

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

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2017

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 2017, 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

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then end; and
- the notes to the consolidated and separate financial statements, which include 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 to the financial statements regarding the litigation of Tubma reservoir development project, which the contractor cannot complete the construction in time. This case is in a conciliation period. I also draw your attention to Note 36 to the financial statements 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 these matters.

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>As at 31 December 2017, the Group had goodwill presented as an asset in the consolidated financial statements of Baht 103.3 million. The goodwill is from a subsidiary acquired an equity interest in a private company in 2015.</p> <p>The goodwill relates to operating results which are under an operating agreement. Therefore, future operating results and the remaining agreement period have a direct impact on impairment of the goodwill. Goodwill is required for impairment testing annually, by determining the recoverable amount of goodwill, according to the financial reporting standard.</p> <p>The management assessed the recoverable amount of goodwill by the calculation of value in use which involves an estimate of the future cash flows.</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 assumptions which involve significant management's judgement, such as an estimate of the future cash flows the Group expects to derive from the asset, expectations about possible variations in the amount or timing of future cash flows, the time value of money, and the appropriate discount rates. The key assumptions of an estimate of the future cash flows are the selling price, sales volumes and discount rates as disclosed in Note 15, Goodwill.</p>	<p>I tested the calculation of value in use prepared by management. I challenged management about future operations plans. I tested the reasonableness of the estimate of the future cash flows by testing the assumptions as follows:</p> <ul style="list-style-type: none">• compared the forecast of operating results against actual historical data.• compared the selling price and sales volumes with information specified in the operating agreement and checked the future selling price adjustment.• analysed whether costs and expenses were in line with sales and consistent with actual historical amounts.• checked the calculation of discount rates.• performed a sensitivity analysis on key assumptions. <p>Based on the procedures above, I found that the assumptions used by the management in the 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
20 February 2018

Eastern Water Resources Development and Management Public Company Limited

Statement of Financial Position

As at 31 December 2017

(Unit: Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	8	37,477,981	185,531,101	4,620,675	96,868,747
Short-term investments	9	393,039,207	736,498,606	39,316,426	366,752,447
Trade and other receivables	10	407,424,378	420,745,598	273,841,873	281,657,954
Inventories	11	13,068,626	10,586,982	-	-
Other current assets		38,126,761	31,033,975	13,620,675	19,114,571
Total current assets		889,136,953	1,384,396,262	331,399,649	764,393,719
Non-current assets					
Investment in subsidiary	12	-	-	510,000,000	510,000,000
Investment property - net	13	185,929,674	193,922,764	199,391,345	221,689,767
Property, plant and equipment - net	14	14,228,391,546	14,062,211,360	13,970,222,013	13,822,750,998
Goodwill	15	103,283,004	103,283,004	-	-
Intangible assets - net	16	3,702,733,589	3,692,725,386	50,150,870	38,584,587
Deferred tax assets	17	22,233,644	24,050,515	-	-
Other non-current assets	18	350,907,331	399,805,735	320,645,824	367,530,558
Total non-current assets		18,593,478,788	18,475,998,764	15,050,410,052	14,960,555,910
Total assets		19,482,615,741	19,860,395,026	15,381,809,701	15,724,949,629

()

()

The accompanying notes on pages 14 to 65 are an integral part of these consolidated and separate financial statements.

Eastern Water Resources Development and Management Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 December 2017

(Unit: Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and equity					
Current liabilities					
Short-term borrowings from					
financial institutions	19.1	83,000,000	1,600,000,000	10,000,000	-
Trade and other payables	20	139,728,150	133,253,559	97,283,425	101,747,154
Payable for purchase of fixed assets		82,432,874	117,996,918	73,737,745	85,962,622
Current portion of long-term liabilities					
under finance lease agreements	21	1,600,100	1,407,257	1,600,100	1,407,257
Current portion of long-term borrowings					
from financial institutions	19.2	808,200,000	808,200,000	616,000,000	616,000,000
Income tax payable		131,181,159	129,307,584	98,469,579	98,814,617
Accrued expenses	22	176,013,280	176,960,271	115,495,812	116,241,055
Other current liabilities		70,766,620	59,394,910	44,075,218	28,437,416
Total current liabilities		1,492,922,183	3,026,520,499	1,056,661,879	1,048,610,121
Non-current liabilities					
Long-term liabilities under					
finance lease agreements	21	2,636,601	434,965	2,636,601	434,965
Long-term borrowings from					
financial institutions	19.2	3,992,400,000	3,200,600,000	2,008,000,000	2,624,000,000
Debentures	19.3	2,397,562,352	2,397,185,473	2,397,562,352	2,397,185,473
Deferred tax liabilities	17	385,209,627	410,097,410	41,053,052	38,406,226
Employee benefit obligations	23	135,061,993	129,087,287	96,981,570	76,704,818
Long-term provisions	24	33,188,538	20,670,053	-	-
Other non-current liabilities	25	613,728,663	627,498,747	574,373,260	595,592,572
Total non-current liabilities		7,559,787,774	6,785,573,935	5,120,606,835	5,732,324,054
Total liabilities		9,052,709,957	9,812,094,434	6,177,268,714	6,780,934,175

The accompanying notes on pages 14 to 65 are an integral part of these consolidated and separate financial statements.

Eastern Water Resources Development and Management Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 December 2017

		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		2017	2016	2017	2016
(Unit: Baht)					
Liabilities and equity (Cont'd)					
Equity					
Share capital					
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
		2,138,522,279	2,138,522,279	2,138,522,279	2,138,522,279
Share premium					
Retained earnings					
		166,500,000	166,500,000	166,500,000	166,500,000
		39,316,426	-	39,316,426	-
		6,219,721,946	5,867,023,171	5,181,702,905	4,956,572,298
		14,774,228	18,695,728	14,774,228	18,695,728
		10,242,560,028	9,854,466,327	9,204,540,987	8,944,015,454
		187,345,756	193,834,265	-	-
		10,429,905,784	10,048,300,592	9,204,540,987	8,944,015,454
		19,482,615,741	19,860,395,026	15,381,809,701	15,724,949,629

The accompanying notes on pages 14 to 65 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 2017

(Unit: Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues	33				
Sales - raw water		2,452,052,565	2,696,427,042	2,501,454,822	2,759,807,142
Sales - tap water		1,422,746,044	1,392,873,167	377,436,705	378,125,765
Construction revenue under concession agreements		275,652,329	118,258,238	-	-
Rental and service income		157,590,954	169,405,399	114,918,675	95,219,384
Total sales and service income		4,308,041,892	4,376,963,846	2,993,810,202	3,233,152,291
Other income	29	48,592,895	37,025,541	138,823,265	142,083,766
Total revenues		4,356,634,787	4,413,989,387	3,132,633,467	3,375,236,057
Expenses	33				
Cost of sales - raw water		935,249,669	1,150,386,711	964,190,281	1,193,500,929
Cost of sales - tap water		879,017,344	824,579,757	313,565,066	323,464,215
Construction cost under concession agreements		275,652,329	118,258,238	-	-
Cost of rental and services		134,628,908	138,797,205	86,390,504	67,611,534
Total costs of sales and services		2,224,548,250	2,232,021,911	1,364,145,851	1,584,576,678
Selling expenses		18,987,845	16,179,212	16,550,640	10,485,597
Administrative expenses		438,581,118	400,967,829	308,804,675	264,438,739
Finance costs		140,848,473	119,556,066	87,875,737	62,745,098
Total expenses		2,822,965,686	2,768,725,018	1,777,376,903	1,922,246,112
Profit before income tax		1,533,669,101	1,645,264,369	1,355,256,564	1,452,989,945
Income tax expense	31	(301,653,750)	(326,656,267)	(252,760,488)	(269,101,917)
Net profit for the year		1,232,015,351	1,318,608,102	1,102,496,076	1,183,888,028
Other comprehensive income :					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurements of post-employment benefit obligations	23	3,371,809	-	(7,734,133)	-
Related income tax	31	(674,361)	-	1,546,827	-
Total items that will not be reclassified subsequently to profit or loss		2,697,448	-	(6,187,306)	-
<i>Items that will be reclassified subsequently to profit or loss</i>					
Asset transferred from customers		(3,390,304)	(3,397,523)	(3,390,304)	(3,397,523)
Fair value of available-for-sale investments recycled to profit or loss		(663,994)	(718,944)	(663,994)	(718,944)
Related income tax	31	132,798	143,789	132,798	143,789
Total items that will be reclassified subsequently to profit or loss		(3,921,500)	(3,972,678)	(3,921,500)	(3,972,678)
Other comprehensive income for the year, net of tax		(1,224,052)	(3,972,678)	(10,108,806)	(3,972,678)
Total comprehensive income for the year		1,230,791,299	1,314,635,424	1,092,387,270	1,179,915,350

The accompanying notes on pages 14 to 65 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	
	2017	2016	2017	2016
Profit attributable to				
Owners of the parent	1,221,179,490	1,309,225,662	1,102,496,076	1,183,888,028
Non-controlling interests	10,835,861	9,382,440	-	-
	<u>1,232,015,351</u>	<u>1,318,608,102</u>	<u>1,102,496,076</u>	<u>1,183,888,028</u>
Total comprehensive income attributable to				
Owners of the parent	1,219,955,438	1,305,252,984	1,092,387,270	1,179,915,350
Non-controlling interests	10,835,861	9,382,440	-	-
	<u>1,230,791,299</u>	<u>1,314,635,424</u>	<u>1,092,387,270</u>	<u>1,179,915,350</u>
Earnings per share for profit attributable to owners of the parent				
Basic earnings per share	32 0.73	0.79	0.66	0.71

The accompanying notes on pages 14 to 65 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 2017

