

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT
PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 DECEMBER 2006

Review Report of Independent Auditor

To The Board of Directors and Shareholders of

Eastern Water Resources Development and Management Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Eastern Water Resources Development and Management Public Company Limited and its subsidiaries as at 31 December 2006, the consolidated statements of income, changes in shareholders' equity and cash flows for the three-month periods ended 31 December 2006 and 2005, 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 Company's management as to their correctness and completeness of the presentation. My responsibility is to report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of Eastern Water Resources Development and Management Public Company Limited and its subsidiaries and the separate financial statements of Eastern Water Resources Development and Management Public Company Limited for the year ended 30 September 2006, in accordance with generally accepted auditing standards and expressed an unqualified audit opinion on those financial statements under my report dated 29 November 2006. The balance sheet as at 30 September 2006, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

Ernst & Young Office Limited

Bangkok : 6 February 2007

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

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		As at	As at	As at	As at
		31 December	30 September	31 December	30 September
		2006	2006	2006	2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited - restated)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		253,873	271,524	195,140	205,416
Short-term investments	6	4,346	2,986	3,001	2,838
Trade accounts receivable	7				
Related parties	8.2	157,688	154,066	95,679	90,767
Other companies - net		281,289	295,209	63,596	54,484
Total trade accounts receivable - net		438,977	449,275	159,275	145,251
Receivable from water loss reduction plan - related party	8.2				
Billed		-	11,118	-	-
Unbilled		13,438	14,061	-	-
Total receivable from water loss reduction plan - related party		13,438	25,179	-	-
Short-term loans					
Related parties	8.2	-	-	99,574	101,824
Other company		500	-	-	-
Total short-term loans - net		500	-	99,574	101,824
Current portion of long-term loans to related parties	8.2	-	-	10,000	-
Other receivable - related parties	8.2	-	-	12,977	10,956
Inventories - net	9	126,146	124,648	-	-
Input tax refundable		13,600	21,615	905	9,296
Other current assets		53,884	54,815	32,378	39,724
TOTAL CURRENT ASSETS		904,764	950,042	513,250	515,305
NON-CURRENT ASSETS					
Restricted bank deposits	10	10,322	11,610	9,076	9,156
Investments in subsidiaries and joint venture accounted for					
under cost method - net	11	490	-	532,707	532,707
Long-term investments	6	95,388	95,388	95,388	95,388
Long-term loans to related parties - net of current portion	8.2	-	-	390,000	362,890
Property, plants and equipment - net	12	7,834,385	7,693,657	7,165,596	7,038,697
Assets under concession contracts - net	13	370,117	338,173	-	-
Deferred acquisition costs of concession - net	14	311,235	296,509	-	-
Goodwill - net	15	177,294	179,398	-	-
Other non-current assets					
Advance payment for pipeline installation		36,704	57,440	36,704	57,440
Others		9,438	32,075	5,682	6,922
Total other non-current assets		46,142	89,515	42,386	64,362
TOTAL NON-CURRENT ASSETS		8,845,373	8,704,250	8,235,153	8,103,200
TOTAL ASSETS		9,750,137	9,654,292	8,748,403	8,618,505

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)

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		As at	As at	As at	As at
		31 December	30 September	31 December	30 September
		2006	2006	2006	2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited - restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short - term loans from financial institutions	16	60,000	60,000	-	-
Trade accounts payable					
Related parties	8.2	1,974	735	5,767	10,216
Other companies		239,609	243,864	8,901	7,454
Total trade accounts payable		241,583	244,599	14,668	17,670
Current portion of liabilities under financial lease agreements		894	-	-	-
Short - term loan from related party	8.2	5,000	5,000	-	-
Current portion of long-term loan from related party	8.2	5,000	-	-	-
Current portion of long - term loans from financial institutions	17	297,910	165,000	50,000	100,000
Other current liabilities					
Payable from purchase of fixed assets		80,786	191,921	46,549	118,310
Advance received		24,714	34,864	-	-
Accrued interest		67,117	36,645	66,817	34,891
Corporate income tax payable		171,983	108,949	151,768	98,437
Others - related parties	8.2	27,501	22,597	17,375	15,419
Others - other companies		254,143	117,417	209,695	76,624
Total other current liabilities		626,244	512,393	492,204	343,681
TOTAL CURRENT LIABILITIES		1,236,631	986,992	556,872	461,351
NON-CURRENT LIABILITIES					
Long-term liabilities under financial lease agreements					
- net of current portion		1,911	-	-	-
Long-term loans from related party - net of current portion	8.2	95,000	100,000	-	-
Long-term loans from financial institutions - net					
of current portion	17	1,395,390	1,656,000	1,325,000	1,425,000
Debentures	18	2,500,000	2,500,000	2,500,000	2,500,000
Retentions payable					
Related party	8.2	-	-	2,684	2,684
Other companies		35,051	25,143	13,682	11,307
Total retentions payable		35,051	25,143	16,366	13,991
TOTAL NON-CURRENT LIABILITIES		4,027,352	4,281,143	3,841,366	3,938,991
TOTAL LIABILITIES		5,263,983	5,268,135	4,398,238	4,400,342

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)

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		As at 31 December 2006 (Unaudited but reviewed)	As at 30 September 2006 (Audited)	As at 31 December 2006 (Unaudited but reviewed)	As at 30 September 2006 (Audited - restated)
SHAREHOLDERS' EQUITY					
Share capital					
Registered					
1,665,000,000 ordinary shares of Baht 1 each	19	1,665,000	1,665,000	1,665,000	1,665,000
Issued and paid up					
1,324,069,650 ordinary shares of Baht 1 each (30 September 2006 : 1,323,503,380 ordinary shares of Baht 1 each)	19	1,324,070	1,323,503	1,324,070	1,323,503
Share subscription received in advance	19	2,903	591	2,903	591
Share premium		1,123,454	1,123,430	1,123,454	1,123,430
Assets transferred from customers		52,168	53,043	52,168	53,043
Retained earnings					
Appropriated - statutory reserve	21	166,500	166,500	166,500	166,500
Unappropriated		1,815,009	1,694,438	1,681,070	1,551,096
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS		4,484,104	4,361,505	4,350,165	4,218,163
MINORITY INTERESTS - EQUITY ATTRIBUTABLE TO					
MINORITY SHAREHOLDERS OF SUBSIDIARIES					
		2,050	24,652	-	-
TOTAL SHAREHOLDERS' EQUITY		4,486,154	4,386,157	4,350,165	4,218,163
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,750,137	9,654,292	8,748,403	8,618,505

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

Chairman

(Pol. Lt. Gen. Jarax Sangtawweep)

President & CEO

(Mr. Wanchai Lawatanatrakul)

(UNAUDITED BUT REVIEWED)

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Thousand Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
					(Restated)
REVENUES					
Sales - raw water	8	357,958	316,838	373,524	326,904
Sales - others		131,245	105,691	41,358	32,237
Total sales		489,203	422,529	414,882	359,141
Service income	8	90,963	50,205	1,146	1,136
Interest income and dividend income		1,513	4,147	6,846	9,904
Other income		1,665	2,415	527	810
TOTAL REVENUES		583,344	479,296	423,401	370,991
EXPENSES					
Costs of sales - raw water		135,436	125,151	137,538	126,501
Costs of sales - others		80,201	58,819	40,136	32,010
Total costs of sales		215,637	183,970	177,674	158,511
Costs of services		76,020	42,522	1,095	1,026
Selling, servicing and administrative expenses		84,517	61,479	27,288	29,710
Expense for development of life quality and environment		2,407	2,042	1,511	1,779
Directors' remuneration		13,700	11,436	9,981	8,713
Provision for impairment of investment in subsidiaries		-	-	-	14,049
TOTAL EXPENSES		392,281	301,449	217,549	213,788
INCOME BEFORE INTEREST EXPENSES AND INCOME TAX		191,063	177,847	205,852	157,203
INTEREST EXPENSES		-27,651	-14,151	-20,044	-10,138
INCOME TAX		-65,443	-49,357	-55,834	-40,355
INCOME BEFORE MINORITY INTERESTS		97,969	114,339	129,974	106,710
MINORITY INTERESTS IN NET LOSSES OF SUBSIDIARIES		22,602	9,484	-	-
NET INCOME		120,571	123,823	129,974	106,710
EARNINGS PER SHARE					
Basic earnings per share					
Net income	22	0.09	0.10	0.10	0.08
Diluted earnings per share					
Net income	22	0.08	0.09	0.09	0.08

