

**The Erawan Group Public Company Limited
and its Subsidiaries**

Interim financial statements
for the three-month period ended
31 March 2017
and
Independent auditor's report
on review of interim financial information

Independent auditor’s report on review of interim financial information

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

I have reviewed the accompanying consolidated and separate statements of financial position of The Erawan Group Public Company Limited and its subsidiaries, and of The Erawan Group Public Company Limited, respectively, as at 31 March 2017; the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2017; and condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

(Vilavai Pholprasert)
Certified Public Accountant
Registration No. 8420

KPMG Phoomchai Audit Ltd.
Bangkok
11 May 2017

The Erawan Group Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017 (Unaudited)	31 December 2016	31 March 2017 (Unaudited)	31 December 2016
<i>(in thousand Baht)</i>					
Assets					
Current assets					
Cash and cash equivalents		1,039,670	795,425	200,592	174,770
Trade accounts receivable	3, 4	198,643	202,334	101,572	100,889
Inventories		47,826	53,232	7,584	9,075
Value added tax refundable		95,086	51,095	-	-
Other current assets	3	113,965	131,781	64,812	42,603
Total current assets		1,495,190	1,233,867	374,560	327,337
Non-current assets					
Investments in associates	5	135,524	155,074	358,864	365,880
Investments in subsidiaries	6	-	-	4,415,160	4,415,160
Other long-term investments		1,343	1,344	1,057	1,058
Long-term loans to related parties	3	-	-	1,737,134	1,424,138
Property, plant and equipment	7	11,810,749	11,707,469	6,404,668	6,417,840
Land held for development		104,237	104,237	-	-
Leasehold rights for land and buildings	8	1,442,081	1,460,520	759,046	769,730
Intangible assets		32,177	34,638	18,709	20,445
Deposits for lease of land, building and equipment		129,095	128,869	97,841	97,604
Deferred tax assets		13,501	12,936	10,164	9,782
Other non-current assets		65,385	72,161	54,649	60,443
Total non-current assets		13,734,092	13,677,248	13,857,292	13,582,080
Total assets		15,229,282	14,911,115	14,231,852	13,909,417

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

The Erawan Group Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017 (Unaudited)	31 December 2016	31 March 2017 (Unaudited)	31 December 2016
<i>(in thousand Baht)</i>					
Current liabilities					
Short-term borrowings from financial institutions		1,430,000	1,182,000	1,430,000	1,182,000
Trade accounts payable	3	229,159	252,273	122,903	129,667
Current portion of long-term borrowings from financial institutions	9	953,438	1,375,256	615,675	1,038,500
Current portion of finance lease liabilities		1,126	1,184	1,126	1,184
Income tax payable		106,507	49,673	62,397	28,924
Other current liabilities	3	706,956	745,715	312,652	327,217
Total current liabilities		3,427,186	3,606,101	2,544,753	2,707,492
Non-current liabilities					
Long-term loans from related party	3	-	-	132,777	118,086
Long-term borrowings from financial institutions	9	6,148,223	5,867,164	3,472,757	3,158,950
Finance lease liabilities		1,591	1,840	1,591	1,840
Accounts payable for land leasehold rights		180,000	180,000	180,000	180,000
Deposits from lessees		42,170	39,508	40,769	37,893
Deferred income		13,831	14,337	13,831	14,337
Deferred tax liabilities		44,815	43,970	-	-
Provision for employee benefit		88,187	85,641	46,603	44,714
Total non-current liabilities		6,518,817	6,232,460	3,888,328	3,555,820
Total liabilities		9,946,003	9,838,561	6,433,081	6,263,312

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

The Erawan Group Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated financial statements		Separate financial statements	
		31 March 2017 (Unaudited)	31 December 2016	31 March 2017 (Unaudited)	31 December 2016
Liabilities and shareholders' equity	<i>Note</i>				
		<i>(in thousand Baht)</i>			
Shareholder's equity					
Share capital	<i>10</i>				
Authorised share capital		2,537,893	2,537,893	2,537,893	2,537,893
Issued and paid share capital		2,499,921	2,498,173	2,499,921	2,498,173
Shares premium on ordinary shares		842,776	836,500	842,776	836,500
Employee stock options	<i>10</i>	834	-	834	-
Retained earnings					
Appropriated					
Legal reserve		235,558	235,558	235,558	235,558
Unappropriated		1,581,972	1,374,318	4,219,770	4,075,961
Other components of shareholders' equity		(51,486)	(26,627)	(88)	(87)
Equity attributable to owners of the parent		5,109,575	4,917,922	7,798,771	7,646,105
Non-controlling interests		173,704	154,632	-	-
Total shareholders' equity		5,283,279	5,072,554	7,798,771	7,646,105
Total liabilities and shareholders' equity		15,229,282	14,911,115	14,231,852	13,909,417

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

The Erawan Group Public Company Limited and its Subsidiaries

Statement of comprehensive income (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		Three-month period ended 31 March		Three-month period ended 31 March	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
Revenues					
Revenues from hotel operations	3	1,565,270	1,484,945	784,564	760,650
Rental of units in buildings and service income	3	54,665	51,341	38,988	36,415
Revenue from sale of properties		-	6,000	-	-
Dividend income	3	-	-	5,212	11,031
Interest income	3	1,353	1,618	16,462	11,036
Other income	3	13,985	7,320	11,677	4,487
Total revenues		1,635,273	1,551,224	856,903	823,619
Expenses					
Cost of hotel operations	3	656,152	639,925	308,230	306,134
Cost of rental of units in buildings and service	3	21,513	21,429	11,066	10,777
Cost of sale of properties		-	3,446	-	-
Depreciation and amortisation		179,919	179,673	91,223	93,550
Selling expenses		90,988	89,143	46,352	43,140
Administrative expenses	3	309,546	290,196	165,869	158,661
Finance costs	3	83,689	93,195	55,426	60,321
Total expenses		1,341,807	1,317,007	678,166	672,583
Share of profit (loss) of investments in associate	5	(7,322)	8,093	-	-
Profit before income tax expense		286,144	242,310	178,737	151,036
Income tax expense	12	(59,418)	(43,768)	(34,928)	(27,793)
Profit for the period		226,726	198,542	143,809	123,243

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

The Erawan Group Public Company Limited and its Subsidiaries

Statement of comprehensive income (Unaudited)

