



“ Where there is water, there is life ”

A n n u a l R e p o r t 2 0 0 9



EastWater

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Highlights of the year

Water distribution capacity and raw water consumption volume during 2002-2009

Unit: Million cubic meters/Year	2002	2003	2004	2005	2006	2007	2008	3 months Oct-Dec 2008	2009*
Total Water Consumption	140.03	156.52	177.65	190.10	199.36	211.20	227.69	51.86	221.27
Water distribution capacity	328.00	328.00	343.00	423.00	423.00	473.00	473.00	473.00	473.00
Water distribution capacity to water consumption ratio (Unit : Times)	2.34	2.10	1.93	2.23	2.12	2.24	2.08	2.28	2.14

*Accounting period from Jan 1 – Dec 31, 2009

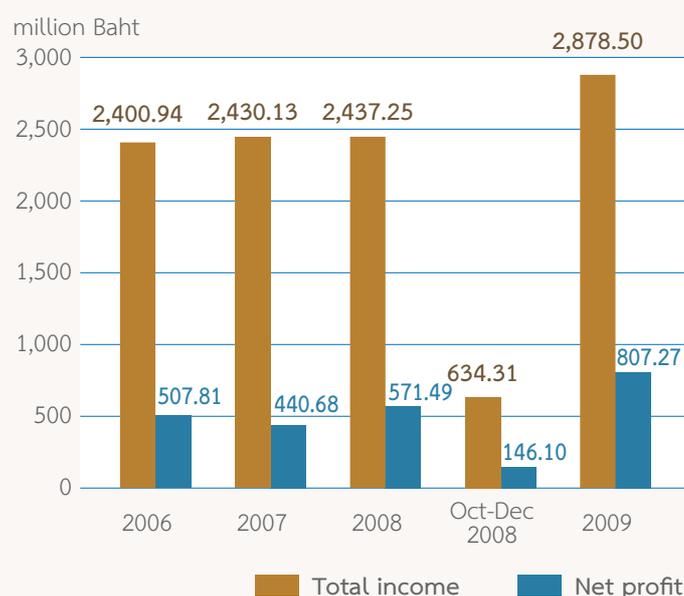
Financial ratios

Description	Company financial statement					Consolidated financial statement				
	2006	2007	2008	3 months Oct-Dec 2008	2009*	2006	2007	2008	3 months Oct-Dec 2008	2009*
Book value per share (Baht/share)	3.31	3.35	3.47	3.54	3.63	3.33	3.50	3.59	3.68	3.81
Net profit per share (Baht/share)	0.39	0.33	0.31	0.08	0.44	0.39	0.33	0.34	0.09	0.49
Dividend per share (Baht/share)	0.25	0.25	0.25	-	0.10**	0.25	0.25	0.25	-	0.10**
Net profit to total income (%)	33.00	22.98	25.30	25.10	30.92	21.50	18.13	23.45	23.03	28.04
Return on shareholders equity (%)	12.04	9.58	10.09	8.68	12.20	11.92	9.36	10.70	9.66	12.96
Return on assets (%)	5.96	4.86	5.87	5.79	8.63	5.48	4.49	5.97	6.26	8.73
Debt to equity ratios (Times)	1.01	0.97	0.52	0.48	0.35	1.20	1.09	0.56	0.53	0.44

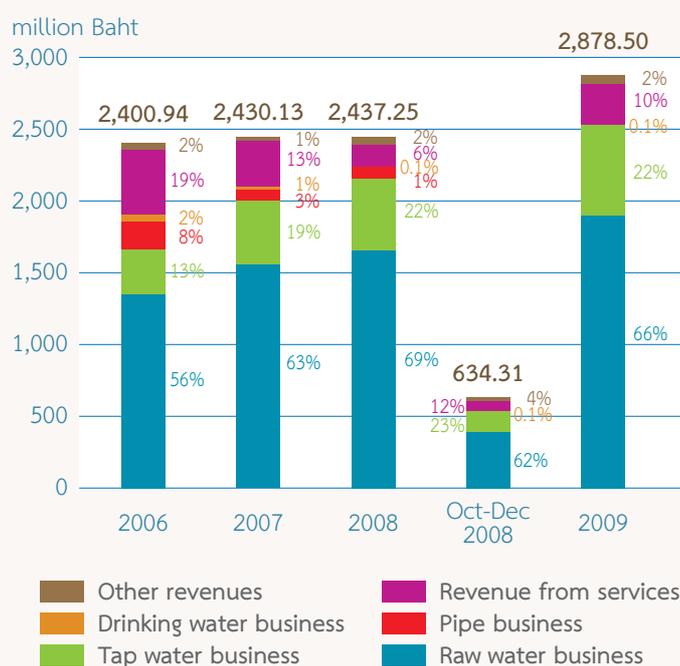
*Accounting period from Jan 1 – Dec 31, 09

**The interim dividend payment announced in accordance with the Board of Directors' meeting's resolution no. 8/2009 on August 24, 2009.

Comparison of total income and net profit in 2006-2009



Other source of income



Vision

To be a leader in valued water management for economic advancement and social sustainability or
“Water solution for all”

Missions

- To sufficiently provide water source and manage raw water pipeline networking for consumption and industry.
- To maintain the growth of business with transparency and integration

Strategies



The strategies for operation are stipulated to be in accordance with the Vision by covering 4 important focuses: finance and investment, stakeholders, management, and learning of organization and information technology development:

1. Finance and investment

- 1.1 Increase the main revenue and to develop downstream business
- 1.2 Perform appropriate cost control
- 1.3 Achieve financial management as investment accommodation
- 1.4 Develop related business and others

- 1.5 Enhance overseas business and to form local and international alliances
- 1.6 Implement raw water price policy to correspond with the cost

2. Stakeholders

- 2.1 Create satisfaction to all stakeholders
- 2.2 Promote the image of the organization

- To be the knowledge center of regional water technology
- To develop and manage tap water system, water reusing system, and waste water treatment system with appropriate technology and at reasonable cost.
- To operate business with Corporate Social Responsibility
- To be the leader in water management as a pride of staff

3. Management

- 3.1 Allocate water source and reserved water resource
- 3.2 Increase water supply volume
- 3.3 To maintain and increase the efficiency of water supply pumping
- 3.4 Perform good corporate governance
- 3.5 Manage assets with the utmost efficiency and effectiveness
- 3.6 Establish organization structure to connect the group of companies

4. Learning of organization and information technology development

- 4.1 Enhance knowledge and competency, and promote employees' development, as well as provide appropriate compensation
- 4.2 Promote quality of life and environment of employees within the Company and offices
- 4.3 Improve enterprise system with integration
- 4.4 Maintain stability and efficiency of the computer system and the group of companies' network



Message

from the Chairman

In 2009, for efficient management, the Company's operation was improved in many ways by placing an emphasis upon equally creating benefit to all stakeholders with the main concern on the benefit of the Company's major shareholders.

The Company has realized and understood the present economy situation of which has been continuously slow down since the end of 2008 and had resulted in the reduction of raw water reduction. The Company's management in 2009 focused on maintaining satisfactory operating results and financial stability with cost reduction strategy such as water pumping electricity cost control, cash management for cost reduction, employee and executive budget control, including internal resource usage control of which to combine the two operation centers to reduce spare part provision as well as to increase complete service efficiency. The operation strategy helped enhance the Company's net profit to improve from 2008 higher than expected and the Board of Directors had approved the interim dividend payment in the middle of the fiscal year 2009.

To strengthen long-term business stability, the Company has provided its own water resource as an alternative by signing a long-term raw water purchase agreement with a traceable private company. The Company also lawfully received raw water provision from the government sector to help reduce the risk from drought, as well as to increase capability of raw water pumping from the construction project of the third Nong Plalai-Map Ta Phut pipeline to serve the future growing demand within 10 year-period for water consumption and industry within Map Ta Phut, Rayong Province. In the future, the Company's investment projects will not only serve the demand of water consumption and business advantage to the Company, but also insist on responsibility to the users and community. They are to be environmental friendly and accepted among community. In addition, the Company also focused on asset management with asset categorization to control and efficiently use.

In terms of social responsibility, the Company has realized the economic impact on the water consumers. Since water is a necessity for the living of human, the Company reduced the raw water supplied price for the consumption of the low income group - household and civil service group - to decrease the burden of the group. In 2009, the Company also established the Social and Environment Development Division to be responsible for any Corporate Social Responsibility (CSR) activities with effectiveness. The Company's staff has persistently joined the activities. Moreover, the Company performed approach CSR strategy by visiting the representative of the community or local administration in the operation area to acknowledge problems in each area and to solve such problems with appropriate solution, leading to the utmost benefit to the community.

In terms of human resources management, the Company sees its staff as the essence to drive the organization. Thus, the Company has stipulated appropriate practices which focus on creating good organization culture with clear code conducts of the management team or supervisor toward the subordinates. In addition, the Company supported the training of its staff according to their interest field to increase their knowledge. The Company also organized recreation activities to promote harmony within the organization. Most importantly, the Company set up a corporate communication channel for operation staff to communicate with the management level and the Board of the Company. The Company aims to combine all level of staff as well as to decrease the gap within the organization.

At last, the Board of Directors of the Company would like to thank the shareholders and all stakeholders, including alliances from the government and the private sectors for continuous trust and support to the Company, helping the Company to move forward to create long-term stability and strength.


Mr. Utid Tamwatin
Chairman

Board of Directors



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1. Mr. Utid Tamwatin

Age 61

Position : Chairman (Independent Director)
Education : Master of Law
University of California, Berkeley, USA
Barrister at Law, LL.B (honour)
Thammasat University

Special course : DCP 3/2000 NDC* 399

Work experience :

May 07 - Present Chairman
May 07 - Apr 07 } Director
Jan 03 - Jan 07 } Eastern Water Resources Development
and Management Plc.
Apr 08 - Present Director, Thaioil Plc.
Jul 08 - Sep 08 Deputy Permanent Secretary
Ministry of Finance
Dec 03 - Sep 08 Director, Sukhumvit Asset Management Co.,Ltd.
Feb 08 - Sep 08 } Director
Mar 07 - Jan 08 } Airports of Thailand Plc.
Oct 07 - Jun 08 Director-General, of The Customs Department
Nov 06 - Sep 07 Deputy Permanent Secretary
Ministry of Finance
Oct 04 - Oct 06 Director-General, The Excise Department
EW shareholding : None

2. Mr. Kanoksakdi Bhinsaeng

Age 53

Position : Director
(1) Chairman of the Executive and Investment
Committee
(2) Member of the Remuneration Committee
Education : Master of Public Administration
(Public Policy and Human Resource
Management), Sripatum University
Bachelor of Liberal Art (Political Science)
Ramkamhaeng University

Special course : DCP 106/2008 DAP 73/2008
NDC* 4414 ICMA*** 9

Work experience :

May 07 - Present Director, Eastern Water Resources
Development and Management Plc.
Mar 08 - Present Director, Universal Utilities Co.,Ltd.
Director, Bangpakong Water Supply Co.,Ltd.
Director, Chachoengsao Water Supply Co.,Ltd.
Director, Nakornsawan Water Supply Co.,Ltd.
Present Director, Ekarat Engineering Plc.
EW shareholding : None

3. Pol.Lt.Gen. Somyot Poompanmoung

Age 55

Position : Director
(1) Chairman of the Evaluation Committee
(2) Member of the Executive and Investment
Committee
(3) Member of the Risk Management Committee

Education : Master of Political Science
Puna University, India
Bachelor of Political Science
Police Cadet Academy

Special course : DCP 107/2008 FSD 2/2008
NDC* 4717 BO.YO.SO. 13

Work experience :

May 07 - Present Director, Eastern Water Resources
Development and Management Plc.
Feb 08 - Present Director, The Provincial Electricity Authority
Dec 08 - Present กรรมการ
การรถไฟฟ้ าขนส่งมวลชนแห่งประเทศไทย
Oct 07 - Present Assistant Commissioner General
Apr 07 - Present Director, The Provincial Waterworks Authority
Jun 07 - Sep 07 Commissioner, Central Investigation Bureau
Feb 07 - May 07 Commissioner of the Office of Inspector-General
EW shareholding : None





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4. Mr. Wiset Chamnarwong

Age 58

Position : Director
(1) Chairman of the Corporate Governance Committee
(2) Member of the Risk Management Committee

Education : M. Eng. (Water Resources Eng.)
Asia Institute of Technology (AIT)
B.Eng (Civil), Chulalongkorn University

Special course : DCP 121/2009

Work experience :
May 08 - Present Director, Eastern Water Resources Development and Management Plc.
May 08 - Present Director and Governor
The Provincial Waterworks Authority (PWA)
Oct 07 - Apr 08 Deputy Governor (Operation 3) (PWA)
Oct 07 - Sep 07 Deputy Governor (Administration and Finance) (PWA)
Jan 07 - Sep 07 Deputy Governor (Operation 4) (PWA)
Jan 05 - Dec 06 Deputy Governor (Operation 3) (PWA)

EW shareholding : None

5. Mrs. Monta Pranootnorapal

Age 55

Position : Director
(1) Chairperson of the Risk Management Committee
(2) Member of the Evaluation Committee

Education : Master of Public Administration
National Institute of Development Administration (NIDA)
LL.B (honour), Thammasat University
DCP 84/2007 NDC* 0518

Special course :

Work experience :
Jan 07 - Present Director, Eastern Water Resources Development and Management Plc.
Jan 07 - Present Director and Governor
Industrial Estate Authority of Thailand

Oct 04 - Dec 07 Deputy Governor 11 (Industrial Port)
Industrial Estate Authority of Thailand

EW shareholding : None

6. Mrs. Nisakorn Tadthiemrom

Age 61

Position : Director (Independent Director)
(1) Chairperson of the Audit Committee
(2) Member of the Nominating Committee
(3) Member of the Evaluation Committee

Education : MBA University of Wisconsin, Madison, USA
BA. (Economics 2nd Class Honor)
Chulalongkorn University

Special course : DCP 120/2009 ACP 27/2009
Certificate, Governance and Public Law**** 6
NDC* 4414

Work experience :
May 08 - Present Director, Eastern Water Resources Development and Management Plc.
Present Director and Secretary, Committee of Budgeting Accounting Financing and Internal Auditing, The Thai Red Cross Society
Apr 05 - Dec 07 Deputy Secretary General
The National Telecommunications Commission
Oct 04 - Apr 05 Advisor Bureau of the Budget
Bureau of the Budget

EW shareholding : None

* Diploma, National Defence College

** Politics and Governance in Democratic Systems for Executives Course,
King Prajadhipok's Institute

*** Certificate, Capital Market Academy

**** Certificate, Governance and Public Law, King Prajadhipok's Institute



Board of Directors and Adviser to the Board of Directors



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7. Mr. Boonmee Juntaravong Age 63
Position : Director (Independent Director)
 (1) Chairman of the Remuneration Committee
 (2) Member of Audit Committee
Education : Master of Science (Agriculture Economics)
 Iowa State University, USA
 Bachelor of Entomology, Kasetsart University
Special course : DCP 120/2009 ACP 27/2009
 NDC* 4212 KPI** 3
Work experience :
 May 08 - Present Director, Eastern Water Resources
 Development and Management Plc.
 Mar 08 - Present Director, Metropolitan Electricity Authority
 Jan 08 - Present Director, The Transportation Co.,Ltd.
 Oct 05 - Sep 06 Chairman of the Audit Committee
 Bank for Agriculture and Agricultural
 Cooperatives
 Oct 45 - Sep 06 } Director General of Cooperatives Promotion
 Aug 41 - Sep 44 } Department, Ministry of Agriculture and
 Cooperatives
EW shareholding : None

8. Mrs. Leena Charoensri Age 64
Position : Director
 (1) Member of Nominating Committee
 (2) Member of Risk Management
 Committee
Education : B.Acc., Thammasat University
Special course : KPI** 6
Work experience :
 Feb 08 - Present Director, Eastern Water Resources
 Development and Management Plc.
 Feb 08 - Present Director, The Provincial Waterworks Authority
 (PWA)
 Present Director, Nava Nakorn Plc.
 Present Member of Audit and Evaluation Committee
 Ministry of Finance



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Oct 04 - Sep 05 Deputy Permanent Secretary
 Ministry of Finance
 Oct 45 - Sep 04 Inspector General Ministry of Finance
EW shareholding : None

9. Pol.Maj.Gen. Pimol Sinthunava Age 68
Position : Director (Independent Director)
 (1) Chairman of the Nominating Committee
 (2) Member of the Audit Committee
 (3) Member of the Corporate Governance
 Committee
Education : Master of Education in Education
 Program Administration, Naresuan University
 Bachelor of Art (Political Science)
 Police Cadet Academy
Special course : DCP 104/2008 DAP 72/2008
 ACP 22/2008
Work experience :
 May 07 - Present Director, Eastern Water Resources
 Development and Management Plc.
 May 08 - Present Director; EGCOMP Tara Co.,Ltd.,
 Oct 42 - Sep 44 Assistant Commissioner, Provincial Police
 Region 6, Phitsanulok Province
EW shareholding : None

10. Mr. Rasda Pongpaew Age 59
Position : Director
 (1) Member of the Remuneration Committee
 (2) Member of the Evaluation Committee
Education : Bachelor of Science (Mech. Eng)
 Prince of Songkla University
Special course : DCP 94/2007
Work experience :
 Jan 07 - Present Director, Eastern Water Resources
 Development and Management Plc.
 Mar 06 - Present Managing Director
 EGCO Engineering and Service Co.,Ltd

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Sep 41 - Mar 06 Deputy Managing Director
EGCO Engineering and Service Co.,Ltd
EW shareholding : None

11. Mr. Chakarn Saengruksawong Age 59

Position : Advisor
Education : Master of Science (Agricultural Extension),
Kasetsart University
Bachelor of Science (Agricultural)
Chaing Mai University

Special course : NDC* 4414 KPI** 8

Work experience :

May 07 - Feb 08 Director, Eastern Water Resources
Development and Management Plc.
Jan 08 - Present Chairman, The Provincial Waterworks Authority
Oct 08 - Present Director General of Cooperatives Promotion
Department, Ministry of Agriculture and
Cooperatives
Feb 08 - Present Director, Airports of Thailand Plc.
Jan 08 - Present Director, Expressway Authority of Thailand
Oct 05 - Sep 08 Deputy Permanent Secretary
Ministry of Agriculture and Cooperatives
Oct 45 - Sep 05 Director-General, Department of Agriculture
Ministry of Agriculture and Cooperatives

EW shareholding : None

12. Lt.Gen. Chayuth Suwanamas Age 57

Position : Advisor
Education : M.A. Industrial Psychology
Tennessees State University, USA

Work experience :

May 07 - Present } Advisor
Jan 07 - May 07 } Director, Eastern Water Resources
Development and Management Plc.
Apr 03 - Present Policy and Plan Attached to Deputy Supreme
Commander Office of Supreme Command
Present Advisor, CPB Equity Co.,Ltd.
Operating companies of Crown Property Bureau

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Present Director and Audit Committee
Rajadamri Hotel Plc.
Present Director, Christiani & Nielsen (Thai) Plc.
EW shareholding : None

13. Mr. Praphant Asava-aree Age 53

Position : Director
(1) Member of the Executive and Investment
Committee
(2) Member of the Risk Management Committee
(3) Member of the Corporate Governance
Committee

Education : Bachelor of Arts (Political Science)
Ramkhamhaeng University

Special course : DCP 101/2008 ACP 21/2007

Work experience :

May 08 - Present } President & CEO, Eastern Water Resources
Jan 07 - Jan 08 } Development and Management Plc..
Apr 07 - Present President and CEO
Eastern Water Resources Development
and Management Plc..
Mar 07 - Present Director, Universal Utilities Co.,Ltd.
Director, Bangpakong Water Supply Co.,Ltd.
Director, Chachoengsao Water Supply Co.,Ltd.
Director, Nakornsawan Water Supply Co.,Ltd.
Director, KT ZMICO Securities Co.,Ltd.
Aug 09 - Present Director, Thai Listed Companies Association
Apr 09 - Present Director, Thai San Miguel Liquor Co., Ltd
Apr 09 - Present Director, Member of the Audit Committee
and Member of the Corporate Governance
Committee, Seamico Securities Plc.. (SEAMICO)

EW shareholding : None

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* Diploma, National Defence College
** Politics and Governance in Democratic Systems for Executives Course,
King Prajadhipok's Institute
*** Certificate, Capital Market Academy
**** Certificate, Governance and Public Law, King Prajadhipok's Institute



Management team



1. Mr. Praphant Asava-aree Age 53

Position : Director
 (1) Member of the Executive and Investment Committee
 (2) Member of the Risk Management Committee
 (3) Member of the Corporate Governance Committee

Education : Bachelor of Arts (Political Science)
 Ramkhamhaeng University

Special course : DCP 101/2008 ACP 21/2007

Work experience :

May 08 - Present } President & CEO, Eastern Water Resources
 Jan 07 - Jan 08 } Development and Management Plc..
 Apr 07 - Present } President and CEO
 Eastern Water Resources Development
 and Management Plc..
 Mar 07 - Present } Director, Universal Utilities Co.,Ltd.
 Director, Bangpakong Water Supply Co.,Ltd.
 Director, Chachoengsao Water Supply Co.,Ltd.
 Director, Nakornsawan Water Supply Co.,Ltd.
 Director, KT ZMICO Securities Co.,Ltd.
 Apr 09 - Present } Director, Thai Listed Companies Association
 Apr 09 - Present } Director, Thai San Miguel Liquor Co., Ltd
 May 07 - Present } Director, Member of the Audit Committee
 and Member of the Corporate Governance
 Committee, Seamico Securities Plc.. (SEAMICO)

EW shareholding : None

2. Mr. Pairoj Sattayasansakul Age 50

Position :: Executive Vice President
 Department of CEO Office
Education : M. Eng. (Sanitary Engineering),
 Chulalongkorn University
 DCP 19/2002

Special course :

Work experience :

Aug 08 - Present } Executive Vice President, Department of CEO
 Office, Eastern Water Resources Development
 and Management Plc..
 Nov. 01 - Jul 08 } Executive Vice President, Planning and
 Operations, Eastern Water Resources
 Development and Management Plc..
 2001 - Jul 08 } Director/Managing Director
 Universal Utilities Co.,Ltd.
 2001 - Jul 08 } Director, Bangpakong Water Supply Co.,Ltd.
 2001 - Jul 08 } Director, Chachoengsao Water Supply Co.,Ltd.
 2001 - Jul 08 } Director, Nakornsawan Water Supply Co.,Ltd.

3. Mr. Jaroensuk Worapansopak Age 46

Position : Vice President, Customer Service
 Department and Acting Vice President Project
 Planning and Customer Service Department
Education : M.Sc. in Hydraulic Engineering, International
 Institute for Hydraulic and Environmental
 Engineering (IHE), Delft, the Netherlands.

Work experience :

Aug 08 - May 09 } Directors, Egcom Tara Co.,Ltd.
 Jan 09 - Present } Vice President, Customer Service Department
 and Acting Vice President Project Planning
 and Customer Service Department
 Eastern Water Resources Development
 and Management Plc..



Nov 02 - Dec08 Vice President, Project Planning Department Eastern Water Resources Development and Management Plc..

Nov01 - Oct. 02 Assistant Vice President, Project Planning Department, Eastern Water Resources Development and Management Plc..

Mar. 01 - Oct. 01 Manager, Project Planning Division Eastern Water Resources Development and Management Plc..

4. Mrs. Namphon Rassadanukul Age 47

Position : Senior Vice President
Department of President and CEO Office
Assistant to the Secretary of the Board
Corporate Secretary

Education : B.A. in Public Administration, the Faculty of Political Science, Thammasart University
M.A. in Public Administration, Glasgow College of Technology, UK.
Certificate in Computer Programming and Information Processing, UK
M.A. in Political Science (Politics and Governments), Sukhothai Thammathirat Open University

Special course : DCP 4/2000 KPI 11
Certificate, Governance and Public Law 1

Work experience : Eastern Water Resources Development and Management Plc..

Jun 07 - Present Senior Vice President
Department of President and CEO Office
Vice President and Corporate Secretary

Feb 04 - Jun 07 Senior Vice President, Internal Audit Department and Corporate Secretary

Nov 01 - Feb 04 Vice President Internal Audit Department
Mar 01 - Oct 01 Vice President
Department of President and CEO Office

5. Mrs.Thidarut Kraiprasit Age 46

Position : Senior Vice President,
Internal Audit Department

Education : MBA, Kasetsart University

Work experience : Eastern Water Resources Development and Management Plc..

Jan 09 - Present Senior Vice President
Finance and Accounting Department
Senior Vice President,
Internal Audit Department

Jun 07 - Dec 08 Senior Vice President,
Finance and Accounting Department

Oct 04 - Jun 07 Senior Vice President,
Finance and Human Resources Department

2001 - Oct 04 Vice President,
Finance and Human Resources Department

1997 - 2001 Vice President,
Finance and Procurement Department

6. Mr. Cherdchai Pitiwacharakul Age 45

Position : Vice President,
Business Development Department

Education : MS (Information Technology), King Mongkut's Institute of Technology, Lat Krabang

Work experience :

Dec 08 - Present Vice President,
Business Development Department
Eastern Water Resources Development and Management Plc..



Aug 08 - Jan 09 Acting Managing Director
Universal Utilities Co.,Ltd.

Mar 08 - Present Director, Egcom Tara Co.,Ltd.

Nov 07 - Nov 08 Vice President, Special Project Department
Eastern Water Resources Development
and Management Plc..

Mar 07 - Jan 09 Director, Bangpakong Water Supply Co.,Ltd.;
Chachoengsao Water Supply Co.,Ltd.,
Nakornsawan Water Supply Co.,Ltd.

Nov 01- Nov 07 Vice President, Chachoengsao Operation Center,
Acting Vice President, Rayong Operation Center
Eastern Water Resources Development
and Management Plc..

Oct 2000 - Oct 01 Vice President, Map Ta Phut Operation Center

7. Mr. Potjana Bunsiri Age 49

Position : Vice President, Operation Department

Education : MBA, Burapha University

Work experience : Eastern Water Resources Development
and Management Plc..

Jan 09 - Present Vice President, Operation Department

Nov 07 - Dec 08 Vice President, Operation Department

Nov 01 - Oct. 07 Vice President, Chachoengsao Operation Center

Mar 01 - Oct 01 Manager,
Chachoengsao Construction Project Office

Mar 01 - Oct 01 Manager, Large-scale Construction Project Office

1998 - 2001 Senior Engineers

8. Ms. Fuangfa Nimcharoen Age 02

Position : Vice President,
Information Technology Department

Education : M. Sc. in Resources Management (Resource
Economics), Kasetsart University, Bang Khen

Work experience : Eastern Water Resources Development
and Management Plc..

Jun 07 - Present Vice President,
Information Technology Department

Nov 02 - Jun 07 Vice President, Corporate Affairs Department

Nov 01 - Oct. 02 Assistant Vice President,
Corporate Affairs Department

Mar 01 - Oct. 01 Assistant to Vice President,
Corporate Affairs Department

9. Mr. Namsak Wannavisute Age 44

Position : Vice President,
Finance and Accounting Department

Education : MS. (Finance), University of Colorado, USA.

Work experience : Eastern Water Resources Development
and Management Plc..

Jan 09 - Present Vice President,
Finance and Accounting Department

Jun 07 - Dec 08 Vice President, General Affairs Department

Nov 02 - Jun 07 Vice President,
Business Development Department

Nov 01 - Oct. 02 Assistant Vice President,
Business Development Department

Mar 01 - Oct. 01 Manager, Business Development Division

10. Mrs. Wirawan Tharanont Age 51

Position : Vice President,
Corporate Affairs Department

Education : MBA, Sasin Graduate Institute of Business
Administration of Chulalongkorn University

Work experience : Eastern Water Resources Development
and Management Plc..

Jan 09 - Present Vice President, Corporate Affairs Department

Jun 07 - Dec 08 Vice President, Internal Audit Department

Oct 06 - Jun 07 Vice President,
Department of President and CEO Office
Managers,

Oct 05 - Sep 06 Department of President and CEO Office

2004 - 2005 Corporate Risk Manager

11. Miss Duangkaew Ungsrithong Age 48

Position : Vice President,
Human Resources Department

Education : Ph.E. of Human Resources Development at
Western Michigan University, USA.

Work experience :

Jan 09 - Present Vice President,
Human Resources Department
Eastern Water Resources Development
and Management Plc..

Aug 07 - Mar. 08 Director, Human Resources Division
Challenge Hospitality Co.,Ltd.

