

## **AUDITOR'S REPORT**

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

I have audited the accompanying consolidated and company statements of Eastern Water Resources Development and Management Public Company Limited and its subsidiaries and of Eastern Water Resources Development and Management Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company 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 2012, and its consolidated and company results of operations and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

*Emphasis of Matter*

I draw attention to Note 38 to the financial statements regarding the compensation for the Company's pipeline connecting project. The Company is paying the compensation at a preliminary rate because the government agency is considering a deal for the Company to rent/manage the connecting projects and the compensation rate, which might change. My opinion is not qualified in respect of this matter.

Vichien Khingmontri  
Certified Public Accountant (Thailand) No. 3977  
PricewaterhouseCoopers ABAS Ltd.

Bangkok  
27 February 2013

**EASTERN WATER RESOURCES DEVELOPMENT AND  
MANAGEMENT PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND COMPANY  
FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

**Eastern Water Resources Development and Management Public Company Limited**  
**Statements of Financial Position**  
**As at 31 December 2012 and 2011**

		(Unit: Baht)			
		Consolidated		Company	
	Notes	2012	2011	2012	2011
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	238,473,244	128,689,638	199,660,046	73,442,207
Temporary investments	7	96,307,798	95,000,000	-	50,000,000
Trade and other receivables	8	473,962,507	417,582,586	340,767,324	297,473,794
Water loss treatment service income receivable - related party	35.2	7,678,851	10,133,259	-	-
Inventories	9	7,745,450	7,878,538	-	-
Other current assets		23,864,564	39,834,265	12,616,953	34,390,428
Non-current assets classified as held-for-sale, net	10	-	34,657,502	-	-
<b>Total current assets</b>		<b>848,032,414</b>	<b>733,775,788</b>	<b>553,044,323</b>	<b>455,306,429</b>
<b>Non-current assets</b>					
Investments in subsidiaries	11	-	-	510,887,500	510,000,000
Other long-term investments	12	91,470,300	91,470,300	91,470,300	91,470,300
Investment property - net	13	208,381,751	217,160,139	221,461,717	230,846,400
Property, plant and equipment	14	9,542,766,521	8,372,710,879	9,149,633,324	8,188,715,686
Assets under concession contr:	15	491,762,394	456,005,518	-	-
Deferred concession rights acquisition costs - net	16	531,792,478	541,773,752	-	-
Intangible assets - net	17	160,762,148	169,572,866	33,560,520	34,022,500
Deferred tax assets	18	9,676,475	12,830,607	-	2,650,080
Other non-current assets	19	555,440,550	178,940,192	520,021,697	155,688,272
<b>Total non-current assets</b>		<b>11,592,052,617</b>	<b>10,040,464,253</b>	<b>10,527,035,058</b>	<b>9,213,393,238</b>
<b>Total assets</b>		<b>12,440,085,031</b>	<b>10,774,240,041</b>	<b>11,080,079,381</b>	<b>9,668,699,667</b>

( \_\_\_\_\_ )  
 Director

( \_\_\_\_\_ )  
 Director

The accompanying notes on pages 10 to 65 are an integral part of the financial statements.

**Eastern Water Resources Development and Management Public Company Limited**  
**Statements of Financial Position (Cont'd)**  
**As at 31 December 2012 and 2011**

		(Unit: Baht)			
		Consolidated		Company	
Notes		2012	2011	2012	2011
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	20	111,000,000	33,000,000	-	-
Trade accounts payable	21	157,560,565	105,664,313	147,543,436	127,100,896
Payable for purchase of fixed assets		38,465,477	183,599,091	16,341,354	177,333,443
Current portion of long-term liabilities under finance lease agreements	22	2,023,942	2,382,185	2,023,942	2,382,185
Current portion of long-term loans from financial institutions	23	737,690,000	620,995,616	690,250,000	522,750,000
Corporate income tax payable		135,652,998	192,791,963	123,233,324	173,976,876
Accrued expenses	24	119,999,719	82,739,277	92,441,651	61,425,714
Other current liabilities		55,852,366	45,436,168	44,952,043	31,026,297
<b>Total current liabilities</b>		<b>1,358,245,067</b>	<b>1,266,608,613</b>	<b>1,116,785,750</b>	<b>1,095,995,411</b>
<b>Non-current liabilities</b>					
Long-term liabilities under finance lease agreements	22	300,864	2,324,805	300,864	2,324,805
Long-term loans from financial institutions	23	3,456,280,694	2,325,024,850	2,943,750,000	1,899,750,000
Deferred tax liabilities	18	32,530,438	27,682,770	5,990,441	-
Employee benefit obligations	25	89,385,385	64,958,355	58,605,991	37,672,554
Other non-current liabilities	26	182,882,384	151,439,708	157,828,907	129,864,673
<b>Total non-current liabilities</b>		<b>3,761,379,765</b>	<b>2,571,430,488</b>	<b>3,166,476,203</b>	<b>2,069,612,032</b>
<b>Total liabilities</b>		<b>5,119,624,832</b>	<b>3,838,039,101</b>	<b>4,283,261,953</b>	<b>3,165,607,443</b>
<b>Shareholders' equity</b>					
Share capital	27				
Registered share capital					
Ordinary shares, 1,663,725,149 shares of par Baht 1 each		1,663,725,149	1,663,725,149	1,663,725,149	1,663,725,149
Issued and paid-up share capital					
Ordinary shares, 1,663,725,149 shares of par Baht 1 each		1,663,725,149	1,663,725,149	1,663,725,149	1,663,725,149
Share premium	27	2,138,522,279	2,138,522,279	2,138,522,279	2,138,522,279
Retained earnings					
Appropriated - legal reserve	28	166,500,000	166,500,000	166,500,000	166,500,000
Unappropriated		3,316,436,717	2,929,182,087	2,796,315,376	2,499,192,649
Other components of equity	29	31,754,624	35,152,147	31,754,624	35,152,147
Equity attributable to owners of the parent		7,316,938,769	6,933,081,662	6,796,817,428	6,503,092,224
Non-controlling interests		3,521,430	3,119,278	-	-
<b>Total shareholders' equity</b>		<b>7,320,460,199</b>	<b>6,936,200,940</b>	<b>6,796,817,428</b>	<b>6,503,092,224</b>
<b>Total liabilities and shareholders' equity</b>		<b>12,440,085,031</b>	<b>10,774,240,041</b>	<b>11,080,079,381</b>	<b>9,668,699,667</b>

The accompanying notes on pages 10 to 65 are an integral part of the financial statements.

**Eastern Water Resources Development and Management Public Company Limited**  
**Statements of Comprehensive Income**  
**For the years ended 31 December 2012 and 2011**

		(Unit: Baht)			
		Consolidated		Company	
Notes		2012	2011	2012	2011
<b>Revenues</b>	35				
Sales - raw water		2,612,221,083	2,261,015,945	2,761,605,128	2,381,767,736
Sales - tap water		841,601,777	765,848,850	285,894,423	245,187,905
<b>Total sales</b>		3,453,822,860	3,026,864,795	3,047,499,551	2,626,955,641
Rental and service income		223,588,164	223,518,568	73,247,613	66,594,519
Other income	31	48,538,082	59,652,205	90,037,950	81,526,518
<b>Total revenues</b>		3,725,949,106	3,310,035,568	3,210,785,114	2,775,076,678
<b>Expenses</b>	35				
Costs of sales - raw water		881,188,378	770,788,806	931,580,547	811,953,544
Costs of sales - tap water		456,685,807	433,504,674	283,397,482	243,070,169
<b>Total costs of sales</b>		1,337,874,185	1,204,293,480	1,214,978,029	1,055,023,713
Costs of rental and services		201,303,332	192,931,533	66,278,677	59,488,988
Selling expenses		53,018,153	31,785,197	50,690,973	29,440,739
Administrative expenses		376,813,672	336,276,685	289,659,350	254,168,798
Expenses for development of life quality and environment		62,217,726	33,555,350	60,631,965	32,230,547
Finance costs		89,990,782	78,476,072	63,474,844	52,417,171
<b>Total expenses</b>	32	2,121,217,850	1,877,318,317	1,745,713,838	1,482,769,956
<b>Profit before income tax</b>		1,604,731,256	1,432,717,251	1,465,071,276	1,292,306,722
Income tax	33	(364,559,726)	(424,694,289)	(318,224,098)	(383,602,385)
<b>Net profit for the year</b>		1,240,171,530	1,008,022,962	1,146,847,178	908,704,337
<b>Other comprehensive income (expense):</b>					
Write off asset transferred from cus		(3,397,523)	(3,397,523)	(3,397,523)	(3,397,523)
Actuarial losses on defined employee benefit plans	25.1	(25,812,692)	-	(22,359,221)	-
Income tax relating to components of other comprehensive income for		5,162,538	-	4,471,844	-
<b>Other comprehensive expense for the year, net of tax</b>		(24,047,677)	(3,397,523)	(21,284,900)	(3,397,523)
<b>Total comprehensive income for the year</b>		1,216,123,853	1,004,625,439	1,125,562,278	905,306,814
<b>Profit attributable to:</b>					
Owners of the parent		1,239,741,859	1,007,548,762	1,146,847,178	908,704,337
Non-controlling interests		429,671	474,200	-	-
		1,240,171,530	1,008,022,962	1,146,847,178	908,704,337
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		1,215,694,182	1,004,151,239	1,125,562,278	905,306,814
Non-controlling interests		429,671	474,200	-	-
		1,216,123,853	1,004,625,439	1,125,562,278	905,306,814
<b>Earnings per share for profit attributable to owners of the parent (Ba)</b>	34				
Basic earnings per share		0.75	0.61	0.69	0.55

The accompanying notes on pages 10 to 65 are an integral part of the financial statements.

Eastern Water Resources Development and Management Public Company Limited  
 Statements of Changes in Shareholders' Equity  
 For the years ended 31 December 2012 and 2011

(Unit: Baht)

	Consolidated										
	Owners of the parent				components of shareholders'						
	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other comprehensive income		Total other component of equity	Total owners of the parent	Total non-controlling interests	Total Shareholders' equity
				Appropriated - legal reserve	Unappropriated	Assets transferred from customers-net	-				
<b>Opening balance as at 1 January 2011</b>	1,663,725,149	2,138,522,279	166,500,000	2,537,192,760	38,549,670	38,549,670	6,544,489,858	2,785,097	6,547,274,955		
Comprehensive income for the year	-	-	-	1,007,548,762	(3,397,523)	(3,397,523)	1,004,151,239	474,200	1,004,625,439		
Dividend paid	30	-	-	(615,559,435)	-	-	(615,559,435)	(140,019)	(615,699,454)		
<b>Closing balance as at 31 December 2011</b>	<u>1,663,725,149</u>	<u>2,138,522,279</u>	<u>166,500,000</u>	<u>2,929,182,087</u>	<u>35,152,147</u>	<u>35,152,147</u>	<u>6,933,081,662</u>	<u>3,119,278</u>	<u>6,936,200,940</u>		
<b>Opening balance as at 1 January 2012</b>	1,663,725,149	2,138,522,279	166,500,000	2,929,182,087	35,152,147	35,152,147	6,933,081,662	3,119,278	6,936,200,940		
Investment in subsidiary	-	-	-	-	-	-	-	112,500	112,500		
Comprehensive income for the year											
- Net profit for the year	-	-	-	1,239,741,859	-	-	1,239,741,859	429,671	1,240,171,530		
- Other comprehensive expense	-	-	-	(20,650,154)	(3,397,523)	(3,397,523)	(24,047,677)	-	(24,047,677)		
Comprehensive income for the year	-	-	-	1,219,091,705	(3,397,523)	(3,397,523)	1,215,694,182	429,671	1,216,123,853		
Dividend paid	30	-	-	(831,837,075)	-	-	(831,837,075)	(140,019)	(831,977,094)		
<b>Closing balance as at 31 December 2012</b>	<u>1,663,725,149</u>	<u>2,138,522,279</u>	<u>166,500,000</u>	<u>3,316,436,717</u>	<u>31,754,624</u>	<u>31,754,624</u>	<u>7,316,938,769</u>	<u>3,521,430</u>	<u>7,320,347,699</u>		

The accompanying notes on pages 10 to 65 are an integral part of the financial statements.

Eastern Water Resources Development and Management Public Company Limited  
 Statements of Changes in Shareholders' Equity (Cont'd)  
 For the years ended 31 December 2012 and 2011

(Unit: Baht)

	Company							Total Shareholders' equity
	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of shareholders' equity		
				Appropriated - legal reserve	Unappropriated	Assets transferred from customers-net	Total other component of equity	
<b>Opening balance as at 1 January 2011</b>		1,663,725,149	2,138,522,279	166,500,000	2,206,047,747	38,549,670	38,549,670	6,213,344,845
Comprehensive income for the year		-	-	-	908,704,337	(3,397,523)	(3,397,523)	905,306,814
Dividend paid	30	-	-	-	(615,559,435)	-	-	(615,559,435)
<b>Closing balance as at 31 December 2011</b>		<u>1,663,725,149</u>	<u>2,138,522,279</u>	<u>166,500,000</u>	<u>2,499,192,649</u>	<u>35,152,147</u>	<u>35,152,147</u>	<u>6,503,092,224</u>
<b>Opening balance as at 1 January 2012</b>		1,663,725,149	2,138,522,279	166,500,000	2,499,192,649	35,152,147	35,152,147	6,503,092,224
Comprehensive income for the year								
- Net profit for the year		-	-	-	1,146,847,178	-	-	1,146,847,178
- Other comprehensive expense		-	-	-	(17,887,377)	(3,397,523)	(3,397,523)	(21,284,900)
Comprehensive income for the year		-	-	-	1,128,959,801	(3,397,523)	(3,397,523)	1,125,562,278
Dividend paid	30	-	-	-	(831,837,074)	-	-	(831,837,074)
<b>Closing balance as at 31 December 2012</b>		<u>1,663,725,149</u>	<u>2,138,522,279</u>	<u>166,500,000</u>	<u>2,796,315,376</u>	<u>31,754,624</u>	<u>31,754,624</u>	<u>6,796,817,428</u>

The accompanying notes on pages 10 to 65 are an integral part of the financial statements.



