



SUCCESS WITH INTEGRITY

Annual Report 2016
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

Vision To be leading hotel developer and investor in Thailand and ASEAN.

Mission To continue growing quality hotel portfolio in Thailand and ASEAN which optimize values to shareholders as well as stakeholders.



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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In Remembrance of His Majesty
King Bhumibol Adulyadej

1927 - 2016



“...ในการดำเนินชีวิตและการประกอบกิจการงานย่อมจะต้องมีปัญหา
ต่างๆ เป็นอุปสรรคขัดขวางความสำเร็จอยู่เสมอ ยากที่ผู้ใดหรือสิ่งหนึ่ง
สิ่งใดจะหลีกเลี่ยงพ้นได้ คนก็มียุทธศาสตร์ของชน สังคมก็มียุทธศาสตร์ของ
สังคม ประเทศก็มียุทธศาสตร์ของประเทศ แม้กระทั่งโลกก็มียุทธศาสตร์ของโลก
ปัญหาที่เกิดขึ้นในชีวิตและกิจการงานจึงเป็นเรื่องธรรมดา ข้อสำคัญเมื่อ
มีปัญหาเกิดขึ้น จะต้องแก้ไขให้ลุล่วงไปโดยไม่ชักช้า ผู้ใดมีสติปัญญา
คิดได้ดี ปฏิบัติได้ถูก ผู้นั้นก็มีหวังบรรลุถึงเป้าหมาย มีความสำเร็จสูง
ถ้าเป็นตรงกันข้าม ก็ยากที่จะประสบความสำเร็จสมหวังได้”

พระบรมราโชวาทของ พระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดช (รัชกาลที่ ๙)
ในพิธีพระราชทานปริญญาบัตรมหาวิทยาลัยธรรมศาสตร์
วันที่ ๓๑ กรกฎาคม ๒๕๓๔

Financial Highlights

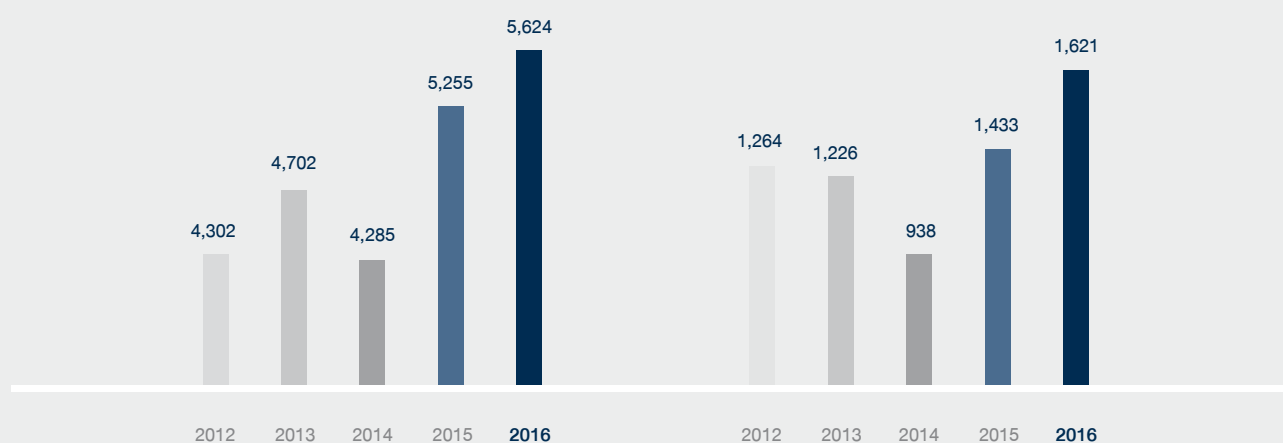
Unit:Thousand Baht

Description	2014 (Restated)	2015 (Restated)	2016	
Operating results				
Operating Income	4,284,513	5,254,918	5,624,173	
Total Revenues	4,354,089	5,300,674	5,663,949	
Gross Profit	2,053,589	2,742,054	3,048,675	
EBITDA	938,669	1,433,411	1,621,368	
Net Profit (Loss)	(112,985)	195,473	366,891	
Financial Position				
Total Assets	14,516,617	14,820,047	14,911,115	
Total Liabilities	9,814,548	9,937,584	9,838,561	
Total Shareholders' Equity	4,702,068	4,882,463	5,072,554	
Equity Attributable to Company's Shareholders	4,524,809	4,670,837	4,917,922	
Paid-Up Share Capital (Thousand Baht)	2,478,778	2,498,173	2,498,173	
Number of Paid-Up shares (Thousand shares)	2,478,778	2,498,173	2,498,173	
Par Value Per Share (Baht)	1	1	1	
Earnings Per Share (Baht)	(0.05)	0.08	0.15	
Dividend Per Share (Baht)	0.04	0.04	0.06	
Book Value Per Share (Baht)	1.83	1.87	1.97	
Significant Financial Ratio				
Current Ratio	(times)	0.38	0.39	0.35
Quick Ratio	(times)	0.32	0.34	0.28
Liquidity Ratio (Cash Flow Basis)	(times)	0.38	0.41	0.39
Gross Profit Ratio	(%)	47.93%	52.18%	54.21%
Net Profit Margin	(%)	-2.59%	3.69%	6.48%
Return on Total Assets	(%)	-0.80%	1.33%	2.47%
Return on Equity	(%)	-2.36%	4.25%	7.65%
Debt to Equity Ratio	(times)	2.09	2.04	1.94
Interest Bearing Debts to Equity Ratio	(times)	1.80	1.76	1.66
Interest Coverage Ratio	(times)	2.68	3.57	4.13

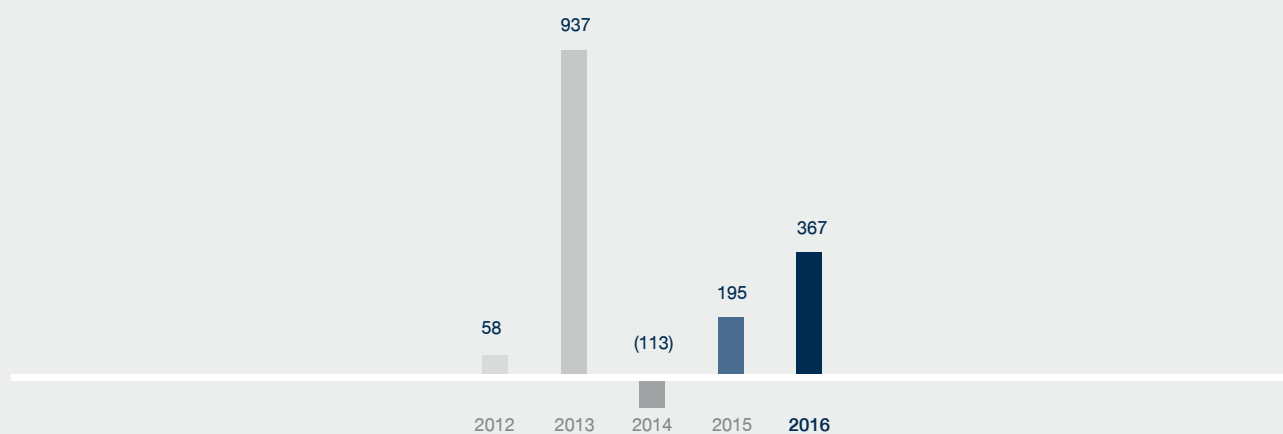
Unit : Million Baht

Operating Income

EBITDA



Net Profit (Loss)



Hotel and Resort Portfolio in 2016

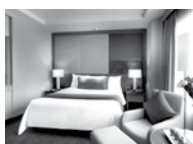
Bangkok



Grand Hyatt Erawan
Bangkok



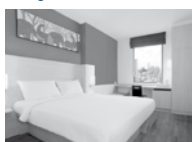
JW Marriott
Bangkok



Courtyard by Marriott
Bangkok



Mercure Bangkok Siam



ibis Bangkok Siam



ibis Bangkok Sathorn



ibis Bangkok Nana



ibis Bangkok Riverside

Pattaya



Holiday Inn Pattaya



Mercure Pattaya
Ocean Resort



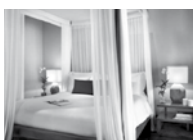
ibis Pattaya

Hua Hin



ibis Hua Hin

Samui



Renaissance Koh Samui
Resort & Spa



ibis Samui Bophut



ibis Styles Krabi Ao Nang

Krabi

Phuket



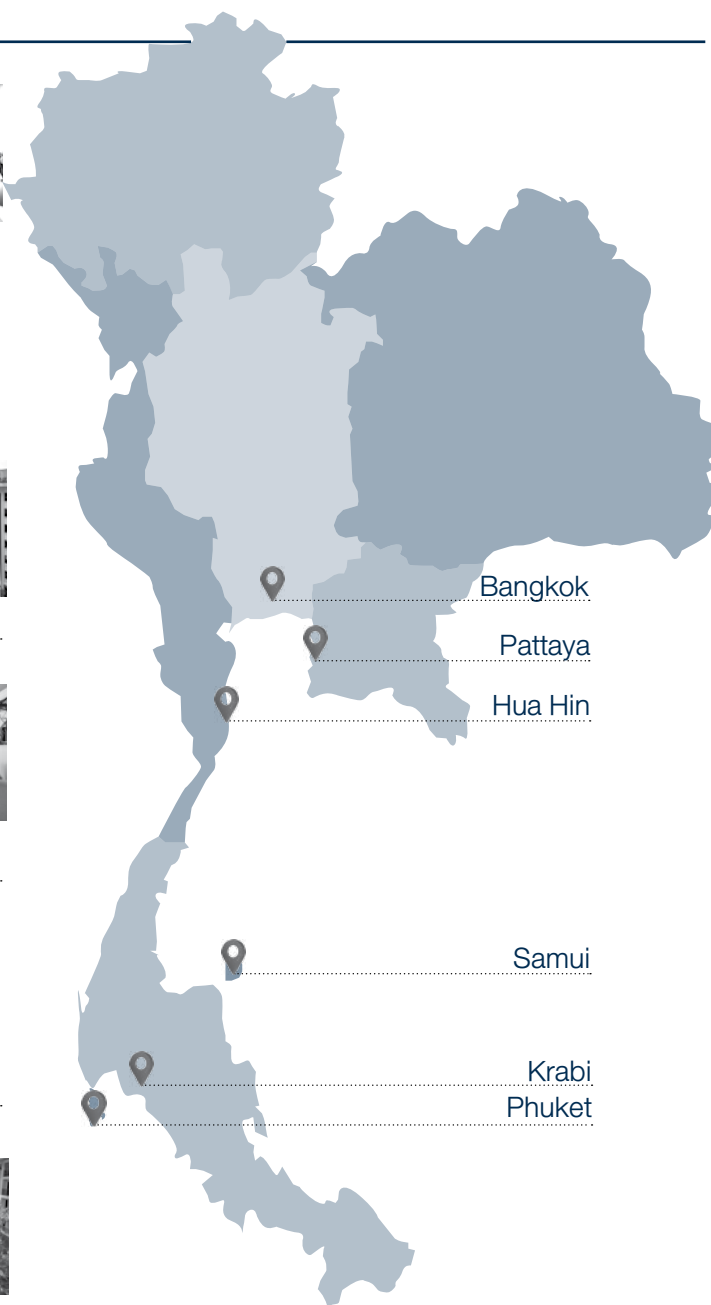
The Naka Island,
a Luxury Collection
Resort & Spa, Phuket



ibis Phuket Patong



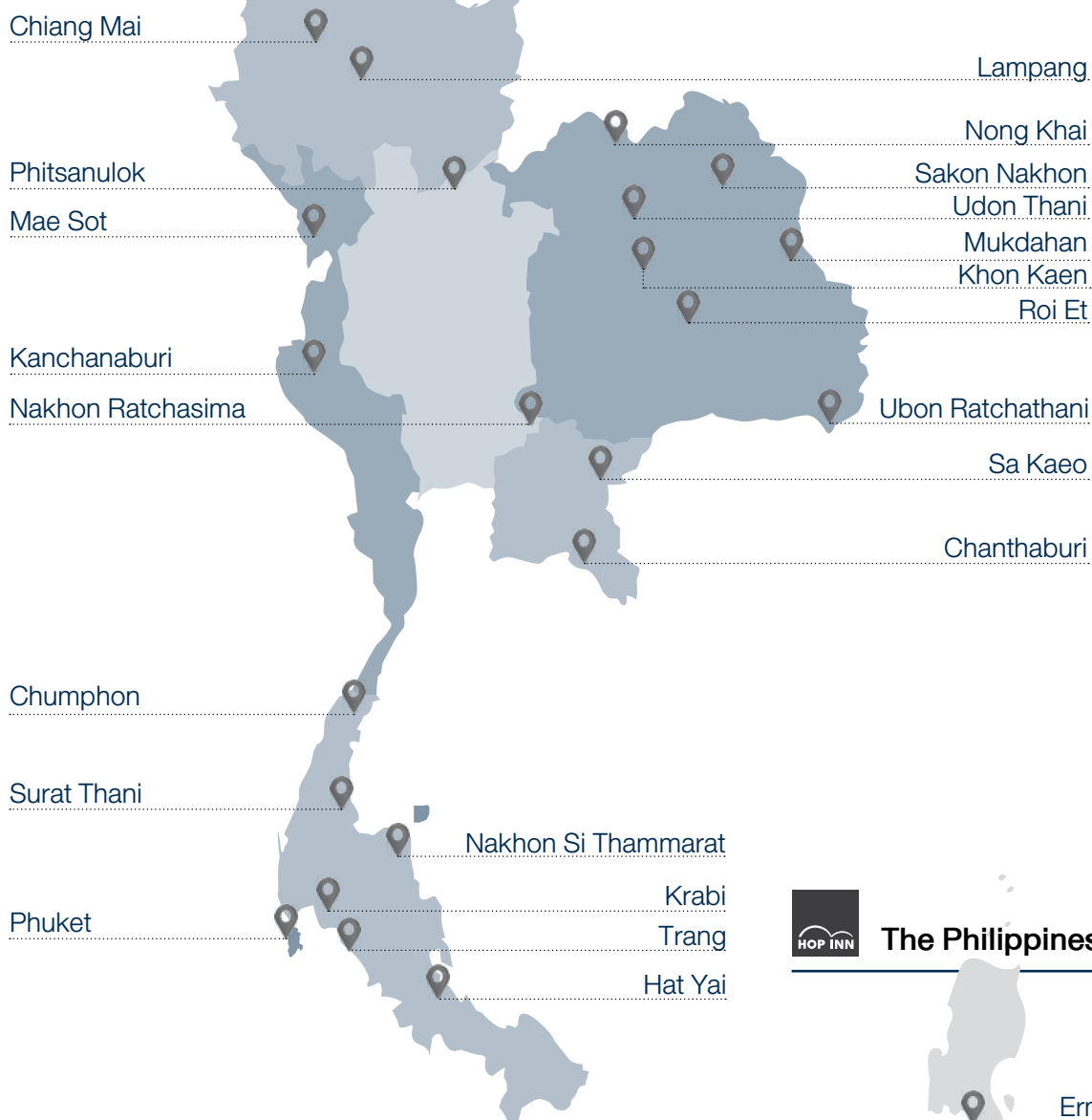
ibis Phuket Kata



Hotel and Resort Portfolio in 2016



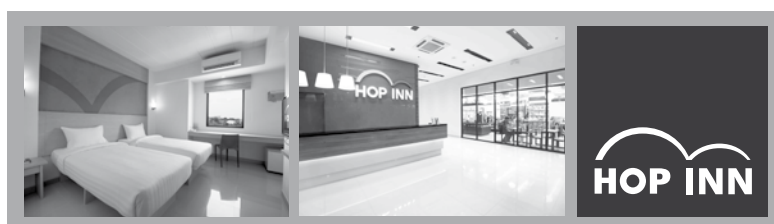
Thailand 22 Hotels



The Philippines 1 Hotel

Ermita, Manila

HOP INN



Chairman Review

2016 was another successful year for our company which underlines our long term strategy under our vision to be the leader hotel developer and investor in Thailand and ASEAN. We are committed to grow our businesses in parallel with take good care of our stakeholders. We emphasize on operate under good corporate governance with our business philosophy “Success with Integrity”.

Apart from our commitment on building our business platform for a long term sustainable growth we also focus on sustainable development for the society. We believe that quality education was the key to achieve sustainable development goals. In our organization we focus on training and development of our employee to be the valuable asset of tourism industry. This will enhance Thailand’s competitiveness and promote sustainable economic growth. We also support youth by providing opportunities for the career training in our company. This valuable professional employment experiences will help them to be the quality member of our society in the future. Moreover we have implemented corporate social activities in various ways to support educational opportunities for general public especially for youth.

Our continuous commitment on creating well balanced among our stakeholders has been well recognized. We have been granted numerous awards and recognition during the past year. In 2016, 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 2016 while our 2016 Annual General Meeting of Shareholders (AGM) was rated “Excellent”. We also received

“Thailand Corporate Excellence Awards 2016” by Thailand Management Association (TMA) and SASIN. In addition , we was named “Outstanding Investor Relations Awards” from the Stock Exchange of Thailand (SET Awards) which precisely reflects our principle to constantly provide transparency and appropriate information to the public.

We would like to express our sincere gratitude to our stakeholders as well as our management and staff for their support on the success we achieved this year. The confidence and support from all stakeholders will be the key driver for our sustainable development goals.



Mr. Prakit Pradipasen

Chairman of the Board

The Erawan Group Public Company Limited



President's Report

2016 was marked another remarkable year for Thailand's tourism industry where growth was seen for both international and domestic market. Number of international tourist arrivals for 2016 recorded at 32.6 million, representing a 9 percent increase from 2015, the highest in South East Asia region, growth was witnessed in all key source markets. Domestic tourism continued to grow and posted a 4 percent increase from 2015. We also recorded the strong performance in 2016 with our operating income posted a 6 percent increase from 2015 and generated net profit of THB 367 million, a significant increase from net profit of THB 195 million in 2015.

In 2016 we still continue our investment as set forth in our 5 years master plan (2016-2020) with our vision to be the leading hotel developer and investor in Thailand and ASEAN and provide optimal return to our shareholders and stakeholders. In 2016 we have developed new hotels as planned and opened 8 new hotels under our own brand "HOP INN" in Thailand and 1 hotel in Manila, Philippines. This is our first hotel outside Thailand and will be our starting points to expand our network in Philippines which will be another key milestone for our ASEAN expansion.

With the continuous expansion strategy as aforementioned, we ended 2016 with 41 hotels 6,385 rooms in our portfolio, increasing significantly from 33 hotels with 5,676 rooms as of 2015. Our hotel portfolio covers all segments from luxury to budget segment and our network expand to cover more tourist and business destination across Thailand. This includes our first steppingstones in Philippines market where we foresee the high growth opportunities among ASEAN.

We strongly believe in Thailand's and Asia Pacific's attractiveness as the world's leading business hub and traveling destinations. We have confidence that our strategy to focus in high growth market and high growth return segment together with our extensive network and customer base expansion will be the key driver for the sustainable growth for ERAWAN.



Mrs. Kamonwan Wipulakorn
President

Report of the Audit Committee to Shareholder

To Shareholders of The Erawan Group Public Company Limited,

The Audit Committee of The Erawan Group Public Company Limited has been appointed by the Board of the Directors and consists of 3 independent directors who are experienced on finance and management. 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 2016, 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 2016 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

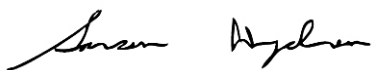
The Audit Committee expressed its opinion, starting that the Company was actively committed to its corporate governance policy. Risk management is in line with the Company's policy. This compliance resulted in an effective and adequate internal control system that corresponded with both internal and 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 2016 were duly prepared, while adequate and reliable information was properly disclosed.

Appointment of auditors in 2017:

The Audit Committee considered nomination, appointment and annual remuneration of the external auditor for 2017 who has suitable qualifications. The processes taken into consideration were the independence, performance in the past year, knowledge, competency in telecommunications industry and also competitiveness of the audit fee as one of the key considerations. The resolution has been presented to the Board of Directors to further request for approval on appointment of the external auditor for 2017 from the shareholders' meeting are as following individuals:

1. Ms. Vilaivan Pholprasert,
Certificate Public Accountant (Thailand) No. 8420 and/or
2. Ms. Vipavan Pattavanvivek,
Certificate Public Accountant (Thailand) No. 4795 and/or
3. Ms. Patamavan Vadhanakul,
Certificate Public Accountant (Thailand) No.9832

of KPMG Phoomchai Audit Ltd. as The Erawan Group Public Company Limited and its subsidiaries' auditor in 2017.



Mr. Sansern Wongcha-um

Chairman of the Audit Committee

20 February 2017



In Remembrance of His Majesty
King Bhumibol Adulyadej

1927 - 2016

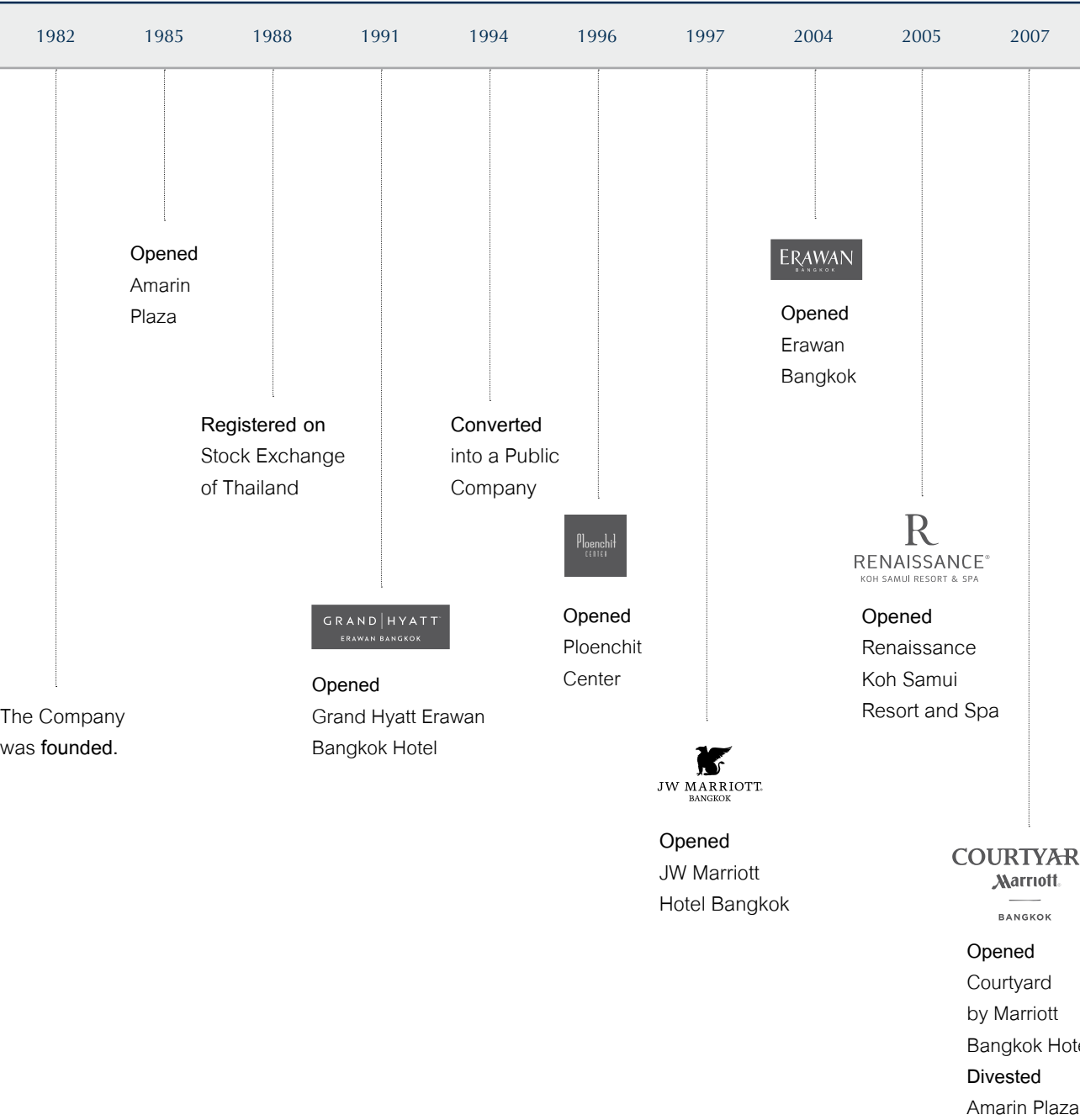


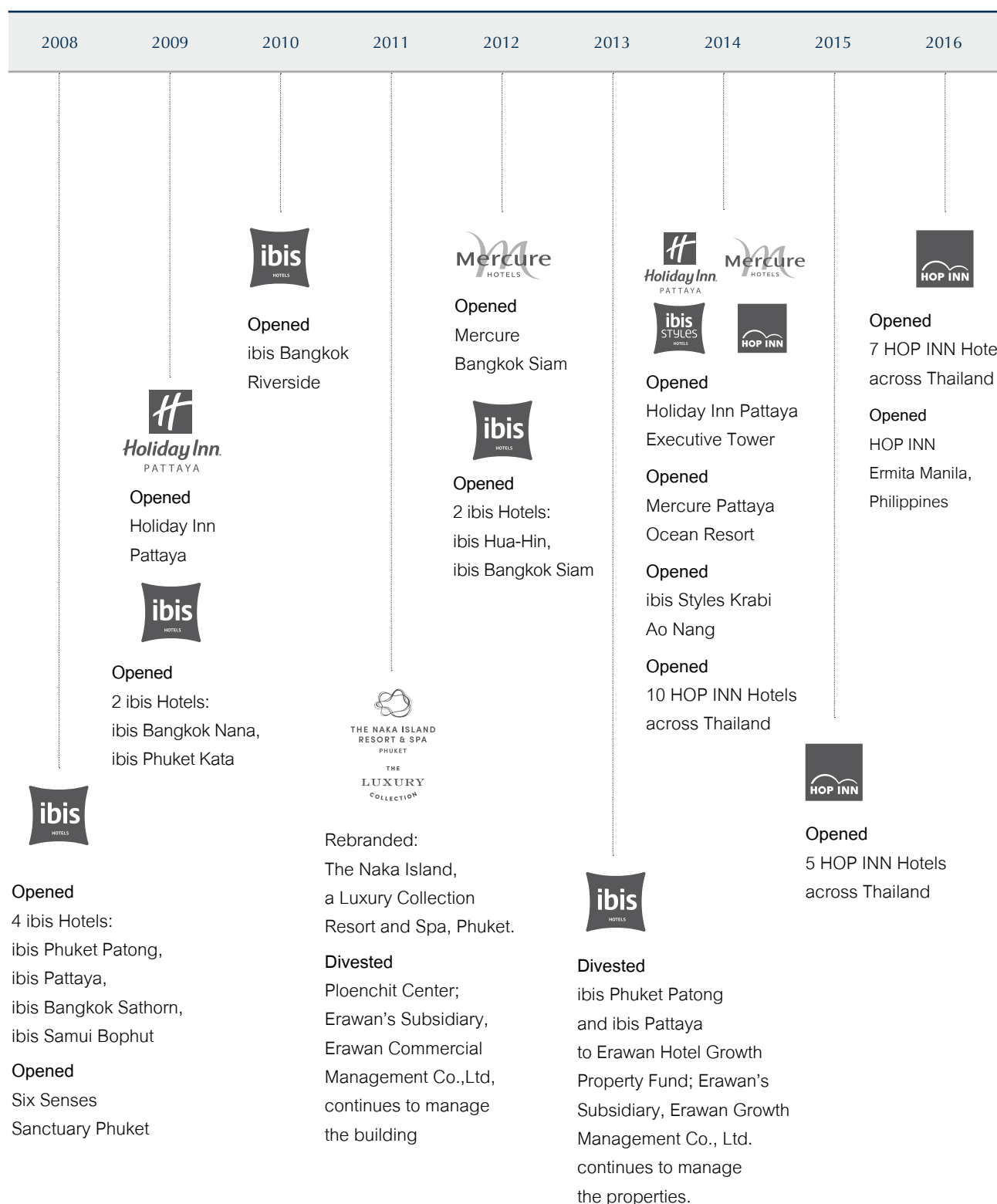
“... การที่จะประกอบกิจใดๆ ให้เจริญเป็นผลดีนั้น ย่อม
ต้องอาศัยความอดสาหะพากเพียร และความซื่อสัตย์
สุจริตเป็นรากฐานสำคัญ ประกอบกับจะต้องเป็นผู้มี
จิตใจเมตตากรุณาไม่เบียดเบียนผู้อื่น และพร้อมที่จะ
บำเพ็ญประโยชน์ให้เกิดแก่ส่วนรวมตามโอกาสอีกด้วย”

พระบรมราโชวาทของ พระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดช (รัชกาลที่ ๙)
ในพิธีพระราชทานปริญญาบัตร แก่บัณฑิตจุฬาลงกรณ์มหาวิทยาลัย
วันที่ ๑๒ กรกฎาคม ๒๕๔๔

Corporate Profile

Established on 29th December 1982 and continue to develop various real estates over the past 34 years





Our Shareholders and Management Structure

Shareholders:

As at 31st December 2016, the company's paid up capital is Baht 2,498,173,275 divided into 2,498,173,275 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	376,439,178	15.07%
2. City Holding Co.,Ltd.	244,256,103	9.78%
3. Mrs. Vansamorn Wannamethee	149,757,004	5.99%
4. Mid-Siam Capital Co.,Ltd.	144,488,645	5.79%
5. PAN ASIA ASSETS LIMITED	73,000,000	2.93%
6. N.C.B.TRUST LIMITED-NORGES BANK 11	71,986,200	2.88%
7. Mr. Supol Wattanavekin	66,235,502	2.65%
8. UBS AG SINGAPORE BRANCH	60,000,000	2.40%
9. Ms. Thitinant Wattanavekin	43,659,291	1.75%
10. MP Particle Board Co.,Ltd.	42,933,675	1.72%
Total top ten shareholders holding	1,272,755,598	50.95%

Detail Groups of Major Shareholders are as follows:

Group of Shareholders	Number of shares	% of total shares
Vongkusolkrit Group	738,479,987	29.56%
Wattanavekin Group	710,633,967	28.45%
Thai Institution Investor and Foreign Institution Investor	687,638,705	27.52%
Company's executives and employees	14,480,756	0.58%
Minor Shareholders	346,939,860	13.89%
Total	2,498,173,275	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	
2. Mr. Chanin Vongkusolkrit	Vongkusolkrit Group
3. Mr. Gavin Vongkusolkrit	
4. Mr. Supol Wattanavekin	
5. Mrs. Panida Thepkanjana	Wattanavekin Group

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) and
- The Management Development and Compensation Committee (MDC).