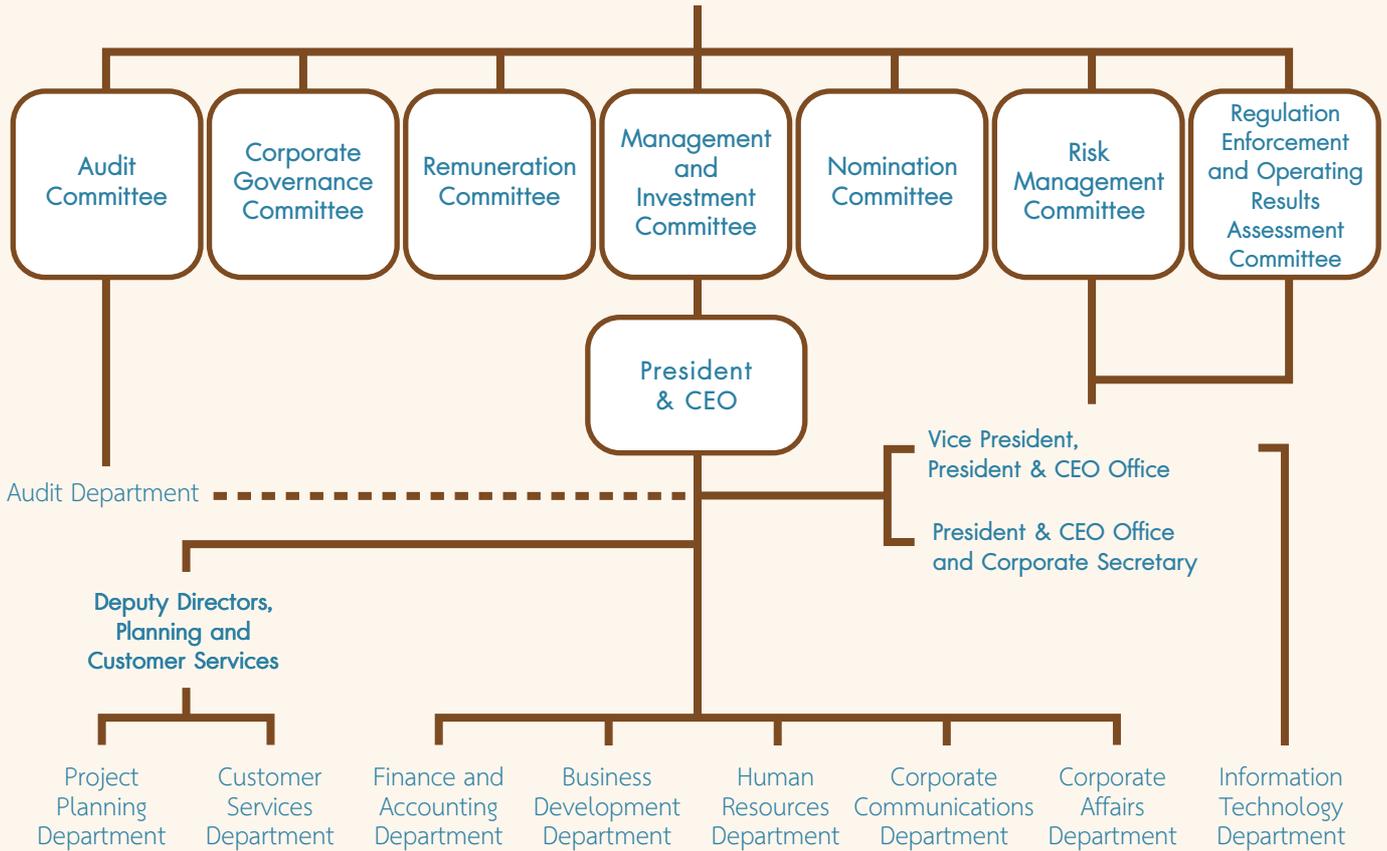
Feb. 06 - April 07 Vice President, Human Resources Division
T.C.C. Capital Land Limited

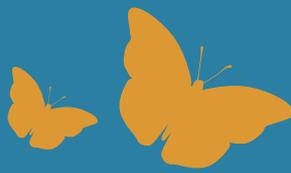
May 2000 - Dec 05 Human Resources Manager
HMC Polymers Co.,Ltd.



Organization structure

Board of Directors
Eastern Water Resources Development and Management Plc.





Personnel development

As of December 31, 2009, there were 144 employees of which are 143 salary based employees, and 1 contracted employee, 11 Executives, and 132 staff.

Policy of 2009 personnel development

Based on the Company's Vision of "To be a leader in valued water management for economic advancement and social sustainability" and the clear definition of the strategy of the Company to focus on learning and corporate development, it is obvious that the Company places an importance upon staff development by focusing on the development of knowledge and ability, including support the staff's professional growth. In 2009, the Company had developed its staff to be in accordance with the core value of the Company which focuses on Executives potentiality development as well as professional skill and engineering techniques development of staff.



In addition, the Company also places an emphasis upon continuous team work development by organizing team building activity for every level of the Company's personnel under the activity or "East Water Group Synergy". There were altogether 4 generations of the participants. The activity had the objective to create awareness of working for the Company attitude, co-learning and skill development, including creates awareness of Corporate Social Responsibility of personnel. The main activities consisted of group relations activity, special presentation by leader of community, and charity activity for communities within the

Water management capacity enhancement

In 2009, the Company increased water management capacity in many aspects to support the water demand expansion within the Company's servicing areas as follows:

Water resource capacity enhancement

The Company has studied suitability of alternative water resource development (the construction of reservoir) to find the possibility of engineering and investment of Off Stream Reservoir development with the capacity around 10 – 20 million cubic metres. In addition, the Company will purchase additional water of 10 million cubic metres per year from private firms in order to increase capacity of raw water resource of the Company.

Pipeline system capability enhancement

The Company has improved the capability the main pipeline systems in Cholburi, Rayong, and Chachoensao Provinces to increase their ability of water distribution and water pumping management. The improvement consisted of the construction of low pressure water pumping station at Bangpakong Water Pumping Station, water pumping enhancement at Dok Krai Water Pumping Station, pipeline system improvement at Map Ta Phut pumping station, the construction of raw water floating pontoon intake at Bang Phra Reservoir, the construction of raw water floating pontoon intake at Sam Nak Bok pond, etc., with the investment more than Baht 200 million. In 2009, the Company started the construction of the third Nong Pla Lai - Map Ta Phut pipeline to support the expansion of water used in the consumption and industry within Map Ta Phut-Sattahip areas with the investment of around Baht 1,738 million. The project is expected to reach its completion in 2011.



Water management enhancement

The Company's water pumping plan is in accordance with the water and whether situation influenced by El Nino and La Nina effects of which came from local and international organizations to support water pumping plans from several water resources. In terms of water pumping operation, the Company has combined Marketing Divisions of Rayong Operation Center and Chachoengsao-Cholburi Operation Center to be Customer Service Department in order to increase the water pumping efficiency for customers.

In 2010, the Company has a plan to develop water pumping control center at Nong Pla Lai Reservoir to for the management of water pumping system and water resources in the areas of Rayong, Cholburi, Chachoengsao Provinces to support the aforementioned centers.



Business development

Apart from an effort to maintain the continuous growth and sustainability of the Company's core business, the Company has planned to expand its investment to complete water service in order to serve the demand of water resource, including providing variety of services to household and industry. In addition, the Company has planned to expand its energy business by focusing on alternative energy which is environmental friendly to increase, leading to revenue increase and allocation apart from its raw water and tap water business.

Moreover, the Company has studied the overseas investment opportunity of water and alternative energy business in the countries with potentiality and high return such as Vietnam, India, China, etc. Those countries are in needs of infrastructure investment in order to support the investment and the economic growth.

CRM

1. Customer relationship encouragement

In the past years, the Company had organized the meeting between the Company's executives and the top executives of customers to listen to opinions and suggestions, including seeking for business expansion opportunity of the Company. In addition, the Company also set the activity to connect staff relationship such as bowling, football, Hydraulic of Raw Water Pipeline System training to customer (altogether two trainings this year). Also, the Company provided continuous support of customer's activities such as Establishment Anniversary of the PWA, RID, or invitation to join the World Water Day 2009, as well as provided saving cooperative report to the PWA, etc.





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1. Hydraulic of Raw Water Pipeline System Training
2. 30th Establishment Anniversary of the PWA
3. World Water Day 2009 at Challenger Hall, Muang Thong Thani
4. Hemraj & East Water Football Relationship Match
5. Bowling Relationship Match with Community, Government Agency, and Customers

2. Corporate social responsibility activity (CSR) in cooperation with customers

In 2009, East Water had CSR activities in cooperation with customers such as 2009 Educational Equipment project which was in cooperation with Hemaraj Land and Development Public Company Limited, Real 2009 Estate-Community Relationship Activity, Pouring Water on the Hands of Elderly Persons Activity, Help the Agriculture of Longan Development in Lam Poon Province Activity, Support “Safety-Environment Care” Week Project, in cooperation with Industrial Estate Authority of Thailand to be a host of Buddhism ceremony in which yellow robes are presented to the monks, Co-host with the PWA to build Buddhist Sanctuary (Ubosot) and to cast the Principle Buddha Image in the temple at Wat Soi Siri, Rayong Province and the Royal Buddhism ceremony in which yellow robes are presented to the monks at Wat Deva Sangkarama, Kanjanaburi Province, etc.

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1. Scholarship presented ceremony to students within the provinces of Rayong, Choburi, and Chachoengsao
- 2-3 Support “Safety-Environment Care” Week Project at Laem Chabang Industrial Estate Office

3. Increase communication channels

With the Company’s awareness of the importance of the increase of communication efficiency between the Company and customers, the Company has initiated the SMS to send short messages via mobile phone to enhance the prompt sending of information on such as the maintenance of water distribution pumping system which may effect the pressure and the volume of water to decrease, etc., including other news which are beneficial to the customers.





Quality of life and environment development projects

For more than 17 years, the Company has continuously performed its business with morality toward all stakeholders and responsibility to society within the operation areas of three provinces – Chachoengsao, Choburi, and Rayong – and outside the operation areas. In 2009, East Water consistently supported and promoted community and society assistance among the Company's staff.

In terms of social responsibility, the Company has allocated the budget of no more than 5% of the net profit to constantly organize activities following quality of life and environment development policy. The project consists of five areas:

1. Knowledge support,
2. Quality of life development,
3. Environment,
4. Sport and health,
5. Religion, culture, and tradition, including activities for public benefits of community and government / private organizations.

In 2009, the Company organized activities as follows:



Knowledge support

1. East Water young leader project

The project has been held for two consecutive years. A group of 300 youth studying in primary school and junior high school from Rayong Province attended East Water Young Leader Project to learn about good leadership and natural resources and environmental conservation, particularly on the subject of “water” to create concrete awareness and youth network of water resource and environmental conservation.

Each youth who had attended the camp would receive a scholarship worth Baht 10,000. The scholarship was divided into two parts: half of which was directly offered to the youth and the other half was to support the fund for schools to develop activities or projects of natural resources and environmental conservation of schools. In 2009, East Water offered 600 scholarships totaling Baht 6,000,000.



In addition to that the Company continuously held activities to intertwine relationship and increase knowledge to the camp participants. There were two activities held in 2009. The first activity was held in February 2009, attended by 600 youths to join and visit the “Royal Projects’ 40th Anniversary exhibition : Four decades to help hill tribes, help us, and to help people around the world” at Siam Paragon Department Store, Bangkok. The exhibition displayed H.M. the King’s royal activities and the royal projects under H.M the King’s initiation. The group of youth also attended dharma sermon and meditation practice at Wat Pathum Wanaram Ratworawihan Temple.



Then, on December 9, 2009, the Company led a group of 100 teachers and students to sign for the royal blessing to H.M. the King at 100 Year Memorial Building, Siriraj Hospital, visit the Grand Palace and Temple of the Emerald Buddha, including to participate the “Father..The Greatest of the King, The Greeting of the Land” held at the area in front of Dusit Palace, Bangkok. The teachers and students joined the activity were very impressed.

Quality of life development

1. Community tap water system improvement and development

- Community tap water system improvement

The project is to improve the efficiency of community tap water system to sustainably produce water consumption. The Company will explore the community's demand and present situation of the existing tap water system of the village. Then, the findings are brought to analyze for further tap water system improvement.

In 2009, the Company had improved the community tap water system of Nong La Lok Local Administration's 4 villages, including provided training of system operation and maintenance, leading to efficiency of tap water production service to the community.

In November, the Company had explored the community tap water in the areas of two local administrations: Chumseang local administration and Wangchan local administration in Rayong province, consisting of 8 areas, and in the 8 areas of Pluta Luang local administration, Sattahip District, Cholburi Province. The findings will be analyzed for further improvement preparation of villages' tap water system in 2010.



- Community tap water training

Apart from production system improvement, the Company also provides training of system operation and maintenance, together with tap water system management. In December 2009, the Company provided the training to communities within the Company's operation areas, consisting of Chumseang local administration, Pluak Deang local administration, and Mae Nam Koo local administration in Rayong Provinc. The participants comprised local administration officers and each of village's tap water committee. The training aims to develop personnel whose responsibility to control tap water system to have ability of operation, maintenance, and costs learning of each production procedure to efficiently manage community tap water system, as well as to further create good relationship with communities in the areas of the group of companies' operation.





2. Clean water for community project

- Reversed osmosis (RO) drinking water machine

The year 2007 to be the auspicious year to celebrate 80's Birthday of H.M. the King as initiated by the Thai government. To celebrate such an auspicious occasion and to support community water for consumption, including for public benefit to drought affected areas in 2007 – 2009, the Company offered Reversed Osmosis (RO) drinking water machine to the Thai Red Cross Society, the Internal Security Operations Command (ISOC), the Royal Thai Police, and government agencies, schools in Rayong, Choburi, and Chachoengsao Provinces, totaling 533 water machines



- Clean dinking water mobile unit/ Cupped drinking water

This is to support several public benefit activities of government agencies and communities such as tradition activities, local administration meets the people project, and other activities. In 2009, the Company provided 322 times of clean water mobile unit with the clean water production volume of 808,595 litres. In addition, the Company sponsored cupped drinking water to several activities, totaling 228 time, or 315,628 cups.

3. Good relationship building with community and government agency project

The Company held “East Water Roadshow (community)” to continuously meet with the heads of government agencies and communities in order to ask about their problems or communities’ needs through local government agencies. This was to create confidence among people in communities by showing the Company’s intention and determination to help and solve communities’ problems in every aspect to increase better quality of life. There were targeted communities in 15 districts, 59 localities, totaling 72 areas.



4. “East Water’s Responsibility to Communities” charity concert

The Company organized “East Water’s Responsibility to Communities” charity concert in Rayong and Cholburi Provinces. Pong Lang Sa-On was on the show. The proceeds without exclusion of expenses went to provincial Red Cross for further public benefit utilization of communities.



Environment

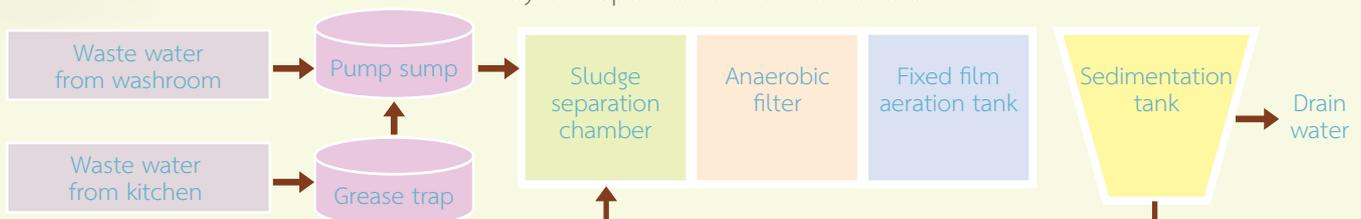
1. Water resource and environment restoration project

With the realization of natural resources values and to promote natural resources and environmental conservation consciousness, the Company, in cooperation with local government agencies within the areas, organized forestation activities such as mangrove forest forestation in the area of Prasae estuary of Krasaebon Locality, Kleang District, Rayong Province on August 8, 2009. The Company also cooperated with The Agricultural Occupation Promotion and Development Center Rayong Province (Horticulture) and Pluak Deang District to organize the activities of setting fish free, growing vetiver grass, and forestation in the area of Nak Dok Krai Reservoir on December 3, 2009 (รูปกิจกรรม), including canals dredging up and river-canal restoration at Wat Ban Don and Wat Nam Kok Kao, Choeng Noen Locality, Muang District, Rayong Province on November 27, 2009.



2. Waste water treatment system for lavatory and kitchen of vegetarian house of Wat So Thorn, Chachoengsao province

To promote water and environment management knowledge and create good relationship with the community, the Company had chosen Vegetarian House of Wat So Thorn as a place for passing on the knowledge of waste water treatment to model community since there have been many people visiting and it is located on the riverside of the Bang Pa Kong River. This also showed how the Vegetarian House took care of the environment of which East Water had chosen suitable waste water treatment system for the Vegetarian House of Wat So Thorn which has an ability to treat the maximum of 6 cubic metres per day of waste water. The construction cost was at Baht 470,000 in total. The system operates as illustrated as follows:



The water from the waste water treatment system has a quality of drain water of community standard which can be brought to water trees and can be recycled.

Sport and health

The Company has a policy to support exercise to promote good health of all staff by organizing football competition with government agencies and communities within operation areas. (รูปกิจกรรมการแข่งขันฟุตบอล) IN addition, the Company held Bowling activity to create relationship between government agencies and customers within the operation areas. (รูปกิจกรรมการแข่งขันโบว์ลิ่ง) The Company also supported other local sports such as football, bowling, and golf, etc.



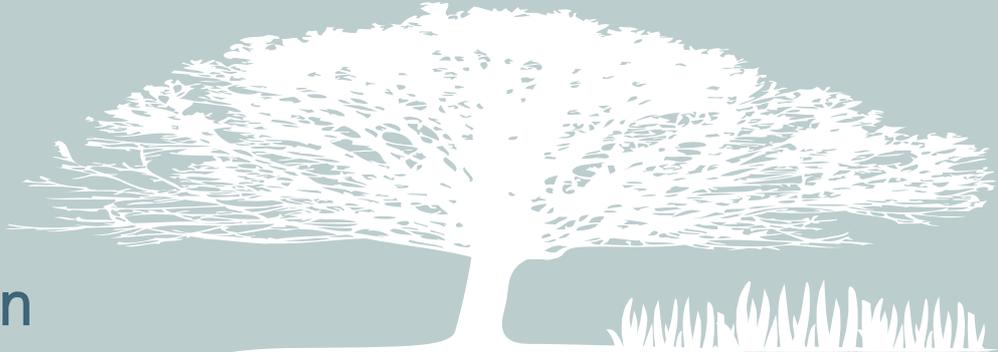
Religion, culture, and local tradition

In 2009, the Company organized 4 religious ceremonies in which yellow robes are presented to monks at the end of Buddhist Lent at Wat Deva Rutharam in Chachoengsao Province, Wat Nong Sri Sa Nguan in Cholburin Province, and Wat Khao Bodhi and Wat Wang Pra Doo in Rayong Province. In addition, the Company had supported other local traditions such as Songkran Festival, Loy Kratong Festival, Boat Parade Festival, and Fruit Festival, etc.



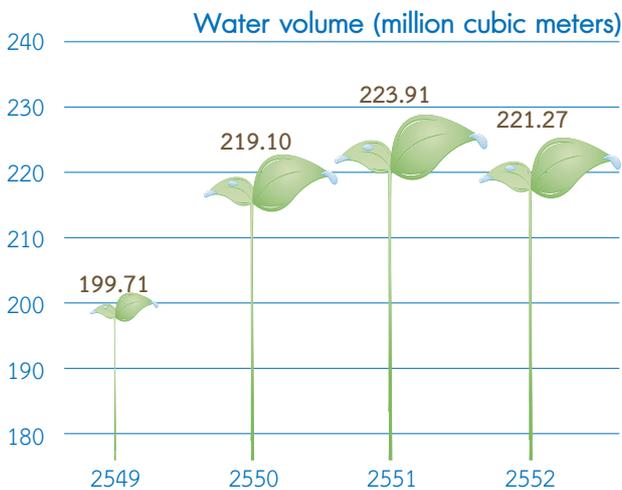
Thus, throughout the 17 years of operation, the Company has accumulated its skill and determined to provide water resource management to enhance people's continuous good quality of life, leading to the growth of the country, and to have competitiveness in international level.

Industrial situation and competition



1. Raw water business

The World's economic crisis since 2008 and the political and society conflict situation affected the country's economy and confidence. The Company had expected that the aforementioned factors would affect raw water utilization of the industrial and tourism sectors'. However, the government's stimulus policy and the World's economic recovery helped enhance the two sectors' situation toward the end of 2009 to be better than expected. Thus, the water volume in 2009 slightly decreased from the volume in 2008.

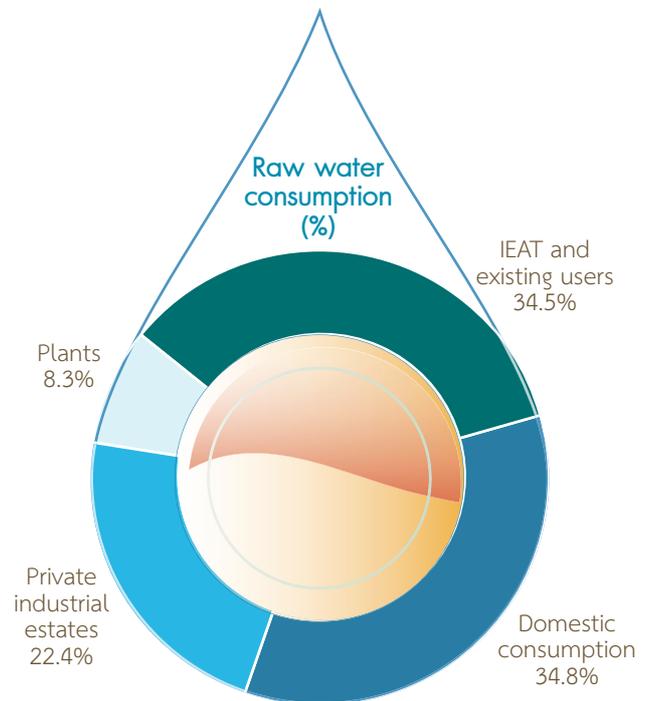


The Company's total raw water distribution volume was at 221.27 million cubic meters, decreased from 2008 by 1% due to continuous growth trend of the water utilization in several industrial sectors since in the middle of 2009. In addition, there were also external factors adding from the raw water utilization of petrochemical plants' machine test-run, and other heavy industries which are expected to be operated in 2010.

The water consumption volume decreased from 2008 by 6.8% due to the decline of tourists' numbers in 2009, and due to the water situation in 2009 when the consumers tended to consume water more from their existing water sources.

The Company's major raw water consumers consist of two groups:

- The Provincial Waterworks Authority (PWA) in Choburi, Pattaya, Laem Chabang, Sri Racha, and etc., including concession contracts with private waterworks, accounting for the raw water consumption as much of 34.8%
- Map Taphut Industrial Estate and Laem Chabang Industrial Estate of the Industrial Estate Authority of Thailand, which consume raw water up to 34.5%



On April 30, 2009, the Company proposed to remain the raw water price of 2009-2010 to reduce the impact from the cost to the consumption sector and the industrial sector. This is in accordance with the government's policy to help decrease expense under the economic situation to the people.

2. The impact from the administrative court's order of temporary protection on the 76 projects in Map Ta Phut

On September 29, 2009, the Administrative Court ordered the temporary protection to temporarily halt project operations or activities of 76 investment projects which were in progress in the Map Ta Phut area, A. Ban Chang, and nearby Rayong province's areas.

The situation above had no effect on the volume distribution in 2009 of the Company since those projects received the Court's order were in the construction process and had not yet begun their water utilization. However, the Company places an importance on this matter and closely follows the situation as well as evaluates long-term impact to the Company.

The Company also sees a good trend of raw water consumption growth within the area to be as expected. Nevertheless, the delay of project owners to prepare reports of health and community impact assessment may influence short-term water volume distribution but will not influence raw water demand within the area to significantly decrease



Business profile

and subsidiary shareholding ratio

ธุรกิจน้ำดิบ (Core Business)

ธุรกิจเกี่ยวเนื่อง (Related Business)



Core business

Eastern Water Resources Development and Management Public Company Limited or East Water was founded on October 15, 1992 to be responsible for the development and management of main water pipeline systems in the Eastern Seaboard by supplying raw water to industrial estates, factories and waterworks via five main raw water pipeline systems in Chonburi, Rayong and Chachoengsao Province. The four pipelines consist of the Nong Plalai-Dokkrai-Map Ta Phut-Sattahip pipeline, the Nong Kho-Laem Chabang-Pattaya-Bang Phra Pipeline, the Nong Plalai-Nong Kho Pipeline, and the pipeline system in Chachoengsao, and the Bang Pa Kong-Cholburi pipeline system, with the total length of the pipeline of 324 km water pipelines with the pumping capacity of 473 million cubic meters per year.

Major development of core business

June 2009

Completed the construction project of pipeline for connecting Prasea raw water reservoir with Klong Yai reservoir. The Company received an assignment of the project from the government in accordance with the cabinet resolution on August 2, 2005 to implement the project and the Royal Irrigation Department to design. The new 1,600 mm. and

1,400 diameter pipelines, covering a distance of approximately 32 kms., were laid to channel 80 million cubic meters of water per year from Prasea reservoir to Klong Yai reservoir.

October 2009

Began the construction project of the third Nong Plalai-Map Ta Phut pipelining with the pipeline's size of 1,400 mm. in diameter with the length of 33.5 km., and the capacity to distribute law water of 105 million cubic meters per year to serve the future growing demand for water consumption and industry within Map Ta Phut, Rayong Province. The construction takes two years to complete and is expected to reach its completion in October 2011. The construction budget is around Baht 1,738 million. The project is invested by the Company.

December 2009

The cabinet resolution approved budget from the central budget as the expense to purchase the asset from the construction project of pipeline for connecting Prasea raw water reservoir with Klong Yai reservoir in Rayong Province worth Baht 1,677,000,000. The Company expects to deliver the completed project to the Royal Irrigation Department within the second quarter of 2010.

Related business

Tap Water Business: Universal Utilities Co.,Ltd. (UU) is a concessionaire offering tap water services in nine areas, covering Sattahip Waterworks, Bangpakong Waterworks, Chachoengsao Waterworks, Nakornsawan Waterworks, Sichang Waterworks, Bo Win Waterworks, Ko Samui

Waterworks, Ko Lan Waterworks, and Rayong Waterworks. In addition, it produces tap water for Egcom Tara Co.,Ltd., receiving tap water production concession within the areas of Ratchaburi-Smutsonkram Provinces, as well as provides water leakage reduction systems management for Service Area 2 of the Provincial Water Works, consisting of Om Noi-Samphran-Samut Songkhram Waterworks, Pathumthani-Rangsit Waterworks, and Pattaya Waterworks.

Important development of tap water business

June 2009

On June 3, 2009, Universal Utilities Co.,Ltd. signed an agreement with the Provincial Waterworks Authority to supply and purchase tap water to for Cholburi Waterworks, Cholburi Province within 20-year period, with the average purchase volume of water at 24,000 cubic metres per day (or totaling 8.76 million cubic metres per year).

Drinking water vending machine business

The Board of Director's meeting No. 10/2009 held on October 29, 2009 approved to dissolve operations of Water Trades and Services Co.,Ltd. (WTS), which already completed its mission of providing support and services for the community's drinking water vending machine after the



operation of Global Water System Cooperation Co.,Ltd. (GWS), as well as assisting in the services related to selling existing vending machines of which the Company received from GWS.

Administration and management

June 2009

The Company received an evaluation rated "Very Good" from the Annual General Meeting Quality Evaluation as indicated in the SEC's letter, Reference Number Kor. Lor. Tor. Kor. 1028/2008, Re: Notification of the result of the Annual General Shareholders Meeting Quality Evaluation 2008 for companies not closing accounts in December 2007 and its request for cooperation to disclose the result. The evaluation was jointly implemented by the Securities and Exchange Commission (DEC), the Thai Investors Association, and the Thai Listed Companies Association.

November 2009

The Company received "Board of the Year Awards 2008/2009" on November 26, 2009 co-hosted by Thai Institute of Directors Association, Stock Exchange of Thailand, Board of Trade of Thailand, Federation of Thai Industries, Thai Bankers' Association, Listed Companies Association and Federation of Thai Capital Market Organizations.



Risk factors

(January – December 2009)



Eastern Water Resources Development & Management Plc. has realized the importance of risk management toward business operation under ever changing of internal and external factors which have direct and indirect impacts on the Company. The risk management is a very important element of every business procedure of the Company and its affiliated companies.

In 2009, the Company's Board of Directors intended to reduce negative impact caused by incidence or uncertainty from circumstantial factors, including economic slowdown which may affect on target or objective achievement of the Company. As a result, the Risk Management Committee was assigned to consider and stipulate risk management policy and to control any risk which may have significance to the corporate risks. The Committee had improved frames and principles based on factors affected, including considered approval of the manual of risk management and progression follow-up of which are in accordance with the risk management plan prepared by the Company and responsible

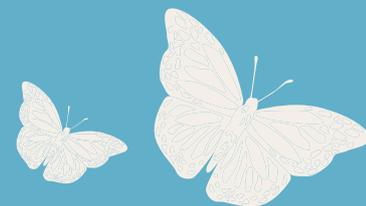
work units to ensure consistent control of risks and to report to the Board of Directors on a quarterly basis.

The summary of risk factors which may significantly affect the company

1. Business operation related risk.

1.1 Inadequacy of water volume within water resources to meet water consumption demand

According to the projection of the volume of water consumption demand compared with the volume of water in main water resources indicates that the water volume is certainly sufficient for water consumption throughout the year. However, to prevent from any possible risk, the Company has followed the water volume in the reservoir on a weekly basis, including initiated projects to enhance volume of water with additional earth pits to continuously stock water for the drought season. In addition, the water resource provision of the Company will be enough for the next 5 years with the completion of piping connecting Pra Sae Reservoir-Klong Yai



and the Royal Irrigation Department (RID) can turn the water from Pra Sae Reservoir to Klong Yai Reservoir and Non Pla Lai Reservoir around 80 million cubic meters per year.

1.2 Conflicts with communities over the use of water from the water resources

The piping project such as the piping project of the third Nong Pla Lai-Map Ta Phut is a large project of the Company of which the construction started in the end of 2009. Therefore, the operation and the use of water from water resources from several projects of the Company may lead to conflicts with communities related to the operation areas.

However, the Company had informed of the project to the leaders of local communities within the project operation areas, including organized community relationship activity to create good relationship as a whole.

The Company had provided the budget for quality of life and environment development to create relationship with communities within the operation areas as well as accurate understanding. The Company also consistently supported local development projects to reduce conflicts and create good attitude toward the Company with activities such as canal dredging up, drinking water mobile unit, charity concert, East Water Young Leader Camping Project with scholarship provided, mangrove forestation for environmental conservation project, including the support of quality of life and environment development activities of communities such as support to temples, schools, government agency units, and other public charities, etc.

1.3 Damages to pipeline systems

The Company's pipeline systems may encounter corrosion or leaked or broken pipelines caused by construction of other infrastructures in the pipeline areas. However, the Company has planned to consistently perform pipeline system examination and maintenance, including insurance with insurance companies who will be responsible for all damages concerning pipelines which may be caused by several incidences. The insurance covers every pipe, the Company's assets, and other third persons as well as damages from the halt of the operation to help the Company to continuously and efficiently provide water supply service.