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

(UNAUDITED BUT REVIEWED)

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
				(Restated)
Cash flows from operating activities				
Net income	120,571	123,823	129,974	106,710
Adjustments to reconcile net income to net cash provided by (paid from) operating activities				
Loss in respect of minority interests	(22,602)	(9,484)	-	-
Provision for impairment of investment in subsidiaries	-	-	-	14,049
Provision for diminution in value of inventories	1,406	-	-	-
Provision for impairment of assets under concession contracts	469	-	-	-
Allowance for doubtful accounts	2,377	-	-	-
Depreciation	60,144	57,652	41,459	39,492
Amortisation of assets under concession contracts	4,487	-	-	-
Amortisation of deferred acquisition costs of concession	2,284	784	-	-
Amortisation of deferred debenture underwriting expenses	633	338	633	338
Amortisation of assets transferred from customers	(875)	(875)	(875)	(875)
Gains on disposal of fixed assets	(623)	(279)	-	(308)
Amortisation of goodwill	2,104	2,104	-	-
Income from operating activities before changes in operating assets and liabilities	170,375	174,063	171,191	159,406
(Increase) decrease in operating assets				
Trade accounts receivable	7,921	53,590	(14,024)	(25,409)
Receivable from water loss reduction plan - related party	11,741	(7,412)	-	-
Inventories	(2,904)	(18,848)	-	-
Other current assets	9,553	(74,827)	14,323	(75,254)
Other non-current assets	21,397	(4,304)	-	-69
Increase (decrease) in operating liabilities				
Trade accounts payable	(3,016)	(64,293)	(3,002)	6,538
Accrued interest	30,472	35,923	31,926	35,963
Corporate income tax payable	63,034	43,878	53,331	40,355
Other payable	4,904	65,490	1,956	(97,149)
Other current liabilities	126,576	49,177	133,071	25,389
Retentions payable	9,908	15,445	2,375	24,525
Net cash flow from operating activities	449,961	267,882	391,147	94,295

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

(UNAUDITED BUT REVIEWED)

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE THREE-MONTH PERIODS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005 (Restated)
Cash flows from (use in) investing activities				
Decrease in restricted bank deposits	1,288	7,212	80	600
(Increase) decrease in short-term investments	(1,360)	703,048	(163)	706,048
Decrease in short-term loans to subsidiaries	-	-	2,250	-
Increase in long-term loans to other company	(500)	-	-	-
Increase in long-term loans to subsidiaries	-	-	(37,110)	-
(Increase) decrease in advance payment for water pipeline installation	20,736	(26,710)	20,736	(26,710)
Increase in investments in joint venture	(490)	-	-	-
Cash received on disposal of fixed assets	704	1,168	-	1,112
Cash paid for purchase of fixed assets	(363,193)	(1,999,645)	(240,119)	(1,788,782)
Net cash used in investing activities	<u>(342,815)</u>	<u>(1,314,927)</u>	<u>(254,326)</u>	<u>(1,107,732)</u>
Cash flows from (use in) financing activities				
Cash received from short-term loans from financial institutions	-	10,000	-	-
Cash received from (paid for repayment of) long-term loans from financial institutions	(127,700)	880,000	(150,000)	880,000
Cash received for capital increase from minority interest	-	50,000	-	-
Cash received from share subscription	2,903	20,583	2,903	20,583
Net cash from (used in) financing activities	<u>(124,797)</u>	<u>960,583</u>	<u>(147,097)</u>	<u>900,583</u>
Net decrease in cash and cash equivalents	(17,651)	(86,462)	(10,276)	(112,854)
Cash and cash equivalents as at beginning of the period	271,524	335,762	205,416	204,643
Cash and cash equivalents as at ending of the period	<u>253,873</u>	<u>249,300</u>	<u>195,140</u>	<u>91,789</u>
Supplemental cash flow information				
Cash paid during the period for :-				
Interest expenses	15,023	11,911	8,200	565
Corporate income tax	9,249	5,550	2,504	2,349
Non-cash related transaction :-				
Payable for purchase of fixed assets	80,786	107,709	46,549	79,818
Transfer short-term investments to long-term investments	-	-	-	50,000
Assets under financial lease agreements	3,209	-	-	-

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

(UNAUDITED BUT REVIEWED)

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Thousand Baht)

	CONSOLIDATED							
	Issued and	Share subscription	Assets		Retained earnings		Minority	Total
	paid up	received in	Share	transferred	Appropriated -			
share capital	advance	premium	from customers	statutory reserve	Unappropriated			
Balance - as at 30 September 2006	1,323,503	591	1,123,430	53,043	166,500	1,694,438	24,652	4,386,157
Amortisation of assets transferred from customers	-	-	-	-875	-	-	-	-875
Increase in share capital	567	-591	24	-	-	-	-	-
Share subscription received in advance	-	2,903	-	-	-	-	-	2,903
Net income	-	-	-	-	-	120,571	-22,602	97,969
Balance - as at 31 December 2006	<u>1,324,070</u>	<u>2,903</u>	<u>1,123,454</u>	<u>52,168</u>	<u>166,500</u>	<u>1,815,009</u>	<u>2,050</u>	<u>4,486,154</u>
Balance - as at 30 September 2005	1,299,687	-	1,122,347	56,515	152,409	1,365,754	20,210	4,016,922
Amortisation of assets transferred from customers	-	-	-	-875	-	-	-	-875
Increase in share capital of subsidiaries	-	-	-	-	-	-	50,000	50,000
Share subscription received in advance	-	20,583	-	-	-	-	-	20,583
Transferred to statutory reserve	-	-	-	-	6,191	-6,191	-	-
Net income	-	-	-	-	-	123,823	-9,484	114,339
Balance - as at 31 December 2005	<u>1,299,687</u>	<u>20,583</u>	<u>1,122,347</u>	<u>55,640</u>	<u>158,600</u>	<u>1,483,386</u>	<u>60,726</u>	<u>4,200,969</u>

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

(UNAUDITED BUT REVIEWED)

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 DECEMBER 2006 AND 2005

(Unit : Thousand Baht)

	THE COMPANY ONLY						
	Issued and 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 2006, as previously reported	1,323,503	591	1,123,430	53,043	166,500	1,694,438	4,361,505
Cumulative effect of the change in accounting policy for investments in subsidiaries (Note 4)	-	-	-	-	-	-143,342	-143,342
Balance - as at 30 September 2006, as restated	1,323,503	591	1,123,430	53,043	166,500	1,551,096	4,218,163
Amortisation of assets transferred form customers	-	-	-	-875	-	-	-875
Increase in share capital	567	-591	24	-	-	-	-
Share subscription received in advance	-	2,903	-	-	-	-	2,903
Net income	-	-	-	-	-	129,974	129,974
Balance - as at 31 December 2006	<u>1,324,070</u>	<u>2,903</u>	<u>1,123,454</u>	<u>52,168</u>	<u>166,500</u>	<u>1,681,070</u>	<u>4,350,165</u>
Balance - as at 30 September 2005, as previously reported	1,299,687	-	1,122,347	56,515	152,409	1,365,754	3,996,712
Cumulative effect of the change in accounting policy for investments in subsidiaries (Note 4)	-	-	-	-	-	-79,210	-79,210
Balance - as at 30 September 2005, as restated	1,299,687	-	1,122,347	56,515	152,409	1,286,544	3,917,502
Amortisation of assets transferred form customers	-	-	-	-875	-	-	-875
Share subscription received in advance	-	20,583	-	-	-	-	20,583
Transfer to statutory reserve	-	-	-	-	6,191	-6,191	-
Net income, restated	-	-	-	-	-	106,710	106,710
Balance - as at 31 December 2005	<u>1,299,687</u>	<u>20,583</u>	<u>1,122,347</u>	<u>55,640</u>	<u>158,600</u>	<u>1,387,063</u>	<u>4,043,920</u>

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

(UNAUDITED BUT REVIEWED)

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT
PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Eastern Water Resources Development and Management Public Company Limited (“the Company”) is a Thai incorporated company listed on the Stock Exchange of Thailand. The major shareholder of the Company is the Provincial Waterworks Authority. The Company is engaging 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 office of the Company is located at 9/9 Vipavadeerangsit Road, Laksi, Bangkok.

