

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

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2016

Independent Auditor's Report

To the shareholders Eastern Water Resources Development and Management Public Company Limited

My opinion

In my opinion, the consolidated financial statements of Eastern Water Resources Development and Management Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2016, and consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

I have audited the accompanying consolidated and separate financial statements of the Group and the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw your attention to Note 35.2 to the financial statements regarding the litigation of Tubma reservoir development project, which the contractor cannot complete the construction in time. The Company and the contractor are in dispute. I also draw your attention to Note 36 regarding compensation for the Company's pipeline connecting projects. Currently, the Company pays compensation at a preliminary rate because the government agency is considering a deal in which the Company will rent or manage connecting projects. As a result, the government agency is reviewing the compensation rate and it may be subject to change. My opinion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determine one key audit matter: Assessment of the recoverable amount of goodwill. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<p>Assessment of the recoverable amount of goodwill</p> <p>The Group had goodwill presented as an asset in the consolidated financial statements at Baht 103.3 million. The goodwill is from a subsidiary acquired equity interest in a private company and has gained control over that company since then.</p> <p>The goodwill relates to operating results under an operating agreement of 15 years. Therefore, future operating results and the remaining agreement period have a direct impact on impairment of the goodwill. Goodwill arising from the business combination was tested for impairment annually, by determining the recoverable amount of an asset or a cash-generating unit, which was the higher of its fair value less costs to disposal and its value in use. From the testing result, the management believed that the goodwill was not impaired.</p> <p>An assessment of the recoverable amount of goodwill was determined to be a key audit matter because the amount of goodwill is material to the financial statements. The recoverable amount depends on various assumptions which involve significant management's judgement. These assumptions relate to future event, such as an estimate of the future cash flows the Group expects to derive from the asset, expectations about possible variations in an amount or timing of those future cash flows, the time value of money, and the appropriate discount rates.</p>	<p>I assessed the management's assumptions for determining the recoverable amount, which based on value-in-use calculation. These assumptions have been disclosed in Note 14, Goodwill.</p> <p>I challenged management about their assessment of the impairment test and future operations plans. I checked the reasonableness of discounted cash flows over the remaining agreement period, including a comparison between actual and forecasted operating results, a comparison between selling price and sales volume which stated in the operation agreement. I also checked the reasonableness of future selling price adjustment, cost analysis and growth rate of cost, discount rates and sensitivity analysis.</p> <p>From the procedures performed above, I found that the assumptions used in the management's assessment of the recoverable amount of goodwill were reasonable.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

Sukhumaporn Wong-ariyaporn
Certified Public Accountant (Thailand) No. 4843
Bangkok
15 February 2017

As at 31 December 2016

		Consolidated		Separate	
		financial statements		financial statements	
	Notes	2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7	185,531,101	311,218,269	96,868,747	249,113,610
Short-term investments	8	736,498,606	862,597,548	366,752,447	546,522,937
Trade and other receivables	9	420,745,598	447,163,960	281,657,954	282,813,930
Inventories	10	10,586,982	9,380,954	-	-
Other current assets		31,033,975	33,849,439	19,114,571	13,644,864
Total current assets		1,384,396,262	1,664,210,170	764,393,719	1,092,095,341
Non-current assets					
Investment in subsidiary	11	-	-	510,000,000	510,000,000
Investment property - net	12	193,922,764	216,901,860	221,689,767	231,204,029
Property, plant and equipment - net	13	14,062,211,360	13,265,976,381	13,822,750,998	13,066,999,015
Goodwill	14	103,283,004	103,283,004	-	-
Intangible assets - net	15	3,692,725,386	3,831,896,900	38,584,587	36,075,087
Deferred tax assets	16	24,050,515	23,287,820	-	-
Other non-current assets	17	399,805,735	521,907,368	367,530,558	488,272,036
Total non-current assets		18,475,998,764	17,963,253,333	14,960,555,910	14,332,550,167
Total assets		19,860,395,026	19,627,463,503	15,724,949,629	15,424,645,508

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The accompanying notes on pages 14 to 64 are an integral part of these consolidated and separate financial statements.

As at 31 December 2016

		Consolidated		Separate	
		financial statements		financial statements	
	Notes	2016	2015	2016	2015
Liabilities and equity					
Current liabilities					
Short-term borrowings from					
financial institutions	18	1,600,000,000	1,600,000,000	-	-
Trade accounts payable	19	133,253,559	133,930,355	101,747,154	104,880,884
Payable for purchase of fixed assets		117,996,918	63,579,191	85,962,622	58,418,193
Current portion of long-term liabilities					
under finance lease agreements	20	1,407,257	2,856,313	1,407,257	2,856,313
Current portion of long-term borrowings					
from financial institutions	18	808,200,000	752,200,000	616,000,000	560,000,000
Corporate income tax payable		129,307,584	149,494,958	98,814,617	111,844,526
Accrued expenses	21	176,960,271	175,190,960	116,241,055	118,264,607
Other current liabilities		59,394,910	60,958,337	28,437,416	34,569,583
Total current liabilities		3,026,520,499	2,938,210,114	1,048,610,121	990,834,106
Non-current liabilities					
Long-term liabilities under					
finance lease agreements	20	434,965	1,842,223	434,965	1,842,223
Long-term borrowings from					
financial institutions	18	3,200,600,000	4,008,800,000	2,624,000,000	3,240,000,000
Debentures	18	2,397,185,473	2,396,822,358	2,397,185,473	2,396,822,358
Deferred tax liabilities	16	410,097,410	421,233,790	38,406,226	24,797,641
Employee benefit obligations	22	129,087,287	119,686,982	76,704,818	73,360,526
Long-term provisions	23	20,670,053	26,881,034	-	-
Other non-current liabilities	24	627,498,747	214,424,014	595,592,572	184,212,408
Total non-current liabilities		6,785,573,935	7,189,690,401	5,732,324,054	5,921,035,156
Total liabilities		9,812,094,434	10,127,900,515	6,780,934,175	6,911,869,262

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Eastern Water Resources Development and Management Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 December 2016

		(Unit: Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2016	2015	2016	2015
Liabilities and equity (Cont'd)					
Equity					
Share capital	25				
Registered share capital					
Ordinary shares, 1,663,725,149 shares					
of par Baht 1 each		1,663,725,149	1,663,725,149	1,663,725,149	1,663,725,149
Issued and paid-up share capital					
Ordinary shares, 1,663,725,149 shares					
of par Baht 1 each		1,663,725,149	1,663,725,149	1,663,725,149	1,663,725,149
Share premium	25	2,138,522,279	2,138,522,279	2,138,522,279	2,138,522,279
Retained earnings					
Appropriated - legal reserve	26	166,500,000	166,500,000	166,500,000	166,500,000
Unappropriated		5,854,313,668	5,303,276,782	4,956,572,298	4,521,360,412
Other components of equity	27	18,695,728	22,668,406	18,695,728	22,668,406
Equity attributable to owners of the parent		9,841,756,824	9,294,692,616	8,944,015,454	8,512,776,246
Non-controlling interests		206,543,768	204,870,372	-	-
Total equity		10,048,300,592	9,499,562,988	8,944,015,454	8,512,776,246
Total liabilities and equity		19,860,395,026	19,627,463,503	15,724,949,629	15,424,645,508

The accompanying notes on pages 14 to 64 are an integral part of these consolidated and separate financial statements.

Eastern Water Resources Development and Management Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2016

		(Unit: Baht)			
	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Revenues	33				
Sales - raw water		2,696,427,042	2,898,665,222	2,759,807,142	2,927,586,675
Sales - tap water		1,392,873,167	1,160,235,181	378,125,765	363,987,505
Construction revenue under concession agreements		118,258,238	95,684,548	-	-
Rental and service income		169,405,399	212,228,991	95,219,384	92,881,473
Total sales and service income		4,376,963,846	4,366,813,942	3,233,152,291	3,384,455,653
Other income	29	37,025,541	292,011,900	142,083,766	307,051,878
Total revenues		4,413,989,387	4,658,825,842	3,375,236,057	3,691,507,531
Expenses	33				
Costs of sales - raw water		1,150,386,711	1,134,873,809	1,193,500,929	1,154,494,116
Costs of sales - tap water		824,579,757	707,275,881	323,464,215	310,468,841
Construction cost under concession agreements		118,258,238	95,684,548	-	-
Costs of rental and services		138,797,205	171,185,488	67,611,534	68,702,409
Total costs of sales and services		2,232,021,911	2,109,019,726	1,584,576,678	1,533,665,366
Selling expenses		16,179,212	19,627,895	10,485,597	16,168,292
Administrative expenses		400,967,829	438,982,686	264,438,739	283,477,025
Finance costs		119,556,066	114,180,633	62,745,098	80,047,215
Total expenses	30	2,768,725,018	2,681,810,940	1,922,246,112	1,913,357,898
Profit before income tax		1,645,264,369	1,977,014,902	1,452,989,945	1,778,149,633
Income tax expense	31	(326,656,267)	(385,775,393)	(269,101,917)	(339,225,662)
Net profit for the year		1,318,608,102	1,591,239,509	1,183,888,028	1,438,923,971
Other comprehensive income :					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of post-employment benefit obligations	22	-	(14,078,675)	-	1,159,635
Income tax on items that will not be reclassified to profit or loss	31	-	2,815,735	-	(231,927)
Total items that will not be reclassified to profit or loss		-	(11,262,940)	-	927,708
<i>Items that will be reclassified to profit or loss</i>					
Asset transferred from customers		(3,397,523)	(3,397,523)	(3,397,523)	(3,397,523)
Fair value of available-for-sale investments recycled to profit or loss		(718,944)	1,382,938	(718,944)	1,382,938
Income tax relating to items that will be reclassified to profit or loss	31	143,789	(276,587)	143,789	(276,587)
Total items that will be reclassified subsequently to profit or loss		(3,972,678)	(2,291,172)	(3,972,678)	(2,291,172)
Other comprehensive income for the year, net of tax		(3,972,678)	(13,554,112)	(3,972,678)	(1,363,464)
Total comprehensive income for the year		1,314,635,424	1,577,685,397	1,179,915,350	1,437,560,507

The accompanying notes on pages 14 to 64 are an integral part of these consolidated and separate financial statements.

Eastern Water Resources Development and Management Public Company Limited
Statement of Comprehensive Income (Cont'd)
For the year ended 31 December 2016

					(Unit: Baht)	
	Note	Consolidated financial statements		Separate financial statements		
		2016	2015	2016	2015	
Profit attributable to						
Owners of the parent		1,299,713,028	1,584,940,253	1,183,888,028		1,438,923,971
Non-controlling interests		18,895,074	6,299,256	-		-
		<u>1,318,608,102</u>	<u>1,591,239,509</u>	<u>1,183,888,028</u>		<u>1,438,923,971</u>
Total comprehensive income attributable to						
Owners of the parent		1,295,740,350	1,571,386,141	1,179,915,350		1,437,560,507
Non-controlling interests		18,895,074	6,299,256	-		-
		<u>1,314,635,424</u>	<u>1,577,685,397</u>	<u>1,179,915,350</u>		<u>1,437,560,507</u>
Earnings per share for profit attributable to owners of the parent	32					
Basic earnings per share		<u>0.78</u>	<u>0.95</u>	<u>0.71</u>		<u>0.86</u>

The accompanying notes on pages 14 to 64 are an integral part of these consolidated and separate financial statements.

