



ANNUAL REPORT

2012

The Erawan Group



THE
ERAWAN
GROUP

THE ERAWAN GROUP



THE
ERAWAN
GROUP

VISION

2015

To become Thailand's leading hotel developer and investor.



MISSION

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



CORE VALUES “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 Review

Financial Highlights

The Erawan Group Public Company Limited

(Unit : Thousand Baht) 2010 2011 2012



Operating Results

Operating Income	3,321,248	3,755,544	4,302,248
Total Revenues	3,364,328	4,487,232	4,363,760
Gross Profit	1,677,912	1,965,740	2,336,474
EBITDA	804,829	971,548	1,263,843
Gain from Disposal of Asset under Enhancing Return Strategy	-	664,330	-
Net Profit (Loss)	(275,017)	491,325	105,880

Financial Position

Total Assets	12,949,266	12,237,865	12,834,053	
Total Liabilities	9,676,317	8,468,390	9,119,892	
Total Shareholders' Equity	3,272,950	3,769,475	3,714,161	
Equity Attributable to Company's Shareholders	3,130,975	3,588,610	3,511,261	
Paid-Up Share Capital	2,244,779	2,244,779	2,245,438	
Number of Paid-Up shares	(Thousand shares)	2,244,779	2,244,779	2,245,438
Par Value Per Share	(Baht)	1	1	1
Earnings Per Share	(Baht)	(0.12)	0.22	0.05
Dividend Per Share	(Baht)	-	0.08	-
Book Value Per Share	(Baht)	1.39	1.60	1.56

Significant Financial Ratio

Current Ratio	(Times)	0.41	0.53	0.41
Quick Ratio	(Times)	0.27	0.40	0.30
Liquidity Ratio (Cash Flow Basis)	(Times)	0.63	0.66	0.71
Gross Profit Ratio		50.52%	52.34%	54.31%
Net Profit Margin		n/a	10.95%	2.43%
Return on Total Assets		n/a	3.90%	0.84%
Return on Equity		n/a	14.62%	2.98%
Debt to Equity Ratio	(Times)	2.96	2.25	2.46
Interest Bearing Debts to Equity Ratio	(Times)	2.63	2.00	2.14
Interest Coverage Ratio	(Times)	2.70	2.35	3.33

(Unit : Million Baht)

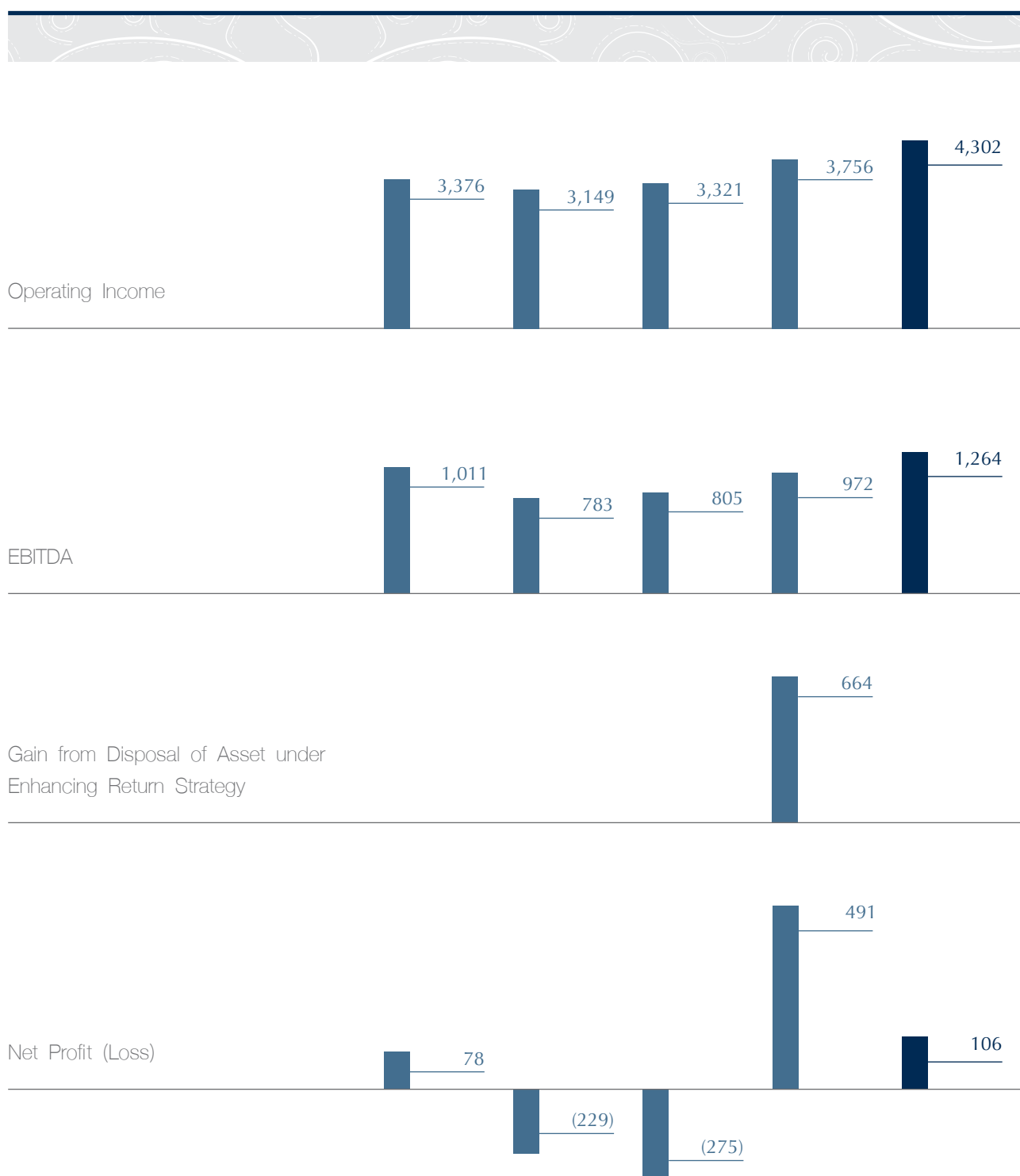
2008

2009

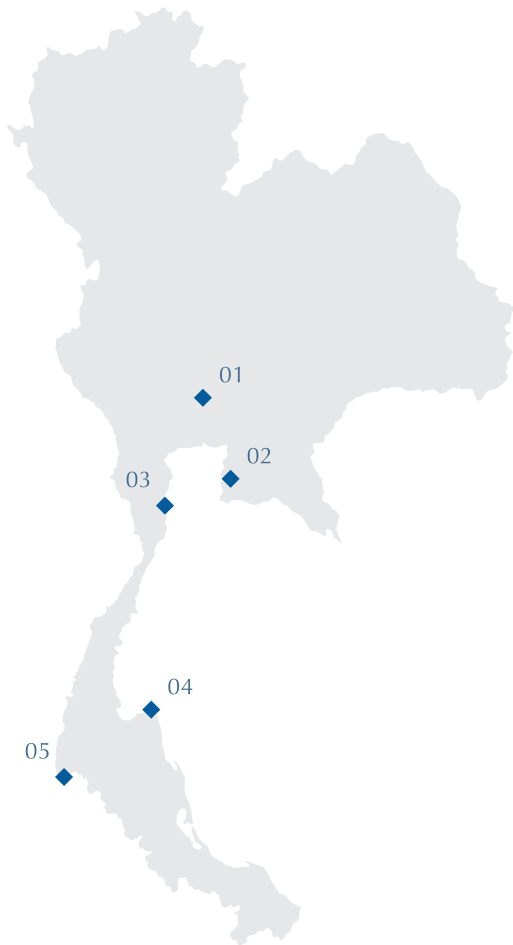
2010

2011

2012



Hotel and Resorts Portfolio



01 Bangkok



Grand Hyatt Erawan Bangkok



JW Marriott Hotel Bangkok



Courtyard by Marriott Bangkok



Mercure Bangkok Siam



ibis Bangkok Siam



ibis Bangkok Sathorn



ibis Bangkok Nana



ibis Bangkok Riverside

02 Pattaya



Holiday Inn Pattaya



ibis Hua Hin



Renaissance Koh Samui Resort and Spa



ibis Pattaya

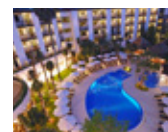


ibis Samui Bophut

05 Phuket



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



ibis Phuket Patong



ibis Phuket Kata

Chairman Review

The Erawan Group is celebrating our 30th Anniversary this year. Our commitments to continue improving our business efficiency and to constantly modify our strategic plans to cope with changing business landscape are two essential reasons behind our remarkable growth over the past three decades.

For sustainable growth of business and corporate in the long run, we continued our focus on preventive system and enterprise risk management. We constantly review risk that could have negative impact to our business and we ensure that systems are in place to handle the risk organization-wide. This process is a joint responsibility of the Board of Directors, the management and every personnel throughout our organization and it is and will be a very important tool to help us formulating effective strategy and directing our operation to achieve our goal.

Our serious and continuous dedication to equally treat our stakeholders has reaped a fruit of success. The Erawan Group has continued to receive corporate governance awards. In 2012, we were ranked “excellent” by the Corporate Governance Report of Thai Listed Companies of 2012 Project conducted by the Thai Institute of Directors for the fourth consecutive year. Likewise, our 2012 Annual General Meeting (AGM) was rated “excellent” for the fifth year in a row.

Aside from our business goal, we actively collaborate with both the public and private sectors to continue social activities. We have initiated and continued implementing activities with focus in the tourism industry, development of community we live in, energy and environmental conservation, and Thai elephant conservation projects. In 2012, to celebrate our 30th Anniversary, we began a new project at 30 schools around Thailand with objective to provide education support particularly in the area of ethics and integrity learning for young students to reflect our belief that ethics and integrity are key elements for business’ long term sustainability.

With efficient business management, accountability to all stakeholders and commitment in corporate governance, under a “success with integrity” business philosophy, we strongly believe that the Erawan Group will move forward and reach the goal in a solid and sound manner.



Board of the Years
Distinctive Practices 2006/2007



Corporate Governance ASIA Recognition
Awards the Best of Asia 2012

Mr. Prakrit Pradipasen

Chairman of the Board of Directors
The Erawan Group Public Company Limited



Excellence CGR Report
2009 - 2012

Chief Executive Officer Review

2012 was indeed a good recovery year for Thailand's tourism industry and hotel business. After suffering from uncontrollable and external factors during the past four to five years, in 2012, Thailand welcomed 22.3 million tourists or an increase by as much as 17 percent. This figure indicates Thailand's strength as key tourist destination in the world. The structure of our visitors has been changing. At present, almost 70 percent of all tourists come from Asia, which is very much in line with what we have anticipated. That's why during the past six to seven years, we have mainly invested in economy and midscale hotels to accommodate these growing source markets. Today, The Erawan Group has as many as 12 hotels in these segments, of which 9 are under ibis brand that offer more than 2,000 rooms across Thailand's key destinations. In the future, we expect to continue seeing a high growth rate of Asian tourists which will support our hotels particularly those in the economy and midscale segments.

During the past year, as per our hotel growth strategy set out in master plan, we opened a 378-room Mercure ibis Siam Hotel as planned in December. The hotel is located next to BTS Skytrain station in the heart of Bangkok CBD. This project is one of good examples of an outcome executed under ERAWAN Values. In other word, the project is a result of our expertise, our commitment to success, our analysis and decision based on adequate and accurate information and our systematic operation focusing on efficiency and effectiveness. The success of the project started with an analysis to find a precise investment opportunity to be followed by a continued search for land in the targeted location, an initiative to develop two hotels in the same building for the first time in Thailand to maximize the potential of the land as well as control of quality, construction costs and development times. As a result, the hotel was able to open on time as initially announced. An average total cost per room (including the present value of the rent of land throughout 30 years) is merely Baht 2.3 million a room, which means we could save as many as Baht 67 million from the investment budget. The 2 hotels have been well received by customers since opening. Aside from the Mercure ibis Siam Hotel, with an overwhelming success of the Holiday Inn Pattaya Hotel as well as Pattaya's own potential growth in the future, we decided during the past year to start developing and building 200 additional rooms of the Holiday Inn Pattaya and the 200-room newly built Mercure Pattaya Hotel on the remaining 7-rai land situated between the existing Holiday Inn Pattaya Hotel and ibis Pattaya Hotel. The construction of these two hotels is expected to complete in the latter half of 2014. With the upcoming two hotels, we will have more than 1,000 rooms available to serve customers in Pattaya with good variety of hotel products and different price offering in the range of Baht 1,000 to Baht 4,000.

JW Marriott Hotel Bangkok



As for our enhancing return strategy to optimize returns to our shareholders, during the past year, the Board of Directors resolved to conduct a study to establish a property fund. At the initial phase, ibis Phuket Patong Hotel and ibis Pattaya Hotel, which are situated on the freehold land owned by the Erawan Plc, will be transferred into this property fund whose Initial Public Offering (IPO) is expected during the first six months of 2013. This property fund, when completed, will not only generate profits to shareholders but will also be a major mechanism that will display market values of ERAWAN's properties. Besides, this property fund will also be another channel for us to mobilize funds and to recognize values of our other properties in the future. Moreover, by transferring the two hotels to the property fund, the Company's debt to equity ratio will fall to be lower than 1.5, which means we will have more flexibility and more capacity to invest and expand our business in the future.

Kasama Punyagupta

Chief Executive Officer

President Report

(A) 2012 Profit & Loss Overview

The year of 2012 was another good year for hotel business and tourism industry of Thailand. The overall tourist arrivals in 2012 were recorded at 22.3 million, a 17 percent growth from 2011 or a 42 percent growth from 2010. Growths were witnessed in all key source markets, especially the arrivals from Russia, India, and China, which altogether grew 39 percent compared to 2011. Arrivals from Europe (excluding Russia) increased 11 percent from 2011 despite the prevailing economic situation. This reaffirmed the strong fundamental and attractiveness of Thailand's tourism industry as one of the world's leading tourist destinations.

Our implementation of 5-Year Master Plan (2011-2015) in 2012

Hotel Growth Strategy

- We opened three new hotels in Hua Hin and Bangkok in year 2012 as planned. On 16th January 2012, we opened ibis Hua Hin (200 rooms). On 12th December 2012, we opened Mercure Bangkok Siam and ibis Bangkok Siam (together 378 rooms). We now owned and operated sixteen hotels in operations with a total of 3,890 rooms in our portfolio at the end of 2012.
- We have started the construction of two new hotels in Pattaya, namely Holiday Inn Pattaya Extension (200 rooms) and Mecure Pattaya (210 rooms). The developments progressed as planned. The two hotels are scheduled to open in 4Q14.

Enhancing Return Strategy

- As part of our Asset Monetization Program, we have appointed Siam Commercial Bank Group to act as financial advisor, underwriter and fund manager to establish Erawan Hotel Growth Property Fund ("ERWPF") which is under the approval process of the Securities and Exchange Commission Thailand (SEC) and expected to offer to public investors by 2Q13. ERWPF will initially invest in our ibis Phuket Patong and ibis Pattaya.
- As part of our long-term Asset Improvement Program, we started the room renovation of Grand Hyatt Erawan Bangkok Hotel. The renovation, which is a 2-year program, will be conducted during the low seasons of 2012 and 2013. The 2012 renovation has been completed with well reception from our guests. The 2013 renovation will recommencement in 2Q13 and targeted to complete in 3Q13.

Performance Summary

Our operating performance expanded solidly in the year 2012 with total operating income of Baht 4,302 million, a 15 percent growth from 2011. Income from hotel operation recorded at Baht 4,122 million, a 17 percent increase from 2011, despite less room inventory in Grand Hyatt Erawan Bangkok from the room renovation which reduced 25 percent of its room availability in 2012. Rental and service income recorded a decline of 18 percent from 2011 because the absence of the income from Ploenchit Center which we divested in April 2011 as part of Asset Monetization Program. As such we only own and operate Erawan Bangkok which generated a 24 percent revenue growth in 2012.

We generated an EBITDA of Baht 1,264 million, a 30 percent growth from the same period last year. After the deduction of finance cost, non-cash depreciation and tax, we recorded a normalized net profit of Baht 106 million, an increase of Baht 279 million compared to a normalized net loss of Baht

173 million in 2011. Our net profit for 2012 decreased from Baht 491 million in 2011 which we recorded a gain from disposal of Ploenchit Center under the Asset Monetization Program of Baht 664 million.

Baht Million	2011	2012	Changes
Hotels' Operating Income	3,536	4,122	+17%
Rental and Service Income	219	180	-18%
Total Operating Income	3,756	4,302	+15%
Other Income	67	62	-9%
Total Income	3,823	4,364	+14%
Operating Expenses	(2,851)	(3,100)	+9%
EBITDA	972	1,264	+30%
Depreciation & Amortization	(646)	(641)	-1%
Operating Profit	326	623	+91%
Finance Costs	(407)	(393)	-3%
Pre-Tax Profit/(Loss)	(81)	230	N.M.
Taxes	(53)	(63)	+17%
Minority Interest	(39)	(61)	+57%
Normalised Net Profit/(Loss)	(173)	106	N.M.
Gain from Disposal of Asset as part of Enhancing Return Strategy	664	-	N.M.
Net Profit/(Loss)	491	106	-78%
E.P.S	0.22	0.05	-78%

N.M. = Not meaningful

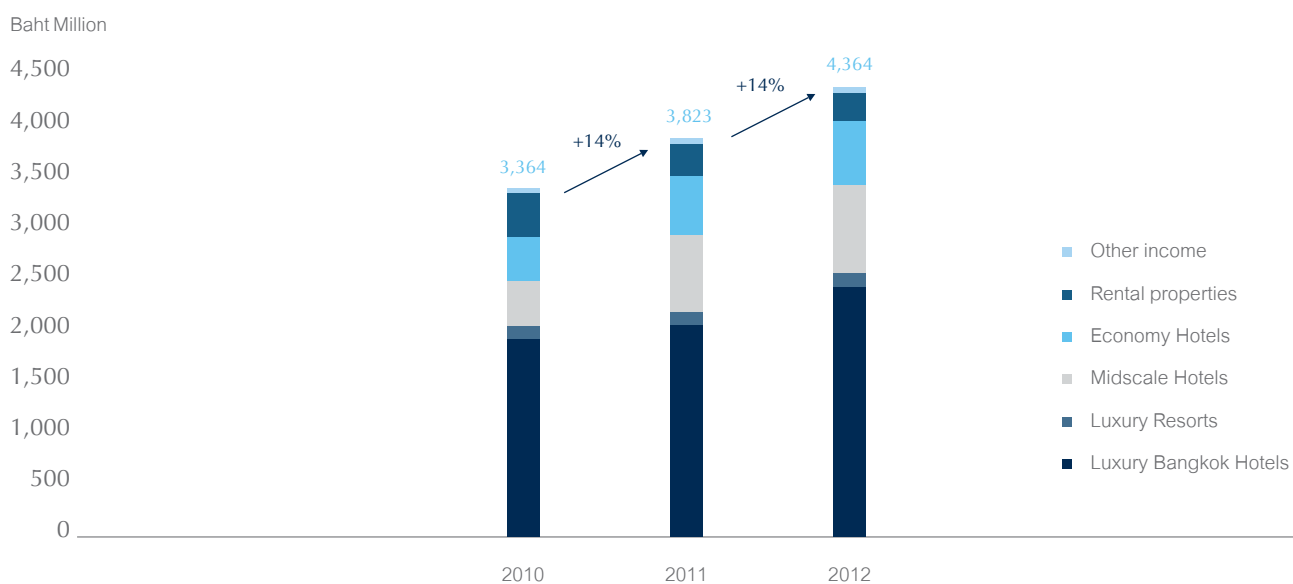
*Details are explained in later section of this report

Income

In 2012, income from hotel operations which is our core business accounted for approximately 95 percent of our total operating income. The contribution from rental properties decreased as we divested Ploenchit Center in the second quarter of 2011. Income from both hotel and rental business continued to generate strong growth in all properties.

Revenue breakdown by segments are illustrated in the table listed below.

	2010 Btm	%Total	2011 Btm	%Total	2012 Btm	%Total
Luxury Central Bangkok Hotels	1,848	54.9%	2,110	55.2%	2,383	54.6%
Luxury Resorts	206	6.1%	220	5.8%	307	7.0%
Midscale Hotels	449	13.3%	631	16.5%	719	16.5%
Economy Hotels	428	12.7%	576	15.1%	712	16.3%
Income from Hotel Properties	2,930	87.1%	3,536	92.5%	4,122	94.5%
Income from Rental Properties	391	11.6%	219	5.7%	180	4.1%
Other income	43	1.3%	67	1.8%	62	1.4%
Total	3,364	100.0%	3,823	100.0%	4,364	100.0%



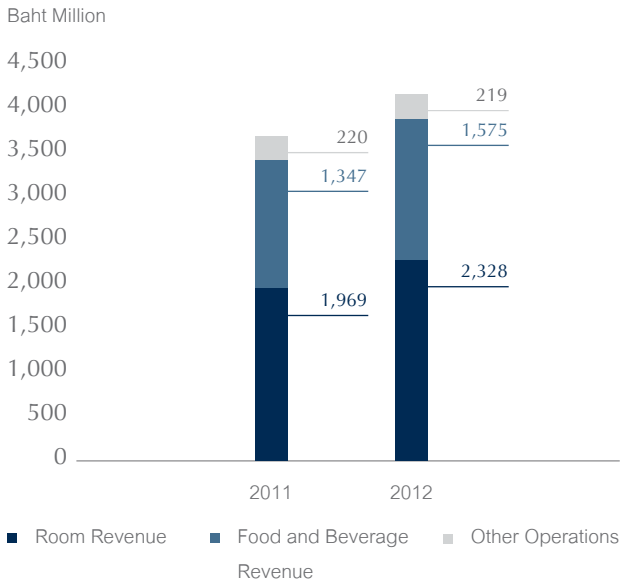
Operating performance from all our properties for 2012 as follows:

Hotel Business

Our income from hotel operations increased 17 percent from the same period last year to record at Baht 4,122 million in 2012. Our income from room and F&B departments remained strong in all segments and destinations. Room revenue which generated approximately 56 percent to total revenue produced an 18 percent growth in 2012. Food and beverage revenue, a 38 percent of income from hotel business, also increased 17 percent from 2011.