2. BASIS FOR THE PREPARATION OF INTERIM FINANCIAL STATEMENTS

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

(UNAUDITED BUT REVIEWED)

3. BASIS FOR CONSOLIDATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements include the financial statements of Eastern Water Resources Development and Management Public Company Limited and its subsidiaries (hereinafter referred to as “the Subsidiaries”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 30 September 2006, with no change in the group structure during the current period as detailed below.

The subsidiaries	Country of incorporation	Type of business	Percentage of shareholding	
			31 December 2006	30 September 2006
<u>The subsidiaries held directly by the Company</u>				
Global Water Systems Corporation Limited	Thailand	Sale of water through vending machine and manufacture and installation of machines	100	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	100	100
Eastern Hobas Pipes Company Limited	Thailand	Manufacture and sale of water distribution pipes	50	50
<u>The subsidiaries held by Universal Utilities Company Limited</u>				
Chachoengsao Water Supply Company Limited	Thailand	Production and supply of tap water	99	99
Bangpakong Water Supply Company Limited	Thailand	Production and supply of tap water	99	99
Nakornsawan Water Supply Company Limited	Thailand	Production and supply of tap water	100	100

Material balances and transactions between the Company and its subsidiaries, investments in subsidiaries in the Company’s accounts, and the subsidiaries’ share capital have been eliminated from the consolidated financial statements.

4. CHANGE IN ACCOUNTING POLICY/ADOPTION OF NEW ACCOUNTING STANDARDS

On 11 October 2006, the Federation of Accounting Professions issued Notification No. 26/2006 regarding Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (Amendment No. 1), under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method rather than the equity method. Entities, which are not ready to adopt the cost method in 2006, can continue to use the equity method through the end of 2006 and adopt the cost method as from 1 January 2007.

In this regard, the Company has changed its accounting policy for presenting investments in the Subsidiaries in the separate financial statements from the equity method to the cost method, and restated its prior year’s financial statements, presented herein for comparative purposes. The restatement has resulted in an increase of Baht 9 million in net income in the separate financial statements for the three-month period ended 31 December 2006 (or an increase of Baht 0.01 per share) and a decrease of Baht 17 million in net income in the separate financial statements for the three-month period ended 31 December 2005 (or a decrease of Baht 0.01 per share). The cumulative effect of such accounting change is presented under the caption of “Cumulative effect of the change in accounting policy for investments in subsidiaries” in the separate financial statements in the statement of changes in shareholders’ equity.

5. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 30 September 2006, except for the change in the accounting policy for investments in subsidiaries from the equity method to the cost method as already mentioned in Note 4 to the financial statements.

(UNAUDITED BUT REVIEWED)

6. INVESTMENTS

As at 31 December 2006 and 30 September 2006, the investments consisted of the following :-

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 December 2006	30 September 2006	31 December 2006	30 September 2006
	Cost	Cost/ Amortised cost	Cost	Cost/ Amortised cost
<u>Short-term investments</u>				
Deposits at financial institutions	4,346	2,986	3,001	2,838
Total short-term investments	<u>4,346</u>	<u>2,986</u>	<u>3,001</u>	<u>2,838</u>
<u>Long-term investments</u>				
Held-to-maturity debt securities				
Promissory notes	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Held-to-maturity debt securities	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
General investments				
Non-marketable equity securities	<u>85,388</u>	<u>85,388</u>	<u>85,388</u>	<u>85,388</u>
General investments	<u>85,388</u>	<u>85,388</u>	<u>85,388</u>	<u>85,388</u>
Total long-term investments	<u>95,388</u>	<u>95,388</u>	<u>95,388</u>	<u>95,388</u>
Total investments	<u>99,734</u>	<u>98,374</u>	<u>98,389</u>	<u>98,226</u>

As at 31 December 2006 and 30 September 2006, the Company has a long-term investment of Baht 85.4 million in equity securities of Egcom Tara Company Limited, a related company, which has been stated at cost and representing 15 percent of the paid-up share capital of that company.

(UNAUDITED BUT REVIEWED)

7. TRADE ACCOUNTS RECEIVABLE

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 December 2006	30 September 2006	31 December 2006	30 September 2006
<u>Trade accounts receivable – related parties</u>				
Not yet due	156,970	149,436	94,961	86,137
Past due				
Up to 3 months	485	4,630	485	4,630
3 - 6 months	233	-	233	-
Total trade accounts receivable – related parties	157,688	154,066	95,679	90,767
<u>Trade accounts receivable – other companies</u>				
Not yet due	190,406	205,272	60,029	52,725
Past due				
Up to 3 months	32,601	77,551	2,290	1,007
3 - 6 months	52,313	2,260	81	122
6 - 12 months	2,525	8,463	108	82
Over 12 months	9,635	5,477	1,088	548
Total trade accounts receivable - other companies	287,480	299,023	63,596	54,484
Less : Allowance for doubtful accounts	(6,191)	(3,814)	-	-
Trade accounts receivable - other companies, net	281,289	295,209	63,596	54,484
Trade accounts receivable - net	438,977	449,275	159,275	145,251

In addition, movements in allowance for doubtful accounts of trade accounts receivable during the three-month period ended 31 December 2006 and the year ended 30 September 2006 are summarised below.

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	For the three- month period ended 31 December 2006	For the year ended 30 September 2006	For the three- month period ended 31 December 2006	For the year ended 30 September 2006
Balance as at beginning of the period/year	3,814	-	-	-
Add : Allowance for doubtful made during the period/year	2,377	3,814	-	-
Balance as at ending of the period/year	6,191	3,814	-	-

(UNAUDITED BUT REVIEWED)

8. RELATED PARTY TRANSACTIONS

8.1 Transactions incurred during the periods

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

	(Unit : Thousand Baht)				
	Consolidated		The Company Only		Pricing policy
	For the three-month periods ended 31 December		For the three-month periods ended 31 December		
	2006	2005	2006	2005	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of raw water	-	-	15,566	10,066	Similar to market price
Purchases of goods	-	-	-	59,017	Market price and mutually agreed price as stipulated in the contracts
Service income	-	-	28	45	Mutually agreed price as stipulated in the contracts
Interest income	-	-	6,260	6,099	At the rates of 3.5 to 5.5 percent per annum
Sales of chemicals	-	-	152	110	Similar to market price
Other income	-	-	389	407	Mutually agreed price as stipulated in the contracts
Service expense (included in costs of sales - raw water and costs of sales - others)	-	-	39,654	32,490	Mutually agreed price as stipulated in the contracts
Other expense (included in selling, servicing and administrative expenses)	-	-	-	29	Similar to market price

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated		The Company Only		Pricing policy
	For the three-month periods ended 31 December		For the three-month periods ended 31 December		
	2006	2005	2006	2005	
	Transactions with related parties				
Major shareholders					
Sales of raw water	221,815	212,256	221,815	212,256	Similar to market price
Service income	69,769	39,311	-	-	Mutually agreed price as stipulated in the contracts
Related companies					
Service income	7,762	6,052	-	-	Mutually agreed price as stipulated in the contracts
Interest expense	1,456	-	-	-	At the rate of 5.5 percent per annum

