

## 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 2013, 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 2013, 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 37 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  
24 February 2014

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

**CONSOLIDATED AND COMPANY  
FINANCIAL STATEMENTS**

**31 DECEMBER 2013**

		Consolidated		(Unit: Baht)	
	Notes	2013	2012	2013	2012
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	243,306,452	238,473,244	133,894,733	199,660,046
Temporary investments	7	86,878,547	96,307,798	-	-
Trade and other receivables	8	410,178,434	473,962,507	308,345,969	340,767,324
Water loss treatment service income receivable - related party	34.2	4,096,219	7,678,851	-	-
Inventories	9	10,536,370	7,745,450	-	-
Other current assets		45,639,764	23,864,564	25,587,790	12,616,953
<b>Total current assets</b>		<b>800,635,786</b>	<b>848,032,414</b>	<b>467,828,492</b>	<b>553,044,323</b>
<b>Non-current assets</b>					
Investments in subsidiaries	10	-	-	543,749,985	510,887,500
Other long-term investments	11	91,470,300	91,470,300	91,470,300	91,470,300
Investment property - net	12	199,601,448	208,381,751	212,074,988	221,461,717
Property, plant and equipment - net	13	10,621,901,420	9,542,766,521	10,200,121,005	9,149,633,324
Assets under concession contracts - net	14	555,571,905	491,762,394	-	-
Deferred concession rights acquisition costs - net	15	522,445,956	531,792,478	-	-
Intangible assets - net	16	153,016,142	160,762,148	34,163,252	33,560,520
Deferred tax assets	17	6,610,085	9,676,475	-	-
Other non-current assets	18	533,959,936	555,440,550	461,038,238	520,021,697
<b>Total non-current assets</b>		<b>12,684,577,192</b>	<b>11,592,052,617</b>	<b>11,542,617,768</b>	<b>10,527,035,058</b>
<b>Total assets</b>		<b>13,485,212,978</b>	<b>12,440,085,031</b>	<b>12,010,446,260</b>	<b>11,080,079,381</b>

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**Eastern Water Resources Development and Management Public Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 December 2013**

		(Unit: Baht)			
		Consolidated		Company	
	Notes	2013	2012	2013	2012
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	19	156,000,000	111,000,000	156,000,000	-
Trade accounts payable	20	144,146,713	157,560,565	103,625,335	147,543,436
Payable for purchase of fixed assets		264,227,195	38,465,477	244,234,406	16,341,354
Current portion of long-term liabilities under finance lease agreements	21	300,864	2,023,942	300,864	2,023,942
Current portion of long-term loans from financial institutions	22	568,610,000	737,690,000	490,250,000	690,250,000
Corporate income tax payable		131,518,767	135,652,998	125,265,126	123,233,324
Accrued expenses	23	133,155,312	119,999,719	86,382,393	92,441,651
Other current liabilities		57,278,691	55,852,366	38,677,340	44,952,043
<b>Total current liabilities</b>		<b>1,455,237,542</b>	<b>1,358,245,067</b>	<b>1,244,735,464</b>	<b>1,116,785,750</b>
<b>Non-current liabilities</b>					
Long-term liabilities under finance lease agreements	21	-	300,864	-	300,864
Long-term loans from financial institutions	22	3,841,751,206	3,456,280,694	3,261,750,000	2,943,750,000
Deferred tax liabilities	17	38,526,297	32,530,438	13,184,606	5,990,441
Employee benefit obligations	24	91,423,543	89,385,385	60,295,155	58,605,991
Other non-current liabilities	25	130,893,399	182,882,384	110,523,109	157,828,907
<b>Total non-current liabilities</b>		<b>4,102,594,445</b>	<b>3,761,379,765</b>	<b>3,445,752,870</b>	<b>3,166,476,203</b>
<b>Total liabilities</b>		<b>5,557,831,987</b>	<b>5,119,624,832</b>	<b>4,690,488,334</b>	<b>4,283,261,953</b>
<b>Shareholders' equity</b>					
Share capital	26				
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	26	2,138,522,279	2,138,522,279	2,138,522,279	2,138,522,279
Retained earnings					
Appropriated - legal reserve	27	166,500,000	166,500,000	166,500,000	166,500,000
Unappropriated		3,900,477,044	3,316,436,717	3,322,853,397	2,796,315,376
Other components of equity	28	28,357,101	31,754,624	28,357,101	31,754,624
Equity attributable to owners of the parent		7,897,581,573	7,316,938,769	7,319,957,926	6,796,817,428
Non-controlling interests		29,799,418	3,521,430	-	-
<b>Total shareholders' equity</b>		<b>7,927,380,991</b>	<b>7,320,460,199</b>	<b>7,319,957,926</b>	<b>6,796,817,428</b>
<b>Total liabilities and shareholders' equity</b>		<b>13,485,212,978</b>	<b>12,440,085,031</b>	<b>12,010,446,260</b>	<b>11,080,079,381</b>

The accompanying notes on pages 10 to 67 are an integral part of the financial statements.

**Eastern Water Resources Development and Management Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2013**

		(Unit: Baht)			
Notes	Consolidated		Company		
	2013	2012	2013	2012	
<b>Revenues</b>	34				
Sales - raw water		2,694,295,164	2,612,221,083	2,854,127,184	2,761,605,128
Sales - tap water		876,384,672	841,601,777	281,727,583	285,894,423
Rental and service income		189,512,767	223,588,164	80,328,127	73,247,613
<b>Total sales and service income</b>		3,760,192,603	3,677,411,024	3,216,182,894	3,120,747,164
Other income	30	55,945,753	48,538,082	70,209,156	90,037,950
<b>Total revenues</b>		<u>3,816,138,356</u>	<u>3,725,949,106</u>	<u>3,286,392,050</u>	<u>3,210,785,114</u>
<b>Expenses</b>	34				
Costs of sales - raw water		962,535,750	881,188,378	996,230,226	931,580,547
Costs of sales - tap water		502,169,873	456,685,807	263,385,535	283,397,482
Costs of rental and services		181,128,437	201,303,332	67,432,341	66,278,677
<b>Total costs of sales and services</b>		1,645,834,060	1,539,177,517	1,327,048,102	1,281,256,706
Selling expenses		17,489,498	53,018,153	14,893,922	50,690,973
Administrative expenses		372,744,289	439,031,398	276,477,832	350,291,315
Finance costs		112,951,617	89,990,782	82,490,738	63,474,844
<b>Total expenses</b>	31	<u>2,149,019,464</u>	<u>2,121,217,850</u>	<u>1,700,910,594</u>	<u>1,745,713,838</u>
<b>Profit before income tax</b>		1,667,118,892	1,604,731,256	1,585,481,456	1,465,071,276
Income tax	32	(351,143,906)	(364,559,726)	(326,926,369)	(318,224,098)
<b>Net profit for the year</b>		<u>1,315,974,986</u>	<u>1,240,171,530</u>	<u>1,258,555,087</u>	<u>1,146,847,178</u>
<b>Other comprehensive income (expense):</b>					
Write off asset transferred from customer		(3,397,523)	(3,397,523)	(3,397,523)	(3,397,523)
Actuarial losses on defined employee benefit plans	24.1	-	(25,812,692)	-	(22,359,221)
Income tax relating to components of other comprehensive income for the year	32	-	5,162,538	-	4,471,844
<b>Other comprehensive expense for the year, net of tax</b>		<u>(3,397,523)</u>	<u>(24,047,677)</u>	<u>(3,397,523)</u>	<u>(21,284,900)</u>
<b>Total comprehensive income for the year</b>		<u>1,312,577,463</u>	<u>1,216,123,853</u>	<u>1,255,157,564</u>	<u>1,125,562,278</u>
<b>Profit attributable to:</b>					
Owners of the parent		1,316,057,393	1,239,741,859	1,258,555,087	1,146,847,178
Non-controlling interests		(82,407)	429,671	-	-
		<u>1,315,974,986</u>	<u>1,240,171,530</u>	<u>1,258,555,087</u>	<u>1,146,847,178</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		1,312,659,870	1,215,694,182	1,255,157,564	1,125,562,278
Non-controlling interests		(82,407)	429,671	-	-
		<u>1,312,577,463</u>	<u>1,216,123,853</u>	<u>1,255,157,564</u>	<u>1,125,562,278</u>
<b>Earnings per share for profit attributable to owners of the parent (Baht)</b>	33				
Basic earnings per share		<u>0.79</u>	<u>0.75</u>	<u>0.76</u>	<u>0.69</u>

The accompanying notes on pages 10 to 67 are an integral part of the financial statements.

Eastern Water Resources Development and Management Public Company Limited  
Statement of Changes in Shareholders' Equity  
For the year ended 31 December 2013

(Unit: Baht)

Consolidated									
Owners of the parent					Other components of shareholders' equity				
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Assets transferred from customers-net	Total other component of equity	Total owners of the parent	Non-controlling interests	Total shareholders' equity
			Appropriated - legal reserve	Unappropriated					
<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
Proceeds from shares issued of 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	29	-	-	(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>7,320,460,199</u>
<b>Opening balance as at 1 January 2013</b>	1,663,725,149	2,138,522,279	166,500,000	3,316,436,717	31,754,624	31,754,624	7,316,938,769	3,521,430	7,320,460,199
Proceeds from shares increased of subsidiary	-	-	-	-	-	-	-	26,887,515	26,887,515
Comprehensive income for the year	-	-	-	1,316,057,393	(3,397,523)	(3,397,523)	1,312,659,870	(82,407)	1,312,577,463
Dividend paid	29	-	-	(732,017,066)	-	-	(732,017,066)	(527,120)	(732,544,186)
<b>Closing balance as at 31 December 2013</b>	<u>1,663,725,149</u>	<u>2,138,522,279</u>	<u>166,500,000</u>	<u>3,900,477,044</u>	<u>28,357,101</u>	<u>28,357,101</u>	<u>7,897,581,573</u>	<u>29,799,418</u>	<u>7,927,380,991</u>

The accompanying notes on pages 10 to 67 are an integral part of the financial statements.

**Eastern Water Resources Development and Management Public Company Limited**  
**Statement of Changes in Shareholders' Equity (Cont'd)**  
**For the year ended 31 December 2013**

							(Unit: Baht)
	Company						
						her components of shareholders' equ	
						Other comprehensive income	
						Assets transferred from customers-net	
						Total other component of equity	
						Total Shareholders' equity	
Note	Issued and paid-up share capital	Premium on share capital	Retained earnings Appropriated - legal reserve	Unappropriated			
Opening balance as at 1 January 2012	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	29	-	-	(831,837,074)	-	-	(831,837,074)
Closing balance as at 31 December 2012	1,663,725,149	2,138,522,279	166,500,000	2,796,315,376	31,754,624	31,754,624	6,796,817,428
Opening balance as at 1 January 2013	1,663,725,149	2,138,522,279	166,500,000	2,796,315,376	31,754,624	31,754,624	6,796,817,428
Comprehensive income for the year	-	-	-	1,258,555,087	(3,397,523)	(3,397,523)	1,255,157,564
Dividend paid	29	-	-	(732,017,066)	-	-	(732,017,066)
Closing balance as at 31 December 2013	1,663,725,149	2,138,522,279	166,500,000	3,322,853,397	28,357,101	28,357,101	7,319,957,926

The accompanying notes on pages 10 to 67 are an integral part of the financial statements.



