

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT
PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
REPORT AND FINANCIAL STATEMENTS
30 SEPTEMBER 2007 AND 2006

Report of Independent Auditor

To The Shareholders of Eastern Water Resources Development and Management Public Company Limited

I have audited the accompanying consolidated balance sheets of Eastern Water Resources Development and Management Public Company Limited and its subsidiaries as at 30 September 2007 and 2006, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Eastern Water Resources Development and Management Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Water Resources Development and Management Public Company Limited and its subsidiaries and of Eastern Water Resources Development and Management Public Company Limited as at 30 September 2007 and 2006 and the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 5 to the financial statements. The Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method. In this regard, the Company has restated the separate financial statements for the year ended 30 September 2006 to reflect the change in accounting policy. In my opinion, the adjustments made for the preparation of such separate financial statements are appropriate and have been properly applied.

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

Ernst & Young Office Limited

Bangkok : 16 November 2007

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
BALANCE SHEETS

AS AT 30 SEPTEMBER 2007 AND 2006

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		337,436,339	271,524,131	224,235,214	205,416,207
Current investments	8	3,250,336	2,985,945	3,250,336	2,837,628
Trade accounts receivable	9				
Related parties	7.2	163,245,596	154,066,399	95,155,871	90,766,868
Other companies - net		151,799,676	295,208,711	64,811,820	54,484,178
Trade accounts receivable - net		315,045,272	449,275,110	159,967,691	145,251,046
Receivable from water loss reduction project - related party	7.2				
Billed		868,167	11,118,019	-	-
Unbilled		3,043,935	14,060,558	-	-
Total receivable from water loss reduction project - related party		3,912,102	25,178,577	-	-
Receivable from pipeline installation project - related party	7.2	22,593,912	2,742,460	-	-
Receivable from water consumption meter reading service - related party	7.2	291,375	-	-	-
Short-term loans to a related party - net	7.2, 7.3	-	-	-	101,824,178
Dividend receivable from a related party	7.2	-	-	70,023,000	-
Other receivables - related parties	7.2	3,982,630	-	15,412,225	10,956,456
Inventories - net	10	55,196,602	124,647,754	30,740,795	621,215
Input taxes awaiting refund		4,017,864	21,615,527	-	9,295,614
Other current assets		63,667,171	52,072,350	36,654,210	39,102,886
TOTAL CURRENT ASSETS		809,393,603	950,041,854	540,283,471	515,305,230
NON-CURRENT ASSETS					
Restricted bank deposits	11	9,076,000	11,609,624	9,076,000	9,156,000
Investments in subsidiaries and joint venture - net	12	490,000	-	561,707,161	532,707,231
Long-term investments	8	95,387,500	95,387,500	95,387,500	95,387,500
Long-term loans to related parties	7.2, 7.3	-	-	318,000,000	362,890,000
Other receivable	13	642,199,200	584,858,400	642,199,200	584,858,400
Property, plants and equipment - net	14	7,313,725,738	7,106,628,515	6,722,863,287	6,453,838,733
Assets under concession contracts - net	15	384,103,506	340,343,888	-	-
Deferred concession rights acquisition costs - net	16	376,247,947	296,508,782	-	-
Goodwill - net	17	171,049,657	179,398,433	-	-
Other non-current assets					
Advance payments for pipeline installation		11,703,806	57,439,810	11,703,806	57,439,810
Others		9,586,319	32,075,078	4,497,432	6,922,616
Total other non-current assets		21,290,125	89,514,888	16,201,238	64,362,426
TOTAL NON-CURRENT ASSETS		9,013,569,673	8,704,250,030	8,365,434,386	8,103,200,290
TOTAL ASSETS		9,822,963,276	9,654,291,884	8,905,717,857	8,618,505,520

The accompanying notes are an integral part of the financial statements.

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 30 SEPTEMBER 2007 AND 2006

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions	18	160,000,000	60,000,000	100,000,000	-
Trade accounts payable					
Related parties	7.2	6,300,774	735,332	5,742,808	10,216,187
Other companies		136,297,106	243,863,693	8,624,262	7,453,895
Total trade accounts payable		142,597,880	244,599,025	14,367,070	17,670,082
Current portion of long-term liabilities under finance lease agreements		928,934	-	-	-
Short-term loan from a related party	7.2, 7.3	-	5,000,000	-	-
Current portion of long-term loans from financial institutions	19	421,287,000	165,000,000	150,000,000	100,000,000
Debentures	20	2,500,000,000	-	2,500,000,000	-
Other current liabilities					
Payable for purchase of fixed assets		107,784,699	191,921,365	85,747,457	118,310,156
Advances received		10,361,210	34,863,721	-	-
Accrued interest expenses		51,872,261	36,645,383	33,420,739	34,890,534
Corporate income tax payable		70,692,265	108,948,736	56,215,302	98,437,214
Others - related parties	7.2	20,135,612	22,596,955	26,978,863	15,418,510
Others - other companies		151,921,118	117,416,624	105,017,615	76,624,017
Total other current liabilities		412,767,165	512,392,784	307,379,976	343,680,431
TOTAL CURRENT LIABILITIES		3,637,580,979	986,991,809	3,071,747,046	461,350,513
NON-CURRENT LIABILITIES					
Long-term loans from a related party	7.2, 7.3	12,000,000	100,000,000	-	-
Long-term liabilities under finance lease agreements					
- net of current portion		2,349,054	-	-	-
Long-term loans from financial institutions - net of current portion	19	1,439,013,000	1,656,000,000	1,310,000,000	1,425,000,000
Debentures	20	-	2,500,000,000	-	2,500,000,000
Retentions payable					
Related party	7.2	-	-	-	2,684,116
Other companies		22,163,005	25,143,393	8,199,595	11,307,058
Total retentions payable		22,163,005	25,143,393	8,199,595	13,991,174
TOTAL NON-CURRENT LIABILITIES		1,475,525,059	4,281,143,393	1,318,199,595	3,938,991,174
TOTAL LIABILITIES		5,113,106,038	5,268,135,202	4,389,946,641	4,400,341,687

The accompanying notes are an integral part of the financial statements.

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 30 SEPTEMBER 2007 AND 2006

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
SHAREHOLDERS' EQUITY					
Share capital					
Registered					
1,665,000,000 ordinary shares of Baht 1 each	21	<u>1,665,000,000</u>	<u>1,665,000,000</u>	<u>1,665,000,000</u>	<u>1,665,000,000</u>
Issued and fully paid-up					
1,346,394,130 ordinary shares of Baht 1 each					
(2006 : 1,323,503,380 ordinary shares of Baht 1 each)	21	1,346,394,130	1,323,503,380	1,346,394,130	1,323,503,380
Share subscription received in advance	21	113,395,120	590,780	113,395,120	590,780
Share premium	21	1,187,358,422	1,123,429,772	1,187,358,422	1,123,429,772
Assets transferred from customers	23	49,598,601	53,043,276	49,598,601	53,043,276
Retained earnings					
Appropriated - statutory reserve	24	166,500,000	166,500,000	166,500,000	166,500,000
Unappropriated		<u>1,803,818,666</u>	<u>1,694,438,196</u>	<u>1,652,524,943</u>	<u>1,551,096,625</u>
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS		<u>4,667,064,939</u>	<u>4,361,505,404</u>	<u>4,515,771,216</u>	<u>4,218,163,833</u>
MINORITY INTERESTS - EQUITY ATTRIBUTABLE TO					
MINORITY SHAREHOLDERS OF SUBSIDIARIES					
		<u>42,792,299</u>	<u>24,651,278</u>	<u>-</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY		<u>4,709,857,238</u>	<u>4,386,156,682</u>	<u>4,515,771,216</u>	<u>4,218,163,833</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>9,822,963,276</u>	<u>9,654,291,884</u>	<u>8,905,717,857</u>	<u>8,618,505,520</u>
		0	0	0	0

The accompanying notes are an integral part of the financial statements.

Chairman

(Pol. Lt. Gen. Jarax Sangtaweeep)

President & CEO

(Mr. Prahant Asava-aree)

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
STATEMENTS OF INCOME

FOR THE YEARS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
REVENUES					
Sales - raw water	7.1	1,537,888,213	1,356,099,082	1,603,237,410	1,404,094,896
Sales - others	7.1	555,391,770	542,809,026	172,384,776	130,795,253
Total sales		2,093,279,983	1,898,908,108	1,775,622,186	1,534,890,149
Service income	7.1	308,368,889	465,934,177	4,901,714	4,604,918
Interest and dividend income	7.1	8,956,474	20,119,985	97,888,571	40,425,293
Other income		19,527,134	15,973,853	4,207,957	3,300,831
TOTAL REVENUES		2,430,132,480	2,400,936,123	1,882,620,428	1,583,221,191
EXPENSES					
Costs of sales - raw water		597,441,132	530,378,548	604,786,925	535,436,785
Costs of sales - others		315,798,791	379,220,291	168,431,747	128,063,320
Total costs of sales	7.1	913,239,923	909,598,839	773,218,672	663,500,105
Costs of services		295,306,454	432,354,724	4,840,252	4,583,995
Selling, servicing and administrative expenses	7.1	405,127,561	219,775,961	201,886,793	102,688,802
Expenses for development of life quality and environment		10,959,526	10,530,807	8,819,948	9,261,089
Directors' remuneration	26	42,858,790	40,609,143	29,476,095	27,067,423
Loss on sale of investments		8,112,348	4,879,766	8,112,348	4,879,766
Losses on impairment of investments in subsidiaries		-	-	91,000,000	64,561,607
TOTAL EXPENSES		1,675,604,602	1,617,749,240	1,117,354,108	876,542,787
EARNINGS BEFORE INTEREST EXPENSES AND INCOME TAX		754,527,878	783,186,883	765,266,320	706,678,404
INTEREST EXPENSES	7.1	-192,769,317	-93,189,074	-156,251,316	-67,991,460
INCOME TAX	29	-217,792,379	-227,342,894	-176,286,013	-195,009,128
EARNINGS BEFORE MINORITY INTERESTS		343,966,182	462,654,915	432,728,991	443,677,816
LOSS IN RESPECT OF MINORITY SHAREHOLDERS OF SUBSIDIARIES		96,714,961	45,154,015	-	-
NET INCOME		440,681,143	507,808,930	432,728,991	443,677,816
EARNINGS PER SHARE					
30					
Basic earnings per share					
Net income		0.33	0.39	0.33	0.34
Diluted earnings per share					
Net income		0.31	0.37	0.31	0.33

The accompanying notes are an integral part of the financial statements.

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
				(Restated)
Cash flows from operating activities				
Net income	440,681,143	507,808,930	432,728,991	443,677,816
Adjustments to reconcile net income to				
net cash provided by (paid from) operating activities :				
Loss in respect of minority shareholders of subsidiaries	(96,714,961)	(45,154,015)	-	-
Losses on impairment of investments in subsidiaries	-	-	91,000,000	64,561,607
Losses on impairment of fixed assets	26,000,000	-	-	-
Losses on diminution in value of inventories	63,573,412	6,088,868	48,130,844	-
Doubtful accounts	4,845,409	3,814,288	-	-
Depreciation	270,338,378	228,646,954	194,495,171	163,567,694
Amortisation of assets under concession contracts	20,306,829	11,578,657	-	-
Amortisation of deferred concession rights acquisition costs	9,062,343	8,556,896	-	-
Amortisation of deferred debenture underwriting expenses	4,598,951	2,511,067	4,598,951	2,511,067
Amortisation of assets transferred from customers	(3,444,675)	(3,471,652)	(3,444,675)	(3,471,652)
(Gains) losses on disposals of fixed assets	2,745,118	(269,384)	(73,959)	199,323
Losses on fixed assets written off	21,427,616	-	20,928,019	-
Losses on assets under concession contracts written off	19,354,178	-	-	-
Losses on liquidation of a subsidiary	-	-	8,112,348	-
Amortisation of goodwill	8,348,776	8,369,697	-	-
Income from operating activities before changes in				
operating assets and liabilities	791,122,517	728,480,306	796,475,690	671,045,855
(Increase) decrease in operating assets				
Current investments	(264,391)	706,824,758	(412,708)	706,827,143
Trade accounts receivable	129,384,429	(101,702,993)	(14,716,645)	(23,718,942)
Receivable from water loss reduction project - related party	21,266,475	(11,167,285)	-	-
Receivable from pipeline installation project - related party	(19,851,452)	-	-	-
Receivable from water consumption meter reading service - related party	(291,375)	-	-	-
Short-term loans to a related party	-	-	35,219,159	-
Inventories	5,877,740	18,598,533	(119,583)	-
Input taxes awaiting refund	17,597,663	-	9,295,614	-
Other current assets	(16,670,357)	68,663,977	(64,261,169)	61,345,242
Other receivable	(57,340,800)	-	(57,340,800)	-
Other non-current assets	18,982,714	(12,989,921)	-1,080,861	15,679
Increase (decrease) in operating liabilities				
Trade accounts payable	(102,001,145)	93,195,436	(3,303,012)	3,842,306
Accrued interest expenses	15,226,878	9,512,739	(1,469,795)	7,924,314
Corporate income tax payable	(38,256,471)	2,494,476	(42,221,912)	8,999,021
Other current liabilities - related parties	7,538,657	(25,975,748)	11,560,353	(110,534,428)
Other current liabilities - other companies	13,279,971	(40,979,149)	28,393,598	6,044,936
Retentions payable	(2,980,388)	(2,675,565)	(5,791,579)	(3,721,644)
Net cash provided by operating activities	782,620,665	1,432,279,564	690,226,350	1,328,069,482

The accompanying notes are an integral part of the financial statements

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
Cash flows from investing activities					
Decrease in restricted bank deposits		2,533,624	17,326,746	80,000	1,200,000
Increase in long-term loan to related parties		-	-	(55,110,000)	(32,000,000)
Cash received from repayment of long-term loans to related parties		-	-	100,000,000	66,650,000
Cash paid for investment in subsidiaries	12.2	-	-	(149,999,930)	(50,000,000)
Decrease in advance payments for pipeline installation		45,736,004	120,098,151	45,736,004	120,098,151
Increase in investments in a joint venture		(490,000)	-	-	-
Increase in assets under concession contracts		(83,420,625)	(129,638,344)	-	-
Increase in deferred concession rights acquisition costs		(88,801,508)	(120,715,717)	-	-
Decrease in long-term investments		-	190,724,531	-	190,724,531
Cash received from liquidation of a subsidiary		-	-	1,500,000	-
Proceeds from sales of fixed assets		4,788,505	2,958,051	383,182	2,205,385
Acquisition of fixed assets		(616,533,506)	(3,153,822,192)	(517,319,666)	(3,011,631,076)
Net cash used in investing activities		(736,187,506)	(3,073,068,774)	(574,730,410)	(2,712,753,009)
Cash flows from financing activities					
Cash paid for repayment of short-term loans from financial institutions		(120,000,000)	-	(120,000,000)	-
Cash received from short-term loans from financial institutions		220,000,000	10,000,000	220,000,000	-
Cash received from short-term loans from a related party		-	5,000,000	-	-
Cash received from long-term loans from financial institutions		371,300,000	1,567,000,000	250,000,000	1,525,000,000
Cash paid for repayment of long-term loans from financial institutions		(332,000,000)	-15,500,000	(315,000,000)	-
Cash received from long-term loan from a related party		12,000,000	100,000,000	-	-
Cash received for increased capital in respect of					
minority shareholders of a subsidiary		70	50,000,000	-	-
Share subscription received in advance		113,395,120	590,780	113,395,120	590,780
Cash received for the increased capital	21	86,228,620	24,899,320	86,228,620	24,899,320
Dividends paid	25	(331,444,761)	(165,438,631)	(331,300,673)	(165,033,750)
Net cash provided by (used in) financing activities		19,479,049	1,576,551,469	(96,676,933)	1,385,456,350
Net increase (decrease) in cash and cash equivalents		65,912,208	(64,237,741)	18,819,007	772,823
Cash and cash equivalents at beginning of the year		271,524,131	335,761,872	205,416,207	204,643,384
Cash and cash equivalents at ending of the years		337,436,339	271,524,131	224,235,214	205,416,207
Supplemental cash flow information					
Cash paid during the years for :-					
Interest expenses		248,392,410	236,062,563	217,934,049	188,563,185
Income tax		256,051,868	260,607,400	218,507,926	185,786,303
Non-cash related transactions :-					
Payable for purchase of fixed assets		107,784,699	191,921,365	85,747,457	118,310,156
Transfer short-term investments to long-term investments		-	10,000,000	-	10,000,000
Acquisition of assets under financial lease agreements		249,129	3,028,860	-	-
Assets received in settlement of short-term loans to a related party		-	-	78,130,841	-
Conversion of debt to equity for the increased capital in respect of					
minority shareholders of a subsidiary		115,000,000	-	-	-