Hotel revenue breakdown by type of income

in 2011 and 2012 are listed below.



Luxury Hotels

Our two luxury hotels in Bangkok, (comprised of Grand Hyatt Erawan Bangkok and JW Marriott Bangkok) recorded strong performance in 2012 on the back of healthy demand and our marketing strategies to optimize ARR and occupancy expansion. The average occupancy increased from 68 percent in 2011 to 72 percent in 2012, despite the impact from room renovation of Grand Hyatt Erawan Bangkok which reduced room inventory of our luxury hotel segment by 12 percent in 2012. RevPAR and room revenue from this segment increased 12 percent and food and beverage revenue increased 16 percent from 2011.

Luxury Resorts

Our two luxury resorts (comprised of Renaissance Koh Samui Resort and Spa and The Naka Island, a Luxury Collection Resort & Spa, Phuket) produced the highest operating income growth among all of our hotel segments in 2012 with a 39 percent revenue growth from 2011.

Renaissance Koh Samui Resort and Spa occupancy increased 13 percent in this year mainly due to the healthy demand of the market and our marketing strategies to capture the growing market resulted in a 20 percent growth of RevPAR and room revenues from 2011.

For The Naka Island, a Luxury Collection Resort & Spa, Phuket which was in the first year of operation after its rebranding



Grand Hyatt Erawan Bangkok

in 4Q11 received well response from the market. As such, it achieved a 33 percent RevPAR increase and 17 percent occupancy increase from the same period last year.

In sum, income from our four luxury hotels increased 15 percent from previous year to Baht 2,690 million in 2012.

Midscale Hotels

With newly opened Mercure Bangkok Siam in December 2012 and two existing hotels (Courtyard by Marriott Bangkok and Holiday Inn Pattaya), we now have three hotels in this segment with total room inventory increased from 683 to 872 rooms at the end of 2012.

In total, revenue from this segment was recorded at Baht 719 million, a 14 percent growth from 2011. Room revenue increased 15 percent and food and beverage revenue increased 12 percent from last year. The average occupancy increased 4 percent while the average RevPAR increased 15 percent from 2011 on the back of healthy demand and the strong growth of ARR.

The calculation of operating statistics above excludes those of Mercure Bangkok Siam which was opened for 2 weeks in 2012.

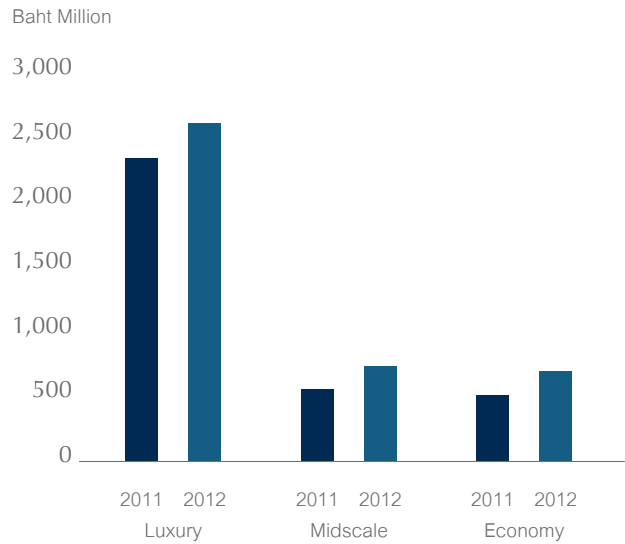
Economy Hotels

Our Economy segment comprises of nine ibis hotels in five destinations in Thailand (Bangkok, Pattaya, Phuket, Samui and Hua Hin) with total inventory of 2,052 rooms at the end of 2012.

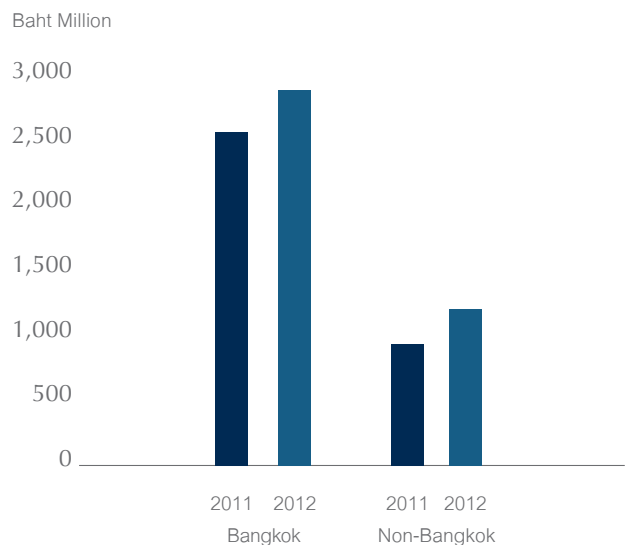
This segment continued to record a solid growth in 2012 with the occupancy increased by 5 percent and the RevPAR grew by 12 percent despite the opening of new ibis Hua Hin in January 2012. Growths were witnessed in both occupancy and ARR across all destinations. Our economy segment generated revenue of Baht 712 million, representing a 24 percent growth from the same period last year with majority of their revenues came from room revenue.

The calculation of operating statistics above excludes those of ibis Bangkok Siam which was opened for 2 weeks in 2012

Revenue breakdown by segments
in 2011 and 2012 are listed below.



Revenue breakdown by destinations
in 2011 and 2012 are listed below.



Mercure Bangkok Siam



Courtyard by Marriott Bangkok

Rental Properties

After the divestment of Ploenchit Center in 2Q11, we only own and operate Erawan Bangkok, a luxurious retail property adjacent to Grand Hyatt Erawan Hotel, and manage Ploenchit Center as a property manager.

In 2012, Erawan Bangkok continued to generate steady rental income. The occupancy recorded at 97 percent, an 8 percent increase from 2011 and the average rental rate grew 14 percent due to solid supports from our existing and new tenants leading to a 24 percent revenue growth from the same period last year.

The combined income from rental business (including those from shops in Grand Hyatt Erawan Hotel's arcade) in 2012 was Baht 180 million representing an 18 percent decrease from last year due to the absence of income from Ploenchit Center which we divested in April 2011.

Profit from Operations

Our Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA") recorded at 1,264 million in 2012, a 30 percent growth from 2011. We also recorded a higher EBITDA margin of 29 percent in 2012 vs. 25 percent in 2011. Our Depreciation and Amortization ("D&A") decreased by Baht 5 million from last year to record at Baht 641 million for 2012 mainly from the absence of Ploenchit Center which we divested in April 2011. With the said EBITDA above, our Earnings before Interest and Tax ("EBIT") stood at Baht 623 million for 2012, a 91 percent increase from 2011.

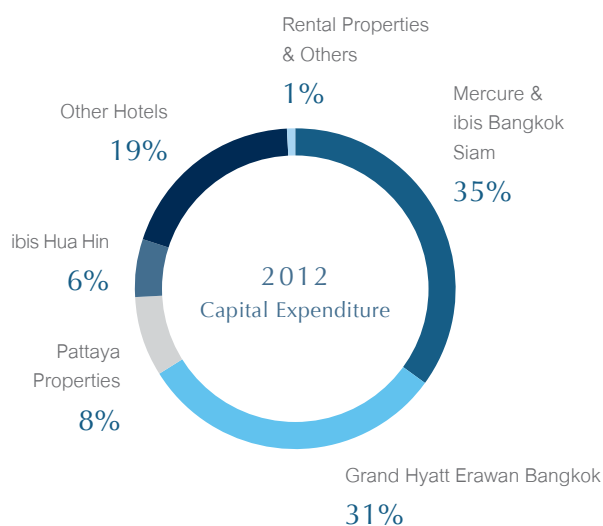
Finance Costs

Total interest expenses decreased by Baht 14 million to recorded at Baht 393 million in 2012. This came mainly from the reduction of our average cost of funding (combined both short term and long term loans) which decreased approximately 0.3% from last year to 5.1% in 2012 although our loan from financial institution increased from Baht 7,499 to Baht 7,874 million in 2012.

(B) Financial Status

We generated Baht 1,235 million of operating cash flow in 2012, a 33 percent increase from Baht 928 million in 2011 from improving performance of our hotels and rental properties. We paid out Baht 180 million as dividend in 2Q12, representing a 37 percent payout ratio. The remaining cash flow was mainly used, together with bank loans, to fund the constructions of Mercure Bangkok Siam and ibis Bangkok Siam and the room renovation of Grand Hyatt Erawan and the normal maintenance for our existing properties.

The breakdown of 2012 capital expenditure by asset type as follows:



Our interest-bearing debt increased from Baht 7,499 million at the end of 2011 to Baht 7,874 million at the end of 2012 mainly due to additional loan drawdown to fund the aforementioned developments. Our shareholder equities decreased from Baht 3,769 million to record at Baht 3,714 million at the end of December 2012, mainly due to Baht 180 million dividend payout in 2Q12. Our total assets increased from Baht 12,238 million to Baht 12,834 million during the same periods. Our net interest-bearing debt to equity recorded at 2.0 times at the end of 2012.

Mrs. Kamonwan Wipulakorn

President

Report of the Audit Committee to Shareholder

To Shareholders of The Erawan Group Public Company Limited,

The Audit Committee, consisting of three independent directors with qualifications as announced by the Stock Exchange of Thailand and whose terms are three years each, performed its duties within its scopes of responsibility and as entrusted by the Board of Directors. In 2012, the Audit Committee met four times to consider the following:

1. To review the quarterly financial statements and the 2012 financial statements where it exchanged views with the auditor, Executive Vice President and Chief Financial Officer and the internal auditor to determine that the financial statements of the Company and its subsidiaries were having accurate and complete information deserved to be trusted and were in line with the Generally-Accepted Accounting Principles, the SET's announcements and the SEC's notifications.
2. To evaluate an adequacy of the internal control system to see if the Company had an appropriate internal control system that well responded to its business, as well as a way and mean to take care of its properties and to prevent the Company from suffering damages. The evaluation was conducted through the internal auditor's report, the auditor's report and through inquiries with the management. So far, no material defect has been found. As a result, the Company's internal control system is perceived to be efficient and adequate.
3. To review connected transactions or conflict of interest and to disclose information of these transactions to see if they were normal, reasonable and was for the best benefits to the Company while in compliance with the authorities' rules and regulations.
4. To give advice and approve the annual auditing plan; to acknowledge and submit an internal auditing result to the Board of Directors; to review an annual budget and to supervise and evaluate the Internal Audit Department's performance.

The Audit Committee, having reviewed the 2013 auditor and the soundness of the auditing fee, eventually proposed to the Board of Directors to seek the Annual General Meeting's approval to appoint Mr. Charoen Phosamritlert, CPA No. 4068 and/or Miss Vannaporn Jongperadechanon, CPA No. 4098 and /or Mr. Vichien Thamtrakul, CPA No. 3183 of KPMG Phoomchai Audit Ltd. as the Company's auditor.



Mr. Sansern Wongcha-um

Chairman of the Audit Committee
20th February 2013

About Erawan

Corporate Profile

The Erawan Group Public Company Limited

Established on 29th December 1982 and continue to develop various real-estate (Hotels and Rental Properties) over the past.

30 years



1982

The Company was founded.

1985

Amarin Plaza

1988

Registered on Stock Exchange of Thailand

1991

Grand Hyatt Erawan Bangkok Hotel

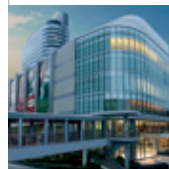


1994

Converted in to a Public Company

1996

Ploenchit Center



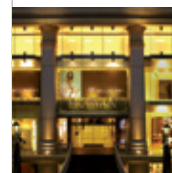
1997

JW Marriott Hotel Bangkok



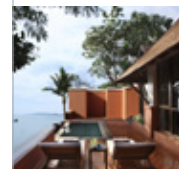
2004

Erawan Bangkok



2005

Renaissance Koh Samui Resort and Spa

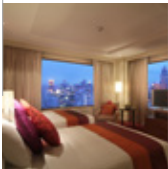




2007

Amarin Plaza Sold

Courtyard by Marriott
Bangkok Hotel



2009

Holiday Inn Pattaya

2 ibis Hotels :
ibis Bangkok Nana and
ibis Phuket Kata

2008

Six Senses Sanctuary
Phuket

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

2010

ibis Bangkok
Riverside



2011

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

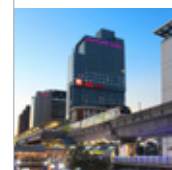
The Naka Island, a Luxury Collection Resort
and Spa Phuket; rebranded from Six Senses
Sanctuary Phuket



2012

Mercure Bangkok Siam

2 ibis Hotels :
ibis Hua-Hin and ibis Bangkok
Siam



Properties in Operation

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

Grand Hyatt Erawan Bangkok

www.bangkok.grand.hyatt.com

Segment : Luxury Hotel
Number of rooms : 380 rooms
Location : Rajdamri Road,
Bangkok, CBD.
Remaining on the current lease : 29 years



JW Marriott Hotel Bangkok

www.marriott.com/bkkdt

Segment : Luxury Hotel
Number of rooms : 441 rooms
Location : Sukhumvit Soi 2,
Bangkok, CBD.
Remaining on the current lease : 32 years



Renaissance Koh Samui Resort and Spa

www.marriott.com/usmbr

Segment : Luxury Resort
Number of rooms : 45 Deluxe rooms
and 33 Pool Villas
Location : Lamai Beach,
Koh Samui, Surat Thani



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

www.nakaislandphuket.com

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





Courtyard by Marriott Bangkok

www.courtyard.com/bkkcy

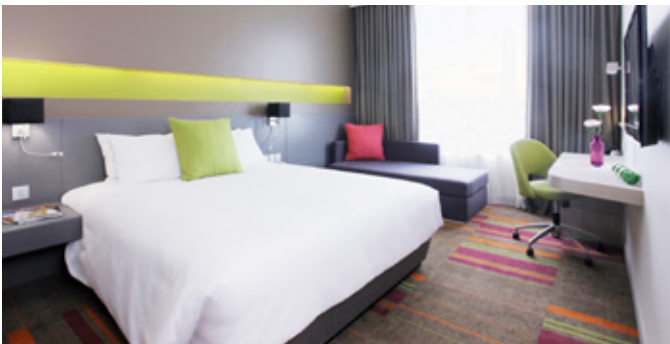
Segment : Midscale Hotel
 Number of rooms : 316 rooms
 Location : Soi Mahadlekluang,
 Rajdamri Road,
 Bangkok, CBD.
 Remaining on the current lease : 25 years



Holiday Inn Pattaya

www.holidayinn.com/pattaya

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



Mercure Bangkok Siam

www.mercure.com

Segment : Midscale
 Number of rooms : 189 rooms
 Location : Siam Square shopping,
 next to BTS National
 Stadium Station,
 Bangkok, CYD.
 Remaining on the current lease : 30 years



ibis Bangkok Siam

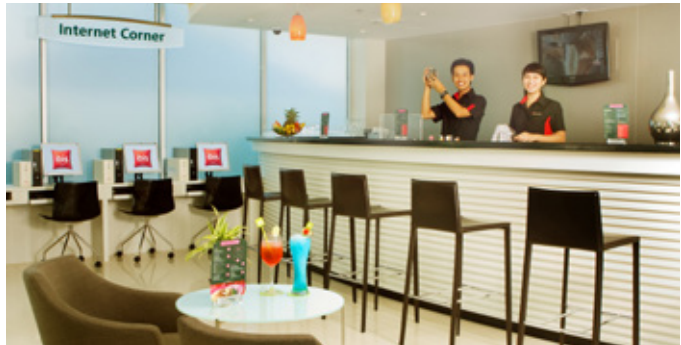
www.ibishotel.com

Segment : Economy Hotel
 Number of rooms : 189 rooms
 Location : Siam Square shopping,
 next to BTS National
 Stadium Station,
 Bangkok, CYD.
 Remaining on the current lease : 30 years

ibis Bangkok Sathom

www.ibishotel.com

Segment : Economy Hotel
Number of rooms : 213 rooms
Location : Soi Ngam Duphli,
Rama IV Road,
Bangkok,CBD
Remaining on the current lease : 26 years



ibis Bangkok Nana

www.ibishotel.com

Segment : Economy Hotel
Number of rooms : 200 rooms
Location : Sukhumvit Soi 4
(Soi Nana),
Bangkok,CBD.
Remaining on the current lease : 26 years



ibis Bangkok Riverside

www.ibishotel.com

Segment : Economy Hotel
Number of rooms : 266 rooms
Location : Charoennakorn
Road Soi 17,
Chaophraya River,
Bangkok
Remaining on the current lease : 22 years



ibis Pattaya

www.ibishotel.com

Segment : Economy Hotel
Number of rooms : 254 rooms
Location : Pattaya Sai 2 Road,
Chonburi





ibis Phuket Patong

www.ibishotel.com

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



ibis Phuket Kata

www.ibishotel.com

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



ibis Samui Bophut

www.ibishotel.com

Segment : Economy Hotel
Number of rooms : 205 rooms
Location : Bophut Beach,
Koh Samui,
Surat Thani



ibis Hua Hin

www.ibishotel.com

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

Rental Property

Erawan Bangkok

www.erawanbangkok.com

- Retail Shops (up-scale) : 6,547 sq.m.
- Location : Ploenchit Road/
Rajdamri Road,
Bangkok,CBD.
- Remaining on the current lease: 30 years



Property Management

Ploenchit Center Owner, the Prime Office Leasehold Property Fund

- Owner, the Prime Office Leasehold Property Fund
- Managed by The Erawan Group PLC
- Office Building : 42,590 sq.m.
- Location : Sukhumvit Road Soi 2, Bangkok,CBD.



Properties Under Development

(Holiday Inn Pattaya (Extension))

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



(Mercure Pattaya)

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



Our Business Strategy

Core Business Strategies as follows;

1. Existing Properties: Maximizing value through continuous improvement and effective management.
2. Future Projects: Developing a well-diversified hotel and/or resort portfolio to meet diverse customers' needs to diversify risks and yield appropriate returns.
3. Ensuring stability and sustainable growth of the organization through development of systems, human capitals, core competencies, information database for decision making, and core corporate culture.

The Erawan Group's Third-Party Hotel Management Partners



Third-Party Hotel Management Company Selection Policy: Third-Party Hotel Management Companies selected to manage our properties are International hotel operators with reputable profile, and management experience. Criteria for hotel Brand selection is based on expertise of Management Company and suitability of the Brand for the property.

Our Shareholders and Management Structure

Shareholders

As at 31st December 2012

the company's paid up capital is Baht 2,245,437,901 divided into 2,245,437,901 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	399,717,516	17.80%
2 City Holding Co.,Ltd.	210,481,318	9.37%
3 Mrs.Wansamorn Wannamethee	141,029,849	6.28%
4 Mitr Phol Sugar Co., Ltd.	131,353,314	5.85%
5 MBK Company Limited	130,937,938	5.83%
6 SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)	89,645,100	3.99%
7 Mr. Isara Vongkusolkit	81,257,910	3.62%
8 PAN-ASIA SUGAR FUND LIMITED	73,000,000	3.25%
9 Mr.Supol Wattanavekin	58,698,916	2.61%
10 Mrs. Chansamorn Wattanavekin	41,422,016	1.84%
Total top ten shareholders holding	1,357,543,877	60.46%

Investor will be able to see the updated shareholders list from the Company's website at www.TheErawan.com before the Annual General Shareholders' Meeting. Detail Groups of Major Shareholders are as follows:

Major Shareholders	Number of shares	% of total shares
Vongkusolkit Group	815,284,204	36.31%
Wattanavekin Group	741,659,657	33.03%
Total major shareholders	1,556,943,861	69.34%
Thai Institution Investor and Foreign Institution Investor	316,743,318	14.11%
MBK Company Limited Group	141,468,738	6.30%
Company's executives	15,297,408	0.68%
Others	214,984,576	9.57%
Total	2,245,437,901	100%

Directors that represent the major shareholders are as follows:

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

Management Structure

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

Name	Title	Education
1. Mr. Prakit Pradipasen	Chairman of the Board Independent Director	• Master of Business Administration (MBA) Wayne State University, Michigan, U.S.A.
2. Mr. Sansern Wongcha-um	Independent Director Chairman of the Audit Committee	• Master Degree of Business Economics University of Bridgeport, Connecticut, U.S.A.
3. Assoc. Prof. Manop Bongsadadt	Independent Director Member of the Audit Committee	• Master of Architecture (M.Arch) Kansas State University, U.S.A.
4. Mr. Dej Bulsuk	Independent Director Member of the Audit Committee	• Bachelor of Business Administration Thammasat University
5. Mr. Banyong Pongpanich	Independent Director	• Master of Business Administration (MBA) Sasin Graduate Institute of Business Administration of Chulalongkorn University
6. Mr. Ekasith Jotikasthira	Independent Director	• Master of Business Administration (MBA) Sasin Graduate Institute of Business Administration of Chulalongkorn University
7. Mr. Vitoon Vongkusolkit	Director	• Bachelor of Science Chulalongkorn University

Management Structure

(Cont')

Name	Title	Education
8. Mr. Supol Wattanavekin	Director	<ul style="list-style-type: none"> Master of Business Administration (Executive) (EMBA) Sasin Graduate Institute of Business Administration of Chulalongkorn University
9. Mr. Chanin Vongkusolkit	Director	<ul style="list-style-type: none"> Master of Business Administration (Finance) St. Louis University, Missouri, U.S.A.
10. Mrs. Panida Thepkanjana	Director	<ul style="list-style-type: none"> Master of Business Administration (MBA) Sasin Graduate Institute of Business Administration of Chulalongkorn University Master of Laws Chulalongkorn University Barrister-at-Law. The Institute of Thai Bar Association
11. Mr. Gavin Vongkusolkit*	Director	<ul style="list-style-type: none"> Master of Business Administration (Finance) The University of Sydney
12. Mr. Kasama Punyagupta	Director and Chief Executive Officer	<ul style="list-style-type: none"> Master of Business Administration (International Business) University of Bridgeport, Connecticut, U.S.A.
13. Mrs. Kamonwan Wipulakom	Director and President Secretary of the Board	<ul style="list-style-type: none"> Master of Business Administration (Finance), Western Illinois University, U.S.A.