**Eastern Water Resources Development and Management Public Company Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2013**

		(Unit: Baht)			
		Consolidated		Company	
	Notes	2013	2012	2013	2012
<b>Cash flows from operating activities</b>					
Profit before income tax		1,667,118,892	1,604,731,256	1,585,481,456	1,465,071,276
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities					
Reversal allowance for doubtful accounts		-	(300,000)	-	(300,000)
Depreciation	12, 13, 14	359,583,399	312,952,468	307,057,902	263,782,243
Amortisation	15, 16	41,637,880	40,481,935	3,902,092	3,537,488
Impairment loss		630,000	4,110,000	-	-
Income from amortisation of assets transferred from customers		(3,397,523)	(3,397,523)	(3,397,523)	(3,397,523)
Losses on disposals/written off of property, plant and equipment		10,556,966	34,278,347	11,174,877	34,386,390
Dividend income	30	(24,053,425)	(25,094,458)	(44,351,422)	(72,269,458)
Interest income	30	(9,167,887)	(8,292,470)	(4,495,033)	(3,056,401)
Interest expenses and amortisation of deferred interest under finance lease agreements		108,970,528	88,195,250	78,630,169	61,804,746
<b>Income from operating activities before changes in operating assets and liabilities</b>		2,151,878,830	2,047,664,805	1,934,002,518	1,749,558,761
Change in operating assets (increase) decrease					
Trade and other accounts receivables		20,476,080	(56,079,921)	32,421,355	(42,993,529)
Water loss treatment service income receivable - related party		3,582,632	2,454,408	-	-
Inventories		(2,790,920)	133,088	-	-
Other current assets		(9,944,570)	15,969,701	(12,839,544)	21,836,380
Other non-current assets		(11,518,821)	(7,270,257)	(13,228,119)	-
Change in operating liabilities increase (decrease)					
Trade accounts payable		(13,413,852)	51,896,252	(43,780,601)	20,442,540
Accrued expenses		17,574,578	26,420,634	(1,640,273)	20,417,842
Other current liabilities		131,901	10,028,767	(6,349,294)	13,815,779
Employee benefit obligations		2,038,158	(1,385,662)	1,689,164	(1,425,784)
Other non-current liabilities		(51,988,985)	31,442,676	(47,305,798)	27,964,234
Cash provided by operating activities		2,106,025,031	2,121,274,491	1,842,969,408	1,809,616,223
Interest paid		(113,547,804)	(77,529,370)	(83,049,154)	(51,177,369)
Income tax paid		(357,904,104)	(408,534,351)	(317,700,402)	(355,855,284)
<b>Net cash provided by operating activities</b>		1,634,573,123	1,635,210,770	1,442,219,852	1,402,583,570

The accompanying notes on pages 10 to 67 are an integral part of the financial statements.

**Eastern Water Resources Development and Management Public Company Limited**  
**Statement of Cash Flows (Cont'd)**  
**For the year ended 31 December 2013**

		(Unit: Baht)			
		Consolidated		Company	
	Notes	2013	2012	2013	2012
<b>Cash flows from investing activities</b>					
Purchase of short-term investments	7	(94,754,121)	(51,307,798)	-	-
Proceeds from temporary investment	7	104,183,372	50,000,000	-	50,000,000
Acquisition for subsidiary		-	-	(32,999,985)	-
Purchase of assets under concession contracts		(98,715,005)	(39,919,108)	-	-
Purchase of concession rights		(19,196,003)	(18,374,477)	-	-
Interest received		8,652,430	8,067,234	4,363,741	2,960,283
Dividend received from a related party and subsidiaries		24,053,425	25,094,458	44,351,422	72,269,455
Proceeds from disposals of property, plant and equipment		2,751,469	651,870	-	-
Purchase of intangible assets		(4,504,824)	(3,075,508)	(4,504,824)	(3,075,508)
Purchases of investment property		-	(3,750)	-	(4,291)
Purchases of property, plant and equipment and advance construction payment		(1,029,944,709)	(1,928,150,791)	(985,791,353)	(1,715,796,167)
Interest paid for fund borrowed specifically to acquire qualifying assets		(76,163,034)	(60,261,410)	(73,437,748)	(60,261,410)
<b>Net cash used in investing activities</b>		<b>(1,183,637,000)</b>	<b>(2,017,279,280)</b>	<b>(1,048,018,747)</b>	<b>(1,653,907,638)</b>
<b>Cash flows from financing activities</b>					
Proceeds from short-term loans from financial institutions		409,500,000	388,000,000	256,000,000	200,000,000
Payment on short-term loans from financial institutions		(364,500,000)	(310,000,000)	(100,000,000)	(200,000,000)
Proceeds from long-term loans from financial institutions	22	967,830,512	2,339,970,694	822,000,000	1,780,000,000
Payment on long-term loans from financial institutions	22	(751,440,000)	(1,092,020,466)	(704,000,000)	(568,500,000)
Payment on liabilities under finance lease agreements		(2,023,942)	(2,234,915)	(2,023,942)	(2,234,915)
Proceeds from issuing of ordinary share of subsidiary		27,000,015	-	-	-
Dividends paid to Group's shareholders	29	(731,942,380)	(831,863,197)	(731,942,476)	(831,723,178)
Dividends paid to Non-controlling interests		(527,120)	-	-	-
<b>Net cash generated from (used in) financing activities</b>		<b>(446,102,915)</b>	<b>491,852,116</b>	<b>(459,966,418)</b>	<b>377,541,907</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>4,833,208</b>	<b>109,783,606</b>	<b>(65,765,313)</b>	<b>126,217,839</b>
Cash and cash equivalents at beginning of the year		<b>238,473,244</b>	<b>128,689,638</b>	<b>199,660,046</b>	<b>73,442,207</b>
<b>Cash and cash equivalents at ending of the year</b>		<b>243,306,452</b>	<b>238,473,244</b>	<b>133,894,733</b>	<b>199,660,046</b>
<b>Supplemental cash flow information</b>					
Non-cash related transactions:					
Purchases of fixed assets on credit		250,133,287	38,269,153	230,336,822	16,341,354
Transfer assets held for sale to property, plant and equipment		-	1,390,028	-	1,390,028
Transfer assets held for sale to assets under concession contracts		-	33,267,474	-	33,267,474

The accompanying notes on pages 10 to 67 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 24 February 2014.

## **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.

## **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 2013 and 2012 of the Company and the following subsidiaries:

Company's name	Nature of business	Country of incorporation	Percentage of Shareholding	
			2013 %	2012 %
<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	100
EW Water Balance (Chonburi) Company Limited	Water transportation by pipeline	Thailand	100	100
EW Smart Water (Rayong) Company Limited	Produce and supply of industrial	Thailand	100	100
Samet Utilities Company Limited	Produce tap water from sea water	Thailand	55	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/revised accounting standards which are effective on 1 January 2013 and are relevant and have an impact to the Group are:**

TAS 12	Income taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

TAS 12 requires tax expenses to be recognised for current and deferred tax. The Group has early adopted TAS 12 since 1 January 2011.

TAS 21 (Revised 2009) requires the Company to determine the functional currency which is the currency of the primary economic environment in which the entity operates. The Company assessed and concluded that Thai Baht is the Company's functional currency. As a consequence, applying TAS 21 (Revised 2009) has no impact to assets, liabilities and retained earnings. New accounting policy is described in Note 2.4.

TFRS 8 requires the operating segment to be described in the same manner as internal reporting used by the chief operating decision-maker. New accounting policy is described in Note 2.23. The impact to the Company in applying TFRS 8 is only on a disclosure.

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

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

- b) Revised accounting standards and financial reporting standards which are effective for the periods beginning on or after 1 January 2014 and have not been early adopted by the Group:

TAS 1 (Revised 2012)	Presentation of financial statements
TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 12 (Revised 2012)	Income taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee Benefits
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (Revised 2012)	Related party disclosures
TAS 28 (Revised 2012)	Investments in associates
TAS 31 (Revised 2012)	Interest in joint ventures
TAS 34 (Revised 2012)	Interim financial reporting
TAS 36 (Revised 2012)	Impairment of assets
TAS 38 (Revised 2012)	Intangible Assets
TFRS 2 (Revised 2012)	Share-based payment
TFRS 3 (Revised 2012)	Business combinations
TFRS 5 (Revised 2012)	Non-current assets held for sale and discontinued operations
TFRS 8 (Revised 2012)	Operating segments

TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Group.

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Group.

TAS 12 (revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated in to TAS 12 (revised 2012). This standard has no impact to the Group.

TAS 17 (revised 2012) deletes the guidance for a lease of land with an indefinite useful life to be classified as an operating lease. The standard has been amended to clarify that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with TAS 17's general principles. This standard has no impact to the Group.

TAS 18 (revised 2012) removes the appendix to TAS 18. This standard has no impact to the Group.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Group.

TAS 21 (revised 2012) clarifies the method of recording cumulative amount of the exchange difference relating to disposal or partial disposal of a foreign operation. This matter should be adjusted prospectively effective for the period begins on or after 1 January 2011. This standard has no impact to the Group.

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

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

- b) Revised accounting standards and financial reporting standards which are effective for the periods beginning on or after 1 January 2014 and have not been early adopted by the Group: (Cont'd)

TAS 24 (revised 2012) removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of related parties. This standard has no impact to the Group.

TAS 28 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2011. This standard has no impact to the Group.

TAS 31 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses of joint control in its interest in joint control, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2011. This standard has no impact to the Group

TAS 34 (revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Group.

TAS 36 (revised 2012) clarifies that goodwill being allocated to cash-generating units shall not be larger than an operating segment before aggregation as defined under TFRS 8 - Operating Segments. This standard has no impact to the Group.

TAS 38 (revised 2012) Clarifies that an intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, intangible asset is recognised separately from goodwill, but together with related item. Intangible assets are recognised as a single asset provided the individual assets have similar useful lives. This standard has no impact to the Group.

TFRS 2 (revised 2012) expands the scope to cover classification and accounting of both cash-settled and equity-settled share-based payment transactions in group situation. This standard has no impact to the Group.

TFRS 3 (revised 2012) amends the measurement required for non-controlling interests. The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation. All other component of non-controlling interests is measured at fair value unless another measurement basis is required by TFRS. The application guidance in TFRS 3 (revised 2012) also applies to all share-based payment transactions that are part of a business combination, including unreplaced and voluntarily replaced share-based payment awards. This standard has no impact to the Group.

TFRS 5 (revised 2012) specifies the disclosures required for assets held for sale and discontinued operations. Disclosures in other standards do not apply, unless those TFRS requires. This standard has no impact to the Group.

TFRS 8 (revised 2012) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This revised standard has an impact to the Group on disclosure. Segment assets will not be disclosed due to this information is not regularly reported to the chief operating decision-maker.