8.2 Outstanding balances at end of the period

The outstanding balances of the above transactions as at 31 December 2006 and 30 September 2006, have been separately shown in the balance sheets, and consist of the following:

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	31 December	30 September	31 December	30 September
	2006	2006	2006	2006
Trade accounts receivable - related parties				
Major shareholders				
Provincial Waterworks Authority	96,952	101,478	32,151	35,994
Industrial Estate Authority of Thailand	57,754	49,392	57,754	49,393
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	5,774	5,380
Related company				
Egcom Tara Company Limited	2,982	3,196	-	-
Total trade accounts receivable - related parties	157,688	154,066	95,679	90,767

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 December 2006	30 September 2006	31 December 2006	30 September 2006
<u>Receivable from water loss reduction plan</u>				
Major shareholder				
Provincial Waterworks Authority	13,438	25,179	-	-
<u>Short-term loans to related parties</u>				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Global Water Systems Corporation Limited	-	-	111,100	113,350
Less : Allowance for doubtful accounts	-	-	(11,526)	(11,526)
Total short-term loans to related parties - net	-	-	99,574	101,824
<u>Other receivable - related parties</u>				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Eastern Hobas Pipes Company Limited	-	-	12,265	10,307
Universal Utilities Company Limited	-	-	703	645
Global Water Systems Corporation Limited	-	-	8	4
Bangpakong Water Supply Company Limited	-	-	1	-
Total other receivable - related parties	-	-	12,977	10,956
<u>Long-term loans to related parties</u>				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	300,000	262,890
Eastern Hobas Pipes Company Limited	-	-	100,000	100,000
Total long-term loans to related parties	-	-	400,000	362,890
Less : Current portion	-	-	(10,000)	-
Long-term loans to related parties - net of current portion	-	-	390,000	362,890

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 December 2006	30 September 2006	31 December 2006	30 September 2006
<u>Trade accounts payable - related parties</u>				
Major shareholder				
Provincial Waterworks Authority	1,974	735	-	-
Subsidiary				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	5,767	10,216
Total trade accounts payable - related parties	1,974	735	5,767	10,216
<u>Short-term loan from related party</u>				
Related company				
Hobas Engineering GmbH	5,000	5,000	-	-
Total short-term loan from related party	5,000	5,000	-	-
<u>Other current liabilities - related parties</u>				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	16,663	15,419
Global Water Systems Corporation Limited	-	-	712	-
Related companies				
Hobas Engineering GmbH	20,572	15,353	-	-
Hobas Pipe Systems SRL	6,833	7,147	-	-
Hobas Rohre GmbH	96	97	-	-
Total other current liabilities - related parties	27,501	22,597	17,375	15,419
<u>Long-term loan from related party</u>				
Related company				
Hobas Engineering GmbH	100,000	100,000	-	-
Total long-term loan from related party	100,000	100,000	-	-
Less : Current portion	(5,000)	-	-	-
Long-term loan from related party - net of current portion	95,000	100,000	-	-

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 December 2006	30 September 2006	31 December 2006	30 September 2006
<u>Non-current liabilities – retentions payable</u>				
Subsidiary				
(Eliminated from the consolidated financial statements)				
Eastern Hobas Pipes Company Limited	-	-	2,684	2,684
Total non-current liabilities - retentions payable	-	-	2,684	2,684

8.3 Movements of inter-company loans

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

(Unit : Thousand Baht)

	Consolidated			Balance as at 31 December 2006
	Balance as at 30 September 2006	During the period		
		Increase	Decrease	
Short-term loans from related company				
Hobas Engineering GmbH	5,000	-	-	5,000
Long-term loans from related company				
Hobas Engineering GmbH	100,000	-	-	100,000

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	The Company Only			Balance as at 31 December 2006
	Balance as at 30 September 2006	During the period		
		Increase	Decrease	
Short-term loans to subsidiaries - net				
Global Water Systems Corporation Limited	113,350	-	(2,250)	111,100
Less : Allowance for doubtful accounts	(11,526)	-	-	(11,526)
	<u>101,824</u>	<u>-</u>	<u>-</u>	<u>99,574</u>
Long-term loans to subsidiaries				
Universal Utilities Company Limited	262,890	37,110	-	300,000
Eastern Hobas Pipes Company Limited	100,000	-	-	100,000
	<u>362,890</u>	<u>37,110</u>	<u>-</u>	<u>400,000</u>

8.4 Significant agreements

The Company and its subsidiaries have the significant agreements entered into with related parties as can be referred in Note 24 to the financial statements.

9. ALLOWANCE FOR DIMINUTION IN VALUE OF INVENTORY

Movements in the allowance for diminution in value of inventory account during the three-month period ended 31 December 2006 and for the year ended 30 September 2006 are summarised below.

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	For the three- month period ended 31 December 2006	For the year ended 30 September 2006	For the three- month period ended 31 December 2006	For the year ended 30 September 2006
Balance as at beginning of the period	8,879	2,790	-	-
Add : Allowance made during the period	1,406	6,089	-	-
Balance as at ending of the period	<u>10,285</u>	<u>8,879</u>	<u>-</u>	<u>-</u>

(UNAUDITED BUT REVIEWED)

10. RESTRICTED BANK DEPOSITS

As at 31 December 2006, the Company and its subsidiaries have pledged fixed deposit accounts with banks amounting to Baht 10.3 million (The Company Only : Baht 9.1 million) to secure bank guarantees obtained from local commercial banks on behalf of the Company and its subsidiaries (30 September 2006 : the Company and its subsidiaries : Baht 11.6 million and the Company Only : Baht 9.2 million).

11. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE

11.1 As at 31 December 2006 and 30 September 2006, the Company and its subsidiaries recorded the following investments in joint ventures :-

Name of Joint Venture	Consolidated										
	Paid-up share capital				Equity interest		Investments value under cost method		Dividends		
	31		30		31		30		For the three- month periods ended		
	December		September		December		September		31 December		
	2006		2006		2006		2006		2006		2005
Million		Million		%		%		Thousand		Thousand	
Baht		Baht						Thousand		Thousand	
<u>Joint Venture held by subsidiary</u>											
Joint Venture UUEEI	1	-	49	-	490	-	-	-	-	-	-
Total investments 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.

11.2 As at 31 December 2006 and 30 September 2006, the Company recorded the investments in subsidiaries under cost method. These represent investments in ordinary shares in the following subsidiaries :-

(UNAUDITED BUT REVIEWED)

Name of subsidiary company	The Company Only							
	Paid-up share capital		Equity interest		Investments value under cost method		Dividends	
	31	30	31	30	31	30	For the three- month periods ended	
	December	September	December	September	December	September	31 December	
	2006	2006	2006	2006	2006	2006	2006	2005
	Million	Million	%	%	Thousand	Thousand	Thousand	Thousand
Baht	Baht			Baht	Baht	Baht	Baht	
						(Audited- restated)		
Global Water Systems Corporation Limited	74	74	100	100	73,800	73,800	-	-
Universal Utilities Company Limited	510	510	100	100	510,000	510,000	-	-
Eastern Hobas Pipes Company Limited	250	250	50	50	125,000	125,000	-	-
Total investments in subsidiaries					708,800	708,800	-	-
Less: Allowance for impairment of investments in subsidiaries					(176,093)	(176,093)	-	-
Total investments in subsidiaries - net					532,707	532,707	-	-

12. PROPERTY, PLANT AND EQUIPMENT

	(Unit : Thousand Baht)	
	Consolidated	The Company Only
Cost :		
30 September 2006	8,749,824	7,901,472
Acquisitions	200,953	168,358
Disposal/write off	(2,213)	-
31 December 2006	8,948,564	8,069,830
Accumulated depreciation :		
30 September 2006	1,056,167	862,775
Depreciation for the period	60,144	41,459
Accumulated depreciation of disposed/written off assets	(2,132)	-
31 December 2006	1,114,179	904,234
Net book value :		
30 September 2006	7,693,657	7,038,697
31 December 2006	7,834,385	7,165,596

(UNAUDITED BUT REVIEWED)

As at 31 December 2006 and 30 September 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 147.2 million and Baht 144.6 million, respectively (The Company Only : Baht 114.7 million and Baht 111.4 million, respectively).