Mr. Prakrit Pradipasen Age 74 years	Mr. Sansern Wongcha-um Age 68 years
Position <ul style="list-style-type: none"> • Chairman of the Board • Independent Director • Chairman of the Nominating and Corporate Governance Committee 	Position <ul style="list-style-type: none"> • Independent Director • Chairman of the Audit Committee
Date of Directorship 1991	Date of Directorship September 17, 2008
Working Period 25 years	Working Period 8 years
Education <ul style="list-style-type: none"> • M.A. Business Administratio, Wayne State University, Detroit, Michigan, U.S.A • B.A. Science in Business Administration, Silliman University, Dumaguete, Philippines 	Education <ul style="list-style-type: none"> • Master Degree of Business Economics, University of Bridgeport, U.S.A. • Bachelor of Economics, Thammasat University • The National Defence College (NDC), Class 37/1994-1995
Directors Training Program <ol style="list-style-type: none"> 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.CG Forum 4/2014 	Director Training Program <ol style="list-style-type: none"> 1. CGI: Corporate Governance for Capital Market Intermediaries 3/2014 2. FN: Finance for Non-Finance Director 17/2005 3. DAP: Director Accreditation Program 42/2005 4. RCP: Role of the Chairman Program 8/2003
5 years experience in other Listed Company 2015 – Present <ul style="list-style-type: none"> • Chairman of the Nomination and Compensation Committee, Supalai Plc. 	5 years experience in other Listed Company 2008 – Present <ul style="list-style-type: none"> • Chairman of the Board and Independent Director Asian Marine Services Plc. • Independent Director and Member of the Audit Committee, Susco Plc.
2005 – Present <ul style="list-style-type: none"> • Chairman of the Board and Independent Director Asian Marine Services Plc. • Independent Director and Member of the Audit Committee, Susco Plc. 	5 years experience in other Listed Company 2008 – Present <ul style="list-style-type: none"> • 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.
2003 – Present <ul style="list-style-type: none"> • Chairman of the Board, Diamond Building Products Plc. 	
2001 – Present <ul style="list-style-type: none"> • Independent Director and Chairman of the Audit Committee Supalai Plc. • Independent Director and Chairman of the Audit Committee Luckytex (Thailand) Plc. • Independent Director and Chairman of the Audit Committee Haad Thip Plc. 	
2000 – 2006 <ul style="list-style-type: none"> • Independent Director and Chairman of the Audit Committee Thai Carbon Black Plc. 	
1993 – 2012 <ul style="list-style-type: none"> • Independent Director and Chairman of the Audit Committee Bata Shoe of Thailand Plc. 	

Assoc. Prof. Manop Bongsadadt Age 75 years	Mr. Dej Bulsuk Age 66 years	Mr. Ekasith Jotikasthira Age 46 years
Position <ul style="list-style-type: none"> Independent Director Member of the Audit Committee 	Position <ul style="list-style-type: none"> Independent Director Member of the Audit Committee 	Position <ul style="list-style-type: none"> Independent Director Member of the Nominating and Corporate Governance Committee
Date of Directorship April 23, 2004	Date of Directorship November 22, 2004	Date of Directorship April 29, 2009
Working Period 12 years	Working Period 12 years	Working Period 7 years
Education <ul style="list-style-type: none"> 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 	Education <ul style="list-style-type: none"> Bachelor of Business Administration, Thammasat University 	Education <ul style="list-style-type: none"> Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University
Director Training Program <ol style="list-style-type: none"> RNG: Role of the Nomination and Governance Committee 1/2011 DCP: Director Certification Program 150/2011 RCC: Role of the Compensation Committee 8/2009 RCP: Role of the Chairman Program 17/2007 ACP: Audit Committee Program 10/2005 DAP: Director Accreditation Program 8/2004 The National Defence College (NDC), Class 38/1995-1996 Commerce Academy: Top Executive Program in Commerce and Trade (TEPCOT) no.3 	Director Training Program <ol style="list-style-type: none"> DAP: Director Accreditation Program 23/2004 	Director Training Program <ol style="list-style-type: none"> DAP: Director Accreditation Program 79/2009
5 years experience in other Listed Company <p>2016 – Present</p> <ul style="list-style-type: none"> Member of the Audit Committee Kiatnakin Bank Plc. <p>2012 – Present</p> <ul style="list-style-type: none"> Chairman of the Board and Independent Director, Worarluk Property Plc. <p>2006 – Present</p> <ul style="list-style-type: none"> Chairman of the Nomination and Remuneration Committee Kiatnakin Bank Plc. <p>2005 – Present</p> <ul style="list-style-type: none"> Independent Director, Kiatnakin Bank Plc. <p>2003 – 2014</p> <ul style="list-style-type: none"> Chairman of the Board Rasa Property Development Plc. 	5 years experience in other Listed Company <p>2011 – Present</p> <ul style="list-style-type: none"> Independent Director Patum Rice Mill and Granary Plc. <p>2004 – Present</p> <ul style="list-style-type: none"> Independent Director and Member of the Audit Committee Siam Future Development Plc. <p>2001 – Present</p> <ul style="list-style-type: none"> Independent Director and Member of the Audit Committee Aeon Thana Sinsap (Thailand) Plc. <p>2011 – 2015</p> <ul style="list-style-type: none"> Chairman of the Nomination and Remuneration Committee GMM Grammy Plc. <p>2002 – 2015</p> <ul style="list-style-type: none"> Independent Director and Member of the Audit Committee GMM Grammy Plc. <p>2002 – 2013</p> <ul style="list-style-type: none"> Independent Director and Member of the Audit Committee Jay Mart Plc. 	5 years experience in other Listed Company <ul style="list-style-type: none"> No

Mr. Banyong Pongpanich Age 62 years	Mr. Vitoon Vongkusolkrit Age 75 years	Mr. Supol Wattanavekin Age 61 years
<p>Position</p> <ul style="list-style-type: none"> • Director • Member of the Management Development and Compensation Committee • Advisory to the Strategic and Investment Committee <p>Date of Directorship November 16, 2004</p> <p>Working Period 12 years</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University • Bachelor of Economics, Chulalongkorn University <p>Director Training Program</p> <ol style="list-style-type: none"> 1. CGI: Corporate Governance for Capital Market Intermediaries 15/2016 2. ACEP: Anti-Corruption for Executive Program 2/2012 3. DAP: Director Accreditation Program 36/2005 4. RCP: Role of the Chairman Program 5/2001 <p>5 year experience in other Listed Company 2012 – Present</p> <ul style="list-style-type: none"> • Director, Chairman of the Executive Committee and Member of the Risk Management Committee Kiatnakin Bank Plc. <p>2010 – Present</p> <ul style="list-style-type: none"> • Chairman of the Board, Phatra Capital Plc. <p>2007 – Present</p> <ul style="list-style-type: none"> • Independent Director and Chairman of the Nomination and Remuneration Committee, Don Muang Tollway Plc. <p>2003 – Present</p> <ul style="list-style-type: none"> • Chairman of the Board Phatra Securities Plc. <p>2003 – Present</p> <ul style="list-style-type: none"> • Independent Director and Chairman of the Nomination and Remuneration Committee, Muang Thai Insurance Plc. <p>2012 – 2015</p> <ul style="list-style-type: none"> • Chief Executive Officer, Kiatnakin Bank Plc. <p>2008 – 2012</p> <ul style="list-style-type: none"> • Member of the Audit Committee Muang Thai Insurance Plc. 	<p>Position</p> <ul style="list-style-type: none"> • Director • Member of the Nominating and Corporate Governance Committee • Advisory to the Strategic and Investment Committee <p>Date of Directorship 1982</p> <p>Working Period 34 years</p> <p>Education</p> <ul style="list-style-type: none"> • Bachelor of Science, Chulalongkorn University <p>Director Training Program</p> <ol style="list-style-type: none"> 1. RCP: Role of the Chairman Program 11/2005 2. DCP: Director Certification Program 17/2002 <p>5 year experience in other Listed Company 1983 – 2014</p> <ul style="list-style-type: none"> • Director Banpu Plc. 	<p>Position</p> <ul style="list-style-type: none"> • Director • Member of the Nominating and Corporate Governance Committee • Advisory to the Strategic and Investment Committee <p>Date of Directorship November 4, 2004</p> <p>Working Period 12 years</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration (Executive) (EMBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University <p>Director Training Program</p> <ol style="list-style-type: none"> 1. SET 100 Civil and State Cooperation (2016), The Stock Exchange of Thailand (SET) 2. RCL: Risk Management Program for Corporate Leader 3/2016 3. CG Forum 4/2015, Governance as a Driving Force for business Sustainability 4. CG Forum 2/2014, Corporate Governance in The Perspective of Investors 5. DCPU: Director Certification Program Update 1/2014 6. FGP: Financial Institutions Governance Program 2/2011 7. DCP: Director Certification Program 76/2006 8. DAP: Director Accreditation Program 56/2006 9. RCP: Role of the Chairman Program 1/2000 10. Chairman Forum 1/2013, Meeting the AEC Challenge: Role of the Chairman 11. Chairman Forum 2/2013, Role of the Chairman in promoting ethical business 12. Panelist: Board & CEO Assessment 2003 13. CG Forum 3/2013, Conflict of Interest: Fighting abusive RPT 14. Financial sector Restructuring in Thailand : From present to the future (Special Seminar 1/ 2010), Thai Institute of Directors 15. 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 16. Corporate Governance Report of Thai Listed Companies (2007), Thai Institute of Directors 17. Sasin Graduate Institute of Business Administration of Chulalongkorn University <ol style="list-style-type: none"> 1. Leadership, Strategic Growth and Change (2006) 2. Organizing and Managing Strategic Alliances for Success and Profit (2006) 18. Orchestrating Winning Performance (2005), IMD International, Switzerland <p>5 year experience in other Listed Company 2011 – Present</p> <ul style="list-style-type: none"> • Chairman of the Board and Chairman of the Risk Management Committee Kiatnakin Bank Plc.

Mr. Chanin Vongkusolkrit Age 64 years	Mrs. Panida Thepkanjana Age 57 years	Mr. Gavin Vongkusolkrit Age 34 years
<p>Position</p> <ul style="list-style-type: none"> • Director • Chairman of the Strategic and Investment Committee • Chairman of the Management Development and Compensation Committee <p>Date of Directorship November 4, 2004</p> <p>Working Period 12 years</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration (Finance), St. Louis University, Missouri, U.S.A. <p>Director Training Program</p> <ol style="list-style-type: none"> 1. DCP: Refresher Course 3/2006 2. DCP: Director Certification Program 20/2002 <p>5 year experience in other Listed Company</p> <p>2016 – Present</p> <ul style="list-style-type: none"> • Chairman of the Board Banpu Plc. <p>2015 – Present</p> <ul style="list-style-type: none"> • Director Banpu Power Plc. <p>1983 – Present</p> <ul style="list-style-type: none"> • Director Banpu Plc. <p>2015 – 2016</p> <ul style="list-style-type: none"> • Senior Executive Officer Banpu Plc. <p>1983 – 2015</p> <ul style="list-style-type: none"> • Chief Executive Officer Banpu Plc. 	<p>Position</p> <ul style="list-style-type: none"> • Director • Member of the Strategic and Investment Committee • Member of the Management Development and Compensation Committee <p>Date of Directorship 1991</p> <p>Working Period 25 years</p> <p>Education</p> <ul style="list-style-type: none"> • 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 <p>Director Training Program</p> <ol style="list-style-type: none"> 1. RNG: Role of the Nomination and Governance Committee 6/2014 2. DCP: Refresher Course 1/2005 3. DCP: Director Certification Program 18/2002 <p>5 year experience in other Listed Company</p> <ul style="list-style-type: none"> • No 	<p>Position</p> <ul style="list-style-type: none"> • Director • Member of the Strategic and Investment Committee <p>Date of Directorship December 1, 2011</p> <p>Working Period 5 years</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration (Finance), The University of Sydney, Australia <p>Director Training Program</p> <ol style="list-style-type: none"> 1. RCC: 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 <p>5 year experience in other Listed Company</p> <ul style="list-style-type: none"> • No

Mrs. Kamonwan Wipulakorn Age 54 years	Mr. Petch Krainukul Age 45 years	Ms. Kanokwan Thongsiwarugs
<p>Position</p> <ul style="list-style-type: none"> • Director • President • Member of the Strategic and Investment Committee <p>Date of Directorship April 27, 2011</p> <p>Working Period 5 years</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration (Finance), Western Illinois University, U.S.A. <p>Director Training Program</p> <ol style="list-style-type: none"> 1. Leader Program Capital Market Academy (CMA 19) 2. DCP: Director Certification Program 122/2009 3. Diploma Examination (Exam) 26/2009 <p>5 years experience in other Listed Company 2014 – Present</p> <ul style="list-style-type: none"> • Independent Director, Member of Audit Committee, Member of the Nomination Committee, Member of the Remuneration Committee and Member of the Corporate Governance Committee Total Assets Communication Plc. 	<p>Position</p> <ul style="list-style-type: none"> • Director • Senior Executive Vice President • Member of the Strategic and Investment Committee <p>Date of Directorship June 1, 2014</p> <p>Working Period 2 years</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration (Finance), University of South Alabama, Alabama, U.S.A. <p>Director Training Program</p> <ol style="list-style-type: none"> 1. DCP: Director Certification Program 101/2008 <p>5 years experience in other Listed Company</p> <ul style="list-style-type: none"> • No 	<p>Position</p> <ul style="list-style-type: none"> • Company Secretary • Secretary of the Audit Committee and Head of Internal Audit • Secretary of the Nominating and Corporate Governance Committee • Member of the Risk Management and Internal Control Club, Thai Listed Companies Association <p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration (MBA), Kasetsart University <p>Director Training Program</p> <ol style="list-style-type: none"> 1. Corporate Secretary Development Program 11/2005 Chulalongkorn University 2. Auditing Information System, The Institute of Internal Auditors of Thailand (IIAT) 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 (CSP) 2014 8. Panelist: IOD Company Secretary Forum 2014. topic “Strengthening Anti-Corruption Practice in Your Boardroom” <p>Training Program in 2016</p> <ol style="list-style-type: none"> 1. The UK Experience on Implementing the Enhanced Auditor Reporting by SEC, Federation of Accounting Professions and SET 2. CG Forum 1/2016 by SET 3. IOD Luncheon Briefing “How can Corporate Directors Help Nurture Social Enterprises” 4. CG Forum 2/2016 by SET 5. TLCA Knowledge Sharing “Cross-Team Collaboration for Sustainability and Innovation”



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)

5. Mr. Ekasith Jotikasthira	Independent Director
6. Mr. Banyong Pongpanich	Director
7. Mr. Vitoon Vongkusolkrit	Director
8. Mr. Chanin Vongkusolkrit	Director
9. Mr. Supol Wattanavekin	Director
10. Mrs. Panida Thepkanjana	Director
11. Mr. Gavin Vongkusolkrit	Director
12. Mrs. Kamonwan Wipulakorn	Director and President
13. Mr. Petch Krainukul	Director and Senior Executive Vice President

Roles and Responsibilities of the Board of Directors and the Committee

Board of Directors

consists of thirteen members as follows:

1. Mr. Prakrit Pradipasen	Chairman and Independent Director
2. Mr. Sansern Wongcha-um	Independent Director and Chairman of the Audit Committee
3. Assoc. Prof. Manop Bongsadadt	Independent Director and Member of the Audit Committee
4. Mr. Dej Bulsuk	Independent Director and Member of the Audit Committee

Board of Directors' roles and responsibilities are:

1. To manage the Company according to the laws, the Objects in Detail, the Articles of Association and resolutions of the Shareholders' Meeting with integrity and prudence for the Company's interests.
2. To determine the company's visions, obligations and business policy.
3. To review the business development plans to increase potential of itself.
4. To consider budgets to maximum the business's economic values and for better returns to shareholders.
5. To formulate the compensation policy and a succession plan of executives.
6. To supervise and develop risk assessment.
7. To supervise and develop the Company's 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 share holders 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.
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 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.

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. Ms. Kanokwan Thongsirwarugs | 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.

Term of Audit Directors:

3 years each term.

The Strategic and Investment Committee

consists of seven members as follows:

- | | |
|--------------------------------|-------------------------|
| 1. Mr. Chanin Vongkusolkrit | Chairman |
| 2. Mrs. Panida Thepkanjana | Member of the Committee |
| 3. Mr. Gavin Vongkusolkrit | Member of the Committee |
| 4. Mrs. Vansamorn Wannamethee | Member of the Committee |
| 5. Mr. Nattapong Vongkusolkrit | Member of the Committee |

- | | |
|------------------------------|----------------------------|
| 6. Mrs. Kamonwan Wipulakorn | Member of the Committee |
| 7. Mr. Petch Krainukul | Member of the Committee |
| 8. Ms. Kanyarat Krisnathevin | Secretary of the Committee |

Advisory to the Committee:

1. Mr. Vitoon Vongkusolkrit
2. Mr. Supol Wattanavekin
3. Mr. Banyong Pongpanich
4. Mr. Kasama Punyagupta

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. Prakrit Pradipasen | Chairman |
| 2. Mr. Vitoon Vongkusolkrit | Member of the Committee |
| 3. Mr. Supol Wattanavekin | Member of the Committee |
| 4. Mr. Ekasith Jotikasthira | Member of the Committee |
| 5. Ms. Kanokwan Thongsiwarugs | Secretary of the Committee |

Nominating and Corporate Governance Committee's

roles and responsibilities are:

1. To determine the Board of Directors' composition and qualification of its members as well as members of board committees.

2. To nominate candidates for the Board of Directors and member of board committees.
3. To determine the Remuneration of Directors.
4. To propose corporate governance policies and guidelines to the Board of Directors and to review and update such policies and guidelines on ongoing basis.
5. To evaluate the Board of Directors and each committee's performance and to ensure that the Board of Directors and management's operations are being conducted within corporate governance policies and guidelines.
6. To promote knowledge acquisition for the Company's nature of business, regulations, and strategy.

Term of Nominating and

Corporate Governance Director:

3 years each term.

The Management Development and

Compensation Committee

consists of three members as follows:

- | | |
|--------------------------------|----------------------------|
| 1. Mr. Chanin Vongkusolkrit | Chairman |
| 2. Mr. Panida Thepkanjana | Member of the Committee |
| 3. Mr. Banyong Pongpanich | Member of the Committee |
| 4. Mr. Suchai Wuthworachairung | 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 with in corporate governance policies and guidelines.

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

Term of Management Development and Compensation Directors:

3 years each term.

Independent Directors, who account for 38.46 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 Bongsadatt
Member of the Audit Committee and Independent Director
4. Mr. Dej Bulsuk
Member of the Audit Committee and Independent Director
5. 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. Ms. Jetiya Kitiyodom
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 Board of Directors has appointed Ms. Kanokwan Thongsirarugs as Company Secretary, whose duties and responsibilities are as stipulated in the Securities and Exchange Act (No.4) B.E. 2535, an amendment of the Securities and Exchange Act (No.5) B.E. 2559 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

Report of securities held by the Company's directors as of December 31, 2016/2015

Name	Title	Ordinary Share (Units)		
		Dec.31,2016	Dec.31,2015	+ (-)
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. Ekasith Jotikasthira	Independent Director	-	-	-
6. Mr. Banyong Pongpanich	Director	-	-	-
7. Mr. Vitoon Vongkusolkit ¹	Director	72,203,044	72,203,044	-
8. Mr. Supol Wattanavekin	Director	66,235,502	64,568,807	1,666,695
9. Mr. Chanin Vongkusolkit	Director	102,905	102,905	-
10. Mrs. Panida Thepkanjana ²	Director	3,596,448	3,457,557	138,891
11. Mr. Gavin Vongkusolkit	Director	67,213	67,213	-
12. Mrs. Kamonwan Wipulakorn	President	4,800,000	4,800,000	-
13. Mr. Petch Krainukul	Senior Executive Vice President	2,889,082	1,464,082	1,425,000
14. Mrs.Vansamorn Wannamethee ³	Member of Sub-Committee	149,764,304	149,625,413	138,891
15. Mr.Nattapong Vongkusolkit	Member of Sub-Committee	339,640	249,640	90,000
16. Ms. Kanyarat Krisnathevin	Executive Vice President	-	-	-
17. Mr. Apichan Mapaisansin	Executive Vice President	1,600,000	510,000	1,090,000
18. Mr. Navarat Tamsuwan	Executive Vice President	660,000	710,000	(50,000)
Grand Total		303,434,625	298,969,448	4,499,477

Note: ¹ Deposit the 60,000,000 shares through UBS AG SINGAPORE BRANCH

² Include spouse of 1,868,500 shares

³ Include spouse of 7,300 shares

Remueration 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 2016 totaled THB 38,979,983.24 :

1. Remunerations of directors of the Company's Board of Directors and the Committees totaled THB 8,828,500.00
2. Remunerations of directors of the Company's subsidiary totaled THB 3,284,516.13
3. Remunerations, which were total wages of the (6) executives paid by the Company and its subsidiaries, totaled THB 25,938,386.51
4. Provident fund of the executives under item 6 above totaled THB 928,580.60

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 2016

Name	Position	Remunerations in cash for member of the Committee					Total (THB/year)
		Board of Director	Audit Committee	Strategic and Investment Committee	Nominating and Corporate Governance Committee	Management Development and Compensation	
1. Mr. Prakit Pradipasen	Chairman of the Board and Independent Director	715,000	-	-	58,500	-	773,500
2. Mr. Sansern Wongcha-um	Independent Director	550,000	130,000	-	-	-	680,000
3. Assoc. Prof. Manop Bongsadadt	Independent Director	550,000	100,000	-	-	-	650,000
4. Mr. Dej Bulsuk	Independent Director	550,000	100,000	-	-	-	650,000
5. Mr. Ekasith Jotikasthira	Independent Director	550,000	-	-	42,000	-	592,000
6. Mr. Banyong Pongpanich	Director	550,000	-	-	-	-	550,000
7. Mr. Vitoon Vongkusolkrit ¹	Director	550,000	-	131,250	42,000	-	723,250
8. Mr. Supol Wattanavekin	Director	550,000	-	131,250	42,000	-	723,250
9. Mr. Chanin Vongkusolkrit	Director	550,000	-	182,000	-	39,000	771,000
10. Mrs. Panida Thepkanjana ²	Director	550,000	-	131,250	-	28,000	709,250
11. Mr. Gavin Vongkusolkrit	Director	550,000	-	93,750	-	-	643,750
12. Mrs. Kamonwan Wipulakorn	Director	550,000	-	-None-*	-	-	550,000
13. Mr. Petch Krainukul	Director	550,000	-	-None-*	-	-	550,000
14. Mrs. Vansamorn Wannamethee ³	Member of Sub-Committee	-	-	131,250	-	-	131,250
15. Mr. Nattapong Vongkusolkrit	Member of Sub-Committee	-	-	131,250	-	-	131,250
Total (THB/year)		7,315,000	330,000	932,000	184,500	67,000	8,828,500

Note: * Executive

In Remembrance of His Majesty
King Bhumibol Adulyadej

1927 - 2016



“... ความสูงความเจริญอันแท้จริงนั้น หมายถึง ความสูง
ความเจริญที่บุคคลแสวงหามาได้ด้วยความเป็นธรรม
ทั้งในเจตนาและการกระทำ ไม่ใช่ได้มาด้วยความบังเอิญหรือ
ด้วยการแก่งแย่งเบียดบังมาจากผู้อื่น”

พระราชดำรัสของพระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดช (รัชกาลที่ ๙)
ในพระราชพิธีกาญจนาภิเษก ทรงครองราชย์ครบ ๕๐ ปี ๒๕๓๙

Business Structure



The Erawan Group Public Company Limited

74%*

100%

Erawan Hotel
PLC.



Grand Hyatt Erawan
Bangkok

*The Government hold 26%
of shares via The Syndicate of
Thai Hotels & Tourist Enterprises Limited
and also the landlord

The Erawan Group Public Company Limited



JW Marriott
Bangkok



Holiday Inn
Pattaya



Mercure Bangkok
Siam
Mercure Pattaya
Ocean Resort



ibis Bangkok Nana
ibis Bangkok Sathorn
ibis Bangkok Siam
ibis Phuket Kata
ibis Samui Bophut
ibis Hua Hin



ibis styles
Krabi
Ao Nang



Office & Retail
Management
Erawan
Bangkok

100%

Erawan Phuket
Co., Ltd.



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

Erawan Samui
Co., Ltd.



Renaissance
Koh Samui
Resort and Spa

Erawan Rajdamri
Co., Ltd.



Courtyard by
Marriott Bangkok

Erawan Chaophraya
Co., Ltd.



ibis Bangkok
Riverside

Erawan Growth
Management
Co., Ltd.



ibis Pattaya
ibis Phuket Patong

100%

20%

Erawan Hop Inn
Co., Ltd.



HOP INN

Erawan
Philippines
(Ermita), Inc.



HOP INN
Ermita Manila

Erawan
Commercial
Management
Co., Ltd.



Office & Retail
Management
Ploenchit Center

Erawan Naka
Co., Ltd.

Own land for future
development

The Reserve
Co., Ltd.

Own land for future
development

Erawan Hotel
Growth
Property Fund













ibis Pattaya
ibis Phuket Patong

Operation Structure

There are 3 types of asset management structure in The Erawan Group's hotel operation.

1. Hotels managed under Hotel Management Agreement

The Company selects only well-known international hotel management companies to operate our properties. The selection criteria are based on the reputation, experience, global network, and operation system of hotel operators as well as the appropriateness to our properties.


Hotel Operators				
Luxury		 		 
Midscale				

* Marriott and Starwood were in the process of merger and acquisition during 2016

2. Hotels managed by Erawan under Franchise Agreement

The Erawan Group has entered into franchise agreement with  to have a right to use brands    to operate our properties. The Company also applies the selection criteria that the selected brands are best fitted to our properties.