1.4 Policies of the government and relevant government agencies

Uncertainty of government agencies' policies concerning

the Company's operations may affect the Company such as the delay of project construction of piping connecting Prasae and Klong Yai Reservoir budget request. However, the procurement plan to purchase the assets from the construction of piping connecting Pra Sae and Klong Yai Reservoir project was adjusted to be suitable with the actual situation. The asset examination and evaluation implementation plan which was performed by the Royal Irrigation Department and reached its completion in October 2009, of which the results had already been proposed to the Minister of Agriculture and Cooperatives for consideration prior to submitting to the Cabinet for further consideration. The Special Procurement Procedure stipulated that the project be completed in April 2010 since it has to pass the operation procedures of the government agencies.

However, the Company still consistently receives good cooperation from government agencies and the establishment of the Company's business followed the Cabinet resolution to promote the industry and tourism investment in the area of eastern seaboard development of the government.

1.5 Adequacy of water provision volume in the case of emergency

The Company has an agreement with the Provincial Electricity Authority (PEA) on putting off electricity distribution. The water provision from emergency water provision pond should be valid to continuously supply the raw water to customers. In addition, the Company had already performed improvement and maintenance of the Mab Kha raw water provision pond which had already reached its completion.

At present, the Company has water provision source for emergency with capacity of 101,600 cubic metres which can supply raw water of approximately 6.3 hours.

However, the Company has prepared operation plan for emergency to continuously support water pumping. In the future, the Company has a plan to increase water provision with the construction of additional water provision pond in the area of Mab Kha with capacity of 250,000 cubic metres. The new pond will help water supplying for emergency up to 24 hours.

2. Financial risk

The water pumping from newly developed water sources of which is to turn the water from the nearby sources and the increase of the Energy Adjustment Charge (or Ft) have a great impact on the pumping energy cost. Despite



uncontrollable electricity cost which is fluctuated by economy situation and the world's oil price, the Company has performed electricity management. The Company chose to pump the water from water sources with low cost as priority, and chose to pump the water within the period when the Ft reaches its lowest. In addition, the Company has studied energy conservation plan such as electricity system improvement and the use of alternative energy such as Mini Hydro Turbine, Solar Cell, and Biogas, etc.

The unstable economy situation has caused problems of foreign exchange, economic crisis, financial institutions, leading to the 1% decrease of water volume used within the industry sector in 2008.

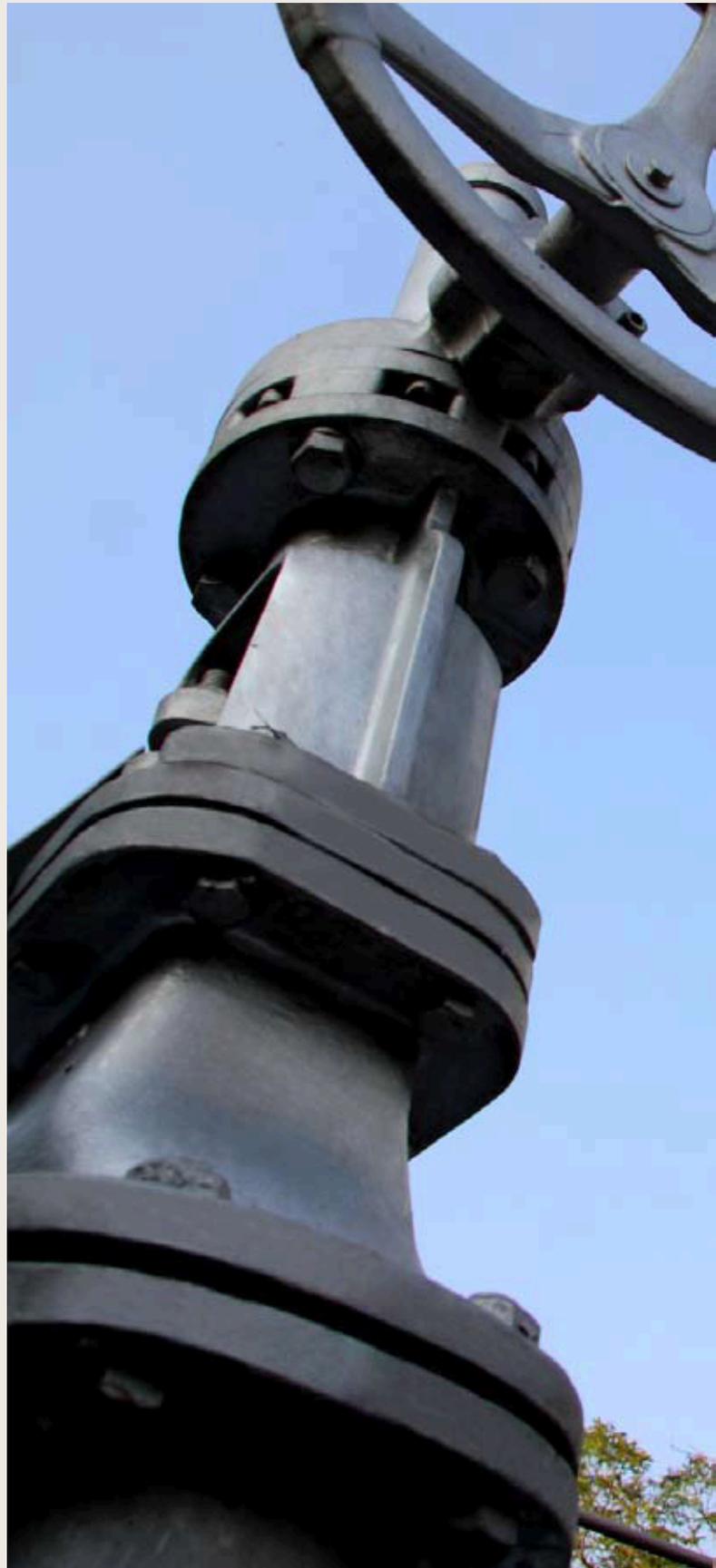
Nonetheless, the Company has been very well-adjusted amidst economic crisis. The Company had gradually increased raw water price by reflecting the actual cost from the middle of 2008 and managed the operating cost with efficiency. The increase helped the Company to maintain its continuous net profit growth in 2009. In addition, the Company could repay Baht 700 million of the long-term debt before its scheduled to decrease the financial risk and create strength of capital structure to serve the investment expansion when the economy recovers.

3. Legal risk

The legal disputes which may affect the Company's assets, accounting for more than 5% of the shareholders' equity as of November 16, 2009, can be summarized as follows:

1. On March 28, 2003, the Company the Company was filed as the 2nd Defendant in a case involving the purchase of assets from the Legal Execution Department, Black Case No. 1371/2546. Droitnes Associate Company Limited (Plaintiff) filed a case in the Court, demanding revocation of the legal act, i.e. the buying and selling of plots of land, between the Legal Execution Department and the Company, or that the Department and the Company jointly, or on behalf of the other party, pay damages at the claimed amount of Baht 302.2 million. Then, on January 26, 2006, the Court of First Instance dismissed the case. The Plaintiff lodged an appeal on March 21, 2006. The Company filed the answer to the appeal on June 19, 2006. The proceedings are still ongoing at the Court of Appeals at the time of this reporting.

However, the Company believes that the purchase of the aforementioned asset was legitimated and protected by law. The Company had followed the auction procedures of selling stated by the Court's order or the Official Receiver from





the Legal Execution Department with honesty. The full payment was completed and the transfer of ownership from the Legal Execution Department was duly registered. The Company expects to win this case.

2. Tambon Bang But Administration Organization, 1st Plaintiff, Tambon Ban Khai Administration Organization, 2nd Plaintiff, and Mr. Sayan Yangdee, 3rd Plaintiff, filed cases against the Provincial Water Works Authority (PWA) to the Rayong Administrative Court on March 14, 2006. The cases were related with an unlawful act committed by an administrative agency or a state official. Then on May 30, 2006, the Rayong Administrative Court had summoned the UU Group Consortium group of companies as the litigant and to prepare the statement for the case. It had the status in the case as the 2nd Defendant, because it was also a stakeholder of the dispute. On March 16, 2007, the Rayong Administrative Court passed a decision to revoke the process to select a private entity to produce tap water to sell to the PWA in the area under the jurisdiction of the Rayong Waterworks Authority. The Agreement No. For. Kor. Mor. 1/2549 dated 14 March 2006, which was resulted from an unlawful selection process, was also revoked. However, the PWA and its subsidiary submitted their appeal to the Rayong Administrative Court on April 12, 2007 and the Court accepted the appeal and sending the appeal to the Supreme Court. At the time of this reporting, the appeal proceedings with the receipt no. Aor. 278/50 was in process at the Supreme Administrative Court. According to the Act on Establishment of Administrative Courts and Administrative Court Procedure, B.E. 2542 (1999) under Section 70 stipulates that the PWA and the Company has to comply with the mutual agreement and to upheld the mutual rights and duties till the case reaches its final. The management team of the Company's subsidiary is confident that it will not receive any impact from the cancellation of the agreement. It is because the subsidiary will receive compensation of construction and tap water system improvement cost and other expenditures incurred to make the tap water systems operable.

Apart from the Risk Management Committee who closely monitors the corporate risks, the Company also has set up the risk management manual and risk management operation plan to other departments whose duty is responsible for controlling risk to be at the acceptable level. The risk is quarterly reviewed under all circumstances which may occurred, covering risks relating damages and risk relating other surrounding factors which indicate the opportunity of risk to the Company within changing situations.

Management discussion and analysis



1. Management discussion and analysis (MD&A)

1.1 Profit and loss analysis/Operating results analysis

The Company had changed its accounting period from October 1 - September 30 of the following year to the period of to January 1- December 31 of every year. The Company closed the accounting period from October 1 - September 30 for the first time to facilitate the investors to analyze and to compare information in the Management Discussion and Analysis (MD&A) for the year 2009 (January 1 - December 31, 2009). Therefore, the Company had revised the information for the operating results of 2008 from January 1 - December 31, 2008 of which the accounting period changed to the same of 2009, and comparison can be performed. However, the revised operating results of the accounting period of January 1 - December 31, 2008 are not verified/ examined by the external auditors of the Company. The results are based on the accounting period of October 1 - September 30, 2008, and the accounting period of October 1 - December 31, 2008. This is

only for the benefit of the analysis and comparison of the operating results.

According to the World's economy slowdown since in the middle of 2008, the raw water distribution volume in 2009 of the Company compared with the 2008's decreased by 1.16% from the total raw water distribution volume of 223.86 million cubic meters to 212.27 million cubic meters. The demand of raw water within the petrochemical sector and consumption sector started to rise in the second half of 2009 which resulted in the raw water distribution volume in 2009 to be higher than the Company's forecast in the beginning of 2009 at 214.25 million cubic meters or increased by 3.28%.

The 2009 operating results of the Company and its subsidiary showed the net profit of Baht 807.27 million, increased by Baht 201.46 million, or by 33.26% comparing with the 2008 operating results. The EBIT was at Baht 1,250.40 million, increased by Baht 332.39 million or by 36.21%. While the EBITDA from the operating results was at Baht

1,603.28 million increased by Baht 339.07 million or by 26.82% from Baht 1,264.22 million due to the revenue increase of raw water business, tap water business, engineering services and water leakage control project, and building rental fee, including administration cost control, and the decrease of the financial cost by utilizing the surplus cash flow to gradually repay the principal of which was either the scheduled or the early repayment of the long-term loan amounting of Baht 1,150 million.

1.2 Revenue analysis

In 2009, the Company and its subsidiary had total revenue of Baht 2,878.50 million, increased by Baht 376.90 million, or by 15.07% when compared with 2008's due to the following reasons:

- **Revenue from raw water business**

The revenue from the raw water business increased by Baht 246.42 million or 14.86% due to the increase of raw water price to reflect the operating cost, including the increase of asset investment cost. The average of raw water price of all areas was at Baht 9.09 per cubic meter. In 2009, the total raw water distribution volume decreased by 1.16% from the total distribution volume of Baht 223.86 million cubic meters to 221.27 million cubic meters.

- **Revenue from tap water business**

The revenue from the tap water business increased by Baht 75.42 million or by 13.45%. The tap water distribution volume increased by 7.26% from the distribution volume of 49.45 million cubic meters in 2008 to 53.04 million cubic meters in 2009, and from the adjustment of the tap water price following the contract by 5.82%.

- **Revenue from services and rental fee**

The revenue from services and rental fee increased by Baht 90.40 million or increased by 47.09% due to the increase of the engineering services and water leakage control project revenue, and the increase of tenant numbers of which accounting for 78.64% of the total leased areas.

- **Revenue from interest and received dividend**

Revenue from interest and received dividend decreased by Baht 42.51 million or by 67.42% due to the decrease of received dividend in 2009 according to the second quarter of 2008, EGCOT Tara Co.,Ltd. was able to pay the dividend for the first time and it was from the accumulated operating results of Baht 40.17 million.



- **Other revenues**

Other revenues increased by Baht 21.52 million due to the penalty of the hire contract and office building area leasing contract, and the converting of tap water business advisor expense which was provision and could not be claimed after having lawfully been precluded by prescription.

1.3 Expense analysis

In 2009, the Company and its subsidiary had a total expense of Baht 1,628.10 million, increased by Baht 44.50 million or by 2.81% comparing with 2008 due to the following reasons:

- **Raw water business cost**

The cost from raw water business increase Baht 13.60 million, or by 1.91% while the water distribution volume decreased by 1.16% but the cost of raw water had increased due to the cost of providing additional water sources in accordance with water consumption volume within each area and the cost of electricity.

- **Tap water business cost**

The cost from tap water business increased by Baht 25.18 million or by 8.54% of which was in accordance with the increased revenue. The increase of cost was less than the increase of 13.45% of the revenue from tap water business due to cost control and improved management.

- **Services cost**

The services cost increase by Baht 36.41 million or by 20.73% which was in accordance with the increased revenue and the cost control including more efficient water leakage control. In addition, most of the cost from the office area rental was stable such as depreciation.

- **Sale and administration cost**

The sale and administration expenses in 2009 decreased by Baht 39.59 million or by 13.27% when compared with 2008 due to the expense control policy within the present economic situation, and the Company's placing an importance upon the CSR activity such as: The Greatest of the Kings The Greeting of the Land; Charity Red Cross Concert for

Community; and 4 youth camps within Rayong Province; and Forestation for the King's glorification; etc. As a result, the expense of quality of life and environment development increased by 15.05% when compared with 2009.

- **Financial expenses**

The financial expenses decreased by Baht 31.49 million or by 20.77% due to the company has used cash flow from operations to gradually repay the principal of which was either the scheduled or the early repayment for the long-term loan to the financial institution with the interest rate of 4.50%.

1.4 Financial ratio analysis

Financial ratios	2009	2008
Gross profit margin (%)	58.81	55.24
Net profit margin/Total revenue (%)	28.04	24.22
Return on equity (ROE) (%)	12.96	10.05
Return on assets (ROA) (%)	8.73	6.31
Debt to equity ratio (Time)	0.44	0.53

In 2009, the ratios showed the ability to profit making of the group of companies were the Gross Profit Margin and the Net Profit Margin of which were at 58.81% and 28.04%, respectively. The increase came from the increase of revenue from the business operation, and the adjustment of raw water price to reflect the cost from the actual investment, including the better cost and expense control of operation. The Return on Equity (ROE) was at 12.96% and the Return on Assets (ROA) was at 8.73%, also rose from the same period of last year. However, the Debt to Equity Ratio (D/E Ratio) of 0.44 times decreased from the same period of last year due to the gradual principal repayment for long-term loan of which showed the strength of the Company's capital. The Company's Debt-Service Coverage Ratio (DSCR) was at 2.53 times, of which means the ratio of cash available for debt servicing to interest and scheduled principal payments at acceptable rate. However, the existence of the Company's financial ratios was under the condition of loan contract with the D/E ratio with no more than 2 times and the DSCR should be no less than 1.1 times.

2. Financial report and analysis

In 2009, the Company had an investment in the third Pipelining connecting Nong Pla Lai water source – Map Ta Phut project. It was the construction of pumping system and water pipelining to increase capability of pipeline system and to





serve the demand of consumption sector and industrial sector within Map Ta Phut area, Rayong Province. The project is expected to reach its completion in 2011 of which the Company had already reported the information to the Stock Exchange of Thailand on August 24, 2009.

2.1 Asset analysis

As of December 31, 2009, the Company and its subsidiary had a total asset of Baht 9,147.78 million, decreased by Baht 194.37 million when compared with its asset of December 31, 2008. The decrease mainly came from the change of account of other debtors (the Royal Irrigation Department) from Non-Current Asset to project asset in the Current Asset, totaling Baht 646.49 million. It was because on December 1, 2009, the Cabinet resolution approved the Ministry of Agriculture and Cooperatives (the Royal Irrigation Department) to perform the procurement of the assets from the pipelining project connecting Pra Sae reservoir to Klong Yai reservoir in Rayong Province. Thereafter, on January 15, 2010, the Company had signed an agreement with the Royal Irrigation Department for selling-purchasing of the asset from the project construction. The asset would be delivered within 90 days after the agreement date. As a result, the Current Asset of the Company increased by Baht 371.73 million. In addition, the decrease also came from the contract of investment in the government bond as purchased securities with the Repo and temporary financial investment from promissory note of Baht 344.59 million, including the cash increase of Baht 22.50, while the net account receivable increased by Baht 64.01 million, other current assets increased by Baht 0.77 million while the Non-Current Asset decreased by Baht 566.10 million due to the increase of the net lands, building, and equipment of Baht 62.79 million.

2.2 Debt analysis

As of December 31, 2008, the Company and its subsidiary had a total debt of Baht 2,804.06 million, decreased by Baht 416.28 million when compared with its debt of December 31, 2008. The Non-Current Asset decreased by Baht 521.71 million of which mainly consisted of long-term loan from a commercial bank with the total accrual of Baht 1,727.81 million, decreased by Baht 523.26 million. The decrease came from the scheduled repayment for Baht 450 million and the early repayment for Baht 700 million from the Company's cash management and investment.

The Current Liabilities increased by Baht 105.43 million due to the increase of other current liabilities of Baht 54.43 million from account payable from fixed asset purchased, short-term loan from financial institution increased by Baht 361.50 million, and long-term loan which was scheduled to repay within 1 year decreased by Baht 307.96 million. Finally, the net short-term loan increased by Baht 53.54 million due to liquidity management policy of gradual principal repayment for long-term loan before its schedule in 2009.

2.3 Shareholder's equity analysis

The Company's shareholder's equity as of December 31, 2009, was at Baht 6,341.18 million, including the minority of the shareholder's equity of Baht 2.54 million, increased by Baht 221.91 million when compared with the equity of December 31, 2008 due to accumulated profit, of which had not been allotted, increased from the net profit amounting for Baht 224.98 million.

3. Cash flow report and analysis

In 2009, the Company and its subsidiary had cash flow and equivalent to the brought beginning cash of Baht 102.07 million. During the period, the net cash increased by Baht 22.50 million, consisting of the following items:

- Net cash from operating activity of Baht 1,221.20 million came from better performance of the Company leading to the Earning Before Tax from January 1 – December 31, 2009 of Baht 1,130.28 million with the adjustment of non cash items such as depreciation, amortization, and impairment of assets of Baht 298.43 million, adjusted with net interest expense from received dividend and received interest increased by Baht 98.75 million, adjusted with the change of assets and debts from operation increased by Baht 7.89 million, and the corporate income tax expense of Baht 320.73 million.

- Net cash for investment activity of Baht 14.51 million came from the withdrawal of temporary investment which was matured at Baht 344.59 million, and received dividend and interest of Baht 29.76 million. Finally, from the purchase of fixed asset and the investment in the assets under the concession contract and the cost from deferred concession right were accounted for Baht 388.87 million.

- Net cash from financing activity of Baht 1,184.19 million came from the repayment for loan to the financial institution of Baht 1,195.72 million and the debt repayment according to the financial leasing contract of Baht 4.10 million, the dividend payment for 2008, and the interim payment for

2009, amounting for Baht 582.40 million, including interest payment of Baht 127.97 million. Thus, the cash received from the short-term and long-term loan from the financial institution was at Baht 726.00 million.

- Therefore, as of the year ended 2009, the Company and its subsidiary had cash and equivalent to ending cash totaling Baht 124.57 million.

4. Change of accounting policy of depreciation method for the raw water pipeline

In 2009, the Company had used the 2 Methods of Depreciation Deduction for the Raw Water Pipeline consisting of 1) Straight-Line Method and 2) Services Unit Variable Method, by calculating from the estimated selling unit but not exceeding the production capacity of the asset. The Services Unit Variable Method used with the raw water pipelining systems received from 2003 such as: Chachoeng Sao Water Pipeline; Bangpakong-Cholburi Water Pipeline; Sri Racha Water Pipeline; Bang Phra Water Pipeline; Rayong-Map Kha Water Pipeline; and Nakorn Nueng Khet Water Pipeline. In the past, the pipelining network of Chachoeng Sao- Cholburi was an independent system and had no connection to the pipelining system within other areas of the Company and the depreciation from the Services Unit Variable Method had a co-relation with the increasing revenue.

At present, the Company's pipeline network connecting three areas of Chachoeng Sao-Cholburi-Rayong Provinces into one network and the accounting standard for the fixed asset no. IAS 16 (amended in 2009) stipulates that the depreciation method for the same type of asset should be the same method. The Straight-Line Depreciation Method for the pipelining system is suitable for the asset with time deterioration when compared with the Services Unit Variable Method.

The Company had proposed to change the depreciation calculation method to the Board of Directors' Meeting no. 12/2009, the Board had considered approval of the change of depreciation method of pipeline from the Services Unit Variable Method to the Straight-Line Method of which taken effect from January 1, 2010 onward. In 2009, the depreciation calculation of pipeline amounted for Baht 279.89 million. With the Straight-line Method taken effect on January 1, 2009, the depreciation of the fixed asset in 2009 was at Baht 348.98 million. (The Company presented this information in order to compare with the depreciation in 2010.)

Good corporate governance

The Company's Board of Directors has realized the importance of business operation under the Good Corporate Governance principles of which focus on providing the utmost benefit to the shareholders, stakeholders, including placing an emphasis upon responsibility toward society, community, and the environment. Last year, the Company focused on creating awareness of the Good Corporate Governance principles on the daily work basis with activities to promote the principles among the group of companies, leading to the Company's personnel at every level to work with "transparency, honesty, responsibility, and competitiveness"

1. Corporate governance policy

The Company's Board of Directors has stipulated the Company's Vision, Mission, and the Good Corporate Governance Policy in written form since August 1, 2003. The Corporate Governance Committee is assigned to propose to the Company's Board of Directors to consider and revise the policy for the purpose of continuous development and keeping up-to-date with the present situation.

In 2009, the Company's Board of Directors revised the policy for the fourth time on June 19, 2009 with the improvement of the Good Corporate Governance principles.



The revised policy aims to create awareness of information disclosure via computer system among the staff of the group of companies. The principle requires all staff to strictly conform to law and to review the manual of the Company's Board of Director Re the Chairman is an independent director, and shall not be the same person as the President, nor a member of the Company's sub-committee. The good Corporate Governance principles of the Company are in the website of the Company.

In addition, the Company has placed the Good Corporate Governance principles into the curriculum of the orientation of new staff of group of companies as to create awareness of business ethic practice, one of the subjects in the principles of the Good Corporate Governance. The staff of group of companies will receive all documents and manuals for future practice. The Company's Directors have to sign as an acknowledgement in the manual of the Directors on the orientation day of the new Directors.



2. The rights of shareholders

The Company is aware of the shareholder right to acknowledge and consider information for making decision in the Annual General Shareholder Meeting as stipulated in the Good Corporate Governance principles. In doing so, the Company disclosed the resolution of the Company's Board of Directors' meeting no. 3/2552 on March 27, 2009 to schedule the Annual General Shareholder Meeting 2008 on April 30, 2009 via the website of the Stock Exchange of Thailand. The Company also provided meeting invitation letter to the shareholders, including Thai and English proxy authorization letter. All documents were sent to the shareholders and the invitation letter was also on the Company's website 14 days prior to the meeting day. The invitation letter of the shareholder meeting included complete and clear schedule and agenda of the meeting for the shareholders to entirely understand and exercise their voting rights with appropriate judgment and for their own benefits. In the case when the shareholders could not attend the meeting, they could exercise their voting rights as clearly prescribed in the proxy of authorization letter, including two independent directors proposed as the shareholders' representatives, one of whom was to be chosen to vote on behalf of the individual shareholder.

The Company has followed the Good Corporate Governance Principles for Listed Companies 2006 by granting the right to individual shareholders with shares of 0.1% but not over 5% of the total issued shares and calling for complete payment of shares by gathering shares together to propose the shareholder meeting's agenda and nomination of directors through the Company's website in advance. In 2009, the Company's individual shareholders were allowed to propose the matter from October 1, 2009 –December 31, 2009 of which disclosed via the SET's website in advance on September 30, 2009.

3. The rights of stakeholders

The Company's work philosophy focuses on responsibility and equality treatment with credibility toward all stakeholders as follows:

- (1.) The Company is responsible to its shareholders by providing appropriate and fair return of investment to the shareholders as well as maintaining stable financial situation which benefits to the existence and growth of the Company.
- (2.) The Company is responsible to customers by providing quality water resources and products

management and development and other services to create the utmost satisfaction to customers.

- (3.) The Company is responsible to its employees by treating them with respect to their lawful rights and providing safe workplace environment, good benefit, and fair employment condition truly reflecting the market situation, including promoting the value of human resources at their full potential.
- (4.) The Company is responsible to business partners with the relationship that creates the greatest mutual benefit to contractors, suppliers, and joint-investors under the Good Corporate Governance.
- (5.) The Company is responsible to society and environment by operating the social responsibility business with respect and conformity to laws and related regulations to prevent against any impact which may cause the loss to life or possessions of an individual, community, and the environment.

Complaint notification

The Company has a channel for notification of clue or complaint on any act against law or morality, inaccurate financial reports, or defective internal control system. To help efficiently protect anyone who provides the clue for taking care of the Company's benefit, all complaints can be submitted to the Audit Committee through the following channels:

- Email : The Audit Committee
AC_EW@eastwater.com
- Postal service : The Audit Committee
Eastern Water Resources Management and
Development Public Company Limited
East Water Building, Floor 25,
1 Vipavadeerangsit Soi 5, Vipavadeerangsit
Road, Jomphol, Chatuchak, Bangkok 10900

The policy is to be disclosed in the Annual Report (56-2) and the complaint can be made through the mentioned channels on the Company's website at www.eastwater.com

4. Shareholders' meeting

The Annual General Shareholders Meeting 2008 on April 30, 2009, 8 members of the Company's Board of Directors attended the meeting, consisting of the Chairman of the Board, the Chairman of the Good Corporate Governance Committee, the Chairman of the Audit Committee, the Chairman of the Management and Investment Committee, and the Chairman of the Nomination Committee. In each agenda of the meeting, the Chairman of the Board, as the chairman of the meeting,

provided an opportunity to the shareholders to examine the operation of the Company, to equally propose queries, opinions, and suggestions which will be addressed in the minutes. The Chairman of the Board will inform the shareholders of the voting result in each agenda of the meeting and again prior to the end of the meeting. The clear resolution of the meeting, the voting result, including votes of agreement, disagreement and abstain from each agenda will be reported in the report of the shareholders' meeting. In 2009, the Company had no additional proposal of agenda stated in the invitation letter of the Annual General Shareholder Meeting. The report of the meeting was completed within 14 days after the meeting.

The Company followed the Annual General Meeting Quality Evaluation project and facilitated shareholders with the use of the barcode system in the registration and counting of votes. The e-voting program of the Thailand Securities Depository Co.,Ltd.(TSD) was used in the registration and vote count of the Annual General Shareholder Meeting 2008.

The meeting of the Company aimed to provide complete information enough for decision making. The Company also provided equal opportunity to all shareholders to make queries and propose suggestions about the Company's operation.

In 2009, the Thai Investors Association had organized the Annual General Meeting Quality Evaluation project 2009 and the Company was rated "Very Good".

5. Leadership and vision

The Board of Directors of the Company plays an important role in defining of vision, policy, and strategy of the Company by setting the Corporate Plan every three years for the operation. Each year, the Company's management team will propose strategies and activities to the Management and Investment Committee and the Board of Directors of the Company, respectively, for further consideration, comments, and approval of the operating plan and annual budget. Apart from this, the management team will quarterly report the progress of the annual operating plan and important problems to the Audit Committee's meeting as well as to the Board of Directors for monthly acknowledgement of the operating results of the Company and its subsidiaries, including propose for approval of important investment project procurement worth more than Baht 200 million to the Board of Directors for consideration.

The Board of Directors of the Company has followed up the performance of the Management team by requesting for

the report of the compared target operating results and the operating results of the Company and its subsidiaries. This is one of the Board of Directors' meeting agendas RE the report of monthly financial status of the Company. In addition, the Board of Directors has realized the compliance of laws and regulations by requesting the management team to report any change of laws and regulations prescribed by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET)

6. Conflict of interest

The Company's Board of Directors has set the policy concerning conflict of interest in the Good Corporate Governance principles. In the case when the Board of Directors assigns the Company's personnel to perform duty on behalf of the Board of Directors, the assignment must be in written form or reported as the Board of Directors' resolution in the Board of Directors' meeting report as well as be clearly stated the scope of the authorization. The authorization shall exclude the approval of the authorization person to perform any duty which the authorization person may have conflict of interest.

The Board of directors of the Company is to report its interest and connected person's interest to the Company. The Corporate Secretary will submit the report to the Chairman of the Board and the Chairman of the Audit Committee for acknowledgement. In addition, the report of underlying shares acquisition of the Board of Directors and the Company's executives is specified as one of the agendas at the Board of Directors' monthly meeting. In the case when the connected transaction is to be considered and approved, any director who has conflict of interest with the matter shall leave the Board of Directors' meeting. The Company has to strictly disclose all information concerning connected transaction of the Company.

Most importantly, the Company has prescribed suppliers or trading partners to report the conflict of interest with connected person as stipulated by the SEC's regulations. The report serves as important information for the management team to approve any transaction of conflict of interest with carefulness.

Nonetheless, any connected transaction of the Company and the affiliated companies, including the Company and all stakeholders will go through clear accurate approval procedures by following pricing structure and trading condition as applied to other trading partners of the Company. The connected transaction will be disclose in the Annual Report and the 56-1 Form.