	Consolidated financial statements		Separate financial statements		
	Three-month period ended 31 March		Three-month period ended 31 March		
	Note	2017	2016	2017	2016
					<i>(in thousand Baht)</i>
Other comprehensive income					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statement		(24,821)	(2,317)	-	-
Losses on remeasurement investments held as available-for-sale		(38)	-	(1)	-
Other comprehensive income (loss) for the period, net of income tax		(24,859)	(2,317)	(1)	-
Total comprehensive income (loss) for the period		201,867	196,225	143,808	123,243
Profit attributable to:					
Owners of parent		207,654	191,072	143,809	123,243
Non-controlling interests		19,072	7,470	-	-
Profit for the period		226,726	198,542	143,809	123,243
Total comprehensive income attributable to:					
Owners of parent		182,795	188,755	143,808	123,243
Non-controlling interests		19,072	7,470	-	-
Total comprehensive income for the period		201,867	196,225	143,808	123,243
Earnings per share (in Baht)	13				
Basic earnings per share		0.0831	0.0765	0.0576	0.0493
Diluted earnings per share		0.0829	0.0765	0.0574	0.0493

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

The Erawan Group Public Company Limited and its Subsidiaries
Statement of changes in equity (Unaudited)

Note	Consolidated financial statements										
	Issued and paid share capital	Share premium on ordinary share	Employee stock options	Retained earnings		Other components of shareholders' equity			Equity attributable to owners of parent	Non-controlling interests	Total shareholders' equity
				Legal reserve	Unappropriated	Exchange differences on translating financial statements	Losses on remeasurement investment held as available-for-sale	Total other components of shareholders' equity			
	<i>(in thousand Baht)</i>										
Three-month period ended 31 March 2016											
Balance at 1 January 2016	2,498,173	836,500	-	206,508	1,136,403	(6,511)	(236)	(6,747)	4,670,837	211,626	4,882,463
Comprehensive income (loss) for the period											
Profit	-	-	-	-	191,072	-	-	-	191,072	7,470	198,542
Other comprehensive income (loss)	-	-	-	-	-	(2,317)	-	(2,317)	(2,317)	-	(2,317)
Total comprehensive income (loss) for the period	-	-	-	-	191,072	(2,317)	-	(2,317)	188,755	7,470	196,225
Balance at 31 March 2016	2,498,173	836,500	-	206,508	1,327,475	(8,828)	(236)	(9,064)	4,859,592	219,096	5,078,688
Three-month period ended 31 March 2017											
Balance at 1 January 2017	2,498,173	836,500	-	235,558	1,374,318	(26,622)	(5)	(26,627)	4,917,922	154,632	5,072,554
Transactions with owners, recorded directly in equity											
<i>Contributions by owners of the parent</i>											
Employee stock options	10 1,748	6,276	834	-	-	-	-	-	8,858	-	8,858
Total contributions by owners of the parent	1,748	6,276	834	-	-	-	-	-	8,858	-	8,858
Comprehensive income (loss) for the period											
Profit	-	-	-	-	207,654	-	-	-	207,654	19,072	226,726
Other comprehensive income (loss)	-	-	-	-	-	(24,821)	(38)	(24,859)	(24,859)	-	(24,859)
Total comprehensive income (loss) for the period	-	-	-	-	207,654	(24,821)	(38)	(24,859)	182,795	19,072	201,867
Balance at 31 March 2017	2,499,921	842,776	834	235,558	1,581,972	(51,443)	(43)	(51,486)	5,109,575	173,704	5,283,279

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

The Erawan Group Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Separate financial statements						Other component of shareholders' equity	Total shareholders' equity
	Note	Issued and paid share capital	Share premium on ordinary share	Employee stock options	Retained earnings			
					Legal reserve <i>(in thousand Baht)</i>	Unappropriated		
Three-month period ended 31 March 2016								
Balance at 1 January 2016		2,498,173	836,500	-	206,508	3,624,017	(262)	7,164,936
Comprehensive income (loss) for the period								
Profit		-	-	-	-	123,243	-	123,243
Total comprehensive income (loss) for the period		-	-	-	-	123,243	-	123,243
Balance at 31 March 2016		<u>2,498,173</u>	<u>836,500</u>	<u>-</u>	<u>206,508</u>	<u>3,747,260</u>	<u>(262)</u>	<u>7,288,179</u>
Three-month period ended 31 March 2017								
Balance at 1 January 2017		2,498,173	836,500	-	235,558	4,075,961	(87)	7,646,105
Transactions with owners, recorded directly in equity								
<i>Contributions by owners of the parent</i>								
Employee stock options	10	1,748	6,276	834	-	-	-	8,858
Total contributions by owners of the parent		<u>1,748</u>	<u>6,276</u>	<u>834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,858</u>
Comprehensive income (loss) for the period								
Profit		-	-	-	-	143,809	-	143,809
Other comprehensive income (loss)		-	-	-	-	-	(1)	(1)
Total comprehensive income (loss) for the period		-	-	-	-	143,809	(1)	143,808
Balance at 31 March 2017		<u>2,499,921</u>	<u>842,776</u>	<u>834</u>	<u>235,558</u>	<u>4,219,770</u>	<u>(88)</u>	<u>7,798,771</u>

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

The Erawan Group Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated financial statements		Separate financial statements	
	Three-month period ended		Three-month period ended	
	31 March		31 March	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the period	226,726	198,542	143,809	123,243
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Income tax expense	59,418	43,768	34,928	27,793
Finance costs	83,689	93,195	55,426	60,321
Depreciation and amortisation	179,919	179,673	91,223	93,550
Provision for employee benefit	3,359	3,078	1,889	1,733
Share-based payment	2,565	-	2,565	-
Share of (profit) loss of investment in associate	7,322	(8,093)	-	-
(Reversal of) doubtful debts expenses	(488)	1,296	(83)	955
Loss on disposal of building and equipment	1,592	187	8	221
Loss on non-refundable withholding tax deducted at source	163	154	-	-
Recognised rental deposits and deferred income to income	(591)	(679)	(588)	(627)
Dividend income	-	-	(5,212)	(11,031)
Interest income	(1,353)	(1,618)	(16,462)	(11,036)
	562,321	509,503	307,503	285,122
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	4,159	(13,738)	(600)	(4,914)
Inventories	5,406	11,582	1,491	2,825
Value added tax refundable	(45,750)	(2,416)	-	-
Other current assets	16,862	(51,995)	(22,209)	(33,912)
Deposits for lease of land, building and equipment	(1,578)	(2,981)	(237)	1,939
Other non current assets	6,844	2,175	5,794	679
Trade accounts payable	(23,153)	(29,206)	(6,764)	(1,551)
Employee benefit paid	(813)	-	-	-
Other current liabilities	(40,263)	(57,689)	(17,569)	(26,143)
Deposits from lessees	2,739	1,978	2,958	534
Net cash generated from operating	486,774	367,213	270,367	224,579
Income taxes paid	(2,535)	(2,609)	(1,837)	(1,816)
Net cash from operating activities	484,239	364,604	268,530	222,763

