management Development and Compensation Committee

Date of Directorship

1982 (32-year working period)

Education

- Bachelor of Science, Chulalongkorn University

Director Training Program

1. RCP: Role of the Chairman Program 11/2005
2. DCP: Director Certification Program 17/2002

5 years experience in other Listed Company

- Director, Banpu Plc.

8

Mr. Supol Wattanavekin

Age 60 years

Position

- Director
- Chairman of the Management Development and Compensation Committee
- Member of the Strategic and Investment Committee

Date of Directorship

November 4, 2004 (10-year working period)

Education

- Master of Business Administration (Executive) (EMBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University

Director Training Program

1. FGP: Financial Institutions Governance Program 2/2011
2. DCP: Director Certification Program 76/2006
3. DAP: Director Accreditation Program 56/2006
4. RCP: Role of the Chairman Program 1/2000
5. Chairman Forum 1/2013 Meeting the AEC Challenge: Role of the Chairman
6. Chairman Forum 2/2013
7. Board & CEO Assessment 2003
8. Conflict of Interest: Fighting abusive RPT, The Securities Exchange of Commission (SEC)
9. The 5th SEACEN / ABAC / ABA / PECC Public Private Dialogue for the Asia Pacific Region (2009), The South East Asia Central Bank Research and Training Center of Malaysia
10. Corporate Governance Report of Thai Listed Companies (2007), Thai Institute of Directors
11. Sasin Graduate Institute of Business Administration of Chulalongkorn University
 - 11.1 Leadership, Strategic Growth and Change (2006)
 - 11.2 Organizing and Managing Strategic Alliances for Success and Profit (2006)
12. Orchestrating Winning Performance (2005), IMD International, Switzerland

5 years experience in other Listed Company

- Chairman of the Board and Chairman of the Risk Management Committee, Kiatnakin Bank Plc.
- Director, KKTRADE Securities Plc.

9

Mr. Chanin Vongkusolkrit
Age 63 years

Position

- Director
- Member of the Strategic and Investment Committee
- Member of the Nominating and Corporate Governance Committee

Date of Directorship

November 4, 2004
(10-year working period)

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

1. DCP: Refresher Course 3/2006
2. DCP: Director Certification Program 20/2002
3. Panelist : CG Forum 4/2014

5 years experience in other Listed Company

- Director and Chief Executive Officer, Banpu Plc.
- Director, Ratchaburi Electricity Generating Holding Plc.

10

Mrs. Panida Thepkanjana
Age 56 years

Position

- Director
- Member of the Strategic and Investment Committee
- Member of the Nominating and Corporate Governance Committee

Date of Directorship

1991 (23-year working period)

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

1. RNG: Role of the Nomination and Governance Committee 6/2014
2. DCP: Refresher Course 1/2005
3. DCP: Director Certification Program 18/2002

5 years experience in other Listed Company

- No

11

Mr. Gavin Vongkusolkrit
Age 33 years

Position

- Director
- Member of the Nominating and Corporate Governance Committee

Date of Directorship

December 1, 2011
(3-year working period)

Education

- Master of Business Administration (Finance), The University of Sydney, Australia

Director Training Program

1. RCP: Role of the Compensation Committee 17/2013
2. RNG: Role of the Nomination and Governance Committee 4/2013
3. DCP: Director Certification Program 156/2012

5 years experience in other Listed Company

- No

Our Shareholders and Management Structure

12

Mrs. Kamonwan Wipulakorn
Age 53 years

Position

- Director
- President
- Member of the Strategic and Investment Committee

Date of Directorship

April 27, 2011
(3 years and 8 months)

Education

- Master of Business Administration (Finance), Western Illinois University, U.S.A.

Director Training Program

1. Leader Program Capital Market Academy (CMA19)
2. DCP: Director Certification Program 122/2009
3. Diploma Examination (Exam) 26/2009

5 years experience in other Listed Company

- Independent Director and Member of the Audit Committee, Total Assets Communication Plc.

13

Mr. Petch Krainukul
Age 44 years

Position

- Director
- Senior Executive Vice President

Date of Directorship

June 1, 2014 (7 months)

Education

- Master of Business Administration (Finance), University of South Alabama, Alabama, U.S.A.

Director Training Program

- DCP: Director Certification Program 101/2008

5 years experience in other Listed Company

- No

14

Ms. Kanokwan Thongsirwarugs

Position

- Company Secretary
- Secretary of the Audit Committee and Head of Internal Audit Department
- Secretary of the Nominating and Corporate Governance Committee

Education

- Master of Business Administration (MBA), Kasetsart University

Training Program

1. Corporate Secretary Development Program 11/2005, Chulalongkorn University
2. IIAT : Auditing Information System, The Institute of Internal Auditors of Thailand
3. RCC : Role of the Compensation Committee Program 3/2007
4. CSP : Company Secretary Program 28/2008
5. Going from "Good" to "Great" in IT Risk and Control Management, November 28, 2012
6. IOD : Company Secretary Forum 2013, topic "Equipping Your Board for AGM"
7. Lecturer : Company Secretary Program 2014
8. Panelist : IOD : Company Secretary Forum 2014. topic "Strengthening Anti-Corruption Practice in Your Boardroom"



ibis Styles Krabi Ao Nang

Authority to sign on behalf of the Company

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

Dividend Policy

Approximately 40 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

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 good corporate governance.
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 Thongsisarugs | Secretary of the Committee and Head of Internal Audit |

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 the 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 Strategic and Investment Committee consists of six 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. Mrs. Kamonwan Wipulakorn | Member of the Committee |
| 7. Miss Kanyarat Krisnathevin | Secretary of the Committee |

The Strategic and Investment Committee's roles and responsibilities are :

1. To consider and formulate the business plan and long term strategy of the Company with the President and Management and propose to the Board of Director for final approval.
2. 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, financial structure and source of financing.
3. To provide recommendation to management in relation to business opportunity.

Term of the Strategic and 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 Vongkusolkrit | Member of the Committee |
| 4. Mr. Gavin Vongkusolkrit | Member of the Committee |
| 5. Miss Kanokwan Thongsirarugs | 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 Vongkusolkrit | 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 while offering him/her an advice regarding remunerations of Senior Executives.
2. To consider a plan to develop skills and competency of President Nominees (in case of change).
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.

Our Shareholders and Management Structure

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

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

The Company's Executives consist of :

1. Mrs. Kamonwan Wipulakorn
President
2. Mr. Petch Krainukul
Senior Executive Vice President
3. Miss Kanyarat Krisnathevin
Executive Vice President and Chief Financial Officer
4. Mr. Apichan Mapaisansin
Executive Vice President
5. Mr. Navarat Tamsuwan
Executive Vice President
6. Miss Pakinee Pramtade
Senior Vice President, Accounting Department

Duties and Authorities of President

1. To formulate the business plan and long term strategy of the Company with the Strategic and Investment Committee and propose to the Board of Director for final approval.
2. To formulate the Company's business plan and strategy in accordance with the Company's Vision and Mission.
3. To formulate the Company's annual budget and allocate required resources to achieve annual goal.
4. 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.
5. To set forth management structure, determine roles, duties and approval authorities.
6. To develop various systems to ensure effective and efficient operations.
7. To build and nurture corporate cultures to achieve long term sustainable growth.
8. To develop skills, knowledge and employee competency in accordance with the Company's business plan.
9. To develop valid and sufficient databases to support decision making.
10. To represent and promote corporate image and profile to public.
11. 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 Management

Shareholding of the Board of Directors and Management¹

Name	Title	Ordinary Share (Units)		
		Dec.31,2014	Dec.31,2013	+ (-)
1. Mr. Prakit Pradipasen	Chairman of the Board and Independent Director	165,058	165,058	-
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	726,000	-
5. Mr. Banyong Pongpanich	Independent Director	-	-	-
6. Mr. Ekasith Jotikasthira	Independent Director	-	-	-
7. Mr. Vitoon Vongkusolkit ²	Director	72,203,044	72,203,044	-
8. Mr. Supol Wattanavekin	Director	64,568,807	64,568,807	-
9. Mr. Chanin Vongkusolkit	Director	102,905	102,905	-
10. Mrs. Panida Thepkanjana ³	Director	3,457,557	3,507,557	(50,000)
11. Mr. Gavin Vongkusolkit	Director	193,934	193,934	-
12. Mr. Kasama Punyagupta ⁴	Chief Executive Officer	10,199,999	10,199,999	-
13. Mrs. Kamonwan Wipulakorn	President	600,000	-	600,000
14. Mr. Petch Krainukul	Senior Executive Vice President	1,664,082	1,664,082	-
15. Miss Kanyarat Krisnathevin	Executive Vice President	-	-	-
16. Mr. Apichan Mapaisansin	Executive Vice President	1,110,000	1,110,000	-
17. Mr. Navarat Tamsuwan	Executive Vice President	410,000	110,000	300,000
18. Miss Pakinee Pramtade	Senior Vice President, Accounting Department	140,000	75,000	65,000
Grand Total		155,861,115	154,946,115	(915,000)

Note : ¹Report of securities held by the Company's directors as of December 31, 2014

²Deposit the 60,000,000 shares through UBS AG SING

³Include spouse of 1,868,500 shares

⁴Retirement on May 31, 2014

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 the President based on four aspects; namely, finance, customer satisfaction, internal process and HR and corporate development, as part of a review of the President compensation and the Company annual compensation.

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 2014 totaled THB 40,009,668.22 :

1. Remunerations of directors of the Company's Board of Directors and the Committees totaled THB 8,821,750.00
2. Remunerations of directors of the Company's subsidiary totaled THB 2,360,000.00
3. Remunerations, which were total wages of the (8) executives paid by the Company and its subsidiaries, totaled THB 27,803,208.82
4. Provident fund of the executives under item 8 above totaled THB 1,024,709.40

Remuneration of the Board of Directors and Management

Remunerations for the Board of Directors and the Committees in cash for the year ending 31st December 2014

Name	Position	Remunerations in cash for member of the Committee					Total (THB/year)
		Board of Directors	Audit Committee	Strategic and Investment Committee	Nominating and Corporate Governance Committee	Management Development and Compensation Committee	
1. Mr. Prakit Pradipasen	Chairman of the Board and Independent director	780,000	-	-	39,000	-	819,000
2. Mr. Sansern Wongcha-um	Independent director	600,000	130,000	-	-	-	730,000
3. Assoc.Prof.Manop Borgsadt	Independent director	600,000	100,000	-	-	-	700,000
4. Mr. Dej Bulsuk	Independent director	600,000	100,000	-	-	-	700,000
5. Mr. Banyong Pongpanich	Independent director	600,000	-	56,250	-	-	656,250
6. Mr. Ekasith Jotikasthira	Independent director	600,000	-	-	-	42,000	642,000
7. Mr. Vitoon Vongkusolkrit	Director	600,000	-	75,000	-	42,000	746,000
8. Mr. Supol Wattanavekin	Director	600,000	-	104,000	-	58,500	733,500
9. Mr. Chanin Vongkusolkrit	Director	600,000	-	75,000	28,000	-	703,000
10. Mrs. Panida Thepkanjana	Director	600,000	-	75,000	14,000	-	689,000
11. Mr. Gavin Vongkusolkrit	Director	600,000	-	-	28,000	-	628,000
12. Mr. Kasama Punyagupta ¹	Chief Executive Officer	300,000	-	As executive	-	-	300,000
13. Mrs. Kamonwan Wipulakorn	President	600,000	-	As executive	-	-	600,000
14. Mr. Peich Krainukul ²	Senior Executive Vice President	175,000	-	-	-	-	175,000
Total (THB/year)		7,855,000	330,000	385,250	109,000	142,500	8,821,750

Note : ¹Retirement from Chief Executive Officer Position and resignation from the director of the Erawan Group Public Company Limited and the subsidiaries, effective on May 31, 2014.

²The Board appointed Mr. Peich Krainukul as a new director effective on June 1, 2014

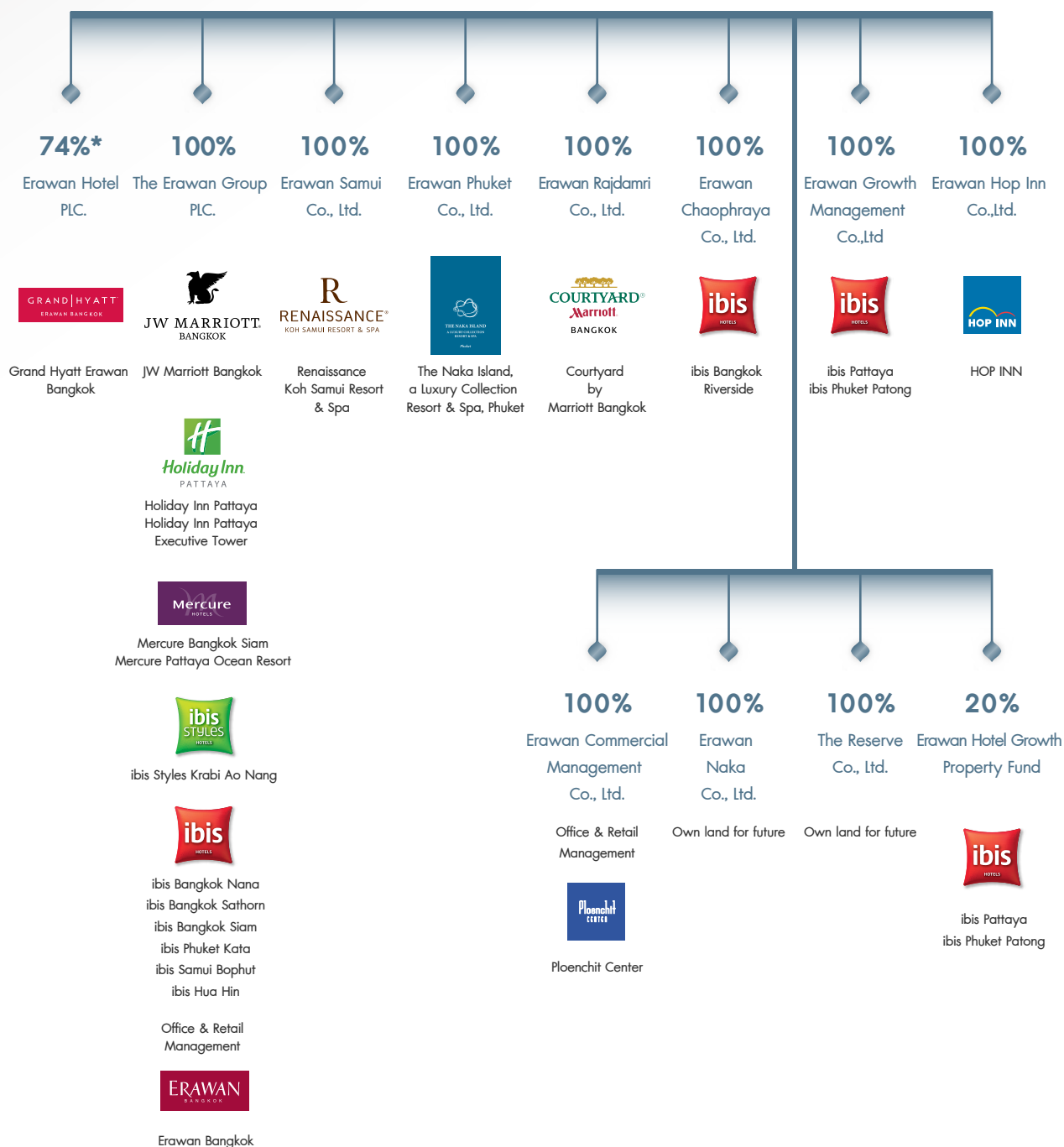
BUSINESS OVERVIEW



 THE
ERAWAN
GROUP
SUCCESS WITH INTEGRITY

Return Enhancing Strategy :
Continuous improvement of
operating assets and optimize return through
“Asset Monetization Program”

Business Structure



*JV with government (26% holding via The Syndicate of Thai Hotels & Tourist Enterprises Limited, also the landlord)

Operation Structure

There are 3 types of asset management structure in our hotel operation.