## 2 Accounting policies (Cont'd)

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

- c) Interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations committee (SIC) effective for the periods beginning on or after 1 January 2014 and have not been early adopted by the Group:

TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7	Applying the restatement approach under IAS 29 financial reporting in hyperinflationary economies
TFRIC 10	Interim financial reporting and impairment
TFRIC 12	Service concession arrangements
TFRIC 13	Customer loyalty programmes
TFRIC 17	Distributions of non-cash assets to owners
TFRIC 18	Transfers of assets from customers
TSIC 15	Operating leases - incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease
TSIC 29	Service concession arrangements: Disclosure
TSIC 32	Intangible assets - Web site costs

TFRIC 1 provides guidance on accounting for changes in the measurement of an existing decommissioning, restoration and similar liability that results from changes in estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate. This interpretation has no impact 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) fulfillment 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. This interpretation has no impact to the Group.

TFRIC 5 provide guidance on accounting in the financial statements of a contributor for interests arising from decommissioning funds that the assets are administered separately and a contributor's right to access the assets is restricted. TFRIC 5 is not relevant to the Group's operations.

TFRIC 7 provides guidance on how to apply the requirements of TAS 29, Financial Reporting in Hyperinflationary Economics, in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. TFRIC 7 is not relevant to the Group's operations.

TFRIC 10 prohibits reversal of an impairment losses recognised in a previous interim period in respect of goodwill. This interpretation has no impact to the Group.

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.

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

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

- c) Interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations committee (SIC) effective for the periods beginning on or after 1 January 2014 and have not been early adopted by the Group: (Cont'd)

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. This interpretation has no impact to the Group.

TFRIC 17 provides guidance on accounting for the distributions of non-cash assets to owners acting in their capacity as owners. The interpretation addresses the issues on the dividend payable recognition and measurement and the accounting for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when an entity settles the dividend payable. This interpretation has no impact to the Group.

TFRIC 18 sets out the accounting for transfers of items of property, plant and equity by entities that receive such transfers from their customers. Agreements within the scope of this interpretation are agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect to a network or to provide the customer with ongoing access to supply of goods or services. The interpretation addresses the issues on the initial recognition and the accounting treatment of the transferred assets. This interpretation has no impact to the Group.

TSIC 15 sets out the accounting for the recognition of incentive that a lessor provides to a lessee in an operating lease. This interpretation has no impact to the Group.

TSIC 27 provides guidance on evaluating the substance of transactions in the legal form of a lease between the entity and the investor whether a series of transactions is linked and should be accounted for as one transaction and whether the arrangement meets the definition of a lease under TAS 17 "Leases". The accounting shall reflect the substance of the arrangement. This interpretation has no impact to the Group.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. This interpretation has no impact to the Group.

TSIC 32 provides guidance on the internal expenditure on the development and operation of the entity web site for internal or external access. The entity shall comply with the requirements described in TAS 38 "Intangible Assets". This interpretation has no impact to the Group.



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

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

- d) New accounting standard which is effective for the periods beginning on or after 1 January 2016 and have not been early adopted by the Group

TFRS 4 Insurance Contracts

TFRS 4 applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. TFRS 4 is not relevant to the Group's operations.

**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 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 10.

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

**2.4 Foreign currency translation**

**(a) Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Baht, which is the company's functional and the group's presentation currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

**2.5 Cash and cash equivalents**

In the consolidated and Company statement of cash flows, 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.

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

### **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 profit or loss.

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.

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

### **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.

### **2.11 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, as follows:

Pumping plants	20, 35 years
Building	10, 20, 35 years
Leasehold and building improvements	5, 10 years but not more than leased term
Machinery and equipment	
- Water pool, Pipeline and related equipment	40 years
- Water pump	30 years
- SCADA, Fiber Optic	5, 15 years
- Other machineries and equipment	5, 10 years
Office equipment	3, 5 years
Vehicles	5 years

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

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

### **2.11 Property, plant and equipment (Cont'd)**

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 in subsidiaries, 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.

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

### **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.

### **2.17 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 profit or loss 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.

Gain and loss from actuarial estimation for employee benefit is recognised immediately in other comprehensive income.

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 recognised 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**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive Officer (CEO) that makes strategic decisions.



### **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 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.

#### **3.2 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 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.

#### **3.4 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' demands. 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 considering the remaining useful lives. The value derived from this method may vary due to changes in revenue structure, cost structure, discount rate, industrial conditions and economic conditions.

The Group assesses for impairment loss of assets under concession contracts at the cash-generating unit level being the concession contracts of each location. The recoverable amount is determined by the value in use method. The discounted net cash flows from continuing use of assets is calculated over the remaining concession period of each contract for approximately 7 -18 years. The revenues are calculated from tap water volume usages which do not exceed their capacity and estimated growth rate during 5 years based on customers' demands at each location and steady for a subsequent 5 years. The tap water rate charge is based on an agreed price as stipulated in the contract. The Group applies a discount rate by pre-tax weighted average cost of capital at 8.69% per annum.

The Group recorded allowance for impairment of assets under concession contracts at some locations as mentioned in Note 14.

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

**3.5 Investment property**

The fair value of investment property is carried based on valuations by independent appraisal. Fair value of land is determined using the market approach by comparing the market price of land in the same location with land of the Group. The fair value of buildings and building improvements is determined by the income approach. This is measured by discounted cash flow projection which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property and applies a rate of return of 8% per annum. The discount rate reflects current market assessments of the time value of money and risk adjusted which are at the rate 11% per annum.

**3.6 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 24.

**3.7 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.

**3.8 Significant uncertainty**

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 37. 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.

**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.

**5 Segment information**

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. The reportable segment based on business activities which comprised the supply of raw water, production and supply of tap water, waterworks management, and engineering services. Other business activities such as office building rental were aggregated under the segment "Others".

These business operations are only conducted Thailand. Therefore, no geographic information is presented.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties. For resource management and evaluation of operating segments, the chief operating decision maker evaluates performance on the basis of profit or loss from operations excluding other income, selling and administrative expenses, finance costs and income tax.

The segment information for the year ended 31 December 2013 and 2012 are summarised as follows:

	<b>Consolidated 2013</b>						<b>(Unit: Baht'000)</b>
	<b>Sales</b>		<b>Service income</b>				
	<b>Supply of raw water business</b>	<b>Supply of Tap water business</b>	<b>Waterworks management business</b>	<b>Engineering services</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
<b>Revenue</b>							
Revenue from third parties	2,694,295	876,385	49,607	64,381	75,525	-	3,760,193
Revenue from inter-segment	159,832	-	239,191	-	4,803	(403,826)	-
<b>Total revenue</b>	<b>2,854,127</b>	<b>876,385</b>	<b>288,798</b>	<b>64,381</b>	<b>80,328</b>	<b>(403,826)</b>	<b>3,760,193</b>
<b>Cost of sales and services</b>	<b>(996,230)</b>	<b>(626,325)</b>	<b>(296,306)</b>	<b>(62,651)</b>	<b>(67,432)</b>	<b>403,110</b>	<b>(1,645,834)</b>
Segment operating profit	<u>1,857,897</u>	<u>250,060</u>	<u>(7,508)</u>	<u>1,730</u>	<u>12,896</u>	<u>(716)</u>	<u>2,114,359</u>
<b>Unallocated revenue (expenses)</b>							
Other income							55,946
Selling expenses							(17,489)
Administrative expenses and other expenses							(372,745)
Finance costs							(112,952)
Income tax							(351,144)
<b>Net profit</b>							<u>1,315,975</u>
<b>Total segment assets</b>	<b>10,518,177</b>	<b>1,236,168</b>	<b>589,855</b>	<b>10,626</b>	<b>213,388</b>	<b>(574,742)</b>	<b>11,993,472</b>
Unallocated assets							<u>1,491,741</u>
<b>Total assets</b>							<u>13,485,213</u>
<b>Others in formation</b>							
Depreciation and amortisation	275,526	46,373	43,202	86	36,034	-	401,221

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

(Unit: Baht'000)

	Consolidated 2012						
	Sales		Service income				
	Supply of raw water business	Supply of Tap water business	Waterworks management business	Engineering services	Others	Elimination	Total
Revenue							
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)	-
Total revenue	2,761,605	841,602	346,017	94,890	73,248	(439,951)	3,677,411
Cost of sales and services	(931,581)	(569,378)	(319,209)	(92,170)	(66,277)	439,437	(1,539,178)
Segment operating profit	1,830,024	272,224	26,808	2,720	6,971	(514)	2,138,233
Unallocated revenue (expenses)							
Other income							48,538
Selling expenses							(53,018)
Administrative expenses and other expenses							(439,031)
Finance costs							(89,991)
Income tax							(364,560)
Net profit							1,240,171
Total segment assets	9,545,184	1,193,581	567,993	17,467	209,328	(577,602)	10,955,951
Unallocated assets							1,484,134
Total assets							12,440,085
Others							
Depreciation and amortisation	226,016	42,161	42,600	149	42,413	-	353,339

**Information about major customer**

The Group had major revenues from entities under the control of a government from raw water, tap water and engineering services segments. The revenues for the year ending 31 December 2013 represent approximately Baht 2,354.0 million (2012 : Baht 2,334.4 million).

**6 Cash and cash equivalents**

(Unit: Baht)

	Consolidated		Company	
	2013	2012	2013	2012
Cash on hand	537,635	510,849	72,467	55,849
Deposits with banks - current accounts	49,925	37,000	-	34,000
- saving accounts	242,717,134	107,923,665	133,820,508	69,568,467
- fixed accounts	1,758	1,730	1,758	1,730
Securities under repurchase agreement	-	130,000,000	-	130,000,000
	243,306,452	238,473,244	133,894,733	199,660,046

As at 31 December 2013, the interest rate on saving deposits with banks was 0.50-2.70% per annum (2012: 0.125% - 2.25% per annum). The fixed deposits with banks have maturity date within 3 months and interest rate at 1.75% per annum (2012: 1.75% per annum). The securities under repurchase agreement have maturity date within 1 month and interest rate at 2.7% per annum.

**7 Temporary investments**

	(Unit: Baht)			
	Consolidated		Company	
	2013	2012	2013	2012
Opening net book amount	96,307,798	95,000,000	-	50,000,000
Additions during the year	94,754,121	51,307,798	-	-
Redeem during the year	(104,183,372)	(50,000,000)	-	(50,000,000)
Closing net book amount	86,878,547	96,307,798	-	-

As at 31 December 2013, temporary investments are fixed deposits with financial institutions in consolidated financial statement that have maturity date more than 3 months but within 1 year and interest rate of 3.30% - 3.34% per annum. (2012 : 2.27% - 2.60% per annum)

**8 Trade and other receivables**

The detail of trade and other receivables as at 31 December 2013 and 2012 is as follows:

	(Unit: Baht)			
	Consolidated		Company	
	2013	2012	2013	2012
Trade receivables	379,137,713	387,867,057	289,958,759	316,222,504
Receivables from others	7,693,370	65,242,868	1,047,617	7,558,962
Prepayments	21,702,457	18,815,040	16,759,841	15,629,292
Others	1,644,894	2,037,542	579,752	1,356,566
	410,178,434	473,962,507	308,345,969	340,767,324

As at 31 December 2012, other receivables in the consolidated financial information included accounts receivable between a subsidiary and a private company. This related to support from the subsidiary to help the private company to produce tap water to meet the minimum requirement for the Provincial Waterworks Authority in accordance with sale and purchase agreement for tap water for Chonburi Province with the Provincial Waterworks Authority. In the past, the subsidiary could off-set this accounts receivable balance with the cost of tap water that the subsidiary purchased from the private company. However, the tap water purchase and sales agreement was terminated on 28 December 2012.