3. Hotels managed by Erawan with own brand

The Erawan Group has developed its own brand  by focusing on necessity and requirements of main target group of customers.

Properties in Operation

Hotel business in Thailand

LUXURY • Bangkok

GRAND | HYATT
ERAWAN BANGKOK

JW MARRIOTT
BANGKOK



Grand Hyatt Erawan Bangkok

www.bangkok.grand.hyatt.com

Number of rooms : 380 rooms

Location : Ratchaprasong, Rajdamri Road

JW Marriott Hotel Bangkok

www.marriott.com/bkkdt

Number of rooms : 441 rooms

Location : Sukhumvit Soi 2

MIDSCALE • Bangkok

COURTYARD
Marriott
BANGKOK

Mercure
HOTELS



Courtyard by Marriott Bangkok

www.courtyard.com/bkkcy

Number of rooms : 316 rooms

Location : Soi Mahadlekluang 1, Rajdamri Road

Mercure Bangkok Siam

www.mercure.com

Number of rooms : 189 rooms

Location : Siam, Rama 1 Road

The Company and its subsidiaries' core businesses are investment and development of diversified hotel properties across Thailand's key destinations. Currently, the Company owns 41 hotels and operates other businesses including retail space rental, and management of office building.

Hotel business in Thailand

LUXURY • Provincial



Renaissance Koh Samui Resort and Spa
www.marriott.com/usmbr
 Number of rooms : 45 deluxe rooms and 33 pool villas
 Location : Lamai Beach, Koh Samui, Surat Thani



The Naka Island, a Luxury Collection
 Resort and Spa, Phuket
www.nakaislandphuket.com
 Number of rooms : 67 pool villas
 Location : Koh Naka Yai, Phuket

MIDSCALE • Provincial



Holiday Inn Pattaya
www.holidayinn-pattaya.com
 Number of rooms : 567 rooms
 Location : Pattaya Sai 1 Road, Chon Buri



Mercure Pattaya Ocean Resort
www.mercure.com
 Number of rooms : 210 rooms
 Location : Pattaya Sai 1 Road, Chon Buri

Properties in Operation

Hotel business in Thailand

ECONOMY • Bangkok



Ibis Bangkok Sathorn

www.ibishotel.com

Number of rooms : 213 rooms

Location : Soi Ngam Duphli, Rama IV Road



Ibis Bangkok Nana

www.ibishotel.com

Number of rooms : 200 rooms

Location : Sukhumvit Soi 4 (Soi Nana)



Ibis Bangkok Riverside

www.ibishotel.com

Number of rooms : 266 rooms

Location : Charoennakorn Road Soi 17, Chaophraya River



Ibis Bangkok Siam

www.ibishotel.com

Number of rooms : 189 rooms

Location : Siam, Rama 1 Road

Hotel business in Thailand

ECONOMY • Provincial



ibis
HOTELS

Ibis Samui Bophut

www.ibishotel.com

Number of rooms : 209 rooms

Location : Bophut Beach, Koh Samui,
Surat Thani



ibis
HOTELS

Ibis Phuket Kata

www.ibishotel.com

Number of rooms : 258 rooms

Location : Kata Beach, Phuket



ibis
HOTELS

Ibis Phuket Patong

www.ibishotel.com

Number of rooms : 258 rooms

Location : Patong Beach, Phuket



ibis
HOTELS

Ibis Hua Hin

www.ibishotel.com

Number of rooms : 200 rooms

Location : Hua Hin,
Prachuap Khiri Khan



ibis
HOTELS

Ibis Pattaya

www.ibishotel.com

Number of rooms : 254 rooms

Location : Pattaya Sai 2 Road,
Chon Buri



ibis
STYLES
HOTELS

Ibis Styles Krabi Ao Nang

www.ibishotel.com

Number of rooms : 206 rooms

Location : Ao Nang, Krabi

BUDGET • Provincial



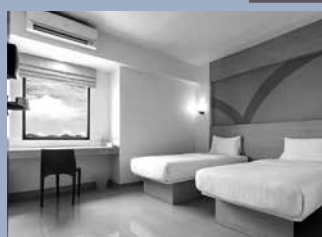
HOP INN

HOP INN

www.hopinhotel.com

Number of rooms : 1,716 rooms from 22 hotels

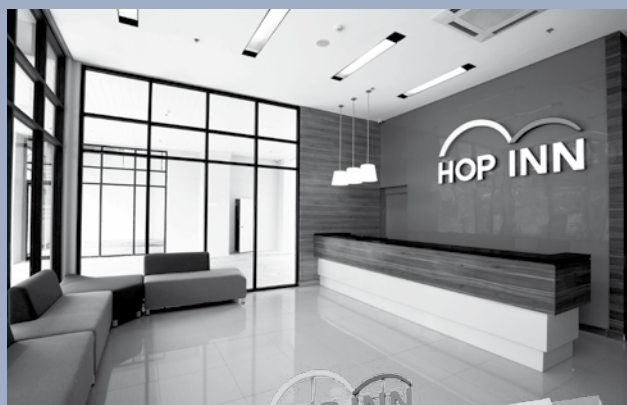
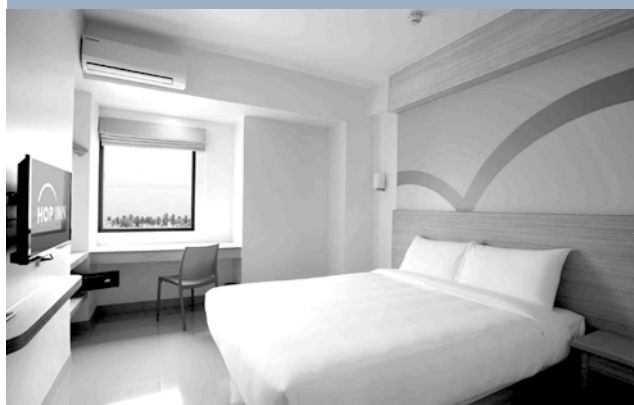
Location : Chanthaburi, Chiang Mai, Chumphon,
Hat Yai, Kanchanaburi, Khonkaen, Krabi,
Lampang, Mae Sot, Mukdahan,
Nakhon Ratchasima, Nakhon Si Thammarat,
Nong Khai, Phitsanulok, Phuket, Roi Et,
Sa Kaeo, Sakon Nakhon, Surat Thani, Trang,
Ubon Ratchathani, Udon Thani



Properties in Operation

Hotel business abroad

BUDGET • Manila



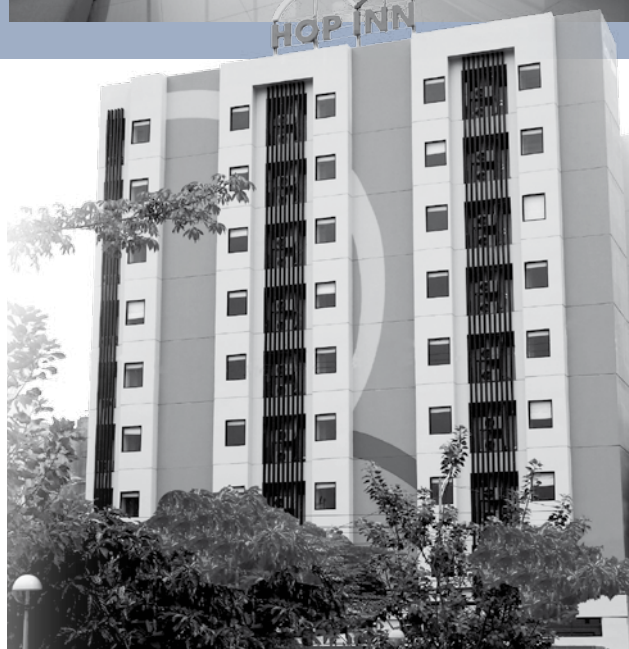
HOP INN Manila Ermita

www.hopinnhotel.com

Segment : Budget Hotel

Number of rooms : 168 rooms

Location : Ermita, Manila, Phillipines



Rental Property

ERAWAN
BANGKOK



Erawan Bangkok

www.erawanbangkok.com

Retail Shops (up-scale) : 6,554 sq.m.

Location : Ratchaprasong, Bangkok

Property Management

Ploenchit
CENTER



Ploenchit Center

Owner : Prime Office Leasehold Property Fund
Managed by Erawan Commercial Management

Office Building : 42,847 sq.m.

Location : Sukhumvit Soi 2, Bangkok

Properties under Development

Hotel business

Opened in 2017





HOP INN

www.hopinnhotel.com

Number of hotels : 9 hotels in Thailand
 1 hotel in The Philippines
 Segment : Budget Hotel

Opened in 2018








Novotel

Location : Bangkok
 Segment : Midscale Hotel

ibis Styles

Location : Bangkok
 Segment : Economy Hotel

HOP INN

www.hopinnhotel.com
 Number of hotels : 2 hotels in The Philippines
 Segment : Budget Hotel

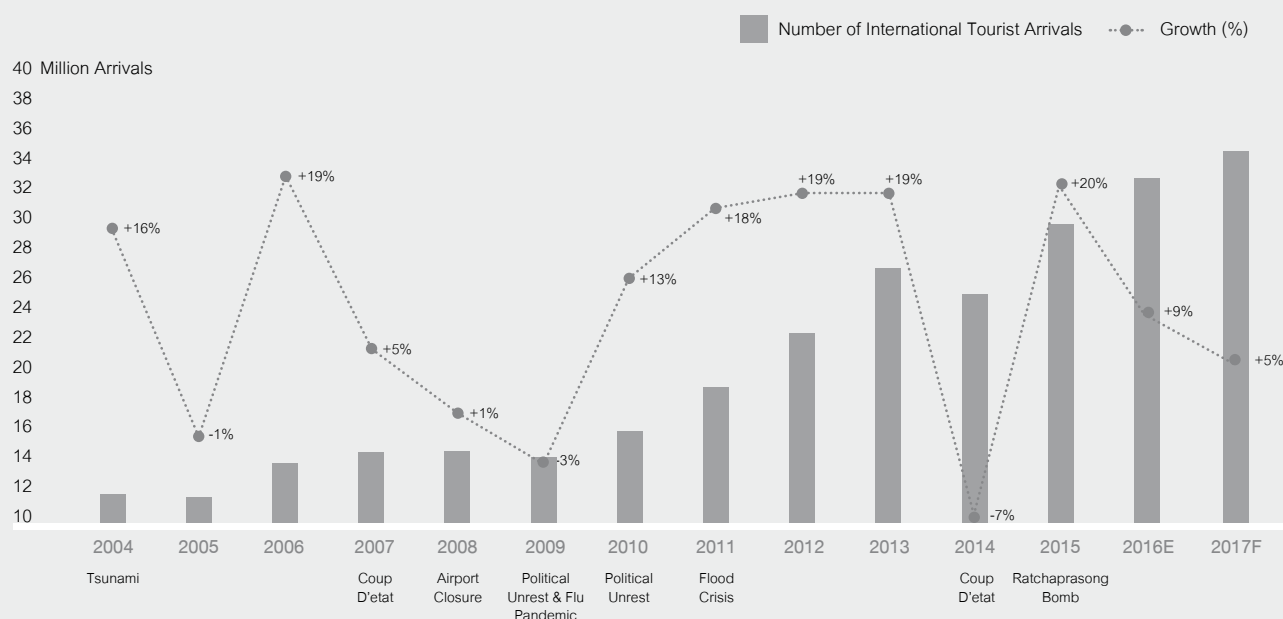
Thailand's Tourism Industry Outlook in 2016

Thailand's tourism industry shows another remarkable growth during 2016. International tourist arrivals recorded a 9% growth YoY from 29.9 million in 2015 to 32.6 million in 2016, generating THB 1.65 trillion international tourism receipts for Thailand. Domestic tourism also demonstrates robust growth generating THB 866 billion for the economy from over 145 million trips across the country. The year also marked a significant milestone for the country's tourism industry as Bangkok was propelled to the top of 'Mastercard Global Destinations Cities Index' ahead of other world class cities such as London and Paris and recognized as the most visited city in the world with over 21.5 million visitors for the year.

Chinese tourists continue to account for the majority of Thailand's international arrivals with approximately 8.8 million arrivals or 30% of total international arrivals. The Tourism Authority of Thailand (TAT) expects the number to continue to grow as Thailand remains a top destination for China's 120 million tourists. Thai government's "Zero Dollar Tours"

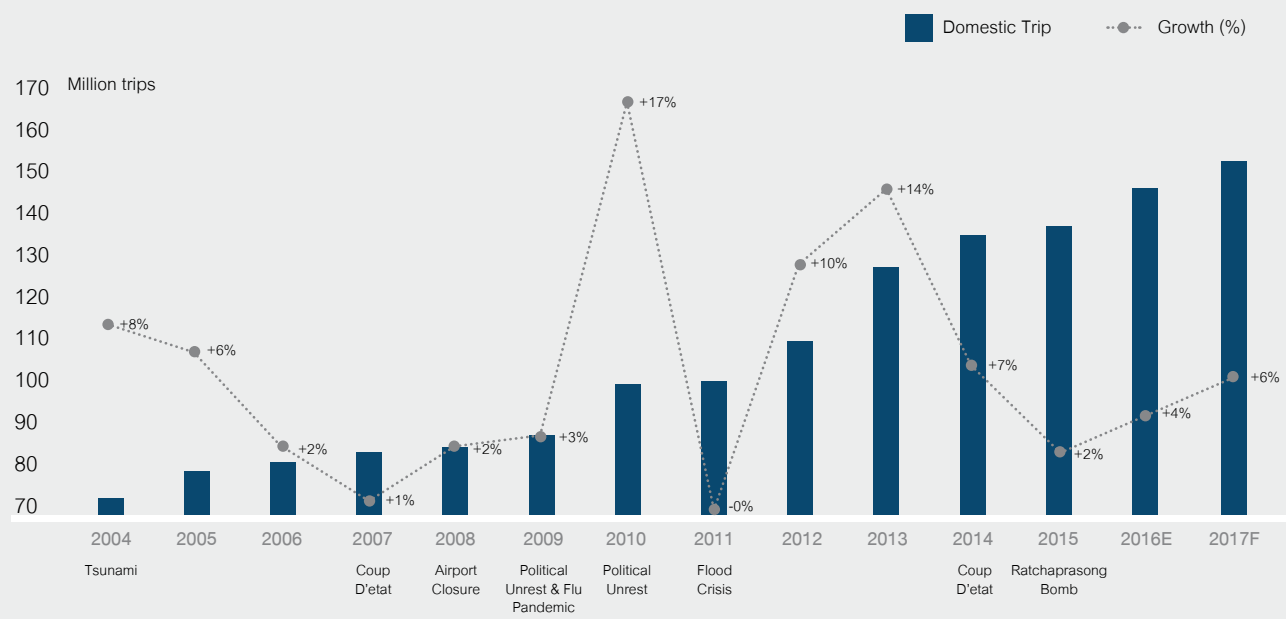
crackdown policy imposed on Chinese tour operators in 4Q16 is expected to have a short term impact on the overall Chinese arrivals to Thailand. Apart from the staggering growth of Chinese tourists, Russian's arrivals also show significant rebound in 2016. A more stable ruble currency as well as complicated international relationships between Russia and other countries that are popular among Russians facilitated the recovery of Russian arrivals to Thailand. Total arrivals from Russia amounted to 1.15 million, growing by a stunning 31% from 2015. TAT continues to market Thailand as a preferred destination for Russian by collaborating with related airlines to establish new routes from various cities in Russia. Tourist arrivals from neighboring countries including ASEAN, Japan, South Korea and India also continue to show impressive growth during the past years.

International Tourist Arrivals and percentage growth



Source : Tourism Authority of Thailand and the Tourism Council of Thailand

Domestic Trips and percentage growth



Source : Department of Tourism and Tourism Authority of Thailand

Domestic tourism remains solid having grown 4.32% from 2015. During 2016, there were 145 million domestic trips generating THB 866 billion for Thailand's economy. Increased competition amongst tour operators, drop of oil prices, taxation benefits for domestic tourism and consumptions and continued promotion of second tier cities for tourism were key catalysts for the success of domestic tourism in 2016. However, the number of domestic trips in 4Q16 was slightly deterred by the passing of His Majesty the King Rama IX.

Outlook for 2017 remains positive as TAT forecasts the number of international tourist arrivals to grow by 5.5% from 2016 to reach 34.39 million arrivals and expects international tourism receipts of THB 1.81 trillion. It is anticipated that Chinese tourists will remain the industry's biggest contributor. TAT expects that the impact from the crackdown of "Zero Dollar Tours" will end within 2Q17. Furthermore, government's initiatives such as the reduction of visa-on-arrival fees for various countries including China and the continued collaboration with various airlines to promote Thailand to long-haul markets will contribute to increasing the international arrivals. The number of arrivals from neighboring ASEAN nations is also expected to continue to show a strong momentum given the ease of transportation and no visa requirement. TAT forecasts domestic tourism during 2017 to reach 154 million trips, representing a 6.19% YoY growth and expects to generate THB 953 billion in domestic tourism revenue.

The aim to further develop Thailand's tourism sector is at the forefront of the government's top priorities. To develop a more sustainable tourism industry, TAT tries to shift its strategy to promoting quality tourism and boosting total tourism expenditures rather than solely increasing the quantity of visitors. With the commencement of Association of South East Asian Nations Economic Community (AEC), inbound travel to Thailand is expected to further increase as Thailand benefits from its geographical location in the center of ASEAN region, increasing availability of low-cost carriers, and the Multiple Entry Tourist Visa (METV) for foreign visitors. Furthermore, Airports of Thailand's plans to expand major airports including Suvarnabhumi International Airport and Phuket International Airport, which will double their existing capacities, will contribute to the sustainable growth of the tourism industry. The establishment of Special Economic Zones by the Board of Investment (BOI), the development of high speed railway and infrastructures, and cooperation from both private and public sectors will further stimulate domestic tourism. Thailand still possesses many undiscovered destinations in both primary and secondary provinces that, coupled with strong government's support to heavily invest in local tourism, demonstrate promising potential to attract both international and domestic tourists and further contribute to the overall development of the country's 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. These include financial feasibility analysis, risk management, financial support and legal contracts which are essential to efficiently and systematically manage and monitor risks. 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, financial positions, 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 also developed skillful and

experienced hotel operations team to operate properties under franchise agreement as well as company's owned brand 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 diversifying hotels and resorts portfolio into luxury, mid-scale, economy, and budget segments in various tourist destinations and business district areas. In addition, we have determined goals and strategies in acquiring high yielding land-plots both domestically and internationally to mitigate risks that might have occurred to any hotel tiers or to any geographical areas, in order to assure the company's stable performance.

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

Unpredictable and uncontrollable external risk factors such as natural disaster, terrorism or political unrest may cause a serious impact on company's properties and business operations. However, all hotel properties of the company are covered under all-risk, business interruption,

Risk Factors

and political violence insurance policies to cover the aforementioned impacts. The company has also determined measures to alleviate negative effects on properties and business performance to the magnitude that appropriately suit each situation and meet international standard.

These external risk factors might also cause a 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.

4. Risk from International Investment

Our business strategy to invest internationally exposed the company to additional threats such as exchange rate volatility, fluctuation in investment value, lack of knowledge in laws and regulations related to hotel operations, as well as licenses and permits application. The company has implemented measures to closely monitor international hotel investment by performing the due diligence process as well as minimizing the exchange rate risk through natural currency hedging in order to reduce the above mentioned risks. Local experts are also employed as to share know-how in running business in foreign countries.

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 interest rate risk mitigation, the Company previously converted a portion of long term loan

from floating rates into fixed rates. However, as of 31 December 2016, this conversion had expired and all of our long term loans were subject to floating interest rates, most of which apply a Minimum Lending Rate (MLR) and a 6-month Fixed Deposit Rate. We believe the hedging expense is uneconomical compare to benefit. We are monitoring the interest rate trend closely and will arrange risk prevention measures when there is a good balance between cost of fund and risk prevention

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.

In Remembrance of His Majesty
King Bhumibol Adulyadej

1927 - 2016



“...ประโยชน์ หมายถึง ผลของการกระทำที่ดีงาม ที่เกื้อกูลและ
อุดหนุนบุคคลและส่วนรวม ให้มีความสุขความเจริญ ความ
สมัคสมานสามัคคี ความเป็นปึกแผ่นมั่นคงประโยชน์หรือ
ผลดีนั้นจะเกิดขึ้นเองไม่ได้ หากแต่จะต้องค่อยสร้าง ค่อยทำให้
เพิ่มพูนขึ้น จึงมักใช้คำพูดว่าบำเพ็ญประโยชน์ แปลว่าทำให้
ประโยชน์เพิ่มพูนขึ้นจนเต็มบริบูรณ์ การบำเพ็ญประโยชน์จะ
ต้องทำที่ตัวเองก่อน ด้วยการประพฤติเป็นต้นว่า รักษา
ระเบียบวินัย รักษาความสัตย์สุจริต ยืนยันเพียร ปฏิบัติ
กิจการงานด้วยความเข้มแข็งหนักแน่น ให้จนติดเป็นนิสัย
ผลของการทำดี ที่เป็นตัวประโยชน์ ก็จะงอกงามขึ้นในตัว
ผู้ปฏิบัติอย่างเต็มเปี่ยม แล้วจะสะท้อนถึงผู้อื่น พลอยให้
ผู้อื่นและส่วนรวมได้รับผลดีด้วย..”

พระบรมราโชวาทของ พระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดช (รัชกาลที่ ๙)
ในพิธีปลูณานต้นและสวนสนาม เนื่องในวันคล้ายวันสถาปนาลูกเสือแห่งชาติ
ณ สนามศุภชลาศัย สนามกีฬาแห่งชาติ วันที่ ๑ กรกฎาคม ๒๕๒๗

CG Awards



Year 2016

- “Very Good” CGR Report 2016
Project: Corporate Governance Report of Thai Listed Companies, the Thai Institute of Directors (IOD) in collaboration with the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission, Thailand (SEC)
- “Excellent” AGM Assessments Program 2016, Thai Investors Association
Project: AGM Assessments Program 2016, the Stock Exchange of Thailand.
- IR Awards 2016 “Best Investor Relations-Distinctive”
Project: SET Awards 2016
- Thailand Corporate Excellence Awards 2016 (Market Capitalization 10,000 billion Baht/year)
Project: Thailand Corporate Excellence Awards and SMEs Excellence Awards 2016 by Thailand Management Association (TMA) and SASIN.

Recognitions 2005-2015

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
- “Very Good” Corporate Governance Rating 2014-2015

AGM Assessments Program

- “Good” AGM 2006
- “Very Good” AGM 2007
- “Excellent” AGM 2008
- “Excellent” AGM 2009
- “Excellent recognized as Good Example” AGM 2010
- “Excellent” AGM 2011-2015

SET Awards

- 1 in 3 Nomination to “IR Excellent” Awards 2009
- “Excellent” IR Awards 2010
- Nomination to “Excellent CSR Awards 2010”
- Nomination to “Excellent CSR Awards 2011”
- “Most Improved” CSRI Recognition 2013
- IR Awards 2013 “Best Investor Relations-Distinctive”
- IR Awards 2014 “Best Investor Relations-Distinctive”
- Nomination to “Excellent CSR Awards 2015”

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)
- Level 4 “Certified” Anti-Corruption Progress Indicator Completed.
Project Sustainable Development by Thaipat Institute and The Securities and Exchange Commission (SEC)

ESG Awards 2015

- “ESG100 Companies” Certified of Environmental Social Governance Company of the year 2015 are recognized for its outstanding sustainability performance in the tourist & leisure sector in Thailand by Thaipat Institute and the Securities and Exchange Commission, Thailand (SEC)

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.



Mrs. Kamonwan Wipulakorn
President

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.



Anti-Corruption Policy

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

Corruption as defined by the anti-corruption policy

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

Corruption is possibly expressed through the following four forms.

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

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

2.1 A charity activity has to be proven that it actually exists; that actions have been made to successfully realize the purpose of the project and that it is set up for the real benefit of the society.

2.2 A charity donation has to be proven that it has nothing to do with a reciprocal return with anyone or any organization except an action to honor the donor as normally practiced such as displaying our logo, mentioning our name at the event or in a PR media.

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

3.1 A project has to be proven that the person soliciting for sponsorship has actually run the project; that his action is to realize the project's purpose; and that the project is created for the real benefit of the society.

3.2 It has to be proven that sponsorship or any other profit computable in a monetary value such as gift of accommodation and food has nothing to do with a reciprocal return with anyone or any organization unless it is an announcement to honor the person as normally practiced in the business.

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

Whistle blowing and controlling measures

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

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

- 1.1 Sufficiency and clarity-details of what is revealed or filed must be true and/or enough to conduct an investigation.
- 1.2 Materiality-as for tips or grievance found to contain materiality, the person receiving the grievance will submit the matter to the Disciplinary Action Committee whose members consist of the Compliance Unit, the HR Unit, the department in which the person being the subject of such grievance is working and the unit in which the whistleblower or the person filing the grievance (in case of an employee) is attached to in order to conduct a further investigation for fact-finding purpose.
- 1.3 The whistleblower or the person filing a grievance will be equally protected whether he is an employee or the third party.
- 1.4 The whistleblower or the person filing the grievance may choose not to reveal his name, address or contact number unless he feels that such a disclosure will enable Erawan to inform him a progress, to inquire him additional information that could be beneficial to the case, to notify him the facts or to relieve him from damage in a quicker and more convenient manner.

2. Fair treatment process: the Disciplinary Action Committee will review the case on a fair basis and will protect the whistleblower or the person filing grievance, the person handling the grievance, the person subject to such grievance and parties involving in the fact-finding and reporting process. Information will be kept confidential and only be revealed when necessary while we will take into consideration safety and damage of the whistleblower or the person filing grievance, the person subject to such grievance or those cooperating in the fact-finding process, source of information or other related persons where everyone will sign a pledge together.

3. Reporting process: The Disciplinary Action Committee has a duty to directly report the facts of the matter to the President and/or 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.



Anti-Money Laundering and Countering 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 38.46 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 ensure that staff understands the concept of Corporate Social Responsibility (CSR) where business is run by properly taking into consideration the interest of all stakeholders whether they are employees and family, customers, suppliers/creditors, competitors, public sector, society and environment. The Erawan Group regularly conducts an opinion survey of stakeholders. Results of the survey are used to improve business efficiency and to be one of the factors evaluating our staff performances annually.

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

1. Code of Conduct

The Erawan Group have announced a policy to conduct our business based on the principles of good corporate governance. 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, six 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 seven 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 be-

come 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 of eclectic qualifications in terms of gender, age, knowledge and experiences in various fields from finance to economy, management, business administration, marketing, service, tourism, law and property development as this will allow the Board to formulate business policies and goals, approve strategic plans and operations, supervise and audit the management's performances and make sure the management is carried out under the principles of Good Corporate Governance. The Board of Directors, as a result, shall consist of the following:

1. Independent Directors, Non-Executive Directors and Executive Directors where the number of independent directors shall be no less than one-third of the entire board members.
2. Chairman of the Board and all members of the Audit Committee shall be independent directors where at least one director shall be knowledgeable in accounting and finance.

General Qualifications:

1. Not exceeding 75 years old
2. Being knowledgeable with well-versed experience; being professional and ethical

Corporate Governance Policy

3. Understanding one's roles and responsibilities; able to completely conduct one's practices on behalf of others with good faith and with ongoing commitment to maximize long-term interest of the business and shareholders
4. Having enough time to effectively perform one's duty
5. Able to conduct a self-assessment and notify the Board upon change or incident that may jeopardize one's effective performance.

Term of Office

1. Term of office of Director and Executive Director
A director will be in the office for three years each term based on the Company's Articles of Association. The Board may nominate retiring directors to shareholders for re-election after their term expires based on an annual evaluation of their performances. Likewise, the term of office of members of a sub-committee is equally three years. In case the term of the board/committee expires and no board/committee has been appointed, the existing board/committee shall continue performing its duties unless a new board/committee is appointed.
2. Term of office of Independent Director
An independent director shall remain in his/her office for no more than nine years in response to the principles of Good Corporate Governance and to attract competent personnel with new knowledge and experience to help managing the business while enhancing the Board's visions and perspectives. An independent director who retires from the office under Clause 2 above may be re-elected as an independent director only after having retired from the office for no fewer than two years.