7. Business ethics

Apart from the compliance with the “Good Corporate Governance of the group of Eastern Management and Development of Water Resources Company” the Company also provided “the Board of Directors Manual” which was effective on August 17, 2006. It has been constantly improved to be up-to-date and appropriate with any changing principles for the Company’s directors to follow as the standard of the Good Corporate Governance practices. All of Company’s directors are to sign in acceptance of the Manual. This also includes the declaration of the “Code of Business Ethics for Staff” and the Corporate Governance Training for new staff. In addition, the knowledge and understanding of good corporate governance project have been organized for all staff on a continual basis.

8. The Company’s summary information as of ended fiscal year 2009

Check and Balance of Non-Executive Directors’ Power

As of December 31, 2009, 11 members of the Board of Directors are as follows:

- 1 Executive Director
- 6 Non-Executive Directors
- 4 Independent Directors

9. Centralization and decentralization of power

The Board of Directors of the Company places an important upon transparency of business operation, decentralization of decision making, clear separation of consideration and approving authority. The President of the Company shall not be the same person as Managing Director. The members of the Audit Committee are Independent Directors who have no authority to sign approval of legally binding to the Company, as well as have no conflict of interest in finance and management of the Company and its affiliated companies.

10. Remunerations of the board of directors and management

Remunerations of Directors and Management are in line with the principles and policy stipulated by the Board of Directors. The Remuneration Committee shall consider the remuneration and propose the appropriate remuneration to the Board of Directors and the shareholders (the Board of Directors’ remuneration). In the fiscal year 2009, the remunerations paid to the Board of Directors and Management of the Company are summarized as follows:

The Board of Directors and Management’s remunerations in 2009

Remunerations of the Board of Directors of the Company from January 1 – December 31, 2009

Names of Directors		No. of months in the position in 2009	Meeting allowance of the company’s Board of Directors	Meeting allowance of the Sub-Committee	Directors’ remuneration	No. of months in the position in 2008 (for bonus consideration)	Bonus (2008)
1.	Mr. Utid Tamwatin Chairman	12	150,000	-	450,000	12	463,750
2.	Mr. Kanoksakdi Bhinsaeng Director	12	120,000	170,000	360,000	5	175,000
3.	Pol.Lt.Gen. Somyot Poompanmoung Director	12	110,000	200,000	360,000	5	175,000
4.	Mr. Wiset Chamnarnwong Director	8	80,000	70,000	240,000	-	-
5.	Mrs. Monta Pranootnorapal Director	12	110,000	90,000	360,000	9	315,000
6.	Mrs. Niskorn Tadthiemrom Director	8	80,000	100,000	240,000	-	-
7.	Mr. Boonmee Juntaravong Director	8	70,000	50,000	240,000	-	-
8.	Mrs. Leena Charernsri Director	10	100,000	80,000	300,000	-	-
9.	Pol.Maj.Gen. Pimol Sinthunava Director	12	120,000	230,000	360,000	5	175,000
10.	Mr. Rasda Pongpaew ⁽¹⁾ Director	12	120,000	90,000	360,000	9	315,000
11.	Mr. Chakarn Saengruksawong Former Director (Resignation date Feb 2, 2009)	1	10,000	10,000	30,000	5	175,000
12.	Mr. Nattachak Pattamasingsh Na Ayuthaya Former Director (Resignation date Mar 1, 2009)	2	20,000	10,000	60,000	5	175,000

Names of Directors		No. of months in the position in 2009	Meeting allowance of the company's Board of Directors	Meeting allowance of the Sub-Committee	Directors' remuneration	No. of months in the position in 2008 (for bonus consideration)	Bonus (2008)
13. Pol.Gen. Ajiravid Subarnbhesaj (Resignation date May 16, 2009)	Former Director	5	30,000	50,000	150,000	5	175,000
14. Mr. Chanchai Tontisirin (Resignation date May 16, 2009)	Former Director	5	40,000	60,000	150,000	5	175,000

Notes : ⁽¹⁾ The total remuneration of Directors 885,000 Baht of Mr. Rasda Pongpaew was based on the regulations of Electricity Generating Public Company Limited (EGCO), directly transferring a director's remuneration of directorship in other companies to the account of the Thai Forest Conservation Foundation - a foundation established to raise awareness and create networking alliance for forests and water resources conservation.

10.1 Remunerations of management

Eleven members of the Executive Directors and Company's Executives received benefits for 2009 operating results in the form of salaries and bonuses, totaling Baht 28,724,430.

10.2 Securities holding

As of December 31, 2009, no member of the Board of Directors held the Company's securities as appeared in the summary on page 6-9. Eleven Executive Directors and executives of the Company held 1,334,580 ordinary shares.

10.3 Contributions to provident funds

In the fiscal year 2009 ending at December 31, 2009, the Company's contributions to the Provident Funds for 11 Executive Directors and executives of the Company accounted for Baht 1,697,009.57.

11. The board of directors meetings

The Board of Directors' monthly meetings are scheduled during the third or the fourth week of the month. The President and CEO, serving as the Secretary to the Board of Directors, sends an invitation letter together with the meeting agenda and relevant documents in advance for directors to review the information before attending the meeting. In the fiscal year 2009, there were 12 meetings of the Board of Directors. Details on individual director's attendance are summarized as follows:

Names of Directors		No. of meeting attended / No. of meeting	Remarks
1. Mr. Utid Tamwatin	Chairman	12 / 12	
2. Mr. Kanoksakdi Bhinsaeng	Director	12 / 12	
3. Pol.Lt.Gen. Somyot Poompanmoung	Director	11 / 12	
4. Mr. Wiset Chamnamwong	Director	8 / 8	Obtained the position on May 22, 2009
5. Mrs. Monta Pranootnorapal	Director	11 / 12	
6. Mrs. Niskorn Tadthiemrom	Director	8 / 8	Obtained the position on May 22, 2009
7. Mr. Boonmee Juntaravong	Director	7 / 8	Obtained the position on May 22, 2009
8. Mrs. Leena Charernsri	Director	10 / 10	Obtained the position on Feb 21, 2009
9. Pol.Maj.Gen. Pimol Sinthunava	Director	12 / 12	
10. Mr. Rasda Pongpaew ⁽¹⁾	Director	12 / 12	
11. Mr. Praphant Asava-Aree	Director	12 / 12	



12. The Committees

The Board of Directors has appointed the Sub-Committees which consist of members with appropriate expertise to review and examine the works assigned to them to initially ensure their accuracy and clarity following the Company's missions and policy prior to proposing them to the

Board of Directors for approval, or ratification, or further providing additional recommendations, depending upon the case. Details on the committees appointed by the Board of Directors and their meeting attendance during the fiscal year 2009 are as follows:

12.1 As of December 31, 2009, the Audit Committee comprised 3 independent directors, and 1 advisor, namely:

Audit Committee		No. of meeting attended / No. of meeting
1. Mrs. Niskorn Tadthiemrom*	Chairman	6 / 6
2. Pol.Maj.Gen. Pimol Sinthunava	Director	10 / 10
3. Mr. Boonmee Juntaravong*	Director	5 / 6
4. Mr. Chakkrit Parapuntakul	Advisor to the audit committee	9 / 10

*Received an appointment to replace the resigned Directors in May 2009

The Audit Committee is responsible for ensuring the accuracy and credibility of the Company's financial statement following the generally accepted international accounting procedures prior to proposing to the Board of Directors. The Committee also revises and provides recommendation in terms of efficiency and effectiveness assessment of the Company's internal control system and the compliance with the law and regulations. The Committee's management

procedures shall perform with effectiveness, independency, and focus on transparent and clear guidelines between the Board, the Internal Audit Department, the Management, and the External Auditor. In addition, the Committee is initially responsible for appointment and remuneration of the external auditors to further proposing to the Board of Directors and the shareholders.

12.2 As of December 31, 2009, the management and Investment Committee comprised 3 directors, namely:

Management and Investment Committee		No. of meeting attended / No. of meeting
1. Mr. Kanoksakdi Bhinsaeng	Chairman	13 / 13
2. Pol.Lt.Gen. Somyot Poompanmoung	Director	13 / 13
3. Mr. Praphant Asava-Aree	Director	13 / 13

The Management and Investment Committee is assigned by the Board of Directors to responsible for ensuring the efficiency and strength of the Company's operation following the policy of the Board. The Committee is to consider the matters to be proposed to the Board, support the administration of the management to achieve the objective and the targets of the Company, including to stipulate strategy policy and framework of short-term and long-term investment plan of the Company's core and related business, as well as to

consider the procurement matter needed the Board of Directors' approval of which is over the authorization of the President & CEO. In addition, the Committee is responsible for the consideration of Capital Investment project by stipulating investment procedures, conditions, and financial analysis of the project following the plan of the Company prior to further proposing to the of Directors and the shareholders for consideration.

12.3 As of December 31, 2009, the Corporate Governance Committee comprised 3 directors, namely:

Corporate Governance Committee		No. of meeting attended / No. of meeting
1. Mr. Wiset Chamnarnwong*	Chairman	5 / 5
2. Pol.Maj.Gen. Pimol Sinthunava	Director	7 / 7
3. Mr. Praphant Asava-Aree*	Director	6 / 6

*Received an appointment to replace the resigned Directors and the change within the Sub-Committee

The Committee is responsible for revision of the good corporate governance practicing of the Company to ensure the appropriate compliance with the Corporate Governance's effective procedures of the important code of conducts stipulated by the Stock Exchange of Thailand. In addition, the

Committee is to ensure the practical results of the Good Corporate Governance principles to achieve the development and the best practices of corporate governance by periodically performing evaluation in accordance with the policy.

12.4 As of December 31, 2009, the Risk Management Committee comprised 5 directors, namely:

Risk Management committee		No. of meeting attended / No. of meeting
1. Mrs. Monta Pranootnorapal	Chairman	4 / 4
2. Pol.Lt.Gen. Somyot Poompanmoung	Director	3 / 4
3. Mr. Wiset Chamnarnwong*	Director	2 / 2
4. Mrs. Leena Charernsri*	Director	3 / 3
5. Mr. Praphant Asava-Aree	Director	4 / 4

*Received an appointment to replace the resigned Directors

The Risk Management Committee has a major role to oversee, review, and provide suggestion to the Board of Directors concerning risk management policy, standard practice, strategies, and overall risk assessment. The

Committee is also to revise the sufficiency of the risk management system policy, the efficiency of the system, and the compliance with the stipulated policy to ensure that the risk management strategy is appropriately performed.

12.5 As of December 31, 2009, the Nominating Committee comprised 3 directors, namely:

Nominating Committee		No. of meeting attended / No. of meeting
1. Pol.Maj.Gen. Pimol Sinthunava	Chairman	5 / 5
2. Mrs. Niskorn Tadthiemrom*	Director	1 / 1
3. Mrs. Leena Charernsri*	Director	4 / 4

*Received an appointment to replace the resigned Directors

The Committee is appointed by the Board of Directors to nominate suitable persons to be members of the Board of Directors, affiliated companies, and President & CEO, including

to opine the management structure of the Board of Directors and the Sub-Committees.





12.6 As of December 31, 2009, the Remuneration Committee comprised 3 directors, namely:

Remuneration Committee		No. of meeting attended / No. of meeting
1. Mr. Boonmee Juntaravong*	Chairman	2 / 2
2. Mr. Rasda Pongpaew*	Director	2 / 2
3. Mr. Kanoksakdi Bhinsaeng	Director	3 / 3

*Received an appointment to replace the resigned Directors and the change within the Sub-Committee

The Committee is responsible for providing remuneration and other benefit policy and guidelines of performance evaluation of the Board of Directors, of the Company, affiliated

companies, and the high level executives of the Company by disclosing the policy and report following the given forms.

12.7 As of December 31, 2009, the Regulation Enforcement and Operating Results Assessment Committee comprised 4 directors, namely:

Regulation Enforcement and Operating Results Assessment Committee		No. of meeting attended / No. of meeting
1. Pol.Lt.Gen. Somyot Poompanmoung	Chairman	4 / 4
2. Mrs. Niskorn Tadthiemrom*	Director	3 / 3
3. Mrs. Monta Pranootnorapal	Director	4 / 4
4. Mr. Rasda Pongpaew	Director	4 / 4

*Received an appointment to replace the resigned Directors

The Regulation Enforcement and Operating Results Assessment Committee's roles are to impose regulations and assess the Company's operating results with the annual Corporate KPIs of which are quarterly followed up.

The overall performance self-assessment of the Board of Directors of the Company has been consistently and continuously evaluated every year with the objective of to review performance, problems, and obstacles occurring in the past year. The results of the evaluation will be considered for further improvement of appropriate operation efficiency which is in accordance with the Good Corporate Governance principles. The evaluation of the Board of Directors' operation of the Company in 2009, every director received an average point of 4.93 out of 5 points. The risk management and the internal control of the Company which proved to be sufficient and suitable with the business, received the average point increased to 5 points.

Whereas the performance of Chairman of the Board, the clear separation of roles and responsibility between the Board of Directors and the Management, and the equality treatment to shareholders were ranked the second place with the average point of 4.89. The third place with the average point of 4.81 went to the preparation of the Board to manage

working time, and the ability to provide opinions with frankness and without being influenced by one or the other directors.

In addition, the meeting's agenda of the connected transaction, the Company's directors with conflict of interest will abstain from providing opinion and voting.

The Board of Directors meeting No. 10/2009 had a resolution to approve the renewal or extension of President&CEO's contract to three-year period from May 1, 2010 to May 1, 2013 after the performance evaluation of the group of companies' KPIs and President&CEO's based on capability evaluation manual of the management and staff of the Company, including guidelines of other listed companies in the Stock Exchange of Thailand, consisting of Core Competency and Managerial Competency evaluation.

13. Director orientation

New directors who receive new position in the Board of Directors, the Company holds orientation to new directors to inform business policy and other related internal information such as the shareholder structure, the Company structure, business operation, law and regulations, including the past Board of Directors' resolutions. President & CEO and Corporate

Secretary will present the information. The new directors will receive the Board of Directors Manual and important information of the directors which consist of:

- The Company's information
- Operating results and activities of the Company
- Company Profile
- Thai version of annual report
- Good Corporate Governance Principles
- The Board of Directors' reports
- Risk Management Manual
- The Company's Article of Association, certificates, rules and regulations

In addition, every year, the Company has a policy for new Directors to visit the Company's operation, including the actual operating area to promote their understanding of the business.

14. Director training

The Company places an emphasis upon training courses relating to development of knowledge, skill, understanding of the Good Corporate Governance and rules and regulations, including management roles and responsibility of the Company's Directors in order to promote efficiency and morality. Thus, the Company has continuously supported the Directors' additional education and training. In 2009, there were three Directors attended the Director Certification Program (DCP) of the Institute of Directors (IoD). The three directors consisted of Mrs. Niskorn Tadthiemrom, Mr. Boonmee Juntaravong, and Mr. Wiset Chamnarnwong. Therefore, there were ten Directors of the Company attended the Director Certification Program (DCP) and the Directors Accreditation Program (DAP) of which were the courses concerning the roles and responsibility of Directors. Moreover, the Company applied for IOD members for Directors to receive information and additional knowledge. Apart from this, when the Company receives training invitation letters or training documents concerning Directors, the Company will pass the information to Directors for further studies.

15. Selection of directors and executives

The Board of Directors of the Company will appoint its representatives from the Board to be Nominating Committee to select qualified candidates for directors and President of the Company as appropriated to each case. The Board of Directors of the Company has a resolution to approve the right of its individual shareholders in order to propose candidate's names to the Nominating Committee for initial consideration prior to

proposing to the Board of Directors. The board then considers and specifies the names of the selected candidates in the notice of the shareholders' meeting for shareholders' approval. In Accordance to the Company's Articles of Association, the Board of Directors shall consist of at least 5 directors, and not more than 11 directors, selected by the shareholders and the Board of Directors will selected Chairman of the Board and may select and appoint a director as President and may select Vice President, including Managing Director, and other positions as appropriated. No less than half of the Company's Directors shall have residence in Thailand. The nomination of the Company's Directors by the shareholders' meeting is based on the following criteria:

1. Each shareholder has one vote per share.
2. All shareholders shall exercise all their voting points stated in 1. to elect a director or directors under the condition that the amount of voting points cannot be allocated to any specific director to receive many or less voting points.
3. The directors with the highest voting points and the runners-up shall be elected as directors. The number of elected directors must be equal to the required numbers of the election. In the case when the number of the runners-up with equal voting points is greater than that of the required director, the Chairman shall have to cast final vote.
4. The Board of Directors shall have qualification and no prohibited characteristic in accordance to the law of public company limited and the Securities Exchange Act.
5. An independent director shall have complete qualification as stipulated by the Company's definition of independent director which is in accordance with the regulations of the Securities and Exchange Commission (SEC)

The shareholder's meeting can have a resolution to demote any of directors prior to the term completion when the vote for support is not less than three fourths of all attended shareholders with the right to vote and the total shares accounts for no less than half of shares held by the attended shareholders with the right to vote.

Board of Directors of the fiscal 2009 consisted of 5 directors who were directors and major shareholders: three directors from the Provincial Waterworks Authority, one director from Electricity Generating Public Company Limited, and on director from the Industrial Estate Authority of Thailand.

16. Internal information access control

The Company stipulates the Internal Information Access Control guidelines of Directors, management teams, and employees of the Company in the Good Corporate Governance principles of which covering important matters as follows:

1. Directors, management teams, employees, outsourcers, freelancers shall have duty to accept lawful and ethical commitment to protect and not to disclose confidential information and document or confidential trading information which may importantly affect on the success and stability of the Company.
2. The confidential trading information must be undisclosed from the public. Any mutual use of internal information shall be performed under only assigned duty or responsibility.
3. The disclosure of information to the public must be approved under the consent of the Managing Director. If the information concerns other joint-investors, the disclosure of the information must be received the consent from the joint-investors. The center of the public information disclosure consists of Corporate Communications Department, Investor Relations Department and the Office of Managing Director. The Corporate Communications Department is also responsible for providing information to the Company's staff.

In addition, the Company has informed the Directors and the executives of their duty to report the acquisition or disposal of shares of the Company of more than 5% of all disposed shares, as well as to report the shares holding to the Securities and Exchange Commission (SEC) by following stipulated form and method. This is to be always reported to the Board of Directors' meeting.

17. Relationship with investors

The Company places an important to create good relationship with investors, analysts, and other related groups. It has realized that the information of the Company is important to decision making of the investors. The Company, then, places an emphasis upon complete information disclosure with equality, transparency and in time submission as stipulated by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

The Company has granted the opportunity for the investors, analysts, and other related groups to frequently



meet with high level executives of the Company, leading to good understanding of the Company's business as well as to mutual opinion exchanges. The Company has also set up the Investor Relations Unit, belonging to the Office of Managing Director (Tel. 02 272 1600 ext. 2525 or ir@eastwater.com), as a representative to provide the Company's information and news as well as to gather opinion of the investors, analysts, and other related groups for further proposing to the high level executives of the Company for acknowledgement. The annual investor relations plan has been established to provide the Company's information through the following channels and activities:

- Analyst Meeting
- Quarterly Meeting
- Conference Call
- Opportunity Day
- Company Visit/ One-on-One Meeting
- Site Visit activity
- Local and international non-deal Roadshow
- SET in the City 2009

In addition, the Company's information is posted on the IR Page of the Company's website at www.eastwater.com in Thai and English, consisting of the About the Company's information, Annual Report, Financial Statement, Management Discussion and Analysis (MD&A), the Good Corporate Governance, Operating result presentation, information reported to the SET through www.set.or.th, which are consistently updated to facilitate the access to the information with convenience, quickness, and equality. The Company also provides newsletter emailing service which interested person can apply for the service through the Company's website.



1. Holding shares representing not more than 1% of shares with voting right of the Company, parent company, subsidiaries, associated companies or any juristic persons with a potential conflict of interest (including a related person according to article 258 of the Securities and Exchange Act (No.4) B.E. 2551.)
 2. Not being a person who has a blood or legally registered relationship in the form of fatherhood, motherhood, spouse, siblings, offspring, including spouse of siblings of the executives, major shareholders, controlling person or persons who are about to be nominated as executives or controlling persons of the Company or its subsidiaries.
 3. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest at present and in the two-year period prior to nomination.
 4. Not being an entrepreneur in any business similar to or business competing with the Company or its subsidiary company or not being the partner in partnership, or executive director, employee, staff, advisor who receives salary or holds no more than 1 percent of total number of shares with voting right of the company similar to or business competing with the Company or its subsidiary company.
 5. Not having a business relationship with the Company. The auditor shall not be an independent director. Any professional advisor including legal advisor, financial advisor, appraiser, etc. who receives an annual service fee not exceeding two million Baht with relationship details prescribed by the SEC as follows:
 - A. Characteristics of relationship
 - Relationship of professional service
 1. Auditor and Provider of other professional services such as legal advisor, financial advisor, appraiser, etc.
 2. Level of importance of non- independency scope
 - Auditor: No exception
 - Provider of other professional services: an annual service fee exceeding two million Baht

Business/ trading relationship (follow the SET's related transaction provision)

 - Characteristics of relationship: Covering every type of business transaction i.e. normal business transaction, rental/ lease of immovable property, transaction relating to service assets or grant or receipt of financial assistance.
 - Level of importance of non-independency scope: Size of transaction is twenty million Baht or more, or three percent or more of the net tangible assets (NTA), whichever is lower.
 - B. The term business relationship aforementioned in A. with juristic person, a non- independency person i.e. major shareholders, directors (excluding independent directors/ audit committee).
 - C. Prohibition of relationship aforementioned in A. and B. at present and two years prior to nomination
6. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.
7. Not having any characteristics which render him incapable of expressing independent opinions.

The company gives an importance to the internal control system by focusing on sufficient and appropriate internal control system which supports the business efficiency in terms of finance, operation, risk management, and corporate governance. The Company's assessment of internal control efficiency follows the international standard of The Committee of Sponsoring Organizations of the Treadway Commission (COSO) which can be summarized into five aspects as follows:

Organization and environment

The Board of Directors plays an important role in providing definition of vision, policy, and strategy of the Company with the coverage following Balanced Scorecard principle that is to provide long-term business plan, including opinion, and approving strategy, activities, and annual operation plan. In addition, the Board shall apply the Key Performance Indicators (KPI) to evaluate the whole organization operation to reach efficiency of fair follow up and operation evaluation which is in accordance with the target and objective of the Company.

The internal organization management policy focuses on balance of power mechanism between the Board of Directors, the Management, and the shareholders. The Board of Directors consists of Independent Directors or no less than 3 external Directors to balance the power which may have conflict of interest against the Company, including to communicate with the investors to consistently disclose information of the Company to the public, and to appoint Sub-Committees to assist with consideration and screening, and providing decision on the important matters concerning the protection of the shareholders' benefit of Eastern Water Resources Development and Management Public Company Limited. The ethic of the Board of Directors, and the Code of Conduct of the staff are to be guidelines for all level of personnel of the Company by focusing on honesty and ethic for business operation. In 2009, the Company had improved the Charter of the Audit Committee and the Good Corporate Governance principle of the group of companies to be appropriate and in accordance with the present business operation.

Risk management

The Company has appointed the Risk Management Committee to proceed in accordance with the concept of Enterprise Risk Management by evaluating risks within several procedures and analyzing risk factors. The present control measurement and the additional standard definition support all staff from every division to continuously take part in the evaluation and risk management process of the Company as well as to prepare risk management operation plan to increase efficiency of the Company's internal system to be even stronger. This also applies to the management to decrease risk to an acceptable level, in accordance with the ever changing surrounding situation and risk. In addition, to comply with the risk management project plan, the Company has established special unit to be responsible for following operating results to evaluate and prepare report of the risk management result, proposing to the Risk Management Committee and the Board of Directors for consideration and decision which lead the Risk Management of the Company to keep continuously and consistently driving.

The management operation control

The Company has defined the scope of duty and the power to approve financial amount of the Management to be in accordance with the good internal control principle on separation of duties and mutual verification. In doing so, the duties of approval, accounting description and information record, and asset maintenance are separable. In addition, the Company is certified with the quality standard system of ISO 9001:2000 and ISO 14001:2004 which stipulate that the Company shall prepare Work Procedures and Work Instructions to be reference standard, and to providing training to the staff to help them to understand and perform their works with accuracy, in accordance with the prescription of operation procedures and methods.

When there is a connected transaction between the Company and its affiliated companies, and the Company with its stakeholders, the accurate and clear consideration for approval procedure must be performed in the same with other trade partners. The aforementioned transaction has already included in the remark of the financial statement.



The Company continuously and consistently follows the operation of its affiliated companies and also reports the operating results progress of each company to the Board of Directors for acknowledgement. In addition, the special unit is assigned to follow the operating results, in accordance with the resolution of the Board of Directors' suggestion and to coordinate with all of affiliated companies with operating policy following the policy of the Board of Directors. Moreover, Compliance unit is established to monitor the Company's operations to be in accordance with law and concerning rules and regulations.

Information and communication system

The Company has provided enough important information for the Board of Director to make decision. The information is sent in advanced to give time for the Board's revision and primary study. Every agenda of the meeting of Board of Directors and the Sub-Committees contains original agendas and the resolution from the past meeting for reference, together with legal requirements (if any) concerning the meeting agendas for coverage and complete acknowledgement of the Board of Directors to make decision and to provide suggestion, leading to continuous improvement and development of the organization. Then, the fact will be included in the progress of the Management's performance as opined by each Committees, covering reasons, analysis of business sensitivity, obstacles, impact which may occur. For the proposal of suggestion for consideration will contain factors for every consideration and/ or alternative guidelines for discussion/ consideration. For the submission of every meeting report, the Company will inform individually Director to provide the amendment of the meeting report within the specified period after receiving the meeting report around 5 days.

For the corporate communications, the Company has continuously applied the utilization and development of information technology and internal data base for all levels of personnel within the Company to access the information concerning operation at appropriate level through policy

and the clear and systematic system of the right to access information for consideration and making decision of operation. In addition, the Company has established communication channels to communicate with external persons or organizations to receive sufficient information to create good relationship and understanding.

Monitoring system

The Company continuously monitors the operation following target stipulated in long-term business plan and annual operation plan. The progress of the operation results and the annual KPIs are reported to the Board of Directors meeting in every quarter for consideration of defining guidelines of delay or deficiency improvement in order to be in accordance with every changing situations by focusing on prompt amendment.

The Company places the importance, especially, on the organization internal auditing by focusing on increasing the value of the corporate internal auditing with the use of the corporate internal risk evaluation result as a part of Risk Base Audit planning. Every year, the Company also hires advisors to co-sourcing with the Internal Department to ensure with the Company's Board of Directors and the Management of efficiency, effectiveness of the Company's internal control system as well as its accuracy and creditability of information such as financial and accounting information and operational information. The operations shall be in accordance with law, rules and regulations, and the articles of association of the Company. In addition, the Company also has the follow up procedure of operating results through the corporate quality and environment internal monitoring system consistently following the international standard of ISO 9001:2000 and ISO 14001 : 2004.

From the consideration of significant matter of sufficiency evaluation of the aforementioned internal control system, the Board of Directors is confident that the Company's internal system is enough and appropriate with transparency and effectiveness to support the sufficiency of business operation.

In 2009, the Audit Committee had ten meetings of which included the meeting with the Audit Department, Top Executives of the Company and its affiliated companies, and auditors. Inquiries were made and explanations were satisfactorily given from the parties concerned. The performance of the Audit Committee can be summarized as follows:

1. Verification of financial statements and connected transactions

The Audit Committee had considered the verification of quarterly financial statements and the annual financial statements 2009 of the Company and its consolidated financial statement, in cooperation with the auditors, internal auditors, as well as received explanation from the Executive to ensure accuracy and creditability, and sufficiency of the accounting budget, enough and in time disclosure of information, including provided remarks to the factors which may benefit to the Company.

In 2009, the Audit Committee had considered the connected transaction of the revision of raw water price reduction to the PWA, the major shareholder of the Company and the major user of the water consumption group, to ensure that the transaction followed the law and the regulations of the SET, and the transaction was reasonable and provided the utmost interest to the Company.

2. Supervision of the internal control system

The Audit Committee had considered the internal auditing plan of 2009-2010 of which covering the scope of auditing based on the Risk Based Internal Audit Plan received the information from the Company's risk evaluation 2009, the interview with the executives concerning the need or concern matters, financial statements, and remarks from the auditors. These were performed throughout the group of companies.

The Audit Committee had considered verifying the effectiveness and efficiency of the internal control evaluation system as the Audit Department cooperated with the internal advisor company to periodically perform test of procedures within the group of companies as stipulated by the international standard. The Audit Committee had provided additional suggestion for the benefit of operation improvement to reach better efficiency and effectiveness to the Company. The suggestion consisted of the preparation or improvement of guideline manuals to create the standard of operation to the group of companies, including monitoring the Management to ensure its performance or improvement continuously following suggestion in every quarter.

According to the internal control system evaluation, the Company had sufficient internal control system which was in accordance with the opinion of the Company's auditors.

3. Supervision of the compliance with laws and related regulations

The Audit Committee ensured that the disclosure of information was performed with transparency and followed the business operating law such as suggesting the Management to analyze all kinds of impacts and to communicate with for the internal units for their acknowledgement and understanding of their roles to perform following the IFRS.

In addition, the Audit Committee supervised the operation of the affiliated companies to be in accordance with the relate business operation law.

4. Supervision of the internal auditing

In 2009, the Audit Committee had considered an approval of co-sourcing partnership with Deloitte Touche Tohmatsu Jaiyos Co., Ltd. and the personnel from the Auditing Department to enhance experience sharing to develop the internal auditing of the group of companies with more efficiency, and to present founded matters from the examination to continuously increase value to the Company.



The Audit Committee had considered and approved the operation plan, annual budget, and the manpower positions of the Auditing Department, as well as supported the independency of the Department. To promote more efficiency of the Department, it was directly supervised by the Audit Committee.

The Audit Committee had considered approval of the amendment of manuals and charters of the Auditing Department (2nd revised edition) to be in accordance with the changing regulations of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and the Charter of the Audit Committee.