**Eastern Water Resources Development and Management Public Company Limited**  
**Statements of Cash Flows**  
**For the years ended 31 December 2012 and 2011**

	(Unit: Baht)			
	Consolidated		Company	
Notes	2012	2011	2012	2011
<b>Cash flows from operating activities</b>				
Profit before income tax	1,604,731,256	1,432,717,251	1,465,071,276	1,292,306,722
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Losses on impairment of inv	4,110,000	552,154	-	272,154
Reversal of allowance for dir in value of inventories	-	(2,198,695)	-	(2,198,695)
Allowance for doubtful acco	(300,000)	915,153	(300,000)	915,153
Depreciation 14, 15	312,952,468	320,645,485	263,782,243	269,049,223
Amortisation of deferred con acquisition costs 16	28,595,709	27,017,004	-	-
Amortisation of rights 17	11,886,226	8,348,738	3,537,488	-
Income from amortisation of transferred from customers	(3,397,523)	(3,397,523)	(3,397,523)	(3,397,523)
Losses on disposals/written c of fixed assets	34,278,347	4,619,303	34,386,390	4,547,338
Losses on written off of asset concession contracts	-	143,994	-	-
Employee benefit obligations	(1,385,662)	7,983,486	(1,425,784)	3,733,763
Dividend income 31	(25,094,458)	(18,245,535)	(72,269,458)	(43,388,533)
Interest income 31	(8,292,470)	(12,352,781)	(3,056,401)	(8,733,888)
Interest expenses and amortisation of deferred interest under finance lease agreem	88,195,250	76,951,308	61,804,746	51,036,155
<b>Income from operating activities before changes in operating assets and lia</b>				
(Increase) decrease in operating assets	2,046,279,143	1,843,699,342	1,748,132,977	1,564,141,869
Trade and other receivables	(56,079,921)	(43,442,196)	(42,993,529)	(57,806,192)
Water loss treatment service income receivable - related party	2,454,408	6,479,385	-	-
Inventories	133,088	1,680,416	-	-
Other current assets	15,969,701	(17,205,807)	21,836,380	(22,890,595)
Other non-current assets	(7,270,257)	(1,865,753)	-	3,443,423
Increase (decrease) in operating liabilities				
Trade accounts payable	51,896,252	(31,891,544)	20,442,540	32,884,838
Accrued expenses	26,420,634	(36,500,563)	20,417,842	(16,093,937)
Other current liabilities	10,028,767	3,325,074	13,815,779	2,614,079
Other non-current liabilities	31,442,676	44,635,429	27,964,234	43,801,663
Cash provided by operating activities	2,121,274,491	1,768,913,783	1,809,616,223	1,550,095,148
Interest paid	(77,529,370)	(76,809,071)	(51,177,369)	(50,938,920)
Income tax paid	(408,534,351)	(363,508,201)	(355,855,284)	(312,850,139)
<b>Net cash provided by operating activ</b>	<b>1,635,210,770</b>	<b>1,328,596,511</b>	<b>1,402,583,570</b>	<b>1,186,306,089</b>

The accompanying notes on pages 10 to 65 are an integral part of the financial statements.

**Eastern Water Resources Development and Management Public Company Limited**  
**Statements of Cash Flows (Cont'd)**  
**For the years ended 31 December 2012 and 2011**

	Notes	(Unit: Baht)			
		Consolidated		Company	
		2012	2011	2012	2011
<b>Cash flows from investing activities</b>					
Purchase of short-term investments	7	(51,307,798)	(95,000,000)	-	(50,000,000)
Proceeds from redeem short-term investments	7	50,000,000	-	50,000,000	-
Purchase of non-current assets held for sale		-	(122,090)	-	-
Restricted bank deposits		-	2,076,000	-	2,076,000
Dividend received from a subsidiary a related party		25,094,458	18,245,535	72,269,455	43,388,533
Interest received		8,067,234	11,899,533	2,960,283	8,832,502
Advance construction payment		(366,527,959)	(152,636,136)	(361,631,284)	(152,636,136)
Purchases of investment property		(3,750)	(317,849)	(4,291)	(346,110)
Proceeds from disposals of property, plant and equipment		651,870	215,221	-	161,100
Purchases of property, plant and equipment		(1,561,622,832)	(1,058,003,556)	(1,354,164,883)	(1,036,628,687)
Purchase of assets under concession contracts		(39,919,108)	(86,816,904)	-	-
Purchase of deferred concession rights acquisition costs		(18,374,477)	(30,817,754)	-	-
Purchase of intangible assets		(3,075,508)	(19,229,750)	(3,075,508)	(19,229,750)
<b>Net cash used in investing activities</b>		<b>(1,957,017,870)</b>	<b>(1,410,507,750)</b>	<b>(1,593,646,228)</b>	<b>(1,204,382,548)</b>
<b>Cash flows from financing activities</b>					
Proceeds from short-term loans from financial institutions		388,000,000	33,000,000	200,000,000	-
Payment on short-term loans from financial institutions		(310,000,000)	(552,587,913)	(200,000,000)	(552,587,913)
Proceeds from long-term loans from financial institutions	23	2,339,970,694	1,488,000,000	1,780,000,000	1,235,000,000
Payment on long-term loans from financial institutions	23	(1,092,020,466)	(547,792,060)	(568,500,000)	(266,500,000)
Payment on liabilities under finance lease agreements		(2,234,915)	(2,418,545)	(2,234,915)	(2,418,545)
Interest paid for fund borrowed specifically to acquire qualifying assets		(60,261,410)	(35,058,957)	(60,261,410)	(35,058,957)
Dividends paid to Group's shareholders	30	(831,863,197)	(615,425,972)	(831,723,178)	(615,285,953)
<b>Net cash provided by (used in) financing activities</b>		<b>431,590,706</b>	<b>(232,283,447)</b>	<b>317,280,497</b>	<b>(236,851,368)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>109,783,606</b>	<b>(314,194,686)</b>	<b>126,217,839</b>	<b>(254,927,827)</b>
Cash and cash equivalents at beginning of the year		128,689,638	442,884,324	73,442,207	328,370,034
<b>Cash and cash equivalents at ending of the year</b>	6	<b>238,473,244</b>	<b>128,689,638</b>	<b>199,660,046</b>	<b>73,442,207</b>
<b>Supplemental cash flow information</b>					
Non-cash related transactions:					
Net increase in acquisition assets on concession contracts		(145,133,614)	32,808,214	(160,992,089)	47,538,024
Reclassification property, plant and equipment to assets held for sale (reversal)		(1,390,028)	1,267,938	(1,390,028)	-
Reclassification assets under concession contracts to assets held for sale (reversal)		(33,267,474)	33,547,474	(33,267,474)	-

The accompanying notes on pages 10 to 65 are an integral part of the financial statements.

## **1 General information**

Eastern Water Resources Development and Management Public Company Limited (“the Company”) is a public limited company incorporated and resident in Thailand. The address of the Company’s registered office is as follows:

23rd - 26th Floors, East Water Building, No. 1 Soi Vipavadeerangsit 5, Vipavadeerangsit Road, Jomphol Sub-district, Chatujak District, Bangkok.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The principal business operations of the Group are development and management of the major water distribution pipeline systems in the Eastern Seaboard area of Thailand, supply of raw water, produce and supply of tap water, waterworks management, and engineering services.

These consolidated and company financial statements were authorised by the Board of Directors on 27 February 2013.

## **2 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

### **2.1 Basis of preparation of financial statements**

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

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

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

An English version of the consolidated and company financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**2 Accounting policies (Cont'd)**

**2.1 Basis of preparation of financial statements (Cont'd)**

The consolidated financial statements include the financial statements for the years ended 31 December 2012 and 2011 of the Company and the following subsidiaries:

Company's name	Nature of business	Country of incorporation	Percentage of Shareholding	
			2012 %	2011 %
<u>Subsidiaries held directly by the Company</u>				
Universal Utilities Company Limited	Production and supply of tap water, water loss treatment and investment in three tap water supply companies	Thailand	100	100
EW Utilities Company Limited	Water transportation by pipeline	Thailand	100	-
EW Water Balance (Chonburi) Company Limited	Water transportation by pipeline	Thailand	100	-
EW Smart Water (Rayong) Company Limited	Produce and supply of industrial	Thailand	100	-
Samet Utilities Company Limited	Produce tap water from sea water	Thailand	55	-
<u>Subsidiaries held by Universal Utilities Company Limited</u>				
Chachoengsao Water Supply Company Limited	Production and supply of tap water	Thailand	99	99
Bangpakong Water Supply Company Limited	Production and supply of tap water	Thailand	99	99
Nakornsawan Water Supply Company Limited	Production and supply of tap water	Thailand	100	100

**2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards**

**a) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards that are not yet effective but have been early adopted by the Group**

Effective for the periods beginning on or after 1 January 2013

TAS 12                      Income taxes

TAS 12 deals only with taxes on income, comprising current and deferred tax. Current tax expense for a period is based on the taxable and deductible amounts that will be shown on the tax return for the current year. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax accounting is based on the temporary differences between the tax base of an asset or liability and its carrying amount in the financial statements. The Group has early adopted TAS 12 since 1 January 2011.

**2 Accounting policies (Cont'd)**

**2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)**

**b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards that are not yet effective and have not been early adopted by the Group**

**Effective for the periods beginning on or after 1 January 2013**

TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

**The accounting standards that are impacted to the Group:**

TFRS 8 requires a management approach under which segment information is presented on the same basis that used for internal reporting purpose as provided to the chief operating decision makers. The new standard will have an impact on disclosure.

**The accounting standards that are not impacted to the Group:**

TAS 20 applies in accounting for, and in the disclosure of, government grants and in the disclosure of other forms of government assistance. Government grants are recognised when there is reasonable assurance that the entity will comply with conditions related to them and that the grants will be received. Grants related to income are recognised in profit or loss over periods necessary to match them with the related costs that they are intended to compensate. Grants related to assets are either offset against the carrying amount of the relevant asset or presented as deferred income in the statement of financial position.

TAS 21 (revised 2009) requires an entity to determine its functional currency which is the currency of the primary economic environment in which the entity operates. Currency other than functional currency of an entity is foreign currency. Foreign currency transactions are required to be translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rate of monetary items denominated in foreign currency are recognised in profit or loss. The standard permits the presentation currency of a reporting entity to be any currencies. The results and financial positions of all the Group entities that have a functional currency different from the presentation currency are translated in the presentation currency as follows: (a) assets and liabilities are translated at the closing rate at the date of that statement of financial position; (b) income and expenses are translated at the exchange rate at the date of the transactions; and (c) all resulting exchange differences are recognised in the statement of comprehensive income.

TSIC 10 clarifies on TAS 20 that government assistance to entities meets the definition of government grants in TAS 20, even if there are no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors. Such grants shall therefore not be credited directly to shareholders' interests.

TSIC 21 clarifies that deferred tax liability or asset that arises from the revaluation of a non-depreciable asset in accordance with TAS 16 shall be measured on the basis of the tax consequences that would follow from recovery of the carry amount of that asset through sale, regardless of the basis of measuring the carrying amount of that asset.

**2 Accounting policies (Cont'd)**

**2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)**

**b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards that are not yet effective and have not been early adopted by the Group (Cont'd)**

TSIC 25 clarifies that a change in the tax status of an entity or its shareholders does not give rise to increases or decreases in amounts recognised outside profit or loss. The current and deferred tax consequences of a change in tax status shall be included in profit or loss for the period unless those consequences related to transactions and events that result, in the same or different period, in a direct credit or charge to the recognised amount of equity or in amounts recognised in other comprehensive income. Those tax consequences shall be charged directly to equity or other comprehensive income, respectively.

**Effective for the periods beginning on or after 1 January 2014**

TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TSIC 29	Service Concession Arrangements: Disclosure

**The accounting standards that are impacted to the Group:**

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. The management is currently assessing the impact of applying this interpretation.

TFRIC 12 deals with public-to-private service concession arrangements for the delivery of public services. It applies only to concession agreements where the use of the infrastructure is controlled by the grantor. This interpretation requires two different accounting treatments, depending on the specific terms of the concession agreement. When the operator builds infrastructure and has an unconditional contractual right to receive cash or another financial asset from the grantor, that right is treated as a financial asset. When the operator builds infrastructure and receives a right (a licence) to charge users of the public service, that right is treated as an intangible asset. The management is currently assessing the impact of applying this interpretation.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. This standard will have an impact on disclosure.

**The accounting standards that are not impacted to the Group:**

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values.

**2 Accounting policies (Cont'd)**

**2.3 Group Accounting - Investment in subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's principal subsidiaries is set out in Note 11.

**2.4 Foreign currency translation**

Items included in the financial statements of each entity in the Group are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit or loss.

**2.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and fixed deposit with are held to maturity three months or less, and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

**2 Accounting policies (Cont'd)**

**2.6 Trade accounts receivable/water loss treatment service income receivable**

Trade accounts receivable and water loss treatment service income receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in profit or loss within administrative expense. The Group record revenue that has been recognised as revenue but not yet billed to the customers under “Unbilled receivables” and “Unbilled water loss treatment service income receivable” which have been included in trade accounts receivable and water loss treatment service income receivable in the statement of financial position.

**2.7 Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined by moving average basis. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

**2.8 Investments**

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- (2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
- (3) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (4) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost. Currently, the Group has investments with fixed maturity and investments in non-marketable equity.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

Investment in non-marketable equity security held as other investment is determined at cost less allowance for impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.



**2 Accounting policies (Cont'd)**

**2.9 Non-current assets held-for-sale**

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less cost to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

**2.10 Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated. Depreciation on other investment properties is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Building	20 and 35 years
Building improvement	10 years

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

## 2 Accounting policies (Cont'd)

### 2.11 Property, plant and equipment

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). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives.

Since 1 January 2011, the Group has depreciated the significant component of each item separately and changed accounting estimate by reviewing useful lives of property, plant and equipment as the following:

	<u>Before 2011</u>	<u>Since 1 January 2011</u>
Pumping plants	33 years	20, 35 years
Building	10, 20, 25 years	10, 20, 35 years
Leasehold and building improvements	5, 10 years	5, 10 years but not more than leased term
Machinery and equipment		
- Water pool, Pipeline and related equipment	10, 20, 40 years	40 years
- Water pump	10 years	30 years
- SCADA, Fiber Optic	5, 10 years	5, 15 years
- Other machineries and equipment	5, 10 years	5, 10 years
Office equipment	3, 5 years	3, 5 years
Vehicles	5 years	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. The borrowing costs include interest on short-term and long-term borrowings, related taxes and amortisation of discounts or premiums relating to borrowings. All other borrowing costs are recorded as expense in profit and loss.

### 2.12 Assets under concession contracts

Assets under concession contracts are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciation of assets under concession contracts has been included in profit and loss which has been computed using the straight-line method over estimated useful life but not exceed the concession period of 15, 20 and 25 years.

### 2.13 Deferred concession rights acquisition costs

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 profit and loss.

## **2 Accounting policies (Cont'd)**

### **2.14 Intangible assets**

#### **2.14.1 Rights to operate the businesses under concession**

Right 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 written down when there is an impairment.

#### **2.14.2 Computer software**

Expenditure on acquired computer software is capitalised on the basis of the costs incurred to acquire and amortised using the straight-line method over its estimated useful lives of 10 years.

### **2.15 Impairment of assets**

Assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### **2.16 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**2 Accounting policies (Cont'd)**

**2.17 Borrowings**

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings. Interest expenses is recognised as expenses on an accrual basis by using interest rate specified in the contracts

Borrowings are classified as current liabilities unless the Group has right to defer settlement of the liability for at least 12 months after the end of reporting date.

**2.18 Leases**

**Where a Group company is the lessee**

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset or the lease term.

**Where a Group company is the lessor**

Assets leased out under operating leases are included in property, plant and equipment and investment property in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

## **2 Accounting policies (Cont'd)**

### **2.19 Employee Benefits**

The Group has employee benefits consist of post-employment benefits and other long-term benefits. The post-employment benefits consist of defined benefit plan and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Other long-term benefit is the benefit which the Group will be paid to employees up to the completion of service period.