As at 31 December 2006 and 30 September 2006, a subsidiary company has its land, plants, machinery and equipment mortgaged/negatively pledged, with an aggregate net book value of Baht 223.8 million and Baht 196.4 million, respectively, to secure long-term loans as indicated in note 17.2.1 to the financial statements.

For the three-month periods ended 31 December 2006 and 2005, the Company recorded borrowing costs related to the loans amounting to Baht 33.6 million and Baht 26.4 million, respectively, which were directly attributable to the construction of water pipeline distribution networks, as a part of “Construction in progress” under the caption “Property, plant and equipment”.

For the three-month period ended 31 December 2006, a subsidiary company recorded borrowing costs amounting to Baht 1.6 million (for the three-month period ended 31 December 2005 : none), which were directly attributable to the construction of asset under concession, as a part of “Construction in progress” under caption “Property, plant and equipment”.

13. ASSETS UNDER CONCESSION CONTRACTS

(Unit: Thousand Baht)

	Consolidated			31 December 2006
	30 September 2006	Increase	Decrease	
Assets under concession contracts - cost	375,150	37,518	(618)	412,050
Accumulated amortisation	(36,977)	(4,487)	-	(41,464)
Allowance for impairment	-	(469)	-	(469)
Net book value	338,173	32,562	(618)	370,117

(UNAUDITED BUT REVIEWED)

For the three-month periods ended 31 December 2006, amortisation of asset under concession contracts amounting to Baht 4.5 million is included in cost of sales - others in the statement of income.

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

14. DEFERRED ACQUISITION COSTS OF CONCESSION

(Unit: Thousand Baht)

	Consolidated			31 December 2006
	30 September 2006	Increase	Decrease	
Deferred acquisition costs of concession - cost	319,343	17,010	-	336,353
Accumulated amortisation	(22,834)	(2,284)	-	(25,118)
Net book value	296,509	14,726	-	311,235

For the three-month periods ended 31 December 2006, amortisation of deferred acquisition costs of concession amounting to Baht 2.3 million is included in cost of sales - others in the statement of income.

15. GOODWILL

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

(Unit: Thousand Baht)

	Consolidated			31 December 2006
	30 September 2006	Increase	Decrease	
Goodwill - cost	201,205	-	-	201,205
Accumulated amortisation	(21,807)	(2,104)	-	(23,911)
Net book value	179,398	(2,104)	-	177,294
Remaining amortisation period	22 years			21 years

(UNAUDITED BUT REVIEWED)

For the three-month periods ended 31 December 2006 and 2005, amortisation of goodwill amounting to Baht 2.1 million and Baht 2.1 million, respectively, is included in selling, servicing and administrative expenses in the statement of income.

16. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 December 2006	30 September 2006	31 December 2006	30 September 2006
Short-term loans	60,000	60,000	-	-
Total	60,000	60,000	-	-

As at 31 December 2006 and 30 September 2006, short-term loans from financial institution of a subsidiary carry interests at the Minimum Overdraft Rates (MOR), which are 8.25 percent per annum and 8 percent per annum, respectively.

17. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	31 December 2006	30 September 2006	31 December 2006	30 September 2006
Long-term loans from financial institutions	1,693,300	1,821,000	1,375,000	1,525,000
Less : Current portion	(297,910) ⁽¹⁾	(165,000)	(50,000)	(100,000)
Long-term loans from financial institutions - net of current portion	1,395,390	1,656,000	1,325,000	1,425,000

⁽¹⁾ Outstanding long-term loan of a subsidiary amounting to Baht 237 million are presented as "current portion" as the subsidiary is unable to maintain financial ratio in accordance with the loan agreements. Therefore, the financial institution has the right to demand payment before due dates.

(UNAUDITED BUT REVIEWED)

Movements in the long-term loans from financial institutions during the three-month period ended 31 December 2006 are summarised below.

	(Unit : Thousand Baht)	
	Consolidated	The Company Only
	<hr/>	<hr/>
Balance as at 30 September 2006	1,821,000	1,525,000
Add : Additional borrowings	39,300	-
Less: Repayments	(167,000)	(150,000)
Balance as at 31 December 2006	<hr/> <hr/> 1,693,300	<hr/> <hr/> 1,375,000

17.1 Long-term loans of the Company

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

- Credit facility : Baht 2,000 million consisting of
- 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
- Year 1-3 Fixed rate at 6.00 percent per annum
 - Year 4-5 Minimum Loan Rate (MLR) minus 1.50 percent per annum
 - Year 6-7 Minimum Loan Rate (MLR) minus 0.75 percent per annum
- Tranche B, interest is payable on a monthly basis at the following rates
- Year 1-5 Minimum Loan Rate (MLR) minus 1.50 percent per annum
 - Year 6-7 Minimum Loan Rate (MLR) minus 0.75 percent per annum

(UNAUDITED BUT REVIEWED)

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 proportionately between the Tranche-A and Tranche-B loans.

As at 31 December 2006, the Company already drew down Baht 1,525 million, which comprised the Tranche-A loan of Baht 1,500 million and the Tranche-B loan of Baht 25 million.

As at 30 September 2006, the Company had the ratio of net consolidated debt to consolidated EBITDA, which equaled 4.6 times. This is in excess of that stipulated in the conditions of the long-term loan agreement that requires the Company to maintain such ratio not to be exceeding 4.5 times. The Company's management believes that such excess will not be permanent. However, as at 31 December 2006, the Company is able to maintain the ratio of net consolidated debt to consolidated EBITDA as required in the loan agreement. Furthermore, the Company's management expects that it will be able to maintain such ratio at the level specified in the conditions of such long-term loan agreement. Therefore, no reclassification of such long-term loans to be current liabilities is made in the balance sheet.

17.2 Long-term loans of subsidiaries

17.2.1 Eastern Hobas Pipes Company Limited

On 11 July 2002, Eastern Hobas Pipes Company Limited, a subsidiary, entered into an agreement for loan and other credit facilities with a local financial institution for an initial credit limit of Baht 580 million. Whereby amounts drawn down before 26 July 2002 carry interest at a fixed rate of 5.75 percent per annum for 3 years commencing from the agreement date, and at the Minimum Loan Rate (MLR) minus 0.5 percent per annum thereafter until maturity, payable on a quarterly basis and amounts drawn down after 26 July 2002 carry interest at the Minimum Loan Rate (MLR) minus 0.5 percent 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. These loan and other credit facilities are guaranteed by the pledge of machinery and equipment and the mortgage of land of this subsidiary.

(UNAUDITED BUT REVIEWED)

On 24 July 2003, this subsidiary entered into another agreement with the same financial institution to obtain loan and other credit facilities for an addition credit limit of Baht 60 million. Whereby 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 at the Minimum Loan Rate (MLR) minus 0.5% per annum thereafter until maturity and 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. The principal under this loan agreement is to be repaid in 10 semi-annual installments of varying amounts, commencing from July 2005. Such loan and other credit facilities are guaranteed by the pledge of machinery of this subsidiary.

As at 31 December 2006 and 30 September 2006, the subsidiary had outstanding loans under such agreements by amounting to 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 the debt-to-equity ratio, and so on. However, the subsidiary cannot maintain the debt-to-equity ratio as specified in the loan agreements. The subsidiary is in the process of requesting a waiver from and preparing a plan to rectify such problem to the financial institution.