* Training program by the Thailand Institute of Directors; Director Certification Program 156/2555, Role of the Nomination and Governance Committee 4/2013 (10, 17 May 2013), Role of Compensation Committee 16/2013 (13-14 June 2013)

Company Secretary : Miss Kanokwan Thongsirarugs

- Master of Business Administration (MBA), Kasetsart University
- Corporate Secretary Development Program 11/2005 Chulalongkorn University
- Auditing Information System, The Institute of Internal Auditors of Thailand (IIAT)
- Role of the Compensation Committee Program 3/2007 (IOD)
- Company Secretary Program 28/2008 (IOD)
- Going from "Good" to "Great" in IT Risk and Control Management, Nov.28/2012

Authority to sign on behalf of the Company

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

Dividend Policy

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

Roles and Responsibilities of the Board of Directors and the Committee

Board of Directors

Board of Directors' Roles and Responsibilities are:

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

Term of Directors

3 years each term. At the Annual General Meeting (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 |

Secretary of the Committee and head of Internal Audit Department: Ms. Kanokwan Thongsisarugs

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 auditor's fees and met four times a year with the auditors.
3. To review material problems and obstacles the auditor may come across while performing his duty and to settle differences between the auditor and the management.
4. To review the appropriateness and effectiveness of the internal control system and internal audit systems are in place according to international standards.
5. To set up a defensive work system for business units in the company to increase operation efficiency and effectiveness.
6. To review an annual internal audit plan proposed by the Internal Audit Office. To provide opinion on the consideration of performance, appointment, removal, and remuneration of the Company's internal auditor.
7. To promote and support the development of a financial reporting system that meets the international standards.
8. To control company's compliance with the laws on Securities and Exchange and other legislations relating to its business.
9. To determine fraud prevention measures and review results of a corruption inspection report.
10. To review the accuracy and effectiveness of information technology relating to the internal control system; to offer advice for roles and regular updates.
11. To consider the Company's information disclosure in case of connected transactions or transactions which may involve conflict of interest to ensure that all are correct, sound and carried out in a normal course of business.
12. To prepare the Audit Committee's report to be signed by chairman of the Committee and disclosed it in the Company's annual report.

13. To act otherwise as required by the laws or entrusted by the Board of Directors; when performing along its scopes of work, the Audit Committee shall be empowered to order President and Chief Executive Officer, senior executives, heads of department or related staff to provide their opinions, participate in meeting or submit documents deemed necessary or relevant.

Term of Audit Directors:

3 years each term.



The Investment Committee consists of seven members as follows:

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

Secretary of the Committee: Mr. Krailuck Asawachatroj

The Investment Committee's Roles and Responsibilities are:

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

Term of Investment Directors:

3 years each term.

The Nominating and Corporate Governance Committee consists of four members as follows:

- | | |
|----------------------------|-------------------------|
| 1. Mr. Prakrit Pradipasen | Chairman |
| 2. Mrs. Panida Thepkanjana | Member of the Committee |
| 3. Mr. Chanin Vongkusolkit | Member of the Committee |
| 4. Mr. Gavin Vongkusolkit | Member of the Committee |

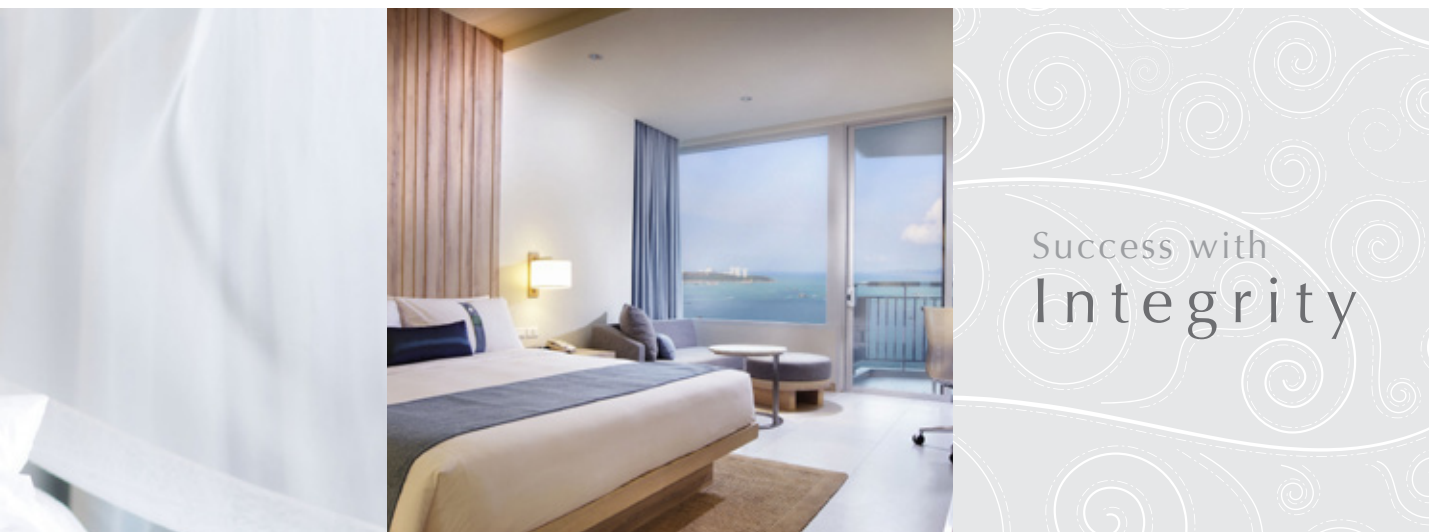
Secretary of the Committee: Ms. Kanokwan Thongsivarugs

Nominating and Corporate Governance Committee's roles and responsibilities are:

- To determine the Board of Directors' composition and qualification of its members as well as members of board committees.
- To nominate candidates for the Board of Directors and member of board committees.
- To determine the Remuneration of Directors.
- To propose corporate governance policies and guidelines to the Board of Directors and to review and update such policies and guidelines on ongoing basis.
- 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.
- To promote knowledge acquisition for the Company's nature of business, regulations, and strategy.

Term of Nominating and Corporate Governance Director:

3 years each term.



The Management Development and Compensation Committee consists of four members as follows:

- | | |
|-----------------------------|-------------------------|
| 1. Mr. Supol Wattanavekin | Chairman |
| 2. Mr. Vitoon Vongkusolkrit | Member of the Committee |
| 3. Mr. Banyong Pongpanich | Member of the Committee |
| 4. Mr. Ekasith Jotikasthira | Member of the Committee |

Secretary of the Committee: Mr. Suchai Wuthworachairung

Management Development and Compensation Committee's roles and responsibilities are:

- To assess and evaluate performances; to determine annual remunerations and a compensation structure of Chief Executive Officer and President while offering them an advice regarding remunerations of senior executives.
- To consider a plan to develop skills and competency of Chief Executive Officer and President Nominees (in case of change).
- To determine significant HR policies i.e. and structure of staff's remunerations for Annual Remunerations and Budgeting, Rewards (bonus), etc.
- To consider an allocation of the Employees Share Options Program (ESOP) in case such allocation exceeds 5 percent of the program's shares.

Term of Management Development and Compensation Directors:

3 years each term.

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

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

The Company's Executives consist of:

- | | |
|--------------------------------|--|
| 1. Mr. Kasama Punyagupta | Chief Executive Officer |
| 2. Mrs. Kamonwan Wipulakorn | President |
| 3. Mr. Krailuck Asawachatroj | Executive Vice President and Chief Financial Officer |
| 4. Mr. Petch Krainukul | Executive Vice President |
| 5. Mr. Apichan Mapaisansin | Assistant Executive Vice President |
| 6. Mr. Navarat Tamsuwan | Assistant Executive Vice President |
| 7. Mr. Suchai Wuthworachairung | Assistant Executive Vice President |
| 8. Miss Pakinee Pramtade | Senior Vice President |

Duties and Authorities of Chief Executive Officer (CEO)

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

Duties and Authorities of President

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

JW Marriotte Hotel Bangkok



Duties and Responsibilities of Company Secretary

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

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

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

- Clause 18 The Shareholders' Meeting shall elect directors according to the following rules and procedures:
- 18.1 Chairman of the Meeting shall propose names and work experiences of nominees submitted by the Board of Directors for approval.
 - 18.2 Each shareholder shall have voting rights equal to the number of shares he holds.
 - 18.3 An election of director may be done by voting either one or several persons as director as the Shareholders' Meeting deems appropriate. However, each shareholder must exercise all of his voting rights existed under Clause 18.2 for each director. Dividing votes to a particular nominee is not permitted.
 - 18.4 Those receiving the highest number of votes in a sequent order shall be elected as directors for an available number of directors. Should those elected in a subsequent order enjoy equal votes which however exceed the number of the existing directors, Chairman of the Meeting shall have a casting vote.
- Clause 19 At each annual ordinary meeting of shareholders, not less than one-third (1/3) of the directors shall retire. If the number of directors is not a multiple of three, the number of directors shall be the closest to one-third (1/3)
- A director who vacates his office may be re-elected. The directors shall agree among themselves as to the order of their retirement from the office in accordance with the first paragraph.
- Clause 48 A resolution of the Shareholders' Meeting shall consist of the following votes:
- 48.1 In a normal case, majority votes of shareholders who attend the meeting (either by themselves or by proxy) and exercise their votes shall be considered a resolution.

Shareholding of the Board of Directors and Management¹

Name	Title	Ordinary Share (Units)			Warrant
		Dec.31, 2012	Dec.31, 2011	+ (-)	Dec.31, 2012
1. Mr. Prakit Pradipasen	Chairman and Independent Director	150,058	150,058	-	15,005
2. Mr. Sansern Wongcha-um	Independent Director	-	-	-	-
3. Assoc. Prof. Manop Bongsadadt	Independent Director	319,729	319,729	-	31,972
4. Mr. Dej Bulsuk	Independent Director	660,000	660,000	-	66,000
5. Mr. Banyong Pongpanich	Independent Director	-	-	-	-
6. Mr. Ekasith Jotikasthira	Independent Director	-	-	-	-
7. Mr. Vitoon Vongkusolkit	Director	27,655,170	11,457,870	16,197,300	8,861,387
8. Mr. Supol Wattanavekin	Director	58,698,916	58,698,916	-	5,869,891
9. Mr. Chanin Vongkusolkit	Director	93,550	5,493,550	(5,400,000)	9,355
10. Mrs. Panida Thepkanjana	Director	3,797,416 ²	3,797,416	-	397,741
11. Mr. Gavin Vongkusolkit	Director	97,213	97,213	-	9,721
12. Mr. Kasama Punyagupta	Chief Executive Officer	10,199,999	9,999,999	200,000	-
13. Mrs. Kamonwan Wipulakorn	President	-	-	-	-
14. Mr. Krailuck Asawachatroj	Executive Vice President and Chief Financial Officer	-	-	-	570,000
15. Mr. Petch Krainukul	Executive Vice President	839,082	839,082	-	-
16. Mr. Apichan Mapaisansin	Assistant Executive Vice President	1,000,000	1,000,000	-	-
17. Mr. Suchai Wuthworachairung	Assistant Executive Vice President	1,345,716	1,745,716	(400,000)	71
18. Mr. Navarat Tamsuwan	Assistant Executive Vice President	-	-	-	-
19. Miss Pakinee Pramtade	Senior Vice President	-	-	-	-
Grand Total		104,856,849	94,259,549	10,597,300	15,831,143

Note : 1. From report of securities held by the Company's directors as of December 31, 2012

2. Include spouse of 2,518,500 shares

Business Overview

Hotel Industry : Tourism Industry Outlook in 2012

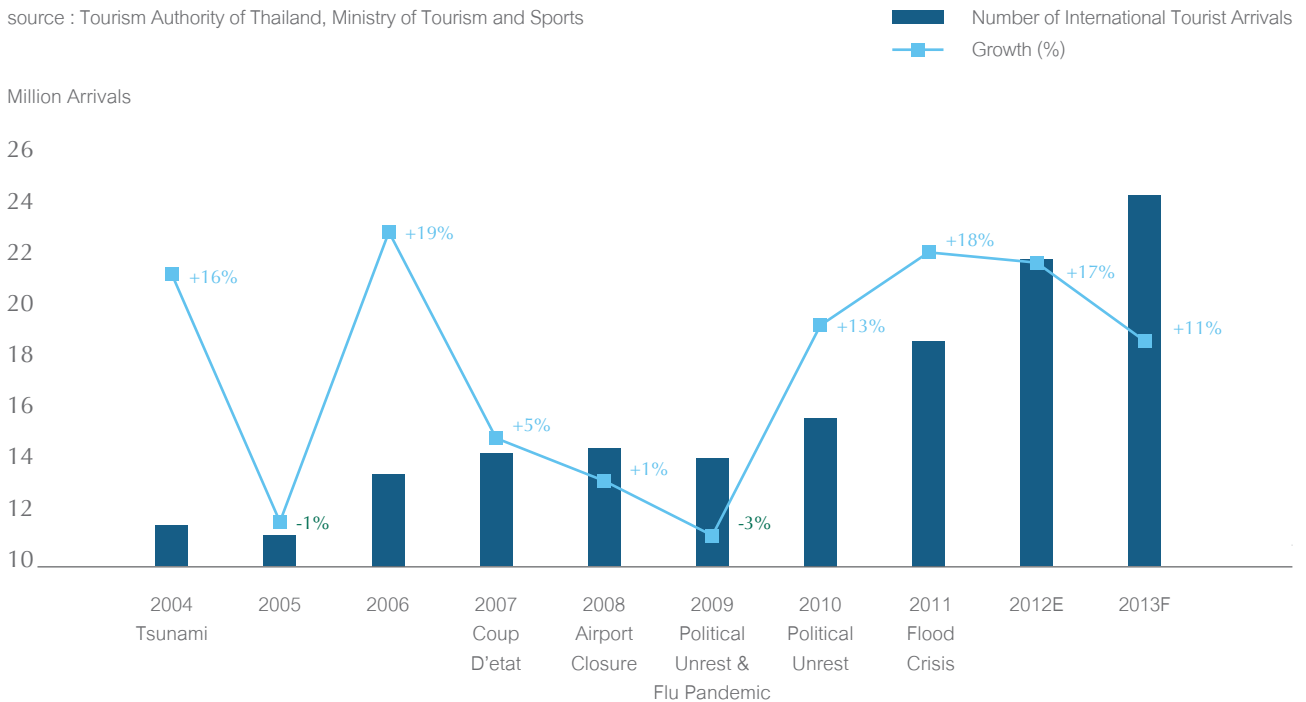
Thailand tourism industry in the year 2012 had clearly demonstrated strength and potential of the country's tourism market. During the first quarter of 2012, tourism sector was able to show dramatically strong recovery from a greater adversely impact of major water flood during high season in last quarter of 2011. Overall the year 2012 foreign tourist arrivals continued its momentum progressively. Thailand tourism industry had unveiled the full-year number of inbound foreign tourists visiting Thailand a 17 percent increase from last year amounted 22.3 million¹ visitors over the year's expected in the first quarter 20.8 million visitors, number by Tourism Authority of Thailand (TAT). In addition to continuously growth of domestic tourism, local tourism had reached 104 million trips for the

year of which soared 8 % from last year. The Thailand tourism industry in 2012 had expanded to generate total revenue over of THB1.2 trillion, representing year on year went up 15%.

In the year 2012, ranking the highest first six in numbers of foreign tourist were China, Malaysia, Japan, Russia, Korea and India respectively. More than half of foreign arrivals came from Asian countries. The tourists from China had a considerably growth of which had become 2.8 million arrivals in 2012 from 1.8 million arrivals in last year, representing multiplied by 60% year on year. Along with Russian, the tourists from Russia grew by 30% year on year of which amounted to be 1.3 million arrivals in 2012 from 1.0 million arrivals in last year.

International tourist arrivals over years (Million Arrivals)

source : Tourism Authority of Thailand, Ministry of Tourism and Sports



¹ International tourist arrivals from all ports, figure by Tourism Authority of Thailand in January 2013

Besides that, tourists from Europe and America of which were high purchasing power and contributed major revenue to our country tourism sector, had remained continuously positive growth as well even though those countries were facing a deteriorating global economic environment

Major positive factors contributing to its continued growth of Thailand’s tourism market in international and domestic level consist of strong Asian economy leading to greater number of Asian tourists, as well as the steady expansion of low-cost airlines in terms of more frequent flights, more routes, and more airport hubs facilitating convenience for travellers. Particularly, RICs country which are tourists from Russia, India, and China (RIC) who concerned in value of money in travel spending currently had shown significantly growth over the years, contributing a quarter of total international tourist arrivals, will play a significantly role in stimulating current country’s tourism market. Furthermore, effective marketing campaigns and promotional activities of TAT in international and domestic level have stimulated confidence and image of Thailand tourism industry continually and further.

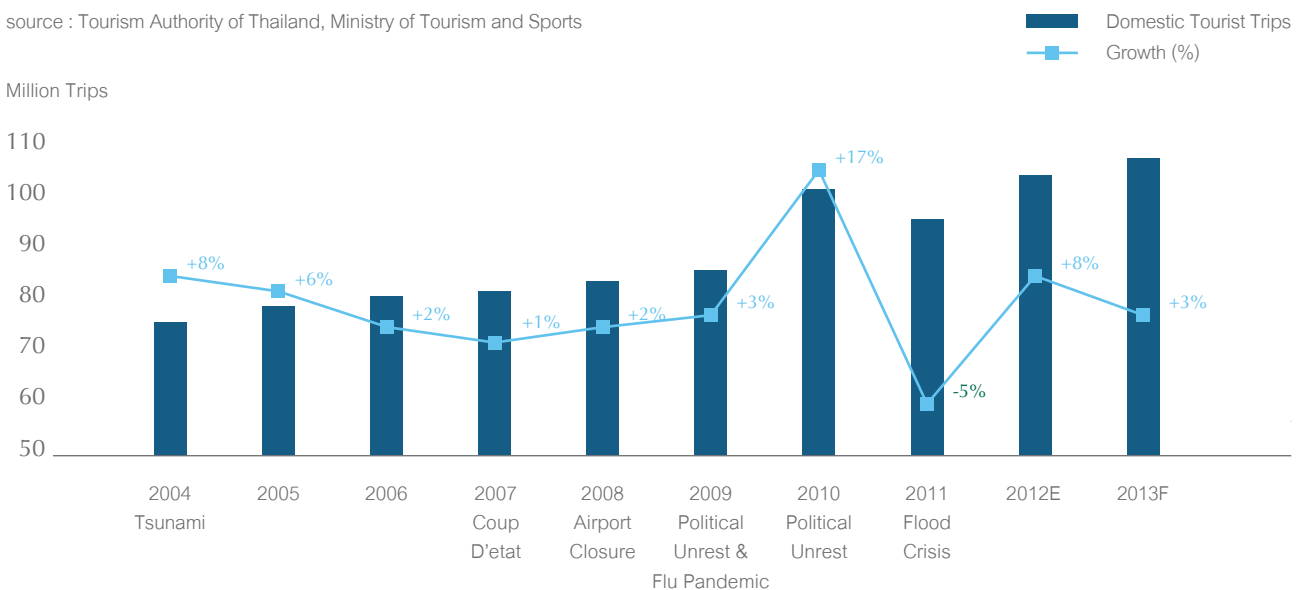
However, hospitality business has encountered against intense competitive environment since there were many new hotel supply opened perpetually so far. Over the year 2012, international chained and regional chained hotels remained continuing increase, of which those were luxury and mid-scale

hotels. Also, it is expected that the growing of new hotel supply will go on commence their business towards to the next year 2013, especially mid-scale segment subject to upward trend of tourist in Thailand.

Thailand tourism industry in the next year 2013 is anticipated on target to perform well consecutively by TAT. The international tourists will continue growing concretely, representing growth by 11% year on year and total international tourists shall increase to reach 24.5 million² arrivals throughout the year. In the same time domestic tourism will be greater to 107 million trips for a year, go up by 3%. It will be impressive that total revenue generated from Thailand tourism industry shall be achieve over of THB1.4 trillion subject to interior situations remains stability without any negative factors to tourism environment. Nonetheless, Thailand tourism industry is still a robust and prospective industry. While Thailand have positive fundamental in long-lasting tourism reputation sincere, variety and beauty of cultural and natural attractions, as well as value-for-money all contributes to Thailand as our tourism industry will enjoy promising upward trend also will be able to outstandingly grow with long-term sustainability.

Domestic Tourism Figure over years (Million-Trips)

source : Tourism Authority of Thailand, Ministry of Tourism and Sports



² Preliminary forecasted figure of Tourism Authority of Thailand in December 2012

Risk Factors

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

Risks associated with our operations are:

1. Risk Management: Dependence of Third-party Hotel management

The company has no policy to manage hotels by ourselves. International hotel operators are hired to utilize their reputations, experiences and expertise in managing and administering our hotels. These hotel operators include Hyatt International, Marriott International, Accor Hotels, InterContinental Hotels Group, and Starwood Hotels & Resorts Worldwide. The operators we have selected are amongst the world’s largest operators with proven track records, tested systems, reputations, and strong financial positions. Therefore, we believe that, even though hotel management agreements are of long-term nature and could exposed the company to the risk that brand reputations and operators’ capabilities to compete may decline during the contracted period, the possibilities of such deterioration of performances is minimal. Furthermore, all hotel management agreements with the hotel operators include termination for non-performance clause in case hotel performances have constantly not reached desired level. This clause, therefore, allows the company to appoint another international hotel operator to take over the management of the property.