(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		Total other components of equity	Total owners of the parent	Non-controlling interests	Total equity	
			Appropriated - legal reserve	Appropriated - concession reserve	Unappropriated	transferred from customers-net	available-for-sale investments					
			Other comprehensive income									
Opening balance as at 1 January 2016												
	- as previously reported	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
6	Profit allocation of non-controlling interests	-	-	-	-	3,196,869	-	-	-	3,196,869	(3,196,869)	-
Opening balance as at 1 January 2016												
	- as newly reported	1,663,725,149	2,138,522,279	166,500,000	-	5,306,473,651	21,562,055	1,106,351	22,668,406	9,297,889,485	201,673,503	9,499,562,988
28	Dividend paid	-	-	-	-	(748,676,142)	-	-	-	(748,676,142)	(17,221,678)	(765,897,820)
	Comprehensive income for the year	-	-	-	-	1,309,225,662	(3,397,523)	(575,155)	(3,972,678)	1,305,252,984	9,382,440	1,314,635,424
Closing balance as at 31 December 2016												
		1,663,725,149	2,138,522,279	166,500,000	-	5,867,023,171	18,164,532	531,196	18,695,728	9,854,466,327	193,834,265	10,048,300,592
Opening balance as at 1 January 2017												
	- as previously reported	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
6	Profit allocation of non-controlling interests	-	-	-	-	12,709,503	-	-	-	12,709,503	(12,709,503)	-
Opening balance as at 1 January 2017												
	- as newly reported	1,663,725,149	2,138,522,279	166,500,000	-	5,867,023,171	18,164,532	531,196	18,695,728	9,854,466,327	193,834,265	10,048,300,592
28	Dividend paid	-	-	-	-	(831,861,737)	-	-	-	(831,861,737)	(17,324,370)	(849,186,107)
26	Appropriation of concession reserve	-	-	-	39,316,426	(39,316,426)	-	-	-	-	-	-
	Comprehensive income for the year	-	-	-	-	1,223,876,938	(3,390,304)	(531,196)	(3,921,500)	1,219,955,438	10,835,861	1,230,791,299
Closing balance as at 31 December 2017												
		1,663,725,149	2,138,522,279	166,500,000	39,316,426	6,219,721,946	14,774,228	-	14,774,228	10,242,560,028	187,345,756	10,429,905,784

The accompanying notes on pages 14 to 65 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 2017

(Unit: Baht)

Notes	Separate financial statements					Other components of equity				Total equity
	Issued and paid-up share capital	Premium on share capital	Retained earnings			Other comprehensive income		Total other components of equity		
			Appropriated - legal reserve	Appropriated - concession reserve	Unappropriated	Assets	available-for-sale investments			
						transferred from customers-net				
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	
Dividend paid 28	-	-	-	-	(748,676,142)	-	-	-	(748,676,142)	
Comprehensive income for the year	-	-	-	-	1,183,888,028	(3,397,523)	(575,155)	(3,972,678)	1,179,915,350	
Closing balance as at 31 December 2016	<u>1,663,725,149</u>	<u>2,138,522,279</u>	<u>166,500,000</u>	<u>-</u>	<u>4,956,572,298</u>	<u>18,164,532</u>	<u>531,196</u>	<u>18,695,728</u>	<u>8,944,015,454</u>	
Opening balance as at 1 January 2017	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	
Dividend paid 28	-	-	-	-	(831,861,737)	-	-	-	(831,861,737)	
Appropriation of concession reserve 26	-	-	-	39,316,426	(39,316,426)	-	-	-	-	
Comprehensive income for the year	-	-	-	-	1,096,308,770	(3,390,304)	(531,196)	(3,921,500)	1,092,387,270	
Closing balance as at 31 December 2017	<u>1,663,725,149</u>	<u>2,138,522,279</u>	<u>166,500,000</u>	<u>39,316,426</u>	<u>5,181,702,905</u>	<u>14,774,228</u>	<u>-</u>	<u>14,774,228</u>	<u>9,204,540,987</u>	

The accompanying notes on pages 14 to 65 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 2017

(Unit: Baht)

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Cash flows from operating activities					
Profit before income tax		1,533,669,101	1,645,264,369	1,355,256,564	1,452,989,945
Adjustments to reconcile profit before					
income tax to net cash received					
(paid) from operating activities					
Depreciation	13,14	393,619,482	379,473,112	372,213,358	361,251,643
Amortisation	16	282,587,731	263,346,290	7,337,322	6,727,040
Income from amortisation of assets					
transferred from customers		(3,390,304)	(3,397,523)	(3,390,304)	(3,397,523)
Loss on disposal/write-off equipment		1,441,471	7,893,448	1,802,967	7,874,595
Impairment loss on concession right	16	1,960,000	3,320,000	-	-
Gain on sales of available-for-sale investments		(1,862,672)	(3,173,211)	(1,862,672)	(3,173,211)
Long-term provisions	24	21,490,806	4,210,563	-	-
Employee benefit obligations	23	16,642,870	15,763,539	10,035,301	9,107,479
Dividend income	29	-	-	(105,569,986)	(108,629,985)
Interest income	29	(6,938,348)	(9,557,141)	(1,154,879)	(3,146,929)
Interest expenses		139,810,617	118,259,708	86,837,881	61,448,740
Profit from operating activities before					
changes in operating assets and liabilities		2,379,030,754	2,421,403,154	1,721,505,552	1,781,051,794
Changes in operating assets (increase) decrease					
Trade and other receivables		13,321,220	26,575,960	17,279,746	1,155,976
Inventories		(2,481,644)	(1,206,028)	-	-
Other current assets		2,093,356	2,907,969	5,483,332	(5,377,202)
Other non-current assets		16,765,580	(1,249,495)	14,680,971	(2,609,650)
Changes in operating liabilities increase (decrease)					
Trade payables		6,474,591	(676,796)	(4,463,729)	(3,133,730)
Accrued expenses		(818,968)	1,999,886	(617,220)	(1,792,977)
Other current liabilities		15,739,721	(4,405,158)	15,581,509	(6,224,416)
Employee benefit obligations - paid		(7,226,643)	(6,363,234)	(6,956,347)	(5,763,187)
Long-term provisions - paid	24	(8,972,321)	(12,468,873)	-	-
Other non-current liabilities		(23,849,057)	41,339,587	(31,298,285)	39,645,018
Cash provided by operation		2,390,076,589	2,467,856,972	1,731,195,529	1,796,951,626
Income tax paid		(332,330,685)	(358,598,929)	(248,779,074)	(268,379,453)
Net cash provided by operating activities		2,057,745,904	2,109,258,043	1,482,416,455	1,528,572,173

The accompanying notes on pages 14 to 65 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 2017

(Unit: Baht)

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Cash flows from investing activities					
Purchase of short-term investments	9	(1,154,426,026)	(1,134,876,293)	(432,227,972)	(420,948,454)
Proceeds from disposal of short-term investments	9	1,499,084,104	1,263,429,501	760,862,672	603,173,211
Interest received		6,690,244	9,307,038	1,165,443	3,054,424
Dividend received	12	-	-	105,569,986	108,629,985
Proceeds from disposal of equipment		2,288,431	180,000	719,775	180,000
Purchase of intangible assets		(305,155,028)	(101,776,800)	(18,903,605)	(9,236,539)
Purchase of investment property		(1,264,948)	(393,451)	(1,465,502)	(455,831)
Purchase of fixed assets and advance for construction		(450,499,162)	(873,108,282)	(381,833,121)	(828,966,032)
Proceeds from bank guarantee		10,078,973	371,735,146	10,078,973	371,735,146
Interest paid capitalised in qualifying assets		(92,318,077)	(132,522,915)	(92,318,077)	(132,322,561)
Net cash used in investing activities		(485,521,489)	(598,026,056)	(48,351,428)	(305,156,651)
Cash flows from financing activities					
Proceeds from short-term borrowings from financial institutions	19.1	1,178,000,000	155,000,000	903,000,000	130,000,000
Payment on short-term borrowings from financial institutions	19.1	(2,695,000,000)	(155,000,000)	(893,000,000)	(130,000,000)
Proceeds from long-term borrowings from financial institutions	19.2	1,600,000,000	-	-	-
Payment on long-term borrowings from financial institutions	19.2	(808,200,000)	(752,200,000)	(616,000,000)	(560,000,000)
Payment on liabilities under finance lease agreements		(1,837,899)	(2,856,314)	(1,837,899)	(2,856,314)
Dividend paid		(853,546,692)	(762,655,711)	(831,805,443)	(748,583,893)
Interest paid		(139,692,944)	(119,207,130)	(86,669,757)	(64,220,178)
Net cash used in financing activities		(1,720,277,535)	(1,636,919,155)	(1,526,313,099)	(1,375,660,385)
Net decrease in cash and cash equivalents		(148,053,120)	(125,687,168)	(92,248,072)	(152,244,863)
Cash and cash equivalents at the beginning of the year		185,531,101	311,218,269	96,868,747	249,113,610
Cash and cash equivalents at the end of the year	8	37,477,981	185,531,101	4,620,675	96,868,747
Supplemental cash flow information					
Non-cash transactions:					
Purchase of fixed assets and intangible assets on payable		84,022,686	59,574,628	73,737,745	27,544,429
Purchase of equipment under financial lease agreement		4,236,701	-	4,236,701	-

The accompanying notes on pages 14 to 65 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. It is 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 2017 and 2016 of the Company and the following subsidiaries:

Company’s name	Nature of business	Country of incorporation	Ownership interest	
			2017 %	2016 %
<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 20 February 2018 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 Financial reporting 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 accounting policy of 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 critical accounting estimates, judgements and assumptions to the consolidated and separate 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 Revised financial reporting standards

2.2.1 Revised financial reporting standard which is effective for annual periods beginning on or after 1 January 2017. This standard has significant change and is relevant to the Group:

TAS 27 (revised 2016): Separate financial statements, 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 (revised 2016): Investments in associates and joint ventures. 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 uses the cost method which is the policy that the Group has applied. Therefore, the revised standard does not have an impact to the financial statements being presented

2.2.2 Revised financial reporting standards which are effective for annual periods beginning on or after 1 January 2018. These standards have significant changes and are relevant to the Group. The Group has not yet adopted these revised standards.