Eastern Water Resources Development and Management Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements											
Attributable to owners of the parent											
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Assets transferred from customers-net	available-for-sale investments	Total other component of equity	Total owners of the parent	Non-controlling interests	Total equity	
			Appropriated - legal reserve	Unappropriated							
											Other components of equity
Other comprehensive income											
Opening balance as at 1 January 2015	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
Comprehensive income for the year	-	-	-	1,573,677,313	(3,397,523)	1,106,351	(2,291,172)	1,571,386,141	6,299,256	1,577,685,397	
Dividend paid	28	-	-	(765,289,747)	-	-	-	(765,289,747)	(1,266,970)	(766,556,717)	
Changes in ownership interests											
in subsidiaries	-	-	-	1,039,132	-	-	-	1,039,132	(3,819,085)	(2,779,953)	
Sale of a subsidiary	-	-	-	-	-	-	-	-	(25,765,788)	(25,765,788)	
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	-	199,909,801	199,909,801	
Closing balance as at 31 December 2015	1,663,725,149	2,138,522,279	166,500,000	5,303,276,782	21,562,055	1,106,351	22,668,406	9,294,692,616	204,870,372	9,499,562,988	
Opening balance as at 1 January 2016	1,663,725,149	2,138,522,279	166,500,000	5,303,276,782	21,562,055	1,106,351	22,668,406	9,294,692,616	204,870,372	9,499,562,988	
Comprehensive income for the year	-	-	-	1,299,713,028	(3,397,523)	(575,155)	(3,972,678)	1,295,740,350	18,895,074	1,314,635,424	
Dividend paid	28	-	-	(748,676,142)	-	-	-	(748,676,142)	(17,221,678)	(765,897,820)	
Closing balance as at 31 December 2016	1,663,725,149	2,138,522,279	166,500,000	5,854,313,668	18,164,532	531,196	18,695,728	9,841,756,824	206,543,768	10,048,300,592	

The accompanying notes on pages 14 to 64 are an integral part of these consolidated and separate financial statements.

Eastern Water Resources Development and Management Public Company Limited

Statement of Changes in Equity (Cont'd)

For the year ended 31 December 2016

(Unit: Baht)

Separate financial statements								
					Other components of equity			
					Other comprehensive income			
	Issued and paid-up share capital	Premium on share capital	Retained earnings		Assets transferred from customers-net	available-for-sale investments	Total other component of equity	Total equity
Notes			Appropriated - legal reserve	Unappropriated				
Opening balance as at 1 January 2015	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
Comprehensive income for the year	-	-	-	1,439,851,679	(3,397,523)	1,106,351	(2,291,172)	1,437,560,507
Dividend paid	28	-	-	(765,290,248)	-	-	-	(765,290,248)
Closing balance as at 31 December 2015	1,663,725,149	2,138,522,279	166,500,000	4,521,360,412	21,562,055	1,106,351	22,668,406	8,512,776,246
Opening balance as at 1 January 2016	1,663,725,149	2,138,522,279	166,500,000	4,521,360,412	21,562,055	1,106,351	22,668,406	8,512,776,246
Comprehensive income for the year	-	-	-	1,183,888,028	(3,397,523)	(575,155)	(3,972,678)	1,179,915,350
Dividend paid	28	-	-	(748,676,142)	-	-	-	(748,676,142)
Closing balance as at 31 December 2016	1,663,725,149	2,138,522,279	166,500,000	4,956,572,298	18,164,532	531,196	18,695,728	8,944,015,454

The accompanying notes on pages 14 to 64 are an integral part of these consolidated and separate financial statements.

Eastern Water Resources Development and Management Public Company Limited

Statement of Cash Flows

For the year ended 31 December 2016

				(Unit: Baht)	
		Consolidated financial statements		Separate financial statements	
Notes		2016	2015	2016	2015
Cash flows from operating activities					
Profit before income tax		1,645,264,369	1,977,014,902	1,452,989,945	1,778,149,633
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities					
Depreciation	12,13	379,473,112	372,373,173	361,251,643	356,152,182
Amortisation	15	263,346,290	181,677,184	6,727,040	6,208,229
Income from amortisation of assets transferred from customers		(3,397,523)	(3,397,523)	(3,397,523)	(3,397,523)
Write-off equipment		7,874,595	22,959,241	7,874,595	22,959,241
Doubtful accounts	17	-	32,802,184	-	-
Losses (gains) on disposals/written off of plant and equipment		18,853	(3,824,583)	-	(310,280)
Impairment losses on concession right	15	3,320,000	720,000	-	-
Gains on disposals/written off of subsidiaries		-	(518,482)	-	-
Gain on disposals of other long-term investments	29	-	-	-	(226,319,820)
Gain on fair value measurement of equity interest held before the business combination	29	-	(226,319,820)	-	-
Gain on sales of short-term investments		(3,173,211)	(114,747)	(3,173,211)	(114,747)
Long-term provisions	23	4,210,563	9,991,131	-	-
Employee benefit obligations		15,763,539	12,718,434	9,107,479	7,707,993
Dividend income	29	-	(23,669,885)	(108,629,985)	(48,247,226)
Interest income	29	(9,557,141)	(8,769,306)	(3,146,929)	(10,392,443)
Interest expenses		118,259,708	112,938,254	61,448,740	78,950,730
Income from operating activities before changes in operating assets and liabilities		2,421,403,154	2,456,580,157	1,781,051,794	1,961,345,969
Change in operating assets (increase) decrease					
Trade and other accounts receivables		26,575,960	(22,481,877)	1,155,976	7,538,783
Inventories		(1,206,028)	(149,314)	-	-
Other current assets		2,907,969	15,906,196	(5,377,202)	26,358,990
Other non-current assets		(1,249,495)	(5,440,715)	(2,609,650)	202,851
Change in operating liabilities increase (decrease)					
Trade accounts payable		(676,796)	(7,570,497)	(3,133,730)	(6,719,082)
Accrued expenses		1,999,886	27,318,736	(1,792,977)	26,461,052
Other current liabilities		(4,405,158)	36,485,962	(6,224,416)	7,287,829
Employee benefit obligations - paid		(6,363,234)	(11,543,325)	(5,763,187)	(1,479,925)
Long-term provisions - paid	23	(12,468,873)	(5,705,719)	-	-
Other non-current liabilities		41,339,587	41,370,913	39,645,018	40,224,170
Cash provided by operation		2,467,856,972	2,524,770,517	1,796,951,626	2,061,220,637
Income tax paid		(358,598,929)	(386,645,544)	(268,379,453)	(340,743,430)
Net cash provided by operating activities		2,109,258,043	2,138,124,973	1,528,572,173	1,720,477,207

The accompanying notes on pages 14 to 64 are an integral part of these consolidated and separate financial statements.

Eastern Water Resources Development and Management Public Company Limited

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2016

					(Unit: Baht)
Notes	Consolidated		Separate		
	financial statements		financial statements		
	2016	2015	2016	2015	
Cash flows from investing activities					
Purchases of short-term investments	(1,139,876,293)	(1,324,914,033)	(420,948,454)	(945,140,000)	
Proceeds from disposals of short-term investments	1,268,429,501	553,883,952	603,173,211	400,114,747	
Acquisition of a subsidiary, net of cash acquired	-	(1,456,220,816)	-	-	
Proceeds from disposal of a subsidiary classified as non-current asset held for sales	-	32,009,985	-	32,009,985	
Payment on loans to a subsidiary	-	-	-	(644,000,000)	
Proceeds from loans to a subsidiary	-	-	-	644,000,000	
Interest received	9,307,038	8,386,027	3,054,424	10,163,046	
Proceeds from disposal of other long-term investments	-	-	-	317,790,120	
Dividend received from a related party and subsidiaries	-	23,669,885	108,629,985	48,247,226	
Proceeds from disposals of equipments	180,000	17,333,329	180,000	333,328	
Purchase of intangible assets	(101,776,800)	(103,742,862)	(9,236,539)	(1,250,600)	
Purchases of investment property	(393,451)	(1,535,582)	(455,831)	(1,646,440)	
Purchases of plant and equipment and advance for construction	(873,108,282)	(1,956,825,984)	(828,966,032)	(1,928,236,490)	
Proceeds from bank guarantee	371,735,146	-	371,735,146	-	
Interest paid capitalised in qualifying assets	(132,522,915)	(65,164,948)	(132,322,561)	(65,164,948)	
Net cash used in investing activities	(598,026,056)	(4,273,121,047)	(305,156,651)	(2,132,780,026)	
Cash flows from financing activities					
Proceeds from short-term borrowings from financial institutions	155,000,000	4,067,000,000	130,000,000	2,142,000,000	
Payment on short-term borrowings from financial institutions	(155,000,000)	(2,700,000,000)	(130,000,000)	(2,281,000,000)	
Proceeds from long-term borrowings	-	2,773,000,000	-	1,812,000,000	
Payment on long-term borrowings	(752,200,000)	(3,224,001,206)	(560,000,000)	(2,580,000,000)	
Payment on liabilities under finance lease agreements	(2,856,314)	(446,199)	(2,856,314)	(446,199)	
Proceeds from issuance of debentures	-	2,400,000,000	-	2,400,000,000	
Transaction cost of debentures	-	(3,369,072)	-	(3,369,072)	
Additional purchase of interests in a subsidiary	-	(2,779,953)	-	-	
Dividends paid	(762,655,711)	(792,409,091)	(748,583,893)	(765,499,016)	
Interest paid	(119,207,130)	(183,639,883)	(64,220,178)	(152,733,406)	
Net cash generated from/ (used in) financing activities	(1,636,919,155)	2,333,354,596	(1,375,660,385)	570,952,307	
Net increase (decrease) in cash and cash equivalents	(125,687,168)	198,358,522	(152,244,863)	158,649,488	
Cash and cash equivalents at beginning of the year	311,218,269	112,859,747	249,113,610	90,464,122	
Cash and cash equivalents at ending of the year	7 185,531,101	311,218,269	96,868,747	249,113,610	
Supplemental cash flow information					
Non-cash related transactions:					
Purchases of fixed assets and intangible assets on payable	59,574,628	63,168,190	27,544,429	58,418,192	
Refinance of long-term borrowings	-	2,000,000,000	-	2,000,000,000	

The accompanying notes on pages 14 to 64 are an integral part of these consolidated and separate 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 Company 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.