1. Hotels managed under Hotel Management Agreement

The Company selects only well-known International Hotel Management Company to operate our property. The selection criteria are based on the reputation, experience, global network, and operation system of hotel operators as well as the appropriateness to our property.

Hotel Operators				
Luxury		 		
Midscale				

2. Hotels managed by Erawan under the Franchise Agreement

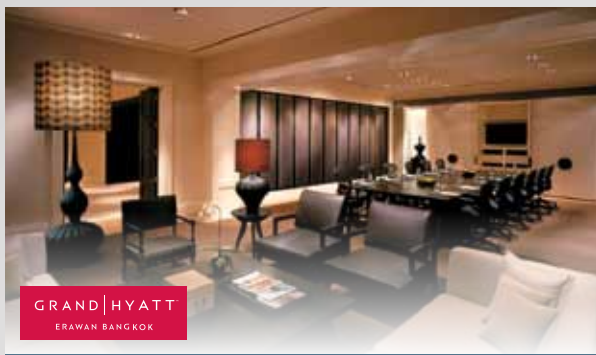
Currently, the company has entered into franchise agreement with  to have a right to use brands    to operate our property. The Company also applies the selection criteria that the selected brands are best fitted to our property.

3. Hotels managed by Erawan with own brand

Erawan's hotel brand and product is carefully developed by focusing on necessity and requirements of main target group of customer. Currently, there are 10 hotels are operation under  brand

Properties in Operation

Hotels and Resorts



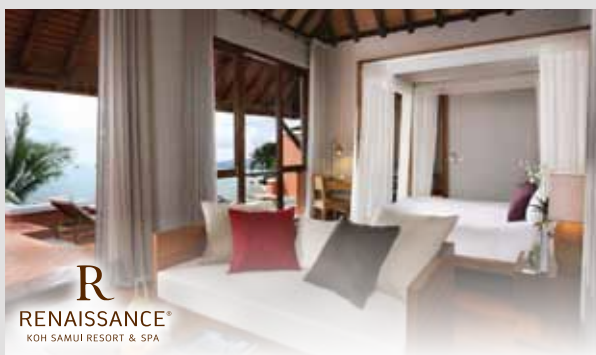
Grand Hyatt Erawan Bangkok
www.bangkok.grand.hyatt.com

Segment : Luxury Hotel
 Number of rooms : 380 rooms
 Location : Rajdamri Road, Bangkok, CBD.
 Remaining on the current lease : 27 years
 74% ownership via Erawan Hotel Plc.



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 : 30 years



Renaissance Koh Samui Resort & 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
www.nakaislandphuket.com

Segment : Luxury Resort & 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 28 hotels and operates other business including retail space rental, and management of office building.



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 : 23 years



Holiday Inn Pattaya

www.holidayinn-pattaya.com

Segment : Midscale Hotel

Number of rooms : 567 rooms

Location : Pattaya Sai 1 Road, Chon Buri



Mercure Pattaya Ocean Resort

www.mercure.com

Segment : Midscale Hotel

Number of rooms : 210 rooms

Location : Pattaya Sai 2 Road, Chon Buri



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 : 28 years

Properties in Operation

Hotels and Resorts



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 : 28 years



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 : 24 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 : 24 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 : 20 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

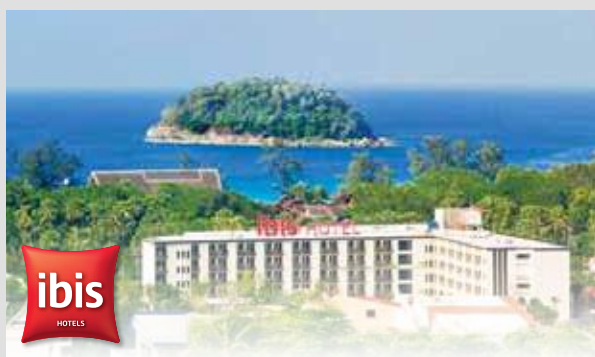
www.ibishotel.com

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

Properties in Operation

Hotels and Resorts



ibis Hua Hin

www.ibishotel.com

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



ibis Styles Krabi Ao Nang

www.ibishotel.com

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



HOP INN

www.hopinhotel.com

Segment : Budget Hotel
Number of hotels : International 1 Hotel
Number of rooms : 788 rooms (Total)
Location : Kanchanaburi, Khon Kaen, Lampang,
Mae Sot, Mukdahan, Nakhon Ratchasima,
Nong Khai, Sa Kaeo, Ubon Ratchathani,
Udon Thani

Rental Property



Erawan Bangkok

www.erawanbangkok.com

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

Location : Ploenchit Road/Rajdamri Road,
Bangkok, CBD.

Remaining on the current lease : 27 years

Property Management



Ploenchit Center

Owner : Prime Office Leasehold Property Fund
Managed by The Erawan Group PLC

Office Building : 42,839 sq.m.

Location : Sukhumvit Road Soi 2, Klongtoey,
Bangkok, CBD.

Properties Under Development

Hotels



HOP INN

www.hopinnhotel.com

Segment : Budget Hotel

Number of hotels : Domestic 7 Hotels
International 1 Hotel

Domestic : Chumphon, Krabi, Nakhon Si Thammarat, Phitsanulok,
Roi Et, Trang, Surat Thani

International : Manila, Philippines



Tourism Industry Outlook in 2014

Fiscal year 2014 was a challenging year for Thailand tourism industry, as it was impacted by domestic political unrest during first-half of the year and Russia's economic difficulty during the latter part of the year. These conditions caused a 6% decline in number of foreign tourist arrivals from 2013 to approximately 25 million arrivals¹. Nonetheless, it was a year with second highest international tourist arrivals, only behind that of 2013. This was due to supportive factors including competition among low-cost airlines either in price or route expansion both domestic and international, and visa fee waiver program for tourists from China and Taiwan. These statistics demonstrate that Thailand remains a popular destination for international travelers and that Thailand tourism industry shows its remarkable resilience.

China remained the top source market of Thailand tourist arrivals for the third consecutive year, followed by Malaysia, Russia, Japan and South Korea respectively. Although travelers from China and other East Asian countries are sensitive to political tensions, they are normally the quickest source markets to return to Thailand once political tensions

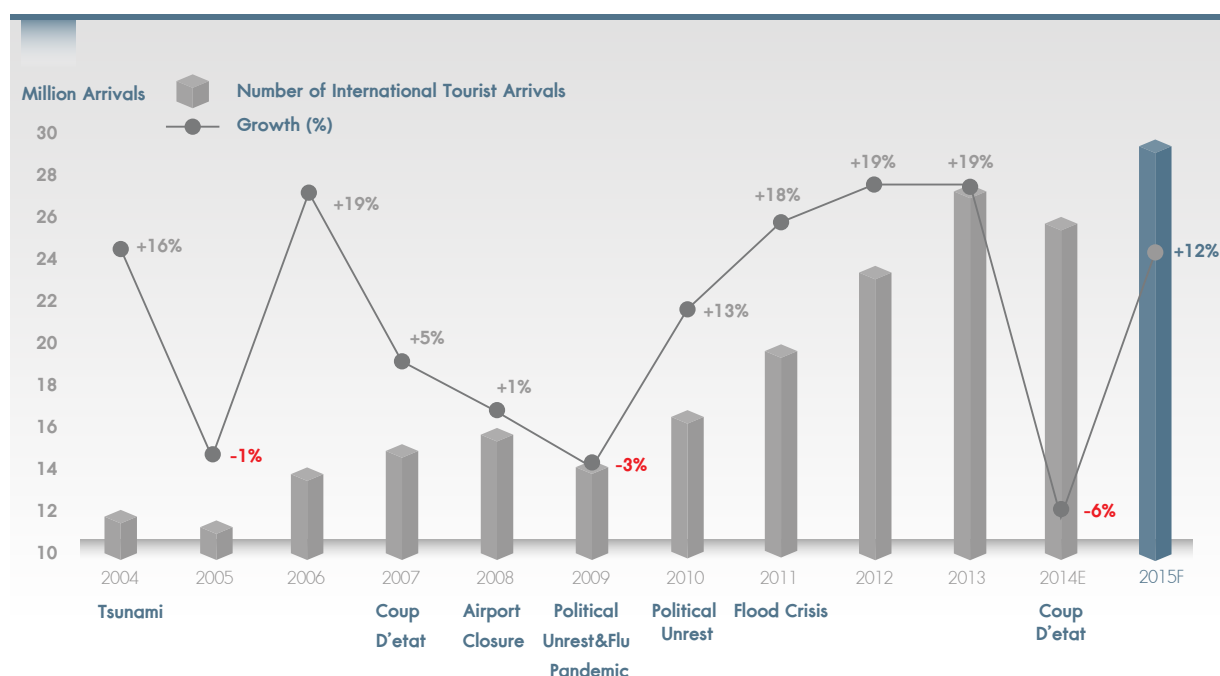
are diminished. This is clearly visible from a rebound in number of tourist arrivals from East Asia during second half of 2014 which was stimulated by more stability in political situation and visa fee waiver promotion for Chinese and Taiwanese travelers during August and November. The result was a rapid recovery in Thai tourism situation. Moreover, East Asian travelers continued to be main source markets for Thailand tourism with 60% share of total international arrivals followed by European countries.

Domestic tourism in Thailand continued its upward trend in 2014 with number of domestic tourists reaching 136 million trips², an increase of 7% from 2013. Domestic travelers' confidence was boosted by an increase of political stability which, in turn, helped generate substantial domestic trips. Other positive factors contributing to the growth of domestic tourism consist of an expansion of low cost carriers' routes as well as their pricing promotions, an acceleration of government officials' budget disbursement for domestic meetings and events, an extension of New Year public holiday period, and a personal income tax rebate scheme for domestic travel expenses of 15,000 baht per year.

¹Estimation of Department of Tourism, Tourism Authority of Thailand and Tourism Council of Thailand

²Estimation of Tourism Authority of Thailand

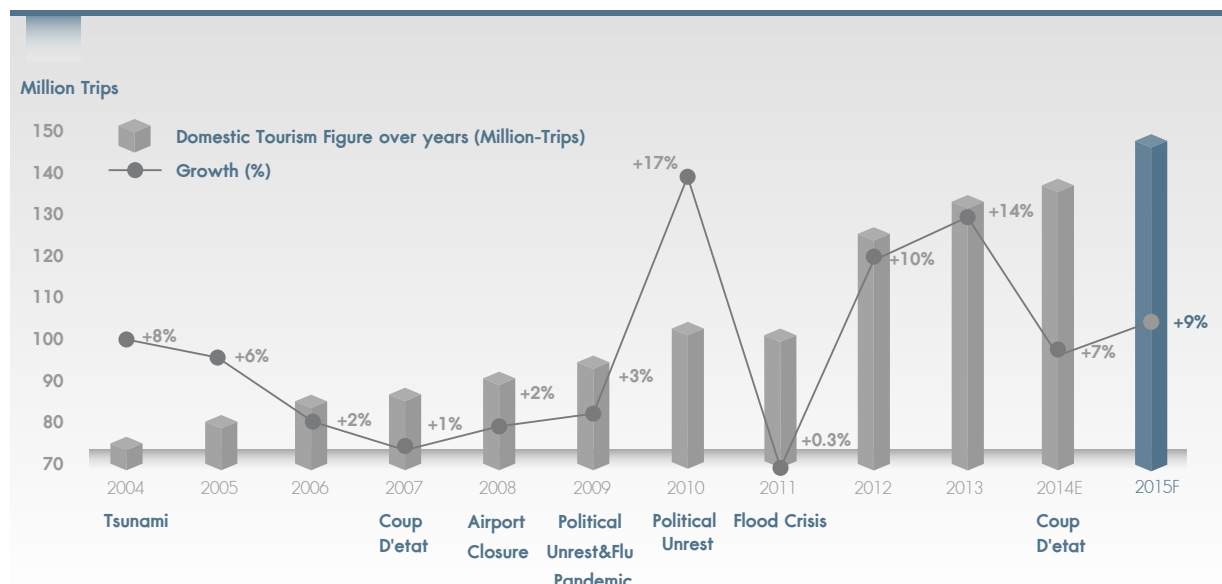
International tourist arrivals over years (Million Arrivals)



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

Tourism Industry Outlook in 2014

Domestic Tourism Figure over years (Million-Trips)



Source: Department of Tourism and Tourism Authority of Thailand

Thailand hotel industry still faces intense competition from increasing number of room supply during recent years. Many new hotels were developed with the plan to capture growing demand of increasing international arrivals. However, Thailand political unrest and global economic conditions in recent years had an adverse effect on the actual number of foreign tourist arrivals to Thailand creating a mismatch between an increase in number of arrivals and an increase in hotel supply. The level of competition is expected to decline in the coming few years due to the slowdown in new hotel investments, which will limit short-term growth of hotel supply.

Thailand tourism industry outlook for 2015 is forecasted to be strong with sharp rebound in terms of foreign tourist arrivals. Tourism Authority of Thailand and Department of Tourism expects foreign tourist arrivals to reach 28 million arrivals generating revenue of 2.2 trillion baht. For domestic tourism, 148 million trips and 800,000 million baht revenue is

expected. There are several supporting factors contributing to the recovery of tourism industry in 2015, which are introduction of ASEAN Economic Community (AEC) boosting private and public sectors to invest in many aspects such as infrastructure projects or special economic zones setup, the continuation of personal income tax deduction scheme for travel expenses, and political stability. However, Russia and Euro-zone economic situations will continue to pose significant uncertainty on number of international tourist arrivals to Thailand in 2015. Nevertheless, Thailand tourism industry still possesses massive potential for long-term sustainable growth with its increasing popularity among international tourists. This is reflected by 2013 World Economic Forum in Tourism Sector report elaborating the strength of Thai tourism sector as value for money, selection of hotels and resorts, convenience of air transport and attitude of local community towards foreign visitors, which altogether emphasize long-term potential growth of Thai tourism industry.