#### **2.19.1 Post-employment benefits**

- Defined contribution plan

##### Provident fund

The Group operates a provident fund, being a defined contribution plan, the assets for which are held in a separate trust fund. The provident fund is funded by payments from employees and by the Group. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

- Defined benefit plan

##### Retirement benefit

Under Labour Laws applicable in Thailand and Group's employment policy, the severance pay will be at the rate according to salary and number of years of service which will happen in the future. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bond interest rate that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

In 2012, the Group change recognition method of gain and loss from actuarial estimation for employee benefit from recognition in profit and loss by using straight line method over average of remaining service years of employees in the plan to recognise immediately in other comprehensive income. This made financial statement better reflect the Group's total obligation. The changing has no impact to previously presented financial statements because it is the first time in 2012 to recognise this transaction.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

#### **2.19.2 Other long-term benefits**

The Group operates and other long-term benefit for employees who complete the service year according to the Group's policy. The liability recognized in the statement of financial position in respect of other long-term benefit is present value of the other long-term benefit obligation at the end of the reporting period. The other long-term benefit is calculated by independent actuaries using the projected unit credit method.

## **2 Accounting policies (Cont'd)**

### **2.20 Provisions**

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

### **2.21 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service after eliminating sales within the Group. The revenue recognition policy of each type of revenue, as follows:

(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 as revenue over the rental period at the rate stipulated in the contracts.

Service income is recognised as revenue by the amount excluding value added tax when services have 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.

### **2.22 Dividends distribution**

Dividend distribution to the Company's shareholders is recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders or the Board of Directors in case of interim dividend.

### **2.23 Segment reporting**

Segment information is presented by business segment of the Group's operations.

### **3 Critical accounting estimates, judgments and assumptions**

Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Significant accounting judgments and estimates are as follows:

#### **3.1 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 Group. 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 Group 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 after considered the remaining useful lives. 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.

#### **3.2 Leases**

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

#### **3.3 Allowance for doubtful accounts**

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

#### **3.4 Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the plant and equipment and to review estimate useful lives and salvage values when there are any changes or at least at the end of each reporting period.

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.

**3 Critical accounting estimates, judgments and assumptions (Cont'd)**

**3.5 Employee Benefits**

The present value of defined benefit obligations and other long-term benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for obligations include inflation rate, future salary increases and the discount rate. Any changes in these assumptions will have an impact on the carrying amount of defined benefit obligations and other long-term benefits. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the Group considers the appropriated rate by using government bond interest rate that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The key assumptions for defined benefit obligations and other long-term benefits are based in part on current market conditions is disclosed in Note 25.

**3.6 Provision and contingent liabilities**

The Group has contingent liabilities as a regarding of litigation. The Group's management has used judgment to assess of the results of the litigation and believes that no significant loss will result apart from provision for liabilities which already recorded at each reporting date.

**3.7 Significant uncertainty**

In addition, the Group has an uncertainty regarding to a deal for the Company to rent/manage the 2 pipeline connecting projects which disclosed the information in Note 38. Based on the Group's management judgement, the projected compensation was recorded in financial statements using the best estimation of compensation rate computing from the current information.

**3.8 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. The critical fair value estimation of financial instruments is long-term loans from financial institutions. The Group estimates the fair value by calculating the present value of future principal and interest payment using the market interest rate for discounting

**4 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.



**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**5 Segment information**

The principal business operations of the Group are supply of raw water, produce and supply of tap water, waterworks management, and engineering services. These business operations are conducted only in one geographical area, which is Thailand.

The business segment information for the years ended 31 December 2012 and 2011 are summarised as follows:

**5.1 Operating results by business segment**

	Consolidated						(Unit: Baht'000)
	2012						
	Sales		Service income				
	Supply of raw water business	Supply of tap water business	Waterworks management business	Engineering services	Others	Elimination	Total
<b>Revenue</b>							
Revenue from third parties	2,612,221	841,602	60,193	94,890	68,505	-	3,677,411
Revenue from inter-segment	149,384	-	285,824	-	4,743	(439,951)	-
<b>Total revenue</b>	2,761,605	841,602	346,017	94,890	73,248	(439,951)	3,677,411
<b>Cost of sales and services</b>	(931,581)	(569,378)	(319,209)	(92,170)	(66,277)	439,437	(1,539,178)
<b>Operating profit</b>							
Segment operating profit	1,830,024	272,224	26,808	2,720	6,971	(514)	2,138,233
<b>Unallocated revenue and expenses</b>							
Other income							48,538
Selling expenses							(53,018)
Administrative expenses and other expenses							(439,031)
Finance costs							(89,991)
Income tax							(364,560)
<b>Net profit</b>							1,240,171

	Consolidated						(Unit: Baht'000)
	2011						
	Sales		Service income				
	Supply of raw water business	Supply of tap water business	Waterworks management business	Engineering services	Others	Elimination	Total
<b>Revenue</b>							
Revenue from third parties	2,261,016	765,849	58,834	102,180	62,504	-	3,250,383
Revenue from inter-segment	120,752	-	245,482	-	4,090	(370,324)	-
<b>Total revenue</b>	2,381,768	765,849	304,316	102,180	66,594	(370,324)	3,250,383
<b>Cost of sales and services</b>	(811,953)	(521,256)	(282,691)	(91,673)	(59,488)	369,836	(1,397,225)
<b>Operating profit</b>							
Segment operating profit	1,569,815	244,593	21,625	10,507	7,106	(488)	1,853,158
<b>Unallocated revenue and expenses</b>							
Other income							59,652
Selling expenses							(31,785)
Administrative expenses and other expenses							(369,832)
Finance costs							(78,476)
Income tax							(424,694)
<b>Net profit</b>							1,008,023

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**5 Segment information (Cont'd)**

**5.2 Asset information by business segment**

(Unit: Baht'000)

	Consolidated						Total
	2012						
	Raw water distribution business	Tap water distribution business	Waterworks management business	Engineering services	Unallocated assets and others	Elimination	
Trade and other receivables	285,291	170,398	49,490	7,438	28,932	(67,587)	473,962
Water loss treatment service income receivable	-	-	-	7,679	-	-	7,679
Inventories	-	2,907	2,706	2,132	-	-	7,745
Investment property - net	-	-	-	-	208,382	-	208,382
Property, plant and equipment - net	8,745,545	220,609	158,263	218	418,131	-	9,542,766
Assets under concession contracts - net	-	243,318	248,444	-	-	-	491,762
Deferred concession rights acquisition costs - net	-	422,702	109,090	-	-	-	531,792
Intangible asset - net	-	127,202	-	-	33,561	-	160,763
Other non-current assets	514,348	6,445	-	-	34,710	(62)	555,441
Unallocated assets and others	-	-	-	-	969,746	(509,953)	459,793
<b>Total assets</b>	<b>9,545,184</b>	<b>1,193,581</b>	<b>567,993</b>	<b>17,467</b>	<b>1,693,462</b>	<b>(577,602)</b>	<b>12,440,085</b>

(Unit: Baht'000)

	Consolidated						Total
	2011						
	Raw water distribution business	Tap water distribution business	Waterworks management business	Engineering services	Unallocated assets and others	Elimination	
Trade and other receivables	216,849	187,465	63,227	6,147	20,129	(76,234)	417,583
Water loss treatment service income receivable	-	-	-	10,133	-	-	10,133
Inventories	-	3,212	2,454	2,212	-	-	7,878
Non-current assets classified as held-for-sale, net	-	-	34,658	-	-	-	34,658
Investment property - net	-	-	-	-	217,160	-	217,160
Property, plant and equipment - net	7,872,135	6,861	161,215	298	332,202	-	8,372,711
Assets under concession contracts - net	-	241,859	214,147	-	-	-	456,006
Deferred concession rights acquisition costs - net	-	426,681	115,093	-	-	-	541,774
Intangible asset - net	-	135,550	-	-	34,023	-	169,573
Other non-current assets	152,636	-	-	-	26,304	-	178,940
Unallocated assets and others	-	-	-	-	878,635	(510,810)	367,825
<b>Total assets</b>	<b>8,241,620</b>	<b>1,001,628</b>	<b>590,793</b>	<b>18,790</b>	<b>1,508,453</b>	<b>(587,044)</b>	<b>10,774,240</b>

**5.3 Sales of raw water by distribution networks**

**5.3.1 Sales volume of raw water classified by distribution networks**

	Company			
	2012		2011	
	Sales Volume Cubic Meters'000	Sales Baht'000	Sales Volume Cubic Meters'000	Sales Baht'000
Nong Pla Lai - Map Ta Pud Network	81,916	812,134	86,171	791,915
Dok Krai - Map Ta Pud Network	95,266	942,670	85,058	782,024
Chachoengsao - Chonburi Network	78,979	783,514	69,742	620,812
Nong Pla Lai - Nong Khor Network	22,526	223,287	20,583	187,017
<b>Total</b>	<b>278,687</b>	<b>2,761,605</b>	<b>261,554</b>	<b>2,381,768</b>

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

(Unit: Baht'000)

	Company	
	2012	2011
Nong Khor - Laem Chabang Network 1	603,263	461,752
Nong Khor - Laem Chabang Network 2	155,816	138,234
Chachoengsao Network	24,435	20,826
<b>Total</b>	<b>783,514</b>	<b>620,812</b>

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**5 Segment information (Cont'd)**

**5.3 Sales of raw water by distribution networks (Cont'd)**

**5.3.2 Proportion of raw water sold to end users**

	(Unit: %)	
	<u>Company</u>	
	<u>2012</u>	<u>2011</u>
Industrial Estates	53	52
Waterworks Authority	32	31
Factories	15	17
Total	<u>100</u>	<u>100</u>

**6 Cash and cash equivalents**

	(Unit: Baht)			
	<u>Consolidated</u>		<u>Company</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash on hand	510,849	625,000	55,849	180,000
Deposits with banks - current accounts	37,000	64,154	34,000	34,000
- saving accounts	107,923,665	72,998,798	69,568,467	18,226,521
- fixed accounts	1,730	1,686	1,730	1,686
Securities under repurchase agreement	<u>130,000,000</u>	<u>55,000,000</u>	<u>130,000,000</u>	<u>55,000,000</u>
	<u>238,473,244</u>	<u>128,689,638</u>	<u>199,660,046</u>	<u>73,442,207</u>

As at 31 December 2012, the interest rate on saving deposits with banks was 0.125% - 2.25% per annum (2011: 0.50% - 0.875% per annum). The fixed deposits with banks have maturity date within 3 months and interest rate at 1.75% per annum (2011: 1.75% per annum). The securities under repurchase agreement have maturity date within 1 month and interest rate at 2.70% per annum (2011: 3.20% - 3.21% per annum).

**7 Temporary investments**

	(Unit: Baht)			
	<u>Consolidated</u>		<u>Company</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Opening net book amount	95,000,000	-	50,000,000	-
Additions during the year	51,307,798	95,000,000	-	50,000,000
Redeem during the year	<u>(50,000,000)</u>	<u>-</u>	<u>(50,000,000)</u>	<u>-</u>
Closing net book amount	<u>96,307,798</u>	<u>95,000,000</u>	<u>-</u>	<u>50,000,000</u>

As at 31 December 2012, the Company and subsidiary have temporary investments from fixed deposits with financial institutions that have maturity date more than 3 months but within 1 year and interest rate of 2.27% - 2.60% per annum.

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**8 Trade and other receivables**

The detail of trade and other receivables as at 31 December 2012 and 2011 is as follows:

	Consolidated		Company	
	2012	2011	2012	2011
Trade receivables	387,867,056	363,707,415	316,222,504	279,939,061
Receivables from others	65,242,868	35,922,071	7,558,962	2,326,093
Prepayments	18,815,040	13,685,237	15,629,292	10,941,223
Others	2,037,542	4,267,863	1,356,566	4,267,417
	<u>473,962,507</u>	<u>417,582,586</u>	<u>340,767,324</u>	<u>297,473,794</u>

As at 31 December 2012, receivable from other in the consolidated financial statements included accounts receivable between a subsidiary and a private company totaling Baht 50.8 million (2011: Baht 35.3 million), which related to the compensation and fine for the delayed construction of a tap water production system and the supply of water to the Provincial Waterworks Authority below the minimum requirement in accordance with sale and purchase agreement for tap water for Chonburi Province with the Provincial Waterworks Authority. This balance also included any support of the subsidiary to help the private company to produce tap water to meet the minimum requirement for Provincial Waterworks Authority. In the past, the subsidiary could off-set this accounts receivable balance with tap water cost that the subsidiary purchased on a monthly basis from the private company. However, the subsidiary terminated tap water purchase and sales agreement on 28 December 2012. The subsidiary has plan to enter into a raw water purchase and sales agreement with the private company, therefore, the subsidiary could off-set this remaining accounts receivable balance with the raw water purchasing from the private company.

The detail of trade account receivables as at 31 December 2012 and 2011 is as follows:

	Consolidated		Company	
	2012	2011	2012	2011
Trade accounts receivable - billed				
- Third parties	105,937,462	95,793,479	105,576,325	95,338,834
- Related parties (Note 35.2)	196,534,906	192,027,058	205,859,695	180,444,876
Total trade account receivable - billed	<u>302,472,368</u>	<u>287,820,537</u>	<u>311,436,020</u>	<u>275,783,710</u>
Unbilled receivables				
- Third parties	298,214	257,227	-	-
- Related parties (Note 35.2)	85,096,474	75,629,651	4,786,484	4,155,351
Total unbilled receivables	<u>85,394,688</u>	<u>75,886,878</u>	<u>4,786,484</u>	<u>4,155,351</u>
	<u>387,867,056</u>	<u>363,707,415</u>	<u>316,222,504</u>	<u>279,939,061</u>

The age analysis of the trade accounts receivable-billed is as follows:

	Consolidated		Company	
	2012	2011	2012	2011
Within credit term	257,648,508	268,141,915	266,634,347	246,688,068
Overdue below 3 months	15,827,122	19,583,669	15,827,510	29,008,784
Overdue 3 - 6 months	15,054,596	523,634	15,032,021	515,539
Overdue 6 - 12 months	14,557,295	486,472	14,557,295	486,472
	<u>303,387,521</u>	<u>288,735,690</u>	<u>312,051,173</u>	<u>276,698,863</u>
<u>Less</u> Allowance for doubtful accounts	<u>(615,153)</u>	<u>(915,153)</u>	<u>(615,153)</u>	<u>(915,153)</u>
	<u>302,472,368</u>	<u>287,820,537</u>	<u>311,436,020</u>	<u>275,783,710</u>

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**9 Inventories**

	(Unit: Baht)			
	Consolidated		Company	
	2012	2011	2012	2011
Raw materials and supplies	7,745,450	7,878,538	-	-
	<u>7,745,450</u>	<u>7,878,538</u>	<u>-</u>	<u>-</u>

**10 Non-current assets held for sale**

On 23 June 2011, the Group's management approved the sale of property, plant and equipment and assets under concession contracts for Kho Lan and Kho Srichang tap water projects of the subsidiary to two private companies for Baht 30.0 million and Baht 5.0 million, respectively, total amount of Baht 35.0 million. As a result, the subsidiary presented those assets which had a net book value of Baht 34.7 million as non-current assets held for sale. The sale required the approval of Local Administration and Department of Water Resources, the Ministry of Natural Resources and Environment. While waiting for approval, the subsidiary was informed in writing on 29 May 2012 that the prospective buyer was cancelling the purchase of the assets. The Company then notified the Department of Water Resources to cancel the transfer of assets under concession contracts. On 28 June 2012, the Department of Water Resources returned the document related to the transfer of assets under concession contracts to the Company. For the assets at Koh Lan; the Subsidiary was also informed that the buyer changed business plan and was no longer interested in purchasing the assets. Since second quarter of 2012, the subsidiary has reclassified such assets from assets held for sale to property, plant and equipment or assets under concession contracts.