TAS 7 (revised 2017): Statements of cash flows, the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash transactions.

TAS 12 (revised 2017): Income taxes, the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable

TFRS 12 (revised 2017): Disclosure of interests in other entities, the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as asset held for sale according to TFRS 5 (revised 2017): Non-current assets held for sale and discontinued operations, except for the disclosure of summarised financial information for subsidiaries, joint ventures or associates which are classified as non-current assets held for sale.

The Group's management has assessed and considered that the above revised standards will not have a material impact on the Group except for disclosures.

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 measurement 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 losses 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.

(2) Transactions with 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 of non-controlling interests are also recorded in equity.

(3) Separate financial statements

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration. Cost also includes direct attributable costs of investment.

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 other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

2.6 Trade receivables

Trade receivables 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 expenses.

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

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

Trading investments and available-for-sale investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

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

General investments are carried at cost less impairment loss.

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 profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to 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 for own use by the 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. After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment loss.

Land is not depreciated on other investment properties is calculated using the straight line method to allocate cost to residual values over the 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).

Initial 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 cost to residual values over the estimated useful lives, as follows:

Pumping plants	20 and 35 years
Building	20 and 35 years
Leasehold and building improvements	5, 10 years but not more than leased term
Machinery and equipment	
- Water pipe	30 and 40 years
- Tap water production system	5, 15 and 20 years
- Tools and equipment	5 years
Office equipment	3 and 5 years
Vehicles	5 years

The asset's useful lives, residual value and method of depreciation 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 carrying amount is greater than the 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 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 loss. Impairment loss on goodwill is 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 cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, and 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 cost 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

Right from service concession arrangements

Right 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. Right from service concession arrangements is amortised using the straight-line method over concession period and recorded 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. Non-financial assets other than goodwill that suffered an impairment loss 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 substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax 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 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 benefits are the benefit which the Group will pay 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, which the assets are held in a separate trust fund. The provident fund is funded by payments from employees and by the Group. The Group contributes 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 plan 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 approximate to the terms of the related liability.

Remeasurement 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 statement 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.

Remeasurement gains and losses of other long-term benefits 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 Accounting policies (Cont'd)

2.20 Revenue recognition

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

(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 Dividend 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 factors

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 is exposed to credit risk primarily with respect to trade receivables and other receivable. The Group manages 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, however, 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 receivables and other receivables 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 are derivative to manage exposure from fluctuation in interest rate.

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 the financial statements.

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. Critical accounting estimates, judgments and assumptions are as follows:

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

4.1 Value in use

Value in use is the present value of the future cash flows expected to be derived from assets, discounted by discount rates, determined by the management of the Group. The cash flow projections based on financial forecasts for the remaining useful lives of assets or concession periods and approved by the management 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 ratio and gross margin rate. Management determines such rates based on its past performance, 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 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 8.57% 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 calculation. The calculation requires the use of estimates as described in Note 15.

4.2 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 is denominated in the currency in which the benefits will be paid, and that the terms to maturity approximate to the terms of the related liability.

The key assumptions for defined benefit obligations and other long-term benefits are based on current market conditions are disclosed in Note 23.

4.3 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 in Note 36. Based on the Group's management judgement, the projected compensation is 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 Profit allocation of non-controlling interests

During the year, Universal Utilities Public Company Limited, a subsidiary, made change in the profit allocation of non-controlling interests arising from operation of its subsidiary because the profit allocation of non-controlling interests was over in the past. The effects to the consolidated financial statements are as follows:

(Unit: Baht)

	Consolidated financial statements		
	As previously reported	Increase/ (Decrease)	As newly reported
Statement of financial position			
As at 1 January 2016			
Unappropriated retained earnings-owners of the parent	5,303,276,782	3,196,869	5,306,473,651
Non-controlling interests	204,870,372	(3,196,869)	201,673,503
Equity	9,499,562,988	-	9,499,562,988
As at 1 January 2017			
Unappropriated retained earnings-owners of the parent	5,854,313,668	12,709,503	5,867,023,171
Non-controlling interests	206,543,768	(12,709,503)	193,834,265
Equity	10,048,300,592	-	10,048,300,592
Statement of Comprehensive Income			
For the year 31 December 2016			
Net profit	1,318,608,102	-	1,318,608,102
Profit attributable to			
Owners of the parent	1,299,713,028	9,512,634	1,309,225,662
Non-controlling interests	18,895,074	(9,512,634)	9,382,440
Total	1,318,608,102	-	1,318,608,102
Total comprehensive income	1,314,635,424	-	1,314,635,424
Total comprehensive income attributable to owners of the parent	1,295,740,350	9,512,634	1,305,252,984
Non-controlling interests	18,895,074	(9,512,634)	9,382,440
Total	1,314,635,424	-	1,314,635,424
Basic earnings per share	0.78	0.01	0.79

The change above does not affect net profit, total comprehensive income and equity as previously presented.

The effects on retained earnings as at 1 January 2016 and 31 December 2016 do not have a material impact to the comparative statement of financial position presented as comparative. The Company, therefore, does not present the additional statement of financial position as at 1 January 2016.

Eastern Water Resources Development and Management Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

7 Operating 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 comprises the supply of raw water, production and supply of tap water, waterworks management, and engineering services. Other business activities, such as office building rental, are aggregated under the segment "Others".

The business operations are only conducted in 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 transfer between segment as if the sales or the transfer are 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 2017 and 2016 is summarised as follows:

	Consolidated financial statements						(Unit: Baht)
	2017						
	Sales		Service income				
	Supply of raw water business	Supply of Tap water business	Waterworks management business	Engineering services	Others	Elimination	Total
Revenue							
Revenue from third parties	2,452,052,565	1,575,183,371	129,696,298	62,337,367	88,772,291	-	4,308,041,892
Revenue from inter-segment	49,402,257	-	216,852,838	-	26,146,384	(292,401,479)	-
Total revenue	2,501,454,822	1,575,183,371	346,549,136	62,337,367	114,918,675	(292,401,479)	4,308,041,892
Cost of sales and services	(964,190,281)	(1,099,769,230)	(313,396,504)	(61,907,297)	(77,686,416)	292,401,479	(2,224,548,250)
Segment operating profit	1,537,264,541	475,414,141	33,152,632	430,070	37,232,259	-	2,083,493,642
Unallocated revenue (expenses)							
Other income							48,592,895
Selling expenses							(18,987,845)
Administrative expenses							(438,581,118)
Finance costs							(140,848,473)
Income tax							(301,653,750)
Net profit							1,232,015,351

	Consolidated financial statements						(Unit: Baht)
	2016						
	Sales		Service income				
	Supply of raw water business	Supply of Tap water business	Waterworks management business	Engineering services	Others	Elimination	Total
Revenue							
Revenue from third parties	2,696,427,042	1,452,394,874	60,474,566	81,097,185	86,570,179	-	4,376,963,846
Revenue from inter-segment	63,380,101	-	217,841,080	7,020,000	8,649,206	(296,890,387)	-
Total revenue	2,759,807,143	1,452,394,874	278,315,646	88,117,185	95,219,385	(296,890,387)	4,376,963,846
Cost of sales and services	(1,193,500,929)	(977,694,875)	(211,553,790)	(77,319,181)	(68,843,522)	296,890,387	(2,232,021,911)
Segment operating profit	1,566,306,214	474,699,999	66,761,856	10,798,004	26,375,863	-	2,144,941,935
Unallocated revenue (expenses)							
Other income							37,025,541
Selling expenses							(16,179,212)
Administrative expenses							(400,967,829)
Finance costs							(119,556,066)
Income tax							(326,656,267)
Net profit							1,318,608,102

Information about major customers

The Group had major revenues from entities under the control of a government such as Provincial Waterworks Authority, Industrial Estate Authority of Thailand for supply of raw water, supply of tap water and engineering services segments. The revenues for the year ended 31 December 2017 are Baht 2,929.6 million (2016: Baht 2,895.2 million).

8 Cash and cash equivalents

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash on hand	534,036	566,909	10,036	62,909
Deposits with banks - current accounts	591,162	53,392	560,050	22,280
- savings accounts	36,331,693	134,907,968	4,047,734	46,780,726
- fixed accounts	21,090	50,002,832	2,855	50,002,832
	<u>37,477,981</u>	<u>185,531,101</u>	<u>4,620,675</u>	<u>96,868,747</u>

As at 31 December 2017, the interest rate of savings deposits with banks was 0.40% - 1.20% per annum (2016: 0.35% - 1.65% per annum). The fixed deposits with banks have maturity date within three months with interest rate at 0.75% - 1.60% per annum (2016: 0.80% - 1.80% per annum).

9 Short-term investments

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Fixed deposits	94,277,065	395,834,613	-	26,088,454
Deposits under the requirement of concession agreement	298,762,142	-	39,316,426	-
Available-for-sale investments	-	340,663,993	-	340,663,993
Total	<u>393,039,207</u>	<u>736,498,606</u>	<u>39,316,426</u>	<u>366,752,447</u>

As at 31 December 2017, fixed deposits with financial institutions have maturity dates during 6-12 months with interest rates at 0.90-1.60 per annum (2016: 1.35% - 2.30% per annum).

Deposits under the requirement of concession agreement are deposits for a reserve under the requirement of tap water concession agreement (Note 26).