The consolidated financial statements include the financial statements for the years ended 31 December 2016 and 2015 of the Company and the following subsidiaries:

Company's name	Nature of business	Country of incorporation	Percentage of Shareholding	
			2016 %	2015 %
<u>Subsidiary held directly by the Company</u>				
Universal Utilities Public Company Limited	Production and supply of tap water, water loss treatment and investment in four tap water supply companies	Thailand	100	100
<u>Subsidiaries held by Universal Utilities Public Company Limited</u>				
Chachoengsao Water Supply Company Limited	Production and supply of tap water	Thailand	100	100
Bangpakong Water Supply Company Limited	Production and supply of tap water	Thailand	100	100
Nakornsawan Water Supply Company Limited	Production and supply of tap water	Thailand	100	100
Egcom Tara Company Limited	Production and supply of tap water	Thailand	90.07	90.07

These financial statements were authorised for issue on 15 February 2017 by the Audit Committee of the Company under authority delegated by the Company’s Board of Directors.

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 separate 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 separate financial statements have been prepared under the historical cost convention except the topics which were explained in the accounting policy of investments for available for sale investments.

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 4.

An English version of the consolidated and separate 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)

2.2 New financial reporting standards and revised financial reporting standards and interpretations

- 2.2.1 New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy and 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker.

The above revised standards have no material impact to the Group.

- 2.2.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2017. The Group has not yet early adopted these revised standards.

- a) Financial reporting standards, which have a significant change and are relevant to the Group:

TAS 27 (revised 2016) Separate financial statements

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The management of the Group is currently in process of consideration the accounting policy choice.

2 Accounting policies (Cont'd)

2.3 Group Accounting

(1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies 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 to the former owners of acquiree 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.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurements are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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 identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured 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 unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separated financial statements, 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.

(2) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

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

Trade accounts receivable is 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.

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 or rebates. 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 four categories. 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, available for sale investments and investments in non-marketable equity.

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

Available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in income statement. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

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 Accounting policies (Cont'd)

2.9 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.

2.10 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	20, 35 years
Leasehold and building improvements	5, 10 years but not more than leased term
Machinery and equipment	
- Machinery	30, 40 years
- Tap water production system	5, 15, 20 years
- Tools and equipment	5 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.

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 in profit or loss.

2 Accounting policies (Cont'd)

2.11 Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liability of the acquired subsidiary and the fair value of the non-controlling interest in the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

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

Rights from service concession arrangements

Rights from service concession arrangements is the right from service concession arrangements to produce and supply tap water with the government as described in the accounting policies in Note 2.12. Rights from service concession arrangements are amortised using the straight-line method over concession period and recorded as expense in profit and loss.

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 and its subsidiaries 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.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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 same 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 are recognised as expenses on an accrual basis by using the effective interest method.

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.

(a) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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 pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act, B.E. 2530. 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

Past-service costs are recognised immediately in profit or loss

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.

Actuarial gains and losses and past-service costs are recognised immediately in profit or loss.

2.19 Provisions

Provisions 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.

2.20 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 on a straight-line basis over the rental period.

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) Construction revenue is recognised by reference to the stage of completion

2 Accounting policies (Cont'd)

2.20 Revenue recognition (Cont'd)

(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 Financial risk management

3.1 Financial risk management

The Group's activities expose it to a variety of financial risks: 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.

3.1.1 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.

3.1.2 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

3 Financial risk management (Cont'd)

3.2 Fair value estimation

The different levels of fair value estimation have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group discloses the fair value measurement in related notes to financial statement.

4 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:

4.1 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.

4.2 Value in use

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

The value derived from the afore-mentioned method may vary due to changes in revenue structure, cost structure, discount rate, industrial conditions and economic conditions.

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. The revenues are calculated from tap water volume usages which do not exceed their capacity and estimated growth rate based on customers' demands at each location. 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 8.87% per annum.

In addition, the Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as described in Note 14.

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

4.3 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 22.

4.4 Contingent liabilities

The Group has contingent liabilities as a regarding of litigation. The Group's management has used judgement to assess of the results of the litigation and believes that no significant loss will result apart from provision for liabilities which has no recorded in financial statement.

4.5 Significant uncertainty

The Group has an uncertainty regarding to a deal for the Company to rent or manage the two pipeline connecting projects which disclosed the information in Note 36. Based on the Group's management judgement, the projected compensation was recorded in the financial statements using the best estimation of compensation rate based on the current information.

5 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.

6 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 between segment as if the sales or transfers were made to third parties. For resource management and evaluation of operating segments, the chief operating decision maker evaluates performance by segment operating profit.

The segment information for the year ended 31 December 2016 and 2015 is summarised as follows:

Consolidated financial statements 2016							(Unit: Baht'000)
	Sales		Service income			Elimination	Total
	Supply of raw water business	Supply of Tap water business	Waterworks management business	Engineering services	Others		
Revenue							
Revenue from third parties	2,696,427	1,452,395	60,475	81,097	86,570	-	4,376,964
Revenue from inter-segment	63,380	-	217,841	7,020	8,649	(296,890)	-
Total revenue	2,759,807	1,452,395	278,316	88,117	95,219	(296,890)	4,376,964
Cost of sales and services	(1,193,501)	(977,695)	(211,554)	(77,319)	(68,843)	296,890	(2,232,022)
Segment operating profit	1,566,306	474,700	66,762	10,798	26,376	-	2,144,942
Unallocated revenue (expenses)							
Other income							37,025
Selling expenses							(16,179)
Administrative expenses							(400,968)
Finance costs							(119,556)
Income tax							(326,656)
Net profit							1,318,608

Consolidated financial statements 2015							(Unit: Baht'000)
	Sales		Service income			Elimination	Total
	Supply of raw water business	Supply of Tap water business	Waterworks management business	Engineering services	Others		
Revenue							
Revenue from third parties	2,898,665	1,203,623	96,603	79,513	88,410	-	4,366,814
Revenue from inter-segment	28,921	-	217,932	6,960	4,470	(258,283)	-
Total revenue	2,927,586	1,203,623	314,535	86,473	92,880	(258,283)	4,366,814
Cost of sales and services	(1,154,494)	(825,298)	(239,706)	(79,005)	(68,800)	258,283	(2,109,020)
Segment operating profit	1,773,092	378,325	74,829	7,468	24,080	-	2,257,794
Unallocated revenue (expenses)							
Other income							292,012
Selling expenses							(19,628)
Administrative expenses							(438,983)
Finance costs							(114,181)
Income tax							(385,775)
Net profit							1,591,239

Information about major customer

The Group had major revenues from entities under the control of a government for supply of raw water, supply of tap water and engineering services segments. The revenues for the year ended 31 December 2016 represent approximately Baht 2,776.9 million (2015: Baht 2,740.8 million).

7 Cash and cash equivalents

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash on hand	566,909	635,627	62,909	131,626
Deposits with banks - current accounts	53,392	1,390,035	22,280	1,385,035
- savings accounts	134,907,968	159,189,798	46,780,726	97,594,140
- fixed accounts	50,002,832	125,002,809	50,002,832	125,002,809
Securities under repurchase agreement	-	25,000,000	-	25,000,000
	<u>185,531,101</u>	<u>311,218,269</u>	<u>96,868,747</u>	<u>249,113,610</u>

As at 31 December 2016, the interest rate of savings deposits with banks was 0.35% - 1.65% per annum (2015: 0.35% - 1.65% per annum). The fixed deposits with banks have maturity date within three months and interest rate at 0.80% - 1.80% per annum (2015: 1.30% - 1.80% per annum).

8 Short-term investments

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Fixed deposits	395,834,613	316,074,611	26,088,454	-
Available for sale investments	340,663,993	546,522,937	340,663,993	546,522,937
Total	<u>736,498,606</u>	<u>862,597,548</u>	<u>366,752,447</u>	<u>546,522,937</u>

8.1 Fixed deposits

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Opening net book amount	316,074,611	55,069,783	-	-
Business acquisition	-	35,000,000	-	-
Additions during the year	740,016,292	379,774,033	26,088,454	-
Redeem during the year	(660,256,290)	(153,769,205)	-	-
Closing net book amount	<u>395,834,613</u>	<u>316,074,611</u>	<u>26,088,454</u>	<u>-</u>

As at 31 December 2016, fixed deposits with financial institutions in consolidated financial statement have maturity date more than three months but within one year and interest rate of 1.35% - 2.30% per annum (2015 : 1.90% - 3.15% per annum).

8.2 Available for sale investments

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Opening net book amount	546,522,937	-	546,522,937	-
Additions	394,860,000	945,140,000	394,860,000	945,140,000
Disposals	(601,382,937)	(400,000,000)	(601,382,937)	(400,000,000)
Re-measuring of fair value	663,993	1,382,937	663,993	1,382,937
Closing net book amount	<u>340,663,993</u>	<u>546,522,937</u>	<u>340,663,993</u>	<u>546,522,937</u>

8 Short-term investments (Cont'd)

8.2 Available for sale investments (Cont'd)

The fair values of the investments are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cost as at 31 December	340,000,000	545,140,000	340,000,000	545,140,000
Unrealised gain	663,993	1,382,937	663,993	1,382,937
Fair value as at 31 December	<u>340,663,993</u>	<u>546,522,937</u>	<u>340,663,993</u>	<u>546,522,937</u>

Available-for-sale investments are open-ended funds in deposit at financial institutions, government debt and private debt. Available-for-sale investments are carried at fair value at quoted prices in active markets (Level 1) for identical assets (Note 3.2).

9 Trade and other receivables

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade receivables	395,718,436	394,769,548	264,555,192	260,330,609
Others receivables	256,998	18,700,336	1,256,730	727,473
Water loss treatment service income receivable - related party (Note 33.2)	3,910,708	4,440,444	-	-
Prepayments	20,830,000	23,495,717	15,816,576	17,189,760
Others	29,456	5,757,915	29,456	4,556,088
	<u>420,745,598</u>	<u>447,163,960</u>	<u>281,657,954</u>	<u>282,813,930</u>

The detail of trade account receivables as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade accounts receivable - billed				
- Third parties	110,474,250	102,960,542	110,041,856	102,646,349
- Related parties (Note 33.2)	188,580,350	197,755,076	154,513,336	157,684,260
Total trade account receivable - billed	<u>299,054,600</u>	<u>300,715,618</u>	<u>264,555,192</u>	<u>260,330,609</u>
Unbilled receivables				
- Third parties	743,309	417,312	-	-
- Related parties (Note 33.2)	95,920,527	93,636,618	-	-
Total unbilled receivables	<u>96,663,836</u>	<u>94,053,930</u>	<u>-</u>	<u>-</u>
	<u>395,718,436</u>	<u>394,769,548</u>	<u>264,555,192</u>	<u>260,330,609</u>

9 Trade and other receivables (Cont'd)

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

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Within credit term	298,134,443	299,761,258	263,648,792	259,397,719
Overdue below 3 months	915,118	942,773	906,400	932,890
Overdue 3 - 6 months	2,201	1,131	-	-
Overdue 6 - 12 months	2,838	10,456	-	-
Overdue more than 12 months	615,153	615,153	615,153	615,153
	299,669,753	301,330,771	265,170,345	260,945,762
<u>Less</u> Allowance for doubtful accounts	(615,153)	(615,153)	(615,153)	(615,153)
	299,054,600	300,715,618	264,555,192	260,330,609