Details of non-current assets held for sale are as follows:

	(Unit : Baht)
	<b>Consolidated</b>
<b>As at 1 January 2012</b>	
Cost	79,716,435
<u>Less</u> Accumulate depreciation	(26,588,933)
<u>Less</u> Allowance for impairment	(18,470,000)
Net book value	<u>34,657,502</u>
<b>For the year ended 31 December 2012</b>	
Opening net book amount	34,657,502
Reclassify to property, plant and equipment and assets under concession contracts	(34,657,502)
Closing net book amount	<u>-</u>
<b>As at 31 December 2012</b>	
Cost	
<u>Less</u> Accumulate depreciation	-
<u>Less</u> Allowance for impairment	-
Net book value	<u>-</u>

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**11 Investments in subsidiaries**

As at 31 December 2012 and 2011, investments in subsidiaries which present in the separate financial statements are as follows:

Company's name	Nature of business	Country of incorporation	Company							
			Paid-up share capital		Ownership interest		Investment value		Dividends income	
			2012 Million Baht	2011 Million Baht	2012 %	2011 %	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Universal Utilities Company Limited	Produce and Supply of tap water	Thailand	510	510	100	100	510,000,000	510,000,000	47,174,994	25,142,998
EW Utilities Company Limited	Water transportation by pipeline	Thailand	0.25	-	100	-	250,000	-	-	-
EW Water Balance (Chonburi) Company Limited	Water transportation by pipeline	Thailand	0.25	-	100	-	250,000	-	-	-
EW Smart Water (Rayong) Company Limited	Produce and supply of industrial water	Thailand	0.25	-	100	-	250,000	-	-	-
Samet Utilities Company Limited	Produce tap water from sea water	Thailand	0.25	-	55	-	137,500	-	-	-
Total investment in subsidiaries							510,887,500	510,000,000	47,194,994	25,142,998

On 12 March 2012, the Company had invested in EW Utilities Company Limited, EW Water Balance (Chonburi) Company Limited and EW Smart Water (Rayong) Company Limited by acquiring 200,000 ordinary shares with par value of Baht 5 per share in each company. The shares were called for paid up at 25% or Baht 250,000 in each company totalling Baht 750,000. Currently, these companies have not operated yet.

On 2 October 2012, the Company had cooperated with a Provincial Administrative Organisation to established Samet Utilities Company Limited to produce tap water from sea water by Reverse Osmosis (RO) system. The Company invested in 110,000 registered ordinary shares with par value of Baht 5 per share, or 55% of investment. The shares were called for paid up at 25% totalling to Baht 137,500. Currently, this company have not operated yet.

Universal Utilities Company Limited have approved dividend payments as follows:

	Approved by	Total dividends Million Baht	Dividend per share Baht	Paid on
<b>2012</b>				
Dividend for the year 2011	Annual General meeting of the shareholders on 30 March 2012	25.14	0.493	2 July 2012
Interim dividend on operating results for six-month period ended 30 June 2012	Board of Director's meeting on 21 September 2012	22.03	0.432	28 December 2012
		<u>47.17</u>		
		<b>Total dividends Baht</b>	<b>Dividend per share Baht</b>	<b>Paid on</b>
<b>2011</b>				
Dividend for the year 2010	Annual General meeting of the shareholders on 30 March 2011	12.90	0.253	30 September 2011
Interim dividend on operating results for six-month period ended 30 June 2011	Board of Director's meeting on 27 September 2011	12.24	0.24	31 December 2011
		<u>25.14</u>		

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**12 Other long-term investments**

	Consolidated and Company					
	Number of shares		Ownership interest		Investment value	
	2012 Shares	2011 Shares	2012 %	2011 %	2012 Baht	2011 Baht
Opening net book amount	5,479,140	5,479,140	15.88	15.88	91,470,300	91,470,300
Additions	-	-	-	-	-	-
Closing net book amount	5,479,140	5,479,140	15.88	15.88	91,470,300	91,470,300

As at 31 December 2012 and 2011, the Company has long-term general investments which are investments in non-marketable equity security as follows:

	(Unit: Baht)			
	Consolidated		Company	
	2012	2011	2012	2011
<b><u>Long-term investments</u></b>				
<b>General investments</b>				
- Egcom Tara Company Limited	91,470,300	91,470,300	91,470,300	91,470,300
Total long-term investments	91,470,300	91,470,300	91,470,300	91,470,300

**Egcom Tara Company Limited**

The Company had a long-term investment in equity securities of Egcom Tara Company Limited, a related company, which operation is to generate tap water for sale solely to the Provincial Waterworks Authority.

In 2012, Egcom Tara Company Limited paid dividend to the Company amount of Baht 25.1 million (2011: Baht 18.2 million).

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**13 Investment property - net**

	(Unit: Baht)		
	<b>Consolidated</b>		
	<b>Land</b>	<b>Building and improvement</b>	<b>Total</b>
<b>At 1 January 2011</b>			
Cost	23,840,000	234,723,055	258,563,055
<u>Less</u> Accumulated depreciation	-	(28,097,256)	(28,097,256)
<b>Net book amount</b>	<b>23,840,000</b>	<b>206,625,799</b>	<b>230,465,799</b>
<b>For the year ended 31 December 2011</b>			
Opening net book amount	23,840,000	206,625,799	230,465,799
Additions	-	379,688	379,688
Reclassification	(4,840,000)	-	(4,840,000)
Write-off , net	-	(61,839)	(61,839)
Depreciation charge	-	(8,783,509)	(8,783,509)
<b>Closing net book amount</b>	<b>19,000,000</b>	<b>198,160,139</b>	<b>217,160,139</b>
<b>At 31 December 2011</b>			
Cost	19,000,000	235,040,904	254,040,904
<u>Less</u> Accumulated depreciation	-	(36,880,765)	(36,880,765)
<b>Net book amount</b>	<b>19,000,000</b>	<b>198,160,139</b>	<b>217,160,139</b>
<b>For the year ended 31 December 2012</b>			
Opening net book amount	19,000,000	198,160,139	217,160,139
Additions	-	3,750	3,750
Reclassification	-	37,680	37,680
Depreciation charge	-	(8,819,818)	(8,819,818)
<b>Closing net book amount</b>	<b>19,000,000</b>	<b>189,381,751</b>	<b>208,381,751</b>
<b>At 31 December 2012</b>			
Cost	19,000,000	235,075,742	254,075,742
<u>Less</u> Accumulated depreciation	-	(45,693,991)	(45,693,991)
<b>Net book amount</b>	<b>19,000,000</b>	<b>189,381,751</b>	<b>208,381,751</b>
<b>Fair value</b>	<b>15,200,000</b>	<b>207,180,000</b>	<b>222,380,000</b>

Depreciation expense of Baht 8.8 million (2011: Baht 8.8 million) was included in cost of rental and service.



**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**13 Investment property - net (Cont'd)**

	(Unit: Baht)		
	<b>Company</b>		
	<b>Land</b>	<b>Building and improvement</b>	<b>Total</b>
<b>At 1 January 2011</b>			
Cost	23,840,000	250,934,594	274,774,594
<u>Less</u> Accumulated depreciation	-	(30,037,841)	(30,037,841)
<b>Net book amount</b>	<b>23,840,000</b>	<b>220,896,753</b>	<b>244,736,753</b>
<b>For the year ended 31 December 2011</b>			
Opening net book amount	23,840,000	220,896,753	244,736,753
Additions	-	405,911	405,911
Reclassification	(4,840,000)	-	(4,840,000)
Write-off, net	-	(66,108)	(66,108)
Depreciation charge	-	(9,390,156)	(9,390,156)
<b>Closing net book amount</b>	<b>19,000,000</b>	<b>211,846,400</b>	<b>230,846,400</b>
<b>At 31 December 2011</b>			
Cost	19,000,000	251,274,397	270,274,397
<u>Less</u> Accumulated depreciation	-	(39,427,997)	(39,427,997)
<b>Net book amount</b>	<b>19,000,000</b>	<b>211,846,400</b>	<b>230,846,400</b>
<b>For the year ended 31 December 2012</b>			
Opening net book amount	19,000,000	211,846,400	230,846,400
Additions	-	4,009	4,009
Reclassification	-	40,282	40,282
Depreciation charge	-	(9,428,974)	(9,428,974)
<b>Closing net book amount</b>	<b>19,000,000</b>	<b>202,461,717</b>	<b>221,461,717</b>
<b>At 31 December 2012</b>			
Cost	19,000,000	251,311,640	270,311,640
<u>Less</u> Accumulated depreciation	-	(48,849,923)	(48,849,923)
<b>Net book amount</b>	<b>19,000,000</b>	<b>202,461,717</b>	<b>221,461,717</b>
<b>Fair value</b>	<b>15,200,000</b>	<b>221,489,232</b>	<b>236,689,232</b>

Depreciation expense of Baht 9.4 million (2011: Baht 9.4 million) was included in costs of rental and services.

The fair value of investment property was determined by independent appraiser at 22 August 2012.

Amounts recognised in profit and loss that are related to investment property are as follows:

	(Unit: Baht)			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Rental and service income of building	58,012,961	57,221,146	62,745,418	62,030,710
Direct operating expense arise from investment property that generated rental income (Building and building improvement)	(55,794,546)	(50,346,959)	(55,794,546)	(50,346,959)
Direct operating expense arise from investment property that did not generate rental income (Land)	(267,772)	(112,595)	(267,772)	(112,595)
	<b>1,950,643</b>	<b>6,761,592</b>	<b>6,683,100</b>	<b>11,571,156</b>

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**14 Property, plant and equipment - net**

(Unit: Baht)

	Consolidated								Total
	Land	Pumping plants	Buildings	Leasehold and building improvement	Machinery and equipment	Office equipment	Vehicles	Construction in progress	
<b>At 1 January 2011</b>									
Cost	349,375,152	547,964,882	514,143,927	212,035,552	6,236,803,845	316,200,208	5,494,263	1,276,383,454	9,458,401,283
Less Accumulated depreciation	-	(131,104,175)	(106,354,301)	(70,000,831)	(1,374,596,639)	(234,745,684)	(3,775,409)	-	(1,920,577,039)
Net book amount	<u>349,375,152</u>	<u>416,860,707</u>	<u>407,789,626</u>	<u>142,034,721</u>	<u>4,862,207,206</u>	<u>81,454,524</u>	<u>1,718,854</u>	<u>1,276,383,454</u>	<u>7,537,824,244</u>
<b>For the year ended 31 December 2011</b>									
Opening net book amount	349,375,152	416,860,707	407,789,626	142,034,721	4,862,207,206	81,454,524	1,718,854	1,276,383,454	7,537,824,244
Additions	53,998,810	632,000	49,000	2,017,233	14,348,147	6,442,633	-	1,043,951,652	1,121,439,475
Transfer	191,312	10,774,749	145,649	15,530,970	102,935,336	570,187	-	(130,148,203)	-
Reclassification	4,840,000	-	-	-	(1,083,149)	(16,376)	-	-	3,740,475
Disposal/write-off, net	-	-	(82,684)	(9,471)	(3,416,951)	(70,820)	-	(874,053)	(4,453,979)
Reclassify from non-current assets held for sale	-	-	-	(200,712)	(965,259)	(101,965)	(2)	-	(1,267,938)
Depreciation charge	-	(15,968,822)	(19,787,827)	(18,992,031)	(182,984,159)	(45,231,297)	(1,607,262)	-	(284,571,398)
Closing net book amount	<u>408,405,274</u>	<u>412,298,634</u>	<u>388,113,764</u>	<u>140,380,710</u>	<u>4,791,041,171</u>	<u>43,046,886</u>	<u>111,590</u>	<u>2,189,312,850</u>	<u>8,372,710,879</u>
<b>At 31 December 2011</b>									
Cost	408,405,274	559,371,631	514,255,892	230,123,308	6,340,820,669	318,538,088	5,426,213	2,189,312,850	10,566,253,925
Less Accumulated depreciation	-	(147,072,997)	(126,142,128)	(89,742,598)	(1,549,779,498)	(275,491,202)	(5,314,623)	-	(2,193,543,046)
Net book amount	<u>408,405,274</u>	<u>412,298,634</u>	<u>388,113,764</u>	<u>140,380,710</u>	<u>4,791,041,171</u>	<u>43,046,886</u>	<u>111,590</u>	<u>2,189,312,850</u>	<u>8,372,710,879</u>
<b>For the year ended 31 December 2012</b>									
Opening net book amount	408,405,274	412,298,634	388,113,764	140,380,710	4,791,041,171	43,046,886	111,590	2,189,312,850	8,372,710,879
Additions	-	-	-	1,373,647	30,989,957	5,503,629	-	1,438,494,121	1,476,361,354
Transfer	47,032,527	130,827,794	2,871,250	22,088,870	1,710,997,065	22,585,411	-	(1,936,402,917)	-
Reclassification	-	-	(48,550)	108,061	682,759	(97,190)	-	-	645,080
Disposal/write-off, net	-	(525,831)	(1,160,197)	(455,699)	(35,320,251)	(112,243)	(4)	-	(37,574,225)
Reclassify from non-current assets held for sale	-	-	-	200,712	1,087,349	101,965	2	-	1,390,028
Depreciation charge	-	(18,555,010)	(19,897,984)	(19,615,611)	(187,774,092)	(24,846,515)	(77,383)	-	(270,766,595)
Closing net book amount	<u>455,437,801</u>	<u>524,045,587</u>	<u>369,878,283</u>	<u>144,080,690</u>	<u>6,311,703,958</u>	<u>46,181,943</u>	<u>34,205</u>	<u>1,691,404,054</u>	<u>9,542,766,521</u>
<b>At 31 December 2012</b>									
Cost	455,437,801	689,462,786	513,139,413	250,301,610	8,041,634,036	341,990,860	867,048	1,691,404,054	11,984,237,609
Less Accumulated depreciation	-	(160,417,199)	(143,261,130)	(106,220,920)	(1,729,930,078)	(295,808,917)	(832,843)	-	(2,441,471,088)
Net book amount	<u>455,437,801</u>	<u>524,045,587</u>	<u>369,878,283</u>	<u>144,080,690</u>	<u>6,311,703,958</u>	<u>46,181,943</u>	<u>34,205</u>	<u>1,691,354,054</u>	<u>9,542,766,521</u>

Depreciation expense total of Baht 270.8 million (2011: Baht 284.6 million) has been charged in cost of goods sold, Baht 240.7 million (2011: Baht 254.2 million) and in administrative expense, Baht 30.1 million (2011: Baht 30.4 million).