Risk Factors

Our company has Strategic and Investment Committee ("SIC"), 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, 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 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 terminate 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, the company has developed skillful and experienced hotel operations team to operate some of our hotel properties 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, economy, and budget segments in various key tourist destinations and business district areas. Moreover, the company carefully selects different highly-experienced hotel management operators and develops competent hotel operations team to manage our properties based on their strong market segments. Such hotel operators and hotel operations team 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, global economy, 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 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 December 2014, approximately 19 percent of our long term loans were subject to a fixed rate and 81 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 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.

ESG REPORT

Environmental, Social and Governance



 THE
ERAWAN
GROUP
SUCCESS WITH INTEGRITY

"Success with Integrity"

CG Awards

Year 2014

- "Very Good" Corporate Governance Rating 2014
Project: Corporate Governance Report of Thai Listed Companies. Thai Institutions Director of Associations.
- "4 TIA" and scored 95 out of 100 AGM Assessments Program
Project: AGM Assessments Program 2014, the Stock Exchange of Thailand.
- "Best Investor Relation Award"
Project: SET Award 2014
- Level 4 "Certified" Anti-Corruption Progress Indicator Completed. Project Sustainable Development by Thaipat Institute and The Securities and Exchange Commission (SEC).

Recognitions 2005-2013

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" Corporate Governance Rating 2006
- "Very good" Corporate Governance Rating 2008
- "Excellent" Corporate Governance Rating 2009-2012
- "Excellent & Top Quartile" Corporate Governance Rating 2013

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
- "Excellent" AGM Assessments Program 2013

SET Awards

- SET Awards 2009: 1 in 3 Nomination to "IR Excellent" Awards 2009



- SET Awards 2010: "Excellent" IR Awards 2010
- SET Awards 2010: Nomination to "Excellent CSR Awards 2010"
- SET Awards 2011: Nomination to "Excellent CSR Awards 2011"
- SET Awards 2013: "Most Improved" CSRI Recognition 2013
- Project: SET Awards 2013: IR Awards 2013 "Best Investor Relations-Distinctive"

The Collection Action Against Corruption (CAC)

- 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)

Asia Recognition Awards

- "The Best of Asia" the 3rd Asian Excellence Recognition Awards 2012, Corporate Governance Asia Recognition Award
- "The Best of Asia-Corporate Director Recognition Awards" the 4th Asian Corporate Director Recognition Awards 2013, Corporate Governance Asia Recognition Awards

Sustainable Development Policy

The Erawan Group Public Company Limited is determined to operate a business for a long term sustainable growth. This was built from our corporate governance, financial performance, employees and corporate culture with an emphasis at transparent operation to enhance the benefit and values to all our stakeholders while focus on the community and the environment.

We emphasize on our corporate strategy and sustainable strategic direction to build the Company to be the profitable and sustainable organization. We believe that key factors are good leadership and corporate governance, strategic planning and quality and efficiency of all stakeholders; namely, shareholders, employees and their families, customers, creditors, suppliers, competitors, the state, communities, the society and the environment. As such we have formulated the sustainable development policy as follows.

1. Implementing a development concept through communication and exchange of excellent practices with all stakeholders to lead the company to the sustainability organization
2. Conducting the concept of sustainable development to be fully integrated in all work and decision-making processes.
3. Promoting opportunities for learning and professional development and provide recommendations that focus on practices under the framework of sustainable development.
4. Encouraging the collaboration with the public and private sector to ensure the sustainable development was in place with the cooperation from all parties.

The Sustainable Development Policy is the accountability of our Board of Directors and Management to drive it in a constructive manner. It is also the duty of all employees in our organization to comply with the policy and integrated it as part of our day-to-day business process to achieve concrete outcomes.



(Mrs. Kamonwan Wipulakorn)
President



ibis Styles Krabi Ao Nang

Anti-Corruption Policy



JW Marriott Hotel 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.



Holiday Inn Pattaya Executive Tower

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 :

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.

Anti-Corruption Policy

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 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 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;
- 3.3 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.

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.



Mercure Pattaya Ocean Resort

Anti-Money Laundering and Combating The Financing of Terrorism Policy

To ensure that the Erawan Group Public Company Limited and its subsidiaries (the “Company”) comply with the laws on anti-money laundering (AML) and international criteria on anti-money laundering and counter financing of terrorism (AML/CFT), the Board of Directors has established the AML/CFT Policy, the Know Your Customer (KYC) Policy and the risk management policy against customer's money laundering practices. This also include supervisee employees to effectively comply the with the AML/CFT policy.

The AML/CFT Policy

The Company has a duty and business ethics to establish the AML/CFT policy and practice guidelines while committing to prevent itself from being a money-laundering and terrorist financing haven. This can be done by strictly complying with the laws on AML as well as other related legislations and practices stipulated by the Anti-Money Laundering Office (AMLO).

The Company will also establish secondary policies and supporting measures to accommodate the aforementioned policy which shall include the Know Your Customer (KYC) policy, the risk management policy against customer's money laundering practices, ongoing Customer Due Diligence (CDD) practice as well as supervision for effective AML/CFT compliance among employees. Details are as follows.

The Know Your Customers (KYC) Policy

The Company has a duty to ask customers to identify themselves and to verify customer's identity before accepting them as customers under the provisions of the anti-money laundering laws.

The Risk Management Policy against Customer's Money Laundering Practices

The Company is liable to manage risks involving customer's money-laundering practices before approving customers under the laws on AML.

Ongoing Customer Due Diligence (CDD) Practices

The Company has a duty to constantly and continuously monitor customer information until its relationship with customers comes to an end in accordance with the laws on AML.

Supervision for AML/CFT compliance among employees

1. The Company requires executives at every levels, employees and business partner (hotel operator) to strictly comply with the AML/CFT policy and practice regulations.
2. The Company requires authorized executives to supervise compliance with the laws on AML and to coordinate with the Anti-Money Laundering Office (AMLO).
3. The Company determine measurement to control AML/CFT risks possibly occurred from customers using its services from the Company.
4. The Company communicates the AML/CFT policy with the Board of Directors, executives, employees and business partner (hotel operator) to promote genuine understanding toward this policy and compliance with it.
5. The Company set up procedure, guideline and operation manuals that comply with the AML/CFT policy.
6. All levels of executives, employees and business partners (hotel operator) must comply with the AML/CFT policy and regulations.



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 and ASEAN CG Scorecard, 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 President has been directed to promote corporate governance among staff of all levels.

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) and got a level 4 "Certified" Anti-Corruption Progress Indicator Completed. Project Sustainable Development by Thaipat Institute and the Securities and Exchange Commission (SEC).

The Erawan Group also ensures 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. 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 2014, 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 directors, management and staffs 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 President 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. 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 Strategic and Investment Committee (SIC) : This Committee consists of no fewer than six directors. The Committee is responsible for consider and formulate the business plan and long term strategy of the Company. 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, financial structure and source of financing and to provide recommendation to management in relation to business opportunity.

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 management's highest executives, writing a management's highest executives succession plan and reviewing the company's HR development 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.

Corporate Governance Policy

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 management's highest executive 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 and 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 the President nor the Management Director, both of whom were the management's highest executives, was present at the meeting where ideas were freely exchanged among directors.

In 2014, the Erawan Group organized 7 the Board of Directors' meetings, 4 the Audit Committee's meetings, 4 the Strategic and Investment Committee's meetings, 3 the Nominating and Corporate Governance Committee's meetings and 3 the 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 2014 meeting attendance of directors are in the following table :



Mercurie Pattaya Ocean Resort

Times of Attendance 2014

Name	Title	Term	Times of attendance/Number of Total attendance				
			Board of Directors	Audit Committee	Strategic and Investment Committee	Nominating and Corporate Governance Committee	Management Development and Compensation Committee
1. Mr. Prakit Pradipasen	Chairman of the Board and Independent Director	Apr. 2012-2015*	7/7			3/3	
2. Mr. Sansem Wongcha-um	Independent Director	Apr. 2012-2015*	7/7	4/4			
3. Assoc.Prof. Manop Bongsadadi	Independent Director	Apr. 2012-2015*	7/7	4/4			
4. Mr. Dej Bulsuk	Independent Director	Apr. 2012-2015*	7/7	4/4			
5. Mr. Banyong Pongpanich	Independent Director	Apr. 2013-2016	3/7		3/4		0/3
6. Mr. Ekasith Jotikasthira	Independent Director	Apr. 2014-2017	5/7				3/3
7. Mr. Vitoon Vongkusolkrit	Director	Apr. 2014-2017	7/7		4/4		3/3
8. Mr. Supol Wattanavekin	Director	Apr. 2013-2016	7/7		4/4		3/3
9. Mr. Chanin Vongkusolkrit	Director	Apr. 2013-2016	7/7		4/4	3/3	
10. Mrs. Panida Thepkarjana	Director	Apr. 2014-2017	6/7		4/4	2/3	
11. Mr. Gavin Vongkusolkrit	Director	Apr. 2013-2016	6/7			3/3	
12. Mr. Kasama Punyagupta**	Chief Executive Officer	Apr. 2014-May 2014	0/4		2/2		
13. Mrs. Kamonwan Wipulakom	President	Apr. 2014-2017	7/7		4/4		
14. Mr. Petch Krainukul***	Senior Executive Vice President	Jun. 2014-2017	3/3				
Percent of Directors' attended			87%	100%	96%	92%	75%

Note : *To propose the Annual General Meeting of Shareholders on Tuesday, April 28, 2015, to reappoint 4 directors who retire by rotation to succeed for another term.

**Retirement from Chief Executive Officer Position and resignation from the director of the Erawan Group Public Company Limited and subsidiaries, effective on May 31, 2014.

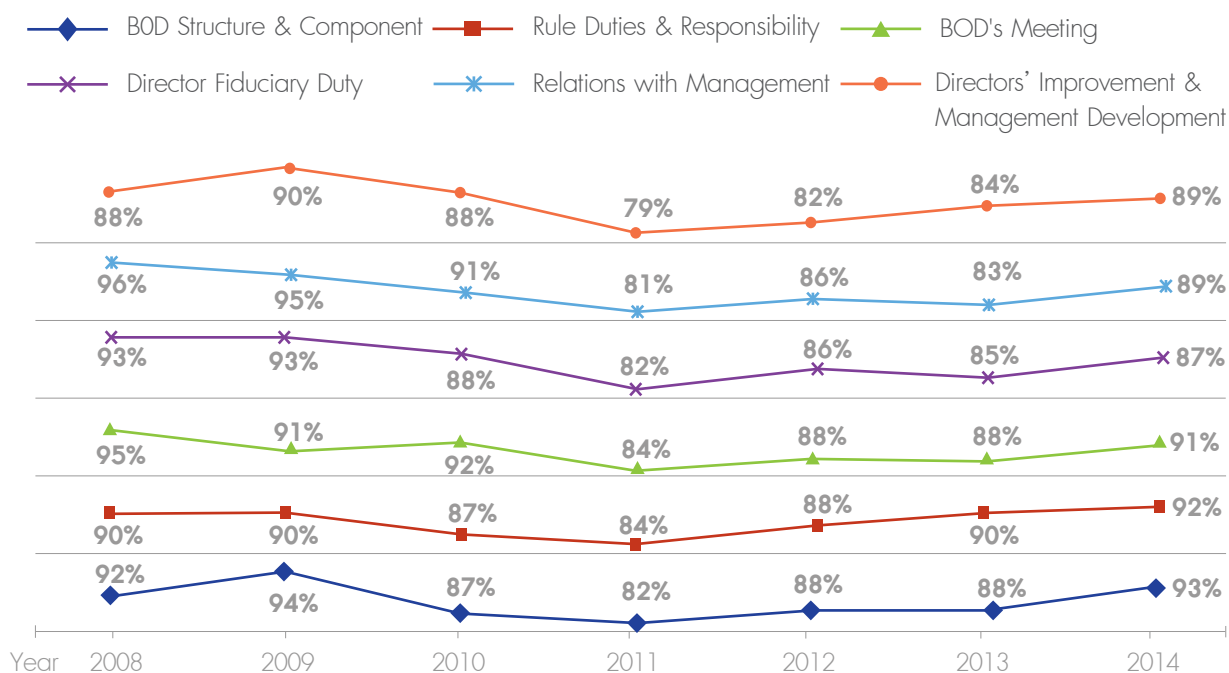
***The Board appointed Mr. Petch Krainukul as a new director effective on June 1, 2014

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, 93 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. 92 percent agreed

that the Board understood its independence in making decisions without being influenced by anyone. Meanwhile, 91 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. 87 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. 89 percent agreed that there was a good relationship with the Management Team and directors could directly discuss with management's highest executive. 89 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 management's highest executive 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 management's highest executives, 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 families, customers, suppliers, creditors, competitors, public sector, the communities, the society and the environment. In addition, the Board of Directors has also set aside budget to conduct corporate contribution activities (CSR-after-process). The project is called “The ERAWAN for Society and the Environment” which involves annual activity programs on a continuous basis for the benefit of communities and the society at large.

CSR-in-process
which takes into consideration all groups of stakeholder



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 8 years (2007-2014), 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 2014, we conducted the survey by distributing questionnaires to analysts at the Quarterly Meeting held in November 2014, and also the last meeting of the year. All respondents were within a target group. More than 21 percent of the respondents had monitored our information for no less than 5 years. 96 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 Families

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 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 practices.
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.
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

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.

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 competitors reputation by accusing him falsely without factual basis.
4. Cooperating to reinforce business potentials for a sustainable growth 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 the Communities, the Society and the 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.



Internal Control and Protection of Internal Information

In 2014, the Board of Directors convened seven 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 26, 2015 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 : Baht	
	2014	2013
1. Mitr Phol Sugar Group of Companies		
• Revenue from Hotel Operation	4,819,984.95	3,527,119.29
• Receivables at end of period	1,175,866.49	1,236,288.25
2. Banpu Plc. Group of Companies		
• Revenue from Hotel Operation	1,192,199.12	1,852,600.81
• Receivables at end of period	521,502.40	10,740.00
3. Hotel Beds (Thailand) Ltd.		
• Revenue from Hotel Operation	12,151,524.53	5,326,616.33
• Receivables at end of period	2,045,938.20	2,159,565.76
4. Kiatnakin Bank Public Company Limited		
• Revenue from Hotel Operation	1,244,887.60	200,562.18
• Receivables at end of period	5,350.00	-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 (Baht)	
		2014	2013
Chai Talay Hotel Co., Ltd. : Hyatt Regency Hua Hin Hotel			
Type of business : Hotels and resort hotels	Agreement to lease office space and		
Nature of relationship :	the service agreement with The Erawan		
- Mrs. Panida Thepkanjana and Mr.Supol Wattanakin are closed relative to Mrs. Vansamorn Wannamethee, Authorized Director of Chai Talay Hotel Co., Ltd.	Hotel Public Company Limited		
- Wattanavekin Group holds 28.92 percent of the Company's shares.	- Rental and services income	4,734,340.18	5,781,195.22
	- Receivables at end of period	1,516,083.26	2,523,244.12
	- Deposit from Lessee	274,495.30	238,480.00
Sushi Ichi (Thailand) Co., Ltd.			
Type of business : Restaurants activities	Agreement to lease office space and		
Nature of relationship :	the service agreement with The Erawan		
- Mr. Gavin Vongkusolkrit, Director and Authorized Director of Sushi Ichi (Thailand) Co.,Ltd	Hotel Public Company Limited		
- Vongkusolkrit Group holds 31.05 percent of the Company's shares.	- Rental and services income	867,438.38	-0-
	- Receivables at end of period	20,114.61	-0-
	- Deposit from Lessee	506,322.00	-0-

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-

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 percent 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. 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 23 classes of service providers in the tourism industry comprising 873 participants. In 2014, 2 English classes were held apart from that we held a class of Chinese-language training to taxi drivers in order to service an increasing number of Chinese tourists.