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. However, the company hires different highly-experienced hotel management operators to manage our properties base on their expert market segments. Such hotel operators can provide competitive advantage such as, wide-range of customer base to ensure certain level of demand, and proactive crisis management under unpredictable situation. Furthermore, the company has always been proactive in reestablishing and introducing new hotel competitive strengths as well as continuously manages its expenses to stay at the minimum. In addition, a strategy to diversify investment portfolio to luxury, mid-scale and economy hotels in various tourist destinations help to mitigate this demand-supply risk effectively.

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

External risk factors such as natural disaster, terrorism or political unrest that may have an impact on company’s properties and business operations are unpredictable and uncontrollable. However, the company has set certain emergency standard procedures based on international standard to reduce adverse impacts from such unpredictable events. For example, crisis management at different hotel properties during the flood, which was established according to the severity of each location, including constructing flood barriers to defend important sites of the hotels, preparation of food, beverages, and other consumer products, preparation of power generator, and temporarily close high-risk property and transfer hotel guests to other low-risk properties. Standard procedures to manage political unrest risks have also been implemented, including restricted access to and from properties, setup barriers within vicinity, and evacuation in accordance with international standard. Furthermore, all hotel properties of the company are covered under all-risk, business interruption, and terrorism insurances to cover the aforementioned damages should they have direct impact to any of the properties.

4. External Risk Factors Affecting Hotel Business Performance

External risk factors affecting hotel business performance, such as natural disaster, political unrest or epidemic, are beyond company's control and prevention. Such external factors could cause sudden drop in number of international tourist arrival, which will have a direct impact on hotel revenue and net income. Nevertheless, precedent events have shown a pattern that these adverse impacts are short-lived, around 3 - 9 months, depending on severity. The company's risk management strategies to handle these external factors are to have a flexibility and responsiveness in our systems. Sales and marketing activities are flexible for fast reaction to market condition, while proactive cost management policies allow the company to be resilient in difficult periods.

5. Interest rate risk

Interest rate risk, which is a result of changes of market rates in the future, will affect our operating results and cash flow. For the purpose of financial risk mitigation, the Company converted a portion of long term loan from floating rates into fixed rates. As of 31st December 2012, approximately 30 percent of our long term loans were subject to a fixed rate and 70 percent were subject to a floating interest rate. Our floating-rate term loans apply a Minimum Lending Rate (MLR) and a 6-month Fixed Deposit Rate as a benchmark.

6. Human Resources Risk

Loss of executive management or key personnel of the company is also considered a risk for the company. However, human resources development and management is one of the key priorities of the company. Over the past years, the company has recruited employees and managements in rapid growth departments and provides continuous training and development to existing employees. More importantly, the company has implemented a 3-layer succession plan from Chief Executive Officer and 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.

Good Corporate Governance Award

2012

- “Excellent” AGM Assessments Program
Project: AGM Assessments Program 2012
- “Excellent” CGR Report 2012
Project: Corporate Governance Report of Thai Listed Companies
- “The Best of Asia
Corporate Governance Asia Recognition Award



Excellent CGR Report 2009-2012

2005-2011

- “2nd Quartile Year 2005” (Top rating = 1st Quartile),
Project: Corporate Governance Report of Thai Listed Companies
- “good” AGM Assessments Program,
Project: AGM Assessments Program 2006
- “very good” CGR Report 2006,
Project: Corporate Governance Report of Thai Listed Companies
- “very good” AGM Assessments Program,
Project: AGM Assessments Program 2007
- Board of the Year for Distinctive Practices 2006/2007,
Project: Board of the Year Awards 2006
- “very good” CGR Report 2008,
Project: Corporate Governance Report of Thai Listed Companies
- “Excellent” AGM Assessments Program,
Project: AGM Assessments Program 2008
- “Excellent” CGR Report 2009,
Project: Corporate Governance Report of Thai Listed Companies
- “Excellent” AGM Assessments Program,
Project: AGM Assessments Program 2009
- 1 in 3 Nomination to “IR Excellent” Awards 2009, Project: SET Awards 2009
- “Excellent recognized as Good Example”, AGM Assessments Program
Project: AGM Assessments Program 2010
- “Excellent” CGR Report 2010, Project: Corporate Governance Report of Thai Listed Companies
- “Excellent” IR Awards 2010, Project: SET Awards 2010
- Nomination to “Excellent CSR Awards 2010”,
Project: SET Awards 2010
- “Excellent” AGM Assessments Program
Project: AGM Assessments Program 2011
- “Excellent” CGR Report 2011
Project: Corporate Governance Report of Thai Listed Companies
- Nomination to “Excellent CSR Awards 2011”
Project: SET Awards 2011

Good Corporate Governance

Corporate Governance Policy



Courtyard by Marriott Bangkok

The Erawan Group is managed on the principle of good corporate governance. The business is run in compliance with the laws and on the basis of the Business Code of Conduct where information is disclosed in a transparent and straightforward manner. We have also put in place efficient auditing mechanisms. We operate our business by taking into consideration our responsibility in every aspect to shareholders and stakeholders, the structure of our Board of Directors, supervision mechanisms and efficient management responsibility. Aside from complying with the OCED's best practices, we also implement other best practices normally practiced overseas; for example, The Erawan Group have set up four sub-committees to help supervising each task or the fact that our board consists of as much as 46 percent of

Independent Directors out of the entire board. With regard to corporate governance, The Erawan Group has set up the Nominating and Corporate Governance Committee (NCG) to regularly review and update corporate governance policies and practices so the company will continue to have up-to-date criteria that it can be actually implemented. To comply with the policy, the Chief Executive Officer and the President have been directed to promote corporate governance among staff of all levels.

The Erawan Group is committed to formulate a strategy for long-term sustainable growth. This consists mainly of (1) Systematic management approach to enhance efficiency as well as to lessen reliance on individuals; (2) Competent workforce with dedication to further learning and continual improvement; (3) Accurate, adequate, and up-to-date database for the purpose of management and decision-making; (4) Sound corporate culture to support sustainable growth and (5) Being a good, responsible corporate citizen by taking care of all stakeholders including community and environment.

At present, the practice is being adjusted so that it is in line with the Asean CG Scorecard to be implemented in 2015. Based on our initial study, Asean CG Scorecard applies the same principles as those of the OECD. There are five issues to be considered; namely, shareholders' rights, equal treatment of shareholders, rights of stakeholders, information disclosure and transparency and responsibility of the Board of Directors. Based on our group study, we found that in only certain areas that Asean CG Scorecard system is more demanding than that of the OECD. However, the Erawan Group and most listed companies have duly complied with the requirements with an exception in some issues that experienced difficulties when practiced. The Association of Listed Companies and other supervising agencies are currently in a preparation process and wish to find a conclusion so that everyone can enjoy the shared practice. Besides, the Erawan Group has signed the Collective Action Coalition, a movement established by the Thai private sector against corruption. At present, a self-assessment survey of anti-corruption measures is under preparation as an initial part of our certifying process.

The Chief Executive Officer and the President requires the Code of Conduct be made for employees of all levels as a clear guideline for practices under the corporate governance policy. Two Town Hall meetings a year are held to promote understanding in this subject matter. Besides, we also aim to do our success with integrity, which is one of the four values set as our corporate culture. We 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 customers, suppliers, shareholders, creditors, employees, the society or the 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 nine areas as follows:

1. Code of Conduct

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

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

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

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

The Audit Committee (AC):

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

The Investment Committee (IC):

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

The Nominating and Corporate Governance Committee (NCG):

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

Renaissance Koh Samui Resort Report and Spa

**The Management Development and Compensation Committee (MDC):**

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

The Board also appoints the Company Secretary to perform duties as stipulated by the Securities and Exchange Act, No. 4, B.E. 2551 and/ or other relevant legislations. The Company Secretary also monitors and coordinates with the Board, the Management and related internal and external parties.

3. Qualification of Directors

Principles: The Board of Directors should consist of members with a variety of knowledge and experiences, whether it is in finance, economy, management, business administration, marketing and service, tourism and law. The idea is to ensure that together, they can formulate a right



policy for the development of hotel and resort business while having specialized skills, ability to see things in a big picture and enough independence to audit the Management in a balancing manner. The Board of Directors has two significant roles; namely, supporting the Management on the basis of the Good Corporate Governance and formulate a strategy to achieve our business goals.

General Qualifications:

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

Director's Term of Office and Retirement

Criteria

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

Specific Qualifications:

Chairman of the Board of Directors: aside from the duties mentioned above, Chairman will have extra duties; namely, (1) acting as chairman of the Board of Directors' meeting; (2) exercising a casting vote in case of tie at the Board of Directors' meeting; (3) calling for the meeting of the Board of Directors; and (4) acting as chairman of the Shareholders' Meeting. As a result, qualifications of the Chairman will be slightly different from those of other directors as follows:

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

Executive Director

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

Independent Director

- Independent Director shall hold less than 1 percent of the total shares with voting rights in a company, its affiliated company, associated company or any other person with possible conflicts of interest (including shares held by related persons).
- Independent Director must not be involved in the management and is currently not being and has never been employee, staff, advisor enjoying monthly income or person with controlling power of the company, its affiliated company, associated company and auditing company; nor shall he be a person with conflict of interest without having to have any interest or stake in such manner for no less than two years.
- An Independent Director shall have neither blood nor registered relationship as a father, mother, spouse, sibling and children including spouse of children of executive officers, major shareholders, persons with controlling authority or anyone to be nominated as an executive officer or a person with controlling power of the company or its subsidiary.
- An Independent Director shall have no business relationship with the company during the previous two years. Details are as follows:
 - No relationship as a provider of professional service including being an auditor (in any case), or of other professions such as being a legal consultant, a financial advisor or an asset appraiser with an annual transaction value exceeding Baht 2 million.
 - A business and trade relationship including normal transactions, renting or leasing of property, transactions relating to assets and services and giving or getting financial assistance with a transaction value from Baht 20 million or 3 percent of the Company's NTA, whichever is lower. This however shall include values of all retroactive transactions during at least the six previous months prior to the latest transaction.
- An Independent Director shall possess no other characteristic that prevents him/her from expressing his opinion independently.
- Independent Director must attend at least one of the following courses held by the Thai Institute of Directors (IOD); namely, Directors Certification Program (DCP); or Directors Accreditation Program (DAP); or Audit Committee Program (ACP)

Member of the Audit Committee

- He/she shall be an Independent Director appointed by the Board of Directors or Shareholders.
- He/she shall not be a director entrusted by the Board to make any decision with regard to a business of the

company, its parent company, subsidiary, affiliate, subsidiary of the same level or other entities that may have a conflict of interest.

- His duties must not be fewer than what is stipulated by the SET.

Transactions with Possible Effects to Independence

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

Prohibited Characteristics

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

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

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

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

5. Board of Directors' Meeting

The Erawan Group set a number of both the Board of Directors' meetings and those of other subcommittees. The meeting dates during an entire year would be communicated to directors and other relevant parties in advance. In addition, an agenda was introduced to allow independent directors to freely exchange ideas at the Board of Directors' Meeting No. 7/2555 held on December 1, 2012 during which neither Chief Executive Officer (CEO) nor the President, both of whom were the management's highest executives, was present at the meeting where ideas were freely exchanged among directors.

In 2012, the Erawan Group organized 7 Board of Directors' meetings, 4 Audit Committee's meetings, 4 Investment Committee's meetings, 2 Nominating and Corporate Governance Committee's meetings and 3 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 2012 meeting attendance of directors are in the following table:

Times of Attendance 2012

Times of attendance/Number of Total attendance

Name	Title	Term	Board of Directors	Audit Committee	Investment Committee	Nominating and Corporate Governance Committee	Management Development and Compensation Committee
1. Mr. Prakrit Pradipasen	Chairman	Apr. 2012 - 2015	7/7			2/2	
	Independent director						
2. Mr. Sansem Wongcha-um	Independent director	Apr. 2012 - 2015	7/7	4/4			
3. Asso.Prof. Manop Bongsadadt	Independent director	Apr. 2012 - 2015	7/7	4/4			
4. Mr. Dej Bulsuk	Independent director	Apr. 2012 - 2015*	7/7	4/4			
5. Mr. Banyong Bongpanich	Independent director	Apr. 2010 - 2013*	3/7		3/4		3/3
6. Mr. Ekasith Jotikasthira	Independent director	Apr. 2011 - 2014	6/7				2/3
7. Mr. Vitoon Vongkusolkit	Director	Apr. 2011 - 2014	7/7		4/4		3/3
8. Mr. Supol Wattanavekin	Director	Apr. 2010 - 2013*	7/7		4/4		3/3
9. Mr. Chanin Vongkusolkit	Director	Apr. 2010 - 2013*	7/7		4/4	2/2	
10. Mrs. Panida Thepkanjana	Director	Apr. 2011 - 2014	6/7		4/4	2/2	
11. Mr. Gavin Vongkusolkit	Director	Dec. 2011 - 2013*	7/7			2/2	
12. Mr. Kasama Panyagupta	Chief Executive Officer	Apr. 2011 - 2014	7/7		4/4		
13. Mrs. Kamonwan Wipulakorn	President	Apr. 2011 - 2014	7/7		4/4		
percent of directors' attended			93%	100%	96%	100%	92%

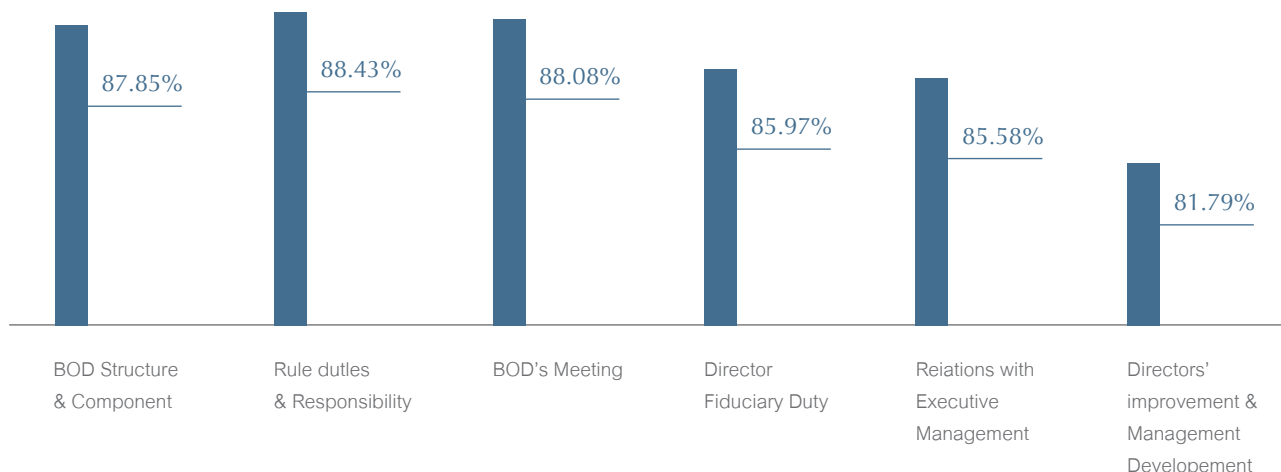
Note: * To propose the Annual General Meeting of Shareholders on Tuesday, April 23, 2013, to reappoint 4 directors who retire by rotation to succeed for another term.

6. Evaluation of the Board's Performances

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

Based on such evaluation, 87.85 Percent of assessors agreed that the structure and components of directors were appropriate and that there were enough independent directors to achieve a balanced power. 88.43 percent

agreed that the Board understood its independence in making decisions without being influenced by anyone. Meanwhile, 88.08 percent agreed that matters regarding the number of meetings, acknowledgement when the meeting would be held and the getting of documents in advance was getting much better than before. 85.97 percent agreed that every director shall bear the fiduciary duties of overseeing the management of the company that it operates in the best interests of the shareholders, for whom the director is responsible. 85.58 percent agreed that there was a good relationship with the management team and directors could directly discuss with the Chief Executive Officer and the President. 81.79 percent agreed about better self-development among directors, better understanding about business and their duties and responsibilities. Details are in the following:



7. Nomination of Directors and Executives

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

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

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

Remuneration of the Board of Directors and Management

8. Remunerations of the Board of Directors and Management

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

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

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

The Chief Executive Officer and The President reviews annual compensations of executives based on a formulated policy through two evaluation processes; namely, (1) Balance Score Card (BSC) evaluation, which reviews strategic significances of each department vis-à-vis corporate strategy through a linkage that will eventually

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

Remunerations in cash for the year ending 31st December 2012 totaled Baht 41,809,776.61:

1. Remunerations of directors of the Company's Board of Directors and the Committees totaled Baht 6,948,750.00
2. Remunerations of directors of the Company's subsidiary totaled Baht 1,765,000.00
3. Remunerations, which were total wages of the nine (9) executives paid by the Company and its subsidiaries, totaled Baht 31,962,980.61
4. Provident fund of the executives under item 3 above totaled Baht 1,133,046.00

Remunerations for the Board of Directors and the Committees in the year ending 31st December 2012

Name	Title	Compensation in cash for member of the Committee							Total (Baht/year)
		Board of Directors	Audit Committee	Investment Committee	Nominating and Corporate Governance Committee	Management Development and Compensation Committee			
1. Mr. Prakrit Pradipasen	Chairman and Independent director	590,000	-	-	39,000	-	-	-	629,000
2. Mr. Sansern Wongcha-um	Independent director	450,000	130,000	-	-	-	-	-	580,000
3. Assoc.Prof. Manop Bongsadact	Independent director	450,000	100,000	-	-	-	-	-	550,000
4. Mr. Dej Bulsuk	Independent director	450,000	100,000	-	-	-	-	-	550,000
5. Mr. Banyong Pongpanich	Independent director	450,000	-	56,250	-	42,000	-	-	548,250
6. Mr. Ekasith Jotikasthira	Independent director	450,000	-	-	-	28,000	-	-	478,000
7. Mr. Vitoon Vongkusolkit	Director	450,000	-	104,000	-	42,000	-	-	596,000
8. Mr. Supol Wattanavekin	Director	450,000	-	75,000	-	58,500	-	-	583,500
9. Mr. Chanin Vongkusolkit	Director	450,000	-	75,000	28,000	-	-	-	553,000
10. Mrs. Panida Thepkanjana	Director	450,000	-	75,000	28,000	-	-	-	553,000
11. Mr. Gavin Vongkusolkit*	Director	312,500	-	-	28,000	-	-	-	340,500
12. Mr. Kasama Puryagupta	Chief Executive Officer	450,000	-	As executive	-	-	-	-	450,000
13. Mrs. Kamonwan Wipulakorn	President	400,000	-	As executive	-	-	-	-	400,000
Total		5,802,500	330,000	385,250	123,000	170,500			6,811,250

Note: Mr. Krisda Monthienvienchai had resigned from his directorship since November 29, 2011. He received the 2011 allowance for a total of Baht 137,500.

Corporate Social Responsibility



9. Corporate Social Responsibility (CSR)

Corporate Social Responsibility, shortly called CSR, is one of the Erawan Group's major business strategies. We truly believe that CSR will guide our business while let us be accountable to shareholders, staff, suppliers, creditors, the society, the environment and neighboring communities where our properties are located. To ensure that everyone here understands the same thing, we have determined CSR guidelines and principles for those involved as follows.

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 auditors and discuss important matters affecting the company. In this regards, important matters can range from allocating dividends to formulating or amending rules and regulations and the Memorandum of Association, increasing or reducing capital and approving special transactions. The Board of Directors also supervises to ensure that meeting's time, date, place and meeting agendas are given to shareholders; that relevant documents and information required for making decisions at a meeting are available to shareholders, that shareholders are notified of applicable rules at the meeting, that voting procedures are not too complicated and that a meeting location is convenient and not expensive for shareholders to attend the meeting.

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

sent to shareholders in advance enough for them to study prior to the meeting.

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

At every the shareholders' meeting, Chairman of the Board, Chairman of the Committees, Directors, the Chief Executive Officer (CEO) and the President attend the meeting to allow shareholders to express their views and ask questions about relevant matters to the meeting. During the past 6 years (2007-2012), the entire Board attended the meeting to allow shareholders to ask questions in an adequate fashion, which however did not delay the meeting. In addition, Q&A sessions, resolutions adopted at the meeting and votes received at each agenda were properly recorded in writing in the Company's minutes of meeting and posted at the Company's website within 14 days from the shareholders' meeting date.

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

Responsibilities to Shareholders

1. To manage the Company in a way that will turn it into a quality corporation committed to integrity while creating sustainable strength and growth for shareholders in the long run.
2. To perform our job with thorough care and competency as a business may do under the same situation.
3. To perform our duty with integrity and to fairly treat both major and minor shareholders for the benefit of all relevant parties.
4. To manage the Company's properties in a manner that avoids their depreciation.
5. To report the Company's status and operation results regularly, accurately and completely based on existing facts.
6. To prevent the Company's confidential information from being improperly disclosed to the third party.
7. To avoid doing anything that may lead to a conflict of interest against the Company without any advanced notice.
8. To respect the rights and to equally treat all shareholders, whether they are executive or non-executive shareholders, and foreign shareholders

Responsibilities to Investor Relations

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

We conduct an Investor Relations IR Survey to gauge satisfaction in relation to our information disclosure at least once a year. In 2012, we conducted the survey by distributing questionnaires to analysts at the Quarterly Meeting held in November 2012, and also the last meeting of the year. All respondents were within a target group. More than 50 percent of the respondents had monitored our information for no less than 5 years. 94.68 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

1. To determine an appropriate structure of remunerations in line with market rates, staff's competency and responsibilities and their work performances through three levels of strategic assessments; namely, corporate strategy, department strategy and division strategy. The Competency Skill Behavior Assessment will be carried out in a 360-degree manner where supervisor will assess supervisees and vice versa and where everyone will have a self-evaluation at all levels.
2. To provide appropriate welfare and other benefits such as accident insurance to staff and executives working out of the office, health insurance and allowances for healthcare services as an out-patient, annual health check-up and coffee & tea corner for staff.
3. To ensure staff's Understanding about their professional roles and responsibilities as well as their career goals, to provide an opportunity for staff to grow professionally and to acknowledge and recognize staff's work.