The accompanying notes are an integral part of the financial statements

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Baht)

Consolidated financial statements								
Note	Issued and fully paid-up share capital	Share subscription received in advance	Share premium	Assets transferred from customers	Retained earnings		Minority interests	Total
					Appropriated - statutory reserve	Unappropriated		
Balance as at 30 September 2005	1,299,687,000	-	1,122,346,832	56,514,928	152,408,912	1,365,754,104	20,210,174	4,016,921,950
Amortisation of assets transferred from customers	-	-	-	-3,471,652	-	-	-	-3,471,652
Increase in share capital	23,816,380	-	1,082,940	-	-	-	-	24,899,320
Share subscription received in advance	-	590,780	-	-	-	-	-	590,780
Increased share capital in respect of minority shareholders of a subsidiary	-	-	-	-	-	-	50,000,000	50,000,000
Transferred to statutory reserve	24	-	-	-	14,091,088	-14,091,088	-	-
Dividends paid	25	-	-	-	-	-165,033,750	-404,881	-165,438,631
Net income	-	-	-	-	-	507,808,930	-45,154,015	462,654,915
Balance as at 30 September 2006	1,323,503,380	590,780	1,123,429,772	53,043,276	166,500,000	1,694,438,196	24,651,278	4,386,156,682
Amortisation of assets transferred from customers	-	-	-	-3,444,675	-	-	-	-3,444,675
Increase in share capital	22,890,750	-	63,928,650	-	-	-	-	86,819,400
Share subscription received in advance	-	112,804,340	-	-	-	-	-	112,804,340
Increased share capital in respect of minority shareholders of a subsidiary	-	-	-	-	-	-	115,000,070	115,000,070
Dividends paid	25	-	-	-	-	-331,300,673	-144,088	-331,444,761
Net income	-	-	-	-	-	440,681,143	-96,714,961	343,966,182
Balance as at 30 September 2007	1,346,394,130	113,395,120	1,187,358,422	49,598,601	166,500,000	1,803,818,666	42,792,299	4,709,857,238

The accompanying notes are an integral part of the financial statements.

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEARS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit : Baht)

Note	Separate financial statements						
	Issued and fully paid-up share capital	Share subscription received in advance	Share premium	Assets transferred from customers	Retained earnings		Total
					Appropriated - statutory reserve	Unappropriated	
Balance as at 30 September 2005, as previously reported	1,299,687,000	-	1,122,346,832	56,514,928	152,408,912	1,365,754,104	3,996,711,776
Cumulative effect of the change in accounting policy for investments in subsidiaries	5	-	-	-	-	-79,210,457	-79,210,457
Balance as at 30 September 2005, as restated	1,299,687,000	-	1,122,346,832	56,514,928	152,408,912	1,286,543,647	3,917,501,319
Amortisation of assets transferred from customers	-	-	-	-3,471,652	-	-	-3,471,652
Increase in share capital	23,816,380	-	1,082,940	-	-	-	24,899,320
Share subscription received in advance	-	590,780	-	-	-	-	590,780
Transferred to statutory reserve	24	-	-	-	14,091,088	-14,091,088	-
Dividends paid	25	-	-	-	-	-165,033,750	-165,033,750
Net income, as restated	-	-	-	-	-	443,677,816	443,677,816
Balance as at 30 September 2006	1,323,503,380	590,780	1,123,429,772	53,043,276	166,500,000	1,551,096,625	4,218,163,833
Amortisation of assets transferred from customers	-	-	-	-3,444,675	-	-	-3,444,675
Increase in share capital	22,890,750	-	63,928,650	-	-	-	86,819,400
Share subscription received in advance	-	112,804,340	-	-	-	-	112,804,340
Dividends paid	25	-	-	-	-	-331,300,673	-331,300,673
Net income	-	-	-	-	-	432,728,991	432,728,991
Balance as at 30 September 2007	1,346,394,130	113,395,120	1,187,358,422	49,598,601	166,500,000	1,652,524,943	4,515,771,216

The accompanying notes are an integral part of the financial statements.

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT
PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED 30 SEPTEMBER 2007 AND 2006

1. GENERAL INFORMATION

Eastern Water Resources Development and Management Public Company Limited (“the Company”) is a public limited company incorporated and domiciled in Thailand. The major shareholder of the Company is the Provincial Waterworks Authority. The Company is principally engaged in the businesses of (a) development and management of the major water distribution pipeline systems in the eastern seaboard areas of Thailand and (b) procurement of raw water from government agency sources for commercial distribution to end users. According to the contract dated 26 December 1993 between the Company and the Ministry of Finance, the Company is privileged to manage the major water distribution pipeline systems in such areas for the period of 30 years. Whereby, the Company, in return, is required to provide the Ministry of Finance with the benefits specified in the agreement. The registered address of the Company is located at 9/9 Vipavadeerangsit Road, Laksi, Bangkok.

On 5 October 2007, the Company relocated its office to be at 23-26 Floor, East Water Building, No. 1 Soi Vipavadeerangsit 5, Vipavadeerangsit Road, Jomphol Sub-district, Chatujak District, Bangkok.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 6 to financial statements regarding the significant accounting policies.

3. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements for the years ended 30 September 2007 and 2006 of Eastern Water Resources Development and Management Public Company Limited and the following subsidiaries.

Subsidiaries	Country of incorporation	Nature of business	Paid up share capital		Percentage of shares held by the Company	
			2007	2006	2007	2006
			Million Baht	Million Baht	Percent	Percent
<u>Subsidiaries held directly by the Company</u>						
Global Water Systems Corporation Limited	Thailand	Sale of water through vending machine and manufacture and installation of water vending machines	-	74	-	100
Universal Utilities Company Limited	Thailand	Production and supply of tap water, waste water treatment and sale of related tools, equipment and chemical products, and investment in three tap water supply companies	510	510	100	100
Eastern Hobas Pipes Company Limited	Thailand	Manufacture and sale of water distribution pipes	480	250	50	50
Water Trades and Services Company Limited	Thailand	Sale of water vending machines and chemical for producing tap water	5	-	100	-
<u>Subsidiaries held by Universal Utilities Company Limited</u>						
Chachoengsao Water Supply Company Limited	Thailand	Production and supply of tap water	100	100	99	99
Bangpakong Water Supply Company Limited	Thailand	Production and supply of tap water	40	40	99	99
Nakornsawan Water Supply Company Limited	Thailand	Production and supply of tap water	40	40	100	100

Material balances and transactions between the Company and its subsidiaries, have been eliminated from the consolidated financial statements. Investments in the subsidiaries as recorded in the Company's books of account are eliminated against the equity of the subsidiaries. The resultant differences are amortised over a period of 27 years commencing as from the date of acquisition of shares in the subsidiaries.

4. ADOPTION OF NEW ACCOUNTING STANDARDS

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550 and 38/2550 regarding Thai Accounting Standards, and these have been published in the Royal Gazette. The Notifications mandate the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

4.1 Thai Accounting Standards (revised version) which are effective for the current year

TAS 44	Consolidated Financial Statements and Separate Financial Statements
TAS 45	Investments in Associates
TAS 46	Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 as discussed in Note 5 to the financial statements.

4.2 Thai Accounting Standards (revised version) which are not effective for the current year

TAS 25	Cash Flow Statements
TAS 33	Borrowing Costs
TAS 35	Presentation of Financial Statements
TAS 39	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41	Interim Financial Reporting
TAS 49	Construction Contracts

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

5. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARIES IN THE SEPARATE FINANCIAL STATEMENTS

During the current year, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method.

In this regard, the Company has restated the previous period’s separate financial statements as though the investments in the subsidiaries had originally been recorded using the cost method. The change has the effect on net income in the separate statements of income for the years ended 30 September 2007 and 2006 by a decrease in net income of Baht 8 million (Baht 0.01 per share) and Baht 64 million (Baht 0.05 per share), respectively. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiaries” in the separate statements of changes in shareholders’ equity.

Such change in accounting policy affects only the accounts related to investments in subsidiaries in the Company’s separate financial statements, with no effect to the consolidated financial statements.

6. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Company and its subsidiaries are summarised below.

6.1 Revenue recognition

(a) Sales

Sales of goods are recognised as income 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 discount.

(b) Service income

Service income is recognised by the amount excluding value added tax when service has been rendered with reference to the stage of completion.

(c) Income from pipeline installation project and water loss reduction project

Income from water pipeline installation project and water loss reduction project are recognised as income under the percentage of completion method. The expected loss on unprofitable contracts is recognised as soon as such loss can be foreseen.

(d) Interest and dividend income

Interest income is recognised on an accrual basis. Dividend income is recognised when rights to receive dividends are established.

6.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash at banks with an original maturity of 3 months or less and not subject to withdrawal restrictions.

6.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables, which is generally based on collection experience and analysis of debtor aging.

6.4 Unbilled receivable

The Company and its subsidiaries record income from pipeline installation project and water loss reduction project that has been recognised but not yet billed to the customers under the caption of "Receivable from pipeline installation/water loss reduction projects – unbilled" which has been shown as current assets in the balance sheets. Such amount is the difference between the amount of service income recognised under a percentage of completion method and the amount of income for which customers have already been invoiced.

6.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Inventory costs for each category and product type are determined as follows :-

Inventory categories	Product types	
	Water vending machines	Water distribution pipe
Finished goods	Specific identification method	Weighted average method
Work in process	Specific identification method	-
Raw material and supplies	First-in, first-out method	Weighted average method

Provision for diminution in value of inventories is set up for obsolete, slow-moving or deteriorated inventories.

6.6 Investments

Investments in subsidiaries in the separate financial statements are accounted for under the cost method.

Investments in available-for-sale securities, both held as current and long-term investments, are determined at fair value. Changes in the value of securities are recorded as a separate item in the shareholders' equity until the securities are sold, when the changes are then included in the statements of income.

Investments in held-to-maturity debt securities, classified as current investments or long-term investment in accordance with their remaining periods to maturity, are determined at amortised cost less allowance for impairment loss (if any). The premium/discount on debt securities is amortised using the straight-line method with the amortised amount included in statements of income.

Investments in non-marketable equity securities held as general investments are determined at costs less allowance for impairment loss (if any).

Loss on impairment (if any) of investments is included in the statements of income.

6.7 Property, Plant and Equipment and Depreciation

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).

Depreciation of plant and equipment has been computed using the straight-line method over their estimated useful lives (except water distribution pipelines in Chachoengsao, Bangpakong-Chonburi, Sriracha, Bangpra, Rayong-Mabkha and Nakhornnuengkhet which are depreciated by the units of production method). Estimated useful lives are as follows:

Pumping plants	33 years
Other buildings	15, 20 years
Land, leasehold and building improvements	5, 10, 15, 20 years
Machinery and equipment (Except pipes in Chachoengsao, Bangpakong-Chonburi, Sriracha, Bangpra, Rayong-Mabkha and Nakhornnuengkhet that are depreciated by the units of production method based on the capacity of assets over a 30-year period)	5, 10, 20, 25 years
Office equipment	3, 5, 10 years
Vehicles	5 years

No depreciation is provided for land and construction in progress.

Depreciation is included in statements of income.

6.8 Assets under concession contracts and amortisation

Assets under concession contracts are stated at cost less accumulated amortisation and allowance for impairment (if any). Amortisation of assets under concession contracts, which has been computed using the straight-line method over the concession period of 15, 20 and 25 years, has been included in statements of income.

6.9 Deferred concession rights acquisition costs and amortisation

Concession rights acquisition costs consist of expenses incurred directly in relation to obtaining the concession contracts from the Provincial Waterworks Authority. Deferred concession rights acquisition costs are stated at cost less accumulated amortization and allowance for impairment (if any). Amortisation of deferred concession rights acquisition costs, which has been computed using the straight-line method over the concession periods of 27 and 30 years as the case may be, has been included in statements of income.

6.10 Capitalisation of borrowing as cost of assets

Borrowing costs directly related to the acquisition of fixed assets are capitalised as part of the cost of the fixed assets, until the assets are ready for use.

6.11 Deferred debenture underwriting expenses

The Company recorded debenture underwriting expenses arising from debenture issuance as assets awaiting amortisation. Deferred debenture underwriting expenses are amortised as expenses on a straight-line basis over the terms of the debentures, which are 4 and 7 years. The Company wrote off the remaining deferred debenture underwriting expenses in 2007 since it repaid to debenture holders in full on 11 October 2007.

6.12 Goodwill and amortisation

Goodwill presented as an asset in the consolidated balance sheets is the excess of the acquisition cost over the fair value of the attributable portion of the net asset value of the acquired subsidiary as at the acquisition date. Goodwill is stated at cost less accumulated amortisation and allowance for impairment (if any) and is amortised using the straight-line method over a period of 27 years, being the concession period awarded to the subsidiaries to carry out their business operation. The carrying amount of goodwill is reviewed annually and written down when there is an impairment.

6.13 Impairment of assets

The Company and its subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company and its subsidiaries makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statements of income. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

6.14 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as long-term liabilities while the interest element is charged to the statements of income over the lease periods. The property, plant or equipment acquired under finance lease is depreciated over the shorter of the useful life of the asset or the lease period.

6.15 Employee benefits

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed to by employees and by the Company and its subsidiaries. The contributions made by the Company and its subsidiaries are recognised as expenses when incurred.

The Company issued to its directors and employees the warrants to purchase the Company's ordinary shares. Such transactions will be recorded in the financial statements when the warrants are exercised.

6.16 Foreign currencies

Foreign currency transactions occurring during the years are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding on the balance sheet dates are translated into Baht at the exchange rates ruling on the balance sheet dates.

Gains and losses on exchange are included in the statements of income.

6.17 Income tax

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

6.18 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over them, key management personnel, directors and officers with authority in the planning and direction of the Company's and its subsidiaries' operations, together with close family members of such persons and companies which are controlled or influenced by them, whether directly or indirectly.

6.19 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires the Company's and its subsidiaries' management to make estimates and assumptions in certain circumstances, affecting amounts reported in the financial statements and related notes. Actual results could differ from these estimates.