Movement in the short-term investments during the year is summarised below:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Opening net book amount	736,498,606	862,597,548	366,752,447	546,522,937
Addition during the year	1,154,426,026	1,134,876,292	432,227,972	420,948,454
Redeem during the year	(1,497,885,425)	(1,261,639,227)	(759,663,993)	(601,382,937)
Re-measuring of fair value	-	663,993	-	663,993
Closing net book amount	<u>393,039,207</u>	<u>736,498,606</u>	<u>39,316,426</u>	<u>366,752,447</u>

9 Short-term investments (Cont'd)

The fair value of the available-for sale investments is as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost as at 31 December	-	340,000,000	-	340,000,000
Unrealised gain	-	663,993	-	663,993
Fair value as at 31 December	-	340,663,993	-	340,663,993

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).

10 Trade and other receivables

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade receivables	380,158,397	395,718,436	244,043,329	264,555,192
Other receivables	479,942	256,998	11,988,356	1,256,730
Water loss treatment service income receivable - related party (Note 33.2)	6,317,382	3,910,708	-	-
Prepayments	20,111,592	20,830,000	17,453,123	15,816,576
Others	357,065	29,456	357,065	29,456
	<u>407,424,378</u>	<u>420,745,598</u>	<u>273,841,873</u>	<u>281,657,954</u>

The detail of trade receivables is as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade receivables - billed				
- Third parties	113,746,444	110,474,250	111,901,410	110,041,856
- Related parties (Note 33.2)	165,792,824	188,580,350	131,693,606	154,513,336
Total trade receivables - billed	<u>279,539,268</u>	<u>299,054,600</u>	<u>243,595,016</u>	<u>264,555,192</u>
Trade receivables - unbilled				
- Third parties	869,774	743,309	-	-
- Related parties (Note 33.2)	99,749,355	95,920,527	448,313	-
Total trade receivables - unbilled	<u>100,619,129</u>	<u>96,663,836</u>	<u>448,313</u>	<u>-</u>
	<u>380,158,397</u>	<u>395,718,436</u>	<u>244,043,329</u>	<u>264,555,192</u>

10 Trade and other receivables (Cont'd)

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

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Within credit term	278,188,367	298,134,443	242,438,468	263,648,792
Overdue below 3 months	508,401	915,118	319,473	906,400
Overdue 3 - 6 months	837,160	2,201	837,075	-
Overdue 6 - 12 months	5,340	2,838	-	-
Overdue more than 12 months	615,153	615,153	615,153	615,153
	<u>280,154,421</u>	<u>299,669,753</u>	<u>244,210,169</u>	<u>265,170,345</u>
<u>Less</u> Allowance for doubtful accounts	(615,153)	(615,153)	(615,153)	(615,153)
	<u>279,539,268</u>	<u>299,054,600</u>	<u>243,595,016</u>	<u>264,555,192</u>

11 Inventories

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Spare parts and supplies	13,068,626	10,586,982	-	-
	<u>13,068,626</u>	<u>10,589,982</u>	<u>-</u>	<u>-</u>

Eastern Water Resources Development and Management Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

12 Investment in subsidiary

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Paid-up share capital		Ownership interest		Investment value		Dividend income	
			2017 Million Baht	2016 Million Baht	2017 %	2016 %	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Universal Utilities Public Company Limited	Produce and supply of tap water	Thailand	510	510	100	100	510,000,000	510,000,000	105,569,986	108,629,985
Total investment in subsidiary							<u>510,000,000</u>	<u>510,000,000</u>	<u>105,569,986</u>	<u>108,629,985</u>

13 Investment property - net

	(Unit: Baht)		
	Consolidated financial statements		
	Land	Building and building improvement	Total
At 1 January 2016			
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
Addition	-	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>
For the year ended 31 December 2017			
Opening net book amount	45,859,440	148,063,324	193,922,764
Addition	-	1,264,948	1,264,948
Disposal	-	(36,281)	(36,281)
Depreciation charged	-	(9,221,757)	(9,221,757)
Closing net book amount	<u>45,859,440</u>	<u>140,070,234</u>	<u>185,929,674</u>
At 31 December 2017			
Cost	45,859,440	225,942,404	271,801,844
<u>Less</u> Accumulated depreciation	-	(85,872,170)	(85,872,170)
Net book amount	<u>45,859,440</u>	<u>140,070,234</u>	<u>185,929,674</u>
Fair value	<u>126,616,251</u>	<u>157,963,039</u>	<u>284,579,290</u>

Depreciation expense of Baht 9.2 million (2016: Baht 8.6 million) was included in cost of rental and services.

13 Investment property - net (Cont'd)

	(Unit: Baht)		
	Separate financial statements		
	Land	Building and building improvement	Total
At 1 January 2016			
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
Addition	-	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>
For the year ended 31 December 2017			
Opening net book amount	50,121,522	171,568,245	221,689,767
Addition	-	1,465,502	1,465,502
Transfer to property, plant and equipment	(2,096,974)	(10,941,266)	(13,038,240)
Disposal	-	(41,846)	(41,846)
Depreciation charged	-	(10,683,838)	(10,683,838)
Closing net book amount	<u>48,024,548</u>	<u>151,366,797</u>	<u>199,391,345</u>
At 31 December 2017			
Cost	48,024,548	244,513,893	292,538,441
<u>Less</u> Accumulated depreciation	-	(93,147,096)	(93,147,096)
Net book amount	<u>48,024,548</u>	<u>151,366,797</u>	<u>199,391,345</u>
Fair value	<u>135,283,738</u>	<u>170,685,492</u>	<u>305,969,230</u>

Depreciation expense of Baht 10.7 million (2016: Baht 10.0 million) was included in cost of rental and services.

The fair value of investment property was reassessed by valuer. Fair value of land was valued by market 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 income approach, 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	
	2017	2016	2017	2016
Rental and service income of building	71,707,004	71,097,480	79,520,325	79,815,554
Direct operating expense arising from investment property that generated rental income	(58,049,584)	(59,873,912)	(58,049,584)	(59,873,912)
	<u>13,657,420</u>	<u>11,223,568</u>	<u>21,470,741</u>	<u>19,941,642</u>

Eastern Water Resources Development and Management Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

14 Property, plant and equipment - net

(Unit: Baht)

	Consolidated financial statements								Total
	Land	Pumping plants	Buildings	Leasehold and building improvement	Machinery and equipment	Office equipment	Vehicles	Construction in progress	
At 1 January 2016									
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
Less 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
Addition	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
Less 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
For the year ended 31 December 2017									
Opening 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
Addition	-	190,000	1,486,115	2,964,817	49,520,384	12,000,532	1,899,065	502,559,469	570,620,382
Transfer	-	84,171,739	175,353	9,158,676	518,573,443	6,325,550	97,000	(615,634,925)	2,866,836
Reclassification	(14,045,000)	-	-	-	-	-	-	-	(14,045,000)
Disposal/write-off, net	-	(4,681,954)	(161)	(481,450)	(2,532,207)	(868,535)	-	(300,000)	(8,864,307)
Depreciation charged	-	(53,746,800)	(19,389,228)	(24,952,823)	(270,291,159)	(15,765,254)	(252,461)	-	(384,397,725)
Closing net book amount	498,102,267	1,223,896,060	288,932,657	80,411,846	7,058,931,385	49,683,471	1,947,347	5,026,486,513	14,228,391,546
At 31 December 2017									
Cost	498,102,267	1,602,569,582	539,728,053	300,100,041	9,952,991,337	364,016,561	3,164,102	5,026,486,513	18,287,158,456
Less Accumulated depreciation	-	(378,673,522)	(250,795,396)	(219,688,195)	(2,894,059,952)	(314,333,090)	(1,216,755)	-	(4,058,766,910)
Net book amount	498,102,267	1,223,896,060	288,932,657	80,411,846	7,058,931,385	49,683,471	1,947,347	5,026,486,513	14,228,391,546

Depreciation expense of Baht 341.1 million (2016: Baht 345.6 million) was charged in cost of goods sold and Baht 29.6 million (2016: Baht 25.3 million) was charged in administrative expenses.

Eastern Water Resources Development and Management Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

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

(Unit: Baht)

