

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 2014, 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 2014, 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
13 February 2015

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

**CONSOLIDATED AND COMPANY
FINANCIAL STATEMENTS**

31 DECEMBER 2014

Eastern Water Resources Development and Management Public Company Limited
Statement of Financial Position
As at 31 December 2014

		(Unit: Baht)				
		Consolidated			Company	
		(Restated)				
		31 December	31 December	1 January	31 December	31 December
Notes		2014	2013	2013	2014	2013
Assets						
Current assets						
Cash and cash equivalents	6	112,859,747	243,306,452	238,473,244	90,464,122	133,894,733
Short-term investments	7	55,069,783	86,878,547	96,307,798	-	-
Trade and other receivables	8	420,588,385	414,274,653	481,641,358	290,352,713	308,345,969
Inventories	9	9,231,640	10,536,370	7,745,450	-	-
Other current assets		61,063,020	45,639,764	23,864,564	39,774,457	25,587,790
Non-current assets held for sale	10	57,677,839	-	-	32,009,985	-
Total current assets		716,490,414	800,635,786	848,032,414	452,601,277	467,828,492
Non-current assets						
Investments in subsidiaries	11	-	-	-	510,000,000	543,749,985
Other long-term investments	12	91,470,300	91,470,300	91,470,300	91,470,300	91,470,300
Investment property - net	13	224,620,933	227,990,090	236,770,393	239,476,697	242,424,339
Property, plant and equipment - net	14	11,747,778,313	10,284,152,959	9,223,379,329	11,592,737,268	10,169,771,654
Intangible assets - net	15	1,725,358,935	1,533,155,454	1,475,315,570	41,032,716	34,163,252
Deferred tax assets	16	12,693,150	10,737,119	13,040,166	-	-
Other non-current assets	17	725,033,042	532,307,719	555,440,550	670,483,115	461,038,238
Total non-current assets		14,526,954,673	12,679,813,641	11,595,416,308	13,145,200,096	11,542,617,768
Total assets		15,243,445,087	13,480,449,427	12,443,448,722	13,597,801,373	12,010,446,260

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The accompanying notes on pages 10 to 64 are an integral part of the financial statements.

Eastern Water Resources Development and Management Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2014

		(Unit: Baht)				
		Consolidated			Company	
		(Restated)	(Restated)			
	Notes	31 December 2014	31 December 2013	1 January 2013	31 December 2014	31 December 2013
Liabilities and shareholders' equity						
Current liabilities						
Short-term borrowings from financial institutions	18	233,000,000	156,000,000	111,000,000	139,000,000	156,000,000
Trade accounts payable	19	130,002,645	144,146,713	157,560,565	111,599,966	103,625,335
Payable for purchase of fixed assets		479,050,047	264,227,195	38,465,477	457,153,810	244,234,406
Current portion of long-term liabilities under finance lease agreements	20	2,008,414	300,864	2,023,942	2,008,414	300,864
Current portion of long-term borrowings from financial institutions	21	563,280,000	568,610,000	737,690,000	454,000,000	490,250,000
Corporate income tax payable		129,534,752	131,518,767	135,652,998	117,371,988	125,265,126
Accrued expenses	22	155,043,267	133,155,312	119,999,719	98,974,598	86,382,393
Other current liabilities		49,155,958	57,278,691	55,852,366	27,490,526	38,677,340
Liabilities included with asset classified as held-for-sale	10	269,099	-	-	-	-
Total current liabilities		1,741,344,182	1,455,237,542	1,358,245,067	1,407,599,302	1,244,735,464
Non-current liabilities						
Long-term liabilities under finance lease agreements	20	3,136,321	-	300,864	3,136,321	-
Long-term borrowings from financial institutions	21	4,648,721,206	3,841,751,206	3,456,280,694	4,114,000,000	3,261,750,000
Deferred tax liabilities	16	42,447,206	36,436,914	30,311,157	20,279,434	13,184,606
Employee benefit obligations	23	104,433,197	91,423,543	89,385,385	68,292,091	60,295,155
Long-term provisions	24	13,239,626	22,778,026	27,914,861	-	-
Other non-current liabilities	25	173,053,101	130,893,399	182,882,384	143,988,238	110,523,109
Total non-current liabilities		4,985,030,657	4,123,283,088	3,787,075,345	4,349,696,084	3,445,752,870
Total liabilities		6,726,374,839	5,578,520,630	5,145,320,412	5,757,295,386	4,690,488,334
Shareholders' equity						
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	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	1,663,725,149
Share premium	26	2,138,522,279	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	166,500,000
Unappropriated		4,493,850,084	3,875,024,850	3,294,104,828	3,846,798,981	3,322,853,397
Other components of equity	28	24,959,578	28,357,101	31,754,624	24,959,578	28,357,101
Equity attributable to owners of the parent		8,487,557,090	7,872,129,379	7,294,606,880	7,840,505,987	7,319,957,926
Non-controlling interests		29,513,158	29,799,418	3,521,430	-	-
Total shareholders' equity		8,517,070,248	7,901,928,797	7,298,128,310	7,840,505,987	7,319,957,926
Total liabilities and shareholders' equity		15,243,445,087	13,480,449,427	12,443,448,722	13,597,801,373	12,010,446,260

The accompanying notes on pages 10 to 64 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 2014

(Unit: Baht)					
		Consolidated		Company	
		(Restated)			
	Notes	2014	2013	2014	2013
Revenues	34				
Sales - raw water		2,768,375,793	2,694,295,164	2,810,731,725	2,854,127,184
Sales - tap water		988,739,040	876,384,672	335,719,500	281,727,583
Construction revenue under concession agreement		268,923,208	139,782,693	-	-
Rental and service income		216,202,093	189,170,542	86,766,051	80,328,127
Total sales and service income		4,242,240,134	3,899,633,071	3,233,217,276	3,216,182,894
Other income	30	62,519,603	56,287,978	78,941,831	70,209,156
Total revenues		4,304,759,737	3,955,921,049	3,312,159,107	3,286,392,050
Expenses	34				
Costs of sales - raw water		1,039,690,961	940,441,020	1,065,246,030	996,230,226
Costs of sales - tap water		590,123,299	523,737,158	283,136,381	263,385,535
Construction cost under concession agreement		268,923,208	139,782,693	-	-
Costs of rental and services		198,914,696	181,128,438	69,039,080	67,432,341
Total costs of sales and services		2,097,652,164	1,785,089,309	1,417,421,491	1,327,048,102
Selling expenses		14,147,147	17,489,498	10,700,793	14,893,922
Administrative expenses		398,087,249	374,764,378	262,503,597	276,477,832
Finance costs		121,225,452	115,212,721	81,224,697	82,490,738
Total expenses	31	2,631,112,012	2,292,555,906	1,771,850,578	1,700,910,594
Profit before income tax		1,673,647,725	1,663,365,143	1,540,308,529	1,585,481,456
Income tax expense	32	(339,197,329)	(350,510,462)	(300,982,933)	(326,926,369)
Net profit for the year		1,334,450,396	1,312,854,681	1,239,325,596	1,258,555,087
Other comprehensive income (expense):					
Write off asset transferred from customer		(3,397,523)	(3,397,523)	(3,397,523)	(3,397,523)
Other comprehensive expense for the year, net of tax		(3,397,523)	(3,397,523)	(3,397,523)	(3,397,523)
Total comprehensive income for the year		1,331,052,873	1,309,457,158	1,235,928,073	1,255,157,564
Profit attributable to					
Equity holders of the parent company		1,334,205,246	1,312,937,088	1,239,325,596	1,258,555,087
Non-controlling interests		245,150	(82,407)	-	-
		1,334,450,396	1,312,854,681	1,239,325,596	1,258,555,087
Total comprehensive income attributable to					
Equity holders of the parent company		1,330,807,723	1,309,539,565	1,235,928,073	1,255,157,564
Non-controlling interests		245,150	(82,407)	-	-
		1,331,052,873	1,309,457,158	1,235,928,073	1,255,157,564
Earnings per share for profit attributable to owners of the parent (Baht)	33				
Basic earnings per share		0.80	0.79	0.74	0.76

The accompanying notes on pages 10 to 64 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 2014

(Unit: Baht)									
Consolidated									
Owners of the parent									
Other components of shareholders' equity									
Other comprehensive income									
Assets									
Total other component									
Total owners of the parent									
Total non-controlling interests									
Total shareholders' equity									
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings Appropriated - legal reserve	Unappropriated	Assets transferred from customers-net	Total other component of equity	Total owners of the parent	Total non-controlling interests	Total shareholders' equity
Opening balance as at 1 January 2013									
- as previously reported	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
Adjustments from changes in accounting policy	2	-	-	(22,331,889)	-	-	(22,331,889)	-	(22,331,889)
Opening balance as at 1 January 2013 - as restated	1,663,725,149	2,138,522,279	166,500,000	3,294,104,828	31,754,624	31,754,624	7,294,606,880	3,521,430	7,298,128,310
Comprehensive income for the year									
- as previously reported	-	-	-	1,316,057,393	(3,397,523)	(3,397,523)	1,312,659,870	(82,407)	1,312,577,463
Adjustments from changes in accounting policy	2	-	-	(3,120,305)	-	-	(3,120,305)	-	(3,120,305)
Comprehensive income for the year - as restated	-	-	-	1,312,937,088	(3,397,523)	(3,397,523)	1,309,539,565	(82,407)	1,309,457,158
Proceeds from shares increased of subsidiary	-	-	-	-	-	-	-	26,887,515	26,887,515
Dividend paid	29	-	-	(732,017,066)	-	-	(732,017,066)	(527,120)	(732,544,186)
Closing balance as at 31 December 2013	1,663,725,149	2,138,522,279	166,500,000	3,875,024,850	28,357,101	28,357,101	7,872,129,379	29,799,418	7,901,928,797
Opening balance as at 1 January 2014									
- as previously reported	1,663,725,149	2,138,522,279	166,500,000	3,900,477,044	28,357,101	28,357,101	7,897,581,573	29,799,418	7,927,380,991
Adjustments from changes in accounting policy	2	-	-	(25,452,194)	-	-	(25,452,194)	-	(25,452,194)
Opening balance as at 1 January 2014 - as restated	1,663,725,149	2,138,522,279	166,500,000	3,875,024,850	28,357,101	28,357,101	7,872,129,379	29,799,418	7,901,928,797
Dividend paid	29	-	-	(715,380,012)	-	-	(715,380,012)	(531,410)	(715,911,422)
Comprehensive income for the year	-	-	-	1,334,205,246	(3,397,523)	(3,397,523)	1,330,807,723	245,150	1,331,052,873
Closing balance as at 31 December 2014	1,663,725,149	2,138,522,279	166,500,000	4,493,850,084	24,959,578	24,959,578	8,487,557,090	29,513,158	8,517,070,248

The accompanying notes on pages 10 to 64 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 2014

(Unit: Baht)