7. RELATED PARTY TRANSACTIONS

7.1 Transactions incurred during the years

During the years, the Company and its subsidiaries had significant business transactions with their related parties. These transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company, its subsidiaries and those related parties. Below is a summary of those transactions.

(Unit : Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	For the years ended		For the years ended		
	30 September		30 September		
	2007	2006	2007	2006	
Transactions with subsidiaries					
(Eliminated from the consolidated financial statements)					
Sales of raw water	-	-	65,349	47,996	Similar to market prices
Purchases of water distribution pipes	-	-	-	65,414	Market price and mutually agreed price as stipulated in the contracts
Assets received in settlement of short-term loans	-	-	78,131	-	Appraisal value by independent appraiser
Service income	-	-	-	156	Mutually agreed price as stipulated in the contracts
Interest income	-	-	21,114	23,012	As described in Note 7.4
Dividend income	-	-	70,023	-	As declared by the subsidiary
Sales of chemical products	-	-	152	452	Similar to market price
Other income	-	-	2,366	1,631	Mutually agreed price as stipulated in the contracts
Service expense (included in costs of sales - raw water and costs of sales - others)	-	-	175,960	130,895	Mutually agreed price as stipulated in the contracts
Pipeline installation expenses (included in costs of services)	-	-	2,522	-	Mutually agreed price as stipulated in the contracts
Other expenses (included in selling, servicing and administrative expenses)	-	-	1,007	383	Similar to market price

(Unit : Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	For the years ended		For the years ended		
	30 September		30 September		
	2007	2006	2007	2006	
Transactions with related parties					
Major shareholders					
Sales of raw water	991,136	894,503	991,136	894,503	Similar to market prices
Service income	193,542	404,601	-	-	Mutually agreed price as stipulated in the contracts
Related companies					
Service income	29,753	26,245	-	-	Mutually agreed price as stipulated in the contracts
Interest expense	3,126	3,714	-	-	As described in Note 7.4
Sales of machinery	1,448	-	-	-	Mutually agreed price as stipulated in the contracts

7.2 Outstanding balances at end of the years

The balances of accounts as at 30 September 2007 and 2006 between the Company and those related parties are as follows :-

	Consolidated		Separate	
	financial statements		financial statements	
	30 September		30 September	
	2007	2006	2007	2006
Trade accounts receivable - related parties				
Major shareholders				
Provincial Waterworks Authority	101,527,957	101,477,629	36,495,553	35,994,006
Industrial Estate Authority of Thailand	53,097,022	49,392,579	53,097,021	49,392,579
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	5,563,297	5,380,283
Related companies				
Egcom Tara Company Limited	2,905,176	3,196,191	-	-
Hobas Pipe Systems SRL	5,715,441	-	-	-
Total trade accounts receivable - related parties	163,245,596	154,066,399	95,155,871	90,766,868

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September		30 September	
	2007	2006	2007	2006
<u>Receivable from water loss reduction project - related party</u>				
Major shareholder				
Provincial Waterworks Authority	3,912,102	25,178,577	-	-
<u>Receivable from pipeline installation project - related party</u>				
Major shareholder				
Provincial Waterworks Authority	22,593,912	2,742,460	-	-
<u>Receivable from water consumption meter reading service - related party</u>				
Major shareholder				
Provincial Waterworks Authority	291,375	-	-	-
<u>Short-term loans to a related party</u>				
Subsidiary				
(Eliminated from the consolidated financial statements)				
Global Water Systems Corporation Limited	-	-	-	113,350,000
Less : Allowance for doubtful accounts	-	-	-	(11,525,822)
Short-term loans to related parties - net	-	-	-	101,824,178
<u>Dividend receivable from a related party</u>				
Subsidiary				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	70,023,000	-
Total dividend receivable - related parties	-	-	70,023,000	-

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September		30 September	
	2007	2006	2007	2006
<u>Other receivable - related parties</u>				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	2,904,862	644,968
Water Trades and Services Company Limited	-	-	7,050,627	-
Eastern Hobas Pipes Company Limited	-	-	5,456,736	10,307,294
Global Water Systems Corporation Limited	-	-	-	4,194
Related companies				
Hobas Engineering GmbH	1,491,114	-	-	-
Hobas Pipe Systems SRL	2,491,516	-	-	-
Total other receivable - related parties	<u>3,982,630</u>	<u>-</u>	<u>15,412,225</u>	<u>10,956,456</u>
<u>Long-term loans to related parties</u>				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	300,000,000	262,890,000
Eastern Hobas Pipes Company Limited	-	-	18,000,000	100,000,000
Total long-term loans to related parties	<u>-</u>	<u>-</u>	<u>318,000,000</u>	<u>362,890,000</u>
<u>Trade accounts payable - related parties</u>				
Major shareholder				
Provincial Waterworks Authority	5,242,467	735,332	-	-
Subsidiary				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	5,742,808	10,216,187
Related company				
Egcom Tara Company Limited	1,058,307	-	-	-
Total trade accounts payable - related parties	<u>6,300,774</u>	<u>735,332</u>	<u>5,742,808</u>	<u>10,216,187</u>

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September		30 September	
	2007	2006	2007	2006
<u>Short-term loan from a related party</u>				
Related company				
Hobas Engineering GmbH	-	5,000,000	-	-
Total short-term loan from related party	-	5,000,000	-	-
<u>Other current liabilities - related parties</u>				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	25,971,244	15,418,510
Water Trades and Services Corporation Limited	-	-	1,007,619	-
Related companies				
Hobas Engineering GmbH	12,600,140	15,353,579	-	-
Hobas Pipe Systems SRL	7,436,846	7,146,591	-	-
Hobas Rohre GmbH	98,626	96,785	-	-
Total other current liabilities - related parties	20,135,612	22,596,955	26,978,863	15,418,510
<u>Long-term loan from a related party</u>				
Related company				
Hobas Engineering GmbH	12,000,000	100,000,000	-	-
Total long-term loan from related party	12,000,000	100,000,000	-	-
<u>Non-current liabilities – retentions payable</u>				
Subsidiary				
(Eliminated from the consolidated financial statements)				
Eastern Hobas Pipes Company Limited	-	-	-	2,684,116
Total non-current liabilities - retentions payable	-	-	-	2,684,116

7.3 Movements of inter-company loans

Movements of inter-company loans during the year were summarised below.

(Unit : Baht)

	Consolidated financial statements			Balance as at 30 September 2007
	Balance as at 30 September 2006	During the year		
		Increase	Decrease	
Short-term loans from a related company				
Hobas Engineering GmbH	5,000,000	-	(5,000,000)	-
Long-term loans from a related company				
Hobas Engineering GmbH	100,000,000	12,000,000	(100,000,000)	12,000,000

(Unit : Baht)

	Separate financial statements			Balance as at 30 September 2007
	Balance as at 30 September 2006	During the year		
		Increase	Decrease	
Short-term loans to a subsidiary				
Global Water Systems Corporation Limited	113,350,000	-	(113,350,000)	-
Less : Allowance for doubtful accounts	(11,525,822)	-	11,525,822	-
	101,824,178	-	(101,824,178)	-
Long-term loans to subsidiaries				
Universal Utilities Company Limited	262,890,000	37,110,000	-	300,000,000
Eastern Hobas Pipes Company Limited	100,000,000	18,000,000	(100,000,000)	18,000,000
	362,890,000	55,110,000	(100,000,000)	318,000,000

7.4 Details of related party loan agreements

7.4.1 Short - term loans to Global Water Systems Corporation Limited

On 1 June 2004 and 4 November 2004, the Company granted loans to Global Water Systems Corporation Limited, a subsidiary, amounting to Baht 150 million and Baht 75 million, respectively as working capital for the project to produce 4,000 water vending machines for public community. The loans are unsecured and repayable within 12 months commencing from the first drawn-down according to the agreements. The Company charges interest to the subsidiary at the rate of 2.5% per annum for the first 12-month period (counting from the first drawn-down date) and thereafter at the minimum lending rate (“MLR”) per annum for the remainder of the agreements.

Later on 7 April 2006, the Company extended the repayment period and changed interest rate charged to be at the rate of 3.5% per annum for a 6-month period commencing from 7 April 2006 and thereafter at the minimum lending rate (MLR) per annum.

During the current year, the Company was settled for such loan in full by assets transferred from the subsidiary at the value appraised by an independent valuer. Therefore, as at 30 September 2007 there is no outstanding balance of loans to this subsidiary. (30 September 2006 : Baht 113.4 million).

7.4.2 Short-term and long-term loans to Eastern Hobas Pipes Company Limited

On 13 December 2004, the Company entered into a loan agreement to provide loans to Eastern Hobas Pipes Company Limited, a subsidiary, with the loan limit of Baht 150 million as working capital in its operation and extension of its capacity. The loan is guaranteed by Hobas Engineering GmbH, which is another shareholder of this subsidiary, in a credit limit of Baht 75 million. The Company charges interest to the subsidiary at the fixed rate of 5.5% per annum. The repayment periods are separated into 2 parts as follow :-

	Amount (Million Baht)	Loan period	Repayment period counting from the first drawn-down date
First part	100	6 years	On a semi-annual installment basis
Second part	50	1 year	Within 1 year

The first part of the loan has a grace period of one year from the first drawn-down date for principal repayment.

On 23 March 2006, the Company made an amendment to the loan agreement to change the status of such loan to a subordinated loan. As a result, the rights of the Company to receive repayment are therefore sub-ordinated to other secured creditors. However, in April 2007 the subsidiary repaid such loan to the Company in full.

Later on 13 March 2007, the Company entered into a new loan agreement, to provide a loan limit of Baht 18 million to Eastern Hobas Pipes Company Limited for its working capital. The Company charges interest to the subsidiary at the fixed rate of 6.5% per annum. Interest is payable on a monthly basis. The loan is repayable within 24 months commencing from the drawn-down date.

As at 30 September 2007, the Company had outstanding balance loan due from this subsidiary amounting to approximately Baht 18 million (30 September 2006: Baht 100 million).

7.4.3 Long-term loan to Universal Utilities Company Limited

On 3 October 2002, the Company entered into a loan agreement with Universal Utilities Company Limited, its subsidiary, whereby the Company agreed to provide to the subsidiary a loan facility of Baht 300 million, of which the subsidiary is to make full or partial repayment at any time, but within ten years as from the agreement date. The loan bears interest at a fixed rate of 5.5 percent per annum for the first five years from the agreement date and at the minimum lending rate per annum thereafter, with such interest payable on a quarterly basis. In order to secure payments under this loan agreement, the Company arranged to have all of three subsidiaries of the subsidiary (i.e. Chachoengsao Water Supply Company Limited, Bangpakong Water Supply Company Limited and Nakornsawan Water Supply Company Limited) allowed the transfer to the Company of all collection rights under the concessions to produce water.

During the year, the Company amended the loan agreement to change the interest rate to be a fixed rate of 5.25 percent per annum throughout the term of the loan agreement.

As at 30 September 2007, the Company had outstanding long-term loan due from this subsidiary amounting to approximately Baht 300 million (30 September 2006 : Baht 262.9 million).

7.4.4 Loans from Hobas Engineering GmbH

Long-term loans

On 9 February 2006, a subsidiary entered into a loan agreement to borrow Baht 100 million from Hobas Engineering GmbH, its another shareholder, for the production capacity expansion purpose. The loan is subordinated and repayable within 31 December 2010 in six semi-annual installments commencing from the first drawn-down date and carries interest at the fixed rate of 5.5 percent per annum.

Moreover, on 13 March 2007, such subsidiary entered into another loan agreement to borrow Baht 12 million from Hobas Engineering GmbH for its working capital. The loan is repayable within 24 months commencing from the first drawn-down date and carries interest at the fixed rate of 6.5 percent per annum. Interest is payable on a monthly basis.

During the year, the subsidiary repaid the subordinated loan in full. Therefore, as at 30 September 2007, the subsidiary had outstanding long-term loans from a related party amounting to approximately Baht 12 million (30 September 2006 : Baht 100 million).

Short-term loans

On 14 June 2006, such subsidiary entered into another loan agreement to borrow Baht 5 million from Hobas Engineering GmbH for raw materials procurement purpose. The loan is unsecured and due when the subsidiary receives payment from its customers. The loan carries interest at the fixed rate of 5.5 percent per annum.

7.5 Directors and management's remuneration

For the years ended 30 September 2007 and 2006,, the Company and its subsidiaries paid salaries, meeting allowances and gratuities to their directors and management totaling Baht 78.7 million and Baht 70.2 million, respectively. (The Company Only : Baht 48.0 million and Baht 42.1 million, respectively).

7.6 Guarantee obligations with related parties

A subsidiary has obligations as a result of guarantees provided for a related party, as discussed in Note 31.5 to the financial statement.

8. INVESTMENTS

As at 30 September 2007 and 2006, the investments consisted of the following :-

	(Unit : Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September		30 September	
	2007	2006	2007	2006
<u>Short-term investments</u>				
Deposits at financial institutions	3,250,336	2,985,945	3,250,336	2,837,628
Total short-term investments	<u>3,250,336</u>	<u>2,985,945</u>	<u>3,250,336</u>	<u>2,837,628</u>
<u>Long-term investments</u>				
Held-to-maturity debt securities				
Promissory notes	10,000,000	10,000,000	10,000,000	10,000,000
Held-to-maturity debt securities	10,000,000	10,000,000	10,000,000	10,000,000
General investments				
Non-marketable equity securities	85,387,500	85,387,500	85,387,500	85,387,500
General investments	85,387,500	85,387,500	85,387,500	85,387,500
Total long-term investments	<u>95,387,500</u>	<u>95,387,500</u>	<u>95,387,500</u>	<u>95,387,500</u>
Total investments	<u>98,637,836</u>	<u>98,373,445</u>	<u>98,637,836</u>	<u>98,225,128</u>

8.1 During 2006, the Company sold investments in held-to-maturity debt securities totaling Baht 190.7 million before maturity dates in order use such fund in the construction of the water distribution pipeline network and a new office building. As a result, the Company realised loss of approximately Baht 4.9 million from such transaction in the statements of income.

8.2 As at 30 September 2007 and 2006, the Company has a long-term investment in equity securities of Egcom Tara Company Limited, a related company. The investment is stated at cost of Baht 85.4 million and represents 15 percent of the paid-up share capital of that company.

Egcom Tara Company Limited has been incorporated as a limited company in Thailand to engage in the business of supplying water produced in accordance with the Thai Industrial Standard to the Provincial Waterworks Authority of Thailand for distribution at Lak Muang Water Station in Ratchaburi Province, Damnoen Saduak Water Station in Ratchaburi Province and Samut Songkhram Water Station in Samut Songkhram Province.

9. TRADE ACCOUNTS RECEIVABLE

The outstanding balances of trade accounts receivable as at 30 September 2007 and 2006 categorised by their overdue aging, counting from due dates, are as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September		30 September	
	2007	2006	2007	2006
<u>Trade accounts receivable – related parties</u>				
Not yet due	157,530,155	149,436,177	95,155,871	86,136,646
Past due				
Up to 3 months	5,715,441	4,630,222	-	4,630,222
Total trade accounts receivable – related parties	163,245,596	154,066,399	95,155,871	90,766,868

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September		30 September	
	2007	2006	2007	2006
<u>Trade accounts receivable – others</u>				
Not yet due	99,418,680	205,272,116	59,577,762	52,725,320
Past due				
Up to 3 months	8,992,767	77,550,553	3,055,359	1,006,863
3 - 6 months	22,603,868	2,259,865	583,739	121,751
6 - 12 months	11,201,166	8,463,124	507,708	82,266
Over 12 months	18,242,892	5,477,341	1,087,252	547,978
Total trade accounts receivable - others	160,459,373	299,022,999	64,811,820	54,484,178
Less : Allowance for doubtful accounts	(8,659,697)	(3,814,288)	-	-
Total trade accounts receivable - others, net	151,799,676	295,208,711	64,811,820	54,484,178
Trade accounts receivable - net	315,045,272	449,275,110	159,967,691	145,251,046

In addition, movements in the account of “Allowance for doubtful accounts” during the years ended 30 September 2007 and 2006 are summarised below.