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

The Erawan Group Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated financial statements		Separate financial statements	
	Three-month period ended		Three-month period ended	
	31 March		31 March	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Investment in associate	7,016	-	7,016	-
Long-term loans to related parties	-	-	(381,847)	(236,571)
Proceeds from repayment of long-term loans to related parties	-	-	68,685	133,309
Acquisition of property, plant and equipment	(278,444)	(161,615)	(61,444)	(33,821)
Acquisition of leasehold rights for land and buildings	(200)	-	-	-
Acquisition of intangible assets	(603)	(5,450)	(348)	(2,009)
Proceeds from sales building and equipment	287	374	143	224
Dividend received	5,212	11,031	5,212	11,031
Interest received	1,377	1,621	16,628	11,163
Net cash used in investing activities	(265,355)	(154,039)	(345,955)	(116,674)
<i>Cash flows from financing activities</i>				
Proceeds from short-term borrowings from financial institutions	507,000	1,036,000	507,000	899,000
Repayment of short-term borrowings from financial institutions	(259,000)	(886,000)	(259,000)	(749,000)
Proceeds from short-term loans from a related party	-	-	297,643	548,505
Repayment of short-term loans from a related party	-	-	(297,643)	(548,505)
Proceeds from long-term loans from a related party	-	-	34,211	31,958
Repayment of long-term loans from a related party	-	-	(19,712)	(5,396)
Proceeds from long-term borrowings from financial institutions	27,938	114,445	-	2,000
Repayment of long-term borrowings from financial institutions	(149,283)	(394,195)	(103,500)	(287,250)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(307)	(339)	(307)	(339)
Proceeds from exercise of share options	6,293	-	6,293	-
Finance costs	(96,581)	(99,290)	(61,738)	(60,453)
Net cash from (used in) financing activities	36,060	(229,379)	103,247	(169,480)

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

The Erawan Group Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated financial statements		Separate financial statements	
	Three-month period ended 31 March		Three-month period ended 31 March	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Net increase (decrease) in cash and cash equivalents before effect of exchange rates	254,944	(18,814)	25,822	(63,391)
Effect of exchange rate changes on cash and cash equivalents	(10,699)	(246)	-	-
Net increase (decrease) in cash and cash equivalents	244,245	(19,060)	25,822	(63,391)
Cash and cash equivalents at beginning of period	795,425	1,011,253	174,770	175,703
Cash and cash equivalents at ending of period	1,039,670	992,193	200,592	112,312
<i>Non-cash transactions</i>				
Acquisition of building and equipment, and intangible assets for which payment had not yet been made	74,555	37,023	18,718	20,131

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

The Erawan Group Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2017 (Unaudited)

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The Erawan Group Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2017 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the directors on 11 May 2017.

1 General information

The Erawan Group Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 2 Sukhumvit Road, Klong Toey Subdistrict, Klong Toey District, Bangkok. The Company has 13 branches in Bangkok, Cholburi, Phuket, Suratthani, Prajuabkirikhan and Krabi.

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

The principal businesses of the Company are engaged as a holding company with investments in various companies, engaged in hotel business, and building rental business. Details of the Company’s subsidiaries and associates as at 31 March 2017 and 31 December 2016 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			31 March 2017	31 December 2016
<i>Direct subsidiaries</i>				
Erawan Hotel Public Company Limited	Hotel	Thailand	72.59	72.59
Erawan Chaophraya Company Limited	Hotel	Thailand	95.77	95.77
Erawan Rajdamri Company Limited	Hotel	Thailand	99.99	99.99
Erawan Phuket Company Limited	Hotel	Thailand	99.99	99.99
Erawan Samui Company Limited	Hotel	Thailand	99.99	99.99
Erawan Naka Company Limited	Land owner	Thailand	99.99	99.99
The Reserve Company Limited	Property development	Thailand	99.99	99.99
Erawan Commercial Management Company Limited	Management service	Thailand	99.99	99.99
Erawan Hop Inn Company Limited	Hotel	Thailand	99.99	99.99
Erawan Growth Management Company Limited	Hotel	Thailand	99.99	99.99
<i>Indirect subsidiaries</i>				
Erawan Hotel Public Company Limited	Hotel	Thailand	1.05	1.05
Erawan Chaophraya Company Limited	Hotel	Thailand	4.22	4.22
Taveesapanan Company Limited	Hotel	Thailand	99.99	-
Erawan Mauritius Limited	Holding company	Mauritius	100.00	100.00
Erawan Singapore Pte. Ltd.	Holding company	Singapore	100.00	100.00

The Erawan Group Public Company Limited and its Subsidiaries
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For the three-month period ended 31 March 2017 (Unaudited)

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			31 March 2017	31 December 2016
<i>Indirect subsidiaries</i>				
	Holding company			
Erawan Philippines, INC.		Philippines	99.99	99.99
Erawan Philippines (Ermita), INC.	Hotel	Philippines	99.99	99.99
Erawan Philippines (Makati), INC.	Hotel	Philippines	99.99	99.99
Erawan Philippines (Aseana), INC.	Hotel	Philippines	99.99	99.99
Erawan Philippines (Alabang), INC.	Hotel	Philippines	99.99	99.99
Erawan Philippines (Quezon City), INC.	Hotel	Philippines	99.99	99.99
PT. Erawan Indonesia Jakarta	Hotel	Indonesia	99.96	99.96
<i>Associates</i>				
Rajprasong Development Co., Ltd.	Service provider	Thailand	48.00	48.00
Erawan Hotel Growth Property Fund	Investment in properties	Thailand	20.00	20.00

Erawan Mauritius Limited

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

On 17 March 2017, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 1,270,000 ordinary shares at a par value of USD 1, totaling USD 1,270,000, which have been wholly acquired and fully paid by Erawan Hop Inn Company Limited on the same date.