	Company								
	Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of shareholders' equity		Total Shareholders' equity	
				Appropriated - legal reserve	Unappropriated	Other comprehensive income	Assets transferred from customers-net		Total other component of equity
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	
Opening balance as at 1 January 2014		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	
Comprehensive income for the year		-	-	-	1,239,325,596	(3,397,523)	(3,397,523)	1,235,928,073	
Dividend paid	29	-	-	-	(715,380,012)	-	-	(715,380,012)	
Closing balance as at 31 December 2014		1,663,725,149	2,138,522,279	166,500,000	3,846,798,981	24,959,578	24,959,578	7,840,505,987	

The accompanying notes on pages 10 to 64 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 2014

		(Unit: Baht)			
		Consolidated		Company	
		(Restated)			
Notes		2014	2013	2014	2013
Cash flows from operating activities					
		1,673,647,725	1,663,365,143	1,540,308,529	1,585,481,456
Profit before income tax					
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities					
Depreciation	13, 14	373,967,007	324,914,363	337,676,715	307,057,902
Amortisation	15	116,645,961	84,226,855	5,176,245	3,902,092
Impairment losses on concession right	15	1,310,000	630,000	-	-
Impairment losses on investment in subsidiary	10	-	-	990,000	-
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		5,023,737	11,174,877	3,956,281	11,174,877
Losses on disposals of subsidiaries		-	-	322,990	-
Provisions	24	3,058,741	4,236,601	-	-
Employee benefit obligations		13,766,791	13,251,881	8,672,281	8,359,887
Dividend income	30	(24,486,277)	(24,053,425)	(48,456,273)	(44,351,422)
Interest income	30	(6,364,488)	(9,167,887)	(915,278)	(4,495,033)
Interest expenses and amortisation of deferred interest under finance lease agreements		120,065,993	111,231,632	80,203,311	78,630,169
Income from operating activities before changes in operating assets and liabilities					
		2,273,237,667	2,176,412,517	1,924,537,278	1,942,362,405
Change in operating assets (increase) decrease					
Trade and other accounts receivables		(7,002,432)	24,058,712	17,993,256	32,421,355
Inventories		1,304,730	(2,790,920)	-	-
Other current assets		(16,329,796)	(9,944,570)	(14,404,507)	(12,839,544)
Other non-current assets		11,141,152	(11,518,821)	(5,578,402)	(13,228,119)
Change in operating liabilities increase (decrease)					
Trade accounts payable		(14,101,268)	(13,413,852)	7,974,631	(43,780,601)
Accrued expenses		15,329,952	17,574,578	6,270,968	(1,640,273)
Other current liabilities		(8,415,662)	(8,945,483)	(11,349,765)	(6,349,294)
Employee benefit obligations		(757,137)	(11,213,725)	(675,345)	(6,670,723)
Provisions	24	(14,442,161)	(11,634,541)	-	-
Other non-current liabilities		42,159,702	(51,988,985)	33,465,129	(47,305,798)
Cash provided by operating activities		2,282,124,747	2,096,594,910	1,958,233,243	1,842,969,408
Interest paid		(111,606,671)	(113,547,804)	(73,882,074)	(83,049,154)
Income tax paid		(337,127,083)	(357,904,104)	(301,781,243)	(317,700,402)
Net cash provided by operating activities		1,833,390,993	1,625,143,002	1,582,569,926	1,442,219,852

The accompanying notes on pages 10 to 64 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 2014

		(Unit: Baht)			
		Consolidated		Company	
		(Restated)			
Notes		2014	2013	2014	2013
Cash flows from investing activities					
Purchases of short-term investment	7	(109,367,779)	(94,754,121)	-	-
Proceeds from disposals of short-term investment	7	141,176,543	104,183,372	-	-
Acquisition for subsidiary		-	-	-	(32,999,985)
Proceeds from disposals of subsidiaries		-	-	427,010	-
Interest received		7,271,028	8,652,430	1,133,118	4,363,741
Dividend received from a related party and subsidiaries		24,486,277	24,053,425	48,456,273	44,351,422
Proceeds from disposals of property, plant and equipment		11,754,139	-	10,162,922	-
Purchase of intangible assets		(299,316,215)	(155,632,818)	(12,045,710)	(4,504,824)
Purchases of property, plant and equipment and advance construction payment		(1,797,739,837)	(984,546,134)	(1,652,923,843)	(985,791,353)
Interest paid for fund borrowed specifically to acquire qualifying assets		(103,175,057)	(76,163,034)	(103,175,057)	(73,437,748)
Net cash used in investing activities		(2,124,910,901)	(1,174,206,880)	(1,707,965,287)	(1,048,018,747)
Cash flows from financing activities					
Proceeds from short-term borrowings from financial institutions		3,816,000,000	409,500,000	3,514,000,000	256,000,000
Payment on short-term borrowings from financial institutions		(3,739,000,000)	(364,500,000)	(3,531,000,000)	(100,000,000)
Proceeds from long-term borrowings	21	1,384,000,000	967,830,512	1,320,000,000	822,000,000
Payment on long-term borrowings	21	(582,360,000)	(751,440,000)	(504,000,000)	(704,000,000)
Payment on liabilities under finance lease agreements		(1,818,189)	(2,023,942)	(1,818,189)	(2,023,942)
Proceeds from issuing of ordinary share of subsidiary		-	27,000,015	-	-
Dividends paid to shareholders		(715,217,200)	(731,942,379)	(715,217,061)	(731,942,476)
Dividends paid to non-controlling interests		(531,408)	(527,120)	-	-
Net cash generated from (used in) financing activities		161,073,203	(446,102,914)	81,964,750	(459,966,418)
Net increase (decrease) in cash and cash equivalents		(130,446,705)	4,833,208	(43,430,611)	(65,765,313)
Cash and cash equivalents at beginning of the year		243,306,452	238,473,244	133,894,733	199,660,046
Cash and cash equivalents at ending of the year	6	112,859,747	243,306,452	90,464,122	133,894,733
Supplemental cash flow information					
Non-cash related transactions:					
Purchases of fixed assets on payable and financial lease agreement		455,121,108	230,506,822	443,256,226	230,336,822

The accompanying notes on pages 10 to 64 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 Audit Committee of the Company under authority delegated by the Company’s Board of Directors on 13 February 2015.

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 have 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 2014 and 2013 of the Company and the following subsidiaries:

Company's name	Nature of business	Country of incorporation	Percentage of Shareholding	
			2014 %	2013 %
<u>Subsidiaries held directly by the Company</u>				
Universal Utilities Company Limited	Production and supply of tap water, water loss treatment and investment in three tap water supply companies	Thailand	100	100
EW Utilities Company Limited	Water transportation by pipeline	Thailand	-	100
EW Water Balance (Chonburi) Company Limited	Water transportation by pipeline	Thailand	-	100
EW Smart Water (Rayong) Company Limited	Production and supply of industrial	Thailand	-	100
Samed Utilities Company Limited	Production of 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 Revised accounting standards and financial reporting standards, new financial reporting standards interpretation of accounting standards and financial reporting standards

- 1) Revised accounting standards and financial reporting standards, new interpretation of accounting standards and financial reporting standards which are effective on 1 January 2014 are:

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
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 TAS 29 financial reporting in hyperinflationary economies

2 Accounting policies (Cont'd)

2.2 Revised accounting standards and financial reporting standards, new financial reporting standards interpretation of accounting standards and financial reporting standards (Cont'd)

- 1) Revised accounting standards and financial reporting standards, new interpretation of accounting standards and financial reporting standards which are effective on 1 January 2014 are: (Cont'd)

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

These revised accounting standards, revised financial reporting standards, and related interpretations have no impact to the Group except the following:

TFRS 8 (revised 2012) clarifies that an entity is required to disclose a measure of segment assets 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.

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. The operator shall recognise an intangible asset to the extent that it receives a right (a licence) to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. It is impracticable for the Group to apply this interpretation retrospectively. The Group, therefore, recognised intangible assets that existed at the start of the earliest period presented as at 1 January 2013 by using the previous carrying amounts of those intangible assets as their carrying amounts. The effect is mentioned in Note 2.2 (2). The Group also presented the statement of financial position as at 1 January 2013 in consolidated financial statement as a comparative information according to requirement of TAS 1.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. This standard has an impact on disclosure as mentioned in Note 38.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards and financial reporting standards, new financial reporting standards interpretation of accounting standards and financial reporting standards (Cont'd)

2) The effects of the adoption of the new standards

The effects of the adoption of the revised standards and related interpretations to the statement of financial position as at 1 January 2013 is presented as following:

	(Unit : Baht)		
	Consolidated		
	As previously report	Adjustments	As restated
Statement of financial position as at 1 January 2013			
Property, plant and equipment	9,542,766,521	(290,998,550)	9,223,379,329
Asset under concession contract	491,762,394	(491,762,394)	-
Deferred concession right acquisition costs	531,792,478	(531,792,478)	-
Intangible assets	160,762,148	1,314,553,422	1,475,315,570
Deferred tax assets	9,676,475	3,363,691	13,040,166
Deferred tax liabilities	32,530,438	(2,219,281)	30,311,157
Long-term provisions	-	27,914,861	27,914,861
Shareholders' equity			
Unappropriated retained earnings as at 1 January 2013	3,316,436,717	(22,331,889)	3,294,104,828

2 Accounting policies (Cont'd)

2.2 Revised accounting standards and financial reporting standards, new financial reporting standards interpretation of accounting standards and financial reporting standards (Cont'd)

2) The effects of the adoption of the new standards (Cont'd)

The effects of the adoption of the revised standards and related interpretations to the statement of financial position as at 31 December 2013 and the statement of comprehensive income for the year ended 31 December 2013 are presented as following:

	(Unit : Baht)		
	Consolidated		
	As previously report	Adjustments	As restated
Statement of financial position as at 31 December 2013			
Property, plant and equipment	10,593,512,779	(309,358,820)	10,284,152,959
Asset under concession contract	555,571,905	(555,571,905)	-
Deferred concession right acquisition costs	522,445,956	(522,445,956)	-
Intangible assets	153,016,142	1,380,139,312	1,533,155,454
Other non-current assets	533,959,935	(1,652,216)	532,307,719
Deferred tax assets	6,610,085	4,127,034	10,737,119
Deferred tax liabilities	38,526,297	(2,089,383)	36,436,914
Long-term provisions	-	22,778,026	22,778,026
Shareholders' equity			
Unappropriated retained earnings as at 31 December 2013	3,900,477,044	(25,452,194)	3,875,024,850
Statement of comprehensive income period ended 31 December 2013			
Construction revenue under concession agreement	-	139,782,693	139,782,693
Rental and service income	189,512,767	(342,225)	189,170,542
Other income	55,945,753	342,225	56,287,978
Cost of sales-tap water	524,264,603	(527,445)	523,737,158
Construction cost under concession agreement	-	139,782,693	139,782,693
Administrative expenses	372,744,289	2,020,289	374,764,378
Finance costs	112,951,617	2,261,104	115,212,721
Income tax expense	351,143,906	(663,443)	350,510,462
Total comprehensive income	1,312,577,463	(3,120,305)	1,309,457,158

2 Accounting policies (Cont'd)

2.2 Revised accounting standards and financial reporting standards, new financial reporting standards interpretation of accounting standards and financial reporting standards (Cont'd)

- 3) Revised accounting standards and financial reporting standards, new financial reporting standards and revised interpretation of accounting standards and financial reporting standards which are effective on 1 January 2015

- a) Revised accounting standard which is relevant to the Group is:

TAS 1 (revised 2014)	Presentation of financial statements
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TAS 1 (revised 2014), the key change is that an entity is required to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently. This standard will impact to the Group presentation of other comprehensive income item in the statement of other comprehensive income.