The age analysis of other receivables is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Within credit term	256,998	18,700,336	1,256,730	727,473
Overdue more than 12 months	-	-	-	-
	256,998	18,700,336	1,256,730	727,473

10 Inventories

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Spare parts and supplies	10,586,982	9,380,954	-	-
	10,589,982	9,389,954	-	-

11 Investment in subsidiary

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Paid-up share capital		Ownership interest		Investment value		Dividends income	
			2016 Million Baht	2015 Million Baht	2016 %	2015 %	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Universal Utilities Public Company Limited	Produce and Supply of tap water	Thailand	510	510	100	100	510,000,000	510,000,000	108,629,985	35,699,995
Total investment in subsidiary							<u>510,000,000</u>	<u>510,000,000</u>	<u>108,629,985</u>	<u>35,699,995</u>

12 Investment property - net

	(Unit: Baht)		
	Consolidated financial statements		
	Land	Building and building improvement	Total
At 1 January 2015			
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>
For the year ended 31 December 2015			
Opening net book amount	48,024,548	176,596,385	224,620,933
Additions	-	1,535,582	1,535,582
Depreciation charged	-	(9,254,655)	(9,254,655)
Closing net book amount	<u>48,024,548</u>	<u>168,877,312</u>	<u>216,901,860</u>
At 31 December 2015			
Cost	48,024,548	242,891,896	290,916,444
<u>Less</u> Accumulated depreciation	-	(74,014,584)	(74,014,584)
Net book amount	<u>48,024,548</u>	<u>168,877,312</u>	<u>216,901,860</u>
For the year ended 31 December 2016			
Opening net book amount	48,024,548	168,877,312	216,901,860
Additions	-	393,451	393,451
Transfer to property, plant and equipment	(2,165,108)	(12,601,751)	(14,766,859)
Disposal	-	(12,105)	(12,105)
Depreciation charged	-	(8,593,583)	(8,593,583)
Closing net book amount	<u>45,859,440</u>	<u>148,063,324</u>	<u>193,922,764</u>
At 31 December 2016			
Cost	45,859,440	225,133,006	270,992,446
<u>Less</u> Accumulated depreciation	-	(77,069,682)	(77,069,682)
Net book amount	<u>45,859,440</u>	<u>148,063,324</u>	<u>193,922,764</u>
Fair value	<u>126,616,251</u>	<u>157,963,039</u>	<u>284,579,290</u>

Depreciation expense of Baht 8.6 million (2015: Baht 9.3 million) was included in costs of rental and services.

12 Investment property - net (Cont'd)

	(Unit: Baht)		
	Separate financial statements		
	Land	Building and building improvement	Total
At 1 January 2015			
Cost	50,121,522	258,793,899	308,915,421
<u>Less</u> Accumulated depreciation	-	(69,438,724)	(69,438,724)
Net book amount	<u>50,121,522</u>	<u>189,355,175</u>	<u>239,476,697</u>
For the year ended 31 December 2015			
Opening net book amount	50,121,522	189,355,175	239,476,697
Additions	-	1,646,439	1,646,439
Depreciation charged	-	(9,919,107)	(9,919,107)
Closing net book amount	<u>50,121,522</u>	<u>181,082,507</u>	<u>231,204,029</u>
At 31 December 2015			
Cost	50,121,522	260,440,338	310,561,860
<u>Less</u> Accumulated depreciation	-	(79,357,831)	(79,357,831)
Net book amount	<u>50,121,522</u>	<u>181,082,507</u>	<u>231,204,029</u>
For the year ended 31 December 2016			
Opening net book amount	50,121,522	181,082,507	231,204,029
Additions	-	455,831	455,831
Disposal	-	(14,024)	(14,024)
Depreciation charged	-	(9,956,069)	(9,956,069)
Closing net book amount	<u>50,121,522</u>	<u>171,568,245</u>	<u>221,689,767</u>
At 31 December 2016			
Cost	50,121,522	260,857,086	310,978,608
<u>Less</u> Accumulated depreciation	-	(89,288,841)	(89,288,841)
Net book amount	<u>50,121,522</u>	<u>171,568,245</u>	<u>221,689,767</u>
Fair value	<u>143,678,473</u>	<u>183,007,587</u>	<u>326,686,060</u>

Depreciation expense of Baht 10.0 million (2015: Baht 9.9 million) was included in costs of rental and services.

The fair value of investment property was reassessed by valuer. Fair values of land was valued by markets comparison approach. Land is valued by comparable sale price and adjusted by land in close proximity, level 3 of fair values hierarchy (Note 3.2). Building and building improvement were valued by revenue approach which were level 3 of fair values hierarchy (Note 3.2) due to the use of significant unobservable inputs such as rental rate per metres and estimated future profits.

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

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Rental and service income of building	71,097,480	74,396,739	79,815,554	78,867,823
Direct operating expense arising from investment property that generated rental income	(59,873,912)	(61,489,198)	(59,873,912)	(61,489,198)
	<u>11,223,568</u>	<u>12,907,541</u>	<u>19,941,642</u>	<u>17,378,625</u>

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13 Property, plant and equipment - net

(Unit: Baht)

	Consolidated financial statements								
	Land	Pumping plants	Buildings	Leasehold and building improvement	Machinery and equipment	Office equipment	Vehicles	Construction in progress	Total
At 1 January 2015									
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
<u>Less</u> 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
For the year ended 31 December 2015									
Opening 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
Acquisition	49,696,000	-	-	-	3,377,635	1,522,365	-	-	54,596,000
Additions	-	1,222,400	613,219	4,059,512	30,691,452	6,969,559	-	1,819,622,393	1,863,178,535
Transfer	19,192,000	25,918,296	410,330	1,855,408	244,487,214	181,274	-	(292,044,522)	-
Disposal/write-off, net	-	-	-	(33,731)	(22,534,958)	(23,001)	-	(13,876,259)	(36,467,949)
Depreciation charge	-	(50,252,208)	(19,890,704)	(23,006,933)	(255,067,373)	(14,778,702)	(112,598)	-	(363,108,518)
Closing net book amount	495,937,159	1,244,829,585	314,404,858	110,464,407	6,985,612,899	39,348,347	316,343	4,075,062,783	13,265,976,381
At 31 December 2015									
Cost	495,937,159	1,520,869,030	525,275,463	284,437,895	9,364,356,028	337,486,050	1,202,987	4,075,062,783	16,604,627,395
<u>Less</u> Accumulated depreciation	-	(276,039,445)	(210,870,605)	(173,973,488)	(2,378,743,129)	(298,137,703)	(886,644)	-	(3,338,651,014)
Net book amount	495,937,159	1,244,829,585	314,404,858	110,464,407	6,985,612,899	39,348,347	316,343	4,075,062,783	13,265,976,381
For the year ended 31 December 2016									
Opening net book amount	495,937,159	1,244,829,585	314,404,858	110,464,407	6,985,612,899	39,348,347	316,343	4,075,062,783	13,265,976,381
Additions	14,045,000	4,037,109	619,238	6,192,606	37,752,421	17,822,254	-	1,080,182,197	1,160,650,825
Transfer	-	285,411	-	-	8,011,889	7,055,711	-	(15,353,011)	-
Transfer from investment property	2,165,108	-	12,189,384	412,367	-	-	-	-	14,766,859
Disposal/write-off, net	-	-	-	(40,834)	(8,185,862)	(46,479)	(1)	(30,000)	(8,303,176)
Depreciation charged	-	(51,189,030)	(20,552,902)	(23,305,920)	(259,530,423)	(16,188,655)	(112,599)	-	(370,879,529)
Closing net book amount	512,147,267	1,197,963,075	306,660,578	93,722,626	6,763,660,924	47,991,178	203,743	5,139,861,969	14,062,211,360
At 31 December 2016									
Cost	512,147,267	1,525,191,550	538,084,085	290,762,093	9,397,317,034	360,230,345	1,168,037	5,139,861,969	17,764,762,380
<u>Less</u> Accumulated depreciation	-	(327,228,475)	(231,423,507)	(197,039,467)	(2,633,656,110)	(312,239,167)	(964,294)	-	(3,702,551,020)
Net book amount	512,147,267	1,197,963,075	306,660,578	93,722,626	6,763,660,924	47,991,178	203,743	5,139,861,969	14,062,211,360

Depreciation expense of Baht 345.6 million (2015 : Baht 345.2 million) was charged in cost of goods sold and Baht 25.3 million (2015 : Baht 17.9 million) in administrative expense.

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

(Unit: Baht)

	Separate financial statements							
	Land	Pumping plants	Buildings	Leasehold and building improvement	Machinery and equipment	Office equipment	Vehicles	Construction in progress
At 1 January 2015								
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
Less Accumulated depreciation	-	(226,292,754)	(177,582,776)	(141,724,374)	(2,058,935,702)	(284,307,542)	(694,556)	-
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
For the year ended 31 December 2015								
Opening 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
Additions	-	1,222,400	585,657	2,002,418	21,963,519	4,682,844	-	1,813,020,211
Transfer	19,192,000	25,918,296	410,330	1,380,000	227,327,705	181,274	-	(274,409,605)
Disposal/write-off, net	-	-	-	-	(9,082,982)	(22,986)	-	(13,876,259)
Depreciation charged	-	(50,252,208)	(19,329,655)	(22,265,557)	(242,824,983)	(11,456,672)	(104,000)	-
Closing net book amount	392,858,127	1,247,184,392	303,344,154	98,326,962	6,921,869,909	28,462,109	294,338	4,074,659,024
At 31 December 2015								
Cost	392,858,127	1,523,729,354	500,256,585	262,299,894	9,223,596,869	302,959,223	1,090,095	4,074,659,024
Less Accumulated depreciation	-	(276,544,962)	(196,912,431)	(163,972,932)	(2,301,726,960)	(274,497,114)	(795,757)	-
Net book amount	392,858,127	1,247,184,392	303,344,154	98,326,962	6,921,869,909	28,462,109	294,338	4,074,659,024
For the year ended 31 December 2016								
Opening net book amount	392,858,127	1,247,184,392	303,344,154	98,326,962	6,921,869,909	28,462,109	294,337	4,074,659,024
Additions	-	4,037,109	619,238	1,309,276	29,978,202	8,282,980	-	1,070,930,162
Transfer	-	285,411	-	-	3,119,589	7,055,711	-	(10,460,711)
Disposal/write-off, net	-	-	-	(20,064)	(8,054,596)	(34,750)	-	-
Depreciation charged	-	(51,189,030)	(19,411,521)	(22,089,220)	(247,080,953)	(11,420,850)	(104,000)	-
Closing net book amount	392,858,127	1,200,317,882	284,551,871	77,526,954	6,699,832,151	32,345,200	190,338	5,135,128,475
At 31 December 2016								
Cost	392,858,127	1,528,051,874	500,875,823	263,553,253	9,246,303,183	317,081,209	1,090,095	5,135,128,475
Less Accumulated depreciation	-	(327,733,992)	(216,323,952)	(186,026,299)	(2,546,471,032)	(284,736,009)	(899,757)	-
Net book amount	392,858,127	1,200,317,882	284,551,871	77,526,954	6,699,832,151	32,345,200	190,338	5,135,128,475

Depreciation expense of Baht 330.0 million (2015 : Baht 317.2 million) was charged in cost of goods sold and Baht 21.3 million (2015 : Baht 35.3 million) in administrative expense.