As at 31 March 2017, Erawan Mauritius Limited has authorised share capital of 15,390,000 ordinary shares at a par value of USD 1, totaling USD 15,390,000 which have been wholly acquired and fully paid of USD 15,390,000 by Erawan Hop Inn Company Limited.

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

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

The Erawan Group Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2017 (Unaudited)

Erawan Singapore Pte. Ltd.

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

On 23 March 2017, Erawan Singapore Pte. Ltd., registered the increase of the authorised share capital by issuing 1,270,000 ordinary shares at a par value of USD 1, totaling USD 1,270,000, which have been wholly acquired and fully paid by Erawan Mauritius Limited on the same date.

As at 31 March 2017, Erawan Singapore Pte. Ltd. has authorised share capital of 15,310,000 ordinary shares at a par value of USD 1, totaling USD 15,310,000 which have been wholly acquired and fully paid of USD 15,310,000 by Erawan Mauritius Limited.

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

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

Erawan Philippines, INC.

As at 31 March 2017, Erawan Philippines, INC., an indirect subsidiary, has authorised share capital of 600,000,000 ordinary shares at a par value of PHP 1, totaling PHP 600,000,000, and paid-up share capital of PHP 348,860,692 which is 99.99% holding and paid by Erawan Singapore Pte. Ltd. of PHP 348,860,692.

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

Erawan Philippines (Ermita), INC.

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

As at 31 March 2017, Erawan Philippines (Ermita), INC., had authorised share capital of 100,000,000 ordinary shares at a par value of PHP 1, totaling PHP 100,000,000, and paid-up share capital of PHP 100,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 100,000,000.

Erawan Philippines (Makati), INC.

As at 31 March 2017, Erawan Philippines (Makati), INC., an indirect subsidiary, had authorised share capital of 85,000,000 ordinary shares at a par value of PHP 1, totaling PHP 85,000,000, and paid-up share capital of PHP 85,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 85,000,000.

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Erawan Philippines (Aseana), INC.

As at 31 March 2017, Erawan Philippines (Aseana), INC., an indirect subsidiary, had authorised share capital of 115,000,000 ordinary shares at a par value of PHP 1, totaling PHP 115,000,000, and paid-up share capital of PHP 110,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 110,000,000.

Erawan Philippines (Alabang), INC.

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

Erawan Philippines (Quezon City), INC.

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

Taveesapanan Company Limited

On 3 March 2017, Erawan Hop Inn Company Limited., a direct subsidiary, invested in 99.99% of Taveesapanan Company Limited, which had authorised share capital of Baht 60,000,000 divided into 6,000,000 ordinary shares at a par value of Baht 10 and partially paid by Erawan Hop Inn Company Limited of Baht 29,999,970 on the same date.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2016) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2016. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2016.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2016 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2017. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group.

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(b) *Functional and presentation currency*

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

(c) *Use of judgements and estimates*

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2016.

Measurement of fair values

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

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

Significant valuation issues are reported to the Group Audit Committee.

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

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

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

The Erawan Group Public Company Limited and its Subsidiaries

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3 Related parties

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

Relationships with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Erawan Hotel Public Company Limited	Thailand	Subsidiary, 72.59% direct shareholding and 1.05% indirect shareholding
Erawan Chaophraya Company Limited	Thailand	Subsidiary, 95.77% direct shareholding and 4.22% indirect shareholding
Erawan Rajdamri Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Phuket Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Samui Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Naka Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
The Reserve Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Commercial Management Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Hop Inn Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Growth Management Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Taveesapanan Company Limited	Thailand	Subsidiary, 99.99% indirect shareholding
Erawan Mauritius Limited	Mauritius	Subsidiary, 100.00% indirect shareholding
Erawan Singapore Pte. Ltd.	Singapore	Subsidiary, 100.00% indirect shareholding
Erawan Philippines, INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Ermita), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Makati), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Aseana), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Alabang), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Quezon City), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
PT. Erawan Indonesia Jakarta	Indonesia	Subsidiary, 99.96% indirect shareholding
Rajprasong Development Co., Ltd.	Thailand	Associate, 48.00% direct shareholding, some common directors
Erawan Hotel Growth Property Fund	Thailand	Associate, 20.00% direct shareholding
Rajprasong Square Co., Ltd.	Thailand	Related company, 23.29% direct shareholding
Chai Talay Hotel Co., Ltd.	Thailand	Related company, director is closed relative to a Company's director
Mitr Phol Sugar Co., Ltd.	Thailand	Related company, some common directors
Banpu Public Company Limited	Thailand	Related company, some common directors
The Syndicate of Thai Hotels & Tourists Enterprises Ltd.	Thailand	Related company, some common directors
Kiatnakin Bank Public Company Limited	Thailand	Related company, some common directors

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

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

Transactions	Pricing policies
Subsidiaries	
Interest income and interest expenses	At the rate of 4.15 - 4.73 % per annum (2016: at the rate of 4.51 - 5.78 % per annum)
Utilities income	Contractually agreed prices
Other service income	Fair price under the best conditions
Space rental and service expenses	Contractually agreed prices
Associates	
Dividend income	At the rate of declaration
Land and building rental expenses	Contractually agreed prices
Management fee	At cost - allocated in proportion to shareholding
Other related parties	
Revenue from hotel operation	Fair price under the best conditions
Rental of units in buildings and services income	Contractually agreed prices
Utilities income	Contractually agreed prices
Land rental expense	Contractually agreed prices

Significant transactions for the three-month periods ended 31 March 2017 and 2016 with key managements and related parties were as follows:

Three-month period ended 31 March	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Subsidiaries				
Interest income	-	-	16,462	11,036
Utilities income	-	-	795	820
Other service income	-	-	4,347	-
Space rental and service expenses	-	-	4,118	4,102
Interest expenses	-	-	4,046	6,962
Associates				
Dividend income	-	-	5,212	11,031
Land and building rental expenses	27,799	27,875	-	-
Management fee	222	188	222	188