- b) Revised accounting standards, financial reporting standards, interpretation for accounting standards and financial reporting standards which have no impact to the Group are:

TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of cash flows
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 11 (revised 2014)	Construction contracts
TAS 12 (revised 2014)	Income taxes
TAS 16 (revised 2014)	Property, plant and equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee benefits
TAS 20 (revised 2014)	Accounting for government grants & disclosure of government assistance
TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 23 (revised 2014)	Borrowing costs
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans
TAS 27 (revised 2014)	Separate financial statements
TAS 28 (revised 2014)	Investments in associates and joint ventures
TAS 29 (revised 2014)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2014)	Earnings per share
TAS 34 (revised 2014)	Interim financial reporting
TAS 36 (revised 2014)	Impairment of assets
TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment property
TFRS 2 (revised 2014)	Share-based payment
TFRS 3 (revised 2014)	Business combinations
TFRS 5 (revised 2014)	Non-current asset held for sale and discontinued operations
TFRS 6 (revised 2014)	Exploration and evaluation of mineral resources
TFRS 8 (revised 2014)	Operating segments
TFRS 10	Consolidated financial statements
TFRS 11	Joint arrangements
TFRS 12	Disclosure of interests in other entities
TFRS 13	Fair value measurement
TSIC 10 (revised 2014)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2014)	Operating leases - Incentives
TSIC 25 (revised 2014)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2014)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2014)	Service concession arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2014)	Intangible assets - Web site costs
TFRIC 1 (revised 2014)	Changes in existing decommissioning, restoration and similar liabilities

2 Accounting policies (Cont'd)

2.2 Revised accounting standards and financial reporting standards, new financial reporting standards interpretation of accounting standards and financial reporting standards (Cont'd)

- 3) Revised accounting standards and financial reporting standards, new financial reporting standards and revised interpretation of accounting standards and financial reporting standards which are effective on 1 January 2015

- b) Revised accounting standards, financial reporting standards, interpretation for accounting standards and financial reporting standards which have no impact to the Group are: (Cont'd)

TFRIC 4 (revised 2014)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2014)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2014)	Applying the restatement approach under IAS29 Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2014)	Interim financial reporting and impairment
TFRIC 12 (revised 2014)	Service concession arrangements
TFRIC 13 (revised 2014)	Customer loyalty programmes
TFRIC 14 (revised 2014)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2014)	Agreements for the construction of real estate
TFRIC 17 (revised 2014)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2014)	Transfers of assets from customers
TFRIC 20	Stripping costs in the production phase of a surface mine

- 4) New financial reporting standard which is effective on 1 January 2016.

TFRS4 (revised 2014)	Insurance contracts
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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 11.

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 Service concession arrangements

Service concession arrangements are arrangements between government (the grantor) and a private sector entity (an operator) which involve the operator constructing the infrastructure used to provide the public service or upgrading it and operating and maintaining that infrastructure for a specified period of time. The operator is paid for its services over the period of the arrangement. The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price and the grantor control-through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

If the Group as the operator provides construction or upgrade services, revenue and costs relating to construction or upgrade services shall be accounted for based on the stage of completion on the construction contract. The consideration received or receivable by the operator shall be recognised at its fair value of a financial asset or an intangible asset.

The Group shall recognise a financial asset to extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services and recognise an intangible asset to the extent that it receives a right (a licence) to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. If the operator is paid for the construction services partly by a financial asset and partly by an intangible asset it is necessary to account separately for each component of the operator's consideration. Revenue and costs relating to operation services shall be recognised when service is provided by reference to the contract term.

Contractual obligations to maintain or restore infrastructure, except for any upgrade element shall be recognised and measured at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period.

2.13 Intangible assets

2.13.1 Cost to operate the businesses under concession

Cost 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.

2.13.2 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 Accounting policies (Cont'd)

2.14 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.

2.15 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 assets are realised or the deferred income tax liabilities are 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.

2.16 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 Accounting policies (Cont'd)

2.17 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.

2.18 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.

2.18.1 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.

2 Accounting policies (Cont'd)

2.18 Employee benefits (Cont'd)

2.18.1 Post-employment benefits (Cont'd)

- 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.

2.18.2 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.

2.19 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 Accounting policies (Cont'd)

2.20 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.

2.21 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.

2.22 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 right from service concession arrangements 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 6-17 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 8.35% per annum.

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 23.

3.7 Provision and contingent liabilities

The Group has contractual obligations to maintain or restore infrastructure which be estimated from maintenance plan over concession period.

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 2014 and 2013 are summarised as follows:

(Unit: Baht'000)

	Consolidated 2014						
	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	2,768,376	1,257,662	59,166	75,093	81,943	-	4,242,240
Revenue from inter-segment	42,356	-	206,435	-	4,823	(253,614)	-
Total revenue	2,810,732	1,257,662	265,601	75,093	86,766	(253,614)	4,242,240
Cost of sales and services	(1,065,246)	(675,248)	(190,574)	(77,003)	(69,039)	(20,542)	(2,097,652)
Segment operating profit	1,745,486	582,414	75,027	(1,910)	17,727	(274,156)	2,144,588
Unallocated revenue (expenses)							
Other income							62,519
Selling expenses							(14,147)
Administrative expenses							(398,087)
Finance costs							(121,226)
Income tax							(339,197)
Net profit							1,334,450

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5 Segment information (Cont'd)

	Consolidated						(Restated)
	2013						(Unit: Baht'000)
	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	2,694,295	1,015,825	49,949	64,381	75,183	-	3,899,633
Revenue from inter-segment	159,832	-	239,191	-	4,803	(403,826)	-
Total revenue	2,854,127	1,015,825	289,140	64,381	79,986	(403,826)	3,899,633
Cost of sales and services	(996,230)	(625,798)	(296,306)	(62,651)	(67,432)	263,328	(1,785,089)
Segment operating profit	<u>1,857,897</u>	<u>390,027</u>	<u>(7,166)</u>	<u>1,730</u>	<u>12,554</u>	<u>(140,498)</u>	<u>2,114,544</u>
Unallocated revenue (expenses)							
Other income							56,287
Selling expenses							(17,489)
Administrative expenses and other expenses							(374,764)
Finance costs							(115,213)
Income tax							(350,510)
Net profit							<u>1,312,855</u>

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 2014 represent approximately Baht 2,403.3 million (2013 : Baht 2,354.0 million).

6 Cash and cash equivalents

	Consolidated		Company	
	2014	2013	2014	2013
Cash on hand	544,045	537,635	90,045	72,467
Deposits with banks - current accounts	3,000	49,925	-	-
- saving accounts	52,309,920	242,717,134	30,371,295	133,820,508
- fixed accounts	2,782	1,758	2,782	1,758
Securities under repurchase agreement	60,000,000	-	60,000,000	-
	<u>112,859,747</u>	<u>243,306,452</u>	<u>90,464,122</u>	<u>133,894,733</u>

As at 31 December 2014, the interest rate on saving deposits with banks was 0.40% - 2.70% per annum (2013: 0.50% - 2.70% per annum). The fixed deposits with banks have maturity date within 3 months and interest rate at 1.15% per annum (2013: 1.75% per annum). The securities under repurchase agreement have maturity date within 1 month and interest rate at 1.95% per annum.

7 Temporary investments

(Unit: Baht)

	Consolidated		Company	
	2014	2013	2014	2013
Opening net book amount	86,878,547	96,307,798	-	-
Additions during the year	109,367,779	94,754,121	-	-
Redeem during the year	(141,176,543)	(104,183,372)	-	-
Closing net book amount	55,069,783	86,878,547	-	-

As at 31 December 2014, 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 2.60% - 3.15% per annum (2013 : 3.30% - 3.45% per annum).

8 Trade and other receivables

The detail of trade and other receivables as at 31 December 2014 and 2013 is as follows:

	Consolidated		Company	
	2014	2013	2014	2013
Trade receivables	381,656,399	379,137,713	272,889,485	289,958,759
Others receivables	11,401,566	7,693,369	1,112,416	1,047,617
Water loss treatment service income receivable - related party (Note 34.2)	5,507,372	4,096,219	-	-
Prepayments	20,808,156	21,702,457	15,512,362	16,759,841
Others	1,214,892	1,644,895	838,450	579,752
	420,588,385	414,274,653	290,352,713	308,345,969

Other receivables in the consolidated financial statement 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.

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 four years. To present information in accordance with the fact mentioned above, as at 31 December 2014, the company prepared the consolidated financial statements by presenting this accounts receivable which totalling Baht 34.6 million (2013: Baht 46.7 million) as other receivables under trade and other receivables as Baht 10.4 million (2013: Baht 3.1 million) and other non-current assets as Baht 24.2 million (2013: Baht 43.6 million) (Note 17).

8 Trade and other receivables (Cont'd)

The detail of trade account receivables as at 31 December 2014 and 2013 is as follows:

	Consolidated		(Unit: Baht) Company	
	2014	2013	2014	2013
Trade accounts receivable - billed				
- Third parties	111,317,722	96,416,707	105,089,839	90,525,494
- Related parties (Note 34.2)	204,310,185	194,127,313	164,774,034	188,013,976
Total trade account receivable - billed	315,627,907	290,544,020	269,863,873	278,539,470
Unbilled receivables				
- Third parties	6,361,378	6,266,371	-	-
- Related parties (Note 34.2)	59,667,114	82,327,322	3,025,612	11,419,289
Total unbilled receivables	66,028,492	88,593,693	3,025,612	11,419,289
	<u>381,656,399</u>	<u>379,137,713</u>	<u>272,889,485</u>	<u>289,958,759</u>

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

	Consolidated		(Unit: Baht) Company	
	2014	2013	2014	2013
Within credit term	314,889,964	241,027,498	269,133,853	229,231,354
Overdue below 3 months	361,697	18,234,186	360,871	18,058,492
Overdue 3 - 6 months	136,967	11,390,537	129,870	11,385,861
Overdue 6 - 12 months	164,732	19,844,327	164,732	19,816,291
Overdue more than 12 months	689,700	662,625	689,700	662,625
	316,243,060	291,159,173	270,479,026	279,154,623
<u>Less</u> Allowance for doubtful accounts	<u>(615,153)</u>	<u>(615,153)</u>	<u>(615,153)</u>	<u>(615,153)</u>
	<u>315,627,907</u>	<u>290,544,020</u>	<u>269,863,873</u>	<u>278,539,470</u>

9 Inventories

	Consolidated		(Unit: Baht) Company	
	2014	2013	2014	2013
Raw materials and supplies	9,231,640	10,536,370	-	-
	<u>9,231,640</u>	<u>10,536,370</u>	<u>-</u>	<u>-</u>

10 Non-current assets held for sale

On 9 October 2014, the Management and Investment Committee meeting no. 14/2014 was held as authorised by the Company's Board of Directors. The meeting approved the sale of 6.6 million shares in Samed Utilities Company Limited a subsidiary to a private company at Baht 4.85 per share which the cost was Baht 33.0 million. The total selling price was Baht 32.0 million. The Company recorded an allowance for impairment of investment amount of Baht 1.0 million and classified as held-for-sale in the company financial statements.

