

Ref. EW/060/161/12

November 22, 2012

The President

The Stock Exchange of Thailand

Re: Management Discussion and Analysis (MD&A) for Q3/2012

Dear Sir,

Attached please find Management Discussion and Analysis report of Q3/2012. This report reflects the rationale behind the operating result submitted together.

Please be informed accordingly.

Sincerely yours,

Namsak Wannavisute

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Investor Relations

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For the consolidated EASTW's performance in Q3/2012, the company and its subsidiaries had total revenue of 956.78 million baht, up 139.88 million baht or 17% YoY. The details of the performance are as follows:

1. Analysis of Comprehensive Income Statement

Unit: Million Baht		Q3/2012	Q3/2011	Increase(Decrease)	
				MB.	%
1	Raw Water Sales Volume (Million Cubic Meters-MCM)	70.82	63.56	7.26	11%
2	Tap Water Sales Volume (Million Cubic Meters-MCM)	16.85	15.76	1.09	7%
3	Revenue from Raw Water	671.95	548.27	123.68	23%
4	Revenue from Tap Water	214.18	192.14	22.04	11%
5	Revenue from Rental & Services and Other	70.65	76.49	(5.85)	(8%)
6	Total Revenue	956.78	816.90	139.88	17%
7	Total COGS and Expenses	541.97	442.01	99.96	23%
8	Profit (Loss) before Interest and Tax	414.81	374.89	39.92	11%
9	Interest Expense	20.57	22.41	(1.84)	(8%)
10	Corporate Income Tax	93.45	110.99	(17.54)	(16%)
11	Net Profit (Loss)	300.80	241.49	59.31	25%

1.1 Analysis of Revenue

Raw water sale volume achieved 70.82 million cubic meters (MCM) increased 7.26 MCM or up 11% YoY. Total revenue increased 139.88 million baht or up 17%. Revenue from raw and tap water increased 23% and 11%, respectively. The main reasons are: 1) raw water sale volume rised from both consumption and industrial sector especially in petrochemical industry in Rayong area due to drought and delayed rainfall; 2) water consumption from tourists in Pattaya rose from 2011 and according to the Tourism Authority of Pattaya, revenue from tourism is expected to grow up 12% from 2011 and; 3) raw tariff increase 8% from 2011.

1.2 Analysis of costs and expenses

Unit: Million Baht	Q3/2012	%	Q3/2011	%
Total Revenue	956.78	100%	816.90	100%
Cost of Goods Sold (COGS)	426.00	45%	351.19	43%
Gross Profit	530.78	55%	465.71	57%
Selling and Administrative Expenses	115.97	12%	90.82	11%
EBIT	414.82	43%	374.89	46%
Finance Cost	20.57	2%	22.41	3%
EBT	394.25	41%	352.48	43%
Income Tax	93.45	10%	110.99	14%
Net Profit	300.80	31%	241.49	30%

The table shows that COGS to revenue increased from 43 % to 45 %, which is mainly due to two factors.

1) Cost of electricity increased 9.8 million baht from company temporary measures to support water reserves for the drought in Rayong area.

2) Cost of electricity was up 13.19 million baht for water diversion from Bangpakong River to reserve water in Chonburi area. As a result, COGS to revenue was up by 11%.

For SG&A expense to total revenue was up from 11% in Q3/2011 to 12% in Q3/2012 because most of activities such as training and development personnel course - Leadership Development Workshop by Executive Coaching Institute Berkeley Project, Knowledge Park, a living library and media technology for learning at Taksin Rayong High School which are the cost of corporate social responsibility (CSR) on the occasion of its 20th Anniversary, are all in Quarter 3 and 4.

2. Analysis of Statements of Financial Positions

		As of Sep 30, 2012	As of Dec 31, 2011	Increase (Decrease)	
				Million Baht	%
1	Total Assets	12,210.70	10,774.24	1,436.46	13
2	Total Liabilities	5,104.62	3,838.04	1,266.59	33
3	Shareholder's Equity	7,106.07	6,936.20	169.87	3

As of Sep 30, 2012, total assets were 12,210.70 million baht, an increase of 1,436.46 million baht from 10,774.24 million baht or up 13 % YoY, primarily from the construction in progress of Bangpra project of 315.75 million baht and the advance payment of the construction projects of 584.17 million baht for Tabma project.

Total Liabilities as of Sep 30, 2012 were recorded at 5,104.62 million baht, increasing 1,266.59 million baht from 3,838.04 or 33% compared to those of the end of the year 2011. The Company and its subsidiaries had drawdown, net off loan repayment in an amount of 846.27 million baht mainly to support Tabma and Bangpra project.

1.3 Analysis of Cash Flow Statement

	Q3/2012	Q3/2011	Increase (Decrease)	
			Million Baht	%
Operating Cash Flow	1,202.10	952.69	249.41	26

For the first 9 months of 2012, the company and its subsidiaries had cash and cash equivalents of beginning balance of 128.69 million baht. During the period, net cash increased by 117.78 million baht consisting of the following:

- **Net cash inflow from operating activities** of 1,202.10 million baht, mainly from improved performance of the company's earnings before tax amounted to 1,298.23 million baht, with non-cash items including depreciation expense amounted 227.75 million baht net off amortization and the effect from changes in assets and liabilities from company's operation.
- **Net cash used in investing activities** were 1,487.26 million. The main reasons are the advance payment for the construction projects amount 459.22 million bath mostly for Tabma and Bangpra project.
- **Net cash used in financing activities** of 402.94 million baht from the main items included dividend payment of 831.69 million baht, 0.30 baht per share paid on April 24, 2012 and the net cash inflow of 1,283.34 million baht from both short and long-term loans from financial institutions, net off with loans repayment.

3. Key Financial Ratios

	Q3/ 2012	Q3/2011	Increase (decrease)
Raw water – gross profit margin (%)	63%	63%	-
Tap water – gross profit margin (%)	45%	44%	1%
Net profit margin to total revenue (%)	31%	30%	1%
Return on equity (ROE) (%)	18%	13%	5%
Return on assets (ROA) (%)	11%	9%	2%
Debt to equity ratio (X)	0.72	0.55	0.17

- Gross profit margin of Raw Water and Tap Water – were at 63% and 45 %, respectively.
- Return on equity (ROE) and Return on Assets (ROA) were at 18% and 11 %, respectively, which ROE and ROA increased by 5% and 2% YoY as a result from high growth in net profit.
- Debt-to-equity ratio (D/E Ratio) - was at 0.72x, slightly up from the previous year, as the company's long term loan increased. The company's D/E ratio is maintained in line with those of the loan covenants, 2.0xD/E ratio.