

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

**INTERIM CONSOLIDATED AND SEPARATE
FINANCIAL INFORMATION
(UNAUDITED)**

30 JUNE 2020

AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

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

I have reviewed the interim consolidated financial information of Eastern Water Resources Development and Management Public Company Limited and its subsidiaries, and the interim separate financial information of Eastern Water Resources Development and Management Public Company Limited. These comprise the consolidated and separate statements of financial position as at 30 June 2020, the consolidated and separate statements of comprehensive income for the three-month and six-month periods then ended, the related consolidated and separate statements of changes in equity and cash flows for the six-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim consolidated and separate financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim consolidated and separate financial information based on my review.

Scope of review

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim consolidated and separate financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

Emphasis of matter

I draw your attention to the interim financial information in following matters. My conclusion is not modified in respect to these matters.

- 1) Note 24 to the interim financial information regarding the project compensation which a government agency is considering a deal for the Company to rent or manage the projects and the compensation rate, and these may be subject to change.
- 2) Note 4.2 to the interim financial information, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact of COVID-19 for the reporting periods ending between 1 January 2020 and 31 December 2020.

PricewaterhouseCoopers ABAS Ltd.

Sukhumaporn Wong-ariyaporn

Certified Public Accountant (Thailand) No. 4843

Bangkok

13 August 2020

Eastern Water Resources Development and Management Public Company Limited

Statement of Financial Position

As at 30 June 2020

(Unit: Baht'000)

	Notes	Consolidated financial information		Separate financial information	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
Assets					
Current assets					
Cash and cash equivalents		271,773	58,211	134,047	15,710
Short-term investments		-	510,684	-	64,152
Financial assets measured at amortised cost	9	549,852	-	65,627	-
Trade and other receivables - net	10	465,692	502,202	329,564	358,664
Inventories		64,473	25,632	47,888	8,806
Other current assets		51,084	53,591	11,497	20,624
Total current assets		1,402,874	1,150,320	588,623	467,956
Non-current assets					
Investment in a subsidiary	11	-	-	510,000	510,000
Long-term loan to a subsidiary	22.4	-	-	1,600,000	1,600,000
Investment property - net	12	210,688	171,564	180,155	183,868
Property, plant and equipment - net	12	15,891,379	15,260,947	15,686,384	15,003,101
Goodwill		103,283	103,283	-	-
Intangible assets - net	12	3,427,883	3,531,073	54,971	52,308
Right-of-use assets - net	13	544,035	-	482,725	-
Deferred tax assets		23,245	24,066	-	-
Other non-current assets	14	867,858	939,626	825,344	896,040
Total non-current assets		21,068,371	20,030,559	19,339,579	18,245,317
Total assets		22,471,245	21,180,879	19,928,202	18,713,273

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The accompanying condensed notes on pages 13 to 33 are an integral part of this interim financial information.

Eastern Water Resources Development and Management Public Company Limited

Statements of Financial Position (continued)

As at 30 June 2020

		(Unit: Baht'000)			
		Consolidated		Separate	
		financial information		financial information	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		30 June	31 December	30 June	31 December
Notes		2020	2019	2020	2019
Liabilities and equity					
Current liabilities					
	Short-term borrowings from				
	financial institutions	15.1	1,337,000	305,000	842,000
	Trade and other payables	16	126,894	317,336	71,768
	Payable for purchase of fixed assets		1,515,566	1,319,365	1,513,483
	Current portion of long-term borrowings				
	from financial institutions	15.2	148,000	826,200	148,000
	Current portion of finance lease liabilities		-	1,899	-
	Current portion of lease liabilities	17	43,634	-	32,402
	Income tax payable		149,821	103,707	86,401
	Accrued expenses		151,171	190,795	114,829
	Other current liabilities		58,675	66,125	31,198
	Total current liabilities		3,530,761	3,130,427	2,840,081
Non-current liabilities					
	Long-term borrowings from				
	financial institutions	15.2	4,169,000	3,830,000	4,169,000
	Debentures	15	2,398,572	2,398,363	2,398,572
	Finance lease liabilities		-	1,252	-
	Lease liabilities	17	495,283	-	448,553
	Deferred tax liabilities		332,458	341,297	52,201
	Employee benefit obligations		221,808	209,848	163,932
	Long-term provisions		33,450	29,353	-
	Other non-current liabilities	18	249,140	226,524	209,916
	Total non-current liabilities		7,899,711	7,036,637	7,442,174
	Total liabilities		11,430,472	10,167,064	10,282,255

The accompanying condensed notes on pages 13 to 33 are an integral part of this interim financial information.

Eastern Water Resources Development and Management Public Company Limited

Statements of Financial Position (continued)

As at 30 June 2020

	(Unit: Baht'000)			
	Consolidated		Separate	
	financial information		financial information	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
Liabilities and equity (continued)				
Equity				
Share capital				
Registered share capital				
Ordinary shares, 1,663,725,149 shares of par Baht 1 each	1,663,725	1,663,725	1,663,725	1,663,725
Issued and paid-up share capital				
Ordinary shares, 1,663,725,149 shares of par Baht 1 each	1,663,725	1,663,725	1,663,725	1,663,725
Share premium	2,138,522	2,138,522	2,138,522	2,138,522
Retained earnings				
Appropriated - legal reserve	166,500	166,500	166,500	166,500
- concession reserve	399,876	393,729	50,254	61,516
Unappropriated	6,495,462	6,469,124	5,620,637	5,614,287
Other components of equity	6,309	8,002	6,309	8,002
Equity attributable to owners of the parent	10,870,394	10,839,602	9,645,947	9,652,552
Non-controlling interests	170,379	174,213	-	-
Total equity	11,040,773	11,013,815	9,645,947	9,652,552
Total liabilities and equity	22,471,245	21,180,879	19,928,202	18,713,273

The accompanying condensed notes on pages 13 to 33 are an integral part of this interim financial information.

Eastern Water Resources Development and Management Public Company Limited
Statement of Comprehensive Income
For the three-month period ended 30 June 2020

(Unit: Baht'000)					
	Notes	Consolidated		Separate	
		financial information		financial information	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		2020	2019	2020	2019
Revenues					
Sales - raw water		586,668	734,081	587,431	740,206
Sales - tap water		361,954	385,298	85,552	106,449
Construction revenue under concession agreements		25,208	49,768	-	-
Rental and service income		26,781	26,775	31,653	29,974
Total sales and service income		1,000,611	1,195,922	704,636	876,629
Other income	19	9,549	7,025	90,014	82,639
Total revenues		1,010,160	1,202,947	794,650	959,268
Expenses					
Cost of sales - raw water		335,839	352,022	342,432	357,323
Cost of sales - tap water		249,910	260,561	86,718	90,589
Construction cost under concession agreements		25,208	49,768	-	-
Cost of rental and services		25,078	28,144	21,768	25,800
Total cost of sales and services		636,035	690,495	450,918	473,712
Selling expenses		1,080	2,182	824	1,806
Administrative expenses		120,977	134,594	88,913	91,475
Finance costs		42,790	39,786	39,759	35,666
Total expenses		800,882	867,057	580,414	602,659
Profit before income tax		209,278	335,890	214,236	356,609
Income tax		(55,903)	(65,576)	(44,391)	(55,644)
Net profit for the period		153,375	270,314	169,845	300,965

The accompanying condensed notes on pages 13 to 33 are an integral part of this interim financial information.