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 30 September		For the years ended 30 September	
	2007	2006	2007	2006
Balance as at beginning of the years	3,814,288	-	-	-
Add : Allowance for doubtful additionally set up during the years	4,845,409	3,814,288	-	-
Balance as at end of the years	8,659,697	3,814,288	-	-

10. INVENTORIES

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September		30 September	
	2007	2006	2007	2006
Finished goods	106,730,730	96,019,701	78,871,639	621,215
Work in process	-	18,843,108	-	-
Raw materials and supplies	20,144,680	18,664,342	-	-
Goods in transit	774,001	-	-	-
Total	127,649,411	133,527,151	78,871,639	621,215
Less : Allowance for diminution in value of inventories	(72,452,809)	(8,879,397)	(48,130,844)	-
Inventories - net	55,196,602	124,647,754	30,740,795	621,215

In addition, movements in the account of “Allowance for diminution in value of inventories” during the years ended 30 September 2007 and 2006 are as summarised below

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September		For the year ended 30 September	
	2007	2006	2007	2006
Balance as at beginning of the years	8,879,397	2,790,529	-	-
Add : Allowance for diminution in value of inventories additionally set up during the year	63,573,412	6,088,868	48,130,844	-
Balance as at end of the year	72,458,809	8,879,397	48,130,844	-

11. RESTRICTED BANK DEPOSITS

As at 30 September 2007 and 2006, the Company and its subsidiaries have pledged fixed deposit accounts with banks amounting to Baht 9.1 million and Baht 11.6 million, respectively (The Company Only : Baht 9.1 million and Baht 9.2 million, respectively) to secure bank guarantees obtained from local commercial banks on behalf of the Company and its subsidiaries as discussed in Note 31.1 to the financial statements.

12. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE

12.1 As at 30 September 2007, a subsidiary has the following investment in joint venture :-

Name of Joint Venture	Consolidated financial statements							
	Paid-up share capital		Equity interest		Investments value		Dividends	
	30 September		30 September		30 September		For the years ended 30 September	
	2007	2006	2007	2006	2007	2006	2007	2006
	Million	Million	%	%	Thousand	Thousand	Thousand	Thousand
Baht	Baht			Baht	Baht	Baht	Baht	
<u>Joint Venture held by subsidiary</u>								
Joint Venture UUEEI	1	-	49	-	490	-	-	-
Total investment in Joint Venture					490	-		

On 22 December 2006, a subsidiary invested Baht 0.5 million in Joint Venture UUEEI, which is engaged in the maintenance and management of waste water treatment systems.

12.2 As at 30 September 2007 and 2006, the Company recorded its investments in subsidiaries under cost method, which consisted of investments in ordinary shares in the following subsidiaries :-

Name of subsidiary company	Separate financial statements									
	Paid-up share capital				Equity interest		Investments value		Dividends	
	30 September		30 September		under cost method		For the years ended			
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	Million	Million	%	%	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
Baht	Baht			Baht	Baht	Baht	Baht	Baht	Baht	
Water Trades and Services Company Limited	5	-	100	-	5,000	-	-	-	-	-
Global Water Systems Corporation Limited	-	74	-	100	-	73,800	-	-	-	-
Universal Utilities Company Limited	510	510	100	100	510,000	510,000	70,023	-	-	-
Eastern Hobas Pipes Company Limited	480	250	50	50	240,000	125,000	-	-	-	-
Total					755,000	708,800	70,023	-	-	-
Less: Allowance for impairment of investments in subsidiaries					(193,293)	(176,093)				
Investment in subsidiaries – net					561,707	532,707				

On 12 March 2007, the Extraordinary General Meeting of the shareholders of Eastern Hobas Pipes Company Limited passed a resolution to approve a financial restructuring plan of Eastern Hobas Pipes Company Limited by an increase its share capital of Baht 230 million through issuing new ordinary shares to the existing shareholders. In order to maintain the Company's existing equity interest in this subsidiary, the Meeting No. 4/2007 of the Board of Directors of the Company passed a resolution approving an additional investment of Baht 115 million in Eastern Hobas Pipes Company Limited.

On 24 April 2007, the Meeting No. 5/2007 of the Board of Directors of the Company passed a resolution approving an additional investment of Baht 5 million in Water Trades and Services Company Limited.

On 21 May 2007, the Extraordinary General Meeting of the shareholders of Global Water Systems Corporation Limited passed a resolution approving a financial restructuring of Global Water Systems Corporation Limited by way of an increase in its share capital of Baht 30 million, the Meeting No. 5/2007 of the Board of Directors of the Company passed a resolution approving an additional investment of Baht 30 million in Global Water Systems Corporation Limited. Later on 9 July 2007, the Extraordinary General Meeting of the shareholders of Global Water Systems Corporation Limited passed a resolution approving the company liquidation and thus the subsidiary registered its company liquidation with the Ministry of Commerce on 23 July 2007 and completed its liquidation on 27 September 2007. The Company already recorded loss from liquidation of that subsidiary.

13. OTHER RECEIVABLE

As at 30 September 2007 and 2006, the Company had other receivable amounting to Baht 642 million and Baht 585 million, respectively, which represents advance payments made by the Company on behalf of the Royal Irrigation Department, in respect of the project to install water distribution pipeline connecting the Pra-Sae reservoir to the Klong Yai reservoir. Repayment of such amount will be made by gradually offsetting the charges on raw water to be purchased by the Company from the Royal Irrigation Department in the future.

In addition, the Company entered into a pipeline installation and building construction agreement and a water pump and electrical system installation agreement in respect of the construction of a pipeline connection for the Prasae-Klongyai reservoirs project. The contract values amounted to Baht 919 million. These agreements were entered into by the Company on behalf of the government sector by resolution of the Cabinet-Council, in order to resolve an urgent drought problem, and the management are confident that the agreements will not result in losses to the Company.

14. PROPERTY, PLANTS AND EQUIPMENT

(Unit : Baht)

		Consolidated financial statements									
		Land	Pumping plants	Buildings	Land, leasehold and building improvements	Machinery and equipment	Office equipment	Vehicles	Construction in progress	Total	
Cost :											
30 September 2006		383,750,052	418,060,427	231,924,856	57,787,611	4,112,562,940	190,619,335	670,334	2,767,420,033	8,162,795,588	
Acquisitions		21,283,862	-	440,000	10,031,294	21,261,356	11,587,599	5,744,386	462,048,343	532,396,840	
Transfer in/(transfer out)		-	101,540,911	-	2,839,984	2,400,121,323	117,499,431	-	(2,622,001,649)	-	
Disposal/write off		-	-	-	-	(4,151,692)	(743,828)	(317,750)	(20,928,019)	(26,141,289)	
Less : Assets of the liquidated subsidiary											
		-	-	-	(1,190,197)	(28,120,350)	(6,591,885)	-	-	(35,902,432)	
30 September 2007		405,033,914	519,601,338	232,364,856	69,468,692	6,501,673,577	312,370,652	6,096,970	586,538,708	8,633,148,707	
Accumulated depreciation :											
30 September 2006		-	64,541,687	45,397,119	21,938,908	804,770,270	119,364,467	154,622	-	1,056,167,073	
Depreciation for the year		-	15,348,306	11,612,697	7,588,183	196,319,702	37,380,210	2,089,280	-	270,338,378	
Accumulated depreciation of disposed/written-off assets											
		-	-	-	-	(690,020)	(693,865)	(8,532)	-	(1,392,417)	
Less : Part of the assets of the liquidated subsidiary											
		-	-	-	(971,355)	(25,787,484)	(4,931,226)	-	-	(31,690,065)	
30 September 2007		-	79,889,993	57,009,816	28,555,736	974,612,468	151,119,586	2,235,370	-	1,293,422,969	
Allowance for impairment loss :											
30 September 2006		-	-	-	-	-	-	-	-	-	
Increase during the year		-	-	26,000,000	-	-	-	-	-	26,000,000	
30 September 2007		-	-	26,000,000	-	-	-	-	-	26,000,000	
Net book value :											
30 September 2006		383,750,052	353,518,740	186,527,737	35,848,703	3,307,792,670	71,254,868	515,712	2,767,420,033	7,106,628,515	
30 September 2007		405,033,914	439,711,345	149,355,040	40,912,956	5,527,061,109	161,251,066	3,861,600	586,538,708	7,313,725,738	
Depreciation included in consolidated statements of income for the years ended											
30 September 2006 (Baht 221 million included in manufacturing cost, and the balance in selling, servicing and administrative expenses)											228,646,954
30 September 2007 (Baht 246 million included in manufacturing cost, and the balance in selling, servicing and administrative expenses)											270,338,378

		Separate financial statements											
		Land, leasehold and building							Machinery and equipment	Office equipment	Vehicles	Construction in progress	Total
		Land	Pumping plants	Buildings	improvements	equipment	equipment	equipment	equipment	equipment	equipment	equipment	equipment
Cost :													
30 September 2006		317,091,440	398,124,485	139,712,640	46,577,879	3,457,102,106	161,731,179	532,383	2,795,741,830	7,316,613,942			
Acquisitions		106,000	-	440,000	9,781,980	12,786,561	6,625,873	320,550	454,696,003	484,756,967			
Transfer in/(transfer out)		-	101,470,258	-	2,839,984	2,401,010,066	112,676,264	-	(2,617,996,572)	-			
Disposal/write off		-	-	-	-	-	(371,136)	(317,750)	(20,928,019)	(21,616,905)			
30 September 2007		317,197,440	499,594,743	140,152,640	59,199,843	5,870,898,733	280,662,180	535,183	611,513,242	7,779,754,004			
Accumulated depreciation :													
30 September 2006		-	62,901,079	34,659,735	19,827,892	642,830,230	102,449,861	106,412	-	862,775,209			
Depreciation for the year		-	13,962,019	7,002,086	6,435,704	134,660,454	32,321,396	113,512	-	194,495,171			
Accumulated depreciation of disposed /written-off assets		-	-	-	-	-	(371,131)	(8,532)	-	(379,663)			
30 September 2007		-	76,863,098	41,661,821	26,263,596	777,490,684	134,400,126	211,392	-	1,056,890,717			
Net book value :													
30 September 2006		317,091,440	335,223,406	105,052,905	26,749,987	2,814,271,876	59,281,318	425,971	2,795,741,830	6,453,838,733			
30 September 2007		317,197,440	422,731,645	98,490,819	32,936,247	5,093,408,049	146,262,054	323,791	611,513,242	6,722,863,287			

Depreciation included in separated statements of income for the years ended

30 September 2006 (Baht 159 million included in manufacturing cost, and the balance in selling, servicing and administrative expenses)	163,567,694
30 September 2007 (Baht 191 million included in manufacturing cost, and the balance in selling, servicing and administrative expenses)	194,495,171

As at 30 September 2007 and 2006, the Company and its subsidiaries have certain equipment and fixtures which was fully depreciated but are still in use. The original costs, before deducting accumulated depreciation, of those assets amounted to approximately Baht 148.6 million and Baht 144.6 million, respectively (The Company Only : Baht 134.2 million and Baht 111.4 million respectively).

As at 30 September 2007 and 2006, a subsidiary has its land, plants, machinery and equipment mortgaged/negatively pledged, with an aggregate net book value of Baht 178.5 million and Baht 196.4 million, respectively, to secure long-term loans as discussed in Note 19.2.1 to the financial statements.

For the years ended 30 September 2007 and 2006, the Company capitalised borrowing costs amounting to Baht 60.2 million and Baht 128.4 million, respectively, which were directly attributable to the construction of water distribution pipeline networks and new office buildings, as a part of “Construction in progress” under the caption “Property, plant and equipment”.

Borrowing costs incurred from the Company's long-term loans and debentures were capitalized at the rate of 5.33% per annum, which is determined by dividing interest on long-term loans and debentures, the principal amount of which not exceeding the capital expenditures, by the average capital expenditures.

15. ASSETS UNDER CONCESSION CONTRACTS

(Unit : Baht)

	Consolidated financial statements		
	Assets under concession contracts	Construction in progress	Total
Cost :			
30 September 2006	282,168,437	95,152,136	377,320,573
Acquisition	25,174,521	58,246,104	83,420,625
Write off	(19,743,219)	-	(19,743,219)
30 September 2007	287,599,739	153,398,240	440,997,979
Accumulated amortisation :			
30 September 2006	36,976,685	-	36,976,685
Amortisation for the year	20,306,829	-	20,306,829
Accumulated amortisation - write off	(389,041)	-	(389,041)
30 September 2007	56,894,473	-	56,894,473
Net book value :			
30 September 2006	245,191,752	95,152,136	340,343,888
30 September 2007	230,705,266	153,398,240	384,103,506
Amortisation included in consolidated statements of income for the years ended			
30 September 2006			11,578,657
30 September 2007			20,306,829

A subsidiary has capitalised borrowing costs for the years end 30 September 2007 and 2006 amounting to Baht 1.5 million and Baht 3.1 million respectively, incurred directly in relation to the construction of assets under the concession contracts, as assets under the caption “Construction in progress” in the “Assets under concession contracts” account.

For the years ended 30 September 2007 and 2006, amortisation of assets under concession contracts amounting to Baht 20.3 million and Baht 11.6 million, respectively, are included in “Costs of sales – others” in the statements of income.

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

16. DEFERRED CONCESSION RIGHTS ACQUISITION COSTS

(Unit : Baht)

	Consolidated financial statements		
	Deferred concession rights acquisition costs	Construction in progress	Total
Cost :			
30 September 2006	234,835,194	84,507,500	319,342,694
Acquisition	-	88,801,508	88,801,508
30 September 2007	234,835,194	173,309,008	408,144,202
Accumulated amortisation :			
30 September 2006	22,833,912	-	22,833,912
Amortisation for the year	9,062,343	-	9,062,343
30 September 2007	31,896,255	-	31,896,255
Net book value :			
30 September 2006	212,001,282	84,507,500	296,508,782
30 September 2007	202,938,939	173,309,008	376,247,947
Amortisation included in consolidated statements of income for the years ended			
30 September 2006			8,556,896
30 September 2007			9,062,343

A subsidiary capitalised borrowing costs for the years ended 30 September 2007 and 2006, amounting to Baht 6.6 million and Baht 0.4 million respectively, incurred directly in respect of the concession rights acquisition costs as assets, under the caption of “Construction in progress” in the “Deferred concession rights acquisition costs” account.

For the years ended 30 September 2007 and 2006, amortisation of deferred concession rights acquisition costs amounting to Baht 9.1 million and Baht 8.6 million, respectively, are included in “Costs of sales – others” in the statements of income.