5. Revision of the suitability of the Auditor

The Audit Committee had considered defining the criteria of the Company's auditor selection to select capable auditor with creditability and work independency. The Committee had considered selection of auditor and auditing fee to propose to the Board of Director for approval of proposing to the AGM 2009 for further approval of the appointment of the auditor from PricewaterhouseCoopers ABAS Ltd. (PWC) - Mr. Vichien Khingmontri C.P.A.(Thailand) No. 3977 or Mr. Prasit Yuengsrikul Certified Public Accountant (Thailand) No.4174, or Mr. Sudwin Panyawongkhanti Certified Public Accountant (Thailand) No. 3534 - as the Company 2010 auditor and the auditing is at Baht 950,000.

6. Revision of manual, charter, and self-assessment of the Audit Committee

The Audit Committee had revised the Charter and manual of the Audit Committee (6th revised edition) to be in accordance with the changing regulations of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and the Charter of the Audit Committee to proposed to the Board of Director meeting for further approval. In addition, the Audit Committee had a performance Self-assessment of the whole Committee and cross assessment of an individual member of the Committee pursuant to the Good Corporate Governance principle. The results of the self-assessment of the whole Committee and an individual assessment show excellence results of were which were proposed to the Board of Directors meeting for consideration.

In sum, the Audit Committee, consisting of 3 independent Directors, had performed their duties with perfection as stipulated in the Charter of the Audit Committee approved by the Board of Directors pursuant to the regulations of the SEC and the SET. The Audit Committee agreed with the auditor that the financial reports of the Company were accurate following the Thailand's Generally Accepted Accounting Principles, the connected transaction was accurately and completely disclosed, and the Company had established appropriate the internal control system with effectiveness. The operation throughout 2009 was found no significant information of non-compliance to regulation, commitment, related laws, and the operation was improved to be in accordance with the ever changing business suitability

(Mrs. Niskorn Tadthiemrom)

Chairman of the Audit Committee

Report of the Corporate Governance Committee

The Board of Directors of Eastern Water Resources Development and Management Public Company Limited has realized the importance of business operation and management following the good corporate governance guidelines as mechanisms to create prosperity and sustainable return to the Company and its shareholders, as well as confidence among all stakeholders. The Board of Directors has assigned the Corporate Governance Committee to consider revising the policy and promoting ethical business operation culture, as well as to follow up the result of the Good Corporate Governance practicing to be in accordance with the international standard guidelines based on “transparency, honesty, responsibility, and competitiveness” of the business operation.

In 2009, the Corporate Governance Committee acknowledged and supported the management of the executives which reflected the best practice toward all stakeholders such as informing the trading partners of inventory provision and types of jobs procurement policy of the year coming in advance, inviting the shareholders to join the Company’s CSR activities, etc. Apart from that, the Corporate Governance Committee revised the Good Corporate Governance policy and the Board of Directors’ Manual 4. The additional information of the existing policy can be summarized as follows:

1. Clear additional information on the policy of the position of the Company’s President as the independent director and not to be Chairman or a member of any sub-committee as having been practiced.
2. Additional information on the usage of technology and information of the staff to conform to the Computer Act B.E. 2550.
3. More effective channel for clue giving or complaint of any act against the law, or against financial report ethic, or defect internal control system, as well as providing protection to the informer who helps keeping an eye on the benefit of the Company. The Complaint can be filed to the Audit Committee. The policy is disclosed in the Company’s annual report (56-2) and the complaint can be filed to the aforementioned channel via the Company’s website.
4. The policy of the numbers of a Director’s position in other listed companies stipulates that the Executive Director-ED shall have a position not more than 4 companies, and the Non Executive Director-Non -ED shall have a position in listed companies not more 5 companies
5. The age to be in the position of the Company’s Directors shall not exceed 75 years old without limitation of the term of continuous position. This opens the opportunity to appoint knowledgeable, capable, and experienced directors of the Company
6. The Independent Directors’ meeting consisting of Directors and the executives, and the Directors’ meeting shall perform without the existence of the Non-Executive Director -NED
7. The Independent Director and Directors of the Company hold shares no more than 1% of the total shares with voting right.

The Corporate Governance Committee insists to maintain the objective of corporate governance of the Company’s operation to further achieve sustainability enhancement.



Mr. Wiset Chamnarnwong
Chairman of the Corporate Governance Committee

Report of the Board of Directors' responsibility toward financial statement report



The Board of Directors of the Company had initiated financial statement preparation to indicate the Company's financial status and operating results for the year ended December 31, 2009 under the Public Company Act B.E. 2535. The Company's Board had realized its duties and responsibility as Directors of listed company in the Stock Exchange of Thailand to be responsible for financial statement and consolidated financial statement of the Company, including financial information appeared in the annual report for the year ended December 31, 2009.

Thus, the Company's Board of Director has appointed the Audit Committee which consists of Independent Directors and Non-Executive Directors of the Company who are responsible for the quality of financial statement report and reviewing the effectiveness of the internal control system of the Company and its affiliated companies to reasonably ensure that the record of accounting information is accurate and completed, and maintaining the asset, including being guideline for the Company and its affiliated companies to significantly prevent corruption or abnormal performance. The opinion of the Audit Committee shall appear in the Corporate Governance Report of the Audit Committee of the fiscal year 2009 as shown in this Annual Report.

Therefore, the Board considered that the Company's financial statement report was carefully and reasonably prepared with the best estimation method under the appropriate accounting policy and consistently in accordance with the general accepted accounting standard of Thailand, including the sufficient important information is already disclosed in the remarks of the financial report.



(Mr. Utid tamwatin)
Chairman



(Mr. Praphant Asava-aree)
President and CEO



Report of Independent Auditor

To the Shareholders of Eastern Water Resources Development and Management Public Company Limited

I have audited the accompanying consolidated balance sheet of Eastern Water Resources Development and Management Public Company Limited and its subsidiaries as at 31 December 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Eastern Water Resources Development and Management Public Company Limited for the same year. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements of Eastern Water Resources Development and Management Public Company Limited and its subsidiaries for the period as from 1 October 2008 to 31 December 2008, and the separate financial statements of Eastern Water Resources Development and Management Public Company Limited for the same period, were audited by another auditor of our firm, who expressed an unqualified opinion on those statements under her report dated 27 February 2009 but drew attention to the matter regarding a pipeline connecting project, which was in compliance with a Cabinet resolution that assigned the Company to undertake construction and make advance payment on behalf of a government agency. Cumulative payments up to 31 December 2008 totaled Baht 642 million and the relevant government agency was to pay the Company by gradual offsetting against the charges for raw water that the Company would purchase from that agency each year. The government agency had not yet determined the amount to be withheld from the volumes of raw water purchased every year. However, the Company's management believed that the Company would not incur any loss as a result of entering into this contract and making the advance payments, as described in Note 13 to the financial statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Water Resources Development and Management Public Company Limited and its subsidiaries and of Eastern Water Resources Development and Management Public Company Limited as at 31 December 2009, and the results of their operations and cash flows for the year then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to the following matters:

1. As described in Note 13 to the financial statements regarding a pipeline connecting project, which is in compliance with a Cabinet resolution assigning the Company to undertake construction and make advance payments on behalf of a government agency, cumulative payments up to 31 December 2009 totaled Baht 646.5 million, comprising pipeline amounting to Baht 642 million and related fixtures amounting to Baht 4.5 million. The government agency is to reimburse the Company later, in installments. During the current year,



the government agency sent a letter to the Company to notify it of its intention to purchase the assets constructed under the pipeline connecting project, as assigned by the Cabinet. On 15 January 2010, the Company and the government agency signed an agreement to sell and purchase assets, and delivery is to be made within 90 days from the date of the agreement. Implementation of the above had yet to be completed as of the date the financial statements under report were authorised.

2. As described in Note 28.5 to the financial statements regarding remuneration for the Company's pipeline connecting project, the Company is paying remuneration at a preliminary rate that maybe adjusted later, and the government agency is considering a deal for the Company to rent/manage the project and adjust the remuneration, with a resolution not having been reached. On 8 January 2010, the government issued a letter to the Company notifying it that any deal for the Company to rent/manage the project and adjustment of remuneration must be processed in accordance with the Act on Private Participation in State Undertaking B.E. 2535 and, currently, approval is being considered by Office of the National Economic and Social Development Board and the Ministry of Finance.

กมลทิพย์ เลิศวิทย์วรเทพ

Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 15 February 2010



(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
Assets					
Current assets					
Cash and cash equivalents		124,569,291	102,065,552	23,348,724	55,117,722
Securities purchased under resale agreements	7	-	261,010,051	-	261,010,051
Current investments	8	-	83,584,275	-	83,584,275
Trade accounts receivable	9				
Related parties	6.2	153,630,472	112,615,968	152,043,567	115,881,111
Unrelated parties		84,462,212	69,136,704	84,462,212	59,712,159
Less: Allowance for doubtful accounts		-	(7,669,349)	-	-
Trade accounts receivable - net		238,092,684	174,083,323	236,505,779	175,593,270
Unbilled receivables					
Related parties	6.2	64,793,737	62,129,014	-	-
Unrelated parties		8,478,448	3,843,161	-	-
Total unbilled receivables		73,272,185	65,972,175	-	-
Service income receivable - related party	6.2				
Billed		7,237,607	27,477,545	-	-
Unbilled		19,387,032	22,704,707	-	-
Total service income receivable - related party		26,624,639	50,182,252	-	-
Inventories - net	10	9,283,507	10,468,991	11,251	167,188
Project assets	13	646,486,465	-	646,486,465	-
Other current assets					
Dividend receivable from related parties	6.2	-	8,087,954	18,038,996	22,112,954
Other receivables - related parties	6.2	8,602	6,489	1,510,860	4,768,602
Advance for construction work		9,594,726	210,857	-	-
Input taxes refundable		1,562,410	2,615,779	-	-
others		35,389,146	34,861,606	29,331,552	27,252,206
Total other current assets		46,554,884	45,782,685	48,881,408	54,133,762
Total current assets		1,164,883,655	793,149,304	955,233,627	629,606,268
Non-current assets					
Restricted bank deposits	11	9,076,000	9,076,000	9,076,000	9,076,000
Investments in subsidiaries - net	12	-	-	511,499,930	514,999,930
Long-term investments - net	8	85,387,500	85,477,500	85,387,500	85,387,500
Long-term loan to a related party	6.2, 6.3	-	-	-	300,000,000
Other receivable	13	-	642,199,200	-	642,199,200
Property, plant and equipment - net	14	6,775,470,440	6,712,684,455	6,588,144,986	6,528,333,204
Assets under concession contracts - net	15	390,878,418	390,382,036	-	-
Deferred concession rights acquisition costs - net	16	556,752,273	534,246,859	-	-
Intangible asset - net	17	152,247,842	160,596,580	-	-
Other non-current assets		13,082,073	14,331,386	6,988,877	9,251,303
Total non-current assets		7,982,894,546	8,548,994,016	7,201,097,293	8,089,247,137
Total assets		9,147,778,201	9,342,143,320	8,156,330,920	8,718,853,405

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

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	18	369,000,000	7,500,000	369,000,000	-
Trade accounts payable					
Related parties	6.2	10,502,110	6,997,992	11,557,819	5,999,054
Unrelated parties		55,091,720	60,524,893	14,354,373	8,788,054
Total trade accounts payable		65,593,830	67,522,885	25,912,192	14,787,108
Current portion of long-term liabilities under finance lease agreements	19	2,948,681	3,559,376	2,473,515	2,039,439
Current portion of long-term loans from financial institutions	20	187,755,474	495,716,000	100,000,000	450,000,000
Other current liabilities					
Accrued expenses		181,706,288	154,154,630	130,806,571	106,529,699
Payable for purchase of fixed assets		71,369,506	25,668,900	56,993,972	7,666,927
Advances received		13,549,577	25,530,754	-	-
Accrued interest expenses		1,571,642	10,251,282	1,450,767	10,168,988
Corporate income tax payable		140,261,483	138,418,282	115,471,497	119,966,741
Others - related parties	6.2	-	-	38,221,864	32,316,490
Total other current liabilities		408,458,496	354,023,848	342,944,671	276,648,845
Total current liabilities		1,033,756,481	928,322,109	840,330,378	743,475,392
Non-current liabilities					
Long-term liabilities under finance lease agreements - net of current portion	19	1,308,420	3,547,744	1,308,420	3,072,577
Long-term loans from financial institutions - net of current portion	20	1,727,812,526	2,251,068,000	1,250,000,000	2,050,000,000
Retentions payable		41,184,931	37,401,263	25,613,260	25,600,165
Rental guarantees received from related parties	6.2	-	-	793,195	761,238
Total non-current liabilities		1,770,305,877	2,292,017,007	1,277,714,875	2,079,433,980
Total liabilities		2,804,062,358	3,220,339,116	2,118,045,253	2,822,909,372

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

Balance sheets (continued)

Eastern Water Resources Development and
Management Public Company Limited and its subsidiaries
As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
Shareholders' equity					
Share capital					
Registered, issued and fully paid-up					
1,663,725,149 ordinary shares of Baht 1 each		1,663,725,149	1,663,725,149	1,663,725,149	1,663,725,149
Share premium		2,138,522,279	2,138,522,279	2,138,522,279	2,138,522,279
Assets transferred from customers	21	41,947,193	45,344,716	41,947,193	45,344,716
Retained earnings					
Appropriated - statutory reserve	22	166,500,000	166,500,000	166,500,000	166,500,000
Unappropriated		2,330,480,390	2,105,495,759	2,027,591,046	1,881,851,889
Equity attributable to the Company's shareholders		6,341,175,011	6,119,587,903	6,038,285,667	5,895,944,033
Minority interests - equity attributable to minority shareholders of subsidiaries		2,540,832	2,216,301	-	-
Total shareholders' equity		6,343,715,843	6,121,804,204	6,038,285,667	5,895,944,033
Total liabilities and shareholders' equity		9,147,778,201	9,342,143,320	8,156,330,920	8,718,853,405

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


(นายอุทิศ ธรรมวาทีน)
ประธานกรรมการบริษัทฯ


(นายประพันธ์ อัครวารีย์)
กรรมการผู้อำนวยการใหญ่

Statements of income

Eastern Water Resources Development and Management Public Company Limited and its subsidiaries
For the year ended 31 December 2009 and for the period as from 1 October 2008 to 31 December 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008
Revenues					
Sales - raw water	6.1	1,904,363,863	393,113,532	2,012,496,010	418,924,267
Sales - tap water	6.1	635,933,078	144,744,079	224,072,165	50,769,761
Sales - others	6.1	3,245,300	195,389	3,173,965	207,748
Total sales		2,543,542,241	538,053,000	2,239,742,140	469,901,776
Rental and service income	6.1	282,364,062	73,443,136	35,896,038	8,500,634
Interest income	6.1	2,037,685	3,579,081	13,223,660	7,442,956
Dividend income	6.1	18,505,785	16,175,909	48,544,781	16,175,909
Other income	6.1	32,045,330	3,058,518	17,259,218	2,296,492
Total revenues		2,878,495,103	634,309,644	2,354,665,837	504,317,767
Expenses					
Costs of sales - raw water		727,087,668	177,140,624	728,951,836	177,624,681
Costs of sales - tap water		319,903,426	74,154,594	221,530,615	50,512,612
Costs of sales - others		688,205	379,566	155,937	375,407
Total costs of sales	6.1	1,047,679,299	251,674,784	950,638,388	228,512,700
Costs of services		212,067,517	64,620,400	30,136,726	5,999,400
Selling expenses		41,293,356	6,953,276	39,494,406	6,457,226
Administrative expenses		217,498,322	39,264,067	169,137,904	32,033,477
Expenses for development of life quality and environment		21,650,029	3,609,457	18,816,040	2,310,050
Management remuneration	6.4	70,187,202	16,836,458	45,174,813	11,607,692
Losses on impairment and diminution in value of assets and provision for doubtful accounts		17,720,496	17,167,141	4,340,496	16,894,136
Total expenses		1,628,096,221	400,125,583	1,257,738,773	303,814,681
Earnings before finance cost and corporate income tax		1,250,398,882	234,184,061	1,096,927,064	200,503,086
Finance costs		(120,116,069)	(34,459,101)	(104,770,351)	(30,879,849)
Earnings before corporate income tax		1,130,282,813	199,724,960	992,156,713	169,623,237
Corporate income tax	26	(322,571,695)	(53,535,287)	(264,131,604)	(43,056,404)
Net income		807,711,118	146,189,673	728,025,109	126,566,833
Net income attributable to					
Equity holders of the parent		807,270,583	146,103,460	728,025,109	126,566,833
Minority shareholders of the subsidiaries		440,535	86,213		
		807,711,118	146,189,673		
Earnings per share	27				
Basic earnings per share					
Net income attributable to equity holders of the parent		0.49	0.09	0.44	0.08

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



Statements of changes in shareholders' equity

Eastern Water Resources Development and Management Public Company Limited and its subsidiaries
For the year ended 31 December 2009 and for the period as from 1 October 2008 to 31 December 2008

(Unit: Baht)

Consolidated financial statements

	Equity attributable to the Company's shareholders								
	Note	Issued and fully paid-up share capital	Share premium	Assets transferred from customers	Retained earnings		Total equity attributable to the Company's shareholders	Minority interests	Total
					Appropriated-statutory reserve	Unappropriated			
Balance as at 1 October 2008		1,663,725,149	2,138,522,279	46,201,078	166,500,000	1,959,392,299	5,974,340,805	2,130,088	5,976,470,893
Expenses recognised directly in equity:									
Amortisation of assets transferred from customers		-	-	(856,362)	-	-	(856,362)	-	(856,362)
Net expenses recognised directly in equity		-	-	(856,362)	-	-	(856,362)	-	(856,362)
Net income for the period		-	-	-	-	146,103,460	146,103,460	86,213	146,189,673
Total income (expenses) for the period		-	-	(856,362)	-	146,103,460	145,247,098	86,213	145,333,311
Balance as at 31 December 2008		1,663,725,149	2,138,522,279	45,344,716	166,500,000	2,105,495,759	6,119,587,903	2,216,301	6,121,804,204
Balance as at 31 December 2008		1,663,725,149	2,138,522,279	45,344,716	166,500,000	2,105,495,759	6,119,587,903	2,216,301	6,121,804,204
Expenses recognised directly in equity:									
Amortisation of assets transferred from customers		-	-	(3,397,523)	-	-	(3,397,523)	-	(3,397,523)
Net expenses recognised directly in equity		-	-	(3,397,523)	-	-	(3,397,523)	-	(3,397,523)
Net income for the year		-	-	-	-	807,270,583	807,270,583	440,535	807,711,118
Total income (expenses) for the year		-	-	(3,397,523)	-	807,270,583	803,873,060	440,535	804,313,595
Dividend paid to minority interest by subsidiary		-	-	-	-	-	(116,004)	(116,004)	
Dividend paid	23	-	-	-	-	(582,285,952)	(582,285,952)	-	(582,285,952)
Balance as at 31 December 2009		1,663,725,149	2,138,522,279	41,947,193	166,500,000	2,330,480,390	6,341,175,011	2,540,832	6,343,715,843

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

Statements of changes in shareholders' equity (continued)

Eastern Water Resources Development and
Management Public Company Limited and its subsidiaries
For the year ended 31 December 2009 and for the period as
from 1 October 2008 to 31 December 2008

(Unit: Baht)

Separate financial statements

	Note	Issued and fully paid-up share capital	Share premium	Assets transferred from customers	Retained earnings		Total
					Appropriated- statutory reserve	Unappropriated	
Balance as at 1 October 2008		1,663,725,149	2,138,522,279	46,201,078	166,500,000	1,755,285,056	5,770,233,562
Expenses recognised directly in equity:							
Amortisation of assets transferred from customers		-	-	(856,362)	-	-	(856,362)
Net expenses recognised directly in equity		-	-	(856,362)	-	-	(856,362)
Net income for the period		-	-	-	-	126,566,833	126,566,833
Total income (expenses) for the period		-	-	(856,362)	-	126,566,833	125,710,471
Balance as at 31 December 2008		1,663,725,149	2,138,522,279	45,344,716	166,500,000	1,881,851,889	5,895,944,033
Balance as at 31 December 2008		1,663,725,149	2,138,522,279	45,344,716	166,500,000	1,881,851,889	5,895,944,033
Expenses recognised directly in equity:							
Amortisation of assets transferred from customers		-	-	(3,397,523)	-	-	(3,397,523)
Net expenses recognised directly in equity		-	-	(3,397,523)	-	-	(3,397,523)
Net income for the year		-	-	-	-	728,025,109	728,025,109
Total income (expenses) for the year		-	-	(3,397,523)	-	728,025,109	724,627,586
Dividend paid	23	-	-	-	-	(582,285,952)	(582,285,952)
Balance as at 31 December 2009		1,663,725,149	2,138,522,279	41,947,193	166,500,000	2,027,591,046	6,038,285,667

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

Statements of cash flows

Eastern Water Resources Development and
Management Public Company Limited and its subsidiaries
For the year ended 31 December 2009 and for the period as
from 1 October 2008 to 31 December 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008
Cash flows from operating activities				
Earnings before corporate income tax	1,130,282,813	199,724,960	992,156,713	169,623,237
Adjustments to reconcile earnings before corporate income tax to net cash provided by (paid from) operating activities:				
Losses on impairment of investment in a subsidiary [§]	-	-	3,500,000	-
Losses on impairment of assets under concession contracts	16,790,000	274,018	-	-
Losses on impairment of other assets	840,496	715,585	840,496	715,585
Losses on impairment of other investment	90,000	-	-	-
Allowance for diminution in value of inventories (reversal)	(45,225,848)	7,722,208	(44,392,525)	7,678,551
Allowance for doubtful accounts (reversal)	(471,290)	8,455,330	(100,000)	8,500,000
Reversal of provision for liabilities	(10,680,790)	-	-	-
Depreciation	305,836,713	78,760,042	258,814,887	67,594,543
Amortisation of deferred concession rights acquisition costs	25,905,787	5,078,715	-	-
Amortisation of assets transferred from customers	(3,397,523)	(856,362)	(3,397,523)	(856,362)
Losses on disposals/written off of fixed assets	6,580,538	1,904	5,268,542	-
Amortisation of deferred interest under finance lease agreements	395,874	119,385	300,492	77,990
Amortisation of rights	8,348,738	2,104,339	-	-
Dividend income	(18,505,785)	(16,175,909)	(48,544,781)	(16,175,909)
Interest income	(2,037,685)	(3,579,081)	(13,223,660)	(7,442,956)
Interest expenses	119,293,933	34,396,182	104,123,857	30,816,930
Income from operating activities before changes in operating assets and liabilities	1,534,045,971	316,741,316	1,255,346,498	260,531,609
(Increase) decrease in operating assets				
Trade accounts receivable	(63,638,071)	22,164,246	(60,912,509)	2,018,167
Unbilled receivables	(7,300,011)	(5,824,946)	-	-
Service income receivable - related party	23,557,613	(22,957,980)	-	-
Inventories	46,411,332	8,836	44,548,462	382,622
Other receivables - related parties	(2,113)	4,430	3,257,742	2,098,254
Input tax refundable	1,402,311	(334,958)	-	-
Advance for construction work	(9,383,869)	1,751,901	-	-
Other current assets	(5,509,266)	6,056,219	(7,060,492)	6,010,568
Other non-current assets	(5,407,665)	(272,916)	(4,394,551)	-
Increase (decrease) in operating liabilities				
Trade accounts payable	(1,929,055)	(5,564,498)	11,125,084	90,156
Accrued expenses	37,883,506	(29,537,258)	24,276,872	(28,184,709)
Advances received	(11,981,177)	16,937,827	-	-
Other current liabilities - related parties	-	(5,114,994)	5,905,374	(12,255,032)
Other non-current liabilities	3,783,669	(589,248)	45,052	1,104,237
Cash provided by operating activities	1,541,933,175	293,467,977	1,272,137,532	231,795,872
Cash paid for corporate income tax	(320,728,494)	(8,034,214)	(268,626,849)	(3,394,540)
Net cash provided by operating activities	1,221,204,681	285,433,763	1,003,510,683	228,401,332

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

Statements of cash flows (continued)

Eastern Water Resources Development and
Management Public Company Limited and its subsidiaries
For the year ended 31 December 2009 and for the period as
from 1 October 2008 to 31 December 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008
Cash flows from investing activities				
Decrease (increase) in securities purchased under resale agreement	261,010,051	(176,010,051)	261,010,051	(176,010,051)
Decrease in current investments	83,584,275	59,937,428	83,584,275	59,937,428
Cash received on long-term loan to a subsidiary	-	-	300,000,000	-
Cash received on long-term loan to an unrelated party	-	300,000	-	300,000
Dividend received from a subsidiary	-	-	26,025,000	14,025,000
Dividend received from a related party	26,593,739	8,087,955	26,593,739	8,087,955
Decrease in advance payments for pipeline installation	2,369,713	-	2,369,713	-
Increase in assets under concession contracts	(43,228,716)	(3,779,762)	-	-
Increase in deferred concession rights acquisition costs	(48,411,201)	(20,260,737)	-	-
Cash received on interest income	3,167,047	2,523,671	14,352,443	6,387,097
Proceeds from disposals of fixed assets	2,819,525	-	2,664,748	-
Cash paid for purchases of fixed assets	(302,417,886)	(25,100,942)	(273,270,979)	(22,996,817)
Net cash (used in) provided by investing activities	(14,513,453)	(154,302,438)	443,328,990	(110,269,388)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	361,500,000	(64,509,842)	369,000,000	(20,009,842)
Cash received from long-term loans from financial institutions	364,500,000	52,500,000	-	-
Repayment made on long-term loans from financial institutions (150,000,000)	-	(1,195,716,000)	(161,429,000)	(1,150,000,000)
Repayment made on liabilities under finance lease agreements	(4,095,960)	(874,095)	(2,480,641)	(566,409)
Cash paid for interest expenses	(127,973,573)	(24,946,454)	(112,842,078)	(20,986,983)
Dividends paid to shareholders	(582,401,956)	-	(582,285,952)	-
Net cash used in financing activities	(1,184,187,489)	(199,259,391)	(1,478,608,671)	(191,563,234)
Net increase (decrease) in cash and cash equivalents	22,503,739	(68,128,066)	(31,768,998)	(73,431,290)
Cash and cash equivalents at beginning of the year	102,065,552	170,193,618	55,117,722	128,549,012
Cash and cash equivalents at ending of the year	124,569,291	102,065,552	23,348,724	55,117,722
Supplemental cash flow information				
Non-cash related transactions:				
Net increase (decrease) in acquisition assets on credit	45,700,606	9,374,857	49,327,045	(2,372,397)
Reclassification from other receivable to project assets	642,199,200	-	642,199,200	-
Reclassification from property, plant and equipment to project assets ³	4,287,265	-	4,287,265	-

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



Notes to consolidated financial statements

1. General information

Eastern Water Resources Development and Management Public Company Limited (“the Company”) is a public limited company incorporated and domiciled in Thailand. The major shareholder of the Company is the Provincial Waterworks Authority. The Company is principally engaged in the businesses of (a) development and management of the major water distribution pipeline systems in the eastern seaboard areas of Thailand and (b) procurement of raw water from government agency sources for commercial distribution to end users. According to the contract dated 26 December 1993 between the Company and the Ministry of Finance, the Company is privileged to manage the major water distribution pipeline systems in such areas for the period of 30 years. Whereby, the Company, in return, is required to provide the Ministry of Finance with the benefits specified in the agreement. The registered address of the Company is located at 23rd - 26th Floors, East Water Building, No. 1 Soi Vipavadeerangsit 5, Vipavadeerangsit Road, Jomphol Sub-district, Chatujak District, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

On 6 March 2008, the Chief Accounts Inspector of the Department of Business Development approved the change of the Company’s fiscal year end from 30 September to 31 December with effect from the fiscal period ending 31 December 2008. Consequently, the previous period’s financial statements as presented herein for the purpose of comparison with the current year’s financial statements, present financial information only for the period as from 1 October 2008 to 31 December 2008.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements for the year ended 31 December 2009 and for the period as from 1 October 2008 to 31 December 2008 of the Company and the following subsidiaries:

Company's name	Nature of business	Country of incorporation	Percentage of Shareholding		Assets as a percentage to the consolidated total assets as at		Revenues as a percentage to the consolidated total revenues	
			31 December 2009 %	31 December 2008 %	31 December 2009 %	31 December 2008 %	For the year ended 31 December 2009 %	For the period as from 1 October 2008 to 31 December 2008 %
Subsidiaries held directly by the Company								
Universal Utilities Company Limited	Production and supply of tap water, waste water treatment and sale of related tools, equipment and chemical products, and investment in three tap water supply companies	Thailand	100	100	16.73	11.46	23.50	25.45
Water Trades and Services Company Limited	Management of water vending machines project (registered its dissolution on 24 November 2009)	Thailand	100	100	0.02	0.05	0.06	0.07
Subsidiaries held by Universal Utilities Company Limited								
Chachoengsao Water Supply Company Limited	Production and supply of tap water	Thailand	99	99	1.92	1.74	3.46	3.51
Bangpakong Water Supply Company Limited	Production and supply of tap water	Thailand	99	99	1.70	1.67	3.17	3.39
Nakornsawan Water Supply Company Limited	Production and supply of tap water	Thailand	100	100	0.78	0.78	0.94	0.91

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) Material balances and transactions between the Company and its subsidiaries, have been eliminated from the consolidated financial statements. Investments in the subsidiaries as recorded in the Company's books of account are eliminated against the equity of the subsidiaries. The resultant differences are rights, which will be amortised over a period of 27 years, being the remaining concession period awarded to subsidiaries, commencing as from the date of acquisition of shares in the subsidiaries.

e) Minority interests represent the portion of the net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statements of income and within equity in the consolidated balance sheet.

2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions has issued Notification No. 12/2552, regarding the renumbering of Thai Accounting Standards to match the corresponding International Accounting Standards. Therefore the numbers of Thai Accounting Standards as used in these financial statements are corresponded to those per this notification.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The Company's and its subsidiaries' management has assessed the effect of these standards and believes that Accounting Treatment Guidance for Leasehold Right is not relevant to the business of the Company and its subsidiaries, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007), TFRS 5 (revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 is not relevant to the business of the Company, while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year in which it is initially applied. The management of the Company is still evaluating the effect of TAS 40 and has not been able to reach a conclusion as to the effect to the financial statements in the year in which it is initially applied.