17.2.2 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 percent per annum for the first forty eighth months, and at the Minimum Loan Rate (MLR) minus 0.75 percent per annum thereafter until maturity, 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.

As at 31 December 2006 and 30 September 2006, the subsidiary had outstanding loans under such agreement amounting to approximately Baht 81.3 million and Baht 42 million, respectively.

18. DEBENTURES

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

	First series of debentures	Second series of debentures
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 is in excess of that stipulated in the conditions of the placement agreements of the debentures that require the Company to maintain such ratio not to be exceeding 4.5 times. The Company's management believes that such excess will 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, and considering that the Company did not breach conditions as required in both the 4-year debenture series and the 7-year debenture series as already mentioned in Note 27.1 to the financial statements. Therefore no reclassification of such debentures is current liabilities is made in the balance sheet.

19. SHARE CAPITAL

During the three-month period ended 31 December 2006, the Company registered increases in its issued and paid-up share capital totaling Baht 0.6 million as a result of the shares offering and the rights exercised by warrant holders. This resulted in an increase of Baht 0.02 million in share premium. As at 31 December 2006, the Company's issued and paid-up capital is therefore Baht 1,324.1 million. Furthermore in December 2006, the Company received share subscription of approximately Baht 2.9 million for the exercises of warrants. The Company registered such capital increase on 10 January 2007.

20. WARRANTS

As at 31 December 2006, 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	:	769,900 warrants

(UNAUDITED BUT REVIEWED)

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

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 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	:	339,027,410 warrants

Movements in the number of warrants during the three-month period ended 31 December 2006 were as follows: -

	(Unit: Units)		
	EASTW-WA	EASTW-W1	Total
Number of warrants as at 30 September 2006	1,299,500	339,630,850	340,930,350
Less: Exercises of warrants during the period	(529,600)	(603,440)	(1,133,040)
Number of warrants as at 31 December 2006	<u>769,900</u>	<u>339,027,410</u>	<u>339,797,310</u>

21. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net earnings 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.

(UNAUDITED BUT REVIEWED)

22. RECONCILIATION OF DILUTED EARNINGS PER SHARE

Consolidated						
For the three-month periods ended 31 December						
Net income		Weighted average number of ordinary shares		Earnings per share		
2006	2005	2006	2005	2006	2005	
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income	120,571	123,823	1,324,070	1,299,687	0.09	0.10
Effect of dilutive potential ordinary shares						
Warrants issued to employees, directors and advisors to the Company's Board of Directors (EASTW-WA)	-	-	1,054	18,645		
Warrants issued to existing shareholders and general public (EASTW-W1)	-	-	92,967	-		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	120,571	123,823	1,418,091	1,318,332	0.08	0.09

(UNAUDITED BUT REVIEWED)

The Company Only						
For the three-month periods ended 31 December						
Net income		Weighted average number of ordinary shares		Earnings per share		
2006	2005	2006	2005	2006	2005	
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income	129,974	106,710	1,324,070	1,299,687	0.10	0.08
Effect of dilutive potential ordinary shares						
Warrants issued to employees, directors and advisors to the Company's Board of Directors (EASTW-WA)	-	-	1,054	18,645		
Warrants issued to existing shareholders and general public (EASTW-W1)	-	-	92,967	-		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	129,974	106,710	1,418,091	1,318,332	0.09	0.08

Due to the change in accounting policy for investments in subsidiaries in the Company's separate financial statements, there was an impact to earnings per share as discussed in Note 4 to the financial statements.

23. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2006 and 30 September 2006, the Company and its subsidiaries had the following commitments and contingent liabilities.

23.1 The Company and its subsidiaries have had letters of guarantee totaling Baht 212.7 million and Baht 223.7 million, respectively (The Company Only : Baht 50.8 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 bid bonds performance bonds.

(UNAUDITED BUT REVIEWED)

- 23.2 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 41.9 million and Baht 43.6 million, respectively (The Company Only : Baht 23.9 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.
- 23.3 The Company has a raw water purchase contract with the Royal Irrigation Department whereby it is to purchase raw water at the prices specified in a Ministerial Regulation.
- 23.4 The Company and its subsidiaries have commitments of Baht 903.6 million and Baht 1,199.2 million, respectively (The Company Only : Baht 298.0 million and Baht 410.6 million, respectively) for projects under construction.
- 23.5 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.

24. SIGNIFICANT AGREEMENTS

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

The Company

24.1 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.

24.2 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.

24.3 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.

24.4 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.

24.5 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

- 24.6 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).
- 24.7 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).
- 24.8 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).
- 24.9 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.

(UNAUDITED BUT REVIEWED)

- 24.10 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.
- 24.11 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.
- 24.12 On 27 September 2006, 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.

(UNAUDITED BUT REVIEWED)

24.13 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.

25. 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 area 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 management 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.

(UNAUDITED BUT REVIEWED)

The segment information for the three-month periods ended 31 December 2006 and 2005 is summarised as follows :-

(Unit : Thousand Baht)

	Consolidated								Total
	For the three-month period ended 31 December 2006								
	Sales - other				Service income				
	Raw water distribution business	Tap water distribution business	Water pipeline distribution business		Waterworks management business	Water loss reduction project		Others	
						Others			
Revenue									
Revenue from external customers	357,958	109,017	653	21,575	7,810	69,769	13,384	-	580,166
Inter-segment revenue	15,566	-	-	152	37,049	-	2,633	(55,400)	-
Total revenue	<u>373,524</u>	<u>109,017</u>	<u>653</u>	<u>21,727</u>	<u>44,859</u>	<u>69,769</u>	<u>16,017</u>	<u>(55,400)</u>	<u>580,166</u>
Cost of sales/services	(137,538)	(76,146)	(1,581)	(19,871)	(35,441)	(67,871)	(8,653)	55,444	(291,657)
Operating profit									
Segment operating income (loss)	<u>235,986</u>	<u>32,871</u>	<u>(928)</u>	<u>1,856</u>	<u>9,418</u>	<u>1,898</u>	<u>7,364</u>	<u>44</u>	<u>288,509</u>
Unallocated revenue/expenses									
Interest income and dividend income									1,513
Other income									1,665
Selling, servicing and administrative expenses									(100,624)
Interest expenses									(27,651)
Corporate income tax									(65,443)
Minority interests									<u>22,602</u>
Net income									<u>120,571</u>

(Unit : Thousand Baht)

	Consolidated								Total
	As at 31 December 2006								
	Sales - other				Service income				
	Raw water distribution business	Tap water distribution business	Water pipeline distribution business		Waterworks management business	Water loss reduction project		Others	
						Others			
Property, plant and equipment - net	7,163,366	7,799	492,379	191,040	-	10,637	(30,836)	7,834,385	
Assets under concession contracts - net	-	259,965	-	110,152	-	-	-	370,117	
Deferred acquisition costs of concession - net	-	167,346	-	143,889	-	-	-	311,235	
Other assets	<u>1,737,676</u>	<u>-</u>	<u>142,736</u>	<u>-</u>	<u>-</u>	<u>585,220</u>	<u>(1,231,232)</u>	<u>1,234,400</u>	
Total assets	<u>8,901,042</u>	<u>435,110</u>	<u>635,115</u>	<u>445,081</u>	<u>-</u>	<u>595,857</u>	<u>(1,262,068)</u>	<u>9,750,137</u>	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

		Consolidated							
		For the three-month period ended 31 December 2005							
		Sales - other			Service income				
		Water			Waterworks		Water loss		
		Raw water	Tap water	pipeline	management	reduction			Total
		distribution	distribution	distribution	business	project	Others	Elimination	
		business	business	business	Others				
Revenue									
Revenue from external customers	316,838	71,117	17,445	17,129	6,145	39,331	4,729	-	472,734
Inter-segment revenue	10,066	-	59,017	110	30,752	-	1,783	(101,728)	-
Total revenue	326,904	71,117	76,462	17,239	36,897	39,331	6,512	(101,728)	472,734
Cost of sales/services	(126,501)	(46,590)	(59,500)	(13,654)	(26,905)	(35,609)	(3,904)	86,171	(226,492)
Operating profit									
Segment operating income (loss)	200,403	24,527	16,962	3,585	9,992	3,722	2,608	(15,557)	246,242
Unallocated revenue/expenses									
Interest income and dividend income									4,147
Other income									2,415
Selling, servicing and administrative expenses									(74,957)
Interest expenses									(14,151)
Corporate income tax									(49,357)
Minority interests									9,484
Net income									123,823