17. GOODWILL

Changes in goodwill during the year can be summarised as follows: -

(Unit: Baht)

	Consolidated financial statements			30 September 2007
	30 September 2006	Increase	Decrease	
Goodwill - cost	201,205,413	-	-	201,205,413
Accumulated amortisation	(21,806,980)	(8,348,776)	-	(30,155,756)
Net book value	179,398,433	(8,348,776)	-	171,049,657
Remaining amortisation period	22 years		21 years	

For the years ended 30 September 2007 and 2006, amortisation of goodwill amounting to Baht 8.3 million and Baht 8.4 million, respectively are included in selling, servicing and administrative expenses in the statements of income.

18. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September		30 September	
	2007	2006	2007	2006
Short-term loans	160,000,000	60,000,000	100,000,000	-
Total	160,000,000	60,000,000	100,000,000	-

As at 30 September 2007, Baht 100 million short-term loan from a financial institution of the Company carries interest at the rate of 3.9 percent per annum.

As 30 September 2007, Eastern Hobas Pipes Company Limited, a subsidiary, defaulted payment on short-term loan of Baht 60 million from a financial institution and therefore it is subject to a default interest rate of 15.50 percent per annum. As at 30 September 2006, this short-term loan from a financial institution carries interest at the Minimum Overdraft Rate (MOR), which is 8 percent per annum.

19. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September		30 September	
	2007	2006	2007	2006
Long-term loans from financial institutions	1,860,300,000	1,821,000,000	1,460,000,000	1,525,000,000
Less : Current portion	(421,287,000) ⁽¹⁾	(165,000,000)	(150,000,000)	(100,000,000)
Long-term loans from financial institutions - net of current portion	<u>1,439,013,000</u>	<u>1,656,000,000</u>	<u>1,310,000,000</u>	<u>1,425,000,000</u>

⁽¹⁾ Outstanding long-term loans from a financial institution of a subsidiary amounting to Baht 237 million are presented as "current portion" as the subsidiary is unable to repay the scheduled amount during the current year. Therefore, the financial institution has the right to demand the total amount before due dates.

Movements in the long-term loans from financial institutions during the year ended 30 September 2007 are summarised below.

(Unit : Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 30 September 2006	1,821,000,000	1,525,000,000
Add: Additional borrowings	371,300,000	250,000,000
Less: Repayment	(332,000,000)	(315,000,000)
Balance as at 30 September 2007	<u>1,860,300,000</u>	<u>1,460,000,000</u>

19.1 Long-term loans of the Company

On 9 November 2005, the Company entered into a credit facility agreement with a local financial institution for the credit limit of Baht 2,000 million which is detailed as follows:-

Credit facility	: Baht 2,000 million consisting of <ul style="list-style-type: none">- Tranche A amounting to Baht 1,500 million- Tranche B amounting to Baht 500 million
Type of loan	: Unsecured, with status equivalent to unsecured and unsubordinated debts
Period	: 7 years
Interest rate	: - Tranche A, interest is payable on a monthly basis at the following rates <ul style="list-style-type: none">Year 1-3 Fixed rate at 6.00% per annumYear 4-5 Minimum Loan Rate (MLR) minus 1.50% per annumYear 6-7 Minimum Loan Rate (MLR) minus 0.75% per annum - Tranche B, interest is payable on a monthly basis at the following rates <ul style="list-style-type: none">Year 1-5 Minimum Loan Rate (MLR) minus 1.50% per annumYear 6-7 Minimum Loan Rate (MLR) minus 0.75% per annum
Repayment Schedule	: Principal is repayable in semi-annual installments, beginning after the grace period of 18 months from the date of the first draw down (17 November 2005), with installments to be allocated proportionally to Tranche A and Tranche B loans.

During the year, the Company received a letter from a financial institution informing it of an adjustment of the interest rate for Tranche A and Tranche B (only the drawn-down portion) of the loans to be 4.50% per annum, effective from July 2007 until the 5th year of the loan agreement (October 2010) whereby the interest rate on the Tranche A and Tranche B (only the drawn-down portion) loans in the 6th-7th years and the Tranche B (not-yet draw down) loans remains unchanged.

As at 30 September 2007, the Company already drew down Baht 1,775 million, which comprised Tranche A loan amounting Baht 1,500 million and Tranche B loan amounting Baht 275 million.

Under the loan agreements, the significant conditions that the Company is required to comply with are the maintenance of a net debt to EBITDA ratio of not exceeding 4.5 times and the aggregate amount of defaulted debts not exceeding 5% of shareholders' equity as shown in the annual consolidated financial statements, etc.

During the year, Eastern Hobas Pipes Company Limited, the subsidiary, failed to meet a scheduled repayment of long-term loans from a financial institution. The outstanding balance of this loan and accrued interest as at 30 September 2007 was Baht 317 million, which is higher than the amount stipulated in a long-term loan agreement of the Company and thus constitutes an event of default under such long-term loan agreement.

Later on 3 October 2007, the Company received a letter from such financial institution informing the revision of the financial ratio covenant from maintaining the net debt to EBITDA ratio of not exceeding 4.5 times to maintaining the debt service coverage ratio ("DSCR") of not lower than 1.25 times. The financial institution also requested the Company to rectify such event of default within 180 days. Furthermore, on 1 November 2007, the financial institution proposed a modification of the conditions in the agreement whereby it will cancel the event of default relating to the subsidiary and to reduce the minimum DSCR to be 1.10 times. The subsidiary is in the process of requesting a rescheduling of repayment terms and preparing a proposal to resolve this issue for submission to the financial institution. In addition to the new proposal of modifications of terms and conditions as mentioned above and the management believes that negotiations rescheduling of repayment terms between its subsidiary and the financial institution will be successful and therefore loans are still presented as long-term liabilities in the balance sheets.

19.2 Long-term loans of subsidiaries

19.2.1 Eastern Hobas Pipes Company Limited

On 11 July 2002, Eastern Hobas Pipes Company Limited, a subsidiary, entered into a loan and other credit facilities agreement with a local financial institution for a credit limit of Baht 580 million. Amounts drawn down before 26 July 2002 carry interest at a fixed rate of 5.75% per annum for 3 years commencing from the agreement date, and thereafter at the Minimum Loan Rate (MLR) minus 0.5% per annum until maturity payable on a quarterly basis. Amounts drawn down after 26 July 2002 carry interest at the Minimum Loan Rate (MLR) minus 0.5% per annum payable on a monthly basis. The principal is to be repaid in 12 semi-annual installments of varying amounts, commencing from 11 July 2004. The loan and other credit facilities are secured by the pledge of the subsidiary's machinery and equipment and the mortgage of the subsidiary's land.

On 24 July 2003, this subsidiary entered into another agreement with the same financial institution to obtain an additional loan and other credit facilities amounting to Baht 60 million. Amounts drawn down before 16 June 2003 carry interest at a fixed rate of 5.5% per annum for 5 years from the agreement date and thereafter at the Minimum Loan Rate (MLR) minus 0.5% per annum until maturity. The remaining facilities drawn down after 16 June 2003, carry interest at the Minimum Loan Rate (MLR) minus 0.5% per annum. Interest is payable on monthly basis. This loan is to be repaid in 10 semi-annual installments of varying amounts, commencing from July 2005. The loan and other credit facilities are guaranteed by the pledge of machinery of the subsidiary.

As at 30 September 2007 and 2006, the subsidiary had outstanding loans according to such agreements totalling approximately Baht 237 million and Baht 254 million, respectively.

Under the loan agreements, the subsidiary is required to comply with certain loan conditions and covenants, relating to matters such as dividend payment and the maintenance of a certain debt-to-equity ratio, and others. As at 30 September 2006, the subsidiary was unable to maintain the debt-to-equity ratio stipulated in the loan agreements, but it later rectified such problem by way of an increase in share capital during the current year. As a result, as at 30 September 2007, the subsidiary was able to maintain the debt-to-equity ratio as stipulated in the loan agreements. However, the subsidiary defaulted principal repayment during the year, and is in the process of requesting for rescheduling of repayment terms and preparing a proposal to resolve this issue for submission to the financial institution.

19.2.2 Universal Utilities Company Limited

On 24 April 2006, Universal Utilities Company Limited, a subsidiary, entered into a credit facility agreement with a local financial institution for a credit limit of Baht 240 million. The loan carries interest at the Minimum Loan Rate (MLR) minus 1.5% per annum for the first forty eighth months, and thereafter at the Minimum Loan Rate (MLR) minus 0.75% per annum until maturity. Interest is payable on a monthly basis. The principal is to be repaid in 22 quarterly installments of Baht 10.9 million each, commencing the eighteenth month after the agreement date.

On 9 May 2007, the subsidiary amended the credit facility agreement with the financial institution that principal repayments are rescheduled to be made in 21 quarterly installments of Baht 11.4 million each.

As at 30 September 2007 and 2006, the subsidiary had outstanding loans according to such agreements totalling approximately Baht 163 million and Baht 42 million, respectively.

20. DEBENTURES

On 16 July 2004, the Company issued two series of debentures, totalling Baht 2,500 million, the details of which are as follows:

	<u>First series of debentures</u>	<u>Second series of debentures</u>
Type of debenture	: Registered, unsubordinated, unsecured with bondholder representative.	Registered, unsubordinated, unsecured with bondholder representative.
Period	: 4 years	7 years
Number of units	: 1,300,000 units	1,200,000 units
Face value	: 1,000 Baht per unit	1,000 Baht per unit
Total Amount	: 1,300,000,000 Baht	1,200,000,000 Baht
Maturity date	: 16 July 2008	16 July 2011
Interest rate	: 4.6% per annum	5.75% per annum
Payment date of interest	: 16 January and 16 July of each year, commencing from 16 January 2005.	16 January and 16 July of each year, commencing from 16 January 2005.

The placement agreements for the debentures contain certain covenants pertaining to dividend payment, disposal or transfer of assets, maintenance of certain financial ratios and the percentage of shares held by the major shareholder.

As at 30 September 2006, the Company had the ratio of net consolidated debt to consolidated EBITDA, which equaled 4.6 times. This was in excess of that stipulated in the conditions of the placement agreements of the debentures that had required the Company to maintain such ratio not to be exceeding 4.5 times. The Company's management believed that such excess would not be permanent and they would be able to maintain the ratio in compliance with the placement agreements. Later on 12 January 2007, the Debentureholders' Meeting No. 1 of the Company passed a resolution granting the Company a waiver of its failure to maintain the required ratio of net consolidated debt to consolidated EBITDA as at 30 September 2006, and considering that the Company did not breach conditions as required in both the 4-year debenture series and the 7-year debenture series. The debentures therefore remained in force to their maturities. However, the Company had been required to maintain such ratio at no more than 4.5 times, determined based on the consolidated financial statements at every fiscal year-end.

During the year, Eastern Hobas Pipes Company Limited, the subsidiary, failed to meet scheduled repayments of long-term loan from a financial institution. The outstanding balance of this loan and accrued interest as at 30 September 2007 was Baht 317 million, which is higher than the amount stipulated in conditions of the placement agreement of the debentures and thus constitutes an event of default under the terms of both the 4-year debenture series and the 7-year debenture series. Later, on 18 September 2007, a meeting of Company's debentureholders passed a resolution to have the Company repaid principal and interest thereon by 11 October 2007, both debenture series totalling Baht 2,500 million, are therefore presented as current liabilities in the balance sheet as at 30 September 2007. On 11 October 2007, the Company already made principal and interest payments totaling Baht 2,529.4 million to the debentureholders.

21. SHARE CAPITAL

During the year 2007, the Company registered increases in its issued and paid-up share capital totaling Baht 22.9 million as a result of the shares offering and the rights exercised by warrant holders. This resulted in an increase of Baht 63.9 million in share premium. As at 30 September 2007, the Company's issued and paid-up capital is therefore Baht 1,346.4 million. Furthermore in September 2007, the Company received share subscription of approximately Baht 113.4 million for the exercises of warrants. The Company registered the increase in its capital by such amount on 5 October 2007.

Reconciliation of ordinary share capital and share premium

	Ordinary share capital		Share premium
	Number of shares	Amount	
		Thousand Baht	Thousand Baht
Balance as at 30 September 2006	1,323,503,380	1,323,503	1,123,430
Increasing share capital during the year	22,890,750	22,891	63,928
Balance as at 30 September 2007	1,346,394,130	1,346,394	1,187,358

22. WARRANTS

As at 30 September 2007, the outstanding balances of unexercised warrants are as follows:

1. 50,000,000 warrants (EASTW-WA) issued to the Company's employees, directors and advisors to the Company's Board of Directors

Type of warrant	:	Non-transferable
Issue price	:	-
Allocation ratio	:	As determined by General Meeting of the Company's shareholders
Term of warrant	:	3 years
Exercise date	:	Every 30th of December, March, June and September throughout the term of warrant
Exercise price	:	Baht 1 per share
Exercise ratio	:	1 ordinary share/ 1 warrant
First exercise date	:	30 December 2004
Last exercise date	:	2 December 2007
Outstanding unexercised warrants	:	251,400 warrants

2. 340,000,000 warrants (EASTW-W1) issued to the Company's existing shareholders and general public

Type of warrant	:	Transferable
Issue price	:	-
Allocation ratio	:	As determined by General Meeting of the Company's shareholders
Term of warrant	:	3 years
Exercise date	:	Every 30th of December, March, June and September throughout the term of warrant
Exercise price	:	Baht 4 per share
Exercise ratio	:	1 ordinary share/ 1 warrant
First exercise date	:	30 December 2004
Last exercise date	:	28 November 2007
Outstanding unexercised warrants	:	289,986,940 warrants

Movements in the number of warrants during the years were as follows: -

	EASTW-WA	EASTW-W1	(Unit: Units) Total
Number of warrants as at 30 September 2005	25,313,000	340,000,000	365,313,000
Less: Exercised during the year	(24,013,500)	(369,150)	(24,382,650)
Number of warrants as at 30 September 2006	1,299,500	339,630,850	340,930,350
Less: Exercised during the year	(1,048,100)	(49,643,910)	(50,692,010)
Number of warrants as at 30 September 2007	<u>251,400</u>	<u>289,986,940</u>	<u>290,238,340</u>

23. ASSETS TRANSFERRED FROM CUSTOMERS

Assets transferred from customers represent water distribution pipeline systems and water measured equipment transferred to the Company by customers in accordance with the water supply agreement. Assets transferred from customers are presented at the amount net of the accumulated depreciation.

24. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net income for the year after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

25. DIVIDEND

The Company

The Annual General Meeting of the Company's shareholders held on 26 January 2007 approved the dividend payment for 2006 fiscal period of Baht 0.25 per share, a total of Baht 331.3 million to the Company's shareholders. The Company paid the dividend on 26 February 2007.

On 27 January 2006, the Annual General Meeting of the Company's shareholders approved the payment of a dividend of Baht 0.125 per share to its shareholders from its earnings for the six-month period ended 30 September 2005, a total of Baht 165.0 million. The Company paid such dividend on 27 February 2006. The Company already paid an interim dividend of Baht 0.125 per share to its shareholders from its earnings for the first six-month of 2005, a total of Baht 162.0 million in July 2005.

The Subsidiaries

On 2 August 2007, the Extraordinary General Meeting of the shareholder of Universal Utilities Company Limited, a subsidiary, approved the payment of a dividend of Baht 1.373 per share to its shareholders, or a total of Baht 70 million. The dividend payments are to be made in two quarters, which are scheduled to be paid on 31 October 2007 and 31 January 2008.

26. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries, bonus and related benefits payable to executive directors.

During the first quarter of 2005, the Company issued 20,000,000 warrants to Company's directors as discussed in Note 22 to the financial statements. Such warrants can be exercised to subscribe to the ordinary shares of the Company at a price equal to the par value of Baht 1 each.