4. Significant accounting policies

4.1 Revenue recognition

a) Sales

Sales of goods are recognised as revenue when significant risks and reward of ownership of goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting goods returns and discounts.

b) Rental and service income

Rental income is recognised over the rental period at the rate stipulated in the contract.

Service income is recognised by the amount excluding value added tax when service has been rendered with reference to the stage of completion.

c) Revenue from pipeline installation project and water loss reduction project

Revenue from water pipeline installation project and water loss reduction project are recognised as revenue under the percentage of completion method. The expected loss on unprofitable contracts is recognised as soon as such loss can be foreseen.

d) Interest and dividend income

Interest income is recognised on an accrual basis. Dividend income is recognised when rights to receive dividends are established.

e) Other income

Other income is recognised on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Securities purchased under resale agreement

The Company enters into agreements to purchase securities under condition to resell at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of "Securities purchased under resale agreements" in the balance sheets. The differences between the purchase and sale considerations is recognised as interest income on an accrual basis over the agreement periods.

4.4 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables, which is generally based on collection experience and analysis of debt aging.

4.5 Unbilled receivables/unbilled service income receivable

The Company and its subsidiaries record revenue from sales of tap water and service income that has been recognised as revenue but not yet billed to the customers under the caption of "Unbilled receivables" and "Unbilled service income receivable - related party", which have been shown as current assets in the balance sheets.

4.6 Inventories

Inventories are valued at the lower of cost first-in, first out method and net realisable value.

Allowance for diminution in value of inventories is set up for obsolete, slow-moving or deteriorated inventories.

4.7 Investments

Investments in subsidiaries in the separate financial statements are accounted for under the cost method and less allowance for impairment (if any).

Investments in held-to-maturity debt securities, classified as current investments or long-term investment in accordance with their remaining periods to maturity, are stated at amortised cost less allowance for impairment (if any). The premium/discount on debt securities is amortised using the straight-line method with the amortised amount included in statements of income.

Investments in non-marketable equity securities held as general investments are determined at costs less allowance for impairment (if any).

Loss on impairment (if any) of investments is included in the statements of income.

4.8 Property, plant and equipment and depreciation

Land is stated at cost less allowance for impairment (if any). Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of plant and equipment are computed using the straight-line method over their estimated useful lives (except for water distribution pipelines in Chachoengsao, Bangpakong-Chonburi, Sriracha, Bangpra, Rayong-Mabkha and Nakhornnuengkhet which are depreciated by the units of production method). Estimated useful lives are as follows:

Pumping plant	33 years
Other buildings	15, 20, 25 years
Land, building and leasehold improvements	5, 10, 15, 20 years
Machinery and equipment (Except for pipelines in Chachoengsao, Bangpakong-Chonburi, Sriracha, Bangpra, Rayong-Mabkha and Nakhornnuengkhet, which are depreciated by the units of production method based on projected sales volume in unit but not exceeding the capacity of assets over a 40-year period)	5, 10, 20, 25, 40 years
Office equipment	3, 5, 10 years
Vehicles	5 years

No depreciation is provided for land and construction in progress.

Depreciation is included in statements of income.

4.9 Assets under concession contracts and depreciation

Assets under concession contracts are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciation of assets under concession contracts, which has been computed using the straight-line method over the concession period of 15, 20 and 25 years, has been included in statements of income.



4.10 Deferred concession rights acquisition costs and amortisation

Concession rights acquisition costs consist of expenses incurred directly in relation to obtaining the concession contracts from the Provincial Waterworks Authority. Deferred concession rights acquisition costs are stated at cost less accumulated amortisation and allowance for impairment (if any). Amortisation of deferred concession rights acquisition costs, which has been computed using the straight-line method over the concession periods of 27 and 30 years, has been included in statements of income.

4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that the Company and its subsidiaries incur in connection with the borrowing of funds.

4.12 Intangible assets and amortisation

Intangible assets presented as an asset in the consolidated balance sheets are rights to operate the subsidiaries' businesses under concession awarded to the subsidiaries by the government agency or entity over a limited a concession period. Rights are stated at cost less accumulated amortisation and allowance for impairment (if any) and are amortised using the straight-line method over a period of 27 years, being the concession period awarded to the subsidiaries to carry out their business operation. The carrying amounts of intangible assets are reviewed annually and written down when there is an impairment.

4.13 Impairment of assets

The Company and its subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company and its subsidiaries estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, the Company and its subsidiaries assess the value that reflects the amount that the Company could obtain at the balance sheet date, from the disposal of the asset in an arm's length transaction between knowledgeable and willing parties, after deducting the costs of disposal.

4.14 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of such obligation can be made.

4.15 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as long-term liabilities while the interest element is charged to the statements of income over

the lease periods. The assets acquired under finance lease is depreciated over the shorter of the useful life of the asset or the lease period.

4.16 Employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

4.17 Foreign currencies

Transactions in foreign currency are translated into Baht at the exchange rates ruling on the dates of transaction. Monetary assets and liabilities denominated in foreign currencies outstanding on the balance sheet dates are translated into Baht at the exchange rates ruling on the balance sheet dates.

Gains and losses on exchange are included in statements of income.

4.18 Income tax

Income tax is provided in the accounts based on the taxable profits determined in accordance with tax legislation.

4.19 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over them, key management personnel, directors and officers with authority in the planning and direction of the Company's and its subsidiaries' operations.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant accounting judgments and estimates are as follows:

5.1 Value in use

Value in use is the present value of the future cash flows expected to be derived from assets, discounted by discount rates, determined by the management of the Company and its subsidiaries. The cash flow projections based on financial forecasts for the remaining useful lives of assets or concession periods and approved by the management of the Company and its subsidiaries are calculated based on estimated growth rates, which do not exceed their capacity and customers' usage demand. Key assumptions used for value-in-use calculations are growth rates, expense to revenue ratios and gross margin rate. Management determines such rates based on their past performance, their expectations for market development, and business plan. The discount rates used are pre-tax and reflect specific risks relating to the business. The value derived from the afore-mentioned method may vary due to changes in revenue structure, cost structure, discount rate, industrial conditions and economic conditions.



5.2 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.3 Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

5.4 Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the units of production, useful lives and salvage values of the plant and equipment and to review estimate units of production, useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.5 Intangible assets

The initial recognition and measurement of intangible asset, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.6 Litigation

The Company and its subsidiary have contingent liabilities as a result of litigation. Their management has used judgment to assess of the results of the litigation and believe that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet dates.

5.7 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

6. Related party transactions

6.1 Transactions incurred during the year/period

During the year/period, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Type of relationship	Consolidated financial statements		Separate financial statements		Transfer pricing policy	
		For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008
Sales - raw water							
Industrial Estate Authority of Thailand	Major shareholder	706,151	141,132	706,151	141,132	Similar to market prices	Similar to market prices and adjusted for rate reduced in accordance with a resolution of the Extraordinary General Meeting No. 2/2551
Provincial Waterworks Authority	Major shareholder	555,118	121,953	555,118	121,953	Similar to market prices and adjusted for rate reduced in accordance with a resolution of the Annual General Meeting of the Shareholders on 30 April 2009	Similar to market prices and adjusted for rate reduced in accordance with a resolution of the Extraordinary General Meeting No. 2/2551
Universal Utilities Company Limited	Subsidiary	-	-	108,132	25,811	Similar to market prices	Similar to market prices
		<u>1,261,269</u>	<u>263,085</u>	<u>1,369,401</u>	<u>288,896</u>		



(Unit: Thousand Baht)

	Type of relationship	Consolidated financial statements		Separate financial statements		Transfer pricing policy	
		For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008
Sales - tap water							
Provincial Waterworks Authority	Major shareholder	466,305	93,974	54,444	11,692	Mutually agreed price as stipulated in the contracts	Mutually agreed price as stipulated in the contracts
Sales - others							
Universal Utilities Company Limited	Subsidiary	-	-	208	27	Similar to market prices	Similar to market prices
		-	-	208	27		
Rental and service income							
Provincial Waterworks Authority	Major shareholder	168,227	49,690	-	-	Mutually agreed price as stipulated in the contracts	Mutually agreed price as stipulated in the contracts
Egcom Tara Company Limited	Having a common shareholder	37,485	9,345	-	-	Mutually agreed price as stipulated in the contracts	Mutually agreed price as stipulated in the contracts
Universal Utilities Company Limited	Subsidiary	-	-	3,107	662	Mutually agreed price as stipulated in the contracts	Mutually agreed price as stipulated in the contracts
Water Trades and Services Company Limited	Subsidiary	-	-	45	99	Mutually agreed price as stipulated in	Mutually agreed price as stipulated in
		205,712	59,035	3,152	761		
Interest income							
Universal Utilities Company Limited	Subsidiary	-	-	11,349	3,969	5.25% per annum on loans to subsidiary	5.25% per annum on loans to subsidiary
		-	-	11,349	3,969		

(Unit: Thousand Baht)

	Type of relationship	Consolidated financial statements		Separate financial statements		Transfer pricing policy	
		For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008
Dividend income							
Universal Utilities Company Limited	Subsidiary	-	-	30,039	-	Baht 0.589 per share as declared by such company	-
Egcom Tara Company Limited	Having a common shareholder	18,506	16,176	18,506	16,176	Baht 3.58 per share as declared by such company	Baht 3.12 per share as declared by such company
		18,506	16,176	48,545	16,176		
Other income							
Universal Utilities Company Limited	Subsidiary	-	-	1,259	1,289	Mutually agreed price as stipulated in the contracts	Mutually agreed price as stipulated in the contracts
		-	-	1,259	1,289		
Service expenses (part of the balance is included in costs of sales and costs of services)							
Universal Utilities Company Limited	Subsidiary	-	-	225,597	51,439	Mutually agreed price as stipulated in the contracts	Mutually agreed price as stipulated in the contracts
Water Trades and Services Company Limited	Subsidiary	-	-	207	78	Mutually agreed price as stipulated in the contracts	Mutually agreed price as stipulated in the contracts
		-	-	225,804	51,517		



6.2 Outstanding balances at end of the years

The outstanding balances the Company and its subsidiaries have with their related parties and/or persons as at 31 December 2009 and 2008 are detailed as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Trade accounts receivable - related parties				
Major shareholders				
Provincial Waterworks Authority	75,559,897	55,852,553	75,559,897	55,852,553
Industrial Estate Authority of Thailand	67,112,828	50,415,307	67,112,828	50,415,307
Subsidiary				
Universal Utilities Company Limited	-	-	9,370,842	9,613,251
Related company				
Egcom Tara Company Limited	10,957,747	6,348,108	-	-
Total trade accounts receivable - related parties	153,630,472	112,615,968	152,043,567	115,881,111
Unbilled receivables - related parties				
Major shareholders				
Provincial Waterworks Authority	64,793,737	61,061,349	-	-
Related company				
Egcom Tara Company Limited	-	1,067,665	-	-
Total unbilled receivables - related parties	64,793,737	62,129,014	-	-
Service income receivables - related party				
Major shareholder				
Provincial Waterworks Authority	26,624,639	50,182,252	-	-
Dividend receivable from related parties				
Subsidiary				
Universal Utilities Company Limited	-	-	18,038,996	14,025,000
Related company				
Egcom Tara Company Limited	-	8,087,954	-	8,087,954
Total dividend receivable from related parties	-	8,087,954	18,038,996	22,112,954



(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Other receivable - related parties				
Major shareholder				
Provincial Waterworks Authority	8,602	6,489	-	-
Subsidiaries				
Universal Utilities Company Limited	-	-	1,510,860	2,764,702
Water Trades and Services Company Limited	-	-	-	2,000,700
Nakornsawan Water Supply Company Limited	-	-	-	1,700
Bangpakong Water Supply Company Limited	-	-	-	1,500
Total other receivable - related parties	8,602	6,489	1,510,860	4,768,602
Long-term loan to related party				
Subsidiary				
Universal Utilities Company Limited	-	-	-	300,000,000
Total long-term loans to related parties	-	-	-	300,000,000
Trade accounts payable - related parties				
Major shareholder				
Provincial Waterworks Authority	9,177,359	5,387,770	-	-
Subsidiary				
Universal Utilities Company Limited	-	-	11,557,819	5,999,054
Related company				
Egcom Tara Company Limited	1,324,751	1,610,222	-	-
Total trade accounts payable - related parties	10,502,110	6,997,992	11,557,819	5,999,054
Other current liabilities - related parties				
Subsidiaries				
Universal Utilities Company Limited	-	-	38,214,909	32,305,790
Water Trades and Services Company Limited	-	-	6,955	10,700
Total other current liabilities - related parties	-	-	38,221,864	32,316,490
Rental guarantees received from related parties				
Subsidiary				
Universal Utilities Company Limited	-	-	780,765	662,485
Water Trades and Services Company Limited	-	-	12,430	98,753
Total rental guarantees received from related parties	-	-	793,195	761,238



6.3 Movements of inter-company loan

Movements of inter-company loan during the year were summarised below.

(Unit: Baht)

	Separate financial statements			
	Balance as at 31 December 2008	During the year		Balance as at 31 December 2009
		Increase	Repayments	
Long-term loan to subsidiary				
Universal Utilities Company Limited	300,000,000	-	(300,000,000)	-

On 3 October 2002, the Company entered into a loan agreement with Universal Utilities Company Limited, a subsidiary, whereby the Company agreed to provide to the subsidiary a loan facility of Baht 300 million, of which the subsidiary is to make full or partial repayment at any time, but within ten years as from the agreement date. The loan bears interest at a fixed rate of 5.5 percent per annum for the first five years from the agreement date and at the minimum lending rate (MLR) per annum thereafter, with such interest payable on a quarterly basis. In order to secure payments under this loan agreement, the Company arranged to have all of three subsidiaries of the subsidiary (i.e. Chachoengsao Water Supply Company Limited, Bangpakong Water Supply Company Limited and Nakornsawan Water Supply Company Limited) allowed the transfer to the Company of all collection rights under the concessions to produce water.

On 19 June 2007, the Company amended the loan agreement to change the interest rate to be fixed rate of 5.25 percent per annum throughout the remaining term of the loan agreement. The effective date was 1 July 2007.

During the year 2009, the subsidiary signed a loan agreement with a local bank, as mentioned in Note 20 to the financial statements, and used the loan to settle the full amount of a loan from the Company.

6.4 Directors and management's remuneration

In 2009 the Company and its subsidiaries paid salaries, bonuses, meeting allowances and gratuities to their directors and management totaling Baht 70.2 million (Separate financial statements: Baht 45.2 million) (For the three-month period ended 31 December 2008: Baht 16.8 million, Separate financial statements: Baht 11.6 million).

7. Securities purchased under resale agreement

As at 31 December 2008, the Company had Bank of Thailand bond of Baht 261 million purchased under resale agreement made with a securities company. The reselling date is on 30 January 2009 and interest rate is 2.6 percent per annum.

8. Investments

As at 31 December 2009 and 2008, the investments consisted of the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Current investments				
Held-to-maturity debt securities				
Fixed deposits with banks	-	3,584,275	-	3,584,275
Promissory notes	-	80,000,000	-	80,000,000
Total held-to-maturity debt securities	-	83,584,275	-	83,584,275
Total current investments	-	83,584,275	-	83,584,275
Long-term investments				
General investments				
Non-marketable equity securities	85,477,500	85,477,500	85,387,500	85,387,500
Less: Allowance for impairment loss	(90,000)	-	-	-
Total general investments - net	85,387,500	85,477,500	85,387,500	85,387,500
Total long-term investments - net	85,387,500	85,477,500	85,387,500	85,387,500
Total investments	85,387,500	169,061,775	85,387,500	168,971,775

- 8.1 As at 31 December 2009 and 2008, the Company had a long-term investment in equity securities of Egcom Tara Company Limited, a related company. The investment is classified as general investment and stated at cost of Baht 85.4 million and represents 15% of the paid-up share capital of that company.
- 8.2 As at 31 December 2009 and 2008, a subsidiary had an investment in Joint Venture UUEEI, which is engaged in the maintenance and management of waste water treatment systems. Such investment comprised a 15% holding at a cost of Baht 90,000. In December 2009, a meeting of the Board of Directors of the subsidiary approved the dissolution of this joint venture and it is currently being liquidated.



9. Trade Accounts Receivable

The balances of trade accounts receivable as at 31 December 2009 and 2008, aged on the basis of due dates, are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Trade accounts receivable - related parties				
Not yet due	137,357,290	103,598,627	135,770,385	109,832,206
Past due				
Up to 3 months	5,381,938	9,017,341	5,381,938	6,048,905
3 - 6 months	7,549,052	-	7,549,052	-
6 - 12 months	3,342,192	-	3,342,192	-
Total trade accounts receivable - related parties	153,630,472	112,615,968	152,043,567	115,881,111
Trade accounts receivable - unrelated parties				
Not yet due	82,239,234	59,731,583	82,239,234	57,976,883
Past due				
Up to 3 months	2,065,341	1,497,600	2,065,341	1,497,599
3 - 6 months	77,173	98,552	77,173	98,551
6 - 12 months	18,752	93,530	18,752	93,530
Over 12 months	61,712	7,715,439	61,712	45,596
Total trade accounts receivable - unrelated parties	84,462,212	69,136,704	84,462,212	59,712,159
Less: Allowance for doubtful accounts	-	(7,669,349)	-	-
Trade accounts receivable - unrelated parties, net	84,462,212	61,467,355	84,462,212	59,712,159
Trade accounts receivable - net	238,092,684	174,083,323	236,505,779	175,593,270

10. Inventories

(Unit: Baht)

	Consolidated financial statements							
	Allowance of diminution in value of inventory							
	Cost		Reduction cost to net realisable value		Stock obsolescence		Inventory-net	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Finished goods	11,251	46,939,272	-	(46,772,084)	-	-	11,251	167,188
Raw materials and supplies	9,272,256	10,389,215	-	-	-	(87,412)	9,272,256	10,301,803
Total	9,283,507	57,328,487	-	(46,772,084)	-	(87,412)	9,283,507	10,468,991

(Unit: Baht)

	Separate financial statements							
	Allowance of diminution in value of inventory							
	Cost		Reduction cost to net realisable value		Stock obsolescence		Inventory-net	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Finished goods	11,251	46,193,358	-	(46,026,170)	-	-	11,251	167,188

11. Restricted bank deposits

As at 31 December 2009 and 2008, the Company has pledged fixed deposit accounts with banks amounting to Baht 9.1 million to secure bank guarantees obtained from local commercial banks on behalf of the Company and its subsidiaries as described in Note 28.4.1 to the financial statements.



12. Investments in subsidiaries

As at 31 December 2009 and 2008, the Company recorded its investments in subsidiaries under the cost method, which consisted of investments in ordinary shares in the following subsidiaries:

Name of subsidiaries	Separate financial statements							
	Paid-up share capital		Equity interest		Investments value		Dividends	
	31 December 2009 Million Baht	31 December 2008 Million Baht	31 December 2009 %	31 December 2008 %	31 December 2009 Thousand Baht	31 December 2008 Thousand Baht	For the year ended 31 December 2009 Thousand Baht	For the period as from 1 October 2008 to 31 December 2008 Thousand Baht
Water Trades and Services Company Limited	5	5	100	100	5,000	5,000	-	-
Universal Utilities Company Limited	510	510	100	100	510,000	510,000	30,039	-
Total investment in subsidiaries					515,000	515,000	30,039	-
Less: Allowance for impairment of investments in subsidiaries					(3,500)	-		
Investment in subsidiaries - net					511,500	515,000		

On 20 October 2009, a meeting of the Board of Directors of Universal Utilities Co., Ltd., a subsidiary of the Company, passed a resolution to approve the payment of an interim dividend of Baht 0.589 per share from the earnings for the period from 1 October 2008 to 31 August 2009, to the Company's shareholders. This constitute a total dividend of Baht 30.04 million which will be paid in 5 monthly installments of Baht 6 million, each from 30 November 2009 to 31 March 2010.

On 29 October 2009, the Board of Directors' Meeting No.10/2009 of the Company passed a resolution approving the exit plan of Water Trades and Services Company Limited (WTS). This company was established to manage the water vending machines project, which is now complete. WTS registered its dissolution with the Ministry of Commerce on 24 November 2009.

13. Project assets

By resolution of the Cabinet on 2 August 2005, it was resolved to approve projects to solve urgently a drought crisis in the eastern region, which included a project to install a water distribution pipeline connecting the Pra-Sae reservoir to the Klong Yai reservoir in the Rayong Province ("the pipeline connecting project"). The Company was then assigned to construct such project under a budget of Baht 1,680 million, separated as below:

- a) Baht 1,008 million of the budget was to be supported by the government, with the Company assigned to enter into contracts for pipeline connecting and annex building construction and contracts to procure and install water pumping machines and electricity system, with total contract values of Baht 919 million. The Company entered into such contracts on behalf of the government, in accordance with the Cabinet resolution.

- b) With the remaining Baht 672 million, the Company was to make advance payments and the Royal Irrigation Department (“the RID”) is to reimburse the Company by gradual offsetting of the charges for raw water that the Company will purchase from the RID each year. Up to 31 December 2009, the Company had made advance payments totaling approximately Baht 646.5 million, comprising pipeline amounting to Baht 642 million and related fixtures amounting to Baht 4.5 million. These are presented as “Project assets” under current assets in the balance sheets (31 December 2008: Baht 642 million, presented as “Other receivable” under non-current assets in the balance sheets).

The Company already proceeded in accordance with the 2 August 2005 Cabinet resolution regarding the management of water to resolve the drought crisis in the eastern region. However, the amount to be withheld from the volumes of raw water purchased every year has not yet been determined.

On 14 July 2009, the Cabinet resolved to acknowledge and assign the Ministry of Agriculture and Cooperatives, through the RID, to undertake the purchase of assets under the project to install water distribution pipeline connecting the Pra-Sae reservoir to the Klong Yai reservoir in Rayong Province from the Company with a budget of not more than Baht 1,678 million (the budget referred to a resolution of a meeting of the Ministry of Agriculture and Cooperatives and relevant government agencies on 1 July 2009). The purchasing process has to comply with policies and procedures of the Office of the Prime Minister regarding Government Procurement B.E. 2535.

On 18 August 2009, RID and other relevant departments held Meeting No.1/2009 concerning the purchase of assets constructed under the pipeline connecting project and passed a resolution approving the assignment of the RID to summarise the facts of the matter, whereby the government is the owner of the pipeline connecting project and the relationship between the government agency and the Company is that of employer and employee.

On 15 October 2009, RID issued a letter to the Company, notifying it of its intention to purchase the assets constructed under the pipeline connecting project by special method and inviting the Company to propose a price. The Company proposed a price of Baht 1,677 million under its letter dated 21 October 2009.

On 13 January 2010, RID issued a letter to the Company, agreeing to the proposed price of Baht 1,677 million.

On 15 January 2010, the Company and RID signed an agreement to sell and purchase assets constructed under the pipeline connecting project. The contract value amounts to Baht 1,677 million and the assets are due to be delivered to RID within 90 days from the agreement date. The Company placed a bank guarantee of Baht 83.85 million, issued by a local bank, with RID as a guarantee of this agreement.

As a result of this agreement, the Company is committed to purchase assets in accordance with the contracts for pipeline connecting and annexed building construction and contracts to procure and install water pumping machines and electricity system from 2 sub-contractors, with a total contract value of Baht 919 million (including value added tax). The Company will purchase the assets and make payment to the sub-contractors when the assets are inspected for acceptance and payment is received from RID.

As of the authorisation date of these financial statements, the above government agency is in the process of acceptance inspection. However, the Company’s management believes that the Company will not incur any loss as a result of entering into this contract.



14. Property, plants and equipment

(Unit: Baht)

	Consolidated financial statements								
	Land	Pumping plants	Buildings	Land, leasehold and building improvements	Machinery and equipment	Office equipment	Vehicles	Construction in progress	Total
Cost									
31 December 2008	359,566,906	519,601,338	720,688,043	109,495,688	6,055,436,004	340,642,160	8,333,820	27,980,739	8,141,744,698
Acquisitions	-	-	400,000	11,677,470	33,522,002	7,380,517	-	302,055,138	355,035,127
Transfer in/ (transfer out)	8,089,375	13,403,334	2,887,313	51,527,849	107,219,446	2,600,000	-	(185,727,317)	-
Disposal/write off	-	-	(2,451,562)	(455,248)	(56,022,349)	(50,033,399)	(2,271,645)	(119,521)	(111,353,724)
31 December 2009	367,656,281	533,004,672	721,523,794	172,245,759	6,140,155,103	300,589,278	6,062,175	144,189,039	8,385,426,101
Accumulated depreciation									
31 December 2008	-	100,383,500	69,629,468	39,395,228	1,023,626,676	192,774,347	3,251,024	-	1,429,060,243
Disposal/write off	-	-	(208,887)	(10,007)	(49,275,664)	(47,292,748)	(2,211,655)	-	(98,998,961)
Depreciation for the year	-	13,906,089	30,407,057	14,686,631	171,940,395	47,229,567	1,724,640	-	279,894,379
31 December 2009	-	114,289,589	99,827,638	54,071,852	1,146,291,407	192,711,166	2,764,009	-	1,609,955,661
Net book value									
31 December 2008	359,566,906	419,217,838	651,058,575	70,100,460	5,031,809,328	147,867,813	5,082,796	27,980,739	6,712,684,455
31 December 2009	367,656,281	418,715,083	621,696,156	118,173,907	4,993,863,696	107,878,112	3,298,166	144,189,039	6,775,470,440
Depreciation included in consolidated statements of income									
For the period as from 1 October 2008 to 31 December 2008 (Baht 63.2 million included in manufacturing cost, and the balance in administrative expenses)									72,541,714
For the years ended 31 December 2009 (Baht 241.8 million included in manufacturing cost, and the balance in administrative expenses)									279,894,379

(Unit: Baht)

Separate financial statements

	Land	Pumping plants	Buildings	Land, leasehold and building improvements	Machinery and equipment	Office equipment	Vehicles	Construction in progress	Total
Cost									
31 December 2008	317,197,440	499,594,743	720,688,043	103,367,668	5,899,052,770	317,479,946	3,882,009	27,980,739	7,889,243,358
Acquisitions	-	-	400,000	11,013,531	26,675,463	4,877,548	-	287,694,247	330,660,789
Transfer in/ (transfer out)	-	22,571,475	2,887,313	51,527,849	98,051,305	2,600,000	-	(177,637,942)	-
Disposal/write off	-	-	(2,451,562)	(455,248)	(55,929,068)	(49,067,252)	-	(119,521)	(108,022,651)
31 December 2009	317,197,440	522,166,218	721,523,794	165,453,800	5,967,850,470	275,890,242	3,882,009	137,917,523	8,111,881,496
Accumulated depreciation									
31 December 2008	-	95,628,698	69,629,468	37,418,114	978,936,417	178,396,903	900,554	-	1,360,910,154
Disposal/write off	-	-	(208,887)	(10,007)	(49,238,742)	(46,530,895)	-	-	(95,988,531)
Depreciation for the year	-	15,306,320	30,407,057	13,929,063	154,897,594	43,507,067	767,786	-	258,814,887
31 December 2009	-	110,935,018	99,827,638	51,337,170	1,084,595,269	175,373,075	1,668,340	-	1,523,736,510
Net book value									
31 December 2008	317,197,440	403,966,045	651,058,575	65,949,554	4,920,116,353	139,083,043	2,981,455	27,980,739	6,528,333,204
31 December 2009	317,197,440	411,231,200	621,696,156	114,116,630	4,883,255,201	100,517,167	2,213,669	137,917,523	6,588,144,986

Depreciation included in the separate statements of income

For the period as from 1 October 2008 to 31 December 2008 (Baht 58.5 million included in manufacturing cost, and the balance in administrative expenses)	67,594,543
For the years ended 31 December 2009 (Baht 221.7 million included in manufacturing cost, and the balance in administrative expenses)	<u>258,814,887</u>

As at 31 December 2009 and 2008, the Company and its subsidiaries had certain equipment and fixtures, which were fully depreciated but are still in use. The original costs, before deducting accumulated depreciation, of those assets amounted to approximately Baht 392.6 million and Baht 200.8 million, respectively (The Company only: Baht 371.8 million and Baht 184.2 million respectively).

As at 31 December 2009 and 2008, the Company and its subsidiary had motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 4.9 million and Baht 7.1 million, respectively (the Company only: Baht 3.9 million and Baht 5.0 million, respectively).



15. Assets under concession contracts

(Unit: Baht)

	Consolidated financial statements		
	Assets under concession contracts	Construction in progress	Total
Cost			
31 December 2008	470,134,522	7,935,145	478,069,667
Acquisitions	13,250,887	29,977,829	43,228,716
Transfer in/(transfer out)	18,267,477	(18,267,477)	-
31 December 2009	501,652,886	19,645,497	521,298,383
Accumulated depreciation			
31 December 2008	87,687,631	-	87,687,631
Depreciation for the year	25,942,334	-	25,942,334
31 December 2009	113,629,965	-	113,629,965
Allowance for impairment loss			
31 December 2008	-	-	-
Impairment loss during the year	16,790,000	-	16,790,000
31 December 2009	16,790,000	-	16,790,000
Net book value			
31 December 2008	382,446,891	7,935,145	390,382,036
31 December 2009	371,232,921	19,645,497	390,878,418
Depreciation included in consolidated statements of income (included in “Costs of sales - tap water” and “Costs of services”)			
For the period as from 1 October 2008 to 31 December 2008			6,218,328
For the years ended 31 December 2009			25,942,334

The subsidiaries have committed to transfer assets under concession contracts to the Provincial Waterworks Authority at the end of concession periods.