4. Award and punishment will be conducted based on the concept of right and wrong and with integrity.
5. To ensure workplace safety, health and sanitation.
6. To have a clear and efficient working system that allows staff to exercise their knowledge and competency while supporting their knowledge enhancement and recognizing their participation role.
7. To promote the Code of Conduct to staff to help them duly understand and fully comply with the Code.
8. To comply with all the rules and regulations relating to labor laws and staff welfare.
9. To avoid action considered unfair and illegitimate that may affect staff's advancement and job security while respecting an individual's rights.

Responsibilities to Customers

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

Responsibilities to Suppliers and Creditors

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

participating suppliers as stated in a regulation. All bidders are to receive the same written details, information and conditions. If notified verbally, they shall receive a written confirmation later.

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

Responsibilities to Competitors

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

Responsibilities to the Public Sector

1. Complying with the government's policies, relevant laws and regulations.
2. Promoting constitutional democracy
3. Conducting business with accountability, supporting activities with the public sector and other organizations for social and community benefits

4. Organizing events to generate incomes to support charitable organizations such as the Foundation of Elephant's Friends, the Foundation of Returning Elephants to Nature and etc.
5. Refrain from doing anything that may damage the community, the society and the country.

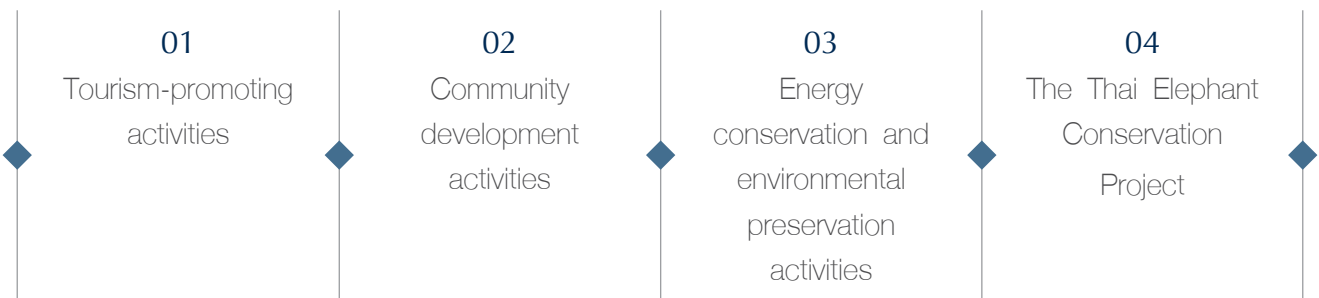
Responsibilities to Social and Environment

ERAWAN formulates a clear-cut policy for social, community and environmental causes. It plans to implement "ERAWAN for the Society and the Environment," project, to which the Board has already approved to allocate 0.5 percent of its annual net profit as a social contribution. Of the entire budget, 50 percent will be spent for the benefits of communities closed to the Company's properties whereas the other 50 percent will be spent for the benefit of the society in general.

Compliance with Corporate Governance and the Business Code of Conduct

The Erawan Plc 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.

Social and Environmental Activities 2012



When conducting social and environmental activities, The Erawan Group focuses at concepts and activities that will truly maximize the need of community and society. At the same time, we put our priority to the fact that our project should be able to continue and that its result should be measurable. We fully support participation by our employees, family members and the public in our activities as part of the society's member. We also have a clear plan and we have clearly set aside a budget for this purpose which account for approximately 0.5 per cent of our net profit. Money is normally spent to conduct activities in four areas as follows.

01

 Tourism-promoting activities



1.1 The Welcome Guide to Thailand Project

this is a program where we teach English for free to taxi drivers with a purpose to promote tourism and a better image of Thailand to our visitors. The project also encourages positive thinking among taxi drivers to offer service passionately and to become a good host. Started in 2008, the Welcome Guide to Thailand Project has already taught 569 taxi drivers in 15 classes, of which five alone were organized in 2012. Through the project, we have collaborated with the Suvarnabhumi Airport to teach English to airport taxi drivers and airport operation-level staff where English for work is taught and participants have a real chance to practice their English-speaking skills.

01

 Tourism-promoting activities

1.2 The Underwater Fun Park Project

this is a continued project where in 2012-2013 we intend to build a new diving site in Pattaya area to promote tourism at the world-renowned resort town. The property, which is owned by The Erawan Group Public Company Limited, will be installed with hard structures built in a form of play rides underwater to attract and house coral reefs. The project will not only preserves natural resources but will also add a new diving site and another tourist attraction to Pattaya. Collaborated with Department of Marine and Coastal Resources, the Erawan Group Public Company Limited is currently building the project.

02

 Community development activities



2.1 The 30th Anniversary of the Erawan Group Public Company Limited to Fill the Dreams of 30 Schools Project

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

2.1.1 To promote ethics and moral practices - in this area, classroom was renovated to help making Buddhism teaching in school much more fun and interesting.

The new classrooms were given to

- The Wat Nong Khae Municipality School, Huahin District, Prachuab Kiri Khan Province
- The Suksa Songkhro Petchaburi School, Cha-am District, Petchaburi Province
- The Wat Kratingrai (Muang Pattaya 1) School, Pattaya City, Chonburi Province
- The Wat Samakkhitham (Muang Pattaya 6) School, Pattaya City, Chonburi Province



Suwat Talaynoi, a teacher of the Wat Nong Khae Municipality School, told us:

“This is a really good project. It helps students learn dharma concepts. It allows students to have an ethical mind. It’s a perfect collaboration between the needs of the company and the school.”

Community development activities

2.1.2 To promote reading - a set of encyclopedia, contest-winning fairy tales and fables and books containing general knowledge catered to the need of each school were given to

- Ban Banglamung School, Banglamung District, Chonburi Province
- Ban Koh Lan School (Muang Pattaya 10), Pattaya City, Chonburi Province
- Ban Ao Po School, Thalang District, Phuket Province
- Ban Khao Perm School, Banna District, Nakhon Nayok Province



Jenjira Srimitranon, a grade 6 student of the Ban Banglamung School, said:

“We now have desks where we can read books happily. We also have books with cool pictures. This makes reading so fun for me.”

2.1.3 To promote learning skills and to support other needs as requested by each school to maximize their requirements; here, we supplied; for example, skill-enhancing toys, scientific devices, Thai musical instruments, musical instruments for marching band and consumable products to

- Ban Koh Naka School, Thalang District, Phuket Province
- Ban Kankrao School, Banna District, Nakhon Nayok Province
- Petchaburi Panyanukul School, Cha-am District, Petchaburi Province
- The Children Foundation in Klongtoey Slum Community, Klongtoey District, Bangkok

2.1.4 To promote education of schools in the three southern border provinces of Thailand affected by violence where we offered items to promote reading and to develop musical and sports skills as required by different needs of teachers and students in the areas to

- Ban Kuan Khuha School, Nongchik District, Pattani Province

- Ban Kuwing School, Mayor District, Pattani Province
- Kok Rieng School, Mae Lan District, Pattani Province
- Ban Don Yang School under the Thai Army Support, Nongchik District, Pattani Province
- Ban Burin School, Muang District, Yala Province



Piyanee Suluang a student of Ban Don Yang School under the Thai Army Support, Nongchik District, Pattani Province said:

“Sport equipments and the books we got have been the high beneficial to all students.

It gives my friends and I an opportunity to have the equation with other schools in the city.

We are really appreciated and we are so thankful to the generous rendered to all of us.”

2.2 The Nice & Neat Neighborhood Project

The project, which has started since 2008, is to promote cleanliness awareness and beautiful landscape in public areas closed to our properties. In 2012-2013, we have and will continue the following projects:

2.2.1 The Ratchaprasong Intersection Landscape Beautification Project - Together with other businesses in the same Ratchaprasong area as well as the Pathumwan District Office, the Erawan Group Public Company Limited was revamping landscape along a traffic island in the middle of busy thoroughfares of the Ratchaprasong Intersection. This is one of the projects in a larger program to transform 84 streets around Bangkok to celebrate HM the King's 84th Birthday Anniversary initiated by Bangkok Metropolitan Administration (BMA) to give a birthday present to HM the King.

2.2.2 The Landscape Beautification Project along the traffic island between ibis Huahin Hotel and Wat Nong Khae in Huahin District, Prachuab Kiri Khan Province. Together with the Rural Highways Department and the Huahin Municipality, the Erawan Group Public Company Limited renewed the landscape of the traffic island to make it elegant, clean and safe for commuters in the area.

02

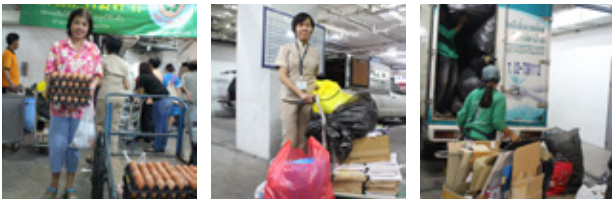
Community development activities

2.3 The Blood Donation Project

In collaboration with the JW Marriot Bangkok Hotel and the Rajavithi Hospital, the Erawan Group Public Company Limited has organized a blood-donation event every three months and actively urged the company's employees, customers of our Pleonchit Center and the general public to participate in the project. In 2012, the event was held four times and about 149,350 cc of bloods were received from blood donors.

03

Energy conservation and environmental preservation activities



3.1 The Trash for Eggs Project

The project has been held with a purpose to reduce waste and to maximize the use of resources. It is intended to encourage customers, suppliers and the general public in the Pleonchit Center and nearby office towers to separate waste in an exchange for eggs. The Erawan Group Public Company Limited together with Wongpanich Suvannabhumi Recycling Station Co Ltd has also held a training to help the public learn how to efficiently separate waste. Organized since 2008, the Egg for Waste Project, which is held every first Thursday of the month, was able to accumulate 40,186.95 kilograms of waste in 2012.

03

Energy conservation and environmental preservation activities



3.2 The Underwater Reforestation Project

Aimed to conserve the richness of marine resources where a home will be built for marine animals to create sustainable and balanced marine ecology, the Erawan Group Public Company Limited and the Marine and Natural Resources Conservation Center Region 1 Center (Rayong Province) have organized an activity called "Happy Family Planting Underwater Forest" at the Naklua-Pattaya Community, Chonburi Province. The project involves a construction of a huge cage made of ropes that was later installed under the sea with a hope that this would become a place for food that marine animals can come by when they are hungry. The activity not only helps maintain the environment but also bolsters relationship between company and hotel staffs within the Erawan Group; namely, the Holiday Inn Pattaya Hotel, the Ibis Pattaya Hotel as well as those of the Marine and Natural Resources Conservation Center Region 1 Center (Rayong Province) and traditional fishing communities in the neighborhood.

04

The Thai Elephant Conservation Project



4. The Thai Elephant Conservation Project

Started in 2005, the project intends to help conserving Thai elephant, which is the national symbolic animal, from extinction. The Erawan Group Public Company Limited has organized an elephant conservation activity each year through various events that emphasize voluntary participation by our employees, their family members and other stakeholders. In 2012, we organized a reforestation activity so elephants will have more forests that they can call home at Keng Kracham National Park in Petchaburi Province during October 13-14, 2012. The activity not only benefited the elephants but also created a lot of joy for tree growers.

Internal Control

In 2012, the Board of Directors convened seven times at which the Audit Committee attended every time to give opinions about an adequacy and soundness of the internal control system. The Audit Committee summarized and reported internal audit activities to the Board of Directors on February 26, 2013 and the Board of Directors expressed the same opinions as the Audit Committee in this matter, which can be summarized as follows:

1. Internal Control System and Internal Auditing

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.

2. Protection of 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.

3. Conflict of interest

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



Grand Hyatt Erawan Bangkok

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.

In 2011/2012 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

	2011	2012
1. Mitr Phol Sugar Group of Companies		
Revenue from Hotel Operation	4,535,370.63	8,210,325.95
Receivables at end of period	1,003,442.02	1,269,928.54
2. Banpu Plc. Group of Companies		
Revenue from Hotel Operation	4,005,337.84	1,338,723.11
Receivables at end of period	332,859.36	158,251.50
3. Pacific World (Thailand) Ltd.		
Revenue from Hotel Operation	4,305,437.52	7,885,141.35
Receivables at end of period	651,500.00	1,122,893.98

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)		Pricing policy and the Audit Committee's opinions
		2011	2012	
<p>1. Chai Talay Hotel Co., Ltd. (Hyatt Regency Hua Hin Hotel) <u>Type of business:</u> hotels <u>Nature of relationship:</u></p> <ul style="list-style-type: none"> - Mrs. Panida Thepkanjana, director, is a closed relative to Mrs. Wansamorn Wannamethee and Khunying Natthika Wattanavekin, are authorized director of Chai Talay Co., Ltd. - Wattanavekin Group holds 32 percent of the Company's shares. 	<p>Agreement to lease office space and the service agreement with The Erawan Hotel Public Company Limited</p> <ul style="list-style-type: none"> - Rental and services income - Receivables at end of period 	<p>4,301,902.18</p> <p>448,940.39</p>	<p>6,406,666.02</p> <p>1,826,164.69</p>	<p>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.</p>

Necessity and Soundness of Connected Transactions

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

Approval Measures or Procedures of Connected Transactions

If the Company 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 Governance Statement

Principle/Recommendation	Reference
Vision Mission and Core values	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com Code of Conduct
Corporate Culture	www.TheErawan.com Code of Conduct
Third-Party Hotel Management Company Selection Policy	Annual Report (56-2)
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 CEO 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)

Good Corporate Governance	Reference
Corporate Governance Policy	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com
<ul style="list-style-type: none"> Social and Environmental Activities 2012 Code of Conduct 	Annual Report (56-2) Annual Information form (56-1) Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com Code of Conduct

Good Corporate Governance (Cont')

Reference

<ul style="list-style-type: none"> • Qualification of Directors • Chairman Qualification • Independent Qualification • Rules and Responsibility of The Board of Directors and the Management 	<p>Annual Report (56-2) Annual Information form (56-1)</p> <p>www.TheErawan.com</p>
<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 	<p>Annual Report (56-2) Annual Information form (56-1)</p>

Shareholder's meeting

Reference

<ul style="list-style-type: none"> • Meeting Agendas – Submitted in advance • Announcement of the A GM Notice • Meeting's place • Announce date of meeting and agendas in advance • Notification of the AGM's resolutions • Minutes of the AGM 	<p>SET Notice</p> <p>www.TheErawan.com</p>
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Financial Information

Reference

- | | |
|---|--|
| <ul style="list-style-type: none"> 45 days for Quarterly Financial Statement Report and 60 days for Financial Statement for the year ended | SET Notice
www.TheErawan.com |
| <ul style="list-style-type: none"> Quarterly Management Discussion and Analysis/Full Year Management discussion and analysis | |
| <ul style="list-style-type: none"> 2 days after the meeting to announce a Quarterly Meeting Presentation | IR quarterly meeting
www.TheErawan.com |
| <ul style="list-style-type: none"> Quarterly Investor Factsheet | |

Other Information Disclosure

Reference

- | | |
|---|--|
| <ul style="list-style-type: none"> Set up New company/New branch | SET Notice
www.TheErawan.com |
| <ul style="list-style-type: none"> Change of Top Management | |
| <ul style="list-style-type: none"> Acquisition of Disposition of Assets | |
| <ul style="list-style-type: none"> Report on the result of the exercise Employee Stock Option Program (ESOP) | |

Receiving Complaints regarding Corporate Governance and the Code of Conduct

Reference

Receiving Complaints regarding Corporate Governance and the Code of Conduct	Reference
<ul style="list-style-type: none"> Trading Partners and/or Creditors 	Bidding Survey External Survey GCG@theerawan.com
<ul style="list-style-type: none"> Staff 	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



The Naka Island a Luxury Collection Resort and Spa, Phuket

Appendices

Report of the Board's Responsibility in the Financial Statements

JW Marriott Hotel Bangkok





The Board of Directors was responsible for the financial statements of The Erawan Group Public Company Limited and its subsidiaries. The financial statements were done according to the Generally-Accepted Accounting Principles in Thailand where an appropriate accounting policy was chosen and implemented. In addition, discretion was exercised, the best estimates were selected and adequate information was disclosed in Notes to Financial Statements.

The Board of Directors appointed the Audit Committee, which consisting of 3 independent directors, to be responsible for auditing the company's financial statements and to evaluate the internal control system for efficiency. The Audit Committee's opinion in this matter was in Report of the Audit Committee to Shareholder.

In this regard, the Board of Directors is of the opinion that the Company's internal control system is proven satisfactory and contributes to the Company's credibility as of December 31, 2012.

Mr. Prakrit Pradipasen
Chairman of The Board of Directors

Mrs. Kamonwan Wipulakorn
President

Independent Auditor's Report

To the Shareholders of The Erawan Group Public Company Limited

I have audited the accompanying consolidated and separate financial statements of The Erawan Group Public Company Limited and its subsidiaries, and of The Erawan Group Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2012, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of The Erawan Group Public Company Limited and its subsidiaries, and of The Erawan Group Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2013



Vannaporn Jongperadechanon

Certified Public Accountant
Registration No. 4098

Audit Fee

In 2012, the audit fee paid to the external auditor of KPMG Phoomchai Audit Limited was Baht 4,005,000 (The Erawan Group Plc. Baht 2,365,000 and the Company's subsidiary Bath 1,640,000). The Company did not pay any non audit fee to the auditor, the auditor's office, and person or company related to the auditor and the auditor's office. The fee was excluding the out of pocket expenses.

Statement of financial position

The Erawan Group Public Company Limited and its Subsidiaries

(in Bath)

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	5	410,302,379	450,196,331	182,047,740	140,711,404
Trade accounts receivable	4, 6	194,614,888	134,393,606	102,815,338	74,702,818
Inventories	7	49,096,766	52,821,584	9,312,594	9,229,593
Advances - construction		62,223,886	37,644,306	61,105,330	36,525,750
Value added tax refundable		17,949,577	39,362,933	-	-
Other current assets	4, 8	84,549,788	56,894,127	47,380,701	19,268,382
Total current assets		818,737,284	771,312,887	402,661,703	280,437,947
Non-current assets					
Investments in subsidiaries	9	-	-	2,376,159,841	2,301,159,871
Investment in associate	10	338,271	338,271	338,271	338,271
Investments in other related parties	11	1,758,312	2,486,924	1,367,759	1,913,031
Long-term loans to subsidiaries	4	-	-	1,538,330,392	1,393,545,475
Property, plant and equipment	12, 15	10,122,116,647	9,493,559,805	6,118,165,540	5,711,589,259
Land held for development	13	104,236,832	104,236,832	-	-
Leasehold rights for land and buildings	14, 15	1,548,263,361	1,604,762,025	777,615,477	806,148,906
Intangible assets	16	46,863,939	46,482,693	33,494,640	29,960,745
Deposits for lease of land, building and equipment	15	123,245,347	120,625,917	118,344,084	115,328,049
Other non-current assets	17	68,492,807	94,059,935	7,309,276	33,903,134
Total non-current assets		12,015,315,516	11,466,552,402	10,971,125,280	10,393,886,741
Total assets		12,834,052,800	12,237,865,289	11,373,786,983	10,674,324,688

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

Statement of financial position (continued)

The Erawan Group Public Company Limited and its Subsidiaries

(in Bath)

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	20112	2011
Liabilities and equity					
Current liabilities					
Short-term loans from financial institutions	18	262,100,000	76,100,000	202,100,000	76,100,000
Trade accounts payable	4, 19	228,362,696	175,335,257	98,668,481	81,730,311
Accounts payable - construction		237,951,426	81,217,056	200,945,443	60,668,752
Current portion of finance lease liabilities	18	2,138,219	1,718,148	2,138,219	1,718,148
Current portion of long-term loans from financial institutions	18	818,250,000	695,250,000	630,750,000	515,250,000
Other current liabilities	4, 20	471,577,427	415,667,650	211,198,802	170,492,635
Total current liabilities		2,020,379,768	1,445,288,111	1,345,800,945	905,959,846
Non-current liabilities					
Finance lease liabilities	18	2,731,664	3,458,178	2,731,664	3,458,178
Long-term loans from a subsidiary	4, 18	-	-	58,998,316	45,438,032
Long-term loans from financial institutions	18	6,793,717,051	6,727,667,051	4,480,150,000	4,357,900,000
Accounts payable for land leasehold rights	15	180,000,000	180,000,000	180,000,000	180,000,000
Deposits from lessees		43,168,508	42,222,972	40,979,371	40,031,238
Deferred income	15, 21	22,433,735	26,481,927	22,433,735	26,481,927
Employee benefit obligations	22	57,460,800	43,271,996	24,786,382	17,543,228
Total non-current liabilities		7,099,511,758	7,023,102,124	4,810,079,468	4,670,852,603
Total liabilities		9,119,891,526	8,468,390,235	6,155,880,413	5,576,812,449

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

Statement of financial position (continued)

The Erawan Group Public Company Limited and its Subsidiaries

(in Bath)