	Separate financial statements								Total
	Land	Pumping plants	Buildings	Leasehold and building improvement	Machinery and equipment	Office equipment	Vehicles	Construction in progress	
At 1 January 2016									
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	16,281,449,171
<u>Less</u> Accumulated depreciation	-	(276,544,962)	(196,912,431)	(163,972,932)	(2,301,726,960)	(274,497,114)	(795,757)	-	(3,214,450,156)
Net book amount	<u>392,858,127</u>	<u>1,247,184,392</u>	<u>303,344,154</u>	<u>98,326,962</u>	<u>6,921,869,909</u>	<u>28,462,109</u>	<u>294,338</u>	<u>4,074,659,024</u>	<u>13,066,999,015</u>
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	294,338	4,074,659,024	13,066,999,015
Addition	-	4,037,109	619,238	1,309,276	29,978,202	8,282,980	-	1,070,930,162	1,115,156,967
Transfer	-	285,411	-	-	3,119,589	7,055,711	-	(10,460,711)	-
Disposal/write-off, net	-	-	-	(20,064)	(8,054,596)	(34,750)	-	-	(8,109,410)
Depreciation charged	-	(51,189,030)	(19,411,521)	(22,089,220)	(247,080,953)	(11,420,850)	(104,000)	-	(351,295,574)
Closing net book amount	<u>392,858,127</u>	<u>1,200,317,882</u>	<u>284,551,871</u>	<u>77,526,954</u>	<u>6,699,832,151</u>	<u>32,345,200</u>	<u>190,338</u>	<u>5,135,128,475</u>	<u>13,822,750,998</u>
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	17,384,942,039
<u>Less</u> Accumulated depreciation	-	(327,733,992)	(216,323,952)	(186,026,299)	(2,546,471,032)	(284,736,009)	(899,757)	-	(3,562,191,041)
Net book amount	<u>392,858,127</u>	<u>1,200,317,882</u>	<u>284,551,871</u>	<u>77,526,954</u>	<u>6,699,832,151</u>	<u>32,345,200</u>	<u>190,338</u>	<u>5,135,128,475</u>	<u>13,822,750,998</u>
For the year ended 31 December 2017									
Opening 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	13,822,750,998
Addition	-	190,000	1,486,115	1,480,426	27,825,913	8,892,392	-	463,368,077	503,242,923
Transfer	-	84,171,739	175,353	4,006,635	514,859,316	783,242	-	(603,996,285)	-
Transfer from investment property	2,096,974	-	10,693,349	247,917	-	-	-	-	13,038,240
Disposal/write-off, net	-	(4,681,954)	(161)	(100,995)	(2,494,004)	(3,514)	-	-	(7,280,628)
Depreciation charged	-	(53,746,801)	(19,389,228)	(22,257,633)	(255,805,876)	(10,225,982)	(104,000)	-	(361,529,520)
Closing net book amount	<u>394,955,101</u>	<u>1,226,250,866</u>	<u>277,517,299</u>	<u>60,903,304</u>	<u>6,984,217,500</u>	<u>31,791,338</u>	<u>86,338</u>	<u>4,994,500,267</u>	<u>13,970,222,013</u>
At 31 December 2017									
Cost	394,955,101	1,605,429,905	513,213,140	268,002,438	9,777,797,043	316,417,769	1,090,095	4,994,500,267	17,871,405,758
<u>Less</u> Accumulated depreciation	-	(379,179,039)	(235,695,841)	(207,099,134)	(2,793,579,543)	(284,626,431)	(1,003,757)	-	(3,901,183,745)
Net book amount	<u>394,955,101</u>	<u>1,226,250,866</u>	<u>277,517,299</u>	<u>60,903,304</u>	<u>6,984,217,500</u>	<u>31,791,338</u>	<u>86,338</u>	<u>4,994,500,267</u>	<u>13,970,222,013</u>

Depreciation expense of Baht 341.2 million (2016: Baht 330.0 million) was charged in cost of goods sold and Baht 18.99 million (2016: Baht 21.3 million) was charged in administrative expenses.

As at 31 December 2017, the Company had office equipment under financial lease agreements with cost and net book value amounting to Baht 5.93 million and Baht 4.67 million, respectively (2016: Baht 8.4 million and Baht 1.7 million, respectively).

Borrowing costs of Baht 92.4 million (2016: Baht 135.2 million) arising from financing specifically entered into a pipeline constructing project and tap water production system were capitalised during the year and are included in "Addition". The Group used capitalisation rates based on actual interest rate of borrowings at 2.33% - 4.18% per annum (2016: 2.33% - 4.18% per annum).

15 Goodwill

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

The Group tests for impairment of goodwill. The recoverable amounts of cash-generating units have been determined based on the calculation of value-in-use. The calculation uses pre-tax cash flow projections based on financial budgets covering the remaining concession period of tap water production acquiring from business acquisition. The significant assumptions are fixed minimum tap water volume and price as stipulated in contract with growth at 3.00% per annum which is an average of 10-year of consumer price index. The Group applies a pre-tax discount rate of weighted average cost of capital at 8.59% per annum.

The recoverable amounts of cash-generating units exceed carrying value by Baht 335.1 million. An increase in discount rate to 11.42% per annum or a reduction in tap water price growth rate to 0.53% per annum would remove the remaining headroom.

16 Intangible assets - net

	(Unit: Baht)		
	Consolidated financial statements		
	Right from service concession arrangements	Computer software	Total
At 1 January 2016			
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
Addition	118,258,236	9,236,540	127,494,776
Amortisation charged	(256,619,250)	(6,727,040)	(263,346,290)
Impairment charged	(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
For the year ended 31 December 2017			
Opening net book amount	3,654,140,799	38,584,587	3,692,725,386
Addition	264,474,165	18,903,605	283,377,770
Amortisation charged	(275,250,409)	(7,337,322)	(282,587,731)
Transfer	(2,866,836)	-	(2,866,836)
Reclassification	14,045,000	-	14,045,000
Impairment charged	(1,960,000)	-	(1,960,000)
Closing net book amount	3,652,582,719	50,150,870	3,702,733,589
At 31 December 2017			
Cost	5,102,940,556	83,039,285	5,185,979,841
<u>Less</u> Accumulated amortisation	(1,436,217,837)	(32,888,415)	(1,469,106,252)
<u>Less</u> Allowance for impairment	(14,140,000)	-	(14,140,000)
Net book amount	3,652,582,719	50,150,870	3,702,733,589

Amortisation was included in the cost of goods sold Baht 375.2 million (2016: Baht 257.9 million) and administrative expenses Baht 6.2 million (2016: Baht 5.4 million).

The allowance for impairment of intangible assets of Baht 14.1 million as at 31 December 2017 was from service concession arrangement 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.

16 Intangible assets - net (Cont'd)

	(Unit: Baht) Separate financial statements
	<u>Computer software</u>
At 1 January 2016	
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
Addition	9,236,540
Amortisation charged	<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>
For the year ended 31 December 2017	
Opening net book amount	38,584,587
Addition	18,903,605
Amortisation charged	<u>(7,337,322)</u>
Closing net book amount	<u>50,150,870</u>
At 31 December 2017	
Cost	83,039,285
<u>Less</u> Accumulated amortisation	<u>(32,888,415)</u>
Net book amount	<u>50,150,870</u>

Amortisation was included in the cost of goods sold Baht 1.1 million (2016: Baht 1.3 million) and administrative expenses Baht 6.2 million (2016: Baht 5.4 million).

17 Deferred income tax

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

	Consolidated financial statements		Separate financial statements	
			(Unit: Baht)	
	2017	2016	2017	2016
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	622,076	516,644	-	-
Deferred tax assets to be recovered after more than 12 months	41,453,988	39,274,205	19,842,419	15,740,334
	<u>42,076,064</u>	<u>39,790,849</u>	<u>19,842,419</u>	<u>15,740,334</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	-	132,799	-	132,799
Deferred tax liabilities to be settled after more than 12 months	405,052,046	425,704,945	60,895,471	54,013,761
	<u>405,052,046</u>	<u>425,837,744</u>	<u>60,895,471</u>	<u>54,146,560</u>

Presentation in the statement of financial position is as follows:

Deferred tax assets	<u>22,233,644</u>	<u>24,050,515</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities	<u>385,209,627</u>	<u>410,097,410</u>	<u>41,053,052</u>	<u>38,406,226</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 of assets	Employee benefit	Others	Total
Deferred tax assets					
As at 1 January 2016	6,925,008	7,462,091	23,937,396	4,771,765	43,096,260
Transaction recorded in profit or loss	-	(448,508)	1,880,062	(4,736,965)	(3,305,411)
As at 31 December 2016	6,925,008	7,013,583	25,817,458	34,800	39,790,849
Transaction recorded in profit or loss	-	1,043,539	1,869,302	46,735	2,959,576
Transaction recorded in other comprehensive income	-	-	(674,361)	-	(674,361)
As at 31 December 2017	<u>6,925,008</u>	<u>8,057,122</u>	<u>27,012,399</u>	<u>81,535</u>	<u>42,076,064</u>

Eastern Water Resources Development and Management Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

17 Deferred income tax (Cont'd)

	(Unit: Baht)			
	Consolidated financial statements			
	Intangible asset	Plant and equipment	Fair value adjustment of available-for-sale investments	Total
Deferred tax liabilities				
As at 1 January 2016	396,436,151	44,329,492	276,587	441,042,230
Transaction recorded in profit or loss	(24,744,967)	9,684,270	-	(15,060,697)
Transaction recorded in other comprehensive income	-	-	(143,789)	(143,789)
As at 31 December 2016	371,691,184	54,013,762	132,798	425,837,744
Transaction recorded in profit or loss	(27,534,609)	6,881,709	-	(20,652,900)
Transaction recorded in other comprehensive income	-	-	(132,798)	(132,798)
As at 31 December 2017	344,156,575	60,895,471	-	405,052,046
				(Unit: Baht)
	Separate financial statements			
	Allowance for doubtful accounts	Employee benefit	Others	Total
Deferred tax assets				
As at 1 January 2016	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
Transaction recorded in profit or loss	-	2,508,523	46,735	2,555,258
Transaction recorded in other comprehensive income	-	1,546,827	-	1,546,827
As at 31 December 2017	364,571	19,396,313	81,535	19,842,419
				(Unit: Baht)
	Separate financial statements			
	Plant and equipment	Fair value adjustment of available-for-sale investments	Total	
Deferred tax liabilities				
As at 1 January 2016	44,329,494	276,587	44,606,081	
Transaction recorded in profit or loss	9,684,268	-	9,684,268	
Transaction recorded in other comprehensive income	-	(143,789)	(143,789)	
As at 31 December 2016	54,013,762	132,798	54,146,560	
Transaction recorded in profit or loss	6,881,709	-	6,881,709	
Transaction recorded in other comprehensive income	-	(132,798)	(132,798)	
As at 31 December 2017	60,895,471	-	60,895,471	

Eastern Water Resources Development and Management Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

18 Other non-current assets

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Advance for construction	309,216,839	346,220,336	309,216,839	346,220,336
Prepaid expenses	34,011,928	37,486,697	6,532,350	7,985,201
Deposit and retention	2,086,195	15,376,992	-	13,228,119
Other receivables	32,802,184	32,802,184	-	-
Allowance for doubtful accounts				
- other receivables	(32,802,184)	(32,802,184)	-	-
Others	5,592,369	721,710	4,896,635	96,902
	<u>350,907,331</u>	<u>399,805,735</u>	<u>320,645,824</u>	<u>367,530,558</u>

Other receivables of Baht 32.8 million are transactions between Universal Utilities Public Company Limited, a subsidiary, and a private company. They 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 requested a private company to pay damages of Baht 37.5 million plus interest at 7.5% per annum. On 19 July 2017, the Civil Court ordered the defendant to repay the damages to the subsidiary in the amount of Baht 37.5 million plus interest at the rate of 7.5 percent per annum commencing from the filing date. At the present, the subsidiary has filed a petition to appoint the bailiff due to the private company did not lodge an appeal within the deadline.