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**14 Property, plant and equipment - net (Cont'd)**

(Unit: Baht)

	Company								Total
	Land	Pumping plants	Buildings	Building improvements	Machinery and equipment	Office equipment	Vehicles	Construction in progress	
<b>At 1 January 2011</b>									
Cost	298,916,311	537,126,428	498,751,154	204,248,530	6,040,559,728	291,976,788	3,882,009	1,275,956,552	9,151,417,500
Less Accumulated depreciation	-	(127,026,678)	(104,603,925)	(66,256,442)	(1,296,633,155)	(217,115,720)	(2,410,085)	-	(1,814,046,005)
Net book amount	<u>298,916,311</u>	<u>410,099,750</u>	<u>394,147,229</u>	<u>137,992,088</u>	<u>4,743,926,573</u>	<u>74,861,068</u>	<u>1,471,924</u>	<u>1,275,956,552</u>	<u>7,337,371,495</u>
<b>For the year ended 31 December 2011</b>									
Opening net book amount	298,916,311	410,099,750	394,147,229	137,992,088	4,743,926,573	74,861,068	1,471,924	1,275,956,552	7,337,371,495
Additions	53,998,810	632,000	49,000	1,400,739	8,793,872	5,740,495	-	1,039,954,652	1,110,569,568
Transfer	-	10,774,749	145,649	12,923,933	101,865,570	14,400	-	(125,724,301)	-
Reclassification	4,840,000	-	-	-	-	-	-	-	4,840,000
Disposal/write-off, net	-	-	(78,414)	(9,471)	(3,412,079)	(32,293)	-	(874,053)	(4,406,310)
Depreciation charge	-	(15,739,034)	(19,263,869)	(17,988,416)	(163,195,019)	(42,112,391)	(1,360,338)	-	(259,659,067)
Closing net book amount	<u>357,755,121</u>	<u>405,767,465</u>	<u>374,999,595</u>	<u>134,318,873</u>	<u>4,687,978,917</u>	<u>38,471,279</u>	<u>111,586</u>	<u>2,189,312,850</u>	<u>8,188,715,686</u>
<b>At 31 December 2011</b>									
Cost	357,755,121	548,533,177	498,855,181	218,523,702	6,146,017,756	294,115,051	3,882,009	2,189,312,850	10,256,994,847
Less Accumulated depreciation	-	(142,765,712)	(123,855,586)	(84,204,829)	(1,458,038,839)	(255,643,772)	(3,770,423)	-	(2,068,297,161)
Net book amount	<u>357,755,121</u>	<u>405,767,465</u>	<u>374,999,595</u>	<u>134,318,873</u>	<u>4,687,978,917</u>	<u>38,471,279</u>	<u>111,586</u>	<u>2,189,312,850</u>	<u>8,188,715,686</u>
<b>For the year ended 31 December 2012</b>									
Opening net book amount	357,755,121	405,767,465	374,999,595	134,318,873	4,687,978,917	38,471,279	111,586	2,189,312,850	8,188,715,686
Additions	-	-	-	1,258,618	24,522,283	3,566,804	-	1,223,046,721	1,252,394,426
Transfer	47,032,527	130,678,394	2,871,250	21,863,870	1,709,372,065	22,585,411	-	(1,934,403,517)	-
Reclassification	-	-	(48,550)	105,458	-	(97,190)	-	-	(40,282)
Disposal/write-off, net	-	(525,831)	(1,160,197)	(414,251)	(34,911,201)	(71,755)	(2)	-	(37,083,237)
Depreciation charge	-	(18,322,924)	(19,374,023)	(18,697,593)	(175,390,962)	(22,490,384)	(77,383)	-	(254,353,269)
Closing net book amount	<u>404,787,648</u>	<u>517,597,104</u>	<u>357,288,075</u>	<u>138,434,975</u>	<u>6,211,571,102</u>	<u>41,946,165</u>	<u>34,201</u>	<u>1,477,956,054</u>	<u>9,149,633,324</u>
<b>At 31 December 2012</b>									
Cost	423,787,648	678,474,933	497,750,912	238,192,308	7,835,029,618	317,282,927	572,894	1,477,956,054	11,450,047,294
Less Accumulated depreciation	-	(160,877,829)	(140,462,837)	(99,757,333)	(1,623,458,516)	(275,318,762)	(538,693)	-	(2,300,413,970)
Net book amount	<u>423,787,648</u>	<u>517,597,104</u>	<u>357,288,075</u>	<u>138,434,975</u>	<u>6,211,571,102</u>	<u>41,946,165</u>	<u>34,201</u>	<u>1,477,956,054</u>	<u>9,149,633,324</u>

Depreciation expense total of Baht 254.3 million (2011: Baht 259.7 million) has been charged in cost of goods sold, Baht 226.0 million (2011: Baht 231.2 million) and in administrative expense, Baht 28.3 million (2011: Baht 28.5 million).

**14 Property, plant and equipment - net (Cont'd)**

As at 31 December 2012, the Group and the Company had motor vehicles and computer under financial lease agreements with net book value amounting to Baht 2.3 million and Baht 2.3 million, respectively (2011: Baht 4.7 million and Baht 4.7 million, respectively).

Borrowing costs of Baht 60.2 million (2011: Baht 35.1 million) arresting from financing specifically entered into a pipeline constructing project were capitalised during the year and are included in "Additions".

**15 Assets under concession contracts - net**

	(Unit: Baht)		
	Consolidated		
	Assets under concession contracts	Construction in progress	Total
<b>At 1 January 2011</b>			
Cost	547,240,021	41,676,161	588,916,182
<u>Less</u> Accumulated depreciation	(141,646,885)	-	(141,646,885)
<u>Less</u> Accumulated impairment	(18,190,000)	-	(18,190,000)
<b>Net book amount</b>	<b>387,403,136</b>	<b>41,676,161</b>	<b>429,079,297</b>
<b>For the year ended 31 December 2011</b>			
Opening net book amount	387,403,136	41,676,161	429,079,297
Additions	11,560,330	75,248,412	86,808,742
Transfer	76,562,000	(76,562,000)	-
Reclassification	1,099,525	-	1,099,525
Write-off, net	(143,994)	-	(143,994)
Reclassify to non-current assets held for sale	(33,547,474)	-	(33,547,474)
Depreciation charge	(27,290,578)	-	(27,290,578)
<b>Closing net book amount</b>	<b>415,642,945</b>	<b>40,362,573</b>	<b>456,005,518</b>
<b>At 31 December 2011</b>			
Cost	562,783,636	40,362,573	603,146,209
<u>Less</u> Accumulated depreciation	(147,140,691)	-	(147,140,691)
<b>Net book amount</b>	<b>415,642,945</b>	<b>40,362,573</b>	<b>456,005,518</b>

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**15 Assets under concession contracts - net (Cont'd)**

	(Unit: Baht)		
	<b>Consolidated</b>		
	<b>Assets under concession contracts</b>	<b>Construction in progress</b>	<b>Total</b>
<b>For the year ended 31 December 2012</b>			
Opening net book amount	415,642,945	40,362,573	456,005,518
Additions	18,908,143	21,869,865	40,778,008
Transfer	53,127,219	(53,809,978)	(682,759)
Reclassify from non-current assets held for sale	33,267,474	-	33,267,474
Write-off - net	(129,792)	-	(129,792)
Impairment charge	(4,110,000)	-	(4,110,000)
Depreciation charge	(33,366,055)	-	(33,366,055)
<b>Closing net book amount</b>	<b>483,339,934</b>	<b>8,422,460</b>	<b>491,762,394</b>
<b>At 31 December 2012</b>			
Cost	707,734,599	8,422,460	716,157,059
<u>Less</u> Accumulated depreciation	(201,814,665)	-	(201,814,665)
<u>Less</u> Allowance for impairment	(22,580,000)	-	(22,580,000)
<b>Net book amount</b>	<b>483,339,934</b>	<b>8,422,460</b>	<b>491,762,394</b>

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

Depreciation of Baht 33.4 million (2011: Baht 27.3 million) was included in the cost of sales-tap water and cost of services.

On 16 July 2012, Koh Srichang Municipality informed the Company in writing of the termination of its concession contract and requested the Company to transfer its tap water business to Koh Srichang Municipality because the quality of tap water did not meet standard of the Provincial Waterworks Authority as specified in the contract. On 27 July 2012, the Company sent a letter to Koh Srichang Municipality to defend the quality of its tap water as meeting the standard attached with the result of LAB quality testing. This matter is currently subject of dispute and has not yet been finalised. Net book value of assets under concession contracts used for conducting business related to tap water business in Koh Srichang on 31 December 2012 is Baht 2.4 million (cost is Baht 38.4 million) in consolidated financial statement.

16 Deferred concession rights acquisition costs - net

	(Unit: Baht)		
	<u>Consolidated</u>		
	<u>Deferred concession rights acquisition costs</u>	<u>Construction in progress</u>	<u>Total</u>
<b>At 1 January 2011</b>			
Cost	635,594,276	10,857,344	646,451,620
<u>Less</u> Accumulated amortisation	(104,133,810)	-	(104,133,810)
<b>Net book amount</b>	<u>531,460,466</u>	<u>10,857,344</u>	<u>542,317,810</u>
<b>For the year ended 31 December 2011</b>			
Opening net book amount	531,460,466	10,857,344	542,317,810
Additions	-	26,472,946	26,472,946
Amortisation charge	(27,017,004)	-	(27,017,004)
<b>Closing net book amount</b>	<u>504,443,462</u>	<u>37,330,290</u>	<u>541,773,752</u>
<b>At 31 December 2011</b>			
Cost	635,594,276	37,330,290	672,924,566
<u>Less</u> Accumulated amortisation	(131,150,814)	-	(131,150,814)
<b>Net book amount</b>	<u>504,443,462</u>	<u>37,330,290</u>	<u>541,773,752</u>
<b>For the year ended 31 December 2012</b>			
Opening net book amount	504,443,462	37,330,290	541,773,752
Additions	-	18,614,435	18,614,435
Amortisation charge	(28,595,709)	-	(28,595,709)
<b>Closing net book amount</b>	<u>475,847,753</u>	<u>55,944,725</u>	<u>531,792,478</u>
<b>At 31 December 2012</b>			
Cost	635,594,276	55,944,725	691,539,001
<u>Less</u> Accumulated amortisation	(159,746,523)	-	(159,746,523)
<b>Net book amount</b>	<u>475,847,753</u>	<u>55,944,725</u>	<u>531,792,478</u>

Amortisation of Baht 28.6 million (2011: Baht 27.0 million) was included in the cost of sales-tap water and cost of services.

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**17 Intangible assets - net**

	(Unit: Baht)		
	<u>Consolidated</u>		
	<u>Rights to operate the business under concession</u>	<u>Computer software</u>	<u>Total</u>
<b>At 1 January 2011</b>			
Cost	201,205,413	-	201,205,413
<u>Less</u> Accumulated amortisation	(57,306,309)	-	(57,306,309)
<b>Net book amount</b>	<u>143,899,104</u>	<u>-</u>	<u>143,899,104</u>
<b>For the year ended 31 December 2011</b>			
Opening net book amount	143,899,104	-	143,899,104
Additions	-	34,022,500	34,022,500
Amortisation charge	(8,348,738)	-	(8,348,738)
<b>Closing net book amount</b>	<u>135,550,366</u>	<u>34,022,500</u>	<u>169,572,866</u>
<b>At 31 December 2011</b>			
Cost	201,205,413	34,022,500	235,227,913
<u>Less</u> Accumulated amortisation	(65,655,047)	-	(65,655,047)
<b>Net book amount</b>	<u>135,550,366</u>	<u>34,022,500</u>	<u>169,572,866</u>
<b>For the year ended 31 December 2012</b>			
Opening net book amount	135,550,366	34,022,500	169,572,866
Additions	-	3,075,508	3,075,508
Amortisation charge	(8,348,738)	(3,537,488)	(11,886,226)
<b>Closing net book amount</b>	<u>127,201,628</u>	<u>33,560,520</u>	<u>160,762,148</u>
<b>At 31 December 2012</b>			
Cost	201,205,413	37,098,008	238,303,421
<u>Less</u> Accumulated amortisation	(74,003,785)	(3,537,488)	(77,541,273)
<b>Net book amount</b>	<u>127,201,628</u>	<u>33,560,520</u>	<u>160,762,148</u>
<b>Remaining amortisation periods</b>			
31 December 2011	16 years 3 months	-	
31 December 2012	15 years 3 months	9 years 1 month	

Amortisation of Baht 11.9 million (2011: Baht 8.3 million) was included in the cost of goods sold Baht 8.3 million (2011: Baht 8.3 million) and administrative expenses Baht 3.6 million (2011: nil)

**17 Intangible assets - net (Cont'd)**

	(Unit: Baht)
	<b>Company</b>
	<b><u>Computer software</u></b>
<b>At 1 January 2011</b>	
Cost	-
<u>Less</u> Accumulated amortisation	-
<b>Net book amount</b>	<b>-</b>
<b>For the year ended 31 December 2011</b>	
Opening net book amount	-
Additions	34,022,500
Amortisation charge	-
<b>Closing net book amount</b>	<b><u>34,022,500</u></b>
<b>At 31 December 2011</b>	
Cost	34,022,500
<u>Less</u> Accumulated amortisation	-
<b>Net book amount</b>	<b><u>34,022,500</u></b>
<b>For the year ended 31 December 2012</b>	
Opening net book amount	34,022,500
Additions	3,075,508
Amortisation charge	(3,537,488)
<b>Closing net book amount</b>	<b><u>33,560,520</u></b>
<b>At 31 December 2012</b>	
Cost	37,098,008
<u>Less</u> Accumulated amortisation	(3,537,488)
<b>Net book amount</b>	<b><u>33,560,520</u></b>
<b>Remaining amortisation periods</b>	
31 December 2011	-
31 December 2012	9 years 1 month

Amortisation of Baht 3.5 million was included in the administrative expenses.



**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**18 Deferred income tax**

The analysis of deferred tax assets and deferred tax liability is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>(Unit: Baht)</b>				
<b>Deferred tax assets:</b>				
Deferred tax asset to be recovered within 12 months	1,219,586	3,996,503	658,186	327,950
Deferred tax asset to be recovered after more than 12 months	20,585,434	19,066,100	11,470,359	12,554,127
	<u>21,805,020</u>	<u>23,062,603</u>	<u>12,128,545</u>	<u>12,882,077</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	1,669,669	1,381	-	-
Deferred tax liability to be settled after more than 12 months	42,989,314	37,913,385	18,118,986	10,231,997
	<u>44,658,983</u>	<u>37,914,766</u>	<u>18,118,986</u>	<u>10,231,997</u>
Present in statement of financial position as following;				
Deferred tax assets	<u>9,676,475</u>	<u>12,830,607</u>	<u>-</u>	<u>2,650,080</u>
Deferred tax liabilities	<u>32,530,438</u>	<u>27,682,770</u>	<u>5,990,441</u>	<u>-</u>

The above presentation in statement of financial position is offset between deferred tax assets and deferred tax liabilities for the same taxable entity and relate to income taxes levied by the same taxation authority.