As at 31 December 2016, the Company had office equipment under financial lease agreements with cost and net book value amounting to Baht 8.4 million and Baht 1.7 million, respectively (2015 : Baht 8.4 million and Baht 4.1 million, respectively).

Borrowing costs of Baht 135.2 million (2015 : Baht 131.9 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". The Group used capitalisation rates based on actual interest rate of borrowings at 2.33 % - 4.18% (2015: 1.95% - 4.75%).

14 Goodwill

Goodwill presented in the consolidated financial statements at Baht 103.3 million, is from the acquisition of equity interest in Egcom Tara Company Limited on 31 August 2015.

The Group tests whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets covering the remaining concession period of tap water production contract acquiring from business acquisition. The significant assumptions are fixed minimum tap water volume and price as stipulated in contracts growing by 3.00% per annum which is the average of 10-year of consumer prices index. The Group applies a pre-tax discount rate of weighted average cost of capital at 8.87% per annum.

The recoverable amounts of cash-generating units exceeded carrying value by Baht 185.0 million. An increase in discount rate to 10.22% per annum or a reduction in tap water price growth rate to 2.06% per annum would remove the remaining headroom.

15 Intangible assets - net

	(Unit: Baht)		
	Consolidated financial statements		
	Right from service concession arrangements	Computer software	Total
At 1 January 2015			
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
For the year ended 31 December 2015			
Opening net book amount	1,684,326,219	41,032,716	1,725,358,935
Business acquisitions	2,192,000,000	-	2,192,000,000
Additions	95,684,549	1,250,600	96,935,149
Amortisation charge	(175,468,955)	(6,208,229)	(181,677,184)
Impairment charge	(720,000)	-	(720,000)
Closing net book amount	3,795,821,813	36,075,087	3,831,896,900
At 31 December 2015			
Cost	4,709,029,991	54,899,140	4,763,929,131
<u>Less</u> Accumulated amortisation	(904,348,178)	(18,824,053)	(923,172,231)
<u>Less</u> Allowance for impairment	(8,860,000)	-	(8,860,000)
Net book amount	3,795,821,813	36,075,087	3,831,896,900
For the year ended 31 December 2016			
Opening net book amount	3,795,821,813	36,075,087	3,831,896,900
Additions	118,258,236	9,236,540	127,494,776
Amortisation charge	(256,619,250)	(6,727,040)	(263,346,290)
Impairment charge	(3,320,000)	-	(3,320,000)
Closing net book amount	3,654,140,799	38,584,587	3,692,725,386
At 31 December 2016			
Cost	4,827,288,227	64,135,680	4,891,423,907
<u>Less</u> Accumulated amortisation	(1,160,967,428)	(25,551,093)	(1,186,518,521)
<u>Less</u> Allowance for impairment	(12,180,000)	-	(12,180,000)
Net book amount	3,654,140,799	38,584,587	3,692,725,386

Amortisation was included in the cost of goods sold Baht 257.9 million (2015 : Baht 176.6 million) and administrative expenses Baht 5.4 million (2015 : Baht 5.1 million).

The allowance for impairment of intangible assets as at 31 December 2016 of Baht 12.2 million was from service concession arrangements at Lan Island. Sales of tap water at this location were lower than the budget because there are other natural water resources that can be used in lieu of tap water.

15 Intangible assets - net (Cont'd)

	(Unit: Baht) Separate financial statements
	<u>Computer software</u>
At 1 January 2015	
Cost	53,648,540
<u>Less</u> Accumulated amortisation	<u>(12,615,824)</u>
Net book amount	<u>41,032,716</u>
For the year ended 31 December 2015	
Opening net book amount	41,032,716
Additions	1,250,600
Amortisation charge	<u>(6,208,229)</u>
Closing net book amount	<u>36,075,087</u>
At 31 December 2015	
Cost	54,899,140
<u>Less</u> Accumulated amortisation	<u>(18,824,053)</u>
Net book amount	<u>36,075,087</u>
For the year ended 31 December 2016	
Opening net book amount	36,075,087
Additions	9,236,540
Amortisation charge	<u>(6,727,040)</u>
Closing net book amount	<u>38,584,587</u>
At 31 December 2016	
Cost	64,135,680
<u>Less</u> Accumulated amortisation	<u>(25,551,093)</u>
Net book amount	<u>38,584,587</u>

Amortisation was included in the cost of goods sold Baht 1.3 million (2015 : Baht 1.1 million) and administrative expenses Baht 5.4 million (2015 : Baht 5.1 million).

16 Deferred income tax

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	516,644	7,810,957	-	5,136,337
Deferred tax assets to be recovered after more than 12 months	39,274,205	35,285,303	15,740,334	14,672,103
	<u>39,790,849</u>	<u>43,096,260</u>	<u>15,740,334</u>	<u>19,808,440</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	132,799	276,587	132,799	276,587
Deferred tax liabilities to be settled after more than 12 months	425,704,945	440,765,643	54,013,761	44,329,494
	<u>425,837,744</u>	<u>441,042,230</u>	<u>54,146,560</u>	<u>44,606,081</u>

Present in statement of financial position as following:

Deferred tax assets	<u>24,050,515</u>	<u>23,287,280</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities	<u>410,097,410</u>	<u>421,233,790</u>	<u>38,406,226</u>	<u>24,797,641</u>

The movement in deferred tax assets and liabilities is as follows:

	Consolidated financial statements				(Unit: Baht)
	Allowance for doubtful accounts	Plant and equipment and impairment - assets	Employee benefit	Others	Total
Deferred tax assets					
As at 1 January 2015	364,571	5,464,930	20,886,639	57,559	26,773,699
Transaction recorded in profit or loss	6,560,437	1,997,161	235,022	4,714,206	13,506,826
Transaction recorded in other comprehensive income	-	-	2,815,735	-	2,815,735
As at 31 December 2015	<u>6,925,008</u>	<u>7,462,091</u>	<u>23,937,396</u>	<u>4,771,765</u>	<u>43,096,260</u>
Transaction recorded in profit or loss	-	(448,508)	1,880,062	(4,736,965)	(3,305,411)
As at 31 December 2016	<u>6,925,008</u>	<u>7,013,583</u>	<u>25,817,458</u>	<u>34,800</u>	<u>39,790,849</u>

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

	(Unit: Baht)			
	Separate financial statements			
	Allowance for doubtful accounts	Employee benefit	Others	Total
Deferred tax assets				
As at 1 January 2015	364,571	13,658,418	57,560	14,080,549
Transaction recorded in profit or loss	-	1,245,613	4,714,205	5,959,818
Transaction recorded in other comprehensive income	-	(231,927)	-	(231,927)
As at 31 December 2015	364,571	14,672,104	4,771,765	19,808,440
Transaction recorded in profit or loss	-	668,859	(4,736,965)	(4,068,106)
As at 31 December 2016	364,571	15,340,963	34,800	15,740,334

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17 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Advance for construction	346,220,336	469,640,301	346,220,336	469,640,301
Prepaid expenses	37,486,697	36,409,544	7,985,201	5,375,552
Deposit and Retention	15,376,992	15,377,645	13,228,119	13,228,118
Other receivables	32,802,184	32,802,184	-	-
Allowance for doubtful accounts	(32,802,184)	(32,802,184)	-	-
Other	721,710	479,878	96,902	28,065
	<u>399,805,735</u>	<u>521,907,368</u>	<u>367,530,558</u>	<u>488,272,036</u>

Other receivable of Baht 32.8 million is transactions between Universal Utilities Public Company Limited, a subsidiary, and a private company. This related to the fine from the production of tap water that did not meet the minimum volume. On 26 October 2015, the subsidiary's Board of Directors approved to record an allowance for doubtful accounts of a private company of Baht 32.8 million. This is because the subsidiary terminated a contract to purchase raw water with such company in 2015 and there is a potential for debt might not be collectable. On 17 February 2016, the subsidiary sued a private company regarding a breach of raw water purchase agreement and request a private company to pay damages of Baht 37.5 million plus interest at 7.5% per annum. This case is currently in process of consideration by the Civil Court.

18 Borrowings

		Consolidated financial statements		Separate financial statements	
	Notes	2016	2015	2016	2015
Current					
Short-term borrowings from financial institutions	18.1	1,600,000,000	1,600,000,000	-	-
Current portion of long-term borrowings					
Borrowings from financial institutions	18.2	808,200,000	752,200,000	616,000,000	560,000,000
Total current borrowings		<u>2,408,200,000</u>	<u>2,352,200,000</u>	<u>616,000,000</u>	<u>560,000,000</u>
Non-current					
Borrowings from financial institutions	18.2	3,200,600,000	4,008,800,000	2,624,000,000	3,240,000,000
Debentures	18.3	2,397,185,473	2,396,822,358	2,397,185,473	2,396,822,358
Total non-current borrowings		<u>5,597,785,473</u>	<u>6,405,622,358</u>	<u>5,021,185,473</u>	<u>5,636,822,358</u>
Total		<u>8,005,985,473</u>	<u>8,757,822,358</u>	<u>5,637,185,473</u>	<u>6,196,822,358</u>

18 Borrowings (Cont'd)

18.1 Short-term loans from financial institutions

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Borrowing from financial institution	1,600,000,000	1,600,000,000	-	-
	<u>1,600,000,000</u>	<u>1,600,000,000</u>	<u>-</u>	<u>-</u>

Borrowing from a financial institution is of Universal Utilities Public Company Limited for the purpose of purchasing shares of Egcom Tara Company Limited. Principal was initially repayable on 27 August 2016. Later, the Company entered into a new loan agreement and principal is repayable on 29 August 2017. The loan bears interest rate at BIBOR+fixed rate per annum.