"The Erawan Group's project in respect of trying to work with a taxi driver by teaching them Chinese to communicate with Chinese tourists are very useful. Today the number of Chinese tourists visiting Thailand is high. The main problem encountered is incommunicable and it is of course "crashes" If communication is understood, there is no barrier. Good communication can help promote tourism; travel guide, guide to shopping and if the tourists need helps, we can lend hands efficiently. This project not only benefits the country as a whole, but it will enhance tourism industry in the future. If Chinese tourists are impressed they would apprise their friends and families to return to Thailand. It is therefore, likely to be benefits to tourism industry." Ms. Yuwadee Nirathakun, Market Research Director. Tourist Authority of Thailand.

2. Community development. Activities in this are included of ;

2.1 Creative Cabinet Project : In 2014 The Erawan Group Plc., has operated 10 HOP INN Hotels in 10 provinces. The company, therefore, established "an Creative Cabinet Project "which is a cabinet consists of quality books and skill promoting toys. The objective of the project are to support education of needy schools in the areas where HOP INN Hotels are located like Kanchanaburi, Nahonratchasima, Ubonrachathani, Udonthani, Mukdahan, Nongkai, Khonkaen, Tak, Lampang and Sakaeo. The company aims to contribute Creative Cabinets to 50 schools within 2014.



"Creative Cabinet is a very good project, it supports school's library with more tools to promote reading. Students enjoy the variety of books, games and skills promoting toys. The number of student using library increase considerably, besides the reading notebooks help students to be able to develop a written summary and sketching illustration." Mrs. Chantra Suthiprapa, Teacher & Librarian Ban Kaow Din school, Sakaeo Province.

Corporate Contribution Activities



"The given medias in a cabinet are very good learning materials. They help students to develop in language study, the students are able to increase vocabularies by playing game. They do not get bored but they love to study English"
 Mrs. Naparat Sermsap, Teacher of Ban Na Tan Tai school, Ubonrachathani Province.



"Creative Cabinet project is very useful for disadvantaged students in rural areas. Children can study and research from reading and recording. There are variety of books and the contents are truly beneficial to students."
 Ms. Siriya Sangkarat, Teacher & Librarian. Ban Nong Mar School, Nakhonratchasima Province.

2.2 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 7th September, 2014, The Erawan Group by Mrs. Kamonwan Wipulakorn - president of the company, proudly handed over the second HOP Learning Center at Ban Phu Pradu School, Muang District, Kanchanaburi Province to Mr. Chaiwat Limwantha governor of Kanchanaburi

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 2014, three blood donation events were held during which 70,650 cc. of bloods were received.

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 2014, 39,911.72 kilograms of separated waste was brought in for eggs. Total weight of waste in the past 3 years is 116,554.02 kilograms.

3.2 Underwater Reforestation Project : 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 3rd Underwater Reforestation" activity on December 14, 2014 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 from the Holiday Inn Pattaya Hotel, Mercure Pattaya Ocean Resort Hotel and the ibis Pattaya Hotel as well as with officials from the Marine and Coastal Resources Conservation Center 1 (Rayong Province) and local fishing communities.



"There are aquatic resources increased. The Na Klua fishermen earn more income. Fish that once have lost starting to return to the area where artificial coral was installed. This project started to create demand to other local fishing groups, we wish that the other groups would have the opportunities to reforest in their fishing areas."
Mr. Alongkot Kantee, Steersman Level 3, Marine and Coastal Resources Conservation Center 1 (Rayong Province),

Corporate Contribution Activities



4. Thai Elephant Conservation Project

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 2014, we organized the 5th Reforestation Activity for Elephants at the Sublangka wildlife sanctuary, Lopburi Province. There are 32 elephants including 7 baby elephants. Participants had a lot of fun from the activity aside from an opportunity to offer good deeds to the society.



"Reforestation and Dame Check building activities of The Erawan Group PLC., have increased food supply and water resource to wildlife especially for elephants. This type of activity is highly desirable for Sublangka wildlife sanctuary," Mr. Adul Pookmak, Official at Sublangka wildlife sanctuary,

FINANCIAL INFORMATION & CORPORATE INFORMATION



THE
ERAWAN
GROUP

SUCCESS WITH INTEGRITY

ERAWAN's SPICE :
System
People
Information
Culture
Environment

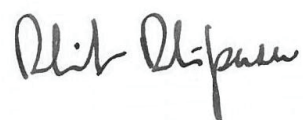
Report of Board's Responsibility In the Financial Statement



JW Marriott Bangkok

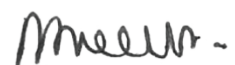
The main priority of the Board of Directors is to supervise the Company's operation, making sure they are in line with good corporate governance policy and that the financial statements and financial information appearing in the Company's annual report are accurate, complete and adequate. Its duty is 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 2014 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. Prakrit Pradipasen

Chairman of The Board of Directors



Mrs. Kamonwan Wipulakorn

President

Management Discussion and Analysis

Group Performance

Tourist arrivals in 2014 recorded at 24.8 million, a 7 percent decrease from the same period last year mainly from the slowdown during the first nine month of the year impacted from political situation. Total tourist arrivals at Suvarnabhumi Airport recorded at 16 million, an 11 percent decreased from 2013 while tourist arrivals at other destinations outside Bangkok increased 2 percent from the same period last year.

The slowdown of tourism industry as aforementioned had an adverse impact to our performance, resulting in total operating income in 2014 recorded at THB 4,245 million, a 10 percent decrease from the same period last year. Revenue from hotel operations dropped 10 percent while rental and service income dropped 6 percent from 2013. We recorded EBITDA at THB 973 million, a 28 percent decreased from the same period last year and recorded a net loss of THB 112 million in 2014.

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

Unit : THB Million

	FY13	FY14	% Ch.
Hotels' Operating Income	4,498	4,052	-10%
Rental and Service Income	204	193	-6%
Total Operating Income	4,702	4,245	-10%
Other Income	31	31	+3%
Total Income	4,733	4,276	-10%
Operating Expenses	(3,379)	(3,303)	-2%
EBITDA	1,354	973	-28%
Share of Profit from Investment	16	21	+32%
Rental Payment to Property Fund	(84)	(112)	+33%
Depreciation & Amortization	(665)	(672)	+1%
Operating Profit	621	210	-66%
Finance Costs	(369)	(360)	-2%
Pre-tax Profit / (Loss)	252	(150)	N.M.
Taxes	(91)	(19)	-79%
Minority Interest	(29)	(1)	-96%
Normalized Net Profit / (Loss)	132	(170)	N.M.
Non Recurring Items	805	58	-93%
Net Profit / (Loss)	937	(112)	N.M.
E.P.S.	0.42	(0.05)	N.M.

Performance by Business Unit

Hotel

Regardless of the slowdown of tourism industry in 2014, we developed new hotels as planned because we believe in strong fundamental of Thai tourism industry and future growth potential in key destinations and major cities in Thailand. We opened 12 hotels and one additional building to Holiday Inn Pattaya as follows.

- 10 of our own brand "HOP INN"
- Holiday Inn Executive Tower Pattaya (200 rooms), an additional building to existing hotel was opened in August 2014
- ibis Styles Krabi Ao Nang (206 rooms) opened in November 2014
- Mecure Pattaya Ocean Resort (210 rooms) opened in December 2014

At the end of 2014, we have 28 hotels with 5,289 rooms in operation, increasing from 16 hotels, 3,885 rooms as of 2013. The hotel portfolio covers all segments from luxury to budget segment across Thailand's key destinations.

The impact from political situation during the first nine month of year led to the decline in our operating performance in 2014 although tourism industry had recovered 4Q14. Our income from hotel operations recorded at THB 4,052 million in 2014, representing a 10 percent decreased from the same period last year. Operating income from hotels in Bangkok which were mostly affected from political situation decreased 15 percent from 2013. Income from hotels in other destinations recorded a 3 percent growth from the same period last year. Income from room departments and F&B revenue posted a 9 percent and 12 percent decline from 2013 respectively.

Statistics for hotel room operations for the 2014 periods are as follows:

		Luxury BKK (GHEB & JWM)			Luxury Resorts (RKS & NKR)		
No of rooms	821	821			145	145	
12-month period	Dec-13	Dec-14	+/-		Dec-13	Dec-14	+/-
Occupancy	73%	61%	-11.4%		68%	62%	-5.4%
ARR	4,901	4,840	-1.2%		7,012	7,804	+11.3%
RevPAR	3,570	2,972	-16.7%		4,735	4,846	+2.3%

Midscale (CYB & HIP & MS & MPT)				Economy (All ibis)			All Hotels* (All Hotel)		
No of rooms	872	1,282		2,047	2,253		3,885	4,501	
12-month period	Dec-13	Dec-14	+/-	Dec-13	Dec-14	+/-	Dec-13	Dec-14	+/-
Occupancy	81%	67%	-14.8%	82%	70%	-11.3%	79%	67%	-11.9%
ARR	2,611	2,720	+4.2%	1,232	1,317	+6.9%	2,447	2,525	+3.2%
RevPAR	2,127	1,814	-14.7%	1,006	927	-7.9%	1,939	1,701	-12.3%

* Exclude Budget Hotel Segment

Details of each segment are as follows :

1. Luxury Hotels Bangkok

- The Luxury Bangkok segment (comprised of Grand Hyatt Erawan Bangkok and JW Marriott Bangkok) recorded the average occupancy at 61 percent in 2014 decreased from 73 percent in 2013 and RevPAR dropped 17 percent leading to a 17 percent declined in room revenue in 2014. F&B revenue declined 14 percent from 2013 mainly from the decrease in occupancy and the Ballroom renovation of JW Marriott Bangkok during June 2014 to August 2014. Overall the two hotels generated total operating income at THB 1,975 million and EBITDA at THB 470 million in 2014, representing a 15 percent and a 34 percent decrease from 2013, respectively.

2. Luxury Resorts

- The Luxury Resort segment (comprised of Renaissance Koh Samui Resort & Spa and The Naka Island, a Luxury Collection Resort & Spa, Phuket) recorded the average occupancy at 62 percent in 2014 decreased from 68 percent in 2013 due to the renovation of 45 deluxe rooms from total 78 rooms inventory of Renaissance Koh Samui Resort and Spa during October 2014 to December 2014, However the average room rates increased 11 percent from 2013. As such, we recorded total operating income at THB 372 million and EBITDA at THB 10 million, representing a 1 percent and a 19 percent increase from the same period of last year.

3. Midscale Hotels

- The Midscale segment comprised of Courtyard by Marriott Bangkok, Holiday Inn Pattaya, Mercure Bangkok Siam. We opened "Holiday Inn Executive Tower Pattaya" in August 2014, an additional building to existing hotel and "Mercure Pattaya Ocean Resort" in December 2014. We now have total 1,282 rooms inventory in this segment at the end of 2014.
- For 2014, the Midscale segment generated total operating income at THB 846 million and EBITDA at THB 250 million, representing a 5 percent and 25 percent decrease respectively from the same period last year.

4. Economy Hotels

- We now have ten ibis hotels in six major tourist destinations in Thailand (Bangkok, Pattaya, Phuket, Samui, Hua Hin and Krabi). We opened "ibis Styles Krabi Ao Nang" in November 2014 with leading to total inventory of 2,253 rooms at the end of 2014.
- For 2014, The Economy hotels generated operating income at THB 845 million and EBITDA at THB 285 million, representing a 7 percent and 18 percent decrease respectively from the same period last year.

5. Budget Hotels

- We opened 10 hotels under our own brand "HOP INN" in major cities in Thailand. They are located in Nong Khai, Mukdahan, Kanchanaburi, Udonthani, Ubon Ratchathani, Nakhon Ratchasima, Maesot, Sakaeo, Lampang and Khonkaen. This hotel segment will be another key driver to support our growth in the future.

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

- **Rental Properties**

Income from rental and service decreased 6 percent in 2014 to THB 193 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 2014 decreased 5 percent from the same period last year. The occupancy rate decreased 5 percent while the rental rate increased 4 percent.

Other Items in P&L

- **Asset Monetization Program** : We sold and transferred ibis Phuket Patong and ibis Pattaya to ERWPF at the price at 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. As such, we recorded income and expenses related to this transaction as summarized below
 - We recorded share of profit at THB 21 million from 20 percent investment in ERWPF in 2014.
 - We recorded rental payment as set out in the lease agreement with ERWPF at THB 112 million in 2014.

- **Non-Recurring Items** : We recorded non-recurring items at THB 58 million as below details

- We recorded gain from sale of shophouse in Mukdahan at THB 20 million.
- We recognized retention of the contractor as the revenue at THB 38 million after the Company won the dispute with the contractor. (see note 38 in Financial Statements)

For 2013, we recorded non-recurring items at THB 805 million as below details

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

- **Depreciation & Amortization** : This non-cash item increased THB 7 million from 2013 to THB 672 million in 2014. The increase came mainly from the additional depreciation of new hotel opening at THB 34 million in 2014 while existing hotels which fully depreciated recorded a lower depreciation at a THB 27 million in 2014.

- **Finance Costs** : We recorded finance costs at THB 360 million, a THB 9 million decline from last year mainly from the decrease in average cost of debt from 5.2 percent in 2013 to 5.0 in 2014.

- **Corporate Income Tax** : We recorded corporate income tax at THB 19 million for 2014, a THB 72 million decline from the same period last year due to lower performance as aforementioned.

Management Discussion and Analysis

Financial Status

The political situation as aforementioned had an adverse impact to our performance in 2014. We generated THB 926 million of operating cash flow, representing a 31 percent decrease from the same period last year. 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 676 million at the end of 2014

At the end of 2014, we recorded total assets at THB 14,517 million compared to THB 13,715 million at the end of 2013, mainly due to plant and equipment from development of new hotels.

Our total liabilities increased from THB 8,486 million at the end of 2013 to THB 9,783 million at the end of 2014, mainly due to the increase of loan from financial institution to fund the development the new hotels which increased from THB 7,034 million in the end of 2013 to THB 8,444 at the end of 2014.

Shareholder's equity recorded at THB 4,734 million at the end of 2014 decreased from THB 5,229 million at the end of 2013, mainly due to lower performance in this period and dividend payment at THB 375 million in 2Q14. The lower performance and the increase in loan from financial institution resulting to our interest bearing debt-to-equity ratio recorded at 1.8 times at the end of 2014 compared to 1.3 times at the end of 2013.