The detail of non-current assets classified as held-for-sale and liabilities included with asset classified as held-for-sale in the consolidated financial statements is this investment as held-for-sale item of Samed Utilities as follows:

	(Unit: Baht) 2014
Non-current assets classified as held-for-sale	
Current assets	
Cash and cash equivalents	57,274,887
Other current assets	174,074
Total current assets	57,448,961
Non-current assets	
Property, plant and equipment - net	228,878
Total non-current assets	228,878
Total	57,677,839
Liabilities included with asset classified as held-for-sale	
Current liabilities	
Payable for purchase of fixed assets	169,999
Trade accounts payable	42,800
Accrued expenses	56,300
Total	269,099

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11 Investments in subsidiaries

Movements in the investments in subsidiaries for the year ended 31 December 2014 and 2013 are as follows:

	(Unit: Baht)	
	Company	
	2014	2013
As at 1 January	543,759,985	510,887,500
Increased investment	-	32,862,485
Decreased investment	(750,000)	-
As at 31 December	542,999,985	543,749,985
Reclassify to non-current assets held for sale	(32,999,985)	-
As at 31 December	510,000,000	543,749,985

As at 31 December 2014 and 2013, investments in subsidiaries which present in the separate financial statements are as follows:

Company's name	Nature of business	Country of incorporation	Company							
			Paid-up share capital		Ownership interest		Investment value		Dividends income	
			2014 Million Baht	2013 Million Baht	2014 %	2013 %	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Universal Utilities Company Limited	Produce and Supply of tap water	Thailand	510	510	100	100	510,000,000	510,000,000	23,969,997	20,297,997
EW Utilities Company Limited	Water transportation by pipeline	Thailand	-	0.25	-	100	-	250,000	-	-
EW Water Balance (Chonburi) Company Limited	Water transportation by pipeline	Thailand	-	0.25	-	100	-	250,000	-	-
EW Smart Water (Rayong) Company Limited	Produce and supply of industrial water	Thailand	-	0.25	-	100	-	250,000	-	-
Samed Utilities Company Limited	Produce tap water from sea water	Thailand	-	60	-	55	-	32,999,985	-	-
Total investment in subsidiaries							510,000,000	543,749,985	23,969,997	20,297,997

On 29 January 2013, Samed 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.

As at 31 December 2014, investment in Samed Utilities Company Limited is classified as assets held-for-sale as detail mentioned in Note 10.

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. On 18 August 2014, the liquidation of these subsidiaries has been finished.

12 Other long-term investments

	Consolidated and Company					
	Number of shares		Ownership interest		Investment value	
	2014 Shares	2013 Shares	2014 %	2013 %	2014 Baht	2013 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 2014 and 2013, the Company has long-term general investments which are investments in non-marketable equity security as follows:

	(Unit: Baht)			
	Consolidated		Company	
	2014	2013	2014	2013
<u>Long-term investments</u>				
General investments				
- 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 which operation is to generate tap water for sale solely to the Provincial Waterworks Authority.

In 2014, Egcom Tara Company Limited paid dividend to the Company amount of Baht 23.9 million (2013: Baht 24.1 million).

13 Investment property - net

	(Unit: Baht)		
	Consolidated		
	Land	Building and building improvement	Total
At 1 January 2013			
Cost	47,388,642	235,075,742	282,464,384
<u>Less</u> Accumulated depreciation	-	(45,693,991)	(45,693,991)
Net book amount	<u>47,388,642</u>	<u>189,381,751</u>	<u>236,770,393</u>
For the year ended 31 December 2013			
Opening net book amount	47,388,642	189,381,751	236,770,393
Additions	-	33,113	33,113
Depreciation charge	-	(8,813,416)	(8,813,416)
Closing net book amount	<u>47,388,642</u>	<u>180,601,448</u>	<u>227,990,090</u>
At 31 December 2013			
Cost	47,388,642	235,108,855	282,497,497
<u>Less</u> Accumulated depreciation	-	(54,507,407)	(54,507,407)
Net book amount	<u>47,388,642</u>	<u>180,601,448</u>	<u>227,990,090</u>
For the year ended 31 December 2014			
Opening net book amount	47,388,642	180,601,448	227,990,090
Additions	635,906	6,247,460	6,883,366
Depreciation charge	-	(10,252,523)	(10,252,523)
Closing net book amount	<u>48,024,548</u>	<u>176,596,385</u>	<u>224,620,933</u>
At 31 December 2014			
Cost	48,024,548	241,356,314	289,380,862
<u>Less</u> Accumulated depreciation	-	(64,759,929)	(64,759,929)
Net book amount	<u>48,024,548</u>	<u>176,596,385</u>	<u>224,620,933</u>
Fair value	<u>113,408,416</u>	<u>195,480,324</u>	<u>308,888,740</u>

Depreciation expense of Baht 10.3 million (2013: Baht 8.8 million) was included in cost of rental and service.

13 Investment property - net (Cont'd)

	(Unit: Baht)		
	Company		
	Land	Building and building improvement	Total
At 1 January 2013			
Cost	49,349,351	251,311,640	300,660,991
Less Accumulated depreciation	-	(48,849,923)	(48,849,923)
Net book amount	49,349,351	202,461,717	251,811,068
For the year ended 31 December 2013			
Opening net book amount	49,349,351	202,461,717	251,811,068
Additions	-	35,399	35,399
Depreciation charge	-	(9,422,128)	(9,422,128)
Closing net book amount	49,349,351	193,074,988	242,424,339
At 31 December 2013			
Cost	49,349,351	251,347,040	300,696,391
Less Accumulated depreciation	-	(58,272,052)	(58,272,052)
Net book amount	49,349,351	193,074,988	242,424,339
For the year ended 31 December 2014			
Opening net book amount	49,349,351	193,074,988	242,424,339
Additions	772,171	7,618,678	8,390,849
Net disposal	-	(171,819)	(171,819)
Depreciation charge	-	(11,166,672)	(11,166,672)
Closing net book amount	50,121,522	189,355,175	239,476,697
At 31 December 2014			
Cost	50,121,522	258,793,899	308,915,421
Less Accumulated depreciation	-	(69,438,724)	(69,438,724)
Net book amount	50,121,522	189,355,175	239,476,697
Fair value	120,229,264	209,603,446	329,832,710

Depreciation expense of Baht 11.2 million (2013: Baht 9.4 million) was included in costs of rental and services.

In 2014, 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:

	(Unit: Baht)			
	Consolidated		Company	
	2014	2013	2014	2013
Rental and service income of building	69,170,657	63,717,910	74,130,931	68,796,342
Direct operating expense arise from investment property that generated rental income (Building)	(62,050,192)	(58,543,704)	(62,050,192)	(58,543,704)
Direct operating expense arise from investment property that did not generate rental income (Land)	(203,536)	(172,411)	(203,536)	(172,411)
	<u>6,916,929</u>	<u>5,001,795</u>	<u>11,877,203</u>	<u>10,080,227</u>

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14 Property, plant and equipment - net

(Restated)
(Unit: Baht)

	Consolidated								(Unit: Baht)
	Land	Pumping plants	Buildings	Leasehold and building improvement	Machinery and equipment	Office equipment	Vehicles	Construction in progress	Total
At 1 January 2013									
Cost	427,049,159	674,474,038	513,139,413	250,301,610	7,901,634,462	341,990,860	867,048	1,478,394,054	11,587,850,644
Less Accumulated depreciation	-	(159,646,421)	(143,261,130)	(106,220,920)	(1,658,701,084)	(295,808,917)	(832,843)	-	(2,364,471,315)
Net book amount	427,049,159	514,827,617	369,878,283	144,080,690	6,242,933,378	46,181,943	34,205	1,478,394,054	9,223,379,329
For the year ended 31 December 2013									
Opening net book amount	427,049,159	514,827,617	369,878,283	144,080,690	6,242,933,378	46,181,943	34,205	1,478,394,054	9,223,379,329
Additions	-	399,890	-	1,594,235	40,020,335	4,687,286	562,992	1,339,131,727	1,386,396,465
Transfer	-	343,605,003	2,299,276	15,130,962	474,469,997	7,358,208	-	(839,413,446)	3,450,000
Disposal/write-off, net	-	-	-	(250,845)	(9,419,461)	(61,068)	(1)	(3,240,513)	(12,971,888)
Depreciation charge	-	(28,782,293)	(19,806,053)	(21,827,980)	(229,923,272)	(15,705,693)	(55,656)	-	(316,100,947)
Closing net book amount	427,049,159	830,050,217	352,371,506	138,727,062	6,518,080,977	42,460,676	541,540	1,974,871,822	10,284,152,959
At 31 December 2013									
Cost	427,049,159	1,018,478,931	515,438,689	266,057,820	8,398,886,813	339,825,860	1,240,736	1,974,871,822	12,941,849,830
Less Accumulated depreciation	-	(188,428,714)	(163,067,183)	(127,330,758)	(1,880,805,836)	(297,365,184)	(699,196)	-	(2,657,696,871)
Net book amount	427,049,159	830,050,217	352,371,506	138,727,062	6,518,080,977	42,460,676	541,540	1,974,871,822	10,284,152,959
For the year ended 31 December 2014									
Opening net book amount	427,049,159	830,050,217	352,371,506	138,727,062	6,518,080,977	42,460,676	541,540	1,974,871,822	10,284,152,959
Additions	-	880,000	3,887,329	5,344,401	50,836,958	9,545,846	-	1,776,409,663	1,846,904,197
Transfer	-	474,369,403	5,166,346	8,027,626	685,009,603	7,865,865	-	(1,171,498,893)	8,939,950
Disposal/write-off, net	-	-	(191,027)	(189,258)	(9,369,140)	(333,462)	(1)	(18,421,421)	(28,504,309)
Depreciation charge	-	(37,358,523)	(27,962,141)	(24,319,680)	(259,899,469)	(14,062,073)	(112,598)	-	(363,714,484)
Closing net book amount	427,049,159	1,267,941,097	333,272,013	127,590,151	6,984,658,929	45,476,852	428,941	2,561,361,171	11,747,778,313
At 31 December 2014									
Cost	427,049,159	1,493,728,334	524,251,914	278,770,397	9,109,167,346	350,555,230	1,205,786	2,561,361,171	14,746,089,337
Less Accumulated depreciation	-	(225,787,237)	(190,979,901)	(151,180,246)	(2,124,508,417)	(305,078,378)	(776,845)	-	(2,998,311,024)
Net book amount	427,049,159	1,267,941,097	333,272,013	127,590,151	6,984,658,929	45,476,852	428,941	2,561,361,171	11,747,778,313

Depreciation expense total of Baht 363.7 million (2013: Baht 316.1 million) has been charged in cost of goods sold, Baht 314.1 million (2013: Baht 292.6 million) and in administrative expense, Baht 49.6 million (2013: Baht 23.5 million).