18.2 Long-term loans from financial institutions

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
As at 1 January	4,761,000,000	5,212,001,206	3,800,000,000	4,568,000,000
Increase	-	4,773,000,000	-	3,812,000,000
Decrease	(752,200,000)	(5,224,001,206)	(560,000,000)	(4,580,000,000)
As at 31 December	<u>4,008,800,000</u>	<u>4,761,000,000</u>	<u>3,240,000,000</u>	<u>3,800,000,000</u>

	Credit limit Million Baht	Outstanding credit facilities		Consolidated financial statements		Separate financial statements	
		2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
The Company							
a)	800.0	-	-	640.0	800.0	640.0	800.0
b)	2,000.0	-	-	1,600.0	2,000.0	1,600.0	2,000.0
c)	1,000.0	-	-	1,000.0	1,000.0	1,000.0	1,000.0
d)	1,700.0	1,700.0	1,700.0	-	-	-	-
The subsidiary							
a)	317.0	-	-	253.6	317.0	-	-
b)	644.0	-	-	515.2	644.0	-	-
Total	<u>6,461.0</u>	<u>1,700.0</u>	<u>1,700.0</u>	<u>4,008.8</u>	<u>4,761.0</u>	<u>3,240.0</u>	<u>3,800.0</u>
Less Current portion				(808.2)	(752.2)	(616.0)	(560.0)
Long-term loans from financial institutions - net of current portion				<u>3,200.6</u>	<u>4,008.8</u>	<u>2,624.0</u>	<u>3,240.0</u>

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18 Borrowings (Cont'd)

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

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

	Credit facility (Million Baht)	Date of agreement	Objective	Period	Interest rate	Repayment schedule
a)	800.0	20 March 2015	To invest in pipeline project	5 years	- At fixed rate per annum	Principal is repayable in 5 annual installments, beginning 23 March 2016. - The 1st - 5th installments Baht 160 million each
b)	2,000.0	20 March 2015	To refinance	5 years	- At fixed rate per annum	Principal is repayable in 5 annual installments, beginning 23 March 2016. - The 1st - 5th installments Baht 400 million each
c)	1,000.0	5 June 2015	To invest in pipeline project	10 years	- At fixed rate per annum	Principal is repayable in 9 annual installments, beginning 5 June 2017. - The 1st - 2nd installments Baht 56 million each - The 3rd - 4th installments Baht 74 million each - The 5th - 6th installments Baht 148 million each - The 7th installments Baht 166.50 million - The 8th installments Baht 185 million - The 9th installments Baht 92 million
d)	1,700.0	12 November 2015	To invest in pipeline project	10 years	- At rate BIBOR 6 months plus fixed rate per annum	Principal is repayable in 17 installments, beginning at the end of second year after first drawdown (There is no first drawdown as at 31 December 2015). - The 1st - 4th installments Baht 47.5 million each - The 5th - 8th installments Baht 62.5 million each - The 9th - 16th installments Baht 126.25 million each - The last installments Baht 250 million.

18 Borrowings (Cont'd)

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

Long-term loans of subsidiary - Universal Utilities Public Company Limited

	Credit facility (Million Baht)	Date of agreement	Objective	Period	Interest rate	Repayment schedule
a)	317.0	12 June 2015	To refinance	5 years	- At fixed rate per annum	Principal is repaid annually in 5 installments, beginning 12 June 2016. Fully repayable within 5 years.
b)	644.0	8 June 2015	To refinance	5 years	- At fixed rate per annum	Principal is repaid annually in 5 installments, beginning 10 June 2016. Fully repayable within 5 years.

Long-term loans from financial institutions of the Group are unsecured loan. the Group is required to comply with certain conditions including debt to equity ratio not exceeding 2:1 and debt service coverage ratio not below than 1.1.

The average interest rate of loans for the year 2016 was 2.73%.

18 Borrowings

18.3 Debentures

Debentures comprise:

The first tranche is senior and unsecured debenture of Baht 1,200 million. Debenture has a maturity of 7 years which due in 2022. It bears interest at a fixed rate at 3.84% per annum. The interest will be paid semi-annually on 16 June and 16 December.

The second tranche is senior and unsecured debenture of Baht 1,200 million. Debenture has a maturity of 10 years which due in 2025. It bears interest at a fixed rate at 4.18% per annum. The interest will be paid semi-annually on 16 June and 16 December.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Debenture tranche 1	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Debenture tranche 2	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Less Deferred debenture issuing costs	(2,814,527)	(3,177,642)	(2,814,527)	(3,177,642)
Debentures - net	<u>2,397,185,473</u>	<u>2,396,822,358</u>	<u>2,397,185,473</u>	<u>2,396,822,358</u>

Movement in the debentures during the year is as follows:

	Consolidated financial statements	(Unit: Baht) Separate financial statements
Balance as at 31 December 2015	2,396,822,358	2,396,822,358
<u>Less</u> Amortisation of issuing cost	<u>363,115</u>	<u>363,115</u>
Balance as at 31 December 2016	<u>2,397,185,473</u>	<u>2,397,185,473</u>

19 Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Third parties	103,108,828	109,978,723	79,310,453	83,569,041
Related parties (Note 33.2)	<u>30,144,731</u>	<u>23,951,632</u>	<u>22,436,701</u>	<u>21,311,843</u>
	<u>133,253,559</u>	<u>133,930,355</u>	<u>101,747,154</u>	<u>104,880,884</u>

20 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Not later than 1 year	1,446,597	3,169,794	1,446,597	3,169,794
Later than 1 year but not later than 5 years	438,750	1,885,348	438,750	1,885,348
	1,885,347	5,055,142	1,885,347	5,055,142
<u>Less</u> Future finance charges on finance leases	(43,125)	(356,606)	(43,125)	(356,606)
Present value of finance lease liabilities	1,842,222	4,698,536	1,842,222	4,698,536

The present value of finance lease liabilities is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Not later than 1 year (short-term portion)	1,407,257	2,856,313	1,407,257	2,856,313
Later than 1 year but not later than 5 years (long-term portion)	434,965	1,842,223	434,965	1,842,223
	1,842,222	4,698,536	1,842,222	4,698,536

21 Accrued expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accrued bonus	66,142,671	77,684,868	41,578,256	53,462,938
Accrued project compensation	48,935,624	55,199,655	48,935,624	55,199,655
Accrued utilities expenses	22,042,775	19,184,061	5,021,890	-
Others	39,839,201	23,122,376	20,705,285	9,602,014
	176,960,271	175,190,960	116,241,055	118,264,607

22 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Statement of Financial Position				
Post-employment benefits	125,261,380	115,851,824	74,921,158	71,565,422
Other long-term benefits	3,825,907	3,835,158	1,783,660	1,795,104
Liability in the statement of financial position	<u>129,087,287</u>	<u>119,686,982</u>	<u>76,704,818</u>	<u>73,360,526</u>
Profit or loss:				
Post-employment benefits	15,058,117	12,907,539	8,740,597	8,415,109
Other long-term benefits	705,422	1,844,810	366,882	489,985
	<u>15,763,539</u>	<u>14,752,349</u>	<u>9,107,479</u>	<u>8,905,094</u>
Other comprehensive income				
Remeasurement for:				
Post-employment benefits	-	14,078,675	-	(1,159,635)
	<u>-</u>	<u>14,078,675</u>	<u>-</u>	<u>(1,159,635)</u>

22.1 Defined benefit plan

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Present value of funded obligations	125,261,380	115,851,824	74,921,158	71,565,422
Liability in the statement of financial position	<u>125,261,380</u>	<u>115,851,824</u>	<u>74,921,158</u>	<u>71,565,422</u>

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
At 1 January	115,851,824	100,120,901	71,565,422	65,583,389
Current service cost	11,285,248	8,881,352	6,406,446	5,714,465
Interest expense	3,772,869	4,026,187	2,334,151	2,700,644
Remeasurements:				
(Gain)/loss from change in demographic assumptions	-	1,755,347	-	1,755,347
(Gain)/loss from change in financial assumptions	-	10,330,369	-	5,970,077
Experience (gain)/loss	-	1,992,959	-	(8,885,059)
Benefits paid	(5,648,561)	(11,255,291)	(5,384,861)	(1,273,441)
At 31 December	<u>125,261,380</u>	<u>115,851,824</u>	<u>74,921,158</u>	<u>71,565,422</u>

22 Employee benefit obligations (Cont'd)

22.1 Defined benefit plan (Cont'd)

The principal actuarial assumptions used for defined benefit plan were as follows:

	(Unit : % per annum)	
	2016	2015
Discount rate	3.3	3.3
Inflation rate	3.0	3.0
Salary growth rate	5.0 - 10.0	5.0 - 10.0

	Impact on post-employment benefits obligations	
	Increase/ (decrease) in assumption (Baht)	
	Change in assumption	
	2016	2015
Discount rate	Increase 1%	Increase 1%
	(8,075,556)	(7,349,170)
	Decrease 1%	Decrease 1%
	9,483,262	8,630,255
Salary growth rate	Increase 1%	Increase 1%
	9,111,922	8,292,316
	Decrease 1%	Decrease 1%
	(7,948,377)	(7,233,431)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the post-employment benefit liability recognised within the statement of financial position which is the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 37.6 years.

22.2 Other long-term benefits

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Present value of funded obligations	3,825,907	3,835,158	1,783,660	1,795,104
Liability in the statement of financial position	3,825,907	3,835,158	1,783,660	1,795,104

22 Employee benefit obligations (Cont'd)

22.2 Other long-term benefits (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
At 1 January	3,835,158	4,312,296	1,795,104	2,708,702
Current service cost	585,236	853,508	309,548	493,934
Interest expense	120,186	142,202	57,334	93,945
Past service cost	-	849,099	-	(97,892)
Remeasurements:				
(Gain)/loss from change in demographic assumptions	-	64,904	-	64,904
(Gain)/loss from change in financial assumptions	-	(768,538)	-	(475,868)
Experience (gain)/loss	-	(1,330,280)	-	(786,138)
Benefits paid	(714,673)	(288,033)	(378,326)	(206,483)
At 31 December	<u>3,825,907</u>	<u>3,835,158</u>	<u>1,783,660</u>	<u>1,795,104</u>

The principal actuarial assumptions used for other long-term benefits were as follows:

	2016	2015
Discount rate	3.3%	3.3%
One Baht weight of gold	20,087 Baht	18,950 Baht
Gold price inflation rate	6.0%	6.0%

	Impact on other long-term benefits	
	Increase/ (decrease) in assumption (Baht)	
	2016	2015
Change in assumption		
Discount rate		
Increase 1%	Increase 1%	(103,974)
Decrease 1%	Decrease 1%	(91,195)
		114,940
		100,813

23 Long term provisions

	(Unit : Baht) Consolidated financial statements
	<u>Contractual obligations from service concession arrangements</u>
At 1 January 2016	26,881,034
Additional provisions	4,210,563
Unwinding of discount	2,047,329
Utilised during period	(12,468,873)
At 31 December 2016	<u>20,670,053</u>

24 Other non-current liabilities

	Consolidated financial statements	Consolidated financial statements	Separate financial statements	Separate financial statements
	2016	2015	2016	2015
Retentions payable	225,763,601	214,424,014	223,799,426	184,154,408
Bank guarantee received (Note 35.2.2)	371,735,146	-	371,735,146	-
Rental guarantees received from a subsidiary (Note 33.2)	-	-	58,000	58,000
	<u>627,498,747</u>	<u>214,424,014</u>	<u>595,592,572</u>	<u>184,212,408</u>

25 Share capital

	Number of shares	Ordinary shares	Share premium	(Unit: Baht) Total
At 1 January 2015	1,663,725,149	1,663,725,149	2,138,522,279	3,802,247,428
Issue of shares	-	-	-	-
At 31 December 2015	1,663,725,149	1,663,725,149	2,138,522,279	3,802,247,428
Issue of shares	-	-	-	-
At 31 December 2016	<u>1,663,725,149</u>	<u>1,663,725,149</u>	<u>2,138,522,279</u>	<u>3,802,247,428</u>

The total registered of ordinary shares has a par value of Baht 1 per share (2015: Baht 1 per share). All issued shares are fully paid.