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 2014, 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 2014 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Vannaporn Jongperadechanon)

Certified Public Accountant

Registration No. 4098

KPMG Phoomchai Audit Ltd.

Bangkok

26 February 2015



Audit Fee

In 2014, the audit fee paid to the external auditor of KPMG Phoomchai Audit Limited was Baht 4,320,000.00 (The Erawan Group Plc. Baht 2,415,000.00 (excluding transportation out of Bangkok and relevant miscellaneous expenses)). The audit fee will be Baht 50,000.00 or 2.11 percent (2.11%) higher than the previous year. 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.

KPMG has also been considered as the auditor of the Company's subsidiaries for the year 2014 with the audit fee totaling Baht 1,905,000.00

Statement of financial position

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

		Consolidated financial statements 31 December		Separate financial statements 31 December	
Assets	Note	2014	2013	2014	2013
Current assets					
Cash and cash equivalents	5	675,985,988	827,445,329	239,907,975	565,321,804
Trade accounts receivable	4, 6	212,147,072	208,515,107	113,101,419	104,380,140
Inventories	7	55,340,892	51,606,470	9,193,952	8,239,520
Advances-construction		3,162,720	59,717,021	678,422	58,598,466
Value added tax refundable		26,885,810	10,653,080	-	-
Other current assets	4, 8	73,174,208	69,089,734	30,114,871	29,611,127
Total current assets		1,046,696,690	1,227,026,741	392,996,639	766,151,057
Non-current assets					
Investments in associates	9	161,724,413	162,206,159	366,626,271	366,626,271
Investments in subsidiaries	10	-	-	4,415,159,686	3,876,159,811
Investments in other related parties	11	1,245,437	2,509,511	983,937	1,927,253
Long-term loans to subsidiaries	4	-	-	501,026,775	675,984,697
Property, plant and equipment	12, 15	11,603,423,554	10,557,666,566	6,837,937,694	5,935,003,939
Land held for development	13	104,236,832	104,236,832	-	-
Leasehold rights for land and buildings	14	1,411,627,557	1,479,242,110	700,077,622	738,847,778
Intangible assets	16	45,616,148	41,068,856	32,330,000	31,268,374
Deposits for lease of land, building and equipment		130,205,168	125,215,900	116,938,116	119,680,155
Deferred tax assets	17	7,446,691	7,298,536	5,532,800	5,547,638
Other non-current asset	18	4,394,037	8,830,292	-	6,499,529
Total non-current assets		13,469,919,837	12,488,274,762	12,976,612,901	11,757,545,445
Total assets		14,516,616,527	13,715,301,503	13,369,609,540	12,523,696,502

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

Statement of financial position (Continued)

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

Liabilities and equity	Note	Consolidated financial statements 31 December		Separate financial statements 31 December	
		2014	2013	2014	2013
Current liabilities					
Short-term loans from financial institutions	19	689,000,000	-	689,000,000	-
Trade accounts payable	4, 20	253,949,161	243,522,891	113,249,812	98,102,127
Account payable-construction		132,091,224	258,276,573	111,693,492	174,648,603
Current portion of long-term loans from financial institutions	19	1,031,000,000	1,002,000,000	772,250,000	779,500,000
Current portion of finance lease liabilities	19	1,455,222	2,447,025	1,455,222	2,447,025
Other current liabilities	4, 21	608,740,102	609,795,835	329,819,926	291,871,505
Total current liabilities		2,716,235,709	2,116,042,324	2,017,468,452	1,346,569,260
Non-current liabilities					
Long-term loans from subsidiaries	4, 19	-	-	82,726,105	107,832,122
Long-term loans from financial institutions	19	6,720,848,036	6,027,967,051	4,024,330,100	3,568,900,000
Finance lease liabilities	19	1,318,700	1,950,060	1,318,700	1,950,060
Accounts payable for land leasehold rights		180,000,000	180,000,000	180,000,000	180,000,000
Deposits from lessees		47,106,608	44,477,739	44,107,265	41,599,053
Deferred income	22	18,385,542	20,409,639	18,385,542	20,409,639
Deferred tax liabilities	17	38,581,742	35,569,787	-	-
Employee benefit obligations	23	60,194,147	59,988,385	26,854,780	26,932,145
Total non-current liabilities		7,066,434,775	6,370,362,661	4,377,722,492	3,947,623,019
Total liabilities		9,782,670,484	8,486,404,985	6,395,190,944	5,294,192,279

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

Statement of financial position (Continued)

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

		Consolidated financial statements 31 December		Separate financial statements 31 December	
Liabilities and equity	Note	2014	2013	2014	2013
Equity					
Share capital	24				
Authorised share capital		2,505,000,000	2,505,000,000	2,505,000,000	2,505,000,000
Issued and paid-up share capital		2,478,777,775	2,474,634,775	2,478,777,775	2,474,634,775
Premium on shares	25	786,541,004	776,095,853	786,541,004	776,095,853
Employee stock options	24	8,433,719	11,065,695	8,433,719	11,065,695
Other components of equity	25	(5,903,357)	694,673	(349,136)	437,842
Retained earnings					
Appropriated					
Legal reserve	25	193,808,000	188,358,000	193,808,000	188,358,000
Unappropriated		1,092,494,565	1,584,463,193	3,507,207,234	3,778,912,058
Equity attributable to equity holders of the Company		4,554,151,706	5,035,312,189	6,974,418,596	7,229,504,223
Non-controlling interests		179,794,337	193,584,329	-	-
Total equity		4,733,946,043	5,228,896,518	6,974,418,596	7,229,504,223
Total liabilities and equity		14,516,616,527	13,715,301,503	13,369,609,540	12,523,696,502

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

Statement of comprehensive income

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	2014	2013	2014	2013
Income					
Revenues from hotel operations		4,052,482,109	4,498,112,483	2,044,862,184	2,278,187,910
Rental of units in buildings and service income	4	192,719,528	204,246,982	132,925,638	140,842,004
Revenue from sale of real estate		39,311,000	-	-	-
Gain on sale of hotels	4, 15	-	864,084,981	-	1,080,106,226
Net foreign exchange gain		3,569,524	4,819,007	1,994,798	2,284,973
Dividend income	4	508,468	-	62,785,483	87,999,408
Interest income	4	1,733,469	2,007,312	32,351,413	86,000,493
Other income	4, 27, 38	63,764,720	23,686,566	14,838,198	15,279,568
Total income		4,354,088,818	5,596,957,331	2,289,757,714	3,690,700,582
Expenses					
Cost of hotel operations		2,124,189,667	2,128,577,867	934,224,330	933,555,386
Cost of rental of units in buildings and service	4	85,484,640	86,454,716	45,216,452	46,737,865
Cost of sale real estate		19,843,181	-	-	-
Depreciation and amortisation		671,671,532	665,314,523	341,497,555	351,513,693
Selling expenses	28	270,121,481	288,679,079	136,538,174	147,284,555
Administrative expenses	4, 29, 30	935,236,239	1,018,435,045	495,137,461	514,339,444
Finance costs	4, 32	359,865,405	368,139,864	213,833,687	233,365,299
Total expenses		4,466,412,145	4,555,601,094	2,166,447,659	2,226,796,242
Share of profit of equity-accounted investees					
Associates	9	20,861,574	15,764,137	-	-
Profit (loss) before income tax expense		(91,461,753)	1,057,120,374	123,310,055	1,463,904,340
Income tax expense	33	(18,997,634)	(90,728,677)	(14,625,652)	(61,875,250)
Profit (loss) for the year		(110,459,387)	966,391,697	108,684,403	1,402,029,090

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

Statement 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	
	2014	2013	2014	2013
Other comprehensive income (loss)				
Foreign currency translation differences for foreign operations	(5,548,976)	-	-	-
Net change in fair value of available-for-sale investments	(1,049,054)	889,769	(786,978)	632,976
Other comprehensive income (loss) for the year, net of income tax	(6,598,030)	889,769	(786,978)	632,976
Total comprehensive income (loss) for the year	(117,057,417)	967,281,466	107,897,425	1,402,662,066
Profit (loss) attributable to :				
Equity holders of the Company	(111,057,417)	936,765,818	108,684,403	1,402,029,090
Non-controlling interests	1,120,014	29,625,879	-	-
Profit (loss) for the year	(110,459,387)	966,391,697	108,684,403	1,402,029,090
Total comprehensive income (loss) attributable to :				
Equity holders of the Company	(118,177,431)	937,655,587	107,897,425	1,402,662,066
Non-controlling interests	1,120,014	29,625,879	-	-
Total comprehensive income (loss) for the year	(117,057,417)	967,281,466	107,897,425	1,402,662,066
Earnings (loss) per share	34			
Basic earnings (loss) per share	(0.0451)	0.4154	0.0439	0.6217
Diluted earnings (loss) per share	(0.0450)	0.4136	0.0438	0.6190

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

Statement of changes in equity

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

Consolidated financial statements										
				Retained earnings		Other components of equity				
Note	Issued and paid-up share capital	Share premium	Employee stock options	Legal reserve	Unappropriated	Unrealised surpluses (deficits) of fair value changes on investment	Currency translation differences	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
Year ended 31 December 2013										
Balance at 1 January 2013	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
Warrant / Employee stock options 24	229,196,874	416,367,981	733,763	-	-	-	-	646,298,618	-	646,298,618
Comprehensive income for the year										
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 25	-	-	-	70,200,000	(70,200,000)	-	-	-	-	-
Dividends 35	-	-	-	-	(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
Year ended 31 December 2014										
Balance at 1 January 2014	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
Employee stock options 24	4,143,000	10,445,151	(2,631,976)	-	-	-	-	11,956,175	-	11,956,175
Comprehensive income (loss) for the year										
Profit (loss)	-	-	-	-	(111,579,401)	-	-	(111,579,401)	1,120,014	(110,459,387)
Other comprehensive loss	-	-	-	-	-	(1,049,054)	(5,548,976)	(6,598,030)	-	(6,598,030)
Transfer to legal reserve 25	-	-	-	5,450,000	(5,450,000)	-	-	-	-	-
Dividends 35	-	-	-	-	(374,939,227)	-	-	(374,939,227)	(14,910,006)	(389,849,233)
Balance at 31 December 2014	2,478,777,775	786,541,004	8,433,719	193,808,000	1,092,494,565	(354,381)	(5,548,976)	4,554,151,706	179,794,337	4,733,946,043

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

Statement of changes in equity (Continued)

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

Seperate financial statements							
	Retained earnings					Other components of equity	
Note	Issued and paid-up share capital	Share premium	Employee stock options	Legal reserve	Unappropriated	Unrealised surpluses (deficits) of fair value changes in invesments	Total equity attributable to equity holders of the Company
Year ended 31 December 2013							
Balance at 1 January 2013	2,245,437,901	359,727,872	10,331,932	118,158,000	2,489,573,738	(195,134)	5,223,034,309
Warrant / Employee stock options24	229,196,874	416,367,981	733,763	-	-	-	646,298,618
Comprehensive income for the year							
Profit	-	-	-	-	1,402,029,090	-	1,402,029,090
Other comprehensive income	-	-	-	-	-	632,976	632,976
Transfer to legal reserve25	-	-	-	70,200,000	(70,200,000)	-	-
Dividends35	-	-	-	-	(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
Year ended 31 December 2014							
Balance at 1 January 2014	2,474,634,775	776,095,853	11,065,695	188,358,000	3,778,912,058	437,842	7,229,504,223
Employee stock options24	4,143,000	10,445,151	(2,631,976)	-	-	-	11,956,175
Comprehensive income (loss) for the year							
Profit	-	-	-	-	108,684,403	-	108,684,403
Other comprehensive loss	-	-	-	-	-	(786,978)	(786,978)
Transfer to legal reserve25	-	-	-	5,450,000	(5,450,000)	-	-
Dividends35	-	-	-	-	(374,939,227)	-	(374,939,227)
Balance at 31 December 2014	2,478,777,775	786,541,004	8,433,719	193,808,000	3,507,207,234	(349,136)	6,974,418,596

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

Statement 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	
Note	2014	2013	2014	2013
Cash flows from operating activities				
Profit (loss) for the year	(110,459,387)	966,391,697	108,684,403	1,402,029,090
Adjustments for				
Depreciation and amortisation	671,671,532	665,314,523	341,497,555	351,513,693
(Reversal) doubtful debts expenses	(32,743)	(159,294)	3,171	(46,266)
Unrealised loss from increase in value of investment in related company	-	37,506	-	-
Currency translation difference	(5,548,976)	-	-	-
Employee benefit obligations	9,030,593	9,592,589	4,639,094	4,043,979
(Reversal) employee stock options	(752,475)	3,547,840	(752,475)	3,547,840
Loss on non-refundable withholding tax deducted at source	179,097	964,545	-	-
Amortisation of property, plant and equipment	-	1,182,628	391,514	275,890
Transfer rental deposits and deferred income to income	(2,162,414)	(2,249,416)	(2,114,050)	(2,201,051)
Dividend income	(508,468)	-	(62,785,483)	(87,999,408)
Interest income	(1,733,469)	(2,007,312)	(32,351,413)	(86,000,493)
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, intangible assets and leasehold rights	(742,079)	(3,102,335)	(958,736)	(1,382,937)
Share of profit of equity-accounted investees	(20,861,574)	(15,764,137)	-	-
Finance costs	359,865,405	368,139,864	213,833,687	233,365,299
Income tax expense	18,997,634	90,728,677	14,625,652	61,875,250
	916,942,676	1,277,726,725	584,712,919	798,914,660

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

Statement 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	2014	2013	2014	2013
Change in operating assets and liabilities				
Trade accounts receivable	(3,599,222)	(13,740,925)	(8,724,450)	(1,518,536)
Inventories	(3,734,422)	(2,509,704)	(954,432)	1,073,074
Advances-construction	56,554,301	2,506,865	57,920,044	2,506,864
Value added tax refundable	(16,232,730)	7,296,497	-	-
Other current assets	(4,083,878)	15,430,617	(503,744)	17,740,137
Deposits for lease of land, building, and equipment	(4,989,268)	(1,970,553)	2,742,039	(1,336,071)
Other non-current assets	-	468,184	-	809,747
Trade accounts payable	10,426,270	15,160,195	15,147,685	(566,354)
Employee benefit obligations paid	(8,824,831)	(7,065,004)	(4,716,459)	(1,898,216)
Other current liabilities	13,320,166	140,938,154	48,193,587	52,628,716
Deposits from lessees	7,262,378	2,918,452	1,318,738	2,801,675
Cash generated from operating activities	963,041,440	1,437,159,503	695,135,927	871,155,696
Income tax paid	(37,088,808)	(92,529,499)	(20,404,173)	(37,941,163)
Net cash from operating activities	925,952,632	1,344,630,004	674,731,754	833,214,533
Cash flows from investing activities				
Investment in associate	-	(366,288,000)	-	(366,288,000)
Investments in subsidiaries	-	-	(538,999,875)	(1,499,999,970)
Investments in other related parties	215,020	101,064	156,337	73,482
Long-term loans to subsidiaries	-	-	(698,188,015)	(964,040,165)
Proceeds from long-term loans to subsidiaries	-	-	873,145,937	1,826,385,860
Acquisition of property, plant and equipment	(1,749,816,394)	(1,646,482,834)	(1,254,565,559)	(794,618,062)
Acquisition of leasehold rights for land and buildings	(3,350,000)	(1,394,660)	-	-
Acquisition of intangible assets	(18,895,775)	(11,820,052)	(10,667,375)	(6,767,187)
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	1,913,756	6,429,318	1,641,825	2,422,392
Dividend received	21,851,788	4,163,004	62,785,483	87,999,408
Interest received	1,732,873	2,036,749	32,351,413	86,029,930
Net cash from (used in) investing activities	(1,746,348,732)	(282,659,830)	(1,532,339,829)	101,793,269