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
Liabilities and equity					
Equity					
Share capital	23				
Authorised share capital		2,505,000,000	2,505,000,000	2,505,000,000	2,505,000,000
Issued and paid-up share capital		2,245,437,901	2,244,779,001	2,245,437,901	2,244,779,001
Premium on shares	24	359,727,872	358,142,539	359,727,872	358,142,539
Employee stock options	23	10,331,932	4,920,510	10,331,932	4,920,510
Other components of equity		(11,736,493)	(433,287)	(7,719,829)	(352,802)
Retained earnings					
Appropriated					
Legal reserve	24	118,158,000	103,158,000	118,158,000	103,158,000
Unappropriated		789,342,151	878,042,809	2,491,970,694	2,386,864,991
Equity attributable to equity holders of the Company		3,511,261,363	3,588,609,572	5,217,906,570	5,097,512,239
Non-controlling interests		202,899,911	180,865,482	-	-
Total equity		3,714,161,274	3,769,475,054	5,217,906,570	5,097,512,239
Total liabilities and equity		12,834,052,800	12,237,865,289	11,373,786,983	10,674,324,688

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

Statement of comprehensive income

The Erwan Group Public Company Limited and its Subsidiaries

(in Bath)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
Income					
Revenues from hotel operations		4,121,903,444	3,536,263,159	2,057,753,664	1,779,980,257
Rental of units in buildings and service income	4	180,344,657	219,280,684	128,864,590	178,537,866
Gain on disposal of Ploenchit Center	15	-	664,330,168	-	664,330,168
Net foreign exchange gain		4,873,948	2,568,225	2,379,793	-
Dividend income	4	-	-	106,991,596	-
Interest income	4	3,181,755	6,180,234	78,898,109	65,880,663
Other income	4, 26	53,455,925	58,609,269	33,828,415	54,760,908
Total income		4,363,759,729	4,487,231,739	2,408,716,167	2,743,489,862
Expenses					
Cost of hotel operations		1,889,681,736	1,700,519,759	851,506,018	788,462,200
Cost of rental of units in buildings and service	4	76,092,666	89,284,570	42,842,289	66,843,864
Depreciation and amortisation		641,026,858	645,511,741	337,847,067	352,611,758
Selling expenses	27	261,066,181	250,743,365	142,180,468	143,427,913
Administrative expenses	4, 28, 29	873,075,999	810,805,775	479,845,334	415,900,378
Finance costs	4, 31	393,292,080	406,682,214	254,808,824	267,486,417
Total expenses		4,134,235,520	3,903,547,424	2,109,030,000	2,034,732,530
Profit before income tax expense		229,524,209	583,684,315	299,686,167	708,757,332
Income tax expense	32	(62,759,902)	(53,469,379)	-	-
Profit for the year		166,764,307	530,214,936	299,686,167	708,757,332

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

Statement of comprehensive income (continued)

The Erawan Group Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
Other comprehensive income (loss)					
Net change in fair value of available-for-sale investments		238,191	163,316	157,668	52,234
Defined benefit plan actuarial losses	22	(11,541,397)	-	(7,524,695)	-
Other comprehensive income (loss) for the year, net of income tax		(11,303,206)	163,316	(7,367,027)	52,234
Total comprehensive income for the year		155,461,101	530,378,252	292,319,140	708,809,566
Profit attributable to:					
Equity holders of the Company		105,879,806	491,324,648	299,686,167	708,757,332
Non-controlling interests		60,884,501	38,890,288	-	-
Profit for the year		166,764,307	530,214,936	299,686,167	708,757,332
Total comprehensive income attributable to:					
Equity holders of the Company		94,576,600	491,487,964	292,319,140	708,915,566
Non-controlling interests		60,884,501	38,890,288	-	-
Total comprehensive income for the year		155,461,101	530,378,252	292,319,140	708,915,566
Earnings per share	33				
Basic earnings per share (in Baht)		0.0472	0.2189	0.1335	0.3157
Diluted earnings per share (in Baht)		0.0470	-	0.1331	-

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

Statement of changes in equity

The Erawan Group Public Company Limited and its Subsidiaries

(in Bath)

Consolidated financial statements

	Note	Issued and paid-up share capital	Share premium	Employee stock options	Legal reserve	Unappropriated	Other components of equity				Total equity	
							Retained earnings	Unrealised surpluses (deficits) of fair value changes on investment	Defined benefit plan actuarial losses	Equity attributable to equity holders of the Company		Non-controlling interests
For the year ended 31 December 2011												
Balance at 1 January 2011		2,244,779,001	358,142,539	-	67,658,000	422,218,161	(596,603)	-	3,092,201,098	141,975,194	3,234,176,292	
Employee stock options	23	-	-	4,920,510	-	-	-	-	4,920,510	-	4,920,510	
Comprehensive income for the year		-	-	-	-	491,324,648	-	-	491,324,648	38,890,288	530,214,936	
Profit		-	-	-	-	491,324,648	-	-	491,324,648	38,890,288	530,214,936	
Other comprehensive income		-	-	-	-	-	163,316	-	163,316	-	163,316	
Transfer to legal reserve	24	-	-	-	35,500,000	(35,500,000)	-	-	-	-	-	
Balance at 31 December 2011		2,244,779,001	358,142,539	4,920,510	103,158,000	878,042,809	(433,287)	-	3,588,609,572	180,865,482	3,769,475,054	
For the year ended 31 December 2012												
Balance at 1 January 2012		2,244,779,001	358,142,539	4,920,510	103,158,000	878,042,809	(433,287)	-	3,588,609,572	180,865,482	3,769,475,054	
Employee stock options	23	658,900	1,585,333	5,411,422	-	-	-	-	7,655,655	-	7,655,655	
Comprehensive income (loss) for the year		-	-	-	-	105,879,806	-	-	105,879,806	60,884,501	166,764,307	
Profit		-	-	-	-	105,879,806	-	-	105,879,806	60,884,501	166,764,307	
Other comprehensive income (loss)		-	-	-	-	-	238,191	(11,541,397)	(11,303,206)	-	(11,303,206)	
Transfer to legal reserve	24	-	-	-	15,000,000	(15,000,000)	-	-	-	-	-	
Dividends	34	-	-	-	-	(179,580,464)	-	-	(179,580,464)	(38,850,072)	(218,430,536)	
Balance at 31 December 2012		2,245,437,901	359,727,872	10,331,932	118,158,000	789,342,151	(195,096)	(11,541,397)	3,511,261,363	202,899,911	3,714,161,274	

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

Statement of changes in equity

The Erawan Group Public Company Limited and its Subsidiaries

(in Bath)

	Note	Separate financial statements									
		Retained earnings					Other components of equity				
		Issued and paid-up share capital	Share premium	Employee stock options	Legal reserve	Unappropriated	Unrealised surpluses (deficits) of fair value changes in investments	Defined benefit plan actuarial losses	Total equity attributable to equity holders of the Company		
For the year ended 31 December 2011											
Balance at 1 January 2011		2,244,779,001	358,142,539	-	67,658,000	1,713,607,659	(405,036)	-	-	4,383,782,163	
Employee stock options	23	-	-	4,920,510	-	-	-	-	-	4,920,510	
Comprehensive income for the period											
Profit		-	-	-	-	708,757,332	-	-	-	708,757,332	
Other comprehensive income		-	-	-	-	-	52,234	-	-	52,234	
Transfer to legal reserve	24	-	-	-	35,500,000	(35,500,000)	-	-	-	-	
Balance at 31 December 2011		2,244,779,001	358,142,539	4,920,510	103,158,000	2,386,864,991	(352,802)	-	-	5,097,512,239	
For the year ended 31 December 2012											
Balance at 1 January 2012		2,244,779,001	358,142,539	4,920,510	103,158,000	2,386,864,991	(352,802)	-	-	5,097,512,239	
Employee stock options	23	658,900	1,585,333	5,411,422	-	-	-	-	-	7,655,655	
Comprehensive income (loss) for the period											
Profit		-	-	-	-	299,686,167	-	-	-	299,686,167	
Other comprehensive income (loss)		-	-	-	-	-	157,668	(7,524,695)	-	(7,367,027)	
Transfer to legal reserve	24	-	-	-	15,000,000	(15,000,000)	-	-	-	-	
Dividends	34	-	-	-	-	(179,580,464)	-	-	-	(179,580,464)	
Balance at 31 December 2012		2,245,437,901	359,727,872	10,331,932	118,158,000	2,491,970,694	(195,134)	(7,524,695)	-	5,217,906,570	

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

Statement of cash flows

The Erawan Group Public Company Limited and its Subsidiaries

(in Bath)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit for the year	166,764,307	530,214,936	299,686,167	708,757,332
Adjustments for				
Depreciation and amortisation	641,026,858	645,511,741	337,936,881	352,611,758
Doubtful debts expense (reversal)	(260,104)	331,466	(465,246)	101,432
Unrealised loss from increase in value of investment in related company	4	89,011	-	-
Employee benefit obligations	7,219,793	6,754,843	3,454,718	3,405,062
Employee stock options	5,744,845	4,920,510	5,744,845	4,920,510
Loss on non-refundable withholding tax deducted at source	236,998	376,795	-	-
Transfer rental deposits and deferred income to income	-	(951,500)	-	(951,501)
Transfer advance received from customers to income	(2,174,903)	(560,950)	(2,126,538)	(560,951)
Dividend income	-	-	(106,991,596)	-
Interest income	(3,181,755)	(6,180,234)	(78,898,109)	(65,880,663)
Gain on sale of Ploenchit Center	-	(664,330,168)	-	(664,330,168)
(Gain) loss on disposal of property, plant and equipment, intangible assets and leasehold rights	(20,591,189)	14,788,536	(21,587,795)	3,424,534
Finance costs	393,292,080	406,682,214	254,808,824	267,486,417
Income tax expense	62,759,902	53,469,379	-	-
	1,250,836,836	991,116,579	691,562,151	608,983,762

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

Statement of cash flows (continued)

The Erawan Group Public Company Limited and its Subsidiaries

(in Bath)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011	2012	2011
Changes in operating assets and liabilities				
Trade accounts receivable	(59,961,178)	13,199,848	(27,647,275)	4,282,143
Inventories	3,724,818	20,076,625	(83,001)	18,815,452
Advances - construction	(24,579,580)	(22,620,467)	(24,579,580)	(22,620,467)
Value added tax refundable	21,413,356	11,262,430	-	-
Other current assets	(27,676,979)	7,030,448	(21,792,735)	(740,203)
Deposits for lease of land, building, and equipment	(2,619,430)	(6,283,969)	(3,016,034)	(3,013,733)
Other non-current assets	20,776,875	(14,598,129)	33,898,618	14,245,875
Trade accounts payable	53,027,439	(36,562,187)	60,588,506	(8,353,046)
Employee benefit obligations paid	(4,572,385)	(2,256,547)	(3,736,385)	(1,832,244)
Other current liabilities	66,460,569	60,624,065	23,922,117	19,571,515
Deposits from lessees	6,973,132	(58,085,426)	14,336,403	(32,349,811)
Cash generated from operating activities	1,303,803,473	962,903,270	743,452,785	596,989,243
Income tax paid	(68,345,130)	(34,943,819)	(7,304,760)	(19,493,080)
Net cash from operating activities	1,235,458,343	927,959,451	736,148,025	577,496,163
Cash flows from investing activities				
Investments in subsidiary	-	-	(74,999,970)	(1,999,990)
Investments in other related parties	966,799	158,409	702,940	115,176
Long-term loans to subsidiaries	-	-	(411,593,618)	(348,218,296)
Proceeds from long-term loans to subsidiaries	-	-	266,808,701	37,989,571
Acquisition of property, plant and equipment	(1,106,575,908)	(537,963,906)	(662,459,237)	(399,806,077)
Acquisition of leasehold rights for land and buildings	(233,500)	(700,859)	-	-
Acquisition of intangible assets	(11,791,319)	(5,484,071)	(5,820,626)	(2,388,829)
Net proceeds from sale of Ploenchit Center	-	1,352,047,347	-	1,352,047,347
Proceeds from sales of property, plant and equipment, and intangible assets	74,185,354	1,295,972	69,379,834	1,438,404
Dividend received	-	-	106,991,596	-
Interest received	3,203,073	6,180,234	78,898,108	63,337,920
Net cash from (used in) investing activities	(1,040,245,501)	815,533,126	(632,092,272)	702,515,226

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

Statement of cash flows (continued)

The Erawan Group Public Company Limited and its Subsidiaries

(in Bath)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
Cash flows from financing activities					
Short-term loans from financial institutions		186,000,000	(119,600,000)	126,000,000	(119,600,000)
Finance lease payments		(2,285,443)	(3,733,312)	(2,285,443)	(3,733,312)
Proceeds from short-term loans from a subsidiary		-	-	396,760,326	143,470,578
Repayment of short-term loans from a subsidiary		-	-	(396,760,326)	(143,470,578)
Proceeds from long-term loans from a subsidiary		-	-	77,312,188	85,466,073
Repayment of long-term loans from a subsidiary		-	-	(63,751,904)	(78,889,036)
Proceeds from long-term loans from financial institutions		864,300,000	-	753,000,000	-
Repayment of long-term loans from financial institutions		(675,250,000)	(980,350,000)	(515,250,000)	(845,350,000)
Finance costs paid		(391,351,625)	(409,997,318)	(260,074,604)	(271,100,982)
Proceeds from issue of ordinary shares		1,910,810	-	1,910,810	-
Dividend paid		(179,580,464)	-	(179,580,464)	-
Dividend paid to non-controlling interests		(38,850,072)	-	-	-
Net cash used in financing activities		(235,106,794)	(1,513,680,630)	(62,719,417)	(1,233,207,257)
Net increase (decrease) in cash and cash equivalents		(39,893,952)	229,811,947	41,336,336	46,804,132
Cash and cash equivalents at 1 January		450,196,331	220,384,384	140,711,404	93,907,272
Cash and cash equivalents at 31 December	5	410,302,379	450,196,331	182,047,740	140,711,404
Non-cash transactions					
Offsetting rental deposit received from lessees with accounts receivable		-	121,429	-	121,429
Vehicles purchased under finance lease liabilities		1,979,000	7,469,000	1,979,000	7,469,000
Acquisition of plant and equipment, intangible assets and leasehold rights for land and buildings for which payment has not yet to be made		(146,193,484)	(37,630,162)	(96,599,355)	(40,433,608)

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

Notes to the financial statements

The Erawan Group Public Company Limited and its Subsidiaries

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 26 February 2013.

1. General information

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

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 associate as at 31 December 2012 and 2011 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2012	2011
Direct subsidiaries				
Erawan Hotel Public Company Limited	Hotel	Thailand	72.59	72.59
Erawan Chaophraya Company Limited	Hotel	Thailand	95.77	95.77
Erawan Rajdamri Company Limited	Hotel	Thailand	99.99	99.99
Erawan Phuket Company Limited	Hotel	Thailand	99.99	99.99
Erawan Samui Company Limited	Hotel	Thailand	99.99	99.99
Erawan Naka Company Limited	Land owner	Thailand	99.99	99.99
The Reserve Company Limited	Real estate development	Thailand	99.99	99.99
Erawan Commercial Management Company Limited	Management service	Thailand	99.99	99.99
Mongkolsaptavee Company Limited	Real estate development	Thailand	99.99	-
Indirect subsidiaries				
Erawan Hotel Public Company Limited	Hotel	Thailand	1.05	1.05
Erawan Chaophraya Company Limited	Hotel	Thailand	4.22	4.22
Associate				
Rajprasong Development Co., Ltd.	Service	Thailand	48.00	48.00

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.

As at 31 December 2012, the FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 39.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

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

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

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

Note 22 Measurement of defined benefit obligations

3. Significant accounting policies

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

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associate.

Subsidiaries

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

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

Associate

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

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

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

Transactions eliminated on consolidation

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

(b) Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

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

(c) Cash and cash equivalents

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

(d) Trade and other accounts receivable

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

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

(e) Inventories

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

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

(f) Investments*Investments in subsidiaries and associate*

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

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

Investments in equity securities

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

(g) Property, plant and equipment*Recognition and measurement**Owned assets*

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

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

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

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

Leased assets

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

Subsequent costs

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

Depreciation

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

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

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

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

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

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

(h) Land held for development

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

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

(i) Leasehold rights

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

Amortisation

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

(j) Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

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

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

(k) Impairment

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

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

Calculation of recoverable amount

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

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

Reversals of impairment

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

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

(l) Trade, construction and other accounts payable

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

(m) Employee benefits*Provident fund*

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

Short-term employee benefits

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

Provision for retirement benefits

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

Share-based payments

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

(n) Provisions

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

(o) Revenue

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

Revenue from hotel operations

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

Rental and services income

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

Dividend income

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

Interest income

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

(p) Deferred income

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

(q) Finance costs

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

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

(r) Lease payments

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

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

(s) Income tax

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

(t) Earnings per share

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

4. Related parties

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

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Erawan Hotel Public Company Limited	Thailand	Subsidiary, 72.59% direct shareholding
Erawan Chaophraya Company Limited	Thailand	Subsidiary, 95.77% direct shareholding
Erawan Rajdamri Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Phuket Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Samui Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Naka Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
The Reserve Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Commercial Management Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Mongkolsaptavee Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Rajprasong Development Co., Ltd.	Thailand	Associate, 48.00% direct shareholding, some common directors
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
Petro Green Co., Ltd.	Thailand	Related company, some common directors
Mitr Phol Sugar Co., Ltd.	Thailand	Related company, some common directors
Banpu Public Co., Ltd	Thailand	Related company, some common directors
The Syndicate of Thai Hotels & Tourists Enterprises Ltd.	Thailand	Related company, some common directors
Kiatnakin Bank	Thailand	Related company, some common directors
Pacific World (Thailand) Ltd.	Thailand	Related company, some common directors
United Standard Terminal Public Company Limited	Thailand	Related company, some common directors

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

Transactions	Pricing policies
Subsidiaries	
Dividend income	According to the shareholders' approval
Interest income	At the rate of 5.48% per annum (2011: at the rate of 4.84% - 5.48% per annum)
Utilities income	Contractually agreed prices
Rental and service expenses	Baht 17 million per annum
Interest expenses	At the rate of 5.48% per annum (2011: at the rate of 4.84% - 5.48% per annum)
Associate	
Management fee	At cost - allocated in proportion to shareholding
Other related parties	
Rental and services income	Contractually agreed prices
Utilities income	Contractually agreed prices
Other service income	Fair price under the best conditions
Land rental	Baht 14 million per annum

Significant transactions for the years ended 31 December 2012 and 2011 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Year ended 31 December				
Subsidiaries				
Dividend income	-	-	106,991	-
Interest income	-	-	78,433	62,521
Utilities income	-	-	2,719	2,348
Rental and service expenses	-	-	16,338	16,376
Interest expenses	-	-	6,161	3,134
Other related parties				
Rental and services income	6,467	15,467	60	11,165
Utilities income	-	1,163	49	1,163
Other service income	18,791	14,037	12,572	9,981
Land rental	14,120	12,519	-	-
Management fee	812	1,000	812	1,000
Key management personnel compensation				
Short-term employee benefit	41,810	37,604	40,045	36,029
Post-employment benefits	673	618	673	618
Share-based payment	3,370	2,584	3,370	2,584
Total key management personnel compensation	45,853	40,806	44,088	39,231

Balances as at 31 December 2012 and 2011 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Trade accounts receivable from related parties				
Subsidiaries	-	-	1,947	2,374
Other related parties	4,377	2,437	2,188	1,780
Total	4,377	2,437	4,135	4,154

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Other receivable - related party				
Subsidiary	-	-	771	598

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Prepaid expense - related party				
Other related party	7,060	7,060	-	-

	Interest rate		Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011	2012	2011
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Loans to related parties						
Long-term loans						
Subsidiaries						
Erawan Samui Company Limited	5.48	5.48	-	-	128,970	114,354
Erawan Naka Company Limited	5.48	5.48	-	-	19,924	19,798
Erawan Phuket Company Limited	5.48	5.48	-	-	1,045,074	854,522
Erawan Chaophraya Company Limited	5.48	5.48	-	-	114,864	238,709
Erawan Commercial Management Company Limited	5.48	5.48	-	-	1,002	3,779
The Reserve Company Limited	5.48	5.48	-	-	171,697	162,383
Mongkolsaptavee Company Limited	5.48	-	-	-	56,799	-
			-	-	1,538,330	1,393,545

Movements during the years ended 31 December 2012 and 2011 of loans to related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Loans to related parties				
Long-term loans				
Subsidiaries				
At 1 January	-	-	1,393,545	1,080,774
Increase	-	-	411,594	348,218
Decrease	-	-	(266,809)	(35,447)
At 31 December	-	-	1,538,330	1,393,545

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Trade accounts payable - related parties				
Subsidiaries	-	-	342	959

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Other payable - related party				
Subsidiaries	-	-	53	354

	Interest rate		Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011	2012	2011
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Loans from a related party						
Long-term loans						
Subsidiary	5.48	5.48	-	-	58,998	45,438

Movements during the years ended 31 December 2012 and 2011 of loans from related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Loans from a related party				
Short-term loans				
Subsidiary				
At 1 January	-	-	-	-
Increase	-	-	396,760	143,471
Decrease	-	-	(396,760)	(143,471)
At 31 December	-	-	-	-

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Long-term loans				
Subsidiary				
At 1 January	-	-	45,438	38,861
Increase	-	-	77,312	85,466
Decrease	-	-	(63,752)	(78,889)
At 31 December	-	-	58,998	45,438

5. Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Cash on hand	8,372	8,499	3,672	3,183
Cash at banks	401,930	236,298	178,376	130,199
Highly liquid short-term investments	-	205,399	-	7,329
Total	410,302	450,196	182,048	140,711

Cash and cash equivalents of the Group as at 31 December 2012 and 2011 were denominated in Thai Baht.

6. Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<i>(in thousand Baht)</i>					
Related parties	4	4,377	2,437	4,135	4,154
Other parties		192,250	134,229	99,533	71,867
Total		196,627	136,666	103,668	76,021
<i>Less allowance for doubtful accounts</i>		<i>(2,012)</i>	<i>(2,272)</i>	<i>(853)</i>	<i>(1,318)</i>
Net		194,615	134,394	102,815	74,703
Doubtful debts expenses (reversal) for the year		(260)	331	(465)	101

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in thousand Baht)</i>				
Related parties				
Outstanding:				
Less than 3 months	4,328	2,430	4,086	4,147
3 - 6 months	49	5	49	5
6 - 12 months	-	2	-	2
	4,377	2,437	4,135	4,154
Other parties				
Outstanding:				
Less than 3 months	187,968	126,337	97,356	69,252
3 - 6 months	4,129	7,009	2,120	1,732
6 - 12 months	110	815	57	815
Over 12 months	43	68	-	68
	192,250	134,229	99,533	71,867
<i>Less allowance for doubtful accounts</i>	<i>(2,012)</i>	<i>(2,272)</i>	<i>(853)</i>	<i>(1,318)</i>
	190,238	131,957	98,680	70,549
Net	194,615	134,394	102,815	74,703

Trade accounts receivable of the Group as at 31 December 2012 and 2011 were denominated in Thai Baht.

7. Inventories

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Food and beverage	29,732	31,242	7,683	7,108
Operating supplies	6,833	12,225	1,132	1,583
Others	12,532	9,355	498	539
Total	49,097	52,822	9,313	9,230

8. Other current assets

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Other advances		769	526	638	326
Prepaid expenses	4	25,085	26,401	9,150	9,158
Other receivables	4	4,164	1,522	844	681
Undue input value added tax		18,379	5,618	15,692	4,964
Others		36,153	22,827	21,057	4,139
Total		84,550	56,894	47,381	19,268

10. Investment in associate

Investments in associate as at 31 December 2012 and 2011, and dividend income from the investment for the years then ended were as follows:

Consolidated financial statements														
	Ownership interest		Paid-up capital		Cost method		Equity method		Impairment		At equity - net		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	(%)		<i>(in million Baht)</i>						<i>(in thousand Baht)</i>					
Associate														
Rajprasong Development Co., Ltd.	48.00	48.00	1.00	1.00	338	338	338	338	-	-	338	338	-	-
Separate financial statements														
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011		
	(%)		<i>(in million Baht)</i>				<i>(in thousand Baht)</i>							
Associate														
Rajprasong Development Co., Ltd.	48.00	48.00	1.00	1.00	338	338	-	-	338	338	-	-		

During the year, the Company did not record its shares in the operating result of investments in associate in the consolidated financial statements because it found that the amount was immaterial.

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

	Ownership interest	Total assets	Total liabilities	Total revenues	Net profit
	(%)	<i>(in thousand Baht)</i>			
2012					
Rajprasong Development Co., Ltd.	48.00	2,589	308	2,314	275
2011					
Rajprasong Development Co., Ltd.	48.00	2,233	228	2,000	482

11. Investments in other related parties

	Equity interest		Consolidated financial statements	
	2012	2011	2012	2011
	<i>(%)</i>		<i>(in thousand Baht)</i>	
Related companies				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.17	0.26	1,817	2,784
Less allowance for change in value			(265)	(503)
Total			1,758	2,487

	Equity interest		Consolidated financial statements	
	2012	2011	2012	2011
	<i>(%)</i>		<i>(in thousand Baht)</i>	
Related companies				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.13	0.13	1,357	2,060
Less allowance for change in value			(195)	(353)
Total			1,368	1,913

12. Property, plant and equipment

Consolidated financial statements

Cost	Consolidated financial statements						Total
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Operating equipment	Assets under construction	
	<i>(in thousand Baht)</i>						
At 1 January 2011	1,553,199	9,771,769	2,079,911	35,475	230,081	81,338	13,751,773
Additions	-	18,503	36,003	7,953	1,027	522,977	586,463
Adjustments	-	(2,032)	1,443	-	-	(3,152)	(3,741)
Transfers	-	47,528	22,428	2,718	13,961	(88,367)	(1,732)
Disposals	-	(1,047,230)	(28,090)	(4,534)	(8,660)	-	(1,088,514)
At 31 December 2011 and 1 January 2012	1,553,199	8,788,538	2,111,695	41,612	236,409	512,796	13,244,249
Additions	-	39,003	98,849	4,292	18,453	1,074,288	1,234,885
Transfers	-	1,095,327	168,653	-	-	(1,263,980)	-
Disposals	(38,761)	(64,886)	(81,108)	(2,505)	(59)	(7,860)	(195,179)
At 31 December 2012	1,514,438	9,857,982	2,298,089	43,399	254,803	315,244	14,283,955

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	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Operating equipment	Assets under construction	Total
<i>(in thousand Baht)</i>							
Net book value							
At 1 January 2011							
Owned assets	1,553,199	7,207,975	710,578	15,044	230,081	81,338	9,798,215
Assets under finance leases	-	-	-	1,256	-	-	1,256
	1,553,199	7,207,975	710,578	16,300	230,081	81,338	9,799,471
Transactions eliminated on consolidation							352,148
							10,151,619
At 31 December 2011 and 1 January 2012							
Owned assets	1,553,199	6,307,205	526,372	12,790	236,409	512,796	9,148,771
Assets under finance leases	-	-	-	6,279	-	-	6,279
	1,553,199	6,307,205	526,372	19,069	236,409	512,796	9,155,050
Transactions eliminated on consolidation							338,510
							9,493,560
At 31 December 2012							
Owned assets	1,514,438	7,147,815	550,657	8,761	254,803	315,244	9,791,718
Assets under finance leases	-	-	-	6,390	-	-	6,390
	1,514,438	7,147,815	550,657	15,151	254,803	315,244	9,798,108
Transactions eliminated on consolidation							324,009
							10,122,117

Consolidated financial statements

	Note	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Operating equipment	Assets under construction	Total
<i>(in thousand Baht)</i>								
Depreciation for the year								
2011								544,891
Eliminated								13,639
								558,530
2012								540,537
Eliminated								14,502
								555,039
Finance costs capitalised								
Finance costs capitalised during 2011								
Rates of interest capitalised during 2011 (MLR-1.50 % per annum)	31	-	-	-	-	-	3,413	3,413
Finance costs capitalised during 2012								
Rates of interest capitalised during 2012 (MLR-2.00 % per annum)	31	-	-	-	-	-	6,767	6,767

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2012 amounted to Baht 1,291 million (2011: Baht 1,106 million).

Separate financial statements

	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Operating equipment	Assets under construction	Total
	<i>(in thousand Baht)</i>						
Cost							
At 1 January 2011	1,234,550	5,775,824	966,098	15,453	114,403	68,502	8,174,830
Additions	-	7,695	18,354	7,507	660	414,261	448,477
Adjustments	-	-	-	-	-	(3,153)	(3,153)
Transfers	-	675	646	-	-	(1,321)	-
Disposals	-	(1,047,225)	(22,543)	(3,913)	(668)	-	(1,074,349)
At 31 December 2011 and 1 January 2012	1,234,550	4,736,969	962,555	19,047	114,395	478,289	7,545,805
Additions	-	32,963	59,673	3,173	17,915	632,824	746,548
Transfers	-	801,687	124,230	-	-	(925,917)	-
Disposals	(38,761)	(907)	(19,259)	(1,466)	-	(7,860)	(68,253)
At 31 December 2012	1,195,789	5,570,712	1,127,199	20,754	132,310	177,336	8,224,100
Depreciation							
At 1 January 2011	-	1,357,113	566,093	8,722	-	-	1,931,928
Depreciation charge for the year	-	167,220	134,296	3,500	-	-	305,016
Disposals	-	(380,157)	(18,664)	(3,907)	-	-	(402,728)
At 31 December 2011 and 1 January 2012	-	1,144,176	681,725	8,315	-	-	1,834,216
Depreciation charge for the year	-	154,538	133,624	4,027	-	-	292,189
Disposals	-	(907)	(18,266)	(1,298)	-	-	(20,471)
At 31 December 2012	-	1,297,807	797,083	11,044	-	-	2,105,934

Separate financial statements

	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Operating equipment	Assets under construction	Total
<i>(in thousand Baht)</i>							
Net book value							
At 1 January 2011							
Owned assets	1,234,550	4,418,711	400,005	5,475	114,403	68,502	6,241,646
Assets under finance leases	-	-	-	1,256	-	-	1,256
	1,234,550	4,418,711	400,005	6,731	114,403	68,502	6,242,902
At 31 December 2011 and 1 January 2012							
Owned assets	1,234,550	3,592,793	280,830	4,453	114,395	478,289	5,705,310
Assets under finance leases	-	-	-	6,279	-	-	6,279
	1,234,550	3,592,793	280,830	10,732	114,395	478,289	5,711,589
At 31 December 2012							
Owned assets	1,195,789	4,272,905	330,116	3,320	132,310	177,336	6,111,776
Assets under finance leases	-	-	-	6,390	-	-	6,390
	1,195,789	4,272,905	330,116	9,710	132,310	177,336	6,118,166

Separate financial statements

	Note	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Operating equipment	Assets under construction	Total
<i>(in thousand Baht)</i>								
Finance costs capitalized								
Finance costs capitalised during 2011								
Rates of interest capitalised during 2011 (MLR - 1.50 % per annum)	31	-	-	-	-	-	3,413	3,413
Finance costs capitalised during 2012								
Rates of interest capitalised during 2012 (MLR - 2.00 % per annum)	31	-	-	-	-	-	6,767	6,767

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2012 amounted to Baht 562 million (2011: Baht 431 million).

13. Land held for development

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Land cost	95,382	95,382	-	-
Development expense	8,855	8,855	-	-
Total	104,237	104,237	-	-

14. Leasehold rights for land and buildings

	Consolidated financial statements		
	Leasehold rights for land	Leasehold rights for buildings	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2011	1,177,018	1,211,856	2,388,874
Additions	-	700	700
Disposals	(191,540)	-	(191,540)
At 31 December 2011 and 1 January 2012	985,478	1,212,556	2,198,034
Additions	5,559	4,465	10,024
At 31 December 2012	991,037	1,217,021	2,208,058
Amortisation			
At 1 January 2011	330,706	259,974	590,680
Amortisation for the year	19,887	48,285	68,172
Disposal	(69,671)	-	(69,671)
At 31 December 2011 and 1 January 2012	280,922	308,259	589,181
Amortisation for the year	17,958	49,015	66,973
At 31 December 2012	298,880	357,274	656,154

Consolidated financial statements

	Leasehold rights for land	Leasehold rights for buildings	Total
<i>(in thousand Baht)</i>			
Net book value			
At 1 January 2011	846,312	951,882	1,798,194
Eliminated			(4,542)
			<u>1,793,652</u>
At 31 December 2011 and 1 January 2012	704,556	904,297	1,608,853
Eliminated			(4,091)
			<u>1,604,762</u>
At 31 December 2012	692,157	859,747	1,551,904
Eliminated			(3,641)
			<u>1,548,263</u>

Separate financial statements

	Leasehold rights for land	Leasehold rights for buildings	Total
<i>(in thousand Baht)</i>			
Cost			
At 1 January 2011	995,645	278,481	1,274,126
Disposal	(191,540)	-	(191,540)
At 31 December 2011 and 1 January 2012	804,105	278,481	1,082,586
Additions	5,559	-	5,559
31 December 2012	<u>809,664</u>	<u>278,481</u>	<u>1,088,145</u>

	Separate financial statements		
	Leasehold rights for land	Leasehold rights for buildings	Total
	<i>(in thousand Baht)</i>		
Amortisation			
At 1 January 2011	233,465	76,665	310,130
Amortisation for the year	15,612	20,366	35,978
Disposal	(69,671)	-	(69,671)
At 31 December 2011 and 1 January 2012	179,406	97,031	276,437
Amortisation for the year	13,672	20,421	34,093
31 December 2012	193,078	117,452	310,530
Net book value			
At 1 January 2011	762,180	201,816	963,996
At 31 December 2011 and 1 January 2012	624,699	181,450	806,149
At 31 December 2012	616,586	161,029	777,615

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Amortisation for the year	66,973	68,172	34,093	35,978
Less Capitalised amortisation	-	-	-	-
Eliminated	(450)	(450)	-	-
Amortisation included in statements of income	66,523	67,722	34,093	35,978

15. Sale of Ploenchit Center to property fund

On 1 April 2011, the Company sold and transferred Ploenchit Center Building including fixtures and equipments and leasehold right for land where the building is located with remaining lease of approximately 13 years 10 months to Prime Office Leasehold Property Fund at the price of Baht 1,423.1 million. Costs of leasehold right for land, building, equipment, net other assets and selling expenses amounting to Baht 758.8 million. The net profit is included in the statement of comprehensive income of Baht 664.3 million.

16. Intangible assets

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in thousand Baht)</i>				
Computer software				
Cost				
At 1 January	147,293	150,775	96,123	102,680
Additions	19,889	3,731	15,098	2,389
Transfers	-	1,733	-	-
Disposals	(961)	(8,946)	(961)	(8,946)
At 31 December	166,221	147,293	110,260	96,123
Amortisation				
At 1 January	100,810	89,941	66,162	62,935
Amortisation charge for the year	19,465	19,259	11,564	11,617
Disposals	(918)	(8,390)	(961)	(8,390)
At 31 December	119,357	100,810	76,765	66,162
Net book value				
At 1 January	46,483	60,834	29,961	39,745
At 31 December	46,864	46,483	33,495	29,961

17. Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in thousand Baht)</i>				
Advance payment	59,194	59,194	-	-
Withholding tax deducted at source	9,298	34,866	7,309	33,903
Total	68,492	94,060	7,309	33,903

18. Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Current				
Short-term loans from financial institutions				
secured	262,100	76,100	202,100	76,100
Current portion of long-term loans from financial institutions				
secured	818,250	695,250	630,750	515,250
Current portion of finance lease liabilities	2,138	1,718	2,138	1,718
	1,082,488	773,068	834,988	593,068

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Non-current					
Long-term loans from financial institutions					
secured		6,793,717	6,727,667	4,480,150	4,357,900
Long-term loans from related parties					
unsecured	4	-	-	58,998	45,438
Finance lease liabilities		2,732	3,458	2,732	3,458
		6,796,449	6,731,125	4,541,880	4,406,796
Total		7,878,937	7,504,193	5,376,868	4,999,864

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in thousand Baht)</i>				
Within one year	1,080,350	771,350	832,850	591,350
After one year but within five years	4,890,750	4,323,000	3,833,250	3,255,938
After five years	1,902,967	2,404,667	705,898	1,147,400
Total	7,874,067	7,499,017	5,371,998	4,994,688

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

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

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in thousand Baht)</i>				
Property, plant and equipment - net	8,651,747	7,886,399	5,496,311	4,891,501
Leasehold rights for land - net	671,880	686,942	612,767	624,698
Total	9,323,627	8,573,341	6,109,078	5,516,199

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

As at 31 December 2012 the Group and the Company had unutilised credit facilities of totalling Baht 2,027 million and Baht 1,427 million, respectively (2011: Baht 1,011.3 million and Baht 900 million, respectively).

19. Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<i>(in thousand Baht)</i>					
Related parties	4	-	-	342	959
Other parties		228,363	175,335	98,326	80,771
Total		228,363	175,335	98,668	81,730

Trade accounts payable of the Group as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

20. Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Management, royalty, marketing and other fees payable - hotel business	29,909	19,098	14,974	9,230
Retention	66,246	58,619	24,301	15,350
Advances from customers	26,874	18,973	10,836	4,477
Value added tax payable	16,769	11,547	9,615	5,565
Accrued expenses	141,315	124,350	78,728	70,228
Income tax payable	34,642	42,506	-	-
Deposits received - hotel business	72,939	87,330	38,704	36,374
Others	82,883	53,245	34,041	29,269
Total	471,577	415,668	211,199	170,493

21. Deferred income

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Leasehold rights - building, service and equipment - other parties	28,000	28,000	28,000	28,000
<i>Less accumulated amortisation</i>	<i>(3,542)</i>	<i>(1,518)</i>	<i>(3,542)</i>	<i>(1,518)</i>
Net book value	24,458	26,482	24,458	26,482
Amortisation included in statements of income for the year	2,024	1,518	2,024	1,518
Current portion of deferred income	2,024	-	2,024	-
Deferred income	22,434	26,482	22,434	26,482
Total	24,458	26,482	24,458	26,482

22. Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	<i>(in thousand Baht)</i>			
Statement of financial position obligations for:				
Long-term employee benefits	57,461	43,272	24,786	17,543
	57,461	43,272	24,786	17,543

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
For the years ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Long-term employee benefits	7,220	6,754	3,455	3,404
	7,220	6,754	3,455	3,404
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	11,541	-	7,524	-
Cumulative actuarial losses recognised	11,541	-	7,524	-

Long-term employee benefits

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

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
For the years ended 31 December				
Defined benefit obligations at 1 January	43,272	38,774	17,543	16,279
Benefits paid	(4,572)	(2,256)	(3,736)	(1,832)
Current service costs and interest	7,220	6,754	3,455	3,404
Transferred to subsidiary	-	-	-	(308)
Actuarial losses in other comprehensive income	11,541	-	7,524	-
Employee benefit obligations at 31 December	57,461	43,272	24,786	17,543

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
For the years ended 31 December				
Cost of hotel operations and cost of rental of units in buildings and service	(3,732)	(3,044)	(1,980)	(1,508)
Selling expenses	(457)	(410)	(79)	(73)
Administrative expenses	(3,031)	(3,300)	(1,396)	(1,823)
Total	(7,220)	(6,754)	(3,455)	(3,404)

Actuarial losses recognised in other comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Included in retained earnings:				
At 1 January	-	-	-	-
Recognised during the year	11,541	-	7,524	-
At 31 December	11,541	-	7,524	-

Principal actuarial assumptions at the reporting date:

	Consolidated / Separate financial statements	
	2012	2011
	<i>(%)</i>	
Discount rate	3.7	4.7
Future salary increases	3.0 - 7.0	3.5 - 5.0

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

23. Share capital

	Par value per share	2012		2011	
		Number	Amount	Number	Amount
	(in Baht)	(thousand shares / in thousand Baht)			
Authorised					
At 1 January					
ordinary shares	1	2,505,000	2,505,000	2,244,779	2,244,779
increase in shares capital	1	-	-	260,221	260,221
At 31 December					
ordinary shares	1	2,505,000	2,505,000	2,505,000	2,505,000
Issued and paid-up					
At 1 January					
ordinary shares	1	2,244,779	2,244,779	2,244,779	2,244,779
issue of new shares	1	659	659	-	-
At 31 December					
ordinary shares	1	2,245,438	2,245,438	2,244,779	2,244,779

At the annual general meeting of the shareholders of the Company held on 26 April 2011, the shareholders approved the following matters;

- The issuance of new warrants to existing shareholders not exceeding 224,477,900 units and the issuance of ordinary shares to reserve for the conversion of the warrants.
- The issuance and offering of 35,743,099 ordinary shares to employees of the Group.
- To increase the authorised share capital by issuing ordinary shares of not exceeding 260,220,999 shares at a par value of Baht 1 each to reserve for the conversion of warrants and for the rights to purchase ordinary shares, in the Company by the employees of the Group.

Increase in authorised shares capital

The Company registered increased authorised share capital of Baht 260,220,999 with the Ministry of Commerce on 6 May 2011.

Employee Stock Option Plan (ESOP)

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

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

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

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

The Company recorded the fair value of Baht 5.74 million over the period that the employees become entitled to the options in the statements of comprehensive income for the year ended 31 December 2012 and in equity as at 31 December 2012.

Movements in the number of ESOP during the year ended 31 December 2012 and 2011 are as follows:

	2012	2011
	<i>(thousand units)</i>	
At 1 January	32,093	-
Issued	3,650	32,093
Exercised	(659)	-
At 31 December	35,084	32,093

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

Warrant

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

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

24. Additional paid-in capital and reserve

Share premium

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

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

Other components of equity

Fair value changes in available-for-sale investments

The fair value changes 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.