Eastern Water Resources Development and Management Public Company Limited

Statement of Comprehensive Income (continued)

For the three-month period ended 30 June 2020

	(Unit: Baht'000)			
	Consolidated		Separate	
	financial information		financial information	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	2020	2019	2020	2019
Other comprehensive income :				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of post-employment benefit obligations	-	(15,833)	-	(14,106)
Income tax on item that will not be reclassified subsequently to profit or loss	-	3,167	-	2,821
<i>Total item that will not be reclassified subsequently to profit or loss</i>	-	(12,666)	-	(11,285)
<i>Item that will be reclassified subsequently to profit or loss</i>				
Assets transferred from customers	(846)	(846)	(846)	(846)
Other comprehensive income for the period, net of tax	(846)	(13,512)	(846)	(12,131)
Total comprehensive income for the period	152,529	256,802	168,999	288,834
Profit attributable to				
Owners of the parent	150,570	267,768	169,845	300,965
Non-controlling interests	2,805	2,546	-	-
	153,375	270,314	169,845	300,965
Total comprehensive income attributable to				
Owners of the parent	149,724	254,256	168,999	288,834
Non-controlling interests	2,805	2,546	-	-
	152,529	256,802	168,999	288,834
Earnings per share (Baht)				
Basic earnings per share	0.09	0.16	0.10	0.18

The accompanying condensed notes on pages 13 to 33 are an integral part of this interim financial information.

Eastern Water Resources Development and Management Public Company Limited

Statement of Comprehensive Income

For the six-month period ended 30 June 2020

		(Unit: Baht'000)			
		Consolidated		Separate	
		financial information		financial information	
	Notes	(Unaudited) 2020	(Unaudited) 2019	(Unaudited) 2020	(Unaudited) 2019
Revenues	22.1				
Sales - raw water		1,297,403	1,429,953	1,304,300	1,448,217
Sales - tap water		735,443	751,931	194,023	204,517
Construction revenue under concession agreements		56,112	110,411	-	-
Rental and service income		68,671	68,457	64,055	60,105
Total sales and service income		2,157,629	2,360,752	1,562,378	1,712,839
Other income	19	23,334	26,295	109,817	108,686
Total revenues		2,180,963	2,387,047	1,672,195	1,821,525
Expenses	22.1				
Cost of sales - raw water		647,861	643,626	659,367	657,420
Cost of sales - tap water		483,644	491,224	176,190	171,245
Construction cost under concession agreements		56,112	110,411	-	-
Cost of rental and services		63,404	66,328	44,946	51,697
Total cost of sales and services		1,251,021	1,311,589	880,503	880,362
Selling expenses		3,202	4,169	2,734	3,644
Administrative expenses		242,756	238,342	178,358	162,528
Finance costs		87,048	81,386	80,509	73,166
Total expenses		1,584,027	1,635,486	1,142,104	1,119,700
Profit before income tax		596,936	751,561	530,091	701,825
Income tax	20	(126,164)	(136,928)	(102,434)	(116,286)
Net profit for the period		470,772	614,633	427,657	585,539

The accompanying condensed notes on pages 13 to 33 are an integral part of this interim financial information.

Eastern Water Resources Development and Management Public Company Limited

Statement of Comprehensive Income (continued)

For the six-month period ended 30 June 2020

	(Unit: Baht'000)			
	Consolidated		Separate	
	financial information		financial information	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	2020	2019	2020	2019
Other comprehensive income :				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of post-employment benefit obligations	-	(15,833)	-	(14,106)
Income tax on item that will not be reclassified subsequently to profit or loss	-	3,167	-	2,821
<i>Total item that will not be reclassified subsequently to profit or loss</i>	-	(12,666)	-	(11,285)
<i>Item that will be reclassified subsequently to profit or loss</i>				
Assets transferred from customers	(1,693)	(1,693)	(1,693)	(1,693)
Other comprehensive income for the period, net of tax	(1,693)	(14,359)	(1,693)	(12,978)
Total comprehensive income for the period	469,079	600,274	425,964	572,561
Profit attributable to				
Owners of the parent	465,054	609,475	427,657	585,539
Non-controlling interests	5,718	5,158	-	-
	470,772	614,633	427,657	585,539
Total comprehensive income attributable to				
Owners of the parent	463,361	595,116	425,964	572,561
Non-controlling interests	5,718	5,158	-	-
	469,079	600,274	425,964	572,561
Earnings per share (Baht)				
Basic earnings per share	0.28	0.37	0.26	0.35

The accompanying condensed notes on pages 13 to 33 are an integral part of this interim financial information.

Eastern Water Resources Development and Management Public Company Limited

Statement of Changes in Equity

For the six-month period ended 30 June 2020

(Unit: Baht'000)

Consolidated financial information

(Unaudited)

Attributable to owners of the parent

	Attributable to owners of the parent					Other components of equity					Total equity
	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Assets transferred from customers-net	Total other components of equity	Total owners of the parent	Non-controlling interests		
				Appropriated - legal reserve	Appropriated - concession reserve					Unappropriated	
Opening balance as at 1 January 2019		1,663,725	2,138,522	166,500	351,482	6,293,040	11,388	11,388	10,624,657	180,493	10,805,150
Dividend paid		-	-	-	-	(449,206)	-	-	(449,206)	(7,942)	(457,148)
Appropriation of concession reserve		-	-	-	21,275	(21,275)	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	596,809	(1,693)	(1,693)	595,116	5,158	600,274
Closing balance as at 30 June 2019		<u>1,663,725</u>	<u>2,138,522</u>	<u>166,500</u>	<u>372,757</u>	<u>6,419,368</u>	<u>9,695</u>	<u>9,695</u>	<u>10,770,567</u>	<u>177,709</u>	<u>10,948,276</u>
Opening balance as at 1 January 2020		1,663,725	2,138,522	166,500	393,729	6,469,124	8,002	8,002	10,839,602	174,213	11,013,815
Dividend paid	21	-	-	-	-	(432,569)	-	-	(432,569)	(9,552)	(442,121)
Appropriation of concession reserve		-	-	-	6,147	(6,147)	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	465,054	(1,693)	(1,693)	463,361	5,718	469,079
Closing balance as at 30 June 2020		<u>1,663,725</u>	<u>2,138,522</u>	<u>166,500</u>	<u>399,876</u>	<u>6,495,462</u>	<u>6,309</u>	<u>6,309</u>	<u>10,870,394</u>	<u>170,379</u>	<u>11,040,773</u>

The accompanying condensed notes on pages 13 to 33 are an integral part of this interim financial information.