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

Statement 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	2014	2013	2014	2013
Cash flows from financing activities				
Short-term loans from financial institutions	689,000,000	(262,100,000)	689,000,000	(202,100,000)
Short-term loans from subsidiaries	-	-	141,526,956	371,101,032
Repayment of short-term loans from subsidiaries	-	-	(141,526,956)	(371,101,032)
Long-term loans from subsidiaries	-	-	40,020,875	114,522,669
Repayment of long-term loans from subsidiaries	-	-	(65,126,892)	(65,688,863)
Proceeds from long-term loans from financial institutions	1,536,380,985	610,000,000	1,165,180,100	242,000,000
Repayment of long-term loans from financial institutions	(814,500,000)	(1,192,000,000)	(717,000,000)	(1,004,500,000)
Finance lease payments	(3,024,163)	(2,826,862)	(3,024,163)	(2,826,862)
Finance costs paid	(361,779,480)	(367,718,313)	(214,625,097)	(233,400,690)
Proceeds from issue of ordinary shares	12,708,650	642,750,778	12,708,650	642,750,778
Dividend paid	(374,939,227)	(42,490,770)	(374,939,227)	(42,490,770)
Dividend paid to non-controlling interests	(14,910,006)	(30,442,057)	-	-
Net cash from (used in) financing activities	668,936,759	(644,827,224)	532,194,246	(551,733,738)
Net increase (decrease) in cash and cash equivalents	(151,459,341)	417,142,950	(325,413,829)	383,274,064
Cash and cash equivalents at 1 January	827,445,329	410,302,379	565,321,804	182,047,740
Cash and cash equivalents at 31 December	5 675,985,988	827,445,329	239,907,975	565,321,804
Non-cash transactions				
Vehicles purchased under finance lease agreement	1,401,000	2,969,000	1,401,000	2,969,000
Acquisition of plant and equipment, intangible assets and leasehold rights for land and buildings for which payment has not yet to be made	132,091,224	276,355,933	111,693,492	186,874,005

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 26 February 2015.

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 13 branches in Bangkok, Choburi, Phuket, Suratthani, Prajauabkirikhan and Krabi.

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 2014 and 2013 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2014	2013
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	Management 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	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
Erawan Mauritius Limited	Holding company	Mauritius	100.00	-
Erawan Singapore Pte. Ltd.	Holding company	Singapore	100.00	-
Erawan Philippines, INC.	Holding company	Philippines	99.99	-

Notes to the financial statements

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2014	2013
Erawan Philippines (Ermita), INC.	Hotel	Philippines	99.99	-
PT. Erawan Indonesia Jakarta	Hotel	Indonesia	99.98	-
Associates				
Rajprasong Development Co., Ltd.	Service	Thailand	48.00	48.00
Erawan Hotel Growth Property Fund	Investment in real estates	Thailand	20.00	20.00

During the first quarter of 2014, Erawan Hop Inn Company Limited, a direct subsidiary, invested in 100% of Erawan Mauritius Limited, which had authorised capital of USD 10,000 divided into 10,000 ordinary shares at a par value of USD 1.

Then, on 11 April 2014, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 1,100,000 ordinary shares at a par value of USD 1, totaling USD 1,100,000, which have been acquired and fully paid by Erawan Hop Inn Company Limited.

Then, during the third quarter of 2014, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 3,325,000 ordinary shares at a par value of USD 1, totaling USD 3,325,000, which have been acquired and partially paid by Erawan Hop Inn Company Limited.

During the first quarter of 2014, Erawan Mauritius Limited, an indirect subsidiary, invested in 100% of Erawan Singapore Pte. Ltd., which had authorised capital of USD 1 divided into 1 ordinary shares at a par value of USD 1.

Then, on 14 April 2014, Erawan Singapore Pte. Ltd. registered the increase of the authorised share capital by issuing 1,094,999 ordinary shares at a par value of USD 1, totaling USD 1,094,999, which have been acquired and fully paid by Erawan Mauritius Limited.

Then, during the third quarter of 2014, Erawan Singapore Pte. Ltd. registered the increase of the authorised share capital by issuing 3,315,000 ordinary shares at a par value of USD 1, totaling USD 3,315,000, which have been acquired and partially paid by Erawan Mauritius Limited.

During the second quarter of 2014, Erawan Singapore Pte. Ltd., an indirect subsidiary, invested in 99.99% of Erawan Philippines INC., which had authorised capital of PHP 48,200,000 divided into 48,200,000 ordinary shares at a par value of PHP 1 and Erawan Singapore Pte. Ltd. amounting to PHP 34,115,500.

On 18 June 2014, Erawan Philippines INC., an indirect subsidiary, invested in 99.99% of Erawan Philippines (Ermita), INC., which had authorised capital of PHP 47,000,000 divided into 47,000,000 ordinary shares at a par value of PHP 1 and Erawan Philippines INC. amounting to PHP 33,455,200.

PT. Erawan Indonesia Jakarta was registered to establish the company in the second quarter of 2014. Erawan Singapore Pte. Ltd. held 99.98% of authorised share capital USD 4 million and partially paid.

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 2014.

TFRS	Topic
TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share-based Payment

Notes to the financial statements

TFRS	Topic
TFRS 8 (revised 2012)	Operating Segments
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 13	Customer Loyalty Programmes
TIC 15	Operating Leases-Incentives
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TIC 32	Intangible Assets-Web Site Costs

The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. These changes have no material effect on the financial statements.

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 annual financial periods beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS are disclosed in note 40.

(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 obligations

(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 notes:

Note 17	Measurement of deferred taxation
Note 23	Measurement of defined benefit obligations
Note 24	Measurement of share-based payments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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 respective functional currencies (baht) of Group entities at exchange rates at the dates of the transactions.

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

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency difference from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

(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 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.

Notes to the financial statements

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.

Hotel 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.

(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.

Notes to the financial statements

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.

(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.

Notes to the financial statements

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 (loss) per share

The Group presents basic and diluted earnings (loss) 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 primarily the Company's headquarters, head office expenses, and tax assets and liabilities.

4 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.

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
Erawan Mauritius Limited	Mauritius	Subsidiary, 100.00% indirect shareholding
Erawan Singapore Company Limited	Singapore	Subsidiary, 100.00% indirect shareholding
Erawan Philippines, INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Ermita), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
PT. Erawan Indonesia Jakarta	Indonesia	Subsidiary, 99.98% indirect 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

Notes to the financial statements

Name of entities	Country of incorporation/ nationality	Nature of relationships
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
Sushi Ichi (Thailand) Co., Ltd.	Thailand	Related company, some common directors
Kuppadeli Co., Ltd Co., Ltd.	Thailand	Related company, some common directors

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Subsidiaries	
Dividend income	According to the shareholders' approval
Interest income and interest expenses	At the rate of 4.95-6.00 % per annum (2013: at the rate of 5.20-5.48% per annum)
Utilities income	Contractually agreed prices
Rental and service expenses	Contractually agreed prices
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	Contractually agreed prices

Significant transactions for the years ended 31 December 2014 and 2013 with related parties were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
Year ended 31 December	2014	2013	2014	2013
Subsidiaries				
Dividend income	-	-	41,062	83,836
Interest income	-	-	32,137	85,490
Utilities income	-	-	2,908	2,979
Rental and service expenses	-	-	16,364	16,391
Interest expenses	-	-	5,107	4,569
Associates				
Gain on sales of hotels (Note 15)	-	864,085	-	1,080,106
Dividend income	21,343	4,163	21,343	4,163
Rental expense	111,500	83,701	-	-
Management fee	731	770	731	770
Other related parties				
Rental and services income	5,554	5,841	819	60
Utilities income	691	-	691	920
Other service income	19,877	10,907	7,638	6,498
Land rental	14,120	14,120	-	-
Key management personnel compensation				
Short-term employee benefit	40,010	45,537	37,650	43,327
Post-employment benefits	1,140	1,064	1,140	1,064
Share-based payment	-	2,081	-	2,081
Total key management personnel compensation	41,150	48,682	38,790	46,472

Balance as at 31 December 2014 and 2013 with related parties were as follows :

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade accounts receivable from related parties				
Subsidiaries	-	-	1,409	1,481
Other related parties	5,297	5,930	3,314	2,450
Total	5,297	5,930	4,723	3,931
Other receivables - related party				
Subsidiary	-	-	2,480	2,333
Prepaid expenses - related party				
Other related party	7,060	7,060	-	-

Notes to the financial statements

	Interest rate (% per annum)		Consolidated financial statements (in thousand Baht)		Separate financial statements (in thousand Baht)	
	2014	2013	2014	2013	2014	2013
Loans to related parties						
Long-term loans						
Subsidiaries						
Erawan Samui Company Limited	4.95	5.20	-	-	148,417	131,252
Erawan Naka Company Limited	4.95	5.20	-	-	922	19,548
Erawan Phuket Company Limited	4.95	-	-	-	101,876	-
Erawan Chaophraya Company Limited	4.95	5.20	-	-	98,802	100,466
Erawan Commercial Management Company Limited	4.95	5.20	-	-	1,314	2,539
The Reserve Company Limited	4.95	5.20	-	-	2,989	181,175
Erawan Hop Inn Company Limited (formerly : Mongkolsaptavee Company Limited)	4.95	5.20	-	-	119,260	241,005
Erawan Growth Management Company Limited	4.95	-	-	-	27,447	-
Total			-	-	501,027	675,985

Movements during the years ended 31 December 2014 and 2013 of loans to related parties were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Loans to related parties				
Long-term loans				
Subsidiaries				
At 1 January	-	-	675,985	1,538,330
Increase	-	-	698,188	964,040
Decrease	-	-	(873,146)	(1,826,385)
At 31 December	-	-	501,027	675,985
Trade accounts payables - related parties				
Subsidiaries	-	-	335	328
Other payables to related parties				
Subsidiaries	-	-	376	7,105
Accrued expenses – related party				
Associate	40,464	43,083	-	-

(in thousand Baht)

	Interest rate (% per annum)		Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013	2014	2013
Loans from related parties						
Long-term loans						
Subsidiaries						
Erawan Rajdamri Company Limited	6.00	5.20	-	-	82,726	88,209
Erawan Growth Management Company Limited	-	5.20	-	-	-	12,041
Erawan Phuket Company Limited	-	5.20	-	-	-	7,582
Total			-	-	82,726	107,832

Notes to the financial statements

Movements during the years ended 31 December 2014 and 2013 of loans from related parties were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Loans from related parties				
Short-term loans				
Subsidiaries				
At 1 January	-	-	-	-
Increase	-	-	141,527	371,101
Decrease	-	-	(141,527)	(371,101)
At 31 December	-	-	-	-
Long-term loans				
Subsidiaries				
At 1 January	-	-	107,832	58,998
Increase	-	-	40,021	114,523
Decrease	-	-	(65,127)	(65,689)
At 31 December	-	-	82,726	107,832

5 Cash and cash equivalents

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash on hand	15,238	8,907	5,516	3,610
Cash at banks	580,516	370,163	234,392	166,495
Highly liquid short-term investments	80,232	448,375	-	395,217
Total	675,986	827,445	239,908	565,322

Cash and cash equivalents of the Group as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

6 Trade accounts receivable

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Related parties	4	5,297	5,930	4,723	3,931
Other parties		208,670	204,438	109,188	101,256
Total		213,967	210,368	113,911	105,187
Less allowance for doubtful accounts		(1,820)	(1,853)	(810)	(807)
Net		212,147	208,515	113,101	104,380
Doubtful debts expenses (reversal) for the year		(33)	(159)	3	(46)

Aging analyses for trade accounts receivable were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Related parties				
Outstanding:				
Less than 3 months	5,297	5,930	4,723	3,931
	5,297	5,930	4,723	3,931
Other parties				
Outstanding:				
Less than 3 months	206,692	202,402	108,018	100,885
3 - 6 months	1,102	2,023	886	358
6 - 12 months	876	13	284	13
	208,670	204,438	109,188	101,256
Less allowance for doubtful accounts	(1,820)	(1,853)	(810)	(807)
	206,850	202,585	108,378	100,449
Net	212,147	208,515	113,101	104,380

Trade accounts receivable of the Group as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

Notes to the financial statements

7 Inventories

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Food and beverage	37,860	34,740	7,081	6,783
Operating supplies	7,863	8,896	1,527	842
Others	9,618	7,970	586	615
Total	55,341	51,606	9,194	8,240

8 Other current assets

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Other advances	2,877	1,676	942	1,434
Prepaid expenses	35,362	28,138	9,947	8,754
Other receivables	8,730	14,964	2,701	2,406
Undue input value added tax	16,455	18,389	10,861	14,129
Others	9,750	5,923	5,664	2,888
Total	73,174	69,090	30,115	29,611

9 Investments in associates

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
At 1 January	162,206	338	366,626	338
Acquisitions	-	366,288	-	366,288
Share of profit of equity-accounted investees	20,861	15,764	-	-
Dividend income	(21,343)	(4,163)	-	-
Gain on sale of hotels by percentage of the Company shareholdings	-	(216,021)	-	-
At 31 December	161,724	162,206	366,626	366,626

Investments in associates as at 31 December 2014 and 2013, 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
(%)			(in million Baht)		(in thousand Baht)					
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Associates										
Rajprasong Development Co., Ltd.	48.00	48.00	1.00	1.00	338	338	338	-	338	338
Erawan Hotel Growth Property Fund	20.00	20.00	1,831.44	1,831.44	366,288	366,288	161,386	-	161,386	21,343
Total					366,626	366,626	161,724	-	161,724	21,343
										4,163

Consolidated financial statements														
Ownership interest (%)		Paid-up capital (in million Baht)		Cost		Impairment		At cost - net (in thousand Baht)		Fair value of listed securities		Dividend Income		
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Associates														
Rajprasong Development Co., Ltd.	48.00	48.00	1.00	1.00	338	338	-	-	338	338	-	-	-	-
Erawan Hotel Growth Property Fund	20.00	20.00	1,831.44	1,831.44	366,288	366,288	-	-	366,288	366,288	338,112	331,068	21,343	4,163
Total					366,626	366,626	-	-	366,626	366,626	338,112	331,068	21,343	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 (loss)
	(%)	(in thousand Baht)			
2014					
Rajprasong Development Co., Ltd.	48.00	1,343	296	2,399	(1,283)
Erawan Hotel Growth Property Fund	20.00	1,897,556	594	111,709	102,618
		1,898,899	890	114,108	101,335
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

10 Investments in subsidiaries

(in thousand Baht)

	Separate financial statements	
	2014	2013
At 1 January	3,876,160	2,376,160
Additions	539,000	1,500,000
At 31 December	4,415,160	3,876,160

Notes to the financial statements

Investments in subsidiaries as at 31 December 2014 and 2013, 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
	(%)		(in million Baht)								
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2013
Subsidiaries											
Erawan Hotel Public Company Limited	72.59	72.59	119.50	119.50	819,710	819,710	-	-	819,710	819,710	41,062
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	1,750.00	1,782,001	1,782,001	-	-	1,782,001	1,782,001	-
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	26.50	7.50	19,300	300	-	-	19,300	300	-
The Reserve Company Limited	99.99	99.99	185.00	1.00	185,000	1,000	-	-	185,000	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	696.00	360.00	696,000	360,000	-	-	696,000	360,000	-
Erawan Growth Management Company Limited	99.99	99.99	15.00	15.00	15,000	15,000	-	-	15,000	15,000	-
Total					4,415,160	3,876,160	-	-	4,415,160	3,876,160	41,062
											83,836

All subsidiaries operate in Thailand.