27. PROVIDENT FUND

The Company and its subsidiaries, which are Universal Utilities Company Limited, Chachoengsao Water Supply Company Limited, Bangpakong Water Supply Company Limited and Eastern Hobas Pipes Company Limited, have established a provident fund in accordance with the Provident Fund Act B.E. 2530. The provident fund plan was approved by the Office of the Securities and Exchange Commission. Under the plan, the employees are required to contribute to the fund at the rates of 3% to 10% of their basic salaries while the Company and its subsidiaries companies are required to contribute at the rates of 5% to 10% of the employees' basic salaries. This provident fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules.

For the years ended 30 September 2007 and 2006, approximately Baht 6.8 million and Baht 5.6 million, respectively were contributed to the fund by the Company and its subsidiaries (The Company Only : Baht 3.7 million and Baht 3.5 million, respectively).

28. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
Number of employees at the end of the years (Persons)	275	289	100	93
Employee costs for the years (Million Baht)	155.5	151.6	81.4	70.8

29. INCOME TAX

Corporate income tax was calculated on net income before income tax for the year after adding back non-tax deductible expenses and deducting tax - exempted income.

30. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income by the weighted average number of ordinary shares in issue during the years.

Diluted earnings per share is calculated by dividing net income by the weighted average number of ordinary shares in issue during the years plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the years or on the dates the potential ordinary shares were issued.

Reconciliation between basic earnings per share and diluted earnings per share is presented below.

Consolidated financial statements						
For the years ended 30 September						
Net income		Weighted average number of ordinary shares		Earnings per share		
2007	2006	2007	2006	2007	2006	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net income	440,681	507,809	1,330,369	1,316,714	0.33	0.39
Effect of dilutive potential ordinary shares						
Warrants issued to employees, directors and advisors to the Company's Board of Directors (EASTW-WA)	-	-	550	6,288		
Warrants issued to existing shareholders and general public (EASTW-W1)	-	-	81,705	32,882		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	440,681	507,809	1,412,624	1,355,884	0.31	0.37

Separate financial statements						
For the years ended 30 September						
Net income		Weighted average number of ordinary shares		Earnings per share		
2007	2006	2007	2006	2007	2006	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Net income	432,729	443,678	1,330,369	1,316,714	0.33	0.34
Effect of dilutive potential ordinary shares						
Warrants issued to employees, directors and advisors to the Company's Board of Directors (EASTW-WA)	-	-	550	6,288		
Warrants issued to existing shareholders and general public (EASTW-W1)	-	-	81,705	32,882		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	432,729	443,678	1,412,624	1,355,884	0.31	0.33

There was an impact to earnings per share as a result of the change in accounting policy for investments in subsidiaries in the separate financial statements, as already described in Note 5 to the financial statements.

31. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2007 and 2006, the Company and its subsidiaries had the following commitments and contingent liabilities.

- 31.1 The Company and its subsidiaries have letters of guarantee totaling Baht 215.3 million and Baht 223.7 million, respectively (The Company Only : Baht 58 million and Baht 50.8 million, respectively) issued by banks to the Provincial Electricity Authority for electricity consumption, to the Ministry of Finance for management and operation of the major water distribution pipeline systems in the Eastern Seaboard area, and to counterparties for performance bonds.
- 31.2 The Company and its subsidiaries have commitments in respect of rental and service contracts with a period of 1 - 5 years, for which the future minimum charges of approximately Baht 41.7 million and Baht 43.6 million, respectively (The Company Only : Baht 31.1 million and Baht 24.3 million, respectively) according to the agreements until the end of the agreement periods are payable by the Company and its subsidiaries.
- 31.3 The Company has a raw water purchase contract with the Royal Irrigation Department whereby it is to purchase raw water at the price specified in a Ministerial Regulation.
- 31.4 The Company and its subsidiaries have commitments of Baht 333.3 million and Baht 1,199.2 million, respectively (The Company Only : Baht 99.6 million and Baht 410.6 million, respectively) for projects under construction.
- 31.5 A subsidiary was contingently liable in respect of being a guarantor to its three subsidiaries for letters of guarantees issued by the local bank on behalf of the subsidiaries totaling Baht 200 million.
- 31.6 On 28 March 2003, the Company was sued as a defendant in a litigation case in connection with the purchase of assets from the Legal Execution Department. The plaintiff petitioned the civil court to void the sales transaction or order the payment of compensatory damages amounting to Baht 302.2 million to the plaintiff. On 26 January 2006, the Court of First Instance issued an order dismissing the lawsuit. However, the plaintiff lodged an appeal with the Court of Appeal on 22 March 2006. The Company has already made its plea contesting the plaintiff's appeal and the case is currently being heard by the Appeal Court. The Company's management believes that should the outcome of the case be finalised, there would be no significant loss to the Company. Therefore, the Company has not yet provided for any loss in the accounts.

31.7 A subsidiary was sued as a co-defendant together with the Provincial Waterworks Authority (“PWA”) in a case brought in connection with illegal acts performed by administrative agencies or state officials. The plaintiff petitioned the administrative court to void the selection process by which a private operator was selected to produce tap water for distribution to the Provincial Waterworks Authority in the area belonging to the Rayong Waterworks. On 16 March 2007 the Rayong Administrative Court ordered the selection process voided in accordance with the plaintiff’s petition, and also declared void the agreement appointing a private firm to produce water for sale to the Rayong Waterworks, which had resulted from an illegal selection process. However, the Provincial Waterworks Authority and the subsidiary lodged appeals with the Rayong Administrative Court on 12 April 2007 and the case is currently being heard by the Supreme Court. Since PWA and the subsidiary have to comply with conditions in the agreement and are further obliged to each other as stipulated in the agreement until the case is finalized, in accordance with Section 70 of the Royal Decree on Establishment of and Procedures for Administrative Court Act B.E. 2542, the subsidiary’s management therefore believes that the subsidiary will incur no losses as a result of the termination of the agreement because, if such a termination occurs the Provincial Waterworks Authority will have to compensate the subsidiary for costs of construction and improvements made to the waterworks, and for other expenses incurred by the subsidiary. Therefore, no provision has yet been made in the accounts.

32. SIGNIFICANT AGREEMENTS

Beside the lending and borrowing agreements as discussed in relevant notes to financial statements, the Company and its subsidiaries have the following significant agreements.

The Company

- 32.1 The Company entered into an agreement dated 26 December 1993 with the Ministry of Finance to manage and operate the major water distribution pipeline systems in the Eastern Seaboard area. The contract term is 30 years, from 1 January 1994 to 30 September 2023 and the Company is required to pay a minimum of Baht 2 million per annum to the Ministry of Finance. In any years when the Company's revenues from the sales of raw water exceed Baht 200 million, it is required to pay the Ministry of Finance with a sharing benefit at a rate of 1 percent of sales of raw water from the Nong Khor and Dok Krai reservoirs. In addition, when the Company's annual rate of return on equity exceeds 20 percent, an additional sharing benefit at the rate of 15 percent of the return in excess of the said 20 percent is to be paid to the Ministry of Finance. Nevertheless, the total sharing benefit is not to exceed 6 percent of the real value of the assets leased from the Ministry of Finance, as assessed according to the agreed time frame.
- 32.2 On 15 November 2000, the Company entered into an agreement with Universal Utilities Company Limited, a subsidiary, to receive waterworks management services for Sattahip Waterworks of the Provincial Waterworks Authority for the period of 10 years. The Company will pay the management fee from income after deducting license fee and related expenses as specified in the agreement. Moreover, the Company will receive the profit sharing from the subsidiary under the conditions specified in the agreement. Under the agreement, the subsidiary is to invest a total of Baht 16 million for the expansion of the water distribution area, a total of Baht 12 million for installation of centralized Supervisory Control and Data Acquisition (SCADA) and Geographic Information System (GIS) in order to improve the management system. Subsequently on 18 October 2004, the Company amended the above-mentioned agreement to extend the Pattaya Waterworks. Consequently, the subsidiary is entitled to manage water system of Sattahip Waterworks for a period of 30 years from 1 March 2001 but not exceeding the period the Provincial Waterworks Authority has granted the Company the rights to operate and manage the Sattahip Waterworks System.

32.3 On 28 November 2000, the Company entered into an agreement with Universal Utilities Company Limited whereby it grants the subsidiary the rights to operate the waterworks of the Municipality of Si Chang Island Sub-district for a period of 15 years. The subsidiary is to pay in return to both the Municipality of Si Chang Island Sub-district and the Company at the rates as specified in the agreement.

32.4 On 11 May 2004, the Company entered into a waterworks management agreement with Universal Utilities Company Limited (the subsidiary) whereby the subsidiary is to provide water works management services in Bo Win Municipal area for a period of 25 years from the date the subsidiary completed the construction works of tap water production system and the Company agreed for commercial distribution of tap water (11 March 2005). Under the agreement, the subsidiary is to procure land and construct tap water production system sufficient to supply tap water throughout the agreement period. The subsidiary is to transfer all the invested assets to the Company and/or the Municipality on the earlier expiry date of the waterworks operation agreement or the waterworks management agreement. The Company is to pay an annual waterworks management fee at the rates specified in the agreement, determined on the monthly tap water sales and service fees, which can be collected from the users.

Since later on 5 August 2005, the Company entered into a waterworks system operation and management agreement with the Bo Win Sub-district Administration Organization (“SAO”), it therefore revised the aforementioned agreement with the subsidiary to cover Bo Win SAO area. As a result the aforementioned agreement was superseded and the new agreement dated 14 July 2006, having the same conditions with an additional area of Bo Win SAO, is replaced.

32.5 On 7 July 2004, the Company entered into a water supply agreement for the Koh Samui Waterworks with Universal Utilities Company Limited for a 15-year period from the first water distribution date (12 May 2005) whereby the subsidiary agreed to construct the reverse osmosis water production system with the water pipeline connected to both the water distribution pipeline of the purchasers in the specified area and the Provincial Waterworks Authority, and sell the tap water produced under such system for a return determined at the rates as specified in the agreement of the volume actually received by the purchasers. The rates will be adjusted annually.

The Subsidiaries

- 32.6 Chachoengsao Water Supply Company Limited entered into the concession agreement dated 9 November 2000 with the Provincial Waterworks Authority. The subsidiary is privileged to produce and sell tap water to the Provincial Waterworks Authority at Chachoengsao office, Chachoengsao province. The concession period is 25 years from the date that first income is derived from selling tap water (1 April 2003).
- 32.7 Bangpakong Water Supply Company Limited entered into the concession agreement dated 9 November 2000 with the Provincial Waterworks Authority. The subsidiary is privileged to produce and sell tap water to the Provincial Waterworks Authority at Bangpakong office, Chachoengsao province. The concession period is 25 years from the date that first income is derived from selling tap water (1 April 2003).
- 32.8 Nakornsawan Water Supply Company Limited entered into the concession agreement dated 7 November 2000 with the Provincial Waterworks Authority. The subsidiary is privileged to produce and sell tap water to the Provincial Waterworks Authority at Nakornsawan office, Nakornsawan province. The concession period is 25 years from the date that first income is derived from selling tap water (1 March 2003).
- 32.9 Chachoengsao Water Supply Company Limited and Bangpakong Water Supply Company Limited entered into a know-how agreement dated 1 December 2000 with Australian Water Technologies PTY Limited of Australia, which transferred its entitlements under this agreement to AWT International (Thailand) Limited on 15 October 2002, whereby the latter agreed to permit the use of its name for reference purposes and provide the know-how to enable the said subsidiaries to perform their obligations under concession agreements for a period of 25 years from the first date of sales of tap water under the concession agreements. In consideration thereof, the subsidiary companies agree to pay fees at the rate stipulated in the agreement.

- 32.10 On 27 June 2002, Eastern Hobas Pipes Company Limited entered into a License and Know-How Transfer Agreement with a related company in Austria, whereby the latter grants the subsidiary the exclusive right to manufacture products in accordance with know-how and patents rights as well as the non-exclusive right to market and sell the products within the territory specified in the agreement. In consideration thereof, the subsidiary is committed to pay a royalty fee at a certain percentage based on the net sales value of the products manufactured, by the subsidiary's plant, based on the ex-works price as invoiced to customers, as specified in the agreement. The term of the agreement is 10 years and it is renewable for another term of 5 years.
- 32.11 On 24 March 2004, Universal Utilities Company Limited entered into an agreement with Eccomtara Company Limited, a related company, to produce tap water and to provide maintenance services for the tap water production system and tap water distribution pipeline of the production plants situated in Lak Muang, Ratchaburi province and Pangpuoy, Samut Songkram province. The agreement period is 6 years and stipulates an annual fee, with payment to be made on a monthly basis and adjusted to the actual amount at the end of each year in accordance with the guidelines and conditions stipulated in the agreement.
- 32.12 On 27 September 2005, Universal Utilities Company Limited and a private company (the consortium) entered into an agreement, having a total contract value of Baht 534.9 million, with Metropolitan Waterworks Authority ("MWA") whereby the joint venture is to sell and install information technology improvement systems for the water loss management. The works have to be completed within 600 days from 25 October 2005.

32.13 On 14 March 2006, Universal Utilities Company Limited and its subsidiaries entered into an agreement with a private company allowing the private company to produce tap water for sales to Rayong Waterworks, Rayong province and the Provincial Waterworks Authority for a 25-year period commencing from the first tap water selling date (12 July 2006). Under the agreement, the subsidiaries are required to construct tap water production system, water delivery system and water distribution system, and to expand the production capacity of the existing tap water distribution system of Rayong Waterworks. The subsidiaries are also required to provide maintenance services and to act on behalf of the Provincial Waterworks Authority in any related matters. Ownership of assets, which have been constructed, repaired and expanded by the subsidiaries, is to be transferred to the Provincial Waterworks Authority immediately upon completion of these activities, with the subsidiaries having the rights to occupy the assets in order to produce and supply tap water to the Provincial Waterworks Authority over the agreement period. The subsidiaries will receive income at the rates prescribed in the agreement and the rates will be adjusted annually.

33. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries have been operating the businesses of producing water for sales, managing water distribution networks in the Eastern Seaboard areas of Thailand, doing waste water treatment and related businesses, producing water distribution pipeline for sales, selling drinking water through water vending machines, and producing and providing installation services of water vending machines. These business operations are conducted only in one geographical area, which is Thailand. Although the Company and its subsidiaries have been operating in a variety of business relating to producing and selling water. Their managements consider the Group's core businesses are raw water distribution business, tap water distribution business, water pipeline distribution business, waterworks management and water loss reduction project. The financial information of the Company and its subsidiaries is therefore presented by such business segments.