Eastern Water Resources Development and Management Public Company Limited

Statement of Changes in Equity (continued)

For the six-month period ended 30 June 2020

(Unit: Baht'000)									
Separate financial information									
(Unaudited)									
	Notes	Retained earnings				Other components of equity			Total equity
		Issued and paid-up share capital	Premium on share capital	Appropriated - legal reserve	Appropriated - concession reserve	Unappropriated	Other comprehensive income	Assets transferred from customers-net	
Opening balance as at 1 January 2019		1,663,725	2,138,522	166,500	52,223	5,481,478	11,388	11,388	9,513,836
Dividend paid		-	-	-	-	(449,206)	-	-	(449,206)
Appropriation of concession reserve		-	-	-	5,297	(5,297)	-	-	-
Total comprehensive income for the period		-	-	-	-	574,254	(1,693)	(1,693)	572,561
Closing balance as at 30 June 2019		<u>1,663,725</u>	<u>2,138,522</u>	<u>166,500</u>	<u>57,520</u>	<u>5,601,229</u>	<u>9,695</u>	<u>9,695</u>	<u>9,637,191</u>
Opening balance as at 1 January 2020		1,663,725	2,138,522	166,500	61,516	5,614,287	8,002	8,002	9,652,552
Dividend paid	21	-	-	-	-	(432,569)	-	-	(432,569)
Appropriation of concession reserve		-	-	-	(11,262)	11,262	-	-	-
Total comprehensive income for the period		-	-	-	-	427,657	(1,693)	(1,693)	425,964
Closing balance as at 30 June 2020		<u>1,663,725</u>	<u>2,138,522</u>	<u>166,500</u>	<u>50,254</u>	<u>5,620,637</u>	<u>6,309</u>	<u>6,309</u>	<u>9,645,947</u>

The accompanying condensed notes on pages 13 to 33 are an integral part of this interim financial information.

Eastern Water Resources Development and Management Public Company Limited

Statement of Cash Flows

For the six-month period ended 30 June 2020

	Notes	(Unit: Baht'000)			
		Consolidated		Separate	
		financial information		financial information	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		2020	2019	2020	2019
Cash flows from operating activities					
Profit before income tax		596,936	751,561	530,091	701,825
Adjustments to reconcile profit before income tax to net cash received (paid) from operating activities					
Depreciation	12,13	278,714	249,232	257,692	234,219
Amortisation	12	167,098	159,859	5,276	4,738
Income from amortisation of assets transferred from customers		(1,693)	(1,693)	(1,693)	(1,693)
Gain on disposal of fixed assets		(700)	5,107	(553)	5,105
Long-term provisions		4,679	14,597	-	-
Employee benefit obligations		12,395	32,078	9,048	23,279
Dividend income	19	-	-	(73,440)	(67,320)
Interest income	19	(5,213)	(3,636)	(22,523)	(21,791)
Interest expenses		86,560	80,947	80,021	72,728
Profit from operating activities before changes in operating assets and liabilities		1,138,776	1,288,052	783,919	951,090
Changes in operating assets (increase) decrease					
Trade and other receivables		23,808	(47,330)	19,379	(39,756)
Inventories		(38,841)	474	(39,081)	-
Other current assets		9,001	3,645	8,656	3,834
Other non-current assets		281	(6,823)	(768)	(7,971)
Changes in operating liabilities increase (decrease)					
Trade and other payables		(190,442)	127,761	(180,168)	107,639
Accrued expenses		(39,379)	(22,924)	(32,955)	(13,789)
Other current liabilities		(11,749)	4,679	(9,726)	2,712
Employee benefit obligations - paid		(435)	(4,840)	-	(4,840)
Long-term provisions - paid		(583)	(4,215)	-	-
Other non-current liabilities		22,615	(3,750)	26,241	(4,290)
Cash provided by operations		913,052	1,334,729	575,497	994,629
Income tax paid		(95,719)	(143,614)	(83,746)	(109,466)
Net cash generated from operating activities		817,333	1,191,115	491,751	885,163

The accompanying condensed notes on pages 13 to 33 are an integral part of this interim financial information.

Eastern Water Resources Development and Management Public Company Limited

Statement of Cash Flows (continued)

For the six-month period ended 30 June 2020

	Notes	(Unit: Baht'000)			
		Consolidated financial information		Separate financial information	
		(Unaudited) 2020	(Unaudited) 2019	(Unaudited) 2020	(Unaudited) 2019
Cash flows from investing activities					
Payment for short-term investments		-	(446,249)	-	(5,103)
Payment for financial assets measured at amortised cost		(313,451)	-	(1,475)	-
Proceeds from disposal of short-term investments		-	385,137	-	-
Proceeds from disposal of financial assets measured at amortised cost		274,282	-	-	-
Interest received		4,877	3,995	22,994	22,150
Dividend received from a subsidiary		-	-	73,440	67,320
Proceeds from disposal of fixed assets		9,536	62	8,421	58
Payment for investment property		(419)	(721)	(452)	(779)
Payment for fixed assets and advance for construction		(606,477)	(248,880)	(600,415)	(244,555)
Payment for right-of-use assets		(2,348)	-	(2,348)	-
Payment for intangible assets		(84,512)	(102,196)	(7,939)	(4,735)
Payment for other non-current assets		-	(299,000)	-	(299,000)
Interest paid capitalised in qualifying assets		(39,877)	(25,804)	(39,877)	(25,804)
Net cash used in investing activities		(758,389)	(733,656)	(547,651)	(490,448)
Cash flows from financing activities					
Proceeds from short-term borrowings from financial institutions	15.1	3,333,000	2,360,000	2,804,000	2,042,000
Payment for short-term borrowings from financial institutions	15.1	(2,301,000)	(2,347,000)	(1,962,000)	(2,205,000)
Proceeds from long-term borrowings from financial institutions	15.2	487,000	400,000	487,000	400,000
Payment for long-term borrowings from financial institutions	15.2	(826,200)	(826,200)	(634,000)	(634,000)
Payment for liabilities under finance lease agreements		-	(979)	-	(979)
Payments for lease liabilities		(14,305)	-	(8,769)	-
Dividend paid		(437,443)	(457,103)	(432,479)	(449,160)
Interest paid		(86,434)	(83,726)	(79,515)	(75,309)
Net cash generated from (used in) financing activities		154,618	(955,008)	174,237	(922,448)
Net increase (decrease) in cash and cash equivalents		213,562	(497,549)	118,337	(527,733)
Cash and cash equivalents at the beginning of the period		58,211	578,213	15,710	540,946
Cash and cash equivalents at the end of the period		271,773	80,664	134,047	13,213
Supplemental cash flow information					
Non-cash transaction:					
Purchase of fixed assets and intangible assets on payable		1,517,480	115,398	1,515,396	90,843
Acquisition of right-of-use assets under lease liabilities		550,072	-	486,574	-

The accompanying condensed notes on pages 13 to 33 are an integral part of this interim financial information.