On 11 July 2013, the subsidiary entered into a raw water purchase and sales agreement with the private company to produce tap water by itself. The subsidiary will partially pay for raw water to the private company and the remaining will be off-set with the accounts receivable balance within five years. To present information in accordance with the fact mentioned above, as at 31 December 2013, the company prepared the consolidated financial statement by presenting this accounts receivable which totalling Baht 46.7 million as receivables from others under trade and other receivables as Baht 3.1 million and other non-current assets as Baht 43.6 million (Note 18).

**8 Trade and other receivables (Cont'd)**

The detail of trade account receivables as at 31 December 2013 and 2012 is as follows:

	<b>Consolidated</b>		<b>(Unit: Baht)</b> <b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Trade accounts receivable - billed				
- Third parties	96,416,707	111,077,044	90,525,494	105,576,325
- Related parties (Note 34.2)	194,127,313	191,395,324	188,013,976	205,859,695
Total trade account receivable - billed	290,544,020	302,472,368	278,539,470	311,436,020
Unbilled receivables				
- Third parties	6,266,371	5,296,705	-	-
- Related parties (Note 34.2)	82,327,322	80,097,984	11,419,289	4,786,484
Total unbilled receivables	88,593,693	85,394,689	11,419,289	4,786,484
	<u>379,137,713</u>	<u>387,867,057</u>	<u>289,958,759</u>	<u>316,222,504</u>

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

	<b>Consolidated</b>		<b>(Unit: Baht)</b> <b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Within credit term	241,027,498	257,648,508	229,231,354	266,634,347
Overdue below 3 months	18,234,186	15,827,122	18,058,492	15,827,510
Overdue 3 - 6 months	11,390,537	15,054,596	11,385,861	15,032,021
Overdue 6 - 12 months	19,844,327	13,885,082	19,816,291	13,885,082
Overdue more than 12 months	662,625	672,213	662,625	672,213
	291,159,173	303,387,521	279,154,623	312,051,173
<u>Less</u> Allowance for doubtful accounts	<u>(615,153)</u>	<u>(615,153)</u>	<u>(615,153)</u>	<u>(615,153)</u>
	<u>290,544,020</u>	<u>302,472,368</u>	<u>278,539,470</u>	<u>311,436,020</u>

**9 Inventories**

	<b>Consolidated</b>		<b>(Unit: Baht)</b> <b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Raw materials and supplies	10,536,370	7,745,450	-	-
	<u>10,536,370</u>	<u>7,745,450</u>	<u>-</u>	<u>-</u>

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**10 Investments in subsidiaries**

Movements in the investments in subsidiaries for the year ended 31 December 2013 and 2012 are as follows :

	(Unit: Baht)	
	Company	
	2013	2012
As at 1 January	510,887,500	510,000,000
Increased investments	32,862,485	887,500
As at 31 December	543,749,985	510,887,500

As at 31 December 2013 and 2012, investments in subsidiaries which present in the separate financial statements are as follows:

Company's name	Nature of business	Country of incorporation	Paid-up share capital		Ownership interest		Investment value		Dividends income	
			2013	2012	2013	2012	2013	2012	2013	2012
			Million Baht	Million Baht	%	%	Baht	Baht	Baht	Baht
Universal Utilities Company Limited	Produce and Supply of tap water	Thailand	510	510	100	100	510,000,000	510,000,000	20,297,997	47,174,994
EW Utilities Company Limited	Water transportation by pipeline	Thailand	0.25	0.25	100	100	250,000	250,000	-	-
EW Water Balance (Chonburi) Company Limited	Water transportation by pipeline	Thailand	0.25	0.25	100	100	250,000	250,000	-	-
EW Smart Water (Rayong) Company Limited	Produce and supply of industrial water	Thailand	0.25	0.25	100	100	250,000	250,000	-	-
Samet Utilities Company Limited	Produce tap water from sea water	Thailand	60	0.25	55	55	32,999,985	137,500	-	-
Total investment in subsidiaries							543,749,985	510,887,500	20,297,997	47,194,994

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. 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 paid increased share capital amounting to Baht 32.9 million. The Company invested in 6,600,000 registered ordinary shares with par value of Baht 5 per share. Total Company's investment is Baht 33.0 million or 55% of investment. Currently, this company has no revenue from operation.

**11 Other long-term investments**

	Consolidated and Company					
	Number of shares		Ownership interest		Investment value	
	2013 Shares	2012 Shares	2013 %	2012 %	2013 Baht	2012 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	<u>5,479,140</u>	<u>5,479,140</u>	<u>15.88</u>	<u>15.88</u>	<u>91,470,300</u>	<u>91,470,300</u>

As at 31 December 2013 and 2012, the Company has long-term general investments which are investments in non-marketable equity security as follows:

	Consolidated		Company	
	2013	2012	2013	2012
<b><u>Long-term investments</u></b>				
<b><u>General investments</u></b>				
- Egcom Tara Company Limited	91,470,300	91,470,300	91,470,300	91,470,300
Total long-term investments	<u>91,470,300</u>	<u>91,470,300</u>	<u>91,470,300</u>	<u>91,470,300</u>

**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 2013, Egcom Tara Company Limited paid dividend to the Company amount of Baht 24.1 million (2012: Baht 25.1 million).



12 Investment property - net

	(Unit: Baht)		
	<b>Consolidated</b>		
	<b>Land</b>	<b>Building and building improvement</b>	<b>Total</b>
<b>At 1 January 2012</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>For the year ended 31 December 2013</b>			
Opening net book amount	19,000,000	189,381,751	208,381,751
Additions	-	33,113	33,113
Depreciation charge	-	(8,813,416)	(8,813,416)
<b>Closing net book amount</b>	<b>19,000,000</b>	<b>180,601,448</b>	<b>199,601,448</b>
<b>At 31 December 20123</b>			
Cost	19,000,000	235,108,855	254,108,855
<u>Less</u> Accumulated depreciation	-	(54,507,407)	(54,507,407)
<b>Net book amount</b>	<b>19,000,000</b>	<b>180,601,448</b>	<b>199,601,448</b>
<b>Fair value</b>	<b>19,000,000</b>	<b>194,197,500</b>	<b>213,197,500</b>

Depreciation expense of Baht 8.8 million (2012: Baht 8.8 million) was included in cost of rental and service.

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

	<b>(Unit: Baht)</b>		
	<b>Company</b>		
	<b>Land</b>	<b>Building and building improvement</b>	<b>Total</b>
<b>At 1 January 2012</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>For the year ended 31 December 2013</b>			
Opening net book amount	19,000,000	202,461,717	221,461,717
Additions	-	35,399	35,399
Depreciation charge	-	(9,422,128)	(9,422,128)
<b>Closing net book amount</b>	<b>19,000,000</b>	<b>193,074,988</b>	<b>212,074,988</b>
<b>At 31 December 2013</b>			
Cost	19,000,000	251,347,040	270,347,040
<u>Less</u> Accumulated depreciation	-	(58,272,052)	(58,272,052)
<b>Net book amount</b>	<b>19,000,000</b>	<b>193,074,988</b>	<b>212,074,988</b>
<b>Fair value</b>	<b>19,000,000</b>	<b>207,610,074</b>	<b>226,610,074</b>

Depreciation expense of Baht 9.4 million (2012: Baht 9.4 million) was included in costs of rental and services.

In 2013, the fair value of investment properties were revalued by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and categories of the investment properties valued.

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

	<b>(Unit: Baht)</b>			
	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Rental and service income of building	63,717,910	58,012,961	68,796,342	62,745,418
Direct operating expense arise from investment property that generated rental income (Building)	(58,543,704)	(55,794,546)	(58,543,704)	(55,794,546)
Direct operating expense arise from investment property that did not generate rental income (Land)	(172,411)	(267,772)	(172,411)	(267,772)
	<b>5,001,795</b>	<b>1,950,643</b>	<b>10,080,227</b>	<b>6,683,100</b>

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the year ended 31 December 2013**

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

(Unit: Baht)

	Consolidated								(Cont. Balance Sheet)
	Land	Pumping plants	Buildings	Leasehold and building improvement	Machinery and equipment	Office equipment	Vehicles	Construction in progress	Total
<b>At 1 January 2012</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
<u>Less</u> 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	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
<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	455,437,801	524,045,587	369,878,283	144,080,690	6,311,703,958	46,181,943	34,205	1,691,404,054	9,542,766,521
<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	11,984,237,608
<u>Less</u> Accumulated depreciation	-	(160,417,199)	(143,261,130)	(106,220,920)	(1,729,930,078)	(295,808,917)	(832,843)	-	(2,441,471,087)
Net book amount	455,437,801	524,045,587	369,878,283	144,080,690	6,311,703,958	46,181,943	34,205	1,691,354,054	9,542,766,521
<b>For the year ended 31 December 2013</b>									
Opening net book amount	455,437,801	524,045,587	369,878,283	144,080,690	6,311,703,958	46,181,943	34,205	1,691,404,054	9,542,766,521
Additions	-	399,890	-	1,594,235	58,381,604	4,687,286	562,991	1,339,131,727	1,404,757,733
Transfer	-	343,605,003	2,299,276	15,087,562	687,383,597	7,358,208	-	(1,052,283,646)	3,450,000
Disposal/write-off, net	-	-	-	(250,845)	(9,419,461)	(61,066)	(1)	(3,240,513)	(12,971,886)
Depreciation charge	-	(28,782,293)	(19,806,053)	(21,827,981)	(229,923,272)	(15,705,693)	(55,656)	-	(316,100,948)
Closing net book amount	455,437,801	839,268,187	352,371,506	138,683,661	6,818,126,426	42,460,676	541,539	1,975,011,622	10,621,901,420
<b>At 31 December 2013</b>									
Cost	455,437,801	1,033,467,679	515,438,690	266,014,419	8,763,024,410	339,825,861	1,240,735	1,975,011,622	13,349,461,217
<u>Less</u> Accumulated depreciation	-	(194,199,492)	(163,067,184)	(123,330,758)	(1,944,897,984)	(297,365,183)	(699,196)	-	(2,727,559,797)
Net book amount	455,437,801	839,268,187	352,371,506	138,683,661	6,818,126,426	42,460,678	541,539	1,975,011,622	10,621,901,420

Depreciation expense total of Baht 316.1 million (2012: Baht 270.8 million) has been charged in cost of goods sold, Baht 292.6 million (2012: Baht 240.7 million) and in administrative expense, Baht 23.5 million (2012: Baht 30.1 million).