The segment information for the years ended 30 September 2007 and 2006 is summarised as follows :-

33.1 Operating results by business segment

(Unit : Thousand Baht)

Consolidated financial statements									
For the year ended 30 September 2007									
	Sales - other				Service income				
	Raw water distribution business	Tap water distribution business	Water pipeline distribution business	Others	Waterworks management business	Water loss reduction project	Others	Elimination	Total
Revenue									
Revenue from external customers	1,537,888	471,933	63,131	20,327	22,762	193,543	92,064	-	2,401,648
Inter-segment revenue	65,349	-	-	78,283	167,884	-	11,605	(323,121)	-
Total revenue	1,603,237	471,933	63,131	98,610	190,646	193,543	103,669	(323,121)	2,401,648
Cost of sales/services	(604,787)	(321,542)	(71,799)	(94,844)	(153,638)	(201,752)	(77,939)	317,755	(1,208,546)
Operating profit									
Segment operating profit (loss)	998,450	150,391	(8,668)	3,766	37,008	(8,209)	25,730	(5,366)	1,193,102
Unallocated revenue/expenses									
Interest income and dividend income									8,956
Other income									19,527
Selling, servicing and administrative expenses									(467,058)
Interest expenses									(192,769)
Income tax									(217,792)
Minority interests									96,715
Net income									440,681

(Unit : Thousand Baht)

Consolidated financial statements									
For the year ended 30 September 2006									
	Sales - other				Service income				
	Raw water distribution business	Tap water distribution business	Water pipeline distribution business	Others	Waterworks management business	Water loss reduction project	Others	Elimination	Total
Revenue									
Revenue from external customers	1,356,099	317,062	180,084	45,663	27,468	404,601	33,865	-	2,364,842
Inter-segment revenue	47,996	-	65,414	452	124,192	-	6,858	(244,912)	-
Total revenue	1,404,095	317,062	245,498	46,115	151,660	404,601	40,723	(244,912)	2,364,842
Cost of sales/services	(535,437)	(211,202)	(252,863)	(32,403)	(118,132)	(395,831)	(27,782)	231,697	(1,341,953)
Operating profit									
Segment operating profit (loss)	868,658	105,860	(7,365)	13,712	33,528	8,770	12,941	(13,125)	1,022,889
Unallocated revenue/expenses									
Interest income and dividend income									20,120
Other income									15,974
Selling, servicing and administrative expenses									(275,796)
Interest expenses									(93,189)
Income tax									(227,343)
Minority interests									45,154
Net income									507,809

(Unit : Thousand Baht)

Separate financial statements					
For the year ended 30 September 2007					
Sales - other					
	Raw water distribution business	Tap water distribution business	Others	Services income	Total
Revenue					
Revenue from external customers	1,537,888	157,370	14,862	4,902	1,715,022
Inter-segment revenue	65,349	-	152	-	65,501
Total revenue	1,603,237	157,370	15,014	4,902	1,780,523
Cost of sales/services	(604,787)	(155,687)	(12,745)	(4,840)	(778,059)
Operating profit					
Segment operating profit	988,450	1,683	2,269	62	1,002,464
Unallocated revenue/expenses					
Interest income and dividend income					97,889
Other income					4,208
Selling, servicing and administrative expenses					(339,295)
Interest expenses					(156,251)
Income tax					(176,286)
Net income					432,729

(Unit : Thousand Baht)

Separate financial statements					
For the year ended 30 September 2006					
Sales - other					
	Raw water distribution business	Tap water distribution business	Others	Services income	Total
Revenue					
Revenue from external customers	1,356,099	123,562	6,625	4,605	1,490,891
Inter-segment revenue	47,996	-	608	-	48,604
Total revenue	1,404,095	123,562	7,233	4,605	1,539,495
Cost of sales/services	(535,437)	(122,135)	(5,928)	(4,584)	(668,084)
Operating profit					
Segment operating profit	868,658	1,427	1,305	21	871,411
Unallocated revenue/expenses					
Interest income and dividend income					40,425
Other income					3,301
Selling, servicing and administrative expenses					(208,459)
Interest expenses					(67,991)
Income tax					(195,009)
Net income					443,678

33.2 Asset information by business segment

(Unit : Thousand Baht)

Consolidated financial statements								
As at 30 September 2007								
	Raw water distribution business	Tap water distribution business	Water pipeline distribution business	Waterworks management business	Others	Unallocated assets ⁽¹⁾	Elimination	Total
Property, plant and equipment - net	6,036,348	11,122	421,927	183,024	692,141	-	(30,836)	7,313,726
Assets under concession contracts - net	-	267,311	-	116,793	-	-	-	384,104
Deferred concession rights acquisition costs - net	-	236,672	-	139,576	-	-	-	376,248
Unallocated assets ⁽¹⁾	-	-	-	-	-	2,752,337	(1,003,452)	1,748,885
Total assets	6,036,348	515,105	421,927	439,393	692,141	2,752,337	(1,034,288)	9,822,963

⁽¹⁾ Such assets are current assets and/or assets, which have been commonly used in every business segments, and thus the Company and its subsidiaries cannot allocate them to each business segment.

(Unit : Thousand Baht)

Consolidated financial statements								
As at 30 September 2006								
	Raw water distribution business	Tap water distribution business	Water pipeline distribution business	Waterworks management business	Others	Unallocated assets ⁽¹⁾	Elimination	Total
Property, plant and equipment - net	6,130,559	7,058	485,019	185,897	328,931	-	(30,836)	7,106,628
Assets under concession contracts - net	-	234,121	-	106,223	-	-	-	340,344
Deferred concession rights acquisition costs - net	-	151,119	-	145,390	-	-	-	296,509
Unallocated assets ⁽¹⁾	-	-	-	-	-	2,952,894	(1,042,083)	1,910,811
Total assets	6,130,559	392,298	485,019	437,510	328,931	2,952,894	(1,072,919)	9,654,292

⁽¹⁾ Such assets are current assets and/or assets, which have been commonly used in every business segments, and thus the Company and its subsidiaries cannot allocate them to each business segment.

(Unit : Thousand Baht)

Separate financial statements				
As at 30 September 2007				
	Raw water distribution business	Tap water distribution business	Unallocated assets ⁽¹⁾	Total
Property, plant and equipment - net	6,036,348	463	686,052	6,722,863
Unallocated assets ⁽¹⁾	-	-	2,182,855	2,182,855
Total assets	6,036,348	463	2,868,907	8,905,718

⁽¹⁾ Such assets are current assets and/or assets, which have been commonly used in every business segments, and thus the Company cannot allocate them to each business segment.

(Unit : Thousand Baht)

	Separate financial statements			
	As at 30 September 2006			
	Raw water	Tap water	Unallocated	
	distribution business	distribution business	assets ⁽¹⁾	Total
Property, plant and equipment - net	6,130,559	2,185	321,095	6,453,839
Unallocated assets ⁽¹⁾	-	-	2,164,667	2,164,667
Total assets	6,130,559	2,185	2,485,762	8,618,506

⁽¹⁾ Such assets are current assets and/or assets, which have been commonly used in every business segments, and thus the Company cannot allocate them to each business segment.

34. SALE OF RAW WATER AND TAP WATER BY DISTRIBUTION NETWORKS/AREAS

34.1 Sales volume of raw water and tap water classified by water distribution networks

(a) Sales volume of raw water

(Unit : Million Litres)

	Separate financial statements	
	For the years ended	
	30 September	
	2007	2006
Nong Pla Lai - Map Ta Pud Network	57,802	45,593
Dok Krai - Map Ta Pud Network	68,522	71,223
Chachoengsao - Chonburi Network	68,339	61,810
Nong Pla Lai - Nong Khor Network	16,536	20,729
Total	211,199	199,355

(b) Sales volume of tap water

(Unit : Million Litres)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	30 September		30 September	
	2007	2006	2007	2006
Chachoengsao waterwork	9,539	8,991	-	-
Bangpakong waterwork	9,704	7,352	-	-
Nakornsawan waterwork	2,361	2,149	-	-
Sattahip waterwork	8,797	7,171	8,797	7,171
Koh Samui waterwork	841	808	841	808
Koh Seechang waterwork	29	33	29	33
Borwin waterwork	334	23	334	23
Koh Lan waterwork	33	-	33	-
Rayong waterwork	12	2	12	2
Total	31,650	26,529	10,046	8,037

34.2 Sales, costs of sales and gross profit of raw water, and property, plant and equipment, classified by water distribution networks

(Unit : Thousand Baht)

	Separate financial statements				
	For the year ended 30 September 2007				
	Nong Pla Lai - Map Ta Pud Network	Dok Krai - Map Ta Pud Network	Chachoengsao - Cholburi Network	Nong Pla Lai - Nong Khor Network	Total
Sales of raw water	474,195	572,363	436,275	120,404	1,603,237
Costs of sales	(138,367)	(133,669)	(281,481)	(51,270)	(604,787)
Gross profit	335,828	438,694	154,794	69,134	998,450
Property, plant and equipment - net	945,040	102,016	4,852,359	136,933	

(Unit : Thousand Baht)

	Separate financial statements				
	For the year ended 30 September 2006				
	Nong Pla Lai - Map Ta Pud Network	Dok Krai - Map Ta Pud Network	Chachoengsao - Cholburi Network	Nong Pla Lai - Nong Khor Network	Total
Sales of raw water	364,741	543,126	363,358	132,870	1,404,095
Costs of sales	(128,327)	(127,715)	(219,081)	(60,314)	(535,437)
Gross profit	236,414	415,411	144,277	72,556	868,658
Property, plant and equipment - net	998,651	126,464	4,859,719	145,725	

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

(Unit : Thousand Baht)

	Separate financial statements	
	For the years ended	
	30 September	
	2007	2006
Nong Khor - Laem Chabang Network 1	272,281	211,731
Nong Khor - Laem Chabang Network 2	84,006	75,392
Chachoengsao Network	79,988	76,235
Total	436,275	363,358

34.3 Sales, costs of sales and gross profit of tap water by area

(Unit : Thousand Baht)

	Consolidated financial statements										
	For the year ended 30 September 2007										
	Chachoengsao waterwork	Bangpakong waterwork	Nakornsawan waterwork	Sattahip waterwork	Koh Seechang waterwork	Koh Samui waterwork	Borwin waterwork	Koh Lan waterwork	Rayong waterwork	Elimination	Total
Sales of tap water	94,037	88,651	25,477	106,288	1,904	42,482	4,894	1,802	106,398	-	471,933
Costs of sales	(15,817)	(55,453)	(21,976)	(105,178)	(1,912)	(42,058)	(4,775)	(1,764)	(72,610)	98,463	(223,080)
Gross profit	78,220	33,198	3,501	1,110	(8)	424	119	38	33,788	98,463	248,853

(Unit : Thousand Baht)

	Consolidated financial statements										
	For the year ended 30 September 2006										
	Koh									Elimination	Total
Chachoengsao waterwork	Bangpakong waterwork	Nakornsawan waterwork	Sattahip waterwork	Seechang waterwork	Koh Samui waterwork	Borwin waterwork	Rayong waterwork				
Sales of tap water		86,284	67,508	21,362	84,276	2,046	36,914	326	18,346	-	317,062
Costs of sales		(36,979)	(26,855)	(12,696)	(83,223)	(2,046)	(36,545)	(321)	(12,537)	64,815	(146,387)
Gross profit		49,305	40,653	8,666	1,053	-	369	5	5,809	64,815	170,675

34.4 Proportion of raw water sold to end users

(Unit : Percentage)

	Separate financial statements	
	For the years ended	
	30 September	
	2007	2006
Industrial Estate	57	59
Waterworks Authority	28	28
Factories	15	13
Total	100	100

35. FINANCIAL RISK MANAGEMENT

The Company's and its subsidiaries's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term loans, long-term loans and debentures. The financial risks associated with these financial instruments and how they are managed is discussed below.

35.1 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans, notes and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivables, loans, and other receivables as stated in the balance sheets.

35.2 Interest rate risk

The Company's and its subsidiaries's exposure to interest rate risk relate primarily to their cash at banks, investments, debentures and long-term borrowings. However, since most of the Company's and its subsidiaries's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

As at 30 September 2007 and 2006, financial assets and liabilities, classified by interest rate types, are as follows:

(Unit : Thousand Baht)

Consolidated financial statements				
Outstanding balances of financial instruments as at 30 September 2007				
	Floating interest rates	Fixed interest rates	Non-interest bearing	Total
Financial assets				
Cash and cash equivalents	336,735	-	701	337,436
Current investments	-	3,250	-	3,250
Trade accounts receivable - net	-	-	315,045	315,045
Billed receivable from water loss reduction project - related party	-	-	868	868
Receivable from pipeline installation project - related party	-	-	22,594	22,594
Receivable from water consumption meter reading service	-	-	291	291
Other receivables - related parties	-	-	3,983	3,983
Restricted bank deposits	-	9,076	-	9,076
Investment in a joint venture	-	-	490	490
Long-term investments	-	10,000	85,388	95,388
Other receivable	-	-	642,199	642,199
	<u>336,735</u>	<u>22,326</u>	<u>1,071,559</u>	<u>1,430,620</u>
Financial liabilities				
Short-term loans from financial institutions	-	160,000	-	160,000
Trade accounts payable	-	-	142,598	142,598
Liabilities under finance lease agreements	-	3,278	-	3,278
Debentures	-	2,500,000	-	2,500,000
Long-term loans from a related party	-	12,000	-	12,000
Long-term loans from financial institutions	163,300	1,697,000	-	1,860,300
Retentions payable	-	-	22,163	22,163
	<u>163,300</u>	<u>4,372,278</u>	<u>164,761</u>	<u>4,700,339</u>

(Unit : Thousand Baht)

Consolidated financial statements				
Outstanding balances of financial instruments as at 30 September 2006				
	Floating interest rates	Fixed interest rates	Non-interest bearing	Total
Financial assets				
Cash and cash equivalents	270,355	-	1,169	271,524
Current investments	-	2,986	-	2,986
Trade accounts receivable - net	-	-	449,275	449,275
Billed receivable from water loss reduction project - related party	-	-	11,118	11,118
Receivable from pipeline installation project - related party	-	-	2,742	2,742
Restricted bank deposits	-	11,610	-	11,610
Long-term investments	-	10,000	85,388	95,388
Other receivable	-	-	584,858	584,858
	<u>270,355</u>	<u>24,596</u>	<u>1,134,550</u>	<u>1,429,501</u>
Financial liabilities				
Short-term loans from financial institutions	60,000	-	-	60,000
Trade accounts payable	-	-	244,599	244,599
Short-term loans from a related party	-	5,000	-	5,000
Long-term loans from a related party	-	100,000	-	100,000
Long-term loans from financial institutions	311,000	1,510,000	-	1,821,000
Debentures	-	2,500,000	-	2,500,000
Retentions payable	-	-	25,143	25,143
	<u>371,000</u>	<u>4,115,000</u>	<u>269,742</u>	<u>4,755,742</u>

(Unit : Thousand Baht)

Separate financial statements				
Outstanding balances of financial instruments as at 30 September 2007				
	Floating interest rates	Fixed interest rates	Non-interest bearing	Total
Financial assets				
Cash and cash equivalents	224,050	-	185	224,235
Current investments	-	3,250	-	3,250
Trade accounts receivable – net	-	-	159,968	159,968
Dividend receivable - related parties	-	-	70,023	70,023
Other receivables - related parties	-	-	15,412	15,412
Restricted bank deposits	-	9,076	-	9,076
Investments in subsidiaries accounted for under cost method - net	-	-	561,707	561,707
Long-term investments	-	10,000	85,388	95,388
Long-term loans to related parties	-	318,000	-	318,000
Other receivable	-	-	642,199	642,199
	<u>224,050</u>	<u>340,326</u>	<u>1,534,882</u>	<u>2,099,258</u>

(Unit : Thousand Baht)

Separate financial statements

Outstanding balances of financial instruments as at 30 September 2007				
Floating interest rates	Fixed interest rates	Non-interest bearing	Total	
Financial liabilities				
Short-term loans from financial institutions	-	100,000	-	100,000
Trade accounts payable	-	-	14,367	14,367
Debentures	-	2,500,000	-	2,500,000
Long-term loans from financial institutions	-	1,460,000	-	1,460,000
Retentions payable	-	-	8,199	8,199
	-	4,060,000	22,566	4,082,566