The movement in deferred tax asset and liability are the following;

	<b>Consolidated</b>					<b>Total</b>
	<b>Allowance for doubtful accounts</b>	<b>Depreciation - plant and equipment</b>	<b>Impairment - assets</b>	<b>Employee benefit</b>	<b>Others</b>	
<b>(Unit: Baht)</b>						
<b>Deferred tax assets</b>						
As at 1 January 2011	7,017,785	625,984	5,457,000	16,641,074	872,135	30,613,978
Transaction recorded in profit or loss	<u>(1,712,995)</u>	<u>(157,013)</u>	<u>(1,208,900)</u>	<u>(3,600,332)</u>	<u>(872,135)</u>	<u>(7,551,375)</u>
As at 31 December 2011	5,304,790	468,971	4,248,100	13,040,742	-	23,062,603
Transaction recorded in profit or loss	<u>(4,940,219)</u>	<u>(766,079)</u>	<u>(430,395)</u>	<u>(283,428)</u>	<u>-</u>	<u>(6,420,121)</u>
Transaction recorded in other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,162,538</u>	<u>-</u>	<u>5,162,538</u>
As at 31 December 2012	<u>364,571</u>	<u>(297,108)</u>	<u>3,817,705</u>	<u>17,919,852</u>	<u>-</u>	<u>21,805,020</u>

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**18 Deferred income tax (Cont'd)**

(Unit: Baht)

	Consolidated			Total
	Amortisation - intangible asset	Liabilities under finance lease agreements	Depreciation- plant and equipment	
Deferred tax liabilities				
As at 1 January 2011	43,169,731	115,196	-	43,284,927
Transaction recorded in profit or loss	(16,059,658)	(9,563)	10,699,060	(5,370,161)
As at 31 December 2011	27,110,073	105,633	10,699,060	37,914,766
Transaction recorded in profit or loss	(1,669,748)	(138,221)	8,552,186	6,744,217
As at 31 December 2012	25,440,325	(32,588)	19,251,246	44,658,983

(Unit: Baht)

	Company			Total
	Allowance for doubtful accounts	Employee benefit	Others	
Deferred tax asset				
As at 1 January 2011	7,017,785	9,730,251	858,160	17,606,196
Transaction recorded in profit or loss	(1,712,995)	(2,152,964)	(858,160)	(4,724,119)
As at 31 December 2011	5,304,790	7,577,287	-	12,882,077
Transaction recorded in profit or loss	(4,940,219)	(285,157)	-	(5,225,376)
Transaction recorded in other comprehensive income	-	4,471,844	-	4,471,844
As at 31 December 2012	364,571	11,763,974	-	12,128,545

(Unit: Baht)

	Company		Total
	Liabilities under finance lease agreements	Depreciation- plant and equipment	
Deferred tax liabilities			
As at 1 January 2011	115,196	-	115,196
Transaction recorded in profit or loss	(9,563)	10,126,364	10,116,801
As at 31 December 2011	105,633	10,126,364	10,231,997
Transaction recorded in profit or loss	(138,221)	8,025,210	7,886,989
As at 31 December 2012	(32,588)	18,151,574	18,118,986

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**19 Other non-current assets**

	(Unit: Baht)			
	Consolidated		Company	
	2012	2011	2012	2011
Advance construction payment	522,636,954	154,730,550	516,191,454	154,730,550
Prepaid expenses	26,861,892	21,049,630	250,380	80,000
Deposit and Retention	1,950,033	1,947,433	-	-
Other	3,991,671	1,212,579	3,579,863	877,722
	<u>555,440,550</u>	<u>178,940,192</u>	<u>520,021,697</u>	<u>155,688,272</u>

**20 Short-term loans from financial institutions**

The detail of short-term loans from financial institutions is as follows:

	(Unit: Baht)			
	Consolidated		Company	
	2012	2011	2012	2011
Promissory note	111,000,000	33,000,000	-	-
	<u>111,000,000</u>	<u>33,000,000</u>	<u>-</u>	<u>-</u>

As at 31 December 2012, a subsidiary has a short-term loan from unsecured promissory note with a financial institution which is due of call with an interest rate of 3.40% - 3.53% per annum.

**21 Trade accounts payable**

	(Unit: Baht)			
	Consolidated		Company	
	2012	2011	2012	2011
Third parties	142,552,463	98,750,997	100,652,855	68,118,175
Related parties (Note 35.2)	15,008,102	6,913,316	46,890,581	58,982,721
	<u>157,560,565</u>	<u>105,664,313</u>	<u>147,543,436</u>	<u>127,100,896</u>

**22 Finance lease liabilities**

Finance lease liabilities - minimum lease payments:

	(Unit: Baht)			
	Consolidated		Company	
	2012	2011	2012	2011
Not later than 1 year	2,050,845	2,415,395	2,050,845	2,415,395
Later than 1 year but not later than 5 years	313,459	2,337,400	313,459	2,337,400
	2,364,304	4,752,795	2,364,304	4,752,795
<u>Less</u> Future finance charges on finance leases	(39,498)	(45,805)	(39,498)	(45,805)
Present value of finance lease liabilities	<u>2,324,806</u>	<u>4,706,990</u>	<u>2,324,806</u>	<u>4,706,990</u>

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**22 Finance lease liabilities (Cont'd)**

The present value of finance lease liabilities is as follows:

	Consolidated		Company	
	2012	2011	2012	2011
Not later than 1 year (short-term portion)	2,023,942	2,382,185	2,023,942	2,382,185
Later than 1 year but not later than 5 years (long-term portion)	300,864	2,324,805	300,864	2,324,805
	<u>2,324,806</u>	<u>4,706,990</u>	<u>2,324,806</u>	<u>4,706,990</u>

**23 Long-term loans from financial institutions**

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

	Consolidated		Company	
	2012	2011	2012	2011
Balances as at 1 January	2,946,020,466	2,005,812,526	2,422,500,000	1,454,000,000
<u>Add</u> Additional borrowings	2,339,970,694	1,488,000,000	1,780,000,000	1,235,000,000
<u>Less</u> Repayments	(1,092,020,466)	(547,792,060)	(568,500,000)	(266,500,000)
Balances as at 31 December	<u>4,193,970,694</u>	<u>2,946,020,466</u>	<u>3,634,000,000</u>	<u>2,422,500,000</u>

	Credit limit Million Baht	Outstanding credit facilities		Consolidated		Company	
		2012 Million Baht	2011 Million Baht	2012 Baht	2011 Baht	2012 Baht	2011 Baht
The Company							
a)	1,500.0	-	-	600,000,000	1,000,000,000	600,000,000	1,000,000,000
b)	1,000.0	-	967.0	320,250,000	16,500,000	320,250,000	16,500,000
c)	1,700.0	-	294.0	1,593,750,000	1,406,000,000	1,593,750,000	1,406,000,000
d)	1,520.0	1,064.0	-	456,000,000	-	456,000,000	-
e)	975.0	496.0	-	479,000,000	-	479,000,000	-
f)	1,215.0	1,030.0	-	185,000,000	-	185,000,000	-
The subsidiary							
a)	300.0	-	-	-	252,631,578	-	-
b)	200.0	-	118.0	-	70,888,888	-	-
c)	270.0	-	70.0	-	200,000,000	-	-
d)	474.4	15.8	-	458,610,406	-	-	-
e)	525.6	424.2	-	101,360,288	-	-	-
Total	<u>9,680.0</u>	<u>3,030.0</u>	<u>1,449.0</u>	<u>4,193,970,694</u>	<u>2,946,020,466</u>	<u>3,634,000,000</u>	<u>2,422,500,000</u>
<u>Less</u> Current portion				<u>(737,690,000)</u>	<u>(620,995,616)</u>	<u>(690,250,000)</u>	<u>(522,750,000)</u>
Long-term loans from financial institutions - net of current portion				<u>3,456,280,694</u>	<u>2,325,024,850</u>	<u>2,943,750,000</u>	<u>1,899,750,000</u>

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**23 Long-term loans from financial institutions (Cont'd)**

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

Long-term loans of the Company

	<u>Credit facility (Million Baht)</u>	<u>Date of agreement</u>	<u>Objective</u>	<u>Type of loan</u>	<u>Period</u>	<u>Interest rate</u>	<u>Repayment schedule</u>	<u>Debt covenant</u>
a)	1,500.0	6 December 2007	To repay a bridging loan	Unsecured, with status equivalent to unsecured and unsubordinated debts	7 years	<ul style="list-style-type: none"> <li>- The 1st - 36th months Fixed rate at 4.80 percent per annum</li> <li>- The 37th - 60th months Minimum Loan Rate (MLR-1.75%) minus 1.75 percent per annum</li> <li>- The 61st month onwards Minimum Loan Rate (MLR-1.50%) minus 1.50 percent per annum</li> </ul> <p>On 1 February 2011, the interest rate has been changed to be THBFIX (3 months) + 1.50 per annum for the 37th month onwards.</p>	<p>Principal is repayable in semi-annual installments, beginning after a grace period of 12 months from the agreement date as scheduled below.</p> <ul style="list-style-type: none"> <li>- The 1st - 6th installments Baht 50 million each</li> <li>- The 7th - 12th installments Baht 200 million each</li> </ul>	The Company is required to comply with certain conditions including the maintenance of a debt to equity ratio of not exceeding 2 times and a debt service coverage ratio (DSCR) of not lower than 1.10 times, etc.
b)	1,000.0	22 May 2009	To invest in pipeline maintenance project	Unsecured, with status equivalent to unsecured and unsubordinated debts	7 years	<ul style="list-style-type: none"> <li>- The 1st - 12th months Money Market Rate (MMR) for loans with maturities of no more than 1 year from drawdown date</li> <li>- The 13th - 48th months Minimum Loan Rate (MLR-1.75%) minus 1.75 percent per annum</li> <li>- The 49th month onwards Minimum Loan Rate (MLR-1.50%) minus 1.50 percent per annum</li> </ul> <p>On 13 September 2010, the interest rate has been changed to be fixed at 3.45% per annum for the first year; THBFIX+1.75% per annum for the second to the third years; and THBFIX+2% per annum for the fourth to the sixth years.</p>	<p>Principal with accrued interest (if any) is to be fully paid within 12 months from the agreement date.</p> <p>On 13 September 2010, the condition for the repayment of the principal has been changed to semi-annual installments, total 10 installments at Baht 100 million each start from the end of November 2011.</p> <p>On 29 November 2011, the condition for the repayment of principle has been changed by installment payment for amount Baht 33 million which total 2 installments at Baht 16.5 million each start from the end of November 2011 and the end of May 2012. The remaining balance will be repaid by semi-annual installments, total 8 installments each start from the end of November 2012.</p>	The Company is required to comply with certain conditions including the maintenance of a debt to equity ratio of not exceeding 2 times and a debt service coverage ratio (DSCR) of not lower than 1.10 times, etc.

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**23 Long-term loans from financial institutions (Cont'd)**

Long-term loans of the Company (Cont'd)

	<u>Credit facility (Million Baht)</u>	<u>Date of agreement</u>	<u>Objective</u>	<u>Type of loan</u>	<u>Period</u>	<u>Interest rate</u>	<u>Repayment schedule</u>	<u>Debt covenant</u>
c)	1,700.0	25 August 2009	Use in the Company's pipeline construction	Unsecured	10 years	- The 1st - 4th years Fixed rate at 3.50 percent per annum - The 5th - 7th years Minimum Loan Rate (MLR-2.25%) minus 2.25 percent per annum - The 8th - 10th years Minimum Loan Rate (MLR-2.00%) minus 2.00 percent per annum	Principal is repayable in 16 semi-annual installments, beginning after a grace period of 30 months from the first draw down date.	None
d)	1,520.0	23 May 2012	To invest in Tubma project	Unsecured	10 years	- The 1st - 3rd years Fixed rate at 4.75 percent per annum - The 4th - 10th years 6 months Fixed deposit interest rate plus 1.875 percent per annum. (Currently, 6 months Fixed deposit interest rate is 2.60 percent per annum)	Principal is repayable in 14 semi-annual installments, beginning after a grace period of 42 months from the agreement date as scheduled below. - The 1st - 4th installments Baht 100 million each - The 5th - 14th installments Baht 112 million each	The Company is required to comply with certain conditions including the maintenance of a debt to equity ratio of not exceeding 2 times and a debt service coverage ratio (DSCR) of not lower than 1.10 times, etc.
e)	975.0	16 July 2012	To invest in Bangphra project	Unsecured	10 years	- The 1st - 3rd years Fixed rate at 4.75 percent per annum - The 4th year onwards Minimum Loan Rate (MLR-2.65%) minus 2.65 percent per annum	Principal is repayable in 14 semi-annual installments, beginning after a grace period of June 2015. - The 1st - 8th installments Baht 50 million each - The 9th - 14th installments Baht 95.83 million each	The Company is required to comply with certain conditions including the maintenance of a debt to equity ratio of not exceeding 2 times and a debt service coverage ratio (DSCR) of not lower than 1.10 times, etc.
f)	1,215.0	21 September 2012	To invest in Tubma project	Unsecured	10 years	- The 1st - 3rd years Fixed rate at 4.65 percent per annum - The 4th - 10th years 6 months Fixed deposit interest rate plus 1.875 percent per annum. (Currently, 6 months Fixed deposit interest rate is 2.60 percent per annum)	Principal is repayable in 11 semi-annual installments, beginning after a grace period of 60 months from the agreement date as scheduled below. - The 1st - 4th installments Baht 100 million each - The 5th - 10th installments Baht 116 million each - The 11th year installment Baht 119 million	The Company is required to comply with certain conditions including the maintenance of a debt to equity ratio of not exceeding 2 times and a debt service coverage ratio (DSCR) of not lower than 1.10 times, etc.

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**23 Long-term loan from financial institutions (Cont'd)**

Long-term loans of subsidiary - Universal Utilities Company Limited

	<u>Credit facility (Million Baht)</u>	<u>Date of agreement</u>	<u>Objective</u>	<u>Type of loan</u>	<u>Period</u>	<u>Interest rate</u>	<u>Repayment schedule</u>	<u>Debt covenant</u>
a)	300.0	16 September 2009	To settle an existing loan from the Company	Unsecured	10 years	- The 1st - 5th years Minimum Loan Rate (MLR-2.25%) minus 2.25 percent per annum - The 6th year onwards Minimum Loan Rate (MLR-2.00%) minus 2.00 percent per annum	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.	The subsidiary is required to comply with certain conditions including the maintenance of a debt service coverage ratio (DSCR) of not lower than 1.25 times, etc.
b)	200.0	11 December 2009	To use in the subsidiary's water tap project	Unsecured	10 years	- The 1st - 5th years Minimum Loan Rate (MLR-2.25%) minus 2.25 percent per annum - The 6th year onwards Minimum Loan Rate (MLR-2.00%) minus 2.00 percent per annum	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.	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.
c)	270.0	28 July 2010	To settle an existing loan from the Company	Unsecured	5 years	- The 1st - 18th months Minimum Loan Rate (MLR-2.35%) minus 2.35 percent per annum - The 19th month onwards Minimum Loan Rate (MLR-2.25%) minus 2.25 percent per annum	Principal is repayable in 9 semi-annual installments, beginning after a grace period of a fully withdraw or 31 May 2012 which depend on earlier date.	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.
d)	474.4	21 September 2012	To settle an existing loan from the Company	Unsecured	10 years	- The 1st - 3rd years Fixed rate at 4.625 percent per annum - The 4th year onwards Minimum Loan Rate (MLR-2.65%) minus 2.65 percent per annum	Principal is repayable in 20 semi-annual installments, beginning after a grace period of 6 months from the first draw down date and to be completed within 10 years from the first draw down date.	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.
e)	525.6	21 September 2012	To invest	Unsecured	10 years	- The 1st - 3rd years Fixed rate at 4.625 percent per annum - The 4th year onwards Minimum Loan Rate (MLR-2.25%) minus 2.25 percent per annum	Principal is repayable in 17 semi-annual installments, beginning after a grace period of 24 months from the first draw down date and to be completed within 10 years from the first draw down date.	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.