Specific Qualifications:

Chairman of the Board of Directors

Aside from roles and responsibilities described in the principles and set for other directors, Chairman shall have the following duties: (1) presiding over the meeting of the Board of Directors; (2) making a casting vote at the Board's meeting when votes are tied; (3) calling the meeting of the Board of Directors; and (4) presiding over the Shareholders' Meeting. As a result, qualifications of Chairman are to be different from the rest of directors as follows.

1. He/she must be an independent director.
2. He/she must neither participate in any management, nor be an employee, staff, advisor who receives a regular salary, auditor or other types of professionals; nor shall he/she have any control authority over the Company or its affiliated or associated company or auditing firm; or be a person with possible conflict of interest without having to have any interest or stake in such a manner described above.

Executive Director

An Executive Director who is Chief Executive Officer and/or President is advised to dedicate time to actively manage the business. He/she should not hold a position in other firms except in a subsidiary or an affiliate. His/her wish to become a director in other firms shall however be first subject to the Board of Directors' review.

Independent Director

1. 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).
2. 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.
3. 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.
4. An Independent Director shall have no business relationship with the company during the previous two years. Details are as follows:
 - 4.1 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.

4.2 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.

4.3 An Independent Director shall possess no other characteristic that prevents him/her from expressing his opinion independently.

5. 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

1. He/she shall be an Independent Director appointed by the Board of Director or Shareholders.
2. 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.
3. His duties must not be fewer than what is stipulated by the SET.

Transactions with Possible Effects to Independence

1. Being authorized to approve transactions or signing to bind the Company, to exempt collective decision.
2. 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.

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 2016, the Erawan Group organized 6 the Board of Directors' meetings, 4 the Audit Committee's meetings, 7 the Strategic and Investment Committee's meetings, 3 the Nominating and Corporate Governance Committee's meetings and 2 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 2016 meeting attendance of directors are in the Times of Attendance 2016

Times of Attendance 2016

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. Prakrit Pradipasen	Chairman and Independent Director	Apr. 2015– 2018	6/6			3/3	
2. Mr. Sansern Wongcha-um	Independent Director	Apr. 2015– 2018	4/6	4/4			
3. Assoc.Prof. Manop Bongsadadt	Independent Director	Apr. 2015– 2018	6/6	4/4			
4. Mr. Dej Bulsuk	Independent Director	Apr. 2015– 2018	4/6	4/4			
5. Mr. Ekasith Jotikasthira	Independent Director	Apr. 2014 – 2017*	6/6			3/3	
6. Mr. Banyong Pongpanich	Director	Apr. 2016 – 2019	3/6				0/2
7. Mr. Vitoon Vongkusolkit	Director	Apr. 2014 – 2017	6/6			3/3	
8. Mr. Supol Wattanavekin	Director	Apr. 2016 – 2019	6/6			3/3	
9. Mr. Chanin Vongkusolkit	Director	Apr. 2016 – 2019	4/6		7/7		2/2
10. Mrs. Panida Thepkanjana	Director	Apr. 2014 – 2017*	5/6		7/7		2/2
11. Mr. Gavin Vongkusolkit	Director	Apr. 2016 – 2019	3/6		5/7		
12. Mrs. Kamonwan Wipulakorn	Director	Apr. 2014 – 2017*	6/6		7/7		
13. Mr. Petch Krainukul	Director	Jun. 2014 – 2017*	6/6		7/7		
14. Mrs. Vansamom Wannamethee	Member of Sub-Committee	Jun. 2015 – 2018			7/7		
15. Mr. Nattapong Vongkusolkit	Member of Sub-Committee	Jun. 2015 – 2018			7/7		
percent of directors' attended			83%	100%	96%	100%	67%

Note: *To propose the Annual General Meeting of Shareholders on April 25, 2017, to reappoint 4 directors who retire by rotation to succeed for another term.

6. Evaluation of the Board's Performances

Our Board of Directors is subject to an annual performance evaluation. To be in compliance with the principle of good corporate governance by listed companies, the Board of Directors and sub-committees are having a self-evaluation at least once a year so that they could review and improve their own conduct. The evaluation is based on the latest forms developed by the Corporate Governance for Capital Market Department of the Stock Exchange of Thailand (SET) released in February 2015, which is applied to suit our business nature and to cover performances of one Board of Directors and four sub-committees. The forms we have used consist of the following:

1. Evaluation form of the Board of Directors' performance 2016 to evaluate the entire Board.
2. Evaluation form of four sub-committees of:
 - 2.1 The Audit Committee (AC)
 - 2.2 The Strategic and Investment Committee (SIC)
 - 2.3 The Nominating and Corporate Governance Committee (NCG)
 - 2.4 The Management Development and Compensation Committee (MDC)
3. Evaluation form of Self- assessment
All forms have been used by the Board and each sub-committee to self-evaluate themselves.

How to read scores: Scores from 1 to 5 are given for statistical analysis. For each score, here is its meaning:

- 1 = Not agreeing. Need urgent improvement.
Please provide recommendations.
- 2 = There is room for improvement.
Please provide recommendations.
- 3 = Appropriate
- 4 = Very appropriate
- 5 = extremely appropriate

As for the Board of Directors' evaluation performance in 2016,

91% of board members agreed with the structure of the board and its components that they were appropriate and that members were independent enough to create a right check and balance. 88% were of the opinion that directors did understand their roles and responsibilities that they were independent when making a decision without being dominated by anyone. 89% viewed that the number of board meetings was appropriate and they had received enough documents to make a sound decision. Board members were able to study documents prior to the meeting and could attend the meeting on a regular basis. 88% felt that all members performed their duties with responsibilities to maximize the interest of shareholders. 90% deemed that board members did have a good relationship with the management and could frankly communicate with executives. 87% felt that directors were properly exposed to both self-development and executive development processes that allowed them to adequately understand the nature of the business.

Topics in performance Evaluation	BOD	AC	SIC	NCG	MDC	Self-Assessment
1. Board Structure and Component	91%	91%	96%	90%	97%	88%
2. Rule duties and responsibility	88%	92%	96%	94%	97%	95%
3. Board's Meeting	89%	91%	96%	91%	98%	91%
4. Director Fiduciary Duty	88%					
5. Relation with Executive Management	90%					
6. Directors' Improvement and Management Development	87%					
Grand Total	89%	91%	96%	92%	97%	92%

Corporate Governance Policy

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



Aside from corporate governance awards received by the Company (For more information, please go to “CG Awards”), we have joined hands with various agencies accredited by the SET and the Securities and Exchange Commission (SEC) including non-governmental organizations (NGO) as a corporate leader to train people to work in the hospitality business. Some of our activities are:

1. Being a member of the PACT Network run by Thaipat Institute, the public-interest organization, and Thai Rural Reconstruction Movement (TRRM) under the Royal Patronage.
2. Promoting children’s rights and business principles (CBRP) by signing and delivering our commitment to work on the subject with the Thaipat Institute and Thai Rural Reconstruction Movement.
3. Being one of the 50 company leaders to drive the society through the philanthropic investments, which is an alternative for sustainable corporate social responsibility.
4. Supporting the planning to develop and train personnel by ;
 - 4.1 Develop people in hospitality business by enter into the Memorandum of Cooperation with the University of the Thai Chamber of Commerce, Thai Hotels Association, Association of Thai Travel Agents and their business alliance .
 - 4.2 Support the program to develop and train underprivileged children and those with special needs run by the Pimali Foundation (<http://www.pimali.org>), an NGO. By helping the foundation formulate its plan, we are able to provide training to underprivileged children and those with special needs to work in the hospitality business under the foundation’s project called “Learning by Doing” aimed to develop kids up to 17 years old in Nongkhai Province area. The project, which will enhance these children’s vocational capacity for a stable career path, is part of our CSR-in-process and CSR-after-process that we hope will lead to a sustainable development in the long run.

In addition, we have benefited from the development of a process aimed to enhance the CSR concept by taking into consideration the interests of all stakeholders. Aside from creating values to the society, as a company, we have benefited from the fact that it keeps us run our business on a fair practice, allows us to support trade competitions and liberation and prevents us from doing anything considered a conflict of interest and intellectual property infringement and leads us to oppose all forms of corruption

Corporate Social Responsibility “CSR”

(For more information, please go to the “Sustainable Development Policy,” the “Anti-Corruption Policy,” and the “Anti-Money Laundering/Counter Terrorist Financing). In addition, it also helps preparing us for the ISO37001 anti-bribery management system and makes us consider human rights, fair labor treatment as well as community, social and environmental development under the CSR-in-process concept as our practice with all groups of stakeholders. (For more information, please go to “Code of Conduct” on our website.)

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 five 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, the Chairman, Chairman of Sub-committee and Management 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 2016, we conducted the survey by distributing questionnaires to analysts at the Quarterly Meeting held in November 2016, and also the last meeting of the year. All respondents were within a target group. More than 67 percent of the respondents had monitored our information for no less than 2-5 years. 97 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.

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.

Corporate Social Responsibility “CSR”

Responsibilities to Customers

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

Responsibilities to Suppliers and Creditors

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

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

Responsibilities to Competitors

1. Acting within the framework of decent competitions
2. Not seeking competitor's confidential information dishonestly or inappropriately
3. Not trying to ruin 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 2015, the Board of Directors convened six times at which the Audit Committee attended every time to give opinions about an adequacy and soundness of the internal control system. The Audit Committee summarized and reported internal audit activities to the Board of Directors on February 21, 2017 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

	2016	2015
1. Mitr Phol Sugar Group of Companies		
• Revenue from Hotel Operation	9,412,389.46	2,896,761.61
• Receivables at end of period	359,924.97	1,119,028.79
2. Banpu Plc. Group of Companies		
• Revenue from Hotel Operation	2,128,164.53	1,118,721.61
• Receivables at end of period	124,073.81	243,145.73
3. Hotel Beds (Thailand) Ltd.		
• Revenue from Hotel Operation	64,688,727.80	24,192,800.77
• Receivables at end of period	7,821,420.15	4,408,711.45
4. Kiatnakin Bank Public Company Limited		
• Revenue from Hotel Operation	1,133,036.07	791,121.22
• Receivables at end of period	-	-
5. Chai Talay Hotel Co., Ltd.		
• Revenue from Hotel Operation	2,778,628.28	3,851,069.07
• Receivables at end of period	838,517.49	1,004,830.13

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)	
Chai Talay Hotel Co., Ltd. : Hyatt Regency Hua Hin Hotel		2016	2015
Type of business: Hotel and resort hotels	Agreement to lease office space and		
Nature of relationship:	the service agreement with Erawan		
• Mrs. Panida Thepkanjana and Mr.Supol Wattanavekin are closed relative to	Hotel Public Company Limited		
Mrs. Vansamorn Wannamethee,	• Rental and services income	876,932.86	759,890.65
Authorized Director of Chai Talay Hotel Co., Ltd.	• Receivables at end of period	-	-
• Wattanavekin Group holds 28.45 percent of the Company's shares.	• Deposit from Lessee	274,495.30	274,495.30
SUSHI ICHI (THAILAND) Co., Ltd.		2016	2015
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.	Group Public Company Limited		
• Vongkusolkrit Group holds 29.56 percent of the Company's shares.	• Rental and services income	1,915,100.45	1,842,040.06
	• Receivables at end of period	195,167.17	25,330.05
	• Deposit from Lessee	506,322.00	506,322.00
Kuppadeli Co., Ltd.		2016	2015
Type of business: Restaurants activities	Agreement to lease office space and		
Nature of relationship:	the service agreement with The Erawan		
• Vongkusolkrit Group holds 29.56 percent of the Company's shares.	Group Public Company Limited		
	• Rental and services income	4,695,408.14	2,789,161.50
	• Receivables at end of period	885,063.71	842,978.04
	• Deposit from Lessee	1,230,840.00	1,230,840.00

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 requirements of communities and the society for their best interest; that they can be continuously carried out and the 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 the budget is allocated for corporate contribution activities as follows.

1. Tourism promotion

"Welcome Guide to Thailand" project

Project's objectives

The Welcome Guide to Thailand project aims to enhance foreign language communication skills to taxi drivers and 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.

Project implementation

Consistency Organizing English and Chinese classes for taxi drivers at Don Mueang International Airport and Suvarnabhumi International Airport at least 3 times annually.

Overall result

In 2016, 3 classes were held which 99 participants and the overall satisfaction was 87.48%. Since 2008, 28 classes were held with total of 1,045 participants.



2. Community development. Activities in this are included of

2.1 Creative Cabinet Project.

Project objectives

To support education of needy schools in the areas where HOP INN Hotels are located. "An Creative Cabinet " is a cabinet consists of quality books and skill promoting toys, besides the cabinet is also filled with teaching materials for teachers to promote learning by playing and to broaden children's imagination. The company will contribute the Creative Cabinets to 5 primary schools in each province.

Project implementation

The target areas designated by the provinces where Hop INN hotels are in operations. The company coordinates with the Primary Educational Service Area Offices to survey and select criteria schools.

Delivery of the Creative Cabinets to selected schools is done on the official opening day of HOP Inn hotels Monitoring and keep record of using library and teaching materials for project improvement.

Overall result

In 2016, the company contributed 35 Creative Cabinets to selected schools in Roi-Et, Chanthaburi, Chumporn, Sakon Nakorn, Chiang Mai, Hat yai and Phuket .To date we contributed creative cabinet to 110 school in 22 provinces.

2.2 HOP Learning Center Project

Project's objectives

To build the contemporary buildings for student in needy schools. This is a collaboration between The Erawan

Corporate Contribution Activities

Group Plc., and Chulalongkorn University's International Program in Design and Architecture (INDA). While we provide financial support, the students from the INDA program design and build the learning center. We aim to build the HOP Learning Center in the province where HOP INN hotel is situated but just one building annually . 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

Project implementation

Co working with INDA to survey and select school and join discussion on design and giving advice on construction cost before INDA students access on site to work with school and local labor.

Hand over the building including books and other teaching material to school

Overall result

In November, 2016 the company handed over the 4th HOP Learning Center to Ban Tam Pha Do school in Mae Sot district, Tak province.

3. Underwater Reforestation Project

Project's objectives

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 and to build relationship with the community and affiliated hotels.

Project implementation

Together with the Marine and Coastal Resources Conservation Center 1 (Rayong Province), we organized " Underwater Reforestation activity by making artificial coral and installed under the water as a food resource and refuge for marine animals. The activity not only 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.

Overall result

The company organized The 4th Reforestation under the sea at Lan Pho Public Park in Naklua Pattaya.



Waste for Egg Project.

Project's objectives

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 waste to exchange for eggs. The Erawan Group together with Wongpanich Suvarnabhumi Recycling Station Co., Ltd. continuously organize the activity since 2008

Project implementation

The exchange of Waste for Egg takes place on every 1st Thursday of the month.

Regularly provided training on how to properly separate household waste to tenant, customers, suppliers and the public

Overall result

In 2016, the weight of waste exchange for eggs was 53.8 tons. Average 4,489 kilograms per month.

4. Thai Elephant Conservation

Project's objectives

The purpose of this activity is to conserve Thai elephant which is our national symbol from extinction and the company's logo To build public engagement and to offer good deeds to society. 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.

Project's implementation

Selected target area to arrange Thai elephant conservation activities Organize fund raising activities to support the project. In 2016, we organized fund raising activities and making artificial mineral lick for wild elephants at Kao Ang lue Nai wildlife sanctuary , Cha Chemg Sao Province.

Social activities of affiliate hotels in 2016

Hotel	Community	Environment
Grand Hyatt Erawan Bangkok Hotel	<ul style="list-style-type: none"> Repainting Wat Pathum Wanaram School Insulation installation the ceiling and wall painting in Klongtoey Childcare and Monthly visit Klongtoey Slum Childcare Visiting Beaumont Ruampattana School, Chaiyapoom 	
JW Marriott Bangkok Hotel	Operation Smile Fund Raise - We got total fund raising is 152,395 THB that mean new 6 smiles for children.	<ul style="list-style-type: none"> JW Marriott has been qualified to receive the Logo in Level 1 "MEA the Energy Saving Building" Mangrove Planting Event at Ka Long, Samut Sakhon
Courtyard by Marriott Bangkok.	Lunch hosting and donate musical equipment and train to use fire extinguishing equipment to student at Wat Pichan Sophon Ang Thong Province.	Replant the mangrove at Sumut Sakhon province
Renassiance Koh Samui Resort & Spa Hotel	Run To Give Project. Together with hotels in Samui to raise fund to build the new for The Municipality1 school Wat La Mai Samui.	Join Samui Administration sorority cleaned and improved Lad Koh view point area.
The Naka Island, A Luxury Collection Resort and Spa, Phuket	<ul style="list-style-type: none"> Support Ban Koh Naka School such as school item, food and being the coordinator when the guest would like to support the school Visited Parents jailed children at Ban Lung Pitak Phuket for Pastry Hosting, food, children necessities and money for welfare donation. 	
Holiday Inn Pattaya Hotel	Holiday Inn Pattaya organizes Corporate Social Responsibility at Anti-Human Trafficking and Child Abuse Center, Pattaya.	
Mercure – ibis – HOP INN	<ul style="list-style-type: none"> The employees of Mercure Pattaya Ocean Resort gathered for cleaning at Wat Pa Sutthipawan, covering all temple's public areas and toilets on the occasion of AccorHotels Solidarity Week, the event aimed to assist the local community and keep the temple clean. Cancer Care Run to support the raising funds for the Cancer Research Centre at King Chulalongkorn Memorial Hospital. Donated things at Children Hospital to help and support sick children. 	To preservation of the mangrove forest to reduce the impact of coastal erosion, and increase the area for cultivation of marine life in Khlong Prasong Subdistrict, Krabi Province



Roi Et

Ban Pudn School	PathumRat District
Ban Talat Chai School	Kaset Wisai District
Traimit Wittaya School	Chaturaphak Phiman District
Ban Don Khaen Don Wai Samakee School	Changhan District
Ban Nong Yung School	Nong Waeng District

Chiang Mai

Moo Ban Sahakorn 2 School	Mae On District
Ban Pa Toob School	Phrao District
Ban Pang Khum School	Samoeng District
Ban Thap Dua School	Mae Taeng District
Ban Chae Chang School	San Kamphaeng District

Chumphon

Ban Don Khae School	Lamae District
Ban Phung Hao School	Phato District
Wat Samuha Khetaram School	Lang Suan District
Ban Huai Chan School	Sawi District
Wat Tha Thong School	ThungTako District

Hat Yai

Wat Chamo Utid School	Mueang Songkhla District
Wat Thung Kor Kositaram School	Na Mom District
Wat Kuan Lang Mittaprat Ti 11	Hat Yai District
Wat Nong Hoi School	Singhanakhon District
Ban Nong Nai Kui School	Hat Yai District

Chanthaburi

RadPattanaSamakkee School	Pong Nam Ron District
BanPhaiLomSamakee	Soi Dao District
Ban Pong Nam Ron School	Pong Nam Ron District
Wat Sing School	Mueang Chanthaburi District
Ban Khao Keaw Wittaya School	Tha Mai District

Phuket

Ban Tha Rua School	Mueang Phuket
Ban Mai Khao School	Thalang District
Wat Suwun KeeRee Kat	Mueang Phuket district
Ban Kata School	Mueang Phuket district
Ban Koh Naka School	Thalang District

Sakon Nakhon

Ngew Don Rat Samakee	Mueang Sakon Nakhon District
Bumrung School	
Ban Na Sinuan School	Khok Si Suphan District
Ban Na Hi School	Akat Amnuai District
Ban Na Thon School	Kham Ta Kla District
Non Sabang School	Ban Muang District

List of Schools received Creative Cabinet 2016

In Remembrance of His Majesty
King Bhumibol Adulyadej

1927 - 2016



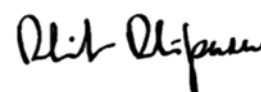
“...การทำงานให้สำเร็จผลแน่นอนและสมบูรณ์ ตามเป้าหมายนั้น
จะต้องใช้ความรู้ความสามารถพร้อมทั้งคุณสมบัติที่สำคัญๆ ใน
ตัวบุคคลหลายประการ ทั้งความตั้งใจที่มั่นคง ความคิดสร้างสรรค์
ความอุตสาหะพยายาม ความรับผิดชอบ ตลอดจนความสุจริต
เป็นธรรมนำมาปฏิบัติโดยสม่ำเสมอ...”

พระบรมราโชวาทของพระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดช (รัชกาลที่ ๙)
พิธีพระราชทานปริญญาบัตร มหาวิทยาลัยเกษตรศาสตร์
วันที่ ๑๙ กรกฎาคม ๒๕๒๘

Report of the Board's Responsibility in the Financial Statement

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 31 December 2016 which the Company's auditor has audited based on the generally accepted accounting standards. The auditor is of the opinion that the financial statements present fairly the Company's financial position and the results of its operations in accordance with generally accepted accounting principles.



Mr. Prakit Pradipasen

Chairman of The Board of Directors



Mrs. Kamonwan Wipulakorn

President

Management Discussion and Analysis (MD&A)

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

Unit : THB Millions

	2015	2016	% Ch.
Hotels' Operating Income	5,049	5,357	+6%
Rental and Service Income	206	214	+4%
Total Operating Income	5,255	5,571	+6%
Other Income	46	40	-13%
Total Income	5,301	5,611	+6%
Operating Expenses	(3,775)	(3,913)	+4%
EBITDA	1,525	1,698	+11%
Share of Profit from Investment	19	15	-25%
Rental Payment to Property Fund	(112)	(112)	-
Depreciation & Amortization	(717)	(730)	+2%
Operating Profit	716	871	+22%
Finance Costs	(387)	(362)	-6%
Pre-tax Profit / (Loss)	329	508	+55%
Taxes	(99)	(122)	+23%
Minority Interest	(35)	(41)	+17%
Normalized Net Profit / (Loss)	195	346	+77%
Non Recurring Items	-	21	-
Net Profit / (Loss)	195	367	+88%
E.P.S. (Baht)	0.0782	0.1469	

Remark: Profit & Loss Statement for 2015 were adjusted to reflect the impact from adaptation of TAS 21 accounting policy for the liability to pay a levy

Group Performance

Thailand tourism industry continued growing in 2016 with number of tourists posted at 32.6 million, a 9 percent growth compare to 29.9 million in 2015. Growth witnessed in all key source markets which reaffirmed the strong fundamental of Thailand tourism industry. According to Thailand tourism statistic, Chinese still be the main source market for Thailand tourist arrival, represented 27 percent of total international

tourist. Russian tourist is another market that posted the strong growth in 2016, a 23 percent increase from 2015. Another key source market of Thailand tourism are Asia tourists such as Japanese, Korean and Indian, whose arrival are continue growing. In addition, domestic tourism in Thailand also continued to grow, the number of domestic trips in 2016 recorded at 145 million trips, a 4 percent increase from 2015.

Management Discussion and Analysis (MD&A)

The growth of Thailand tourism industry benefited our performance. For year 2016, we recorded total operating income at THB 5,571 million, a 6 percent increase from 2015. Revenue from hotel operations grew 6 percent and rental and service income grew 4 percent from last year. We generated an EBITDA at THB 1,698 million, an 11 percent increase from 2015 and EBITDA margin recorded at 30 percent, increased from 29 percent in 2015. We generated net profit at THB 367 million in 2016, an 88 percent increase from 2015.

Performance by Business Unit

Hotel

In 2016 we continued to develop hotels as set forth in our strategy. We opened 7 HOP INN hotels in Thailand at Roi Et, Chumphon, Chanthaburi, Sakonnakorn, Chiangmai, Hatyai, and Phuket this year. We opened 1 HOP INN hotel in Manila, the capital of Philippines, our first hotel outside Thailand. As such, at the end of 2016 we have 41 hotels with 6,385 rooms in operation, increasing from 33 hotels with 5,676 rooms as

of 2015. which cover all segments from luxury to budget segment across Thailand's key destinations.

Our hotels performance posted a strong growth in 2016. We generated income from hotel operations at THB 5,357 million in 2016, a 6 percent increase from 2015. Room revenue recorded at 9 percent and F&B revenue recorded at 1 percent increase from the same period last year. Growth was driven from both existing 33 hotels, a 5 percent increase from last year and additional income from new hotels opened. Income from Bangkok hotels grew 3 percent and non-Bangkok hotels grew 13 percent from 2015. Our hotels in Phuket generated the highest revenue growth in this year, growth witnessed in both room and food and beverage revenue. This mainly came from the recovery of Russian tourists which declined in 2015 and our strategy to diversify to new target customers.

Statistics for hotel room operations for the 2016 periods are as follows:

12-month period (Jan-Dec)	No. of rooms		Occupancy			ARR (THB/Night)			RevPAR (THB/Night)		
	2015	2016	2015	2016	+/-	2015	2016	+/-	2015	2016	+/-
Luxury Hotels	966	966	77%	81%	+4%	5,236	5,358	+2%	4,033	4,345	+8%
Midscale Hotels	1,282	1,282	80%	84%	+4%	2,617	2,639	+1%	2,091	2,227	+6%
Economy Hotels	2,253	2,253	75%	83%	+7%	1,263	1,156	-8%	953	954	+0%
Total Group (ex. Budget)	4,501	4,501	77%	83%	+6%	2,515	2,470	-2%	1,938	2,044	+5%
Budget Hotels*	1,175	1,716	54%	70%	+16%	512	517	+1%	277	359	+30%

Note : * Exclude HOP INN Philippines

Details of each segment are as follows:

1.1 Luxury Hotels

- The Luxury segment comprised of 2 hotels in Bangkok; Grand Hyatt Erawan Bangkok and JW Marriott Bangkok, and 2 hotels in Samui and Phuket; Renaissance Koh Samui Resort and Spa and The Naka Island, a Luxury Collection Resort and Spa, Phuket. The average occupancy recorded at 81 percent in 2016 compared to 77 percent in 2015 as such the average RevPAR increased 8 percent from the same period last year. Room revenue recorded an 8 percent increase from 2015. F&B revenue recorded a 3 percent increase from 2015. The Luxury segment generated operating income for 2016 at THB 2,848 million and EBITDA at THB 812 million representing a 3 percent and a 10 percent increase respectively from 2015.

1.2 Midscale Hotels

- The Midscale segment comprised of 2 hotels in Bangkok; Courtyard by Marriott Bangkok and Mercure Bangkok Siam, and 2 hotels in Pattaya; Holiday Inn Pattaya and Mercure Pattaya Ocean Resort. The average occupancy recorded at 84 percent in 2016 compared to 80 percent in 2015. The average RevPAR increased 6 percent from 2015. The Midscale segment generated operating income at THB 1,337 million and EBITDA at THB 517 million, representing a 7 percent and a 12 percent increase respectively from the same period last year.

1.3 Economy Hotels

- We now have ten ibis hotels in six major tourist destinations in Thailand (Bangkok, Pattaya, Phuket, Samui, Hua Hin and Krabi). The average occupancy of

this segment recorded at 83 percent in 2016 compared to 75 percent in 2015. RevPAR was in line to last year. Economy hotels in Phuket generated the highest revenue growth in this year, growth, mainly come from the recovery of Russian tourists and our marketing strategy to expand customer base to various source markets. The Economy segment generated operating income at THB 978 million and EBITDA at THB 338 million, representing a 4 percent and a 3 percent increase respectively from the same period last year.

1.4 Budget Hotels

- We opened additional 7 hotels under our own brand "HOP INN" in Thailand at Roi Et, Chumphon, Chanthaburi, Sakonnakorn, Chiangmai, Hatyai, and Phuket in this year. As such, we now have 22 hotels in this segment located in Thailand which cover Thailand's business destinations. The average occupancy of this segment recorded at 70 percent in 2016, compare to 54 percent from last year despite the additional room inventories from new HOP INN hotel. The average RevPAR increased 30 percent from 2015 which is the highest RevPAR growth among the total group. The Budget segment generated operating income at THB 193 million and EBITDA at THB 93 million, representing a 125 percent and a 134 percent increase from the same period last year.