**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to consolidated and company financial statements**  
**For the year ended 31 December 2013**

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

(Unit: Baht)

	Company								
	Land	Pumping plants	Buildings	Building improvements	Machinery and equipment	Office equipment	Vehicles	Construction in progress	Total
<b>At 1 January 2012</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	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
<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	404,787,648	517,597,104	357,288,075	138,434,975	6,211,571,102	41,946,165	34,201	1,477,956,054	9,149,633,324
<b>At 31 December 2012</b>									
Cost	404,787,648	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	404,787,648	517,597,104	357,288,075	138,434,975	6,211,571,102	41,964,165	34,201	1,477,956,054	9,149,633,324
<b>For the year ended 31 December 2013</b>									
Opening net book amount	404,787,648	517,597,104	357,288,075	138,434,975	6,211,571,102	41,964,165	34,201	1,477,956,054	9,149,633,324
Additions	-	362,000	-	818,366	46,006,823	2,218,999	520,000	1,309,859,537	1,359,785,725
Transfer	-	340,150,210	2,299,276	11,847,809	449,941,631	6,388,208	-	(810,627,134)	-
Disposal/write-off, net	-	-	-	(17,277)	(8,371,500)	(32,980)	-	(3,240,513)	(11,662,270)
Depreciation charge	-	(28,528,460)	(19,282,094)	(20,918,787)	(215,201,781)	(13,652,789)	(51,863)	-	(297,635,774)
Closing net book amount	404,787,648	829,580,854	340,305,257	130,165,086	6,483,946,275	36,885,603	502,338	1,973,947,944	10,200,121,005
<b>At 31 December 2013</b>									
Cost	404,787,648	1,018,987,142	500,050,189	250,791,680	8,315,642,148	315,322,428	1,092,894	1,973,947,944	12,780,622,073
Less Accumulated depreciation	-	(189,406,288)	(159,744,932)	(120,626,594)	(1,831,695,873)	(278,436,825)	(590,556)	-	(2,580,501,068)
Net book amount	404,787,648	829,580,854	340,305,257	130,165,086	6,483,946,275	36,885,603	502,338	1,973,947,944	10,200,121,005

Depreciation expense total of Baht 297.6 million (2012: Baht 254.3 million) has been charged in cost of goods sold, Baht 275.5 million (2012: Baht 226.0 million) and in administrative expense, Baht 22.1 million (2012: Baht 28.3 million).

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

As at 31 December 2013, the Group and the Company had motor vehicles and computer under financial lease agreements with net book value amounting to Baht 0.3 million and Baht 0.3 million, respectively (2012: Baht 2.3 million and Baht 2.3 million, respectively).

Borrowing costs of Baht 73.4 million (2012: Baht 60.2 million) arresting from financing specifically entered into a pipeline constructing project and tap water production system were capitalised during the year and are included in "Additions".

**14 Assets under concession contracts - net**

	(Unit: Baht)		
	<b>Consolidated</b>		
	<b>Assets under concession contracts</b>	<b>Construction in progress</b>	<b>Total</b>
<b>At 1 January 2012</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>	<u>415,642,945</u>	<u>40,362,573</u>	<u>456,005,518</u>
<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>	<u>483,339,934</u>	<u>8,422,460</u>	<u>491,762,394</u>
<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>	<u>483,339,934</u>	<u>8,422,460</u>	<u>491,762,394</u>
<b>For the year ended 31 December 2013</b>			
Opening net book amount	483,339,934	8,422,460	491,762,394
Additions	16,977,748	88,059,218	105,036,966
Transfer	41,290,976	(44,740,976)	(3,450,000)
Reclassify from non-current assets held for sale	13,312,521	-	13,312,521
Write-off - net	(15,790,941)	-	(15,790,941)
Impairment charge	(630,000)	-	(630,000)
Depreciation charge	(34,669,035)	-	(34,669,035)
<b>Closing net book amount</b>	<u>503,831,203</u>	<u>51,740,702</u>	<u>555,571,905</u>
<b>At 31 December 2013</b>			
Cost	728,651,018	51,740,702	780,391,720
<u>Less</u> Accumulated depreciation	(217,989,815)	-	(217,989,815)
<u>Less</u> Allowance for impairment	(6,830,000)	-	(6,830,000)
<b>Net book amount</b>	<u>503,831,203</u>	<u>51,740,702</u>	<u>555,571,905</u>

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

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

Depreciation of Baht 34.7 million (2012: Baht 33.4 million) was included in cost of sales-tap water and cost of services. Impairment loss of Baht 0.6 million (2012: Baht 4.1 million) was included in administrative expenses.

On 24 July 2013, the Board of Directors' meeting approved the sale and transfer of the concession right for conducting business related to water resources in Koh Srichang. On 2 September 2013, the Group sold plant and equipment and assets under concession contracts at Koh Srichang to Koh Srichang Municipality at a price of Baht 2.4 million. The net book value of these assets is Baht 2.0 million. (Cost: Baht 37.2 million, accumulated depreciation: Baht 21.9 million, allowance for impairment loss: Baht 13.3 million).

The allowance for impairment of assets as at 31 December 2013 was Baht 6.8 million for assets under concession contracts at Koh Lan. Sales of tap water at this location were below the budget because of the uncertainty of customers' demand. Customers may substitute tap water from natural water resources. If the customers' demand had been 10% lower than management's estimates, the Group would have recognised a further impairment of Baht 6.5 million.

**15 Deferred concession rights acquisition costs - net**

	<b>Consolidated</b>		<b>(Unit: Baht)</b>
	<b>Deferred concession rights acquisition costs</b>	<b>Construction in progress</b>	<b>Total</b>
<b>At 1 January 2012</b>			
Cost	635,594,276	37,330,290	672,924,566
<u>Less</u> Accumulated amortisation	<u>(131,150,814)</u>	<u>-</u>	<u>(131,150,814)</u>
<b>Net book amount</b>	<b>504,443,462</b>	<b>37,330,290</b>	<b>541,773,752</b>
<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	<u>(28,595,709)</u>	<u>-</u>	<u>(28,595,709)</u>
<b>Closing net book amount</b>	<b>475,847,753</b>	<b>55,944,725</b>	<b>531,792,478</b>
<b>At 31 December 2012</b>			
Cost	635,594,276	55,944,725	691,539,001
<u>Less</u> Accumulated amortisation	<u>(159,746,523)</u>	<u>-</u>	<u>(159,746,523)</u>
<b>Net book amount</b>	<b>475,847,753</b>	<b>55,944,725</b>	<b>531,792,478</b>
<b>For the year ended 31 December 2013</b>			
Opening net book amount	475,847,753	55,944,725	531,792,478
Additions	-	20,040,528	20,040,528
Amortisation charge	<u>(29,387,050)</u>	<u>-</u>	<u>(29,387,050)</u>
<b>Closing net book amount</b>	<b>446,460,703</b>	<b>75,985,253</b>	<b>522,445,956</b>
<b>At 31 December 2013</b>			
Cost	635,594,276	75,985,253	711,579,529
<u>Less</u> Accumulated amortisation	<u>(189,133,573)</u>	<u>-</u>	<u>(189,133,573)</u>
<b>Net book amount</b>	<b>446,460,703</b>	<b>75,985,253</b>	<b>522,445,956</b>

As at 31 December 2013, deferred concession rights acquisition costs had the remaining amortisation period of 18 years.

Amortisation of Baht 29.4 million (2012: Baht 28.6 million) was included in the cost of sales-tap water and cost of services.

16 Intangible assets - net

	(Unit: Baht)		
	Consolidated		
	Rights to operate the business under concession	Computer software	Total
<b>At 1 January 2012</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>	<b>135,550,366</b>	<b>34,022,500</b>	<b>169,572,866</b>
<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>	<b>127,201,628</b>	<b>33,560,520</b>	<b>160,762,148</b>
<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>	<b>127,201,628</b>	<b>33,560,520</b>	<b>160,762,148</b>
<b>For the year ended 31 December 2013</b>			
Opening net book amount	127,201,628	33,560,520	160,762,148
Additions	-	4,504,824	4,504,824
Amortisation charge	(8,348,738)	(3,902,092)	(12,250,830)
<b>Closing net book amount</b>	<b>118,852,890</b>	<b>34,163,252</b>	<b>153,016,142</b>
<b>At 31 December 2013</b>			
Cost	201,205,413	41,602,831	242,808,244
<u>Less</u> Accumulated amortisation	(82,352,523)	(7,439,579)	(89,792,102)
<b>Net book amount</b>	<b>118,852,890</b>	<b>34,163,252</b>	<b>153,016,142</b>

As at 31 December 2013, Rights to operate the business under concession had the remaining amortisation period of 14 years 3 months.

Amortisation of Baht 12.3 million (2012: Baht 11.9 million) was included in the cost of goods sold Baht 0.2 million (2012: Nil) and administrative expenses Baht 12.1 million (2012: Baht 11.9 million).



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

	(Unit: Baht)
	<u>Company</u>
	<u>Computer software</u>
<b>At 1 January 2012</b>	
Cost	34,022,500
<u>Less</u> Accumulated amortisation	<u>-</u>
<b>Net book amount</b>	<u>34,022,500</u>
<b>For the year ended 31 December 2012</b>	
Opening net book amount	34,022,500
Additions	3,075,508
Amortisation charge	<u>(3,537,488)</u>
<b>Closing net book amount</b>	<u>33,560,520</u>
<b>At 31 December 2012</b>	
Cost	37,098,008
<u>Less</u> Accumulated amortisation	<u>(3,537,488)</u>
<b>Net book amount</b>	<u>33,560,520</u>
<b>For the year ended 31 December 2013</b>	
Opening net book amount	33,560,520
Additions	4,504,824
Amortisation charge	<u>(3,902,092)</u>
<b>Closing net book amount</b>	<u>34,163,252</u>
<b>At 31 December 2013</b>	
Cost	41,602,831
<u>Less</u> Accumulated amortisation	<u>(7,439,579)</u>
<b>Net book amount</b>	<u>34,163,252</u>

Amortisation of Baht 3.9 million (2012: Baht 3.5 million) was included in the cost of goods sold Baht 0.2 million (2012: nil) and administrative expenses Baht 3.7 million (2012: Baht 3.5 million).