19 Borrowings

	Notes	(Unit: Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Current					
Short-term borrowings from financial institutions	19.1	83,000,000	1,600,000,000	10,000,000	-
Current portion of long-term borrowings from financial institutions	19.2	808,200,000	808,200,000	616,000,000	616,000,000
Total current borrowings		<u>891,200,000</u>	<u>2,408,200,000</u>	<u>626,000,000</u>	<u>616,000,000</u>
Non-current					
Borrowings from financial institutions	19.2	3,992,400,000	3,200,600,000	2,008,000,000	2,624,000,000
Debentures	19.3	2,397,562,352	2,397,185,473	2,397,562,352	2,397,185,473
Total non-current borrowings		<u>6,389,962,352</u>	<u>5,597,785,473</u>	<u>4,405,562,352</u>	<u>5,021,185,473</u>
Total		<u>7,281,162,352</u>	<u>8,005,985,473</u>	<u>5,031,562,352</u>	<u>5,637,185,473</u>

Eastern Water Resources Development and Management Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

19 Borrowings (Cont'd)

19.1 Short-term loans from financial institutions

Movement in the short-term loans from financial institutions during the year is summarised below.

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
As at 1 January	1,600,000,000	1,600,000,000	-	-
Addition	1,178,000,000	155,000,000	903,000,000	130,000,000
Repayment	(2,695,000,000)	(155,000,000)	(893,000,000)	(130,000,000)
As at 31 December	<u>83,000,000</u>	<u>1,600,000,000</u>	<u>10,000,000</u>	<u>-</u>

(Unit: Baht)

19.2 Long-term loans from financial institutions

Movement in the long-term loans from financial institutions during the year is summarised below.

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
As at 1 January	4,008,800,000	4,761,000,000	3,240,000,000	3,800,000,000
Addition	1,600,000,000	-	-	-
Repayment	(808,200,000)	(752,200,000)	(616,000,000)	(560,000,000)
As at 31 December	<u>4,800,600,000</u>	<u>4,008,800,000</u>	<u>2,624,000,000</u>	<u>3,240,000,000</u>

(Unit: Baht)

On 25 August 2017, Universal Utilities Public Company Limited, a subsidiary, entered into long-term borrowing agreement with a financial institution amounting to Baht 1,600.0 million for the purpose of repayment the short-term borrowing from a financial institution of Baht 1,600.0 million, due in the third quarter of 2017.

	Credit limit Million Baht	Outstanding		Consolidated		Separate	
		credit facilities		financial statements		financial statements	
		2017	2016	2017	2016	2017	2016
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
The Company							
a)	800.0	-	-	480.0	640.0	480.0	640.0
b)	2,000.0	-	-	1,200.0	1,600.0	1,200.0	1,600.0
c)	1,000.0	-	-	944.0	1,000.0	944.0	1,000.0
d)	1,700.0	-	1,700.0	-	-	-	-
The subsidiary							
a)	317.0	-	-	190.2	253.6	-	-
b)	644.0	-	-	386.4	515.2	-	-
c)	1,600.0	-	-	1,600.0	-	-	-
Total	<u>8,061.0</u>	<u>-</u>	<u>1,700.0</u>	<u>4,800.6</u>	<u>4,008.8</u>	<u>2,624.0</u>	<u>3,240.0</u>
Less Current portion				<u>(808.2)</u>	<u>(808.2)</u>	<u>(616.0)</u>	<u>(616.0)</u>
Long-term loans from financial institutions - net of current portion				<u>3,992.4</u>	<u>3,200.6</u>	<u>2,008.0</u>	<u>2,624.0</u>

19 Borrowings (Cont'd)

19.2 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 instalment is 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 instalment is 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 instalment is Baht 56 million each - The 3rd - 4th instalment is Baht 74 million each - The 5th - 6th instalment is Baht 148 million each - The 7th instalment is Baht 166.50 million - The 8th instalment is Baht 185 million - The 9th instalment is 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 2017). - The 1st - 4th instalment is Baht 47.5 million each - The 5th - 8th instalment is Baht 62.5 million each - The 9th - 16th instalment is Baht 126.25 million each - The last instalment is Baht 250 million.

19 Borrowings (Cont'd)

19.2 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.
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.
c)	1,600.0	25 August 2017	To refinance	2 years	- BIBOR+fixed rate per annum	The loan's entire principal shall be repaid in one bullet payment at the end of the its 2-year maturity on 29 August 2019.

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 1.10.

The average interest rate of loans for the year 2017 was 2.92%.

19 Borrowings

19.3 Debentures

Debentures comprise:

The first tranche is senior and unsecured debenture of Baht 1,200 million. Debenture has a maturity of 7 years with due date 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 with due date 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.

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
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
<u>Less</u> Deferred debenture issuing costs	<u>(2,437,648)</u>	<u>(2,814,527)</u>	<u>(2,437,648)</u>	<u>(2,814,527)</u>
Debentures - net	<u>2,397,562,352</u>	<u>2,397,185,473</u>	<u>2,397,562,352</u>	<u>2,397,185,473</u>

Movement in the debentures during the year is as follows:

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2017	2,397,185,473	2,397,185,473
Amortisation of issuing cost	376,879	376,879
Balance as at 31 December 2017	<u>2,397,562,352</u>	<u>2,397,562,352</u>

20 Trade payables

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Third parties	101,672,901	103,108,828	74,437,381	79,310,453
Related parties (Note 33.2)	38,055,249	30,144,731	22,846,044	22,436,701
	<u>139,728,150</u>	<u>133,253,559</u>	<u>97,283,425</u>	<u>101,747,154</u>

21 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Not later than 1 year	2,853,876	1,446,597	2,853,876	1,446,597
Later than 1 year but not later than 5 years	3,308,710	438,750	3,308,710	438,750
	6,162,586	1,885,347	6,162,586	1,885,347
<u>Less</u> Future finance charges on finance leases	(1,925,885)	(43,125)	(1,925,885)	(43,125)
Present value of finance lease liabilities	<u>4,236,701</u>	<u>1,842,222</u>	<u>4,236,701</u>	<u>1,842,222</u>

The present value of finance lease liabilities is as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Not later than 1 year (short-term portion)	1,600,100	1,407,257	1,600,100	1,407,257
Later than 1 year but not later than 5 years (long-term portion)	2,636,601	434,965	2,636,601	434,965
	<u>4,236,701</u>	<u>1,842,222</u>	<u>4,236,701</u>	<u>1,842,222</u>

22 Accrued expenses

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accrued bonus	69,941,979	66,142,671	44,987,165	41,578,256
Accrued compensation of project	48,908,775	48,935,624	48,908,775	48,935,624
Accrued utilities expenses	16,330,939	22,042,775	-	5,021,890
Others	40,831,587	39,839,201	21,599,872	20,705,285
	<u>176,013,280</u>	<u>176,960,271</u>	<u>115,495,812</u>	<u>116,241,055</u>

23 Employee benefit obligations

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Statement of financial position				
Post-employment benefits	131,578,876	125,261,380	95,076,377	74,921,158
Other long-term benefits	3,483,117	3,825,907	1,905,193	1,783,660
Liability in the statement of financial position	<u>135,061,993</u>	<u>129,087,287</u>	<u>96,981,570</u>	<u>76,704,818</u>
Profit or loss:				
Post-employment benefits	16,223,992	15,058,117	9,963,089	8,740,597
Other long-term benefits	349,166	705,422	72,212	366,882
	<u>16,573,158</u>	<u>15,763,539</u>	<u>10,035,301</u>	<u>9,107,479</u>
Other comprehensive income				
Remeasurement for:				
Post-employment benefits	(3,371,809)	-	7,734,133	-
	<u>(3,371,809)</u>	<u>-</u>	<u>7,734,133</u>	<u>-</u>

23.1 Defined benefit plan

The amount recognised in the statement of financial position is as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Present value of funded obligations	131,578,876	125,261,380	95,076,377	74,921,158
Liability in the statement of financial position	<u>131,578,876</u>	<u>125,261,380</u>	<u>95,076,377</u>	<u>74,921,158</u>

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

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
At 1 January	125,261,380	115,851,824	74,921,158	71,565,422
Current service cost	12,053,752	11,285,248	7,285,163	6,406,446
Interest expense	4,170,240	3,772,869	2,677,926	2,334,151
Remeasurements:				
Loss from change in financial assumptions	4,415,980	-	2,979,407	-
Experience (gain)/loss	(7,787,789)	-	4,754,726	-
Transfer employees from a subsidiary	-	-	8,992,684	-
Benefits paid	(6,534,687)	(5,648,561)	(6,534,687)	(5,384,861)
At 31 December	<u>131,578,876</u>	<u>125,261,380</u>	<u>95,076,377</u>	<u>74,921,158</u>

23 Employee benefit obligations (Cont'd)

23.1 Defined benefit plan (Cont'd)

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

			(Unit: % per annum)	
			2017	2016
Discount rate			3.0	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	
	Change in assumption		Increase/ (decrease) in assumption (Baht)	
	2017	2016	2017	2016
Discount rate	Increase 1%	Increase 1%	(9,404,894)	(8,075,556)
	Decrease 1%	Decrease 1%	11,049,436	9,483,262
Salary growth rate	Increase 1%	Increase 1%	10,573,678	9,111,922
	Decrease 1%	Decrease 1%	(9,224,552)	(7,948,377)