26 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. The Company's legal reserve has been fully reached.

27 Other component of equity

	Consolidated financial statements		(Unit: Baht) Separate financial statements	
	2016	2015	2016	2015
At 1 January	22,668,406	24,959,578	22,668,406	24,959,578
Amortisation of assets transferred from customers	(3,397,523)	(3,397,523)	(3,397,523)	(3,397,523)
Fair value adjustments of available-for-sale investments	(575,155)	1,106,351	(575,155)	1,106,351
At 31 December	18,695,728	22,668,406	18,695,728	22,668,406

Assets transferred from customers since 1997 represent water distribution pipeline systems and water measured equipment transferred to the Company in accordance with the water supply agreement. The Company recorded property, plant and equipment transferred from customers in equity and recognised to revenue over the useful life of asset.

28 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 2016</u>				
Dividend for the year 2015	Annual General Meeting of the shareholders on 25 April 2016	415.9	0.25	23 May 2016
Interim dividends on operating results for the six-month period ended 30 June 2016	Board of Director's meeting on 29 August 2016	332.7	0.20	26 September 2016
		<u>748.6</u>		
<u>Year 2015</u>				
Dividend for the year 2014	Annual General Meeting of the shareholders on 27 April 2015	399.3	0.24	26 May 2015
Interim dividends on operating results for the six-month period ended 30 June 2015	Board of Director's meeting on 21 August 2015	366.0	0.22	17 September 2015
		<u>765.3</u>		

29 Other income

	Consolidated financial statements		(Unit: Baht) Separate financial statements	
	2016	2015	2016	2015
Interest income	9,557,141	8,769,306	3,146,929	10,392,443
Dividend income	-	23,669,885	108,629,985	48,247,226
Gain on disposal of other long-term investments	3,173,211	-	3,173,211	226,319,820
Gain on fair value measurement of equity interest held before the business combination	-	226,319,820	-	-
Others	24,295,189	33,252,889	27,133,641	22,092,389
	<u>37,025,541</u>	<u>292,011,900</u>	<u>142,083,766</u>	<u>307,051,878</u>

30 Expenses by nature

Significant expenses by nature are as follow:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Salary and wages and other employee benefits	293,345,635	288,733,409	191,778,596	186,519,032
Depreciation and amortisation expenses	634,225,816	548,911,070	358,022,614	357,244,243
Rental expenses	96,453,621	104,776,678	75,397,475	83,275,710
Raw materials and consumables used	32,418,212	25,854,764	-	-
Electricity expenses	647,754,620	657,381,004	494,831,796	499,039,027
Purchases of raw water	257,299,263	214,365,417	179,626,335	141,301,297
Purchases of tap water	-	-	62,151,167	61,061,260
Hiring and service expenses	216,837,136	206,374,545	46,521,003	48,032,568
Repair and maintenance expenses	133,008,422	128,719,050	74,881,355	84,102,294
Losses on impairment of assets	3,320,000	720,000	-	-
Waterworks management expense	-	-	155,689,913	156,870,340
Expenses for development of life quality and environment	17,288,601	18,369,159	17,288,601	18,369,159
Finance costs	119,556,066	114,180,633	62,745,098	80,047,215

31 Income tax

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current tax:				
Current tax on profits for the year	341,574,298	407,036,060	255,350,655	344,015,702
Adjustments in respect of prior year	(3,162,745)	(15,184,204)	(1,112)	(9,308,247)
Total current tax	338,411,553	391,851,856	255,349,543	334,707,455
Deferred tax:				
Origination and reversal of Temporary differences	(11,755,286)	(6,076,463)	13,752,374	4,518,207
Total deferred tax	(11,755,286)	(6,076,463)	13,752,374	4,518,207
Total tax expense	326,656,267	385,775,393	269,101,917	339,225,662

31 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 financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit before tax	1,645,264,369	1,977,014,902	1,452,989,945	1,778,149,633
Tax calculated at a tax rate of 20% (2015: 20%)	329,052,874	395,402,980	290,597,989	355,629,927
Tax effect of:				
Income not subject to tax	(3,407,030)	(2,170,211)	(25,133,027)	(9,310,210)
Expenses not deductible for tax purpose	4,173,167	7,726,828	3,638,067	2,214,192
Adjustment in respect of prior year	(3,162,744)	(15,184,204)	(1,112)	(9,308,247)
Tax charge	326,656,267	385,775,393	269,101,917	339,225,662

The effective tax rate was 18.52% (2015: 19.60%).

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

	Consolidated financial statements					
	2016			2015		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Fair value gains:						
available-for-sale investments	718,944	(143,789)	575,155	(1,382,938)	276,587	(1,106,351)
Actuarial gain/loss on remeasurements of post-employment benefit obligations	-	-	-	14,078,675	(2,815,735)	11,262,940
Other comprehensive income	718,944	(143,789)	575,155	12,695,737	(2,539,148)	10,156,589

	Separate financial statements					
	2016			2015		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Fair value gains:						
available-for-sale investments	718,944	(143,789)	575,155	(1,382,938)	276,587	(1,106,351)
Actuarial gain/loss on remeasurements of post-employment benefit obligations	-	-	-	(1,159,635)	231,927	(927,708)
Other comprehensive income	718,944	(143,789)	575,155	(2,542,573)	508,514	(2,034,059)

32 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 financial statements		Separate financial statements	
	2016	2015	2016	2015
Net profit attributable to ordinary shareholders (Baht)	1,299,713,028	1,584,940,253	1,183,888,028	1,438,923,971
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)	0.78	0.95	0.71	0.86

There are no potential dilutive ordinary shares in issue for the years ended 2016 and 2015.

33 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.

33.1 Transactions incurred during the year

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
(Unit: Baht)				
<u>Sales - raw water</u>				
Major shareholders				
Provincial Waterworks Authority	607,255,347	800,131,108	607,255,347	800,131,108
Industrial Estate Authority of Thailand	942,619,832	940,478,781	942,619,832	940,478,781
Subsidiary				
Universal Utilities Public Company Limited	-	-	63,380,101	28,921,453
	<u>1,549,875,179</u>	<u>1,740,609,889</u>	<u>1,613,255,280</u>	<u>1,769,531,342</u>
<u>Sales - tap water</u>				
Major shareholder				
Provincial Waterworks Authority	<u>1,199,316,066</u>	<u>974,594,144</u>	<u>189,053,859</u>	<u>183,007,465</u>

33 Related parties transactions (Cont'd)

33.1 Transactions incurred during the year (Cont'd)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Construction revenue under concession agreement</u>				
Major Shareholder				
Provincial Waterworks Authority	118,258,238	95,684,548	-	-
<u>Rental and service income</u>				
Major shareholder				
Provincial Waterworks Authority	27,712,704	24,230,754	-	-
Subsidiary				
Universal Utilities Public Company Limited	-	-	8,649,206	4,471,084
	<u>27,712,704</u>	<u>24,230,754</u>	<u>8,649,206</u>	<u>4,471,084</u>
<u>Interest income</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	-	4,878,521
<u>Dividend income</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	108,629,985	35,699,995
<u>Other income</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	11,626,811	5,322,083
<u>Costs of sales and costs of services</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	224,861,080	224,891,600
<u>Administrative Expenses</u>				
Major Shareholder				
Provincial Waterworks Authority	8,245,631	-	-	-

Sales of raw water are charged at mutually - agreed prices as stipulated in the contracts.

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.

33 Related parties transactions (Cont'd)

33.2 Outstanding balances at end of the years

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
(Unit: Baht)				
<u>Trade accounts receivable - billed</u>				
Major shareholders				
Provincial Waterworks Authority	102,040,318	109,931,914	62,776,488	68,278,536
Industrial Estate Authority of Thailand	86,540,032	87,823,162	86,540,031	87,823,162
Subsidiary				
Universal Utilities Public Company Limited	-	-	5,196,817	1,582,562
	<u>188,580,350</u>	<u>197,755,076</u>	<u>154,513,336</u>	<u>157,684,260</u>
<u>Unbilled receivables</u>				
Major shareholder				
Provincial Waterworks Authority	95,920,527	93,636,618	-	-
Subsidiary				
Universal Utilities Public Company Limited	-	-	-	-
	<u>95,920,527</u>	<u>93,636,619</u>	<u>-</u>	<u>-</u>
<u>Water loss treatment service income receivables</u>				
Major shareholder				
Provincial Waterworks Authority				
- billed	1,798,528	482,766	-	-
- unbilled	2,112,180	3,957,678	-	-
	<u>3,910,708</u>	<u>4,440,444</u>	<u>-</u>	<u>-</u>
<u>Other receivable</u>				
Major shareholder				
Provincial Waterworks Authority	16,285	20,660	-	-
Subsidiary				
Universal Utilities Public Company Limited	-	-	1,102,923	650,947
	<u>16,285</u>	<u>20,660</u>	<u>1,102,923</u>	<u>650,947</u>
<u>Trade accounts payable</u>				
Major shareholders				
Provincial Waterworks Authority	30,144,731	24,682,385	2,027,846	735,211
Subsidiary				
Universal Utilities Public Company Limited	-	-	20,408,855	20,576,632
	<u>30,144,731</u>	<u>24,682,385</u>	<u>22,436,701</u>	<u>21,311,843</u>
<u>Rental guarantees</u>				
Subsidiaries				
Universal Utilities Public Company Limited	-	-	58,000	58,000

33 Related parties transactions (Cont'd)

33.3 Key management compensation

Key management compensation can be categorised as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	103,132,689	90,211,898	75,527,983	54,764,550
Post-employment benefits	4,199,371	2,309,710	2,513,469	1,105,571
Other long-term employee benefits	29,107	24,960	8,901	12,194
	<u>107,361,167</u>	<u>92,546,568</u>	<u>78,050,353</u>	<u>55,882,315</u>

(Unit: Baht)

34 Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2016, the Group had commitments in respect of in-progress construction and installation of the water distribution pipeline in the consolidated and separate financial statements totalling Baht 457.8 million and Baht 384.9 million, respectively (2015: Baht 1,789.9 million and Baht 1,740.8 million, respectively).

34.2 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 financial statements		Separate financial statements	
	2016	2015	2016	2015
Within 1 year	11.4	23.8	7.1	12.4
1 to 5 years	9.1	17.1	6.5	8.4
More than 5 years	4.1	4.1	-	-
	<u>24.6</u>	<u>45.0</u>	<u>13.6</u>	<u>20.8</u>

(Unit: Million Baht)

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

34.3.1 As at 31 December 2016 and 2015, the Group 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.

34.3.2 As at 31 December 2016, the Group had no commitment in respect of raw water purchase agreements with private company (2015: Baht 3,549.3 million).