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

Rental Properties

Income from rental and service recorded at THB 214 million in 2016, a 7 percent increase from 2015 mainly from the average occupancy rate and average rental rate increased 5 percent and 2 percent as respectively from the same period last year. We currently own and operate

Management Discussion and Analysis (MD&A)

Erawan Bangkok, a luxury retail property adjacent to Grand Hyatt Erawan Hotel, and manage Ploenchit Center as a property manager.

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 from 20 percent investment in ERWPF at THB 15 million in 2016 and THB 19 million 2015. We recorded rental payment as set out in the lease agreement with ERWPF at THB 112 million in 2016 and 2015.
- **Non-Recurring Items:** We recorded total gain from sale of shop house at THB 21 million in 2016.
- **Depreciation & Amortization:** This non-cash item recorded at THB 730 million in 2016, increased by THB 12 million from the same period last year. The increase came mainly from the additional depreciation of new hotel opened in 2015.
- **Finance Costs:** For 2016 we recorded finance costs at THB 362 million, decreased by THB 25 million from the same period last year mainly from the decrease of loan from financial institution and the decrease in our average cost of fund.

- **Corporate Income Tax:** We recorded corporate income tax at THB 122 million in 2016 which increased from the same period last year due to better performance.

Financial Status

We generated THB 1,613 million of operating cash flow before change in operating asset and liabilities, representing a 14 percent increase from the same period last year from a better performance. We utilized the cash flow generated, together with bank loans to fund the development of new hotels. Our cash on hand was recorded at THB 795 million at the end of this quarter. Our interest coverage ratio recorded at 4.7 times as a result of increased operating cash flow and decreased interest expense compare to last year.

At the end of 2016, we recorded total assets at THB 14,911 million compare with THB 14,820 million at the end of 2015. Our total liabilities recorded at THB 9,839 million decreased from THB 9,938 million at the end of 2015, mainly due to principal repayment of long term loans during of this year.

Shareholder's equity recorded at THB 5,073 million at the end of 4Q16 increased from THB 4,882 million at the end of 2015 on the back of additional net profit generated in FY16. With the decrease of liabilities and increase of equities as aforementioned, our interest bearing debt-to-equity ratio recorded at 1.7 times decreased from 1.8 times at the end of 2015.

Independent Auditor's Report

To the Shareholders of The Erawan Group Public Company Limited

Opinion

I have audited the 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 2016, 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.

In my opinion, the accompanying 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 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of Property, plant and equipment and investments in subsidiaries

Refer to Notes 2(d), 4(j), 11 and 14 to the financial statements.

The key audit matter

To respond to the Group and the Company's growth strategy, the Group and the Company have expanded their activities through hotel development by investing in property plant and equipment and investments in subsidiaries which operated hotel business. Certain hotels have not operated in line with initial expectations. These factors are considered as impairment indicator of hotels above.

The Group and the Company hold a number of hotel business units. The recoverable amount for each hotel has been determined based on value-in-use. This value in use is calculated from discounted future cash flows for which require management to make judgements on key assumptions. Overall, due to the involvement of high level of judgement, this is key judgemental areas that my audit is concentrated on.

How the matter was addressed in the audit

My audit procedures included:

Assessing management's procedures for identify potential impairment and understanding the processes of impairment testing and determining the recoverable amount;

Independent Auditor's Report

In respect of each hotel for which an impairment indicator exists, I obtained the discounted future cash flow and making management inquiry, testing calculation and considering key assumptions by comparing them against historical data and budget plan of the Group and the Company and external data in the same industry; and

I have also considered the adequacy of disclosures according to Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, 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.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for

the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Marisa Tharathornbunpakul)

Certified Public Accountant
Registration No. 5752

KPMG Phoomchai Audit Ltd.
Bangkok
21 February 2017

Audit Fee

Audit fee

In 2016, the remuneration paid to the external auditor of KMPG Phomchai Audit Ltd. as follow

1. The total audit fee is Baht 6,392,000 consisting of:
 - The audit fee of The Erawan Group Plc. Baht 2,687,000 (excluding transportation out of Bangkok and relevant miscellaneous expenses) is higher than the previous year (Baht 2,607,000) by Baht 79,800 or 3.06 %.
 - The audit fee of The Company's subsidiaries in Thailand is totaling Baht 2,330,000.
 - The audit fee of The Company's subsidiaries in overseas is totaling Baht 1,375,000.
2. 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.

Statement of financial position

The Erawan Group Public Company Limited and its Subsidiaries

Unit : Baht

		Consolidated financial statements			Separate financial statements		
		31 December 2016	31 December 2015 (Restated)	1 January 2015 (Restated)	31 December 2016	31 December 2015 (Restated)	1 January 2015 (Restated)
	Note						
Assets							
Current assets							
Cash and cash equivalents	6	795,425,481	1,011,252,871	675,985,988	174,770,232	175,702,985	239,907,975
Trade accounts receivable	5,7	202,333,857	202,082,101	212,147,072	100,889,235	107,896,283	113,101,419
Inventories	8	53,231,685	61,518,126	55,340,892	9,074,987	11,981,236	9,193,952
Value added tax refundable		51,094,684	43,875,399	26,885,810	-	-	-
Other current assets	5,9	176,075,430	89,889,758	76,336,928	83,712,450	32,464,247	30,793,293
Total current assets		1,278,161,137	1,408,618,255	1,046,696,690	368,446,904	328,044,751	392,996,639
Non-current assets							
Investments in associates	10	155,074,371	161,638,159	161,724,413	365,879,607	366,626,271	366,626,271
Investments in subsidiaries	11	-	-	-	4,415,159,686	4,415,159,686	4,415,159,686
Other long-term investments	12	1,343,911	1,331,067	1,245,437	1,057,633	1,046,826	983,937
Long-term loans to related parties	5	-	-	-	1,424,138,082	907,327,895	501,026,775
Property, plant and equipment	14	11,707,469,199	11,632,324,352	11,603,423,554	6,417,840,020	6,651,465,034	6,837,937,694
Land held for development	15	104,236,832	104,236,832	104,236,832	-	-	-
Leasehold rights for land and buildings	16	1,460,519,569	1,343,154,194	1,411,627,557	769,729,687	661,307,465	700,077,622
Intangible assets	17	34,638,437	36,758,341	45,616,148	20,445,475	26,367,596	32,330,000
Deposits for lease of land, building and equipment		128,868,404	116,964,881	130,205,168	97,603,821	99,712,516	116,938,116
Deferred tax assets	18	12,936,355	10,694,579	7,446,691	9,781,791	8,294,026	5,532,800
Other non-current assets	19	27,866,887	4,326,149	4,394,037	19,334,078	-	-
Total non-current assets		13,632,953,965	13,411,428,554	13,469,919,837	13,540,969,880	13,137,307,315	12,976,612,901
Total assets		14,911,115,102	14,820,046,809	14,516,616,527	13,909,416,784	13,465,352,066	13,369,609,540

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

Unit : Baht

		Consolidated financial statements			Separate financial statements		
	Note	31 December 2016	31 December 2015 (Restated)	1 January 2015 (Restated)	31 December 2016	31 December 2015 (Restated)	1 January 2015 (Restated)
Liabilities and equity							
Current liabilities							
Short-term loans from financial							
institutions	20	1,182,000,000	1,337,000,000	689,000,000	1,182,000,000	1,337,000,000	689,000,000
Trade accounts payable	5,21	252,273,079	261,406,639	253,949,161	129,667,206	130,268,952	113,249,812
Current portion of long-term loans							
from financial institutions	20	1,375,255,842	1,279,672,500	1,031,000,000	1,038,500,000	916,500,000	772,250,000
Current portion of finance lease							
liabilities	20	1,183,903	1,504,067	1,455,222	1,183,903	1,504,067	1,455,222
Income tax payable		49,672,601	40,120,851	6,233,956	28,924,146	26,374,262	5,626,139
Other current liabilities	3,5,22	745,715,399	672,878,326	766,475,478	327,217,145	329,138,502	450,388,695
Total current liabilities		3,606,100,824	3,592,582,383	2,748,113,817	2,707,492,400	2,740,785,783	2,031,969,868
Non-current liabilities							
Long-term loans from related party	5, 20	-	-	-	118,086,351	88,526,143	82,726,105
Long-term loans from financial							
institutions	20	5,867,164,229	5,985,491,982	6,720,848,036	3,158,950,000	3,195,450,000	4,024,330,100
Finance lease liabilities	20	1,839,544	3,002,518	1,318,700	1,839,544	3,002,518	1,318,700
Accounts payable for							
land leasehold rights		180,000,000	180,000,000	180,000,000	180,000,000	180,000,000	180,000,000
Deposits from lessees		39,507,852	41,419,837	47,106,608	37,892,291	36,056,588	44,107,265
Deferred income	23	14,337,349	16,361,446	18,385,542	14,337,349	16,361,446	18,385,542
Deferred tax liabilities	18	43,970,236	41,045,458	38,581,742	-	-	-
Employee benefit obligations	24	85,640,879	77,680,459	60,194,147	44,713,751	40,233,540	26,854,780
Total non-current liabilities		6,232,460,089	6,345,001,700	7,066,434,775	3,555,819,286	3,559,630,235	4,377,722,492
Total liabilities		9,838,560,913	9,937,584,083	9,814,548,592	6,263,311,686	6,300,416,018	6,409,692,360

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

Unit : Baht

		Consolidated financial statements			Separate financial statements		
	Note	31 December 2016	31 December 2015 (Restated)	1 January 2015 (Restated)	31 December 2016	31 December 2015 (Restated)	1 January 2015 (Restated)
Liabilities and equity							
Equity							
Share capital	25						
Authorised share capital		2,537,893,275	2,505,000,000	2,505,000,000	2,537,893,275	2,505,000,000	2,505,000,000
Issued and paid-up share capital		2,498,173,275	2,498,173,275	2,478,777,775	2,498,173,275	2,498,173,275	2,478,777,775
Premium on ordinary shares	25	836,499,588	836,499,588	786,541,004	836,499,588	836,499,588	786,541,004
Employee stock options	25	-	-	8,433,719	-	-	8,433,719
Retained earnings							
Appropriated							
Legal reserve	26	235,558,000	206,508,000	193,808,000	235,558,000	206,508,000	193,808,000
Unappropriated	3	1,374,317,969	1,136,403,093	1,063,152,384	4,075,961,297	3,624,017,370	3,492,705,818
Other components of equity		(26,626,871)	(6,747,417)	(5,903,357)	(87,062)	(262,185)	(349,136)
Equity attributable to owners							
of the Company		4,917,921,961	4,670,836,539	4,524,809,525	7,646,105,098	7,164,936,048	6,959,917,180
Non-controlling interests	3, 13	154,632,228	211,626,187	177,258,410	-	-	-
Total equity		5,072,554,189	4,882,462,726	4,702,067,935	7,646,105,098	7,164,936,048	6,959,917,180
Total liabilities and equity		14,911,115,102	14,820,046,809	14,516,616,527	13,909,416,784	13,465,352,066	13,369,609,540

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

Statement of comprehensive income

The Erawan Group Public Company Limited and its Subsidiaries

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015 (Restated)	2016	2015 (Restated)
Income					
Revenues from hotel operations	5	5,356,929,514	5,048,996,696	2,722,552,980	2,628,784,325
Rental of units in buildings and service income	5	214,405,797	205,920,924	152,759,743	143,858,275
Revenues from sale of properties		52,838,000	-	-	-
Dividend income	5	-	-	289,855,312	19,518,924
Interest income	5	6,347,082	5,335,929	49,314,532	35,346,114
Other income	5, 28	33,428,782	40,420,376	19,279,545	22,942,200
Total income		5,663,949,175	5,300,673,925	3,233,762,112	2,850,449,838
Expenses					
Cost of hotel operations	3, 5	2,455,677,903	2,422,565,380	1,161,696,340	1,147,055,963
Cost of rental of units in buildings and services	5	87,956,115	90,298,015	44,984,228	49,163,546
Cost of sale of properties		31,863,863	-	-	-
Depreciation and amortisation		729,842,215	717,480,080	377,865,372	375,141,603
Selling expenses	29	345,192,864	330,847,652	168,735,450	161,169,457
Administrative expenses	5, 30	1,136,483,358	1,042,984,421	600,484,053	559,253,421
Finance costs	5, 33	362,081,245	386,831,736	229,845,737	248,020,313
Total expenses		5,149,097,563	4,991,007,284	2,583,611,180	2,539,804,303
Share of profit of investments in associate	10	14,592,866	19,432,670	-	-
Profit before income tax expense		529,444,478	329,099,311	650,150,932	310,645,535
Income tax expense	34	(121,708,452)	(98,782,799)	(69,231,078)	(59,526,371)
Profit for the year		407,736,026	230,316,512	580,919,854	251,119,164

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

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015 (Restated)	2016	2015 (Restated)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Defined benefit plan actuarial losses	24	-	(13,405,822)	-	(9,792,805)
Income tax on other comprehensive income	18, 34	-	2,681,164	-	1,958,561
		-	(10,724,658)	-	(7,834,244)
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation difference					
for foreign operations		(20,111,243)	(961,751)	-	-
Net change in fair value of available-for-sale investments		231,789	117,691	175,123	86,951
		(19,879,454)	(844,060)	175,123	86,951
Other comprehensive income (loss) for the year, net of income tax		(19,879,454)	(11,568,718)	175,123	(7,747,293)
Total comprehensive income for the year		387,856,572	218,747,794	581,094,977	243,371,871
Profit attributable to:					
Owners of the Company		366,890,803	195,473,436	580,919,854	251,119,164
Non-controlling interests	13	40,845,223	34,843,076	-	-
Profit for the year		407,736,026	230,316,512	580,919,854	251,119,164
Total comprehensive income attributable to:					
Owners of the Company		347,011,349	184,380,017	581,094,977	243,371,871
Non-controlling interests	13	40,845,223	34,367,777	-	-
Total comprehensive income for the year		387,856,572	218,747,794	581,094,977	243,371,871
Earnings per share (in Baht)	3, 35				
Basic earnings per share		0.1469	0.0787	0.2325	0.1011
Diluted earnings per share		0.1469	0.0786	0.2325	0.1010

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

Unit : Baht

Consolidated financial statements (Restated)

		Note	Retained earnings			Other components of equity					Non-controlling interests	Total equity	
			Issued and paid-up share capital	Premium on ordinary share	Employee stock options	Legal reserve	Unappropriated	Foreign currency translation differences for foreign operations	Fair value changes in available-for-sale investments	Total other components of equity			Equity attributable to owners of the Company
Year ended 31 December 2015													
3	Balance at 1 January 2015 - as reported	2,478,777,775	786,541,004	8,433,719	193,808,000	1,092,494,565	(5,548,976)	(354,381)	(5,903,357)	4,554,151,706	179,794,337	4,733,946,043	
	Impact of change in accounting policy	-	-	-	-	(29,342,181)	-	-	-	(29,342,181)	(2,535,927)	(31,878,108)	
	Balance at 1 January 2015 - restated	2,478,777,775	786,541,004	8,433,719	193,808,000	1,063,152,384	(5,548,976)	(354,381)	(5,903,357)	4,524,809,525	177,258,410	4,702,067,935	
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners of the Company													
25	Employee stock options	19,395,500	49,958,584	(8,433,719)	-	-	-	-	-	60,920,365	-	60,920,365	
36	Dividends to owners of the Company	-	-	-	-	(99,273,368)	-	-	-	(99,273,368)	-	(99,273,368)	
Total contributions by and distributions to owners of the Company													
		19,395,500	49,958,584	(8,433,719)	-	(99,273,368)	-	-	-	(38,353,003)	-	(38,353,003)	
Comprehensive income (loss) for the year													
	Profit	-	-	-	-	195,473,436	-	-	-	195,473,436	34,843,076	230,316,512	
	Other comprehensive income (loss)	-	-	-	-	(10,249,359)	(961,751)	117,691	(844,060)	(11,093,419)	(475,299)	(11,568,718)	
Total comprehensive income (loss) for the year													
		-	-	-	-	185,224,077	(961,751)	117,691	(844,060)	184,380,017	34,367,777	218,747,794	
26	Transfer to legal reserve	-	-	-	-	12,700,000	-	-	-	-	-	-	
Year ended 31 December 2016													
	Balance at 31 December 2015	2,498,173,275	836,499,588	-	206,508,000	1,136,403,093	(6,510,727)	(236,690)	(6,747,417)	4,670,836,539	211,626,187	4,882,462,726	
Transactions with owners, recorded directly in equity													
Distributions to owners of the Company													
36	Dividends to owners of the Company	-	-	-	-	(99,925,927)	-	-	-	(99,925,927)	(97,839,182)	(197,765,109)	
Total distributions to owners of the Company													
		-	-	-	-	(99,925,927)	-	-	-	(99,925,927)	(97,839,182)	(197,765,109)	
Comprehensive income (loss) for the year													
	Profit	-	-	-	-	366,890,803	-	-	-	366,890,803	40,845,223	407,736,026	
	Other comprehensive income (loss)	-	-	-	-	-	(20,111,243)	231,789	(19,879,454)	(19,879,454)	-	(19,879,454)	
Total comprehensive income (loss) for the year													
		-	-	-	-	366,890,803	(20,111,243)	231,789	(19,879,454)	347,011,349	40,845,223	387,856,572	
26	Transfer to legal reserve	-	-	-	-	29,050,000	-	-	-	-	-	-	
Year ended 31 December 2017													
	Balance at 31 December 2016	2,498,173,275	836,499,588	-	235,558,000	1,374,317,969	(26,621,970)	(4,901)	(26,626,871)	4,917,921,961	154,632,228	5,072,554,189	

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

Unit : Baht

Separate financial statements (Restated)								
	Note	Issued and paid-up share capital	Premium on ordinary share	Employee stock options	Retained earnings		Other component of equity	
					Legal reserve	Unappropriated	Fair value changes in available-for-sale investments	Total equity
Year ended 31 December 2015								
Balance at 1 January 2015 - as reported	3	2,478,777,775	786,541,004	8,433,719	193,808,000	3,507,207,234	(349,136)	6,974,418,596
Impact of change in accounting policy		-	-	-	-	(14,501,416)	-	(14,501,416)
Balance at 1 January 2015 - restated		2,478,777,775	786,541,004	8,433,719	193,808,000	3,492,705,818	(349,136)	6,959,917,180
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the Company								
Employee stock options	25	19,395,500	49,958,584	(8,433,719)	-	-	-	60,920,365
Dividend to owners of the Company	36	-	-	-	-	(99,273,368)	-	(99,273,368)
Total contributions by and distributions to owners of the Company		19,395,500	49,958,584	(8,433,719)	-	(99,273,368)	-	(38,353,003)
Comprehensive income (loss) for the year								
Profit		-	-	-	-	251,119,164	-	251,119,164
Other comprehensive income (loss)		-	-	-	-	(7,834,244)	86,951	(7,747,293)
Total comprehensive income for the year		-	-	-	-	243,284,920	86,951	243,371,871
Transfer to legal reserve	26	-	-	-	12,700,000	(12,700,000)	-	-
Balance at 31 December 2015		2,498,173,275	836,499,588	-	206,508,000	3,624,017,370	(262,185)	7,164,936,048
Year ended 31 December 2016								
Balance at 1 January 2016 - as reported	3	2,498,173,275	836,499,588	-	206,508,000	3,640,248,426	(262,185)	7,181,167,104
Impact of change in accounting policy		-	-	-	-	(16,231,056)	-	(16,231,056)
Balance at 1 January 2016 - restated		2,498,173,275	836,499,588	-	206,508,000	3,624,017,370	(262,185)	7,164,936,048
Transactions with owners, recorded directly in equity								
Distributions to owners of the Company								
Dividend to owners of the Company	36	-	-	-	-	(99,925,927)	-	(99,925,927)
Total distributions to owners of the Company		-	-	-	-	(99,925,927)	-	(99,925,927)
Comprehensive income (loss) for the year								
Profit		-	-	-	-	580,919,854	-	580,919,854
Other comprehensive income		-	-	-	-	-	175,123	175,123
Total comprehensive income for the year		-	-	-	-	580,919,854	175,123	581,094,977
Transfer to legal reserve	26	-	-	-	29,050,000	(29,050,000)	-	-
Balance at 31 December 2016		2,498,173,275	836,499,588	-	235,558,000	4,075,961,297	(87,062)	7,646,105,098

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

Statement of cash flows

The Erawan Group Public Company Limited and its Subsidiaries

Unit : Baht

	Consolidated financial statements Year ended 31 December		Separate financial statements Year ended 31 December	
	2016	2015 (Restated)	2016	2015 (Restated)
Cash flows from operating activities				
Profit for the year	407,736,026	230,316,512	580,919,854	251,119,164
Adjustments for				
Depreciation and amortisation	729,842,215	717,480,080	377,865,372	375,141,603
Doubtful debts expenses	665,145	824,081	159,235	427,374
Employee benefit obligations	12,358,776	9,955,160	6,976,667	5,247,255
Employee stock options	-	(67,565)	-	(67,565)
Loss on non-refundable withholding tax deducted at source	915,994	561,325	-	-
Recognised rental deposits and deferred income to income	(2,286,854)	(2,151,553)	(2,199,282)	(2,067,189)
Dividend income	-	-	(289,855,312)	(19,518,924)
Interest income	(6,347,082)	(5,335,929)	(49,314,532)	(35,346,114)
(Gain) loss on disposal of building and equipment	648,779	(3,655,695)	(1,326,612)	(318,165)
Finance costs	362,081,245	386,831,736	229,845,737	248,020,313
Share of profit of investments in associates	(14,592,866)	(19,432,670)	-	-
Income tax expense	121,708,452	98,782,799	69,231,078	59,526,371
	1,612,729,830	1,414,108,281	922,302,205	882,164,123

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

Unit : Baht

	Consolidated financial statements Year ended 31 December		Separate financial statements Year ended 31 December	
	2016	2015 (Restated)	2016	2015 (Restated)
Changes in operating assets and liabilities				
Trade accounts receivable	(929,700)	9,240,890	6,847,813	4,777,762
Inventories	8,286,441	(6,177,234)	2,906,249	(2,787,284)
Value added tax refundable	(7,219,285)	(16,989,589)	-	-
Other current assets	(88,375,067)	(13,142,736)	(51,248,203)	(1,670,954)
Deposits for lease of land, building and equipment	(13,112,518)	13,581,710	2,108,695	17,225,600
Other non current assets	(24,270,996)	-	(19,334,078)	-
Trade accounts payable	(9,181,645)	7,492,629	(601,746)	17,019,140
Employee benefit paid	(4,398,356)	(5,874,670)	(2,496,456)	(1,661,300)
Other current liabilities	55,532,046	(28,710,625)	11,686,840	(46,448,892)
Deposits from lessees	(1,650,677)	(5,559,314)	2,010,888	(8,007,584)
Cash generated from operating activities	1,527,410,073	1,367,969,342	874,182,207	860,610,611
Income tax paid	(111,659,436)	(63,492,349)	(68,168,959)	(39,376,443)
Net cash from operating activities	1,415,750,637	1,304,476,993	806,013,248	821,234,168
Cash flows from investing activities				
Investment in associate	746,664	-	746,664	-
Other long-term investments	218,945	32,062	164,316	24,062
Long-term loans to related parties	-	-	(821,077,223)	(718,147,705)
Proceeds from long-term loans to related parties	-	-	304,540,098	312,227,764
Acquisition of property, plant and equipment	(790,063,203)	(735,108,998)	(163,031,868)	(212,369,216)
Acquisition of leasehold rights for land and buildings	(113,348,777)	(2,128,647)	(97,000,000)	-
Acquisition of intangible assets	(11,820,583)	(4,685,079)	(2,876,103)	(2,635,131)
Proceeds from sales of building and equipment	3,169,234	11,480,407	2,800,053	1,533,211
Dividend received	20,409,990	19,518,924	289,855,312	19,518,924
Interest received	6,368,469	5,266,327	49,041,470	34,964,935
Net cash used in investing activities	(884,319,261)	(705,625,004)	(436,837,281)	(564,883,156)

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

Unit : Baht

	Consolidated financial statements Year ended 31 December		Separate financial statements Year ended 31 December	
	2016	2015 (Restated)	2016	2015 (Restated)
Cash flows from financing activities				
Finance costs paid	(369,951,324)	(383,320,611)	(228,523,687)	(248,415,430)
Proceeds from short-term loans from financial institutions	4,110,000,000	2,439,000,000	3,846,000,000	2,439,000,000
Repayment of short-term loans from financial institutions	(4,265,000,000)	(1,791,000,000)	(4,001,000,000)	(1,791,000,000)
Proceeds from short-term loans from a related party	-	-	1,641,798,574	1,019,476,688
Repayment of short-term loans from a related party	-	-	(1,641,798,574)	(1,019,476,688)
Proceeds from long-term loans from related parties	-	-	100,518,027	79,556,646
Repayment of long-term loans from a related party	-	-	(71,193,995)	(73,403,343)
Proceeds from long-term loans from financial institutions	1,257,965,003	544,300,143	1,002,000,000	87,619,900
Repayment of long-term loans from financial institutions	(1,277,172,500)	(1,031,000,000)	(916,500,000)	(772,250,000)
Finance lease payments	(1,483,138)	(3,378,337)	(1,483,138)	(3,378,337)
Dividend paid to owners of the Company	(99,925,927)	(99,273,368)	(99,925,927)	(99,273,368)
Dividend paid to non-controlling interests	(97,839,182)	-	-	-
Proceeds from issue of ordinary shares	-	60,987,930	-	60,987,930
Net cash used in financing activities	(743,407,068)	(263,684,243)	(370,108,720)	(320,556,002)
Net increase (decrease) in cash and cash equivalents	(211,975,692)	335,167,746	(932,753)	(64,204,990)
Cash and cash equivalents at 1 January	1,011,252,871	675,985,988	175,702,985	239,907,975
Effect of exchange rate changes on balance held in foreign currencies	(3,851,698)	99,137	-	-
Cash and cash equivalents at 31 December	795,425,481	1,011,252,871	174,770,232	175,702,985
Non-cash transactions				
Vehicles purchased under finance lease agreement	-	5,111,000	-	5,111,000
Acquisition of building and equipment and intangible assets for which payment had not yet been made	70,774,022	52,030,977	14,728,452	29,422,523

The accompanying notes are an integral part of these 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 21 February 2017.

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, Prajueabkirikhan 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 2016 and 2015 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
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	Property development	Thailand	99.99	99.99
Erawan Commercial Management Company Limited	Management service	Thailand	99.99	99.99
Erawan Hop Inn 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	100.00
Erawan Singapore Pte. Ltd.	Holding company	Singapore	100.00	100.00

Notes to the financial statements

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
Indirect subsidiaries				
Erawan Philippines, INC.	Holding company	Philippines	99.99	99.99
Erawan Philippines (Ermita), INC.	Hotel	Philippines	99.99	99.99
Erawan Philippines (Makati), INC.	Hotel	Philippines	99.99	99.99
Erawan Philippines (Aseana), INC.	Hotel	Philippines	99.99	99.99
Erawan Philippines (Alabang), INC.	Hotel	Philippines	99.99	-
Erawan Philippines (Quezon City), INC.	Hotel	Philippines	99.99	-
PT. Erawan Indonesia Jakarta	Hotel	Indonesia	99.96	99.96
Associates				
Rajprasong Development Co., Ltd.	Service provider	Thailand	48.00	48.00
Erawan Hotel Growth Property Fund	Investment in properties	Thailand	20.00	20.00

Erawan Mauritius Limited

On 18 March 2016, Erawan Mauritius Limited, an indirect subsidiary, registered the increase of the authorised share capital by issuing 2,500,000 ordinary shares at a par value of USD 1, totaling USD 2,500,000, which have been wholly acquired and fully paid by Erawan Hop Inn Company Limited on the same date.

On 20 September 2016, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 1,010,000 ordinary shares at a par value of USD 1, totaling USD 1,010,000, which have been wholly acquired and fully paid by Erawan Hop Inn Company Limited on the same date.

As at 31 December 2016, Erawan Mauritius Limited has authorised share capital of 11,240,000 ordinary shares at a par value of USD 1, totaling USD 11,240,000 which have been wholly acquired and fully paid of USD 11,240,000 by Erawan Hop Inn Company Limited.

On 20 February 2015, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 2,235,000 ordinary shares at a par value of USD 1, totaling USD 2,235,000, which have been wholly acquired and partially paid by Erawan Hop Inn Company Limited of USD 1,235,000 on the same date. The rest of share capital of USD 1,000,000 has been paid on 29 July 2015.