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 method and type 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 38.5 years. (2016: 37.6 years)

23.2 Other long-term benefits

The amount recognised in the statement of financial position is as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Present value of funded obligations	3,483,117	3,825,907	1,905,193	1,783,660
Liability in the statement of financial position	3,483,117	3,825,907	1,905,193	1,783,660

23 Employee benefit obligations (Cont'd)

23.2 Other long-term benefits (Cont'd)

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

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
At 1 January	3,825,907	3,835,158	1,783,660	1,795,104
Current service cost	605,454	585,236	354,284	309,548
Interest expense	127,614	120,186	66,974	57,334
Past service cost	-	-	-	-
Remeasurements:				
Loss from change in financial assumptions	306,087	-	182,756	-
Experience loss	(689,989)	-	(531,802)	-
Transfers employees from a subsidiary	-	-	470,981	-
Benefits paid	(691,956)	(714,673)	(421,660)	(378,326)
At 31 December	<u>3,483,117</u>	<u>3,825,907</u>	<u>1,905,193</u>	<u>1,783,660</u>

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

	2017	2016
Discount rate	3.3%	3.3%
One Baht weight of gold	20,200 Baht	20,087 Baht
Gold price inflation rate	6.0%	6.0%

	Impact on other long-term benefits			
	Change in assumption		Increase/ (decrease) in assumption (Baht)	
	2017	2016	2017	2016
Discount rate	Increase 1%	Increase 1%	(132,967)	(103,974)
	Decrease 1%	Decrease 1%	147,434	114,940

24 Long term provisions

	(Unit: Baht) Consolidated financial statements
	<u>Contractual obligations from service concession arrangements</u>
At 1 January 2016	20,670,053
Addition	21,490,806
Utilised during the year	(8,972,321)
At 31 December 2017	<u>33,188,538</u>

25 Other non-current liabilities

	Consolidated financial statements		(Unit: Baht) Separate financial statements	
	2017	2016	2017	2016
Retention payable	231,914,544	255,763,601	192,501,141	223,799,426
Bank guarantee received	381,814,119	371,735,146	381,814,119	371,735,146
Rental guarantee received from a subsidiary (Note 33.2)	-	-	58,000	58,000
	<u>613,728,663</u>	<u>627,498,747</u>	<u>574,373,260</u>	<u>595,592,572</u>

26 Legal reserve

Legal reserve comprises of:

- 1) 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.
- 2) Reserve under the requirement of tap water concession agreements which require the Company to set aside a reserve equal to 10 percent of net profit arising from concession agreements. The reserve shall be maintained by the deposit at bank. This reserve is non-distributable. The Company sets aside a concession reserve after the legal reserve of the above is fully provided.

During 2017, the Company recorded concession reserve under the requirement of tap water concession agreements totalling Baht 39.3 million.

Eastern Water Resources Development and Management Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

27 Other components of equity

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
At 1 January	18,695,728	22,668,406	18,695,728	22,668,406
Amortisation of assets transferred from customers	(3,390,304)	(3,397,523)	(3,390,304)	(3,397,523)
Fair value adjustment of available-for-sale investments	-	(575,155)	-	(575,155)
Transfer to profit or loss, net of tax	(531,196)	-	(531,196)	-
At 31 December	<u>14,774,228</u>	<u>18,695,728</u>	<u>14,774,228</u>	<u>18,695,728</u>

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

28 Dividends

Dividends declared during the year consist of the following.

	Approved by	Total dividend Million Baht	Dividend per share Million Baht	Paid on
<u>Year 2017</u>				
Dividend for the year 2016	Annual General Meeting of the shareholders on 18 April 2017	449.2	0.27	16 May 2017
Interim dividend on operating results for the six-month period ended 30 June 2017	Board of Director's meeting on 31 August 2017	<u>382.6</u>	0.23	26 September 2017
		<u>831.8</u>		
<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 dividend on operating results for the six-month period ended 30 June 2016	Board of Director's meeting on 29 August 2016	<u>332.7</u>	0.20	26 September 2016
		<u>748.6</u>		

29 Other income

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Interest income	6,938,348	9,557,141	1,154,879	3,146,929
Dividend income	-	-	105,569,986	108,629,985
Gain on disposal of long-term investments	1,862,672	3,173,211	1,862,672	3,173,211
Claims	12,550,037	6,136,098	3,968,819	6,136,098
Others	27,241,838	18,159,091	26,266,909	20,997,543
	<u>48,592,895</u>	<u>37,025,541</u>	<u>138,823,265</u>	<u>142,083,766</u>

30 Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Salary and wages and other employee benefits	305,678,381	293,345,635	203,855,006	191,778,596
Depreciation and amortisation expenses	696,839,469	634,225,816	379,550,679	358,022,614
Rental expenses	100,555,891	96,453,621	78,689,576	75,397,475
Raw materials and consumables used	28,119,836	32,418,212	-	-
Electricity expenses	510,440,747	647,754,620	351,937,816	494,831,796
Purchase of raw water	206,485,887	257,299,263	130,406,310	179,626,335
Purchase of tap water	-	-	53,861,053	62,151,167
Hiring and service expenses	231,417,629	216,837,136	49,550,305	46,521,003
Repair and maintenance	151,792,487	133,008,422	89,091,101	74,881,355
Loss on impairment of assets	1,960,000	3,320,000	-	-
Waterwork management expense	-	-	162,991,785	155,689,913
Expense for development of quality of life and environment	22,039,787	17,288,601	22,039,787	17,288,601
Finance cost	140,848,473	119,556,066	87,875,737	62,745,098

31 Income tax

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current tax:				
Current tax on profit for the year	330,139,992	341,574,298	248,400,783	255,350,655
Adjustment in respect of prior year	(4,873,766)	(3,162,745)	33,254	(1,112)
Total current tax	325,266,226	338,411,553	248,434,037	255,349,543
Deferred tax:				
Items related to temporary differences	(23,612,476)	(11,755,286)	4,326,451	13,752,374
Total deferred tax	(23,612,476)	(11,755,286)	4,326,451	13,752,374
Total tax expense	301,653,750	326,656,267	252,760,488	269,101,917

Eastern Water Resources Development and Management Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

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	
	2017	2016	2017	2016
	(Unit: Baht)			
Profit before tax	1,533,669,095	1,645,264,369	1,355,256,564	1,452,989,945
Tax calculated at a tax rate of 20% (2016: 20%)	306,733,819	329,052,874	271,051,313	290,597,989
Tax effect of:				
Income not subject to tax	(3,709,067)	(3,407,030)	(24,823,064)	(25,133,027)
Expenses not deductible for tax purpose	3,502,764	4,173,167	6,498,985	3,638,067
Adjustment in respect of prior year	(4,873,766)	(3,162,744)	33,254	(1,112)
Tax charged	301,653,750	326,656,267	252,760,488	269,101,917

The effective tax rate is 18.65% (2016: 18.52%).

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

	Consolidated financial statements					
	2017			2016		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Fair value adjustment of: available-for-sale investments	(663,994)	132,798	(531,196)	718,944	(143,789)	575,155
Actuarial gain/loss on remeasurement of post- employment benefit obligations	(3,371,809)	674,361	(2,697,448)	-	-	-
Other comprehensive income	(4,035,803)	807,159	(3,228,644)	718,944	(143,789)	575,155

	Separate financial statements					
	2017			2016		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Fair value adjustment of: available-for-sale investments	(663,994)	132,798	(531,196)	718,944	(143,789)	575,155
Actuarial gain/loss on remeasurement of post- employment benefit obligations	7,734,133	(1,546,827)	6,187,306	-	-	-
Other comprehensive income	7,070,139	(1,414,029)	5,656,110	718,944	(143,789)	575,155

32 Earnings per share

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net profit attributable to owners of the parent (Baht)	1,221,179,490	1,309,225,662	1,102,496,076	1,183,888,028
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)	0.73	0.79	0.66	0.71

There are no potential dilutive ordinary shares in issue for the years ended 2017 and 2016. Therefore, diluted earnings per share is not presented.

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 first major of shareholder is the Provincial Waterworks Authority which owns 40.20% of the Company's share.

33.1 Transactions incurred during the year

	Consolidated financial statements		(Unit: Baht) Separate financial statements	
	2017	2016	2017	2016
Sales - raw water				
Major shareholders				
Provincial Waterworks Authority	371,704,222	607,255,347	371,704,222	607,255,347
Industrial Estate Authority of Thailand	949,078,900	942,619,832	949,078,900	942,619,832
Subsidiary				
Universal Utilities Public Company Limited	-	-	49,402,257	63,380,101
	<u>1,320,783,122</u>	<u>1,549,875,179</u>	<u>1,370,185,379</u>	<u>1,613,255,280</u>
Sales - tap water				
Major shareholder				
Provincial Waterworks Authority	<u>1,221,046,180</u>	<u>1,199,316,066</u>	<u>180,333,063</u>	<u>189,053,859</u>

33 Related parties transactions (Cont'd)

33.1 Transactions incurred during the year (Cont'd)

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Construction revenue under concession agreement</u>				
Major Shareholder				
Provincial Waterworks Authority	160,539,445	50,242,320	-	-
<u>Rental and service income</u>				
Major shareholder				
Provincial Waterworks Authority	27,421,925	27,712,704	-	-
Subsidiary				
Universal Utilities Public Company Limited	-	-	26,145,384	8,649,206
	<u>27,421,925</u>	<u>27,712,704</u>	<u>26,145,384</u>	<u>8,649,206</u>
<u>Dividend income</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	105,569,986	108,629,985
<u>Other income</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	11,421,831	11,626,811
<u>Cost of sales and cost of services</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	216,852,838	224,861,080
<u>Administrative expenses</u>				
Major Shareholder				
Provincial Waterworks Authority	13,736	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.