16. Deferred concession rights acquisition costs

(Unit: Baht)

	Consolidated financial statements		
	Deferred concession rights acquisition costs	Construction in progress	Total
Cost			
31 December 2008	234,835,194	350,896,200	585,731,394
Acquisition	-	48,411,201	48,411,201
Transfer in/(transfer out)	268,272,748	(268,272,748)	-
31 December 2009	503,107,942	131,034,653	634,142,595
Accumulated amortisation			
31 December 2008	51,484,535	-	51,484,535
Amortisation for the year	25,905,787	-	25,905,787
31 December 2009	77,390,322	-	77,390,322
Net book value			
31 December 2008	183,350,659	350,896,200	534,246,859
31 December 2009	425,717,620	131,034,653	556,752,273
Amortisation included in consolidated statements of income (included in “Costs of sales - tap water” and “Costs of services”)			
For the period as from 1 October 2008 to 31 December 2008			5,078,715
For the years ended 31 December 2009			25,905,787



17. Intangible asset

(Unit: Baht)

Consolidated financial statements

Right - cost		
31 December 2008		201,205,413
31 December 2009		201,205,413
Accumulated amortisation		
31 December 2008		40,608,833
Amortisation for the period		8,348,738
31 December 2009		48,957,571
Net book value		
31 December 2008		160,596,580
31 December 2009		152,247,842
Amortisation included in consolidated statements of income (included in administrative expenses)		
For the period as from 1 October 2008 to 31 December 2008		2,104,339
For the year ended 31 December 2009		8,348,738
Remaining amortisation periods		
31 December 2008		19 years 3 months
31 December 2009		18 years 3 months

18. Short-term loan from financial institutions

(Unit: Baht)

	Interest rate	Maturity date	Consolidated financial statements		Separate financial statements	
			31 December 2009	31 December 2008	31 December 2009	31 December 2008
Promissory note	2.65% and 2.75% (31 December 2008: 4.95%)	Within May 2010 and at call (31 December 2008: January 2009)	369,000,000	7,500,000	369,000,000	-
			369,000,000	7,500,000	369,000,000	-

19. Liabilities under finance lease agreements

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Liabilities under finance lease agreements	4,541,692	7,531,913	4,040,568	5,415,471
Less: Deferred interest expenses	(284,591)	(424,793)	(258,633)	(303,455)
Total	4,257,101	7,107,120	3,781,935	5,112,016
Less: Portion due within one year	(2,948,681)	(3,559,376)	(2,473,515)	(2,039,439)
Liabilities under finance lease agreements - net of current portion	1,308,420	3,547,744	1,308,420	3,072,577

The Company and its subsidiary has entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in their operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 4 years. Finance lease agreements can not be cancelled.

As at 31 December 2009, the Company and its subsidiary had future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Baht)

	Consolidated financial statements			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	3,161,140	1,380,552	-	4,541,692
Deferred interest expenses	(212,459)	(72,132)	-	(284,591)
Present value of future minimum lease payments	2,948,681	1,308,420	-	4,257,101

(Unit: Baht)

	Separate financial statements			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	2,660,016	1,380,552	-	4,040,568
Deferred interest expenses	(186,501)	(72,132)	-	(258,633)
Present value of future minimum lease payments	2,473,515	1,308,420	-	3,781,935



20. Long-term loans from financial institutions

(Unit: Baht)

	Credit limit (Million Baht)	Consolidated financial statements		Separate financial statements	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
The Company					
a)	2,000	-	1,050,000,000	-	1,050,000,000
b)	1,500	1,350,000,000	1,450,000,000	1,350,000,000	1,450,000,000
c)	1,000	-	-	-	-
d)	1,700	-	-	-	-
The subsidiary					
a)	240	148,568,000	194,284,000	-	-
b)	200	117,000,000	52,500,000	-	-
c)	300	300,000,000	-	-	-
d)	200	-	-	-	-
Total	7,140	1,915,568,000	2,746,784,000	1,350,000,000	2,500,000,000
Less: Current portion		(187,755,474)	(495,716,000)	(100,000,000)	(450,000,000)
Long-term loans from financial institutions - net of current portion		1,727,812,526	2,251,068,000	1,250,000,000	2,050,000,000

Long-term loans of the Company and its subsidiaries from financial institutions are shown below.

Long-term loans of the Company

a) Loans from a financial institution - credit limit of Baht 2,000 million.

On 9 November 2005, the Company entered into a credit facility agreement with a local financial institution to invest in the Company and its subsidiaries' business expansion, as detailed below.

- Credit facility : 2,000 million consisting of
- Tranche A amounting to Baht 1,500 million
 - Tranche B amounting to Baht 500 million
- Type of loan : Unsecured, with status equivalent to unsecured and unsubordinated debts
- Period : 7 years
- Interest rate
- Tranche A, interest is payable on a monthly basis at the following rates
 - Year 1-3 Fixed rate at 6.00 percent per annum
 - Year 4-5 Minimum Loan Rate (MLR) minus 1.50 percent per annum
 - Year 6-7 Minimum Loan Rate (MLR) minus 0.75 percent per annum
 - Tranche B, interest is payable on a monthly basis at the following rates
 - Year 1-5 Minimum Loan Rate (MLR) minus 1.50 percent per annum
 - Year 6-7 Minimum Loan Rate (MLR) minus 0.75 percent per annum



Repayment Schedule : Principal is repayable in semi-annual installments, beginning after the grace period of 18 months from the date of the first draw down (17 November 2005), with installments to be allocated proportionally to Tranche A and Tranche B loans.

During 2007, the Company received a letter from a financial institution informing it of an adjustment of the interest rate for Tranche A and Tranche B (only the drawn-down portion) of the loans to be 4.50 percent per annum, effective from July 2007 until the 5th year of the loan agreement (October 2010) whereby the interest rate on the Tranche A and Tranche B (only the drawn-down portion) loans in the 6th-7th years and the Tranche B (not-yet draw down) loans remains unchanged.

Under the loan agreement, the Company is required to comply with certain conditions including the maintenance of a debt to equity ratio (in accordance with the amended credit facility agreement dated 13 November 2007) of not exceeding 2 times and not lower than 0 time, a debt service coverage ratio (DSCR) of not lower than 1.10 times, etc.

b) Loans from a financial institution - credit limit of Baht 1,500 million

On 6 December 2007, the Company entered into a credit facility agreement with a local financial institution to repay a bridging loan to the same financial institution, as detailed below.

Credit facility : Baht 1,500 million
Type of loan : Unsecured, with status equivalent to unsecured and unsubordinated debts
Period : 7 years
Interest rate : Interest is payable on a monthly basis at the following rates:

- The 1st - 36th months Fixed rate at 4.80 percent per annum
- The 37th - 60th months Minimum Loan Rate (MLR) minus 1.75 percent per annum
- The 61st month onwards Minimum Loan Rate (MLR) minus 1.50 percent per annum

Repayment Schedule : Principal is repayable in 12 semi-annual installments, beginning after a grace period of 12 months from the agreement date as scheduled below.

- The 1st - 6th installments Baht 50 million each
- The 7th - 12th installments Baht 200 million each

Under the loan agreement, the Company is required to comply with certain conditions including the maintenance of a debt to equity ratio of not exceeding 2 times and not lower than 0 time, a debt service coverage ratio (DSCR) of not lower than 1.10 times, etc.

c) Loan from a financial institution - credit limit of Baht 1,000 million

On 22 May 2009, the Company entered into a credit facility agreement with a local financial institution for the Company's pipeline maintenance project, as detailed below.

Credit facility : Baht 1,000 million, to be drawdown within 12 months from the agreement date
Type of loan : Unsecured, with status equivalent to unsecured and unsubordinated debts
Period : 7 years
Interest rate : Interest is payable on a monthly basis at the following rates:

- The 1st - 12th months Money Market Rate (MMR) for loans with maturities of no more than 1 year from drawdown date on rollover date
- The 13th - 48th months Minimum Loan Rate (MLR) minus 1.75 percent per annum
- the 49th month onwards Minimum Loan Rate (MLR) minus 1.50 percent per annum



- Repayment Schedule :
1. Principal with accrued interest (if any) is to be fully paid within 12 months from the agreement date or
 2. If the Company wants to maintain the debt under contract (in part or in full) after the maturity date under 1., the Company agrees to comply with the following conditions:
 - a) To submit a letter of intent to extend the debt and evidence of receipt of the loan to the lender before the maturity date in 1, and pay a front-end fee at a rate of 0.125% of the loan facility to be carried forward, to the lender
 - b) The Company agrees and acknowledges that in proceeding in line with a) it agrees to convert those loans supported by promissory notes to long-term installment loans, repayable in 12 equal semi-annual installments, beginning after a grace period of 6 months from the conversion date, and with settlement to be complete within 72 months from the conversion date.

Under the loan agreement, the Company is required to comply with certain conditions including the maintenance of a debt to equity ratio of not exceeding 2 times and not lower than 0 time, a debt service coverage ratio (DSCR) of not lower than 1.10 times, etc.

d) **Loans from a financial institution - credit limit of Baht 1,700 million**

On 25 August 2009, the Company entered into a credit facility agreement with a local financial institution to use in the Company's pipeline construction, as detailed below.

- Credit facility : Baht 1,700 million
- Type of loan : Unsecured
- Period : 10 years
- Interest rate : Interest is payable on a monthly basis at the following rates
- The 1st - 4th years Fixed rate at 3.50 percent per annum
 - The 5th - 7th years Minimum Loan Rate (MLR) minus 2.25 percent per annum
 - The 8th - 10th years Minimum Loan Rate (MLR) minus 2.00 percent per annum
- Repayment Schedule : Principal is repayable in 16 semi-annual installments, beginning after a grace period of 30 months from the first draw down date.

Long-term loans of subsidiary - Universal Utilities Company Limited

a) **Loans from a financial institution - credit limit of Baht 240 million**

On 24 April 2006, the subsidiary entered into a credit facility agreement with a local financial institution to obtain funds to use in the subsidiary's water tap production project, as detailed below.

- Credit facility : Baht 240 million
- Type of loan : Unsecured
- Period : 7 years
- Interest rate : Interest is payable on a monthly basis at the following rates
- The 1th - 48th months Minimum Loan Rate (MLR) minus 1.50 percent per annum
 - The 49th months onwards Minimum Loan Rate (MLR) minus 0.75 percent per annum

On 11 December 2009, the subsidiary and a financial institution agreed to adjust the interest rate of the loans to be Minimum Loan Rate (MLR) minus 1.50 percent per annum, effective from the 49th months until the end of the loan agreement.

Repayment Schedule : Principal is repayable equally in 21 quarterly installments, beginning after a grace period of 18 months from the agreement date.

b) **Loans from a financial institution - credit limit of Baht 200 million**

On 15 December 2008, the subsidiary entered into a credit facility agreement with a local financial institution to use in the subsidiary's water tap project as detailed below.

Credit facility : Baht 200 million

Type of loan : Unsecured

Period : 7 years

Interest rate : Interest is payable on a monthly basis at the following rates

- The 1st - 4th years Minimum Loan Rate (MLR) minus 1.75 percent per annum
- The 5th years onwards Minimum Loan Rate (MLR) minus 1.50 percent per annum

Repayment Schedule : Principal is repayable equally in 23 quarterly installments, beginning after a grace period of 18 months from the agreement date.

c) **Loans from a financial institution - credit limit of Baht 300 million**

On 16 September 2009, the subsidiary entered into a credit facility agreement with a local financial institution to be used to settle an existing loan from the Company, as detailed below.

Credit facility : Baht 300 million

Type of loan : Unsecured

Period : 10 years

Interest rate : Interest is payable on a monthly basis at the following rates

- The 1st - 5th years Minimum Loan Rate (MLR) minus 2.25 percent per annum
- The 6th year onwards Minimum Loan Rate (MLR) minus 2.00 percent per annum

Repayment Schedule : Principal is repayable in 19 semi-annual installments, beginning after a grace period of 12 months from the first draw down date and to be completed within 10 years from the first draw down date.

d) **Loans from a financial institution - credit limit of Baht 200 million**

On 11 December 2009, the subsidiary entered into a credit facility agreement with a local financial institution to use in the subsidiary's water tap project as detailed below.

Credit facility : Baht 200 million

Type of loan : Unsecured

Period : 10 years

Interest rate : Interest is payable on a monthly basis at the following rates

- The 1st - 5th years Minimum Loan Rate (MLR) minus 2.25 percent per annum
- The 6th year onwards Minimum Loan Rate (MLR) minus 2.00 percent per annum

Repayment Schedule : Principal is repayable in 18 semi-annual installments, beginning after a grace period of 18 months from the first draw down date and to be completed within 10 years from the first draw down date.

Under the loan agreement, the subsidiary is required to comply with certain conditions including the maintenance of a debt service coverage ratio (DSCR) of not lower than 1.10 times, etc.



Movements in the long-term loans from financial institutions during the year are summarised below.

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
Balances as at 1 January 2009	2,746,784,000	2,500,000,000
Add: Additional borrowings	364,500,000	-
Less: Repayment	(1,195,716,000)	(1,150,000,000)
Balances as at 31 December 2009	1,915,568,000	1,350,000,000

As at 31 December 2009, outstanding long-term credit facilities of the Company and its subsidiary which have yet to be drawn down presented as follows:

Loan	Credit limit (Million Baht)	Facility objective	Outstanding credit facilities	
			31 December 2009 (Million Baht)	31 December 2008 (Million Baht)
The Company				
c)	1,000	For the Company's pipeline maintenance	1,000.0	-
d)	1,700	To use in the Company's pipeline construction	1,700.0	-
The subsidiary				
b)	200	To use in the subsidiary's water tap project	83.0	147.5
d)	200	To use in the subsidiary's water tap project	200.0	-
Total			2,983.0	147.5

21. Assets transferred from customers

Assets transferred from customers represent water distribution pipeline systems and water measured equipment transferred to the Company by customers in accordance with the water supply agreement.

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net income for the year after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

23. Dividends payments

Dividends declared during the year 2009 consist of the following.

	Approved by	Total dividends (Baht)	Dividend per share (Baht)	Paid on
Dividend for the period ended 1 October 2007 to 30 September 2008	Annual General Meeting of the shareholders on 29 January 2009	415,918,537	0.25	20 February 2009
Interim dividends on operating results for the six-month period ended 30 June 2009	Board of Director's meeting on 24 August 2009	166,367,415	0.10	23 September 2009
		582,285,952	0.35	

24. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008
Salary and wages and other employee benefits	198,724,494	38,101,084	121,953,203	26,878,118
Depreciation and amortisation expenses	340,091,238	85,943,096	258,814,887	67,594,543
Rental expenses	49,948,784	11,571,584	40,400,703	9,378,413
Raw materials and consumables used	16,061,816	8,232,701	-	-
Electricity expenses	334,932,529	91,743,210	248,451,030	68,919,619
Purchases of raw water	156,475,376	28,621,451	146,984,148	26,321,767
Hiring and service expenses	276,541,033	73,120,541	33,420,566	6,954,026
Repair and maintenance expenses	45,556,541	11,988,366	29,209,559	6,651,092
Losses on impairment and diminution in value of assets and provision for doubtful accounts	17,720,496	17,167,141	4,340,496	16,894,136
Waterworks management expense	-	-	169,803,465	39,379,797



25. Provident fund

The Company and its subsidiary, which is Universal Utilities Company Limited, and employees have established a provident fund in accordance with the Provident Fund Act B.E. 2530. The employees are required to contribute to the fund at the rates of 5% to 10% of their basic salaries while the Company and its subsidiaries are required to contribute at the rates of 8% to 10% of the employees' basic salaries. This provident fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules.

For the year ended 31 December 2009 and for the period as from 1 October 2008 to 31 December 2008 approximately Baht 8.4 million and Baht 2.0 million, respectively, were contributed to the fund by the Company and its subsidiary (The Company only: Baht 5.1 million and Baht 1.2 million, respectively).

26. Corporate income tax

Corporate income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

27. Earnings per share

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

28. Commitments and contingent liabilities

28.1 Capital commitments

As at 31 December 2009 and 2008, the Company and its subsidiaries had commitments in respect of in-progress construction of Baht 1,823.1 million and Baht 323.5 million, respectively (The Company only: Baht 1,770.8 million and Baht 265.2 million, respectively).

28.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of motor vehicles and equipment. The terms of the agreements are generally between 1 to 5 years. Operating lease agreements are non-cancelable.

As at 31 December 2009 and 2008, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	Consolidated financial statements		Separate financial statements	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Payable within Less than 1 year	8.1	6.3	3.2	5.2
Payable within 1 to 5 years	12.3	2.9	2.0	2.4

(Unit: Million Baht)

28.3 Raw water and tap water purchase agreements and long-term service commitments

- 28.3.1 As at 31 December 2009 and 2008, the Company had commitment in respect of a raw water purchase agreement with the Royal Irrigation Department whereby it is to purchase raw water at the price specified in a Ministerial Regulation.
- 28.3.2 As at 31 December 2009 and 2008, the Company and its subsidiary had commitments in respect of raw water and tap water purchase agreements with Siam Water Resource Company Limited at the condition and price as described in Notes 30.6 and 30.14 to the financial statements.
- 28.3.3 As at 31 December 2009, the Company had commitment in respect of raw water purchase agreement with Thai Industrial Water Company Limited at the condition and price as described in Note 30.7 to the financial statements.
- 28.3.4 As at 31 December 2009 and 2008, the Company and its subsidiaries had commitments in respect of service agreements payable in the future of approximately Baht 251.8 million and Baht 355.7 million, respectively (The Company only: Baht 28.4 million and Baht 53.8 million, respectively).

28.4 Guarantees

- 28.4.1 As at 31 December 2009, there were outstanding bank guarantees of approximately Baht 51.6 million (31 December 2008: Baht 55.9 million) issued by banks on behalf of the Company to the Provincial Electricity Authority for electricity consumption, to the Ministry of Finance for management and operation of the major water distribution pipeline systems in the Eastern Seaboard area, and to counterparties for bid bonds and performance bonds.
- 28.4.2 As at 31 December 2009, there were outstanding bank guarantees of approximately Baht 176.3 million (31 December 2008: Baht 204.9 million) issued by banks on behalf of the subsidiaries to the Provincial Electricity Authority for electricity consumption, and to counterparties for bid bonds and performance bonds.

28.5 Project remuneration

A government agency is considering a deal for the Company to rent/manage and adjusting the remuneration for the 2 pipeline connecting projects (“projects”). A letter issued by this government agency stipulated that the Company was to initially pay remuneration for the projects at a percentage of the raw water sales from the projects from the year operation commenced. In addition, if it is decided that a fair rate is more than the rate at which the Company already paid, the Company is to make additional payment, in full, as a lump sum; while if the fair rate is lower, the government agency agrees to pay back the surplus paid by offsetting it against the remuneration of the following years.

On 8 January 2010, the government agency issued a letter to the Company notifying it that a deal for the Company to rent/manage the projects and the adjusting of remuneration must be processed in accordance with the Act on Private Participation in State Undertaking B.E. 2535, whereby a committee has, under Section 13, authority to set the remuneration rate and negotiate benefits with the Company, in order to reach a preliminary conclusion. The conclusion will then be proposed to the Cabinet for a resolution in accordance with Section 21 of that Act. Currently, approval is being considered by the Office of the National Economic and Social Development Board and the Ministry of Finance, in order to propose to the Cabinet, in accordance with Section 16 of the Act.



29. Litigation

As at 31 December 2009 and 2008, the Company and its subsidiary were sued as defendants in litigation cases with significant claim as follow.

- 29.1 On 28 March 2003, the Company was sued as a defendant in a litigation case in connection with the purchase of assets from the Legal Execution Department. The plaintiff petitioned the civil court to void the sales transaction or order the payment of compensatory damages amounting to Baht 302.2 million to the plaintiff. However, on 26 January 2006, the Court of First Instance issued an order dismissing the lawsuit and later the plaintiff lodged an appeal with the Court of Appeal on 22 March 2006. The Company has already made its plea contesting the plaintiff's appeal and as at 31 December 2009 and 2008, the case is currently being heard by the Appeal Court. The Company's management believes that should the outcome of the case be finalised, there would be no significant loss to the Company. Therefore, the Company has not yet provided for any loss in the accounts.
- 29.2 On 14 March 2006, Universal Utilities Company Limited, a subsidiary, was sued as a co-defendant together with the Provincial Waterworks Authority ("PWA") in a case brought in connection with illegal acts performed by administrative agencies or state officials. The plaintiff petitioned the administrative court to void the selection process by which a private operator was selected to produce tap water for distribution to the PWA in the area belonging to the Rayong Waterworks. On 16 March 2007, the Rayong Administrative Court ordered the selection process voided in accordance with the plaintiff's petition, and also declared void the agreement appointing a private firm to produce water for sale to the Rayong Waterworks, which had resulted from an illegal selection process. However, the PWA and the subsidiary lodged appeals with the Rayong Administrative Court on 12 April 2007 and the Rayong Administrative Court has issued a court receipt for such appeal and then passed it to the Supreme Administrative Court. The case is currently at the stage of concluding the facts of the owner's arbitrator at the appeals level of the Supreme Administrative Court under the court receipt No. Aor. 278/50. Since PWA and the subsidiary have to comply with conditions in the agreement and are further obliged to each other as stipulated in the agreement until the case is finalised, in accordance with Section 70 of the Royal Decree on Establishment of and Procedures for Administrative Court Act B.E. 2542, the subsidiary management therefore believes that the subsidiary will incur no losses as a result of the termination of the agreement because, if such a termination occurs the PWA will have to compensate the subsidiary for costs of construction and improvements made to the waterworks, and for other expenses incurred by the subsidiary. Therefore, no provision has yet been made in the accounts.
- 29.3 On 20 October 2008, the Company was sued by a company in a lawsuit with a black case number 5930/2551 regarding a breach of a construction agreement. The litigation filed with the Civil Court by the plaintiff requested that the Company pay damages totaling Baht 40.2 million.

On 29 December 2008, the Company filed a lawsuit with a black case number 6848/2551 regarding a breach of a construction contract, suing the aforementioned company and a local commercial bank as the work guarantor of that company. The litigation filed with the Civil Court by the Company requested that the defendants pay damages totaling Baht 37.4 million.

On 26 January 2009, the Civil Court set a date for the settlement of issues under the lawsuit with the black case number 5930/2551. However, the attorney of the Company has petitioned the Court to merge the settlement of issues of the lawsuit with the black case number 6848/2551 to be in one case since both cases are based on the same factual information. The Court considered the request and set a date for the settlement of issues of these two lawsuits on 23 March 2009.

On 23 March 2009, the Civil Court sets a date for investigation of plaintiff's witnesses during 17 - 19 February 2010 and a date for investigation of defendant's witnesses during 23 - 24 February 2010.

The Company's management believes that should the outcome of the case be finalised, there would be no significant loss to the Company. Therefore, the Company has not yet provided for any loss in the accounts.

- 29.4 On 3 June 2009, Universal Utilities Company Limited, a subsidiary, was sued by a former employee under labor law with the black case number 3630/2552, in relation to the termination of the employment by the subsidiary. The plaintiff lodged the lawsuit with the Central Labor Court, seeking compensation amounting to Baht 36.9 million.

On 25 December 2009, the Central Labor Court issued an order dismissing the lawsuit.

30. Significant agreements

The Company and its subsidiaries have the following significant agreements, besides other agreements as discussed in relevant notes to financial statements.

The Company

- 30.1 The Company entered into an agreement dated 26 December 1993 with the Ministry of Finance to manage and operate the major water distribution pipeline systems in the Eastern Seaboard area. The contract term is 30 years, from 1 January 1994 to 30 September 2023 and the Company is required to pay a minimum of Baht 2 million per annum to the Ministry of Finance. In any years when the Company's revenues from the sales of raw water exceed Baht 200 million, it is required to pay the Ministry of Finance with a sharing benefit at a rate of 1 percent of sales of raw water from the Nong Khor and Dok Krai reservoirs. In addition, when the Company's annual rate of return on equity exceeds 20 percent, an additional sharing benefit at the rate of 15 percent of the return in excess of the paid 20 percent is to be paid to the Ministry of Finance. Nevertheless, the total sharing benefit is not to exceed 6 percent of the real value of the assets leased from the Ministry of Finance, as assessed according to the agreed time frame.
- 30.2 On 15 November 2000, the Company entered into an agreement with Universal Utilities Company Limited, a subsidiary, to receive waterworks management services for Sattahip Waterworks of the Provincial Waterworks Authority for the period of 10 years. The Company will pay the management fee from revenue after deducting license fee and related expenses as specified in the agreement. Moreover, the Company will receive the profit sharing from the subsidiary under the conditions specified in the agreement. Under the agreement, the subsidiary is to invest a total of Baht 16 million for the expansion of the water distribution area, a total of Baht 12 million for installation of centralised Supervisory Control and Data Acquisition (SCADA) and Geographic Information System (GIS) in order to improve the management system. Subsequently on 18 October 2004, the Company amended the above-mentioned agreement to extend to the Pattaya Waterworks. Consequently, the subsidiary is entitled to manage water system of Sattahip Waterworks for a period of 30 years from 1 March 2001 but not exceeding the period the Provincial Waterworks Authority has granted the Company the rights to operate and manage the Sattahip Waterworks System.
- 30.3 On 28 November 2000, the Company entered into an agreement with Universal Utilities Company Limited whereby it grants the subsidiary the rights to operate the waterworks of the Municipality of Si Chang Island Sub-district for a period of 15 years commencing from the first tap water selling date. Under the agreement, the subsidiary is required to construct tap water production system and also required to provide maintenance services at least 5 years after termination of agreement. Moreover, the subsidiary is to transfer all the invested



assets to the Company and/or the Si Chang Municipality on the earlier expiry date of the waterworks agreement operation or the waterworks management agreement. The subsidiary is to pay in return to both the Municipality of Si Chang Island Sub-district and the Company at the rates as specified in the agreement.

- 30.4 On 11 May 2004, the Company entered into a waterworks management agreement with Universal Utilities Company Limited (the subsidiary) whereby the subsidiary is to provide water works management services in Bo Win Municipal area for a period of 25 years from the date the subsidiary completed the construction works of tap water production system and the Company agreed for commercial distribution of tap water (11 March 2005). Under the agreement, the subsidiary is to procure land and construct tap water production system sufficient to supply tap water throughout the agreement period. The subsidiary is to transfer all the invested assets to the Company and/or the Municipality on the earlier expiry date of the waterworks operation agreement or the waterworks management agreement. The Company is to pay an annual waterworks management fee at the rates specified in the agreement, determined on the monthly tap water sales and service fees, which can be collected from the users.

Since later on 5 August 2005 the Company entered into a waterworks system operation and management agreement with the Bo Win Sub-district Administration Organization (“SAO”), it therefore revised the aforementioned agreement with the subsidiary to cover Bo Win SAO area. As a result the aforementioned agreement was superseded and the new agreement dated 14 July 2006, having the same conditions with an additional area of Bo Win SAO, is replaced.

- 30.5 On 7 July 2004, the Company entered into a water supply agreement for the Koh Samui Waterworks with Universal Utilities Company Limited for a 15-year period from the first water distribution date (12 May 2005) whereby the subsidiary agreed to construct the reverse osmosis water production system with the water pipeline connected to both the water distribution pipeline of the purchasers in the specified area and the Provincial Waterworks Authority, and sell the tap water produced under such system for a return determined at the rates as specified in the agreement of the volume actually received by the purchasers. The rates will be adjusted annually.
- 30.6 On 13 December 2007, the Company entered into the raw water procurement agreements with Siam Water Resource Company Limited whereby the Company is required to purchase a minimum of 10 million cubic meters per annum for a price of 6 Baht per cubic meter over a 10-year period. The price will be adjusted based on the changes in electricity prices made in accordance with the fuel adjustment charge (Ft) rate, announced by Provincial Electricity Authority.
- 30.7 On 30 September 2009, the Company entered into raw water procurement agreements with Thai Industrial Water Company Limited, whereby the Company is required to purchase a minimum of 6 million cubic meters for the first years, 8 million cubic meters for the second years and 10 million cubic meters for the third years or later, for a price of 6 Baht per cubic meter over a 10-year period. The price will be adjusted based on changes in electricity prices made in accordance with the fuel adjustment charge (Ft) rate, announced by Provincial Electricity Authority.

The Subsidiaries

- 30.8 Chachoengsao Water Supply Company Limited entered into the concession agreement dated 9 November 2000 with the Provincial Waterworks Authority. The subsidiary is privileged to produce and sell tap water to the Provincial Waterworks Authority at Chachoengsao office, Chachoengsao province. The concession period is 25 years from the date that first income is derived from selling tap water (1 April 2003).



- 30.9 Bangpakong Water Supply Company Limited entered into the concession agreement dated 9 November 2000 with the Provincial Waterworks Authority. The subsidiary is privileged to produce and sell tap water to the Provincial Waterworks Authority at Bangpakong office, Chachoengsao province. The concession period is 25 years from the date that first income is derived from selling tap water (1 April 2003).
- 30.10 Nakornsawan Water Supply Company Limited entered into the concession agreement dated 7 November 2000 with the Provincial Waterworks Authority. The subsidiary is privileged to produce and sell tap water to the Provincial Waterworks Authority at Nakornsawan office, Nakornsawan province. The concession period is 25 years from the date that first income is derived from selling tap water (1 March 2003).
- 30.11 Chachoengsao Water Supply Company Limited and Bangpakong Water Supply Company Limited entered into a know-how agreement dated 1 December 2000 with Australian Water Technologies PTY Limited of Australia, which transferred its entitlements under this agreement to AWT International (Thailand) Limited on 15 October 2002, whereby the latter agreed to permit the use of its name for reference purposes and provide the know-how to enable the said subsidiaries to perform their obligations under concession agreements for a period of 25 years from the first date of sales of tap water under the concession agreements. In consideration thereof, the subsidiary companies agree to pay fees at the rate stipulated in the agreement.
- 30.12 On 24 March 2004, Universal Utilities Company Limited entered into an agreement with Egcom Tara Company Limited, a related company, to produce tap water and to provide maintenance services for the tap water production system and tap water distribution pipeline of the production plants situated in Lak Muang, Ratchaburi province and Pangpuoy, Samut Songkram province. The agreement period is 6 years, ending on 6 April 2010, and stipulates an annual fee, with payment to be made on a monthly basis and adjusted to the actual amount at the end of each year in accordance with the guidelines and conditions stipulated in the agreement.
- 30.13 On 14 March 2006, Universal Utilities Company Limited and its subsidiaries entered into an agreement to produce tap water for sales to Rayong Waterworks, Rayong province with the Provincial Waterworks Authority for a 25-year period commencing from the first tap water selling date (12 July 2006). Under the agreement, the subsidiaries are required to construct tap water production system, water delivery system and water distribution system, and to expand the production capacity of the existing tap water distribution system of Rayong Waterworks. The subsidiaries are also required to provide maintenance services and to act on behalf of the Provincial Waterworks Authority in any related matters. Ownership of assets, which have been constructed, repaired and expanded by the subsidiaries, is to be transferred to the Provincial Waterworks Authority immediately upon completion of these activities, with the subsidiaries having the rights to occupy the assets in order to produce and supply tap water to the Provincial Waterworks Authority over the agreement period. The subsidiaries will receive income at the rates prescribed in the agreement and the rates will be adjusted annually.
- 30.14 On 25 May 2009, Universal Utilities Company Limited (“the buyer”) entered into a tap water purchase agreement for the Chonburi Waterworks, Chonburi Province with Siam Water Resource Company Limited (“the seller”). The agreement is effective from the date it is signed by both parties and will be terminated upon termination of the tap water purchase and sale agreement for the Chonburi Waterworks, Chonburi Province made with Provincial Waterworks Authority (“PWA”) or the buyer exercises the right to cancel the agreement if the seller is unable to or circumstances credibly indicate that the seller is unable to comply with the key terms of the agreement. The agreement requires the seller to construct a tap water production facility, of



which ownership is not required to be transferred to the buyer. Prices are to be at the rates stipulated in the agreement.