**17 Deferred income tax**

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

	<b>Consolidated</b>		<b>(Unit: Baht)</b> <b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Deferred tax assets:</b>				
Deferred tax asset to be recovered within 12 months	364,571	1,219,586	364,571	658,186
Deferred tax asset to be recovered after more than 12 months	18,669,116	20,585,434	12,059,031	11,470,359
	<u>19,033,687</u>	<u>21,805,020</u>	<u>12,423,602</u>	<u>12,128,545</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	(408)	1,669,669	(408)	-
Deferred tax liability to be settled after more than 12 months	50,950,307	42,989,314	25,608,616	18,118,986
	<u>50,949,899</u>	<u>44,658,983</u>	<u>25,608,208</u>	<u>18,118,986</u>

Present in statement of financial position as following;

Deferred tax assets	<u>6,610,085</u>	<u>9,676,475</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities	<u>38,526,297</u>	<u>32,530,438</u>	<u>13,184,606</u>	<u>5,990,441</u>

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

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

<b>Deferred tax assets</b>	<b>Allowance for doubtful accounts</b>	<b>Plant and equipment</b>	<b>Impairment - assets</b>	<b>Employee benefit</b>	<b>Total</b>
As at 1 January 2012	5,304,790	468,971	4,248,100	13,040,742	23,062,603
Transaction recorded in profit or loss	(4,940,219)	(766,079)	(430,395)	(283,428)	(6,420,121)
Transaction recorded in other comprehensive income	-	-	-	5,162,538	5,162,538
As at 31 December 2012	364,571	(297,108)	3,817,705	17,919,852	21,805,020
Transaction recorded in profit or loss	-	(398,389)	(2,737,800)	364,856	(2,771,333)
As at 31 December 2013	<u>364,571</u>	<u>(695,497)</u>	<u>1,079,905</u>	<u>18,284,708</u>	<u>19,033,687</u>

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

**(Unit: Baht)**

	<b>Consolidated</b>			
	<b>Intangible asset</b>	<b>Liabilities under finance lease agreements</b>	<b>Plant and equipment</b>	<b>Total</b>
<b>Deferred tax liabilities</b>				
As at 1 January 2012	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
Transaction recorded in profit or loss	(1,669,747)	32,180	7,928,483	6,290,916
As at 31 December 2013	23,770,578	(408)	27,179,729	50,949,899

**(Unit: Baht)**

	<b>Company</b>			
	<b>Allowance for doubtful accounts</b>	<b>Employee benefit</b>	<b>Others</b>	<b>Total</b>
<b>Deferred tax asset</b>				
As at 1 January 2012	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
Transaction recorded in profit or loss	-	295,057	-	295,057
As at 31 December 2013	364,571	12,059,031	-	12,423,602

**(Unit: Baht)**

	<b>Company</b>		
	<b>Liabilities under finance lease agreements</b>	<b>Plant and equipment</b>	<b>Total</b>
<b>Deferred tax liabilities</b>			
As at 1 January 2012	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
Transaction recorded in profit or loss	32,180	7,457,042	7,489,222
As at 31 December 2013	(408)	25,608,616	25,608,208

**18 Other non-current assets**

**(Unit: Baht)**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Advance construction payment	444,968,863	522,636,954	443,724,863	516,191,454
Prepaid expenses	24,099,713	26,861,892	-	250,380
Deposit and Retention	15,178,151	1,950,033	13,228,119	-
Receivable from others (Note 8)	43,579,659	-	-	-
Other	6,133,550	3,991,671	4,067,256	3,579,863
	533,959,936	555,440,550	461,038,238	520,021,697

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

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Promissory note	156,000,000	111,000,000	156,000,000	-
	<u>156,000,000</u>	<u>111,000,000</u>	<u>156,000,000</u>	<u>-</u>

As at 31 December 2013, short-term loan from financial institutions is unsecured promissory note with a financial institution which is due 1 - 3 months with an interest rate of 3.45% - 3.86% per annum. (2012 : 3.40% - 3.53% per annum)

**20 Trade accounts payable**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Third parties	110,871,897	142,552,463	76,508,894	100,652,855
Related parties (Note 34.2)	33,274,816	15,008,102	27,116,441	46,890,581
	<u>144,146,713</u>	<u>157,560,565</u>	<u>103,625,335</u>	<u>147,543,436</u>

**21 Finance lease liabilities**

Finance lease liabilities - minimum lease payments:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Not later than 1 year	301,700	2,050,845	301,700	2,050,845
Later than 1 year but not later than 5 years	-	313,459	-	313,459
	301,700	2,364,304	301,700	2,364,304
<u>Less</u> Future finance charges on finance leases	(836)	(39,498)	(836)	(39,498)
Present value of finance lease liabilities	<u>300,864</u>	<u>2,324,806</u>	<u>300,864</u>	<u>2,324,806</u>

The present value of finance lease liabilities is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Not later than 1 year (short-term portion)	300,864	2,023,942	300,864	2,023,942
Later than 1 year but not later than 5 years (long-term portion)	-	300,864	-	300,864
	<u>300,864</u>	<u>2,324,806</u>	<u>300,864</u>	<u>2,324,806</u>

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

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

		(Unit: Baht)			
		<b>Consolidated</b>		<b>Company</b>	
		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Balances as at 1 January		4,193,970,694	2,946,020,466	3,634,000,000	2,422,500,000
<u>Add</u> Additional borrowings		967,830,512	2,339,970,694	822,000,000	1,780,000,000
<u>Less</u> Repayments		(751,440,000)	(1,092,020,466)	(704,000,000)	(568,500,000)
Balances as at 31 December		<u>4,410,361,206</u>	<u>4,193,970,694</u>	<u>3,752,000,000</u>	<u>3,634,000,000</u>

  

	<b>Credit limit</b>	<b>Outstanding credit facilities</b>		<b>Consolidated</b>		<b>Company</b>	
		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
The Company							
a)	1,500.0	-	-	200,000,000	600,000,000	200,000,000	600,000,000
b)	1,000.0	-	-	228,750,000	320,250,000	228,750,000	320,250,000
c)	1,700.0	-	-	1,381,250,000	1,593,750,000	1,381,250,000	1,593,750,000
d)	1,520.0	744.0	1,064.0	776,000,000	456,000,000	776,000,000	456,000,000
e)	975.0	183.0	496.0	792,000,000	479,000,000	792,000,000	479,000,000
f)	1,215.0	841.0	1,030.0	374,000,000	185,000,000	374,000,000	185,000,000
The subsidiary							
a)	474.4	15.8	15.8	411,170,406	458,610,406	-	-
b)	525.6	278.4	424.2	247,190,800	101,360,288	-	-
Total	<u>8,910.0</u>	<u>2,062.2</u>	<u>3,030.0</u>	<u>4,410,361,206</u>	<u>4,193,970,694</u>	<u>3,752,000,000</u>	<u>3,634,000,000</u>
<u>Less</u> Current portion				<u>(568,610,000)</u>	<u>(737,690,000)</u>	<u>(490,250,000)</u>	<u>(690,250,000)</u>
Long-term loans from financial institutions - net of current portion				<u>3,841,751,206</u>	<u>3,456,280,694</u>	<u>3,261,750,000</u>	<u>2,943,750,000</u>

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**22 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 minus 1.75 percent per annum (MLR-1.75%)</li> <li>- The 61st month onwards Minimum Loan Rate minus 1.50 percent per annum (MLR-1.50%)</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 minus 1.75 percent per annum (MLR-1.75%)</li> <li>- The 49th month onwards Minimum Loan Rate minus 1.50 percent per annum (MLR-1.50%)</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.

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

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

	<b>Credit facility (Million Baht)</b>	<b>Date of agreement</b>	<b>Objective</b>	<b>Type of loan</b>	<b>Period</b>	<b>Interest rate</b>	<b>Repayment schedule</b>	<b>Debt covenant</b>
c)	1,700.0	25 August 2009	Use in the Company's pipeline construction	Unsecured	10 years	<ul style="list-style-type: none"> <li>- The 1st - 4th years Fixed rate at 3.50 percent per annum</li> <li>- The 5th - 7th years Minimum Loan Rate minus 2.25 percent per annum (MLR-2.25%)</li> <li>- The 8th - 10th years Minimum Loan Rate minus 2.00 percent per annum (MLR-2.00%)</li> </ul>	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	<ul style="list-style-type: none"> <li>- The 1st - 3rd years Fixed rate at 4.75 percent per annum</li> <li>- 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)</li> </ul>	Principal is repayable in 14 semi-annual installments, beginning after a grace period of 42 months from the agreement date as scheduled below. <ul style="list-style-type: none"> <li>- The 1st - 4th installments Baht 100 million each</li> <li>- The 5th - 14th installments Baht 112 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.
e)	975.0	16 July 2012	To invest in Bangphra project	Unsecured	10 years	<ul style="list-style-type: none"> <li>- The 1st - 3rd years Fixed rate at 4.75 percent per annum</li> <li>- The 4th year onwards Minimum Loan Rate minus 2.65 percent per annum (MLR-2.65%)</li> </ul>	Principal is repayable in 14 semi-annual installments, beginning after a grace period of June 2015. <ul style="list-style-type: none"> <li>- The 1st - 8th installments Baht 50 million each</li> <li>- The 9th - 14th installments Baht 95.83 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.
f)	1,215.0	21 September 2012	To invest in Tubma project	Unsecured	10 years	<ul style="list-style-type: none"> <li>- The 1st - 3rd years Fixed rate at 4.65 percent per annum</li> <li>- 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)</li> </ul>	Principal is repayable in 11 semi-annual installments, beginning after a grace period of 60 months from the agreement date as scheduled below. <ul style="list-style-type: none"> <li>- The 1st - 4th installments Baht 100 million each</li> <li>- The 5th - 10th installments Baht 116 million each</li> <li>- The 11th year installment Baht 119 million</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.

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**22 Long-term loans 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)	474.4	21 September 2012	To settle an existing loan from the Company	Unsecured	10 years	<ul style="list-style-type: none"> <li>- The 1st - 3rd years Fixed rate at 4.625 percent per annum</li> <li>- The 4th year onwards Minimum Loan Rate minus 2.65 percent per annum (MLR-2.65%)</li> </ul>	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.
b)	525.6	21 September 2012	To invest	Unsecured	10 years	<ul style="list-style-type: none"> <li>- The 1st - 3rd years Fixed rate at 4.625 percent per annum</li> <li>- The 4th year onwards Minimum Loan Rate minus 2.65 percent per annum (MLR-2.65%)</li> </ul>	Principal is repayable in 17 semi-annual installments, 16 equal installments and the 17 <sup>th</sup> installment (last installment) payment of all the rest, 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.



**23 Accrued expenses**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Accrued bonus	61,213,928	55,435,823	41,026,000	42,329,000
Accrued project compensation	34,988,297	31,902,547	34,988,297	31,902,547
Accrued utilities expenses	13,937,617	4,139,726	-	-
Others	23,015,470	28,521,623	10,368,096	18,210,104
	<u>133,155,312</u>	<u>119,999,719</u>	<u>86,382,393</u>	<u>92,441,651</u>

**24 Employee benefit obligations**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Statement of Financial Position				
Post-employment benefits	87,840,407	86,020,874	58,048,083	56,512,335
Other long-term benefits	3,583,136	3,364,511	2,247,072	2,093,656
	<u>91,423,543</u>	<u>89,385,385</u>	<u>60,295,155</u>	<u>58,605,991</u>
Profit and loss				
Post-employment benefits	12,352,915	1,550,609	7,811,190	1,143,262
Other long-term benefits	898,967	4,538,211	548,696	2,727,656
	<u>13,251,882</u>	<u>6,088,820</u>	<u>8,359,886</u>	<u>3,870,918</u>
Other comprehensive income				
Actuarial losses on defined employee benefit plans	-	25,812,692	-	22,359,221

**24.1 Defined benefit plan**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Present value of funded obligations	87,840,407	86,020,874	58,048,083	56,512,335
Liability in the statement of financial position	<u>87,840,407</u>	<u>86,020,874</u>	<u>58,048,083</u>	<u>56,512,335</u>

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

**24.1 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>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
At 1 January	86,020,874	64,958,355	56,512,335	37,672,554
Current service cost	8,952,680	7,562,761	5,551,188	3,768,719
Interest cost	3,400,235	3,008,467	2,260,002	1,737,102
Difference between estimated 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	(10,533,382)	(6,300,782)	(6,275,442)	(4,662,702)
At 31 December	<u>87,840,407</u>	<u>86,020,874</u>	<u>58,048,083</u>	<u>56,512,335</u>

The amounts recognised in the income statement are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Current service cost	8,952,680	7,562,761	5,551,188	3,768,719
Interest cost	3,400,235	3,008,467	2,260,002	1,737,102
Difference between estimated and actual benefit paid	-	(9,020,619)	0.00	(4,362,559)
<b>Total</b>	<u>12,352,915</u>	<u>1,550,609</u>	<u>7,811,190</u>	<u>1,143,262</u>

Of the total charge in consolidated financial statements, Baht 6.1 million (2012: Baht 0.7 million) and Baht 6.3 million (2012: Baht 0.9 million) were included in 'cost of sales' and 'administrative expenses', respectively.