25. Segment reporting

Segment information is presented in respect of the Group's business and geographic segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest or dividend-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Business segments		Geographic segments
The Group comprises the following main business segments:		Management considers that the Group operates in a single geographical area, namely in Thailand, and has, therefore, only one major geographical segment.
Segment 1	Building rental business	
Segment 2	Hotel business	

Business segments results in the consolidated financial statements for the years ended 31 December 2012 and 2011 were as follows:

	Building rental business		Hotel business		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	<i>(in million Baht)</i>							
Revenues from external	180	219	4,122	3,536	-	-	4,302	3,755
Inter - segment revenues	21	21	-	-	(21)	(21)	-	-
Total revenues	201	240	4,122	3,536	(21)	(21)	4,302	3,755
Segment profit	84	91	606	280	(14)	(13)	676	358
Unallocated income and expenses:								
Other income							62	732
Depreciation and amortisation							(5)	(6)
Selling expenses							(2)	(3)
Administrative expenses							(108)	(91)
Finance costs							(393)	(407)
Income tax							(63)	(53)
Net profit attribute to non-controlling interests							(61)	(39)
Profit for the year							106	491

Business segment financial position in the consolidated financial statements as at 31 December 2012 and 2011 were as follows:

	Building rental business		Hotel business		Unallocated assets		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	<i>(in million Baht)</i>									
Inventories	-	-	49	53	-	-	-	-	49	53
Property, plant and equipment	20	21	9,680	9,103	98	68	324	302	10,122	9,494
Leasehold rights for land and buildings	161	181	1,450	1,494	-	-	(63)	(71)	1,548	1,604
Land held for development									104	104
Other assets									1,011	983
Total assets									12,834	12,238

	Building rental business		Hotel business		Unallocated liabilities		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	<i>(in million Baht)</i>									
Interest-bearing borrowings	-	-	9,041	8,631	430	307	(1,597)	(1,439)	7,874	7,499
Account payable for land leasehold rights	-	-	180	180	-	-	-	-	180	180
Other liabilities									1,066	789
Total liabilities									9,120	8,468

26. Other income

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in thousand Baht)</i>				
Income from property tax	1,546	2,789	1,399	2,708
Gain from sale of property, plant and equipment	22,805	549	21,588	253
Others	29,105	55,271	10,841	51,800
Total	53,456	58,609	33,828	54,761

27. Selling expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in thousand Baht)</i>				
Marketing expenses	188,351	164,605	110,682	112,406
Employee benefit expenses	72,715	86,138	31,498	31,022
Total	261,066	250,743	142,180	143,428

28. Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Employee benefit expenses	314,754	306,825	203,633	194,699
Management and other fee	197,626	173,061	116,928	99,615
Repair and maintenance expenses	67,539	70,838	32,978	27,831
Others	293,157	260,082	126,306	93,755
Total	873,076	810,806	479,845	415,900

29. Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Management				
Salaries, wages and other benefits	42,483	38,222	40,718	36,647
Employee stock option plan	3,370	2,584	3,370	2,584
	45,853	40,806	44,088	39,231
Other employees				
Salaries, wages and other benefits	936,345	926,190	446,122	444,311
Employee stock option plan	2,375	2,337	2,375	2,337
	938,720	928,527	448,497	446,648
Total	984,573	969,333	492,585	485,879

Defined contribution plans

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

30. 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 follow:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Salaries and wages and other employee benefits	984,573	969,333	492,585	485,879
Costs of food and beverage	684,345	556,040	280,071	257,434
Rental expenses	48,510	44,150	20,896	20,143

31. Finance costs

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Interest expense:					
Related parties	4	-	-	6,161	3,134
Financial institutions		400,059	410,095	255,415	267,765
		400,059	410,095	261,576	270,899
Less: amounts included in the cost of qualifying assets:					
- capitalised as cost of assets under construction	12	(6,767)	(3,413)	(6,767)	(3,413)
Net		393,292	406,682	254,809	267,486

32. Income tax expense

Income tax reduction

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

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

The current tax expense in the consolidated and separate statements of comprehensive income is not equal the amount determined by applying the Thai corporation tax rate to the accounting profit for the year principally because:

- (a) unutilised tax losses brought forward from previous years have been utilised during the year to set-off against the current year's tax charge.
- (b) the different treatment for accounting and taxation purposes of certain items of income and expenses.
- (c) losses suffered by certain subsidiaries cannot be set-off against the profits of other subsidiaries for tax purposes.

33. Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2012 and 2011 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:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	105,880	491,325	299,686	708,757
Number of ordinary shares outstanding at 1 January	2,244,779	2,244,779	2,244,779	2,244,779
Effect of shares options exercised	47	-	47	-
Weighted average number of ordinary shares outstanding (basic)	2,244,826	2,244,779	2,244,826	2,244,779
Earnings per share (basic) (in Baht)	0.0472	0.2189	0.1335	0.3157

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2012 and 2011 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:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	105,880	491,325	299,686	708,757
Profit attributable to ordinary shareholders of the Company (diluted)	105,880	491,325	299,686	708,757
Weighted average number of ordinary shares outstanding (basic)	2,244,826	2,244,779	2,244,826	2,244,779
Effect of warrant	6,680	-	6,680	-
Weighted average number of ordinary shares outstanding (diluted)	2,251,506	2,244,779	2,251,506	2,244,779
Earnings per share (diluted) (in Baht)	0.0470	-	0.1331	-

The options and warrants for the year 2011 have not a dilutive effect because the average market price of ordinary shares during the year did not exceed the exercise price of the options or warrants.

34. Dividends

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

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

35. Financial instruments

Financial risk management policies

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

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

Capital management

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

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly floating or fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 18). The Group mitigates this risk by ensuring that the majority of its borrowings are close to the market rate.

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

	Effective interest rate	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
	(% per annum)	(in thousand Baht)			
2012					
Loans receivable - related parties	5.48	-	1,538,330	-	1,538,330
2011					
Loans receivable - related parties	5.48	-	1,393,545	-	1,393,545

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:

		Consolidated financial statements			
	Effective interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)	(in thousand Baht)			
2012					
Loans payable - financial institutions	MLR-1.50, MLR- 2.00, 6-month fixed deposit rate + 2.00	1,080,350	4,890,750	1,902,967	7,874,067
2011					
Loans payable - financial institutions	5, MLR-1.50, MLR- 2.00, 6-month fixed deposit rate + 2.00	771,350	5,501,500	1,226,167	7,499,017
		Separate financial statements			
	Effective interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)	(in thousand Baht)			
2012					
Loans payable - related party	5.48	-	58,998	-	58,998
Loans payable - financial institutions	MLR-1.50, MLR- 2.00, 6-month fixed deposit rate + 2.00	832,850	3,774,252	705,898	5,313,000
Total		832,850	3,833,250	705,898	5,371,998
2011					
Loans payable - related party	5.48	-	45,438	-	45,438
Loans payable - financial institutions	5, MLR-1.50, MLR- 2.00, 6-month fixed deposit rate + 2.00	591,350	4,116,500	241,400	4,949,250
Total		591,350	4,161,938	241,400	4,994,688

During the year 2011, the Company entered into interest rate swap contracts with a local financial institution for long-term loans in Baht with principal amounts of totaling Baht 2,285 million, which will swap interest at float interest rates to fixed interest rates as stipulated in the contracts. The terms of each contract are approximately 4 years, expiring on 31 December 2014.

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

The fair values of interest rate swap contracts as at 31 December 2012 and 2011 are as follows:

	Consolidated and Separate financial statements	
	Fair values	
	31 December 2012	31 December 2011
	<i>(in thousand Baht)</i>	
Interest rate swap contracts	8,513	15,656

Foreign currency risk

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

Credit risk

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

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

Liquidity risk

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

Determination of fair values

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

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

36. Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Capital commitments				
Contracted but not provided	845.1	603.1	843.9	541.8
Operating lease commitments				
Within one year	13.8	16.3	5.2	7.9
After one year but within five years	23.7	12.9	2.3	4.4
After five years	-	0.3	-	-
Total	37.5	29.5	7.5	12.3
Long-term lease commitments				
Within one year	33.1	32.6	13.2	12.9
After one year but within five years	167.8	155.8	86.7	74.1
After five years	1,808.6	1,853.8	1,565.8	1,567.0
Total	2,009.5	2,042.2	1,665.7	1,654.0
Commitments under service agreements				
Within one year	20.6	10.6	12.4	4.8
After one year but within five years	8.5	9.1	0.1	0.1
After five years	-	0.7	-	-
Total	29.1	20.4	12.5	4.9
Other commitments				
Guarantee for bank credit facilities	750.0	750.0	750.0	750.0
Bank guarantees	25.0	23.2	14.0	14.0
Total	775.0	773.2	764.0	764.0

Long-term agreements

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

Long-term lease agreements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Hotel management agreements

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

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

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

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

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

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

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

37. Contingent liabilities

Litigations and dispute

- a) During the year 2008, a customer, who had rented a rental building, sued the Company for the return of a deposit for the lease of a building, which the Company had deducted against overdue payments for electricity amounting to approximately Baht 1.3 million. The appeal court dismissed the case following the first instance court on 26 April 2012. Subsequently, the said company did not file any petition to the supreme court within the submission period therefore, the case was finalised.
- b) In 2009, a subsidiary submitted a statement of claim to the Alternative Dispute Resolution Office, Arbitration Institute to consider the dispute with a contractor to pay for compensation arising from alleged breach of a construction contract. The contractor submitted a statement of defense and counterclaim to the Arbitration Institute as well. The dispute is in the arbitration process and has not been finalised. Consequently, the subsidiary cannot estimate the impact resulting from the dispute.

38. Events after the reporting period

The Company invested in 99.99% of Erawan Growth Management Co., Ltd. as a subsidiary company, which has registered capital of Baht 10,000,000 divided into 1,000,000 ordinary shares at a par value of Baht 10 per share and paid-up capital of Baht 2,500,000. The subsidiary company registered with the Ministry of Commerce on 8 February 2013.

At the Company’s board of directors’ meeting held on 26 February 2013, the board of directors agreed to propose the payment of a dividend of Baht 0.0189 per share, amounting to Baht 42.4 million, to the 2013 annual general meeting of the shareholders of the Company. The right to receive the aforesaid dividend is subject to the approval of the annual general meeting of the shareholders.

39. Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 12 - Income taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carry forward of unused tax losses. Currently, the Company does not recognise deferred tax in the financial statements.

The Group will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2012 and 2011 will be adjusted accordingly. Management estimates that the impact on the statements of financial position as at 31 December 2012 and 2011 will be as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in thousand Baht)</i>				
Statement of financial position				
Estimated changes as a result of the adoption retrospectively of TAS 12 - Income taxes:				
Increase in deferred tax assets	6,331	53,015	5,128	52,072
Increase in deferred tax liabilities	32,244	30,268	-	-
Increase (decrease) in retained earnings	(25,913)	22,747	5,128	52,072
Increase (decrease) in equity holders of the Company	(17,414)	30,726	5,128	52,072
Decrease in non-controlling interests	(8,499)	(7,979)	-	-
Total increase (decrease) in total equity	(25,913)	22,747	5,128	52,072

The impact on the statements of comprehensive income for 2013 and subsequent periods is not presently determinable.

TAS 21 (revised 2009) - The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Group's reported assets, liabilities, or retained earnings.

TFRS 8 - Operating segments

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Group/Company's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Group's financial statements.

TAS 20 - Accounting for government grants and disclosures of government assistance

Management is of the opinion that the adoption of TAS 20 from 1 January 2013 will not have a significant impact on the Group's financial statements.

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Telephone : 66 (0) 2656 7700
Fax : 66 (0) 2656 9831

Branch 7

ibis Bangkok Nana
41 Soi Sukhumvit 4, Sukhumvit Road,
Kwang Klong Toey, Khet Klong Toey,
Bangkok 10110 Thailand
Telephone : 66 (0) 2667 5888
Fax : 66 (0) 2667 5889

Home page www.TheErawan.com

Type of Business

Invest and develop hotel properties
strategically located to match
travelers' different demand.

Branch 3

ibis Patong Phuket
10 Chalermphrakiat Road, Patong,
Kathu, Phuket 83150 Thailand
Telephone : 66 (0) 7630 3888
Fax : 66 (0) 7630 3889

Branch 8

Holiday Inn Pattaya
463/68 Pattaya Sai 1 Road, Nongprue,
Bang Lamung, Chonburi 20150
Thailand
Telephone : 66 (0) 3872 5555
Fax : 66 (0) 3872 5556

Branch 4

ibis Pattaya
463/79 Pattaya Soi 2 Road, Nongprue,
Bang Lamung, Chonburi 20150
Thailand
Telephone : 66 (0) 3841 8188
Fax : 66 (0) 3841 8189

Branch 9

ibis Phuket Kata
88/8 Kata Road, Karon, Muang Phuket,
Phuket 83100 Thailand
Telephone : 66 (0) 7636 3488
Fax : 66 (0) 7636 3489

Company's Capital as at 31 December 2012

Registered Capital 2,505,000,000 Baht : 2,505,000,000 ordinary shares at par value 1 Baht/share.
 Paid-Up Capital 2,244,779,001 Baht : 2,244,779,001 ordinary shares at par value 1 Baht/share.

Other References

Registrar of Ordinary Thailand Securities Depository Co., Ltd.
 Shares No. 62 Rachadapisek Road, Klongtoey, Bangkok 10110 Thailand
 Telephone : 66 (0) 2359 1200-02 Fax : 66 (0) 2359 1259

Auditor	Mr.Charoen Phosamritlert	Certificate Public Accountant (Thailand) No.4068
	Ms.Vannaporn Jongperadechanon	Certificate Public Accountant (Thailand) No.4098
	Mr.Vichien Thamtrakul	Certificate Public Accountant (Thailand) No.3183

KPMG Phoomchai Audit Ltd.
 48th Floor, Empire tower 195 South Sathorn Road. Bangkok 10120, Thailand
 Telephone : 66 (0) 2677 2000 Fax : 66 (0) 2677 2222



THE ERAWAN GROUP PUBLIC COMPANY LIMITED

6th Floor, Ploenchit Center,
2 Sukhumvit Road, Kwang Klongtoey,
Khet Klongtoey, Bangkok 10110
Thailand
Telephone : 66 (0) 2257 4588
Fax : 66 (0) 2257 4577
www.TheErawan.com

Hotel Business

Grand Hyatt Erawan Bangkok Hotel

494 Ploenchit Road, Patumwan,
Bangkok, 10330 Thailand
Telephone : 66 (0) 2254 1234
Fax : 66 (0) 2254 6267
www.bangkok.grand.hyatt.com

JW Marriott Hotel Bangkok

4 Sukhumvit Soi 2, Sukhumvit Road,
Klongtoey, Bangkok, 10110 Thailand
Telephone : 66 (0) 2656 7700
Fax : 66 (0) 2656 7711
www.marriott.com/bkkdt

Renaissance Koh Samui Resort and Spa

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

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

32 Moo 5, Paklok, Thalang, Phuket
83110 Thailand
Telephone : 66 (0) 7637 1400
Fax : 66 (0) 7637 1401
www.naka.island.phuket.com

Courtyard by Marriott Bangkok

155/1 Soi Mahadlekluang 1, Rajdamri
Road, Bangkok, 10330 Thailand
Telephone : 66 (0) 2690 1888
Fax : 66 (0) 2690 1899
www.courtyard.com/bkkcy

Holiday Inn Pattaya

463/68 Pattaya Soi 1 Road, Nongprue,
Bang Lamung Chonburi 20150
Thailand
Telephone : 66 (0) 3872 5555
Fax : 66 (0) 3872 5556
www.holidayinn.com/pattaya

Mercure Bangkok Siam

927 Rama 1 Road, Kwang Wangmai,
Khet Pathumwan, Bangkok 10330
Thailand
Telephone : 66 (0) 2874 7222
Fax : 66 (0) 2874 7229
www.mercure.com

ibis Phuket Patong

10 Chalermphrakiat Road, Patong,
Kathu, Phuket 83150 Thailand
Telephone : 66 (0) 7630 3888
Fax : 66 (0) 7630 3889
www.ibishotel.com

ibis Pattaya

463/79 Pattaya Sai 2 Road,
Nongprue, Bang Lamung, Chonburi
20150 Thailand
Telephone : 66 (0) 3841 8188
Fax : 66 (0) 3841 8189
www.ibishotel.com

ibis Samui Bophut

197 Rob Koh Road, Bophut,
Koh Samui, Surat Thani 84320
Thailand
Telephone : 66 (0) 7791 4888
Fax : 66 (0) 7791 4889
www.ibishotel.com

ibis Bangkok Sathorn

29/9 Soi Ngm Duphli, Rama IV Road,
Kwang Thung Mahamek,
Khet Sathorn, Bangkok 10120
Thailand
Telephone : 66 (0) 2 610 5188
Fax : 66 (0) 2 610 5189
www.ibishotel.com

ibis Bangkok Nana

41 Sukhumvit Soi 4 Sukhumvit
Road, Kwang Klongtoey,
Khet Klongtoey, Bangkok 10110
Thailand
Telephone : 66 (0) 2667 5888
Fax : 66 (0) 2667 5889
www.ibishotel.com

ibis Phuket Kata

88/8 Kata Road, Karon, Muang
Phuket, Phuket 83100 Thailand
Telephone : 66 (0) 7636 3488
Fax : 66 (0) 7636 3489
www.ibishotel.com

ibis Bangkok Riverside

27, Soi Charoennakorn 17,
Charoennakorn Road,
Banglamphulung, Klongsan,
Bangkok 10600 Thailand
Telephone : 66 (0) 2805 9888
Fax : 66 (0) 2805 9889
www.ibishotel.com

ibis Hua Hin

73/15 Soi Moobaan Nongkae, Nongkae,
Hua Hin, Prachuapkhirikhan 77110
Thailand
Telephone : 66 (0) 3261 0388
Fax : 66 (0) 3261 0389
www.ibishotel.com

ibis Bangkok Siam

927 Rama 1 Road, Kwang Wangmai,
Khet Pathumwan, Bangkok 10330
Thailand
Telephone : 66 (0) 2874 7222
Fax : 66 (0) 2874 7229
www.ibishotel.com

Rental Property

Erawan Bangkok

494 Ploenchit Road,
Pathumwan, Bangkok 10330
Thailand
Telephone : 66 (0) 2250 7777
Fax : 66 (0) 2250 7788
www.erawanbangkok.com

Directors' Profile

Name	Age	Title	Year of		Education	Other Listed Company
			Directorship	Director Training Program		
1. Mr. Prakrit Pradipasen	71	• Chairman of the Board	1991	• Directors Accreditation Program (DAP) 1/2003	<ul style="list-style-type: none"> • Master of Business Administration (MBA) Wayne State University Michigan, U.S.A. 	<ul style="list-style-type: none"> • Asian Marine Service Plc. • Supalai Plc. • Luckytex (Thailand) Plc. • Haap Thip Plc. • Thai Carbon Black Plc.
		• Independent Director		• Role of the Chairman Program (RCP) 15/2007		
		• Chairman of the Nominating and Corporate Governance Committee				
2. Mr. Sansern Wongcha-um	65	• Independent Director	Sep. 17, 2008	• Role of the Chairman Program (RCP) 8/2003	<ul style="list-style-type: none"> • Master Degree of Business Economics University of Bridgeport Connecticut, U.S.A. 	<ul style="list-style-type: none"> • Somboon Advance Technology Plc. • The Deves Insurance Plc. • Bualuang Securities Plc.
		• Chairman of the Audit Committee		• Directors Accreditation Program (DAP) 42/2005		
				• Finance for Non-Finance Directors (FND) 17/2005		
3. Assoc.Prof. Manop Bongsadact	72	• Independent Director	Apr. 2004	• Directors Accreditation Program (DAP) 8/2004	<ul style="list-style-type: none"> • Master of Architecture (M. Arch) Kansas State University U.S.A. 	<ul style="list-style-type: none"> • Rasa Property Development Plc. • Kiattakin Bank Plc.
		• Member of the Audit Committee		• Audit Committee Program (ACP) 10/2005		
				• Role of the Chairman Program (RCP) 17/2007		
				• Role of the Compensation Committee (RCC) 8/2009		
				• Role of the Nomination and Governance Committee (RNG) 1/2011		
				• Directors Certification Program (DCP) 150/2011		

Name	Age	Title	Year of		Education	Other Listed Company
			Directorship	Director Training Program		
4. Mr. Dej Bulsuk	63	<ul style="list-style-type: none"> Independent Director Member of the Audit Committee 	Nov. 22, 2004	<ul style="list-style-type: none"> Directors Accreditation Program (DAP) 23/2004 	<ul style="list-style-type: none"> Bachelor of Business Administration Thammasat University 	<ul style="list-style-type: none"> GMM Grammy Plc Aeon Thana Sinsap (Thailand) Plc. Siam Future Development Plc. JAY Mart Plc. Patum Rice Mill and Granary Plc.
6. Mr. Ekasith Jotikasthira	43	<ul style="list-style-type: none"> Independent Director Member of the Management Development and Compensation Committee 	Apr. 29, 2009	<ul style="list-style-type: none"> Director Accreditation Program (DAP) 79/2009 	<ul style="list-style-type: none"> Master of Business Administration (MBA) Sasin Graduate Institute of Business Administration of Chulalongkorn University 	<ul style="list-style-type: none"> No
8. Mr. Supol Wattanavekin	58	<ul style="list-style-type: none"> Director Chairman of the Management Development and Compensation Committee Member of the Investment Committee 	Nov. 4, 2004	<ul style="list-style-type: none"> Role of The Chairman Program (RCP) 1/2000 Director Certification Program (DCP) 76/2006 Directors Accreditation Program (DAP) 56/2006 Financial Institutions Governance Program (FGP) 2/2011 	<ul style="list-style-type: none"> Master of Business Administration (Executive) (EMBA) Sasin Graduate Institute of Business Administration of Chulalongkorn University 	<ul style="list-style-type: none"> Kiatnakin Bank Plc.

Name	Age	Title	Year of		Education	Other Listed Company
			Directorship	Director Training Program		
9. Mr. Chanin Vongkusolkit	61	• Director	Nov. 4, 2004	• Director Certification Program (DCP) 20/2002	• Master of Business Administration (Finance) St. Louis University Missouri, U.S.A.	• Banpu Plc.
		• Member of the Investment Committee		• Refresher Course DCP 3/2006		
		• Member of the Nominating and Corporate Governance Committee				
10. Mrs. Panida Thepkanjana	54	• Director	1991	• Directors Certification Program (DCP) 18/2002	• 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	• No
		• Member of the Investment Committee		• Refresher Course DCP 1/2005		
		• Member of the Nominating and Corporate Governance Committee				
11. Mr. Gavin Vongkusolkit	30	• Director	Dec. 1, 2011	• Director Certification Program (DCP) 156/2002	• Master of Business Administration (Finance) The University of Sydney Australia	• No
		• Member of the Nominating and Corporate Governance Committee		• Governance Committee 4/2013 (10,17 May 2013), Role of Compensation Committee 16/2013 (13-14 June 2013))		
12. Mr. Kasama Punyagupta	51	• Director	Jun. 1, 2004	• Directors Certification Program (DCP) 49/2004	• Master of Business Administration (International Business) University of Bridgeport Connecticut, U.S.A.	• No
		• Chief Executive Officer		• Corporate Governance and Social Responsibility (CSR) 1/2007		
13. Mrs. Kamonwan Wipulakorn	51	• Director	Apr. 27, 2011	• Directors Certification Program (DCP) 122/2009	• Master of Business Administration (Finance) Western Illinois University U.S.A.	• No
		• President		• Diploma Examination (Exam) 26/2010		





The Erawan Group

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