On 29 July 2015, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 1,060,000 ordinary shares at a par value of USD 1, totaling USD 1,060,000, which have been wholly acquired and fully paid by Erawan Hop Inn Company Limited on the same date.

Erawan Singapore Pte. Ltd.

On 28 March 2016, Erawan Singapore Pte. Ltd., an indirect subsidiary, registered the increase of the authorised share capital by issuing 2,480,000 ordinary shares at a par value of USD 1, totaling USD 2,480,000, which have been wholly acquired and fully paid by Erawan Mauritius Limited on the same date.

On 28 September 2016, Erawan Singapore Pte. Ltd. registered the increase of the authorised share capital by issuing 990,000 ordinary shares at a par value of USD 1, totaling USD 990,000, which have been wholly acquired and fully paid by Erawan Mauritius Limited on the same date.

As at 31 December 2016, Erawan Singapore Pte. Ltd. has authorised share capital of 11,160,000 ordinary shares at a par value of USD 1, totaling USD 11,160,000 which have been wholly acquired and fully paid of USD 11,160,000 by Erawan Mauritius Limited.

On 26 February 2015, Erawan Singapore Pte. Ltd. registered the increase of the authorised share capital by issuing 2,225,000 ordinary shares at a par value of USD 1, totaling USD 2,225,000, which have been wholly acquired and partially paid by Erawan Mauritius Limited of USD 1,225,000 on the same date. The rest of share capital of USD 1,000,000 has been paid on 3 August 2015.

On 3 August 2015, Erawan Singapore Pte. Ltd. registered the increase of the authorised share capital by issuing 1,055,000 ordinary shares at a par value of USD 1, totaling USD 1,055,000, which have been wholly acquired and fully paid by Erawan Mauritius Limited on the same date.

Erawan Philippines, INC.

On 18 February 2016, Erawan Philippines, INC., an indirect subsidiary, registered the increase of the authorised share capital by issuing 400,000,000 ordinary shares at a par value of PHP 1, totaling PHP 400,000,000, which have been wholly acquired and partially paid by Erawan Singapore Pte. Ltd. of PHP 36,800,000 on 18 February 2016 and PHP 112,060,692 on 11 August 2016, respectively.

As at 31 December 2016, Erawan Philippines, INC. has authorised share capital 600,000,000 ordinary shares at a par value of PHP 1, totaling PHP 600,000,000, and paid-up share capital PHP 348,860,692 which is 99.99% holding and fully paid by Erawan Singapore Pte. Ltd. of PHP 348,860,692.

On 7 September 2015, Erawan Philippines INC. registered the increase of the authorised share capital by issuing 151,800,000 ordinary shares at a par value of PHP 1, totaling PHP 151,800,000, which have been wholly acquired and partially paid by Erawan Singapore Pte. Ltd. of PHP 95,619,800 on the same date. The rest of share capital of PHP 56,180,200 has been paid on 18 February 2016.

Notes to the financial statements

Erawan Philippines (Ermita), INC.

As at 31 December 2016, Erawan Philippines (Ermita), INC., an indirect subsidiary, has authorised share capital of 100,000,000 ordinary shares at a par value of PHP 1, totaling PHP 100,000,000, and paid-up share capital of PHP 96,780,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 96,780,000.

On 8 September 2015, Erawan Philippines (Ermita), INC., registered the increase of the authorised share capital by issuing 53,000,000 ordinary shares at a par value of PHP 1, totaling PHP 53,000,000, which have been wholly acquired and partially paid by Erawan Philippines INC. of PHP 49,780,000 on the same date.

Erawan Philippines (Makati), INC.

As at 31 December 2016, Erawan Philippines (Makati), INC., an indirect subsidiary, has authorised share capital of 85,000,000 ordinary shares at a par value of PHP 1, totaling PHP 85,000,000, and paid-up share capital of PHP 85,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 85,000,000.

On 14 April 2015, Erawan Philippines, INC., an indirect subsidiary, invested in 99.99% of Erawan Philippines (Makati), INC., which had authorised capital of PHP 85,000,000 divided into 85,000,000 ordinary shares at a par value of PHP 1 and partially paid by Erawan Philippines, INC. of PHP 27,770,000 on the same date and additionally paid up of PHP 20,530,000 on 5 August 2015. The rest of share capital of PHP 36,700,000 has been paid on 11 April 2016.

Erawan Philippines (Aseana), INC.

As at 31 December 2016, Erawan Philippines (Aseana), INC., an indirect subsidiary, has authorised share capital of 115,000,000 ordinary shares at a par value of PHP 1, totaling PHP 115,000,000, and paid-up share capital of PHP 110,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 110,000,000.

On 9 September 2015, Erawan Philippines, INC., an indirect subsidiary, invested in 99.99% of Erawan Philippines (Aseana), INC., which had authorised capital of PHP 115,000,000 divided into 115,000,000 ordinary shares at a par value of PHP 1 and partially paid by Erawan Philippines, INC. of PHP 35,000,000 on the same date. The rest of share capital of PHP 75,000,000 has been paid on 24 October 2016.

Erawan Philippines (Alabang), INC.

On 25 April 2016, Erawan Philippines, INC., an indirect subsidiary, invested in 99.99% of Erawan Philippines (Alabang), INC., which had authorised share capital of PHP 100,000,000 divided into 100,000,000 ordinary shares at a par value of PHP 1 and partially paid by Erawan Philippines, INC. of PHP 25,000,000 on the same date.

Erawan Philippines (Quezon City), INC.

On 25 April 2016, Erawan Philippines, INC., an indirect subsidiary, invested in 99.99% of Erawan Philippines (Quezon City), INC., which had authorised share capital of PHP 100,000,000 divided into 100,000,000 ordinary shares at a par value of PHP 1 and partially paid by Erawan Philippines, INC. of PHP 25,000,000 on the same date.

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 new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. 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 this 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 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 40.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

Items	Measurement bases
Employee stock options	Fair value
Available-for-sale financial assets	Fair value
Defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 4 (m)

(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/ million unless otherwise stated.

(d) Use of judgements and estimates

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

Notes to the financial statements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note 10	Classification of investments in associates
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(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is disclose in the following notes:

Note 11	Impairment test: key assumptions underlying recoverable amounts;
Note 4 (s) and 18	Recognition deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
Note 24	Measurement of defined benefit obligations: key actuarial assumptions; and
Note 25	Measurement of share-based payments

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 25	Share-based payments
Note 37	Financial instruments

3 Change in accounting policy

From 1 January 2016, the Group has adopted TFRIC Interpretation 21 Levies. As a result, the Group has changed its accounting policy for the liability to pay a levy.

TFRIC Interpretation 21 determines the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. TFRIC Interpretation 21 also requires to recognise the liability to pay a levy progressively if the obligating event occurs over a period of time.

In accordance with the transitional provisions of TFRIC Interpretation 21, the Group has applied change in accounting policy retrospectively. As a result, the liability to pay a levy has been changed from recorded when paid to be recorded as liability in the same period of obligating event which is the generation of revenue.

The impact of the changes on the consolidated and separate financial statements is summarised as follows:

(Unit : Million Baht)

	As previously reported	Effect of change in accounting policy	As restated
Consolidated statement of financial position			
At 1 January 2015			
Increase in other current liabilities	734.6	31.9	766.5
Decrease in retained earnings - owners of the Company	1,092.5	(29.3)	1,063.2
Decrease in retained earnings - non-controlling interests	179.8	(2.6)	177.2
Consolidated statement of financial position			
At 31 December 2015			
Increase in other current liabilities	638.6	34.3	672.9
Decrease in retained earnings - owners of the Company	1,168.1	(31.7)	1,136.4
Decrease in retained earnings - non-controlling interests	214.2	(2.6)	211.6

Notes to the financial statements

(Unit : Million Baht)

	As previously reported	Effect of change in accounting policy	As restated
Separate statement of financial position			
At 1 January 2015			
Increase in other current liabilities	435.9	14.5	450.4
Decrease in retained earnings	3,507.2	(14.5)	3,492.7
Separate statement of financial position			
At 31 December 2015			
Increase in other current liabilities	312.9	16.2	329.1
Decrease in retained earnings	3,640.2	(16.2)	3,624.0
Consolidated statement of comprehensive income			
For the year ended 31 December 2015			
Increase in cost of hotel operations	2,420.2	2.4	2,422.6
Decrease in profit for the year attributable to owners of the Company	197.9	(2.4)	195.5
- Basic earnings per share (in Baht)	0.0797	(0.0010)	0.0787
- Diluted earnings per share (in Baht)	0.0796	(0.0010)	0.0786
Separate statement of comprehensive income			
For the year ended 31 December 2015			
Increase in cost of hotel operations	1,145.3	1.7	1,147.0
Decrease in profit for the year attributable to owners of the Company	252.8	(1.7)	251.1
- Basic earnings per share (in Baht)	0.1018	(0.0007)	0.1011
- Diluted earnings per share (in Baht)	0.1017	(0.0007)	0.1010

Effect of change in accounting policy for the year ended 31 December 2016

(Unit : Million Baht)

	Consolidated statement of comprehensive income	Separate statement of comprehensive income
Increase in cost of hotel operations	1.2	-
Decrease in profit for the year	(1.2)	-
- Decrease in basic earnings per share (in Baht)	(0.0005)	-
- Decrease in diluted earnings per share (in Baht)	(0.0005)	-

4 Significant accounting policies

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

(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. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group’s interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

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 associates 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.

Notes to the financial statements

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at transaction dates.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at transaction dates.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(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 measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

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.

Investments 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.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(g) Property, plant and equipment and land held for development

Recognition and measurement

Owned assets

Lands are stated at cost less impairment losses. Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Notes to the financial statements

Land held for development is stated at cost less 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that 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 and land held for development are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and land held for development, 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.

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 and land held for development.

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) Leasehold rights

Leasehold rights comprise leasehold rights for land and buildings 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.

(i) 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, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on 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:

Software licences	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.

(j) 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 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

Notes to the financial statements

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

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised 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 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.

(k) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(l) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(m) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(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.

Notes to the financial statements

Rental income

Rental income from units in office buildings and shopping center are recognised in profit or loss on a straight-line basis over the terms of leases.

Revenue from sale of properties

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the properties or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of properties.

Services income

Services income from units rental 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 term of the lease.

(q) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

(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 basis for leases begin on or after 1 January 2008. 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.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the

Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(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 items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of 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 to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

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

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

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

(t) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic EPS is calculated by dividing

Notes to the financial statements

the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit 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 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 assets of the Company's headquarters, head office's expenses, and tax assets and liabilities.

5 Related parties

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

Relationships with key management and other 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 and 1.05% indirect shareholding
Erawan Chaophraya Company Limited	Thailand	Subsidiary, 95.77% direct shareholding and 4.22% indirect 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	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 Pte. Ltd.	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
Erawan Philippines (Makati), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Aseana), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Alabang), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Quezon City), INC.	Philippines	Subsidiary, 99.99% indirect shareholding

Name of entities	Country of incorporation/ nationality	Nature of relationships
PT. Erawan Indonesia Jakarta	Indonesia	Subsidiary, 99.96% 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
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
Sushi Ichi (Thailand) Co., Ltd.	Thailand	Related company, some common directors
Kuppadeli Co., Ltd.	Thailand	Related company, some common directors
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

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

Transactions	Pricing policies
Subsidiaries	
Dividend income	At the rate of declaration
Interest income and interest expenses	At the rate of 4.15 – 5.78% per annum (2015: at the rate of 4.51% - 6.00% per annum)
Utilities income	Contractually agreed prices
Space rental and service expenses	Contractually agreed prices
Associates	
Dividend income	At the rate of declaration
Land and building rental expenses	Contractually agreed prices
Management fee	At cost - allocated in proportion to shareholding
Other related parties	
Revenue from hotel operations	Fair price under the best conditions
Rental of units in buildings and services income	Contractually agreed prices
Utilities income	Contractually agreed prices
Land rental expense	Contractually agreed prices
Dividends	At the rate of declaration

Notes to the financial statements

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

Unit : Thousand Baht

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Subsidiaries				
Dividend income	-	-	269,445	-
Interest income	-	-	48,836	35,085
Utilities income	-	-	3,241	3,089
Space rental and service expenses	-	-	16,400	16,447
Interest expenses	-	-	22,817	15,290
Associates				
Dividend income	-	-	20,410	19,519
Land and building rental expenses	111,500	111,500	-	-
Management fee	751	735	751	735
Other related parties				
Revenue from hotel operation	79,026	30,517	47,441	13,437
Rental of units in buildings and services income	9,322	8,728	5,666	4,117
Utilities income	1,750	1,315	1,750	1,315
Land rental expense	14,120	14,120	-	-
Dividends	97,839	-	-	-
Key management personnel compensation				
Short-term employee benefit	38,980	30,235	35,695	27,775
Post-employment benefits	1,527	1,220	1,527	1,220
Total key management personnel compensation	40,507	31,445	37,222	28,995

Balances as at 31 December with related parties were as follows:

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade accounts receivable - related parties				
Subsidiaries	-	-	1,333	1,483
Other related parties	10,224	7,644	6,256	5,527
Total	10,224	7,644	7,589	7,010
Other receivables - related parties				
Subsidiaries	-	-	2,005	2,210
Prepaid expenses - related party				
Other related party	7,060	7,060	-	-

Unit : Thousand Baht

	Interest rate (% per annum)		Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015	2016	2015
Loans to related parties						
Long-term loans						
Subsidiaries						
Erawan Samui Company Limited	4.15	4.51	-	-	139,177	140,674
Erawan Phuket Company Limited	4.15	4.51	-	-	342,682	230,392
Erawan Chaophraya Company Limited	4.15	4.51	-	-	85,103	83,628
Erawan Commercial Management Company Limited	4.15	4.51	-	-	2,651	4,241
The Reserve Company Limited	4.15	4.51	-	-	3,327	3,130
Erawan Hop Inn Company Limited	4.15	4.51	-	-	732,769	382,931
Erawan Growth Management Company Limited	4.15	4.51	-	-	118,429	62,332
Total			-	-	1,424,138	907,328

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

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Loans to related parties				
Long-term loans				
Subsidiaries				
At 1 January	-	-	907,328	501,027
Increase	-	-	821,077	718,148
Decrease	-	-	(304,267)	(311,847)
At 31 December	-	-	1,424,138	907,328
Trade accounts payables - related parties				
Subsidiaries	-	-	510	387
Other payables to related parties				
Subsidiaries	-	-	286	3,270
Accrued expenses - related party				
Associate	47,144	47,144	-	-

Notes to the financial statements

Unit : Thousand Baht

	Interest rate (% per annum)		Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015	2016	2015
Loans from related parties						
Long-term loans						
Subsidiary						
Erawan Rajdamri Company Limited	5.53	5.78	-	-	118,086	88,526
Total			-	-	118,086	88,526

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

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Loans from related parties				
Short-term loans				
Subsidiary				
At 1 January	-	-	-	-
Increase	-	-	1,641,799	1,019,477
Decrease	-	-	(1,641,799)	(1,019,477)
At 31 December	-	-	-	-
Long-term loans				
Subsidiary				
At 1 January	-	-	88,526	82,726
Increase	-	-	100,518	79,557
Decrease	-	-	(70,958)	(73,757)
At 31 December	-	-	118,086	88,526

6 Cash and cash equivalents

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash on hand	11,515	11,811	3,856	3,626
Cash at banks	742,046	933,009	170,914	172,077
Highly liquid short-term investments	41,864	66,433	-	-
Total	795,425	1,011,253	174,770	175,703

The currency denomination of cash and cash equivalents as at 31 December was as follows:

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Thai Baht (THB)	628,172	847,907	174,770	175,703
United States Dollars (USD)	3,424	805	-	-
Philippines Peso (PHP)	89,989	93,382	-	-
Indonesian Rupiah (IDR)	73,840	69,159	-	-
Total	795,425	1,011,253	174,770	175,703

7 Trade accounts receivable

Unit : Thousand Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Related parties	5	10,224	7,644	7,589	7,010
Other parties		195,419	197,082	94,696	102,123
Total		205,643	204,726	102,285	109,133
Less allowance for doubtful accounts		(3,309)	(2,644)	(1,396)	(1,237)
Net		202,334	202,082	100,889	107,896
Doubtful debts expense for the year		665	824	159	427

Aging analyses for trade accounts receivable were as follows:

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Related parties				
Outstanding:				
Less than 3 months	10,221	7,642	7,586	7,008
3 - 6 months	3	2	3	2
	10,224	7,644	7,589	7,010

Notes to the financial statements

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Other parties				
Outstanding :				
Less than 3 months	187,975	192,747	92,610	100,672
3 - 6 months	6,322	3,484	1,642	1,193
6 - 12 months	1,122	851	444	258
	195,419	197,082	94,696	102,123
Less allowance for doubtful accounts	(3,309)	(2,644)	(1,396)	(1,237)
	192,110	194,438	93,300	100,886
Net	202,334	202,082	100,889	107,896

The currency denomination of trade accounts receivable as at 31 December was as follows:

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Thai Baht (THB)	202,046	202,082	100,889	107,896
Philippines Peso (PHP)	288	-	-	-
Total	202,334	202,082	100,889	107,896

The normal credit term granted by the Group and the Company ranges from 30 days to 60 days.

8 Inventories

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Food and beverage	36,015	43,492	7,107	10,037
Operating supplies	8,549	8,973	1,317	1,402
Others	8,668	9,053	651	542
Total	53,232	61,518	9,075	11,981

9 Other current assets

Unit : Thousand Baht

	Consolidated financial statements			Separate financial statements	
	Note	2016	2015	2016	2015
Advances		44,294	5,466	41,109	678
Prepaid expenses		60,314	41,426	25,632	16,675
Other receivables	5	10,783	12,169	2,193	2,835
Others		60,684	30,829	14,778	12,276
Total		176,075	89,890	83,712	32,464

10 Investments in associates

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
At 1 January	161,638	161,724	366,626	366,626
Share of net profits of associate	14,592	19,433	-	-
Dividend income	(20,410)	(19,519)	-	-
Capital reduction	(746)	-	(746)	-
At 31 December	155,074	161,638	365,880	366,626

During the year ended 31 December 2016 there were no acquisitions and disposal of investments in associates.

Notes to the financial statements

Investments in associates as at 31 December 2016 and 2015, and dividend income from those investments for the years then ended, were as follows:

Consolidated financial statements										
Type of business	Country of incorporation	Ownership interest (%)	Paid-up capital (in million Baht)		Cost		Equity (in thousand Baht)		Fair value of listed security (in thousand Baht)	
			2016	2015	2016	2015	2016	2015	2016	2015
Associates										
Rajprasong Development Co., Ltd.	Thailand	48.00	1.00	1.00	338	338	338	338	-	-
Erawan Hotel Growth Investment										
Property Fund	Thailand	20.00	1,827.71	1,831.44	365,542	366,288	154,736	161,300	288,804	345,156
Total					365,880	366,626	155,074	161,638		

Separate financial statements										
Ownership interest (%)	Paid-up capital (in million Baht)		Cost		Impairment		At cost - net (in thousand Baht)		Fair value of listed security	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Associates										
Rajprasong Development Co., Ltd.	48.00	48.00	1.00	1.00	-	-	338	338	-	-
Erawan Hotel Growth										
Property Fund	20.00	20.00	1,827.71	1,831.44	-	-	365,542	366,288	288,804	345,156
Total					-	-	365,880	366,626	20,410	19,519

Fair value of investments in associates has been disclosed by using closing price of listed security. The fair value measurement is determined to be level 2 of the fair value hierarchy identified in TFRS 13 Fair Value Measurement.

Associate

The following table summarises the financial information of the associate as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in this company.

Unit : Thousand Baht

	Erawan Hotel Growth Property Fund	
	2016	2015
Income	111,606	111,624
Expenses	(7,091)	(6,783)
Net investments income	104,515	104,841
Net loss from investments	(31,551)	(17,613)
Increase in net assets from operations	72,964	87,228
Attributable to Group	14,592	17,446
Assets	1,854,339	1,887,217
Liabilities	(562)	(621)
Net assets	1,853,777	1,886,596
Group's interest in net assets of investee at 1 January before adjustments	377,319	379,392
Elimination and other adjustments	(216,019)	(218,006)
Group's interest in net assets of investee at 1 January after adjustments	161,300	161,386
Increase in net assets from operations attribute to the Group	14,592	17,446
Adjustments for increase in net assets from operations attribute to the Group	-	1,987
Dividends received during the year	(20,410)	(19,519)
Capital reduction	(746)	-
Carrying amount of interest in investee at 31 December	154,736	161,300

11 Investments in subsidiaries

Unit : Thousand Baht

	Separate financial statements	
	2016	2015
At 1 January	4,415,160	4,415,160
At 31 December	4,415,160	4,415,160

During the year ended 31 December 2016 and 2015 there were no acquisition and disposals of investments in subsidiaries.

Notes to the financial statements

Investments in subsidiaries as at 31 December 2016 and 2015, and dividend income from those investments for the years then ended, were as follows:

Separate financial statements													
Subsidiaries	Type of business	Ownership Interest (%)		Paid-up capital (in million Baht)		Cost		Impairment (in thousand Baht)		At cost – net		Dividend income	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Direct Subsidiaries													
Erawan Hotel Public Company Limited	Hotel	73.64	73.64	119.50	119.50	819,710	819,710	-	-	819,710	819,710	269,445	-
	Hotel	99.99	99.99	71.00	71.00	68,000	68,000	-	-	68,000	68,000	-	-
	Hotel	99.99	99.99	450.00	450.00	451,291	451,291	-	-	451,291	451,291	-	-
	Hotel	99.99	99.99	1,750.00	1,750.00	1,782,001	1,782,001	-	-	1,782,001	1,782,001	-	-
	Hotel	99.99	99.99	330.00	330.00	376,858	376,858	-	-	376,858	376,858	-	-
Erawan Naka Company Limited	Land												
The Reserve Company Limited	owner	99.99	99.99	26.50	26.50	19,300	19,300	-	-	19,300	19,300	-	-
	Property												
	development	99.99	99.99	185.00	185.00	185,000	185,000	-	-	185,000	185,000	-	-
Erawan Commercial Management Company Limited	Management												
	service	99.99	99.99	2.00	2.00	2,000	2,000	-	-	2,000	2,000	-	-
	Hotel	99.99	99.99	696.00	696.00	696,000	696,000	-	-	696,000	696,000	-	-
Erawan Growth Management Company Limited													
	Hotel	99.99	99.99	15.00	15.00	15,000	15,000	-	-	15,000	15,000	-	-
Total						4,415,160	4,415,160	-	-	4,415,160	4,415,160	269,445	-

All direct subsidiaries were incorporated in Thailand. None of the Company's subsidiaries is publicly listed and consequently does not have published price quotations.

Separate financial statements													
Type of business	Country of incorporation	Ownership Interest (%)		Paid-up capital (in million Baht)		Cost		Impairment (in thousand Baht)		At cost - net		Dividend income	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Indirect subsidiaries													
Erawan Mauritius Limited	Mauritius	100.00	100.00	378.55	256.00	-	-	-	-	-	-	-	-
Erawan Singapore Pte. Ltd.	Singapore	100.00	100.00	373.24	252.99	-	-	-	-	-	-	-	-
Erawan Philippines, INC.	Philippines	99.99	99.99	272.58	115.06	-	-	-	-	-	-	-	-
Erawan Philippines (Ermita), INC.	Philippines	99.99	99.99	71.77	71.77	-	-	-	-	-	-	-	-
Erawan Philippines (Makati), INC.	Philippines	99.99	99.99	62.83	35.39	-	-	-	-	-	-	-	-
Erawan Philippines (Aseana), INC.	Philippines	99.99	99.99	80.14	26.41	-	-	-	-	-	-	-	-
Erawan Philippines (Alabang), INC.	Philippines	99.99	-	18.50	-	-	-	-	-	-	-	-	-
Erawan Philippines (Quezon City), INC.	Philippines	99.99	-	18.50	-	-	-	-	-	-	-	-	-
PT. Erawan Indonesia Jakarta	Indonesia	99.96	99.96	74.03	74.03	-	-	-	-	-	-	-	-

Notes to the financial statements

Management reviewed and tested impairment of investments in certain subsidiaries in which impairment indicator existed by determining recoverable amount of investments from the value in use of the hotel which is cash-generating unit. The discounted cash flow projections ("DCF") have been prepared with reference to forecasted performance results considering historical data adjusted with projected revenue growth at 9% discount rate.

The recoverable amounts of cash-generating unit was greater than carrying amounts of investments. Thus, no impairment loss has been recognised.

12 Other long-term investments

	Equity interest (%)		Consolidated financial statements (in thousand Baht)	
	2016	2015	2016	2015
Related companies				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.17	0.17	1,138	1,125
Total			1,344	1,331

	Equity interest (%)		Separate financial statements (in thousand Baht)	
	2016	2015	2016	2015
Related companies				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.13	0.13	852	841
Total			1,058	1,047

13 Non-controlling interests

The following table summarises the information relating to the Group's subsidiary that has a material non-controlling interest.

Unit : Thousand Baht

31 December 2016			
	Erawan Hotel Public Company Limited	Intra-group eliminations	Total
Non-controlling interest percentage	26.36		
Current assets	411,234		
Non-current assets	1,393,644		
Current liabilities	(322,006)		
Non-current liabilities	(896,257)		
Net assets	586,615		
Carrying amount of non-controlling interest	154,632	-	154,632
Revenue	1,383,303		
Profit	178,555		
Other comprehensive income	-		
Total comprehensive income	178,555		
Profit allocated to non-controlling interest	40,845	-	40,845
Other comprehensive income allocated to non-controlling interest	-	-	-
Cash flows from operating activities	379,459		
Cash flows from investing activities	(19,345)		
Cash flows from financing activities			
(dividends to non-controlling interest: Baht 97.8 million)	(563,713)		
Net decrease in cash and cash equivalents	(203,599)		

Unit : Thousand Baht

31 December 2015			
	Erawan Hotel Public Company Limited	Intra-group eliminations	Total
Non-controlling interest percentage	26.36		
Current assets	625,721		
Non-current assets	1,537,000		
Current liabilities	(335,701)		
Non-current liabilities	(1,047,792)		
Net assets	779,228		

Notes to the financial statements

Unit : Thousand Baht

31 December 2015			
	Erawan Hotel Public Company Limited	Intra-group eliminations	Total
Carrying amount of non-controlling interest	211,626	-	211,626
Revenue	1,332,788		
Profit	132,181		
Other comprehensive income	(1,803)		
Total comprehensive income	130,378		
Profit allocated to non-controlling interest	34,843	-	34,843
Other comprehensive income allocated to non-controlling interest	(475)	-	(475)
Cash flows from operating activities	347,055		
Cash flows from investing activities	(39,749)		
Cash flows from financing activities			
(dividends to non-controlling interest: nil)	4,836		
Net increase in cash and cash equivalents	312,142		

14 Property, plant and equipment

Unit : Thousand Baht

Consolidated financial statements							
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction	Total
Cost							
At 1 January 2015	1,924,643	12,127,145	2,632,894	53,727	283,593	38,004	17,060,006
Additions	35,901	35,561	54,389	5,316	113	538,359	669,639
Transfers	-	169,322	41,467	-	4,825	(215,614)	-
Disposals	(5,945)	(1,878)	(39,669)	(3,470)	-	-	(50,962)
Foreign currency translation differences for foreign operations	-	-	-	-	-	361	361
At 31 December 2015 and 1 January 2016	1,954,599	12,330,150	2,689,081	55,573	288,531	361,110	17,679,044
Additions	108,613	41,434	118,111	610	7,944	541,224	817,936
Transfers	-	437,757	25,811	-	-	(542,673)	(79,105)
Disposals	-	(6,348)	(41,215)	(4,903)	-	(1,153)	(53,619)
Foreign currency translation differences for foreign operations	-	(7,345)	(432)	-	(70)	(6,591)	(14,438)
At 31 December 2016	2,063,212	12,795,648	2,791,356	51,280	296,405	351,917	18,349,818

Unit : Thousand Baht

Consolidated financial statements							
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction	Total
Depreciation							
At 1 January 2015	-	3,459,577	1,959,150	37,855	-	-	5,456,582
Depreciation charge for the year	-	426,658	200,168	6,449	-	-	633,275
Disposals	-	(1,875)	(38,537)	(2,725)	-	-	(43,137)
At 31 December 2015 and 1 January 2016	-	3,884,360	2,120,781	41,579	-	-	6,046,720
Depreciation charge for the year	-	434,357	205,988	5,121	-	-	645,466
Disposals	-	(5,692)	(39,267)	(4,842)	-	-	(49,801)
Foreign currency translation differences for foreign operations	-	(30)	(6)	-	-	-	(36)
At 31 December 2016	-	4,312,995	2,287,496	41,858	-	-	6,642,349
Net book value							
At 1 January 2015							
Owned assets	1,924,643	8,667,568	673,744	10,549	283,593	38,004	11,598,101
Assets under finance leases	-	-	-	5,323	-	-	5,323
	1,924,643	8,667,568	673,744	15,872	283,593	38,004	11,603,424
At 31 December 2015 and 1 January 2016							
Owned assets	1,954,599	8,445,790	568,300	7,605	288,531	361,110	11,625,935
Assets under finance leases	-	-	-	6,389	-	-	6,389
	1,954,599	8,445,790	568,300	13,994	288,531	361,110	11,632,324
At 31 December 2016							
Owned assets	2,063,212	8,482,653	503,860	5,446	296,405	351,917	11,703,493
Assets under finance leases	-	-	-	3,976	-	-	3,976
	2,063,212	8,482,653	503,860	9,422	296,405	351,917	11,707,469

Notes to the financial statements

Unit : Thousand Baht

Consolidated financial statements							
Note	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction	Total
Finance costs capitalised							
Finance costs capitalised during 2015	33	-	-	-	-	898	898
Rates of interest capitalised during 2015 (MLR - 2.00 % and RRP+2.25% per annum)							
Finance costs capitalised during 2016	33	-	-	-	-	4,605	4,605
Rates of interest capitalised during 2016 (MLR - 2.00 % and RRP+2.25% per annum)							

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2016 amounted to Baht 2,252.3 million (2015: Baht 2,078.9 million).