Of the total charge in company financial statements, Baht 3.5 million (2012: Baht 0.5 million) and Baht 4.3 million (2012: Baht 0.6 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>2013</b>	<b>2012</b>
Discount rate	4.1	4.1
Inflation rate	3.5	3.5
Salary increment rate	5.0-10.0	5.0 - 10.0

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

**24.2 Other long-term benefits**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Present value of funded obligations	3,583,136	3,364,511	2,247,072	2,093,656
Liability in the statement of financial position	3,583,136	3,364,511	2,247,072	2,093,656

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
At 1 January	3,364,511	-	2,093,656	-
Current service cost	778,801	4,412,051	473,313	2,650,619
Interest cost	120,166	126,160	75,383	77,037
Benefits paid	(680,342)	(1,173,700)	(395,280)	(634,000)
At 31 December	3,583,136	3,364,511	2,247,072	2,093,656

The amounts recognised in the income statement are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Current service cost	778,801	4,412,051	473,313	2,650,619
Interest cost	120,166	126,160	75,383	77,037
Total	898,967	4,538,211	548,696	2,727,656

Of the total charge in consolidated financial statements, Baht 0.9 million (2012: Baht 4.5 million) were included in administrative expenses.

Of the total charge in company financial statements, Baht 0.5 million (2012: Baht 2.7 million) were included in administrative expenses.

The principal actuarial assumptions used were as follows:

	<b>(Unit : % per annum)</b>	
	<b>2013</b>	<b>2012</b>
Discount rate	4.1	4.1
Gold price inflation rate	6.0	6.0

**25 Other non-current liabilities**

	(Unit: Baht)			
	Consolidated		Company	
	2013	2012	2013	2012
Retentions payable	130,893,399	182,882,384	110,464,999	157,770,797
Rental guarantees received from related party (Note 34.2)	-	-	58,110	58,110
	<u>130,893,399</u>	<u>182,882,384</u>	<u>110,523,109</u>	<u>157,828,907</u>

**26 Share capital**

	(Unit: Baht)			
	Number of shares	Ordinary shares	Share premium	Total
At 1 January 2012	1,663,725,149	1,663,725,149	2,138,522,279	3,802,247,428
Issue of shares	-	-	-	-
At 31 December 2012	1,663,725,149	1,663,725,149	2,138,522,279	3,802,247,428
Issue of shares	-	-	-	-
At 31 December 2013	<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 (2012: Baht 1 per share). All issued shares are fully paid.

**27 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 2013 and 2012, the Company's legal reserve has been fully reached.

**28 Other component of equity**

	(Unit: Baht)	
	Consolidated and Company	
	2013	2012
At 1 January	31,754,624	35,152,147
Amortisation of assets transferred from customers	(3,397,523)	(3,397,523)
At 31 December	<u>28,357,101</u>	<u>31,754,624</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.

**29 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 2013</u></b>				
Dividend for the year 2012	Annual General Meeting of the shareholders on 30 April 2013	399.3	0.24	23 May 2013
Interim dividends on operating results for the six-month period ended 30 June 2013	Board of Director's meeting on 30 August 2013	332.7	0.20	27 September 2013
		<u>732.0</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	332.7	0.20	21 September 2012
		<u>831.8</u>		

**30 Other income**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Interest income	9,167,887	8,292,470	4,495,033	3,056,401
Dividend income (Note 34.1)	24,053,425	25,094,458	44,351,422	72,269,458
Others	22,724,441	15,151,154	21,362,701	14,712,091
	<u>55,945,753</u>	<u>48,538,082</u>	<u>70,209,156</u>	<u>90,037,950</u>

**31 Expenses by nature**

Significant expenses by nature are as follow:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Salary and wages and other employee benefits	252,417,074	263,576,540	158,835,371	155,825,213
Depreciation and amortisation expenses	401,221,279	345,085,665	310,959,994	267,319,731
Rental expenses	70,939,694	63,579,436	55,571,346	52,470,606
Raw materials and consumables used	22,920,954	6,807,635	-	-
Electricity expenses	546,650,630	443,750,243	405,786,877	398,975,692
Purchases of raw water	187,878,366	156,374,801	155,853,083	148,663,152
Purchases of tap water	-	-	56,236,071	56,546,286
Hiring and service expenses	196,288,184	284,350,564	52,877,623	46,529,164
Repair and maintenance expenses	123,984,921	95,246,374	78,756,637	59,257,443
Losses on impairment of assets	630,000	4,110,000	-	-
Waterworks management expense	-	-	182,955,371	229,277,990
Expenses for development of life quality and environment	45,984,766	62,217,726	44,072,506	60,631,965
Finance costs	112,951,617	89,990,782	82,490,738	63,474,844

**32 Income tax**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Current tax:				
Current tax on profits for the year	336,944,834	360,396,245	314,110,925	314,112,591
Adjustments in respect of prior year	5,134,823	(9,000,858)	5,621,279	(9,000,858)
<b>Total current tax</b>	<b>342,081,657</b>	<b>351,395,387</b>	<b>319,732,204</b>	<b>305,111,733</b>
Deferred tax:				
Origination and reversal of temporary differences	9,062,249	13,164,339	7,194,165	13,112,365
<b>Total deferred tax</b>	<b>9,062,249</b>	<b>13,164,339</b>	<b>7,194,165</b>	<b>13,112,365</b>
<b>Total tax expense</b>	<b>351,143,906</b>	<b>364,559,726</b>	<b>326,926,369</b>	<b>318,224,098</b>

**32 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:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Profit before tax	1,667,118,892	1,604,731,256	1,585,481,456	1,465,071,276
Tax calculated at a tax rate of 20% (2012: 23%)	333,423,778	369,088,189	317,096,291	336,966,393
Tax effect of:				
Income not subject to tax	(4,810,685)	(5,771,725)	(8,870,284)	(16,621,975)
Expenses not deductible for tax purpose	17,395,990	10,244,120	13,079,083	6,880,538
Adjustment in respect of prior year	5,134,823	(9,000,858)	5,621,279	(9,000,858)
Tax charge	<u>351,143,906</u>	<u>364,559,726</u>	<u>326,926,369</u>	<u>318,224,098</u>

The effective tax rate was 19.88% (2012: 21.89%).

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

	<b>Consolidated</b>					
	<b>2013</b>			<b>2012</b>		
	<b>Before tax</b>	<b>Tax (charge) credit</b>	<b>After tax</b>	<b>Before tax</b>	<b>Tax (charge) credit</b>	<b>After tax</b>
Actuarial loss on retirement benefit obligations	-	-	-	25,812,692	(5,162,538)	20,650,154
<b>Other comprehensive income</b>	-	-	-	25,812,692	(5,162,538)	20,650,154
Current tax		342,081,657			351,395,387	
Deferred tax		<u>9,062,249</u>			<u>13,164,339</u>	
		<u>351,143,906</u>			<u>359,397,188</u>	

  

	<b>Company</b>					
	<b>2013</b>			<b>2013</b>		
	<b>Before tax</b>	<b>Tax (charge) credit</b>	<b>After tax</b>	<b>Before tax</b>	<b>Tax (charge) credit</b>	<b>After tax</b>
Actuarial loss on retirement benefit obligations	-	-	-	22,359,221	(4,471,844)	17,887,377
<b>Other comprehensive income</b>	-	-	-	22,359,221	(4,471,844)	17,887,377
Current tax		319,732,204			305,111,733	
Deferred tax		<u>7,194,165</u>			<u>13,112,365</u>	
		<u>326,926,369</u>			<u>313,752,254</u>	

### **33 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.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net profit attributable to ordinary shareholders (Baht)	1,316,057,393	1,239,741,859	1,258,555,087	1,146,847,178
Weighted average number of ordinary shares in issue (Share)	1,663,725,164	1,663,725,149	1,663,725,149	1,663,725,149
Basic earnings per share (Baht)	0.79	0.75	0.76	0.69

There are no potential dilutive ordinary shares in issue for the years ended 2013 and 2012.

### **34 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.



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

The following transactions were carried out with related parties:

**34.1 Transactions incurred during the year**

	<b>Consolidated</b>		<b>(Unit: Baht)</b> <b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b><u>Sales - raw water</u></b>				
<b><u>Major shareholders</u></b>				
Industrial Estate Authority of Thailand	901,059,642	838,526,052	901,059,642	838,526,052
Provincial Waterworks Authority	703,441,918	717,222,599	703,441,918	717,222,599
Electricity Generating Public Company Limited	38,129,364	52,807,922	38,129,364	52,807,922
<b><u>Subsidiary</u></b>				
Universal Utilities Company Limited	-	-	159,832,020	152,811,805
	<u>1,642,630,924</u>	<u>1,608,556,573</u>	<u>1,802,462,944</u>	<u>1,761,368,378</u>
<b><u>Sales - tap water</u></b>				
<b><u>Major shareholders</u></b>				
Provincial Waterworks Authority	<u>726,737,924</u>	<u>701,421,894</u>	<u>132,080,835</u>	<u>149,314,540</u>
<b><u>Rental and service income</u></b>				
<b><u>Major shareholder</u></b>				
Provincial Waterworks Authority	22,714,208	77,209,828	-	-
<b><u>Subsidiary</u></b>				
Universal Utilities Company Limited	-	-	4,802,855	4,743,198
	<u>22,714,208</u>	<u>77,209,828</u>	<u>4,802,855</u>	<u>4,743,198</u>
<b><u>Dividend income</u></b>				
<b><u>Subsidiary</u></b>				
Universal Utilities Company Limited	-	-	20,297,997	47,175,000
<b><u>Other income</u></b>				
<b><u>Subsidiary</u></b>				
Universal Utilities Company Limited	-	-	4,969,005	5,595,309
Samed Utilities Company Limited	-	-	1,218,000	-
	<u>-</u>	<u>-</u>	<u>6,187,000</u>	<u>5,595,309</u>
<b><u>Costs of sales and costs of services</u></b>				
<b><u>Subsidiary</u></b>				
Universal Utilities Company Limited	-	-	239,191,442	285,824,275

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.