Cost 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		(Unit: Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Trade receivables - billed				
Major shareholders				
Provincial Waterworks Authority	78,426,468	102,040,318	41,750,348	62,776,488
Industrial Estate Authority of Thailand	87,366,356	86,540,032	87,366,356	86,540,031
Subsidiary				
Universal Utilities Public Company Limited	-	-	2,576,902	5,196,817
	<u>165,792,824</u>	<u>188,580,350</u>	<u>131,693,606</u>	<u>154,513,336</u>
Trade receivables - unbilled				
Major shareholder				
Provincial Waterworks Authority	99,749,355	95,920,527	-	-
Subsidiary				
Universal Utilities Public Company Limited	-	-	448,313	-
	<u>99,749,355</u>	<u>95,920,527</u>	<u>448,313</u>	<u>-</u>
Water loss treatment service income receivables				
Major shareholder				
Provincial Waterworks Authority				
- billed	2,508,969	1,798,528	-	-
- unbilled	3,808,413	2,112,180	-	-
	<u>6,317,382</u>	<u>3,910,708</u>	<u>-</u>	<u>-</u>
Other receivables				
Major shareholder				
Provincial Waterworks Authority	15,325	16,285	-	-
Subsidiary				
Universal Utilities Public Company Limited	-	-	11,526,097	1,102,923
	<u>15,325</u>	<u>16,285</u>	<u>11,526,097</u>	<u>1,102,923</u>
Trade payables				
Major shareholder				
Provincial Waterworks Authority	38,055,249	30,144,731	3,555,569	2,027,846
Subsidiary				
Universal Utilities Public Company Limited	-	-	19,290,475	20,408,855
	<u>38,055,249</u>	<u>30,144,731</u>	<u>22,846,044</u>	<u>22,436,701</u>
Rental guarantees				
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		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Short-term benefits	100,588,008	103,132,689	74,221,141	75,527,983
Post-employment benefits	5,265,292	4,199,371	3,468,440	2,513,469
Other long-term benefits	47,776	29,107	21,405	8,901
	<u>105,901,076</u>	<u>107,361,167</u>	<u>77,710,986</u>	<u>78,050,353</u>

(Unit: Baht)

34 Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2017, the Group had commitments in respect of construction in-progress and installation of the water distribution pipeline in the consolidated and separate financial statements totalling Baht 525.4 million and Baht 418.5 million, respectively (2016: Baht 457.8 million and Baht 384.9 million, respectively).

34.2 Operating lease commitments

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Within 1 year	21.7	11.4	11.0
1 to 5 years	25.1	9.1	11.0	6.5
More than 5 years	4.1	4.1	-	-
	<u>50.9</u>	<u>24.6</u>	<u>22.0</u>	<u>13.6</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 2017 and 2016, the Group had commitment under an agreement to purchase raw water from the Royal Irrigation Department at the price as specified in a Ministerial Regulation. The agreement does not specify the expiring date.

34.3.2 As at 31 December 2017, the Group had commitment under the contract to purchase raw water from a private company with the minimum about of Baht 519.2 million.

34.3.3 As at 31 December 2017, the Group had commitments under the service agreement that the Group has to pay in the future of Baht 192.2 million (2016 : Baht 83.5 million).

34.4 Guarantees

34.4.1 As at 31 December 2017, the Group and the Company had contingent liabilities from letters of guarantee issued by local commercial banks to (1) the Provincial Electricity Authority for electricity consumption, (2) the Ministry of Finance for management and operation of the major water distribution pipeline systems in the Eastern Seaboard area, (3) the Provincial Water Authority and the Royal Irrigation Department for compliance to agreements, and (4) counterparty for bidding the project totalling Baht 191.4 million and Baht 93.6 million, respectively. (2016: Baht 190.7 million and Baht 96.5 million, respectively).

34.4.2 As at 31 December 2017 and 2016, the Group had contingent liabilities in respect of being a guarantor of subsidiaries for letters of guarantee issued by local commercial banks to those subsidiaries in a credit limit of Baht 200 million for guarantees of electricity consumption, tap water production and distribution and information records of water consumers.

35 Litigation

The Group has significant litigation cases as follows:

35.1 Progress of prior year litigations

The Company

- 1) On 20 October 2008, the Company was sued by a private company in a lawsuit with a black case number 5930/2551 regarding a breach of a construction agreement. The plaintiff filed with the Civil Court 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. The Company filed with the Civil Court requested the defendants to pay damages totalling Baht 37.4 million.

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.

In 2011, 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 in relation to fee of bank guarantees and interest totalling Baht 5.6 million.

On 18 April 2017, the Supreme Court delivered its judgement in accordance with the Appeal Court. Therefore, the case is finalised. The Company recorded transactions in the first quarter of 2017 by recognising other income as a result of a delay of work of Baht 8.8 million and property, plant and equipment of Baht 1.9 million.

- 2) On 9 January 2015, the Company was sued as a co-defendant together with the State Railway of Thailand in a lawsuit of a black case number Por 62/2558 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. The private company requested for an extension of time to file a petition and the Supreme Court has allowed the extension of filing a petition to 5 May 2017. However, the private company did not file a petition within the deadline. Therefore, the case is finalised.
- 3) 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. On 14 June 2017, the plaintiff withdrew the case. The Court ordered to dispose the case only for the Company's lawsuit part. The plaintiff confirmed the Court that he will not file a lawsuit against the Company as a new case.

35 Litigation (Cont'd)

35.1 Progress of prior year litigations (Cont'd)

The Company (Cont'd)

- 4) 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. 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 and requested compensation, totalling Baht 1,746.8 million. This case is currently in a conciliation period at the Rayong Provincial Court.

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.

As at 31 December 2017, the Company recorded construction in progress and advance for construction Baht 1,495.1 million and Baht 242.9 million, respectively. 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 recognised in the financial statements.

- 5) 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 has to pay the private company Baht 20.5 million plus interest at 7.50% per annum and dismissed the case against 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. On 20 April 2017, Samed Utilities Company Limited filed a petition. This case is in process of consideration by the Supreme Court.

The subsidiary

- 6) 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.
- 7) On 16 February 2016, Universal Utilities Public Company Limited is a plaintiff filling a private company in the civil Black Case No. 710/2559 regarding a breach of the Raw Water Purchase Agreement, together with the payment of damages of Baht 2.3 million and interest of 7.5% per annum, starting from the date until the payment is completed. The subsidiary also claimed for the compensation at the rate of 0.1 million per day, starting from the date of filing until the execution of the Raw Water Purchase Agreement or until the end of the contract.

On 3 March 2016, Universal Utilities Public Company Limited was sued by a private company in a lawsuit of a 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 7.50% per annum, starting from the date of filing until the payment is completed.

On 5 June 2017, the Court agreed with a compromise by which between both parties in a lawsuit had compromised together. The plaintiff withdrew the lawsuit from the Court and Universal Utilities Public Company Limited had no negative impact from this case.

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 the Company was to initially pay compensation for the projects at a percentage of the raw water sold from the commencing of the operating year (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 Group has significant concession arrangements as follows:

- 1) Concession arrangements which the Group has to transfer assets to the grantor 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 to the grantor 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 to the 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 as 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 by linking to a 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, the Company 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 should not exceed 6 percent of the value of the assets leased from the Ministry of Finance, as assessed following the passage of time.
- 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. At present, 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 9 August 2017, the Company entered into raw water purchase agreements with a private company for 10 years starting from 1 November 2017. The counterparties can extend the agreement for two times, not more than 10 years for each time (the maximum agreement period is 30 years). The Company agrees to purchase raw water at a minimum of 8 million cubic meters per year during the 1st-3rd year and 12 million cubic meters per year from the 4th year onwards.

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 and 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.
- 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

The majority of the Group's financial asset and liabilities 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 in the consolidated and separate financial statements which have the fair values as at 31 December 2017 of Baht 4,008.6 million and Baht 4,644.1 million, respectively (2016: Baht 4,008.8 million and Baht 3,921.9 million, respectively). This fair value is categorised within level 3 (Note 3.2) which calculated by using the discounted future cash flow by market interest rate throughout the borrowing agreement period.

39 Raw water usage and sales classified by distribution networks

A government agency, owner of the pipeline of distribution networks, requires the Company to disclose information regarding raw water usage and sales classified by distribution networks which is used for calculation of compensation as follows;

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

	Separate financial statements			
	2017		2016	
	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	94,063	1,028,280	110,263	1,197,351
Dok Krai - Map Ta Pud Network	80,010	867,787	63,610	695,483
Chachoengsao - Chonburi Network	55,765	555,669	86,447	861,068
Nong Pla Lai - Nong Khor Network	26,291	279,778	21,697	231,407
Total	256,129	2,731,514	282,017	2,985,309
Less raw water used to produce tap water				
Dok Krai - Map Ta Pud Network	(16,858)	(166,890)	(17,082)	(169,112)
Nong Pla Lai - Nong Khor Network	(6,381)	(63,169)	(5,696)	(56,390)
Total sales of raw water	232,890	2,501,455	259,239	2,759,807

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

	(Unit: Baht'000)	
	Separate financial statements	
	2017	2016
Nong Khor - Laem Chabang Network 1	332,702	554,936
Nong Khor - Laem Chabang Network 2	128,260	156,150
Chachoengsao Network	94,707	149,982
Total	555,669	861,068

39.2 Proportion of raw water sold to end users

	(Unit: %)	
	Separate financial statements	
	2017	2016
Industrial Estates	60	54
Waterworks Authority	16	24
Factories	24	22
Total	100	100