1 General information

Eastern Water Resources Development and Management Public Company Limited (“the Company”) is a public limited company. It is incorporated 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 principal business operations of the Company and its subsidiaries (“the Group”) are development and management of the major water distribution pipeline systems in the Eastern Seaboard area of Thailand, supply of raw water, produce and supply of tap water.

This interim financial information was authorized on 13 August 2020 by the Audit Committee of the Company under authority delegated by the Company’s Board of Directors.

2 Significant events during the current period

In early 2020, the COVID-19 pandemic indirectly impacted the Group’s performance for the six-month period ended 30 June 2020. The Group has followed the government’s policy to reduce public utilities costs in accordance with the 17 March 2020 Cabinet meeting resolution of the Metropolitan Waterworks Authority and Provincial Waterworks Authority. The Board of Directors resolved to offer a 1.5% discount on water supply to the Provincial Waterworks Authority in each area, and a 20% discount in the Sattahip area for three months (April-June 2020). The Group recorded the impact of the discount in its financial information for this period. The impact is immaterial. The Group has given special attention to COVID-19 and its impact on the water supply business, which includes plans to deal with and find solutions for all negative impacts that they identify.

3 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard (TAS) no. 34, Interim Financial Reporting and other financial reporting requirements issued under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019.

An English version of the interim financial information has been prepared from the interim financial information that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

4 Accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the financial statements for the year ended 31 December 2019, except for the following:

4.1 The financial reporting standards, relevant to the Group, are effective for annual periods beginning on or after 1 January 2020.

The Group has applied the following standards for the first time for reporting period commencing 1 January 2020.

4.1.1 TFRS 16 Leases

4.1.2 Financial instruments

TAS 32	Financial instruments: presentation
TFRS 7	Financial instruments: disclosures
TFRS 9	Financial instruments
TFRIC 16	Hedges of a net investment in a foreign operation
TFRIC 19	Extinguishing financial liabilities with equity instruments

The Group had to change its accounting policies as a result of adopting TFRS 16 and Financial Instruments. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initial applying the new standards on 1 January 2020. The new accounting policies are described in Note 5 - New accounting policies. The impact of the changes in accounting policies is discussed in Note 6 - Impact from change in accounting policies.

4.2 The temporary exemption guidance to relieve the impact from COVID-19

On 22 April 2020, Thailand Federation of Accounting Professions (TFAC) announced the temporary exemption guidance to relieve the impact from COVID-19 for the reporting periods ending between 1 January 2020 and 31 December 2020. The Group selects the exemptions below:

Measurement of expected credit losses under simplified approach - TFRS 9

The Group will not use forward-looking information in estimating the credit loss. In doing this, the Group can apply historical credit loss or other method in which results are similar, and also take into consideration of management judgement to estimate credit loss, based on an available information without excessive effort. Apart from this, the Group still has to comply with other requirements under TFRS 9.

Reversal of deferred tax assets - TAS 12

The Group has chosen to exclude information related to COVID-19 which causes uncertainty when considering the sufficiency of future taxable profit for the purpose of assessing the utilisation of deductible temporary differences. Instead, the Group writes down the carrying amount of the deferred tax assets when it is not probable that the future taxable profit will be available for utilising the deductible temporary differences. Apart from this, the Group still has to comply with other requirements under TAS 12.

Impairment of assets - TAS 36

The Group has chosen to exclude information related to COVID-19 as an indication of the impairment of assets. For Goodwill which the Group has to test for impairment annually, the Group has chosen not to include information related to COVID-19 that potentially affect financial projections. Apart from this, the Group still has to comply with other requirements under TAS 36.

5 New accounting policies

5.1 Leases (TFRS16)

The Group has changed its accounting policies for leases where the Group is the lessee. Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2020, leases are recognised as a right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Group.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of vehicles and equipments and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and computer equipment.

5.2 Financial instruments

Investments and other financial assets

Classification and measurements

Commencing on 1 January 2020, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss),
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit and loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows that represent solely payments of principal and interest (SPPI) are measured at amortised cost. Interest income is included in finance income using the effective interest method. Any gain or loss on derecognition is presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item.
- FVOCI: Assets that are held for collection of contractual cash flows that represent SPPI and for selling the financial assets are measured at FVOCI. Movements in the carrying amount are taken through OCI, except impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. Interest revenue is included in finance income. Foreign exchange gains and losses are presented in other gains/(losses). Impairment losses are presented as separate line item. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss in other gains/(losses).
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on subsequent measurement is presented in other gains/(losses).

Equity instruments

The Group subsequently measures all equity investments at fair value. All equity instruments are classified to two measurement categories (irrevocable election); i) at fair value through profit or loss (FVPL), or ii) at fair value through other comprehensive income (FVOCI) without subsequent recycling to profit or loss. The classification of equity instruments is considered on investment-by-investment basis. Dividends from such investment continue to be recognised in profit or loss as other income.

Changes in fair value of financial assets at FVPL are recognised in other gains or losses in the statement of profit or loss as applicable. Impairment losses and reversal of impairment losses on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

6 Impact from changes in accounting policies

6.1 Adjustments recognised on adoption of TFRS 16

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases which has previously been reclassified as 'operating lease' under the previous standard TAS 17. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initial applying the new standards on 1 January 2020.

a) Practical expedients applied

In applying TFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

b) Measurement of right-of-use assets

The right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. As a result, right-of-use assets were measured at the amount equal to the lease liabilities at the initial recognition, adjusted by the amount of any prepaid or accrued lease payment.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liabilities immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of the initial application.

A reconciliation of lease liabilities recognised as at 1 January 2020.

	Consolidated financial information Baht'000	Separate financial information Baht'000
Operating lease commitments disclosed as at 31 December 2019	33,890	11,702
(Less): discount using the lessee's incremental borrowing rate at the date of initial TFRS 16 application	(710)	(51)
Add: finance lease liabilities recognised as at 31 December 2019	3,151	3,151
(Less): short-term leases recognised on a straight-line basis as expense	(59)	-
(Less): low-value leases recognised on a straight-line basis as expense	(5,686)	-
Add: adjustments as a result of a different treatment of extension and termination options	419,484	371,770
Lease liability recognised as at 1 January 2020	450,070	386,572
Current lease liabilities	41,539	29,804
Non-current lease liabilities	408,531	356,768
	450,070	386,572

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Impact on the statement of financial position resulting from the adoption of TFRS 16 is as follows:

	Consolidated financial information		
	TFRS 16		
	As at 31 December 2019 Previously reported (Unit: Baht'000)	Reclassifications and adjustments (Unit: Baht'000)	As at 1 January 2020 Restated (Unit: Baht'000)
Statement of financial position (extract)			
Assets			
Trade and other receivables,net	502,202	(12,701)	489,501
Property, plant and equipment,net	15,260,947	(3,103)	15,257,844
Right-of-use assets,net	-	464,216	464,216
Other current assets	939,626	(1,493)	938,133
Liabilities			
Current portion of finance lease liabilities	1,899	(1,899)	-
Current portion of lease liabilities	-	41,539	41,539
Finance lease liabilities	1,252	(1,252)	-
Lease liabilities	-	408,531	408,531

	Separate financial information		
	TFRS 16		
	As at 31 December 2019 Previously reported (Unit: Baht'000)	Reclassifications and adjustments (Unit: Baht'000)	As at 1 January 2020 Restated (Unit: Baht'000)
Statement of financial position (extract)			
Assets			
Trade and other receivables,net	358,664	(9,720)	348,944
Property, plant and equipment,net	15,003,101	(3,103)	14,999,998
Right-of-use assets,net	-	396,244	396,244
Liabilities			
Current portion of finance lease liabilities	1,899	(1,899)	-
Current portion of lease liabilities	-	29,804	29,804
Finance lease liabilities	1,252	(1,252)	-
Lease liabilities	-	356,768	356,768

The change in accounting policy above has no impact on beginning retained earning and the statement of comprehensive income, the statement of cash flows and operating segment as previously reported.

6.2 Adjustments recognised on adoption of financial instruments

The Group adopted the new rules retrospectively but recognised the cumulative effect of initial applying the new standards on 1 January 2020. The significant impact of the new standard is classification of short-term investments to financial assets measured at amortised cost. The impact on expected credit loss is not material.

	Consolidated financial information		
	TFRS 9		
	As at 31 December 2019 Previously reported (Unit: Baht'000)	Reclassifications (Unit: Baht'000)	As at 1 January 2020 Restated (Unit: Baht'000)
Statement of financial position (extract)			
Short-term investments	510,684	(510,684)	-
Financial assets measured at amortised cost	-	510,684	510,684
	Separate financial information		
	TFRS 9		
	As at 31 December 2019 Previously reported (Unit: Baht'000)	Reclassifications (Unit: Baht'000)	As at 1 January 2020 Restated (Unit: Baht'000)
Statement of financial position (extract)			
Short-term investments	64,152	(64,152)	-
Financial assets measured at amortised cost	-	64,152	64,152

The fair values of financial assets and financial liabilities of the Group are not materially different to their carrying amounts since the majority of instruments are short-term in nature except for long term loan to a subsidiary, long-term borrowings from financial institutions and debentures. The fair value of these items is disclosed in related notes.

7 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The change in estimation during the period is as follows:

Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

For lease of land used for water pipeline of the Group which does not have specified period of the lease, the management considers extending the lease term to cover the useful life of water pipeline. This is because the pipeline is used for sales of raw water which is the core business of the Group and there is significant cost for dismantling and decommission. Therefore, the lease of land is reasonably certain to be extended to cover the useful life of water pipeline.

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8 Segment and revenue 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 Group accounts for inter-segment sales and transfer between segment as if the sales are made to third parties. The chief operating decision maker evaluates performance by segment operating profit.

The segment information is summarised as follows:

	(Unit: Baht'000)						
	Consolidated financial information (Unaudited)						
	Sales		Service income				
	Supply of raw water business	Production and supply of tap water business	Waterworks management business	Engineering services	Others	Elimination	Total
For the six-month period ended 30 June 2020							
Revenues							
Revenue from third parties	1,297,403	770,616	31,257	29,200	29,153	-	2,157,629
Revenue from inter-segment	6,897	-	118,956	-	29,201	(155,054)	-
Total revenues	1,304,300	770,616	150,213	29,200	58,354	(155,054)	2,157,629
Cost of sales and services	(659,367)	(548,392)	(113,662)	(30,734)	(53,920)	155,054	(1,251,021)
Segment operating profit (loss)	644,933	222,224	36,551	(1,534)	4,434	-	906,608
Unallocated income (expenses)							
Other income							23,334
Selling expenses							(3,202)
Administrative expenses							(242,756)
Finance costs							(87,048)
Income tax							(126,164)
Net profit							470,772
Timing of revenue recognition							
- At a point in time	1,304,300	735,443	129,274	-	-	(6,897)	2,162,120
- Overtime	-	35,173	20,939	29,200	58,354	(148,157)	(4,491)
Total revenues	1,304,300	770,616	150,213	29,200	58,354	(155,054)	2,157,629

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	(Unit: Baht'000)						
	Consolidated financial information (Unaudited)						
	Sales		Service income				
	Supply of raw water business	Production and supply of tap water business	Waterworks management business	Engineering services	Others	Elimination	Total
For the six-month period ended 30 June 2019							
Revenues							
Revenue from third parties	1,429,953	855,848	12,872	32,727	29,352	-	2,360,752
Revenue from inter-segment	18,264	-	116,468	-	27,696	(162,428)	-
Total revenues	1,448,217	855,848	129,340	32,727	57,048	(162,428)	2,360,752
Cost of sales and services	(657,420)	(626,214)	(100,765)	(35,643)	(53,975)	162,428	(1,311,589)
Segment operating profit (loss)	790,797	229,634	28,575	(2,916)	3,073	-	1,049,163
Unallocated income (expenses)							
Other income							26,295
Selling expenses							(4,169)
Administrative expenses							(238,342)
Finance costs							(81,386)
Income tax							(136,928)
Net profit							614,633
Timing of revenue recognition							
- At a point in time	1,448,217	751,931	122,846	-	-	(18,264)	2,304,730
- Overtime	-	103,917	6,494	32,727	57,048	(144,164)	56,022
Total revenues	1,448,217	855,848	129,340	32,727	57,048	(162,428)	2,360,752

9 Financial assets measured at amortised cost

	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 30 June 2020	(Unaudited) 1 January 2020*	(Unaudited) 30 June 2020	(Unaudited) 1 January 2020*
Fixed deposits	143,536	110,203	12,736	-
Fixed deposits under the requirement of concession agreement	406,316	400,481	52,891	64,152
	549,852	510,684	65,627	64,152

* In 2019, the Group recognized financial assets measured at amortised cost on short-term investments (please refer to note 6).

10 Trade and other receivables - net

The detail of trade and other receivables is as follows:

	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 30 June 2020	(Audited) 31 December 2019	(Unaudited) 30 June 2020	(Audited) 31 December 2019
Trade receivables	383,017	475,346	240,739	327,331
Other receivables				
- Third parties	15,095	1,253	15,089	1,252
- Related parties (Note 22.2)	11,893	19	21,623	10,483
Other receivables of drought solution project	43,011	-	43,011	-
Prepayments	12,199	25,064	8,625	19,077
Others	477	520	477	521
	465,692	502,202	329,564	358,664

During the period, the Company participated in the drought solution project according to the announcement of the Industrial Estate Authority of Thailand (IEAT) No. 35/2563 and 36/2563. This project is a collective responsibility of the IEAT and industrial sectors in the eastern region which IEAT and industrial sectors assigned the Company to make advance of the project's cost and then proceed to collect from the water consumers at the rate not exceeding 0.92 baht per cubic meter of water consumption until fully cover the actual project's cost for a period within one year. The collection begins on 1 April 2020.