(Unit : Thousand Baht)

		Consolidated							
		As at 31 December 2005							
		Water			Waterworks		Water loss		
		Raw water	Tap water	pipeline	management	reduction			Total
		distribution	distribution	distribution	business	project	Others	Elimination	
		business	business	business	Others				
Property, plant and equipment - net	5,901,353	6,324	518,707	161,080	-	11,791	(32,805)	6,566,450	
Assets under concession contracts - net	-	157,951	-	87,931	-	-	-	245,882	
Deferred acquisition costs of concession - net	-	68,939	-	149,840	-	-	-	218,779	
Other assets	2,126,317	-	371,756	-	-	553,318	(1,364,026)	1,687,365	
Total assets	8,027,670	233,214	890,463	398,851	-	565,109	(1,396,831)	8,718,476	

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

The Company Only

For the three-month period ended 31 December 2006

	Raw water distribution business	Tap water distribution business	Others	Total
Revenue				
Revenue from external customers	357,958	37,259	5,065	400,282
Inter-segment revenue	15,566	-	180	15,746
Total revenue	<u>373,524</u>	<u>37,259</u>	<u>5,245</u>	<u>416,028</u>
Cost of sales/services	<u>(137,538)</u>	<u>(36,678)</u>	<u>(4,553)</u>	<u>(178,769)</u>
Segment operating income	<u>235,986</u>	<u>581</u>	<u>692</u>	<u>237,259</u>
Unallocated revenue/expenses				
Interest income and dividend income				6,846
Other income				527
Selling, servicing and administrative expenses				(38,780)
Interest expenses				(20,044)
Corporate income tax				(55,834)
Net income				<u>129,974</u>

(Unit : Thousand Baht)

The Company Only

As at 31 December 2006

	Raw water distribution business	Tap water distribution business	Others	Total
Property, plant and equipment - net	7,163,366	2,185	45	7,165,596
Other assets	<u>1,582,807</u>	<u>-</u>	<u>-</u>	<u>1,582,807</u>
Total assets	<u>8,746,174</u>	<u>2,185</u>	<u>45</u>	<u>8,748,403</u>

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	The Company Only			
	For the three-month period ended 31 December 2005			
	Raw water distribution business	Tap water distribution business	Others	Total
Revenue				
Revenue from external customers	316,838	30,831	2,387	350,056
Inter-segment revenue	10,066	-	155	10,221
Total revenue	326,904	30,831	2,542	360,277
Cost of sales/services	(126,501)	(30,531)	(2,505)	(159,537)
Segment operating income	200,403	300	37	200,740
Unallocated revenue/expenses				
Interest income and dividend income				9,904
Other income				810
Selling, servicing and administrative expenses				(54,251)
Interest expenses				(10,138)
Corporate income tax				(40,355)
Net income				106,710

(Unit : Thousand Baht)

	The Company Only			
	As at 31 December 2005			
	Raw water distribution business	Tap water distribution business	Others	Total
Property, plant and equipment - net	5,901,353	2,433	56	5,903,842
Other assets	2,126,317	-	-	2,126,317
Total assets	8,027,670	2,433	56	8,030,159

26. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company and its subsidiaries have no policy to speculate in or engage in the trading of any derivative financial instruments.

26.1 Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to comply with the conditions or agreements specified in the financial instruments, causing the Company and its subsidiaries to incur a financial loss.

The maximum amount of credit risk is the carrying value of the financial assets after deducting allowance for doubtful accounts and/or provision for impairment loss as stated in the balance sheets, and the risk incurred as a result of loan guarantees to related parties and other parties (if any).

26.2 Interest rate risk

Interest rate risk is the risk that changes in market interest rates may lead to changes in the value of financial instruments, and fluctuations in revenue or the value of financial assets and liabilities. Interest rate risk is incurred as a result of interest rate structure and the characteristics and structure of the Company's and its subsidiaries' assets, liabilities and capital.

As at 31 December 2006 and 30 September 2006, financial assets and liabilities classified by interest rate types, are as follows:

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

Consolidated				
Outstanding balances of financial instruments as at 31 December 2006				
	Floating interest rates	Fixed interest rates	Non-interest bearing	Total
Financial assets				
Cash and cash equivalents	252,663	16	1,194	253,873
Short-term investments	-	4,346	-	4,346
Trade accounts receivables - net	-	-	438,977	438,977
Short-term loan to other company	500	-	-	500
Restricted bank deposits	-	10,322	-	10,322
Long-term investments	-	10,000	85,388	95,388
Financial liabilities				
Short-term loans from financial institutions	60,000	-	-	60,000
Trade accounts payable	-	-	241,583	241,583
Short-term loan from related party	-	5,000	-	5,000
Liabilities under financial lease agreements	-	2,805	-	2,805
Long-term loans from related party	-	100,000	-	100,000
Long-term loans from financial institutions	343,300	1,350,000	-	1,693,300
Debentures	-	2,500,000	-	2,500,000
Retentions payable	-	-	35,051	35,051

(Unit : Thousand Baht)

Consolidated				
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
Short-term investments	-	2,986	-	2,986
Trade accounts receivables - net	-	-	449,275	449,275
Billed receivable from water loss reduction plan - related party	-	-	11,118	11,118
Restricted bank deposits	-	11,610	-	11,610
Long-term investments	-	10,000	85,388	95,388
Financial liabilities				
Short-term loans from financial institutions	60,000	-	-	60,000
Trade accounts payable	-	-	244,599	244,599
Short-term loans from related party	-	5,000	-	5,000
Long-term loans from 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

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

The Company Only

Outstanding balances of financial instruments as at 31 December 2006				
	Floating interest rates	Fixed interest rates	Non-interest bearing	Total
Financial assets				
Cash and cash equivalents	194,906	-	234	195,140
Short-term investments	-	3,001	-	3,001
Trade accounts receivables – net	-	-	159,275	159,275
Short-term loans to related parties - net	-	99,574	-	99,574
Other receivable - related parties	-	-	12,977	12,977
Restricted bank deposits	-	9,076	-	9,076
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	-	400,000	-	400,000
Financial liabilities				
Trade accounts payable	-	-	14,668	14,668
Long-term loans from financial institutions	25,000	1,350,000	-	1,375,000
Debentures	-	2,500,000	-	2,500,000
Retentions payable	-	-	16,366	16,366

(Unit : Thousand Baht)

The Company Only

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
Short-term 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	-	362,890	-	362,890
Financial liabilities				
Trade accounts payable	-	-	17,670	17,670
Long-term loans from financial institutions	25,000	1,500,000	-	1,525,000
Debentures	-	2,500,000	-	2,500,000
Retentions payable	-	-	13,991	13,991

(UNAUDITED BUT REVIEWED)

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						
As at 31 December 2006						
Remaining periods to repricing dates or maturity dates						
At call	Less than 1 year	1 – 5 years	Over 5 years	No maturity	Total	Interest rate %
Financial assets						
Cash and cash equivalents	-	16	-	-	16	4.00
Short-term investments	-	4,346	-	-	4,346	1.50 - 3.25
Restricted bank deposits	-	10,322	-	-	10,322	3.00 - 5.00
Long-term investments	-	-	10,000	-	10,000	4.25
Financial liabilities						
Short-term loans from related party	-	5,000	-	-	5,000	5.50
Liabilities under financial lease agreements	-	894	1,911	-	2,805	7.25
Long-term loans from related party	-	5,000	95,000	-	100,000	5.50
Long-term loans from financial institutions	-	-	1,350,000	-	1,350,000	6.00
Debentures	-	-	2,500,000	-	2,500,000	4.60, 5.75