Unit : Thousand Baht

Separate financial statements							
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction	Total
Cost							
At 1 January 2015	1,006,544	6,811,035	1,334,663	27,081	154,469	6,515	9,340,307
Additions	-	21,447	26,679	5,111	74	89,145	142,456
Transfers	-	8,808	3,761	-	1,819	(14,388)	-
Disposals	-	(1,847)	(13,859)	(3,464)	-	-	(19,170)
At 31 December 2015 and 1 January 2016	1,006,544	6,839,443	1,351,244	28,728	156,362	81,272	9,463,593
Additions	-	26,515	35,408	-	693	88,983	151,599
Transfers	-	4,626	-	-	-	(58,126)	(53,500)
Disposals	-	(4,044)	(25,933)	(4,339)	-	-	(34,316)
At 31 December 2016	1,006,544	6,866,540	1,360,719	24,389	157,055	112,129	9,527,376

Unit : Thousand Baht

Separate financial statements							
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction	Total
Depreciation							
At 1 January 2015	-	1,562,387	923,375	16,607	-	-	2,502,369
Depreciation charge for the year	-	211,615	111,565	4,534	-	-	327,714
Disposals	-	(1,845)	(13,388)	(2,722)	-	-	(17,955)
At 31 December 2015 and 1 January 2016	-	1,772,157	1,021,552	18,419	-	-	2,812,128
Depreciation charge for the year	-	212,012	114,778	3,460	-	-	330,250
Disposals	-	(4,030)	(24,473)	(4,339)	-	-	(32,842)
At 31 December 2016	-	1,980,139	1,111,857	17,540	-	-	3,109,536
Net book value							
At 1 January 2015							
Owned assets	1,006,544	5,248,648	411,288	5,151	154,469	6,515	6,832,615
Assets under finance leases	-	-	-	5,323	-	-	5,323
	1,006,544	5,248,648	411,288	10,474	154,469	6,515	6,837,938
At 31 December 2015 and 1 January 2016							
Owned assets	1,006,544	5,067,286	329,692	3,920	156,362	81,272	6,645,076
Assets under finance leases	-	-	-	6,389	-	-	6,389
	1,006,544	5,067,286	329,692	10,309	156,362	81,272	6,651,465
At 31 December 2016							
Owned assets	1,006,544	4,886,401	248,862	2,873	157,055	112,129	6,413,864
Assets under finance leases	-	-	-	3,976	-	-	3,976
	1,006,544	4,886,401	248,862	6,849	157,055	112,129	6,417,840

The Company had no finance costs relating to the acquisition of property, plant and equipment which have been capitalised for the year ended 2016 and 2015.

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2016 amounted to Baht 1,075.6 million (2015: Baht 1,033.1 million).

The Group and the Company have mortgaged their property, plant and equipment, with net book values as at 31 December 2016 of Baht 9,821.8 million and Baht 5,869.9 million, respectively (31 December 2015: the Group and the Company of Baht 9,995.7 million and Baht 6,050.0 million, respectively), as collateral against credit facilities received from financial

Notes to the financial statements

institutions and transferred the related beneficiary rights under insurance policies to the financial institutions to secure the loans with the conditions stipulated in the agreement. In addition, the ownership of buildings and building improvements on the leased land of certain agreements will be transferred to the lessors upon the termination of the agreements (see note 20 to the financial statements).

Management reviewed and tested impairment of certain property, plant and equipment in which impairment indicator existed by determining recoverable amount of property, plant and equipment from the value in use of the hotel which is cash-generating unit. The discounted cash flow projections ("DCF") have been prepared with reference to forecasted performance results considering historical data adjusted with projected revenue growth at 9% discount rate.

The recoverable amounts of cash-generating unit was greater than carrying amounts of property, plant and equipment. Thus, no impairment loss has been recognised.

15 Land held for development

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Land cost	95,382	95,382	-	-
Development expenses	8,855	8,855	-	-
Total	104,237	104,237	-	-

16 Leasehold rights for land and buildings

Unit : Thousand Baht

	Consolidated financial statements		
	Leasehold rights for land	Leasehold rights for buildings	Total
Cost			
At 1 January 2015	991,037	1,215,798	2,206,835
Additions	-	2,128	2,128
At 31 December 2015 and 1 January 2016	991,037	1,217,926	2,208,963
Additions	113,211	139	113,350
Transfers	79,105	-	79,105
At 31 December 2016	1,183,353	1,218,065	2,401,418
Amortisation			
At 1 January 2015	344,235	450,972	795,207
Amortisation for the year	22,679	47,923	70,602

Unit : Thousand Baht

Consolidated financial statements			
	Leasehold rights for land	Leasehold rights for buildings	Total
At 31 December 2015 and 1 January 2016	366,914	498,895	865,809
Amortisation for the year	22,534	48,054	70,588
Transfers	4,501	-	4,501
At 31 December 2016	393,949	546,949	940,898
Net book value			
At 1 January 2015	646,802	764,826	1,411,628
At 31 December 2015 and 1 January 2016	624,123	719,031	1,343,154
At 31 December 2016	789,404	671,116	1,460,520

Unit : Thousand Baht

Separate financial statements			
	Leasehold rights for land	Leasehold rights for buildings	Total
Cost			
At 1 January 2015	809,664	278,481	1,088,145
At 31 December 2015 and 1 January 2016	809,664	278,481	1,088,145
Additions	97,000	-	97,000
Transfers	53,500	-	53,500
31 December 2016	960,164	278,481	1,238,645
Amortisation			
At 1 January 2015	229,884	158,184	388,068
Amortisation for the year	18,404	20,366	38,770
At 31 December 2015 and 1 January 2016	248,288	178,550	426,838
Amortisation for the year	18,455	20,421	38,876
Transfers	3,201	-	3,201
31 December 2016	269,944	198,971	468,915
Net book value			
At 1 January 2015	579,780	120,297	700,077
At 31 December 2015 and 1 January 2016	561,376	99,931	661,307
At 31 December 2016	690,220	79,510	769,730

The Group and the Company have mortgaged their leasehold rights for land, with net book values as at 31 December 2016 of Baht 586.2 million and Baht 539.6 million, respectively (31 December 2015: the Group and the Company of Baht 607.7 million and Baht 557.9 million, respectively), as collateral against credit facilities received from financial institutions (see note 20 to the financial statements).

Notes to the financial statements

17 Intangible assets

Unit : Thousand Baht

Software licenses	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost				
At 1 January	200,493	196,778	133,548	130,853
Additions	11,760	4,745	2,816	2,695
Disposals	(59)	(1,030)	(59)	-
Foreign currency translation differences for foreign operations	(93)	-	-	-
At 31 December	212,101	200,493	136,305	133,548
Amortisation				
At 1 January	163,735	151,162	107,180	98,523
Amortisation charge for the year	13,788	13,603	8,739	8,657
Disposals	(59)	(1,030)	(59)	-
Foreign currency translation differences for foreign operations	(1)	-	-	-
At 31 December	177,463	163,735	115,860	107,180
Net book value				
At 1 January	36,758	45,616	26,368	32,330
At 31 December	34,638	36,758	20,445	26,368

18 Deferred tax

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

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets	12,936	10,694	9,782	8,294
Deferred tax liabilities	(43,970)	(41,045)	-	-
Net	(31,034)	(30,351)	9,782	8,294

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

Unit : Thousand Baht

Consolidated financial statements								
	At 1 January 2015	(Charged) / Credited to:		At 31 December 2015	At 1 January 2016	(Charged) / Credited to:		At 31 December 2016
		Profit or loss	Other comprehensive income			Profit or loss	Other comprehensive income	
Deferred tax assets								
Accounts receivable (doubtful accounts)	364	165	-	529	529	133	-	662
Employee benefits obligation	12,022	833	2,681	15,536	15,536	1,592	-	17,128
Other current liability	-	-	-	-	-	689	-	689
Total	12,386	998	2,681	16,065	16,065	2,414	-	18,479
Deferred tax liabilities								
Property, plant and equipment (depreciation)	(43,521)	(2,895)	-	(46,416)	(46,416)	(3,097)	-	(49,513)
Total	(43,521)	(2,895)	-	(46,416)	(46,416)	(3,097)	-	(49,513)
Net	(31,135)	(1,897)	2,681	(30,351)	(30,351)	(683)	-	(31,034)

Unit : Thousand Baht

Separate financial statements								
	At 1 January 2015	(Charged) / Credited to:		At 31 December 2015	At 1 January 2016	(Charged) / Credited to:		At 31 December 2016
		Profit or loss	Other comprehensive income			Profit or loss	Other comprehensive income	
Deferred tax assets								
Accounts receivable (doubtful accounts)	162	85	-	247	247	32	-	279
Employee benefits obligation	5,371	717	1,959	8,047	8,047	896	-	8,943
Other current liability	-	-	-	-	-	560	-	560
Total	5,533	802	1,959	8,294	8,294	1,488	-	9,782

Certain subsidiaries have not recognised deferred tax assets arising from the tax loss carry forward of Baht 964.24 million which will be expired in 2017-2021 due to the fact that it is not probable that future taxable profit will be available against which such subsidiaries can utilise the benefits therefrom.

Notes to the financial statements

19 Other non-current assets

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Withholding tax deducted at source	3,596	4,326	-	-
Prepaid expenses	24,271	-	19,334	-
Total	27,867	4,326	19,334	-

20 Interest-bearing liabilities

Unit : Thousand Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Current					
Short-term loans from financial institutions					
secured		432,000	1,037,000	432,000	1,037,000
unsecured		750,000	300,000	750,000	300,000
Current portion of long-term loans from financial institutions					
secured		1,375,256	1,279,673	1,038,500	916,500
Current portion of finance lease liabilities		1,184	1,504	1,184	1,504
Total current interest-bearing liabilities		2,558,440	2,618,177	2,221,684	2,255,004
Non-current					
Long-term loans from related parties					
unsecured	5	-	-	118,086	88,526
Long-term loans from financial institutions					
secured		4,867,164	5,985,492	2,158,950	3,195,450
unsecured		1,000,000	-	1,000,000	-
Finance lease liabilities		1,840	3,003	1,840	3,003
Total non-current interest-bearing liabilities		5,869,004	5,988,495	3,278,876	3,286,979
Total		8,427,444	8,606,672	5,500,560	5,541,983

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

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Within one year	2,557,256	2,616,673	2,220,500	2,253,500
After one year but within five years	3,958,021	3,796,020	1,886,986	2,038,400
After five years	1,909,143	2,189,472	1,390,050	1,245,576
Total	8,424,420	8,602,165	5,497,536	5,537,476

As at 31 December 2016, the Group had short-term and long-term loan agreements with certain local and foreign financial institution. Details are as follows:

Loan agreement	Type of secured loan	Approved credit facilities	Interest rate (% p.a.)	Term of payment
1	Secured	Short-term Baht 600 million	MMR	As stated in promissory notes
2	Unsecured	Short-term Baht 300 million	MMR	As stated in promissory notes
3	Secured	Long-term Baht 250 million	MLR - fixed rate p.a.	Every 3 months commencing from February 2010
4	Secured	Long-term Baht 1,200 million	MLR - fixed rate p.a.	Every 3 months commencing from January 2011
5	Secured	Long-term Baht 800 million	MLR - fixed rate p.a.	Every 3 months commencing from January 2016
6	Secured	Long-term Baht 400 million	MLR - fixed rate p.a.	Every 3 months commencing from February 2011
7	Secured	Long-term Baht 250 million	MLR - fixed rate p.a.	Every 3 months commencing from January 2011
8	Secured	Long-term Baht 350 million	MLR - fixed rate p.a.	Every 3 months commencing from August 2011
9	Secured	Long-term Baht 250 million	MLR - fixed rate p.a.	Every 3 months commencing from July 2015
10	Secured	Long-term Baht 650 million	MLR - fixed rate p.a.	Every 6 months commencing from June 2015
	Secured	Short-term Baht 100 million	MMR	As stated in promissory notes
11	Secured	Long-term Baht 2,000 million	MLR - fixed rate p.a. and 6 months fixed deposit + fixed rate p.a.	Every 6 months commencing from March 2010
	Secured	Short-term Baht 500 million	MMR	As stated in promissory notes
12	Secured	Long-term Baht 480 million	MLR - fixed rate p.a.	Every 3 months commencing from July 2016
13	Secured	Long-term Baht 280 million	MLR - fixed rate p.a.	Every 3 months commencing from June 2016
14	Unsecured	Long-term Baht 2,500 million	MLR - fixed rate p.a.	As stated in the agreement
	Unsecured	Short-term Baht 1,000 million	MMR	As stated in the promissory notes
15	Secured	Long-term Baht 1,000 million	MLR - fixed rate p.a.	Every 6 months commencing from June 2007
	Secured	Short-term Baht 500 million	MMR	As stated in promissory notes
16	Secured	Long-term Baht 600 million	MLR - fixed rate p.a.	Every 6 months commencing from June 2015

Notes to the financial statements

Loan agreement	Type of secured loan	Approved credit facilities	Interest rate (% p.a.)	Term of payment
17	Secured	Long-term Baht 700 million	MLR - fixed rate p.a.	Every 3 months commencing from December 2008
	Secured	Short-term Baht 39 million	MMR	As stated in promissory notes
18	Secured	Long-term Baht 450 million	MLR - fixed rate p.a.	Every 3 months commencing from March 2006
19	Secured	Long-term Baht 800 million	MLR	Every 3 months commencing from March 2012
20	Secured	Long-term Baht 300 million	MLR - fixed rate p.a.	Every 3 months commencing from June 2012
21	Secured	Long-term Baht 36.22 million	MLR - fixed rate p.a.	Every 3 months commencing from March 2016
22	Secured	Long-term Baht 32.67 million	MLR - fixed rate p.a.	Every 3 months commencing from March 2016
23	Secured	Long-term Baht 34.56 million	MLR - fixed rate p.a.	Every 3 months commencing from March 2016
24	Secured	Long-term Baht 39 million	MLR - fixed rate p.a.	Every 3 months commencing from March 2016
25	Secured	Long-term Baht 39 million	MLR - fixed rate p.a.	Every 3 months commencing from March 2016
26	Secured	Long-term Baht 34.06 million	MLR - fixed rate p.a.	Every 3 months commencing from May 2016
27	Secured	Long-term Baht 38.50 million	MLR - fixed rate p.a.	Every 3 months commencing from May 2016
28	Secured	Long-term Baht 29.18 million	MLR - fixed rate p.a.	Every 3 months commencing from May 2016
29	Secured	Long-term Baht 39 million	MLR - fixed rate p.a.	Every 3 months commencing from October 2016
30	Secured	Long-term Baht 37.02 million	MLR - fixed rate p.a.	Every 3 months commencing from December 2016
31	Secured	Long-term Baht 37.70 million	MLR - fixed rate p.a.	Every 3 months commencing from June 2017
32	Secured	Long-term Baht 37.17 million	MLR - fixed rate p.a.	Every 3 months commencing from August 2017
33	Secured	Long-term Baht 33.02 million	MLR - fixed rate p.a.	Every 3 months commencing from August 2017
34	Secured	Long-term Baht 37.50 million	MLR - fixed rate p.a.	Every 3 months commencing from August 2017
35	Secured	Long-term Baht 35.59 million	MLR - fixed rate p.a.	Every 3 months commencing from August 2017
36	Secured	Long-term Baht 38.53 million	MLR - fixed rate p.a.	Every 3 months commencing from September 2017
37	Secured	Long-term Baht 36.62 million	MLR - fixed rate p.a.	Every 3 months commencing from December 2017
38	Secured	Long-term Baht 33.89 million	MLR - fixed rate p.a.	Every 3 months commencing from December 2017
39	Secured	Long-term Baht 31.52 million	MLR - fixed rate p.a.	Every 3 months commencing from April 2018
40	Secured	Long-term PHP 181 million	RRP + fixed rate p.a.	Every months commencing from July 2017
41	Secured	Long-term PHP 178 million	RRP + fixed rate p.a.	Every months commencing from September 2018

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, changes in hotel management, guarantees to loans or aval to promissory notes of any persons or any persons or any companies, dividend payments, reduction of authorised shares, merger or consolidation with any companies, and maintenance of certain financial ratios. However, in December 2016, the Group received the letters to revoke the restriction of maintenance of certain financial ratios for the year 2016 from financial institutions.

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

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Property, plant and equipment - net	9,821,796	9,995,687	5,869,895	6,050,030
Leasehold rights for land - net	586,221	607,680	539,609	557,937
Total	10,408,017	10,603,367	6,409,504	6,607,967

In addition, the Group transferred the rights and beneficiary rights under insurance policies to the lenders to secure the loan with the condition stipulated in the agreements. Certain loans are also secured by a guarantee provided by the Company and pledging of 1,599,994 shares of Erawan Rajdamri Company Limited.

As at 31 December 2016, the Group had unutilised credit facilities of totaling Baht 3,357.0 million and PHP 151.4 million (2015: Baht 777.5 million and PHP 160.6 million) and the Company had unutilised credit facilities of totaling Baht 2,818.0 million (2015: Baht 181.0 million).

21 Trade accounts payable

Unit : Thousand Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Related parties	5	-	-	510	387
Other parties		252,273	261,407	129,157	129,882
Total		252,273	261,407	129,667	130,269

The currency denomination of trade accounts payable as at 31 December was as follows:

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Thai Baht (THB)	251,699	260,541	129,667	130,269
Philippines Peso (PHP)	574	866	-	-
Total	252,273	261,407	129,667	130,269

Notes to the financial statements

22 Other current liabilities

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accrued expenses	280,867	246,435	131,389	115,470
Advances from customers and deposit received	181,357	165,924	85,110	73,313
Accounts payable - construction	75,728	55,673	15,759	31,482
Accrued management, royalty, marketing and other fees	37,110	34,570	15,311	16,985
Retention	57,965	47,474	21,862	26,662
Value added tax payable	27,441	26,721	13,685	14,172
Others	85,247	96,081	44,101	51,055
Total	745,715	672,878	327,217	329,139

23 Deferred income

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Leasehold rights - building, service and equipment	28,000	28,000	28,000	28,000
Less accumulated amortisation	(11,638)	(9,614)	(11,638)	(9,614)
Net book value	16,362	18,386	16,362	18,386
Amortisation included in statements of income for the year	2,024	2,024	2,024	2,024
Current portion of leasehold rights - building service and equipment	2,024	2,024	2,024	2,024
Leasehold rights - building service and equipment	14,338	16,362	14,338	16,362
Total	16,362	18,386	16,362	18,386

24 Employee benefit obligations

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Statement of financial position obligations for:				
Retirement benefits	85,641	77,680	44,714	40,234
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Retirement benefits	12,359	9,955	6,977	5,247
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	-	13,406	-	9,793

The Group operates a defined benefit pension plan 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.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Movement in the present value of the defined benefit obligations:

Unit : Thousand Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Defined benefit obligations at 1 January		77,680	60,194	40,234	26,855
Include in profit or loss:	31				
Current service cost		10,172	7,618	5,876	4,192
Interest on obligation		2,187	2,337	1,101	1,055
		12,359	9,955	6,977	5,247

Notes to the financial statements

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Included in other comprehensive income				
Actuarial losses	-	13,406	-	9,793
	-	13,406	-	9,793
Other				
Benefit paid	(4,398)	(5,875)	(2,497)	(1,661)
	(4,398)	(5,875)	(2,497)	(1,661)
Defined benefit obligations at 31 December	85,641	77,680	44,714	40,234

Actuarial gains and losses recognised in other comprehensive income arising from:

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Demographic assumptions	-	(657)	-	(147)
Financial assumptions	-	5,480	-	2,913
Experience adjustment	-	8,583	-	7,027
Total	-	13,406	-	9,793

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

Unit : %

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	2.9	2.9	2.9	2.9
Future salary growth	4.0 - 7.0	4.0 - 7.0	5.0 - 7.0	5.0 - 7.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2016, the weighted-average duration of the defined benefit obligation was 13 years (2015:13 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Unit : Thousand Baht

Defined benefit obligation at 31 December 2016	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(6,411)	7,294	(3,098)	3,516
Future salary growth (1% movement)	7,925	(7,083)	3,815	(3,423)

Unit : Thousand Baht

Defined benefit obligation at 31 December 2015	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(6,065)	6,918	(2,885)	3,280
Future salary growth (1% movement)	6,680	(5,987)	3,139	(2,825)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

25 Share capital

Unit : Thousand Shares / in Thousand Baht

	Par value per share (in Baht)	2016		2015	
		Number	Amount	Number	Amount
Authorised					
At 1 January					
Ordinary shares	1	2,505,000	2,505,000	2,505,000	2,505,000
Reduction of shares	1	(6,827)	(6,827)	-	-
Increase of new shares	1	39,720	39,720	-	-
At 31 December ordinary shares	1	2,537,893	2,537,893	2,505,000	2,505,000

Notes to the financial statements

Unit : Thousand Shares / in Thousand Baht

	Par value per share (in Baht)	2016		2015	
		Number	Amount	Number	Amount
Issued and paid-up					
At 1 January					
Ordinary shares	1	2,498,173	2,498,173	2,478,778	2,478,778
Issue under ESOP	1	-	-	19,395	19,395
At 31 December					
Ordinary shares	1	2,498,173	2,498,173	2,498,173	2,498,173

Reduction of authorised share capital

At the annual general meeting of the shareholders of the Company held on 26 April 2016, the shareholders approved the reduction of the Company's registered share capital from Baht 2,505,000,000 to Baht 2,498,173,275 by canceling its non-issued share capital. The Company registered the reduction of share capital amounting to Baht 6,826,725 with the Ministry of Commerce on 10 May 2016.

Increase of authorised share capital

At the annual general meeting of the shareholders of the Company held on 26 April 2016, the shareholders approved the increase of the Company's registered share capital from Baht 2,498,173,275 to Baht 2,537,893,275 to reserve for the exercise of stock options under ESOP for employees of the Group. The Company registered the increase of share capital amounting to Baht 39,720,000 with the Ministry of Commerce on 11 May 2016.

Employee Stock Option Plan (ESOP)

During the year 2011, the Company issued stock option plan of 32,093,099 options for the Group's employees. In 2012, the Company issued additional stock option so the total stock options issued were 35,743,099 options. The period of the plan shall not exceed 5 years from grant date on 10 June 2011. The employees are entitled to exercise their rights to purchase shares 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.

Movements in the number of ESOP during the year ended 31 December 2016 and 2015 were as follows:

Unit : Thousand Baht

	2016	2015
At 1 January	-	19,483
Exercised	-	(19,395)
Not exercised	-	(88)
At 31 December	-	-

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

At the annual general meeting of the shareholders of the Company held on 26 April 2016, the shareholders of the Company approved the issuance of the employee stock option plan for the employees of the Group in the amount of 39,720,000 options. The Company granted such ESOP to the employees on 1 February 2017.

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.

26 Reserve

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 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.

Notes to the financial statements

27 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

None of other operations meets the quantitative thresholds for determining reportable segments in 2016 or 2015.

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 interest and 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.

Unit : Million Baht

Information about reportable segments												
	Hotel business		Rental and management building business		Other business		Unallocated amount		Eliminations		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
External revenue	5,418	5,111	191	184	53	-	2	6	-	-	5,664	5,301
Inter-segment revenue	44	32	3	3	-	-	341	57	(388)	(92)	-	-
Total segment revenue	5,462	5,143	194	187	53	-	343	63	(388)	(92)	5,664	5,301
Share of profit of investments in associates	-	-	-	-	-	-	15	19	-	-	15	19
Depreciation and amortisation	(692)	(679)	(26)	(25)	-	-	(6)	(6)	(6)	(7)	(730)	(717)
Segment profit (loss) before income tax	595	384	69	61	20	-	138	(103)	(293)	(13)	529	329
Investments in associates as at 31 December	-	-	-	-	-	-	155	162	-	-	155	162
Capital expenditure as at 31 December	12,832	12,598	102	121	-	20	175	173	198	204	13,307	13,116
Segment assets as at 31 December	18,390	18,403	479	399	57	30	3,422	2,359	(7,437)	(6,371)	14,911	14,820
Segment liabilities as at 31 December	8,990	9,410	56	47	1	5	2,435	1,555	(1,643)	(1,079)	9,839	9,938

Reconciliation of reportable segment profit or loss, assets and liabilities and other material items

Unit : Million Baht

	2016	2015
Revenues		
Total revenue from reportable segments	5,709	5,330
Other revenue	40	46
Elimination of inter-segment revenue	(388)	(92)
Unallocated amount	303	17
Consolidated revenue	5,664	5,301
Profit or loss		
Total profit for reportable segments before income tax and elimination of inter-segment	684	445
Elimination of inter-segment	(293)	(13)
Unallocated corporate revenues (expenses)	123	(122)
Share of profit of investments in associates	15	19
Consolidated profit before income tax	529	329
Assets		
Total assets for reportable segments	18,926	18,832
Investments in associates	155	162
Elimination of inter-segment	(7,437)	(6,371)
Unallocated amounts	3,267	2,197
Consolidated total assets	14,911	14,820
Liabilities		
Total liabilities for reportable segments	9,047	9,462
Elimination of inter-segment	(1,643)	(1,079)
Unallocated amounts	2,435	1,555
Consolidated total liabilities	9,839	9,938

Unit : Million Baht

	Reportable segment totals	Unallocated assets and eliminations	Consolidated totals
Other material items			
2016			
Capital expenditure	12,934	373	13,307
Depreciation and amortisation	(718)	(12)	(730)
2015			
Capital expenditure	12,739	377	13,116
Depreciation and amortisation	(704)	(13)	(717)

Notes to the financial statements

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Unit : Million Baht

Geographical information	Revenue		Non-current assets	
	2016	2015	2016	2015
Thailand	5,657	5,297	13,308	13,330
Philippines	2	-	325	81
Other countries	5	4	-	-
Total	5,664	5,301	13,633	13,411

28 Other income

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Income from property tax	1,753	1,824	1,545	1,580
Gain on disposal of building and equipment	-	3,656	1,327	318
Net foreign exchange gain	3,670	3,371	1,567	1,609
Others	28,006	31,569	14,841	19,435
Total	33,429	40,420	19,280	22,942

29 Selling expenses

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Marketing expenses	237,922	232,186	111,826	111,040
Employee benefit expenses	107,271	98,662	56,909	50,129
Total	345,193	330,848	168,735	161,169

30 Administrative expenses

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Employee benefit expenses	554,535	503,695	332,100	294,183
Management and other fees	290,940	214,498	152,901	122,617
Repair and maintenance expenses	136,161	102,418	59,164	47,393
Others	154,847	222,373	56,319	95,060
Total	1,136,483	1,042,984	600,484	559,253

31 Employee benefit expenses

Unit : Thousand Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Salaries and other benefits		1,381,824	1,324,744	739,850	678,200
Post-employment benefits	24	12,359	9,955	6,977	5,247
Total		1,394,183	1,334,699	746,827	683,447

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 2 % to 15 % of their basic salaries and by the Group at rates ranging from 2 % to 10 % of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Managers.