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For the three-month period ended 31 March 2017 (Unaudited)

<i>Three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Other related parties				
Revenue from hotel operation	18,669	7,734	10,856	7,842
Rental of units in buildings and services income	1,721	1,551	1,493	1,335
Utilities income	455	432	455	432
Land rental expense	3,530	3,530	-	-
Key management personnel compensation				
Short-term employee benefit	9,620	7,999	8,765	7,355
Post-employment benefits	402	382	402	382
Total key management personnel compensation	10,022	8,381	9,167	7,737

Balances as at 31 March 2017 and 31 December 2016 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(in thousand Baht)</i>			
Trade accounts receivable - related parties				
Subsidiaries	-	-	2,936	1,333
Other related parties	9,296	10,224	5,945	6,256
Total	9,296	10,224	8,881	7,589
Other receivables - related party				
Subsidiary	-	-	6,679	2,005
Prepaid expenses - related party				
Other related party	3,530	7,060	-	-

<i>Loans to related parties</i>	Interest rate		Consolidated financial statements		Separate financial statements	
	2017	2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Long-term loans Subsidiaries						
Erawan Samui Company Limited	4.15	4.15	-	-	132,927	139,177
Erawan Phuket Company Limited	4.15	4.15	-	-	349,500	342,682
Erawan Chaophraya Company Limited	4.15	4.15	-	-	81,009	85,103
Erawan Commercial Management Company Limited	4.15	4.15	-	-	3,198	2,651

The Erawan Group Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2017 (Unaudited)

<i>Loans to related parties</i>	Interest rate		Consolidated		Separate	
			financial statements	financial statements	financial statements	financial statements
	2017	2016	31	31	31	31
			March	December	March	December
			2017	2016	2017	2016
Long-term loans	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
The Reserve Company Limited	4.15	4.15	-	-	3,361	3,327
Erawan Hop Inn Company Limited	4.15	4.15	-	-	1,003,818	732,769
Erawan Growth Management Company Limited	4.15	4.15	-	-	163,321	118,429
Total			<u>-</u>	<u>-</u>	<u>1,737,134</u>	<u>1,424,138</u>

Movements during the three-month periods ended 31 March 2017 and 2016 of loans to related parties were as follows:

<i>Loans to related parties</i>	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Long-term loans				
Subsidiaries				
At 1 January	-	-	1,424,138	907,328
Increase	-	-	381,847	236,571
Decrease	-	-	(68,851)	(133,436)
At 31 March	<u>-</u>	<u>-</u>	<u>1,737,134</u>	<u>1,010,463</u>

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	31	31	31	31
	March	December	March	December
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Trade accounts payables - related parties				
Subsidiaries	<u>-</u>	<u>-</u>	<u>470</u>	<u>510</u>
Other payables - related parties				
Subsidiaries	<u>-</u>	<u>-</u>	<u>559</u>	<u>286</u>
Accrued expenses - related party				
Associate	<u>7,685</u>	<u>47,144</u>	<u>-</u>	<u>-</u>

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<i>Loans from related parties</i>	Interest rate		Consolidated financial statements		Separate financial statements	
			31 March 2017	31 December 2016	31 March 2017	31 December 2016
<i>Long-term loans</i>	(% per annum)		<i>(in thousand Baht)</i>			
Subsidiaries						
Erawan Rajdamri Company Limited	4.45	5.53	-	-	132,777	118,086
Total			<u>-</u>	<u>-</u>	<u>132,777</u>	<u>118,086</u>

Movements during the three-month periods ended 31 March 2017 and 2016 of loans from related parties were as follows:

<i>Loans from related parties</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Short-term loans</i>				
Subsidiary				
At 1 January	-	-	-	-
Increase	-	-	297,643	548,505
Decrease	-	-	(297,643)	(548,505)
At 31 March	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Long-term loans</i>				
Subsidiary				
At 1 January	-	-	118,086	88,526
Increase	-	-	34,403	31,958
Decrease	-	-	(19,712)	(4,910)
At 31 March	<u>-</u>	<u>-</u>	<u>132,777</u>	<u>115,574</u>

4 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017	31 December 2016	31 March 2017	31 December 2016
		<i>(in thousand Baht)</i>			
Related parties	3	9,296	10,224	8,881	7,589
Other parties		192,168	195,419	94,004	94,696
Total		<u>201,464</u>	<u>205,643</u>	<u>102,885</u>	<u>102,285</u>
Less allowance for doubtful accounts		(2,821)	(3,309)	(1,313)	(1,396)
Net		<u>198,643</u>	<u>202,334</u>	<u>101,572</u>	<u>100,889</u>
		2017	2016	2017	2016
(Reversal of) doubtful debts expense for the three-month period ended 31 March		<u>(488)</u>	<u>1,296</u>	<u>(83)</u>	<u>955</u>

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Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(in thousand Baht)</i>			
Related parties				
Outstanding:				
Less than 3 months	9,258	10,221	8,843	7,586
3 - 6 months	38	3	38	3
	<u>9,296</u>	<u>10,224</u>	<u>8,881</u>	<u>7,589</u>
Other parties				
Outstanding:				
Less than 3 months	189,516	187,975	92,523	92,610
3 - 6 months	2,246	6,322	1,189	1,642
6 - 12 months	406	1,122	292	444
	<u>192,168</u>	<u>195,419</u>	<u>94,004</u>	<u>94,696</u>
Less allowance for doubtful accounts	<u>(2,821)</u>	<u>(3,309)</u>	<u>(1,313)</u>	<u>(1,396)</u>
	<u>189,347</u>	<u>192,110</u>	<u>92,691</u>	<u>93,300</u>
Net	<u>198,643</u>	<u>202,334</u>	<u>101,572</u>	<u>100,889</u>

The normal credit term granted by the Group and the Company ranges from 15 days to 60 days.

5 Investments in associates

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<i>Three-month period ended 31 March</i>				
	<i>(in thousand Baht)</i>			
At 1 January	155,074	161,638	365,880	366,626
Share of net profits (losses) of associate	(7,322)	8,093	-	-
Dividend income	(5,212)	(11,031)	-	-
Capital reduction	(7,016)	-	(7,016)	-
At 31 March	<u>135,524</u>	<u>158,700</u>	<u>358,864</u>	<u>366,626</u>

During the three-month period ended 31 March 2017 there were no acquisitions and disposals of investments in associates.