30.15 On 3 June 2009, Universal Utilities Company Limited (“the seller”) entered into the tap water purchase and sale agreement for the Chonburi Waterworks, Chonburi Province with PWA (“the buyer”). The term of the agreement is 20 years from the date of tap water purchases commence. The agreement requires the seller to construct a tap water production facility, of which ownership is not required to be transferred to the PWA. Prices are to be at the rates stipulated in the agreement.

31. Financial information by segment

The Company’s and its subsidiaries’ major businesses are raw water distribution business, tap water distribution business, waterworks management and engineering services (water loss reduction project). These business operations are conducted only in one geographical area, which is Thailand.

The business segment information for the year ended 31 December 2009 and for the period as from 1 October 2008 to 31 December 2008 are summarised as follows:

31.1 Operating results by business segment

(Unit: Thousand Baht)

	For the year ended 31 December 2009							Elimination	Total
	Sales			Service income					
	Raw water distribution business	Tap water distribution business	Others	Waterworks management business	Engineering services	Others			
Revenue									
Revenue from external customers	1,904,364	635,933	3,245	40,624	182,548	59,192	-	2,825,906	
Inter-segment revenue	108,132	-	208	223,704	-	5,472	(337,516)	-	
Total revenue	2,012,496	635,933	3,453	264,328	182,548	64,664	(337,516)	2,825,906	
Cost of sales/services	(728,952)	(428,243)	(688)	(218,377)	(166,186)	(51,209)	333,908	(1,259,747)	
Operating profit									
Segment operating profit (loss)	1,283,544	207,690	2,765	45,951	16,362	13,455	(3,608)	1,566,159	
Unallocated revenue/expenses									
Interest income								2,038	
Dividend income								18,505	
Other income								32,045	
Selling expenses								(41,293)	
Administrative expenses								(327,055)	
Finance costs								(120,116)	
Corporate income tax								(322,572)	
Net income								807,711	

(Unit: Thousand Baht)

For the period as from 1 October 2008 to 31 December 2008

	Sales			Service income			Elimination	Total
	Raw water distribution business	Tap water distribution business	Others	Waterworks management business	Engineering services	Others		
Revenue								
Revenue from external customers		393,114	144,744	195	10,725	47,995	14,723	-
611,496								
Inter-segment revenue	25,810	-	27	50,955	-	1,245	(78,037)	-
Total revenue	418,924	144,744	222	61,680	47,995	15,968	(78,037)	611,496
Cost of sales/services	(177,625)	(99,992)	(379)	(56,025)	(48,599)	(10,952)	77,277	(316,295)
Operating profit								
Segment operating profit (loss)	241,299	44,752	(157)	5,655	(604)	5,016	(760)	295,201
Unallocated revenue/expenses								
Interest income								3,579
Dividend income								16,176
Other income								3,058
Selling expenses								(6,953)
Administrative expenses								(76,877)
Finance costs								(34,459)
Corporate income tax								(53,535)
Net income								146,190

Transfer prices between business segments are as set out in Note 6 to the financial statements.



31.2 Asset information by business segment

(Unit: Thousand Baht)

As at 31 December 2009

	Raw water distribution business	Tap water distribution business	Waterworks management business	Engineering services	Unallocated assets and others	Elimination	Total
Property, plant and equipment - net	5,918,403	7,953	177,820	844	670,450	-	6,775,470
Assets under concession contracts - net	262,217	128,661	-	-	-	-	390,878
Deferred concession rights acquisition costs - net	430,349	126,403	-	-	-	-	556,752
Inventories - net	11	3,257	3,065	2,950	-	-	9,283
Trade accounts receivable - net	204,942	31,564	27,230	943	71	(26,657)	238,093
Unbilled receivables	-	64,574	32,013	8,459	-	(31,774)	73,272
Service income receivable	-	-	-	26,625	-	-	26,625
Unallocated assets and others	-	-	-	-	1,608,320	(530,915)	1,077,405
Total assets	6,815,922	362,412	240,128	39,821	2,278,841	(589,346)	9,147,778

(Unit: Thousand Baht)

As at 31 December 2008

	Raw water distribution business	Tap water distribution business	Waterworks management business	Engineering services	Unallocated assets and others	Elimination	Total
Property, plant and equipment - net	5,831,897	10,523	171,455	1,146	697,663	-	6,712,684
Assets under concession contracts - net	-	266,600	123,782	-	-	-	390,382
Deferred concession rights acquisition costs - net	-	410,109	124,138	-	-	-	534,247
Inventories - net	-	3,007	3,299	3,210	953	-	10,469
Trade accounts receivable - net	150,436	33,259	36,014	2,890	11	(48,527)	174,083
Unbilled receivables	-	41,736	19,481	4,755	-	-	65,972
Service income receivable	-	-	-	50,182	-	-	50,182
Unallocated assets and others	-	-	-	-	2,462,915	(1,058,791)	1,404,124
Total assets	5,982,333	765,234	478,169	62,183	3,161,542	(1,107,318)	9,342,143

32. Sale of raw water by distribution networks

32.1 Sales volume of raw water classified by water distribution networks

(Unit: Million Litres)

	Separate financial statements	
	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008
Nong Pla Lai - Map Ta Pud Network	71,322	15,659
Dok Krai - Map Ta Pud Network	62,344	13,592
Chachoengsao - Chonburi Network	70,096	18,454
Nong Pla Lai - Nong Khor Network	17,504	4,155
Total	221,266	51,860

32.2 Sales, costs of sales and gross profit of raw water

(Unit: Thousand Baht)

	Separate financial statements					
	For the year ended 31 December 2009			For the period as from 1 October 2008 to 31 December 2008		
	Sales	Costs of sales	Gross profit	Sales	Costs of sales	Gross profit
Nong Pla Lai - Map Ta Pud Network	654,739	(135,215)	519,524	127,132	(31,079)	96,053
Dok Krai - Map Ta Pud Network	575,380	(130,644)	444,736	119,587	(30,279)	89,308
Chachoengsao - Chonburi Network	623,634	(374,815)	248,819	139,296	(100,677)	38,619
Nong Pla Lai - Nong Khor Network	158,743	(88,278)	70,465	32,909	(15,589)	17,320
Total	2,012,496	(728,952)	1,283,544	418,924	(177,624)	241,300



Sales of raw water from Chachoengsao - Chonburi Network consisted of:

(Unit: Thousand Baht)

	Separate financial statements	
	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008
Nong Khor - Laem Chabang Network 1	429,918	88,148
Nong Khor - Laem Chabang Network 2	138,016	30,313
Chachoengsao Network	55,700	20,835
Total	623,634	139,296

32.3 Proportion of raw water sold to end users

(Unit: Percentage)

	Separate financial statements	
	For the year ended 31 December 2009	For the period as from 1 October 2008 to 31 December 2008
Industrial Estate	51	47
Waterworks Authority	33	38
Factories	16	15
Total	100	100

33. Financial instruments

33.1 Financial risk management

The Company's and its subsidiaries's financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, securities purchased under resale agreement, trade accounts receivable, short-term and long-term lendings, investments, short-term and long-term loans, retentions payable, liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is discussed below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to securities purchased under resale agreement, trade accounts receivable, short-term and long-term lendings, and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Although the Company and its subsidiaries may expose to concentration risk due to their having a few large customers, those customers are in government sector. The management believes that such risk is therefore low. The maximum exposure to credit risk is limited to the carrying amounts of securities purchased under resale agreement, trade accounts receivables, short-term and long-term loans and other receivable as stated in the balance sheets.

Interest rate risk

The Company's and its subsidiaries's exposure to interest rate risk relate primarily to their deposits with financial institutions, securities purchased under resale agreement, short-term and long-term lendings, investments, short-term and long-term loans and liabilities under finance lease agreements. However, since most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the current market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2009 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing		
(Thousand Baht)							
Financial assets							
Cash and cash equivalents	3,711	-	-	120,858	-	124,569	0.00-0.75
Trade accounts receivable - net	-	-	-	-	238,093	238,093	-
Unbilled receivables	-	-	-	-	73,272	73,272	-
Service income receivable from related party - billed	-	-	-	-	26,625	26,625	-
Restricted bank deposits	9,076	-	-	-	-	9,076	0.75
	12,787	-	-	120,858	337,990	471,635	
Financial liabilities							
Short-term loans from financial institutions	369,000	-	-	-	-	369,000	2.65 - 2.75
Trade accounts payable	-	-	-	-	65,594	65,594	-
Liabilities under finance lease agreements	2,949	1,308	-	-	-	4,257	2.17 - 16.97
Long-term loans from financial institutions	187,755	1,727,813	-	-	-	1,915,568	3.60 - 4.80
	559,704	1,729,121	-	-	65,594	2,354,419	



Separate financial statements

	Fixed interest rates					Total	Interest rate
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing		
(Thousand Baht)							(% p.a.)
Financial assets							
Cash and cash equivalents	3,711	-	-	19,638	-	23,349	0.00-0.75
Trade accounts receivable - net	-	-	-	-	236,506	236,506	-
Restricted bank deposits	9,076	-	-	-	-	9,076	0.75
	12,787	-	-	19,638	236,506	268,931	
Financial liabilities							
Short-term loans from financial institutions	369,000	-	-	-	-	369,000	2.65 - 2.75
Trade accounts payable	-	-	-	-	25,912	25,912	-
Liabilities under finance lease agreements	2,474	1,308	-	-	-	3,782	2.17 - 16.97
Long-term loans from financial institutions	100,000	1,250,000	-	-	-	1,350,000	4.80
	471,474	1,251,308	-	-	25,912	1,748,694	

33.2 Fair values of financial instruments

Since the majority of the Company and subsidiaries' financial instruments are short-term. The Company and subsidiaries expect that their fair values are not materially different from the amounts presented in the balance sheets except for the Company's and its subsidiaries' long-term loans from financial institutions which as at 31 December 2009 having the net book values and fair values of Baht 1,915.6 million and Baht 1,909.1 million, respectively (the Company only: Baht 1,350.0 million and Baht 1,382.6 million, respectively).

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.

34. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2009, the Group's debt-to-equity ratio was 0.44:1 (2008: 0.53:1) and the Company was 0.35:1 (2008: 0.48:1).

35. Subsequent events

35.1 On 8 January 2010, the Company purchased 304,140 ordinary shares of Egcomp Tara Company Limited from a company, at Baht 20 per share, or for a total of Baht 6.08 million. Consequently, the Company's holding increased from 15% to 15.88% of all outstanding share issued by the investee company.

35.2 On 15 January 2010, the Company and a government agency signed an agreement to sell and purchase assets constructed under the pipeline connecting project, as mentioned in Note 13 to the financial statements. The contract value amounted to Baht 1,677 million, and the due date for delivery of the assets to RID is within 90 days from the agreement date. The Company placed a bank guarantee of Baht 83.85 million, issued by a local bank, to RID to guarantee this agreement.

As a result of the agreement, the Company is committed to purchase assets in accordance with the contracts for pipeline connecting and annexed building construction and contracts to procure and install water pumping machines and electricity system from 2 sub-contractors with a total contract value of Baht 919 million (included value added tax). The Company will purchase that assets and make payment to the sub-contractor when the assets are inspected for acceptance and payment is received from the RID.

35.3 On 12 February 2010, a meeting of the Board of Directors of Universal Utilities Company Limited, the Company's subsidiary, passed a resolution to propose that the Annual General Meeting of the subsidiary's shareholders to be held on 25 March 2010 adopt a resolution to pay a dividend of Baht 0.751 per share, or a total of Baht 38.30 million, for 2009. A 2009 interim dividend payment of Baht 0.589 per share, or a total of Baht 30.04 million paid from the earnings of October 2008-August 2009, was paid in 5 installments to shareholders from November 2009 to March 2010. The final dividend payment of Baht 0.162 per share, or a total of Baht 8.26 million, is to be paid and recorded after approved by the 2009 Annual General Meeting of the subsidiary's shareholders.

35.4 On 15 February 2010, a meeting of the Company's Board of Directors passed a resolution to propose that the Annual General Meeting of shareholders to be held on 19 March 2010 adopt a resolution to pay a dividend of Baht 0.35 per share, or a total of Baht 582.30 million, for 2009. A 2009 interim dividend payment of Baht 0.10 per share, or a total of Baht 166.37 million, was paid to shareholders, from the earnings of the six months ended 30 June 2009, on 23 September 2009. The final dividend payment of Baht 0.25 per share, or a total of Baht 415.93 million, is to be paid and recorded after approved by the 2009 Annual General Meeting of shareholders.

36. Reclassification

Certain amounts in the financial statements for the period as from 1 October 2008 to 31 December 2008 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Management remuneration	39,264,067	50,350,234	32,033,477	40,190,669
Administrative expenses	16,836,458	5,750,291	11,607,692	3,450,500

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 15 February 2010.



The connected transactions of the Company and its affiliated companies in 2009 with the major shareholders which might lead to conflict of interest consisted of the Provincial Waterworks Authority (PWA), the Industrial Estate Authority of Thailand (IEAT), Electricity Generating Public Company Limited (EGCO) and EGCOM Tara Co., Ltd. of which held 70.8% of shares by EGCO Engineering Service Co. Ltd., a subsidiary of EGCO. The Company has already disclosed a complete connected transaction in the remark of the financial statement item 6, Connected Transactions.

However, in 2009, the PWA, the major shareholder of the Company (holds 40.20% of shares) and the raw water consumption customer, with raw water utilization rate of 85% of the total raw water consumption, had a letter to the Company to consider reduce raw water price purchased from the Company for household and civil service sectors, of which had a proportion of 40% at the price of Baht 7.90 per cubic meter, while the commercial consumption sector which had a consumption proportion of 60% remained at Baht 9.25 per cubic meter as the Company has announced as the rate for the two-year period from 2008-2009.

The Board of Directors meeting no. 3/2009 on March 27, 2009 had carefully considered the impact of the connected transaction and the interest with awareness of the interest of the people as a whole. The increase of the tap water price for the household sector may provide wide impact, particularly with such an economic situation at that time. In addition, the PWA is a major customer whose raw water purchase has been of continuously high volume. Thus, the consideration to reduce prices for some parts as necessity of the PWA was to maintain the major customer base after having been a long-term trading partner. As a result, the Board of Directors had a resolution to propose to the shareholder meeting for further consideration of the reduction of the raw water distributed to the PWA as proposed.

The Company assigned Deloitte Touche Tohmatsu Jaiyos Co., Ltd., an advisor, to act as an independent financial advisor concerning the connected transaction to study and provide opinion to the shareholder meeting. The independent financial advisor's report on April 10, 2008, can be summarized as follows:

- 1) Reasonability and benefit of the transaction
- 2) Fairness of price and condition of the transaction and
- 3) Whether the shareholders shall have a resolution of agreement or disagreement with the transaction, together with reasons of such resolution

The Annual General Shareholder Meeting 2008 on April 30, 2009 had considered the agenda of consideration of approval of the cost reduction of the raw water price distributed to all consumption group and the PWA (of which was connected transaction) for the household and civil service sectors (accounting for 40% of the consumption group) at Baht 7.90 per cubic meter from the previous announced of Baht 9.25 per cubic meter in 2009-2010. The meeting had approved with 715,653,918 votes, totaling 95.6179% of the total shareholders attending the meeting with voting rights, excluding the stakeholder's, the PWA, 668,800,000 shares, or 40.20% of the total issued shares.

Policy and Direction of the Future Connected Transaction

The connected transaction of the Company which may occur in the future, the Company shall perform with fairness and following the market situation as in business characteristic in general. The Company shall conform with the Securities and Exchange law, regulations, notifications, orders, or the regulations of the Stock Exchange of Thailand, including following Procedures of the Disclosure, Connected Transaction, and the Acquisition or Disposal of Assets which are significant to the Company.

However, if the connected transaction of the Company occurs with the person who has conflict of interest in the future, the Company shall disclose such information in the remark of the financial statement of which is examined by the Company's auditors.

Remuneration of Auditors

The quarterly shareholders' Annual General Meeting 2008 (October 1 - December 31, 2008) on April 30, 2008, had a resolution of appointment of Ms. Ratana Jala certified public accountant No. 3734 or Ms. Kamolthip. Lertvitvoratthep, certified public accountant No. 4377 or Mr. Wichart Lokeskrawi, certified public accountant No 4451, one of whom to audit and provide opinion toward the Company's financial statement on behalf of Ernst & Young Office Limited for the fiscal year of 2009, starting January 1 - December 31, 2009 with the remuneration of the Company's auditing of Baht 1,110,000 (one million, one hundred thousand, and ten thousand Baht) and Consolidated auditing of Baht 3,310,000 (three million, three hundred thousand, and ten thousand Baht).



Name :	Eastern Water Resources Development and Management Public Company Limited
Type of Business :	The Company is responsible for the development and management of main water pipeline systems for distribution to customers. In addition, the Company provides clean water production system consultancy service, including water pipeline systems in industrial estates or factories, maintenance services, supply-purchase all types of water pipelining material and machinery, as well as consultancy service for maintenance of water pipeline and machinery and equipment, and participate in joint-venture projects with private sector
Head Office :	1 Vipavadeerangsit Soi 5, Vipavadeerangsit Road, Jomphol, Chatuchak Bangkok
Registered No. :	0107539000316 (Former Registered No. was Bor Mor Jor. 632)
Home Page :	www.eastwater.com
Telephone :	(662) 272-1600
Fax :	(662) 272-1601 to 3
Common Stock :	Listed shares and paid-up stocks as of December 31, 2009 are as follows: Listed shares of 1,663,725,149 shares with par value at Baht 1 per share, totaling Baht 1,663,725,149. Paid-up stocks of 1,663,725,149 shares with par value at Baht 1 per share, totalling 1,663,725,149.

Lists of companies which the Company holds more than 10% of shares

Name	Type of business	Type of share	Registered and paid-up capital (million Baht)	No. of shares (%)
Universal Utilities Company Limited (UU) Eastwater Building Fl. 23-25, 1 Vipavadeerangsit Soi 5 Vipavadeerangsit Rd. Jomphol Jatujak Bangkok 10900 Telephone: (662) 272-1688 Fax: (662) 272-1690 to 2	Manage waterworks business and wastewater treatment system in the form of concession, hiring contract or leasing contract	Common share	510	100
Water Trades and Services Company Limited (WTS) 1 Vipavadeerangsit Soi 5 Vipavadeerangsit Rd. Jomphol Jatujak Bangkok 10900 Telephone (662) 272-1600 Fax: (662) 272-1602 <i>Remark The resolution of the WTS extraordinary meeting no. 1/2009 on November 20, 2009 approved to dissolve operations of the Company and in the process of accounting dissolution</i>	Manage service of water vending machine	Common share	5	100
Nakornsawan Water Supply Company Limited Eastwater Building Fl. 23-25, 1 Vipavadeerangsit Soi 5 Vipavadeerangsit Rd. Jomphol Jatujak Bangkok 10900 Telephone : (056) 256-690 and (662) 272-1688 Fax: (056) 256-526 and (662) 272-1690 to 2	Manage tap water business, including produce and supply tap water to the Provincial Waterworks Authority at Nakornsawan Office and to consumers	Common share	40	UU holds 99.9999875

Name	Type of business	Type of share	Registered and paid-up capital (million Baht)	No. of shares (%)
Bangpakong Water Supply Company Limited Eastwater Building Fl. 23-25, 1 Vipavadeerangsit Soi 5 Vipavadeerangsit Rd. Jomphol Jatujak Bangkok 10900 Telephone: (038) 539-365-7 and (662) 272-1688 Fax: (038) 539-368 and (662) 272-1690 to 2	Manage tap water business, including produce and supply tap water to the Provincial Waterworks Authority at Bangpakong Office and to consumers	Common share	40	UU holds 98.999925
Chachoengsao Water Supply Company Limited Eastwater Building Fl. 23-25, 1 Vipavadeerangsit Soi 5 Vipavadeerangsit Rd. Jomphol Jatujak Bangkok 10900 Telephone: (038) 814-427 to 9 and (662) 272-1688 Fax: (038) 814-427 to (662) 272-1690 to 2	Manage tap water business, including produce and supply tap water to the Provincial Waterworks Authority at Chachoengsao Office and to consumers	Common share	100	UU holds 98.999997
Egcom Tara Company Limited EGCO Tower, 222 Moo5, Vipavadee Rangsit Road, Tungsonghong, Laksi, Bangkok 10210 Telephone: (662) 998-5710 Fax: (662) 955-0937	Produce and supply tap water	Common share	345	15

Reference Firms

Securities Registrar (Common Stock)

Securities Depository Co., Ltd. (Thailand)
 62 The Stock Exchange of Thailand Building FL. 4,6,7 Ratchadapisek Road,
 Khlongtoey, Bangkok 10110
 Tel: (662) 229-2800
 Fax: (662) 359-1259

Accounting Auditor

Ernst & Young Office Limited
 193/136-137 Lake Rajada Office Complex, FL. 33 Rajadapisek Road, Khwaeng
 Khlongtoey, Khet Khlongtoey, Bangkok 10110
 Tel: (662) 264-0777
 Fax: (662) 264-0789

List of 10 major shareholders



as of October 30, 2009

No.	Major shareholders	No. of shares	% of shares
1	Provincial Waterworks Authority	668,800,000	40.20
2	Electricity Generating Public Company Limited	311,443,190	18.72
3	Norbax Inc.13	169,324,700	10.18
4	Industrial Estate Authority of Thailand	76,000,000	4.57
5	Thai NVDR Company Limited	49,022,950	2.95
6	State Street Bank and Trust Company for London	39,347,300	2.37
7	BNP Paribas Securities Services Singapore Branch	22,313,700	1.34
8	Open-Ended Aberdeen Long Term Equity Fund (ABLTF)	19,334,700	1.16
9	Open-Ended Aberdeen Growth Fund	16,776,000	1.01
10	American International Assurance Company, Limited-Tiger	15,000,000	0.90
11	Other shareholders (2,477 shareholders)	276,362,609	16.61
	Total Shareholders	1,663,725,149	100.00

Dividend_{policy}

The Company's Board of Directors has the policy to propose to the shareholder's meeting for consideration of dividend payment to shareholders not less than 30% of its consolidated net profit of each year after deduction of legal reserves, subject to the justifications and considerations that the Company deems appropriate.



Eastern Water Resources Development and Management Public Company Limited had two connected transaction in 2009 to be disclosed as required of a listed company as follows:

1. Raw water price reduction

After the economy condition and requests from consumers for the delay of water price adjustment in 2009, the Company had revised the raw water price at the beginning of the year 2009. In addition, the financial crisis has placed a severe impact on economy condition which tends to continuously slowdown till 2010. As a result, many entrepreneurs in industrial and export sectors have experienced loss situation.

To lessen the impact from bad economy condition for consumers, the Company's Board of Directors' meeting no. 2/2009 on February 27, 2009 had the resolution to cancel the announced raw water price for 2010-2012 and remain the raw water price of 2009 till 2010. The newly adjusted prices classified by users are as follows:

Types of consumers	New water prices			
	2009	2010	2011	2012
1. Consumption*	9.25	9.25	To be revised pursuant to the cost and the economic situation	
2. Government Industrial Estate	9.25	9.25		
3. Industrial Park/ Industrial District	10.25	10.25		
4. Plants in General and others	11.25	11.25		

* The PWA as main water consumer (85% of total water distribution for Consumption type)

The PWA is a major shareholder of the Company (40.20% of paid-up capital as of December 30, 2008) and the main water user of water consumption user (85% of this type of user) requested the Company to reduce water price for 2009-2010 to Baht 7.90 per cubic metre from the announced price of Baht 9.25 per cubic metre.

Therefore, the Board of Directors' meeting no. 3/2009 on March 27, 2009 had the resolution to reduce the raw water price for the particular group of water consumer to Baht 7.90 per cubic metre from the announced Baht 9.25. The group with 40% of water consumption consists of the household user and the civil service. While the price of Baht 9.25 per cubic meter as announced remains unchanged for the commercial water user which takes up 60% of water consumption.

The group consists of small business, government enterprise group, industry, and large business. The Company's Board of Directors' consideration agreed that the price increase of the consumption water user - household group - may cause severe affect. This action is in accordance with the establishment of the Company to place an emphasis on the benefit of the people.

The PWA, the major shareholder of the Company (40.20% of listed shares), received benefit from the reduction of raw water price for the consumption water user since it is the main water user. Therefore, it was necessary to receive an approval from shareholders with no conflict of interest prior any operation.

The shareholders had a resolution to approve the matter at the Annual General Shareholder Meeting 2008 (for the accounting period October 1, 2008 - December 31, 2008) on April 30, 2009.

Date of Transaction and Parties Involved

1. Date of transaction: January 2009 - December 2010

The Annual General Shareholder Meeting of 2008 (for the accounting period of December - December 2008) on April 30, 2009 had approved the transaction aforementioned. The raw water price was adjusted in accordance with the new structure of raw water price of the raw water distributed to the Provincial Waterworks Authority (PWA) to Baht 7.90 per cubic metre from the announced Baht 9.25. The raw water is supplied to the household and the civil service of which accounting for 40% of water consumption. This was effective from January 1, 2010 - December 31, 2010. The Company will reduce the debt from raw water revenue from the PWA during January - March 2009.

2. Involved parties:

Seller Eastern Water Resources Development and Management Public Company Limited
Buyer Provincial Waterworks Authority (PWA)

Total value of transaction and valuation criteria

The total value of transaction from the reduction of raw water price to the PWA at Baht 7.90 per cubic meter of which supplied to the household and the civil service, effective on January 1, 2010 - December 31, 2010 was at Baht 481.52 million or 8.08% of the Company's net tangible assets as of December 31, 2008.

List of Connected Parties

1. The PWA, a shareholder of the Company held 668,800,000 shares (40.20%) of the Company, as of the approved date of the transaction.
2. Pol. Lt. Gen. Somyot Poompanmoung, the director of the PWA and the Company
3. Mrs. Leena Charoensri, the director of the PWA and the Company
4. Mr. Wiset Chamnarnwong, the Governor of the PWA and the director of the Company

2. The tap water purchase and sale agreement

The PWA announced an invitation to join the E-Auction of the tap water purchase for Cholburi Waterworks, Cholburi Province project on October 30, 2008. UU, a subsidiary of the Company (the Company holds 100% shares of UU) joined the E-Auction of the project on January 6, 2009.

On May 4, 2009, UU received a letter informing the E-Auction result that UU is the operator of the project and to sign the tap water purchase and sale for Cholburi Waterworks, Cholburi Province agreement.

The Company's Board of Director's meeting no. 5/2009 on May 22, 2009 had a resolution to approve the sign of the tap water purchase for Cholburi Waterworks, Cholburi Province project with the PWA on May 25, 2009. The transaction was considered a normal transaction since the PWA is the major shareholder of the Company and the transaction was the E-Auction. This transaction conformed to the section 89/12 of the Securities and Exchange Act of B.E. 2551 on the notification of the Board of the Stock Exchange of Thailand, regarding the disclosure and operation of Listed Companies in connected transaction B.E. 2546. The transaction was in accordance with connected transaction of listed companies prescribed by the Capital Market Supervisory Board No. Tor Chor 21/2551 Re: Rules on the Connected Transactions with the total value of the transaction more than 3%.

Being a government organization, the PWA received an exemption not to propose the transaction to the shareholder's meeting for approval after having received an approval from the Company's Board of Directors. The practice was in line with the notification of the Capital Market Supervisory Board No. Tor Chor 8/2552 Re: rules on connected transaction (no. 2) The Company's Board of Directors had considered the benefit of the Company as priority as well as the necessity of the

transaction as the normal transaction of the subsidiary to produce and supply clean water to produce quality tap water for sale. In addition, the E-Auction was wide opened to any interested persons to join the auction under disclosed conditions and details which were in accordance with the prescribed scopes of work.

Date of Transaction and Parties Involved

1. Date of transaction: May 2009 - December 2030

Universal Utilities Co., Ltd. had signed the agreement of the tap water purchase and sale for Cholburi Waterworks, Cholburi Province with the PWA on May 25, 2009. The agreement stated that the Company is to supply no less than 24,000 cubic metres per day of tap water to the PWA within 180 days starting from the signed date.

2. Involved parties:

Seller Universal Utilities Co., Ltd., a subsidiary of the Company (the Company holds 80% of shares in UU)

Buyer The Provincial Waterworks Authority (PWA)

Total value of transaction and valuation criteria

1. The estimated total value of the revenue throughout the period of the project (20 years) at the starting tap water price of Baht 9.75 per cubic metre is at Baht 2,259 million or 43.47% of the net tangible assets as of March 31, 2009.
2. In case of consideration of the total revenue throughout the period of the project with the net present value of the project, the total value of the revenue is at Baht 809.43 million (11.22% discount) or 15.57% of the net tangible assets as of March 31, 2009.

List of Connected Parties

1. The PWA, a shareholder of the Company held 668,800,000 shares (40.20%) of the Company, as of the approved date of the transaction.
2. Pol. Lt. Gen. Somyot Poompanmoung, the director of the PWA and the Company
3. Mrs. Leena Charoensri, the director of the PWA and the Company
4. Mr. Wiset Chamnarnwong, the Governor of the PWA and the director of the Company



บริษัท จัดการและพัฒนาทรัพยากรน้ำภาคตะวันออก จำกัด (มหาชน)
Eastern Water Resources Development and Management Plc.
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