34.3.3 As at 31 December 2016, the Group had commitments in respect of service agreements payable in the future of approximately Baht 89.3 million (2015: Baht 49.8 million).

34.4 Guarantees

34.4.1 As at 31 December 2016, 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 190.7 million and Baht 96.5 million, respectively. (2015: Baht 187.4 million and Baht 92.2 million, respectively).

34.4.2 As at 31 December 2016 and 2015, 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.

35 Litigation

The Company and its subsidiary were sued as defendants in significant litigation cases as follows:

35.1 Progress of prior year litigations

The Company

35.1.1 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 the Company to 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 the defendants to 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 - 18 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. The amount of Baht 7.0 million of the additional costs was not recorded.

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. Other judgements are remained 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 the financial statements 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 2016, this case is in process of consideration by the Supreme Court.

35 Litigation (Cont'd)

35.1 Progress of prior year litigations (Cont'd)

The Company (Cont'd)

35.1.2 On 9 January 2015, the Company was sued as a co-defendant together with State Railway of Thailand in a lawsuit of a black case number Por62/2558 by a private company regarding a pipeline construction in the overlapping rental area that the plaintiff rent from the State Railway of Thailand in Chachoengsao Province. The litigation filed with the Civil Court by the plaintiff requested the Company to pay damages totalling Baht 295.9 million. On 20 January 2016, the Court dismissed the case because the Company and the State Railway of Thailand had agreed the dispute with the plaintiff. On 23 May 2016, the plaintiff lodged an appeal to the Court. On 9 January 2017, the Appeal Court delivered its verdict according to the Court of First Instance to dismiss the case. At present, it is on a process of following up to the filing petition to the Supreme Court of the private company.

The Company and subsidiary

35.1.3 On 24 February 2015, the Company and Samed Utilities Company Limited, were sued for compensation and damages in a lawsuit of black case number Por 808/2558 regarding a breach of an agreement. The private company filed a complaint with the Civil Court requesting that the Company and the subsidiary be ordered to pay damages totalling Baht 30.9 million. On 17 November 2015, the Court made the decision that Samed Utilities Company Limited to pay the private company Baht 20.5 million plus interest at 7.5% per annum and dismissed the case of the Company. On 17 March 2016, the Company lodged an appeal regarding the fine imposed on Samed Utilities Company Limited. On 22 December 2016, the Appeal Court delivered its verdict according to the Court of First Instance ordering Samed Utilities Company Limited to pay the private company, and to dismiss the case for the Company part. At present, it is on a process of following up to the filing petition to the Supreme Court of Samed Utilities Company Limited.

35.2 New litigations in 2016

The Company

35.2.1 On 7 April 2016, the Company was sued in a criminal black case number 570/2559 with a limited partnership regarding the Company engaged the limited partnership to construct the pipeline in the same area of the plaintiff. The plaintiff's pipeline was damaged and they requested the Company to pay for damages totalling Baht 18.4 million with the interest of 7.5% per annum. This case is currently in process of consideration by the Chonburi Provincial Court.

35.2.2 The Company engaged the contractor in the Tubma reservoir development project starting from 31 January 2012 to 15 July 2016. However, the construction is delayed and incomplete. The total construction in progress and advance for construction as at 31 December 2016 are Baht 1,495.1 million and Baht 242.9 million respectively. On 12 October 2016, the Company was sued as a defendant in a lawsuit of a black case number 1668/2559 regarding a breach of a construction agreement. The contractor requested the Company to pay damages totalling Baht 480.9 million plus interest of 7.50% per annum, by claiming the Company that the delay in construction is the Company's fault. The Company has argued this claim and requested compensation for fines, damages and other rights which the Company can claim due to the delay. On 27 January 2017, the Company made a counterclaim to the Rayong Provincial Court. This case is currently in process of consideration by the Rayong Provincial Court. The Company believes that this case will not result to any significant losses to the Company. Therefore, the allowance for impairment of assets and the provision for liabilities have not been recorded in the financial statements.

On 13 October 2016, the Company received cash of a guarantee from a bank for this project totalling Baht 371.7 million. The bank has reserved its right to retrieve the money if the contractor's responsibility for damages is lower than amount of the bank guarantee. The Company has recorded cash received as other non-current liabilities in the financial statements.

35 Litigation (Cont'd)

35.2 New litigations in 2016 (Cont'd)

The subsidiary

35.2.3 On 25 February 2016, Universal Utilities Public Company Limited was sued in a lawsuit of black case number 570/2559 regarding the purchasing of raw water from a private company which the plaintiff claims that raw water was pumped from a well on the plaintiff's land. The plaintiff filed a complaint with the Chonburi Provincial Court requesting the subsidiary to return the raw water or to pay damages of Baht 49.8 million. This case is currently in process of consideration by the Chonburi Provincial Court.

35.2.4 On 3 March 2016, Universal Utilities Public Company Limited was sued by a private company in a lawsuit of black case number Por 994/2559 regarding a breach of a raw water purchase agreement. The private company requested the subsidiary to pay for the raw water totalling Baht 2.0 million as well as damages for the opportunity cost and investment totalling Baht 453.5 million plus interest at 7.5% per annum starting on the next day of litigation until the settlement date. On 1 July 2016, the Court settled a dispute and a private company offered the subsidiary to purchase its raw water pipeline and receive the transfer of the raw water purchase agreement. Currently, the subsidiary is considering the proposal. The Court set a date for the settlement of dispute on 10 April 2017. The subsidiary has recorded liabilities for the raw water of Baht 2.0 million in the financial statements.

The ultimate outcome cannot be determined at this stage. The management believed that those claims will not result to any significant losses. Therefore, the provision for liabilities has not been recorded in this financial statements.

36 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 sold from the operating year commenced (year 1998). In addition, if it is decided that a final 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 final rate is lower, the government agency agrees to pay back the surplus 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.

In 2015, the Company and the government agency hold a meeting to agree on project compensation rate. On 21 July 2015, the Company sent a letter to the government agency to inform that the Company was willing to pay the compensation for the current year at a higher rate and keep the previous rate for the past years. Subsequently, the government agency issued a letter dated 14 October 2015 to the Company notifying that the compensation rate must be processed and considered in accordance with the Act on Private Participation in a State Undertaking B.E. 2556 and then submitted to the Cabinet for approval. In the meanwhile, the government agency accepted the temporary payment with the new compensation rate from the year 2015 onwards.

The Company recorded the project compensation by using the new compensation rate since the year 2015. The management considered that these rates are the best estimation based on the current information.

37 Significant agreements

37.1 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
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

37 Significant agreements (Cont'd)

37.1 Concession arrangements (Cont'd)

- 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 Public 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 Public 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	Universal Utilities Public 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

37 Significant agreements (Cont'd)

37.1 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 Public Company Limited and the Provincial Waterworks Authority	20 years from the date of the first tap water sale (April 2010)	Intangible assets
13	Agreement to produce and sell tap water to Ratchaburi Waterworks, Rayong and Samut Songkram Province	7 April 2001	Egcom Tara Company Limited and the Provincial Waterworks Authority	30 years from the date of the first tap water sale 7 April 2001	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. 1-7, No 11 and No 13, the Company entered into a contract with Universal Utilities Public Company Limited to be the operator for the tap water production and the construction or improvement of infrastructure in the concession arrangements.

37 Significant agreements (Cont'd)

37.2 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. The Company terminated the raw water purchase agreements. On 14 October 2016, the Company sued the private company for violating the agreements and requested the private company to pay damages totalling Baht 84.4 million (with interest at 7.5% per annum). Currently, this case is in process of consideration by the Civil Court.
- 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. On 10 July 2015, the raw water purchase agreement period between the Company and a private company was changed from 40 years to 30 years starting from 1 March 2015 to 28 February 2045. The agreement period will be extended every 10 years until it reaches the 30th year. The Company is required to purchase a minimum of 15 million cubic metres per annum for the 1st-5th year and 20 million cubic metres per annum from the 6th year onwards. On 21 June 2016, the Company terminated the raw water purchase agreement because the private company violated the agreement by providing raw water below minimum quantity and quality.

The Subsidiaries

- 4) On 28 May 2015, Universal Utilities Public Company Limited entered into an agreement with a private company to service and maintain the tap water production system of the Lakchai Muang Yang Industrial Estate, Rayong province. The agreement period for the temporary tap water production system is 1 year 6 months, starting from 1 July 2015. The agreement period for the permanent tap water production system is 30 years, starting from 1 January 2017. Universal Utilities Public Company Limited is required to construct the tap water production system and produce tap water for the Lakchai Muang Yang Industrial Estate. At the end of the agreement, the subsidiary has the right to move back the property under this agreement.
- 5) On 28 July 2015, Universal Utilities Public Company Limited entered into an agreement with a private company to service and maintain the wastewater treatment system of the Lakchai Muang Yang Industrial Estate, Rayong province. The agreement period is 30 years, starting from 1 January 2017. Universal Utilities Public Company Limited is required to construction the wastewater treatment system. At the end of the agreement, Universal Utilities Public Company Limited has to transfer ownership of all invested assets in the wastewater treatment system to Lakchai Muang Yang Industrial Estate, Rayong province.

38 Fair value of financial instruments

Since the majority of the Group's financial instruments are short-term. The fair values are not materially different from the amounts presented in the balance sheets except for long-term loans from financial institutions which have the net book values and fair values of Baht 4,008.8 million and Baht 3,921.9 million, respectively, as at 31 December 2016 (2015 : Baht 3,240.0 million and Baht 3,166.4 million respectively). This fair value is categorised within level 3 (Note 3.2) which calculated by using the discounted future cash flow throughout the borrowings agreement period and discounted by market interest rate.

39 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;

39.1 Usage and sales volume of raw water classified by distribution networks

	Separate financial statements			
	2016		2015	
	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	110,263	1,197,351	103,554	1,105,182
Dok Krai - Map Ta Pud Network	63,610	695,483	71,505	800,000
Chachoengsao - Chonburi Network	86,447	861,068	97,813	983,988
Nong Pla Lai - Nong Khor Network	21,697	231,407	23,678	251,386
Total	282,017	2,985,309	296,550	3,140,556
Less raw water used to produce tap water				
Dok Krai - Map Ta Pud Network	(17,082)	(169,112)	(16,680)	(165,134)
Nong Pla Lai - Nong Khor Network	(5,696)	(56,390)	(4,832)	(47,835)
Total sales of water	259,239	2,759,807	275,038	2,927,587

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

	(Unit: Baht'000)	
	Separate financial statements	
	2016	2015
Nong Khor - Laem Chabang Network 1	554,936	681,931
Nong Khor - Laem Chabang Network 2	156,150	163,271
Chachoengsao Network	149,982	138,786
Total	861,068	983,988

39.2 Proportion of raw water sold to end users

	(Unit: %)	
	Separate financial statements	
	2016	2015
Industrial Estates	54	53
Waterworks Authority	24	27
Factories	22	20
Total	100	100