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**24 Accrued expenses**

	(Unit: Baht)			
	Consolidated		Company	
	2012	2011	2012	2011
Accrued bonus	55,435,823	41,050,693	42,329,000	31,385,374
Accrued project compensation	31,902,547	27,736,012	31,902,547	27,736,012
Accrued utilities expenses	4,139,726	3,559,835	-	-
Others	28,521,623	10,392,737	18,210,104	2,304,328
	<u>119,999,719</u>	<u>82,739,277</u>	<u>92,441,651</u>	<u>61,425,714</u>

**25 Employee benefit obligations**

	(Unit: Baht)			
	Consolidated		Company	
	2012	2011	2012	2011
Statement of Financial Position				
Post-employment benefits	86,020,874	64,958,355	56,512,335	37,672,554
Other long-term benefits	3,364,511	-	2,093,656	-
	<u>89,385,385</u>	<u>64,958,355</u>	<u>58,605,991</u>	<u>37,672,554</u>
Profit and loss				
Post-employment benefits	1,550,609	16,271,923	1,143,262	9,591,280
Other long-term benefits	4,538,211	-	2,727,656	-
	<u>6,088,820</u>	<u>16,271,923</u>	<u>3,870,918</u>	<u>9,591,280</u>
Other comprehensive income				
Actuarial losses on defined employee benefit plans	25,812,692	-	22,359,221	-

**25.1 Defined benefit plan**

The amounts recognised in the statement of financial position are determined as follows:

	(Unit: Baht)			
	Consolidated		Company	
	2012	2011	2012	2011
Present value of funded obligations	86,020,874	64,958,355	56,512,335	37,672,554
Liability in the statement of financial position	<u>86,020,874</u>	<u>64,958,355</u>	<u>56,512,335</u>	<u>37,672,554</u>



**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**25 Employee benefit obligations (Cont'd)**

**25.1 Defined benefit plan (Cont'd)**

The movement in the defined benefit obligation over the year is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
At 1 January	64,958,355	-	37,672,554	-
Adjustment at beginning balance	-	56,974,869	-	33,938,791
Current service cost	7,562,761	13,637,024	3,768,719	8,029,214
Interest cost	3,008,467	2,634,899	1,737,102	1,562,066
Difference between past projected and actual benefit paid	(9,020,619)	-	(4,362,559)	-
Actuarial losses on defined employee benefit plans	25,812,692	-	22,359,221	-
Benefits paid	(6,300,782)	(8,288,437)	(4,662,702)	(5,857,517)
At 31 December	<u>86,020,874</u>	<u>64,958,355</u>	<u>56,512,335</u>	<u>37,672,554</u>

The amounts recognised in the income statement are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Current service cost	7,562,761	13,637,024	3,768,719	8,029,214
Interest cost	3,008,467	2,634,899	1,737,102	1,562,066
Difference between past projected and actual benefit paid	(9,020,619)	-	(4,362,559)	-
<b>Total</b>	<u>1,550,609</u>	<u>16,271,923</u>	<u>1,143,262</u>	<u>9,591,280</u>

Of the total charge in consolidated financial statements, Baht 0.7 million (2011: Baht 4.4 million) and Baht 0.9 million (2011: Baht 11.9 million) were included in 'cost of sales' and 'administrative expenses', respectively.

Of the total charge in company financial statements, Baht 0.5 million (2011: Baht 1.3 million) and Baht 0.6 million (2011: Baht 8.3 million) were included in 'cost of sales' and 'administrative expenses', respectively.

The principal actuarial assumptions used were as follows:

	<b>(Unit : % per annum)</b>	
	<b>2012</b>	<b>2011</b>
Discount rate	4.1	4.7
Inflation rate	3.5	3.5
Salary increment rate	5.0 - 10.0	5.0 - 7.0

**25 Employee Benefit Obligations (Cont'd)**

**25.2 Other long-term benefits**

The amounts recognised in the statement of financial position are determined as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Present value of funded obligations	3,364,511	-	2,093,656	-
Liability in the statement of financial position	3,364,511	-	2,093,656	-

The movement in the defined benefit obligation over the year is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
At 1 January	-	-	-	-
Current service cost	4,412,051	970,616	2,650,619	268,616
Interest cost	126,160	-	77,037	-
Benefits paid	(1,173,700)	(970,616)	(634,000)	(268,616)
At 31 December	3,364,511	-	2,093,656	-

The amounts recognised in the income statement are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Current service cost	4,412,051	970,616	2,650,619	268,616
Interest cost	126,160	-	77,037	-
Total	4,538,211	970,616	2,727,656	268,616

Of the total charge in consolidated financial statements, Baht 4.5 million (2011: Baht 1.0 million) were included in administrative expenses.

Of the total charge in company financial statements, Baht 2.7 million (2011: Baht 0.3 million) were included in administrative expenses.

The principal actuarial assumptions used were as follows:

	<b>(Unit : % per annum)</b>	
	<b>2012</b>	<b>2011</b>
Discount rate	4.1	-
Gold price inflation rate	6.0	-

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**26 Other non-current liabilities**

	(Unit: Baht)			
	Consolidated		Company	
	2012	2011	2012	2011
Retentions payable	182,882,384	151,439,708	157,770,797	129,058,798
Rental guarantees received from related party (Note 35.2)	-	-	58,110	805,875
	<u>182,882,384</u>	<u>151,439,708</u>	<u>157,828,907</u>	<u>129,864,673</u>

**27 Share capital**

	(Unit: Baht)			
	Number of shares	Ordinary shares	Share premium	Total
At 1 January 2011	1,663,725,149	1,663,725,149	2,138,522,279	3,802,247,428
Issue of shares	-	-	-	-
At 31 December 2011	1,663,725,149	1,663,725,149	2,138,522,279	3,802,247,428
Issue of shares	-	-	-	-
At 31 December 2012	<u>1,663,725,149</u>	<u>1,663,725,149</u>	<u>2,138,522,279</u>	<u>3,802,247,428</u>

The total registered of ordinary shares has a par value of Baht 1 per share (2011: Baht 1 per share). All issued shares are fully paid.

**28 Legal reserve**

Pursuant to section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a legal reserve equal to at least 5 percent of its net profit for the year after deducting accumulated deficit brought forward (if any), until such reserve reaches 10 percent of the Company's registered share capital. The legal reserve is non-distributable. As at 31 December 2012 and 2011, the Company's legal reserve has been fully reached.

**29 Other component of equity**

	(Unit: Baht)	
	Consolidated and Company 2012	2011
At 1 January	35,152,147	38,549,670
Amortisation of assets transferred from customers	(3,397,523)	(3,397,523)
At 31 December	<u>31,754,624</u>	<u>35,152,147</u>

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. The Company recorded as property, plant and equipment against assets transferred from customers account which include in equity and recognise to revenue over the useful life of asset.

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**30 Dividends**

Dividends declared during the year consist of the following.

	<u>Approved by</u>	<u>Total dividends Million Baht</u>	<u>Dividend per share Million Baht</u>	<u>Paid on</u>
<b><u>Year 2012</u></b>				
Dividend for the year 2011	Annual General Meeting of the shareholders on 29 March 2012	499.1	0.30	24 April 2012
Interim dividends on operating results for the six-month period ended 30 June 2012	Board of Director's meeting on 22 August 2012	<u>332.7</u>	0.20	21 September 2012
		<u>831.8</u>		
<b><u>Year 2011</u></b>				
Dividend for the year 2010	Annual General Meeting of the shareholders on 24 March 2011	416.0	0.25	12 April 2011
Interim dividends on operating results for the six-month period ended 30 June 2011	Board of Director's meeting on 22 August 2011	<u>199.6</u>	0.12	20 September 2011
		<u>615.6</u>		

**31 Other income**

	<b>(Unit: Baht)</b>			
	<u>Consolidated</u>		<u>Company</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Interest income	8,292,470	12,352,781	3,056,401	8,733,888
Dividend income (Note 35.1)	25,094,458	18,245,535	72,269,458	43,388,533
Others	15,151,154	29,053,889	14,712,091	29,404,097
	<u>48,538,082</u>	<u>59,652,205</u>	<u>90,037,950</u>	<u>81,526,518</u>

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**32 Expenses by nature**

Significant expenses by nature are as follow:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Salary and wages and other employee benefits	263,576,540	254,363,565	155,825,213	149,470,630
Depreciation and amortisation expenses	345,085,665	356,011,227	267,319,731	269,049,223
Rental expenses	63,579,436	57,591,466	52,470,606	45,489,477
Raw materials and consumables used	6,807,635	6,924,470	-	-
Electricity expenses	443,750,243	348,380,367	398,975,692	303,094,511
Purchases of raw water	156,374,801	159,418,906	148,663,152	149,256,719
Hiring and service expenses	284,350,564	255,507,206	46,529,164	39,388,962
Repair and maintenance expenses	95,246,374	84,550,228	59,257,443	42,786,379
Losses on impairment and diminution in value of assets and allowance for doubtful accounts	4,110,000	1,195,153	-	915,153
Waterworks management expense	-	-	229,277,990	196,389,513
Expenses for development of life quality and environment	62,217,726	33,555,35	60,631,965	32,230,547
Finance costs	89,990,782	78,476,072	63,474,844	52,417,171
Others	306,128,084	241,364,307	263,288,038	202,281,671
	<u>2,121,217,850</u>	<u>1,877,318,317</u>	<u>1,745,713,838</u>	<u>1,482,769,956</u>

**33 Income tax**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Current tax:				
Current tax on profits for the year	360,396,245	422,562,165	314,112,591	368,175,254
Adjustments in respect of prior year	(9,000,858)	(49,088)	(9,000,858)	586,213
<b>Total current tax</b>	<u>351,395,387</u>	<u>422,513,077</u>	<u>305,111,733</u>	<u>368,761,467</u>
Deferred tax:				
Origination and reversal of temporary differences	13,164,339	10,388,948	13,112,365	13,580,042
Impact of change in tax rate	-	(8,207,736)	-	1,260,876
<b>Total deferred tax</b>	<u>13,164,339</u>	<u>2,181,212</u>	<u>13,112,365</u>	<u>14,840,918</u>
<b>Total tax expense</b>	<u>364,559,726</u>	<u>424,694,289</u>	<u>318,224,098</u>	<u>383,602,385</u>

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**33 Income tax (Cont'd)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the company as follows:

	(Unit: Baht) (Restated)			
	Consolidated		Company	
	2012	2011	2012	2011
Profit before tax	1,604,731,256	1,432,717,251	1,465,071,276	1,292,306,722
Tax calculated at a tax rate of 23% (2011: 30%)	369,088,189	429,815,175	336,966,393	387,692,016
Tax effect of:				
Income not subject to tax	(72,269,455)	(17,173,511)	(72,269,455)	(17,173,511)
Expenses not deductible for tax purpose	76,741,850	20,309,449	62,528,018	11,236,791
Adjustment in respect of prior year	(9,000,858)	(49,088)	(9,000,858)	586,213
Re-measurement of deferred tax - change in tax rate	-	(8,207,736)	-	1,260,876
<b>Tax charge</b>	<b>364,559,726</b>	<b>424,694,289</b>	<b>318,224,098</b>	<b>383,602,385</b>

The effective tax rate was 21.89% (2011: 28.49%).

There was the announcement of the Royal Decree Regarding the Reduction of Corporate Income Tax Rate in the Government Gazette on 21 December 2011. The Group has, consequently, re-measured the relevant deferred tax balance by using the tax rate of 23% of net profit for the 2012 fiscal year ending on or after 31 December 2012, and to further reduce their corporate income tax to 20% of net profit in the fiscal years beginning on or after 1 January 2013 onwards.

The tax (charge)/credit relating to component of other comprehensive income is as follows:

	(Unit: Baht)					
	Consolidated					
	2012			2011		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Actuarial loss on retirement benefit obligations	25,812,692	(5,162,538)	20,650,154	-	-	-
<b>Other comprehensive income</b>	<b>25,812,692</b>	<b>(5,162,538)</b>	<b>20,650,154</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current tax		351,395,387			422,513,077	
Deferred tax		13,164,339			2,181,212	
		<b>364,559,726</b>			<b>424,694,289</b>	

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**33 Income tax (Cont'd)**

(Unit: Baht)

	Company					
	2012			2011		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Actuarial loss on retirement benefit obligations	22,359,221	(4,471,844)	17,887,377	-	-	-
<b>Other comprehensive income</b>	<u>22,359,221</u>	<u>(4,471,844)</u>	<u>17,887,377</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current tax		305,111,733			368,761,467	
Deferred tax		<u>13,112,365</u>			<u>14,840,918</u>	
		<u>318,224,098</u>			<u>383,602,385</u>	

**34 Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Company	
	2012	2011	2012	2011
Net profit attributable to ordinary shareholders (Baht)	1,239,741,859	1,007,548,762	1,146,847,178	908,704,337
Weighted average number of ordinary shares in issue (Share)	<u>1,663,725,149</u>	<u>1,663,725,149</u>	<u>1,663,725,149</u>	<u>1,663,725,149</u>
Basic earnings per share (Baht)	<u>0.75</u>	<u>0.61</u>	<u>0.69</u>	<u>0.55</u>

There are no potential dilutive ordinary shares in issue for the years ended 2012 and 2011.

**35 Related parties transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning an, indirectly or directly, interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is a public listed company. The major shareholder is the Provincial Waterworks Authority which owns 40.2% of the company's share.

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**35 Related parties transactions (Cont'd)**

The following transactions were carried out with related parties:

**35.1 Transactions incurred during the year**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>(Unit: Baht)</b>			
<b><u>Sales - raw water</u></b>				
<b>Major shareholders</b>				
Industrial Estate Authority of Thailand	838,526,052	793,062,227	838,526,052	793,062,227
Provincial Waterworks Authority	717,222,599	589,744,162	717,222,599	589,744,162
Electricity Generating Public Company Limited	52,807,922	26,548,758	52,807,922	26,548,758
<b>Subsidiary</b>				
Universal Utilities Company Limited	-	-	152,811,805	120,751,791
	<u>1,608,556,573</u>	<u>1,409,355,147</u>	<u>1,761,368,378</u>	<u>1,530,106,938</u>
<b><u>Sales - tap water</u></b>				
<b>Major shareholders</b>				
Provincial Waterworks Authority	<u>701,421,894</u>	<u>646,357,703</u>	<u>149,314,540</u>	<u>128,996,759</u>
<b><u>Rental and service income</u></b>				
<b>Major shareholder</b>				
Provincial Waterworks Authority	77,209,828	79,070,204	-	-
<b>Subsidiary</b>				
Universal Utilities Company Limited	-	-	4,743,198	4,089,917
<b>Other related company</b>				
Egcom Tara Company Limited	<u>59,534,141</u>	<u>56,089,553</u>	-	-
	<u>136,743,969</u>	<u>135,159,757</u>	<u>4,743,198</u>	<u>4,089,917</u>
<b><u>Dividend income</u></b>				
<b>Subsidiary</b>				
Universal Utilities Company Limited	-	-	47,175,000	25,142,998
<b>Other related company</b>				
Egcom Tara Company Limited	<u>25,094,458</u>	<u>18,245,535</u>	<u>25,094,458</u>	<u>18,245,535</u>
	<u>25,094,458</u>	<u>18,245,535</u>	<u>72,269,458</u>	<u>43,388,533</u>
<b><u>Other income</u></b>				
<b>Subsidiary</b>				
Universal Utilities Company Limited	-	-	5,595,309	5,271,386
<b><u>Costs of sales and costs of services</u></b>				
<b>Subsidiary</b>				
Universal Utilities Company Limited	-	-	285,824,275	245,482,066

Sales of raw water are charged similar to market prices.

Sales of tap water, rental and service income and other income are charged at mutually - agreed prices as stipulated in the contracts.

Costs of sales and services are charged at mutually - agreed prices as stipulated in the contracts.