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Investments in associates as at 31 March 2017 and 31 December 2016, and dividend income from the investments for the three-month periods ended 31 March 2017 and 2016 were as follows:

Consolidated financial statements

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		Fair value of listed security		Dividend income for the three-month periods ended		
			31	31	31	31	31	31	31	31	31	31	31	31	
			March 2017	December 2016	March 2017	December 2016	March 2017	December 2016	March 2017	December 2016	March 2017	December 2016	March 2017	December 2016	March 2017
			(%)			(in million Baht)					(in thousand Baht)				
Associates															
Rajprasong Development Co., Ltd.	Service provider	Thailand	48.00	48.00	1.00	1.00	338	338	338	338	-	-	-	-	
Erawan Hotel Growth Property Fund	Investment in properties	Thailand	20.00	20.00	1,792.63	1,827.71	358,526	365,542	135,186	154,736	269,433	288,804	5,212	11,031	
Total							358,864	365,880	135,524	155,074			5,212	11,031	

Separate financial statements

	Ownership interest	Country of incorporation	Paid-up capital		Cost		Impairment		At cost - net		Fair value of listed security		Dividend income for the three-month periods ended			
			31	31	31	31	31	31	31	31	31	31	31	31		
			March 2017	December 2016	March 2017	December 2016	March 2017	December 2016	March 2017	December 2016	March 2017	December 2016	March 2017	December 2016	March 2017	March 2016
			(%)			(in million Baht)					(in thousand Baht)					
Associates																
Rajprasong Development Co., Ltd.	48.00	48.00	48.00	48.00	1.00	1.00	338	338	-	-	338	338	-	-	-	-
Erawan Hotel Growth Property Fund	20.00	20.00	20.00	20.00	1,792.63	1,827.71	358,526	365,542	-	-	358,526	365,542	269,433	288,804	5,212	11,031
Total							358,864	365,880	-	-	358,864	365,880			5,212	11,031

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

6 Investment in subsidiaries

<i>Three-month period ended 31 March</i>	Separate financial statements	
	2017	2016
At 1 January	4,415,160	4,415,160
At 31 March	<u>4,415,160</u>	<u>4,415,160</u>

During the three-month period ended 31 March 2017 there were no acquisitions and disposals of investments in subsidiaries.

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Investments in subsidiaries as at 31 March 2017 and 31 December 2016, and dividend income from those investments for the three-month periods ended 31 March 2017 and 2016 were as follows:

Separate financial statements

Subsidiaries	Type of business	Ownership Interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the three-month periods ended	
		31	31	31	31	31	31	31	31	31	31	31	31
		March 2017	December 2016	March 2017	December 2016	March 2017	December 2016	March 2017	December 2013	March 2017	December 2016	March 2017	March 2016
Direct subsidiaries		<i>(%)</i>		<i>(in million Baht)</i>				<i>(in thousand Baht)</i>					
Erawan Hotel Public Company Limited	Hotel	73.64	73.64	119.50	119.50	819,710	819,710	-	-	819,710	819,710	-	-
Erawan Chaophraya Company Limited	Hotel	99.99	99.99	71.00	71.00	68,000	68,000	-	-	68,000	68,000	-	-
Erawan Rajdamri Company Limited	Hotel	99.99	99.99	450.00	450.00	451,291	451,291	-	-	451,291	451,291	-	-
Erawan Phuket Company Limited	Hotel	99.99	99.99	1,750.00	1,750.00	1,782,001	1,782,001	-	-	1,782,001	1,782,001	-	-
Erawan Samui Company Limited	Hotel	99.99	99.99	330.00	330.00	376,858	376,858	-	-	376,858	376,858	-	-
Erawan Naka Company Limited	Land owner	99.99	99.99	26.50	26.50	19,300	19,300	-	-	19,300	19,300	-	-
The Reserve Company Limited	Property development	99.99	99.99	185.00	185.00	185,000	185,000	-	-	185,000	185,000	-	-
Erawan Commercial Management Company Limited	Management service	99.99	99.99	2.00	2.00	2,000	2,000	-	-	2,000	2,000	-	-
Erawan Hop Inn Company Limited	Hotel	99.99	99.99	696.00	696.00	696,000	696,000	-	-	696,000	696,000	-	-
Erawan Growth Management Company Limited	Hotel	99.99	99.99	15.00	15.00	15,000	15,000	-	-	15,000	15,000	-	-
Total						4,415,160	4,415,160	-	-	4,415,160	4,415,160	-	-

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

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Separate financial statements

Subsidiaries	Type of business	Country of incorporation	Ownership Interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the three-month periods ended			
			31	31	31	31	31	31	31	31	31	31	31	31		
			March	December	March	December	March	December	March	December	March	December	March	December	March	March
			2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Indirect subsidiaries																
Taveesapanan Company Limited	Hotel	Thailand	99.99	-	30.00	-	-	-	-	-	-	-	-	-	-	
Erawan Mauritius Limited	Holding company	Mauritius	100.00	100.00	524.79	378.55	-	-	-	-	-	-	-	-	-	
Erawan Singapore Pte. Ltd.	Holding company	Singapore	100.00	100.00	518.11	373.24	-	-	-	-	-	-	-	-	-	
Erawan Philippines, INC.	Holding company	Philippines	99.99	99.99	272.58	272.58	-	-	-	-	-	-	-	-	-	
Erawan Philippines (Ermita), INC.	Hotel	Philippines	99.99	99.99	74.01	71.77	-	-	-	-	-	-	-	-	-	
Erawan Philippines (Makati), INC.	Hotel	Philippines	99.99	99.99	62.83	62.83	-	-	-	-	-	-	-	-	-	
Erawan Philippines (Ascana), INC.	Hotel	Philippines	99.99	99.99	80.14	80.14	-	-	-	-	-	-	-	-	-	
Erawan Philippines (Alabang), INC.	Hotel	Philippines	99.99	99.99	18.50	18.50	-	-	-	-	-	-	-	-	-	
Erawan Philippines (Quezon City), INC.	Hotel	Philippines	99.99	99.99	18.50	18.50	-	-	-	-	-	-	-	-	-	
PT. Erawan Indonesia Jakarta	Hotel	Indonesia	99.96	99.96	74.03	74.03	-	-	-	-	-	-	-	-	-	
Total																