(Unit: Thousand Baht)

Consolidated						
As at 30 September 2006						
Remaining periods to repricing dates or maturity dates						
At call	Less than 1 year	1 – 5 years	Over 5 years	No maturity	Total	Interest rate %
Financial assets						
Short-term 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
Financial liabilities						
Short-term loans from related party	-	5,000	-	-	5,000	5.50
Long-term loans from 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

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

The Company Only

As at 31 December 2006

	Remaining periods to repricing dates or maturity dates					Total	Interest rate %
	At call	Less than 1 year	1 – 5 years	Over 5 years	No maturity		
Financial assets							
Short-term investments	-	3,001	-	-	-	3,001	1.50 - 3.25
Short-term loans to related parties - net	-	99,574	-	-	-	99,574	3.50, 5.50
Restricted bank deposits	-	9,076	-	-	-	9,076	3.00, 4.50
Long-term investments	-	-	10,000	-	-	10,000	4.25
Long-term loans to related parties	-	-	400,000	-	-	400,000	5.50
Financial liabilities							
Long-term loans from financial institution	-	-	1,350,000	-	-	1,350,000	6.00
Debentures	-	-	2,500,000	-	-	2,500,000	4.60, 5.75

(Unit: Thousand Baht)

The Company Only

As at 30 September 2006

	Remaining periods to repricing dates or maturity dates					Total	Interest rate %
	At call	Less than 1 year	1 – 5 years	Over 5 years	No maturity		
Financial assets							
Short-term 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
Financial liabilities							
Long-term loans from financial institution	-	-	1,500,000	-	-	1,500,000	6.00
Debentures	-	-	2,500,000	-	-	2,500,000	4.60, 5.75

(UNAUDITED BUT REVIEWED)

26.3 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 31 December 2006 and 30 September 2006, counting from the balance sheet date, are as follows:

(Unit : Thousand Baht)

	Consolidated					Total
	As at 31 December 2006					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	
Financial assets						
Cash and cash equivalents	253,857	16	-	-	-	253,873
Short-term investments	-	4,346	-	-	-	4,346
Trade accounts receivables – net	-	438,977	-	-	-	438,777
Short-term loan to other company	-	500	-	-	-	500
Restricted bank deposits	-	10,322	-	-	-	10,332
Investment in joint ventures	-	-	-	-	490	490
Long-term investments	-	-	10,000	-	85,388	95,388
Financial liabilities						
Short-term loans from financial institutions	-	60,000	-	-	-	60,000
Trade accounts payable	-	241,583	-	-	-	241,583
Short-term loans from related party	-	5,000	-	-	-	5,000
Liabilities under financial lease agreements	-	894	1,911	-	-	2,805
Long-term loans from related party	-	5,000	95,000	-	-	100,000
Long-term loans from financial institution	237,000	60,910	1,395,390	-	-	1,693,300
Debentures	-	-	2,500,000	-	-	2,500,000
Retentions payable	-	-	35,051	-	-	35,051

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

Consolidated					
As at 30 September 2006					
	Within	1 - 5	Over	No	
At call	1 year	years	5 years	maturity	Total
Financial assets					
Cash and cash equivalents	271,524	-	-	-	271,524
Short-term investments	-	2,986	-	-	2,986
Trade accounts receivables – net	-	449,275	-	-	449,275
Billed receivable from water loss reduction plan					
- related party	-	11,118	-	-	11,118
Restricted bank deposits	-	11,610	-	-	11,610
Long-term investments	-	-	10,000	-	85,388
				85,388	95,388
Financial liabilities					
Short-term loans from financial institutions	-	60,000	-	-	60,000
Trade accounts payable	-	244,599	-	-	244,599
Short-term loans from related party	-	5,000	-	-	5,000
Long-term loans from related party	-	-	100,000	-	100,000
Long-term loans from financial institution	-	165,000	1,656,000	-	1,821,000
Debentures	-	-	2,500,000	-	2,500,000
Retentions payable	-	-	25,143	-	25,143

(Unit : Thousand Baht)

The Company Only					
As at 31 December 2006					
	Within	1 - 5	Over	No	
At call	1 year	years	5 years	maturity	Total
Financial assets					
Cash and cash equivalents	195,140	-	-	-	195,140
Short-term investments	-	3,001	-	-	3,001
Trade accounts receivables – net	-	159,275	-	-	159,275
Short-term loans to related parties - net	-	99,574	-	-	99,574
Other receivable - related parties	-	12,977	-	-	12,977
Restricted bank deposits	-	9,076	-	-	9,076
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	-	10,000	90,000	300,000	400,000

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

The Company Only					
As at 31 December 2006					
At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial liabilities					
Trade accounts payable	-	14,668	-	-	14,668
Long-term loans from financial institution	-	50,000	1,325,000	-	1,375,000
Debentures	-	-	2,500,000	-	2,500,000
Retentions payable	-	-	16,366	-	16,366

(Unit : Thousand Baht)

The Company Only					
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	205,416	-	-	-	205,416
Short-term 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
Financial liabilities					
Trade accounts payable	-	17,670	-	-	17,670
Long-term loans from financial institution	-	100,000	1,425,000	-	1,525,000
Debentures	-	-	2,500,000	-	2,500,000
Retentions payable	-	-	13,991	-	13,991

26.4 Foreign currency risk

The subsidiary has the foreign currency-dominated 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 dates and the management considers that the outstanding balances of such foreign currency-dominated liabilities is not material.

(UNAUDITED BUT REVIEWED)

As at 31 December 2006 and 30 September 2006, the subsidiary's foreign currency-denominated liabilities which were not hedged by derivative financial instruments were as follow.

Foreign currency	Liabilities as at		Exchange rate as at	
	31 December	30 September	31 December 2006	30 September 2006
	2006	2006		
EURO	517,116	424,607	47.7701 Baht per Euro	47.9181 Baht per Euro
USD	169,330	195,442	36.2308 Baht per USD	37.6373 Baht per USD

26.5 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, receivable from water loss reduction plan and loans, 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.

(UNAUDITED BUT REVIEWED)

As at 31 December 2006, there were no material differences between the book 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 31 December 2006 of approximately Baht 9.7 million (the Company Only : fair values of long-term investments and long-term loans to related parties are approximately Baht 9.7 million and Baht 396 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 above, 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 31 December 2006, there were no material differences between the book 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 as at 31 December 2006 of approximately Baht 1,334 million, Baht 92 million and Baht 2,483 million, respectively (the Company Only : fair values of long-term loans from financial institutions and debentures are approximately Baht 1,334 million and Baht 2,483 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 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).

27. SUBSEQUENT EVENT

27.1 Meeting of the Debentureholders of the Company

The Debentureholders's Meeting No. 1 of the Company, held on 12 January 2007, 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, on the grounds that such technical default was not deemed a default in accordance with the conditions of the bonds. The debentures will therefore remain in force to their maturities. However, the Company is still required to maintain such ratio at no more than 4.5 times, determined based on the consolidated financial statements at the every fiscal year-end.

27.2 Approval of dividend payment

The Annual General Meeting of the Company's shareholders held on 26 January 2007 approved the dividend payment a dividend of Baht 0.25 per share from its 2006 earnings to its shareholders, whose names appeared on the Registration Book on 12 February 2007. The dividend will be recorded during the second quarter of 2007 when the payment is incurred.

28. RECLASSIFICATION

Certain amounts in the financial statements for the year ended 31 December 2005 have been reclassified to conform to the current year's classifications, with no effect on previously reported net income or shareholders' equity.

29. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue on 6 February 2007 by the Audit Committee of the Company under authority delegated by the Company's Board of Directors.