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

(Unit: Baht)

	Company								Total
	Land	Pumping plants	Buildings	Leasehold and building improvement	Machinery and equipment	Office equipment	Vehicles	Construction in progress	
At 1 January 2013									
Cost	374,438,297	678,474,933	497,750,912	238,192,308	7,835,029,618	317,282,927	572,894	1,477,956,054	11,419,697,943
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	374,438,297	517,597,104	357,288,075	138,434,975	6,211,571,102	41,964,165	34,201	1,477,956,054	9,119,283,973
For the year ended 31 December 2013									
Opening net book amount	374,438,297	517,597,104	357,288,075	138,434,975	6,211,571,102	41,964,165	34,201	1,477,956,054	9,119,283,973
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	374,438,297	829,580,854	340,305,257	130,165,086	6,483,946,275	36,885,603	502,338	1,973,947,944	10,169,771,654
At 31 December 2013									
Cost	374,438,297	1,018,987,142	500,050,189	250,791,680	8,315,642,148	315,322,428	1,092,894	1,973,947,944	12,750,272,722
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	374,438,297	829,580,854	340,305,257	130,165,086	6,483,946,275	36,885,603	502,338	1,973,947,944	10,169,771,654
For the year ended 31 December 2014									
Opening net book amount	374,438,297	829,580,854	340,305,257	130,165,086	6,483,946,275	36,885,603	502,338	1,973,947,944	10,169,771,654
Additions	-	-	3,887,329	3,461,413	16,988,394	7,584,404	-	1,745,883,790	1,777,805,330
Transfer	-	477,601,516	5,166,346	6,884,688	659,314,456	2,518,630	-	(1,151,485,636)	-
Disposal/write-off, net	(772,170)	-	(191,027)	(177,077)	(8,437,739)	(330,239)	-	(18,421,421)	(28,329,673)
Depreciation charge	-	(36,886,466)	(27,490,083)	(23,124,009)	(227,324,736)	(11,580,749)	(104,000)	-	(326,510,043)
Closing net book amount	373,666,127	1,270,295,904	321,677,822	117,210,101	6,924,486,650	35,077,649	398,338	2,549,924,677	11,592,737,268
At 31 December 2014									
Cost	373,666,127	1,496,588,658	499,260,598	258,934,475	8,983,422,352	319,385,191	1,092,894	2,549,924,677	14,482,274,972
Less Accumulated depreciation	-	(226,292,754)	(177,582,776)	(141,724,374)	(2,058,935,702)	(284,307,542)	(694,556)	-	(2,889,537,704)
Net book amount	373,666,127	1,270,295,904	321,677,822	117,210,101	6,924,486,650	35,077,649	398,338	2,549,924,677	11,592,737,268

Depreciation expense total of Baht 326.5 million (2013: Baht 297.6 million) has been charged in cost of goods sold, Baht 291.8 million (2013: Baht 275.5 million) and in administrative expense, Baht 34.7 million (2013: Baht 22.1 million).

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

As at 31 December 2014, the Group and the Company had motor vehicles and computer under financial lease agreements with net book value amounting to Baht 4.7 million and Baht 4.7 million, respectively (2013: Baht 0.3 million and Baht 0.3 million, respectively).

Borrowing costs of Baht 103.2 million (2013: Baht 73.4 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".

15 Intangible assets - net

	Consolidated		(Restated) (Unit: Baht)
	Right from service concession arrangements and Cost to operate the business under concession	Computer software	Total
At 1 January 2013			
Cost	1,999,479,795	37,098,008	2,036,577,803
<u>Less</u> Accumulated amortisation	(535,144,745)	(3,537,488)	(538,682,233)
<u>Less</u> Allowance for impairment	(22,580,000)	-	(22,580,000)
Net book amount	1,441,755,050	33,560,520	1,475,315,570
For the year ended 31 December 2013			
Opening net book amount	1,441,755,050	33,560,520	1,475,315,570
Additions	140,670,335	4,504,824	145,175,159
Write-off - net	(2,478,420)	-	(2,478,420)
Amortisation charge	(80,324,763)	(3,902,092)	(84,226,855)
Impairment charge	(630,000)	-	(630,000)
Closing net book amount	1,498,992,202	34,163,252	1,533,155,454
At 31 December 2013			
Cost	2,121,921,709	41,602,831	2,163,524,540
<u>Less</u> Accumulated amortisation	(616,099,507)	(7,439,579)	(623,539,086)
<u>Less</u> Allowance for impairment	(6,830,000)	-	(6,830,000)
Net book amount	1,498,992,202	34,163,252	1,533,155,454
For the year ended 31 December 2014			
Opening net book amount	1,498,992,202	34,163,252	1,533,155,454
Additions	298,113,733	12,045,709	310,159,442
Amortisation charge	(111,469,716)	(5,176,245)	(116,645,961)
Impairment charge	(1,310,000)	-	(1,310,000)
Closing net book amount	1,684,326,219	41,032,716	1,725,358,935
At 31 December 2014			
Cost	2,421,345,442	53,648,540	2,474,993,982
<u>Less</u> Accumulated amortisation	(728,879,223)	(12,615,824)	(741,495,047)
<u>Less</u> Allowance for impairment	(8,140,000)	-	(8,140,000)
Net book amount	1,684,326,219	41,032,716	1,725,358,935

As at 31 December 2014, right from service concession arrangements and Cost to acquire the concession had the remaining amortisation period of 13 to 17 years.

Amortisation of Baht 118.0 million (2013: Baht 84.9 million) was included in the cost of goods sold Baht 104.4 million (2013: Baht 0.2 million) and administrative expenses Baht 13.6 million (2013: Baht 12.1 million).

15 Intangible assets - net (Cont'd)

The allowance for impairment of assets as at 31 December 2014 was Baht 8.1 million for right from service concession arrangements 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.

	(Unit: Baht)
	Company
	Computer software
At 1 January 2013	
Cost	37,098,008
<u>Less</u> Accumulated amortisation	<u>(3,537,488)</u>
Net book amount	33,560,520
For the year ended 31 December 2013	
Opening net book amount	33,560,520
Additions	4,504,824
Amortisation charge	<u>(3,902,092)</u>
Closing net book amount	34,163,252
At 31 December 2013	
Cost	41,602,831
<u>Less</u> Accumulated amortisation	<u>(7,439,579)</u>
Net book amount	34,163,252
For the year ended 31 December 2014	
Opening net book amount	34,163,252
Additions	12,045,709
Amortisation charge	<u>(5,176,245)</u>
Closing net book amount	41,032,716
At 31 December 2014	
Cost	53,648,540
<u>Less</u> Accumulated amortisation	<u>(12,615,824)</u>
Net book amount	41,032,716

Amortisation of Baht 5.2 million (2013: Baht 3.9 million) was included in the cost of goods sold Baht 0.7 million (2013: Baht 0.2 million) and administrative expenses Baht 4.5 million (2013: Baht 3.7 million).

16 Deferred income tax

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

	Consolidated		(Unit: Baht)	
	(Restated)		Company	
	2014	2013	2014	2013
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	422,130	364,979	422,131	364,979
Deferred tax assets to be recovered after more than 12 months	26,351,569	22,796,150	13,658,418	12,059,031
	<u>26,773,699</u>	<u>23,161,129</u>	<u>14,080,549</u>	<u>12,424,010</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	-	-	-	-
Deferred tax liabilities to be settled after more than 12 months	56,527,755	48,860,924	34,359,983	25,608,616
	<u>56,527,755</u>	<u>48,860,924</u>	<u>34,359,983</u>	<u>25,608,616</u>

Present in statement of financial position as following;

	Consolidated		(Unit: Baht)	
	(Restated)		Company	
	2014	2013	2014	2013
Deferred tax assets	<u>12,693,150</u>	<u>10,737,119</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities	<u>42,447,206</u>	<u>36,436,914</u>	<u>20,279,434</u>	<u>13,184,606</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. Therefore, deferred tax assets and deferred tax liabilities of each company will be offset and net presented in statement of financial position.

The movement in deferred tax assets and liabilities are the following;

	Consolidated					(Restated)
	(Unit: Baht)					
	Liabilities under finance lease agreements	Allowance for doubtful accounts	Plant and equipment	Impairment - assets	Employee benefit	Total
Deferred tax assets						
As at 1 January 2013	32,588	364,571	(9,094,550)	3,817,705	17,919,852	13,040,166
Transaction recorded in Profit or loss	<u>(32,180)</u>	<u>-</u>	<u>12,526,087</u>	<u>(2,737,800)</u>	<u>364,856</u>	<u>10,120,963</u>
As at 31 December 2013	408	364,571	3,476,537	1,079,905	18,284,708	23,161,129
Transaction recorded in Profit or loss	<u>57,151</u>	<u>-</u>	<u>781,698</u>	<u>171,790</u>	<u>2,601,931</u>	<u>3,612,570</u>
As at 31 December 2014	<u>57,559</u>	<u>364,571</u>	<u>4,213,235</u>	<u>1,251,695</u>	<u>20,886,639</u>	<u>26,773,699</u>

16 Deferred income tax (Cont'd)

	Consolidated		
	(Restated)		
	(Unit: Baht)		
	Intangible asset	Plant and equipment	Total
Deferred tax liabilities			
As at 1 January 2013	11,059,911	19,251,246	30,311,157
Transaction recorded in Profit or loss	10,621,284	7,928,483	18,549,767
As at 31 December 2013	21,681,195	27,179,729	48,860,924
Transaction recorded in Profit or loss	(1,521,312)	9,188,143	7,666,831
As at 31 December 2014	20,159,883	36,367,872	56,527,755

	Company			
	(Unit: Baht)			
	Liabilities under finance lease agreements	Allowance for doubtful accounts	Employee benefit	Total
Deferred tax assets				
As at 1 January 2013	32,588	364,571	11,763,974	12,161,133
Transaction recorded in profit or loss	(32,180)	-	295,057	262,877
As at 31 December 2013	408	364,571	12,059,031	12,424,010
Transaction recorded in profit or loss	57,152	-	1,599,387	1,656,539
As at 31 December 2014	57,560	364,571	13,658,418	14,080,549

	Company	
	(Unit: Baht)	
	Plant and equipment	Total
Deferred tax liabilities		
As at 1 January 2013	18,151,574	18,151,574
Transaction recorded in profit or loss	7,457,042	7,457,042
As at 31 December 2013	25,608,616	25,608,616
Transaction recorded in profit or loss	8,751,367	8,751,367
As at 31 December 2014	34,359,983	34,359,983

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17 Other non-current assets

	Consolidated		Company	
	2014	2013	2014	2013
Advance construction payment	678,298,969	444,968,863	651,648,469	443,742,863
Prepaid expenses	2,099,373	24,099,713	-	-
Deposit and Retention	19,974,084	15,178,151	18,806,521	13,228,119
Other receivables (Note 8)	24,180,702	43,579,659	-	-
Other	479,914	4,481,333	28,125	4,067,256
	<u>725,033,042</u>	<u>532,307,719</u>	<u>670,483,115</u>	<u>461,038,238</u>

18 Short-term loans from financial institutions

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

	Consolidated		Company	
	2014	2013	2014	2013
Promissory note	233,000,000	156,000,000	139,000,000	156,000,000
	<u>233,000,000</u>	<u>156,000,000</u>	<u>139,000,000</u>	<u>156,000,000</u>

As at 31 December 2014, 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 2.60% - 2.87% per annum (2013 : 3.45% - 3.86% per annum).