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7 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 31 March 2017 and 2016 were as follows:

<i>Three-month period ended 31 March</i>	Consolidated financial statements			
	2017		2016	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value <i>(in thousand Baht)</i>	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
Land	22,718	-	2,000	(12,459)
Buildings and improvements	32,411	(1,543)	72,418	-
Furniture, fixtures and office equipment	17,577	(207)	25,318	(519)
Vehicles	-	-	-	(41)
Hotel operating equipment	648	(146)	2,182	-
Assets under construction	232,906	(41,700)	123,769	(174,753)
Total	306,260	(43,596)	225,687	(187,772)

<i>Three-month period ended 31 March</i>	Separate financial statements			
	2017		2016	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value <i>(in thousand Baht)</i>	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
Buildings and improvements	1,379	-	5,899	-
Furniture, fixtures and office equipment	6,238	(151)	3,640	(445)
Hotel operating equipment	4	(146)	64	-
Assets under construction	60,008	(925)	21,926	(59,224)
Total	67,629	(1,222)	31,529	(59,669)

Vehicles of the Company which are under finance lease agreement have net book values as at 31 March 2017 of Baht 3.7 million (*31 December 2016: Baht 4.0 million*).

The Group and the Company have mortgaged their property, buildings and improvements, with net book values as at 31 March 2017 of Baht 9,723.5 million and Baht 5,819.8 million, respectively (*31 December 2016: the Group and the Company of Baht 9,821.8 million and Baht 5,869.9 million, respectively*), as collateral against credit facilities received from financial institutions and transferred the related beneficiary rights under insurance policies to the financial institutions to secure the loans with the conditions stipulated in the agreement (see note 9 to the financial statements). In addition, the ownership of buildings and building improvements on the leased land for some contracts will be transferred to the lessors upon the termination of the agreements.

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8 Leasehold rights for land and buildings

The Group and the Company have mortgaged their leasehold rights for land, with net book values as at 31 March 2017 of Baht 580.9 million and Baht 535.1 million, respectively (*31 December 2016: the Group and the Company of Baht 586.2 million and Baht 539.6 million, respectively*), as collateral against credit facilities received from financial institutions (see note 9 to the financial statements).

9 Long-term borrowings from financial institutions

The long-term borrowings are secured by the mortgage of land, building, leasehold rights for land and existing buildings on the leased land belonging to the Group. In addition, the Group transferred the rights and beneficiary rights under insurance policies to the lenders to secure the borrowings with the conditions stipulated in the agreement. Certain borrowings are also secured by a guarantee provided by the Company and pledging of 1,599,994 shares of Erawan Rajdamri Company Limited.

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

10 Share capital

<i>Three-month period ended 31 March</i>	Par value per share (in Baht)	2017		2016	
		Number (thousand shares / in thousand Baht)	Amount	Number	Amount
<i>Authorised</i>					
At 1 January					
Ordinary shares	1	<u>2,537,893</u>	<u>2,537,893</u>	<u>2,505,000</u>	<u>2,505,000</u>
At 31 March					
Ordinary shares	1	<u>2,537,893</u>	<u>2,537,893</u>	<u>2,505,000</u>	<u>2,505,000</u>
<i>Issued and paid-up</i>					
At 1 January					
Ordinary shares	1	2,498,173	2,498,173	2,498,173	2,498,173
Issue under ESOP	1	<u>1,748</u>	<u>1,748</u>	<u>-</u>	<u>-</u>
At 31 March					
Ordinary shares	1	<u>2,499,921</u>	<u>2,499,921</u>	<u>2,498,173</u>	<u>2,498,173</u>

Employee Stock Option Plan (ESOP)

At the annual general meeting of the shareholders of the Company held on 26 April 2016, the shareholders of the Company approved the issuance of the employee stock option plan for the employee of the Group in the amount of Baht 39,720,000 options, Grant 4 (ESOP-4). The Company granted such ESOP to the employees on 1 February 2017. The period of the plan shall not exceed 5 years from date of shareholders' approval on 26 April 2016. The employees are entitled to exercise their rights to purchase shares within 30 December 2020. The key terms and conditions were as follow:

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No.	Exercise period	Number of eligible options	Exercise price
1	1 February 2017 - 30 December 2020	10% of total allocated options	3.60
2	1 January 2018 - 30 December 2020	20% of total allocated options	3.70
3	1 January 2019 - 30 December 2020	30% of total allocated options	3.80
4	1 January 2020 - 30 December 2020	40% of total allocated options	3.90

Fair value measurement

The Company measured approximate fair value of the options granted through the plan by using the binomial model. The weighted average fair value at the grant date was from Baht 0.99 to Baht 1.15 per unit. Key assumptions were as follows:

Share price at the grant date	4.42 Baht/share
Expected volatility	30%
Expected dividends	1.55% per annum
Risk-free interest rate	1.43% - 2.04% per annum depend on period of time

For the period ended 31 March 2017, the Group recognised share-based payment expense of Baht 2.6 million in the consolidated and separate financial statements.

Movements in the number of outstanding options during the three-month period ended 31 March 2017 and 2016 were as follows:

	2017	2016
	<i>(thousand units)</i>	
At 1 January	-	-
Issued	39,720	-
Exercised	(1,748)	-
At 31 March	<u>37,972</u>	<u>-</u>

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

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11 Segment information

Information about reportable segments:

	Hotel business		Rental and building management business		Other business		Unallocated assets		Eliminations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	<i>(in million Baht)</i>											
External revenues	1,584	1,499	51	46	-	6	-	-	-	-	1,635	1,551
Inter - segment revenue	8	11	1	1	-	-	27	23	(36)	(35)	-	-
Total segment revenue	1,592	1,510	52	47	-	6	27	23	(36)	(35)	1,635	1,551
Segment profit (loss) before income tax	315	255	21	17	-	2	(34)	(25)	(16)	(7)	286	242
Segment assets as at 31 March/ 31 December	18,974	18,390	505	479	56	57	4,002	3,422	(8,308)	(7,437)	15,229	14,911
Segment liabilities as at 31 March/ 31 December	9,197	8,990	59	56	1	1	2,865	2,435	(2,176)	(1,643)	9,946	9,839