On 30 July 2014, three subsidiaries were resolved to increase the share capital as follows;

Erawan Naka Company Limited registered the increase of the authorised share capital by issuing 165,000 ordinary shares at a par value of Baht 100, totaling Baht 16.5 million which have been acquired and fully paid by the Company.

The Reserve Company Limited registered the increase of the authorised share capital by issuing 18,400,000 ordinary shares at a par value of Baht 10, totaling Baht 184 million, which have been acquired and fully paid by the Company.

Erawan Hop Inn Company Limited registered the increase of the authorised share capital by issuing 33,600,000 ordinary shares at a par value of Baht 10, totaling Baht 336 million, which have been acquired and fully paid by the Company.

During the second quarter of 2014, the Company paid an additional 25% of the full value of the authorised share capital of Erawan Naka Company Limited.

Year 2013

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 million divided into 1,500,000 ordinary shares at a par value of Baht 10.

Then, 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 million, 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 million, which have been acquired and fully paid by the Company.

Notes to the financial statements

11 Investments in other related parties

	Equity interest (%)		Consolidated financial statements (in thousand Baht)	
	2014	2013	2014	2013
Related companies				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.17	0.17	1,501	1,716
Change in value			(462)	587
Total			1,245	2,509

	Equity interest (%)		Consolidated financial statements (in thousand Baht)	
	2014	2013	2014	2013
Related companies				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.13	0.13	1,127	1,283
Change in value			(349)	438
Total			984	1,927

(in thousand Baht)

(in thousand Baht)

Notes to the financial statements

(in thousand Baht)

	Consolidated financial statements					
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction
Net book value						
At 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 and 1 January 2014						
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
At 31 December 2014						
Owned assets	1,854,727	8,442,476	673,744	10,549	283,593	38,004
Assets under finance leases	-	-	-	5,323	-	-
	1,854,727	8,442,476	673,744	15,872	283,593	38,004
Transactions eliminated on consolidation						
						295,008
						11,603,424

(in thousand Baht)

Consolidated financial statements						
Note	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction
Total						
Depreciation for the year						
2013						563,070
Eliminated						14,501
2014						577,571
Eliminated						571,857
						14,501
						586,358
Finance costs capitalised						
Finance costs capitalised during 2013	32	-	-	-	-	6,758
Rates of interest capitalised during 2013 (MLR-2.00 % per annum)						
Finance costs capitalised during 2014	32	-	-	-	-	25,013
Rates of interest capitalised during 2014 (MLR-2.00 % per annum)						

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2014 amounted to Baht 1,903.7 million (2013: Baht 1,480 million).

Separate financial statements								
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction	Total	
Cost								
At 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 and 1 January 2014	1,006,544	5,100,641	1,069,210	21,152	123,554	848,825	8,169,926	
Additions	-	66,991	288,646	5,963	30,915	804,231	1,196,746	
Transfers	-	1,646,541	-	-	-	(1,646,541)	-	
Disposals	-	(3,138)	(23,193)	(34)	-	-	(26,365)	
At 31 December 2014	1,006,544	6,811,035	1,334,663	27,081	154,469	6,515	9,340,307	
Depreciation								
At 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 and 1 January 2014	-	1,391,039	831,184	12,699	-	-	2,234,922	
Depreciation charge for the year	-	174,448	114,744	3,937	-	-	293,129	
Disposals	-	(3,100)	(22,553)	(29)	-	-	(25,682)	
At 31 December 2014	-	1,562,387	923,375	16,607	-	-	2,502,369	

(in thousand Baht)

Separate financial statements						
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction
						Total
Net book value						
At 1 January 2013	1,195,789	4,272,905	330,116	3,320	132,310	6,111,776
Owned assets	-	-	-	6,390	-	6,390
Assets under finance leases	1,195,789	4,272,905	330,116	9,710	132,310	6,118,166
At 31 December 2013 and 1 January 2014						
Owned assets	1,006,544	3,709,602	238,026	1,964	123,554	5,928,515
Assets under finance leases	-	-	-	6,489	-	6,489
	1,006,544	3,709,602	238,026	8,453	123,554	5,935,004
At 31 December 2014						
Owned assets	1,006,544	5,248,648	411,288	5,151	154,469	6,832,615
Assets under finance leases	-	-	-	5,323	-	5,323
	1,006,544	5,248,648	411,288	10,474	154,469	6,837,938

Notes to the financial statements

(in thousand Baht)

	Separate financial statements							
	Note	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction	Total
Finance costs capitalized								
Finance costs capitalised during 2013	32	-	-	-	-	-	6,758	6,758
Rates of interest capitalised during 2013 (MLR – 2.00 % per annum)								
Finance costs capitalized during 2014	32	-	-	-	-	-	23,502	23,502
Rates of interest capitalised during 2014 (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 2014 amounted to Baht 990.7 million (2013: Baht 679 million).

13 Land held for development

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Land cost	95,382	95,382	-	-
Development expenses	8,855	8,855	-	-
Total	104,237	104,237	-	-

14 Leasehold rights for land and buildings

(in thousand Baht)

	Consolidated financial statements		
	Leasehold rights for land	Leasehold rights for buildings	Total
Cost			
At 1 January 2013	991,037	1,217,021	2,208,058
Additions	-	1,395	1,395
At 31 December 2013 and 1 January 2014	991,037	1,218,416	2,209,453
Additions	-	3,350	3,350
At 31 December 2014	991,037	1,221,766	2,212,803
Amortisation			
At 1 January 2013	298,880	357,274	656,154
Amortisation for the year	22,676	48,190	70,866
At 31 December 2013 and 1 January 2014	321,556	405,464	727,020
Amortisation for the year	22,679	48,736	71,415
At 31 December 2014	344,235	454,200	798,435

Notes to the financial statements

(in thousand Baht)

	Consolidated financial statements		
	Leasehold rights for land	Leasehold rights for building	Total
Net book value			
At 1 January 2013	692,157	859,747	1,551,904
Eliminated			(3,641)
			1,548,263
At 31 December 2013 and 1 January 2014	669,481	812,952	1,482,433
Eliminated			(3,191)
			1,479,242
At 31 December 2014	646,802	767,566	1,414,368
Eliminated			(2,740)
			1,411,628

(in thousand Baht)

	Separate financial statements		
	Leasehold rights for land	Leasehold rights for building	Total
Cost			
At 1 January 2013	809,664	278,481	1,088,145
At 31 December 2013 and 1 January 2014	809,664	278,481	1,088,145
31 December 2014	809,664	278,481	1,088,145
Amortisation			
At 1 January 2013	193,078	117,452	310,530
Amortisation for the year	18,402	20,366	38,768
At 31 December 2013 and 1 January 2014	211,480	137,818	349,298
Amortisation for the year	18,404	20,366	38,770
31 December 2014	229,884	158,184	388,068
Net book value			
At 1 January 2013	616,586	161,029	777,615
At 31 December 2013 and 1 January 2014	598,184	140,663	738,847
At 31 December 2014	579,780	120,297	700,077

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Amortisation for the year	71,415	70,866	38,770	38,768
Eliminated	(450)	(450)	-	-
Amortisation included				
in profit or loss for the year	70,965	70,416	38,770	38,768

15 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 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.

Notes to the financial statements

16 Intangible assets

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Computer software				
Cost				
At 1 January	177,882	166,221	120,193	110,260
Additions	2,439	7,476	692	6,491
Transfers	16,457	4,185	9,968	3,442
At 31 December	196,778	177,882	130,853	120,193
Amortisation				
At 1 January	136,813	119,357	88,924	76,765
Amortisation charge for the year	14,349	17,328	9,599	12,031
Adjust	-	128	-	128
At 31 December	151,162	136,813	98,523	88,924
Net book value				
At 1 January	41,069	46,864	31,269	33,495
At 31 December	45,616	41,069	32,330	31,269

17 Deferred tax

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

(in thousand Baht)

	Consolidated financial statements	
	2014	2013
Deferred tax assets	7,447	7,299
Deferred tax liabilities	(38,582)	(35,570)
Net	(31,135)	(28,271)

(in thousand Baht)

Separate financial statements		
	2014	2013
Deferred tax assets	5,533	5,548

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

(in thousand Baht)

Consolidated financial statements			
	At 1 January 2014	(Charged)/Credited to: profit or loss	At 31 December 2014
Deferred tax assets			
Accounts receivable (Allowance for doubtful debt)	367	(3)	364
Employee benefits obligation	11,998	24	12,022
Total	12,365	21	12,386
Deferred tax liabilities			
Property, plant and equipment	(40,636)	(2,885)	(43,521)
Total	(40,636)	(2,885)	(43,521)
Net	(28,271)	(2,864)	(31,135)

(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)

Notes to the financial statements

(in thousand Baht)

Separate financial statements			
	At 1 January 2014	(Charged)/Credited to: profit or loss	At 31 December 2014
Deferred tax assets			
Accounts receivable (Allowance for doubtful debt)	161	1	162
Employee benefits obligation	5,387	(16)	5,371
Total	5,548	(15)	5,533
Net	5,548	(15)	5,533

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

Deferred tax assets have not been recognised in respect of tax losses because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

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. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Group has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

18 Other non-current asset

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
Note	2014	2013	2014	2013
Withholding tax deducted at source	4,394	8,830	-	6,500
Total	4,394	8,830	-	6,500

19 Interest-bearing liabilities

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
Note	2014	2013	2014	2013
Current				
Short-term loans from financial institutions secured	689,000	-	689,000	-
Current portion of long-term loans from financial institutions secured	1,031,000	1,002,000	772,250	779,500
Current portion of finance lease liabilities	1,455	2,447	1,455	2,447
	1,721,455	1,004,447	1,462,705	781,947

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
Note	2014	2013	2014	2013
Non-current				
Long-term loans from related parties unsecured	4	-	82,726	107,832
Long-term loans from financial institutions secured		6,027,967	4,024,330	3,568,900
Finance lease liabilities		1,950	1,319	1,950
		6,029,917	4,108,375	3,678,682
Total		7,034,364	5,571,080	4,460,629

Notes to the financial statements

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	
	2014	2013	2014	2013
Within one year	1,720,000	1,002,000	1,461,250	779,500
After one year but within five years	4,132,620	4,213,900	2,732,626	3,211,732
After five years	2,588,228	1,814,067	1,374,430	465,000
Total	8,440,848	7,029,967	5,568,306	4,456,232

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.

During the year 2014, the Company and certain subsidiaries were approved by various financial institutions to extend the due date of principal loan repayment which fall due in 2014 to commence in 2015.

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.

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

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Property, plant and equipment - net	10,029,296	8,641,312	6,235,129	5,326,567
Leasehold rights for land - net	629,081	650,481	576,214	594,492
Total	10,658,377	9,291,793	6,811,343	5,921,059

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 Erawan Rajdamri Company Limited.

As at 31 December 2014, the Group and the Company had unutilised credit facilities of totaling Baht 154.8 million and Baht 335.8 million, respectively (2013: Baht 1,272 million and Baht 1,040 million, respectively).

20 Trade accounts payable

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Related parties	4	-	-	335	328
Other parties		253,949	243,523	112,915	97,774
Total		253,949	243,523	113,250	98,102

Trade accounts payable of the Group as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

21 Other current liabilities

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Management, royalty, marketing and other fees payable - hotel business	33,363	29,161	16,370	12,849
Retention	85,560	89,033	76,036	45,859
Advances from customers	32,780	28,258	11,574	12,841
Value added tax payable	25,719	12,474	13,200	4,795
Accrued expenses	199,966	209,804	95,128	96,796
Income tax payable	6,234	31,446	5,626	24,354
Deposits received - hotel business	114,797	108,563	65,190	51,084
Others	110,321	101,057	46,696	43,294
Total	608,740	609,796	329,820	291,872

Notes to the financial statements

22 Deferred income

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Leasehold rights - building, service and equipment - other parties	28,000	28,000	28,000	28,000
Less accumulated amortisation	(7,590)	(5,566)	(7,590)	(5,566)
Net book value	20,410	22,434	20,410	22,434
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	18,386	20,410	18,386	20,410
Total	20,410	22,434	20,410	22,434

23 Employee benefit obligations

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Statement of financial position obligations for:				
Long-term employee benefits	60,194	59,988	26,855	26,932
	60,194	59,988	26,855	26,932

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Statement of comprehensive income:				
Long-term employee benefits	9,030	9,592	4,506	4,565

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.

Movement in the present value of the defined benefit obligations:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
For the years ended 31 December	2014	2013	2014	2013
Defined benefit obligations at 1 January	59,988	57,461	26,932	24,786
Benefits paid	(8,824)	(7,065)	(4,716)	(1,898)
Current service costs and interest	9,030	9,592	4,506	4,565
Transferred from (to) subsidiary	-	-	133	(521)
Employee benefit obligations at 31 December	60,194	59,988	26,855	26,932

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

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
For the years ended 31 December	2014	2013	2014	2013
Cost of hotel operations and cost of rental of units in buildings and service	3,289	3,168	1,624	1,616
Selling expenses	497	472	285	266
Administrative expenses	5,244	5,952	2,597	2,683
Total	9,030	9,592	4,506	4,565

Actuarial losses recognised in other comprehensive income:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Included in retained earnings:				
At 1 January	11,541	11,541	7,524	7,524
At 31 December	11,541	11,541	7,524	7,524

Notes to the financial statements

Principal actuarial assumptions at the reporting date:

(%)

	Consolidated / Separate financial statements	
	2014	2013
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.