19 Trade accounts payable

	Consolidated		Company	
	2014	2013	2014	2013
Third parties	111,877,388	110,871,897	85,274,912	76,508,894
Related parties (Note 34.2)	18,125,257	33,274,816	26,325,054	27,116,441
	<u>130,002,645</u>	<u>144,146,713</u>	<u>111,599,966</u>	<u>103,625,335</u>

20 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

	Consolidated		Company	
	2014	2013	2014	2013
Not later than 1 year	2,584,794	301,700	2,584,794	301,700
Later than 1 year but not later than 5 years	3,446,392	-	3,446,392	-
	6,031,186	301,700	6,031,186	301,700
<u>Less</u> Future finance charges on finance leases	<u>(886,451)</u>	<u>(836)</u>	<u>(886,451)</u>	<u>(836)</u>
Present value of finance lease liabilities	<u>5,144,735</u>	<u>300,864</u>	<u>5,144,735</u>	<u>300,864</u>

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20 Finance lease liabilities (Cont'd)

The present value of finance lease liabilities is as follows:

	Consolidated		Company	
	2014	2013	2014	2013
Not later than 1 year (short-term portion)	2,008,414	300,864	2,008,414	300,864
Later than 1 year but not later than 5 years (long-term portion)	3,136,321	-	3,136,321	-
	<u>5,144,735</u>	<u>300,864</u>	<u>5,144,735</u>	<u>300,864</u>

21 Long-term loans from financial institutions

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

	Consolidated		Company	
	2014	2013	2014	2013
Balances as at 1 January	4,410,361,206	4,193,970,694	3,752,000,000	3,634,000,000
<u>Add</u> Additional borrowings	1,384,000,000	967,830,512	1,320,000,000	822,000,000
<u>Less</u> Repayments	(582,360,000)	(751,440,000)	(504,000,000)	(704,000,000)
Balances as at 31 December	<u>5,212,001,206</u>	<u>4,410,361,206</u>	<u>4,568,000,000</u>	<u>3,752,000,000</u>

	Credit limit	Outstanding credit facilities		Consolidated		Company	
		2014	2013	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Baht	Baht	Baht	Baht
The Company							
a)	1,500.0	-	-	-	200,000,000	-	200,000,000
b)	1,000.0	-	-	137,250,000	228,750,000	137,250,000	228,750,000
c)	1,700.0	-	-	1,168,750,000	1,381,250,000	1,168,750,000	1,381,250,000
d)	1,520.0	595.0	744.0	925,000,000	776,000,000	925,000,000	776,000,000
e)	975.0	37.0	183.0	938,000,000	792,000,000	938,000,000	792,000,000
f)	1,215.0	841.0	841.0	374,000,000	374,000,000	374,000,000	374,000,000
g)	2,900.0	1,875.0	-	1,025,000,000	-	1,025,000,000	-
The subsidiary							
a)	474.4	-	15.8	363,730,406	411,170,406	-	-
b)	525.6	214.4	278.4	280,270,800	247,190,800	-	-
Total	<u>11,810.0</u>	<u>3,562.4</u>	<u>2,062.2</u>	<u>5,212,001,206</u>	<u>4,410,361,206</u>	<u>4,568,000,000</u>	<u>3,752,000,000</u>
<u>Less</u> Current portion				<u>(563,280,000)</u>	<u>(568,610,000)</u>	<u>(454,000,000)</u>	<u>(490,250,000)</u>
Long-term loans from financial institutions - net of current portion				<u>4,648,721,206</u>	<u>3,841,751,206</u>	<u>4,114,000,000</u>	<u>3,261,750,000</u>

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21 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>Period</u>	<u>Interest rate</u>	<u>Repayment schedule</u>
a)	1,500.0	6 December 2007	To repay a bridging loan	7 years	- The 1st - 36th month at fixed rate per annum - The 37th month onwards at THBFIX (3months) plus required surcharge rate	Principal is repayable in semi-annual installments, beginning after a grace period of 12 months from the agreement date as scheduled below. - The 1st - 6th installments Baht 50 million each - The 7th - 11th installments Baht 200 million each - The 12th -13th installments Baht 100 million each
b)	1,000.0	22 May 2009	To invest in pipeline maintenance project	7 years	- The 1st - 2nd year at fixed rate per annum - The 3rd - 7th year at THBFIX plus required surcharge rate	Principal with accrued interest (if any) is to be fully paid within 12 months from the agreement date. On 3 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. 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.
c)	1,700.0	25 August 2009	Use in the Company's pipeline construction	10 years	- The 1st - 4th year at fixed rate per annum - The 5th - 10th year at MLR minus fixed rate per annum	Principal is repayable in 16 semi-annual installments, beginning after a grace period of 30 months from the first draw down date.
d)	1,520.0	23 May 2012	To invest in Tubma project	10 years	- The 1st - 3rd year at fixed rate per annum - The 4th - 10th year at fixed deposit interest rate plus fixed surcharge rate per annum.	Principal is repayable in 14 semi-annual installments, beginning after a grace period of 42 months from the agreement date as scheduled below. - The 1st - 4 th installments Baht 100 million each - The 5th - 14th installments Baht 112 million each
e)	975.0	16 July 2012	To invest in Bangphra project	10 years	- The 1st - 3rd year at fixed rate per annum - The 4th year onwards at MLR minus fixed rate per annum	Principal is repayable in 14 semi-annual installments, beginning after a grace period of June 2015. - The 1st - 8 th installments Baht 50 million each - The 9th - 14th installments Baht 95.83 million each

Eastern Water Resources Development and Management Public Company Limited
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21 Long-term loans from financial institutions (Cont'd)

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

	<u>Credit facility (Million Baht)</u>	<u>Date of agreement</u>	<u>Objective</u>	<u>Period</u>	<u>Interest rate</u>	<u>Repayment schedule</u>
f)	1,215.0	21 September 2012	To invest in Tubma project	10 years	- The 1st - 3rd year at fixed rate per annum - The 4th - 10th year at 6 months fixed deposit interest rate plus fixed surcharge rate per annum	Principal is repayable in 11 semi-annual installments, beginning after a grace period of 60 months from the agreement date as scheduled below. - The 1st - 4 th installments Baht 100 million each - The 5th - 10th installments Baht 116 million each - The 11th year installment Baht 119 million
g)	2,900.0	7 July 2014	To repay a bridging loan	10 years	- The 1st - 3rd year at fixed rate per annum - The 4th - 10th year at minimum average 6 months fixed deposit interest rate plus required surcharge rate per annum	Principal is repayable in 15 semi-annual installments, beginning after a grace period of 36 months from the agreement date as scheduled below. - The 1st - 6 th installments Baht 150 million each - The 7th - 14th installments Baht 200 million each - The 15 th year installment Baht 400 million

Long-term loans of subsidiary - Universal Utilities Company Limited

	<u>Credit facility (Million Baht)</u>	<u>Date of agreement</u>	<u>Objective</u>	<u>Period</u>	<u>Interest rate</u>	<u>Repayment schedule</u>
a)	474.4	21 September 2012	To settle an existing loan from the Company	10 years	- The 1st - 3rd year at fixed rate per annum - The 4th year onwards at MLR minus fixed rate per annum	Principal is repayable in 20 semi-annual installments, beginning after a grace period of 6 months from the first draw down date and to be completed within 10 years from the first draw down date.
b)	525.6	21 September 2012	To invest	10 years	- The 1st - 3rd year at fixed rate per annum - The 4th year onwards at MLR minus fixed rate per annum	Principal is repayable in 17 semi-annual installments, 16 equal installments and the 17 th 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.

Long-term loans from financial institutions of the Group are unsecured loan which the Group is required to comply with certain conditions including the maintenance of debt to equity ratio and debt service coverage ratio. The average interest rate of loans for the year 2014 was 4.53%.

22 Accrued expenses

	Consolidated		Company	
	2014	2013	2014	2013
Accrued bonus	71,385,580	61,213,928	41,841,666	41,026,000
Accrued project compensation	33,997,407	34,988,297	33,997,407	34,988,297
Accrued utilities expenses	18,493,691	13,937,617	-	-
Others	31,166,589	23,015,470	23,135,525	10,368,096
	155,043,267	133,155,312	98,974,598	86,382,393

23 Employee benefit obligations

	Consolidated		Company	
	2014	2013	2014	2013
Statement of Financial Position				
Post-employment benefits	100,120,901	87,840,407	65,583,389	58,048,083
Other long-term benefits	4,312,296	3,583,136	2,708,702	2,247,072
	104,433,197	91,423,543	68,292,091	60,295,155
Profit and loss				
Post-employment benefits	12,843,264	12,352,915	8,098,076	7,811,190
Other long-term benefits	923,525	898,967	574,203	548,696
	13,766,789	13,251,882	8,672,279	8,359,886

23.1 Defined benefit plan

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

	Consolidated		Company	
	2014	2013	2014	2013
Present value of funded obligations	100,120,901	87,840,407	65,583,389	58,048,083
Liability in the statement of financial position	100,120,901	87,840,407	65,583,389	58,048,083

23 Employee benefit obligations (Cont'd)

23.1 Defined benefit plan (Cont'd)

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

			(Unit: Baht)	
	Consolidated		Company	
	2014	2013	2014	2013
At 1 January	87,840,407	86,020,874	58,048,083	56,512,335
Current service cost	9,096,578	8,952,680	5,626,389	5,551,188
Interest cost	3,746,686	3,400,235	2,471,687	2,260,002
Benefits paid	(562,770)	(10,533,382)	(562,770)	(6,275,442)
At 31 December	100,120,901	87,840,407	65,583,389	58,048,083

The amounts recognised in the income statement are as follows:

			(Unit: Baht)	
	Consolidated		Company	
	2014	2013	2014	2013
Current service cost	9,096,578	8,952,680	5,626,389	5,551,188
Interest cost	3,746,686	3,400,235	2,471,687	2,260,002
Total	12,843,264	12,352,915	8,098,076	7,811,190

Of the total charge in consolidated financial statements, Baht 6.6 million (2013: Baht 6.1 million) and Baht 6.2 million (2013: Baht 6.3 million) were included in 'cost of sales' and 'administrative expenses', respectively.