The detail of trade receivables is as follows:

	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 30 June 2020	(Audited) 31 December 2019	(Unaudited) 30 June 2020	(Audited) 31 December 2019
Trade receivables - billed				
- Third parties	87,610	131,579	83,873	130,378
- Related parties (Note 22.2)	154,285	202,705	143,263	194,396
Total trade receivables - billed	241,895	334,284	227,136	324,774
Trade receivables - unbilled				
- Third parties	11,383	1,081	10,322	-
- Related parties (Note 22.2)	129,739	139,981	3,281	2,557
Total trade receivables - unbilled	141,122	141,062	13,603	2,557
	383,017	475,346	240,739	327,331

The aging analysis of trade receivables - billed is as follows:

	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 30 June 2020	(Audited) 31 December 2019	(Unaudited) 30 June 2020	(Audited) 31 December 2019
Within credit term	223,369	329,236	211,031	319,800
Overdue below 3 months	14,225	777	11,834	706
Overdue 3 - 6 months	1,322	925	1,322	925
Overdue 6 - 12 months	1,457	1,526	1,427	1,522
Overdue more than 12 months	2,137	2,435	2,137	2,436
	242,510	334,899	227,751	325,389
<u>Less</u> Allowance for doubtful accounts	(615)	(615)	(615)	(615)
	241,895	334,284	227,136	324,774

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11 Investment in a subsidiary

Investment in a subsidiary is as follows:

Company's name	Nature of business	Country of incorporation	Separate financial information					
			Paid-up share capital		Ownership of interest		Investment value	
			(Unaudited) 30 June 2020 (Baht'000)	(Audited) 31 December 2019 (Baht'000)	(Unaudited) 30 June 2020 %	(Audited) 31 December 2019 %	(Unaudited) 30 June 2020 (Baht'000)	(Audited) 31 December 2019 (Baht'000)
Universal Utilities Public Company Limited	Production and supply of tap water water loss treatment and investment in four tap water supply companies	Thailand	510,000	510,000	100	100	510,000	510,000
Total investment in a subsidiary							510,000	510,000

12 Investment property, property plant and equipment and intangible assets - net

	(Unit: Baht'000)		
	Consolidated financial information		
	Investment Property	Property, plant and equipment	Intangible assets
For the six-month period ended 30 June 2020			
Opening net book amount (Audited)	171,564	15,260,947	3,531,073
Adjustment for change in accounting policy (Note 6)	-	(3,103)	-
Restated opening net book amount	171,564	15,257,844	3,531,073
Addition	418	936,858	64,052
Reclassification	42,561	(42,417)	(144)
Write-off, net	-	(9,382)	-
Depreciation/Amortisation	(3,855)	(251,524)	(167,098)
Closing net book amount (Unaudited)	210,688	15,891,379	3,427,883

	(Unit: Baht'000)		
	Separate financial information		
	Investment Property	Property, plant and equipment	Intangible assets
For the six-month period ended 30 June 2020			
Opening net book amount (Audited)	183,868	15,003,101	52,308
Adjustment for change in accounting policy (Note 6)	-	(3,103)	-
Restated opening net book amount	183,868	14,999,998	52,308
Addition	452	931,678	7,939
Write-off, net	-	(8,438)	-
Depreciation/Amortisation	(4,165)	(236,854)	(5,276)
Closing net book amount (Unaudited)	180,155	15,686,384	54,971

Borrowing costs of Baht 39 million arising from financing specifically entered into a pipeline constructing project and tap water production system are capitalised during the period and are included in "Addition".

13 Right-of-use assets - net

The recognised right-of-use assets by class of the underlying assets are as follows:

	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 30 June 2020	(Unaudited) 1 January 2020*	(Unaudited) 30 June 2020	(Unaudited) 1 January 2020*
Right-of-use assets				
Land	518,211	438,047	471,987	389,679
Building	6,372	6,709	-	-
Water supply system	178	184	-	-
Equipment	5,776	3,103	5,776	3,103
Motor vehicles	13,498	16,173	4,962	3,462
Total right-of-use assets	544,035	464,216	482,725	396,244

* In 2019, the Group recognized lease assets and lease liabilities in relation finance lease as property, plant and equipment and the liabilities under finance lease (please refer to note 6).

Amounts recognised in the statement of comprehensive income are as follows:

	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
For the six-month period ended 30 June	(Unaudited) 2020	(Unaudited) 2019	(Unaudited) 2020	(Unaudited) 2019
Depreciation charge of right-of-use assets				
Land	15,496	-	13,351	-
Building	338	-	-	-
Water supply system	6	-	-	-
Equipment	1,408	-	1,408	-
Motor vehicles	6,087	-	1,914	-
	23,335	-	16,673	-
Interest expense of lease liabilities	9,728	-	8,733	-
Expense relating to short-term leases	1,405	-	1,405	-
Expense relating to leases of low-value assets	1,508	-	150	-

The total cash outflow for leases was Baht 24 million and Baht 16 million in the consolidated financial information and the separate financial information, respectively.

14 Other non-current assets

	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 30 June 2020	(Audited) 31 December 2019	(Unaudited) 30 June 2020	(Audited) 31 December 2019
Advance for construction	505,401	577,433	505,401	577,433
Development cost of water supply project	299,000	299,000	299,000	299,000
Prepaid expenses	24,802	27,524	6,553	6,756
Deposit and retention	2,356	2,357	-	-
Other receivables	32,802	32,802	-	-
Allowance for doubtful accounts				
- other receivables	(32,802)	(32,802)	-	-
Refundable withholding tax	20,122	19,592	-	-
Receivable - recycle water project	11,773	10,802	11,773	10,802
Others	4,404	2,918	2,617	2,049
	867,858	939,626	825,344	896,040

15 Borrowings from financial institutions

	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 30 June 2020	(Audited) 31 December 2019	(Unaudited) 30 June 2020	(Audited) 31 December 2019
Current				
Short-term borrowings from financial institutions	1,337,000	305,000	842,000	-
Current portion of long-term borrowings from financial institutions	148,000	826,200	148,000	634,000
Total current borrowings	1,485,000	1,131,200	990,000	634,000
Non-current				
Borrowings from financial institutions	4,169,000	3,830,000	4,169,000	3,830,000
Debentures	2,398,572	2,398,363	2,398,572	2,398,363
Total non-current borrowings	6,567,572	6,228,363	6,567,572	6,228,363
Total borrowings	8,052,572	7,359,563	7,557,572	6,862,363

As at 30 June 2020, the fair value of long-term borrowings from financial institutions is Baht 4,353 million and Baht 4,353 million in the consolidated financial. The fair value of debentures is Baht 2,513 million.