32 Expenses by nature

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

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Employee benefit expenses	1,394,183	1,334,699	746,827	683,447
Costs of food and beverage	674,215	703,905	312,406	320,838
Rental expenses	179,499	177,270	40,330	37,874

33 Finance costs

Unit : Thousand Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Interest expense:					
Related parties	5	-	-	22,817	15,290
Financial institutions		366,686	387,730	207,029	232,730
		366,686	387,730	229,846	248,020
Less: amounts included in the cost of qualifying assets:					
- Capitalised as cost of assets under construction	14	(4,605)	(898)	-	-
Net		362,081	386,832	229,846	248,020

Notes to the financial statements

34 Income tax expense

Income tax recognised in profit or loss

Unit : Thousand Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Current tax expense					
Current year		121,025	96,886	70,719	60,328
Deferred tax expense	18				
Movements in temporary differences		683	1,897	(1,488)	(802)
Income tax expense		121,708	98,783	69,231	59,526

Income tax recognised in other comprehensive income

Unit : Thousand Baht

	Consolidated financial statements					
	2016			2015		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial losses	-	-	-	(13,406)	2,681	(10,725)
Total	-	-	-	(13,406)	2,681	(10,725)

Unit : Thousand Baht

	Separate financial statements					
	2016			2015		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Defined benefit plan actuarial losses	-	-	-	(9,793)	1,959	(7,834)
Total	-	-	-	(9,793)	1,959	(7,834)

Reconciliation of effective tax rate

Consolidated financial statements				
	2016		2015	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		529,444		329,099
Income tax using the Thai corporation tax rate	20.0	105,889	20.0	65,820
Effect of different tax rates in foreign jurisdictions		(1,340)		(660)
Tax difference on expense (revenue)		(5,198)		772
Recognition of previously unrecognised tax losses		(13,982)		(7,582)
Current year losses for which no deferred tax asset was recognised		36,339		40,443
Total	23.0	121,708	30.0	98,783

Separate financial statements				
	2016		2015	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		650,151		310,646
Income tax using the Thai corporation tax rate	20.0	130,030	20.0	62,129
Tax difference on expense (revenue)		(60,799)		(2,603)
Total	10.6	69,231	19.2	59,526

Income tax reduction

Revenue Code Amendment Act. No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting period which begins on or after 1 January 2016.

35 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

Notes to the financial statements

Unit : in Thousand Baht / Thousand Shares

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit attributable to ordinary shareholders of the Company (basic)	366,891	195,473	580,920	251,119
Number of ordinary shares outstanding at 1 January	2,498,173	2,478,778	2,498,173	2,478,778
Effect of shares options exercised	-	4,050	-	4,050
Weighted average number of ordinary shares outstanding (basic)	2,498,173	2,482,828	2,498,173	2,482,828
Earnings per share (basic) (in Baht)	0.1469	0.0787	0.2325	0.1011

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

Unit : in Thousand Baht / Thousand Shares

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit attributable to ordinary shareholders of the Company (basic)	366,891	195,473	580,920	251,119
Profit attributable to ordinary shareholders of the Company (diluted)	366,891	195,473	580,920	251,119
Weighted average number of ordinary shares outstanding (basic)	2,498,173	2,482,828	2,498,173	2,482,828
Effect of share options granted	-	4,143	-	4,143
Weighted average number of ordinary shares outstanding (diluted)	2,498,173	2,486,971	2,498,173	2,486,971
Earnings per share (diluted) (in Baht)	0.1469	0.0786	0.2325	0.1010

36 Dividends

At the annual general meeting of the shareholders of the Company held on 26 April 2016, the shareholders approved the appropriation of dividends of Baht 0.04 per share, amounting to Baht 99.93 million. The dividend was paid to shareholders on 25 May 2016.

At the annual general meeting of the shareholders of a subsidiary held on 21 April 2016, the shareholders approved the appropriation of dividends of Baht 1.659 per share, amounting to Baht 132.17 million. The dividend was paid to shareholders on 19 May 2016.

At the board of director meeting of a subsidiary held on 22 September 2016, the board of director approved the appropriation of dividends of Baht 3.00 per share, amounting to Baht 239.00 million. The dividend was paid to shareholders on 5 October 2016.

At the annual general meeting of the shareholders of the Company held on 28 April 2015, the shareholders approved the appropriation of dividends of Baht 0.04 per share, amounting to Baht 99.27 million. The dividend was paid to shareholders on 27 May 2015.

37 Financial instruments

Financial risk management policies

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

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

Capital management

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

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. The Group is primarily exposed to interest rate risk from its borrowings (Note 20). The Group mitigates this risk by ensuring that the majority of its borrowings are close to the market rate.

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

Unit : Thousand Baht

Separate financial statements					
	Effective interestrate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
2016					
Loans receivable - related parties	4.15	-	1,424,138	-	1,424,138
2015					
Loans receivable - related parties	4.51	-	907,328	-	907,328

Notes to the financial statements

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:

Unit : Thousand Baht

Consolidated financial statements					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
2016					
Loans payable - financial institutions	MMR, MLR MLR - 1.00, MLR - 1.50, MLR - 1.75, MLR - 2.00, MLR - 2.40, RRP + 2.25, 6-month fixed deposit rate + 2.00	2,557,256	3,958,021	1,909,143	8,424,420
2015					
Loans payable - financial institutions	MMR, MLR - 1.00, MLR - 1.50, MLR - 2.00, RRP + 2.25, 6-month fixed deposit rate + 2.00	2,616,673	3,796,020	2,189,472	8,602,165

Unit : Thousand Baht

Separate financial statements					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
2016					
Loans payable - related party	5.53	-	118,086	-	118,086
Loans payable - financial institutions	MMR, MLR - 1.50, MLR - 1.75, MLR - 2.00, MLR - 2.40, 6-month fixed deposit rate + 2.00	2,220,500	1,768,900	1,390,050	5,379,450
Total		2,220,500	1,886,986	1,390,050	5,497,536

Unit : Thousand Baht

Separate financial statements					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
2015					
Loans payable - related party	5.78	-	88,526	-	88,526
Loans payable - financial institutions	MLR - 1.00, MLR - 1.50, MLR - 2.00, 6-month fixed deposit rate + 2.00	2,253,500	1,949,874	1,245,576	5,448,950
Total		2,253,500	2,038,400	1,245,576	5,537,476

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.

Carrying amount and fair values

The following table shows the carrying amounts and fair value of financial assets and liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measure at fair value if a carrying amount is a reasonable approximation of fair value.

Notes to the financial statements

Unit : Million Baht

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2016					
Current					
Loan from financial institutions	2,557	-	2,557	-	2,557
Non-current					
Equity securities available for sale	1	-	1	-	1
Loan from financial institutions	5,867	-	5,867	-	5,867
31 December 2015					
Current					
Loan from financial institutions	2,617	-	2,617	-	2,617
Non-current					
Equity securities available for sale	1	-	1	-	1
Loan from financial institutions	5,985	-	5,985	-	5,985

Unit : Million Baht

	Carrying amount	Separate financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2016					
Current					
Loan from financial institutions	2,221	-	2,221	-	2,221
Non-current					
Equity securities available for sale	1	-	1	-	1
Loans to related parties	1,424	-	1,424	-	1,424
Loans from related party	118	-	118	-	118
Loan from financial institutions	3,159	-	3,159	-	3,159
31 December 2015					
Current					
Loan from financial institutions	2,254	-	2,254	-	2,254
Non-current					
Equity securities available for sale	1	-	1	-	1
Loans to related parties	907	-	907	-	907
Loans from related party	89	-	89	-	89
Loan from financial institutions	3,195	-	3,195	-	3,195

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group determines Level 2 fair values for equity securities available for sale using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

The fair value of accounts receivable and accounts payable - trade and others is taken to approximate the carrying value.

The fair value of loans to and loans from related parties is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

38 Commitments with non-related parties

Unit : Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Capital commitments				
Contracted but not provided	621.2	217.2	309.7	21.2
Future minimum lease payments under non-cancellable operating leases				
Within one year	122.1	189.9	51.0	42.8
After one year but within five years	372.5	276.8	198.0	137.6
After five years	3,989.7	2,658.7	2,759.0	1,880.8
Total	4,484.3	3,125.4	3,008.0	2,061.2
Commitments under service agreements				
Within one year	63.9	59.9	38.1	43.4
After one year but within five years	19.8	19.1	12.6	10.2
After five years	2.8	-	2.8	-
Total	86.5	79.0	53.5	53.6

Notes to the financial statements

Unit : Million Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Other commitments				
Guarantee for bank credit facilities	1,473.9	1,337.3	1,473.9	1,337.3
Bank guarantees	32.0	31.3	16.1	16.1
Total	1,505.9	1,368.6	1,490.0	1,353.4

Long-term agreements

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

Long-term asset lease agreements

Erawan Rajdamri Company Limited, a subsidiary, entered into a building lease agreement with a Government organisation covering a term of 30 years, commencing 1 July 1987, whereby the subsidiary shall 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 term of this agreement, the subsidiary shall pay remuneration of Baht 70.0 million, which had already been paid. In addition, the subsidiary shall pay monthly rental at the rate stipulated for each year, for a term of 30 years commencing 1 January 2008.

Erawan Hotel Public Company Limited, a subsidiary, entered into an agreement with a related company to lease land for a term of 30 years up to the year 2021. At the maturity date, the subsidiary has a right to renew the term of the agreement for another 20 years. The subsidiary shall pay land rental of Baht 14.1 million per annum, and the land rental shall be adjusted every ten years. Upon the termination of the agreement, the ownership of buildings and building improvements on the leased land, including equipment, furniture and tools necessary for hotel operations, shall be transferred to the lessor.

The Company has lease agreement for the 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, shall be transferred to the lessor upon the termination of the agreements. The Company shall pay land rental charges of Baht 11.2 million (for the year 2005 - 2014) per annum and the land rental shall be adjusted every ten years. The term of the lease is a period of 30 years up to the year 2025.

Under the terms of the lease agreements, the Company shall pay the following lease payment and deposits for rental as follows,

1. Leasehold rights amounting to Baht 180.0 million shall be paid 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 paid the full amount of the deposits, which shall be refunded in the 30th year and is presented as part of "Deposits for lease of land, building and equipment" in the statement of financial position.

In addition, the Company has an agreement to lease the land on which the hotel building is located for extend the period of agreement which the previous agreement allowed the lessee to extend the term of the lease as mutually agreed. The Company agreed to lease land for 20 years from 24 January 2025 to 23 January 2045. The Company shall pay rental of Baht 216.1 million, which had already been paid.

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

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 land on which its office building is situated from the lessor. According to the agreements, ownership of all structures constructed on the leased land, including that of equipment, furniture and tools which are vital to the project's operation, shall be transferred to the lessor upon the termination of the agreements. The Company shall pay land rental of Baht 13.1 million (for the year 2005 - 2014) per annum and the land rental shall be adjusted every ten years. The terms 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 the periods of 22 years and 10 months up to the year 2025. Under the terms of the agreement, the Company agrees to pay rental totalling Baht 32.8 million, in three installments. The Company had already paid the first and second installments of Baht 23.2 million and the remaining Baht 9.6 million shall be paid in 2025. In addition, the Company shall pay a land rental of Baht 0.8 million per annum for the first three years, and such rental shall be adjusted every ten years. Upon the termination 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.

Consequently, on 1 April 2011, the Company transferred leasehold rights land and sold its office building, Ploenchit Center Building, under two lease agreements 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 shall pay rental of Baht 100,000 per month commencing from 1 November 2004 onwards, and the rental charge shall 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 shall to give notice of its intention in writing to the lessor at least one year but not more than two years in advance. Ownership of buildings and all structures constructed on the leased land shall be transferred to the lessor upon the termination of the agreement.

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

Notes to the financial statements

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

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

On 19 January 2011, The Company entered into land lease agreement with a third party for a period of 30 years up to the 2043, to be extended for further period, subject to certain conditions in the agreement. Under the terms of this agreement, the Company shall pay lease remuneration of Baht 3.0 million. The Company has already paid this remuneration. In addition, the Company shall pay a land rental of Baht 0.3 million per annum for the first three years, and such rental shall be adjusted every three years. Upon the termination of the agreement, the Company shall demolish the building or deliver all buildings and structures on such land to the lessor, depending upon the purpose of 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 counter parties have a right to extend the agreements for five times by notice in advance at least 60 days before expiration. The lease agreements can be extended for further periods of three years each time for the first to the fourth extension and can be extended not more than four 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 shall be received 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 shall provide financial support to the subsidiary to the extent of such shortfall. Lessee does not have an option to repurchase the leased assets under the agreement.

On 31 March 2016, Erawan Growth Management Company Limited, a subsidiary, entered into a new 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 counter parties have a right to extend the agreements for five times by notice in advance at least 60 days before expiration. The lease agreements can be extended for further periods of three years each time for the first to the fourth extension and can be extended not more than four months for the fifth time with a fixed rental fee and variable rental fee in accordance with the conditions stipulated in the agreement. After the counter party exercise its option to renew the agreement for three times, the counter party has a right to negotiate for extending the right to renew the agreement additional to the aforesaid terms within 31 March 2027 subject to the condition stipulated in the agreement.

On 13 November 2014, Erawan Philippines (Ermita), INC., an indirect subsidiary, entered into lease agreement to lease land in Philippines 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 indirect subsidiary agreed to pay a monthly rental rate in each year, according to the agreement. Upon the termination of the agreement; the indirect subsidiary shall demolish the building or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor. Then, on 5 October 2015, the indirect subsidiary entered into a supplemental agreement to extend the term of the lease to 27 years ending in 2041. The indirect subsidiary has the right to renew for another 5 years whereas other conditions in the agreement remains the same.

On 13 March 2015, Erawan Hop Inn Company Limited entered into land lease agreement with a third party for a period of 30 years up to the year 2047, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 2.0 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 2 July 2015, Erawan Hop Inn Company Limited entered into land lease agreement with a third party for a period of 30 years up to the year 2046, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 5.3 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 2 July 2015, The Company entered into land lease agreement with a third party for a period of 30 years up to the year 2048, to be extended for further period, subject to certain conditions in the agreement. The Company shall pay lease remuneration of Baht 53.5 million. The Company has already paid this remuneration. In addition, the Company shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 2 July 2015, Erawan Philippines (Makati), INC., an indirect subsidiary, entered into lease agreement to lease land in Philippines for hotel construction. The rental period is 30 years ending in 2045, to be extended for a further period of 20 years, subject to certain conditions in the agreement. The indirect subsidiary agreed to pay a monthly rental rate in each year as mentioned in the agreement. Upon the termination of the agreement, the indirect subsidiary shall demolish the buildings or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.

On 9 July 2015, Erawan Hop Inn Company Limited, a subsidiary, entered into land lease agreement with a foundation for a period of 30 years up to the year 2046, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 4.7 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 7 August 2015, Erawan Hop Inn Company Limited, a subsidiary, entered into land lease agreement with local company for a period of 30 years up to the year 2047, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 13.6 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in the agreement. Upon the termination of the agreement, the subsidiary shall demolish the building and structures on such land to the lessor.

On 26 January 2016, Erawan Philippines (Aseana), INC., an indirect subsidiary, entered into lease agreement to lease land in Philippines for hotel construction. The rental period is 30 years ending in 2046, to be extended for a further period of 20 years, subject to certain conditions in the agreement. The indirect subsidiary agreed to pay a monthly rental rate in each year as mentioned in the agreement. Upon the termination of the agreement, the indirect subsidiary shall demolish the buildings or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.

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On 26 May 2016, Erawan Samui Company Limited, a subsidiary, entered into land lease agreement with a third party for a period of 30 years up to the year 2046, to be extended for further period, subject to certain conditions in the agreement. In addition, the subsidiary shall pay a land rental at the period and rate as mentioned in the agreement. Upon the termination of the agreement, the subsidiary shall demolish the building or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.

On 30 May 2016, Erawan Hop Inn Company Limited, a subsidiary, entered into land lease agreement with a third party for a period of 30 years up to the year 2047, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 4.0 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 1 June 2016, The Company entered into land lease agreement with a third party for a period of 30 years up to the year 2049, to be extended for further period, subject to certain conditions in the agreement. The Company shall pay lease remuneration of Baht 87.0 million. The Company has already paid this remuneration. In addition, the Company shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 1 June 2016, The Company entered into land lease agreement with a third party for a period of 30 years up to the year 2049, to be extended for further period, subject to certain conditions in the agreement. The Company shall pay lease remuneration of Baht 10.0 million. The Company has already paid this remuneration. In addition, the Company shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 6 July 2016, Erawan Philippines (Alabang), INC., an indirect subsidiary, entered into lease agreement to lease land in Philippines for hotel construction. The rental period is 30 years ending in 2046, to be extended for a further period of 20 years, subject to certain conditions in the agreement. The indirect subsidiary agreed to pay a monthly rental rate in each year as mentioned in the agreement. Upon the termination of the agreement, the indirect subsidiary shall demolish the buildings or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.

On 20 July 2016, Erawan Hop Inn Company Limited, a subsidiary, entered into land lease agreement with local company for a period of 30 years up to the year 2047, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 8.0 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in the agreement. Upon the termination of the agreement, the subsidiary shall demolish the building or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.

On 7 October 2016, Erawan Hop Inn Company Limited, a subsidiary, entered into land lease agreement with local company for a period of 30 years up to the year 2047, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 4.2 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in the agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

Hotel management agreements

On 24 February 1988, Erawan Hotel Public Company Limited, a subsidiary, 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 and promotion expenses to HYATT, at the rates indicated in the agreements. The terms of the management agreement is for 20 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 terms 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 are for 30 years from commencement of hotel operations, and are extendible for a further period of at least 10 years, depend on the fulfillment of certain conditions specified in the agreements.

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

In July 2011, Erawan Phuket Company Limited, a subsidiary, agreed with the Six Senses Company Group for the termination of their management services agreements and entered into management services agreements with the Starwood Group to 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 expire in December 2031 with an option to extend for further period, dependent upon certain as conditions specified in the agreements.

During June 2006 to December 2012, the Company and Erawan Chaopraya Company Limited, a subsidiary, entered into agreements with Accor Group to manage 12 hotels located in Thailand of the Company and a subsidiary under the brand Ibis and Mercure. Under the terms of the agreements, the Company and a subsidiary are committed to pay remuneration in

Notes to the financial statements

accordance with the rates, terms and basis specified in the agreements. The terms of the hotel management agreements are 15 years from commencement of hotel operations, 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.

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 the same as the previous hotel management agreements.

On 30 December 2015, the Company entered into franchise agreements with the Accor Group to operate hotels under the Ibis Styles and Novotel brands. Under the terms of these agreements, the Company is committed to pay fees to Accor Group at the rates, terms and basis specified in the agreements. The term of the franchise agreement is for 20 years from commencement of hotel operations.

On 29 December 2016, the Company entered into franchise agreements with the Accor Group to operate hotels under the Ibis Styles and Mercure brands. Under the terms of these agreements, the Company is committed to pay fees to Accor Group at the rates, terms and basis specified in the agreements. The term of the franchise agreement is for 20 years from commencement of hotel operations.

39 Events after the reporting period

On 23 January 2017, Erawan Mauritius Limited, an indirect subsidiary, registered the increase of the authorised share capital by issuing 2,880,000 ordinary shares at a par value of USD 1, totaling USD 2,880,000, which have been wholly acquired and fully paid by Erawan Hop Inn Company Limited on the same date.

On 31 January 2017, Erawan Singapore Pte. Ltd., an indirect subsidiary, registered the increase of the authorised share capital by issuing 2,880,000 ordinary shares at a par value of USD 1, totaling USD 2,880,000, which have been wholly acquired and fully paid by Erawan Mauritius Limited on the same date.

On 1 February 2017, Erawan Philippines, INC., an indirect subsidiary, paid up the share capital of Erawan Philippines (Ermita), INC., totaling PHP 3,220,000 ordinary share at a par value 1, totaling PHP 3,220,000.

At the Company's board of directors' meeting held on 21 February 2017, the board of directors passed a resolution to propose the payment of a dividend of Baht 0.06 per share, totaling Baht 149.89 million to the 2017 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 2017, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 105 (revised 2016)	Accounting for investment in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments : Disclosure and Presentation
TFRS 2 (revised 2016)	Share-based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases – Incentives

Notes to the financial statements

TFRS	Topic
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 32 (revised 2016)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 21 (revised 2016)	Levies
FAP Announcement No.5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

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.

Corporate Information

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Type of Business Invest and develop hotel properties strategically located to match travelers' different demand including property management and retail shops.

Company's Capital as at 31st December 2016

Registered Capital 2,537,893,275 Baht
2,537,893,275 ordinary shares at par value 1 Baht/share.

Paid-Up Capital 2,498,173,275 Baht
2,498,173,275 ordinary shares at par value 1 Baht/share.

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Hop INN Mukdahan 18 Chayangkul Kor Road, Mukdahan, Mueang Mukdahan, Mukdahan 49000 Thailand Telephone 66 (0) 4263 0399 Fax 66 (0) 4263 0833 www.hopinnhotel.com	HOP INN Mae Sot 81/9 Asian Highway, Mae Sot, Mae Sot, Tak 63110 Thailand Telephone 66 (0) 5553 6399 Fax 66 (0) 5553 5833 www.hopinnhotel.com	HOP INN Trang 251/35 Moo 4, Ban Pho Sub, Mueang Trang, Trang 92000 Thailand Telephone 66 (0) 7521 6899 Fax 66 (0) 7521 2033 www.hopinnhotel.com
HOP INN Nong Khai 889 Moo 3, Nai Mueang, Mueang Nong Khai, Nong Khai 43000 Thailand Telephone 66 (0) 4241 3599 Fax 66 (0) 4241 3833 www.hopinnhotel.com	HOP INN Sa Kaeo 1/10 Thesaban 18 Road, Sa Kaeo, Mueang Sa Kaeo, Sa Kaeo 27000 Thailand Telephone 66 (0) 3742 1299 Fax 66 (0) 3742 1133 www.hopinnhotel.com	HOP INN Krabi 19 Ruamjit Road, Pak Nam, Mueang Krabi, Krabi 81000 Thailand Telephone 66 (0) 7562 0889 Fax 66 (0) 7562 0133 www.hopinnhotel.com
HOP INN Kanchanaburi 360/39 U Thong Road, Pak Phraek, Mueang Kanchanaburi, Kanchanaburi 71000 Thailand Telephone 66 (0) 3451 3599 Fax 66 (0) 3451 4533 www.hopinnhotel.com	HOP INN Lampang 79/31 Phaholyothin Road, Suan dok, Mueang Lampang, Lampang 52100 Thailand Telephone 66 (0) 5422 7899 Fax 66 (0) 5422 8333 www.hopinnhotel.com	HOP INN Khon Kaen 90/609 Moo 4, Nai Mueang, Mueang Khon Kaen, Khon Kaen 40000 Thailand Telephone 66 (0) 4322 3899 Fax 66 (0) 4322 3033 www.hopinnhotel.com
HOP INN Udon Thani 30/2 Moo 7, Soi Ban Nonpiboon, Piboon Road, Mak Khaeng, Mueang Udon Thani, Udon Thani 41000 Thailand Telephone 66 (0) 4232 4299 Fax 66 (0) 4232 4423 www.hopinnhotel.com	HOP INN Phitsanulok 66/6 Moo 10, Wat Chan, Mueang Phitsanulok, Phitsanulok 65000 Thailand Telephone 66 (0) 5533 4699 Fax 66 (0) 5533 4522 www.hopinnhotel.com	HOP INN Roi Et 377 Moo 6, Nuea Mueang, Mueang Roi-et, Roi Et 45000 Thailand Telephone 66 (0) 4352 2122 Fax 66 (0) 4352 2233 www.hopinnhotel.com
HOP INN Nakhon Ratchasima 624 Suebsiri Road, Nai Mueang, Mueang Nakhon Ratchasima, Nakhon Ratchasima 30000 Thailand Telephone 66 (0) 4435 5039 Fax 66 (0) 4435 4033 www.hopinnhotel.com	HOP INN Surat Thani 5/135 Moo 3, Liang Mueang Road, Makham Tia, Mueang Surat Thani, Surat Thani 84000 Thailand Telephone 66 (0) 7743-7099 Fax 66 (0) 7743-7255 www.hopinnhotel.com	HOP INN Chumporn 75/59 Krumluang Chumphon Road, Tha Taphao, Mueang Chumphon, Chumphon 86000 Telephone 66 (0) 7750 1799 Fax 66 (0) 7750 3433 www.hopinnhotel.com
HOP INN Ubon Ratchathani 263 Moo 1, Chaeramae, Mueang Ubon Ratchathani, Ubon Ratchathani 34000 Thailand Telephone 66 (0) 4535 5199 Fax 66 (0) 4531 1533 www.hopinnhotel.com	HOP INN Nakhon Si Thammarat 59 Pattanakam-Khukwang Road, Tha Wang, Mueang Nakhon Si Thammarat, Nakhon Si Thammarat 80000 Thailand Telephone 66 (0) 7580 8199 Fax 66 (0) 7580 8133 www.hopinnhotel.com	HOP INN Chantaburi 169/5 Tha Chalaep Road, Talad, Mueang Chanthaburi, Chanthaburi 22000 Thailand Telephone 66 (0) 3930 2599 Fax 66 (0) 3931 3633 www.hopinnhotel.com

HOP INN Sakonnakorn 1912 Tor Phatthana Road, That Choeng Chum, Mueang Sakon Nakhon, Sakon Nakhon 47000 Thailand Telephone 66 (0) 4271 6399 Fax 66 (0) 4271 3233 www.hopinnhotel.com	HOP INN Chiang Mai 1 , Huay Kaew Road, Chang Phueak, Mueang Chiang Mai, Chiang Mai 50300 Thailand Telephone 66 (0) 5321 7599 Fax 66 (0) 5321 7533 www.hopinnhotel.com	HOP INN Hat Yai 1318 Kanchanavanich Road, Hat Yai, Mueang Hat Yai, Songkhla 90100 Thailand Telephone 66 (0) 7424 1829 Fax 66 (0) 7424 1825 www.hopinnhotel.com
HOP INN Phuket 14/19 Moo 6, Thepkasattri Road, Ratsada, Mueang Phuket, Phuket 83000 Thailand Telephone 66 (0) 7652 3399 Fax 66 (0) 7652 3343 www.hopinnhotel.com	HOP INN Ermita Manila 1850 M.H. Del Pilar Street, Malate, Manila City, 1000 Metro Manila, Philippines Telephone 63 2 528 3988 Fax 63 2 528 3999 www.hopinnhotel.com	

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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 <ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Duties and Authorities of President Duties and Responsibilities of Company Secretary 	Annual Report (56-2) Annual Information form (56-1)
<ul style="list-style-type: none"> 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	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 Code of Conduct

Principle/Recommendation	Reference
Corporate Governance Policy	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com
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 <ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> 2 days after the meeting to announce a Quarterly Meeting Presentation Quarterly Investor Factsheet 	IR quarterly meeting www.TheErawan.com
Other Information Disclosure	
<ul style="list-style-type: none"> 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	
<ul style="list-style-type: none"> Suppliers and Creditors 	Bidding Survey External Survey GCG@theerawan.com
<ul style="list-style-type: none"> Employees 	Internal Survey GCG@theerawan.com
<ul style="list-style-type: none"> Customer / Tenant / Guest 	External Survey GCG@theerawan.com
<ul style="list-style-type: none"> Investor / Analyst 	Investor Relation Survey ir@theerawan.com GCG@theerawan.com
<ul style="list-style-type: none"> Shareholder / Others 	GCG@theerawan.com CompanySecretary@theerawan.com



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