Of the total charge in company financial statements, Baht 3.7 million (2013: Baht 3.5 million) and Baht 4.4 million (2013: Baht 4.3 million) were included in 'cost of sales' and 'administrative expenses', respectively.

The principal actuarial assumptions used were as follows:

	(Unit : % per annum)	
	2014	2013
Discount rate	4.1	4.1
Inflation rate	3.5	3.5
Salary increment rate	5.0 - 10.0	5.0 - 10.0

23 Employee benefit obligations (Cont'd)

23.2 Other long-term benefits

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

	Consolidated		Company	
	2014	2013	2014	2013
Present value of funded obligations	4,312,296	3,583,136	2,708,702	2,247,072
Liability in the statement of financial position	4,312,296	3,583,136	2,708,702	2,247,072

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

	Consolidated		Company	
	2014	2013	2014	2013
At 1 January	3,583,136	3,364,511	2,247,072	2,093,656
Current service cost	793,875	778,801	491,618	473,313
Interest cost	129,650	120,166	82,585	75,383
Benefits paid	(194,365)	(680,342)	(112,573)	(395,280)
At 31 December	4,312,296	3,583,136	2,708,702	2,247,072

The amounts recognised in the income statement are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
Current service cost	793,875	778,801	491,618	473,313
Interest cost	129,650	120,166	82,585	75,383
Total	923,525	898,967	574,203	548,696

Of the total charge in consolidated financial statements, Baht 0.9 million (2013: Baht 0.9 million) were included in administrative expenses.

Of the total charge in company financial statements, Baht 0.6 million (2013: Baht 0.5 million) were included in administrative expenses.

The principal actuarial assumptions used were as follows:

	(Unit : % per annum)	
	2014	2013
Discount rate	4.1	4.1
Gold price inflation rate	6.0	6.0

24 Provisions

	(Unit : Baht)
	Consolidated
	Contractual obligations from service concession arrangements
At 1 January 2014	22,778,026
Additional provisions	3,058,741
Increased in finance costs	1,845,020
Utilised during period	(14,442,161)
At 31 December 2014	13,239,626

25 Other non-current liabilities

	(Unit: Baht)			
	Consolidated		Company	
	2014	2013	2014	2013
Retentions payable	173,053,101	130,893,399	143,930,238	110,464,999
Rental guarantees received from related party (Note 34.2)	-	-	58,000	58,110
	173,053,101	130,893,399	143,988,238	110,523,109

26 Share capital

	(Unit: Baht)			
	Number of shares	Ordinary shares	Share premium	Total
At 1 January 2013	1,663,725,149	1,663,725,149	2,138,522,279	3,802,247,428
Issue of shares	-	-	-	-
At 31 December 2013	1,663,725,149	1,663,725,149	2,138,522,279	3,802,247,428
Issue of shares	-	-	-	-
At 31 December 2014	1,663,725,149	1,663,725,149	2,138,522,279	3,802,247,428

The total registered of ordinary shares has a par value of Baht 1 per share (2013: 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 2014 and 2013, the Company's legal reserve has been fully reached.

28 Other component of equity

	(Unit: Baht)	
	Consolidated and Company	
	2014	2013
At 1 January	28,357,101	31,754,624
Amortisation of assets transferred from customers	(3,397,523)	(3,397,523)
At 31 December	<u>24,959,578</u>	<u>28,357,101</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.

	Approved by	Total dividends Million Baht	Dividend per share Million Baht	Paid on
<u>Year 2014</u>				
Dividend for the year 2013	Annual General Meeting of the shareholders on 22 April 2014	366.0	0.22	21 May 2014
Interim dividends on operating results for the six-month period ended 30 June 2014	Board of Director's meeting on 27 August 2014	<u>394.4</u>	0.21	26 September 2014
		<u>715.4</u>		
<u>Year 2013</u>				
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	<u>332.7</u>	0.20	27 September 2013
		<u>732.0</u>		

30 Other income

	(Unit: Baht)			
	Consolidated		Company	
	2014	2013	2014	2013
Interest income	6,364,488	9,167,887	915,278	4,495,033
Dividend income	24,486,277	24,053,425	48,456,273	44,351,422
Others	31,668,838	23,066,666	29,570,280	21,362,701
	<u>62,519,603</u>	<u>56,287,978</u>	<u>78,941,831</u>	<u>70,209,156</u>

31 Expenses by nature

Significant expenses by nature are as follow:

	Consolidated		(Unit: Baht)	
	(Restated)		Company	
	2014	2013	2014	2013
Salary and wages and other employee benefits	272,129,433	252,417,074	176,463,996	158,835,371
Depreciation and amortisation expenses	445,173,679	401,221,279	331,631,477	310,959,994
Rental expenses	85,548,341	70,939,694	64,977,656	55,571,346
Raw materials and consumables used	22,728,946	22,920,954	-	-
Electricity expenses	609,119,010	546,650,630	450,222,432	405,786,877
Purchases of raw water	186,450,309	187,878,366	149,994,680	155,853,083
Purchases of tap water	-	-	60,009,986	56,236,071
Hiring and service expenses	202,186,122	196,288,184	54,796,623	52,877,623
Repair and maintenance expenses	139,055,337	123,984,921	92,068,482	78,756,637
Losses on impairment of assets	2,300,000	630,000	990,000	-
Waterworks management expense	-	-	146,424,693	182,955,371
Expenses for development of life quality and environment	14,501,465	45,984,766	14,501,465	44,072,506
Finance costs	121,225,452	115,212,721	81,224,697	82,490,738

32 Income tax

	Consolidated		(Unit: Baht)	
	(Restated)		Company	
	2014	2013	2014	2013
Current tax:				
Current tax on profits for the year	334,931,997	336,946,834	293,677,034	314,110,925
Adjustments in respect of prior year	211,071	5,134,823	211,071	5,621,279
Total current tax	335,143,068	342,081,657	293,888,105	319,732,204
Deferred tax:				
Origination and reversal of Temporary differences	4,054,261	8,428,805	7,094,828	7,194,165
Total deferred tax	4,054,261	8,428,805	7,094,828	7,194,165
Total tax expense	339,197,329	350,510,462	300,982,933	326,926,369

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:

	Consolidated		Company	
	2014	(Restated) 2013	2014	2013
Profit before tax	1,673,647,725	1,663,365,143	1,540,308,529	1,585,481,456
Tax calculated at a tax rate of 20% (2013: 20%)	334,729,545	332,673,029	308,061,706	317,096,291
Tax effect of:				
Income not subject to tax	(4,897,255)	(4,810,685)	(9,691,255)	(8,870,284)
Expenses not deductible for tax purpose	9,153,968	17,513,295	2,401,411	13,079,083
Adjustment in respect of prior year	211,071	5,134,823	211,071	5,621,279
Tax charge	339,197,329	350,510,462	300,982,933	326,926,369

The effective tax rate was 19.05% (2013: 19.88%).

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.

	Consolidated		Company	
	2014	(Restated) 2013	2014	2013
Net profit attributable to ordinary shareholders (Baht)	1,334,205,246	1,312,937,088	1,239,325,596	1,258,555,087
Weighted average number of ordinary shares in issue (Share)	1,663,725,149	1,663,725,149	1,663,725,149	1,663,725,149
Basic earnings per share (Baht)	0.80	0.79	0.74	0.76

There are no potential dilutive ordinary shares in issue for the years ended 2014 and 2013.

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

	Consolidated		(Unit: Baht) Company	
	2014	2013	2014	2013
<u>Sales - raw water</u>				
<u>Major shareholders</u>				
Industrial Estate Authority of Thailand	949,876,928	901,059,642	949,876,928	901,059,642
Provincial Waterworks Authority	623,795,674	703,441,918	623,795,674	703,441,918
Electricity Generating Public Company Limited	18,566,020	38,129,364	18,566,020	38,129,364
<u>Subsidiary</u>				
Universal Utilities Company Limited	-	-	42,355,931	159,832,020
	<u>1,592,238,622</u>	<u>1,642,630,924</u>	<u>1,634,594,553</u>	<u>1,802,462,944</u>
<u>Sales - tap water</u>				
<u>Major shareholders</u>				
Provincial Waterworks Authority	<u>816,505,865</u>	<u>726,737,924</u>	<u>167,879,960</u>	<u>132,080,835</u>
<u>Rental and service income</u>				
<u>Major shareholder</u>				
Provincial Waterworks Authority	29,706,329	22,714,208	-	-
<u>Subsidiary</u>				
Universal Utilities Company Limited	-	-	4,822,826	4,802,855
	<u>29,706,329</u>	<u>22,714,208</u>	<u>4,822,826</u>	<u>4,802,855</u>
<u>Dividend income</u>				
<u>Subsidiary</u>				
Universal Utilities Company Limited	-	-	23,969,997	20,297,997
<u>Other income</u>				
<u>Subsidiary</u>				
Universal Utilities Company Limited	-	-	5,713,807	4,969,005
Samed Utilities Company Limited	-	-	480,000	1,218,000
	<u>-</u>	<u>-</u>	<u>6,193,807</u>	<u>6,187,005</u>
<u>Costs of sales and costs of services</u>				
<u>Subsidiary</u>				
Universal Utilities Company Limited	-	-	206,434,679	239,191,442

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

	Consolidated		(Unit: Baht) Company	
	2014	2013	2014	2013
<u>Trade accounts receivable - billed</u>				
<u>Major shareholders</u>				
Provincial Waterworks Authority	123,970,272	71,609,527	82,045,194	61,931,414
Industrial Estate Authority of Thailand	80,338,818	121,020,565	80,338,818	121,020,565
Electricity Generating Public Company Limited	1,095	1,497,221	1,095	1,497,221
<u>Subsidiary</u>				
Universal Utilities Company Limited	-	-	2,388,927	3,564,776
	<u>204,310,185</u>	<u>194,127,313</u>	<u>164,774,034</u>	<u>188,013,976</u>
<u>Unbilled receivables</u>				
<u>Major shareholder</u>				
Provincial Waterworks Authority	59,667,114	82,327,322	-	-
<u>Subsidiary</u>				
Universal Utilities Company Limited	-	-	3,025,612	11,419,289
	<u>59,667,114</u>	<u>82,327,322</u>	<u>3,025,612</u>	<u>11,419,289</u>
<u>Water loss treatment service income receivables</u>				
<u>Major shareholder</u>				
Provincial Waterworks Authority				
- billed	771,962	686,503	-	-
- unbilled	4,735,410	3,409,716	-	-
	<u>5,507,372</u>	<u>4,096,219</u>	<u>-</u>	<u>-</u>

34 Related parties transactions (Cont'd)

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

	Consolidated		(Unit: Baht) Company	
	2014	2013	2014	2013
<u>Other receivable (include in trade and other receivables)</u>				
Major shareholder				
Provincial Waterworks Authority	18,969	10,956	-	-
Subsidiary				
Universal Utilities Company Limited	-	-	582,516	870,813
EW Smart Water (Rayong) Company Limited	-	-	-	17,510
EW Utilities Company Limited	-	-	-	17,550
EW Water Balance (Chonburi) Company Limited	-	-	-	17,491
Samed Utilities Company Limited	-	-	42,800	42,800
	<u>18,969</u>	<u>10,956</u>	<u>625,316</u>	<u>966,164</u>
<u>Trade accounts payable</u>				
Major shareholders				
Provincial Waterworks Authority	18,125,257	33,274,816	5,163,765	12,098,743
Subsidiary				
Universal Utilities Company Limited	-	-	21,161,289	15,017,698
	<u>18,125,257</u>	<u>33,274,816</u>	<u>26,325,054</u>	<u>27,116,441</u>
<u>Rental guarantees (include in other non-current liabilities)</u>				
Subsidiaries				
Universal Utilities Company Limited	-	-	58,000	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:

	Consolidated		(Unit: Baht) Company	
	2014	2013	2014	2013
Short-term employee benefits	91,263,501	78,062,744	59,702,186	52,143,165
Post-employment benefits	5,393,644	5,177,541	4,239,516	4,072,788
Other long-term employee benefits	56,589	62,034	45,136	44,519
	<u>96,713,734</u>	<u>83,302,319</u>	<u>63,986,838</u>	<u>56,260,472</u>

35 Commitments and contingent liabilities

35.1 Capital commitments

As at 31 December 2014, 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 3,139.2 million and Baht 3,072.8 million, respectively (2013: Baht 2,498.6 million and Baht 2,404.7 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.