15.1 Short-term borrowings from financial institutions

Change in short-term borrowings from financial institutions is as follows:

	(Unit: Baht'000)	
	Consolidated financial information	Separate financial information
Balance as at 1 January 2020 (Audited)	305,000	-
Addition	3,333,000	2,804,000
Repayment	(2,301,000)	(1,962,000)
Balance as at 30 June 2020 (Unaudited)	1,337,000	842,000

As at 30 June 2020, the Group and the Company have outstanding short-term credit facilities of Baht 3,002 million and Baht 2,357 million, respectively.

15.2 Long-term borrowings from financial institutions

	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 30 June 2020	(Audited) 31 December 2019	(Unaudited) 30 June 2020	(Audited) 31 December 2019
Long-term borrowings from financial institutions	4,317,000	4,656,200	4,317,000	4,464,000
<u>Less</u> Current portion	(148,000)	(826,200)	(148,000)	(634,000)
Long-term borrowings from financial Institutions, net	4,169,000	3,830,000	4,169,000	3,830,000

Change in long-term borrowings from financial institutions is as follows:

	(Unit: Baht'000)	
	Consolidated financial information	Separate financial information
Balance as at 1 January 2020 (Audited)	4,656,200	4,464,000
Addition	487,000	487,000
Repayment	(826,200)	(634,000)
Balance as at 30 June 2020 (Unaudited)	4,317,000	4,317,000

As at 30 June 2020, the Group has outstanding long-term credit facilities in an amount of Baht 823 million.

Long-term borrowings from financial institutions of the Group are unsecured loan. The Group is required to comply with financial conditions including debt to equity ratio not exceeding 2:1 and debt service coverage ratio not less than 1.10.

16 Trade and other payables

	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 30 June 2020	(Audited) 31 December 2019	(Unaudited) 30 June 2020	(Audited) 31 December 2019
Trade payables				
- Third parties	68,509	144,449	41,850	113,395
- Related parties (Note 22.2)	1,503	1,786	27,651	23,636
Other payables				
- Related parties (Note 22.2)	56,882	171,101	2,267	114,905
	126,894	317,336	71,768	251,936

17 Lease liabilities

Future payments under lease liabilities are as follows:

	(Unit: Baht '000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 30 June 2020	(Unaudited) 1 January 2020*	(Unaudited) 30 June 2020	(Unaudited) 1 January 2020*
Future payment under lease liabilities agreements <u>Less</u> Future finance charges	868,388 (329,471)	710,485 (260,415)	799,744 (318,789)	635,310 (248,738)
Present value of lease liabilities <u>Less</u> Current portion of lease liabilities	538,917 (43,634)	450,070 (41,539)	480,955 (32,402)	386,572 (29,804)
Non-current portion of lease liabilities	495,283	408,531	448,553	356,768

* In 2019, the Group recognized lease assets and lease liabilities in relation finance lease as property, plant and equipment and the liabilities under finance lease (please refer to note 6).

18 Other non-current liabilities

	(Unit: Baht '000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 30 June 2020	(Audited) 31 December 2019	(Unaudited) 30 June 2020	(Audited) 31 December 2019
Retention payable	185,311	162,645	146,029	119,737
Cash received - bank guarantee	30,429	37,479	30,429	37,479
Advance received	33,400	26,400	33,400	26,400
Rental guarantees received from a subsidiary (Note 22.2)	-	-	58	58
	249,140	226,524	209,916	183,674

19 Other income

	(Unit: Baht '000)			
	Consolidated financial information		Separate financial information	
For the three-month period ended 30 June	(Unaudited) 2020	(Unaudited) 2019	(Unaudited) 2020	(Unaudited) 2019
Interest income	2,855	2,192	11,336	11,173
Dividend income	-	-	73,440	67,320
Income from claims	3,797	961	1,507	66
Income from penalty of delay project	28	221	20	-
Others	2,869	3,651	3,711	4,080
	9,549	7,025	90,014	82,639

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	(Unit: Baht '000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 2020	(Unaudited) 2019	(Unaudited) 2020	(Unaudited) 2019
For the six-month period ended 30 June				
Interest income	5,213	3,638	22,523	21,791
Dividend income	-	-	73,440	67,320
Income from claims	5,879	13,260	2,345	10,430
Income from penalty of delay project	5,988	396	3,141	-
Others	6,254	9,001	8,368	9,145
	23,334	26,295	109,817	108,686

20 Income tax

The interim income tax expense is accrued by management's estimate using the tax rate that based on the expected profit for the full year. The estimated tax rate for consolidated financial information is 21.13% per annum (30 June 2019: 18.21% per annum) and the estimated tax rate for separate financial information is 19.32% per annum (30 June 2019: 16.57% per annum).

21 Dividends

The Company

On 1 April 2020, the Annual General Shareholders' meeting of the Company approved a dividend payment for the year 2019 of Baht 0.47 per share, totalling Baht 782 million. The Company already paid an interim dividend of Baht 0.21 per share, totalling Baht 349.4 million on 11 September 2019. The remaining dividend of Baht 0.26 per share, totalling Baht 432.6 million, was paid on 30 April 2020.

Subsidiary

On 29 April 2020, the Annual General Shareholders' meeting of Egcom Tara Company Limited, the subsidiary of Universal Utilities Public Company Limited approved a dividend payment for the year 2019 of Baht 5.55 per share, totalling Baht 191.5 million. The subsidiary already paid an interim dividend of Baht 4.1 per share, totalling Baht 141.5 million in 2019. The remaining dividend of Baht 1.45 per share, totalling Baht 50 million, was paid on 15 May 2020. The dividend of Baht 45 million was paid to Universal Utilities Public Company Limited and Baht 5 million was paid to non-controlling interests.

On 29 May 2020, the Board of Directors' meeting of Egcom Tara Company Limited approved a dividend payment for the first quarter of 2020 of Baht 1.34 per share, totalling Baht 46.2 million. The dividend was paid on 22 July 2020. The dividend of Baht 41.6 million was paid to Universal Utilities Public Company Limited and Baht 4.6 million was paid to non-controlling interests.

22 Related parties transactions

The Company is a public listed company. The first major shareholder is Provincial Waterworks Authority which owns 40.20% of the Company's share and has representative in the Company's board of directors.

Industrial Estate Authority of Thailand owns 4.57% of the Company's share and has representative in the Company's board of directors.

