

EHC THAILAND LIMITED
(Formerly European Hotels Corporation (Thailand) Limited)

REPORT AND FINANCIAL STATEMENTS

31 OCTOBER 2007



EHC THAILAND LIMITED
(Formerly European Hotels Corporation (Thailand) Limited)

REPORT OF THE DIRECTOR

Directors	The Lord David Rowe-Beddoe	
	The Lord McAlpine of West Green	(resigned 14 August 2007)
	The Hon David M McAlpine	(resigned 14 August 2007)
	Martin R Landau	(resigned 14 August 2007)
Secretary	Taylor Wessing Secretaries Limited	(appointed 29 June 2007)
	Andrew R Bolt	(resigned 29 June 2007)

The director presents his annual report and the audited financial statements for the year ended 31 October 2007

1 RESULTS FOR THE YEAR

The profit for the year on ordinary activities after taxation amounted to £1,024,087 (2006 loss of £2,815) which has been deducted from the deficit brought forward of £7,738 to give a surplus of £1,016,349 to carry forward

The director does not recommend the payment of a dividend (2006 £Nil)

2 PRINCIPAL ACTIVITIES

The company is involved in a hotel development project in Thailand and expects to continue this activity for the foreseeable future

3 REVIEW OF THE BUSINESS

The director's report has been prepared in accordance with the special provisions relating to small companies under S 246(4), Companies Act 1985

4 DIRECTORS

On 14 August 2007 Martin R Landau, The Lord McAlpine of West Green and The Hon David M McAlpine resigned as directors of the company

The remaining director, as set out above, served throughout the year and remains in office

5 CHANGE OF NAME

On 9 August 2007 the company changed its name from European Hotels Corporation (Thailand) Limited to EHC Thailand Limited

6 DISCLOSURE OF INFORMATION TO AUDITORS

The director, at the date of approval of this report, confirms that -

- so far as he is aware, there is no relevant audit information which has not been disclosed to the auditors, and
- he has taken the necessary steps to ensure that he is aware of all relevant information and that this has been communicated to the auditors

This information is given in accordance with S 234ZA of the Companies Act 1985

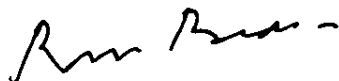
EHC THAILAND LIMITED
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REPORT OF THE DIRECTOR (CONTINUED)

7 AUDITORS

In accordance with S 385, Companies Act 1985, a resolution to re-appoint Deloitte & Touche LLP as auditors of the company will be presented to the members at the forthcoming Annual General Meeting

By order of the sole Director



The Lord David Rowe-Beddoe

Registered Office
Carmelite
50 Victoria Embankment
Blackfriars
London
EC4Y 0DX

11 AUGUST 2008

EHC THAILAND LIMITED
(Formerly European Hotels Corporation (Thailand) Limited)

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations

United Kingdom company law requires the director to prepare financial statements for each financial year. Under that law, the director has elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards and applicable laws). The financial statements are required by law to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for the company's system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

EHC THAILAND LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EHC THAILAND LIMITED (FORMERLY EUROPEAN HOTELS CORPORATION (THAILAND) LIMITED)

We have audited the financial statements of EHC Thailand Limited for the year ended 31 October 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

EHC THAILAND LIMITED
(Formerly European Hotels Corporation (Thailand) Limited)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EHC THAILAND LIMITED (CONTINUED)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

18 August 2008

EHC THAILAND LIMITED
(Formerly European Hotels Corporation (Thailand) Limited)

PROFIT AND LOSS ACCOUNT
Year ended 31 October 2007

	<u>Notes</u>	<u>2007</u> £	<u>2006</u> £
Turnover - continuing operations	1	1,071,294	-
Cost of sales		-	(2,782)
		<hr/>	<hr/>
Gross profit/(loss)		1,071,294	(2,782)
Administrative expenses		(47,207)	(33)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation - continuing operations	2	1,024,087	(2,815)
Tax on profit/(loss) on ordinary activities	3	-	-
		<hr/>	<hr/>
Profit/(loss) for the financial year	8	1,024,087	(2,815)
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains or losses (2006 £Nil) other than the profit/(loss) for the financial year and therefore no statement of total recognised gains and losses is given