	Consolidated		(Unit: Million Baht) Company	
	2014	2013	2014	2013
Within 1 year	25.3	18.4	12.8	10.0
1 to 5 years	29.2	27.6	11.4	13.5
More than 5 years	4.1	4.1	-	-
	58.6	50.1	24.2	23.5

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

35.3.1 As at 31 December 2014 and 2013, 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 2014, the Company had commitments in respect of raw water purchase agreements with private company. The future payables were totalling Bath 5,340.3 million (as at December 2013: Baht 132.5 million).

35.3.3 As at 31 December 2014, the Group and the Company had commitments in respect of service agreements payable in the future of approximately Baht 82.8 million and Baht 68.1 million, respectively (2013: Baht 68.2 million and Baht 65.0 million, respectively).

35.4 Guarantees

35.4.1 As at 31 December 2014, 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 133.8 million and Baht 83.9 million, respectively. (2013: Baht 119.3 million and Baht 71.5 million, respectively).

35.4.2 As at 31 December 2014 and 2013, 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 2014 and 2013, 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 30th and 31st 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.

As at 31 December 2014, this case is in process of consideration by the Supreme Court.

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, Samed 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. On 9 July 2014, Rayong Provincial Court delivered its verdict to dismiss the case because the joint venture is not a juristic person under the law and does not have the authority to indict. The joint venture currently does not file a lawsuit within the statute of limitations. Therefore, the case is finalised.

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. As at 31 December 2014, there is no significant progress on this matter and it is still in process of consideration the compensation rate setting and submitting to Cabinet for approval.

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

38.1 Concession arrangements

The Company and its subsidiaries have significant concession arrangements as follows:

- 1) Concession arrangements which the Group has to transfer assets under concession at the end of the concession period (BOOT)

No.	Arrangement title	Arrangement date	Signatories	Period	Classification of concession arrangement
1	Agreement to manage the water system at Sattahip Waterworks	28 July 2000	The Company and the Provincial Waterworks Authority	30 years from the date that the Provincial Waterworks Authority appointed the Company to manage Sattahip Waterworks (1 March 2001)	Intangible assets
2	Agreement to produce and sell tap water to the Provincial Waterworks Authority's Nakornsawan office, Nakornsawan Province	7 November 2000	Nakornsawan Water Supply Company Limited and the Provincial Waterworks Authority	25 years from the date of the first tap water sale (1 March 2003)	Intangible assets
3	Agreement to produce and sell tap water to the Provincial Waterworks Authority's Chachoengsao office, Chachoengsao Province	9 November 2000	Chachoengsao Water Supply Company Limited and the Provincial Waterworks Authority	25 years from the date of the first tap water sale (1 April 2003)	Intangible assets
4	Agreement to produce and sell tap water to the Provincial Waterworks Authority's Bangpakong office, Chachoengsao Province	9 November 2000	Bangpakong Water Supply Company Limited and the Provincial Waterworks Authority	25 years from the date of the first tap water sale (1 April 2003)	Intangible assets
5	Agreement to provide water works management services in Bo Win Municipal area	30 March 2004/ 5 August 2005	The Company and the Chaopraya Surasak Municipality / the Bo Win Sub-district Administrative Organisation	25 years from the date of the first tap water sale (11 March 2005)	Intangible assets

38 Significant agreements (Cont'd)

38.1 Concession arrangements (Cont'd)

- 1) Concession arrangements which the Group has to transfer assets under concession at the end of the concession period (BOOT) (Cont'd)

No.	Arrangement title	Arrangement date	Signatories	Period	Classification of concession arrangement
6	Agreement to provide water works management services at Koh Lan	17 September 2004	The Company and Pattaya City	15 years from the date of the first tap water sale (October 2006)	Intangible assets

- 2) Concession arrangements which the Group has to transfer assets under concession when the construction is completed (BTO).

No.	Arrangement title	Arrangement date	Signatories	Period	Classification of concession arrangement
7	Revised agreement to manage water system of Sattahip Waterworks (Sattahip – Pattaya)	18 October 2004	The Company and the Provincial Waterworks Authority	30 years from the date that the Provincial Waterworks Authority appointed the Company to manage Sattahip Waterworks (1 March 2001)	Intangible assets
8	Agreement to produce and sell tap water to Rayong Waterworks, Rayong Province	14 March 2006	Universal Utilities Company Limited and the Provincial Waterworks Authority	25 years from the date of the first tap water sale (12 July 2006)	Intangible assets
9	Agreement to operate and manage waterworks system of the Nong Kham Sub-district Administrative Organisation	29 December 2010	Universal Utilities Company Limited and Nong Kham Sub-district Administrative Organisation	25 years from the date of the first tap water sale (4 January 2011)	Intangible assets
10	Agreement to operate and manage waterworks system in Huaro Sub-district area, Phitsanulok Province	28 March 2014	Between Universal Utilities Company Limited and Huaro Sub-district Municipality	30 years from the date of the first tap water sale under the agreement or new agreed date of tap water sale (Currently under construction)	Intangible assets

38 Significant agreements (Cont'd)

38.1 Concession arrangements (Cont'd)

- 3) Concession arrangements which the Group has no condition to transfer assets under concession to grantor but grantor has option to purchase the assets when the operator operates to the half of concession period.

No.	Arrangement title	Arrangement date	Signatories	Period	Classification of concession arrangement
11	Agreement to produce and sell tap water to Koh Samui Waterworks	7 July 2004	The Company and the Provincial Waterworks Authority	15 years from the date of the first tap water sale (12 May 2005)	Intangible assets
12	Agreement to produce and sell tap water to Chonburi Waterworks, Chonburi Province	3 June 2009	Universal Utilities Company Limited and the Provincial Waterworks Authority	20 years from the date of the first tap water sale (April 2010)	Intangible assets

The significant terms of the concession arrangements mentioned above such as the operator has to provide construction, maintenance and management of the tap water production systems to meet quantity, quality and tap water price requirements. In some arrangements, the price will be increased linked to consumer price index.

Arrangements No. 1, 5-7 and 11, the Company entered into a contract with Universal Utilities Company Limited to be the operator for the tap water production and the construction or improvement of infrastructure in the concession arrangements.

38 Significant agreements (Cont'd)

38.2 Other agreements

The Company

- 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.
- 2) 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
- 3) 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.

The Subsidiaries

- 4) 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 and subsequently extend for 6 years until 7 April 2022.
- 5) Chachoengsao Water Supply Company Limited (CWS) and Bangpakong Water Supply Company Limited (BWS) entered into a know-how agreement dated 1 December 2000 with Australian Water Technologies PTY Limited of Australia which transferred its entitlements under this agreement to its subsidiary, named AWT International (Thailand) Limited ("AWT") on 15 October 2002. Whereby AWT agreed to permit the use of its name for reference purposes and provide the know-how to enable both subsidiaries to perform their obligations. In consideration thereof, the subsidiaries agreed to pay fees at the rate stipulated in the agreement. Then, Sydney Water Corporation, the parent company of AWT, declared its intention to liquidate AWT and issued comfort letters to both subsidiaries to confirm that it will take on all AWT's duties and obligations under the know-how agreement. The subsidiaries' Board of Directors considered to accept this proposal and negotiated to reduce their service fee. The service fee paid to AWT reduced from the present value of future estimated payment amounting to Baht 52.4 million to a one-time advance payment not exceeding Baht 18.0 million, which is a saving of the said service fee over the remaining contract. Consequently, the subsidiaries' Board of Directors, on 18 January 2011, passed the resolution to terminate this contract. The subsidiaries recorded the advance service fee as a prepaid expense included in other non-current assets in the consolidated financial statements.

39 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 2014 having the net book values and fair values of Baht 5,212.0 million and Baht 4,711.8 million, respectively (Company: Baht 4,568.0 million and Baht 4,015.4 million respectively).

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			
	2014		2013	
	Volume Cubic Metres '000	Amount Baht'000	Volume Cubic Metres '000	Amount Baht'000
Total used volume of raw water				
Nong Pla Lai - Map Ta Pud Network	88,398	943,126	70,347	788,297
Dok Krai - Map Ta Pud Network	85,389	951,041	99,485	997,544
Chachoengsao - Chonburi Network	83,208	833,891	84,886	884,712
Nong Pla Lai - Nong Khor Network	24,995	267,311	23,239	243,697
Total	281,990	2,995,369	277,957	2,914,250
Less raw water used to produce tap water				
Dok Krai - Map Ta Pud Network	(14,937)	(147,875)	(5,228)	(53,075)
Nong Pla Lai - Nong Khor Network	(3,713)	(36,762)	(698)	(7,048)
Total sales of water	263,340	2,810,732	272,031	2,854,127

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

	(Unit: Baht'000)	
	Company	
	2014	2013
Nong Khor - Laem Chabang Network 1	552,137	606,807
Nong Khor - Laem Chabang Network 2	158,159	175,725
Chachoengsao Network	123,595	102,180
Total	833,891	884,712

40.2 Proportion of raw water sold to end users

	(Unit: %)	
	Company	
	2014	2013
Industrial Estates	56	51
Waterworks Authority	22	28
Factories	22	21
Total	100	100

41 Events occurring after the statement of financial position

On 9 January 2015, the Company and the State Railway of Thailand were sued by a private company in black case number Por62/2558 because the Company laid pipes for untreated water through the private company's property in Chachoengsao province. The plaintiff filed for damages totalling Baht 295.9 million, with a 7.5% annual interest rate. Currently, the litigation is in process of consideration by the Civil Court.