22.1 Transactions incurred during the periods

For the six-month period ended 30 June	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 2020	(Unaudited) 2019	(Unaudited) 2020	(Unaudited) 2019
<u>Sales - raw water</u>				
Major shareholders				
Provincial Waterworks Authority	290,543	306,578	290,543	306,578
Industrial Estate Authority of Thailand	436,913	497,161	436,913	497,161
Subsidiary				
Universal Utilities Public Company Limited	-	-	6,897	18,264
<u>Sales - tap water</u>				
Major shareholder				
Provincial Waterworks Authority	616,540	639,288	81,791	97,694
<u>Construction revenue under concession agreement</u>				
Major shareholder				
Provincial Waterworks Authority	39,411	104,048	-	-
<u>Rental and Service income</u>				
Major shareholder				
Provincial Waterworks Authority	20,588	25,839	-	-
Subsidiary				
Universal Utilities Public Company Limited	-	-	29,201	27,697
<u>Interest income</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	21,341	21,224
<u>Dividend income</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	73,440	67,320
<u>Other income</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	5,649	5,763
Egcom Tara Company Limited	-	-	157	166
<u>Cost of sales and cost of services</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	121,598	116,468

22.2 Outstanding balances at the end of the periods

	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 30 June 2020	(Audited) 31 December 2019	(Unaudited) 30 June 2020	(Audited) 31 December 2019
Trade receivables - billed				
Major shareholders				
Provincial Waterworks Authority	88,895	112,102	77,493	99,925
Industrial Estate Authority of Thailand	65,390	90,603	65,390	90,603
Subsidiary				
Universal Utilities Public Company Limited	-	-	380	3,868
	154,285	202,705	143,263	194,396
Trade receivables - unbilled				
Major shareholder				
Provincial Waterworks Authority	129,739	139,981	2,002	-
Subsidiary				
Universal Utilities Public Company Limited	-	-	1,279	2,557
	129,739	139,981	3,281	2,557
Other receivables				
Major shareholder				
Provincial Waterworks Authority	21	19	-	-
Industrial Estate Authority of Thailand	11,872	-	11,872	-
Subsidiary				
Universal Utilities Public Company Limited	-	-	9,751	10,483
	11,893	19	21,623	10,483
Trade payables				
Major shareholder				
Provincial Waterworks Authority	1,503	1,786	557	758
Subsidiary				
Universal Utilities Public Company Limited	-	-	27,094	22,878
	1,503	1,786	27,651	23,636
Other payables				
Major shareholder				
Provincial Waterworks Authority	56,882	171,101	2,267	114,781
Subsidiary				
Egcom Tara Company Limited	-	-	-	124
	56,882	171,101	2,267	114,905
Rental guarantees				
Subsidiary				
Universal Utilities Public Company Limited	-	-	58	58

22.3 Key management compensation

Key management compensation can be categorised as follows:

For the six-month period ended 30 June	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 2020	(Unaudited) 2019	(Unaudited) 2020	(Unaudited) 2019
Short-term benefits	60,645	54,292	46,763	41,494
Post-employee benefits	3,747	10,498	3,025	8,767
Other long-term benefits	19	20	12	10
	64,411	64,810	49,800	50,271

22.4 Long-term loan to a subsidiary

On 29 August 2018, the Company provided long-term loan to Universal Utilities Public Company Limited of Baht 1,600 million. The loan period is six years with fixed interest rate per annum. The repayment is Baht 400 million per annum, starting from August 2021.

As at 30 June 2020, the fair value of long-term loan to a subsidiary is Baht 1,589 million.

23 Commitments and contingent liabilities

23.1 Capital commitments

Capital commitments which are not recognised in the financial information are as follows:

	(Unit: Baht'000)			
	Consolidated financial information		Separate financial information	
	(Unaudited) 30 June 2020	(Audited) 31 December 2019	(Unaudited) 30 June 2020	(Audited) 31 December 2019
Plant and equipment	2,397,725	3,161,243	2,396,525	3,161,243
Intangible assets	69,252	88,648	-	-
	2,466,977	3,249,891	2,396,525	3,161,243

23.2 Contingent liabilities

As at 30 June 2020, there is no significant change in contingent liabilities from the disclosures in the financial statements for the year ended 31 December 2019 except for the following:

Litigation

The Company

The Company had hired a contractor to design and construct the Regulating Well Project, the turnkey construction of the Bang Pakong-Bang Phra-Chon Buri water pipelines. The operation took place during 24 April 2012 to 23 April 2013. However, the construction suffered damage, and the contractor did not take corrective action within the specified time period. On 26 December 2019, the Company filed a lawsuit in a civil case the contractor to claim damages regarding the breach of contract and claimed totalling Baht 111.81 million including 7.5% interest per annum. On 24 February 2020, the contractor filed a statement and made a counterclaim to the Civil Court by claiming totalling Baht 169.81 million including 7.5% interest per annum. On 20 March 2020, the Company filed an answer to the Civil Court. The Company recorded some liabilities relating to damages claim of Baht 55.61 million in the financial information. Most of them are construction cost payables for projects of which the Company has not yet paid. This case is currently in process of consideration by the Civil Court which is in the process of resolving the dispute. The Civil Court appointed mediation process on 18 September 2020.

24 Project compensation

A government agency is considering a deal for the Company to rent/manage the 2 pipeline connecting projects (“projects”) and the compensation rate. 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 records the project compensation by using the new compensation rate since the year 2015. The management considers that such rate is the best estimation based on the current information.

On 29 August 2019, the government agency issued a letter notifying to the Company that the Company’s pipeline projects are infrastructure and public service as defined by Article 7 of the Public-Private Partnership Act B.E. 2562. The government agency is required to hire a consultant to study and analyse the investment project in order to comply with Section 8, Section 22 and Section 27 of the Public-Private Partnership Act. B.E. 2562.

25 Information of sales volume of raw water classified by distribution networks

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

Sales of raw water classified by distribution networks

	Separate financial information (Unaudited)	
	For the six-month period ended 30 June	
	2020	2019
	Amount Baht’000	Amount Baht’000
Total sales of raw water		
Nong Pla Lai - Map Ta Pud Network	357,999	511,591
Dok Krai - Map Ta Pud Network	566,395	491,817
Chachoengsao - Chonburi Network	336,306	376,569
Nong Pla Lai - Nong Khor Network	154,756	188,626
Total	1,415,456	1,568,603
Less sales of raw water used to produce tap water		
Dok Krai - Map Ta Pud Network	(70,473)	(79,558)
Nong Pla Lai - Nong Khor Network	(40,683)	(40,828)
Total sales of raw water	1,304,300	1,448,217

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

	(Unit: Baht'000)	
	Separate financial information (Unaudited)	
	For the six-month period ended 30 June	
	2020	2019
Nong Khor - Laem Chabang Network 1	198,065	244,541
Nong Khor - Laem Chabang Network 2	61,385	67,174
Chachoengsao Network	76,856	64,854
Total	336,306	376,569

Proportion of sales volume of raw water to end users

	Separate financial information (Unaudited)	
	For the six-month period ended 30 June	
	2020	2019
	%	%
Industrial Estates	57	54
Waterworks Authority	24	28
Factories	19	18
Total (%)	100	100