EHC THAILAND LIMITED
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BALANCE SHEET AS AT 31 OCTOBER 2007

	<u>Notes</u>	<u>2007</u> £	<u>2006</u> £
FIXED ASSETS			
Investments	5	2,820,749	217,522
CURRENT ASSETS			
Debtors		961,538	-
Prepayments and accrued income		87,057	-
		<u>1,048,595</u>	<u>-</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	6	(2,852,895)	(225,160)
NET CURRENT LIABILITIES		<u>(1,804,300)</u>	<u>(225,160)</u>
NET ASSETS/(LIABILITIES)		<u>1,016,449</u>	<u>(7,638)</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account		1,016,349	(7,738)
SHAREHOLDERS' FUNDS/(DEFICIT)	8	<u>1,016,449</u>	<u>(7,638)</u>

The financial statements were approved by the sole Director on

11 AUGUST 2008

Signed by the sole Director



The Lord David Rowe-Beddoe

EHC THAILAND LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 October 2007

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The accounting policies have been applied consistently throughout the current and preceding years. The particular policies adopted are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. The exchange movements are dealt with in the profit and loss account.

Turnover

Turnover represents fees receivable and recovery of costs incurred in relation to the hotel development project, excluding VAT.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Financial Reporting Standard No. 19, Deferred Tax, requires full provision for timing differences which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future. Deferred tax assets are recognised to the extent that it is regarded more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash flow

Under Financial Reporting Standard No. 1, Cash Flow Statements, the company is exempt from the requirement to prepare a cash flow statement since it qualifies as a "small company".

2 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The audit fee for the current year amounted to £2,000 and was borne by the company's parent undertaking, EHC International Limited (2006: £100 borne by EHC International Limited).

EHC THAILAND LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 October 2007

3 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

There is no tax charge for the year (2006 £Nil)

Factors affecting the tax charge for the current year

	<u>2007</u> £	<u>2006</u> £
Profit/(loss) on ordinary activities before taxation	1,024,087	(2,815)
United Kingdom Corporation Tax at 30% (2006 30%)	307,226	(845)
Transfer pricing adjustment	(125,010)	-
Utilisation of tax losses	(17,863)	845
Group relief	(164,353)	-
	-	-

A deferred tax asset was not recognised the previous year in respect of losses as there was insufficient evidence that the asset would be recovered. The amount of the asset not recognised was £17,863. The asset was fully recovered during the current year as there were sufficient taxable profits.

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees during the year (2006 None) and no emoluments were paid to the directors in respect of their services to the company (2006 £Nil)

5 FIXED ASSET INVESTMENTS

Shares in Unlisted Investments

	£
Cost	
As at 1 November 2006	217,522
Additions	2,603,227
	-
As at 31 October 2007	2,820,749

The shares in unlisted investments consist of a 20% holding in Phang Nga Corporation Limited, a company incorporated in the Cayman Islands which is involved in the Thai hotel development project.

In the director's opinion, the value of the shares in unlisted investments is not less than the amount at which they are stated on the balance sheet.

6 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2007</u> £	<u>2006</u> £
Amounts owed to parent company	249,665	222,375
Accruals	2,603,230	2,785
	-	-
	2,852,895	225,160

EHC THAILAND LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 October 2007

7 CALLED UP SHARE CAPITAL

	<u>2007</u> £	<u>2006</u> £
Authorised 1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid 100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

8 RECONCILIATION OF SHAREHOLDERS' FUNDS/(DEFICIT) AND MOVEMENTS ON RESERVES

	<u>2007</u> £	<u>2006</u> £
Profit/(loss) for the financial year	1,024,087	(2,815)
Opening equity shareholders' deficit	(7,638)	(4,823)
	<hr/>	<hr/>
Closing equity shareholders' funds/(deficit)	1,016,449	(7,638)
	<hr/>	<hr/>

9 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of the EHC International Limited group of companies and has taken advantage of the exemption which is conferred by Financial Reporting Standard No 8, Related Party Disclosures, that allows it not to disclose transactions with group undertakings

10 ULTIMATE PARENT UNDERTAKING

The company's immediate and ultimate parent undertaking is EHC International Limited, which is incorporated in Great Britain and registered in England and Wales. This is the only company to prepare consolidated accounts which include the results of this entity. Copies of the group accounts can be obtained from Taylor Wessing Secretaries Limited, Carmelite, 50 Victoria Embankment, Blackfriars, London, EC4Y 0DX

The controlling parties of EHC International Limited are Sir Robert McAlpine Enterprises Limited and Emarel Services (Overseas) S A