**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**35 Related parties transactions (Cont'd)**

**35.2 Outstanding balances at end of the years**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>(Unit: Baht)</b>				
<b><u>Trade accounts receivable - billed</u></b>				
<b>Major shareholders</b>				
Provincial Waterworks Authority	114,576,943	111,553,288	114,576,943	94,093,335
Industrial Estate Authority of Thailand	73,326,372	70,856,311	73,326,372	70,856,311
Electricity Generating Public Company Limited	3,492,009	4,211,149	3,492,009	4,211,149
<b>Subsidiary</b>				
Universal Utilities Company Limited	-	-	14,464,371	11,284,081
<b>Other related company</b>				
Egcom Tara Company Limited	5,139,582	5,406,310	-	-
	<u>196,534,906</u>	<u>192,027,058</u>	<u>205,859,695</u>	<u>180,444,876</u>
<b><u>Unbilled receivables</u></b>				
<b>Major shareholder</b>				
Provincial Waterworks Authority	80,097,984	70,742,521	-	-
<b>Subsidiary</b>				
Universal Utilities Company Limited	-	-	4,786,484	4,155,351
<b>Other related company</b>				
Egcom Tara Company Limited	4,998,490	4,887,130	-	-
	<u>85,096,474</u>	<u>75,629,651</u>	<u>4,786,484</u>	<u>4,155,351</u>
<b><u>Water loss treatment service income receivables</u></b>				
<b>Major shareholder</b>				
Provincial Waterworks Authority				
- billed	153,348	962,415	-	-
- unbilled	7,525,503	9,170,844	-	-
	<u>7,678,851</u>	<u>10,133,259</u>	<u>-</u>	<u>-</u>

The age analysis of the water loss treatment service income receivable-billed is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>(Unit: Baht)</b>				
Within credit term	153,348	816,567	-	-
Past due less than 3 months	-	145,848	-	-
Total water loss treatment service income receivable - billed	<u>153,348</u>	<u>962,415</u>	<u>-</u>	<u>-</u>

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the years ended 31 December 2012 and 2011**

**35 Related parties transactions (Cont'd)**

**35.2 Outstanding balances at end of the years (Cont'd)**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>(Unit: Baht)</b>				
<b><u>Other receivable</u></b>				
<b>Major shareholder</b>				
Provincial Waterworks Authority	15,237	10,172	-	-
<b>Subsidiary</b>				
Universal Utilities Company Limited	-	-	1,362,480	2,104,595
EW Smart Water (Rayong) Company Limited	-	-	400	-
EW Utilities Company Limited	-	-	400	-
EW Water Balance (Chonburi) Company Limited	-	-	400	-
Samet Utilities Company Limited	-	-	384,293	-
	<u>15,237</u>	<u>10,172</u>	<u>1,747,973</u>	<u>2,104,595</u>
<b><u>Trade accounts payable</u></b>				
<b>Major shareholders</b>				
Provincial Waterworks Authority	15,008,102	6,895,291	709,950	645,681
Industrial Estate Authority of Thailand	-	1,333	-	1,333
<b>Subsidiary</b>				
Samet Utilities Company Limited	-	-	137,496	-
Universal Utilities Company Limited	-	-	46,043,135	58,335,707
<b>Other related company</b>				
Egcom Tara Company Limited	-	16,692	-	-
	<u>15,008,102</u>	<u>6,913,316</u>	<u>46,890,581</u>	<u>58,982,721</u>
<b><u>Rental guarantees (include in other non-current liabilities)</u></b>				
<b>Subsidiaries</b>				
Universal Utilities Company Limited	-	-	58,110	805,765

**35.3 Key management compensation**

Key management compensation composed of salaries, meeting allowances gratuities and post-employee benefits can be categorised as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>(Unit: Baht)</b>				
Short-term employee benefits	81,101,715	75,340,678	58,258,466	53,364,596
Post-employment benefits	2,630,827	2,484,488	1,795,143	1,703,127
Other long-term employee benefits	595,995	262,454	241,211	-
	<u>84,328,537</u>	<u>78,085,620</u>	<u>60,294,820</u>	<u>55,067,723</u>

### **36 Commitments and contingent liabilities**

#### **36.1 Capital commitments**

As at 31 December 2012, the Group and the Company had commitments in respect of in-progress construction and installation of the water distribution pipeline in the consolidated and company financial statements totaling Baht 5,538.0 million and Baht 5,495.6 million, respectively (2011: Baht 1,177.0 million and Baht 1,094.5 million, respectively).

#### **36.2 Operating lease commitments**

The future aggregate minimum lease payments in respect of the lease of motor vehicles and computer under non-cancellable operating leases contracts are as follows.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Within 1 year	6.8	11.8	4.3	4.8
1 to 5 years	6.2	5.4	4.7	2.7
More than 5 years	4.1	-	-	-
	<b>17.1</b>	<b>17.2</b>	<b>9.0</b>	<b>7.5</b>

#### **36.3 Raw water and tap water purchase agreements and long-term service commitments**

36.3.1 As at 31 December 2012 and 2011, 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.

36.3.2 As at 31 December 2012 and 2011, the Company and its subsidiary had commitments in respect of raw water and tap water purchase agreements with private companies at the condition and price as described in Notes 39.6, 39.7 and 39.13 to the financial statements.

36.3.3 As at 31 December 2012, the Group and the Company had commitments in respect of service agreements payable in the future of approximately Baht 19.7 million and Baht 13.4 million, respectively (2011: Baht 159.5 million and Baht 7.2 million, respectively).

#### **36.4 Guarantees**

36.4.1 As at 31 December 2012, the Group and the Company had contingent liabilities from letters of guarantee issued by local commercial banks 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, to the Provincial Electricity Authority and the Royal Irrigation Department for compliance to agreements, and to counterparty for bid bonds and performance bonds totalling Baht 202.5 million and Baht 149.4 million, respectively. (2011: Baht 281.1 million and Baht 153.1 million, respectively).

36.4.2 As at 31 December 2012 and 2011, the Group had contingent liabilities in respect of being a guarantor to its three subsidiaries for letters of guarantee issued by local commercial banks to those subsidiaries in a credit limit of Baht 200 million for compliance to agreements with respect to their electricity consumption guarantee, tap water production and distribution and water consumers information records.

### **37 Litigation**

As at 31 December 2012 and 2011, the Company and its subsidiary were sued as defendants in litigation cases with significant claim as follows:

- 37.1 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 set a date for investigation of plaintiff's witnesses during 17 - 19 February 2011 and a date for investigation of defendant's witnesses during 23 - 24 February 2010.

On 30 July 2010, The Civil Court delivered its judgement of the red case number 3169/2553 and 3170/2553 which can be summarised as follows:

1. The litigant is required to pay a fine of Baht 8.8 million, return the advance payment of Baht 2.1 million and pay for wage supervisors during late work period of Baht 0.2 million, totalling a payment of Baht 11.1 million.
2. The Company is required to pay the 30<sup>th</sup> and 31<sup>st</sup> installment of construction cost according to the agreement of Baht 13.0 million together with the additional costs of Baht 7.0 million and the return of retention costs of Baht 3.8 million, totalling Baht 23.8 million. Moreover, the Company is required to return all eight bank guarantees to the litigant.

However, for the benefit of the Company, a lawyer was appointed to lodge an appeal with the court on 29 October 2010 regarding the fine and the additional costs.

The Company has recorded liabilities of the construction costs and the retention costs of Baht 16.8 million; still, not recorded Baht 7.0 million of the additional costs. Nevertheless, this case has not yet been finalised.

- 37.2 On 13 June 2011, the Company was sued as a defendant by a former employee under the labour law under black case No.1887/2554 regarding the termination of their employment. The plaintiff lodged the lawsuit with the Central Labour Court, seeking compensation of Baht 32.5 million. On 1 June 2012, the Court issued a compromise judgement and ordered the defendant to pay Baht 4.4 million to the plaintiff. Both parties accepted this judgement, and this case was finalised.

- 37.3 On 27 June 2011, the Company was sued as a co-defendant together with a private company by the State Railway of Thailand in relation to a claim for damages for soil erosion on its land caused by the excavation of a raw water pit at the water pumping project in Chonburi. The plaintiff lodged the lawsuit, Black Case No.722/2554, with the Chonburi Provincial Court, seeking compensation amounting to Baht 12.9 million. The Company's defence was that it was not a party to the excavation operation but was only a purchaser of raw water from the private company. Later, on 19 July 2012, the Chonburi Provincial Court dismissed the case against the Company and judged that it was the private company that was liable to the State Railway of Thailand.

**37 Litigation (Cont'd)**

- 37.4 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 owner’s arbitrator specified the last day of fact finding to be 22 June 2012 before proposing this case to the judging panel. On 27 November 2012, the owner’s arbitrator concluded that plaintiff have no authority to indict because they were not persons those affected from selection process. Therefore, the judging panel recalled a judgement of the Rayong Administrative Court. Although, the agreement was cancelled, the subsidiary management believes that the subsidiary will incur no loss as a result of the termination of the agreement. In case that such 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.

**38 Project compensation**

A government agency is considering a deal for the Company to rent/manage the 2 pipeline connecting projects (“projects”) and adjust the compensation. A letter issued by this government agency stipulated that the Company was to initially pay compensation for the projects at a percentage of the raw water sales from the projects from the year operation commenced (year 1998). 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 compensation must be processed in accordance with the Act on Private Participation in a State Undertaking B.E. 2535, whereby a committee has, under Section 13, authority to set the compensation rate and negotiate benefits with the Company in order to reach a preliminary conclusion. On 9 May 2011, the Committee under section 13 had a resolution to approve the Company’s rental of a pipeline without auction and already submitted this to the Cabinet for approval, before considering the compensation rate in the next process. There was no significant progress during year 2012.

### **39 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**

- 39.1 On 26 December 1993, the Company entered into an agreement 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.
- 39.2 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. Subsequently on 18 October 2004, the Company amended the above-mentioned agreement to entitle the subsidiary to the Pattaya Waterworks and extend the manage water system of Sattahip Waterworks period for 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.
- 39.3 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.
- 39.4 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 Administrative Organisation ("SAO"), the Company, entered into new agreement with the subsidiary dated 14 July 2006, which replaced aforementioned agreement dated 11 May 2004.

**39 Significant agreements (Cont'd)**

**The Company (Cont'd)**

- 39.5 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.
- 39.6 On 13 December 2007, the Company entered into the raw water procurement agreements with a private company whereby the Company is required to purchase a minimum of 10 million cubic meters per annum over a 10-year period.

**The Subsidiaries**

- 39.7 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).
- 39.8 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).
- 39.9 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).
- 39.10 Chachoengsao Water Supply Company Limited (CWS) and Bangpakong Water Supply Company Limited (BWS) 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 its subsidiary, named AWT International (Thailand) Limited ("AWT") on 15 October 2002. Whereby AWT agreed to permit the use of its name for reference purposes and provide the know-how to enable both subsidiaries to perform their obligations. In consideration thereof, the subsidiaries agreed to pay fees at the rate stipulated in the agreement. Then, Sydney Water Corporation, the parent company of AWT, declared its intention to liquidate AWT and issued comfort letters to both subsidiaries to confirm that it will take on all AWT's duties and obligations under the know-how agreement. The subsidiaries' Board of Directors considered to accept this proposal and negotiated to reduce their service fee. The service fee paid to AWT reduced from the present value of future estimated payment amounting to Baht 52.4 million to a one-time advance payment not exceeding Baht 18.0 million, which is a saving of the said service fee over the remaining contract. Consequently, the subsidiaries' Board of Directors, on 18 January 2011, passed the resolution to terminate this contract. The subsidiaries recorded the advance service fee as a prepaid expense included in other non-current assets in the consolidated financial statements.

**39 Significant agreements (Cont'd)**

**The Subsidiaries (Cont'd)**

- 39.11 On 15 March 2010, 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 3 years, from 7 April 2010 to 7 April 2013.
- 39.12 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 invested 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.
- 39.13 On 25 May 2009, Universal Utilities Company Limited entered into a tap water purchase agreement for the Chonburi Waterworks, Chonburi Province with a private company. 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"). The agreement requires a private company to construct a tap water production facility, of which ownership is not required to be transferred to the subsidiary. Prices are to be at the rates stipulated in the agreement.
- 39.14 On 3 June 2009, Universal Utilities Company Limited entered into the tap water purchase and sale agreement for the Chonburi Waterworks, Chonburi Province with PWA. The term of the agreement is 20 years from the date of tap water purchases commence. The agreement requires the subsidiary 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.
- 39.15 On 29 December 2010, Universal Utilities Company Limited entered into a waterworks system operation and management agreement with the Sub-district Administrative Organisation ("SAO") Nong Khaem for a 25-year period commencing from the beginning date of producing and selling tap water. The subsidiary has to transfer ownership of all invested and expanded assets in the waterworks system to SAO Nong Khaem free-of-charge at the end of agreement.



## **40 Financial instruments**

### **40.1 Financial risk factors**

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, trade accounts payable, temporary and long-term loans and some items in other current liabilities. The Group's activities expose it to a variety of financial risks, including the credit risk and interest rates risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The financial risk management is discussed below.

#### **40.1.1 Credit risk**

The Group are exposed to credit risk primarily with respect to, trade accounts receivable, and other receivable. The Group manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Although the Group 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 trade accounts receivables, and other receivable as stated in the statement of financial position.

#### **40.1.2 Interest rate risk**

The Group's exposure to interest rate risk relate primarily to their deposits with financial institutions and short-term and long-term loans. However, since most of the Group's 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 2011 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.

### **40.2 Fair values of financial instruments**

Since the majority of the Group's financial instruments are short-term. The Group expect that their fair values are not materially different from the amounts presented in the balance sheets except for long-term loans from financial institutions which as at 31 December 2012 having the net book values and fair values of Baht 4,194.0 million and Baht 4,213.8 million, respectively (Company: Baht 1,523.5 million and Baht 1,473.6 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.

## **41 Post balance sheet event**

41.1 On 9 January 2013, Universal Utilities Company Limited received letter from the Board of Investment under a approval promotional privileges. The approval promotional privileges for the utilities business and service are for production of tap water in Chonburi province starting on 25 December 2012. Under these privileges, the Universal Utilities Company Limited has received exemption from certain taxes and duties, including exemption from corporate income tax for the promoted activities for the period of 8 years commencing the period when revenue is first earned from the promoted business being 28 December 2012. Universal Utilities Company Limited is required to comply with the terms, conditions and restrictions as specified in the promotional certificate.

**41 Post balance sheet event (Cont'd)**

41.2 On 29 January 2013, Samet Utilities Company Limited registered the increased share capital with the Ministry of Commerce from 200,000 ordinary shares with a par value of Baht 5 per share to 12,000,000 ordinary shares with a par value of Baht 5 per share. The Company invested in 6,600,000 registered ordinary shares with par value of Baht 5 per share. Total Company's investment is Baht 33,000,000 or 55% of investment.

41.3 On 14 February 2013, Samet Utilities Company Limited received letter from the Board of Investment under a approval promotional privileges. The approval promotional privileges for the utilities business and service are from 5 February 2013. Under these privileges, Samet Utilities Company Limited has received exemption from import duty on imported machines, including exemption from corporate income tax for the promoted activities for the period of 8 years commencing the period when revenue is first earned from the promoted business. Samet Utilities Company Limited is required to comply with the terms, conditions and restrictions as specified in the promotional certificate.