24 Share capital

(thousand shares / in thousand Baht)

	Par value per share (in Baht)	2014		2013	
		Number	Amount	Number	Amount
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	2,474,635	2,474,635	2,245,438	2,245,438
Issue under ESOP	1	4,143	4,143	5,827	5,827
Warrant	1	-	-	223,370	223,370
At 31 December					
Ordinary shares	1	2,478,778	2,478,778	2,474,635	2,474,635

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 1.7 million over the period that the employees become entitled to the options in the statements of comprehensive income for the year ended 31 December 2014 and in equity as at 31 December 2014.

Movements in the number of outstanding options under ESOP during the year ended 31 December 2014 and 2013 were as follows:

(thousand units)

	2014	2013
At 1 January	29,257	35,084
Exercised	(4,143)	(5,827)
Not exercised	(5,631)	-
At 31 December	19,483	29,257

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 17 th of December 2013.

Movements in the number of outstanding warrant during the year ended 31 December 2014 and 2013 were as follows:

(thousand units)

	2014	2013
At 1 January	-	224,478
Exercised during the year	-	(223,370)
Expired	-	(1,108)
At 31 December	-	-

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 exercise of warrants of Baht 625.44 million.

Notes to the financial statements

25 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.

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value changes in available-for-sale investments

The fair value change in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

26 Segment information

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different services, are managed separately and different marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1	Hotel business
Segment 2	Rental and management building business

Inter-segment pricing is determined on mutually agreed terms.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Business segments results in the consolidated financial statements for the years ended 31 December 2014 and 2013 were as follows:

(in million Baht)

	Rental and management building business						Eliminations		Total	
	Hotel business		2013		2014		2013		2014	
External revenues	4,052	4,498		204	193	39	-	-	4,284	4,702
Inter - segment revenues	1	-		22	21	-	(22)	(22)	-	-
Total segment revenues	4,053	4,498		226	214	39	(22)	(22)	4,284	4,702
Cost	(2,124)	(2,127)		(96)	(95)	(20)	7	7	(2,232)	(2,216)
Selling expenses	(269)	(287)		(1)	(1)	-	-	-	(270)	(288)
Administrative expense	(817)	(892)		(6)	(5)	-	(4)	(6)	(826)	(904)
Depreciation and amortisation	(634)	(629)		(24)	(24)	-	5	7	(653)	(646)
Segment profit (loss) before income tax	209	563		99	89	19	(14)	(14)	303	648
Unallocated income and expenses:										
Other income									94	911
Depreciation and amortisation									(19)	(19)
Selling expenses									(1)	(1)
Administrative expenses									(109)	(114)
Finance costs									(360)	(368)
Income tax expense									(19)	(91)
Profit (loss) for the year									(111)	966

Notes to the financial statements

Business segment financial position in the consolidated financial statements as at 31 December 2014 and 2013 were as follows:

(in million Baht)

	Hotel business		Rental and management building business		Other business		Unallocated assets		Eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Inventories	53	52	-	-	2	-	-	-	-	-	55	52
Property, plant and equipment	11,260	10,202	21	19	-	-	27	28	295	309	11,603	10,558
Leasehold rights for land and buildings	1,339	1,394	120	141	-	-	-	-	(47)	(56)	1,412	1,479
Land held for development												
Other assets											104	104
											1,342	1,522
Total assets											14,516	13,715

(in million Baht)

	Hotel business		Rental and management building business		Other business		Unallocated liabilities		Eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Interest-bearing borrowings	8,418	7,503	1	3	-	-	606	308	(584)	(784)	8,441	7,030
Account payable for land leasehold rights	180	180	-	-	-	-	-	-	-	-	180	180
Other liabilities											1,162	1,276
Total liabilities											9,783	8,486

Reconciliation of reportable segment profit or loss, assets and liabilities

(in million Baht)

	2014	2013
Profit or loss		
Total profit for reportable segments before elimination	317	662
Other profit	94	910
	411	1,572
Elimination of inter-segment profits	(14)	(14)
Unallocated amounts:		
- Other corporate expenses	(508)	(592)
Profit (loss) for the year	(111)	966

(in million Baht)

	2014	2013
Assets		
Total assets for reportable segments	12,795	11,808
Other assets	1,446	1,626
Elimination of inter-company transactions	248	253
Other unallocated amounts	27	28
Consolidated total assets	14,516	13,715

(in million Baht)

	2014	2013
Liabilities		
Total liabilities for reportable segments	8,599	7,686
Other liabilities	1,162	1,276
Elimination of inter-company transactions	(584)	(784)
Other unallocated amounts	606	308
Consolidated total liabilities	9,783	8,486

Notes to the financial statements

27 Other income

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Income from property tax	1,884	1,791	1,634	1,682
Gain from sale of property, plant and equipment	743	3,102	400	1,383
Gain on sale of investment	1,143	2,865	1,149	2,792
Others	59,995	15,929	11,655	9,423
Total	63,765	23,687	14,838	15,280

28 Selling expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Marketing expenses	187,130	202,815	97,130	106,995
Employee benefit expenses	82,991	85,864	39,408	40,290
Total	270,121	288,679	136,538	147,285

29 Administrative expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Employee benefit expenses	362,260	374,603	217,945	240,678
Management and other fee	202,332	228,028	109,155	137,903
Repair and maintenance expenses	98,471	83,885	44,477	35,141
Others	272,173	331,919	123,560	100,617
Total	935,236	1,018,435	495,137	514,339

30 Employee benefit expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Management				
Salaries, wages and other benefits	41,150	46,601	38,790	44,391
Employee stock option plan	-	2,081	-	2,081
	41,150	48,682	38,790	46,472
Other employees				
Salaries, wages and other benefits	1,235,191	1,251,513	578,218	571,082
Employee stock option plan	-	1,467	-	1,467
	1,235,191	1,252,980	578,218	572,549
Total	1,276,341	1,301,662	617,008	619,021

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.

31 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	
	2014	2013	2014	2013
Employee benefit expenses	1,276,341	1,301,662	617,008	619,021
Costs of food and beverage	646,305	714,924	268,194	290,199
Rental expenses	167,636	136,360	28,120	26,389

Notes to the financial statements

32 Finance costs

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Interest expense:					
Related parties	4	-	-	5,107	4,569
Financial institutions		384,878	374,898	232,229	235,554
		384,878	374,898	237,336	240,123
Less: amounts included in the cost of qualifying assets:					
- capitalised as cost of assets under construction	12	(25,013)	(6,758)	(23,502)	(6,758)
Net		359,865	368,140	213,834	233,365

33 Income tax expense

Income tax recognised in profit or loss

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Current tax expense					
Current year		16,134	88,369	14,611	62,295
Deferred tax expense	17				
Movements in temporary differences		2,864	2,359	15	(420)
Income tax expense		18,998	90,728	14,626	61,875

Reconciliation of effective tax rate

(in thousand Baht)

	Consolidated financial statements			
	2014		2013	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense		(91,462)		1,057,120
Income tax using the Thai corporation tax rate	20.0	(18,292)	20.0	211,424
Tax difference on expense (revenue)		(9,824)		3,849
Expenses with additional deduction for tax purpose		(3)		(3,349)
Recognition of previously unrecognised tax losses		(1,802)		(227,064)
Current year losses for which no deferred tax asset was recognised		37,682		45,165
Share of gain on sale of hotels by percentage of the Company shareholdings		-		43,204
Elimination in consolidation		11,237		17,499
Total	(20.8)	18,998	8.6	90,728

	Separate financial statements			
	2014		2013	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		123,310		1,463,904
Income tax using the Thai corporation tax rate	20.0	24,662	20.0	292,781
Tax difference on revenue		(10,033)		(14,681)
Expenses with additional deduction for tax purpose		(3)		(47)
Recognition of previously unrecognised tax losses		-		(216,178)
Total	11.9	14,626	4.2	61,875

Notes to the financial statements

34 Earnings (loss) per share

Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2014 and 2013 were based on the profit (loss) 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	
	2014	2013	2014	2013
Profit (loss) attributable to ordinary shareholders of the Company (basic)	(111,579)	936,766	108,684	1,402,029
Number of ordinary shares outstanding at 1 January	2,474,635	2,245,438	2,474,635	2,245,438
Effect of shares options exercised	1,076	9,538	1,076	9,538
Weighted average number of ordinary shares outstanding (basic)	2,475,711	2,254,976	2,475,711	2,254,976
Earnings (loss) per share (basic) (in Baht)	(0.0451)	0.4154	0.0439	0.6217

Diluted earnings (loss) per share

The calculations of diluted earnings (loss) per share for the years ended 31 December 2014 and 2013 were based on the profit (loss) 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	
	2014	2013	2014	2013
Profit (loss) attributable to ordinary shareholders of the Company (basic)	(111,579)	936,766	108,684	1,402,029
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	(111,579)	936,766	108,684	1,402,029
Weighted average number of ordinary shares outstanding (basic)	2,475,711	2,254,976	2,475,711	2,254,976
Effect of ESOP	5,605	10,125	5,605	10,125
Weighted average number of ordinary shares outstanding (diluted)	2,481,316	2,265,101	2,481,316	2,265,101
Earnings (loss) per share (diluted) (in Baht)	(0.0450)	0.4136	0.0438	0.6190

35 Dividends

At the annual general meeting of the shareholders of the Company held on 29 April 2014, the shareholders approved the appropriation of dividends of Baht 0.1515 per share, amounting to Baht 374.94 million. The dividend was paid to shareholders on 28 May 2014.

At the annual general meeting of the shareholders of a subsidiary held on 3 April 2014, the shareholders approved the appropriation of dividends of Baht 0.71 per share, amounting to Baht 56.56 million. The dividend was paid to shareholders on 2 May 2014.

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.

36 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.

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 19). The Group mitigates this risk by ensuring that the majority of its borrowings are close to the market rate.

Notes to the financial statements

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:

(in thousand Baht)

Separate financial statements					
	Effective interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)				
2014					
Loans receivable - related parties	4.95	-	501,027	-	501,027
2013					
Loans receivable - related parties	5.20	-	675,985	-	675,985

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:

(in thousand Baht)

Consolidated financial statements					
	Effective interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)				
2014					
Loans payable - financial institutions	MLR-1.00, MLR-1.50, MLR-2.00, 6-month fixed deposit rate + 2.00	1,720,000	4,132,620	2,588,228	8,440,848
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

(in thousand Baht)

Separate financial statements					
	Effective interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)				
2014					
Loans payable - related party		-	82,726	-	82,726
Loans payable - financial institutions	6.00 MLR-1.00 MLR-1.50, MLR-2.00, 6-month fixed deposit rate + 2.00	1,461,250	2,649,900	1,374,430	5,485,580
Total		1,461,250	2,732,626	1,374,430	5,568,306
2013					
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

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 Bhat 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.

Notes to the financial statements

The fair values of interest rate swap contracts as at 31 December 2014 and 2013 are as follows:

(in thousand Baht)

	Consolidated and Separate financial statements Fair Values	
	31 December 2014	31 December 2013
Interest rate swap contracts	-	1,549

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.

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.

37 Commitments

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Capital commitments				
Contracted but not provided	90.4	1,315.0	15.6	1,045.9
Operating lease commitments				
Within one year	20.5	37.5	11.5	11.3
After one year but within five years	20.0	2.9	10.0	2.9
Total	40.5	40.4	21.5	14.2
Long-term lease commitments				
Within one year	56.9	144.1	24.4	13.2
After one year but within five years	308.7	319.7	98.3	98.0
After five years	1,877.8	1,763.4	1,516.6	1,541.2
Total	2,343.4	2,227.2	1,639.3	1,652.4
Commitments under service agreements				
Within one year	72.8	30.7	47.3	16.6
After one year but within five years	8.8	9.8	8.1	1.2
Total	81.6	40.5	55.4	17.8
Other commitments				
Guarantee for bank credit facilities	750.0	750.0	750.0	750.0
Bank guarantees	29.2	25.2	16.1	13.6
Total	779.2	775.2	766.1	763.6

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,

Notes to the financial statements

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.

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 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 constructsures 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 constructsures 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 constructsures 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.

Notes to the financial statements

On 13 November 2014, Erawan Philippines (Ermita), INC., entered into land lease agreement for hotel construction. The rental period is 25 years ending in 2039, to be extended for a further period of 5 years, subject to certain conditions in the agreement. The subsidiary agreed to pay a monthly rental rate in each year, according to the agreement. When the lease expired the subsidiary have to demolish the building or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.

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.

On 18 February 2013, the Company entered into amendment agreement with InterContinental Hotel Group. Under the term of the agreements, the Company is committed to pay remuneration in accordance with the rates, terms and basis specifies in the new amendment agreements. The terms of the hotel management agreement is to be for 15 years, counting from commencement of the additional building operations under the brand Holiday Inn, and is to be extendible for a further period of at least 5 years 2 times, dependent upon the fulfillment of certain as conditions specified in the agreements.

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.

38 Contingent liability

Litigations 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. On 8 May 2014, the litigation judgement was finalised by Arbitration Institute that the contractor breached the construction contract and paid the compensation for income and delay of construction by net offsetting retention of Baht 38.13 million. The subsidiary recognised the said transaction as other income in its statement of comprehensive income.

39 Events after the reporting period

At the Company's board of directors' meeting held on 26 February 2015, the board of directors agreed to propose the payment of a dividend of Baht 0.04 per share, to the 2015 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.

40 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Group does not plan to adopt these TFRS early.

Notes to the financial statements

TFRS	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 11 (revised 2014)	Construction Contracts	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	2015
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TAS 40 (revised 2014)	Investment Property	2015
TFRS 2 (revised 2014)	Share-based Payment	2015
TFRS 3 (revised 2014)	Business Combinations	2015
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 11	Joint Arrangements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015

TFRS	Topic	Year effective
TFRS 13	Fair Value Measurement	2015
TSIC 15 (revised 2014)	Operating Leases - Incentives	2015
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosures	2015
TSIC 31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services	2015
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs	2015
TFRIC 1(revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 12 (revised 2014)	Service Concession Arrangements	2015
TFRIC 13 (revised 2014)	Customer Loyalty Programmes	2015
TFRIC 14	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate	2015
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners	2015
TFRIC 18 (revised 2014)	Transfers of Assets from Customers	2015

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

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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 December 2014	
Registered Capital	2,505,000,000 Baht : 2,505,000,000 ordinary shares at par value 1 Baht/share.
Paid-Up Capital	2,478,777,775 Baht : 2,478,777,775 ordinary shares at par value 1 Baht/share.
Other References	
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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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CG 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
Our Business Strategy Operation Structure	Annual Report (56-2) Annual Information form (56-1)
Shareholder 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 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-Money Laundering and Combating the Financing of Terrorism Policy	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com
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

Principle/Recommendation	Reference
CSR Activities	Annual Report (56-2) www.TheErawan.com
Code of Conduct	Annual Report (56-2) Annual Information form (56-1) 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

CG Statement

Principle/Recommendation	Reference
• 2 days after the meeting to announce a Quarterly Meeting Presentation • Quarterly Investor Factsheet	IR quarterly meeting www.TheErawan.com
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
• Customer / Tenant / Guest	External Survey GCG@theerawan.com
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