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Reconciliation of reportable segment profit or loss

<i>Three-month period ended 31 March</i>	2017	2016
	<i>(in million Baht)</i>	
Profit or loss		
Total profit for reportable segments before income tax and elimination of inter-segment	336	274
Elimination of inter-segment	(16)	(7)
Unallocated corporate expenses	(27)	(33)
Share of profit (loss) of investment in associate	(7)	8
Consolidated profit before income tax	286	242

Geographical segments

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

Geographical information

	Revenue		Non-current assets	
	31 March 2017	31 March 2016	31 March 2017	31 December 2016
	<i>(in million Baht)</i>			
Thailand	1,624	1,550	13,344	13,352
Philippines	10	-	390	325
Other countries	1	1	-	-
Total	1,635	1,551	13,734	13,677

12 Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. The Group's and the Company's consolidated effective tax rate in respect of continuing operations for the three-months ended 31 March 2017 was 20.77% and 19.54%, respectively (31 March 2016: 18.06% and 18.40%, respectively). This change in effective tax rate was caused mainly by the following factors:

- Unutilised tax losses brought forward from previous years have been utilised during the period to set-off against the current period's tax charge.
- The different treatment for accounting and taxation purposes of certain items of income and expenses.
- Losses suffered by certain subsidiaries cannot be set-off against the profits of other subsidiaries for tax purposes.

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13 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the three-month periods ended 31 March 2017 and 2016 were based on the profit for the periods attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the periods as follows:

<i>Three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>207,654</u>	<u>191,072</u>	<u>143,809</u>	<u>123,243</u>
Number of ordinary shares outstanding at 1 January	2,498,173	2,498,173	2,498,173	2,498,173
Effect of shares options exercised	<u>635</u>	<u>-</u>	<u>635</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (basic)	<u>2,498,808</u>	<u>2,498,173</u>	<u>2,498,808</u>	<u>2,498,173</u>
Earnings per share (basic) (in Baht)	<u>0.0831</u>	<u>0.0765</u>	<u>0.0576</u>	<u>0.0493</u>

Diluted earnings per share

The calculations of diluted earnings per share for the three-month periods ended 31 March 2017 and 2016 were based on the profit for the periods attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the periods after adjusting for the effects of all dilutive potential ordinary shares as follows:

<i>Three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>207,654</u>	<u>191,072</u>	<u>143,809</u>	<u>123,243</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>207,654</u>	<u>191,072</u>	<u>143,809</u>	<u>123,243</u>
Weighted average number of ordinary shares outstanding (basic)	2,498,808	2,498,173	2,498,808	2,498,173
Effect of share options granted	<u>5,955</u>	<u>-</u>	<u>5,955</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>2,504,763</u>	<u>2,498,173</u>	<u>2,504,763</u>	<u>2,498,173</u>
Earnings per share (diluted) (in Baht)	<u>0.0829</u>	<u>0.0765</u>	<u>0.0574</u>	<u>0.0493</u>

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14 Financial instruments

Determination of fair values for financial assets and financial liabilities not measured at fair value

Most of financial assets and liabilities of the Group were short-term. The fair value of financial assets and liabilities is taken to approximate the carrying value as determined in the statement of financial position.

The fair value of long-term borrowings is taken to approximate the carrying amount stated in the accounts because of interest on borrowings approximates to market rates.

15 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	<i>(in million Baht)</i>			
Capital commitments				
Contracted but not provided	1,048.4	621.2	567.1	309.7
Future minimum lease payments under non-cancellable operating leases				
Within one year	166.8	122.1	51.0	51.0
After one year but within five years	470.2	372.5	205.3	198.0
After five years	3,969.8	3,989.7	2,745.5	2,759.0
Total	4,606.8	4,484.3	3,001.8	3,008.0
Commitments under service agreements				
Within one year	83.9	63.9	51.4	38.1
After one year but within five years	15.5	19.8	9.6	12.6
After five years	2.8	2.8	2.7	2.8
Total	102.2	86.5	63.7	53.5
Other commitments				
Guarantee for bank credit facilities	2,268.7	1,473.9	2,268.7	1,473.9
Bank guarantees	32.9	32.0	16.1	16.1
Total	2,301.6	1,505.9	2,284.8	1,490.0

16 Events after the reporting period

At the annual general meeting of the shareholders of the Company held on 25 April 2017, the shareholders approved the appropriation of dividends of Baht 0.06 per share, amounting to Baht 149.89 million. The dividends will pay to the shareholders on 24 May 2017.

At the annual general meeting of the shareholders of a subsidiary held on 28 April 2017, the shareholders approved the appropriation of dividends of Baht 2.24 per share, amounting to Baht 178.55 million. The dividends will be paid to the shareholders on 26 May 2017.

On 27 April 2017, Erawan Singapore Pte. Ltd., an indirect subsidiary has paid-up the ordinary shares of Erawan Philippines, INC. of 45,000,613 ordinary shares with par value of PHP 1 per share, amounting to PHP 45,000,613.

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On 8 May 2017, Erawan Singapore Pte. Ltd., an indirect subsidiary has paid-up the ordinary shares of Erawan Philippines, INC. of 141,868,800 ordinary shares with par value of PHP 1 per share, amounting to PHP 141,868,800.

On 8 May 2017, Erawan Philippines, INC., an indirect subsidiary has paid-up the ordinary shares of Erawan Philippines (Alabang), INC. of 55,000,000 ordinary shares with par value of PHP 1 per share, amounting to PHP 55,000,000.

On 8 May 2017, Erawan Philippines, INC., an indirect subsidiary has paid-up the ordinary shares of Erawan Philippines (Quezon City), INC. of 17,000,000 ordinary shares with par value of PHP 1 per share, amounting to PHP 17,000,000.

17 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2016, which are included in the 2017 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2017 interim financial statements. The reclassifications were as follows:

	2016					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
			<i>(in thousand Baht)</i>			
Statement of financial position as at 31 December 2016						
Other current assets	176,075	(44,294)	131,781	83,712	(41,109)	42,603
Other non-current assets	27,867	44,294	72,161	19,334	41,109	60,443
		-			-	

These reclassifications have principally been made because, in the opinion of management, the new classification is more appropriate to the Group's business.