(Unit : Thousand Baht)

Separate financial statements

Outstanding balances of financial instruments as at 30 September 2006				
Floating interest rates	Fixed interest rates	Non-interest bearing	Total	
Financial assets				
Cash and cash equivalents	205,217	-	199	205,416
Current investments	-	2,838	-	2,838
Trade accounts receivable – net	-	-	145,251	145,251
Short-term loans to related parties - net	-	101,824	-	101,824
Other receivables - related parties	-	-	10,956	10,956
Restricted bank deposits	-	9,156	-	9,156
Investments in subsidiaries accounted for under cost method - net	-	-	532,707	532,707
Long-term investments	-	10,000	85,388	95,388
Long-term loans to related parties	-	362,890	-	362,890
Other receivable	-	-	584,858	584,858
	205,217	486,708	1,359,359	2,051,284

(Unit : Thousand Baht)

Separate financial statements			
Outstanding balances of financial instruments as at 30 September 2006			
	Floating	Fixed	Non-interest
	interest rates	interest rates	bearing
			Total
Financial liabilities			
Trade accounts payable	-	-	17,670
Long-term loans from financial institutions	25,000	1,500,000	-
Debentures	-	2,500,000	-
Retentions payable	-	-	13,991
	25,000	4,000,000	31,661
			4,056,661

The fixed interest rate financial instruments, which have new repricing dates or maturity dates (whichever are sooner) after the balance sheet dates, are as follows:

(Unit: Thousand Baht)

Consolidated financial statements							
As at 30 September 2007							
Remaining periods to repricing dates or maturity dates							
	Less than		Over	No			
	At call	1 year	1 – 5 years	5 years	maturity	Total	Interest rate
							% p.a.
Financial assets							
Current investments	-	3,250	-	-	-	3,250	2.00 - 2.25
Restricted bank deposits	-	9,076	-	-	-	9,076	2.00 - 2.25
Long-term investments	-	-	10,000	-	-	10,000	4.25
	-	12,326	10,000	-	-	22,326	
Financial liabilities							
Short-term loans from financial institutions	160,000	-	-	-	-	160,000	3.90, 15.50
Liabilities under financial lease agreements	-	929	2,349	-	-	3,278	7.32, 8.12
Debentures	2,500,000	-	-	-	-	2,500,000	4.60, 5.75
Long-term loans from a related party	-	-	12,000	-	-	12,000	6.50
Long-term loans from financial institutions	237,000	150,000	1,267,310	42,690	-	1,697,000	4.50, 15.50
	2,897,000	150,929	1,281,659	42,690	-	4,372,278	

(Unit: Thousand Baht)

Consolidated financial statements

As at 30 September 2006

	Remaining periods to repricing dates or maturity dates					Total	Interest rate % p.a.
	At call	Less than 1 year	1 – 5 years	Over 5 years	No maturity		
Financial assets							
Current investments	-	2,986	-	-	-	2,986	1.00 - 3.25
Restricted bank deposits	-	11,610	-	-	-	11,610	1.00 - 5.00
Long-term investments	-	-	10,000	-	-	10,000	4.25
	-	14,596	10,000	-	-	24,596	
Financial liabilities							
Short-term loans from a related party	-	5,000	-	-	-	5,000	5.50
Long-term loans from a related party	-	-	100,000	-	-	100,000	5.50
Long-term loans from financial institutions	-	-	1,510,000	-	-	1,510,000	5.50 - 6.00
Debentures	-	-	2,500,000	-	-	2,500,000	4.60, 5.75
	-	5,000	4,110,000	-	-	4,115,000	

(Unit: Thousand Baht)

Separate financial statements

As at 30 September 2007

	Remaining periods to repricing dates or maturity dates					Total	Interest rate % p.a.
	At call	Less than 1 year	1 – 5 years	Over 5 years	No maturity		
Financial assets							
Current investments	-	3,250	-	-	-	3,250	2.00 - 2.25
Restricted bank deposits	-	9,076	-	-	-	9,076	2.00 - 2.25
Long-term investments	-	-	10,000	-	-	10,000	4.25
Long-term loans to related parties	-	-	318,000	-	-	318,000	5.25, 6.50
	-	12,326	328,000	-	-	340,326	
Financial liabilities							
Short-term loans from a financial institution	100,000	-	-	-	-	100,000	3.90
Debentures	2,500,000	-	-	-	-	2,500,000	4.60, 5.75
Long-term loans from financial institutions	-	150,000	1,267,310	42,690	-	1,460,000	4.50
	2,600,000	150,000	1,267,310	42,690	-	4,060,000	

(Unit: Thousand Baht)

Separate financial statements							
As at 30 September 2006							
Remaining periods to repricing dates or maturity dates							
	Less than	1 – 5	Over	No			
	1 year	years	5 years	maturity	Total	Interest rate	
	At call					% p.a.	
Financial assets							
Current investments	-	2,838	-	-	-	2,838	1.00 – 3.25
Short-term loans to related parties - net	-	101,824	-	-	-	101,824	3.50
Restricted bank deposits	-	9,156	-	-	-	9,156	1.00 – 3.25
Long-term investments	-	-	10,000	-	-	10,000	4.25
Long-term loans to related parties	-	-	362,890	-	-	362,890	5.50
	-	113,818	372,890	-	-	486,708	
Financial liabilities							
Long-term loans from financial institutions	-	-	1,500,000	-	-	1,500,000	6.00
Debentures	-	-	2,500,000	-	-	2,500,000	4.60, 5.75
	-	-	4,000,000	-	-	4,000,000	

35.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner, resulting in a financial loss.

The periods to the maturity dates of financial instruments held as of 30 September 2007 and 2006, counting from the balance sheet dates, are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements					Total
	As at 30 September 2007					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	
Financial assets						
Cash and cash equivalents	337,436	-	-	-	-	337,436
Current investments	-	3,250	-	-	-	3,250
Trade accounts receivable - net	-	315,045	-	-	-	315,045
Billed receivable from water loss reduction project						
- related party	-	868	-	-	-	868
Receivable from pipeline installation project						
- related party	-	22,594	-	-	-	22,594
Receivable from water consumption meter reading						
service - related party	-	291	-	-	-	291
Other receivables – related parties	-	3,983	-	-	-	3,983
Restricted bank deposits	-	9,076	-	-	-	9,076
Investment in a joint venture	-	-	-	-	490	490
Long-term investments	-	-	10,000	-	85,388	95,388
Other receivable	-	-	-	642,199	-	642,199
	<u>337,436</u>	<u>355,107</u>	<u>10,000</u>	<u>642,199</u>	<u>85,878</u>	<u>1,430,620</u>
Financial liabilities						
Short-term loans from financial institutions	160,000	-	-	-	-	160,000
Trade accounts payable	-	142,598	-	-	-	142,598
Liabilities under finance lease agreements	-	929	2,349	-	-	3,278
Debentures	2,500,000	-	-	-	-	2,500,000
Long-term loans from a related party	-	-	12,000	-	-	12,000
Long-term loans from financial institutions	237,000	184,287	1,267,310	171,703	-	1,860,300
Retentions payable	-	-	22,163	-	-	22,163
	<u>2,797,000</u>	<u>427,814</u>	<u>1,303,822</u>	<u>171,703</u>	<u>-</u>	<u>4,700,339</u>

(Unit : Thousand Baht)

Consolidated financial statements					
As at 30 September 2006					
At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets					
Cash and cash equivalents	271,524	-	-	-	271,524
Current investments	-	2,986	-	-	2,986
Trade accounts receivable – net	-	449,275	-	-	449,275
Billed receivable from water loss reduction project - related party	-	11,118	-	-	11,118
Receivable from pipeline installation project - related party	-	2,742	-	-	2,742
Restricted bank deposits	-	11,610	-	-	11,610
Long-term investments	-	-	10,000	85,388	95,388
Other receivable	-	-	-	584,858	584,858
	<u>271,524</u>	<u>477,731</u>	<u>10,000</u>	<u>584,858</u>	<u>1,429,501</u>
Financial liabilities					
Short-term loans from financial institutions	-	60,000	-	-	60,000
Trade accounts payable	-	244,599	-	-	244,599
Short-term loans from a related party	-	5,000	-	-	5,000
Long-term loans from a related party	-	-	100,000	-	100,000
Long-term loans from financial institutions	-	165,000	1,656,000	-	1,821,000
Debentures	-	-	2,500,000	-	2,500,000
Retentions payable	-	-	25,143	-	25,143
	<u>-</u>	<u>474,599</u>	<u>4,281,143</u>	<u>-</u>	<u>4,755,742</u>

(Unit : Thousand Baht)

Separate financial statements					
As at 30 September 2007					
At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets					
Cash and cash equivalents	224,235	-	-	-	224,235
Current investments	-	3,250	-	-	3,250
Trade accounts receivable - net	-	159,968	-	-	159,968
Dividend receivable - related party	-	70,023	-	-	70,023
Other receivables - related parties	-	15,412	-	-	15,412
Restricted bank deposits	-	9,076	-	-	9,076
Investments in subsidiaries accounted for under cost method - net	-	-	-	561,707	561,707
Long-term investments	-	-	10,000	85,388	95,388
Long-term loans to related parties	-	-	318,000	-	318,000
Other receivable	-	-	-	642,199	642,199
	<u>224,235</u>	<u>257,729</u>	<u>328,000</u>	<u>642,199</u>	<u>2,099,258</u>

(Unit : Thousand Baht)

	Separate financial statements					Total
	As at 30 September 2007					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	
Financial liabilities						
Short-term loans from a financial institution	100,000	-	-	-	-	100,000
Trade accounts payable	-	14,367	-	-	-	14,367
Long-term loans from financial institutions	-	150,000	1,267,310	42,690	-	1,460,000
Debentures	2,500,000	-	-	-	-	2,500,000
Retentions payable	-	-	8,199	-	-	8,199
	<u>2,600,000</u>	<u>164,367</u>	<u>1,275,509</u>	<u>42,690</u>	<u>-</u>	<u>4,082,566</u>

(Unit : Thousand Baht)

	Separate financial statements					Total
	As at 30 September 2006					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	
Financial assets						
Cash and cash equivalents	205,416	-	-	-	-	205,416
Current investments	-	2,838	-	-	-	2,838
Trade accounts receivables – net	-	145,251	-	-	-	145,251
Short-term loans to related parties - net	-	101,824	-	-	-	101,824
Other receivable - related parties	-	10,956	-	-	-	10,956
Restricted bank deposits	-	9,156	-	-	-	9,156
Investments in subsidiaries accounted for under cost method - net	-	-	-	-	532,707	532,707
Long-term investments	-	-	10,000	-	85,388	95,388
Long-term loans to related parties	-	-	100,000	262,890	-	362,890
Other receivable	-	-	-	584,858	-	584,858
	<u>205,416</u>	<u>270,025</u>	<u>110,000</u>	<u>847,748</u>	<u>618,095</u>	<u>2,051,284</u>
Financial liabilities						
Trade accounts payable	-	17,670	-	-	-	17,670
Long-term loans from financial institutions	-	100,000	1,425,000	-	-	1,525,000
Debentures	-	-	2,500,000	-	-	2,500,000
Retentions payable	-	-	13,991	-	-	13,991
	<u>-</u>	<u>117,670</u>	<u>3,938,991</u>	<u>-</u>	<u>-</u>	<u>4,056,661</u>

35.4 Foreign currency risk

A subsidiary has the foreign currency-dominated assets and liabilities, giving rise to an exposure to changes in foreign exchange rates. Management therefore considers the use of forward exchange contracts to hedge such exchange risk from time to time, as appropriate. However, there is no outstanding forward exchange contract at the balance sheet date since the management considers that such foreign currency-dominated assets and liabilities is not material.

As at 30 September 2007 and 2006, the subsidiary's foreign currency-denominated assets and liabilities, which were not hedged by any derivative contracts, were as follows.

Foreign currency	As at 30 September		Exchange rates as at 30 September	
	2007	2006	2007	2006
<u>Assets</u>				
EURO	209,329	-	48.2470 Baht per Euro	-
USD	105	-	34.1418 Baht per USD	-
<u>Liabilities</u>				
EURO	375,859	424,607	48.8301 Baht per Euro	47.9181 Baht per Euro
USD	139,990	195,442	34.3851 Baht per USD	37.6373 Baht per USD

35.5 Fair value

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. The Company and its subsidiaries have estimated the fair value of financial instruments as follows:

(a) Financial assets

Determination of the fair value is dependent upon the characteristics of the financial instruments. The fair values of most financial assets, including cash and cash equivalents, investments, trade accounts receivable, receivables from various projects/services, are the amounts as presented in the balance sheets, which approximate their respective carrying values since the values of such financial instruments are predominantly subject to market interest rates and/or maturity due within 1 year with the exception of long-term investments and long-term loans to related parties, which bear fixed rates of interest and have repricing periods longer than 1 year. Financial instruments with standard terms and conditions which are traded on an active and liquid market, such as investments, have their fair value determined by the quoted market prices.

As at 30 September 2007, there were no material difference between the carrying value of financial assets of the Company and its subsidiaries and their respective fair value.

As at 30 September 2006, there were no material differences between the carrying value of financial assets of the Company and its subsidiaries and their respective fair value, except for the Company's and its subsidiaries' held-to-maturity debt securities, which classified as long-term investments, having the fair values as at 30 September 2006 of approximately Baht 9.6 million (the Company Only : fair values of long-term investments and long-term loans to related parties are approximately Baht 9.6 million and Baht 358 million, respectively). The fair values of held-to-maturity debt securities, which classified as long-term investments, and long-term loans to related parties are estimated by discounting the cash flows expected to be received by the Company and its subsidiaries on those investments and loans by the current market interest rates on borrowings.

(b) Financial liabilities

The fair values of financial liabilities, including trade accounts payable, advance received, loans, debentures and retentions payable, are the amounts as stated in the balance sheets due to the same reasons as described for financial assets with the exception of long-term loans from financial institutions, long-term loans from related party and debentures bearing fixed rates of interest and having repricing periods of longer than 1 year.

As at 30 September 2007, there were no material differences between the carrying value of financial liabilities of the Company and its subsidiaries and their respective fair value, except for long-term loans from financial institutions having fair value of approximately Baht 1,827 million (The Company Only : Baht 1,426 million).

As at 30 September 2006, there were no material differences between the carrying value of financial liabilities of the Company and its subsidiaries and their respective fair value, except for the Company's and its subsidiaries' long-term loans from financial institutions, long-term loans from related party and debentures having the fair values of approximately Baht 1,784 million, Baht 94 million and Baht 2,494 million, respectively (the Company Only : fair values of long-term loans from financial institutions and debentures are approximately Baht 1,488 million and Baht 2,494 million, respectively). The fair values of long-term loans from financial institutions, long-term loans from related party and debentures are estimated by discounting the cash flows expected to be used to repay principal and interest to the lenders, related party and bondholders by the Company and its subsidiaries by the bond yield rates quoted in the debt securities market (in case that there is a secondary debt securities market) or by the current market interest rates on borrowings (in case that there is no secondary debt securities market).

36. RECLASSIFICATION

In addition to the change in accounting policy as mentioned in Note 5 to financial statements, which affects the previously reported net income and shareholder's equity, certain amounts in the financial statements for the year ended 30 September 2006 have been reclassified to conform to the current year's classification.

37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 16 November 2007.