34 Related parties transactions (Cont'd)

34.2 Outstanding balances at end of the years

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b><u>Trade accounts receivable - billed</u></b>				
<b>Major shareholders</b>				
Provincial Waterworks Authority	71,609,527	114,576,943	61,931,414	114,576,943
Industrial Estate Authority of Thailand	121,020,565	73,326,372	121,020,565	73,326,372
Electricity Generating Public Company Limited	1,497,221	3,492,009	1,497,221	3,492,009
<b>Subsidiary</b>				
Universal Utilities Company Limited	-	-	3,564,776	14,464,371
	<u>194,127,313</u>	<u>191,395,324</u>	<u>188,013,976</u>	<u>205,859,695</u>
<b><u>Unbilled receivables</u></b>				
<b>Major shareholder</b>				
Provincial Waterworks Authority	82,327,322	80,097,984	-	-
<b>Subsidiary</b>				
Universal Utilities Company Limited	-	-	11,419,289	4,786,484
	<u>88,260,088</u>	<u>85,096,474</u>	<u>11,419,289</u>	<u>4,786,484</u>
<b><u>Water loss treatment service income receivables</u></b>				
<b>Major shareholder</b>				
Provincial Waterworks Authority				
- billed	686,503	153,348	-	-
- unbilled	3,409,716	7,525,503	-	-
	<u>4,096,219</u>	<u>7,678,851</u>	<u>-</u>	<u>-</u>

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

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

	<b>Consolidated</b>		<b>(Unit: Baht)</b> <b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b><u>Other receivable (include in trade and other receivables)</u></b>				
<b>Major shareholder</b>				
Provincial Waterworks Authority	10,956	15,237	-	-
<b>Subsidiary</b>				
Universal Utilities Company Limited	-	-	870,813	1,362,480
EW Smart Water (Rayong) Company Limited	-	-	17,550	400
EW Utilities Company Limited	-	-	17,510	400
EW Water Balance (Chonburi) Company Limited	-	-	17,491	400
Samet Utilities Company Limited	-	-	42,800	384,293
	<u>10,956</u>	<u>15,237</u>	<u>966,164</u>	<u>1,747,973</u>
<b><u>Trade accounts payable</u></b>				
<b>Major shareholders</b>				
Provincial Waterworks Authority	33,274,816	15,008,102	12,098,743	709,950
<b>Subsidiary</b>				
Samet Utilities Company Limited	-	-	-	137,496
Universal Utilities Company Limited	-	-	15,017,698	46,043,135
	<u>33,274,816</u>	<u>15,008,102</u>	<u>27,116,441</u>	<u>46,890,581</u>
<b><u>Rental guarantees (include in other non-current liabilities)</u></b>				
<b>Subsidiaries</b>				
Universal Utilities Company Limited	-	-	58,110	58,110

**34.3 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>(Unit: Baht)</b> <b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Short-term employee benefits	78,062,744	81,101,715	52,143,165	58,258,466
Post-employment benefits	5,177,541	2,630,827	4,072,788	1,795,143
Other long-term employee benefits	62,034	595,995	44,519	241,211
	<u>83,302,319</u>	<u>84,328,537</u>	<u>56,260,472</u>	<u>60,294,820</u>

### **35 Commitments and contingent liabilities**

#### **35.1 Capital commitments**

As at 31 December 2013, 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 2,498.6 million and Baht 2,404.7 million, respectively (2012: Baht 5,538.0 million and Baht 5,495.6 million, respectively).

#### **35.2 Operating lease commitments**

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

	<b>Consolidated</b>		<b>(Unit: Million Baht)</b> <b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Within 1 year	18.4	8.3	10.0	5.8
1 to 5 years	27.6	6.2	13.5	5.1
More than 5 years	4.1	4.1	-	-
	<b>50.1</b>	<b>18.6</b>	<b>23.5</b>	<b>10.9</b>

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

35.3.1 As at 31 December 2013 and 2012, 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. The agreement has no specific the end date.

35.3.2 As at 31 December 2013 and 2012, 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 38.5 to the financial statements.

35.3.3 As at 31 December 2013, the Group and the Company had commitments in respect of service agreements payable in the future of approximately Baht 68.2 million and Baht 65.0 million, respectively (2012: Baht 52.9 million and Baht 46.7 million, respectively).

#### **35.4 Guarantees**

35.4.1 As at 31 December 2013, 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 119.3 million and Baht 71.5 million, respectively. (2012: Baht 202.5 million and Baht 149.4 million, respectively).

35.4.2 As at 31 December 2013 and 2012, 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.

### **36 Litigation**

As at 31 December 2013 and 2012, the Company and its subsidiary were sued as defendants in significant litigation cases as follows:

- 36.1 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 totalling 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 totalling 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.

On 9 July 2013, The Appeal Court delivered its judgement to decrease additional costs that the Company is required to pay from Baht 7.0 million to Baht 1.9 million. For other judgements are remain the same. In the third quarter of 2013, the company has recorded additional liabilities of fee of bank guarantees and interest totalling Baht 5.6 million. Therefore, the Company has recorded liabilities in financial statement totalling Baht 22.4 million.

On 7 August 2013, the litigant filed a petition with the court regarding the fine and the additional costs.

**36 Litigation (Cont'd)**

- 36.2 On 14 March 2006, Universal Utilities Company Limited, a subsidiary, was sued as a co-defendant together with the Provincial Waterworks Authority (“PWA”) in a case brought in connection with illegal acts performed by administrative agencies or state officials. The plaintiff petitioned the administrative court to void the selection process by which a private operator was selected to produce tap water for distribution to the PWA in the area belonging to the Rayong Waterworks. On 16 March 2007, the Rayong Administrative Court ordered the selection process voided in accordance with the plaintiff’s petition, and also declared void the agreement appointing a private firm to produce water for sale to the Rayong Waterworks, which had resulted from an illegal selection process. However, the PWA and the subsidiary lodged appeals with the Rayong Administrative Court on 12 April 2007 and the Rayong Administrative Court has issued a court receipt for such appeal and then passed it to the Supreme Administrative Court. The 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.

On 8 November 2013, the Supreme Administrative Court had an order to recall a judgement of the Rayong Administrative Court for this case viewing that plaintiff have no authority to indict because they were not persons those affected from selection process. Therefore, this case has been finalised.

- 36.3 On 24 December 2013, Samet Utilities Company Limited, a subsidiary, was sued by a joint venture for compensation and damages in a lawsuit with black case number 1954/2556 regarding a breach of an agreement. The joint venture filed with the Civil Court requested the subsidiary to pay damages totaling Baht 23.8 million. The subsidiary entered a plea on 31 January 2014 and the Court set a date for settlement of the issue on 21 April 2014.

**37 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. In 2013, this matter is in process of consideration by Ministry of Finance.

The Company recorded this project compensation in the financial statements at a above preliminary rate. The management considered that this rate is the best estimation based on current information.

### **38 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**

- 38.1 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.
- 38.2 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. Since later on 1 August 2013 the Company entered into a new agreement with a subsidiary as detail mentioned in Note 38.14.
- 38.3 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. Since later on 1 August 2013 the Company entered into a new agreement with a subsidiary as detail mentioned in Note 38.14.

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

**The Company (Cont'd)**

- 38.4 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.
- 38.5 On 13 December 2007, the Company entered into the raw water purchase 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**

- 38.6 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).
- 38.7 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).
- 38.8 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).
- 38.9 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.



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

**The Subsidiaries (Cont'd)**

- 38.10 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 and subsequently extend for 6 years until 7 April 2022.
- 38.11 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.
- 38.12 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.
- 38.13 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.
- 38.14 On 1 August 2013, the Company entered into new agreement with Universal Utilities Company Limited, a subsidiary. The agreements were for the production and distribution of tap water and the provision of maintenance services for the Sattahip Waterworks and Bo Win Waterworks for the period of 5 months. The Company will pay management fee at the service fee rate stated in the agreements. The Company will provide raw water to the subsidiary. These agreements replaced the old agreements dated 15 November 2000 and 14 July 2006. The old agreements, the Company pay management fee at percentage from revenue and the subsidiary has to purchase raw water from the Company. The new agreements lead to decrement on sales of raw water and cost of raw water in the Company financial statements. On 2 January 2014, the Company entered into new agreement which the expiring date is the end of concession contract period.

## **39 Financial instruments**

### **39.1 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.

#### **39.1.1 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.

#### **39.1.2 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 arising from future movements in market interest rates will affect the results of the Group's operations and its cash flows. 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 Group does not use the financial instruments which is derivative to manage exposure from fluctuation in interest rate.

### **39.2 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 2013 having the net book values and fair values of Baht 4,410.4 million and Baht 4,405.8 million, respectively (Company: Baht 3,752.0 million and Baht 3,772.5 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.

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.

#### 40 Raw water usage and sales classified by distribution networks

A government agency who owns the pipeline of distribution networks required the Company to disclose information regarding raw water usage and sales classified by distribution networks using for calculation of compensation amount as follows;

##### 40.1 Usage and sales volume of raw water classified by distribution networks

	Company			
	2013		2012	
	Volume Cubic Metres '000	Amount Baht'000	Volume Cubic Metres '000	Amount Baht'000
<b>Total used volume of raw water</b>				
Nong Pla Lai - Map Ta Pud Network	70,347	788,297	81,916	812,134
Dok Krai - Map Ta Pud Network	99,485	997,544	95,266	942,670
Chachoengsao - Chonburi Network	84,886	884,712	78,979	783,514
Nong Pla Lai - Nong Khor Network	23,239	243,697	22,526	223,287
<b>Total</b>	<b>277,957</b>	<b>2,914,250</b>	<b>278,687</b>	<b>2,761,605</b>
<b>Less raw water used to produce tap water</b>				
Dok Krai - Map Ta Pud Network	(5,228)	(53,075)	-	-
Nong Pla Lai - Nong Khor Network	(698)	(7,048)	-	-
<b>Total sales of water</b>	<b>272,031</b>	<b>2,854,127</b>	<b>278,687</b>	<b>2,761,605</b>

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

	(Unit: Baht'000)	
	Company	
	2013	2012
Nong Khor - Laem Chabang Network 1	606,807	603,263
Nong Khor - Laem Chabang Network 2	175,725	155,816
Chachoengsao Network	102,180	24,435
<b>Total</b>	<b>884,712</b>	<b>783,514</b>

##### 40.2 Proportion of raw water sold to end users

	(Unit: %)	
	Company	
	2013	2012
Industrial Estates	51	50
Waterworks Authority	28	31
Factories	21	19
<b>Total</b>	<b>100</b>	<b>100</b>

**41 Events occurring after the statement of financial position**

- 1) On 29 January 2014, the Company entered into raw water purchase agreements with a private company. Under these the Company is required to purchase a minimum of 15-20 million cubic meters per annum over a 40-year period from 1 March 2015 - 28 February 2055.
- 2) On 31 January 2014, the Company entered into a turnkey construction contract with a private company to install a raw water distribution pipeline between Prasae and the Nong Pla Lai reservoir. Total project amount is Baht 1,999.0 million.
- 3) On 24 February 2014, a meeting of the Company's Board of Directors passed a resolution to propose that the Annual General Meeting of shareholders on 22 April 2014 adopts a resolution to pay a dividend of Baht 0.42 per share, or a total of Baht 698.7 million. According to the resolution of the Board of Directors on 30 August 2013, an interim dividend payment was made to shareholders on 27 September 2013 of Baht 0.20 per share, or a total of Baht 332.7 million from the earnings of the six months ended 30 June 2013. The remaining dividend payment of Baht 0.22 per share, or a total of Baht 366.0 million, is to be paid and recorded after approval by the Annual General Meeting of shareholders.
- 4) On 24 February 2014, a meeting of the Company's Board of Directors passed a resolution to liquidate three subsidiaries; these are EW Utilities Company Limited, EW Water Balance (Chonburi) Company Limited and EW Smart Water (Rayong) Company Limited.